THE
DIVERSITY
FACTOR

Capturing the Competitive
Advantage of a Changing Workforce

Edited by Elsie Y. Cross
& Margaret Blackburn White

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Editors

McGraw Hill

Boston, Massachusetts   Burr Ridge, Illinois
Dubuque, Iowa   Madison, Wisconsin   New York, New York
San Francisco, California   St. Louis, Missouri

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*From a Declaration of Principles jointly adopted by a Committee
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FOREWORD

Terrence A. Larsen
Chairman and CEO
CoreStates Financial Corp.

When I assumed the leadership of this organization in 1987, CoreStates was already a thriving financial institution and strong financial performance has remained a password at CoreStates. After a few years of being fairly satisfied with Corestates' condition, I began to recognize that all was not really well. As I walked around our buildings and talked with our employees, I sensed that many people were not happy. Even though our bottom line was excellent, we were commended by Wall Street on our performance, and our shareholders were satisfied, our employees seemed to be just going through the motions. I did not sense in them any excitement or commitment to the organization.

I felt a clear need to change that situation. But first I needed to know why people felt as they did.

We undertook a very detailed employee survey, which on first analysis did not shed much light. On average, people seemed to have moderately positive views of their work experiences.

When we did a different overlay—one that separated out the responses by differing factors such as level, race, and gender—the picture came into sharp focus. We learned that there was a widespread sense of lack of respect across grade levels. We learned that the people of color in this organization were angry and they did not perceive that they had a future here. And we learned that many women shared that perception and that anger. The intensity of the feelings that were expressed surprised me.

As leader of the organization, I firmly believe that all of our people count. It is unacceptable if there are elements of our population who are not provided the opportunity to function at their maximum. As successful as we were, it seemed to me self-evident that if more of our employees felt that they had a fair shake here and the opportunity to contribute their best efforts, we would be a better, safer, and happier community—and we would clearly be even more successful financially.

My commitment to trying to meet that challenge led us to undertake a major culture change effort. That effort, it is now clear, is the biggest thing we have done in my almost 20 years at CoreStates. It's a huge effort. It has cost us many millions of dollars in hard cash and many, many more millions in terms of people hours. We have encountered more obstacles, more dilemmas, and more resistance than I imagined were even remotely possible.

But I have never regretted that decision.

We *began* to have benefits almost immediately. The simplest way of describing that immediate impact is that I began to see hope in people's eyes. Employees who had long ago given up on making a difference in the organization were taking a second look. They responded to the *possibility* that things might be better by coming to work with more energy, more commitment, and more enthusiastic participation. People almost immediately began to take risks and to speak up. Our meeting styles changed; we saw more participation, more discussion, more challenges to doing business as usual.

This initial positive response bought us the time to begin the long, hard, tedious work of educating, changing policies and practices, resisting opposition, and integrating the effort into the ongoing business and management concerns that would take years—and is still ongoing.

As I reflect on our experience over these past few years, I recognize several key elements that have enabled us to sustain our progress. Many readers of this text are at some stage of implementing diversity programs or culture-change programs. I encourage absolute commitment. I also offer what we found to be key elements likely to be important to those efforts.

First, and most important, is commitment and courage—especially the courage to look hard at the facts and not try to rationalize them away. When we studied the facts, we realized that the reason many of our co-workers were unhappy was that we were running this business using processes, procedures, and norms that had been created by one group to suit itself—the group that had been in charge at the points in our history when decisions were being made. The group historically was a narrow slice of our total workforce. It tended to be very male, very white, very highly educated, very traditional, and relatively

older. As we listened to other employees, we began to under-
stand that those processes and norms—which we had assumed
were "one-size-fits-all"—definitely did not fit all of us. And even
more important, they were not necessarily the best ways for any
of us to be doing business.

We had to find the courage to figure out other ways to do
things and the commitment to be sure we stayed on course.

Second is preparing to face opposition. There are tremen-
dous amounts of ingrained biases and stereotypes in society and
in our organization, and these will resurface over and over. The
pressures of business can easily become overwhelming and pro-
vide plenty of opportunities for those discriminatory attitudes
and practices to resurface and link themselves to something that
gives them some sense of validity.

We expected that our commitment to change might even
bring about a deterioration in our strong financial position; in
fact, we planned and talked about how we would handle it if it
occurred. Fortunately, that did not happen. But it is important to
be prepared to stand up for the commitment even in the face of
financial challenge. Over the long haul, I am convinced—and our
experience would support this view—that the increased com-
mitment and support of all employees that results from a posi-
tive culture change will inevitably enhance the bottom line.

At the same time, however, challenging long-standing big-
otry and requiring changes in attitudes and behavior causes
some people to be less productive. Some of those who have
been comfortable in the old culture may see the changes as per-
sonally threatening and may begin to act—overtly and covertly—
in opposition. Some may leave. Others may have to be asked
to leave if—after having been provided ample opportunity to
understand the facts and recognize the role we all play in cre-
ating and maintaining a negative atmosphere, and being offered
the opportunity to get on board—they will not or cannot make
the adjustment.

We had to anticipate, recognize, and stand firm in the face
of opposition.

Third, and most important, is the need to be absolutely con-
sistent. People who are leading the way must see consistency as
a principle, a value. Leaders must themselves feel strongly about

the effort; they must be morally committed as well as convinced of the solid business value of an inclusive work environment.

You have to be prepared to go all the way. The hope we saw in people's eyes in the early days was a sign of cautious optimism. There was also a healthy dose of skepticism about whether we would get there or not. Even after years of seeing their hopes dashed over and over, not just in this organization but throughout the institutions of our society, most of our employees were willing to give us some benefit of the doubt. Dashing that hope would have been devastating. And it would certainly have resulted in the loss to our organization of many of the leaders who had already signed up for making the changes we had laid out.

It is very, very difficult to convince people that the organization is being consistent and committed to its values. Like any business, we have gone throught major changes during the period we have been working on this culture-change effort: a dozen acquisitions, changes in our industry as a whole, a reengineering program. Each change created tremors in the organization and led to doubt about our commitment to our values. Reengineering, especially, can lead to a "survivor syndrome"; people who feel at risk tend to hunker down, not want to take risks, not want to be visible. A diversity program has to be strong and mature to withstand such a challenge.

We needed to be, and are learning to be, consistent and to communicate that consistency throughout the organization.

Finally, in spite of the difficulty of the challenges we face, I feel this is a great time to be in the leadership of an American organization. While change can create anxiety, it also provides many opportunities. Progress may be slow, but it is progress towards a better future—not just for a small group of us, but for all of us.

PREFACE

As we approach the end of the 20th century, two major forces are having an increasingly powerful impact on organizations: globalism and the global economy, and demographics.

The idea of the world as a global village is already a reality. Telecommunications has made it possible to transact business as quickly between Delhi and New York as between San Francisco and Oakland. The company that does not have multinational components is the exception, not the rule.

At the same time, the populations of the world are migrating restlessly, searching for better lives and more security. In the United States alone, the face of the nation has already inalterably changed. By the middle of the 21st century, this trend will lead to our being quite literally a different nation. Women will continue to enter the workforce in increasing numbers, and those groups now identified as minorities will constitute nearly half of the U.S. population.

White men for the first time in U.S. history will be a distinguishable minority.

The significance of this shift has not been lost on U.S. business and other organizations. The marketplace is already global and diverse. The workforce that is available to reach the market is also global and diverse. James R. Houghton, chairman of Corning Incorporated, put the matter bluntly when he said, "To avail ourselves of the entire pool of talent out there, we cannot rely only on white males. To attract the best talent we must demonstrate that we really believe in and practice diversity in the workplace."[1]

But our policies and practices—the cultures of our organizations—are still cast in the mold of the expectations of white men.

Since the early 1980s, organizational executives have been looking to the future and trying to prepare for change. Two strategies have predominated.

1. *Vital Speeches of the Day*, February 15, 1995, pp. 268–272.

The first is essentially a training strategy. Its premise is that providing training that helps individuals understand one another will create a diverse workforce that is cooperative and productive. By giving individuals more skills in interpersonal communication, this theory states, they will learn to be more open and accepting, and the barriers that limit the success of white women and people of color will be torn down.

The second strategy does not discount the importance of interpersonal communication, but it goes beyond it to focus on organizational policies, practices, and culture. In this view, patterns of discrimination are embedded in the culture of every organization. Dealing with individual prejudice alone is not enough to bring about the culture change needed to fully utilize a diverse workforce.

This collection of readings is based on the second perspective. Our writers provide strategies and methods for launching and living with culture change. They also describe some of the obstacles and provide concrete suggestions for how to remove them. In addition, methods for measuring changes in different levels of the organization as well as among individuals in different groups are outlined.

This culture-change strategy requires top executives, including the CEO, to be much more active and committed than does the training approach, which tends to lodge responsibility with the HR function.

A culture-change strategy aimed at creating a more diverse and more productive workforce must tear down the systemic barriers that exist in every organization. It is counterproductive to pretend that all differences are the same. Even though our most cherished ideals include "liberty and justice for all," there has always been a wide gap between this ideal and the reality. There has never been a time in the history of the United States when freedom rang out for people of all races or for women as well as men. The attitudes, policies, and practices that serve to benefit white men and create barriers for the entry and success of others are powerful and deeply entrenched. Changing them requires courage, skill, and fortitude.

These changes that create a more open culture are liberating for everyone—not just for white women and people of color but

also for white men. Eliminating the disparities that give white men—as a group—an edge and create barriers for people of color and white women—as a group—gives everyone the opportunity to contribute their best. White men will realize that they have succeeded on their own, not because they are white or male. And white women and people of color will know that they can succeed—or fail—on their own merit.

The focus of this volume is on the future, not the past. Our goal is first to take a hard look at the realities of today and then to create those strategies that will get us to the future—where we are going to spend the rest of our lives.

Elsie Y. Cross
Margaret Blackburn White

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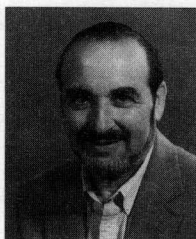
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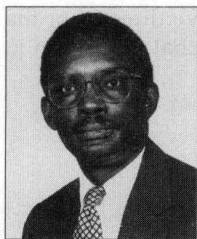
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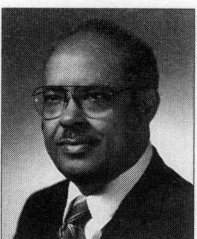
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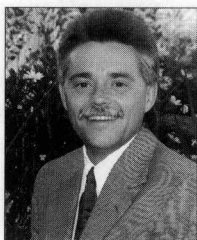
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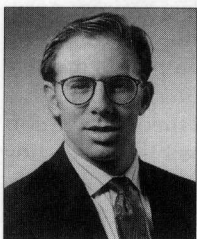
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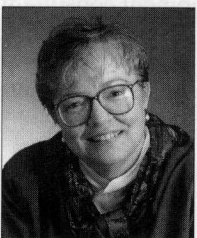
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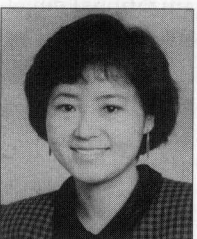
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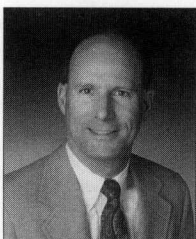
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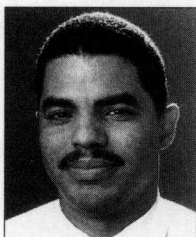
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