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# Three Steps to Creating a Diverse Organisation



By , INSEAD Adjunct Professor of Strategy

## **The path to successful diversification requires belief, courage and consistency.**

This month there was some depressing news with regard to gender diversity from my country, The Netherlands: The percentage of female executive board members in Dutch companies listed on Euronext had gone down slightly, from 7.8 to 7.1 percent. The number of non-executive board members luckily went up slightly, from 21 to 23 percent, but is still a long way from the Dutch target of 30 percent and even further from the European target of 40 percent.

In the Netherlands, the government decided against a quota and gave companies the opportunity to voluntarily bring the share of female executive and non-executive board members up to 20 percent by 2019 and to 30 percent by 2024. In case companies do not achieve these goals, the quota will be reconsidered. It seems that there is a need to act.

In my professional career, I have often been the involuntary personification of diversity: As a consultant I was the only Dutch female partner in the midst

of more than 100 German male colleagues and often had only male clients. As a supervisory board member, especially in the early days, I was frequently the only female on the board. Even at INSEAD, the percentage of women professors leaves much to be desired. It's no surprise then that during those years as a consultant and board member I was involved in many diversity initiatives. They often started well, only to get bogged down after a few years, especially when the economy experienced a downturn. It seems we are still looking for the Holy Grail yet we continue to move around in circles.

Is this a reason to throw in the towel? Is the problem too complex to solve and do good intentions not help? How do companies like [Wolters Kluwer](#), the only Dutch company to have more than 50 percent women on its executive board, succeed in having a high share of women in its management while others don't?

Diversity programmes alone are not enough – what is needed is a combination of belief, courage and inclusion.

### **Believing in the value of diversity**

The first step towards a successfully diverse organisation requires a true acceptance by senior management that diversity in all its forms (gender, sexual orientation, religion and nationality) brings tangible benefits. Moral principles, such as “everyone should be given an equal chance”, are good, but are not sufficient to move a company forward. There has to be a genuine conviction within the management that diversity provides access to a broader talent pool and ultimately leads to improved decisions and a healthier culture. Although the benefits have already been proven academically, the problem is that they are only noticeable in the medium term, whilst in the short term, diversity actually demands extra effort and risk-taking.

### **Courage to expand search horizons**

The second element is courage. “Diverse” talents are not easy to find. Companies often make the mistake of looking for people who are phenotypically (on the outside) diverse rather than genotypically (innate) diverse, i.e. a job candidate can be a woman but has to be like and have a similar career as a man. To find female talent it is not enough to only look for the usual suspects. Firms need to reconsider their assessment criteria and

take their searches “off the beaten track”, turning their attention, for instance, to smaller, disruptive companies, professional services or upcoming economies.

## **Active inclusion of diverse talents**

The third, often neglected aspect, is behaving consistently. [Research](#), including that by IMD president and former INSEAD Professor Jean-François Manzoni, shows that the integration and advancement of diverse talents is not trivial. This is especially the case when it concerns “double” diversity, when the individual is part of a minority and has an unorthodox professional background. Companies can easily fall in the trap of cultural misunderstanding and “confirmatory bias” – the tendency to interpret events in the light of expected patterns attributed to people of a certain minority group. The integration process of diverse talent therefore demands careful orchestration and a great deal of patience.

## **Diversity as a competitive advantage**

Belief, courage and inclusion are not easy challenges and primarily must come from within. Does this mean that there shouldn't be any outside pressure? I am afraid that many companies are daunted by the concrete short-term challenges of diversity and that the benefits in the medium term seem to be too abstract and distant. This is a shame, because diversity is not an aim in itself, but a prerequisite to be able to compete in the global economy in the long run. Some pressure, be it through quotas or otherwise, might therefore be needed because, as the Dutch experience shows: Noble targets alone are not enough.

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Annet was recently ranked 9th most influential woman in the corporate world in The Netherlands by [Management Scope \(Netherlands\)](#) and named one of the 50 most inspirational women in the European technology sector for 2016 by [Inspiring Fifty](#).

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The ICGC harnesses faculty expertise across multiple disciplines to teach and research on the challenges of boards of directors in an international context. The centre also fosters global dialogue on governance issues, with the ultimate goal of developing high-performing boards. Through its educational portfolio and advocacy, the ICGC seeks to build greater trust among the public and stakeholder communities, so that the businesses of today become a strong force for good for the economy, society and the environment.

### Gender Initiative

The [INSEAD Gender Initiative](#) integrates research, business and pedagogy to engage the full potential of both women and men.

Its community of gender researchers conduct cutting-edge research on the experiences and impact of women in business and society. The initiative builds relationships with organisations to enhance their commitment to gender balance and their ability to fulfil this goal. It further strives to create a pipeline of future business leaders who are passionate and equipped to drive gender balance within their existing and future organisations.

Its mission is to create and disseminate knowledge that advances women leaders and optimises their contributions within and beyond their organisations. The Gender Initiative strives to engage both men and women in this effort, inspiring all to take action.