



World Mobility Perspectives: Global Diversity and Inclusion (D&I)

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Strategies: Getting the pulse on what's new and how mobility is central to D&I goals

Corporate Diversity and Inclusion (D&I) strategies are evolving alongside corporate Global Mobility strategies to better meet global business needs. Both are linked to talent management, yet it's not always clear if or how the two strategies overlap. The reality is that while there is not one single definition of D&I, or one universally agreed upon approach, both strategies can be strongly linked as part of a global talent initiative. Some companies are already well on their way to embedding D&I strategies into their mobility programs.

Crown World Mobility's (CWM) Consulting Services and a member of Ernst & Young's (EY) Mobility Team leadership in Asia recently conducted research to:

1. Gain an update on Global D&I strategies in general.
2. Identify examples of where global mobility programs are beginning to link to and support D&I goals.

This CWM *Perspectives* article presents a summary of our findings, highlights EY's best practice D&I approaches, and provides tips to global mobility and HR professionals on practical ways to align and integrate their mobility program with the company's D&I initiatives.



About the research

To capture the pulse of where corporate D&I strategies are today, we interviewed HR professionals from 12 diverse global companies of different sizes and with D&I Strategies at various maturity levels. Their industries included global pharmaceutical, oil and gas, telecommunications, shipping, talent sourcing, manufacturing, consulting and finance and were each headquartered in various locations: Australia, China, Germany, Switzerland, the UK and the U.S. The results are primarily qualitative, anecdotal in form and offer a depth of examples.

Background of early D&I initiatives



It is surprising to consider that a formal approach to managing diversity in companies may have started back in the early 1900s, where companies were managing employees from different cultures in countries where immigration was at a peak. This was driven by the aim to create a workforce that had *less* diversity, not *more*, where some companies strived for “cultural assimilation”. Henry Ford, Chairman of the Ford Motor Company, was one of the first CEOs to implement a formal corporate program that required employees to take cultural and language training, reducing cultural diversity among his immigrant workers on the assembly line. *Assimilation* reflected the idea of merging individual customs and attitudes, to absorb into the dominant culture. It encouraged giving up your distinct culture, at least in the workplace.

A more contemporary notion of a D&I strategy as a formal HR concept has been around for a few decades now. Driven by civil and equal rights movements predominantly from North America in the 1970s, the strategy included a push for greater opportunities for women, minorities and employees with disabilities. A larger

social movement was also happening in many parts of the world in the late 1960s and early 1970s, regarding human, civil and equal rights, from Australia to Mexico, from Paris to “Swinging London”, and included the “Tropicalia” movement in Brazil. The equal rights campaign of the 1970s came with a legal mandate around diversity for U.S. headquartered companies, but was not the case globally.

Over the years more countries have implemented governmental equal employment mandates. Australia, Saudi Arabia and the UK are examples of countries that are legally required to encourage and report diversity numbers. In the Middle East and some African countries, the focus is on multinational organizations hiring local employees into their workforce.

Even where there is a legal mandate, D&I programs have often focused on meeting the required numbers or improving corporate photos that show visible diversity. This has taken priority over inclusion, where diversity is actually valued and supported by a true strategy.

What drives D&I today?

The meaning of D&I today is still mixed in terms of how it is seen around the globe. However, D&I has truly evolved for many progressive global companies, that share some common elements. The organizations that took part in our research with D&I strategies embedded into their culture each believe that companies with diversity, whether it is defined by gender, ethnicity, sexual orientation, generation, geography or non-traditional experience, are more creative and more profitable.

Our research found that, as a whole, D&I initiatives today continue to heavily focus on gender diversity, specifically by increasing the number of women, especially in leadership roles. That said, diversity also increasingly means being focused on offering flexibility in the workplace and in turn increases retention. Companies interviewed spoke about visible and non-visible types of diversity.

Visible diversity examples

- Gender
- Race
- Generation

Non-visible diversity examples

- Non-traditional experience
- Sexual orientation
- Education
- Culture

From a D&I perspective, building each employee's skills to team together and lead inclusively, at every level of the organization, should be central to the overall global strategy. Only when D&I is embedded into employees at the most junior to the most senior level, will organizations grow and be successful. The companies participating in our research with the strongest D&I cultures and strategies have a CEO, senior leadership and even board members driving the strategies.

Several of the organizations we spoke to indicate that they've moved away from the typical soft approach of D&I and started to give it more of a business focus. Diverse clients require diverse teams to service them. More and more executives are realizing that they gain a competitive edge with a diverse team in place. One company identified their clients as the catalyst for their D&I strategies. When it's important to your clients, it becomes a business imperative.

It's easier to justify the cost of a mobility assignment and sell D&I to senior management when you can prove it means more profit by having diverse teams.

There is plenty of research to show us that this methodology has merit. An EY survey of global executives, entitled, *The power of many: how companies use teams to drive superior corporate performance*, found that companies with diverse teams report higher earnings before interest, taxes, depreciation and amortization (EBITDA) growth rates. Among the respondents, 85% agreed that inclusive leadership, which attracts and encourages diverse perspectives and dissent, is an effective means of improving team performance.¹

Research by McKinsey & Company examined business results for 180 publicly-traded companies in France, Germany, the UK and the U.S. over a three-year period. They found that companies in the top quartile for executive board diversity achieved ROEs 53% higher, on average, than those in the bottom quartile. At the same time, EBIT margins at the most diverse companies were 14% higher, on average, than those of the least diverse companies.²

A key reason to push the inclusion part of a D&I strategy is that, while diversity on a team frequently enables better problem solving and more creativity, diversity left unmanaged can actually decrease the productivity of the team. Managing the integration, having an inclusion strategy and not just increasing diversity, is what leads to better and measurable outcomes.

- Research from Nancy Adler and Scott Page, professors at McGill University and the University of Michigan, respectively, demonstrates that multicultural teams, when managed well, tend to be more creative, innovative and productive than teams whose members are more culturally similar, even if members of the homogeneous group are more individually capable.
- In addition, researchers have found that diverse teams yield better results in terms of accuracy, although the perception of effectiveness and confidence in decisions was higher in homogenous teams.³

EY has a specific definition of D&I:

- **Diversity** is about differences. Each of us is different, and at EY we value and respect individual differences. Today, we think broadly about differences; they include background, education, gender, ethnicity, nationality, generation, age, working and thinking styles, religious background, sexual orientation, ability, technical skills and experiences. There are also differences according to service line, sector and function.
- **Inclusiveness** is about leveraging these differences to achieve better business results. It is about creating an environment where all of our people feel, and are, valued, where they are able to bring their differences to work each day and where they contribute their personal best in every encounter.

¹ *The power of many: how companies use teams to drive superior corporate performance* – EY 2013

² "Is there a payoff from top-team diversity?" by Thomas Barta, Markus Kleiner and Tilo Neumann, *McKinsey Quarterly*, April 2012

³ Source: Phillips, K.W., Liljenquist, K. and Neale, M.A. (2009).

D&I links to recruiting strategies

Recruiting strategies were covered in our research for two main reasons. First, in today's corporate world it is expected that recruiters have an inclusive mindset to recruit and retain the best talent, and respond effectively to market demands and demographic changes. Consideration is needed on both the mix of cultures as well as individual characteristics. These will shape the future workforce talent pool. For companies with D&I strategies embedded across the organization, recruiting is a critical point for alignment.

The second reason is because it is a natural integration point for global mobility. Candidate pool development and the selection of assignees (which is discussed later in this article), positively or negatively impact a company's recruiting strategy. For companies with strong D&I drivers, they'll already be integrated, however today the majority of companies are not there yet.

Most companies advise that their hiring process is based on merit only, however the reality is that "unconscious bias" still plays a significant role in the recruitment process. It is human nature to recruit people who look, think and act in a similar way to us. Many HR teams are working hard to combat this by introducing unconscious bias training and embedding core principles of diversity and inclusiveness into processes, so D&I becomes part of the organization's overall culture. However, this remains a difficult hurdle to overcome, and even with extensive training remains a constant challenge.

One method already being used by a global oil and gas company is through the concept of a "blind resume". Identifying factors such as name, gender and age are removed from the resume and the first round of scrutinizing is based purely on skill set. People advance to the second round on merit as the recruiting team knows no other

identifying factors that could influence their decision. This method has been successful in ensuring that people from all walks of life are included in the interview process. Potential candidates for certain roles are interviewed by a panel that must contain at least one female interviewer. This is a best practice initiative and definitely one that more organizations should mimic.

Another example, provided by the HR business lead for a global pharmaceutical company, describes having a required "diverse candidate slate" for openings into certain roles. This means that the candidates must include choices with visible or non-visible diversity.

To be truly inclusive in recruitment procedures, companies need to start when advertising for the role. The job description wording should be closely scrutinized to ensure that you are not inadvertently stopping people from applying. An example was given in our research to avoid the word "assertive" in a job description being posted in Asia, due to it potentially discouraging women applicants.

Some tips to improve the recruitment process:

- Organize unconscious bias sessions for recruitment leaders and teams
- Review the local recruitment process to identify potential hidden biases, including the selection criteria, job descriptions, selection procedures and language used with candidates and recruiters
- Set expectations, if not requirements, with your internal and external recruitment teams, for sourcing from a broad and diverse candidate pool



Global versus local strategies



Another question that the research probed was whether a D&I strategy can be global or not? Can it be applied across geographies and cultures, or is it most effective as a local initiative?

Our research showed that 100% of the participating companies describe their D&I initiatives as “global” however, their approach often includes some “local” elements to make them relevant. Recruiting and retaining more women was one of the more globally accepted strategies to increase diversity across an organization and was not usually left up to local drivers. Local strategies included hiring war veterans in the U.S., recruiting more local nationals in the Middle East and hiring non-ethnic Cantonese-speaking Chinese in Hong Kong.

“Ensuring that we have a common global vision on D&I but yielding to that fact that at a local level, one size, one set of values will not fit all. There are also different customs and laws that must be considered in what D&I initiatives look like at the local level.”

HR Business Partner, Global Pharmaceutical Company

An area frequently mentioned as a challenge to apply D&I strategies globally, is diversity around sexual orientation. Many of the companies we spoke to stated that in some instances sexual orientation became a barrier to moving employees across borders on international assignments or as permanent transfers.

CWM highlights five primary strategies which we consider best practices in same sex couple transfers:

1. Abide by the local immigration laws in the destination location regarding sexual orientation.
2. Provide cross-cultural training and security briefings for same sex couples embarking on international assignments or transfers into countries where it is legally possible, but still potentially a challenge in the local social and/or work environment.
3. Add language to assignment-related Needs Assessment forms, pre-decision materials and to the Global Mobility website to raise awareness of D&I support on assignments for employees who may not be “out” at work or who have non-visible diversity that may be less accepted or illegal in the host location.
4. Provide training to the host location manager and team regarding global D&I values in the organization if the office and local work environment are less experienced with diversity.
5. Adjust “split-family” policies to include same sex couples managing assignments into locations with discrimination/laws against certain sexual orientations and provide support such as help with obtaining tourist or education visas for the partner, increased home leave or reverse home leave, depending on the host location environment and which partner is more able and willing to travel.

Global Mobility links to D&I strategies

Having addressed the background of D&I strategies and the general findings from our research, including recruitment and global versus local approaches, this section describes how D&I strategies can be aligned to drive Global Mobility strategies. As stated at the beginning of the article, D&I and Global Mobility are both evolving to better support Talent and business imperatives. Some companies are more advanced than others.

Assignee selection

From a mobility perspective when looking at filling roles, it appears that the idea of analyzing the potential candidates with a “diversity lens” is still a fairly new concept. Most organizations taking part in the research agree that additional focus is required to ensure that a more diverse group of people are considered.

In many cases cost remains a selection inhibitor, which means that a candidate perfect for the role will not be considered due to their personal circumstances which in some cases impose a larger cost to the company, particularly when it comes to supporting extended family.

Industry research shows that another frequent barrier to more D&I aligned selection strategies is the limited lead-time prior to the start of an assignment. For women, employees in dual-career families and other non-traditional candidates, this short lead-time does not allow for necessary personal planning that can prohibit them from accepting an international assignment opportunity, thus limiting the candidate pool to the status quo.

For developmental programs, cultural nuances still play a large part in discouraging people, particularly those from emerging markets from applying. Many of the younger generation have family responsibilities that prevent them from being free to leave home for months at a time. Although they are aware of the potential negative impact on their career if they don't put themselves forward for international opportunities, the ingrained sense of responsibility to the extended family makes it almost impossible for them to do so.

On the flip side, due once again to cost constraints, most organizations will not support extended family obligations, particularly when the assignment is purely for developmental purposes and not a strategic placement. The dilemma is that many companies are interested in developing their employees in emerging market locations through international assignments, but frequently the local cultures have strong group oriented values with strong extended family obligations.

“Our clients want to be served by a truly global organization. This comes down to how we team on the ground, we need more cross-border teams led by women and men, representing different types of cultures, backgrounds and skill sets.”

Mark Weinberger EY – Global Chairman and CEO

Embedding D&I into Global Mobility policies and processes

For organizations with more developed global mobility programs, for example, in sectors such as finance, oil and gas or pharmaceutical, there seems to be a higher focus on diversity where the additional cost is not a barrier, but rather an accepted cost of doing global business. These organizations are embedding D&I into their global mobility policies and processes. Examples cited in our research are: increasing support for single and divorced parents, dual-career families, same gender couples and parents, and employees with extended family responsibilities (where support is given to extended family and not just the core immediate family members).

Repatriation and retention

Retaining employees with international experience after repatriation is an ongoing challenge for most of the companies we interviewed. However, it is generally agreed that the differences an employee post-assignment may bring to their work is an attractive and often underutilized component of the non-visible difference that can ensure return on investment (ROI) from the assignment.

International assignments represent a significant investment into the career development of an individual. It is important that all stakeholders have a clearly mapped-out plan of what the expectations are at the start of the assignment, during the assignment and upon repatriation. This is the only way an organization can maximize its investment and retain its top talent. Each phase of an assignment is critical to the overall success of an international posting, therefore ensuring that adequate guidance and support are provided throughout the whole experience is essential.

One of the companies interviewed has established a goal whereby all future global leaders will be sent on an international assignment and then given the opportunity for a senior role back in their home country. This has been particularly popular with the younger generation (Millennials / Gen Y employees) who expect an international experience but would prefer to settle into their long-term career close to family and friends.

Conclusion

In this issue of CWM's *Perspectives* series we have presented our recent research findings that address the current state of Global D&I strategies and how they have the potential to influence Global Mobility policies and programs. The corporate examples provided will allow you to assess your own organization's strategies and identify next steps for supporting talent initiatives like D&I within Global Mobility. The companies that participated in our research were diverse in industry, headquarter location and also in terms of the development of their mobility strategies. We hope that having read this article, you'll be more knowledgeable about this topic and feel inspired to take the next step in moving your strategy forward.



Six tips for linking D&I to Global Mobility

1. **Find out more about your organization's D&I strategy:** What are the top three areas of focus: gender, recruiting, emerging markets, Millennials / Gen Y? Who drives the strategy? Is it the CEO, Talent or HR? Are there specific business units mobility supports that care a lot about D&I?
2. **Initiate the conversation:** Identify a key D&I leader and show an interest in their area. "I want to make sure mobility supports our organization's D&I goals. I am starting to consider what this would look like. Could I share some ideas with you going forward?" Don't wait to be invited.
3. **Gather mobility data:** Everyone loves data. Pick a demographic and make sure you and your team can speak to the data around Mobility trends in your organization. How many women have been on an international assignment? How many assignees are coming from or going into key emerging market locations? Do you support split-families? For any of these demographic groups, create talking points. What are the barriers? What policy and program support do you offer them? What do they say about the mobility program?
4. **Review your policies and program for D&I support opportunities:** Do your current policies support any shifting demographic needs that come from the company's efforts to recruit, develop and retain talent? Are there short-term adjustments that can move the mobility program in the right direction?
5. **Repatriation and retention:** As part of the international assignment "life cycle", this area is by far the least developed partly because once the assignee returns they no longer have a link to Mobility. However, encouraging your company to add "Have you ever been on an international assignment?" to their exit interview form is an inexpensive place to start and it gives you data (see tip 3 above). Another step to take is providing information about repatriation strategies related to assignment ROI and D&I value to your assignees and to the receiving managers. Use input and quotes from senior leaders who have international experience to support this area.
6. **Share what you are doing with others:** If you have already begun to embed D&I strategies into your global mobility program, make sure that you talk about it internally and externally. This is an evolving area and the more visible best practice examples that exist linking D&I to Global Mobility, including sharing the challenges, the more inspiration for your peers and our industry.

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