



Montse Ventosa García-Morato

Cultural Diversity Management in Companies



Club de Excelencia
en Sostenibilidad

 **Fundación Bertelsmann**

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Contents

Prologue	7
<i>Liz Mohn, President of Fundación Bertelsmann</i>	
<i>José Longás, President of Club de Excelencia en Sostenibilidad</i>	
Letter from a committed entrepreneur	9
<i>Francisco Martín Frías</i>	
About the author	10
<i>Montse Ventosa García-Morato</i>	
Collaborators	12
Chapter 1. Introduction	14
1.1. Cultural diversity management in the twenty-first century?	15
1.2. Corporate responsibility	17
1.3. Humanity is what we have in common as human beings, while culture is what makes us different	24
1.4. Cultural diversity. World heritage?	25
Chapter 2. What is organisational culture?	29
2.1. The secret life of words	30
2.2. How culture enters the business world	33
2.2.1. The forties: 1940-1950	33
2.2.2. The fifties and sixties: 1950-1970	34
2.2.3. The seventies: 1970-1980	34
2.2.4. The eighties: 1980-1990. How culture entered the business world	35
2.2.5. Since the nineties: the great ministry of organisational culture	36
2.3. Organisational culture as an element that differentiates and unites	37
Chapter 3. Managing cultural diversity: what it was, what it is and what it will be	45
3.1. Diversity management's past: avoiding discrimination	47

3.2. Present: consolidate equal opportunities	50
3.3. Future: promoting tolerance of difference	53
Chapter 4. Benefits of cultural diversity	58
4.1. Cultural diversity as a growth and development factor	59
4.2. Diversity as a competitive factor	61
4.3. High-performance cultures	63
4.4. Motivation and commitment in the twenty-first century	65
Chapter 5. Managing cultural diversity in 3D	68
5.1. First dimension of diversity management: visible diversity	71
5.1.1. Ethnic origin and nationality	74
5.1.2. Gender	77
5.1.3. Generational diversity, when age is important	81
5.1.4. Disability	84
5.1.5. Stereotypes	86
5.2. Second dimension of cultural diversity management: invisible diversity	91
5.2.1. Personal culture	91
5.2.2. Communicating across the difference	94
5.2.3. Creating a shared identity	99
5.2.4. The danger of <i>groupthink</i>	102
5.3. Third dimension of cultural diversity management: diverse work	104
5.3.1. More than marketing	105
5.3.2. The new work-life balance	108
5.3.3. Inclusive leadership	111
5.3.4. Nobody said it was easy	116
5.3.5. Cultural diversity, a shared responsibility	120
Chapter 6. And now what? From theory to practice	124
Appendices	152
Profile of the participating companies	153
Questionnaire	161
Bibliography	168



Prologue

Cultural Diversity in Companies

Liz Mohn

President of Fundación Bertelsmann

José Longás

President of Club de Excelencia en Sostenibilidad

Globalisation has been causing movement in the international labour markets for decades. It is more than just a question of a great many people claiming that nowadays the world is their workplace. This evolution has also infused corporate workforces with great cultural diversity; they are made up of people from different countries, cultures, religions, age groups and genders, and the resulting heterogeneous composition of the workplace demands new types of cooperation, including the area of conflict management.

Without a doubt, one of the greatest challenges consists in developing the organisational culture and management structures so that they are identified with their objectives and tasks, taking into account their inherent diversity. It is about finding ways to identify personal differences as well as aspects in common, and adapting these to the corporate culture, which may also be deeply influenced by their countries of origin. Resolving this, and other questions, can be essential to the success of a company.

The best way of creating added value in companies based on this diversity and heterogeneity is to provide a management system based on decentralised structures, the delegation of responsibilities, the right to intervene in decisions about the workplace, and participation in profits

and dialogue between the representatives of different interests. In other words, ways must be found to achieve constructive cooperation between different divisions to promote a feeling of belonging to a community, and each member of staff must be valued and receive support.

This way of looking at diversity and heterogeneity is a great challenge to management, both in terms of conserving the company's sustainability and in proving its legitimacy to society. This is no easy task, as is seen in practice in numerous global companies, and it is made even more difficult by the economic consequences of the current global crisis, the general lack of guidance and the loss of social values that are causing insecurity and fear.

However, cultural diversity is a great opportunity for companies to achieve success. According to Montse Ventosa, the author of the study, "An organisation that uses cultural diversity correctly strengthens the corporate culture, enhances its reputation, becomes an attractive employer for people with talent, promotes motivation and creativity and, consequently, the innovation and efficiency of the workforce". This way, these aspects become decisive competitive advantages.

Our globalised economy requires modern forms of employment. It demands management concepts adapted to these times, which enable employees to use their identification and skills successfully and most importantly, regardless of nationality, age and gender. This requires showing respect for people from other cultures and for their history and experiences, as well as recognising the peculiarities of the markets and societies in which companies operate.

Do we need a *Business Case* to demonstrate their effects on efficiency, motivation, creativity and identification? For some managers it can be a good argument, but in our view, offering relevant employment conditions that motivate people of different origins is something totally natural, because at the end of the day, the fact that humanity should come out winning is essential to success, regardless of the nationality, age and gender of these people.

Letter from a committed entrepreneur

Francisco Martín Frías

President of MRW

Dear reader,

I have always said that MRW is a big family and that in our company, as in all big families, there is a nourishing plurality.

As a family business we have responsibilities to our society and our community, which makes us different from other businesses, and this fact is an accomplishment of which I am particularly proud.

The multiculturalism and diversity found in today's society is reflected in our workforce as follows:

- Our family comprises 709 employees. There is equality between men and women in all jobs, including senior management posts.
- Approximately 6% of our workforce has some kind of disability.
- In recent years, we have made great efforts and, as a result, 7% of our employees originate from seventeen different countries. This has been a source of enrichment for us as professionals and as people. We have learned about other points of view, other approaches and other cultures, and benefited from the advantages that these values contribute to a company like ours: dynamic, open and innovative.

Diversity has made us stronger, we have improved as a company, we benefit from having more talent, becoming more efficient, better motivated and creative in the organisation.

Francisco Martín Frías
President of MRW

About the author

Montse Ventosa García-Morato

Chief Conversations Officer of StickyCulture and President of Fundación Truthmark

Social entrepreneur, specialising in new ways of focusing the employer-employee relationship. The traditional choice between being people-focused or performance-focused has become obsolete. In its place, Montse's businesses focus on the element coinciding between what the company needs from its people and what those people need from the company i.e. work. In 2012 she launched Fundación Truthmark, the different work monitor. In 2009 StickyCulture, the internal glue agency that creates cultures that 'stick' people to their companies, was created. The same year, Montse began the *Happyshifting* movement.¹ From 2004 to 2009 she managed Great Place to Work.

At the age of 25 she took her first steps in human resources, becoming responsible for 50 shops and around 500 people at Massimo Dutti, an Inditex company. She has a degree in psychology, specialising in organisational psychology from the University of Barcelona. MA in Gestalt Psychotherapy and Coaching at the London Metropolitan University. She is currently

¹ *Happyshifting* was created as an alternative to *downshifting* (slow life movement) and to make space for happiness at work, from a win-win position between companies and people rather than the adversarial stance which continues to prevail in numerous sectors. It endeavours to position people in an active role and make them responsible for their quest for happiness. For more information: <http://www.stickyculture.com/#!vstc1=esp-happyshifting>

doing a PhD in Business Studies and Administration at the Universidad Politécnica de Catalunya, and is researching her thesis on Organisational Culture and Motivation.

She writes for and is quoted in leading Spanish newspapers, including *Expansión & Empleo*, *El País*, *Cinco Días* and *El Mundo*. She has been interviewed for television and radio programmes on channels such as Telecinco, TVE1, TVE2, Antena3, Onda Rambla, Cadena Ser, RNE and Cope.

She gives regular lectures and speeches at ESADE, IE and the Universidad Complutense de Madrid. She was a lecturer on the first MA in Personal Development and Leadership at the University of Barcelona, is a lecturer in Personnel Management on the Official Master's Degree in Hotel and Catering Business Management by CETT, the Ibero-American edition of the Advanced Corporate Responsibility Programme at the IE Business School, and the Global Executive MBA at ESADE. In 2009 she was recognised by the Fundación Alares in the Management modality for her efforts to improve work-family-personal life balance in Spain.

Collaborators

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Chapter 1.

Introduction

These are unique times. Things may never be as they were before. The world has experienced some exponential changes in recent years, undergoing a complete transformation that means that new ways must be found to understand it, and effective solutions are needed to deal with the new situation. A new situation in the widest sense of the word: environmentally, globally, locally, socially and lastly, personally.

Due to numerous factors, we live in a world which is shrinking so fast that the expression ‘it’s a small world’ has never been so true. This may be because, as Thomas Friedman said, “the world is flat”,² and has developed from a vertical model based on the hierarchy of order and control, to a horizontal model governed by the three Cs: Communication, Collaboration and Connection.

So, while we live on a planet that is more globalised than ever before, almost limitlessly so, it also seems to be getting smaller all the time, because the barriers are becoming blurred and, in some cases, are even disappearing. What we are witnessing is the birth of a new type of human being, a new model of society and therefore, a new corporate model

² Thomas Friedman, North American journalist and writer, three-time Pulitzer prize winner and a columnist for the *The New York Times*.

as well. This is a unique opportunity for us to write our own history, the history of the world we live in, the legacy we will leave for our children, our grandchildren and our great grandchildren.

Yet, is the world really as flat as it seems? The truth is that this never-before-seen map we have in front of us is encouraging the acceleration of new forms of ICT, which are the breeding ground for resuming the **dialogue between people, companies and societies**. Knowledge exchange is facilitated and gives everyone the opportunity to connect with anybody, anywhere in the world at any time. It is also true to say that although we now have more information about many more aspects of other latitudes, this does not mean we are ready or willing to work with people who are different from us.

In other words, the fact that I know more about someone does not mean I am going to like or want to work with him or her. Overcoming this barrier requires great efforts to cultivate a willingness to coexist and collaborate with mutual respect. In this regard, countries and companies have a driving role in the management of cultural diversity, which Cox defines as “the representation, in one social system, of people with distinctly different group affiliations of cultural significance”. Although this first definition is a very simple one, the concept is more complex than initially appears. Cultural diversity has traditionally been framed within corporate responsibility strategies, on the basis that they both have the cross-cutting essence necessary to adopt a strategic approach to the notion of diversity within the framework of the company’s strategy.

1.1. CULTURAL DIVERSITY MANAGEMENT IN THE TWENTY-FIRST CENTURY?

Diversity is often seen by organisations as a means of improving their reputation or as a way of complying with certain legal obligations. However they look at it, cultural diversity has great potential for organisations on today’s business map, where available reference models reveal limited effectiveness. The new reality requires different role models.

The purpose of this book is not to present the definitive cultural diversity management model as a sort of magic bullet. Among other things because, and especially on such an important matter, “no system can purport

³ Jr T. Cox, *Cultural Diversity in Organizations – Theory, Research and practice*, San Francisco, Berret-Koehler Publishers, 1993.

to be the only valid, definitive one”.⁴ Rather than presenting a paradigm to be used as a model to follow, we are offering a prism... a lens that brings the entire breadth and depth of cultural diversity management into focus for use as a reference point and as a guide.

The theoretical framework will be illustrated by examples from some of our country's most outstanding companies, not as good practices to be implemented literally by the rest of the business community, but as an inspiration for creating its own models. These examples show that, although there is a long road ahead, ‘paths are made by walking’ and, therefore, cultural diversity can be managed in the most beneficial way for everyone - people, companies and, of course, society.

At times like these, companies **are getting ready to face a new era where the rules of the game have changed** and where there are new challenges, while at the same time they are strengthening and transforming their organisational cultures into high achieving cultures, where high performance and differentiation are the key. Switching from the ‘one-size-fits-all’ policy to differentiation is a road that is, at the very least, challenging, especially because it brings both personal and organisational accountability into the equation.

Diversity management also appeals to our personal responsibility to build a high performance culture where everybody is a high achiever, and to complement corporate responsibility in companies so as to unleash the potential of cultural diversity in society.

We are sure that when readers finish this book they will have a much clearer view of the impact of cultural diversity management on companies, people and society. It is possible to create a new, responsible, sustainable business model, which fully integrates cultural diversity to enable and accelerate the growth of individuals, companies and society. We understand that it is necessary to go beyond ensuring that people are represented in terms of race, gender and disability, and to look at cultural diversity holistically, taking into account the different perspectives and viewpoints of each person regarding his or her job.

When asked “Please rate from 1 (totally disagree) to 10 (totally agree) the extent to which you see cultural diversity as inevitable and natural in a democratic society” the average score of the seventeen participating companies was **8.6**. In other words, it is a reality.

⁴ Reinhard Mohn, *La responsabilidad social del empresario*, Barcelona, Galaxia Gutenberg/Círculo de Lectores, 2005, p. 114.

Firstly, this book invites readers to understand what corporate culture is; then it continues by looking at the state of the art of diversity management, identifying some of the numerous benefits of cultural diversity, mainly because of its direct relationship with innovation. Finally, it presents the three dimensions that this viewpoint enables us to use, giving us a different prism with which to understand the breadth and depth of cultural diversity management.

Organisational culture is the pivotal aspect that makes companies unique. That is why what works in one company may not work in another. So, the idea is not to find exact formulae or to go into great detail regarding applications or examples in companies, but to give you some inspirational guidelines that will spur you on to take action and encourage you to take the first step. It is what we call ***Inspiration.***

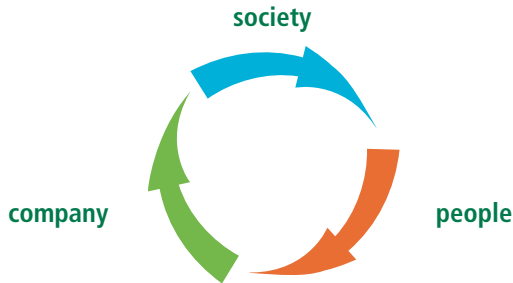
1.2. CORPORATE RESPONSIBILITY

Much has been said about corporate responsibility in recent years. In fact the European Commission put forward a new definition of CSR, saying it is “the responsibility of enterprises for their impacts on society” and adding: “Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully accept their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large; and of identifying, preventing and mitigating their possible adverse impacts”.⁵

It is therefore obvious that the company-society influence is **bidirectional**, and that the influence and impact of society on companies is certainly inevitable. Likewise, the sustainability of our world is subject to business excellence to contribute to the progress of society. **Companies reflect society and society reflects companies.** It is in this field that cultural diversity goes far beyond the business world: it is part of social reality.

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *A Renewed EU Strategy 2011-14 for Corporate Social Responsibility*, 25 October 2011.

In this sense, one example is the vision of **Iberdrola**, which integrates the economic, social and environmental aspects of sustainability. “We aspire to become the preferred Global Energy Company because of our commitment to the creation of value, the quality of life, the safety of people and supply, environment protection and customer focus.”



This is why corporate social responsibility has an increasingly important role in organisations and has developed from a positive, complementary yet accessory area to a vital, pivotal matter in many cases. The current situation has put the **management model** on the ropes and a growing number of companies, researchers and thinkers are suggesting sustainable alternatives. The European Commission holds that a company’s ultimate aim is to **create shared value**, for all *stakeholders* in all stages of the value chain.

The seventeen participating companies have a corporate responsibility function as part of human resources, but in the case of **Endesa**, diversity management is part of a specific corporate responsibility plan within the general human resources plan, called the Senda Plan. This is framed to take into consideration its strategic sustainability plan and its commitment to people, and it is realised through objectives and indicators for monitoring whatever is being worked on at the time...

The two main objectives are to establish a high level of labour commitment from the employees and Endesa attractive as an employer brand. All this in the framework of a culture committed to diversity, labour flexibility, work-life balance and increased labour integration of people with different abilities. It is a global framework plan that sets strategies and is established in each country according to the legal, social and cultural differences in each territory. The 2011-2012 objectives are in the following areas:

- Diversity and equal opportunities management
- Conciliation and flexibility at work
- Integration of people with disabilities and at risk of social exclusion
- Promotion of volunteerism
- Socially responsible investment

As an example of the growing relevance of the awareness of creating shared values, some years ago only a small number of companies invested resources in corporate volunteerism activities to help to have a positive impact on the communities in which they operated. However, nowadays many more companies provide for these activities to encourage people from their organisations to take part in actions that support the neediest sectors of our society. This is why employees are no longer considered passive agents in the realm of corporate responsibility, and they are becoming more active participants in the creation of a social responsibility culture in the company, going beyond corporate volunteerism in some cases. As Endesa explains in its Senda Plan, “employees are essential stakeholders, setting management criteria that integrate their interests and expectations in business decision-making processes”.

Ideas for *Inspiration*

A total of 85% of participating companies have corporate volunteerism policies and collaborate with different organisations. As well as targeting developing countries, these actions help groups such as the unemployed, people with disabilities or those at risk of social exclusion. Here are some examples of these policies:

- **BSH Electrodomésticos.** In 1999, BSH Employees, with support from management, founded the BSH Katastrophenhilfe e.V. association. This non-profit organisation works to help people in countries blighted by natural disasters, through medium- and long-term projects that involve, for example, building, equipping and operating schools and hospitals. The company matches the contributions made by its employees.

- **CEMEX.** Key components of CEMEX social investment efforts are the time and energy that its employees contribute through volunteering. This company encourages its employees and their families and friends to give their time and knowledge to support local communities. Many of the social projects CEMEX supports depend on the active participation of its people. Examples of these projects are the Business Solidarity Day organized by International Cooperation NGO; participation in charity runs; food, toy and book collection campaigns at its production centers and offices; and helps to educate and raise awareness among children with educational programs. Through partnerships with private enterprises, governments and academic institutions, CEMEX supports programs that help people in emerging markets gain the knowledge to save money for housing, start a business, build homes and infrastructure and help improve community services.
- **Endesa.** Endesa runs corporate volunteerism actions with a special focus on the societies and territories where it operates.
- **Ericsson.** Through Ericsson Response it provides aid in catastrophes and natural disasters which require the use and restoration of communication systems. The programme is designed to work in close collaboration with the International Federation of Red Cross and Red Crescent Societies, as well as different UN humanitarian organisations. The participants are volunteers from the company, who are thoroughly trained to provide the necessary help in these situations. Through the programme it has intervened in refugee camps in the Sudan, the earthquakes in Japan and Haiti, floods in the Philippines, and many other situations.
- **FCC.** FCC volunteers work to care for disabled people and for the environment. The groups that benefit from its social programmes are its employees and families, abused women,

disabled people, children from broken families and dependent elderly people.

When it comes to the environment, in addition to the traditional volunteer programme to help the needy, over the years, environmental volunteerism programmes have been introduced to recover degraded natural areas. It has also sponsored specific campaigns such as Earth Hour through its affiliate Cemusa, making its advertising platforms on awnings on buses and urban furniture in Spain's leading cities available to raise awareness of the need to make careful use of energy resources to contribute to the sustainability of our planet.

- **Fundación Adecco** has a wide variety of corporate volunteer programmes in the sport, environmental, leisure, professional and therapeutic areas.
- **ISS Facility Services**, through its foundation, offers support to people in need in Spain and abroad, both in crisis situations and more ongoing circumstances of need.
- **Iberdrola**. In order to channel the charitable spirit of its employees, the company has implemented a corporate volunteer programme to encourage its workers to become involved in social projects that reflect the company's values, aiming to put its vision and values into practice, showing its clear mission to improve people's quality of life and care for the environment. It also endeavours to strengthen employees' feeling of belonging and identifying with the organisation by improving their satisfaction and the atmosphere of the workplace. This helps to train employees in ethics to foster solidarity, participation, commitment, responsibility and teamwork. Finally, it takes part in the ultimate objective to improve the perception of Iberdrola as a socially responsible company. One of the basic premises of the Iberdrola Corporate Volunteer programme is the International Volunteering Portal, a website created spe-

cifically to channel the mobilisation of employees' talent, time and energy. Through this on-line tool, available in Spanish, English, and Portuguese, in 2011 the company offered its staff 6,500 opportunities to get involved in volunteering, some in collaboration with leading organisations and others launched by the company itself.

This has evolved into a global volunteering community open to all of the employees in the Group, who may choose between face-to-face or virtual initiatives, share their experiences of volunteering and suggest activities. In 2011, over 2,000 employees took part in the activities for volunteers set up by the company. The company thus pushed forward with the commitment to foster volunteer work among its workforce when it signed up for the European Year of Volunteering in 2011. The aim of this EU initiative was to encourage the exchange of experiences and good practices in order to promote voluntary work in civil society as a way to increase sustainability in different countries and improve the conditions of their inhabitants. The activities are described in detail in a corporate volunteering report.

- **Merck.** Taking responsibility for society is an integral part of its entrepreneurial approach. Merck believes that it can make an important contribution to society through our knowledge, skills and products. The social engagement activities primarily focus on those areas in which they have specific expertise stemming from its core businesses. The company thus engage in health-related projects and promote education, particularly in the natural sciences. It also provides disaster relief in emergency situations, especially in those regions in which they operate. In 2012, they invested 11.8 million in corporate social engagement activities.

In this respect, Merck has developed a global program to fight counterfeit medicines. Interpol, the world's largest international

police organization, estimates that up to 30% of all medicines in developing countries are either counterfeit or of inferior quality. The Global Pharma Health Fund (GPHF), a charitable organization funded by Merck, is committed to the fight against counterfeit pharmaceuticals. Developed by the GPHF, the Minilab is used to detect counterfeit medicines quickly, easily and reliably. Two suitcases each weighing around 30 kilograms contain a large number of test methods that state health care workers in developing countries can use to inspect pharmaceuticals. Reference samples are used to test the identity and concentration of 63 active ingredients in total, including anti-malarial drugs, to antibiotics, analgesics, and antipyretics.

The GPHF has specifically developed the Minilab for use in regions with a simple infrastructure. The rapid analyses do not rely on external power sources and normal drinking water suffices for the experiments. No comparable product currently exists. To date, the GPHF has supplied more than 570 Minilabs at cost, to over 80 countries. More than half of these countries are in Africa and a third are located in Asia. Merck participates in external research with the aim of increasing the number of medicines that can be tested

- **MRW.** The company is working on a project that will be launched in 2012, designed to enable its employees to manage their volunteer efforts by providing them with two hours every month to do so. The company will offer employees volunteer work in the areas in which they would like to take part: childhood, the elderly, tertiary sector...
- **NH Hoteles.** The group's Corporate Volunteering Programme goes under the slogan "*UP! for Volunteering*", which encourages values of solidarity and responsibility among employees toward those in need, creating a corporate volunteering culture linked to social contribution by its staff. It is aimed at young people at risk of social exclusion and family members

of disabled children staying at hotels in the chain and some NGO beneficiaries with preferential rates.

- **Red Eléctrica de España.** Volunteering projects are linked to the following areas of action: disability, childhood and youth, the elderly, marginalisation, environment and emergency situations.

However, writing history is not the responsibility of companies alone. It is also in the hands of each and every one of us. It is our social responsibility as people, because people have an active role in building this new path which is everyone's task.

So far it has been shown that the new social reality requires a different way of doing things on all levels, and the importance of corporate responsibility, of which cultural diversity is a part, as a key aspect of this different management model to maximise the creation of shared values.

1.3. HUMANITY IS WHAT WE HAVE IN COMMON AS HUMAN BEINGS, WHILE CULTURE IS WHAT MAKES US DIFFERENT

What do we mean today when we talk about cultural diversity? There does not seem to be an easy answer to the question, and this book aims to shed some light on this important concept. The objective is that, by the end, readers will have a clearer idea of what is meant by the term cultural diversity. To achieve this, an initial approach will allow us to put this concept or discipline into context.

What does diversity mean today?

The first clue comes from anthropology. According to Tim Ingold, "one of the most surprising characteristics of human life is the extraordinary diversity of its life forms. From an anthropological standpoint, these differ-

ences are attributable to culture”.⁶ Therefore, when we talk about culture we are talking about diversity. And, talking about diversity is talking about **differences**.

In this regard, Kreitner, as well as others who have done research on the subject, define diversity as “the collection of many individual differences and similarities that exist between people”.⁷ Although it is true that every person is unique, **shared characteristics** are also included under the diversity umbrella. The management of differences is inherent to social human nature. Therefore, cultural diversity is related to what makes us different, and involves talking about how human beings manage and move between each end of the spectrum: the same or different.



This question, underlying infinite chapters of our history, which refers to diversity as the opposite of homogeneity, is present in numerous areas of our lives. In the area of romantic relationships and friendships, there is the classic debate regarding the extent to which opposites attract or, in contrast, is the other half who attracts us someone similar to us? In Sociology we talk about peer pressure and the trend to assimilate ourselves within the group. In a business context, “Is it acceptable to have a different opinion and to disagree with another person, particularly if that person is your superior?”.

In short, to what extent are we capable of tolerating differences inside and outside the groups to which we belong? Questions like these are even more important at a moment in history like now, when societies have become complex and there are numerous, diverse reference groups.

1.4. CULTURAL DIVERSITY. WORLD HERITAGE?

In this socially complex environment, this ‘one-size-fits-all’ world, UNESCO published its Universal Declaration on Cultural Diversity in November 2001, in which it recommended that states and organisations consider cultural diversity as the common heritage of humanity.

⁶ Tim Ingold, *Companion Encyclopedia of Anthropology: Humanity, Culture and Social Life*, London and New York, Routledge, 1994.

⁷ R. Kreitner and A. Knicki, *Organisational Behaviour*, New York, McGraw-Hill, 2001.

“Culture takes diverse forms across time and space. This diversity is embodied in the uniqueness and plurality of the identities of the groups and societies making up humankind. As a source of exchange, innovation and creativity, **cultural diversity is as necessary for humankind as biodiversity is for nature**. In this sense, it is the common heritage of humanity and should be recognized and affirmed for the benefit of present and future generations”.⁸

From this point of view, we can understand cultural diversity as essential for the sustainability of Humankind. Notwithstanding the strength of this declaration, UNESCO goes one step further and states that culture should be included as the fourth pillar⁹ in the sustainable development model proclaimed at the Earth Summit held in Rio de Janeiro in 1992. Here they defined the three pillars of the sustainable development paradigm: economic growth, social inclusion and environmental balance.

Sustainable Development = 3+1

- Economic growth
- Social inclusion
- Environmental balance
- + 1 Culture

The inclusion of this parameter as a fourth pillar is more relevant if it is taken into consideration that culture, in the widest sense of the word, determines the ideas that model emotions and reasons, which guide behaviour and, therefore, stipulate decision making. In other words, it determines how people, companies and society behave in the world.

A total of 90% of the seventeen companies that took part in this book agree that cultural diversity is the inevitable, natural result of the social demographic situation.

The social composition of organisations is transforming. Markets are changing, as are relationships between companies and their *stakeholders*. Sustainability is no longer a *nice to have* but seems to be becoming a *must*,¹⁰ and companies like those that have taken part in this book, are increas-

⁸ UNESCO Universal Declaration on Cultural Diversity. Adopted by the General Conference of UNESCO on 2 November 2001.

⁹ Report, Culture is the fourth pillar of sustainable development. The Executive Bureau of United Cities and Local Governments (UCLG) approved this policy orientation document on 17 November 2010, in the framework of the World Summit of Local and Regional Leaders - 3rd World Summit of Local and Regional Leaders 2010, which was held in Mexico City.

¹⁰ Meaning that it is not an accessory, but essential.

ingly aware of the driving role of cultural diversity management, because it allows everyone to win.

One illustration of this is FCC which, attempting to be coherent with the essence of diversity itself, has created an international diversity management team, comprising at least a dozen people from different latitudes, nationalities and cultures, who are responsible for driving international diversity projects and complementing the existing equality and diversity management team. This team is made up of people belonging to different business areas with responsibilities in different functions, not just human resources. They try to integrate activities that foster equality or diversity management in a cross-cutting way in the company, undertaking numerous projects; from signing equality plans with the main union organisations, running specific courses on the subject of equality and prevention of harassment, to internal dissemination and raising awareness through specific campaigns, or signing collaboration agreements with public and private entities for the labour insertion of women who are victims of gender violence.

However, companies find themselves before the difficult task of transcending the cultural homogenization paradigm derived from mass production in the last century,¹¹ and the consequent standardisation. They also need to immerse themselves in a plural, diverse paradigm, exploiting differences instead of tending towards uniformity. This transition, like all growth processes, can be painful, because it requires structural changes that enable organisations to transform from vertical to more horizontal models, where companies make efforts to add a fourth C to the three Cs (Communication, Collaboration and Connection): **Community**.

Cooperation and collaboration within the company are a better fit to the concept that people have of themselves nowadays. These attitudes connect the goal of material fairness to participants' desire to play a role in optimising work. This collaboration is based on an essential estimate of the future productivity of a company.¹²

It is essential to create a feeling of community, a shared 'we' in a motivating spirit of collaboration that moves away from the characteristic adversarial spirit of employer-employee relations in the hierarchical indus-

¹¹ David Hoews, *Cross-Cultural Consumption: Global Markets Local Realities*, London and New York, Routledge, 2000.

¹² Reinhard Mohn, *La responsabilidad social del empresario*, op. cit., page 64.

trial model of the last century. A spirit that gives companies the additional flexibility, entrepreneurship and creativity needed for this new era. How can this 'we' be achieved by cultivating heterogeneity, the cultural diversity of each person contributing to this unique culture? **How can a common identity be built based on differences and diversity?**

This, among other matters, is what this book is about. Cultural diversity with all its consequences, and about how managing it is a win-win situation and how education is essential to understanding and managing cultural diversity. Yet when it comes to attitude, is the training used so far still useful?

This book explores both the visible and invisible aspects of cultural diversity, because no one department is responsible for diversity management and it cannot be managed as just another facet of human resources. That would not be fair. Or efficient.

Cultural diversity is far more than multiculturalism. It purports to embrace the different people making up an organisation, people with different values and ideals, human beings who represent different cultures, generations, ideas, ways of thinking and working.

The focus presented here is not a new model to follow, nor is it a new business model. It is intended as something like a pair of glasses, a prism that makes it possible to understand this blurred concept and accelerate high performance. All this, encompassing cultural diversity on a more strategic and not a merely operational level or one related to numbers and quotas.

It is evident that at the moment, companies are preparing to face a new era with new rules of play. It has been seen how in this social situation, which is more diverse than ever, corporate responsibility has gone from having an accessory role to another more strategically relevant one, where creating shared value is a priority. It is in this area that cultural diversity stands in a broad sense, dealing with differences and similarities like World Heritage, and playing a deciding role as an accelerator of the shared growth of people, companies and society. Having reached this point, the time has come to explore the meaning of the second part of the concept **what is culture?**

Chapter 2.

What is Organisational Culture?

In this chapter we will be exploring the meaning of **culture**, to enable us to better understand its scope and weight in cultural diversity management. We will start with a general overview of culture and end by focusing on business or organisational culture. In this section, we will clarify and delimit the concept of **culture**, from its broadest to its most complete and specific sense. Having reached this point, we will deal with the concept of organisational culture, including a look at personal culture, in the sense that it is background that defines and makes one person different from another.

Culture is what differentiates us as human beings, so to a certain extent, talking about culture is, by definition, talking about diversity. However, on the one hand culture differentiates us on a macro or higher level, in other words, between groups of human beings, and in this sense it serves to distinguish different groups by their different cultures. On the other hand, on a micro or lower level, culture is what unites the members of a group, and what in some way makes their members similar. It is a common field within a group, the thing that binds the different members of the group together.

Culture is therefore a **differentiating and unifying element** at the same

time. It differentiates and, at the same time, unites a group. This may seem rather paradoxical and it is this fact that makes it so complex to manage.

Trying to define organisational culture is no easy task, particularly because the popular use of the concept in the business and management world has muddied the waters. **Before BG and BF**,¹³ in 1952, Kroeber and Kluckhohn¹⁴ identified 164 different definitions of culture, which they divided into three large groups:

- Arts and humanities
- Integrated pattern of knowledge, beliefs and behaviours that depends on capacity for symbolic thought and social learning
- Set of attitudes, values, objectives and practices shared by an institution, organisation or group

Culture should be regarded as a set of distinctive spiritual, material, intellectual and emotional features of society or a social group, and encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs.¹⁵

2.1. THE SECRET LIFE OF WORDS¹⁶

To begin to understand the meaning of such a complex concept it can be useful to look back and look up the origin of the word ‘culture’. Where does it come from? What did it originally mean?

The word ‘culture’ comes from the Latin¹⁷ *cultus*, which means the action of cultivating or practising something, and from which the term *colere* derives: ‘cultivate, care, practice, honour’, according to the first time the word appeared in a document from the Act of 1377 referring to the first acceptance of the word in Spanish, that of a religious cult. During the 17th century, it served as a flag in stylistic and literary controversies and dates back to the Latin *cultivare*, a word produced by a latinisation of the French *coutiver* from the 12th century or from the Italian *couti* also used in the same century by Dante. At origin, it seems that greater emphasis

¹³ Before Google and before Facebook.

¹⁴ Kroeber and Clyde Kluckhohn, *Culture, a critical review of concepts and definitions*, Vintage Books, New York, 1952.

¹⁵ UNESCO Universal Declaration on Cultural Diversity, 2 November 2001. Definition according to the conclusions of the World Conference on Cultural Policies (MONDIACULT, Mexico, 1982), of the World Cultural and Development Commission (Our Creative Diversity, 1995) and the Intergovernmental Conference on Cultural Policies for Development (Stockholm, 1998).

¹⁶ Title of the film by Isabel Coixet, 2005.

¹⁷ J. Coromines and J. A. Pascual, *Diccionario crítico etimológico castellano e hispánico*. Complete work, Madrid, Gredos, 1991-1997.

was placed on **cultivate**, which implicitly means adding the ingredients and care necessary for plants to grow, but also knowledge, friendship, love and even talent.

Giving soil and plants the work necessary for them to bear fruit. Providing the measures necessary to maintain and implement knowledge, relations or friendship. Develop, exercise talent, ingenuity, memory, etc. Practice in the arts, sciences, languages, etc.¹⁸

According to the Diccionario de la Real Academia Española, it is the **knowledge that allows a person to develop a critical judgement**. The ensemble of lifestyles and customs, knowledge and degree of artistic, scientific, industrial development of an era, social group, etc. The definition also adds the determination of ‘popular culture’ as the set of manifestations with which the traditional life of a people is expressed.

Each culture, therefore, refers to a traditional way of life as represented in certain behaviours, institutions and artefacts, which range from manifest patterns of behaviour to underlying structures with symbolic significance that make it possible to interpret reality and, therefore, act in consequence. In other words, which would have a more visible level and others less visible but which have an impact on the former.

Anthropology sees culture as the system of shared concepts of mental representations that are established by convention or which are reproduced by traditional transmission.¹⁹ Therefore, culture makes peoples different and unites individuals who form part of them through their shared elements. **Folklore** -a word deriving from the English term *folk*, ‘people’ and, lore, ‘knowing’ or ‘knowledge’, is the expression of the culture of a people. The term was coined in 1842 by British archaeologist William John Thoms.

The stellar role played by **symbolism** as the basis of culture²⁰ and how this is used to interpret what happens around the person and how it is perceived through the senses, comes from this definition. Each symbol participates in a network of meanings that are shared and accepted by our social group, which is referred to as culture. From an anthropologi-

¹⁸ DRAE.

¹⁹ Tim Ingold, *Companion Encyclopedia of Anthropology: Humanity, Culture and Social Life*, op. cit.

²⁰ *Ibid.*



cal standpoint, it is understood that no symbolism is the same as no culture. We can therefore confirm that culture is restricted to human beings. It makes us different from other animal species. They do not have culture because they lack the inherent, necessary symbolic capacity.

Culture can be understood as a filter that makes it possible to interpret reality, through which a symbolic significance is attributed, which is shared by the person who belongs and which, by definition, will vary from social group to social group. This complex framework is transmitted between people through teaching and example, and **determines the decisions that they take**. Taken to the area of organisations, culture is what makes one company different from another and what makes each of them unique. We will now specifically analyse corporate culture.

2.2. HOW CULTURE ENTERS THE BUSINESS WORLD

So far it has been shown that culture has deep roots in anthropology and in the study of peoples, although it is obvious that the concept is capital, and how it extends far beyond the area of folklore. When and how did this concept appear in the world of organisations and business? Set out below is a brief review of its development.

2.2.1. THE FORTIES: 1940-1950

During this decade, some psychologists became interested in doing research into training and the causes of difficulties when trying to change attitudes. The greatest influence in social psychology was the theory of Kurt Lewin²¹ which, in essence, confirmed that individual differences in human behaviour are conditioned by the tension between the perceptions that the individual has of himself or herself and the psychological environment in which he or she lives. Lewin found it impossible to understand human knowledge outside **people's social environment**, and his contribution represented a third route in the eternal discussion about the determination of human 'nature-nurture' behaviour (genetic determinism versus determinism from experience). His vision was that neither one nor the other sufficed on their own to explain the behaviour and personality of human beings. The origin of people's behaviour, their differences, stemmed from the interaction between nature and experiences. In other words, the answer lies not in whether a person is born or made, but in the interaction between being born and being made. Lewin summed up his thoughts in the Lewin Equation, where behaviour is the result of interaction between person and environment.

$$C = f(P, A) \quad \text{Lewin Equation}$$

His ideas influenced the then-nascent branch of leadership training, with its *Tgroups* -the use of groups in training-, which have evolved nowadays into the trend of *Team Building*. They require the use of group dynamics to build new behaviours and changes in attitude. Lewin called

²¹ Kurt Lewin (1890-1947) is the acknowledged founder of Social Psychology, Organisational Psychology and modern Applied Psychology.

this phenomenon **cultural island**, to explain that learning new attitudes and behaviours accelerated when learning took place physically away from home, from the place where the participants live. In some way, the fact of taking participants away from all external features of their cultures of origin seemed to facilitate the creation of a new culture. In other words, the formation of a cultural island, which facilitated the cultivation of new behaviours which would be applied when they went back to work. So, nowadays, as well as *offsites* there are programmes in which participants are isolated from everything. And this is nothing new. It has been going on for 70 years.

2.2.2. THE FIFTIES AND SIXTIES: 1950-1970

Authors like McGregor, Likert, Katz and Kahn started talking about a larger unit than the work group and introduced the system concept that can be described as the pattern of rules and attitudes that cross a social unit. In other words, it is created beyond a certain social group and can be shared with people who belong to different social groups, as happens in organisations with an organisational culture.

Interest in organisations from psychology was growing, and the organisation began to be contemplated as an open system. Although the organisational culture concept was not the central topic of research as such, it was implicit in many of the conclusions reached by authors like Katz and Kahn. The application of the systems theory in organisations meant moving from a mechanistic vision to a vision of a social and organic system, where interactions between the parties would make the system more variable and complex. Organisations were beginning to be considered as social systems, and the concept of organisational culture started to become relevant.

2.2.3. THE SEVENTIES: 1970-1980

In the seventies, the aforementioned authors started expanding these ideas, as did other theorists, among them Handy and Pettigrew, who studied differences between companies in the United States and Japan. They discovered that differences could not be explained solely by the differences between the Japanese and American cultures. It was necessary to look at the concepts that made it possible to distinguish between organisations in a specific

society, especially with regard to different levels of efficiency and, in this regard, organisational culture was a concept that did make it possible to explain the differences. Handy suggested that there were different types of cultures that were more appropriate for a certain organisation, based upon factors such as its organisational structure, external demands and the challenges facing the organisation. In this regard, he mentions the existence of subcultures according to the needs of the different units or departments.

“The context has more influence on change than transformational leadership”.
Pettigrew

Pettigrew²² is one of the first researchers to apportion strategic importance to the concept of organisational culture, considering not only structural and demand aspects but also the human, political and social areas of organisations and their strategies. This perspective was in contrast to the ideas of the time, which were purely economic, defended by Michael Porter. His training and experience in Anthropology and Sociology influenced the main idea, which he would consolidate throughout his career: an organisation’s strategy is a process integrated in a context. A very relevant part of this context is the organisational culture, although this idea does not always appear explicitly in his work.

2.2.4. THE EIGHTIES: 1980-1990. HOW CULTURE ENTERED THE BUSINESS WORLD

In the eighties, organisational psychology, which had hitherto been a part of industrial psychology, gradually became more important with the boom in business schools. It began to break free from the psychometric and scientific focus it had had thus far, allowing itself to be influenced by disciplines such as anthropology and sociology. This exchange led to the study of the concept of ‘culture’ from organisational psychology, which was initially limited to the study of societies, social groups and gradually awakened the interest of researchers in the organisational phenomenon. It would appear that the concept of culture helped to explain different patterns of behaviour in groups and organisations.

It is possible that one of the elements that launched organisational culture to stardom in the business world was *In Search of Excellence*, co-authored by Peters and Waterman. The purpose of the text was to identify

²² Born in 1944, he is a lecturer in Strategy and Organisation at the Saïd Business School at Oxford University.

what made the best companies of the time better than the rest, to be able to identify the key factors of their success. They discovered that the X factor lay in that the most successful companies had a special ability to “create a solid culture to reinforce a sense of unity and shared vision for the company to make their strategies a reality”.²³

2.2.5. SINCE THE NINETIES: THE GREAT MINISTRY OF ORGANISATIONAL CULTURE

Since then, culture in the business world has become a fashionable concept that is used haphazardly to refer to anything with a connection to beliefs, values, standards, ideologies and leadership style. To the extent that when we talk about change management this is sometimes referred to as cultural change. This does not mean it is not true, but that there is some confusion with regard to what culture really is. However, there is no doubt that organisational culture is the means for achieving the end marked by the strategy or, in the words of Peter Drucker, “Culture eats strategy for breakfast”.

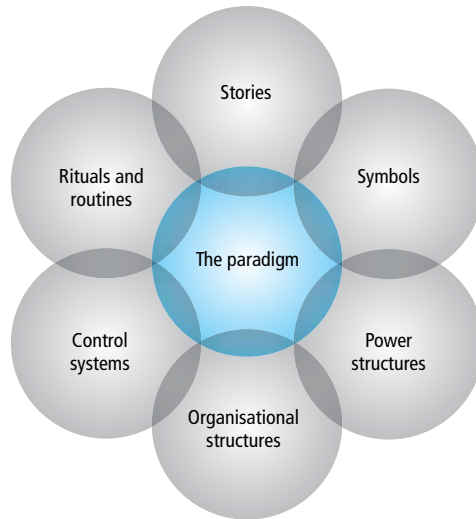
At the end of the nineties, Johnson and Scholes developed the Cultural Web model as a tool for managing organisational culture. In their opinion, there are six interrelated elements, which make up what they call the workplace paradigm:

- **Stories:** The past events that employees talk about inside and outside the company. Who and what the company chooses to immortalise says a great deal about what it values, and perceives as great behaviour.
- **Rituals and routines:** The daily behaviour and actions of people that signal acceptable behaviour. This determines what is expected to happen in given situations, and what is valued by leaders.
- **Symbols:** The visual representations of the company including logos, how plush the offices are, and the formal or informal dress codes.
- **Organisational structures:** This includes both the formal and informal structure defined by the organisation chart that indicate whose contributions are most valued.
- **Control systems:** Financial systems, quality systems, and rewards.

²³ T. Peters and R. Waterman, *In search of excellence. Lessons from America's best run companies*, New York, HarperPaperbacks, reprint from 2004.

- **Power structures:** Whether real, informal or formal, because these leaders have an influence on decisions, operations and strategic management.

The cultural web



Sometimes, one of the difficulties encountered when managing the organisational culture is that there is a gap between the culture that the management committee wants and the actual culture. We will now present what is considered by many as the most complete, scientific, and therefore the most useful, definition of organisational culture for understanding what it means and making it possible to manage reducing this gap between the culture wanted and the real culture.

2.3. ORGANISATIONAL CULTURE AS AN ELEMENT THAT DIFFERENTIATES AND UNITES

Edgar Schein, considered by many to have invented the term Corporate Culture, defines it as follows: “Organisational culture is a property of groups, which can be explained as the accumulated shared learning that a group has acquired from shared history as a group. Being:

- a pattern of basic assumptions;
- invented, discovered or developed by a given group;
- as it learns to cope with its problems of external adaptation and internal integration;
- implying perception, cognition and emotional response;
- that has worked well enough to be considered valid, and, therefore;
- to be taught to new members;
- as the correct way to perceive, think and feel in relation to those problems of external adaptation and internal integration”.

From this definition it emerges that, in some way, organisational culture has great power and strength to *influence* the behaviour and actions of members of the organisation, behaving in an ubiquitous manner. Above all, taking into account that the entire process described by Schein does not normally take place on a conscious level, but is carried out by **inertia** which impels people to behave and take decisions in a given way. However, because this is a process learned from shared assumptions that influence how people interpret reality, how they think and how they act in consequence, this is found in the unconscious area. We are not talking about a psychoanalytical unconsciousness, rather one that takes the form of a habit, because it is something that people are accustomed to doing, without being conscious of the reasons that make them behave in a particular way.

Through values, organisations transmit what are the desirable shared assumptions, and communicate what the company expects from its employees. Set out below as an illustration, are the values of the organisations participating in this book:

Ideas for *Inspiration*

- **AENA. People** management.
- **BSH Electrodomésticos España.** Our customers can trust us. We are pioneering **innovators** in our industry. Our people are the foundation of our success. We enhance the value of our company. We bear responsibility for environment and **society**.

- **CEMEX.** CEMEX's globalization process—characterized by rapid growth and geographical expansion—has required the integration of many different cultures. To consolidate and strengthen the identity worldwide, CEMEX must ensure that the company's values and principles guide its activities in every country in which CEMEX operates. "We strive for excellence in our performance creating long-lasting relationships built on trust, and our **core values of collaboration, integrity and leadership.**"
- **Endesa. People,** occupational health and safety, **team work, ethical** conduct, customer-oriented approach, innovation, performance-oriented approach, **community** and environment.
- **Ericsson España.** Professionalism, **respect**, perseverance. It is worth mentioning that the value of respect has three aspects: *Empowerment*, 'world citizens' and 'diversity'. The definition of the value of 'respect' means: "when we respect others we open new possibilities for learning, sharing knowledge and skills. We have different histories, but we are part of the same group. Our diversity and global awareness make us better valued by our clients". Diversity is perceived as an added value that enriches us as people and as a company.
- **FCC.** Commitment, efficiency, excellence, **innovation**, integrity, **responsibility** and **teamwork**.
- **Fundación Adecco.** **Social spirit**, commitment to the foundation and to **people**, professionalism and **respect for diversity**.
- **Grupo Mahou-San Miguel.** **Openness**, vocation to serve, commitment, **collaboration**, integrity, excellence, trust.
- **Iberdrola.** Ethics and **Corporate Responsibility**, economic results, **respect** for the environment, sense of **belonging** and **trust**, safety and reliability, customer focus.
- **ISS Facility Services.** **Honesty, initiative, responsibility** and quality.
- **Merck.** **Responsibility**, integrity, **respect**, bravery, achievements, **transparency**.

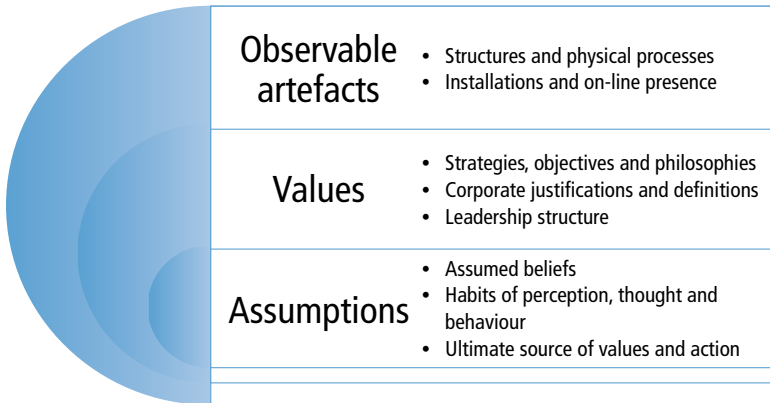
- **MRW.** Commitment, efficiency, **transparency**, passion and **innovation**.
- **NH Hoteles.** Company values: Focus on **people**, **innovation**, **environmental responsibility**, business sense.
- **Orange.** Closeness, **creativity**, **honesty**, dynamism and simplicity.
- **PortAventura Entertainment.** **Passion** for the client, own **identity**, commitment, **team** spirit.
- **Red Eléctrica de España.** With regard to people: **respect** and interest, **ethical** behaviour. With regard to the environment: environmental respect, visible commitment to society. With regard to businesses and markets: **creativity** and innovation, pride in belonging, focus on continuous improvement, quality and **service to stakeholders**, shared vision and objectives, accountability for actions taken.
- **Vodafone España.** **Speed**, simplicity and trust through being **customer** obsessed, **innovation hungry**, ambitious and competitive, **a global company with local roots**.

In the table, the terms in bold are values that to some degree refer to cultural diversity, because talking about people means talking about the diversity that each of them contributes, not only through their visible characteristics but, above all, and more deeply, with more invisible differences, values, assumptions, beliefs and ways of thinking, interpreting reality and acting.

Once a group has learned to hold common assumptions, the resulting automatic patterns of perceiving, thinking, feeling, and behaving provide meaning, stability, and comfort; the anxiety that results from the inability to understand or predict events happening around the group is reduced by the shared learning.²⁴

²⁴ Edgar H. Schein, *Organizational Psychology*, New Jersey, Prentice Hall, 1979.

The three levels of organisational culture according to Schein



Source: own creation.

McKinsey's popular definition: "Culture is the way we do things around here", is no more than a simple way of defining what we have said in this chapter: that organisational culture is ultimately a set of values, beliefs and interpretations unconsciously shared by a group, which provide something akin to a **road map** of the organisation, which indicates what this organisation values and what guides the group as in the way it intends to achieve the strategy, which is sometimes contrary to the values it expresses.

According to Daniel Lyons,²⁵ "Culture is how decisions are taken" and, as we have seen so far, organisational culture is not written with words alone, but with deeds, with every action resulting from the decisions taken by the members of the company. Every person has a relevant role, does their bit and co-creates the culture and, at an individual level, each contributes his or her particular, unique way of making decisions, a result of his or her personal background, story and experience, created by a series of assumptions that are often transmitted by members of the group to which each person belongs. And, also unconsciously, they have moulded the personal values that guide each human more or less explicitly and which are evident in their visible behaviours. This is the core theme of cultural diversity: how organisations manage the diversity of each of the

²⁵ <http://es.linkedin.com/in/lyonsdan>

people making up the organisation while simultaneously achieving the optimal level of identification and connection with the company.

Nowadays, it is more important than ever for organisations to be able to stand out from their competitors, and one of the ways of doing this is **their unique way of doing things**, making decisions, and to a great extent this fact is also a way of creating competitive advantages. By way of an example, below are the characteristics that some of the participating companies consider differentiate their business culture. As you will see, many of these definitions mention diversity, sustainability and, in short, their capacity to manage social reality internally:

Ideas for *Inspiration*

- **AENA: sustainable** growth.
- **BSH Electrodomésticos España:** business activity is focused on **sustainable** growth, increased value and guaranteeing long-term survival. With this strategy, the organisation takes into account the inclinations of all its stakeholders. Quality and innovation has traditionally had a relevant position in the BSH group. They are their weapons for success against global competitors. With smart technology, optimum energy efficiency, more convenient and easier to operate, BSH electrical appliances help to make life more pleasant **and agreeable for people all over the world**. With the design of its products, the group has become an international benchmark. BSH aims to enhance the quality of life of people all over the world using innovative technology and new products. With this focus, BSH has become the most innovative manufacturer in the home appliance sector. BSH is not only concerned with permanently improving its appliances, but also its work processes.
- **CEMEX:** the **differential** value of the organization is the high potential and qualification of its employees. CEMEX is constantly evolving in order to become more flexible in its operations, more creative in its commercial offerings, more sustainable in the use of resources, more innovative and efficient in

conducting CEMEX global business.

- **Ericsson España:** innovation, capacity to anticipate the future, customer focus.
- **Grupo FCC:** FCC Group operates within a framework of business ethics and respect for relations with its stakeholders, coupled with a commitment to act **responsibly and sustainability**, with the goal of creating wealth and well-being in **society**.
- **Fundación Adecco:** **diversity**, continuous improvement, vocation to serve, crosscutting vision of corporate **social** responsibility.
- **Grupo Mahou-San Miguel:** because it is a family company with a long trajectory, the internal culture and feeling of belonging are very important. The company's workforce is its main asset, the availability of important social benefits means that the company has a very low staff turnover, below 0.1%.
- **ISS Facility Services:** integration, solidarity and sustainability.
- **Merck:** integrity.
- **MRW:** the value of **people**, the commitment of the company with people's time at work.
- **NH Hoteles:** works to make the company's values a reality in the day to day; values which are clearly elements that **differentiate** it from the competition.
- **Orange:** closeness, simplicity.
- **Red Eléctrica de España:** commitment to **society**.

"The way in which we understand ourselves today is very far from the mentality of the subject who put up with authoritarian power with more or less conviction. Nowadays, we have to base ourselves on another image of the human being. (...) Performance and growth are criteria for evaluating the success of a company's activity, but they are not the only objective (...). And, because we have the courage to try new paths, we invest in this system of business culture (...) based on cooperation, humanity, entrepreneurial spirit and self-realisation." Reinhard Mohn.²⁶

²⁶ Reinhard Mohn, *La responsabilidad social del empresario*, op. cit.



Chapter 3.

Managing Cultural Diversity: what it was, what it is and what it will be

This section gives an overview of the history of cultural management models, from their beginnings in the United States and their chief diversity officers. We will comment on the limitations of holding on to a restrictive model or vision of managing cultural diversity. To do so, we will move from the more general view, one slightly distanced from organisations, towards one that is more particular to the business world, analysing how it has responded to local and global social needs.

Up until now we have focussed on the question of what cultural diversity means, its significance for humanity, for society and for companies. We have also looked in-depth at the meaning of business and organisational culture in order better to understand its role in **building sustainable companies that manage to adapt to current times and successfully overcome the challenges of the 21st century.**

This chapter covers the historical evolution of the management of cultural diversity, so we will give a brief historical overview of the state of the art of the concept, unveiling its past, present and future. The distinct periods signify necessary stages of development for the evolution of the discipline, each step enabling the next evolutionary phase to be reached. And once the stage is consolidated, it is possible to advance to the next

level. Why revisit such a recent past? To learn from past experience and avoid repeating any errors that may have been committed, but above all because the world of just twenty, or even ten years ago, bears little resemblance to today's.

The relevance of managing cultural diversity in the twenty-first century is inarguable, as evidenced by the fact that the seventeen companies which have shared their experiences in this publication, providing a practical slant, have established job roles in diversity management, 25% percent of them employing two positions. Yet as a discipline it is a concept that is not clearly defined, while in contrast, other, more consolidated functions are. So there is a notable variety in terms of the function and profile of **management** jobs in diversity management in the participating companies. This is not necessarily due to a lack of clarity from the companies, but to a lack of consensus or of a reference framework in the discipline as such, as well as to its short history.

Managing cultural diversity is a relatively new discipline, which has been gaining relevance recently as a result of changes in social reality and also due to its clear benefits for the main *stakeholders*: individuals, companies and society. As can be seen in detail in the following chapter, it plays a star role in **high-performance cultures**, where the majority of companies have sought refuge at this time to face the enormous challenges that the current climate is generating. In spite of having included the term *management*, which implies a certain need for planning, control and structure, in many cases the key concept is still absent from the equation: culture.

Below some of the causes for this are explored, causes which may have led to this absence and the natural need to include the 'cultural' tag to maximise the positive impact of diversity management.

It is important to stress that the fact that such questions are asked today, for example, whether to add this *tag* or not, does not mean that the road followed up until now was wrong, simply that this is a natural evolution of the discipline. In fact, asking questions like these in relation to cultural diversity is not a trivial pursuit but a sign of the huge degree that this *discipline* has grown and, though a long road remains ahead, it seems that we are at least leaving behind the attitude of "When in Rome, do as the Romans do". Sami Na'ir²⁷ says that, in earlier times, when you joined a society, you had to blend in, disappear. Curiosity about your identity, your origins and ambitions was, let us say, non-existent. Today, the esteem in

which cultural differences are held has become an indication of the evolution that is attributed to the democratisation of society, as well as a sign of **the excellent health of these societies**.

The current challenge is to find the correct formula for combining the need for a certain homogeneity in organisations in terms of their culture, with the heterogeneity of the individuals who make up that organisation and who, through their decisions and actions, contribute to creating that culture.

Managing diversity is not a tool or a conventional management method created in organisations for a business end in itself. Instead it is an action that responds to social reality. Companies are an essential part of society and work is one of the main forms of socialisation, which defines and fulfils each individual. So, managing diversity in this sense could be seen not as a mere management tool, but as **a company's effort to adapt to its social medium**, since companies reflect society. Therefore, the evolution of the business echoes society's evolution, with the cultural differences this implies, according to the political, social and economic nature of each country.

3.1. DIVERSITY MANAGEMENT'S PAST: AVOIDING DISCRIMINATION

Managing diversity is a discipline that has its roots in the Civil Rights' movement of the United States, which was later to emigrate to Europe. In its beginnings, therefore, it was conceived as a measure for implementing equal rights. To understand its origins better one must take a trip back to the social climate of the early twentieth century, in **a world that punished difference**. Regardless that the topic of discrimination falls outside the confines of this book, at this point we should mention it, in order to better understand the context from which diversity arises. We should especially emphasise the prohibition on discrimination and the guarantee of fair treatment in access to employment. This first step was taken in the United States in the seventies. In other countries it occurred more recently while in some, unfortunately, it has still not happened.

As in so many other scientific branches, such as psychology, the army was one of the first organisations in which this discipline was developed.

²¹ Report on 5th Congress on Dialogue and Action: *Managing Cultural Diversity*. Fundación Bertelsmann, November 2010.

Yet at first, there was no proactive response to the social changes that occurred in the United States in the late 1800s. They simply treated the symptoms, not the causes. Golembiewski²⁸ defines this original phase as “recognising diversity through clenched teeth”; that is, attention is paid to it almost as a mandatory task, paying mere lip service, and only when necessary.

Some of the main milestones in the history of diversity management in the United States:

- 1877: the first coloured person graduated from the United States Military Academy.
- 1927: the third and fourth coloured people graduated.
- 1940: Roosevelt signed the Selective Service Act which prohibited racial discrimination in the army.
- 1948: Roosevelt’s law did not work and Truman signed Executive Order 9981, which ordered gradual integration in the army.
- 1963: John Kennedy signed the Equal Pay Act to reduce the wage gap between men and women.
- 1964: Lyndon B. Johnson signed the Civil Rights Act, which illegalised any form of sexual or racial discrimination.
- 1972: the Equal Employment Opportunity Act was passed, prohibiting any form of discrimination at work and guaranteeing employment equality.
- 1978: the Civil Service Reform Act introduced positive discrimination and quotas.
- 2000: the position of Chief Diversity Officer was introduced to manage legal matters, above all in recruitment and positive discrimination.

The table shows that it took 70 years to evolve from the virtual obligation enforced in 1877 to conviction. It was something that was perhaps more symbolic than effective, but without a doubt it meant a huge step for the labour sphere as we understand it today. Thirty-two years were needed to legislate for equal opportunities, which did not mean ‘one-size-fits-all’ or equality of skills, but the same opportunities to access employment and fair treatment. Perhaps to increase the effectiveness of these laws, positive discrimination was passed into legislation by creating initiatives such as access quotas, this being an issue that has as many supporters as detractors. Beyond being one thing or the other, sometimes the need to force certain actions became evident, in order to shake off the inertia of habit.

²⁸ Robert T. Golembiewski, *Managing diversity in organizations*, Alabama, University of Alabama Press, 1995.

This first stage is what Thomas and Ely call the **paradigm of discrimination and justice**.²⁹ This paradigm focuses on equal opportunities, fair treatment, recruitment and following recommendations and the law. The main concern is to comply with quotas and processes that ensure that people are treated fairly and with respect. During this stage, tremendous efforts are made to eliminate any type of discrimination through the appearance of different **directives**, a legal framework and regulations that guarantee fair treatment for all citizens, whether in the labour sphere or in any other area of life. In the international context, the **United Nations Charter** of 1945 already included among its Purposes that of international cooperation “in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion” (Art. 1.3.).

The Universal Declaration of **Human Rights** of December 1948 declares that any person is entitled to all the rights and freedoms that are set forth “without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status” (Art. 2). Notice how this Declaration is far more specific than the Charter of 1945 with regard to equal opportunities.

Europe was the site of the first precedents for combating discrimination in the directives on racial and employment equality, in the **Amsterdam Treaty**, approved unanimously by the governments of the member states of Europe in the eighteen months following the Treaty’s adoption, in May 1999. The Treaty, which establishes the European Union’s principles and objectives, states that: “The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms... principles which are common to the Member States”.

This Treaty underlines the basic importance of non-discrimination, extrapolating it into other spheres, beyond nationality and wage equality between men and women, granting the European Union competencies to adopt measures against discrimination. These competencies are established in Article 13: “Without prejudice to the other provisions of this Treaty and within the limits of the powers conferred by it upon the Community, the Council, acting unanimously on a proposal from the Commission

²⁹ Thomas, A. D. and Ely, R., “Making Differences matter: a new paradigm for managing Diversity”, *Harvard Business Review*.

and after consulting the European Parliament, may take appropriate action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.”

Consequently, this Treaty forms the foundation of directives on racial and employment equality and the range of directives that stem from the basic principle that all citizens should have the right to receive equal and fair treatment. Defending this fundamental human right is one of the European Union’s priorities, so helping it to become **“an area of freedom, safety and justice”**. It is also essential that all people enjoy equal opportunities, through which they are able to unleash their full potential and achieve what they propose and desire, thereby contributing to achieving the European Union’s broadest objectives. It claims that discrimination can “endanger the achievement of the objectives of the 1999 Treaty, in particular achieving a high level of employment and social protection, raising the standard of living and quality of life, and economic and social cohesion and solidarity”. It can also endanger the objectives of the European employment strategy, which consist of promoting “a labour market that is favourable to social integration” and supporting “older workers, with the aim of prolonging their participation in the active population”.

For this reason, foregrounding the important role that companies play as an actor in creating social value through **employment**, this treaty approves a series of Community Directives, related to managing diversity in companies. Over time, each of the Member States has incorporated these into their internal legislation, depending on their capacity to include them in their legislative employment framework. These are the directives that set the objective to be attained, leaving it in the hands of each of the Member States as to how this should be achieved.

3.2. PRESENT: CONSOLIDATING EQUAL OPPORTUNITIES

Principal milestones in regulating diversity management in Europe in the twentieth century:

- 1975: Community Directive 75/117/EC of 10 February 1975. Alignment of Member States’ legislation insofar as applying the principle of wage equality between male and female workers.
- 1976: Community Directive 76/207 EC of 09 February 1976. Application of the principle of equal treatment for men and women in the area of access to

employment, training and professional promotion, and working conditions.

- 1978: Community Directive 79/7 EC of 19 December 1978. Gradual application of the principle of equal treatment for men and women in the area of social security.
- 1986: Community Directive 86/613 EC of 11 December 1986. Equal treatment for men and women who practice a self-employed activity, including agricultural activities, as well as maternity protection.
- 1986: Community Directive 86/378 EC of 24 July 1986. Principle of equal treatment for men and women in the professional categories of social security services.
- 1989: Community Charter of the Fundamental Social Rights of Workers, dated 09 December 1989.
- 1997: Community Directive 97/80 EC of 15 December 1997, on the burden of proof in cases of discrimination based on sex.
- 1999: Treaty to combat discrimination and provide equal opportunities to employment access.

Now, in the **21st century**, in Europe, Council Directive 2000/43/ EC has been established to implement equal treatment, independently of racial or ethnic origin, according to which racial discrimination is prohibited in the areas of employment, education, social security, healthcare and access to goods and services. There is also Council Directive 2000/78/EC, which establishes a framework for equal treatment in employment and work on the basis of religion or belief, disability, age and sexual orientation. From these directives, each Member State has developed its own national legislation against discrimination. All the states in the Union completed their redefinition of Article 13 and the implementation of both directives in their national legislation in December 2006. Currently, the legal framework for companies has changed. This is not a direct prohibition, but a provision that grants powers enabling the European Union to act against the afore-said forms of discrimination.

To focus now on **Spain** and offer a general overview, it can be seen that specific articles of Spanish legislation make reference to the express prohibition of different and discriminatory treatment, when this is based on some of the reasons to which it refers, which are gender, race, age, ideology, sexual orientation, etc.



Art. 9.2 of the Spanish Constitution: “It is the responsibility of the public authorities to promote conditions ensuring that freedom and equality of individuals and of the groups to which they belong are real and effective, to remove the obstacles preventing or hindering their full enjoyment, and to facilitate the participation of all citizens in political, economic, cultural and social life”.

Art. 14 of the Spanish Constitution: Principle of equality: “Spaniards are equal before the law and may not in any way be discriminated against on account of birth, race, sex, religion, opinion or any other personal or social condition or circumstance.”

Art. 314 of the Spanish Penal Code: “Any persons who cause serious discrimination in employment, whether public or private, against any person by reason of their ideology, religion or beliefs, their membership of an ethnicity, race or nation, their gender, sexual orientation, family situation, illness or disability, who is undertaking legal or union representation of workers, due to a family relationship with other workers in the company or through the use of any of the official languages within the Spanish State, and who do not re-establish the situation of equality before the law after government

requirement or fine for that purpose, repairing the financial damages that such persons may have incurred, shall be punished with a prison sentence of six months to two years, or a fine of twelve to twenty-four months”.

Art. 4.2, c) of the Spanish Workers’ Statute: “Right not to be discriminated for employment, or once employed, due to reasons of gender, marital status, age within the limits set forth by this Law, race, social condition, religious or political ideas, affiliation or otherwise to a union, as well as by reason of language, within the Spanish State”.

Art. 17 Spanish Workers’ Statute, referring to non-discrimination in labour relations, states the following: “the regulatory principles, clauses in collective agreements, individual agreements and unilateral decisions by the business owner that are deemed to contain direct or indirect discrimination unfavourable due to reason of age or incapacity, or favourable or adverse, in employment, as well as the area of remuneration, working hours and other working conditions as a result of gender, origins, including racial or ethnic, marital status, social condition, religion or beliefs, political ideas, sexual orientation, membership or otherwise of unions, etc. will be understood to be null and without effect”.

However, this is just the first step in implementing management of cultural diversity in the business sphere. It requires commitment, effort and a change in business culture, which enables a transformation from a reactive focus – which is characterised by responding to needs as they occur – to a proactive approach, to extend and embrace diversity as universal and, consequently, business heritage.

3.3. FUTURE: PROMOTING TOLERANCE OF DIFFERENCE

The trend – though this is a sorely overused paradigm – is for a stagnation of equal opportunities to occur through the creation of a ‘one-size-fits-all’ culture. Guaranteeing equal opportunities does not mean that all people are equal, or that all people enjoy equal conditions. In Spain, a large number of companies still apply the ‘one-size-fits-all’ philosophy. Yet some organisations are aware of the overriding need to manage diversity, taking a step beyond the legal requirements and valuing people’s differences. In the future, to continue consolidating cultural diversity management, it is necessary not only to diversify staff, but also the work itself. We will look deeper into this point in the last chapter.

Towards a cultural diversity accessible to all

“While ensuring the free flow of ideas by word and image, care should be exercised so that all cultures can express themselves and make themselves known. Freedom of expression, media pluralism, multilingualism, equal access to art and to scientific and technological knowledge, including in digital form, and the possibility for all cultures to have access to the means of expression and dissemination are the guarantees of cultural diversity.” Article 6, UNESCO Universal Declaration on Cultural Diversity, 2 November 2001.

Previous chapters have looked at how culture is the set of distinctive features – spiritual, material, intellectual and affective – that characterise a social group, covering not just the arts and letters, but **lifestyles, ways of living together, value systems, traditions and beliefs**. Therefore, it requires cultivation of tolerance, dialogue and collaboration, which presupposes recognition of difference at the same time as awareness of the unity of the human species, to foment development of cultural interchange. We have seen how companies reflect social reality, and how any great social transformations undergone are reflected in their organisational framework, in their essential substance: the people who make up companies. It is imperative that the leaders of organisations understand cultural diversity and how it can influence them.

According to Thomas and Ely³⁰, we can observe how between the two trends in cultural diversity management that are starting to form part of this discipline’s past – the paradigm of discrimination and justice, and that of access and legitimacy – a **third paradigm of learning** and effectiveness is appearing. While it incorporates aspects of the two previous ones – it is in fact built upon both – it goes a step further by connecting the different working approaches. Every individual, like each organisation, understands work in a unique way. These are not merely demographic differences that increase the organisational efficiency but the way in which a company defines diversity and manages the diverse experiences that comprise management of cultural diversity and enable the creation of a shared space where the company’s and the individual’s needs can meet, from a ‘win-win’ position. It has been said earlier that companies are a reflection of social reality and therefore management processes are necessary which ensure that everybody starts from a position of equality of opportunities.

³¹ Thomas, A. D. and Ely, R., “*Making Differences matter: a new paradigma for managing Diversity*”, Idem.



Individuals should be able to express themselves with their differences and similarities in their place of work, thereby diversifying ways of working not just staff.

According to Robert Golembiewski, this would mean managing cultural diversity in organisations in a full sense. Moving from the 'one-size-fits-all' mentality to personalisation, from avoiding any type of discrimination – whether racial, national, of gender, class or disability – to promoting equality and, in the last instance, cultivating diversity and difference. This requires a degree of awareness of difference beyond positive discrimination. **Valuing difference helps to emphasise the fact of being aware of human differences, understanding and appreciating them.** When we value people's difference, they feel valued and accepted as a valuable resource.

Different cultures, religions, lifestyles, governance and economic models can coexist in a unique world where people's **mobility** will become the dominant characteristic of this new era. Increasingly more transparent barriers will facilitate the movement of people seeking an improvement in their quality of life, above all based on a more fulfilling job. This is evident from the fact that there are more foreign students doing MBAs in business schools than in local study centres.

Call centres are installed in India, Latin America or other countries other than where their customers are based. Alternative medicine is growing three times faster than conventional medicine, which is a reflection of society's need to seek other viewpoints from beyond the borders of where one lives. **As people move location, they take their personal culture with them to their destination culture.** So companies begin a process equivalent to **recontextualisation**. When a product is produced in another country, in another culture, and is adapted to the local destination culture, both the arriving and receiving cultures undergo a transformation which, depending on how they are managed, can result in conflicts or in opportunities. This also creates a melting pot of knowledge and unparalleled contrasting behaviour that sketches a different reality, requiring new ways of doing things, both for the arriving and receiving cultures, for people and companies, as in the case of **CEMEX**, which due to its Mexican origin and its start-ups in different countries has managed to integrate wide cultural diversity in a natural, progressive manner. This has occurred above all by developing collaborative platforms such as Shift, on which to share knowledge, best practices and relationships beyond borders.

"Today and in the future the success and sustainability of corporations will not depend exclusively on their size, financial resources and access to technology. Neither will this depend only on reducing costs, re-structuring their workforce... It will depend, essentially, on the capacity of its peoples to efficiently manage the resources and processes available, in new scenarios of constant, exponential transformation, In global scenarios, the basic nature of which is diversity, only groups of people – whether demographic or organisational – with diverse profiles, working in teams, have the capability of optimising organisations' full resources and systems. Only teams of diverse, well-integrated human individuals can generate the necessary innovation and creativity to guarantee the sustainability of companies in new, diverse, global, competitive markets." Myrtha Casanova³¹

³¹ European Institute for Managing Diversity: www.iegd.org



Chapter 4.

Benefits of Cultural Diversity

Several studies have shown the **benefits** of managing cultural diversity, which should be generally classified as: strengthening the organisation's **culture**; improving the company's **reputation**; helping to attract and retain talent; increasing **motivation**, commitment and therefore staff efficiency; increasing **innovation** and creativity throughout the organisation.

However, cultural diversity should not be exclusively considered a means for achieving valuable benefits. The organisation must emanate an authentic interest in aiming to create a diverse organisational environment where personal differences are valued as an end in themselves. The results and benefits will come naturally and, as will be seen in the next chapter, the company must be prepared to pay the necessary price to face the challenges that diversity signifies. To obtain the real benefits that a diverse team can provide, there should be suitable management of cultural diversity, whether implicitly or explicitly. To do so, as we will see below, management must have the necessary commitment.

A multicultural organisation does not just have a diverse staff, but also values cultural diversity as a source of competitive advantage.³²

³² J. Weiss, *Organizational behaviour and Change: managing Diversity, cross-cultural dynamics and ethics*, Ohio, South Western College Publishing, 2001.

4.1. CULTURAL DIVERSITY AS A GROWTH AND DEVELOPMENT FACTOR

Over the last century there was a movement from a rural to an industrial economy, where labour changed its nature as it moved from the **countryside to factories**. In the nineteen-fifties, 75% of the Spanish economy was based on industrial production and just 25% on services. Today, these figures have reversed and 75% of the economy is based on service sectors. This new panorama has generated, as Drucker predicted last century, a movement from a labour-based economy to a **knowledge-based one**.

To talk about knowledge means speaking about creativity and how it has become the main economic engine. The ability to triumph in this new reality goes beyond a goods and services business or capital and investment flows, and once again depends on the capacity of nations as well as the capacity of companies to **attract, retain and develop creative people**. According to a report by the European Union,³³ the United States and Europe are undergoing a transformation similar to that of the industrial revolution. To go from an industrial economy to a **creative economy**, the competitive advantage no longer resides solely in products and services, but in the difference that companies are capable of creating for their customers with better, more sustainable products and services, which increases the competition for people and their skills.

UNESCO echoes the importance that cultural diversity holds as a precursor for creativity and innovation in its Universal Declaration on Cultural Diversity, where Article 3 refers to cultural diversity as a **development factor**: “Cultural diversity widens the range of options open to everyone; it is one of the roots of development, understood not simply in terms of economic growth, but also as a means to achieve a more satisfactory intellectual, emotional, moral and spiritual existence.”³⁴ Articles 7 and 9 of the UNESCO Declaration also refer to the relationship between creativity and growth in the widest sense by stating that: “Creation draws on the roots of cultural tradition, but flourishes in contact with other cultures... **so as to foster creativity in all its diversity and to inspire genuine dialogue among cultures.**”³⁵

³³ Richard Florida and I. Tinagli, *Europe in the creative age*, DEMOS, 2004.

³⁴ UNESCO Universal Declaration on Cultural Diversity, 2 November 2001.

³⁵ Ibid.



Data for *Inspiration*

- “If we have a culturally diverse staff, we can **position ourselves** as a **global** company”, average of 8.73 out of 10.
- “Multicultural teams work better on international projects”, 8.07 out of 10.

The absolute source of creativity does not exclusively reside in any one culture but arises from the interaction between several cultures through dialogue. This is clearly applicable to any group and any organisation. Creativity is not just relevant to this macro view or higher level. Currently, when most companies are pushed by circumstances to do more with less, in a period when resources of all kinds are scarce, the creative capacity to innovate is the key to success. The quid pro quo of business growth depends to a large extent on a company’s ability to innovate.

Teresa Amabile,³⁶ in identifying the six factors that can both be instigators of and, to the contrary, barriers to creativity, emphasises the need to create **culturally diverse groups** to promote creativity. Yet a group that is diverse does not in itself guarantee a creative result, unless such groups are suitably managed and an environment exists in which people can express their different ideas, their expertise and their styles of creative thought. When this occurs, then creativity appears and the ideas that flow increase an organisation's capability for innovation and finding new ways of resolving obstacles and new strategies for surviving in this new era of scarcity. According to participating companies, "a culturally diverse team promotes the continual development of corporate culture providing new ways of thinking and new behavioural patterns", with an average of 8.13 out of 10.

4.2. DIVERSITY AS A COMPETITIVE FACTOR

At this point, different viewpoints could be taken to demonstrate how diversity contributes to creating competitive advantages. Yet because they are intangible, the task of demonstrating the correlation between both variables could be complicated. We will present a different point of view to link diversity and competition, taking the report *Europe in the Creative Age*³⁷ as a basis, and taking into account the social reality mentioned above



³⁶ Teresa Amabile, "How to kill creativity", *Harvard Business Review*, septembre 1998.

³⁷ Richard Florida and I. Tinagli, *Europe in the creative age*, op. cit.

on the transformation of the economic base in Spain, moving from industry to services, which requires a new class of employee: the creative class, now signifying over 25% of the European workforce.

The authors of the report refer to the **Creative Era** and emphasise the importance that creativity plays in the 21st century. They state that growth and economic development depend on the three Ts: technology, talent and tolerance. The report makes evident that the more tolerant a nation is, the more capable it is of mobilising and attracting talent. Furthermore, individuals feel more comfortable at expressing their real personality and freeing their potential in the organisation to which they are committed. Ronald Inglehart provides an illustrative datum on this point: a third of companies founded in Silicon Valley in the nineties were founded by immigrants.³⁸ Inglehart also discovered that opening to gays, immigrants and women correlated strongly with economic growth.

“Tolerance can be defined as a low barrier to entry for people, expressed as an opening to new people and ideas.”³⁹

The report presents the Euro-Tolerance Index which, in relation to a questionnaire on people’s attitudes, is based on three measures derived from the **World Values Survey (WVS)**:⁴⁰

- **Attitude Index:** this is an indicator of attitudes towards minorities based on Eurobarometer Survey results. It is presented in four categories. The percentage of the Euro-Tolerance Index corresponds to the last two – passively and actively tolerant:
 - Intolerant
 - Ambivalent
 - Passively tolerant
 - Actively tolerant
- **Values Index:** measures to what degree the country reflects certain values, depending on its tendency to be traditional, modern or secular, based on items related to religion, the family and divorce.
- **Self-expression Index:** measures to what degree a nation values individual rights and self-expression, one’s capacity to be oneself in such a nation.

³⁸ Study by Ronald Inglehart at the University of Michigan, *Ibid*.

³⁹ *Ibid*.

⁴⁰ The WVS is a worldwide network of social scientists who investigate changing values in the world and their impact on social and political life. It was carried out in 97 countries from 1981 to 2007: www.worldvaluessurvey.org

Below is a table showing how the countries occupying the first five positions in the Euro-Tolerance Index also lead global ranking in competitiveness. So Sweden, with the highest Euro-Tolerance Index, occupies second place in competitiveness and Germany, fifth position in the Euro-Tolerance Index, occupies exactly the same rung in terms of competitiveness. Despite the fact that these conclusions are merely an observation, failing empirical analyses that validate such a relationship or not, the data are still illustrative. The United States is the only exception to a trend that can be observed throughout the table: the higher a country's score on the Euro-Tolerance Index, the better its position in the competitiveness ranking.

Countries ordered according to the Euro-Tolerance Index	Euro-Tolerance Index				Global Competitiveness Report 2010-2011
	Score	Attitudes	Values	Self-expression	Competitiveness ranking
1. Sweden	15.00	14.81	15.00	15.00	2
2. Denmark	12.09	12.47	10.41	13.24	9
3. The Netherlands	11.42	12.66	7.59	13.85	8
4. Finland	9.49	13.83	7.50	7.03	7
5. Germany	9.45	10.32	10.59	7.30	5
6. Austria	7.76	11.10	2.06	10.00	18
7. United Kingdom	7.70	11.30	2.44	9.26	12
8. France	7.38	10.91	4.59	6.55	15
9. Belgium	7.35	9.35	4.50	8.11	19
10. Italy	7.17	13.44	1.69	6.28	48
11. Spain	6.57	15.00	0.84	3.78	42
12. Greece	5.58	5.65	6.84	4.19	83
13. Ireland	4.22	12.66	-8.63	8.58	29
14. United States	3.07	n. a.	- 4.97	11.08	4
15. Portugal	1.99	11.10	-8.34	3.18	46

Translation and own creation from Euro-Tolerance Index and Competitiveness Ranking data.⁴¹

4.3. HIGH-PERFORMANCE CULTURES

A company that is able to manage its cultural diversity authentically, from the belief that this is an end in itself and not merely a means, will increase its possibilities of creating a **high-performance culture**. This is based on

⁴¹ Table 3. Source: EUMC, in Richard Florida and I. Tinagli, *Europe in the Creative Age*, op. cit.

differentiation – rather than ‘one-size-fits-all’ – to ensure that companies and their people embark on a win-win relationship, where the company makes a commitment to its people and they likewise to their company. This must be a bidirectional commitment to find new ways of doing things together, making new decisions and encountering new solutions for fresh problems. When this differentiation has been achieved, the result is that the staff becomes a team of people with a critical mass, who:

- Communicate more directly, sincerely and **responsibly**.
- Work more **collaboratively**, with a fresh spirit of alignment and sense of belonging.
- Show more courage and capability for suitable **risk-taking**.
- Display responsibility in their work and a feeling of **ownership** of the organisation’s goals.
- Embrace the organisation’s **success** as if it were their own and actively explore possibilities.

Despite the virtues of cultural diversity and its relationship with innovation, the productivity and efficiency indicators are too intangible in today’s workplace to present a clear business case for cultural diversity. This should not constitute an argument for abandoning the implementation of a cultural diversity management programme, but an impulse to continue seeking ways of converting its positive effects into tangible results. As Ron Glover⁴² states: **“Innovation means looking at complex problems and putting new ideas on the table. Diversity has enabled IBM to be innovative and successful for 100 years, working on diverse lines with the differences of over 172 countries and 427,000 employees.”**

No company can be innovative with a homogeneous skill base.

For this, as Reinhard Mohn says, an organisation must be capable of combining the individual’s aspirations with other people’s rights.⁴³ On the other hand, the importance of organisational culture for success and sustainability in the long term of any organisation is evident, since culture facilitates strategy. In other words, the capability of turning a strategy into reality is cemented through creating a suitable, high-performance culture, through which people are not only aligned but feel identified and adopt as their own.

⁴² World Vice-President of the Diversity Programme at IBM.

⁴³ Reinhard Mohn, *La responsabilidad social del empresario*, op. cit.

In practice, it is not easy to define what a high-performance culture truly means. It is what differentiates each company, making it unique, so that the results obtained by each company tend to be different to each other and therefore difficult to classify and evaluate. Even so, it can be stated that high-performance cultures are those where as well as having a different way of doing things, something like an organisational **personality**, they manage to motivate everybody in the company to make the right decisions.

4.4. MOTIVATION AND COMMITMENT IN THE TWENTY-FIRST CENTURY

As mentioned above, what distinguishes the best companies from the rest is a high-performance culture which makes them unique and therefore differentiates them from their competitors. We saw in Chapter Two that culture is the force that determines how people behave when nobody is watching them. It is the inertia that, with the aim of becoming high performance, requires people to do things well. Some experts call this *competitive advantage*. People cannot be forced to give their best. This is a **discretionary force** which people choose depending on their degree of intrinsic motivation, which is one of the components for creativity that Teresa Amabile defines as the “internal passion for solving a problem, which generates more creative solutions than external rewards, such as economic gain.”⁴⁴ This is currently one of the priorities of the majority of management teams of human resources departments because is talent without motivation really talent?

“Motivation will be more important in the future than capital.” Reinhard Mohn⁴⁵

So the key question is: How do you motivate people in 21st century companies? In a study conducted by a group of researchers⁴⁶ the conclusion was reached that since the golden period of motivation studies – situated in the sixties and seventies – little or nothing has advanced in terms of explaining the source of motivation. We will not analyse motivation here, but it should be mentioned that the theories developed since then continue

⁴⁴ Teresa Amabile, “How to kill creativity”, op. cit.

⁴⁵ Reinhard Mohn, *La responsabilidad social del empresario*, op. cit.

⁴⁶ R. Steers, R. Mowday and D. Shapiro, “The future of work motivation theory”, *Academy of Management review*, 2004, Vol. 29, N.º 3, pp. 379-387.

to use studies from nearly 50 years ago as their basis. According to Cappelli, “The majority of observers from the corporate world agree with the belief that the traditional relationship between employees and employers has disappeared, but little is known of the reasons for its disappearance, and even less about what will substitute that relationship.”⁴⁷

In this vacuum, while answers are being found, cultural diversity management plays a star role in creating working environments where people can be themselves, which results in an increase in the organisation’s creative capability. In the questionnaire on which this study is based, companies have stated that:

- With 9.2 out of 10, “By creating a culturally diverse workforce, we increase the creative capability and competition to solve problems stemming from more experience and a wider vision”.
- With 7.27 out of 10, that cultural diversity increases job satisfaction.

⁴⁷ Ibid.



Chapter 5.

Managing Cultural Diversity in 3D

Up until this point, we have summarised the history of managing diversity until the last century, the importance of diversity today, as well as the benefits that cultural diversity contributes to humanity, people and companies. Organisations are a reflection of **social reality** and must consider the social context as a framework of reference to steer their cultural diversity in one direction or another. Society is in constant change, and organisations should therefore be adapted to this changing social reality. Diversity is not an external or alien element to companies, but something implicit within organisational culture. They do not think of cultural diversity management as just another management process, but as an implicit part of their culture, for example Ericsson, PortAventura and Vodafone Spain:

- At **Ericsson**, diversity is a value. It is included in the company's culture and further- more considered a positive aspect that influences how the company achieves its objectives. It is a company with a true multinational vocation, in which people from every corner of the world work together, with every kind of human and professional baggage. Not only do they respect differences but also consider this an added value.

- For **PortAventura**, cultural diversity is hugely important, but “we do not see it as anything different, rather as part of us”, intrinsic to the nature of managing people.
- **Vodafone Spain** also takes this view, so that managing cultural diversity forms part of the process of integrating any person. Otherwise they would not be able to contribute value. It should always be linked to the business to occupy a central position.

The depth and relevance of organisational culture has also been discussed. This can be understood as the folklore of the company insofar as it is that which differentiates and makes an entity unique compared to others, and which acts as the inertia that determines the behaviours of the people who make it up. Transforming organisations into high-performance cultures occupies a priority role in the agenda of executives to face the challenges of this new era. So cultural diversity management plays a key role in ensuring the **sustainability of 21st-century companies**.

Likewise, the enormous complexity that cultural diversity involves has become clear. To class it merely as an increase in racial, gender or disability representation is reductionist and scarcely sufficient to manage a **multidimensional** concept of cultural diversity that goes far beyond employee demographics.

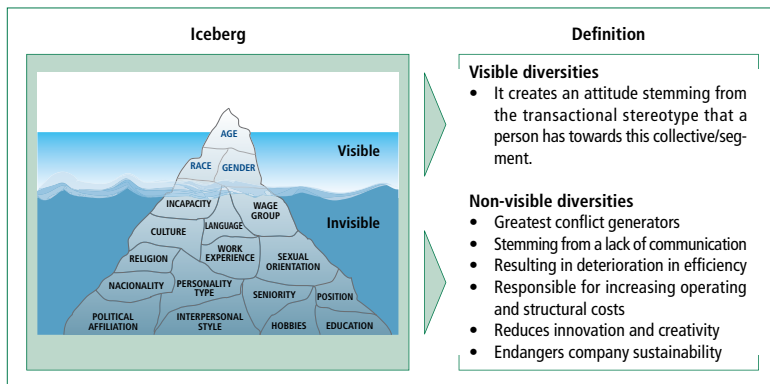
This multi-dimensional nature implies that managing cultural diversity using a single model that is applied to all does not seem to be a feasible solution. In this section we present a **paradigm that enables cultural diversity to be understood and managed as a reflection of the social reality that the company inhabits**. This is a new approach that does not claim to be a practical tool, but rather something like a prism or glasses that enable understanding, a prism that functions as a guide in the current environment for gaining a wider and deeper understanding of how to implement a strategy for cultural diversity which will contribute to building **high-performance** cultures that are innovative and competitive.

“The management of cultural diversity can be defined as a management process that is planned, systematic and comprehensive to develop a workplace in which all people, with their similarities and differences, can contribute to the organisation’s strategic and competitive advantages, where nobody is excluded by any other factor that is not related to productivity.”⁴⁸

⁴⁸ A. Thomas, *Beyond Affirmative action – Managing Diversity for Competitive Advantage in South Africa*, Johannesburg, Knowledge Resources, 1996.

As was seen in the historical overview, efforts until now have been mainly aimed at managing diversity by increasing the presence of minorities with little representation in the workplace. The glasses that we don here allow us to understand the management of cultural diversity in 3D, dimensions which even if strongly interrelated, are presented separately here in order to aid understanding. These **3D glasses** allow us to see beyond what the eye perceives at first sight.

The first dimension refers to the **visible** characteristics that differentiate human beings, and which in Schein's culture model could correspond to artefacts. The second is **invisible** diversity like attitudes, which in Schein's culture model would represent assumptions. As the illustration depicts, both of these influence people's behaviour and this influence can be negative if it is not appropriately managed.



Source: European Institute for Managing Diversity.

The graph clearly illustrates how these first two dimensions refer to the **person**, to individual differences. Yet to complete the prism, we require a vision of cultural diversity in the person-group interaction, and in this specific case we are referring to person-company. This interaction occurs at **work**, which has never ever before been so important as an engine for economic and social change. To speak of cultural diversity in all its complexity requires us to transcend individual differences and look deeper at the concept of group, the social concept. Hofstede⁴⁹ warns that by ignoring

⁴⁹ G. Hofstede, *The trouble with Cultural Diversity*, Speech University of Maastricht, 2006.

this aspect of managing cultural diversity, “one runs the risk of reproducing factors of personality rather than of culture”.

The third dimension goes beyond individual differences to understand how people from different identity groups have different forms of seeing and **understanding work**. These three dimensions are aligned with the **new paradigms** for understanding cultural diversity management and, as has been seen, their benefits stretch far beyond merely economic ones since they include learning, creativity, personal and organisational growth, as well as flexibility for change.

The European Union mentions **six dimensions of diversity**, which we will expand on here and group within the first two dimensions: gender, ethnic origin, age and disability are included in the first dimension, though sometimes individual differences are less visible; while religion and sexual orientation fall into the second dimension, despite the fact that sometimes these individual differences can be more visible. Furthermore, the second dimension includes additional differences and all these dimensions are included under the umbrella of cultural diversity, interpreted in its widest sense, as the manner in which each person/company/group makes decisions and carries out tasks.

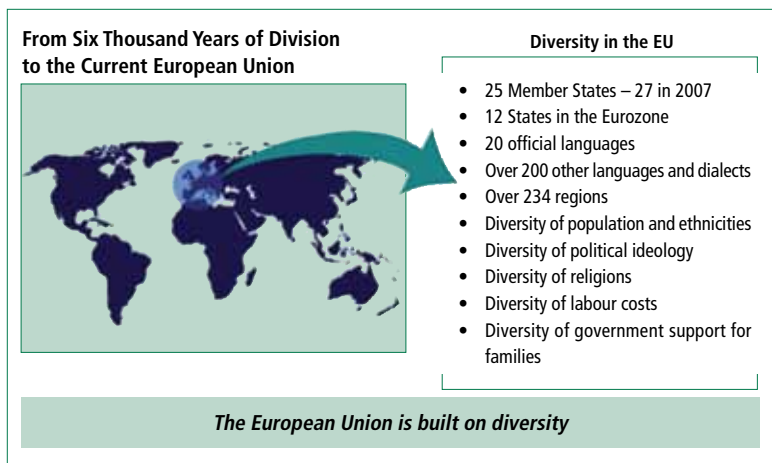
To what extent are companies aware of this? The companies participating in this study believe on a scale of 1 to 10 that their organisation is diverse: 7.54. This score is a reflection that, in recent years, companies have made a great effort to manage cultural diversity.

5.1. FIRST DIMENSION OF CULTURAL DIVERSITY MANAGEMENT: VISIBLE DIVERSITY

This dimension corresponds to what Thomas and Ely call the “paradigm of discrimination and justice, and of access and rights”.⁵⁰ As was seen in the historical overview, in this dimension the focus is centred on equality of opportunities and constitutes the first step in managing cultural diversity, which ensures a framework for complying with the law, quotas, recommendations and processes. Though, we should remind ourselves of the danger of becoming stagnated in this dimension, and of managing cultural diversity from this sole viewpoint, which would lead to creating a ‘one-size-fits-all’ culture.

⁵⁰ A. D. Thomas and R Ely, “Making Differences matter: a new paradigma for managing Diversity”, art. cit.

It is important to be clear that we are trying to establish some **minimum limits and to lay certain foundations so that all people have the same opportunities**, which does not mean that we are all equal. This fact would run counter to the nature of diversity, since it annuls differences and denies the richness that diversity provides. It would bring about a diverse workforce yet not diversify the work. The directives aimed at ensuring equal opportunities to eradicate discrimination may appear slightly forced. Yet to make a real change, one must make everybody aware of the value of cultural diversity, and the step prior to raising awareness tends to be legislation.



Source: www.iegd.org

The European Union is a diverse reality that recognises the right to free circulation of citizens among its Member States. In Sami Na'ir's words, this implies a constant **process of negotiation of cultures**. It involves a double process of acculturation by the host society of those who are arriving, as well as the **acculturation** of the new arrivals. As we saw earlier, to manage such diversity as a group, the **European Union** has created a number of community directives through which it forces Member States to achieve a specific result, yet it leaves the specification of the form and means of obtaining this to the Member State's criteria given that each country has a different rhythm of development insofar as cultural diversity due to their different social realities.

As an example of the difference in rhythms, migratory movements in Europe in the last fifty years equal migration in the United States over the past century. For example, in the sixties, in Germany only one in every twenty-five marriages took place in which one of the partners was a foreigner; in 2000 that ratio had become one in every seven. Several studies indicate that the **societies most open to difference in Europe** are the United Kingdom and the Netherlands, where a greater tendency towards openness and assimilation exists.

Among the reasons behind such openness seems to be the fact that Anglo-Saxon culture includes the values of social and group, yet not ethnic differentiation; along the lines of “It doesn’t matter where you come from, but what you do and in what social group this slots you.” Another factor that probably intervenes in this greater openness is also the fact that these are two countries where migratory movements began in the late 19th century, while, for example, in Spain, the process began in the 90s. This implies that in the case of the United Kingdom and the Netherlands the **integration** process is much more settled, with second- and third-generation immigrants.

In the last decade, in Spain it has been noted how **economic, cultural, social and demographic changes have transformed Spanish society**, which went from a certain uniformity to an evident diversity reflected in the composition of its population. Among these changes, we should mention the incorporation of women into the workforce, the ageing of the population pyramid, the raising of educational levels, the increase in immigration and the consequent appearance of different lifestyles. Currently, Spanish society can be seen as a diverse society, a fact which is also displayed in Spanish companies that have the need to manage that **diverse social reality** seeking innovative forms of working adapted to the new demands of this environment.

Laying the foundations for managing the multi-dimensional nature of diversity consists in ensuring a **framework for equal opportunities**, characterised by an absence of discrimination and which guarantees the rights of all employees to receive the same treatment regardless of their visible, individual differences. It is necessary to establish **procedures that avoid discrimination** in the workplace, such as the selection and incorporation of candidates based on identification of their competencies, regardless of their personal characteristics. As in the case of MRW where the selection

processes are practically blind and diversity is managed proactively, when seeking to fill a vacancy MRW goes to the global market and to associations that manage people with disabilities and at risk of exclusion, among others.

In general, this premise is compiled in an organisation’s **code of conduct**, under which employees will receive their training, and which furthermore establishes channels whereby people can report non-compliance of the same, as well as reporting cases where an employee has been the object of or witnessed discrimination.

This first dimension focussed on the visible individual differences of people who make up the organisation would correspond to what Schein calls *artefacts*, or what other authors call *primary dimensions* or differences. These differences have a great impact on first contact with difference and are furthermore the filter through which the world is perceived. They are:

- **Ethnic origin and nationality**
- **Gender**
- **Age**
- **Disability**

How do companies perceive their degree of diversity, from 1 to 10, among the seventeen participants?	
Nationality	7.53
Age	7.13
Gender	7.20
Disability	5.73
Sexual orientation	7.40

The graph shows how among the characteristics that determine visible diversity slight differences can be seen, except for disability which has nearly two points of difference.

5.1.1. ETHNIC ORIGIN AND NATIONALITY

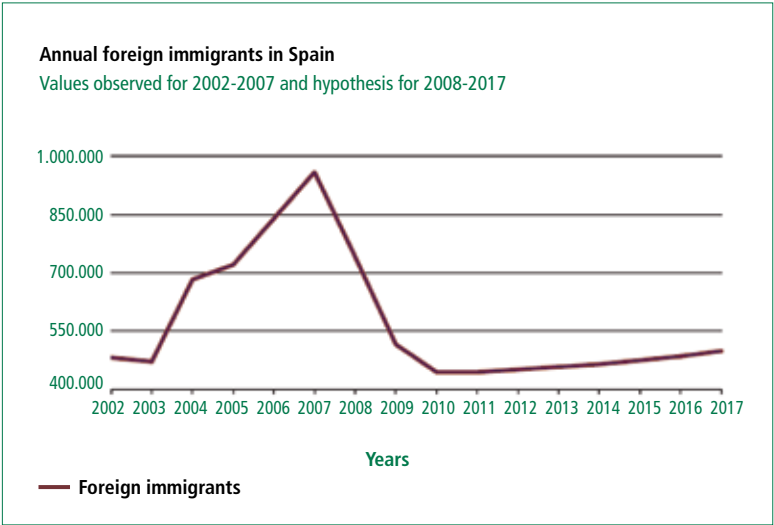
Migratory movements in Europe have encouraged a turnaround in the trend in Spain, which in recent years has gone **from a country of emigrants to one of immigrants**. The Spanish population – from 2002 with 40,964,244 people according to the INE – reached 46,597,205 people in 2011, and it is estimated that it will surpass 49 million people in 2018.

In ten years, Spain has gone from having an immigrant population of just 2% to 14%. Less than ten years ago, between 2003-2004, it received a huge migratory flux from Asia, Latin America and Africa, which implies that Spain is still working on assimilating and settling this new reality. The table below shows its evolution in the last twenty years, both in percentage and in absolute figures. This evidences what was stated above insofar as that in Spain it is necessary to continue working on the integration of this collective, and encourage consolidation with future generations as occurred in countries such as the United Kingdom and Holland.

Indicator	1990	1995	2000	2005	2010
Estimated number of immigrants	829,705	1,041,191	1,752,869	4,607,936	6,377,524
Estimated number of immigrant women	433,032	536,997	878,353	2,197,082	3,056,070
Estimated number of immigrant men	396,673	504,194	874,516	2,410,854	3,321,454
% of population which is immigrant	2.1	2.6	4.4	10.7	14.1
% of migrant women as a % of international migrant total	52.2	51.6	50.1	47.7	47.9

Source: Own adaptation taken from data of the United Nations' Department of Economic and Social Affairs (2009) in the report Beyond Diversity.

This growing trend seems to have reached a plateau of stability. According to the INE, the migratory balance for the 2008-2017 period is estimated to be 2.93 million people. This figure will be comparatively lower than the balance of 2.56 million recorded just between the years 2004 and 2007.



Source: Spanish National Institute of Statistics (INE). Short-Term Projection for Population in Spain, 2008-2018, Executive Summary, September 2009.

6.37% of the 161,600 people who the seventeen companies in this study employ hold a nationality other than Spanish, in some cases reaching 12%.

Ideas for *Inspiration*

- **BSH Electrodomésticos España** empowers its international experience as well as the cultural interchange of its employees. To do so, it runs an expatriate programme for its collaborators. Likewise, the Spanish Trainee Program, a programme to integrate junior profiles with high potential, in its international phase, includes a period in which the trainee lives entirely overseas, where a wider vision of the company can be appreciated plus a high degree of training. The new collaborators work during this phase for approximately one year at BSH’s central offices and plants in Germany, rotating through different areas according to the needs of the department of origin in Spain.

- **NH Hoteles** employs 134 nationalities in the Group, 73 of which are based in Spain. A code of integration, respect, non-discrimination and equal opportunities exists that has enabled them, rather than recording barriers or incidents, to detect infinite opportunities and become highly flexible.
- Among its staff **FCC** has, in Spain alone, 86 different nationalities. Furthermore, FCC has undergone an international expansion which has enabled it to gain a presence in 54 different countries – from Austria to the United States and from Algeria to Singapore – with absolutely diverse cultures, languages, traditions, beliefs and races.

Some Anglo-Saxon countries have quotas to encourage positive discrimination, for example, on job applications, by ticking specific boxes to indicate the applicant's ethnic origin. However, in the countries on the European continent there is a certain reluctance to implement such a practice.

5.1.2. GENDER

Spain's Encuesta de Población Activa (Active Population Survey) of 16 December 2011 identified 23,134,600 active citizens, of which 18,156,000 worked, in a percentage of **55% of men and 45% of women**, which denotes the virtual equality in number of women employed. However, the gap existing between legal and real equality makes it necessary for the public powers to set up public policies aimed at overcoming discrimination and ensuring equality. The Spanish Organic Law on Effective Equality of Women and Men (LOIEMH) establishes the legal foundation for advancing towards effective equality in all social, economic, cultural and political spheres. Its application requires a Strategic Plan that specifies the objectives, spheres and measures of action in which the public powers must focus their actions (Art. 17 of the LOIEMH). Coordination between the different levels of government administration (national, regional and local) and the different social strata makes creation of such a Strategic Plan necessary. The Strategic Plan⁵¹ (2008-2011) develops four guiding

⁵² Strategic Plan on Equal Opportunities 2008-2011. Spanish Ministry of Health, Social Services and Equality.

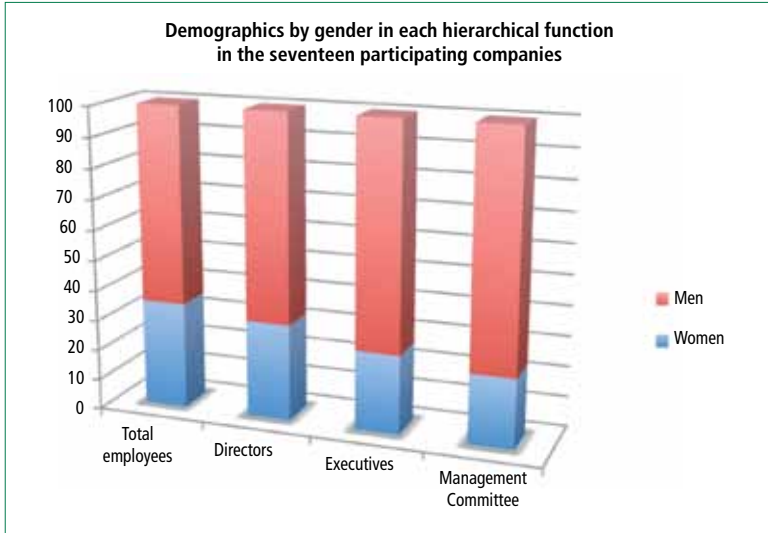
principles: citizenship, empowerment, transversality and innovation, which are furthermore interrelated:

- **Redefining the model of citizenry** in harmony with gender equality, which understands a concept of equality beyond an equalisation of women with men, and deems that the female principle constitutes richness, reaffirms female freedom and supports the singularity and plurality of women, so that they are not seen as ‘the female collective’.
- **Empowering women** includes valuing and strengthening their ways of doing things, exercising power and interrelating. The concept of empowerment is a double-edged sword: on one hand, it refers to the capability of women to access those positions where they make decisions; on the other, revaluing the contribution women make.
- **Transversality from the gender viewpoint** is a tool that seeks to modify the current political debate, so that women’s experiences, contributions, ways of being in the world and their knowledge are taken as a reference point.
- **Scientific and technological innovation** is one of the main forces for social change. Though its domain confers enormous power because whoever controls technology controls the future, women have been excluded from such spheres through both formal and informal barriers.

Recently, the European Union has decided to continue to work towards reducing the gap of women who occupy positions of responsibility in companies because the progress made has been deemed too slow up until now. In January 2012, women made up 14% of total members of European boards of directors despite occupying almost half of European employment and being responsible for 70% of consumer decisions. Though the figure has been gradually increasing since 2010, the pace is fairly slow to reach the minimum of 40% of women recommended by the European Union. The number of women who occupy the presidency of large companies is just 3.2%. For this reason, quotas have been established as an accelerator for equality of gender opportunities, though in many cases they are merely recommendations for voluntary application.

- **Italy.** Enterprises with public participation and publicly listed companies must have a third of women on their boards by 2015.
- **The Netherlands.** Management bodies of large companies must have a minimum quota of 30% of each gender by 2017.

- **France.** Companies with more than 500 employees must have a minimum of 20% women on their boards by 2014 and 40% by 2017.
- **Belgium.** Companies have five years to incorporate a minimum of 30% women onto their boards.



Source: "Brussels progresses towards quotas of women on boards of directors", El Pais, 5 March 2012.

	Total employees	Directors	Executives	Management Committee
Women	35%	32%	26%	23%
Men	65%	68%	74%	77%

Source: Own compilation based on questionnaires of the seventeen participants.

Ideas for *Inspiration*

Merck demonstrates its principles of responsibility and equity by selecting, contracting, developing and training all its professionals, independently of their gender, race or any other personal trait. In the structure of its workforce a high percentage of women executives can be detected (20%), and close to 40% of its Board of Directors are women. As a reinforcement of this line of work, Merck adhered to the Charter on Diversity at the beginning of year, and as a Group it has set an ambitious objective of incorporating women into its workforce for 2016.

In the case of **Aena**, the present collective agreement contains a specific annex on equality and policies of harmonising the work-life balance. This section includes the monitoring of these policies through weekly meetings with employee representation. The Aena Group has been awarded the seal of equality promoted by different bodies. This is an example of non-sexist language disseminated over the Human Resources intranet of the Aena Group in collaboration with UNED. Likewise, it runs courses on equality for Aena's middle management in collaboration with the Community of Madrid.

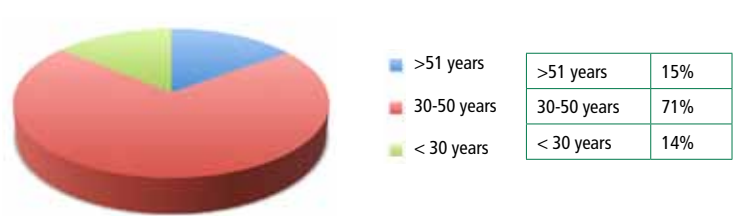
To summarise, it should be mentioned that companies like FCC are dedicating increasing effort to taking a step further towards gender equality and paying attention to a social problem like gender violence, since the latter constitutes a clear illustration of the reciprocal influence between the company and social reality. Through its agreements with the Spanish Ministry of Health, Social Services and Equality, the Fundación Integra, the Inserta programme of the Fundación ONCE or the Spanish Red Cross, FCC continues intense and permanent support work to victims of gender violence through internal campaigns of sensitisation as well as through a bespoke programme created to manage vacancies to be filled by women who are the victims of gender violence. Likewise, transcending Spanish borders, FCC was the first Spanish construction company to sign up to the

principles of the UN Women’s Pact, taking on sponsorship and the programmes developed by the Spanish Women for Africa Foundation, aiming to call attention to women’s situation on this neighbouring continent and collaborate with improving their living conditions and access to growing levels of social and professional recognition. This task, among others, was recognised through the awarding of the 2011 Distinction for Equality in Business to its subsidiary Aqualia, and in 2011 to FCC itself, the construction and services group’s parent company, thereby making it one of only ten companies in the Ibex35 to be awarded this prize and one of the few business groups that have won two awards of this nature.

5.1.3. GENERATIONAL DIVERSITY, WHEN AGE IS IMPORTANT

In terms of the age pyramid, it could be said that it is clear that in the Spanish population, **ageing** follows the global trend. In 1990 the average age was 32.8 years. In 2006, 40.2 years and only 14.3% of the population was under fifteen. In 2011, the average almost reached 41 years old.

This now directly affects Spain’s social reality and, in particular, companies. It implies moreover, that the **dependence ratio** (understood as the ratio between the population under sixteen or over sixty-four and the population from sixteen to sixty-four) will continue its upward trend and rise from 47% to around 53%. These figures have great significance, above all in terms of the needs of the different demographic groups which are changing, and therefore companies and individuals are forced to make an effort to seek new ways of working that allow them to satisfy their needs.



Fuente: Elaboración propia a partir de cuestionarios de los 17 participantes.

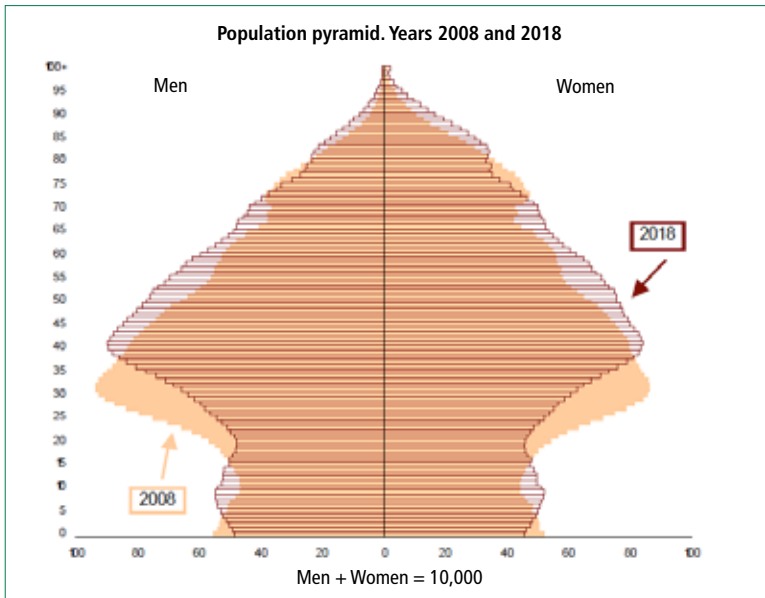
The unemployment epidemic among young people, which this year, 2012, was a central theme at **Davos**, is a real concern. Some Arab countries register unemployment figures for young people from sixteen to twenty-four years of age, of up to 90%. In the United States, the figure is 23%, in the United Kingdom, it is 22%, and in Spain, almost 50%. If we bear in mind that in the world there are 200 million people in the active employment age without work and that 75 million of them are between sixteen and twenty-four, the figure becomes even more alarming.

This signifies a loss of talent and a **weakening** of cultural diversity that does not faithfully reflect social reality. Furthermore, it impacts negatively on society since it means a significant loss of social capital. For this reason this generation has been baptised the *Lost Generation*. The education system has been blamed for this, as well as the effect of less parental attention in a world where both partners work, and also the greater comfort in which they live. Without a doubt, the high early school drop-out rate, which is 28.4% in Spain – a far cry from the country's 2020 objective of 10% – plays a key role in this situation. Despite the fact that analysing this topic any deeper falls outside the scope of this publication, it should be noted that the problem is not exclusive to Spain: in 2000, the United Kingdom identified a demographic denominated *NEET* (“*not in education, employment or training*”), which in Spain is translated as *Ni-ni* (“Neither studying nor working”). This is an extremely diverse group that in the United Kingdom is aged from eighteen to twenty-four, and in some countries, like Japan, stretches up to thirty-four years old.

This intra-diversity hinders knowledge of the causes that lead this group of **young talent** into exclusion from the world of work and education, with the consequences that can be derived from maintaining these young people distanced from the sphere of work, an engine for socialisation in today's world. This is a serious problem that affects everybody and one which companies have been concerned about for some time, setting up different actions with the aim of determining how to motivate the different generations. Already several years ago they spoke of *Generation Y*, of how the different generational groups display different needs and therefore set different priorities in their work. That is why companies seek ways of creating environments in which these generations of diverse origin can coexist and collaborate.

So, the first step would be get to know the interests of this segment

and create a dialogue that enables bridge-building between the different interest groups to increase juvenile social participation. Some organisations in the third sector are immersed in this mission, as well as also some companies that have launched different initiatives, such as creating *trainee programmes* and apprenticeships, where young people are selected from university to offer them a professional career. Other companies establish mentoring programmes, where positions are created, like a scholarship, for young people **at risk of employment exclusion**. On entering this programme they have a mentor who guides and supports them in their first working experience.



Source: Spanish National Institute of Statistics (INE). Short-Term Projection for Population in Spain, 2008-2018, Executive Summary. September 2009.

The average age in the seventeen companies participating in the study is 40.47 years old, which would represent the average Spanish age in 2011.

Lastly, this section would not be complete without mentioning the ageing of the population and the risk of employment exclusion of people still at an active age, from fifty years onwards. In spite of being considered a

valuable collective due to its extensive working experience, it is at risk of early retirement packages during restructuring processes. This is in spite of the fact that some experts consider this group to have a high potential due to its wide experience. This is a field in which some companies are already working and should continue to do so.

5.1.4. DISABILITY

This type of diversity is also referred to as *functional diversity* or *special abilities*. A total of 14% of Spain's population, that is to say 6,400,000 people, and 16% of Europeans have disabilities, making a total of 80 million. Efforts are still being made to integrate people with disabilities, a task which depends largely on the second dimension, however, attitude is what makes the difference when it comes to diversity. In the words of Richard Pimentel: "Working with persons with disabilities requires us to be ever vigilant and to be fundamentally sound in our placement efforts."⁵² Companies comply fully with the provisions of the LISMI, (Spanish Disabled Social Integration Act). For example, Grupo Aena, which has a long history of compliance with LISMI, has a specific policy in this area which was approved at the end of 2010 by the Management Committee, as well as a number of agreements with bodies that specialise in encouraging the inclusion of people with disabilities in the workforce. The purpose of the Disability Policy signed by the company chairman is to "contribute to building a society in which all people, without exclusion, and particularly people with disabilities, have their place. Aware that everyone has abilities, and that these are all equally important". It includes five general work areas: "ensure compliance with, and permanent adaptation to, internal standards, as well as legal obligations and recommendations; establish specific objectives in the area of disability; establish indicators with which to analyse continuous improvement; achieve universal access to services, infrastructures and information; and, make the inclusion of disability a fully integrated part of all our corporate social responsibility activities".

Among the reasons why companies choose alternative measures rather than employing disabled people is, on the one hand, difficulty of access to education, and on the other, the great intra-diversity of this group. The

⁵² Richard Pimentel, *Windmills: Overcoming Fear and Misperception. The Reality of Working with People with Disabilities*, at <http://www.miltwright.com/articles/Windmills-OvercomingFear.pdf>

fact is that when we think of disabled people we tend to think of people who are wheelchair bound or blind, when the truth is that this is a much wider area and that very often people have **invisible disabilities**. Generally speaking, disability can be classified as: physical disability, sensory disability, mental health and emotional disability, intellectual disability and mixed disability.

The seventeen companies taking part in the study employ an average of 1.62% people with disabilities. **MRW** is outstanding with 6%, as is **ISS Facility Services** with 4% of its workforce. **Fundación Adecco** has 3% and **BSH Electrodomésticos España** has 5%, if its alternative measures are taken into consideration.

When it comes to people with disabilities, greater efforts need to be made towards integration by both the new arrivals and those receiving them, and greater communication efforts by companies are also needed. One solution is to create a guide to integrating people with disabilities, to serve as a source of reference for those who are not accustomed to this type of diversity, such as the Accessibility Guide for Companies published by the Club de Excelencia en Sostenibilidad and the Fundación Adecco.⁵³ One of the main tips for good communication is to encourage the use of appropriate terms such as ‘people with disabilities, different abilities or functional diversity’, avoiding the use of outdated expressions such as ‘handicapped’, ‘crippled’ and ‘retarded’. Another practice growing in popularity is that of supporting the families of employees who have some type of disability, such as the Iberdrola Family Plan, the purpose of which is to help these families to integrate in the workplace and in society.

Five recommendations for overcoming barriers to the integration of people with disabilities

1. **Ask before helping:** Just because someone has a disability, don’t assume they need help. Offer assistance only if the person appears to need it and if they do want help, ask how before you act.
2. **Be sensitive about physical contact:** Be aware that personal space can vary. For example, people with disabilities consider their equipment part of their personal space and having it invaded can be unpleasant.
3. **Speak directly to a person with a disability:** If the person has a companion or helper, there is a tendency to talk to them instead, but it is better if you talk directly to the person, always respecting their privacy.

⁵³ Club de Excelencia en Sostenibilidad and Fundación Adecco, *Accessibility Guide for Companies*. For more information: www.clubsostenibilidad.org

4. **Make it a learning process:** In the beginning it is a good idea to learn mutually from the needs of the person with a disability, and vice-versa, to create an environment where cooperation is comfortable for both.
5. **Don't make assumptions:** Sometimes the desire to be of assistance and to show willing can lead you to make the wrong decisions without taking the other person's opinion into consideration.



5.1.5. STEREOTYPES

Visible differences tend to be stereotyped, which is detrimental to cultural diversity and can hinder an organisation. The section begins with a reflection on something which may have become a stereotype: the global organisation. In an era when global is part of our daily vocabulary, it is a good idea to think about what we really mean when we talk about a global company. To some extent, it means abandoning the company's local roots in favour of becoming a company that is a **citizen of the world**. According to a study carried out by Pankaj Ghemawat through the *Harvard Business Review* in 2007,⁵⁴ 48% agreed with the statement: **"The truly global company has no home base"**. The question here is: To what point is this real?

⁵⁴ P. Ghemawat, "The Cosmopolitan Organization", *Harvard Business Review*.

To what extent can a company, or indeed a person, abandon its roots? Is this an aspiration? Or a desire rather than a real possibility? Can borders really disappear? According to the author himself, when the reality of global companies is analysed, this statement is shown not to be true; in other words companies do have a home base.

The reality shows that companies have deep roots in their countries of origin, their homes. Some interesting figures support this, for example, in 2004 only 1% of companies in the United States did business abroad, and those that did, did so in just one country. Of these, 60% operated in Canada and 10% in the United Kingdom, therefore, the author asked the following question: Perhaps they are doing business in countries which are more similar from a cultural standpoint? The author also makes reference to iconic, globalised companies as being more deeply rooted than one might think at first sight.



It is not only companies and their businesses that are firmly rooted in their origins and culture, established since the company's beginnings. Their people are too: customers, employees, investors and suppliers. An estimated 90% of all people never leave the country where they were born, and only 2% of telephone calls are international.

So, rather than looking at globalisation as eliminating roots, it should be considered a **recognition** of them, because having no roots means deleting differences, and this means diminishing identity and creating insurmountable distances between people. Being closer to someone means recognising the other, the other person, the other group, the other company, the other society. Understanding roots is the first step to understanding the other party and finding similarities and differences to be able to manage cultural diversity. However, it is important to stress that 'culture of origin' cannot be the constant and only explanation of differences, because this would mean **stereotyping**.

"Stereotypes are assumptions about a group or a person that we build based on information that, in most cases, has not been checked. These assumptions are inevitable and should be recognised and used as a hypothesis to modify as we acquire new information and greater experience." A. Ribera⁵⁵

Although stereotypes are limiting and offensive, it is easier than it might seem to rely on them when we do not understand what is happening around us, which is very frequent in today's very diverse and complex realities. On the other hand, it is easy to identify with the culture of a group of which one feels part, to which one belongs and with which one has a **shared identity**, from which it is easy to judge the differences of other identities taking one's own as the norm.

This is a natural process in human beings that is worth exploring. Only a brief mention is made here, but each person needs to be aware of the stereotypes he or she has relied on at some time, without judging themselves. Just like generalisations, stereotypes help us to understand the environment, making it less complex. Cox defines stereotyping as "a general, fixed distortion made of members of a certain group"⁵⁶, with which they do not usually share an identity, hence the need to rely on stereotypical labels as

⁵⁵ *Guía para la Gestión de la diversidad cultural en la empresa. Propuestas para la acción y Buenas Prácticas*, Red Acoge.

⁵⁶ Jr T. Cox, *Cultural Diversity in Organizations – Theory, Research and practice*, op. cit.

a resource for reducing the uncertainty of the unknown, evaluating differences as something negative. To manage cultural diversity, stereotypes should not be eliminated, but taken as a **signal** that we need to know more about the other party to recognise and understand their differences, rather than viewing them as a barrier between them and us.

Ideas for *Inspiration*

Creating a shared identity

How does this apply to your employees? In second person plural, "Dear Collaborators"? When we communicate in the organisation, we tend to use the first person plural. The 'we' that brings us together and unites, building a group identity, step by step, that connects different people. The 'you' implies distance, disintegration and even facilitates us-them confrontations. *They/You* creates two groups, *we* creates one group.

- In the Merck integration manual, the motto is "We share the same passion. Growing together to make great things happen", encouraging the creation of a joint identity from the first day forward.
- Orange publishes its *Orange Book, women, men, the group* twice a year. To assess what they call "our shared history". Images and words that relive the "shared experience".

The key question regarding the social reality in Spain - that is laying its foundations - is therefore "what are we learning?" and "how can we assimilate this growing diversity?". For a country which is not as young as it was 30 years ago, more time is needed to adapt to and assimilate this diversity, the foundations of which institutions, companies and people have made such efforts to construct, to position Spain at a much higher level than it was before. Yet this cultural diversity is a **relatively young reality** in Spain, and the country is probably still going through a cultural assimilation and negotiation process. As the information set out in the following table shows, the attitudes of the general population and values

towards the **immigration** policy, make it obvious that there is a need to continue working in this area, so as to overcome barriers and create a shared identity that transcends stereotypes. It is important to note that the information in the table is from 2000 and that things may have changed.

Attitude to immigration	Total percentage
Let everyone come	16%
Provided there are jobs available	58%
Impose strict limits	21%
Prohibit entry	2%
I don't know	3%

Source: Own adaptation of data from the Values Survey (2000) database in the Beyond Diversity report.

This need to assimilate the current reality seems far more present in large companies, which apparently have more resources. However, for this change to happen in Spain, it would be a good idea to raise awareness of the importance of managing cultural diversity to equip all companies in the 21st century. Particularly among **medium size and small companies**, which account for 70% of all jobs in the European Union and 98% of the Spanish business community. According to INE job market data at 16 December 2011:

Total companies registered with the Social Security: 1,220,410	
Fewer than six workers:	949,656
6 to 49 workers:	243,779
50 to 249 workers:	22,519
More than 249 workers:	4,412

This information makes it obvious that there is a need to find new methods of working that integrate cultural diversity management into the work ethic. Not only is this necessary because social reality has changed, but also because it is profitable, - not in the limited economic and short-term sense in which the word is used - but in the widest sense, creating economic and social value in the short and long term, not just for companies, but for people and society, in a sustainable manner.

5.2. SECOND DIMENSION OF CULTURAL DIVERSITY MANAGEMENT: INVISIBLE DIVERSITY

Once equal opportunities have been guaranteed, it is possible to consider diversity as the property of a group that measures the heterogeneity of its members in relation to a set of personal characteristics.⁵⁷ Characteristics that are visible and invisible, both, in some ways, **generators of diversity**. Invisible differences, although more unassailable than the former, have a fairly tangible impact and influence behaviours even more than visible differences. This influence may be negative or positive, according to how it is managed.

“Not everything that counts can be counted, and not everything that can be counted counts.” Albert Einstein⁵⁸

The prism of first dimension allows the demographics of a company to be the mirror image of the social demographic, and that of the second dimension makes it possible to create a space where differences of opinion and ‘mind patterns’, included in what we might call **personal culture** mentioned in previous sections, have a place and are welcomed. Which characteristics are included in this personal culture?

- **Sexual orientation**
- **Religion**
- **Personality and self-esteem**

Unlike the previous chapter - which dealt with visible differences -, trying to deal separately with intangible differences would be difficult given that the invisible characteristics of the second dimension intermingle to build each person’s personal background, according to who we are and how we act, both at and outside work. What we call each person’s ‘personal culture’ is no more than each person’s individuality.

5.2.1. PERSONAL CULTURE

Each person has his or her own way of interpreting reality and acting in consequence, in other words, his or her own culture. This wide concept in-

⁵⁷ Gonzalo Sánchez Gardey, “La diversidad en los grupos de trabajo: efectos potenciales y posibilidades de gestión. University of Cadiz”, in *Guía para la Gestión de la Diversidad Cultural en la Empresa. Propuestas para la Acción y Buenas Prácticas*, Red Acoge.

⁵⁸ Albert Einstein (Ulm, Germany, 14 March 1879-Princeton, United States, 18 April 1955). It seems this sentence was hung on the door of Einstein’s office at the University of Princeton.

cludes both attitudes and experience, each individual's entire background, which filters their perception of reality and determines their behaviour. This, to some extent, forms their **personal culture**, which integrates and becomes part of the organisational culture. Some authors call this diversity of human capital, which includes not only skills and attitudes, but also experience and personal values, such as education, the city where they live, family income and religion, among others. While the first dimension forms the general image that one has of the world and oneself, the second dimension has an impact on self-image, on how each person defines himself or herself and his or her self-esteem.

In Schein's definition of culture, this is the way in which a group adapts to its surroundings. To do so, people need information and to interpret it so that, based on this, they can make decisions and solve internal and external adaptation problems. This dynamic, which could be called cognitive process, implies that each person contributes a different '**mind pattern**', in other words, a specific way of perceiving, interpreting and using the information for making decisions. This means that the same piece of information, however objective it may be, can be interpreted in numerous different ways; in other words, there are as many realities as there are people.

At first sight, this process seems to imply certain risks for work teams, because it may lead to conflicts as seen in the picture of the iceberg at the beginning of this chapter. However, given this diversity of interpretations and perceptions, the culture of an organisation serves as a **network of shared meanings**, which acts as a base camp of basic principles that reduce uncertainty. As has been shown, a more in-depth vision of cultural diversity reveals that, although it is true that equal approaches guarantee minimum levels of efficiency in decision-making, it fails to take advantage of other benefits that are much more profitable than homogeneity. As analysed in the previous chapter, difference is a source of innovation and creativity.

Sexual orientation has become increasingly important in recent years and has been included in many codes of ethics, although obviously this is not always a visible difference, or something that the other person has to share. It is one of the differences on which work has recently begun with a view to persuading companies to manage their internal demographics so that they behave as a faithful reflection of the existing social reality.

In the case of homosexuality, in spite of Spanish legislation and the fact that same sex marriage is legal and that it might be considered one of the most advanced societies in this respect, it still has to **become a reality**. A study⁵⁹ conducted by the Spanish Gender Identity Disorder Unit (Hospital Carlos de Haya in Malaga) detected that 54% of transsexual people are unemployed and more than 55% have experienced discrimination at work. Thus, the report *Beyond Diversity* also indicates that being tolerant of sexual orientation is very solid when it comes to assumptions made at a distance but much less so in day to day situations, such as at work.

With regard to **religion**, 73.2% of the Spanish population says it is Catholic, although only 13.7% say they are practising Catholics. A total of 22.2% of the population say that they are atheists or non-believers. There are also Islamic, Protestant and Orthodox minorities, which have grown in numbers recently due to immigration, and who account for almost 2.3% of the population, as well as other groups such as Jews, Buddhists, Baha'is and Mormons, among others.

Invisible individual differences par excellence allude to **personality** traits, which make reference to behavioural style and decision-making trends. This is the field of psychology, and there are numerous theories that classify and evaluate this through tests, which even determine the most appropriate styles for creating a high performing team according to how the members gel. Although this is not the subject of debate here, this does not mean it is not of vital importance, because certain types of personality claim they are tolerant to differences, and have the ability to deal with ambiguity and other important questions, such as accelerants or decelerants for cultural diversity management. **Self-esteem** is something that has become very important in recent years, because it relates to emotional and psychological well-being, so much so that in business jargon it is known as emotional intelligence. This importance reveals itself particularly in the increase in depression, anxiety and workplace stress in the working population. At work, invisible characteristics such as *resilience* play a fundamental role in making it possible for people not only to interpret reality, but also to give it meaning and therefore deal with it.

This second dimension means moving from the trend of homogeneity, which is guaranteed by the first dimension, to the celebration of differ-

⁵⁹ *Beyond Diversity. Desk Research: Spanish scenarios of indicators that can generate conflicts in SMEs*, European Commission under the Lifelong Learning Programme, April 2010.

ence, not only visible but also invisible. This prism means observing these intangible differences that form the cultural background of each person, recognising the value of these differences. This should not be managed solely by the person who has traditionally been responsible for diversity management, because **these differences cannot be legislated**, but requires inclusive leadership that will be seen in the third dimension. What is more, this dimension influences the management of the former, because it makes it possible to fine tune and change attitudes towards the more visible differences of the first dimension, in other words, how these differences are perceived and interpreted. When it comes to managing cultural diversity, it is necessary to remember that within a culture, not all people are homogenous. In other words, although we are in Spain, we do not all share the same values, because there are regions, cities, towns, families, social groups, etc, which make each person in a certain social group different. Therefore, people with different experiences have different frames of reference, in other words they have **their own, unique glasses, through which they look at the world**.

5.2.2. COMMUNICATING ACROSS THE DIFFERENCE

This dimension means creating an environment where people can be themselves to create a social company-person connection, which **increases the social capital** and therefore enriches people, the company and society. In other words, it means building internal communities which, as well as creating a feeling of belonging and a connection, allows people to be themselves in an environment that embraces differences, where there is space for difficult conversations and differences of opinion; characteristics of high performance cultures. Managing cultural diversity from the second prism is, therefore, a **cross-cutting** function, a thread that runs through all operational areas (internally) and the supply chain (externally).

There is diversity within diversity. Within a unique company culture there are microcultures and ways of making decisions that tend to vary between departments, areas, functions and centres. Understanding the different internal realities is useful when it comes to managing cultural diversity, for example with horizontal movements that make it possible to **create cross-cutting knowledge** and encourage collaboration. In this

respect, according to Cox,⁶⁰ “the set of individual, group and organisational factors interact to influence a series of consequences for each individual, which in turn has consequences for the organisation”. Even at an emotional level there is an exchange between companies and people. In other words, the person contributes his or her cultural background to the company, thus influencing the organisational culture, while his or her personal background is also modified by the organisational culture that already exists in the organisation.

The term tolerance is often used to talk about differences. Having reached this point, it is worth pointing out that **tolerating differences** is not the same as giving up one’s own ideas and adopting those of others, but the capacity to tolerate what is annoying and what may even challenge our own cultural backgrounds. This being said, being tolerant is more than recognising the rights of others to hold a belief or behave in a way that is outside of the norm without expressing your disagreement and even, if necessary, inviting them to discuss the differences. Disagreements between people are more taxing than if there is agreement between them, because it is not an easy road. The other person’s right to be tolerated requires being tolerant, but making it clear what is tolerated and why. This is why managing cultural diversity means creating an environment of trust, where people can **have awkward conversations and express differences of opinion**.

What does being tolerant mean?

According to the Dictionary of the Real Academia Española, tolerance means respecting the opinions, beliefs or behaviour of others when they are different or contrary to our own. Recognition of political immunity of those who profess religions different to our own is officially accepted, as is the accepted difference between the legal and theoretical weight and that of coins. The margin or difference permitted in the quality or quantity of things or works acquired. Maximum difference that is tolerated or permitted between the nominal value and real or effective value of physical and chemical characteristics of a material, part or product.

⁶⁰ Jr T. Cox, *Cultural Diversity in Organizations – Theory, Research and Practice*, op. cit.

But it adds a specific acceptance:

~ of cults:

Right recognised by the law to hold private acts of worship other than those of the State religion.

According to Wikipedia the term tolerance can mean the following:

Social tolerance is respect for ideas, beliefs or practices when these are different or contrary to one's own, respecting, therefore, other people's norms to be able to achieve perfection.

In **engineering** and design, tolerance is the permissible margin of error of a product, and tolerance of errors is the capacity of a system to continue functioning even if an error occurs.

In **medicine**, tolerance is the reduced response of the body to the effects produced by a certain substance. With regard to psychotropic substances, tolerance is the need to consume more of a substance to achieve the effect. A body receiving the same quantity of a substance does not experience the same changes, as it is less vulnerable to the substance and a higher dose is needed.

Managing to create an environment where it is easy to express differences means creating a context of trust where **people feel they can be themselves**. This statement is by no means trivial, because sometimes people feel that they play a certain role in the workplace, which does not allow them to be open and to contribute all their potential to their work. This may be limiting for people and for companies. It is an aspect we will explore in the following chapter. The lubricant for trust is **communication**.

Data for *Inspiration*

During the current times of change, companies are aware that they need to work in a different way and have not lost sight of the fact that this requires **learning and unlearning** attitudes, to achieve cultural diversity in a natural way: “**Tolerance to difference is natural** in our corporate culture”, scored 9 out of 10.

“**The problems** of cultural diversity management are aggravated by intercultural or language barriers”, scored only 4 out of 10, which indicates that there are fewer barriers than one might think.

Less than a decade ago, communication was limited to conversations that took place exclusively in person or on the telephone. However, in the digital 2.0 era, conversations also take place on the internet. Something as basic and ancient as conversation is forcing people to take notice of what people say about a company’s services and products online. All this has a vital role in **building identity** and, therefore is a determining factor in creating successful businesses. Even the Romans practiced the art of conversation. However, the maelstrom we are currently experiencing makes it difficult to pay due attention to such a traditional art.

Communication is, therefore, an essential element for creating plurality to foster the trust that facilitates a diverse environment that allows people to be themselves at work. To be effective, it should be bidirectional. This enables companies to incorporate the employees’ viewpoints in the organisation’s work, in order to look at things from a new perspective, rethink the way activities are carried out and redefine tasks, processes and even products, strategies and objectives, learning from the pluralism of the team, their perception, interpretation and behaviour towards different realities. It is important to understand communication as the process of **transmitting and receiving** information rather than just informing. All the participating companies devote great efforts to creating effective **bidirectional communication** systems, all of which use intranets as meeting and information points, as well as internal magazines and information sessions for dealing with specific topics.

It is important to remember that communication can generate an **overload of information** and lose its effectiveness for transmitting information, which is why it is essential to devote time to planning internal communication as though it were external. Likewise, particular attention must be paid to the segmentation of different audiences, and to choosing the most appropriate channels with care. Abuse of email can have fatal consequences to credibility, because it is impossible to control the impact it may have on the person at the receiving end and a golden opportunity for building trust may be lost.



Care must be taken with the **language** used to ensure that the message desired reaches people, avoiding complex, corporate jargon and ensuring simple, natural language. All this makes it credible and instils confidence. It is also important to remember that trust is built through interaction with others and ‘face to face’ communication has a positive impact on this. This is particularly relevant in communication with management, which is why events such as breakfast meetings are becoming more common bringing senior management into closer contact with day to day operations and helping to create trust. These meetings enable people to get answers to their questions straight from the general manager. The final chapter sets out good communication practices.

5.2.3. CREATING A SHARED IDENTITY

Communication is the lubricant of trust and is also the ‘glue’ for building the company’s shared identity, through which it is possible to create a feeling of community, with a ‘win-win’ approach, where people and company work together towards a common goal. The feeling of belonging is an important motivator and is nothing new. What this second dimension does contribute to, is belonging across the differences rather than feeling that ‘we are all the same’; this is something similar to **‘we’re all different and have something in common’**.

In general terms, the dynamic of internal relationships in groups is dominated by what social psychology calls processes of social categorisation and identification. In accordance to which, people who share similar characteristics tend to form informal subgroups with which they identify. Belonging to a peer group enables people to feel identified as members of the group and in some way validate themselves against those who are perceived as different. This puts expressing diversity at risk, but the following point will look more closely at this aspect.

When a feeling of **community** is achieved and people identify with these shared values and beliefs, the need to belong is satisfied, key in Maslow’s hierarchy of needs. People not only commit, but decide to give their best because they feel the objectives and culture of the business are their own. This is beneficial both individually because it satisfies the human desire for social belonging, and at corporate level with members becoming spokespeople for the organisational culture.

Engaged employees = satisfied clients

Traditionally, in Spanish management jargon, we have called this phenomenon ‘*compromiso*’ or ‘commitment’, something we are all desperately seeking. However, it is necessary to clarify that what we refer to as commitment in fact refers to the English term *engagement*, which is akin to a high level of motivation that implies discretionary efforts to do the job well, and to give the best of yourself at work. Commitment, however, does not correspond with the definition of engagement, but is the first step of engagement, the rational commitment, of wanting to be in the company. This does not involve making discretionary efforts. So, why is it relevant? According to the British Ministry of Industry, this is the key aspect of com-

petitiveness for 21st century companies. Although there is no consensus, as happened with motivation, with regard to how it is achieved there is agreement with regard to its numerous benefits. Is there a word in Spanish equivalent to the English term ‘engagement’? Yes, the word is **enganching**,⁶¹ which derives from the Spanish word ‘enganchar’, and which in spite of negative connotations, corresponds to the English word.

Companies want their employees to practice engagement because it is so enormously beneficial; from a 51% reduction in staff turnover, to up to 62% fewer workplace accidents and 18% increased **productivity** according to the McLeod Report by the British government. People want to engage, because we are social animals and belonging to something bigger than we are gives meaning to our lives, which may explain why 25% of people die within 18 months of retiring. When a person is engaged (or committed) in their work, they are more likely to be happy and are less likely to suffer stress, depression and associated heart disease. To be so it is essential that people are able to be themselves at work, putting what they are best qualified for into practice while developing their potential, to give the best of themselves. It is a win-win situation for everyone: for companies because performance improves and ideas flow, and for people because they are satisfied and because well-being and happiness spreads to others around them.

To do this, individuals have to ‘feel the colours’, believe in the company, identify with values and beliefs that form the essence of the culture and really choose to belong to an internal community that the culture represents, deciding to act as **ambassadors of their brand**. Doing this can be ‘good, attractive and cheap’, if we manage to get people to believe, belong and behave as ambassadors of the culture,⁶² of the brand and of the company. This is not a new phenomenon and for years there has been talk about **identifying** with the company, and of the pride of belonging to a structure greater than oneself, and this feeling of belonging is still one of the levers of commitment and **engagement**.

Why is it important for employees to be brand ambassadors?

Considered by many ‘the father of marketing’, as far as Philip Kotler

⁶¹ Term coined by StickyCulture, in 2010 and in *Spanglish* from the verb ‘enganchar’ whose meaning is closer to the English term (*engagement*).

⁶² Proceso de *engagement* according to Montse Ventosa and Daniel Lyons. In M. Ventosa and D. Lyons, “El *enganching* beneficia la salud”, *Capital Humano* No. 241, March 2010.



is concerned, marketing is not a matter for the department in question alone, because, according to him, each employee has the power to cause a good or a bad experience for the client in each of the **moments of truth**. Marketing has even been considered a social process. In the pre-Internet era, it was assumed that 90% of dissatisfied customers told nine people about their bad experiences, whereas nowadays this figure can be exponentially higher. The company works when it makes sales and this only happens when it moves from mere transactions to interaction between two individuals. When a **space for dialogue** is created that lays the foundations for a relationship. These conversations, although virtual, take place between people, which is why it is more important than ever to ensure that the people who represent a brand feel comfortable being themselves; this transmits the necessary trust to transform a mere transaction into a relationship, both inside and outside work.

On the road to building the shared identity mentioned above, it is important to keep in mind that the objective is to foster a **creative** and innovative business culture with flexibility for change. To do this, diversity should be cultivated at the point where the community that shares a common identity, which makes it different from others, meets the external reality, the line between internal and external. A healthy, balanced culture cultivates talent and builds communities where there is internal collaboration to achieve the objectives. All this generates a climate of trust and awakens the desire to belong, both for employees and clients.

5.2.4. THE DANGER OF *GROUPTHINK*

In the first dimension we have discussed the risk of equality policies failing to be entirely understood, and that equality is mistaken for **uniformity** or homogeneity. It may seem that by refusing to recognise the existence of differences, managing them would become easier, but the truth is that it does not make them disappear or any easier to manage. This is one of the dangers that globalisation and the aforementioned lack of roots can cause by eroding cultural differences. It has been seen how stagnation of the first dimension can lead to a **one-size-fits-all** culture. We have already said that this risk involves the staff becoming diversified but not the work. The fact that they have the same opportunities does not make people equal. Although they share a group identity, they recognise each other, respect and value visible and invisible individual differences.

“Equality is not uniformity.” Gonzalo Artiach⁶³

However, engagement is not just general bonhomie. There is a **dark side**, and if organisations do not manage this appropriately it can trigger unwanted side effects that hinder the success of an organisation. This is largely due to the internal cohesion of its teams, where there is close collaboration instead of confrontation, where there is a culture of trust that engages employees and clients.

When engagement is taken to the extreme it can cause serious organisational sickness which can have the most damaging of consequences: *groupthink*.⁶⁴ This is a phenomenon that occurs within a group of people whose members try to minimise conflict and reach consensus without critically testing, analysing, and evaluating ideas. **Individual creativity, uniqueness**, and independent thinking are lost in the pursuit of group cohesiveness. Consensus becomes the group members’ comfort zone and any attempt to endanger it with a different viewpoint is viciously attacked. The dividing line between *engagement* and *groupthink* is a very fine one.

This disease is much more frequent in cultures still dominated by the **control and command** management style, in other words where leadership is based on fear rather than trust. The question is, how do you know if one

⁶⁴ Gonzalo Artiach, *Tambor. El mundo según Gonzalo Artiach*, Barcelona Plataforma, 2010.

⁶⁵ Translated to Spanish as ‘pensamiento de grupo’. Term coined in the 1970s by Irving Janis.

of the groups in an organisation is the victim of this type of homogeneity? Janis identified some **symptoms** to look out for, such as:

- Illusions of invulnerability
- Members use groupthink to invalidate conflicting information, believing that anything they want to do is ethical and that the end justifies the means
- Stereotyped views of outsider-groups or persons with different opinions
- Direct pressure on dissenters

The best antidote to *groupthink* is cultural diversity management. Difference is tolerated in a diverse environment, space is created for expressing different viewpoints, and therefore, for encouraging conversations which may be perceived as awkward but which are useful for challenging the status quo and for consolidating a healthy organisational culture. A culture where it is alright to ask difficult questions, where people propose solutions and **challenge the consensus**, with their own voices, their own individual voice. A diverse culture where the interests of each and every stakeholder are taken into consideration, keeping a window open to the world, to the reality outside and each person's internal differences.

When this risk disappears, invisible diversity does not cause conflict or lack of communication, which hinders efficacy and increases costs. It improves creativity and innovation, guaranteeing the sustainability of the organisation and creating the breeding ground necessary to move into the third dimension of cultural diversity management.



5.3. THIRD DIMENSION OF CULTURAL DIVERSITY MANAGEMENT: DIVERSE WORK

If the first two dimensions revolve around the individual, the third concerns personal-company interaction, transcending individual differences, and corresponds to what Cox was talking about when he said that the true impact of cultural diversity in an organisation is the **interaction between individuals and their environment**. This dimension refers to how people from different identity groups have different ways of seeing and understanding work. Work is the point where the person, society and organisation come together, and this third dimension is made up of each person's different ways of working, not only **because of what each person does, but how, with whom, for whom and why**.

In this new era, the meaning of work is changing and its role has shifted up Maslow's hierarchy of needs, from a way of satisfying our basic needs to higher positions involving self-actualisation. This third dimension corresponds to what Thomas and Ely refer to as the new paradigm in which diversity is connected with work. It makes it possible to observe the differences in how one person works within their visible and invisible background, their personal culture. It means learning from these differences, including each individual's **experience and skills**, which is manifested in how employees make decisions and choices at work according to the groups to which they belong, including, of course, the shared identity of the community created in the organisation.

In this regard, recent trends in positive psychology are now considering the possibility of achieving happiness at work. Dave Ulrich, having driven the business partner human resources model, has devoted his most recent book to the **meaning of work**.⁶⁵ In his earliest works, Ulrich referred to the need to use measurement indicators through human resources scorecards, to management by competencies, to value creation, etc, whereas now he is talking about the meaning of work, in which he mentions organisational identity based on cultures that connect people and customers. As we saw in the previous chapter, achieving this means creating engagement and raising levels of personal motivation in teams, for which paying attention to the first and second dimensions of diversity management will not suffice. It is also necessary to look at the different ways in which each person looks

⁶⁵ ULRICH, D., and Ulrich, W., *The Why of Work: How Great Leaders Build Abundant Organizations That Win*. McGraw-Hill, 2010.

at life and work through the prism of their personal culture.

So, this third dimension is all about the need to **connect cultural diversity to work**, which occurs naturally when the first two dimensions are covered. It means creating different workplaces and work methodologies, which change from being environments where there is a feeling of confrontation into an inclusive environment, where division becomes collaboration. This includes the organisation's official culture, what Schein calls values, which is everything that the company asserts and communicates externally and internally to the different stakeholders, as well as the assumptions, including its 3.0 culture, how it manages its online corporate identity.

Companies are making more and more efforts to find out about the people that make up the organisational culture. This dimension, just like the second which refers to one's definition of oneself, to each person's image, is not static, as is the case of observable differences, but dynamic and alive, in other words it changes with experience. These differences are particularly noticeable in interpersonal interactions. The third dimension of cultural diversity management is an opportunity for companies to take a step forward as an agent for social change. This is carried out as Porter referred to in the creation of shared value,⁶⁶ the extension of a classic value chain to a social value chain, where the company and society have a mutual influence on each other, which here we might call the **social value chain**.

5.3.1. MORE THAN MARKETING

It is important to start this section by **dispelling a myth** about one of the historical functions of cultural diversity management to create multicultural teams with the sole objective of satisfying customers' needs. Mass consumer companies were pioneers and very effective at tackling diversity from a marketing point of view. Of course, there is nothing intrinsically bad about this, but it is important to differentiate cultural diversity management from a holistic point of view, because we must remember that commercialising diversity management would ruin the genuine approach necessary to manage it appropriately.

⁶⁶ Porter, Michael and Kramer, Mark, "Creating Shared Value. How to reinvent capitalism and unleash a wave of innovation and growth", *Harvard Business Review*, January-February 2011.

Data for *Inspiration*

When asked the question: "Heterogeneous needs of different target audiences who are our customers can be managed more effectively by people of the same cultures", the average response from the seventeen participating companies is 7.80 out of 10. In other words, people are more capable of satisfying the needs of clients with whom they share certain aspects of personal culture, although this does not mean it should be marketed. It is worth mentioning that cultural diversity management involves managing similarities and differences, and also shares and serves as a base camp for creating this third dimension.

When asked, "To develop products aimed at satisfying local needs, it is better to have local employees", the average was even lower, 6.90, meaning it is only relatively important.

Cultural diversity goes far beyond multicultural markets and niche requirements. The third dimension of managing cultural diversity runs the risk of becoming a *commodity*, as a means and not an end in itself. It is worth remembering that although this means numerous benefits for people, the company and society, it happens when it is implemented in a genuine, authentic way.

Marketing was one of the first disciplines to notice the importance of cultural diversity. Particularly in the United States, where the need to differentiate the target audience according to race came to light in the sixties and seventies. There are companies with **multicultural marketing groups** specialising in each target group, for example *Latinos*. We mention this point not because it is wrong, good marketing means knowing your audience and it also means **recognising** their differences and speaking their language, in the widest sense of the term.

However, this does not mean that cultural diversity stops there. The people in the marketing department are part of the whole organisation, not just mere instruments for better understanding the target. It means managing cultural diversity to get to the bottom of similarities and differences between different groups, and building **bridges** between the people

inside the organisation and those outside it, the clients. It is not a question of using these people as a simple bridge.

Cultural diversity management therefore goes beyond marketing and consists of ongoing efforts made **throughout the organisation**. First of all internally, to connect with employees and, secondly, to empathise with customers through, of course, the employees. It is advisable to be aware of the risk of instrumentalising diversity, as well as the danger of failing to create an inclusive environment but people who understand others although it does not matter if they are capable of understanding each other and their other colleagues. This is not diversity management. A denaturalised environment is therefore created in which differences can be *manipulated* in the interests of the business, but only on a superficial level, neither genuinely, nor in a three dimensional way.

The objective is to be capable of creating a diverse environment, managing cultural diversity so that differences are covered under a common umbrella, close to the similarities where people can be themselves, working along individual pathways. Of course, aligned through *engaging* with the organisation to which they belong and with which they share the corporate identity.

Data for Inspiration

Among the participating companies, dispersion of the importance of diversity management in different areas does not appear significant. So, administration and accounting are the least important areas with a 6.92, and human resources had the highest score, with 8.45. It can therefore be seen that **cultural diversity is relevant in all organisational areas** beyond marketing. "Cultural diversity is only relevant in certain areas". 3.73 reflects the importance that cultural diversity management has in all areas, and how, among the seventeen participating companies, the risk of commercialising cultural diversity management for this reason, seems to have been overcome.

Administration and accounting	6.92
Quality	7.36
External communications	8.25
Internal communications	8.25
Knowledge management	8.18
R&D+i	7.91
Logistics and the supply chain	7.10
Marketing	8.17
Environment	7.80
Strategic processes	7.91
Production	7.18
Human resources	8.45
Institutional relations	8.18
Corporate responsibility	8.17

5.3.2. THE NEW WORK-LIFE BALANCE

This three-dimensional prism gives us a view of work as the meeting point between **companies' needs** – o innovate to compete – and **people's** needs – to give meaning to their jobs and to be happy –. It makes it possible to see the different reasons why each person works, how people work, with whom, what for and why. This means looking at different needs in order to balance people's personal and working lives in a way that did not exist in the last century, when one of the family members was responsible for caring for it. The new model of family life requires new formulae to achieve this **balance**. Before we go any further, let us stop for a moment and look at the meaning of the word 'conciliation'.

In the dictionary, *conciliation* is defined as "Reconciling the parties in a dispute. Reconciling two or more positions or doctrines that appear contradictory", in this case conciliating 'work' and 'life'. In the United Kingdom

and the United States this ‘conciliation’ is called the *work-life balance*, which makes reference to balancing two opposing forces. We spend much of our lives at work, but ordinary life requires time too: spending time with our partners, shopping, doing chores, reading a book, eating, etc. To make this conciliation or work-life balance possible, we need to change the way we think and, instead of looking at the situation as work versus life, we need to look at it as **life = work + leisure time + family**.

It is important not to get caught up in the myth that balance means working fewer hours every day of the year. Neither is the opposite true, that those who spend more time at work, or the ones who get in first or stay latest, are the most talented. **Attendance** and its opposite, absenteeism, are starting to go out of fashion. The most important factor and what matters most is doing your job well, being professional and getting good results, doing things differently to achieve objectives. The number of hours you spend in the office, whether too many or too few, has become irrelevant. This is without forgetting that when a person is completely *engaged* with their job, the line between the different facets of their life is much finer, almost non-existent.

Balance means different things to different people, and even at different times in a person’s life. It is not a simple matter of one-size-fits-all. Just as clients’ needs change over time and with circumstances, the needs of the people in organisations change in the same way, which is why personalising the available policies in accordance with their needs gives the strategy a greater impact.

To be successful, **the balance needs to work in both directions**. It is easy to slip into a bidirectional monologue where the company and the employees express their differences to the other party, hoping that the other will understand and satisfy them. It is easy to succumb to indolence and think that the employee is the passive receiver of certain practices such as work-life balance. However, this third dimension that means learning from differences makes it necessary to create space for conversation and dialogue, where people and the company find or build common ground on which satisfactory solutions can be built for both parties.

Conciliation does not depend solely on the company facilitating the balance between different areas of life. **Everybody is responsible** not only for expressing their needs but also for finding alternatives to achieving balance and effectively organising their time to be more efficient both



inside and outside the office. Likewise, it is important not to fall into the trap of creating policies for people with families alone. Policies must be **inclusive** and cover diversity in the widest sense of the word. There are needs beyond childcare which, although it is essential, is not the same for

everyone, nor is it the only need, particularly when taking generational diversity and the different needs of new generations into consideration.

The benefits of fostering an environment where people can balance the different facets of their lives are many and they all derive from a basic premise: balanced people are happier and more productive. Corporate reputation comes from within, and creates sustainable value through a people-focused policy to achieve results and this maxim has never been more important. It depends on genuine, authentic interest from management, which cascades down and includes middle management thereby ensuring that corporate responsibility policies, human resources and work-life balance become a reality, and effective in practice.

So, this prism means being capable of generating a genuine, inclusive context, where people and their differences make up a cohesive team, which changes **“from a culture of confrontation to a culture of collaboration”**.⁶⁷ It is in this context where the company and the person really benefit from cultural diversity management. Where the needs of the person and the company meet to find more efficient, different and genuine ways of working.

5.3.3. INCLUSIVE LEADERSHIP

“Senior executives need to be made aware of cultural diversity”.

The companies that took part in the study scored this statement with a 9 out of 10.

This third dimension forces us to be more aware of the importance of management to all stakeholders. However, it requires some adjustment in the way that organisations have managed the benefits obtained to equip companies and people to face present and future challenges sustainably. To do this, commitment from management and a different system of leadership are required, that generate different work cultures. There is a need for leaders who expand cultural diversity, integrators who have an inclusive, highly tolerant attitude to tangible and intangible differences.

“Example isn’t another way to teach, it is the only way to teach.”
Albert Einstein

⁶⁷ Reinhard Mohn, *La responsabilidad social del empresario*, op. cit.



There is a possibility that contemporary leaders are not equipped to deal with the new challenges that accompany cultural diversity management, according to what has been seen so far, taking into account that diversity management is not applicable to certain people with certain differences, but to the **complete spectrum of differences that make people unique**. Diversity does not refer exclusively to racial or gender differences, but to all the differences that make us unique. What is more, the concept of diversity also deals with similarities between human beings. It must not be forgotten therefore, that the discipline of diversity management aims for these two facets - similarities and differences - to be managed simultaneously, recognising differences and sharing a common identity. Therefore, it is up to leaders to manage the integration of similarities and differences between employees of the organisation.

In the history of management the leader is traditionally responsible for managing and motivating people. However, it is worth questioning whether this reality is the main function. In the new social reality, the leader's role is undergoing a change and a function is starting to appear not as a promoter of this motivation but as a person who **expands the organisational culture**. Leaders are the connection between individuals, people with the vision and mission of the organisation, with the cultural identity of the

company and, in the final instance, through their example, they become the link to the culture. They have to be more aware than ever of the differences and similarities between people, but also go beyond this and be able to include these differences in the common shared identity. Their objective is to build collaboration in an environment where each person manages to develop freely and, therefore, materialises in what he or she can and wants to be, releasing his or her potential and *removing* the obstacles that stop people from doing their work better and being themselves.

Therefore, leaders have an essential role to complement and make the work of human resources a reality with regard to legislation and people management policies, developing and carrying the first two dimensions to completion. This, of course, in addition to being capable of translating and **making the strategy a reality** for each employee, developing it into actions and fully integrating the people in the organisational culture after the incorporation process.

Inclusive leadership therefore means creating a culture that welcomes and includes the similarities and differences of each and every member of the group, fostering an environment where differences are not only tolerated but also welcomed. The leader even encourages an environment where expressing differences and challenging the status quo is part of the day to day as a way of managing differences, especially differences of opinion, and avoiding dangerous *groupthink*. What is more, the aim is to create a team where all of the members make efforts to give the best of themselves, generating engagement and making people willing to make a **discretionary effort**. Of course, this implies developing a sensitivity to people's needs to the utmost, which implies a certain vocation to serve: **the leader at the service of the team**, rather than vice-versa. However, being willing to serve others is not enough. The skill of empathy is required, putting yourself in other people's shoes to see the world through their eyes and being capable, from that place, of building bridges between similarities thereby making it possible to integrate differences and connect to the internal and external reality.

Perhaps one of the most crucial competencies at a general level, implicit in this inclusive leadership profile, is the ability to tolerate difference without seeing it as a threat. Without labels, overcoming generalisations, stereotypes and, in some cases, even prejudice and hostility. It is necessary to avoid harsh judgements even when the results are not as expected, and

also to learn not to impose one's own ideas as absolute. Above all, if you are managing a multicultural team, it is important to try to be a cultural diversity radar, detecting possible misunderstandings due to communication, to avoid losing valuable information.

Ideas for *Inspiration*

As a general summary of the attitudes and competencies that the seventeen participating companies develop in their leaders and which are levers for inclusive leadership, we can consider:

- **Flexibility** and adaptability to tolerate differences and adapt to change
- Foster **relationships**
- **Bidirectional communication**
- **Teamwork**
- Negotiate a **win-win situation**
- The spirit of **Integrator**
- **Inspiration** and motivation
- Representative of the business's **culture**
- Ability to **challenge** the status quo and innovate

According to Hofstede, the nature of leadership is such that the competencies are specific to each culture: a philosophy of leadership or a management technique that functions in one culture does not necessarily give good results in another. Without intending to offer a specific philosophy or technique, below are 'ten general commandments' which are applicable to any culture and which can be used as a **guide to inclusive leadership**:

1. **Be more than aligned with the company, be the company.** Understand the strategy, have the client and the impact of the work on the company overall in mind - see the *big picture*-. Be the first to be *engaged*: "I am part of the company, we are all the company". Represent the business culture and align decisions and behaviours with the organisational values as though they were your own.
2. **Create conversations.** Communicate in person and talk to the team, ensuring that the expectations and objectives are clear and achiev-

able. Be assertive and clear, even when the news is bad. Differentiate between knowing what you think and explaining the reasons for decisions, with transparency, which does not mean telling everything to everyone, but segmenting the audience and selecting the key messages, to ensure they are understood. When the information cannot be given, communicate it.

3. **Act coherently and with integrity.** Follow through. If something is not going to happen, say so. Stay calm and be patient, particularly in crisis situations or in conflict resolution.
4. **Practice the three Hs:** Humour, Humility and Humanism. We all have limitations and you can say “I don’t know”: nobody knows everything. Be respectful and avoid reacting inappropriately. Be yourself, know your strengths and weaknesses and encourage others do the same. Put yourself in the other person’s position and be capable of diffusing the situation with a touch of humour, especially in very tense situations.
5. **Listen effectively.** Find a moment when you can put all other thoughts to one side and concentrate on the person you are talking with. Try to imagine what you would think if you were in their place with empathy, paying attention to subtle differences. Accept differences of opinion and encourage constructive challenges. Beyond active listening, it is also necessary to do something with the information received, continuing with actions that show that you are following things up.



6. **Work with and for the teams.** Get to know people and help them to develop. Follow up projects and daily work with empathy, showing interest in the entire person, respecting limits. Adapt communication and behaviour to your collaborators, creating an environment where ideas can flow. Eliminate the obstacles that stop them from doing the job well, and discover the accelerators that make it possible to do a good job.
7. **“Win-win” attitude:** Involve people from the team in decisions that affect them to delegate and create *empowerment*. In case of error, be tolerant and take part in the solution. Encourage intra and interdepartmental collaboration. Find solutions which enable everyone to come out on top. Connect people’s needs with those of the company, the place where they meet.
8. **Recognise effort and good work and communicate it.** Remember to say thank you on a daily basis, take care of the details and always strive for mutual respect. Celebrate small successes on the road to excellence and recognise the little things that make a difference.
9. **Be flexible and adapt to new situations that have an impact on the situation.** Look for quality and continuous improvement at work. Question the status quo constructively, finding new ways of improving - “What if...?” - Do not hang on to the known, be curious about the new and unknown.
10. **Energise and pollinate.** Be aware of the influence you have over others, behave in the way you want those around you to behave. Set an example with positive attitudes and realistic behaviours, infecting and energising those around you with the organisational culture and identity.

5.3.4. NOBODY SAID IT WAS EASY

There is a myth that a good working environment is pleasant and comfortable where people work within their comfort zone. However, this is not entirely true and diversity management is not always a bed of roses. Managing differences means some degree of *suffering*. **Tolerating differences** causes a certain amount of fear, the unbearable uneasiness with the difference, accepting it and respecting it without attacking it by throwing generalisations, stereotypes and even prejudice at it, which can feel rather uncomfortable. Accepting the difference, on the other hand, means that for

a moment our different beliefs are at risk of being incorrect, of being questioned, somewhat like losing our north. This situation is rather like being in a void without being able to hold on to our own assumptions, because it requires certain growth and this process is not always easy or comfortable.

As we have seen, people bring not only cultural information to the workplace from *within their group*, but they also **bring relevant and important information about how they work**; different ways of interpreting the same realities, a different approach for designing processes, achieving objectives, tackling tasks, teamwork, communicating ideas and, even, if appropriate, a different way of leading. When managing cultural diversity



room is made for differences to flower, space is given for expression, respect and growth, and people can show what they are really like in the workplace, and this is the only way that *engaging* can be experienced. These differences sometimes mean challenging basic assumptions about the organisation such as functions, processes, systems, strategies, operations and practices. This can be a difficult process because, as Schein showed,⁶⁸ these assumptions that form the core of the culture have been created to reduce the anxiety that arises from facing the surroundings, and challenging them can be difficult.

⁶⁸ Schein, Edgar H., "Coming to a New Awareness of Organizational Culture", *Sloan Management Review*, 1984.

“Difference is scary” is a topic that children learn⁶⁹ and, to some extent, it is more real than it might seem. Perhaps this stems from the fact that cultural diversity tends to be a source of conflict more than pleasure, because the multiculturalism of a team, particularly if not adequately managed, can cause **frustrations and management dilemmas**,⁷⁰ although sometimes, the obstacles generated are too subtle to be managed until too much damage has been done. However, from the prism of the third dimension, we learn to minimise these risks aware that the benefits make up for any possible *suffering* that cultural diversity management could initially entail. As the following data will show, companies are aware of this and are working in this area.

Ideas for *Inspiration*

The companies taking part consider that cultural diversity management:

Helps to reduce conflict: 6.93

Increases job satisfaction: 7.27

The company is able to attract talent from other countries more easily: 8.27

Cultural diversity management improves the company's image as an employer to attract the best talent on the market: 8.53

Cultural diversity management means being able to recognise those obstacles in time, which is essential for optimising team efficiency, remembering that these difficulties cannot be circumvented from a perspective of imposing one culture over the others. The problems are small questions of day to day work, such as different knowledge about products, customer services or attitude towards work, and should be managed recognising the differences, building bridges and learning from similarities and differences. Managing cultural diversity means being capable of recognising the underlying causes of possible conflicts and intervening involving the team in solving possible problems with the necessary support, and *empowering* them to deal with possible future challenges.

⁶⁹ G. Hofstede, *The trouble with Cultural Diversity*, op. cit.

⁷⁰ Ibid.

Four possible sources of conflict in multicultural teams.

- **Direct versus indirect communication:** for example, the communication style in western cultures tends to be direct and explicit, while in other cultures this is not always so, and the meaning of the message is usually implicit in the way in which the message is transmitted. So, saying 'yes' in some cultures does not always mean that the person agrees, but that they are listening to what the other person is saying. On the other hand, there is a natural tendency for people to relate to others who they feel are more the 'same' and with whom indirect communication is easier than with non-members of their group, which becomes direct communication.
- **The language barrier:** although English is used more than any other language in the business world, command of this can vary with different nuances as well as different levels of fluency and accents. This may hinder teamwork, for example, if the person's first language is not English and he or she feels uncomfortable using it when interacting with a group where the majority are English speakers.
- **Different attitudes towards hierarchy and authority:** certain cultures do not feel comfortable in the horizontal structures that are currently predominating today's western culture. The different ways of interacting with superiors and peers can lead some people to feel, at worst, humiliated, and to the belief that they are not respected because of certain behaviours that are *normal* for the other people involved.
- **Conflicting rules in decision making:** in order to make a decision, any group needs to gather information, interpret it and agree to take a certain action. The cognitive process is developed in very different ways, and cultural differences can have a huge impact on the way decisions are made, particularly with regard to the speed at which they are taken, the level of analysis required and, above all, how these decisions are made, by consensus, unilaterally, etc.

To be able to face these and other risks in the difficulty of cultural diversity management, the European Diversity Institute in Spain promotes the European Union project *Beyond Diversity*.⁷¹ Beyond Diversity is a project which is jointly funded by the European Union, destined to develop information and tools for positive conflict management, with the objectives of:

- Changing **attitudes** to cultural diversity and reducing dominant negative attitudes towards other cultures.
- Fostering positive development of knowledge and abilities for managing **conflict**.
- Creating a **virtual** platform that makes it possible to deploy materials, tools, training and discussion forums and experience sharing.

5.3.5. CULTURAL DIVERSITY, A SHARED RESPONSIBILITY

The responsibility of managing cultural diversity has traditionally fallen on the people management department, i.e. human resources. This arrangement is logical when talking about diversity of people in organisations, however it carries a significant risk, that **when things are tight, it gets put to one side** and “what is not vital to the business can wait, or we can get by with less”. On this point, we will explore the reasons for this risk and how to manage it, and to do this we will take a quick look at the main historical milestones in people management around the world:

- 1850. During the Industrial Revolution, workers’ movements and socialism spread. *Communist Manifesto* by Carl Marx and Friedrich Engels.
- 1864. International Workingmen’s Association in England.
- 1900. Frederick Winslow Taylor, known as the father of scientific management, based his method on optimising the efficiency in production environments accompanied by the development of industrial psychology and its application in the workplace.
- 1913. The Chartered Institute of Personnel and Development, initially created as an association to benefit the well being of workers, was founded.
- 1919. The International Labour Organisation, one of the world’s oldest international organisations, governed in a tri-partite manner by governments, unions and employers.

⁷¹ *Beyond Diversity. Desk Research: Spanish scenarios of indicators that can generate conflicts in SMEs*. European Commission under the Lifelong Learning Programme, April 2010.

- 1930. The experiments carried out by Elton Mayo in Hawthorne put more emphasis on the human aspect of the workplace as the key to increasing productivity. The concept of satisfaction and motivation was born. It was the precursor to the Human Relations Movement.
- 1940. Maslow published his theory on human motivation.
- 1950. Group negotiation from these decades led to a notable improvement in working conditions and the first benefits appeared. The personnel manager position was created to deal with labour relations, group negotiations and the more complex compensatory and benefits structure.
- 1960-1990. Decades from the HR management revolution in the United States with the anti-discrimination laws already mentioned. Herzberg published his two-factor theory of motivation. This affirms that the focus on practices and benefits - hygienic factors, necessary but extrinsic to the person - for motivating workers in the best of cases does not lead to satisfaction. Motivational factors are those which are connected to achievement, recognition and the work itself, not the work conditions themselves and, therefore, are of an intrinsic nature.
- 1997. Dave Ulrich published *Human Resource Champions*, in which he introduced a new HR model, positioning it as a business partner.
- 1998. Employment marketing appeared in the United States.
- 21st century. There are no relevant studies on what really motivates people at work.
- 2008. The global crisis forces companies to rethink their human resources modelling, because evidence shows that more is being done than ever before to motivate people. According to Gallup and Ipsos Mori studies in the United States and the United Kingdom, only 3 of every 10 employees are motivated.

As can be seen in the table above, a tendency has been created to motivate people within workplaces where high cost practices are not exclusively economic but also related to energy and time. This has created a **false dichotomy between being people focused and performance focused**, meaning that the management of people and corporate culture is not always considered essential.

In the same way, when cultural diversity management is included in human resources, there is a risk that its essential, strategic importance to the sustainability of companies and society is not always perceived, because cultural diversity is as necessary to the human race as biological diversity is to living organisms.

This false dichotomy has created a separation, **a divergence between the needs of people and the needs of companies**. In the opinion of Michael Porter, this is because most companies are still trapped in a short-sighted, outdated value creation model, which should be replaced by a new approach for the 21st century. In this, a common space must be found where people and companies collaborate to create shared value to the benefit of a better society, where differences are valued, and this is a shared responsibility, of people, society and company. In all this, organisations have an essential role through cultural diversity management.

"Companies must take the lead in bringing business and society back together. The recognition is there among sophisticated business and thought leaders, and promising elements of a new model are emerging. Yet we still lack an overall framework for guiding these efforts, and most companies remain stuck in a 'social responsibility' mind-set in which societal issues are at the periphery, not the core.

*[...] The solution lies in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges. **Businesses must reconnect company success with social progress...** Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. It is not on the margin of what companies do but at the centre.*

[...] Social organizations and government entities often see success solely in terms of the benefits achieved or the money expended. This will drive the next wave of innovation and productivity growth in the global economy. It will also reshape capitalism and its relationship to society."

Michael Porter⁷²

⁷² Michael Porter and Mark Kramer, "Creating Shared Value. How to reinvent capitalism and unleash a wave of innovation and growth", *Harvard Business Review*, January-February 2011.



Chapter 6.

And now what?

From theory to practice

Most companies nowadays are preparing for the new reality of the 21st century and trying to reinvent themselves. To reinvent **what** they do with new products or services. Or to reinvent **how** they do it, by modifying their processes and systems in order to improve efficiency and their sustainability throughout the entire value chain. Or else, with **whom** they do it. Do they have the right skills to face this new era? Or **for whom** do they do it, seeking new customer *targets*, or creating market niches. Or even their *raison d'être*, the **why** they do what they do. Sustainability is no longer an accessory but a strategic element that requires innovation and carrying out tasks in a different way. This is why managing cultural diversity at work also needs a new approach; the three-dimensional focus that we have analysed step by step and which we hope will be useful for companies, individuals and society to embark on a new era based on collaboration and not confrontation, so that the future is written together, from the present and from the perspective of difference.

Below are seven pieces of advice that may be useful for changing the paradigm towards this new three-dimensional approach:

- **Management conviction.** Management must hold the conviction that a diverse workforce represents different methods of working

and valuing differences of opinion and of proposals in an authentic way. All of this while respecting each person's cultural baggage. We have commented on the nature of this process, which can seem difficult and often takes people out of their comfort zone. Leaders especially will need the support of management and of the mechanisms needed to face this 'growth' which means avoiding the risks of the 'groupthink' and the search for consensus in favour of an environment that offers diverse work and not merely a diverse workforce.

- **To be prepared to learn from differences and similarities.** This could be a process for which the results are harvested in the long term. Leaders must have a commitment to facing the challenges that arise on the journey.
- **Equal opportunities does not mean 'one-size-fits-all'.** Having the same opportunities does not mean treating everybody equally. Differentiation and personalisation are the keys for an inclusive environment, for example, in a work-life balance. Equality of opportunity must be ensured, but this should not be an eraser for rubbing out the differences that each person has, nor the difference that each company sets in the world.
- **Organisational culture sets high standards of performance for all.** An environment of diverse trust does not simply mean a pleasant and enjoyable workplace, but a place where all people can give their best, stimulating personal growth through an environment that embraces difference as a key to personal and professional development.
- **Promote communication and collaboration.** By providing information and the necessary channels to listen to all individuals, as well as creating a climate of intimacy and openness with management, which increases trust and makes people feel valued. Foment a cohesive team, where people can display their differences and not just their points in common.
- **Clarity in the mission and vision.** These must not only be well articulated, but also clearly communicated, so that all individuals are clear on where the organisation is heading, how to get there and what is expected of them. Through inclusive leadership that connects the global view with each person's daily job, connecting the individual's needs with those of the company, in a win-win solution.

- **A basis of solid equality.** It is necessary to avoid equal opportunities from becoming ‘we’re all equal’, by laying the foundations for a culture where each individual is seen for who they are, with their differences and their personal cultural baggage, from the most visible to the most invisible, without relying on labels or prejudices.

Below is a route map for these 3D glasses to guide companies towards an employee’s integration right from the start. For some points this is a list to ensure that nothing remains on the drawing board. For others, it consists of questions for reflection. We have tried to illustrate the majority of them with practical exercises (*Ideas for Inspiration*) from the seventeen companies in the study. Nevertheless, as was noted above, it should be borne in mind that each case is different and the practice exercises cannot always be extrapolated as a block, but are rather recommendations that should be adapted to each case:

First dimension of diversity management: visible diversity

1.1. Draw the demographic map of diversity in your organisation, taking into account these variables:

- Gender
- Age
- Seniority
- Educational level
- Years of work experience
- Nationality: country of origin, native language, time living in Spain
- Disability
- Religion
- Average time to get to work
- Means of transport for reaching work

1.2. Is there a person responsible for diversity management?

Due to the inherent cross-department nature of the job, the individuals who carry out the responsibilities related to diversity management in some of the participating companies do so under the following titles:

- BSH Electrodomésticos España: Director of Human Resources
- CEMEX: Vice President Human Resources
- Endesa: HR Manager
- Ericsson España: Talent Management
- FCC: Corporate Management of Employment Relations
- Fundación Adecco: Director of Operations
- MRW: People Management, Social Responsibility Management and Tutor for Disabled Persons and Diversity
- NH Hoteles: responsibility shared between CSR Management and HR Management
- Orange: Manager of Culture, Ethics, Diversity and Social Action
- PortAventura: Head of HR and Corporate Responsibility
- Vodafone España: Head of Diversity

1.3. How to guarantee equal opportunities during the process of selecting and retaining talent?

- **BSH Electrodomésticos España** includes in its equality plans the caveat that in positions which are under-represented by gender, employment of a candidate from the under-represented gender shall be encouraged, maintaining equality of conditions and competencies.
- **CEMEX** has a Job Opportunity Policy in place to ensure that all employees are made aware of and have the opportunity to apply for open positions to support their professional growth. Hiring decisions are made regardless of race, color, age, religion, mental or physical disability, sex or national origin of any employee. CEMEX compensation packages are based on the responsibility level of the position and not related to race, gender, religion, age or any other protected traits.
- At **Ericsson** they do not have a written procedure, but it is implicit in the business culture and on their situations vacant website that it is used in selection, born out by the fact that they do not request data on gender, age or personal situation. There are objectives at group level for increasing the number of executive positions occupied by women, as well as ensuring diversity of nationalities in executive positions.
- **Endesa, ISS Facility Services and Red Eléctrica de España** have procedures such as employment policies, that compile basic principles

and directives in the selection process. Furthermore, Red Eléctrica de España externalises these processes through monitoring reports and internal audits.

- **FCC.** Its system is based on capacities and expressly declares that it does not incorporate any other discriminatory factor, even if identification of collectives exist as female victims of gender violence or disabled persons who are identified for the purpose of preferential employment.
- **MRW.** In its candidate database, the filters do not incorporate name, gender or age.
- **NH Hoteles.** As a result of signing its Equality Plan in Spain, NH has established 100 actions that safeguard and promote equal opportunities. Monitoring of candidates is conducted and incorporations are made using statistical analysis of gender, age and culture. In the *Employment Kit* (Recruitment Manual in Operations for each of the hotels) there is a procedure and recommendations to follow. Furthermore, it is externalised by including the clause ensuring Equality in contracts with suppliers of recruitment services.
- **Vodafone España** follows the same line, and in selecting final candidates for executive positions, the search for at least one valid female candidate is encouraged. This process is externalised to suppliers who know its vision and mission regarding diversity and inclusion, and indicators related to these are shared.
- **Orange.** Recruitment procedures that structure positive discrimination in the case of the most socially disadvantaged people which establish that, to cover any vacancy, the *pool* must contain one disabled candidate and one woman. Furthermore, all these procedures are regularly audited.

1.4. Is there an ethical code that guarantees compliance of this first dimension, of visible diversity management? Is it included in the same channel so that irregularities or non-compliance with such a code can be reported?

Thirteen of the participating companies have some sort of position of an *ombudsman* type or ethical manager who anyone can contact to report any situation they do not think is fair:

- **BSH Electrodomésticos.** To support the consequent application of the directives of the business code of conduct in all the company's branches and offices, in early 2008 BSH introduced **compliance management**. This consists of a committee, and office and regional *compliance management* delegates as well as an independent *ombudsman* (external consultant). All employees and third parties can contact these people anonymously to report violations of the ethical code.
- For over ten years, **CEMEX** has had a Code of Ethics and Business Conduct ("Code of Ethics") that establishes the principles governing the company's diverse relationships with third parties, as well as the behavior that is demanded of all employees. To monitor compliance of this Code, its interpretation and review, an Ethics Committee was formed. It makes an anonymous website available to employees to report possible cases that infringe the Code of Conduct and Ethics. CEMEX provides regular employee trainings in proper ethical behaviors relevant to their position within the company and launches several campaigns throughout the company to foster expected behaviors. In addition, new employees are required to sign the Code of Ethics as part of their orientation, and have access to it around the clock through the website and intranet.
- **Endesa.** It has its own ethics channel. This is an anonymous channel where employees can post complaints or report situations.
- **Ericsson.** It has a committee, made up of employee and worker representatives, to report disagreements to be resolved.
- **Fundación Adecco.** It has a specific Protocol for Action in the area of harassment.
- **Iberdrola.** The company has procedures for avoiding any discrimination due to reasons of race, colour, gender, language, religion, political opinion, national or social origin, social condition, belonging to any indigenous people, disability, health, marital status, pregnancy, sexual orientation, or any other condition of the individual that is unrelated to the requirements for carrying out the job. To make the principle of non-discrimination effective, the company's 4th Collective Agreement specifies that when there are workers with disabilities that affect the performance of their work due to medical reasons, who do not obtain a declaration of permanent incapacity, the companies will employ them in the most suitable position for

their skills and knowledge, maintaining their initial category.

- In a similar way, **MRW** has a multidisciplinary group of volunteers from different areas of the company, headed by people who are concerned about this type of situation. This is the EFR Group, which safeguards the continuation of this regulation.
- **NH Hoteles.** A complaints mailbox exists in the Ethical Code to which *stakeholders* can write to report irregularities. Employees can access the mailbox through the company's intranet. Furthermore, in Spain there is a separate complaints channel for cases of harassment at work.
- **Grupo Mahou-San Miguel.** The company has an internal complaints channel to which employees can send their comments via email, fax or phone. Furthermore, an external channel exists for matters related to family responsibilities, where employees can send consultations or complaints, which directly reach the outside organisation that manages them to guarantee confidentiality.
- **Merck.** Merck maintains a body for complaint and follow-up of cases of non-compliance of its Code of Conduct whether within or outside the company.
- At **Orange** they call it their Ethics Committee.
- At **FCC**, the body that is responsible for these tasks is the Dirección de Atención al Empleado (Employee Services Office), within HR General Management.

In some cases, it is the Management Board itself that assumes responsibility, as at **Red Eléctrica de España** which has designated a 'Director of Ethics' to look into doubts that may arise in order to compile, analyse and resolve the different complaints received. The designated person is the Director of Legal Consultation at Red Eléctrica. This position, with a direct relationship to the President or Board of Directors, maintains the confidentiality of the processes and is responsible for developing, consolidating and continuous improvement of the management of ethics.

1.5. How do you guarantee the integration of new employees in the organisation?

The seventeen participating companies have processes of **integration** into the business culture for new employees, which includes both information and formal training:

- **BSH Electrodomésticos.** The company's Host Plans groups recent arrivals in the company where the Human Resources Department conducts welcome days at its central offices. So new collaborators are able not just to get to know relevant aspects of the organisation, but also to introduce themselves and show their commitment. *Acoge-@nfitrIÓN:* In the area of Customer Services, a Welcome Plan called Acoge is in place for technicians in training at Customer Services central facilities. It includes theoretical training, information sessions on the company and visits to Corporate Headquarters and to one of the group's factories.
- **CEMEX.** It supports new employees through an integration process with a plan that includes a protocol for mentoring by direct supervisors and a training programme on the intranet on the knowledge and skills needed to develop their functions. Each new employee receives a Welcome Manual and is invited to participate in an introduction session, where the General Manager for Spain welcomes them and they have the chance to get to know the company's culture and values first hand. This session is complemented by a visit to one of the cement works, concrete or special mortar plants in order to bring people closer to the internal reality.
- At **Ericsson** the process of welcoming new employees has a programme for integration into the company through which they are guided for the first three months. Special attention is paid to knowledge of the company and its values as well as establishing clear lines for action for the employee themselves, their direct supervisor and their 'buddy' (a person with experience in the company who acts as a guide for the new employee). The entire process has online support where important information and training are offered to new employees, locally provided by the Human Resources Department.
- **Fundación Adecco.** Here, a customised initial training plan is created for each individual for the first three months, which complements the ongoing training plan reinforced with an annual *university*, to which employees devote three full days.
- **Grupo Mahou-San Miguel.** The company has a Training Manual which compiles aspects such as diversity or equality, standard for all processes. Each person who joins the group has an adaptation process, a custom-designed itinerary where they receive formal

training on equality, prevention of risks and on the specific aspect they will work on. Furthermore, talks are held with employees on the Code of Conduct, values, etc. and they make visits both to production centres and to the market. They thereby ensure that new employees get to know both the company and the business.

- **Merck.** The company has a Welcome Plan which covers the company's main strategic aspects, both in business and activities classed as support or business support. The presentations are given over the first three days after the employee joins the company and complement the company's Welcome Manual (available as a printed copy or on the intranet), which includes all the information needed to grow at Merck.
- **MRW.** It has a Welcome Plan that includes interviews in the People Area, as well as a visit to all the areas in the Central Division, a presentation on all the departments, an announcement on the Employee Portal, a visit to the operating platforms and franchises. It also includes an *e-learning* welcome programme. In the case of disabled employees, interviews are held with the mentor for disabled people. After three months, a follow-up interview is held with the People Area.
- **Orange.** It has a printed Welcome Pack that includes all the information needed to make the new employee's arrival easier, from *merchandising* materials such as internal marketing to basic codes and processes.
- **Red Eléctrica de España.** The company has a specific Welcome and Integration Plan for new employees, the objective of which is to increase the knowledge of the organisation and its operational processes at a general level. As well as involving and identifying the employee with the company and culture of Red Eléctrica de España quickly and efficiently, allowing the individual to acquire knowledge of inter-functional and develop competencies according to the needs of the job. Also facilitating professional development of new employees and adapting the training process to each person's specific needs, and identifying the potential and personal interests of the new employee.
- **Vodafone España.** The new employee process has a welcome programme that includes: presentation of the company, structure, values, etc., an online training itinerary (on competencies, products,

policies, etc.). Furthermore, all employees must spend a week in the shop to understand the business. Each new employee who joins the company is assigned a buddy: a person of their same level who must guide the new arrival in the least formal aspects of the organisation.

Second dimension of cultural diversity management: invisible diversity

2.1. Mission and vision. Are they shared? Do they make reference to the importance of people?

To exemplify the importance of the culture when complying with this strategy, here is a review of some of the missions and visions of the participating companies that illustrate how people and – more or less implicitly – culture form part of these. And how business reality responds and forms part of social reality. It is noted how innovation plays a key role as well. Yet the most important note is manifested clearly as to how the creation of value and orientation towards results is not just compatible but interdependent with cultural diversity and with orientation towards people: without one, the other would not exist

- **CEMEX:** “At CEMEX, our people are at the core of our business and our success. With the contributions, energy, and vision of our employees we continue to build our future and to be highly competitive in the building materials industry. Therefore, we have an ongoing interest in continuing to improve our work environment and to be surrounded by engaged employees who lead our company through a high-performance and sustainable culture.”

CEMEX’s mission is to serve the global building needs of its customers and build value for its stakeholders by becoming the world’s most efficient and profitable building solutions company. To achieve our mission, we work with our customers to build a better world, supplying the highest-quality products and services and growing and positioning ourselves as the best option for our stakeholders within the global building materials industry.

- **Endesa:**
 - Mission: maximise the value for shareholders. Serve the markets

by surpassing its customers' expectations. Contribute to the development and **fulfilment of its employees**.

- Vision: be an operator in the energy business and related services, centred in electricity. A multinational company, responsible, efficient and committed to health, safety and the environment.
- **Ericsson**: it believes that all its employees are evaluated for their behaviours and values that appear in *It begins with us*, which defines the company's culture.
 - Mission: innovation to empower **individuals, companies and society**.
 - Vision: *To be the prime driver in an all-communicating world*.
- **FCC**: the company takes strength from its purpose of creating value for society and for the company itself by achieving a diverse, high-performance culture. Aware that sustainable development starts from inside with the commitment of its employees.
 - Mission: **to create value for society** and for its shareholders, designing, building and managing infrastructures and services that contribute, in an efficient, sustainable and safe way to **people's well-being**.
 - Vision: to be the international group of reference in the design and provision of **solutions aimed at the well-being of citizens, progress for society and sustainable development**. A diversified, integrated group, committed to its employees and admired for its capacity to create value and to innovate to respond to new social needs.
- **Fundación Adecco**: in its objective of helping to seek employment for people with difficulties in achieving it, it started up a personalised Guidance and Integration Plan that allows it to provide a sufficient degree of personal autonomy and the necessary resources for an active and sustainable search for employment.
 - Mission: attending to society's labour needs, providing the most human part of the labour market to companies and helping those who have most difficulties in finding a job.
 - Vision: to become the social referent for the sustainable strategy of companies and the labour referent for people with difficulties.
- **ISS Facility Services**: the company declares that its purpose of providing services to its customers means ensuring that its employees

hold a quality job. So it respects society and this is the way to achieving benefits and leading the market.

- Mission: to help customers concentrate on their main business activity, efficiently performing and managing the majority of services it offers in its buildings and installations, offering **quality jobs** to ISS employees, **respecting society and the environment** and generating profits for its shareholders.
- Vision: to lead the Spanish market in *Facility Services* (general services).
- **Merck:** its business purpose integrates society and employees in a community because employees form part of society and society forms part of the company. Yet the organisation knows that success is achieved with people.
 - Mission: at Merck they keep their promises and afterwards they are measured on that basis. Its objective is to operate a global business that generates profits for patients and customers in general, its *market partners* and its **community**.
 - Vision: its business success starts with people.
- **MRW:** makes its social commitment its *raison d'être*, and knows that this in itself signifies a competitive advantage for all its *stakeholders*.
 - Mission: to provide solutions to facilitate the gaining of time and the shortening of distances, and to be committed to a better world.
 - Vision: to be the favourite brand for offering the most innovative solutions in transport and logistics.
- **NH Hoteles:** is aware that offering its customers an excellent experience means managing the experience of its employees.
 - Mission: to offer sustainable, consistent and efficient hospitality services to its **customers, shareholders, partners, employees and to society in general**. It aspires to lead the tourism sector in sustainable development, acting as an **inspiration** to others.
 - Vision: to reward its customers for the time they spend with the company, **improving their experience and contributing to a more sustainable world**.
- **PortAventura:**
 - Mission: to create and offer its customers and residents unique, varied experiences, in a natural, privileged and exclusive envi-

ronment, with a unique, **socially responsible** vision.

- Vision: to be the best family, business and residential leisure destination in Europe.
- **Red Eléctrica de España:** the company is aware that value is win-win for all *stakeholders*.
 - Mission: to be the operator and transporter for the Spanish electricity system, guaranteeing continuity and safety in electrical supply, coordination between electricity production and transport and developing the transportation network.
 - Vision: to be a leading company in the operation and transportation of electrical networks, recognised for offering a service of maximum quality and security worldwide, with **ethical, responsible and sustainable management, fomenting R&D&i and generating value for all its interest groups, maintaining its commitment to the environment**.
- **Vodafone España:** the company makes explicit reference to the individual-company-society connection, making this its mission.
 - Mission: to improve its customers' lives, **helping people, businesses and communities to be more and better connected** in the world.
 - Vision: its customers, when using its services, **enrich their own lives, making them more satisfactory and better connected**. They prefer to participate in its services because it is the most convincing option available on the market. They would like to become communications leaders worldwide.

2.2. What information channels are used? Which is the process for transmitting important information and ensuring it reaches people?

- **BSH Electrodomésticos España** has different internal communications media among which it highlights its internal magazine *Actual* which has a print run of over 5,500 copies. This is a bidirectional communications medium: from the company to employees and from employees back to the company. The pages of the magazine are open to participation and suggestions from all and, in fact, over 300 employees who are not part of its editorial staff have collaborated with the magazine. This plural medium echoes the company's main

events and activities. The Intranet, which is the main internal communications tool for BSH employees, offers all the information and services in each location, as well as a daily press summary on the most relevant news, not just from the sector, but of anything that could be of general interest. The intranet also has a suggestion box so that the ideas and opinions of its workers can be gathered. The Employee Portal publishes relevant information for collaborators as well as vacancies and training catalogues.

- Internal communications at **CEMEX** is supported by different tools such as: email, to disseminate news or announcements of an immediate nature; an internal magazine *Nuestra Voz*, that compiles information on the company and includes content of a global, regional and local nature; an intranet, on which each department has its own space to publish what it considers of value and interest for the organization; Shift, a collaboration tool on which employees from around the world can share opinions, information, plans or project evolution; notice boards in all facilities. As a special initiative, the company's management also holds video conferences with popular attendance by employees to communicate one-off, relevant news about the organization.
- **Endesa**. It has a tool it calls *Interactúa*, for continuous dialogue and communication with employees, through which the Human Resources General Manager communicates with employees monthly to speak about interest topics. It also runs an online television channel, an internal magazine and direct lines.
- **Ericsson**. Apart from traditional communication channels (intranet, newsletters, etc.), Ericsson places increasing importance on web 2.0 tools that enable multidirectional collaboration and communications. It has its own social network (*MyNet*) through which its employees can share information, create specific communities and receive answers to their questions almost immediately, from any part of the world and from different viewpoints.
- **Grupo Mahou-San Miguel**. It also has an *Employee Portal*, as well as the internal magazine *ON*. The production centres contain information points and screens where campaigns, initiatives, etc. are communicated. Two annual meetings take place with General Management in which the company's results and challenges are outlined.

- **Merck.** As communications channels, it has a local intranet, an international intranet and one for each of the group's divisions, *Merck Group printed magazine*, RSS feed of internal publications, information boards, information screens, information kiosks, a local, digital newsletter, specialised online magazines for each area at a corporate level, a corporate chat, one-off official announcements by the Steering Committee, international corporate and product webcasts. Currently the company is migrating its intranet to a new system that integrates these collaboration tools.
- **MRW.** It has an *employee portal*, an *employee newsletter MRW way*, a brainstorming site, departmental and cross-department meetings, cross-department trade days where an expert on a particular subject is invited (for example, resilience, self-management, entrepreneurship, etc.).
- At **PortAventura**, in addition to the methods described, they use videos to disseminate audiovisual material of interest to employees, as well as SMS to employee mobiles to send immediate messages, reinforce wider campaigns and ensure that the announcement reaches all recipients.

2.3. Are there ascending communications channels to give all employees the chance to express themselves to the company's upper levels?

In most companies, though unwritten, there is an open-door policy, where anybody can speak to anybody else, even the leaders:

- **AENA.** Once a month, a chat is held with the president, who answers questions that employees have previously sent in.
- At **Endesa**, there is a breakfast with the CEO.
- **BSH Electrodomésticos.** It has *Straight to the Board of Management*, which is an online platform through which viewpoints can be expressed and exchanged with members of the Board of Management. Furthermore, the International Employee Survey, a systematic process of continual improvement that takes place every two years, allows employees in the group to contribute their opinions. In the last edition of the survey, participation reached 93.66%.
- **CEMEX** encourages communication so that the organisation is con-

nected at all levels and in all senses. Therefore, it promotes executive visits to its different production centres and meetings between workers and area supervisors, following a philosophy of information transparency and pursuing feedback that enables accurate information management. Furthermore, it conducts an annual survey on the labour climate in which employees have the chance to evaluate CEMEX's human resources management as well as identify possible areas for improvement.

- **Ericsson.** No open-door policy exists as such, but there is a culture that managers and executives are accessible to any employee. Informally, all employees can contact the company management. Formally, communications channels are provided through the tools available (web 2.0, climate survey, intranet, etc.). Through distribution of the office spaces, communications at all levels are also encouraged, since there are no closed offices or restricted areas. The company also urges area directors, independently of the size of their team, to maintain periodical meetings in a structured manner where company and business information is shared and dialogue is generated.
- **Fundación Adecco.** Middle and upper management are accessible so that any employee can raise a doubt or offer a suggestion. Communication of committee members is habitual with any other person, whether by phone, email or in person.
- In the same way, at **ISS Facility Services**, any leader has the door open for a face-to-face meeting or through the suggestion box or by email.
- **NH Hoteles.** The company has a consultation channel through its Employee Mailbox.
- At **Orange** offices, there are virtually no individual offices. Executives, *managers* and supervisors work side by side with the rest of the workforce, facilitating communication with the leaders.
- **Grupo Mahou-San Miguel.** The company organises more personal meetings with General Management through an informal breakfast. Furthermore, the employee portal has a forum section where comments and suggestions are received, as well as another exchange section where offers, services and so on are published, between employees.

- **Merck.** It has an open-door policy established both in its direct and internal communications policies. Furthermore, with the Management Board email permanently available, it maintains monthly meetings in each of its work centres as part of the round of breakfasts 'We are Merck'. The Company also organizes quarterly webcasted Town Halls with the General Manager.
- **MRW.** MRW uses open spaces. The executive offices are glass-walled and always have the door open. Accessibility is total. Anybody can contact the Management Board by email or, in the case of workers who are in the same work centre, face to face.

2.4. Are expectations clear? Do people know what is expected of them?

The companies have **Development Plans**, in which they specify how each individual's work affects each person in the organisation's overall strategy and objectives so that they can feel that they are making a difference. Here the role of the inclusive leader is crucial, a figure that ensures that the strategy translates into concrete actions and who is visible on a daily basis. As a guide for the organisation itself and managing the expectations for vertical and horizontal growth through the adaptation of each plan to develop each person's cultural baggage according to their skills, experience, interests and performance.

As an example of the importance of leaders, at **MRW** they are conscious that turning their strategy into reality depends to a large degree on their capacity to be a culturally diverse company. Achieving this is vital to their leaders' ability to transmit that culture with integrity, steering their customers and the results. And they ensure they do so by asking their collaborators to evaluate their bosses.

2. 5. How do they guarantee learning? Is the effectiveness of training measured? Are there plans for horizontal mobility? Do they apply policies of internal promotion?

Currently many companies question the effectiveness of internal training, without losing sight of the fact that learning is a diverse process according to each individual. Increasingly more companies apply the model of

learning on the job, creating internal figures who act as mentors and guides, as well as fomenting cross-learning between roles.

Iberdrola, has a commitment with quality employment, training and professional development with their team, which they define as multicultural since it is composed of employees with widely diverse affinities, but with one common referent: making the company grow and meeting the needs of its shareholders, users, employees and the whole of society. In the first nine months of 2011, its workforce reached 31,334 people from 40 countries. They focus their energies on global talent management, and consider training to be an essential element for encouraging company employees' expectations of promotion and professional development. This is how the Iberdrola Group's business culture was born, targeted at achieving the following principles:

PRINCIPLES	
SATISFACTION	Of customer and shareholder
RESULTS	All our actions must be focussed on results
PRINCIPLES	
HUMAN CAPITAL	Invest in our greatest asset, our employees
PROFESSIONALISM	Equally for leaders, managers and/or technicians
MULTINATIONAL	Teams with diverse cultures and locations that work together
INTEGRATION AND COMMITMENT	To the organisation
COMMUNICATIONS	Open, transparent and systematic on all levels

Third dimension of cultural diversity management: diverse work

3. 1. Decision-making

What is the process? Who makes the decisions? Does it involve the people it affects? How are they made? Quickly, proactively, intuitively. It is not about creating a decision-making system, but assuring that it is clear who makes such decisions, and above all what happens when who should make them has not been specified. In short, the important thing is that the responsibilities of each position are clearly defined. This information tends to be integrated in the welcome plan for new employees.

On the other hand, it is important that the leaders are aware of how decisions are being taken and whether they fit with the manner they should to achieve their objectives. It should be remembered that decision-making is culture and therefore, the form in which they are taken on board can up to a certain point determine the organisation's success. For this reason, rather than correct or incorrect styles of decision-making, it is about being aware of how it is expected that such decisions are taken, knowing reliably how they are developed and ensuring this information is shared.

3.2. Coherence between values and actions: Values in action

Are promises kept? Are things done as they say they will be done? Do values turn into actions and behaviours into day-to-day work? These questions should be applied both at a leadership level and for all employees. Above we have described the values of the participating companies and given references, in a more or less implicit manner, of how those values are maintained with cultural diversity, insofar as speaking about people implies speaking about each individual's cultural diversity.

3.3. What is the desired leadership style? Does this encourage inclusive leadership? Do Human Resources policies tend towards 'one-size-fits-all' or personalisation? Do the bosses have the space to adapt to their teams' needs?

Most companies have leadership development programmes that in a more or less explicit manner are aimed at developing their inclusive capabili-

ties. The role of leaders in managing people is increasingly more relevant, and Human Resources is nothing more than a department at the service of such leaders.

As an example, the **BSH** Group considers leadership the fundamental base of its development. BSH's leadership principles, established at a corporate level and applicable to each team leader in the group, constitute a fundamental pillar within the Group's Human Resources policy, and are completely aligned with corporate principles. To publicise this policy and ensure it penetrates the collaborator group, BSH Group has a programme for shaping corporate leadership, which transmits these values as well as other basic leadership principles. To evaluate leadership, the company has a powerful tool: The 'International Employee Survey' in which, systematically every two years, the Group's employees are invited to participate in a questionnaire where, apart from other factors, they evaluate their immediate supervisor. Taking the leadership indicator in the Employee Survey, in the unit to which each leader belongs, it is mandatory, recommendable or optional for the company's different leaders to participate in the '*Feedback for Managers* (FfM)' programme. This is a feedback tool aimed at the organisation's leaders of teams with at least four collaborators. This tool provides a platform to establish a constructive dialogue between the leader and their team members, as well as how to optimise the leadership style and teamwork.

3.4. How to encourage collaboration between departments?

- From the structure of the physical space, **MRW** and **Orange** have open spaces. Specifically at **MRW** the executive offices are glass-walled and always have the door open, which means that processes and systems are more at the service of collaboration.
- **BSH** Group has different platforms such as the New Office Collaboration Space (NOCS), which is the tool employed most habitually when carrying out projects in which people from different departments participate, who provide data on notice boards, *wikis*, discussion forums, etc. Likewise, within the corporate *wiki*, the IT *wiki* should be highlighted, where different people in the organisation share solutions to problems, offer user advice or recommend specific products.
- Shift virtual platform: Shift is a collaboration platform for **CEMEX**

employees worldwide, combining elements of popular social networks, wikis, and communications tools to encourage efficient and meaningful company-wide sharing of innovative ideas and best practices. It is a collaboration tool on which employees from around the world can share opinions, information, plans or project evolution. Since its launch on a global scale in April 2010, it now has over 20,500 users and over 500 communities. Shift combines elements from the popular social networks, blogs, wikis and discussion forums to encourage the efficient exchange of innovative ideas and best practices in the company at a global level.

- **Ericsson.** It has a collaboration tool (Ericoll) with several functionalities and among other things allows work groups to create blogs, *wikis* (on which users can add content and supplement entries), update and revise documents, etc. Through MyNet (its own social network) employees can also create virtual teams to encourage cooperation between areas.
- **FCC.** Collaboration spaces and discussion forums exist for involved collectives or parties interested in specific projects.
- In the same manner, at **Fundación Adecco**, the weekly has a blog format, with a forum available, as well as the shared intranet space.
- **NH Hoteles.** The training and *e-learning* portal, Bettrained, allows users to share information, create discussion groups and collaborate on knowledge.
- **PortAventura.** As well as social activities that facilitate contact between colleagues who would otherwise be difficult to meet, specific, cross-department work groups can be created.
- **Red Eléctrica de España.** Forums and communities exist on the intranet.

3. 5. Is there a culture of recognition?

It is important not just that leaders recognise good work, but that errors are also managed constructively, as a source of learning, as well as encouraging recognition between colleagues. Many companies have specific recognition programmes to help implement this attitude in the culture:

- **BSH Electrodomésticos España** has diverse recognition methods

among its employees, especially the Trainera Prizes which the Santander workforce annually awards in recognition of the most relevant initiatives presented by employees that add value to products, processes or services; the Best Practice Award signifies special recognition for those BSH employees whose proposals contribute to improving processes, and also helps as an additional information channel and exchange of experiences implemented between the different areas and countries; the *Brandawards*, which reward the work of marketing teams at an international level; the prizes for best urgent breakdown reports which recognises the work of BSH service technicians for customers in the categories of special collaboration and best demonstration of service spirit; or the prizes for best inventors, awarded to collaborators in the company, one recognising groups of inventors and another individual inventors.

- **FCC** annually awards the Fomento Prizes for Quality for excellent work that year, in the sections of Civil Engineering and Construction, and the Fomento Prize for Innovation at an event held at Torre Picasso. After the success of the first awards, when over a hundred projects were presented, FCC has organised the 2nd Ecoeficiencia Awards, which have the aim of distinguishing the initiatives or actions performed by FCC employees that contribute to sustainable development, to implementing suitable measures to take advantage of natural resources and the operation of new processes. Also noteworthy is the start-up of the **Prevention Prizes** in the company, with which it aims to publicise and recognise the work, dedication and value that the organisation and the people who comprise it confer on preventing labour risks in all spheres of action, awarding the dedication in production areas and initiatives or actions performed by employees in the group, to contribute to improving the degree of protection and health and safety of workers.
- **Fundación Adecco.** All members have a personal objective for continuous improvement which is evaluated with their superiors. In the Weekly (AOL) all contributions/innovations are published that any employee has created for the continuous improvement of their activity. They appear in a section Contribution to the Community. Ideas are managed through meetings that each middle manager maintains with their team, and these ideas are financially rewarded.

3.6. How is the work-life balance guaranteed?

As seen in the third dimension, creating an inclusive environment, where the needs of individuals and the company meet to find ways of working that allow both to be satisfied, is a matter of both business and personal responsibility in order to balance one’s personal and professional life. Even if in recent years, a tendency has been detected to include general measures for timetable flexibility, the optimal balance tends to be found by each leader managing each individual case on its own merits. Yet it continues to be necessary to establish general lines of action, with which the majority of companies operate.

- The case of **Iberdrola** serves as an example. The company has a Policy of Work-Life Balance and Equal Opportunities to promote commitments to equality between men and women, insofar as:
 - Access to employment
 - Training
 - Professional promotion
 - Working conditions

In the framework of its commitment with equality and support of the family, it has important measures in place that enable real balance between personal and professional life. In Spain the following should be highlighted:

MEASURES	ACTIONS
CONTINUOUS WORKING DAY	From 7.15 am to 3.30 pm, it was the first IBEX-35 company to implement a continuous working day in Spain
FLEXIBLE REDUCTION OF WORKING DAY	To five hours a day until the employee's child is five years old, with no reduction of fixed wage remuneration
MATERNITY/PATERNITY LEAVE	With payment of 100% of wage
REMUNERATED LEAVE	Of 15 calendar days before the planned date of birth
BREASTFEEDING DAY	Extension of the reduced working day by 45 minutes

MEASURES	ACTIONS
REDUCTION OF WORKING DAY FOR LEGAL GUARDIANSHIP	Extension by two years of the employee's child's age (from 8 to 12), surpassing by four years the current legal minimum.
UNPAID LEAVE	Extension of maintaining the employee's position for three years, both for the care of children or of a family member to the second degree, with the right to access professional training
WORKS COMMITTEE	To ensure compliance of work-life balance and equal opportunity measures
TRAINING PLAN	Which includes an online course on the subject of work-life balance and specific training for executives

3.7. How are the needs of the individuals making up the organisation identified?

Traditionally, in addition to HR contact, or through the leaders, companies carry out satisfaction surveys of their employees, in some cases called 'climate surveys'. However, in the 21st century these surveys are becoming obsolete and giving way to new forms of conversation that manage to reflect the internal reality more faithfully, as well as identifying motivational causes and *engaging* (capturing the employee's commitment through transparency and honesty). One of the reasons for its waning importance is that the climate survey focuses on what the employee receives and generates expectations that can be difficult to deliver.

3.8. Management Commitment. To what degree is management sensitised to cultural diversity? Does it recognise its significance? What role does it play in its agenda?

As was commented above, key to the success of managing cultural diversity is that management is aware of its importance for sustaining the business, and does not consider it a simple means but as an end in itself.

3.9. Is there a prior culture of innovation?

- **BSH Electrodomésticos.** Innovation is an essential element in corporate culture which is integrated into its corporate principles. BSH carries out different initiatives to encourage this:
 - Top Idea programme, an innovation promoter, which gathers the ideas for improvement of employees related to the company's products and processes. It is open to the entire workforce and its aim is to encourage creativity and the participation of employees, with the objective of consolidating and strengthening the group's competitiveness and the feeling of integration of its collaborators.
 - Innovalia, the Innovation Trade Fair. This is an internal event at BSH España, where representatives from all the local development departments and R&D&i centres from BSH plants around Spain meet each year.
 - Cooperation with academic institutions. An open innovation model as one of the main development mechanisms consists of collaborations with research centres such as the Instituto Tecnológico de Aragón -Technology Institute of Aragon- (ITA), the Centro Superior de Investigaciones Científicas -Spanish National Research Council- and universities such as Zaragoza, which has been collaborating for over 30 years and has shared the BSH Electrodomésticos Chair in Innovation with the company since 2006.
 - Prizes for the best inventors. In the inventors' forum, which takes place at BSH España every year, collaborators of the company are rewarded by recognition in two categories: the first aimed at groups of inventors, and the second, individual inventors.
 - BSH Innovation Awards. New recognitions to distinguish technology, product and the solution of the year. In the context of the BSH Corporate Forum, the corporate convention, the supervisor for the group's technology division annually recognises the work of different company teams in search of innovation.
- For **CEMEX**, innovation is an attitude, a fundamental way of working to create value and a basic component in its conception of business responsibility. An essential supposition in innovation is creativity, an

intrinsic characteristic of human beings. To this end, knowing that creativity and innovation benefit from opening physical and mental frontiers, CEMEX encourages creative capabilities and innovative attitudes in its employees, as well as their relation and collaboration in innovation processes with interest groups. All employees can participate in the innovation process and the company encourages their participation through different channels such as training initiatives to improve the employees' capability for innovation, ideas competitions, creating improvement groups, innovation campaigns, etc.

- **Endesa.** Has launched the idea management platform Eidos Market employees in order to promote the innovation culture, this is a pioneering initiative that gathered more than 1,600 ideas from employees throughout the Group during the period. The platform makes use methodologies such as the “Crowdsourcing” techniques or “predictive markets” in the collection of ideas to maximize the innovative potential leveraging the collective intelligence of the social network of employees.
- **Orange.** They promote ongoing improvement in innovation to reach the maximum quality based on the criteria of profitability through awards for ideas provided by internal *stakeholders*.
- **MRW.** It has a cross-department innovation plan led by the Innovation Department, where proposals forwarded by employees that are implemented successfully and have a direct impact on the franchise network or on the business itself are awarded 300 euros.
- **Ericsson.** Innovation is an important part of the company culture and is valued by all employees as part of its annual evaluation. Furthermore, mechanisms exist to facilitate and recognise innovation, such as its *Innovation wall*, *innovation box* and *best practices*. Communications channels exist for ideas, processes that establish how ideas are sent and managed, etc. They also have an area of the company that is dedicated to fomenting innovation, through the Reward & Recognition programme, by which it rewards innovation, among other factors.
- **FCC.** It continues with its policy of technological development, applies ongoing innovation to its works, actively participates in the most singular works projects or the company itself draws them up; it develops R&D&i projects to improve company processes and systems

as well as increasing and optimising machinery and the auxiliary means at its disposal. It is fully committed to construction sustainability, participating on several international technical committees such as CEN/TC 350 Sustainability of construction works and ISO/TC 59/SC 17 Building construction/sustainability in building construction and Spanish bodies like AEN/CTN 198/SC Sostenibilidad en infraestructuras for which it holds the presidency.

- **Grupo Mahou-San Miguel.** As well as having an Innovation Department, it is one of the values to develop internally and therefore it is present in employees' daily working lives. At the sales convention, it awards the **most excellent** people in its sales network for their work undertaken over the year.
- **Merck.** Ideas are gathered on a shared platform for all employees, where a team of experts classifies and evaluates them, proposing their implementation. Furthermore, local and international awards exist.
- Along these lines, **NH Hoteles** has its NH Idea programme that identifies and awards the best ideas.
- **Red Eléctrica de España.** It ensures that all employees participate in innovation initiatives with different competitions, prizes, surveys and suggestions.
- **Vodafone España.** It encourages innovation in diverse ways, from the design of innovation spaces (with furnishings, specific design) to a tool for proposing ideas (Ideas4innovation) accessed and participated in by all employees (recognition is associated). Furthermore, it is one of the key competencies that is evaluated in its development model. 'Ideas4innovation' has an associated process with phases, innovation champions who provide comments and criteria, as well as prizes in the different phases.



Appendices

Profile of the participating companies

AENA

Aena, as a public business entity, a world leader in managing airports through Aena Aeropuertos SA and supplier of air navigation services, is extremely interested in participating in fomenting balanced, coherent development in the market with the attitude of a socially responsible company that has characterised the organisation for many years. The actions carried out by Aena in recent years have contributed decisively to improving quality, environmental, financial and social standards, essential when advancing sustainable development in a strategic action environment such as airport management and air navigation services.

BSH ELECTRODOMÉSTICOS ESPAÑA

BSH Electrodomésticos España is aware of the important role it can and must play to contribute to sustainable development. This is why innovation, business excellence and respect for the environment are some of the foundations on which its activities are based. To do so, it works continuously to improve products and production processes with the aim of consuming continually

less energy and contributing to a reduction in the effects of climate change. As a result of this commitment, today it leads the development of highly efficient electrical appliances, thereby contributing to decreasing energy wastage in homes and reducing greenhouse gas emissions. BSH Electrodomésticos España, which groups large brands in the sector such as Bosch, Siemens, Gaggenau, Neff, Ufesa and Balay, is integrated into the European leader BSH Bosch und Siemens Hausgeräte GmbH (BSH), which possesses 42 factories and has around 46,000 employees worldwide. In Spain it has a significant presence. With seven factories, the group employs 3,967 people. These are located in Zaragoza, where it has two plants at Montañana and one in La Cartuja, Navarra (Estella and Esquíroz), Santander and Vitoria, as well as two operational centres in Zaragoza and Huarte (Navarra) and its central warehouse, the Centro Logístico PLAZA, from where BSH distributes its electrical appliances to the Spanish and Portuguese markets and exports the products manufactured in its Spanish plants. In Zaragoza, Interservice is also based. This is its Customer Service Centre, providing service support on all BSH products through 315 specialised centres throughout Spain.

CEMEX

CEMEX is a global building materials company that provides high quality products and reliable service to customers and communities throughout the Americas, Europe, Africa, the Middle East, and Asia. CEMEX produces, distributes, and sells cement, ready-mix concrete, aggregates, and related building materials in more than 50 countries, and maintains trade relationships in approximately 102 nations. As the world's largest concrete producer and leading supplier of building solutions, CEMEX understands the critical role it can play in addressing the challenges related to world population growth, increased urbanization and the need to protect precious natural resources and ensure quality of life. That is why CEMEX is incorporating sustainability practices into all of its day-to-day operations and decision-making processes worldwide. CEMEX seeks to build a smarter world through a simple and focused model that follows three main lines of action: "Enhance our Value Creation (CEMEX aims to deliver the innovative, high-performing products, services, and solutions that our resource-constrained society requires in order to create a growing and profitable low carbon economy); Manage our Footprint (CEMEX strives to minimize the ecological

impacts of its operations in the communities in which we operate); Engage our Stakeholders (CEMEX fosters positive, long-term relationships with key stakeholders to address the pressing needs and concerns of society)”.

ENDESA

Endesa is the leading company in the Spanish electricity sector and the foremost private electricity company in Latin America. Endesa seeks intelligent solutions for developing realistic proposals to face the energy challenges of the present and future. In harmony with this, Endesa’s commitment to sustainable development was undertaken by Executive Management and affects all areas of the company, through the Endesa Sustainability Plan with which it aims to face some of the main global challenges of the sector efficiently and competitively: the economic crisis, the growing demand for energy, climate change and the development of a diversified, sustainable energy mix.

ERICSSON ESPAÑA

Based in over 180 countries, Ericsson Spain is the world leader in supplying and developing 2G, 3G and 4G mobile technologies, and telecommunications services that provide coverage to over 2,000 million users. In its annual report on Corporate Responsibility and Sustainability it emphasises the company’s current efforts to promote the development of a network society through innovation and technology. A network society in which everything that could benefit from connection would be connected. Ericsson Spain believes that the transformational power of information and communications technologies (ICT) to foment sustainable, socio-economic development has never been so great.

FCC

FCC is an international group of reference in citizen services that contributes to the well-being and sustainable progress of society. It designs, builds and manages services and infrastructures, the purpose of which is to satisfy the requirements and needs of its customers and contribute to sustainable development of the communities forming it. FCC understands its social responsibility from inherent principles, such as doing a job well, integrity, efficiency and proximity, which it fully realises in its III Master

Plan on Corporate Responsibility. This Plan is supported on three pillars of action: civic connection, intelligent services and exemplary behaviour.

FUNDACIÓN ADECCO

Adecco is a world leader in the human resources sector. It offers a specialised, integrated service in all areas: selection, permanent and temporary work, service outsourcing, training, labour risk prevention, career management, consulting and outplacement. Its central headquarters are located in Switzerland and it is based in over 60 countries. Adecco Spain believes that Corporate Responsibility should be inherent in its business activity. In this sense, there is no separation between its business operations and its Corporate Responsibility policies. The Spanish company, as a result of Adecco CR, founded the Fundación Adecco in 1999 which develops diversity policy strategies in companies, and is a national benchmark in the employment integration of disabled people, employees over 45 and women with unshared family responsibilities.

GRUPO MAHOU-SAN MIGUEL

In 2000, with the merger of Mahou and San Miguel, the leading beer company with 100% Spanish equity was formed. Its activities extend to over 45 countries. Though of recent origin, both Mahou and San Miguel have a long history stretching back more than 100 years. The group was reinforced in 2004 with the acquisition of the Canary Islands beer company Reina and in 2007 with the incorporation of the Alhambra Group. In 2009, it reached an agreement with Carlsberg to distribute and commercialise San Miguel in the United Kingdom, while Mahou-San Miguel does the same with Grimbergen and Tetley's in Spain. In 2010, it signed new agreements: with Carlsberg UK to distribute Mahou in the United Kingdom, with Sara Lee to distribute Marcilla coffee in the Spanish catering sector, with Molson-Coors to distribute Carling in Spain and with Warsteiner to commercialise its beers in Spain, Portugal and Andorra. In 2011, it acquired Solán de Cabras, thereby reinforcing its portfolio. The Mahou-San Miguel Group maintains a firm commitment to Social Corporate Responsibility. It is the first and only group in the beverage sector to receive the award 'Equality in the Company', and the first beer company to sign an Equal Opportunity Plan for its

employees in Spain. It was also a pioneer in obtaining the certificate as a Family-Responsible Company, it has also signed the United Nations Global Pact and joined the Club de Excelencia en Sostenibilidad.

IBERDROLA

Iberdrola aims to be the preferred global energy company due to its commitment to value creation, quality of life, individual safety and supply safety, care for the environment and customer guidance. Iberdrola strives to make its ethical commitment and respect for the environment the foundation of its sense of belonging and trust for all the people and groups of society with whom it relates. It develops its policy and practices in social responsibility as part of its contribution to sustainable development. It undertakes to support the best practices of corporate governance, using the principles of business ethics and encouraging transparency in all the company's spheres of action.

ISS FACILITY SERVICES

ISS Facility Services is a leader in providing integrated services (cleaning, maintenance, group catering, gardening, facility management, etc.) in all types of facilities. Founded in Copenhagen (Denmark) it has over 100 years of experience and is based in over 50 countries. The company has had a base in Spain since 1999 and has over 30,000 employees. Aware that it must return to society part of what it receives, it promotes CSR policies in the area of work-life balance, commitment to the environment, and training and employment integration of people at risk of social exclusion, such as immigrants and the disabled. The actions of ISS España as a sustainable company are based on four lines of work: generating profits, creating relationships and dialogue with all its target interest groups and minimising or reducing the impact of all industrial activity on the environment. Through the Fundación ISS Una Sonrisa más, ISS España carries out numerous projects to create employment in disadvantaged areas.

MERCK

Merck, a company over 340 years old continues to build the future. At Merck, a pharmaceutical chemical company of German origin founded in

1668, it is understood that the method of achieving goals is as important as the result obtained. The application of corporate values is maintained as a guide in its business activity. This is the secret of its success and remains the pillar of its activity in the medium and long term. In its long history, the company has acquired great experience in widely diverse areas of activity thanks to its entrepreneurial attitude and commitment to an international workforce that in Spain alone now includes over fifteen nationalities. Always aware of new opportunities, the wealth of its team lies in a great strength: the plurality of talent it comprises with a common goal.

MRW

MRW is currently the leading company in the urgent transport sector in Spain and has expanded its range of services into other areas such as e-commerce, where it has positioned itself as a market leader, or in pet transport. MRW remains committed to maintaining and reinforcing its social responsibility, without neglecting all of its social plans. It has developed several systems for managing personnel focussed on staff motivation and qualification, as well as encouraging them to participate in the organisation's future and stimulate pride in belonging to the company. Working for MRW means collaborating with not-for-profit organisations, given that over 1% of its invoicing is earmarked for social action.

NH HOTELES

NH Hoteles currently places third in the European ranking of business hotels. It aims to continue to grow responsibly with commitment to all its interest groups. This is why, in 2008, it redefined its Vision, Mission and Values, which has clearly revealed its ambition to lead sustainable development in the tourism sector, responding to the needs of its interest groups. Environmental responsibility, a corporate value of NH Hoteles, has been consolidated throughout the company thanks to its employees' commitment, the ceaseless efforts of its suppliers and the raised awareness of its customers. NH Hoteles develops its business in strict compliance with the current legislation in each country, in accordance with rigorous ethical standards compiled in its new Code of Conduct, applicable in all its interest groups, as well as by promoting sustainable innovation and a global commitment to

society adapted to the local needs of the communities where NH operates.

ORANGE

Orange is the flagship brand in the France Telecom Group, one of the foremost telecommunications operators in the world. It currently provides service to over 221 million customers in 35 countries, of which 145 million receive service under the Orange brand. As a technological company, the foundation of its activity is connecting people, helping them to communicate with each other. This is why Orange has a daily commitment to creating and developing accessible services for all citizens; to helping its customers so that they know how to navigate in the digital world, whether as beginners or experts; to building fibre-optic, broadband networks and deploying underwater cables to facilitate communications; and to contributing to the development of companies, both large and small. In short, it is committed to social progress and improving the quality of life of citizens in the society in which it operates. This is its *raison d'être*: it is a sustainable telecommunications operator, responsible and attentive to our society's needs and demands, aiming to facilitate access for everybody to its services while respecting people and our planet. The Orange team is made up of 170,000 people throughout the world, who strive to innovate to achieve a simpler, better connected and more satisfactory life, every day for everybody. Life changes with Orange.

PORTAVENTURA

The product of its commitment to the natural environment, PortAventura bases its activity on a management model that enables it to develop its business paying maximum respect to the environment beyond the demands of current legislation. Its collaboration and involvement with all its employees should be emphasised, vital for multiplying the effects of the continuous improvement it carries out. PortAventura works from its roots to foment mutually beneficial relationships with the different interest groups in the environment surrounding it, generating a significant direct and indirect impact on the local environment and on the community. PortAventura is a highly active, economic, social and environmental agent, that integrates responsible and sustainable management guided by its four corporate values: commitment, quality, passion for its customers and team spirit.

RED ELÉCTRICA DE ESPAÑA

Red Eléctrica de España, as an operator in the national network, guarantees the continuity and safety of the electricity supply, maintaining the country's generation and consumption in constant balance. It undertakes these functions under the principles of transparency, objectivity and independence. Grupo Red Eléctrica's challenge is to consolidate itself as a sustainable, ethical and responsible business model, integrated in society, responsive to all its interest groups and a hallmark of quality in the markets in which it operates. Its commitment lies in making compliance with that responsibility compatible with environmental protection, the professional and human development of the people who work at Red Eléctrica de España and creating wealth for its shareholders and for the social environment of the activities it carries out, all of this in a framework of transparency, through the adoption of the best practices of corporate governance.

VODAFONE ESPAÑA

Vodafone España forms part of the Vodafone Group, one of the largest telecommunications companies in the world by turnover, based in 30 countries on the five continents, and agreements with another 40 worldwide. The Vodafone Group provides telecommunications services to 371 million proportional clients, as at 31 September 2011, and Vodafone España, to over 17.5 million customers. Its strategy of sustainability is based on its commitments to act ethically and responsibly to earn and maintain trust from its interest groups, foment eco-efficiency to reduce the environmental impacts of its operations and its value chain, and to develop innovative telecommunications products and services that contribute to a more sustainable society, both improving the quality of life of people and providing work-life integration of vulnerable groups as well as advancing towards a society that is low on carbon emissions. The sustainability strategy is directly linked both to the business strategy and to the management framework based on the business principles and policies that help to ensure that these are put into practice.

Questionnaire

MANAGING CULTURAL DIVERSITY IN BUSINESSES

Welcome to the online platform that enables you to complete the questionnaire that forms part of the project ‘Managing Cultural Diversity in Businesses’.

The project’s objective is to get to know the current situation regarding cultural diversity and its management in today’s businesses in Spain. This is done through an analysis of cultural diversity management through a prism that goes beyond equality, non-discrimination and legal regulation to offer a new integrative approach that enables cultural diversity to be understood in its broadest sense and to understand its impact on the sustainability of business, individuals and, therefore, the competitiveness of organisations in the new global panorama.

The questionnaire consists of forty-three questions and the average time it takes to answer is thirty minutes. The objective is not to limit answers to the more traditional diversity management practices, but to obtain a general vision of the culture of your organisation. To do so, we will be asking for additional information that will help us to better understand the culture, and to this end, we will be available for a visit *in situ* to review

the questionnaire and any other relevant information. Processing of the results will be confidential and the use of good practices, if applicable, after obtaining consent. There are no correct or incorrect answers. We aim to isolate the diverse approaches to cultural diversity management.

Thank you in advance for your participation. Please feel free to get in contact if you have any doubts or queries that may arise while you are answering it.

Company data:

- Name:
- Sector:
- Name and position of the person who is completing the questionnaire:
- Number of employees:
- Number of employees of non-Spanish nationality:
- Different nationalities:
- Position responsible for diversity:
- Average employee age in the company:
- Absenteeism rate:
 - Name of the position you have and who you report to or who your supervisor is:
- Number of employees: (breakdown between men and women)
 - Number of employees in middle management:
 - Number of executive employees:
 - Number of employees on the Management Board:
 - Number of employees over 51 years old:
 - Number of employees between 30 and 50 years old:
 - Number of employees under 30 years old:
 - Number of employees with disabilities
- How do you guarantee the integration of new employees?
- Does your company have a Code of Ethics and/or Code of Conduct?
- What are the Mission, Vision and Values of your company?
- In general terms, how would you define the culture of your company?
- If you had to select one characteristic that defines and differentiates the culture of your company from other business competitors, what would it be?
- Please explain what competencies/attitudes are evaluated in your com-

- pany, both at leadership level and regarding your other collaborators.
- Do employees have access to the main social networks at their work stations?
 - Internal communications tools available (from the company to employees):
 - Is there any tool for internal communications between employees? (Blog, forums.) How does it work?
 - Does the company have an intranet?
 - Yes
 - No
 - Does your company have an open-door policy? Is any leader open to questions and queries from anyone?
 - Is there any direct communications channel with the members of the Management Board?
 - Externally, does the company have a presence on social networks?
 - In what way do you foment innovation in your company?
 - How are ideas managed? Does the company offer prizes, procedures, etc.?
 - Yes
 - No
 - Which ones?
 - Do you think your company is different from others in terms of cultural diversity? Why?
 - Please select the practices and policies available in your company that contribute to promoting cultural diversity in the widest sense. This means taking into account gender, nationality, special abilities, age, etc.
 - Corporate voluntary work.
 - Social programmes.
 - Purchase policies that promote diversity.
 - Establishment of special conditions for specific groups.
 - Other/s (specify)
 - Participation of the Management Board in some or all of the above activities.
 - What type of voluntary work do they do in your company?
 - Which groups benefit from the social programmes?
 - Does your company have a procedure that avoids any type of discrimi-

nation when hiring new employees, based on identifying competencies, independently of their personal profile (age, gender, race, disability, etc.)?

- Does it outsource these processes?
 - Yes
 - No
 - Which?
 - Indicate how it ensures avoiding any type of discrimination:
- Does your company have any position that operates as an ombudsman or ethical manager who anyone can contact to report situations they do not think are fair?
- Please explain what this consists of: name of the position, what their duties are and any statistics on the queries received.
- Please value from 1 to 10 the following questions / If we asked employees, what do you think they would say regarding how diverse your company is in general?
 - Specifically, in diversity of nationalities
 - Specifically, in diversity of ages
 - Specifically, in diversity of gender
 - Specifically, in diversity of disabled people
 - Specifically, in diversity of sexual orientation
- In what areas do you think cultural diversity has greatest relevance? From 1 to 10
 - Administration and accounting
 - Production
 - Logistics and the supply chain
 - Strategic processes
 - Knowledge management
 - Marketing
 - Internal communications
 - External communications
 - Institutional relations
 - Human resources
 - Quality
 - R&D&i
 - Environment
 - Corporate responsibility

■ Please value from 1 (totally disagree) to 10 (totally agree) the degree with which you identify each of the statements in relation to your company.

- Cultural diversity is an inevitable and natural result of the social demographic situation.
- We comply with the legal requirements stipulated by the Law on Equality.
- We comply with the legal requirements stipulated by the Law on Social Integration for Disabled People (LISMI).
- The heterogeneous needs of the different target public groups – in other words, our customers – can be managed more effectively by people from their respective cultures.
- To develop products aimed at satisfying local needs, it is better to have local employees.
- If we have a culturally diverse workforce, we can position ourselves as a global company.
- By creating a culturally diverse workforce, we increase the creative capability and competency to solve problems stemming from more experience and a wider vision.
- Multicultural teams work better on international projects.
- A culturally diverse team promotes the continual development of corporate culture, providing new ways of thinking and new behavioural patterns.
- It contributes to reducing conflicts.
- It increases job satisfaction.
- The company can attract talent from other countries more easily.
- Management of cultural diversity improves the image of the company as an employer to attract the best talent on the market.
- Tolerance to difference is natural in our corporate culture.
- To become too orientated to cultural differences can limit orientation to results.
- High-level executives should be sensitised to cultural diversity.
- Cultural diversity means that processes become more complex and take longer.
- At middle-management level, there is still a certain reticence to managing a multicultural team.
- Cultural diversity is only relevant for certain areas.

- There is difficulty implementing cultural diversity management tools.
- The benefits of having a multicultural team are only marginal.
- The problems of cultural diversity management are aggravated by intercultural or language barriers.



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Sustainability in our world is reliant on the capability of companies to contribute to society's progress. Companies are a reflection of society, so cultural diversity, a constant source of innovation, goes far beyond the business sphere: it forms part of the social reality.

We must look beyond the increase in social representation, or of gender or disabled people to understand cultural diversity in a holistic way, which takes into account the different visions that each person has with regard to work.

For the Fundación Bertelsmann and the Club de Excelencia en Sostenibilidad, cultural diversity is a great opportunity and a capaciator and accelerator for the growth of individuals, companies and society. For this reason, the aim of this book is to present a new paradigm for better managing diversity in companies and thereby creating shared value. The theoretical framework is illustrated using a variety of concrete examples from seventeen of the most relevant companies in our country, which can be used as a road map to show the way towards the personalised setting up in practice for any company interested in the subject.

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