



SPECIAL REPORT

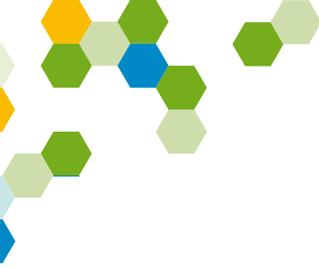
A company is a melting pot

Communicating diversity as a reputational asset

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1. A COMPANY IS A MELTING POT BECAUSE SOCIETY IS TOO

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 2. BENEFITS OF COMMUNICATING DIVERSITY
 3. COMMUNICATING A DIVERSITY PLAN
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Women, Catholics, lesbians, men, millennials, black people, aristocrats, gays, Muslims, the blind, bisexuals, Jews, the retired, gypsy people, the deaf, transsexuals, Evangelists or Buddhists. For too long we have forgotten the society in which we live is a melting pot. We protect the biodiversity of the planet because we understand there is value in the volume of different species and ecosystems inhabiting our planet. Wherever there are better living conditions, that's where we'll find greater biological diversity.

So, it's hard to believe human beings do not reward this diversity in the social and occupational ecosystem. We can put this situation down to strictly economic, short-term reasons: the mechanical repetition of processes, without any kind of distractions, is more efficient, more profitable, bringing greater benefits. The western 20th century is indebted to this system which consists of creating economies of scale based on the same management standard, from a hegemonic viewpoint: that of a man who is white, Christian and heterosexual.

Undoubtedly, this model was the best solution that the market was able to offer to balance the maintenance of economic growth whilst managing major social changes (such as integrating women into the employment market or the rise of the middle classes). By the end of the last century many organizations had started to focus on diversity management but they did so without changing their glasses, thereby perpetuating the shortsightedness that prevented them from seeing diversity in social environments is not a contingency but an opportunity. Fifteen to 20 years ago, the space for diversity in organizations sought to "calm down" these collectives, without realizing the sustainability of the very system itself was based on avoiding its inbreeding.

This standard has been blown away. By the early 21st century in the United States, and even more strongly over the last 5 years in western societies, diversity is becoming a relevant asset for the organization and reputation building. In the war for talent, the different social collectives are now targets to be lured, attracted, recruited and retained. Business and sales' strategies have to derive from diversity if they wish to empathize with all publics and reach certain consumer groups.

And corporations need to take measures to defend diversity in society if they wish to gain the support of their customer-citizens.

What was a hindrance back then has now emerged as a parameter to bear in mind in all corporate management orders. And it has been so easy, yet so hard at the same time, like looking in a mirror and realizing there are as many ways of devising a project as there are people who

form part of it; realizing there is a complete palette of colors, greys and lots of different sensitivities that must all be borne in mind. And finally, realizing that achieving the cohabitation of them all makes companies better.

This new model raises major challenges to 21st century companies. How can they make diversity into an asset for building reputation? How can they communicate diversity without seeming opportunistic?

“The dictatorship of the majority cracks, its agenda becomes less relevant and organizations have to stop and listen to what those have been silenced for so long have to say”

DIVERSITY AND CITIZEN EMPOWERMENT

One of the consequences of the technological revolution we are going through is it has given each citizen a major voice which he/she never had before. The individual possibility of imposing sanctions or supporting measures and for these opinions to have a global impact is a wholly new phenomenon. It has abruptly empowered the individual in all his/her roles: as an employee, voter, customer, supplier, consumer, affiliate or lover. Many still don't know what to do with this new superpower. Others are using it to supervise public and private powers. In terms of diversity management in organizations, this phenomenon has two main consequences:

- Minority collectives, which previously had little opportunity to get organized, are mobilizing and their grievances are acquiring greater visibility. Against this backdrop, the dictatorship of the majority cracks, its agenda becomes less relevant and organizations have to stop and listen to what those have been silenced for so long have to say.
- Technology has opened up large windows to let the fresh air whoosh into ministries, political parties and companies. If a company boasts about something to its consumers when it has this same problem on its own doorstep, it is only a matter of time before this inconsistency sees the light of day. Citizen empowerment is making companies consistent. If what you wish to do is demonstrate how diverse you are, it'll require putting talent management and internal communications under the spotlight.

“Diversity management seeks to achieve a set of favorable perceptions toward a brand or corporation as a diverse organization”

2. BENEFITS OF COMMUNICATING DIVERSITY

What do we mean when we talk about diversity? There are several types of diversity: gender, sexual, racial or cultural, generational, functional (disability) and cognitive diversity (different ways of thinking). Furthermore, we view the management of this diversity in organizations in various ways. In its strictest sense, we can define it as an all-encompassing strategy based on the creation of a working population with diverse profiles in the organization. From the standpoint of reputation, diversity management seeks to achieve a set of favorable perceptions towards a brand or corporation as a diverse organization; including being recognized as an agent for social change pushing for a diverse society.

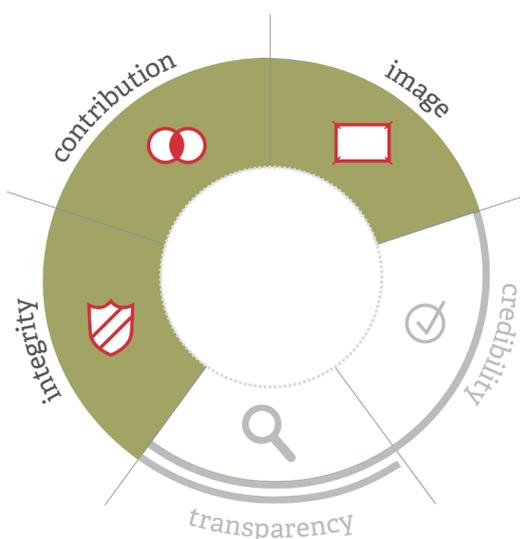
The main benefits of diversity management for organizations are:

- Financial return
- Talent recruitment and retention
- Improvement in reputation indices
- Greater engagement with stakeholders

Some sources tell us diversity is profitable. According to The Conference Board¹, 83% of companies in the EU assert that diversity and reconciliation policies have positive impacts on the business because it boosts cultural change, improves the workforce mix, increases business opportunities, provides a competitive edge in the market and enhances corporate image. Companies with more gender and racial diversity have better financial performance² than the average for their industry. According to a study by the Peterson Institute³, companies who have women as 30% of their management staff increase their profit mark-ups by 1 percentage point.

Diversity is an important lever for improving reputation if we look at LLORENTE & CUENCA's

Figure 1. Dimensions of reputation dealing with diversity, according to LLORENTE & CUENCA model.



¹ *The business case for diversity and work.* The Conference Board. 2016

² *Diversity Matters.* McKinsey Diversity Database, 2015.

³ *Peterson Institute for International Economics and EY.* 2014

“Communicating diversity is an asset for working on corporate positioning and it is attractive as an employer brand”

own model. Diversity is involved in at least 3 reputational aspects of organizations: image (generating positive feelings between people), integrity (acting ethically and honestly) and contribution (becoming actively committed to improving society):

- In terms of image, communicating diversity is an asset for working on corporate positioning and it is attractive as an employer brand.
- In terms of integrity, it helps to minimize the participation of the organization in reputational risk situations.
- In terms of contribution, it relates corporate values with the concerns of civil society and helps to achieve empathy with stakeholders.

DIVERSITY ON THE POLITICAL AGENDA

We are living through historic times in terms of the grievances of some collectives which are demanding the recognition of their rights or the treatment of specific issues which are in the general interest but which have not been dealt with as such. The movements to report sexual harassment situations, embodied by #metoo and #timesup, paved the way for a historic day on March 8, 2018 for International Women's Day in many countries, though

particularly in Spain where there was an unprecedented feminist strike... and we already know that political attention engenders new legislation. In Spain, for instance, the government and several political groups have already expressed their intention to approve a wage transparency law. The regulation will require the salary of men and women who work in the same category be made public. It doesn't seem at all easy to explain to the public why men receive more pay than women for the same work, even when there are underlying explanatory factors.

In Latin America, there is much debate about equal marriage. Although only 4 countries allow LGTBI people to get married (Argentina, Colombia, Uruguay and Brazil), the Judgment by the Inter-American Court of Human Rights affording legal cover to these marriages, has stimulated the debate in countries like Peru, Chile and Panama.

The private sector cannot and must not disregard the current scenario. The vibrant social and political context today calls upon the public authorities, but also upon companies who have a role to play as active agents of their time. So, companies must find a way of managing in a way which is specific to their situation. There are many ways of communicating diversity, and they are all valid if the approach is honest and not opportunistic.

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We can classify under 3 major objectives the work of diversity as a reputation pillar:

- To attract talent and be recognized as a diverse employer brand
- To be recognized as an organization which is committed to diversity
- To carry out differential reporting towards the consumer/customer

3. COMMUNICATING A DIVERSITY PLAN

Irrespective of the path taken to achieve the management and communication of diversity, there are different techniques which are recommended given the degree of maturity of each organization. Once a diversity or equality plan is in place (mandatory in Spain for companies with more than 250 employees), the recommendation is to develop a three-phase communication and institutional relations plan:

STAGE I. EFFORTS

Any progress towards inclusion must be recognized. Self-evidently, an organization which is taking its first steps in this regard must make its progress visible as it still lacks results. No problem. Either because an equality plan is being approved, an internal awareness plan is being implemented or the first steps are being taken in selection processes, efforts must be converted into communication milestones. It is crucial to achieve

this with humility, as many other companies have already demonstrated great experience in this field and getting involved in the same discourse may make the differences with them more visible.

At this stage, “take the temperature” of the organization, measuring the top management’s commitment level and working with a clear diagnosis as to where you are. The next step is to ask: what do I have to report? What inclusion story do I want to tell? How am I going to integrate it into my corporate values?

One of the most powerful tools for generating a quick win is to build up pacesetters. To do this, 2 or 3 company figures are chosen who reflect the diversity we wish to convey. For each of these people, differential reporting shall be worked on, their digital identity and their institutional presence plan: they shall become ambassadors of the diversity program. In view of the fact that there are no major realities to build on, we must focus on using the emotional side as our working basis.

Internally speaking, it is recommended to work on an awareness plan which can be used to set diversity as a priority in the heart of human resources’ management and in the relationship with employees, suppliers and customers. This plan seeks to combat the unconscious biases which affect applicant selection or the general working environment.

“The natural vocation is to be perceived and recognized by your stakeholders as an organization which is committed to diversity”

Some actions that can be carried out are inclusion workshops, gamification strategies to neutralize said biases and thematic conferences which aid the achievement of empathy.

STAGE II. RESULTS

The policies of the diversity and inclusion plan from the previous stage will bear fruit and it will soon be time to talk about them: the reduction in the pay gap, an enhanced gender balance in management posts, the integration of new generations or LGTBI people, etc.

It is time to make clear which of our stakeholders (communities) talk about diversity and what they are talking about (territories) to then define a new action plan in which you will afford space to our own inclusion content (PR brand). You may organize some kind of external event on diversity under the corporate image or brand itself as our arguments now have credibility.

When and how do we involve the CEO in the communication of the diversity and inclusion pillar? It is recommended to wait until there are a few success stories so we can incorporate them into the CEO's arguments. So, once we have sound, coherent arguments, the CEO can become one of your greatest assets. The reputational impact on the brand grows to the extent that its prime exponent assumes diversity in the CEO's legacy.

STAGE III. ACKNOWLEDGEMENTS

The results of diversity and inclusion policies should bear fruit in the form of awards, agreements and initiatives with other partners. At this stage, the organization already has sophisticated arguments, it has learned from its own mistakes and it is capable of adopting an educational approach with other companies to help the corporate sector as a whole work on diversity. Because the natural vocation is to be perceived and recognized by your stakeholders as an organization which is committed to diversity and which works actively alongside society so that other organizations do so too.

This stance – to some extent militant and committed to gender equality, or the fight for the rights of people suffering from a disability or the LGTBI community – will be embraced by public opinion and this will have an inevitable, positive impact on the organization's reputation. This is where collaboration with NGOs and social collectives comes in to make diversity into a corporate course of action, turning the brand into an agent for social change. Or is a company not allowed to legitimately demand the government of the country where it operates devote more funds to the fight against gender violence? Or for it to approve a new disability law? Or to approve a new education plan which earmarks funds to the promotion of respect for inclusion and diversity?

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Carlos Ruiz Mateos boasts 13 years' experience in communications and public affairs in Spain, Portugal and Latin America, specializing in providing advice to highly regulated companies in the energy, food, tobacco and telecommunications sectors. He has taken part in strategic consultancy projects, including takeovers, the closure and sale of industrial facilities, lobbying and advocacy projects, crisis management that threaten reputation and the drafting and implementation of communications and public affairs master plans. He is currently responsible for Diversity in the company. Carlos holds a degree in journalism and humanities from the Carlos III University in Madrid; a master's in political and electoral analysis (2017) and postgraduate courses in election campaign management from Comillas Pontifical University and in the peaceful settlement of international conflicts from the Gutiérrez Mellado Institute (UNED).

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