

**MANAGING DIVERSITY IN THE WORKPLACE: THE ISSUES OF  
ETHNICAL DIVERSITY AND GENDER EQUALITY IN 2020.**

**ASSESSMENT 1**

**MODULE TITLE:** HUMAN RESOURCE MANAGEMENT LCMB7000

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## INTRODUCTION

If 2020 has to be described with one word, this will be “change”. The start of the new decade has brought a global pandemic, leading to an economic crisis and a shift in our lifestyles. 2020 has also brought up historical issues such as gender equality and racial discrimination. The current events will result in a social mindshift, where non-financial factors will become more and more important for employee value proposition (Armstrong, 2014, p. 247). In this essay, we are going to review how a particular company from the beauty industry, Shiseido, is coping with the current events by evaluating their resourcing strategies.

### 1. MANAGING ETHNIC DIVERSITY IN THE WORKPLACE

Started as a revolt towards police brutality, the Black Lives Matter movement has extended its message and purpose and now strives for racial equality in all aspects of life. A long-term and sensitive subject has been the gap in employment rates between white and BME workers. Ethnic diversity in the workplace has become a growing matter with the processes of globalization speeding up in recent years, but at what level the barriers for black and minority ethnic (BME) employees to career success have been diminished? Although the law is a crucial facilitator (Pilbeam, Stephen, 2010, p.227), it hasn't eliminated discrimination. What is more, companies tend to focus on the disadvantaged groups rather than on the individual, which can be seen more as a compliance-based approach, in preference to a business approach, adding value to the organization (Pilbeam, Stephen, 2010, p.227).

#### 1.1 DIVERSITY IN THE UK LABOUR MARKET AND OBSTACLES FOR BME WORKERS

Just having a look over employment rates among ethnicities in the particular case of London, UK would be enough to conclude that yet there is a lot to be done on diversity and inclusion in the workplace. According to 2011 data from the Office of National Statistics, the most ethnically diverse region was London with 40.2% of its residents identifying as either Asian, Black, Mixed or from other ethnic groups. Yet another article again from the Office of National Statistics points out that the difference in hourly pay between White ethnicity people and those from ethnic minority groups is the highest in London, 21.7%.

Having in mind the historical, economic, and demographic background of London, the data is quite surprising. Shouldn't be the most diverse and metropolitan UK area the most ethnicity inclusive as well?

Further, Figure 1 shows the split by ethnicity in different UK areas. The North East (at 93.6%), Wales (at 93.2%) and the South West (at 91.8%) were the regions with the highest percentages of the population from the White British group, and London (at 44.9%) was the region with the lowest, followed by the West Midlands (at 79.2%). On average, 7.2% of the population in every region of the UK identifies as Asian.

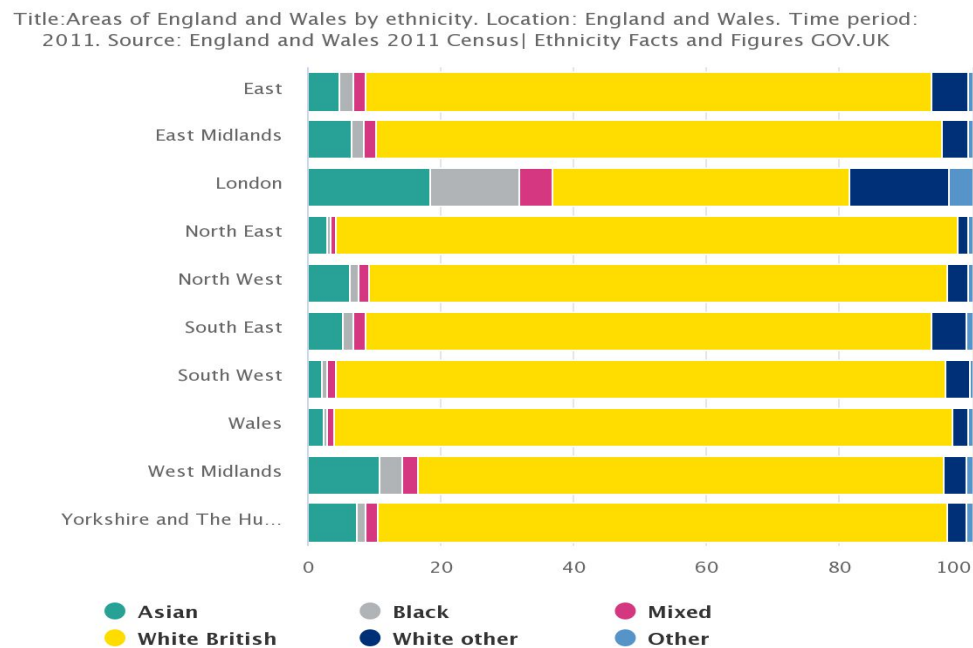
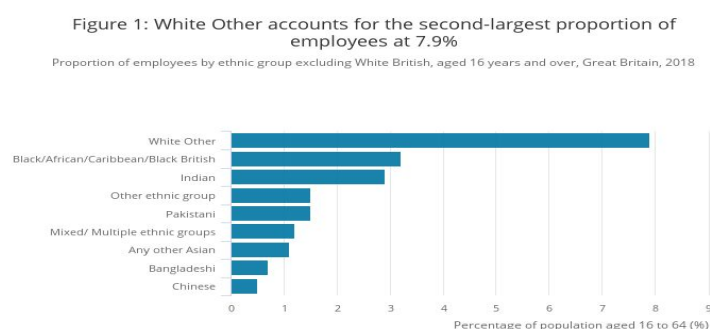


Figure 1

Although the Asian minority seems to comprise a significant portion of the UK population, the graph below shows that at the same time the highest unemployment rates are marked exactly among Asian communities.



The same report on ethnicity pay gaps in Great Britain in 2018 of the Office of National Statistics further suggests that some of the data presented above may be influenced by other factors such as the cultural differences of how a family is perceived, connecting those to the high inactivity rates among Pakistani and Bangladeshi women. Although cultural background often plays an important role in someone's life and career choices, these groups of the population shouldn't be stereotyped and left out. It was estimated that approximately £24 billion per year would be added to the UK's GDP if there were a full representation of BME individuals on the labour market. All the data presented and analyzed until now presents the UK's labour market as ethnically diverse, yet not so welcoming for minorities, despite its huge potential, coming exactly from this group of workers.

The first step to tackle this issue would be to understand what makes it harder for BME employees to have a successful career. A 2017 CIPD report discusses the barriers to BME employees to enter the labour market and progress in their careers by surveying both white (British & Other) and BME workers. Some of the top issues mentioned by the BME employees (and not seen as such an obstacle by white population) were discrimination at the workplace, the lack of mentoring (support of the organization), or role models in the workplace.

"Three-fifths of both BAME and white British employees feel their organisation has an inclusive culture. BAME employees are significantly more likely than their white British counterparts to say they need to change aspects of their behaviour to fit in, particularly those from an Indian, Pakistani or Bangladeshi background". "Almost half of BAME employees say they feel they need to censor how much they tell their colleagues about themselves and their personal life, significantly higher than the 37% of white British employees who feel this way"

(CIPD, *Addressing the barriers to BAME employee career progression to the top*, December 2017)

These findings point out that one of the main obstacles for BME employees is the lack of security and feeling of acceptance and support from the organization.

## 1.2 UNCONSCIOUS BIAS

The concept of “fitting in” has its long historical and cultural background. A lot of people from ethnic minorities have been brought up with the idea that they are the ones who have to adjust their behaviour and physical appearance to the “standards”, while employers should be more focused on creating a discrimination-free and supporting atmosphere for its employees. Several studies and articles talk about the concept of “unconscious bias”. “Unconscious bias occurs when people favour others who look like them and/or share their values. For example, a person may be drawn to someone with a similar educational background, from the same area, or who is the same colour or ethnicity as them.” (ACAS, n.d., <https://archive.acas.org.uk/index.aspx?articleid=5433>).

It further characterizes it as “natural” and “unintended” but highlights how it affects business decision making: “Unconscious bias at work can influence decisions in recruitment, promotion, staff development and recognition and can lead to a less diverse workforce. Employers can overlook talented workers and instead favour those who share their own characteristics or views.” Triana et al (2015) examine how discrimination affects the labour market and suggests that unconscious bias often results in discriminating. “Prejudice and bias (whether unconscious or not) still exist in the workplace, and this is associated with discrimination. This, in turn, is associated with negative outcomes for employees“. The article further concludes that the results from the research confirm that “perceived racial discrimination“ influences negatively job attitudes, physical and mental health, and diversity climate.

## 1.3 DIVERSITY AND INCLUSION IN THE BEAUTY INDUSTRY. SHISEIDO'S STRATEGY OF TACKLING DISCRIMINATION

To a big extent, it can be stated that the beauty retail industry is quite inclusive. Diversity is especially important for brands in popular shopping locations, who attract a lot of tourists (for example Central London). By having employees from different backgrounds (in terms of gender, race, sexual orientation) brands demonstrate their diversity, which can also be perceived as a way to increase brand reputation and attract customers from different backgrounds.

On a corporate level, Shiseido has various programs, pieces of training, and workshops for employees triggering the importance of diversity and equal opportunities. The main focus in recent years being gender equality and female empowerment.

Shiseido tackles discrimination by conducting employee surveys and various pieces of training on human rights matters and establishing consultation centres and an employee hotline to report on such issues. What is more, it is important to mention that the company understands the notion of “unconscious bias” and has taken initiative to educate and spread awareness: “Mindset Change” was a training session aiming to raise awareness of unconscious biases that could hinder diversity and inclusion. In 2019, 79 senior managers and corporate officers took part in the training. (Shiseido website, *Performance in 2019*, <https://corp.shiseido.com/en/sustainability/society/performance>)

Despite being quite diverse and inclusive, beauty brands are likely to be strict and conservative in terms of physical appearance and grooming. This results from the growing and flooded beauty market, where brands need to have a strong and recognizable brand image which is promoted to a big extent by their employees in retail.

In beauty retail, line management is of a big importance, as usually a retail employee's primary contact with the organization is done via his/ her counter/area manager. They are usually the ones whose opinion weighs the most in terms of recruitment, evaluation, and employee retention decisions. Going back to the concept of “fitting”, the first obstacle in front of the employees is to “match” the company's grooming guidelines even before recruiting. Not wearing the right style of shoes, hairstyle, or nail polish are real motives of not being hired in the beauty industry. Further, connecting the importance of being the right fit with the existence of prejudice and bias (unconscious or not), it can be suggested that the decision-making process and the management of people in beauty companies can be quite subjective, because of the line managers' importance in the organization's hierarchy.

#### 1.4 CONCLUSION

Following the events from recent months, plans on broadening the diversity and inclusion in the workplace and tackling discrimination will be brought forward. In terms of the company's culture and resourcing strategies, it can be concluded that Shiseido has identified the right approach of tackling discrimination and promoting diversity and inclusion. The company actively tries to provide equal opportunities for its future and existing employees by various initiatives with the scope of education, open communication, and diversification. Having in mind the current global events and the obstacles in front of BME employees to career development, in the future Shiseido would have to focus more on firstly identifying the “weak points” in its organization and then closely monitoring and controlling how they are being tackled on all levels of the organization, especially on the bottom ones, where due to

subjectivity of the individual (line managers), the risk of discrimination and human rights violation is higher.

## 2. GENDER EQUALITY AND GENDER PAY GAP

Women's role in society and their fight for equality have been a historical issue. In her book, *"The struggle for the breeches: gender and the making of the British working class"*, Anna Clark describes the political situation, current events and lifestyle of the early 19th century in the UK and identifies the main factors which influenced the shift of how women are perceived in society. The book suggests that the growing importance of the working class, the "conflicting gender ideals" due to the industrialization, the "shifts in the gender division of labour" and the political and social events of the time were the main drives for the society to change their perception over women's role. This was the emergence of women emancipation and despite the fact that significant progression was made, concepts like "gender pay gap" and "men-only jobs" still exist and have been a hot topic.

### 2.1 THE EFFECT OF COVID-19 ON EMPLOYMENT IN THE BEAUTY INDUSTRY

According to the Office for National Statistics, the rates of employment between men and women in the UK have almost levelled off, with a current trend of increasing rates of employment among women and decreasing rates for men.

On the other side, the current pandemic of COVID-19 has significantly affected not only our lifestyles but the economic environment as well. With the social distancing and lockdown measures the numbers of people "temporarily away from a job" has drastically increased, while the number of vacancies marks "the largest quarterly fall in the history of the time series.". The most heavily impacted industries being the hospitality sector (70.7%), the wholesale & retail trade and the motor vehicle repair services (49.9%). Two-thirds of these industries employ mostly women.

At the moment of writing this, 18th July, the beauty retail industry hasn't fully reopened yet. Retail stores are open, but strict social distancing measures still exist, so companies are not able to get all their staff back to work. Cosmetic brands should follow not only government regulations, but they also comply with the retail store's policy. It's quite challenging especially for smaller brands who employ more people. To cope with the situation, some companies are changing full-time contracts to part-time or 'encouraging' employees to book holidays for August and September.

It was officially announced that all beauty services ( including close-contact ones) can resume from August 1. Beauty retail, especially luxury brands focus a lot on the service, as a way for their customer to experience the brand and differentiate from others. The inability for customers to try before buying will result in less interest to

visit these locations and maybe a shift to online shopping or buying based on recommendations from friends, family or social media influencers. What is more, due to the essence of the job (you maintain close contact with customers), cosmetic companies should focus on the psychological well-being of their employees. They should not only be kept safe, they must feel safe.

## 2.2 SHISEIDO'S ACTION PLAN DURING COVID-19

In the UK, Shiseido's presence on the luxury retail market consists of a few brands (NARS, Laura Mercier, Shiseido, Dolce&Gabbana), situating its retail points mainly in high-end department stores such as Selfridges, Harrods and Harvey Nichols. On average, the high-demand brands in Central London such as NARS and Laura Mercier have 10-15 people permanent staff (excluding freelancers & agency).

During the pandemic, the company has been very supportive, with 0% redundancy (in Central London, according to data provided by the area manager), probation periods were not extended and new-starters were not treated any differently. With the closing of schools and kindergartens, working mothers were offered extra days off. Since March, a couple of conference calls have been held, two of them being a distant training on the new Health & Safety regulations. Every employee has received a box with PPE, for both personal & at work use. The company is trying to get all their employees back at work by phases, 1st phase being managers, supervisors and lead artists, 2nd full-timers and then part-time employees. The "split-staff" system was introduced even before lockdown and most probably would be continued to keep employees safe and to help with social distancing.

## 2.3 GENDER PAY GAP IN THE BEAUTY RETAIL INDUSTRY

Going back to the idea of women in the workplace, another major issue, which existed long before COVID-19, is the gender pay gap. Following the discussions on equal pay from "*People resourcing and talent planning: HRM in practice*", some of the reasons for the still existing gap are women's tendency to work part-time (with highly qualified women working below their potential), "occupational segregation" (women concentrated more in lower-paid jobs, rather than holding senior management positions), persistent undervaluing of women's work (childcare is paid less than automobile repair services), education and family status (a woman with 2 children will have bigger lifetime earnings than a woman with no children).

In order to measure more accurately the pay gap in the beauty retail industry, we would have a look at two occupations: "Beauticians and related occupations" and "Sales & retail assistants", as the job description is a mixture of both.

### Search by job

For example, 'Graphic Designers'

**Beauticians & related occupations** ▼

► Advanced filter options

#### Women earn **2.1%** more than men

Women earn **£9.12** per hour (£11,368 year)

Men earn **£8.93** per hour

Employment split unavailable

### Search by job

For example, 'Graphic Designers'

**Sales & retail assistants** ▼

► Advanced filter options

#### Women earn **5.3%** less than men

Women earn **£8.52** per hour (£9,959 year)

Men earn **£9.00** per hour (£14,768 year)

Women hold **64%** of these jobs



Compared to the general for all industries gap of 17.3% (*ONS data for 2019*), 5.3% in retail is relatively low. It also is not a surprise that women earn more than men in occupations as beauticians, as in general, it is “a female industry”. Both of the industries examined could be classified as “low-paid”, which adds up to Pilbeam and Corbridge statement on occupational segregation. What is more, even though it is a “female industry”, it doesn’t mean it is run by women. If we have a look at senior management levels of cosmetic companies, we would see that those are predominantly occupied by men.

## 2.4 SHISEIDO’S INITIATIVES ON FEMALE EMPOWERMENT

Gender equality and women empowerment are one of the main focuses of Shiseido’s plan on broadening diversity and promoting inclusion. The company has

crafted its own “Gender Equality Action Plan” which aims to make a reform in awareness and actions, to encourage women to pursue a career and promote female managers. Although most of its efforts are concentrated in Japan, Shiseido has come up with various ways to support women in the workplace and has marked a slow, but stable increase in female leaders ratio. In addition to the various training sessions on leadership and individual development programs, the company focused on understanding work processes to improve productivity and has realized the importance of flexibility and work-life balance.

### 3. CONCLUSION

The very eventful so far 2020 has raised up a lot of challenges, existing and unknown. Companies would not only have to deal with the foreseen economic crisis, they'll have to rethink their recruitment and staffing strategies to respond adequately to the dynamic social and economic environment. The matters discussed above indicate that although the UK is quite ethnically diverse, prejudice and bias still exist. The lack of flexibility, the presence of racial and gender discrimination and stereotyping deprive the UK's labour market of functioning on its full potential. Shiseido can be a good example of a company, actively working on improving diversity and inclusion and their various initiatives on female empowerment have already shown positive results. Companies should make human resource management a priority, as employees can drive success for the company or bring failure.

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