

DIVERSITY MANAGEMENT – A TOOL TO IMPROVE A METALLURGIC ENTERPRISE

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Global recognition of the Diversity Management concept is growing day by day and he is one of the most popular business areas of the past two decades. This article emphasises the key role played by diversity management in the process of optimising economic and social effectiveness of an enterprise, with a particular emphasis on the importance of the strategy in the operations of ArcelorMittal.

Key words: diversity management, economical efficiency, social benefits, metallurgical enterprise

DIVERSITY MANAGEMENT – UNDERSTANDING EMPLOYEE DIVERSITY

Diversity management is about noticing differences between people in (and outside) an enterprises and conscious development of strategies, policies and programmes which create a climate for respecting and using the differences for the benefit of the organization. „Different people have different Leeds. The issue is to identify them” [1]. In spite of frequent deliberations over diversity and diversity management, knowledge about the effect of diversity factors, other than gender, on effectiveness of an organisation management process [2]. However, a process of analysis may be significantly impoverished when we limit ourselves to that parameter only. Personnel of an enterprise differs in terms of sex, age, educational background, race, sexual orientation, origin, religion and ability/disability. The personnel also differs in terms of their family status, personality and character, dreams and values, experience and competences. An equally diversified classification has been commonly used when setting employee diversity criteria. They include such discriminates as “visible, discriminates e.g. sex” and “invisible discriminates, e.g. religion” [3]; those that we can control e.g. our knowledge and those which cannot be controlled e.g. race [4], “observable” and ‘unobservable’ parameters. According to [5], literature on diversity is difficult to comprehend and synthesize. First of all, the difficulty comes from a wide range of definitions of the term and its often complicated systematic. Diversity management is based on a close relation between personnel, organisational culture and degree, to which the company’s mission is achieved. It applied to an invisible and often informal dimension of enterprise’s operation i.e. organizational culture (shared values, standards, convictions, habits as well as widely-held ways of

thinking and behaving). It is an innovative personnel management strategy and it comes as the top level of deliberation over the role of a man in an enterprises [6], creating the real opportunity to optimize process flow effectiveness of many business processes [7]. The strategy gains a particular importance when applied in traditional sectors of industry such as steelworks, where deeply rooted stereotypes continue to prevent equal treatment of employees.

DIVERSITY MANAGEMENT – A STRATEGY WHICH PAYS IN SOCIAL AND ECONOMIC TERMS

A well-planned diversity management introduced by those, who believe in its effectiveness, may bring a number of measurable benefits to enterprises. It should be approached both from the inside and outsider of an organisation [8, 9], which results in a multi-platform analysis. More and more often research results are popularized which indicate that equality and diversity in an enterprise, in particular in the category of sex of employees, correlate with the enterprise’s profitability. Long-term research carried out by Roy Adler [10] from Pepperdine University, USA, identified a relation between women occupying managerial positions and profitability in a short and long-term perspective. An exhaustive study of 19 years which analysed 215 „Fortune 500” enterprises proved that there was a strong correlation between a high interest of women promoted to managerial positions and high profitability of enterprises which employed them. Having measured the profitability in 3 different ways (appropriate for different sectors): profit as % of income, profit as % of assets, profit as % of the equity, it was proven that 25 “Fortune 500” companies (every year) with the highest representation of women in managerial positions, generated profit higher by 18 to 69 % from Fortune 500 median in the same sector. Other inter-

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esting results came from Catalyst's research ("*The Bottom Line: Connecting Corporate Performance and Gender Diversity*"). An analysis covering 5 years of operation of 353 companies included in Fortune 500 list proved that there was a relation between sex diversity and company's financial performance. Companies with the highest number of women occupying top managerial positions reported better financial performance than companies where the number of woman was the lowest. The conclusions were reported for both analysed criteria: ROE, which was higher by 35 % and the total shareholder's profit, higher by 34 %. An analysis of McKinsey's research results also lead to interesting observations. Experts analysed responses of more than 58,000 respondents (European, USA and Asian Corporation). It turned out that companies with 3 or more women at top managerial positions generally reported better performance, considering organizational criteria, than companies without any female top manager. At the second stage of the research, performance of enterprises with women at top managerial positions in terms of their better financial performance. To this end, in collaboration with Amazone Euro Fund, other research was organised. 89 listed European companies were selected, demonstrating the highest diversity at top managerial positions. These companies were selected from among listed European companies with market capitalisation in excess of EUR 150 million, on the basis of the following criteria: the number and percentage of female executive board (the CEO, the CFO, two or more female board members, as well as statistics on sex variety presented in the annual report). The results were contrasted with the mean for their sector. The analysis showed that the enterprises typically reported better performance than other companies in the sector in terms of ROE (11,4 % against always the mean of 10,3 %), EBIT (11,1 % against 5,6 %) and P/E (64 % against 47 % 2005 – 2007) [11]. Apart from economic benefits, diversity management may also have social benefits. The leading strengths of diversity management include:

- 1) An impulse to come up with new ideas and striving for excellence in work approach – diversity and inclusion of many ideas, points of view and employee experience may lead to break-through discoveries, thus increasing the competitive edge of an enterprise.
- 2) Enhanced adaptability of an organisation.
- 3) A bigger pool of options for internal recruitment.
- 4) Extensive opportunities of HR reconfiguration supporting selection of an optimum management strategy.
- 5) A possibility of a more accurate work division and mutual replacement of employees thanks to complimentary qualifications.
- 6) A bigger pool of potential company's representatives to participate in negotiation processes.
- 7) Increased knowledge resources of an organisation.
- 8) Support for introducing the concept of a learning organisation, reduced monotony.

- 9) Possibility to make more accurate decisions.
- 10) Reduced distance to working out the best solutions thanks to an exchange of experience and ideas of diversified staff.
- 11) An easier access to the talent base – a more open environment attracts more talented and more creative persons who hope to be able to put their ideas into practice. The skills of using the talent diversity influences maximisation of company's profits.
- 12) Creating the atmosphere of cultural sensitivity and mutual tolerance.
- 13) Enriching employees – employees influence one another, they work and operate in a diversified environment – it is an opportunity to learn from one another.
- 14) A more extensive network of colleagues.
- 15) More effective management of an organisation – selection of management tools (recruitment and selection, motivation, career path, evaluation, leadership style, etc.) accounting for diversity of employee helps to reduce the risk of a failure thus reducing the precious time required to reach the end result intended by the employer [12].

DIVERSITY IN A METALLURGICAL ENTERPRISE

ArcelorMittal focused on human resources believes that people are the major capital of business. One of the basic rules of the conception of human resource management is improving the employees' potential and treating them as an integral part of the company's development process. The employees are encouraged to study and develop. The employees are expected to implement changes (innovative solutions) in particular departments of the company. The idea of the changes is to exchange present solutions by new, better ones. Each improvement of the company's function simplifies the working process while the work itself becomes safer. ArcelorMittal organizes trainings in the group's plants. In the company there is Mittal University and Manager Academy. Manager's Academy of ArcelorMittal is a complex training programme set up in 2006 for managerial staff. Managers learn innovative and analytical thinking, stress controlling, decision making in problem solution, solving conflicts, building team cooperation and principles of business communication [13]. Moreover training programmes are also available in English (e-learning). Besides new employees attempt in trainings in the Academy of Talents – mentoring programme (mentors are experienced employees). The Academy of Talents was launched in 2009 [14]. ArcelorMittal does not approach Diversity Management as a fashion in enterprises management but as a useful tool improving the company and generating an added value for shareholders. This is confirmed in the content of "Diversity and Inclu-

sion Policy” document addressed to the company’s staff. The company declares that: “Our goal is to build a modern flexible workplace which allows for a thriving workforce where everybody is treated equally and respected for contribution. Realising the full potential of these capabilities will enhance our performance through helping us define new markets, solve customer challenges and meet stakeholder expectations with innovation and creativity”. ArcelorMittal plans to put the words of the declaration into practice by achieving the following goals:

1. Proactively identifying, analyzing and addressing diversity challenges within the Group and its units in order to support the deployment of this policy.
2. Ensuring that all business units comply with legal, regulatory obligations, Code of Business Conduct and Values.
3. Removing discriminatory behaviour at every step of work life and at every hierarchical level.
4. Giving the right to all employees or service providers to a workplace free from harassment.
5. Creating a supportive and understanding workplace environment in which all individuals feel welcome, respected and heard, and where they can realize their full potential regardless of their race, colour, sex, age, religion, ethnic or national origin, and disability.
6. Adapting internal processes and procedures to support diversity and inclusion.
7. Providing training and awareness on the responsibilities and benefits of diversity and inclusion to promote understanding of differences and similarities, decrease judgmental behaviour and increase acceptance and flexibility and so enhance the efficiency of our multicultural teams.

ArcelorMittal has a lot of respect for experienced employees. The strategic “age management” directions in the company include:

Preservation of knowledge in the organisation by creating inter-generation transfer of knowledge, in particular on line positions.

Introduction of intermentoring to promote mutual education – the elder teach the younger, sharing their knowledge of the organisation and experience gained at the job, the younger teach the elder to use a modern approach to technologies and collection of information.

Provision and promotion of continuous employee development – employees 50+.

“50+ Friendly Company” project assumptions by ArcelorMittal [15].

CONCLUSIONS

The contemporary world of business is transforming. The ability to meet these requirements and fit into the new reality will largely depend on flexibility of an enterprise, its innovation, and openness of its managers to innovation, managers’ competences in introducing

changes and convincing other employees to accept them. The historical model of economy and job market, based on a male domination, in particular in sectors which are, by tradition, considered typically “masculine” (steelworks, mining, metallurgy), a crushing majority of male managers (and male top managers in particular), a pay gap between representatives of one and the other sex, is a model which does not pay off! Many economists claim that women are one of three emerging powers which shape 21st century, i.e. „Weather, Women and the Web” [16]. Organisations profit from diversity [17]. Companies and state institutions which favour one sex, do not appreciate the potential which diversity can bring. They behave as if they do not want to use half of their resources. Diversity management is one of the most popular business areas of the past two decades. In popularity rankings, it effectively competes with *leadership*, *ethics* and *quality* [18]. In particular, diversity management grows in importance in M&A. Organisational transformations are particularly challenging to HR management. They may create the opportunity to generate the synergy effect (human variety is a huge potential), unfortunately, they may also (in case of mismanagement) lead to total chaos. For example, ArcelorMittal Group which is the largest steel producer in the world treats mergers and acquisitions as the main strategic direction of the group. It was set up in 2006 as a result of merger between Arcelor and Mittal Steel. Thus the world received a company that employs over 320 thousand people in more than 60 countries, and that is a global leader throughout all markets [19]. All the transactions are executed by the group of experienced and tested managers who usually fill the top managers’ positions in the new ventures. Gradually they move to the other steel plants being the parts of the corporation. The group is constantly enlarged as the concern broadens its scale and scope [20].

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