

Diversity-Network – Newsletter Nine

“Our diversity is a source of competitive advantage” ... Prime Minister John Howard

What's in this issue?

In this issue of the Diversity-Network Newsletter we preview **Going Global: A Business Model for Diversity Management**. The model sets out the role of diversity capabilities in global expansion. This issue also includes statistics on share ownership, a case study from IBM on 'Getting Balanced', and provide key points from an academic article published in 2001 on diversity in work groups.

Mental models reveal how people understand their environments, determining the type of information they receive and the ways in which they process that information. Mental models are deeply embedded in individuals and act as software to process data. Such models are socially learned, educationally reinforced and experientially altered.

Diversity Resources

Our **Business Models** are short business-focused arguments for developing diversity policies in a range of areas.

Going Global: A Business Model for Diversity Management addresses the role of diversity capabilities in global expansion. One of the greatest challenges in international business is cross-cultural complexity. Diversity management facilitates the development of **cross-cultural capabilities** to enhance organisations' ability to navigate culturally complex environments.

The ACIB survey of Australian CEOs demonstrated that Australian organisations have yet to fully realise the potential benefits of diversity management to operating internationally.

The Model argues that diversity management aids global expansion through:

- Enhanced communication
- Strong interpersonal networks
- Superior information about overseas environments
- Sound partner selection
- Greater flexibility of entry options

Going Global: A Business Model for Diversity Management introduces readers to the concept of **mental models**. **Mental models** provide a new framework for understanding cultural, economic, political and other forms of complexity.

The Business Model explains how **mental models** can be used to interpret culturally complex business environments and how this can enhance business performance through the idea of **convergent mental models**. Where mental models overlap a **strategic consensus** can emerge which enhances the ability of the interacting parties to coordinate activities and facilitate collaborative decision-making processes. The Business Model also sets out the challenges of **divergent mental models**, or situations where mental models clash and communication is impeded.

As organisations operating internationally will be aware, culture is important in setting up the 'rules of the game' in which business takes place. It is important for Australian organisations to have an understanding of these 'rules' in order for them to operate effectively. Diversity management provides a tool for understanding, and harnessing internal resources.

The Business Model provides information on how diversity management impacts on the bottom line in five key areas:

- Internalisation
- Entry options
- Building personal relations
- Expatriate effectiveness
- Customer relations

Nine **action areas** which each detail a number of **key steps** are set out in the Business Model. The action areas are: top management; auditing; social integration and cohesion; training, education and awareness; attract, retain and motivate; promoting superior performance; improving individual outcomes; structuring teams; employer of choice strategies; and, metrics.

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This Business Model is available from our Website.
<http://www.ecom.unimelb.edu.au/acib/diverse/home.html>

Further discussion of the importance of diversity management to going global can be found in **The Business Case for Diversity Management** available from our website at:
<http://www.ecom.unimelb.edu.au/acib/diverse/home.html>

Diversity Research

This section aims to provide readers with brief summaries of important research that has appeared recently in academic journals and that is shaping the business case for diversity management.

The influence of demographic heterogeneity on the emergence and consequences of cooperative norms in work teams by Jennifer A. Chatman and Francis J. Flynn (Academy of Management Journal, Volume 44, No.5, 2001) takes a sophisticated approach to examine **diversity in work teams**. The paper's findings are very supportive of our message of proactively managing diversity.

The authors set out to examine the impact of diversity on levels of cooperation and within work teams. The paper reports on two studies. The first involves a group of US MBA students engaged in semester-long team-based research projects. The second looks at ten business units within a US financial services firm. Both studies involved a number of heterogeneous groups, in terms of gender, race and nationality. Drawing on theories of self-categorisation, the authors test a series of hypotheses regarding the timing and strength of cooperative norms developed with the work teams. Their argument is that workgroups that develop a cooperative relationship early on will overcome any tendencies to the in-group, out-group behaviour that can result from group diversity.

The study found that greater diversity lead to group norms emphasising lower cooperation than the homogenous groups.

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This tendency reduced over time, however, as the group interacted more often. Groups that did develop cooperative norms outperformed other groups and the group members expressed a higher level of satisfaction. They find no direct correlation between the group diversity and the level of satisfaction – again indicative of cooperation being the important issue here. Cooperation was seen to develop more effectively when group members perceived the interdependence of their objectives.

This research is important to diversity management arguments as it again highlights the importance of good people management in the functioning of diverse work teams. Managers of diverse work teams should be conscious of the need to emphasise and nurture a culture of cooperation. The initial difficulties the team may face in developing group norms should be discussed and also recognised as more likely. As we discuss in our upcoming **Teamwork Toolkit**, it is crucial that group goals are established early so that group members more readily self-identify with each other rather than some typical social category.

Discussion of social categorisation can be found in **The Theory of Diversity and Group Performance** available from our website at <http://www.ecom.unimelb.edu.au/acib/diverse/home.html>

We have drawn on articles such as this in developing our **Business Case for Diversity Management** - available from our website at <http://www.ecom.unimelb.edu.au/acib/diverse/home.html>

Diversity Demographics

This section provides useful information on the changing demographics of Australian society. Best practice organisations seek to adapt management strategies to accommodate the changing needs of their employees and stakeholders. Such organisations also aim to be well situated to understand and meet the needs of our diverse population.

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One group that public companies cannot afford to ignore is **shareholders**. Australia has one of the highest levels of public involvement in share trading and ownership in the world. Evidence from the Australian Stock Exchange (ASX), released in 2000, indicated that more than half the adult Australian population (54 percent or 7.6m) owned shares. This figure has risen dramatically in recent years. Ownership percentages had trebled since 1991. Over 40 percent owned shares directly, that is not just through managed funds or personal superannuation.

The survey of ownership provides a range of demographic data. Fifty-nine (59) percent of males and 49 percent of females had investments in shares in 2000, up from 40 percent and 28 percent respectively in 1997. Share ownership was most widespread in the 35-44 age group (48 percent), followed by those aged 45-54 (46 percent) and 55+ (41 percent). Younger Australians have got in on the act in recent times with 39 percent of the 25-34 age group share owners and 22 percent of those aged 18-24. Share ownership was more prevalent with married Australians and those in de facto relationships (61 percent), than single Australians (40 percent). Forty two (42) percent of divorced, separated and widowed individuals owned shares.

The survey also found share ownership rose with education levels and household income, although, again, all groups had experienced substantial growth in recent years. Unfortunately the survey did not ask further questions regarding ethnicity, disability, religion etc. It is not clear that such data exist.

Australian businesses do, however, need to be aware of these changes. Organisations should consider the changing expectations of these groups, in particular with regard to reporting of non-financial data in annual reports. The emergence of ethical and green investment over the past decade is indicative of greater attention being paid to the actions of Australian corporations. Organisations that can report their positive diversity management activities and initiatives may find they attract more investors. Furthermore, organisations should be aware that the majority of their workforce is likely to be shareowners.

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It may be worthwhile canvassing their views on the public image of the business. These data are taken from 2000 Australian Share ownership Study (2000) at: <http://www.asx.com.au>.

Best Practice Diversity Management

In this section we highlight examples of Australian firms adopting best practice Diversity Management strategies and policies. Our Toolkits include a number of case studies. In this issue, we highlight the **IBM** investment in Work-Life Balance.

One of IBM's Diversity programs is **Get Balanced**, a two-part program, developed in IBM Australia, for managers to use with their teams. In the first part of the program team members examine their own personal needs and business priorities. In the second part of the program the team comes together to develop a working pattern that best meets the needs of all the members of the team and enables the team to meet business commitments.

Underpinning **Get Balanced** are IBM's seven principles of Work Life Balance; included in these are the belief that: employees should take responsibility for their own work life balance; that work life balance should have a positive impact on all; that teams are flexible; and that ongoing performance and contribution are prerequisites.

Cameron Woolfe uses the **Get Balanced** Program to lead his team to higher levels of client service and work/life satisfaction. Cameron Woolfe is a Technical Manager, in Production Management. He lives and works in Ballarat in regional Victoria but manages twenty-nine staff in four teams over five different locations in Sydney, Melbourne and Ballarat. Production Management staff are customer service specialists whose work is usually based at the premises of an IBM client. Working as a team under one roof is not an option for them.

Attracting and retaining technical talent to work in a regionally spread team environment requires some lateral thinking - and some flexibility.

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Woolfe uses the **Get Balanced** program to increase his employees' satisfaction, which in turn leads to increased customer satisfaction. Before the **Get Balanced** program was initiated, Cameron was already implementing a variety of flexible working practices such as a flexible workweek and telecommuting where appropriate. These practices helped production management staff service their client's needs and attend day-to-day IBM communications whilst still allowing time for their chosen lifestyle.

The first aspect of the **Get Balanced** program was offering variety in work. IT staff are generally highly mobile, seeking challenge through training promotion. Cameron implemented a process of moving people through a variety of work to retain their services.

Cameron found the **Get Balanced** program easy to implement as it simply codified the tools of flexibility through placement into a coherent system. His teams were well placed to roll out the program and as a result a high percentage of his people, approximately 75%, used the program.

There were even additional unexpected benefits such as the extension of business hours, which occurred when staff selected early starts or late starts/finishes. This was of particular advantage where support was required across different time zones. Cameron has a standby schedule shared by technical staff for customer service, and this extension reduced the hours people were on call.

Woolfe believes that IBM's work culture, training provisions, salaries and challenges attract many top performers towards IBM, but it is the flexibility and corporate culture that wins them over. He is a firm advocate for **Get Balanced**.

His advice? To attract good staff in the IT industry, you need to offer exceptional benefits and Get Balanced is a great example.

This case study appears in **Attract, Retain and Motivate: A Toolkit for Diversity Management** available from our website at <http://www.ecom.unimelb.edu.au/acib/diverse/home.html>

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The Australian Centre for International Business

The ACIB is situated at The University of Melbourne and undertakes leading edge consulting, research and teaching. If your organisation is interested in research and consultancy services visit our website for a profile of key staff, the areas we research and consult in, and then contact us for more information. The ACIB staff have worked with public and private sector organisations across a wide range of areas.

Diversity Events

In this section we aim to keep you informed of upcoming workshops, conferences, seminars and awards and events that may be of interest to Diversity Managers, Diversity Committee Members, HR managers and CEOs.

Harmony Day on March 21st 2002 was the biggest yet! Over 2500 organisations were involved and there were more than 350 registered and other events across Australia. To help plan **Harmony Day 2003**, DIMIA wants to know what your organisation achieved for Harmony Day 2002. Contact DIMIA via email to let them know about your organisation's commitment to Harmony Day: hd2002@immi.gov.au

If you have a Diversity Event you would like us to mention contact us and we will include it in the Diversity Events section of our Newsletter. Email: Diversity-Network@unimelb.edu.au

The Diversity-Network

The Diversity-Network continues to grow and we encourage readers to pass on the Newsletter to colleagues, or to encourage them to join up.

Email us at Diversity-Network@unimelb.edu.au to join the Diversity-Network or join online: <http://www.ecom.unimelb.edu.au/acib/diverse/home.html>

Contact us at Diversity-Network@unimelb.edu.au with any ideas for future editions!