

Ten Things that Keep HR & Diversity Professionals Up at Night

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Ten Challenges that Keep HR & Diversity Professionals Up at Night

1. The State of the Global Economy
2. Becoming more Strategic & Aligning with Key Business Objectives
3. Recruiting Top Talent & Building a Pipeline with Leadership Capability
4. Creating an Inclusive Culture
5. Globalization
6. Practitioner's Skills, Competencies, & Personal Well-Being
7. Workplace Flexibility
8. Religion & Spirituality
9. Education & Employability
10. Legal Risks & Reputation



1. The State of the Global Economy



Credit Crisis



FORECLOSURE
HOME FOR SALE



Doomsday on Wall Street



2008 RECEPTION

INCREASED GOVERNMENT OVERSIGHT



LONDON
NEW YORK
FRANKFURT
HONG KONG
TOKYO



GLOBAL MARKETS PLUNGED

MAJOR WALL STREET FALLOUT




1. The State of the Global Economy



UNEMPLOYMENT

DOUBLE DIGIT UNEMPLOYMENT

	2004	2005	2006	2007	2008
Sales	76.530	81.706	89.400	82.808	88.645
Profit	8.122	7.161	9.087	6.783	4.120
Margin	10.61%	8.76%	10.16%	8.19%	4.65%

DECREASING PROFIT MARGINS



LAYOFFS

INCLUDING SOME CDOs



INCLUDING D & I BUDGETS




1. The State of the Global Economy

There are also many current political and legislative realities affecting our work ...



HEALTH CARE REFORM



Amended in 2008

20th Anniversary



1. The State of the Global Economy



Only 30% engaged



2. Becoming More Strategic and Aligning with Key Business Objectives

- ❑ Many HR/Diversity professionals report that they spend most of their time on administrative transactions, tactics, and “putting out fires.”
- ❑ Very little time spent on being strategic
- ❑ “Strategic” HR/Diversity professionals tend to spend 80% of their time with the CEO, executive/senior leadership team and line leaders.
- ❑ HR strategies must enable them to achieve their business objectives.



2. Becoming More Strategic and Aligning with Key Business Objectives

- ❑ CEO and senior leader engagement is critical to the sustained success of HR/Diversity initiatives.
- ❑ What are your organization’s Top 3 Business objectives?
- ❑ What is keeping your CEO up at night?



2. Becoming More Strategic and Aligning with Key Business Objectives

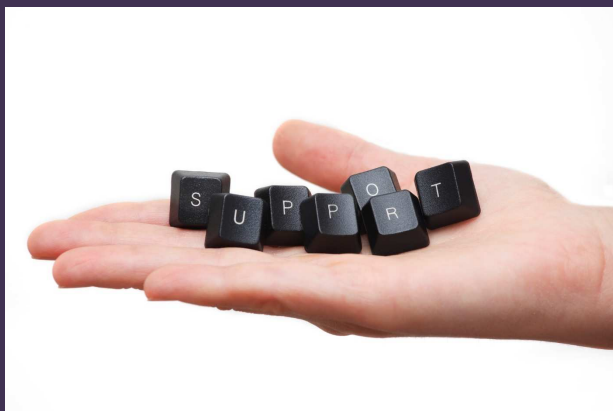
In order to align with key business objectives, we need to:

- Clearly articulate the organization's key business objectives
- Clearly articulate the business case/strategy for diversity and inclusion
- Ensure alignment
- Fully integrate HR/Diversity initiatives in every part of the business
- Communicate up/down/across/out
- Measure/report meaningful business outcomes



2. Becoming More Strategic and Aligning with Key Business Objectives

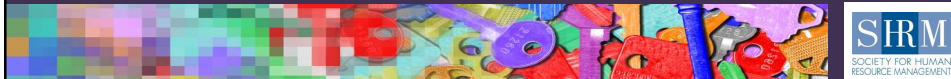
What is the difference between having senior leaders' support vs. their commitment?



2. Becoming More Strategic and Aligning with Key Business Objectives

As HR practitioners, we tend to speak in terms of HR outcomes. Examples:

- ❑ Hire the best and most qualified talent—a more diverse workforce; greater representation
- ❑ Increased retention of our minority employees
- ❑ Greater pay equity, fairness for employees
- ❑ Movement of xx% on employee engagement/attitude survey results
- ❑ External recognition & awards/lists
- ❑ A more inclusive work environment
- ❑ Number of employees trained



2. Becoming More Strategic and Aligning with Key Business Objectives

On the other hand, executives speak in terms of business outcomes. For example:

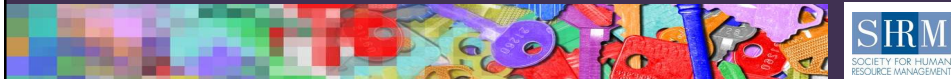
- ❑ Increased revenues; profitability
- ❑ Increased market share; market expansion
- ❑ Innovative/quality solutions'/Product development
- ❑ Stock price performance
- ❑ Return on investment
- ❑ Customer/member satisfaction & retention results
- ❑ Competitive index
- ❑ Productivity
- ❑ Process/product Improvements



3. Recruiting Top Talent & Building a Pipeline with Leadership Capabilities

External Environment: Demographic shifts place greater complexities and higher demands on recruiting.

- ❑ There are 76.9 million Baby Boomers in the workforce.
- ❑ For every 2 experienced workers leaving, 1 inexperienced worker replaces them.
- ❑ For the first time, we have the largest number of all four generations in the workplace than we've ever had.
- ❑ Women and minorities now represent 70% of new labor force entrants.
- ❑ The Hispanic population has nearly doubled since 1990 (the largest growing segment of our population).
- ❑ Growth in number of employees whom English is a second language
- ❑ Increase in religious diversity



3. Recruiting Top Talent & Building a Pipeline with Leadership Capabilities

What do you call the generation that has to care for their aging parents and their young children at the same time?

Sandwich Generation

1 out of every 8 American aged 40-60 (Baby Boomers) are sandwiched between caring for their young children (Generation Y) and aging parents (Traditionalist and/or Baby Boomers) at the same time.

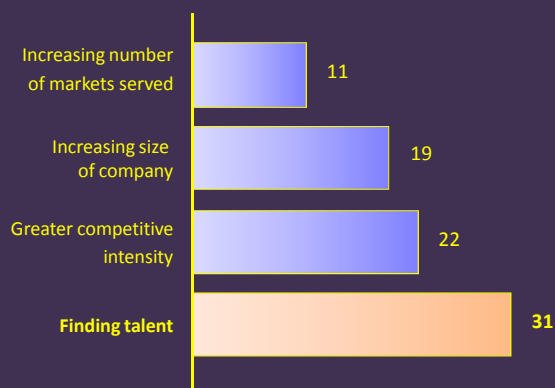


(Source: Pew Research Center 2006 Survey)



3. Recruiting Top Talent & Building a Pipeline with Leadership Capabilities

Finding talent is seen as the most important management challenge facing business executives in the next 5 years



Source: McKinsey & Company



3. Recruiting Top Talent & Building a Pipeline with Leadership Capabilities

Internal Environment

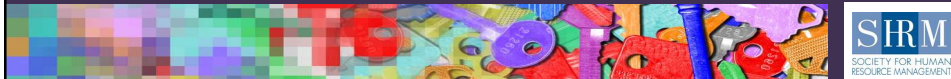
- Building leadership capability starts with creating a culture that makes employees want to stay
 - Ensuring that all employees have full and equal access to opportunities
 - Implementing leading-edge talent management programs such as:
 - Mentoring
 - Cross-functional development assignments
 - Job rotations
 - Special assignments
 - Career pathing
 - Skills inventories
 - Succession planning
 - 55% of employers already doing succession planning



4. Building an Inclusive Culture

At SHRM, Inclusion is

.... the achievement of a work environment in which all individuals are treated fairly and respectfully; have equal access to opportunities and resources; and can contribute fully toward an organization's success.



4. Building an Inclusive Culture

When an employee perceives that a company and its leadership are committed to a diverse and fair workplace, they are:

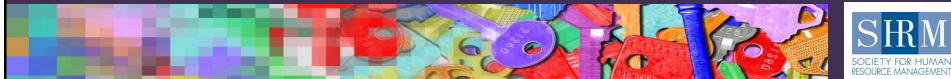
- More likely to stay with that company
- More likely to recommend their company to others
- Less likely to have experienced discrimination
- Less likely to have missed days at work
- More engaged in their work

From Civil Rights in the Workplace 2005 Survey; Conducted by the Gallup Organization



5. Globalization

- ❑ Globalization is becoming synonymous with organizational competitiveness and sustainability.
- ❑ Diversity has different meanings and different challenges in different countries. For example:
 - ✓ In the U.S. diversity has been connected with issues of human rights and civil liberties.
 - ✓ In Europe, diversity has been associated with language and cultural heritage.
 - ✓ In Latin American countries, the diversity dialogue focuses on innate dignity of individuals.
 - ✓ In Asian societies, diversity is interpreted as collective accountabilities.
- ❑ HR practitioners will need to develop a sophisticated knowledge of global business operations and fluency with strategic issues related to international expansion.
- ❑ The success of an organization's globalization efforts is dependent upon its ability to understand the people, laws, practices, history and cultural norms of the countries where it operates.



5. Globalization

- ❑ **57%** of HR professionals say global competition for jobs, markets, and talent will have a major impact on the workplace (Source: SHRM 2008-2009 Workplace Forecast)
- ❑ **55%** of CEOs say their organizations are planning to do business outside of the U.S. (Source: PriceWaterhouse Coopers Global CEO Survey)
- ❑ By 2015, **75%** of the world's new workers will be from Asia. Just 3% will be from North America and Europe



5. Globalization

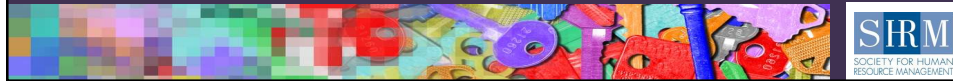
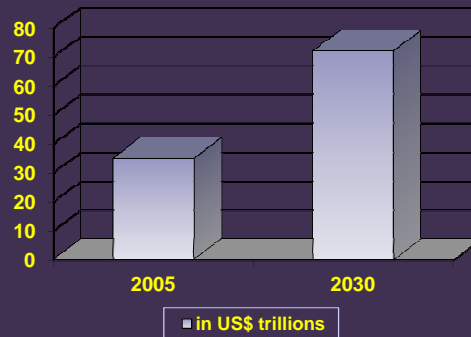
What are the top places where CEOs say their organizations plan to send work?

Locations where CEOs plan to send work

India	69%
China	8%
Philippines	5%
Latin America	5%
Eastern Europe	4%

Global Economic Growth

Source: 2007 World Bank study



5. Globalization

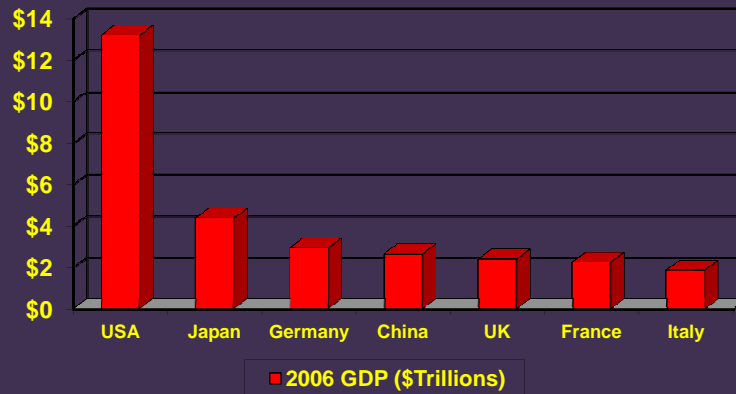
Nearly 3 in 10 U.S. companies offshore one or more business functions.

Reasons to Offshore	
Lower labor costs	54%
New business opportunities	41%
Access to technical skills	26%
Lower health care costs	5%
Regulatory environment	2%



5. Globalization

A Quick Look at a Known Past...

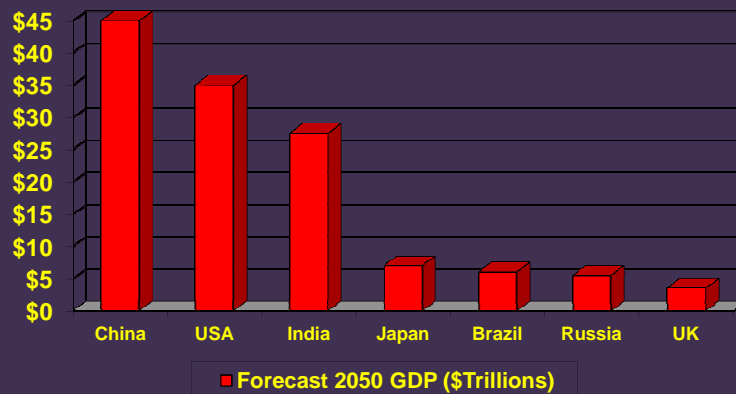


Source: International Monetary Fund



5. Globalization

A Quick Look at a Possible Future...



Source: Goldman Sachs



5. Globalization

China



- 1.3 billion people
- 4 million college graduates (10% qualified to work in MNCs)
- 9%-14% in annual wage increases
- 25% higher management attrition rates
- 300%-2,000% of salary to replace top manager

India



- 1.0 billion people
- Predicted to be world's largest English speaking nation by 2010
- Economy roughly 25% agriculture, 25% manufacturing and 50% services
- Preferred by 7/10 corporations as an outsource destination (over China, Philippines, Latin America and Eastern Europe)



6. The Practitioner's Skills, Competencies, and Well-Being

Effective practitioners typically have several roles and/or wear many hats.

For example:

Firefighter	Teacher
Coach	Mediator
Legal Analyst	Hall Monitor
Sales Rep	Reporter
Detective	Politician

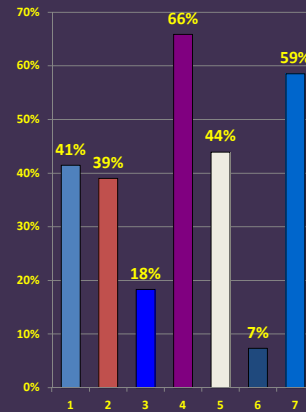
- ❑ We must manage our own stress while helping our organizations become stress-less.
- ❑ Similarly, Diversity practitioners express "Diversity Fatigue."
- ❑ Practitioners must hone existing skills and develop new ones.
- ❑ Our role as practitioners continues to evolve and become more expansive and complex.



7. Workplace Flexibility

We asked 100 Global Thought Leaders, "What do you think are the key issues related to workplace flexibility worldwide?"

1. Resistance from senior leadership
2. Technology as an enabler of workplace flexibility
3. Workplace flexibility as a draw for top talent
4. A negative association between flexibility and lack of commitment
5. The "generation gap" – differing expectations of older and younger workers
6. The growing number of men seeking flexible work arrangements
7. Globalization and the need to be "open" 24 hours in a global marketplace



Source: SHRM's 2010 Global Diversity & Inclusion Thought Leaders' Summit; Executive Summary

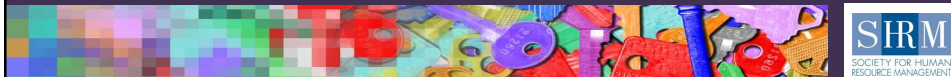


7. Workplace Flexibility

Top 5 Positive Effects of Formal Flexible Work Arrangements



Source: SHRM Research: Workplace Flexibility in the 21st Century (October 2010)

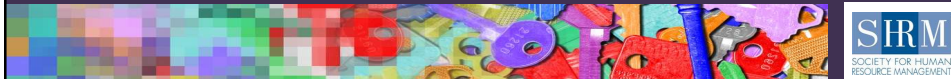


7. Workplace Flexibility

Understand your business needs: *Have your organization's needs changed?
Are your customers demanding "24/7" service?*

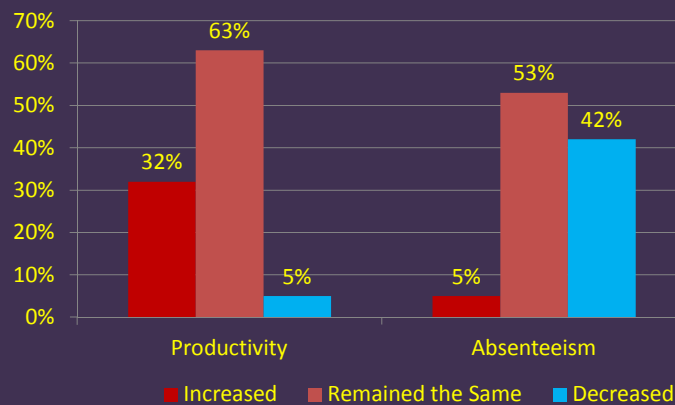
- Organizations can use Flexible Work Arrangements to achieve their business goals and at the same time meet employees' need to work outside of the traditional work hours or workspace
- Employee requests were the top reason (68%) that prompted organizations to offer formal Formal Work Arrangements
- During economically challenging times, job-sharing or part-time positions may be an alternative to downsizing through layoffs

Source: SHRM Research: Workplace Flexibility in the 21st Century (October 2010)



7. Workplace Flexibility

Productivity and Absenteeism Rates for Telecommuters



Source: SHRM Research: Workplace Flexibility in the 21st Century (October 2010)



7. Workplace Flexibility

Gauge the success of FWAs: *Does your organization have a way of measuring the success of its Flexible Work Arrangements?*

- Overall, only 13% of organizations that formally offered FWAs reported measuring the success of these programs
- If adequate information is not available to demonstrate the value of a program to the organization, that program may not receive the commitment of senior management
- Organizations can use easy-to-administer tools (such as employee surveys) to measure their program participation rate and employee satisfaction with the program

Source: SHRM Research: Workplace Flexibility in the 21st Century (October 2010)



8. Religion and Spirituality

- ❑ Religion and spirituality are about a personal set or institutionalized system of religious attitudes, beliefs, and practices.
- ❑ “Conversation” about religion and spirituality, and faith is increasing in the workplace.
- ❑ The percent of EEOC complaints based in part on religion has increased gradually from 2.1 % in 2001 to 3.4% in 2005 although the number of complaints have stayed within a range of 2,500 to 2,900.
- ❑ We have to address issues such as holidays, food, prayers, complaints and affinity groups.

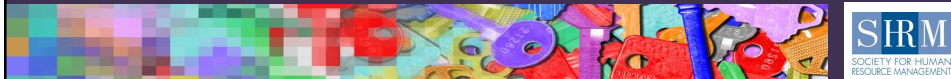


8. Religion and Spirituality

In 2007, Islam continued to grow and now represents 21% of the world's population.



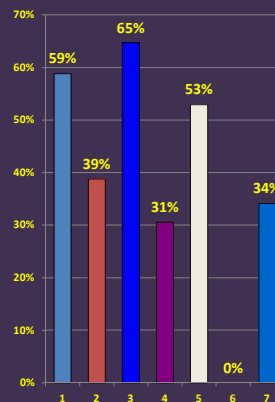
Source: 2008 World Factbook, U.S. Central Intelligence Agency



9. Education & Employability

We asked 100 Global Thought Leaders, "What do you think are the key issues related to education and employability worldwide?"

1. Inequities based on race/gender (access to technology, fully funded schools, etc.)
2. Routinized educational systems that train against agility/flexibility
3. A disconnect between what is being taught and what is needed in the marketplace
4. Not enough focus on math/science in primary education
5. Students lacking instruction in critical thinking skills
6. Boomers are going back to school, competing with Millennials
7. Affordability of college/graduate degrees (ROI)



Source: SHRM's 2010 Global Diversity & Inclusion Thought Leaders' Summit, Executive Summary



9. Education & Employability

“Until ... we can truly look at quality education as a universal right of everyone, and the provision of quality education as a universal responsibility of every community, we will always continually battle these challenges.” - Dr. Emmanuel Contomanolis, RIT

- American students rank 25th in math and 21st in science compared to students in 30 industrialized countries.
- America’s top math students rank 25th out of 30 countries when compared with top students elsewhere in the world.
- By the end of 8th grade, U.S. students are two years behind in the math being studied by peers in other countries.
- Sixty eight percent of 8th graders can’t read at their grade level, and most will never catch up.



9. Education & Employability

- The U.S. is performing so poorly that even if we treat each state as its own country and compare all 50 to other countries around the world, not a single one makes it into the top dozen contenders on the list.
- The best performer is Massachusetts, at #17. Minnesota also makes it into the upper-middle tier, followed by Vermont, New Jersey, and Washington.
- Students in Mississippi are receiving an education comparable to students in Thailand or Serbia.

68%	1.2 million	44%	\$300 billion	\$192 billion
of 8th graders can't read at grade level, and most will never catch up	students drop out of high school every year	of dropouts under age 24 are jobless	in lost wages, lost taxes and lost productivity due to dropouts from the class of 2007	in lost income and taxes due to each cohort of dropouts

Source: "Your Child Left Behind," The Atlantic Magazine (December 2010)



10. Legal Risks and Reputation

\$2.3 billion.....

This is the amount that race and gender discrimination lawsuits cost U.S. corporations in settlements alone over the past 10 years

not including attorney fees, decreased market capitalization and other costs.



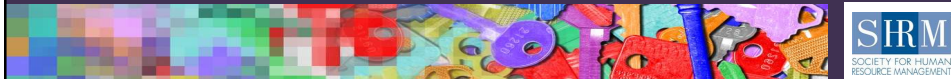
10. Legal Risks and Reputation

- Over the past 10 years, major race and gender discrimination lawsuits cost U.S. corporations **\$2.3 billion** in settlements alone.
- In FY 2007, there were almost **83,000** claims filed
 - **17,734** disability discrimination charge filings
 - **19,103** age discrimination claims
 - **2,880** religion-based discrimination charge filings
 - The rest were race, gender, and retaliation claims (over 40,000)



Recap of Strategies, Best Practices and Tips

1. Focus on more strategic priorities and minimize the time spent on transactional work.
2. Spend time with senior leadership and line managers learning the business.
3. Know your organization's top 3 business objectives and be able to articulate how your initiative aligns with and enables them to achieve them.
4. Speak in terms of business results; not just HR outcomes; Articulate the value that your efforts add to the bottom line.
5. Build your diversity recruitment strategy based on changing demographics, business needs, a more global workforce/marketplace, and anticipated shifts in the political and economic systems.



Recap of Strategies, Best Practices and Tips

6. Take a disciplined systems approach to building cultural change (e.g., gaining commitment from top down and bottom up; accountability; and integration)
7. Expand your vision of what "diversity" means in the U.S. workplace and address the new reality of globalization. Grow and develop new/existing skills and competencies that enable us to effectively lead in the 21st century.
8. Design and implement health care plans, programs, and policies that will accommodate the needs, values, and cultural norms of a more diverse workforce (especially the aging and people with disabilities).
9. Be proactive, collaborative, and consistent in your policies/practices and in building relationships across the organization to ensure that you minimize/mitigate legal risks and reputational damage to the organization.

