

DIVERSITY AND CULTURAL COMPETENCE: MISSION CRITICAL ELEMENTS FOR U.S. FOREIGN POLICY

Dr. ERNEST J. WILSON III

Dean, Annenberg School for Communication and Journalism

University of Southern California

Keynote Address

Conference on “Diversity, Inclusion and U.S. Foreign Policy”

U.S. Department of State, Washington, DC

June 7, 2012

Let me congratulate the organizers of this unprecedented strategy session for bringing together thoughtful, engaged people from the private, public and non-profit sectors. In today’s globalizing world, more so than ever before, what you executives in the private sector do globally greatly affects the parameters, substance and dynamics of American foreign policy. What governments do globally affects Google or GM’s bottom line. It is a good thing therefore to come together to share best practices in such an important topic area as diversity and inclusion.

Today, I will try to demonstrate the centrality of diversity to our core national interests as Americans. In today’s globalizing, fast changing networked world, the capacity to recognize, embrace and act on diversity by turning it to your advantage is, as the Marines say, mission critical. It is not just a nice thing to do; it is not just an ethical or

constitutional thing to do; it is a “must” thing to do, a national imperative. And it needs to be done well. Doing diversity well has positive consequences for America’s national security, for advancing our global agenda and bilateral relations. It can even affect balances between war and peace. For businesses, it is a matter of market shares, return on investment, and bottom line profitability: Doing diversity badly hurts both corporate profitability and American national interests. I want to state this explicitly and clearly because it is possible to do diversity badly. A diversity strategy is not just an on-off switch. There are gradations.

Therefore, I want to offer you several ways to think about, to frame and, most importantly, to act upon diversity and international affairs to advance your organizational priorities.

To do so, I draw on many decades of watching the multiple ways that a diversity of perspectives and experience can shape critical outcomes in important ways, at high levels. I have been fortunate in my career to be something of a border crosser and have engaged both in wonderful shared collegial dialogues as well as hand-to-hand bureaucratic combat over the importance and pace of diversity. This extends from my position at the White House as Director on the NSC staff in the “thugs and drugs and democracy” directorate (then headed by Richard A. Clarke), as well as from a senior position at the U.S. Information Agency. I have watched thorny global issues in the private sector as a Special Assistant to the President of an oil consulting company, and while running an association of media and communications companies from around the world. I have seen inclusion and diversity policies globally at the World Bank and United Nations. I have seen diversity, inclusion and exclusion strategies at work in foreign policy think tanks,

as a senior fellow at the Council on Foreign Relations, and while working at the Center for Strategic and International Studies and on the board of the Pacific Council on International Relations. In all of them, while I was not responsible for diversity or inclusion, these issues inevitably arose in different forms, but posed the same set of issues.

But there are two particularly impactful experiences that stand out for me as especially relevant to today's strategy session. One was when I served as a consultant to the intelligence community, as a co-principal investigator of a report on the recruitment, retention, training and promotion of intelligence analysts across the so-called community in the post 9/11 world. The second, more recent, has been the 18 month "listening tour" I took as dean of the USC Annenberg School to meet with CEOs, COOs and Chief Communications Officers at top Fortune 100 companies, as well as with entrepreneurial start ups, to listen to them describe to me their top priority talent needs for the coming decades.

From these experiences I learned two big things: first, recruiting successful talent, and embedding them in an innovative, generative organizational culture trumps everything else. Talent and culture trumps business plans. They trump HR programs. As an executive at Apple told me when I asked him about Apple's corporate strategy, "Culture eats strategy every day for lunch."

The second lesson is the intensity and urgency with which top leadership talked about high quality talent – getting it, keeping it. According to John Iwata, IBM's brilliant Chief Marketing Officer and Chief Communications Officer, "I go to bed each night really worried that IBM won't be able to find the talent it needs to develop new markets for services and goods."

According to an article in the *Harvard Business Review*, only 15% of senior executives in North America and Asia believe they have adequate talent pipelines. A study by PricewaterhouseCoopers¹ of the CME industries reports that talent shortages have already damaged their capacities to develop the products and markets they intended. And in a telling piece in the Booz-Allen magazine *Strategy + Business*, some experts estimate that the traditional sources of high level managerial and executive talent (U.S. business schools, etc.) can only provide about 17% of the supplies needed. Where is the other 83% to come from?

Two more factoids. As American baby boomers retire, they reduce the work force by 46%². The number of workers in the rising generation behind them is only half the number of the retirees. So, ladies and gentlemen, where will you get your talent, and what should they know in order to operate successfully in the globalizing networked world? Then a recent *Atlantic* magazine piece asked this question in a headline: “Why Are So Many Talented Young People Taking Jobs in Silicon Valley Instead of Washington?” So, if you are not already taking radical and energetic steps to restructure your talent recruitment processes, you’re in trouble and behind the curve.

My friend and colleague John Seely Brown is a nationally renowned guru of innovation – how to do it, and the costs of not innovating. In his book *The Only Sustainable Edge: Why Business Strategy Depends on*

¹ Delivering Results: Key Findings in the 15th Annual Global CEO Survey (Entertainment & Media Sector), PricewaterhouseCoopers, 2012

² The New Diversity Dilemma: Generation Y in the Workforce, Ernst & Young, 2007

Productive Friction and Dynamic Specialization, co-written with John Hagel III, he argues that modern innovation takes place at the edges of systems, not at their core. It's at the edges of organizations, of companies, of hospitals, of schools. Constant change and innovation in our operating environments mean that our organizations must also be in a constant state of internal innovation. This holds for the New York Times or the Los Angeles Times or Google or universities or foreign ministries.

If this is even partly accurate, then the current organizational and cultural arrangements, and the talent, of many of our legacy organizations are, in a variety of ways, deficient. They suffer from a deficit of different ways of knowing the world, and a deficit of the ability to design strategies to align themselves more with the major global trends we can already see unfolding around us. Introducing greater diversity into our conventional organizational cultures should make them more unconventional, more willing to take chances and experiment and, in a tumultuous environment, perhaps more likely to succeed.

Understanding Double Diversity

Double diversity is a concept I developed to capture a new global reality—strategy and policy today must adjust to the fact that not only are *external* and *domestic* diversities accelerating; we also confront the complex interactions of these two kinds of diversities intersecting and interacting.

Global Diversity means:

Not just a quantitative change, though the world is becoming more black and brown and yellow, while birth rates in Europe are stalling. But most importantly, increased global diversity is a qualitative change. The world has always been diverse, but we in the north didn't always have to pay attention to its diversity. As my college teacher Karl Deutsch used to tell his students: "Power is the capacity not to have to learn." But now we have to pay attention, listen and learn. Specifically, because of:

- The rise of non-state actors. (Especially in developing areas; some benign, some not.)
- The rise of the BRICs: non-Western countries who do not share all the assumptions of western European or Anglo-Saxon values. These *rising powers do not share the Euro-centric value system*. Think of India, Russia and, especially important these days, China.
- And of course, economically, increasing shares of American corporate earnings are derived from overseas sales.

Domestic Diversity means:

The United States of America is rapidly becoming a majority minority country. That's just a fact. We have achieved that already in California.

The question for our leading institutions is: How will these two changing realities of greater diversity "out there," and greater diversity "in here," at home, affect us?

There are three scenarios we can imagine:

- More of the same, won't change much

- Utopian – greater diversity of perspectives will motivate, inspire and render more dynamic, and especially more innovative, our people and our production
- Dystopian

How does your organization think about growing diversity in your domestic work force, your domestic market and your domestic political environment, and how these might intersect or affect your international work force, markets and politics?

Other countries have double diversity too: empowerment of minorities (or even in some cases, majorities) in India, Syria, France and Germany, on the one hand; and how those diasporas interact with their “home” populations (cf. overseas Chinese = among top 10 economies in the world). Los Angeles has the largest population of more than 10 different demographic groups (Mexican, Iranian, etc.) outside their capital cities.

Concretely, this means adjusting to new markets and employees with different cultures and experiences and expectations.

Appreciating Differences

Let me assert boldly what may be a controversial position, at least here in DC, but far less so in LA. The strategies and policy preferences that a group and to some extent an individual may prefer probably have something to do with the experiences they have had in their lives. Historically, people of color have tended to be, and relative to whites still are, different in three ways: they are at the bottom of society; they are outsiders to society’s major institutions; and they come from different backgrounds. (Of course, this is not true for each and every

individual in such groups, especially after the end of legal segregation. But it is true in the aggregate.) In reverse order:

- Their roots are in Guatemala and Guyana and Ghana, not Great Britain.
- They have been excluded from elite prep schools, country clubs and society.
- Their incomes are lower, their careers more precarious, etc.

As a consequence, I assert, in the aggregate, individuals from such groups may have slightly different perspectives on international policy. They may be more likely to:

- Believe trade and foreign assistance can be a positive policy tool.
- Be more sympathetic to people in poor, economically backward and culturally different countries.
- Be less likely to believe national security is only about military strength and war fighting. Soft power can be as important as hard power.

At least this has been my experience over the past 25 years while participating in the activities I described.

There are always risks in action, and there are also risks in inaction. Let me state it most boldly: If we move slowly, if we operate “business as usual” and fail to introduce new perspectives into our foreign policy and national security processes, then our national standing, our status and our safety and security will suffer. Can we really afford another Afghanistan war, the longest in U.S. history? Can we afford more

conflict with Pakistan, constant conflict in the Middle East, poverty and piracy and terrorism in Somalia and Sana?

A Framework for Acting in the Context of Double Diversity

I have described what I believe to be the drivers of change in today's networked, globalized, media-drenched world. How then should governments and companies respond to these opportunities and threats?

The Imperatives of Cultural Competence

Let me offer a second framework for addressing the themes of diversity and inclusion, which is more action-oriented: culture. In today's international and national environment, we need a broad definition of the term.

I am increasingly convinced, as an active participant in today's media ecosystem, with interactions with many different stakeholders, that most big institutions move much too slowly to attract urgently the kind of competencies they desperately need to make the changes required to be successful in today's world. It is not enough to **hire** diverse people: Institutions must **empower** them to be able to assert their position. One person's innovation is another's insubordination without undue fear of inappropriate retribution. We all need more of what I term "cultural competence" (CC). I define it as "the capacity to think, act and move easily across borders, whether national, cultural or institutional, to pursue one's goals effectively."

- CC involves having appropriate and measurable skills, attitudes, knowledge and experience to operate effectively at the multiple intersections of global and national diversities.
- CC refers to several different kinds of borders:
 - Culture with a capital “C”: Traditional ideas of global cultures, like Chinese or Hindu or Yoruba.
 - Sub-national culture(s) with a small “c”: Can your employees get along with people of different ethnicities and backgrounds in their own work environment?
 - Institutional Culture: All institutions have their own cultures, as my colleagues at Apple reminded me. The State Department has a very different culture than Defense (I can speak from experience!). The university has a different culture than a private firm (Ditto!).

Challenges and Opportunities for the U.S. Government, Including the State Department

It’s easy for me to prescribe new cultural, strategic and personnel shifts for all your organizations, but I recognize how difficult it is. (I’m facing some of the same challenges at my own institution, the Annenberg School for Communication and Journalism.)

The cultural transformations I call for are far-reaching changes, and they are especially difficult for institutions that have these features:

- Longevity

- Powerful vertical hierarchies
- Strong and widely accepted culture that is often self-referential, inward looking, and without clear measures of success
- Little reward for successful risk taking, but lots of punishment if risk taking leads to a failure; and last but not least,
- Entry based on complex examination system

Does this sound familiar to some of you?

But here is good news. Good forward-looking leadership can make a big difference. In the State Department, look at path-breaking steps in regard to women, both in attention to substantive issues of special importance to women, as well as in high level appointments.

Conclusion: Diversity, Innovation and Transformative Inclusion

I want to close by urging all of us to think boldly, beyond the legacy paradigms of “affirmative action,” or “diversity,” or even “inclusion.”

The first bold step is to recognize that, whatever we call these baskets of activities and attitudes, at this point in American history they are mission critical.

The second bold step is to accept – or at least consider – **why** they are mission critical: not for ethical and legal reasons alone; nor simply because we are approaching a substantial overall labor shortage for highly skilled employees of all types. It is also because we need to hire people with brand new portfolios of talents, people whose diverse

perspectives can challenge and can change for the better our traditional ways of thinking and acting.

Third, therefore, we need to go out and seek to hire change agents; we need to hire the impatient; we need to hire the different; we need to hire employees with different kinds of emotional intelligences and different kinds of traditional intelligences, with different professional training and different strengths.

But diversity by itself is not enough. Along with diversity we also need all new employees to be culturally competent to negotiate these differences, to be respectful of both tradition and transition, to be able to harvest their contributions and minimize the inevitable frictions that will occur. Creating a diverse, inclusive organizational culture requires training in cultural competence.

We hire people with diverse perspectives not just to help them be more like us, but to help us and our organizations be more like them. Not just inclusion into a static culture, with the expectation that they will all be perfectly acculturated into a culture frozen in beautiful amber. Rather, there must be a fine balance between acculturating them enough to be effective, but not so much that all their creativity, innovation and different perspectives will be bleached out of them.

Concretely, we need to see changes at all points in the process of recruiting, acculturating, empowering, retaining and benefitting from a more diverse workforce. For the State Department, this means rethinking not only the detailed components of its day-to-day operation, but also the sacrosanct components like the Foreign Service exam, the difficulty of lateral entry and, more broadly, what it means to be a “Foreign Service” in the digital age. *If you were inventing the U.S.*

diplomatic system from scratch in today's world, what would it look like? Wouldn't there be more bridges between the Department and other actors in society? What kinds of talents do you really need, and where are they found now, and in 10 years?

Finally, and perhaps most importantly, our new global and local conditions require a new kind of leadership. These challenges for success place huge responsibilities and demands on the shoulders of leaders. Engaging double diversity, through cultural competence, to achieve innovative, transformative inclusion, is not easy. It's messy and will be filled with some experiments that will succeed, and others that will fail. It is a challenge. But what an exciting, timely and hugely important challenge. For as we know, the stakes are high. Innovative, transformative inclusion is mission critical for all of us.