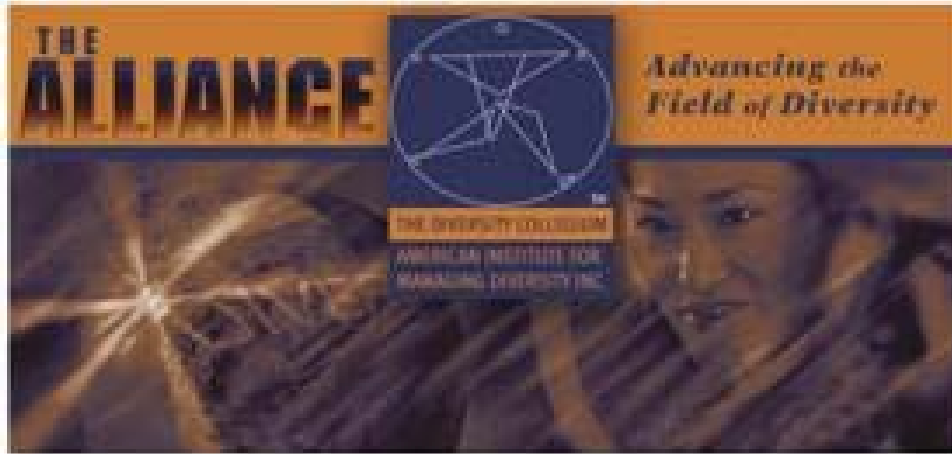# EXECUTIVE SUMMARY

The World is Flat:
Implications for Diversity Management

2006 ALLIANCE FORUM

THE WORLD IS FLAT:
IMPLICATIONS FOR DIVERSITY MANAGEMENT

HOST: THE ALLIANCE (THE DIVERSITY COLLEGIUM and THE

AMERICAN INSTITUTE FOR MANAGING DIVERSITY, INC.)

HELD AUGUST 3, 2006

KRAFT FOODS

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BACKGROUND

Diversity practitioners are often the thought leaders in organizations trying to make sense of their role, opportunities, and competitive advantage in a perpetually changing world. The World is Flat, the much discussed book by New York Times political columnist Thomas L. Friedman, brings a new overlay to the diversity dialogue by articulating an intriguing context in which issues of diversity and inclusion must be considered.

Friedman's defines a flat world as one characterized by a "global web enabled platform for multiple forms of sharing knowledge and work irrespective of time, distance, geography and increasingly even language. If you think about that platform you can explain more things that are happening today."

The World is Flat first identifies three distinct events as flatteners: The fall of the Berlin Wall, the initial public offering of Netscape, and workflow software that allows work to flow seamlessly. In a flattened world, Friedman states, "people are able to work together on more stuff than ever before." Collectively, these three events created a platform from which sprung the capacity for new forms of collaboration in the form of outsourcing, off shoring, open sourcing, supply chaining, in sourcing, and informing. Finally, wireless technology, voice over Internet, and file sharing are technology based capabilities that act as steroids to turbocharge these forms of collaboration.

How then did the world become flat in the few short years from 1989 to 2001? According to Friedman the Globalization 3.0 change cycle was supercharged by three seemingly serendipitous occurrences he calls "The Triple Convergence". In 2000 all 10 flatteners converged to produce a tipping point where new skills and habits were required as value became created by connection and collaboration rather than command and control.

At the same time, China, the former Soviet Union and India emerged as the source of 300,000,000 new workplace players who can compete, connect and collaborate more cheaply and efficiently than their Western counterparts. In the midst of this short time span, the "perfect storm of national politics, Enron and 9/11 served to distract attention from something that is going to be as big as Gutenberg and printing press."

Exactly what does a "flat world" mean when viewed through the lens of diversity? Does the concept of diversity even hold up in a "flat world"? Who is the majority and who is not? What is the relevance of the individual, the group, the organization? Does a "flat world" include only some and not others? Are the new meanings relevant across organizations regardless of purpose and focus?

On August 3, 2006 approximately 50 diversity practitioners, human resource professionals, business leaders and academicians gathered at the world headquarters of Kraft Foods, Inc. in Glenview, Illinois to explore the relationship of a flattened world and the constructs of fostering diversity and inclusion. Through a series of small group discussions and open space technology processes, informed by a video tutorial of the precepts of Friedman's work, participants achieved the following objectives:

- Gained a better understanding of the dynamics of a flattening world
- Explored diversity management implications for countries, companies and individuals
- Collaboratively identified ways to apply the results of the dialogue to build effective relationships across differences.

The Host

"The World is Flat: Implications for Diversity Management Symposium" was hosted by The Alliance, a strategic partnership between The Diversity Collegium and the American Institute for Managing Diversity (AIMD).

In 1991, seven diversity practitioners founded The Diversity Collegium to advance the emerging field of diversity. Today the Diversity Collegium is a think tank of 18 diversity leaders from the United States and Canada whose mission is to broaden and deepen the understanding of diversity, contribute to a body of knowledge through research and publishing, advance the field and profession of diversity and foster learning from each other as colleagues.

The American Institute for Managing Diversity, Inc. (AIMD) is a non-profit diversity think tank. AIMD's mission is to advance diversity thought leadership through research, education and public outreach. AIMD is the source of pioneering and creative thinking on issues of diversity and diversity management. AIMD provides seminal research to individuals and organizations from around the world that seek access to a comprehensive array of resources on cutting-edge perspectives and approaches to diversity.

Why This Topic?

According to Thomas Friedman, the world went flat while he was sleeping. Until 2001, Friedman researched and published primarily on the geopolitics of what he calls Globalization 2.0. In 2004, Friedman traveled to India where a conversation with Nandan Nileakani, CEO of Infosys Technologies, Limited based in Bangalore shifted his thinking permanently and helped him crystallize the framework for Globalization 3.0, an era where globalization is driven by

individuals, rather than countries or companies, and where many of those individuals are not white westerners who were pivotal in the first two eras.

As Friedman described the moment to an audience of scientists at MIT, he said, "Nileakani said that the global economic playing field is being leveled and you Americans are not ready. I thought, 'he's telling me the world is flat and he's calling it a great achievement in human development'."

If Friedman's metatheses are on point, and there is compelling evidence that they are, the implications for diversity thought leaders is staggering.

At an enterprise level, questions arise around what constitutes a workforce; how can one be developed; and, what skills and competencies are required to shift from command and control to a connect and collaborate mode of operation? At a societal level, issues of economic engagement or disenfranchisement, educational preparation, and mindset competitiveness loom large. Indeed, the very nature of what constitutes a border is potentially unclear. Attendees explored and discussed these and related questions during the course of the day.

THE PROCESS

Edward H. Hubbard, Ph. D., Kay Iwata, and Alan Richter, Ph.D. served as the facilitators for the day. The facilitators moved attendees through four major areas of work. Attendees first established their personal experiences around globalization in their organizations and explored those dynamics in the context of Friedman's framework. Next, attendees were exposed to the 10 key forces that have flattened the world and considered how the critical tipping point occurred in terms of the convergence of these forces. Then, attendees examined how the extent to which the United States is prepared to remain a key player in a flattened world. Finally, attendees brainstormed applications of their learning and discussion and summarized key takeaways. Through the work, the overarching question was "What are the Implications for Diversity Management."

Edward H. Hubbard, Ph.D. is president and CEO of Hubbard & Hubbard an international organization and human resource consulting corporation. Dr. Hubbard is the author of more than 40 books and was inducted into the prestigious New Guard of the American Society for Training and Development in 2003. His work has taken him around the world working with multinationals in the areas of diversity measurement and organizational change, applied performance improvement and organizational analysis and development, among others.

Kay Iwata is CEO of K. Iwata Associates, Inc. She is an industry leader and frequent keynote speaker and moderator of critical discussions about diversity

issues. A charger member of the Collegium, she also serves on the Board of Directors for Leadership California and is the program chair for the Board of Trustees for the Asian Pacific Women's Leadership Institute. Her book, <u>The Power of Diversity: 5 Essential Competencies for Leading a Diverse Workforce,</u> is based upon a first-of-its-kind field study to understand what competencies leaders and managers of diversity require.

Alan Richter, Ph. D. is the founder and president of QED Consulting. He designs pioneering instructional products in the areas of leadership, business ethics, workforce diversity, globalization, marketing, technology and corporate communications. He is the creator of the Global Diversity Game, an award winning training tool and co-author of The Global Diversity Survey, which assesses global professional development. Dr. Richter works extensively around the world with multinational corporations from a cross section of industry with an emphasis on Africa, Asia, and Europe as well as the United States.

Attendees

Attendees were invited to the Symposium based on their commitment to understanding the relationship between globalization 3.0 and diversity, and their capacity to influence thought leadership, strategy and action within their organizations. Forty-seven participants came together to engage in dialogue and debate. In keeping with the theme of the day, participants experienced Friedman's input through video technology.

THE OUTCOME

Four major topics were covered during the day. For each topic attendees were asked to discuss and summarize responses to two or three key questions.

Topic 1: Globalization/The Quiet Crisis

1. What indicators of globalization are you seeing or experiencing in your work environment?
2. What are the implications for managing diversity?

These key themes emerged:

▪ The nature of work is changing. The manner in which we work, and indeed the very definition of work are different. Companies have not adapted.

- Anxiety exists among workforce members about the personal implications of globalization. What does it mean to be employable? There is no such thing as lifetime work.

- Immigration without integration is a concern. Specifically, with so many diverse worldviews in the workplace, how do companies achieve standardization where it is needed? Of special concern is ways to achieve a sense of unified purpose in the context of Globalization 3.0.

- Outsourcing has become a threat to the viability of urban areas.

- There is some hunkering down among workforce members. Within the organizations represented, some attendees observed a subtext of resentment at the rank and file level. People of color who are U.S. born and bred may see globalization as further disenfranchisement. The corporate response has not been well thought out.

- Benefits policies and practices are behind the times. They need to but have not shifted to align with a flat world. Portable benefits, as an example, are a real, but thus far unmet, need.

- Political leaders are not in tune with a flat world. Privilege makes it difficult for national leaders to grasp the concept and internalize it. Dialogue is not in our collective political thinking.

- A global supply chain leaves the United States vulnerable to war. Yet, this is a reality that political leaders seem to ignore.

- The talent shortage is real. At the same time, national policy is making it more difficult to bring in workers.

- Old definitions of success do not hold up. There is a need to understand what success means in different cultures and how it connects to business objectives and desired results.

- The need exists for more dialogue on flattening and cultural diversity. The dialogue around this is just beginning.

Topic 2:   Flatteners/The Triple Convergence/The Great Sorting Out

1.   What factors do you feel have contributed most significantly to the flattening effect?
2.   What are the implications for diversity management?

Attendees reached far and wide as they explored the factors that have most contributed to the flat world. No clear themes or patterns emerged. A summary of factors cited included:

- Communication: Television, telephone, electricity, and other factors were mentioned as variables that have created greater exposure to information. However, information was not necessarily equated with knowledge, which was defined as the ability to use information to innovate and take action.

- Mobility. Citing mobility enabling factors ranging from the non-mechanical to the mechanical, attendees stated that the ability to move beyond geographic boundaries more fluidly was an essential element of flattening.

- Trade and Commerce: Beginning with the Silk Road and moving through the Internet, attendees felt that the ability to trade across borders seamlessly had transformed the ways in which we think about commerce.

- Ideological Constructs: The Nation State, The Rights of the Individual and other ideological variables were cited. In particular, attendees focused on how these concepts are in many ways unique to the United States and Western Europe. Attendees expressed concern about which ideological constructs will emerge and/or dominate in a flat world.

Topic 3:   This Is Not A Test

1.   What must the U. S. do to remain a player in a flattened world?
2.   What are the implications for diversity management?

Key themes that emerged are:

- We must do more than think outside the box. We need to understand there is a "whole new box."

- There is a need to shift from policies and practices to principles and strategies as a means to testing the validity of decisions.

- We have to think two dimensionally: First motivate people to learn, and then provide a vehicle for that learning.

- Root cause analysis will have to shift. We can't look at things just through our lens.

- There is a need to trigger excitement about the sciences and engineering. Education must now include exposure and experience alongside facts and data.

- We have to move away from the politics of fear.

- The critical thinking model that young people use to assess careers must move from making enough to buy to learning enough to create.

- Specific to diversity, social structures must evolve as fast as technology. A sense of urgency is needed. In the process we must invest in disenfranchised groups.

Topic 4:   Open Space Technology Based Generation of Applications

In their final work of the day, attendees drilled down to the following critical areas of application:

Global Diversity: A focus on global diversity is key to aligning diversity with a global business model. There is a need for a business case that reflects and responds to the realities of a flat world. In addition, new competencies for employees, managers and leaders must be developed.

Cross Cultural Skills: All members of an organization must have the ability to function at a high level across cultural paradigms. Such skills are as relevant to the employee whose work appears to be localized as to the one whose work is superficially broader in scope. The new gold standard for performance will be the borderless person.

Understanding "The Flattening of the World": Leaders need basic education on the flattening of the world and what it means. Dialogue to educate corporate, political, societal, and educational leaders is critical. As Friedman says, "the world is flat but nobody has told the kids."

Influencing the Pipeline: Academic and corporate entities must collaborate through partnerships that prepare students in real-time. Making the study of math and science attractive and rewarding is vital. Working with students who gravitate to these disciplines naturally is not enough. Concerted efforts must be made to influence students to move into this direction. A business case for the recommendation and an assessment of the opportunity costs of inaction must become rapidly introduced into the national dialogue and consciousness.

At the end of the day, attendees were energized about the topic. Many also reported that their understanding of the flattening phenomenon was greatly enhanced. Several stated the need for similar dialogues within their sponsoring organization. Even so, a note of caution entered the closing remarks: that even as organizations and individuals focus on what diversity management looks like in a flattened world, it is important to also remain vigilant about the work remaining to be done within our own borders.