Enterprise for Health

Diversity – A Challenge to Corporate Culture and Corporate Health

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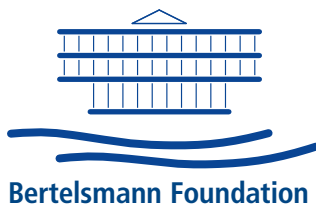
Diversity –

A Challenge to Corporate

Globalisation, demographic and social developments require continuous changes in enterprises. When the working population declines appreciably, when enterprises pursue their activities at many different locations all over the world, when employees look for possibilities of reconciling their work and private lives, traditional human resources policy is placed in doubt. Intercultural communication and co-operation then become the key to economic success.

European companies compete for the favour of an increasingly multicultural customer base. They work with people and companies from different countries and with different cultural backgrounds. In addition to the use of modern information and communication technologies, what is mainly in demand is a "diverse workforce".

New corporate concepts and staff development strategies help to exploit the potential of these workers who have different cultural backgrounds and individual needs. This means new demands are placed on management and employees based on a promising corporate culture and health policy.

- In corporate practice, what does diversity really mean?
- How will the changes to the world of work impact on the make-up of the workforce in the future?
- How can enterprises best utilize the strong points of diversity as a competitive advantage? How can successful corporate diversity management best be defined?

These were some of the questions discussed by the European Network "Enterprise for Health" (EfH) at its meeting held in Székesfehérvár, Hungary on the 19. and 20. May 2003.

Culture and Corporate Health

EfH is an international network of companies which was initiated by the Bertelsmann Foundation and the Federal Association of Company Health Funds (BKK, Germany) and meets under the chairmanship of EfH-President *Rita Süssmuth* to consider questions of the development of corporate culture based on partnership and modern company health policy.

No longer can a workforce be considered to be a homogenous group. *Penny de Valk (Ceridian Centrefile, United Kingdom)* addressed this issue in her keynote presentation. Modern corporate culture needs to take into account major pressures on the labour market due to economic change, globalisation, technology and deregulation coupled with the demographic changes of an ageing population, the feminisation of the workforce and a greater desire for flexibility. The issue of proactive management of diversity across the workforce is therefore becoming much more critical, especially when the aspirations and expectations of the workforce demand for greater flexibility and a changing customer base allthough needs to be taken into consideration.

Fundamental elements of the management of diversity at corporate level involve a number of responses – one of the most important of which is the full commitment of employees across the organisation. Others include establishing robust communication strategies which engage the workforce, the development of a clear business case, identifying and meeting the needs of minority groups, the introduction of flexible working systems and flexible benefits, and the recognition that diversity management is a key factor in performance appraisal and reward. Several preconditions for a culture that embraces diversity management are – encouraging openness; adopting a leadership style in which differing opinions, approaches and insight are appreciated and respected and the valuing of employees. Such an approach must be built on a system that supports and encourages difference.

Two issues currently facing organisations were analysed by *Penny de Valk* in the context of diversity management – the ageing European workforce and work-life balance.

Managing the ageing workforce means in practice creating an "older-worker-friendly" workplace. Such a workplace would be characterised by a number of features including – flexible working arrangements and job rotation, relevant training, phased retirement and financial planning, appropriate working patterns, the use of mentoring as a primary job responsibility, comprehensive health and wellness programmes, project teams of mixed ages, and the provision of elder care services.

As workers have an increasing range of responsibilities and interests outside work, and as the expectations of younger workers are increasing in terms of a better work-life balance, modern corporate culture must address these issues while at the same time remaining competitive. What is the best way of satisfying these conflicting needs?

In response *Penny de Valk* suggested that organisations should introduce:
- Diagnostic tools that enable them to carry out a comprehensive audit of business and employee needs
- System shifts to enable them to fully understand the effectiveness of their management development, performance management and career development programmes
- Flexible work packages
- Workplace health and well-being initiatives including stress management interventions
- Dependent care support that takes into account both child and elder care provision
- A wide range of leave provision over and above what the law dictates.

Finally, *Penny de Valk* highlighted two key issues. First, historically corporate success has been built on conformity – and that has cost many individuals a great deal. For the employing organisations it has meant that the personal distinctiveness that people bring with them is left outside the workplace, along with their personalities, characters and facets of their lives which could have a beneficial effect on their work. Instead, in the desire for conformity these are lost to the organisation. Consequently such employees can become frustrated and may leave if they feel the organisation does not at least accept, or better still use, their individuality.

Second is the fact that managing diversity is not about being politically correct. It is about ensuring that every individual in the organisation is able to contribute to his or her fullest potential.

The major challenge for workplaces today is for leaders to value difference and integrate it in a way that leads to mutual respect and appreciation across the organisation. *Penny de Valk* noted that "what worked for us and made us successful in the past, will not be what works for us or makes us successful in the future". Those organisations that really understand how to manage diversity will move into this new century with a real source of competitive advantage.

Respond to Different Corporate Cultures?

The concept of "diversity" as in the sense of differences between people, according to *Eberhard Ulich (Executive Project Co-ordinator of the EfH Network),* infers that organisations should make allowances for existing differences between employees by tailoring or re-designing the work appropriately. For example in production, different forms of work patterns should be used to manufacture the same product (principle of differential work design).

Studies into the effects of these differential work design concepts showed, according to *Eberhard Ulich*, tangible benefits in terms of the quality achieved, as well as a substantial reduction in throughput times. In addition, motivation of the employees improved as a result and the number of days lost due to illness was reduced. Differential work design is a very different concept to standardisation which is the practice more commonly used by companies to take into account technological innovations. More recently, in order to increase flexibility and to maximise employees' potential, companies are cutting back their level of technology, and in so doing are reducing standardisation.

Eberhard Ulich made the point that more than one culture can be present within an organisation at any one time. For example, marketing staff have a different perspective of time from research and development staff; the former has a short-term perspective; the latter a long-term one.

A practical solution is to have multifunctional teams where staff from different sectors work together systematically. In this way individuals broaden their horizons and learn different ways and concepts of working; for example, a shortening of development times and a greater acceptance of the processes resulting in improved products.

Finally, there are cultural differences between national and regional cultures. Referring to the work of *Geert Hofstede* ("Software of the Mind"), *Eberhard Ulich* described how concepts are thoughtlessly transferred from one culture to another. This applies to motivation and management concepts and is particularly noticeable in the case of company acquisitions and mergers. According to the works of *Hofstede*, *Eberhard Ulich* continues, cultures can be differentiated from one another using some significant dimensions. Cultures are either geared to the individual or they are geared to the group or unit.

Attempts to introduce individual bonus schemes into collectivistic cultures frequently fail because the schemes are contrary to the prevailing culture. It is noticeable that the intensity of individualistic cultures and the development of affluence − measured by the level of the gross national product − are interrelated. As affluence increases, the development of individualistic cultures also intensifies.

Another feature by which cultures can be differentiated is that of "power distance". This is understood to mean the distance between the highest and the lowest hierarchical positions in a culture. A third aspect relates to the fundamental attitudes to uncertainty and change, a fourth to the level of male and female features and values within an organisation. A final feature concerns time orientation: long-term versus short-term. According to Eberhard Ulich, these features highlight major differences between cultures. If they are not taken into account, and numerous examples of this can be cited from the recent past, failure results.

Cultural Diversity

A Challenge to Politics, Corporate Practice and Society

Cultural diversity, according to *Rita Süssmuth (President of the EfH Network),* is an important aspect of culture, whether in companies, in politics or at community level. Even though in many countries cultural diversity in relation to immigration is experienced as a threat and, in some cases, discussed at a political level, the view is spreading that diversity should be regarded as an enhancement. According to *Rita Süssmuth*, we incorrectly assume that we live in a homogeneous culture and we see ourselves as members of a clearly structured community of values although we are exposed to numerous different influences.

Even in families there are, over the generations, different cultures in the same family, which can lead to family members of different generations being able to have a feeling of belonging in some respects and of feeling like strangers in others.

A positive attitude to cultural diversity requires a high degree of open-mindedness. This in turn requires a lot of self- confidence. Xenophobia with all its related social problems can arise on the basis of a lack of self-confidence.

These challenges to positive and constructive development in our communities can only be overcome through joint intercultural learning.

Rita Süssmuth referred to the discussion in Germany about the problem of the integration of foreigners. Unfortunately, the debate was one-sided, referring only to those who had difficulties with integration owing to educational shortcomings. The vast majority of emigrants who experienced no problems with their diversity in the various aspects of their lives were not mentioned.

Rita Süssmuth concluded that Europe today offers tremendous challenges and opportunities to learn and experience a new positive attitude towards cultural diversity by integrating the numerous differences in traditions and experience.

Practical Consequences

The exchange of experience in the EfH Network resulted in the following conclusions and recommendations for practice:

A new interpretation of diversity

In the past diversity was initially viewed from the anti-discrimination viewpoint (no one may be disadvantaged because of specific individual features) and was followed by the aim to deliberately create a heterogeneous workforce in order to satisfy the diversity of customers and markets. Nowadays the attitude is that diversity opens up new opportunities to learn, resulting in major competitive advantages. Companies can become more efficient if they encourage their employees and enable them to use their diversity proactively.

Diversity: On the way to the top of the business agenda

Diversity is becoming increasingly important for companies. This is because of far-reaching changes both in the world of work and in other areas of our society. Whereas the economic and social foundations are changing as a result of various trends (such as globalisation, greater competition, deregulation, the dissemination of new information technologies, demographic change etc.) at the same time we are experiencing tremendous changes in the workforce (rising proportion of dual earner families, higher percentage of working women, increase in part-time working, changing values and attitudes). Against this backdrop the labour markets of tomorrow are evolving resulting in a decreasing supply of adequately qualified workers in many sectors of the economy.

In principle, diversity can relate to an infinite number of features. In practice, however, only a few features are prominent.

These include:

- Age – the ageing workforce
- Gender difference – the needs of men and women in different stages of development both inside and outside their work
- Disability – restrictions and development potential in the area of disability
- Ethnic and cultural traditions – religion and nationality difference
- Professional background – education and qualifications/professional group and functions

Each individual company decides which of these features are important for them and they can vary hugely. The common factor in designing a diversity strategy to suit the company is that the ultimate aim should be to improve the quality of the human capital so as to maintain and increase the efficiency and competitiveness of the company in this constantly changing world.

Success Factor

What does the successful design of diversity in companies involve?

If the practical experience from various organisations is assessed for the design of diversity strategies (ageing workers/reconciliation of family and work/equality of women in the world of work/integration of handicapped employees/dealing with mergers and the expansion of business activities in other countries/cultures) in terms of success factors, the following factors can be identified:

1 Worker participation
Workers at all levels are to be integrated and involved as early and as fully as possible in a needs survey, analysis and implementation of improvement measures.

2 Business case
As the various areas of diversity are in some cases severely tainted with controversial values and general principles, it is crucial to clearly highlight the contribution towards achieving core objectives in an organisation from the very outset.

3 Communications and the creation of awareness
A clearly laid out, consistent and approved communications policy creates the framework for broad participation and acceptance of the business case, in particular among executives and middle management.

4 **Practical and verifiable improvements**
As in all other fields of business, changes must be designed on the basis of understandable and verifiable objectives.

5 **Target group accuracy**
Depending on the field, analysis and intervention must be geared to the specific needs of the respective target groups.

6 **Flexible work organisation**
Flexible and worker-oriented measures of work design, together with culture and executive development measures, form the heart of all efforts to successfully implement diversity practices in organisations today. This includes flexible working time regulations and work design to suit a particular target group.

7 **Diversity-friendly leadership and management systems**
If diversity-friendly leadership and management behaviour is to be spread throughout companies at all levels, not only appropriate standard qualifications have to be offered, but also performance and success measurements must include appropriate criteria which make the results of leadership and management behaviour transparent.

Co-operative Corporate Culture

Driving Force Behind the Successful Manage

The assessment and selection of corporate strategies to support diversity in organisations depends on the respective values that are anchored in society, politics, the economy and culture.

For example, this is evident in the area of work-life balance. In Anglo-Saxon countries, which are traditionally more individualistic, family matters tend to be left up to the individual whereas in more community-minded cultures the state and economy also take responsibility. We are rarely aware that the differences in values and attitudes extend right into the practical day-to-day practices in organisations. For this reason transferring experience to other cultures is practicable, but there are limitations.

On the other hand, the range of design measures introduced in a company depends to a large extent on the quality of the corporate culture. Design measures relating to diversity can only maximise their potential in terms of performance and competitive edge if the fundamental culture promotes openness in dealing with each other, encourages personal development and recognises and values in a fair and honest way the contribution of the workers to the company result. Experience in practice shows that maximum development is linked to a high-performance culture.

Workplace Partnership

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