DIVERSITY AND INCLUSION: A BUSINESS IMPERATIVE

N. Bindu Madhavi* and Sugata Datta**

Abstract: Unity in diversity is an age old saying. It is easy to understand this apparently simple saying but difficult to practice. As Indians, we know what it means to be diverse. Diversity in terms of geographical location, language, dialect, religion, caste and a plethora of heterogeneity.

The essence of diversity in India is best encapsulated in the Preamble to the Constitution of India. Another statutory provision which is enacted to ensure that diversity does not come in the way of remuneration to workers is, The Equal Remuneration Act, 1976. This Act provides for the payment of equal remuneration to men and women workers and for the prevention of discrimination on the grounds of sex, against women in the matter of employment and for matters connected therewith or incidental thereto. The Government of India also mandates to provide for 3% representation of differently-abled people in all Government and Semi-Government enterprises.

This article attempts to analyse the growing need for diversity and inclusive practices in Industries.

Keywords: Appended.

INTRODUCTION

The diversity of the faces one sees everyday, is it not amazing? When it comes to healthcare, blood transfusion, organ transplantation, does the individual exercise choice or accept with grace and humility the sacrifice made by fellow human beings? The answer is obvious. Then, why does diversity often become a bone of contention on stepping into the corridors of Offices or workplaces? Our Offices like the Hospitals are also an integral part of our society. LTI (left thumb impression) is captured as a proof of identity, since no two LTIs will ever match. Readers who are believers in God would accept that, if human beings are incarnations of the Almighty, then it is the will and wish of God Almighty that no two human beings should be alike. Even otherwise, biologically and genetically each human being is unique. It is in the very nature of human beings to be different, to be diverse. Siblings who are twins are also different atleast their finger prints vary!

Diversity can be best termed as a necessary evil. Like nuclear energy, it is extremely useful but needs to be “handled with care”. Diversity per se does not mean the existence of heterogeneous groups. Infact, it is the difference among individuals.

* Assistant Professor, KL University, Vijayawada, Andhra Pradesh
** Ch. Manager (HR), HAL, Hyderabad & Research Scholar, KL University, Vijayawada, Andhra Pradesh.
Infosys, Dr. Vishal Sikka - Design thinking teaches us that great products and solutions come when there is a synthesis of lots of different kinds of perspectives and when we are diverse we create the opportunity for that rich synthesis of great perspectives. The more diverse we are, the better we will all be.”

UNDERSTANDING DIVERSITY

“Managing and valuing diversity is a key component of effective people management, which can improve workplace productivity.” (Black Enterprise, 2001). In an era where business agility and creativity are critical to competitiveness, diversity and inclusion can become the deciding factor for an enterprises’ success.

Diversity has the potential to “trigger” innovation and creativity and thereby enable Employees to come out with dynamic business solutions. Experience and research indicates that, when recognized and valued, diversity enhances individual productivity, organizational effectiveness and sustained competitiveness.

“Diversity becomes most advantageous when a company wants to expand its perspective, reposition strategy, launch a new product, create a new idea, develop new marketing plan, design a new operation, etc.”

(Alder, 2002).

“If diversity is well managed, organisations can benefit from both synergistic and culture-specific advantages including enhanced creativity, flexibility and problem solving skills.”

(Zillar, 1972, Hayles and Robert, 1982).

“Only Organisations that can anticipate and respond to change will be able to survive in today’s business environment. Indeed ability and agility to change requires ability and agility to learn and learning requires diversity. A diverse workforce increases organisational effectiveness.”

(Kulik and Roberson, 2008).

Managing diversity requires Companies to be able to adapt, change, embrace and strategically integrate diversity into their business in order to survive.

The flip side to diversity is that, it contradicts organisational interests when business imperatives warrant employees to think uni-directionally. Sounds interesting! Readers would agree that, there are instances in every Organisation’s life, wherein Employees need to brain-storm, deliberate, prioritize the needs and finally take one stand. The aspects of diversity discussed above, may tend to impinge upon an organisation’s need for its people to think in unison.

In this context, Cox (2001) mentions that, “increasing diversity presents a double-edged sword; hence the challenge of managing diversity is to create
conditions that minimize its potential to be a performance barrier while maximising its potential to enhance organisational performance.”

THE IKEA STORY

IKEA, the Global home furnishing firm’s diversity and inclusion statement:

“To enable diversity, we will create an inclusive climate, supported by an infrastructure in which all co-workers feel welcomed, respected, valued and trusted to fully contribute to the business. Inclusion of our diverse co-workers is in line with our values and is critical to realizing the benefits of their differences and similarities.”

Having discussed about diversity, it is also necessary to understand the logical course of action which should follow diversity – inclusion.

Understanding Inclusion

Being inclusive is a state of the mind. It is reciprocal in nature. If an individual is acknowledged and appreciated the way she/he is, they too will reciprocate in a similar manner. Sometimes, it tends to be treated as a program. Inclusion is simply the “right thing to do”. An inclusive corporate culture provides access to new markets and enhances corporate appeal while attracting talent and improving corporate image.

The Workplace Diversity Network in terms of the report of the Netter Seminar held in 1998 has listed out the characteristics of an inclusive workplace. These are:

Visible diversity: In an inclusive workplace, diversity should be visible and palpable across the length and breadth of the organisation. Differences and similarities among the employees should be recognised, valued and utilized for strategic business advantage.

Respect and dignity: In an inclusive organization employees should be respected for their uniqueness and they should have the liberty to express their opinions in a free and fair manner.

Equality of Opportunity: In an inclusive organization each and every employee should have equal right of access to opportunities for individual and professional growth.

Accommodation of differently-abled employees: In an inclusive organization employees who are differently-abled should be provided with an employee-friendly work atmosphere.

Uninterrupted channels of communication: An inclusive organization should not have any barriers to channels of communication and ensure uninterrupted flow of information across the entire cross-section of employees.
Unified code of reward and recognition: An inclusive organization should recognize and reward the contributions and achievements of all employees irrespective of their diversity.

Onus for Accountability & Responsibility: In an inclusive organization the onus for adhering to the mission, values and ethics of the organisation should be a shared responsibility of all employees and all the employees should be equally accountable in this regard.

Culture of Learning: An inclusive organization should promote a learning culture wherein every employee should be given equal opportunity to learn and share her/his knowledge in a free and fair manner.

Inclusion in diversity: An inclusive organization should recognise and optimally utilise the diverse knowledge, skills, experiences, culture, faith, belief systems in its true earnest.

Synchronize the organizational culture: Every organisation has its unique culture, which in the case of an inclusive organization, should blend and synchronise with the views and beliefs of its diversified employees.

Mutually acceptable conflict resolution: Problems and conflicts are an integral part of any organisation. In an inclusive organization, conflict resolution should be a constructive and collaborative effort which should be mutually acceptable.

Integration with the Community: Any organisation is an integral part of the society or community in which it operates. An inclusive organization should work in tandem with its stakeholders which is comprised of institutions, diversified groups and individuals like government agencies, statutory authorities, professional bodies, NGOs, schools.

In the Indian context, with the Government of India’s impetus on “Make in India,” cross-border business is the order of the day. This will lead to a rich mosaic of diversity which if harnessed and managed well, will result in competitive business advantage. Inclusion is a catalyst for innovation and creativity.

The “Make in India” strategy of the Government of India warrants strategic Partnerships & Joint Ventures and therefore, diversity and inclusion will be all the more inevitable. Diversity and inclusion strategies need to reflect the geographical and cultural differences of India. Studies (Source: Report on Seminar held in Mumbai – March 2010 organised by Schneider–Ross) show that, the spread of wealth across India is so uneven that, companies doing business in India prefer to concentrate on CSR projects with a view to promote inclusive society and limited attention is given to addressing the leadership and organizational culture issues.

The Supreme Court of India, in April 2014, recognized transgender people as a third gender, and granted them the status of Other Backward Classes. Consequently,
transgenders are entitled to reservations in education and public employment. It is one more step towards creating a more inclusive climate.

However, there are Indian Companies, which have entered into joint ventures with Foreign companies. In such cases where Employees of the partner company come from different ethnic and racial background, the Management’s primary concern should be to identify the cultural gaps and diversities and take steps for inclusion. Failure to do so at the right time can be best compared to a gaping wound left unattended. The need for identification of diversities is as crucial as the action plan for leveraging the diversity since it is a well-known fact that, while diagnosis of an ailment is important, equally important is its proper treatment.

THE L&T STORY

Diversity and equal opportunity statement of Larsen & Toubro: We welcome diversity at the workplace. Our efforts are therefore focused on sustaining and enhancing this diverse work environment. It introduces fresh perspectives and enables our people to integrate better in society. We are an equal opportunity employer and adhere to statutory & regulatory norms. Our egalitarian work culture fosters diversity and equal opportunity. We do not discriminate on the basis of caste, religious or political affiliation, gender, nationality, age, sexual orientation or disability.

Basic Models of Diversity

Pluralism and Colour Blind models: Past studies on diversity discusses about two basic models for managing diversity, “Pluralism” and “Colour Blind”. Pluralism (Ely & Roberts, 2008) or Cultural Pluralism (Frederickson, 1999) postulates differences between individuals as natural and therefore, the difference should be appreciated. Whereas, the colour blind model holds divergent view in refusing to accept diversity, in order to avoid conflict.

The challenge industries face is in ensuring an inclusive work environment where everyone has an opportunity to participate in creating business success.

Inherent diversity and Acquired diversity: Inherent diversity refers to the uniqueness one is born with eg. gender, nationality, race, socio-economic background, etc. Acquired diversity refers to traits one acquires by virtue of experience and exposure to diverse cultures. “Companies that harness inherent diversity in their workforce and acquired diversity in leadership are measurably more innovative than companies that fail to harness these drivers.” (Innovation, diversity and market growth by Sylvia Ann Hewlett & others, Centre for Talent Innovation, 2013).
Dimensions of Diversity

There is another form of diversity – 4 generations of the workforce i.e. Baby Boomers, Generation “’X”, Generation “Y” and Generation “Z” working together.

Age diversity is another area which needs adequate focus. A majority of the Organisations have one common aspect, their senior management teams are mostly from the baby boomer era and the next three levels of leadership are either from Generation X or Generation Y or Generation Z. The challenge for the senior leadership of these organisations is to meet the expectations of the younger workforce and build employee loyalty.

Diversity is individual specific. Inclusion is Management’s prerogative. Being inclusive is a Management prerogative to nurture an organisational culture of innovation and creativity for strategic business advantage. Diversity may exist among employees, but not in the work. Research has conclusively proved that, allowing employees of diverse background to be involved in and interact in informal forums/social gatherings yields better results and at a relatively shorter time span.
THE EXPRESS AUSTRIA STORY

Express Austria has seen a continuous increase in the company results since 1998, a significant improvement in quality and high customer and employee satisfaction. “Would we be as successful without the use of Diversity Management? Maybe. Would we be as attractive in the labour market? Certainly not.” Erich Neuwirth, Director of Human Resources TNT Express Austria

Frequently used Terms

From the foregoing discussions, readers by now may have had a cursory idea about diversity and inclusion from an Organisation’s perspective. The following are few terms which are used quite often in the context of diversity and inclusion:

**Cultural difference**: In a study named as defence reaction, a new born baby’s (Caucasian and Chinese) nose was briefly pressed with a cloth. The Caucasian baby reacted in a normal way by trying to remove the obstruction. However, the Chinese baby accepted the obstruction, was comfortable enough and started breathing through his mouth. Following several other tests, it was concluded that Chinese babies were more accommodative and adaptive towards the examiners while the Caucasian babies exhibited annoyance and resistance.

**Ethnocentrism**: judging another culture as per the standards of one’s own culture.

**Cultural diversity**: A team with culturally diverse members has a diverse spectrum of information, wider range of networks and possesses enhanced ability and capability for problem-solving and is more creative and innovative with greater adaptability. Cultural diversity influences teams in three potentially opposing ways (Mannix & Neale, 2005):

(i) According to Similarity-Attraction Theory, people prefer the association of those who are similar, rather than dissimilar, to themselves - “birds of a feather, flock together.”

(ii) Second, according to Social Identity Theory (Tajfel, 1982), people tend to form specific groups. Members who do not belong to their group are considered as outsiders and belonging to different group(s). Members of their own group are extended preferential treatment.

(iii) Third, according to Information-Processing Theory, humans process the information they receive, rather than merely responding to stimuli. Thus, the way in which an individual thinks, acts and reacts or responds to a particular situation, depends on his / her mental development in terms of maturational changes since childhood.

**EEO**: Equal Employment Opportunity is not a very familiar term in Indian companies. However, the Constitution of India guarantees its citizens equal employment opportunity as per Article 15, Article 16 and Article 39. This has ensured that, equal employment opportunity is guaranteed in Government
Organisations and Public Sector Undertakings in India. This has resulted in adequate representation of scheduled castes, scheduled tribes, other backward classes, persons with disabilities as well Ex-servicemen, also. However, the HR policies of private sector industries in India, has been pro-merit. With the need to collaborate and enter into business alliance with foreign companies, Indian industries have tuned their talent acquisition policies to ensure adequate representation of women and persons with disabilities and more recently, the LGBT community.

While EEO and diversity are possible grey areas for the leadership team, it is incumbent upon Leaders to be committed in promoting diversity and inclusion in a “visible” manner.

**AA:** Affirmative Action may be equated to the popular term reservation policy in India. It aims at enhancing the numerical representation of under-represented categories in matters of education, employment, etc. Relevant articles of The Constitution of India are reproduced below:

- Article 15– prohibition of discrimination on grounds of religion, race, caste, sex or place of birth;
- Article 16 – equality of opportunity in matters of public employment.
- Article 39- which essentially guarantees equal opportunity to men and women.

**Access discrimination:** occurs when an organisation restricts or narrows down the scope of job availability for candidates by limiting the job advertisements, selective rejection of job applications, offering differential pay and remuneration, etc.

**Treatment discrimination:** occurs after a candidate is hired by an organisation. It may be in the form of differential treatment in matters of nature of work, training, promotion, incentive, etc.

**Appointment bias:** employees from minority or under-represented groups are less likely to be appointed when diversity in the organisation is very low.

**Departure bias:** employees from minority or under-represented groups are more likely to leave when diversity in the organisation is very low.

**Implicit bias:** is an unconscious and sometimes unintentional behaviour resulting on account of our deeply ingrained stereotypes which goes on to affect and impact our understanding, actions, and decision making process. Implicit biases may result in favourable or unfavourable assessments.

**Diversity Management:** Diversity management refers to deliberate actions by an Organisation with a view to promote inclusive work culture. Here diversity is considered to be a resource and workplace heterogeneity is one of the strategic initiatives. “Diversity management aims not at assimilation or integration, but rather on the inclusion of employees belonging to diverse identity groups, through an individualised treatment to meet individual abilities and needs.” (Liff, 1997).
**Glass Ceiling:** Is an invisible but impenetrable boundary that prevents the rise of women and minorities to upper-level executive and policy-making positions.

**Glass Cliff:** The paradox of glass ceiling is glass cliff. The probability of women being elevated or positioned in senior management roles which are at high risk of failure.

**Cultural mentoring:** A cultural mentor helps the senior and the junior (new entrant) employees to understand the culture of the organisation in its new perspective. Cultural mentor must be able to give convincing reasons to accept diversity management principles.

**Cognitive diversity:** Cognitive diversity refers to a variety of perspectives of seeing the world and interpreting events within it. The variety of perspectives and heuristics enable individuals to find satisfactory solutions to problems. Cognitive diversity is not the same as gender, ethnicity, value-set or age diversity, although they are often positively correlated. Examples of cognitive diversity are differences in mental process, perception, judgement, rule of thumb, etc.

Gender equity and gender equality are quite often used interchangeably. However, there is a subtle difference between the two concepts as explained below:

**Gender equity:** Gender equity serves to create a level playing field for women. A benchmark is created as per the standards of men to which women’s standards are mapped, gaps are identified and positive efforts are taken to fill up the gaps by bringing women to the identified standards thereby facilitating women to be on par with men. The tag line in gender equity is –“women and men should not only be given equal access to resources and equal opportunities, but they should also be given the means of benefiting from this equality”.

**Gender equality:** Gender equality refers to equal rights of men and women to access social and economic goods, services and resources as well as equal opportunities in all spheres of life. It also includes equality in valuing diverse behaviours and aspirations of men and women.

**Benefits of Diversity**

Ensuring diversity is a “win-win” situation for the employers as well as employees. “Respect for the individual” is one of the common organisational values. In the context of diversity, this statement will read as “respect for the individual’s differences and uniqueness.”

“A diverse workforce increases organisational effectiveness.”

(Kulik and Roberson, 2008).

Cox (2001) mentions that, increasing diversity presents a double-edged sword; hence the challenge of managing diversity is to create conditions that minimize its potential to be a performance barrier while maximising its potential to enhance organisational performance.
“Incentives to increase diversity include access to larger talent pool, improvements in team creativity, innovation and problem-solving, return on investment in training and greater connection to clients and customers: this is the business case for diversity.”


THE SEBI STORY

India’s market regulator, the **Securities and Exchange Board of India (SEBI)**, had set a deadline of April 1, 2015 for all the 9000 country’s listed companies to appoint at least one female director. According to media reports (Press Trust of India, 2015) 832 women were appointed to 912 directorship positions in 872 companies by the due date. Due to shortage of female talent, women with long experience in areas such as banking and finance are serving on the boards of several companies which makes a case for gender equity at the senior level in Indian companies.

CONCLUSION

Readers by now would agree that, discrimination, diversity, inclusion, et al are in fact mental blockades which if not treated and cured at the very inception will ultimately lead to life-threatening situations.

Ken Blanchard very succinctly defines diversity and inclusion as “None of us is as smart as all of us”.

The Financial Times’ Gillian Tett has argued that, a lack of diversity in the finance industry and the resulting lack of different perspectives was one of the factors behind the 2008-09 financial crash and the subsequent economic downturn.

No matter how qualified the workforce is, without diversity, they are likely to think the same and look for similar ways forward.
If you do not intentionally include, you will unintentionally exclude – this statement sums up the very essence of inclusion.

A survey on gender diversity in India has given empirical evidence based on workforce gender and social class (Kundu, 2003). Stereotyping and attributed social functions witness concentration of women in professions like social service, teaching, nursing, etc. A pre-dominantly patriarchal society, disguised discrimination and power im-balance are primarily responsible for adversely affecting the growth trajectory for women in India. The presence of women in the higher echelons of science, technology and management is still a far cry (Sharma Radha, 1984; Sharma Radha and Mukherjee, 2012).

Dataquest published its results after conducting a survey among Indian IT professionals. According to the report, approximately 19% of the total IT professionals comprised of women. But the point to be noted here is that, 19% women professionals are mostly at the entry level and this percentage gradually reduced to around 6% at senior positions.

Another study conducted by National Association of Software and Services Companies (NASSCOM) pegs women’s representation in the BPO sector at 50%. Here too, women’s representation dwindled to approximately 6% at the Senior Management cadre.

Tata Consultancy Services (2010) conducted a survey on gender representation in Indian industries. Their survey too revealed that, women were grossly under-represented at the Senior Management cadre including the Board Rooms.

In a global survey conducted by SHRM during the year 2008, respondents stated that there are primarily 3 business rationale for Diversity-related initiatives: (a) tapping into a broader range of backgrounds and skill sets (53%), (b) fairness and morality (47%) and (c) tapping new sources of talent to understand customers better and increase sales (43%). In the quantitative survey, more than half (55%) of respondents say they have policies that promote Diversity and Inclusion either “strongly” or “very strongly,” and another 31% promote Diversity and Inclusion “moderately.” Only 3% do not promote Diversity and Inclusion at all. (Source: Global Diversity and Inclusion: Perceptions, Practices and Attitudes – a survey conducted by SHRM).

Age diversity is increasingly becoming an important strand of diversity. In all of the case study organisations the senior leadership are from the baby boomer era and the direct reports are very often from generation X, generation Y and generation Z.

It is said that, India as a nation is not lagging in terms of gender diversity when compared to other nations. The reason being attributed is that, India has had a lady as the Prime Minister for nearly 15 years. Well, India had a lady as the President too, for 5 years.
Talent diversity and inclusiveness are no longer seen as ‘soft’ issues, but rather as crucial competitive capabilities.

THE TATA STEEL STORY

TATA Steel’s diversity and inclusion program called Mosaic is a fallout of the Company’s belief that, diversity and inclusion is not a choice but a way of life. Since the launch of Mosaic, some of the significant changes witnessed by TATA Steel have been:

- Launch of various work-life balance policies;
- As compared to FY15, there has been a 4 percent increase in the recruitment of female officers, and 4.5 percent increase in lateral hiring of women;
- Over 100 senior-level officers across all locations have gone through a gender sensitization programme;
- Our leadership development programme for women has covered over 90 senior officers;
- Gender diversity at senior leadership level has increased to 6.2 percent in FY16, compared to 4.3 percent in FY15.

References


The Impact of Workplace Diversity on Organisations, Priscilla Dike, A Degree Thesis on International Business.


Trailblazers: How Top Business Leaders are accelerating results through Inclusion and Diversity, Redia Anderson and Lenora Billings – Harris, Book published by John Wiley & Sons, Inc.

Improving GDP through women’s participation, News Article, News Article published in THE HINDU, 27.09.2015.


When Culture doesn’t Translate, Harvard Business Review – October 2015, Erin Meyer, Professor at INSEAD.


What is Diversity? Not many workplaces know the answer, Brief survey article by the Institute of Management & Administration.

Tackling One-sidedness in equality and diversity research, Ying-Ying Liao, Nasrollah Shahi-Sough, Ebrahim Soltani and Jawad Syed, Case Study published in Asia Pacific Journal of Management.

Managing Millennials, Susan A. Berson, Article published in ABA Journal.


Peacock in the land of Penguins !, Swati Ranade, Business Manager October 2015.

Building on the Promise of Diversity, Dr. R. Roosevelt Thomas, Jr.


Deconstructing Innovation, Conversation between Krishna Tanuku, Executive Director, Wadhwani Centre for Entrepreneurship Development (WCED) and ArunMaira, Ex. Member, Planning Commission on research and development in the Indian context, ISB Insight Apr – Jun 2011 issue.

Competing through Innovation, Article by Professor Amitava Chattopadhyay, Glaxo Smith Kline, Chaired Professor of Corporate Innovation, INSEAD, ISB Insight, Jul – Sep 2012.


Neighbourhood Segregation and Communal Attitudes, Professor Sharon Barnhardt writes from her research in Hyderabad, ISB Insight, Apr – Jun 2012.

DIVERSITY AND INCLUSION: A BUSINESS IMPERATIVE


Diversity Management Issues in USA and India: Some Emerging Perspectives, Nina Woodard, Dr. Debi S. Saini, This Chapter is from the Book “Future of Work: Mastering Change edited by Pritam Singh; Jyotsna Bhatnagar and Asha Bhandarker, Published by Excel Books in the Year 2006.


Diversity and Inclusion: Framework and Implementation plan, Developed by a cross-section of staff representing all City Departments and vetted by groups from throughout the corporation.


Opening the gender diversity black box: causality of perceived gender equity and locus of control and mediation of work engagement in employee well-being, Radha R. Sharma, and Neha P. Sharma, A research work partially funded by the Management Development Institute, India.

