

The case for diversity

Companies see the benefits of business diversity but appear to take a longer time to embrace other forms of diversity. By **LYNETTE KHOO**

COMPANIES are increasingly aware that diversity is important in a complex and globalised world, whether it is in the workforce, the boardroom or business operations. Adding weight to this issue of diversity is the debate over how a lack of diverse viewpoints and willingness to ask difficult questions in the boardroom has contributed to the global financial crisis.

While diversity in business is widely embraced by companies as they seek to build resilience in tough times, companies appear to be taking a longer time to seek greater diversity in the workforce.

Na Boon Chong, managing director of Aon Hewitt, notes that diversity in the workforce is important for two obvious reasons: To enlarge the talent pool amid today's talent crunch and to reflect the perspectives and skills needed to solve problems in this age of uncertainty.

Darryl Wee, ACCA Singapore country head, believes that diversity in the workplace also helps to build resilience in a company as professionals with various skill-sets and knowledge are able to respond more appropriately to business demands and challenges.

"Another benefit is that it provides an antidote to stereotyping and certain biased policies that may be in place," he says.

Mature workers

Diversity in the labour force can take on various forms, including gender, age, cultural background, skill-sets and knowledge.

One company that readily embraces such diversity is popular fast-food restaurant McDonald's.

Judy Harman, managing director of McDonald's Restaurants Singapore, notes that just as McDonald's customers are a diverse crowd, the group seeks to reflect such diversity in the organisation from the crew to the boardroom.

"While we are a global brand, we look to become a 'glocal' MNC in every country we operate in. Every McDonald's market is different by virtue of its local needs and culture, so it's important for us to act locally and be relevant," says Ms Harman. "Having a good mix of local and foreign talents allows us to leverage on new thinking and generate the best ideas, and our people learn to appreciate alternative perspectives while working towards a common goal."

According to Ms Harman, about 50 per cent of McDonald's directors and its senior management roles in Singapore are taken up by women. Some 65 per cent of its workforce here consists of women from age 14 to 81 years old.

"About 40 per cent of our 8,500-strong workforce are mature workers and, in fact, McDonald's was a pioneer in the hiring of mature workers in the 1980s," Ms Harman adds.

Similarly for Singapore-listed Koda Ltd, which sells its furniture products to Europe, the US, the Asia-Pacific, Middle East and Africa, a diversified workforce is necessary to handle an international sales network.

"A more diverse workforce is likely to offer better commercial fit in strengthening an enterprise's value chain," says Koda chief financial officer Teh Wing Kwan. "This is important considering that we have been selling internationally and operating regionally."

To achieve diversity in the workplace, Koda employs marketing staff or agents who come from the various ethnic groups to market similar products to different international clients. It also harnesses ideas from foreign designers for its furniture products and hires a good mix of factory supervisors or department heads who come from different cultural backgrounds to manage overseas operations.

"People who come from different age groups are also employed, given our need to strike a balance for seniority, loyalty, innovation and flexibility, and I think there is also sufficient gender diversity in our operations," Mr Teh adds. "We believe the scopes of diversity could promote a more efficient functional structure."



Pioneering diversity: About 50% of McDonald's directors and its senior management in Singapore are women while about 40% cent of its 8,500-strong workforce are mature workers

While companies are increasingly aware that diversity is more than just a nice-to-have but is, in fact, a defining feature of business sustainability, this is easier said than done, especially when it pertains to gender diversity.

A Singapore-focused survey conducted by ACCA and Robert Half in 2009 suggests that gender diversity in the accounting profession is somewhat lacking.

Some 45 per cent of those surveyed did not think they would reach a senior management position, such as a directorship within finance and accounting, and only 49 per cent of respondents indicated that their organisation had a formal equity opportunities or diversity policy.

The survey shows that the upper echelons of management are still dominated by men and this could be attributed to the fact that women find it hard to climb the career ladder due to children and other domestic commitments.

This challenge of achieving gender balance is also reflected in the latest worldwide workforce diversity data by Forbes that ranked 50 global economies in terms of employee diversity. Norway, New Zealand, Iceland and Australia are ranked top nations for employee diversity, while Singapore is in 15th position, dragged down by its poor showing in gender diversity where it is ranked 33 among the 50 economies.

In the global survey, certain sectors like healthcare, hotel and catering, and education are found to have the most diversity while construction, utilities and mining scored the lowest marks.

On-site work is deemed as "rough" and women are generally not attracted to this industry, says Ong Wei Wei, group financial controller at OKP, a home-grown infrastructure

and civil engineering company specialising in the building of transport infrastructure.

OKP has a gender ratio of seven males to three females. The women employees at OKP are generally involved in supporting roles while engineers, project managers, worksite supervisors and those involved in work at the construction site tend to be men.

Similarly, female employees at Singapore-listed BH Global Marine, a supplier of marine and offshore electrical products, make up 20 to 30 per cent of the company's total workforce. BH Global chief executive Vincent Lim says that notwithstanding the lower female representation at BH Global, all employees are rewarded based on merit and assessed by certain key performance indicators.

Cultural differences

But both companies reflect the geographical diversity of their business operations or sales network in the cultural mix of their workforce. For instance, OKP's employees come from various countries, including China, Malaysia, Myanmar, India, Thailand and Bangladesh.

Ms Ong notes that given that employees from diverse backgrounds may bring different perspectives to management or project issues, potential conflicts may arise. To foster an inclusive workplace that promotes teamwork and harmony, OKP organises employee functions and seeks to stimulate greater interaction and understanding among employees.

As for BH Global, it seeks to achieve greater diversity in business operations. It has morphed from a family-run business supplying electrical products for the offshore marine sector into a group that has a professional management and has ventured into manufacturing and engineering services through the acquisitions it has made in the past few years.

According to Mr Lim, each time BH Global wants to undertake a new venture, its due diligence is supported by the oversight of a diversified board of directors with varied expertise in areas such as maritime law, venture capital and project management.

"The world and the economic cycle have changed so fast and we have to learn to adapt to those changes," Mr Lim adds. "This will ensure the sustainability and continuity of our business."

Clearly, foreign talent adds another dimension of diversity to Singapore's workforce. But this has caused discomfort in some quarters of society, given the concerns over greater job competition.

Mr Wee of ACCA feels that Singapore's pool of talent is too small to provide the diverse skills and talent to manage successful complex global processes.

"Foreign talents who are employed bring their expertise in leadership, management, and technical skills to help deliver strong economic growth that Singapore has been experiencing," he adds. But such benefits may not be understood by many and such a lack of understanding could result in fragmented groups and polarisation.

To help companies harness the advantages of diversity in its various forms, Mr Wee says that ACCA hopes to generate more awareness through research and roundtable events on the benefits that diversity brings to business.

Jeff Cheong, chief executive at HLN Technologies, where close to 90 per cent of employees are foreigners, notes that diversity can intensify ambiguity, complexity and misunderstanding, making it hard to reach a consensus or agree on a course of action.

But when it is well-managed, diversity can enhance innovation, strengthen productivity

and improve the organisation's ability to navigate in an increasingly competitive, complex and diverse environment.

Mr Na of Aon believes that bringing foreign talent into the workplace contributes to the group's ability to cope with changes. But he finds that foreign talent mobility is very often guided by "expediency as opposed to a planned action to achieve diversity".

When foreign business leaders hire people from the same culture as theirs, they are "managing within their comfort zones", he says. He also cautions that promoting diversity should not stand in the way of meritocracy or result in less-able people being selected for a job.

Mr Na urges companies to get to the root cause of diversity challenges and ensure that any planning for diversity is underpinned by quantitative data and assessments on business impact. Companies should also include diversity training in management development programmes to sensitise managers to the issue and to equip them to deal with it, he says.

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