Critical Incidents in Corporate Leadership: A Model Event toward Diversity, Equity, and Inclusion

Autorský tým:

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Critical Incidents in Intercultural Communication and Promoting Diversity

Project participants:

- ŠKODA AUTO University (Mladá Boleslav, Czech republic) **project coordinator**

- University of Applied Sciences Zwickau (Zwickau, Germany), **partner**

- University of Siena (Siena, Italy) **partner**

- University of Applied Sciences Upper Austria (Hagenberg-Linz-Steyr-Wels, Austria) **partner**

- Seinäjoki University of Applied Sciences (Seinajöki, Finland) **partner**

Critical Incidents in Intercultural Communication and Promoting Diversity

Intellectual outputs:

- **IO1 – Articles** in professional journals (GE)
- **IO2 – Book** on Critical Incidents (CZ)
- **IO3 – Syllabi,** curricula development (IT)
- **IO4 – Pedagogical models**, methodology and training materials (AT)
- **IO5 –** Bachelor and Master **Theses** (FI)

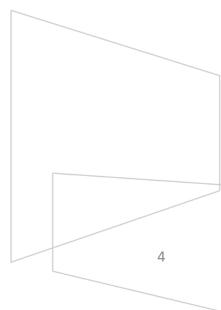**Dissemination:** Summer school 2021 (CZ), Summer school 2022 (AT), Final conference 2023 (CZ)

Beyond Horizons – Intersections between academia and business on the way diversity

Final conference 2023 in cooperation with ŠKODA AUTO (May 31 – June 1, Mladá Boleslav, CZ)

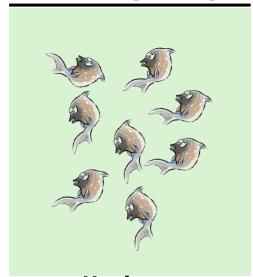# Our customer is trully diverse – how about us?

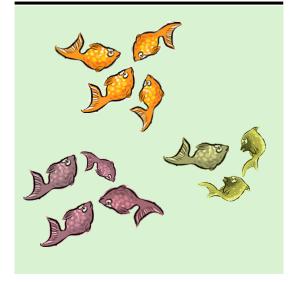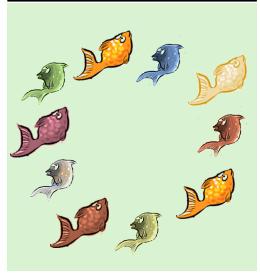# Our customer is trully diverse – how about us?

Homogeneity

Having a homogeneous workforce

Diversity

Having a diverse workforce

Inclusion

Leveraging a diverse workforce

T4I, Group Essentials
Role Model Programme 2.0

Management Advanced Program

Code of Conduct

Monitor Recommendation

Cultural Change Initiative VW

Leadership Model

Diversity Index

Strategy Together 2025 – NEXT LEVEL ŠKODA 2030

Brand-specific Annual Management Targets

DIVERSITY
is a TOP priority for Volkswagen Group

ŠKODA AUTO Vysoká škola

An integrated and holistic diversity approach for VW Group

Actions from the Top

Leadership
Managing diversity

Living diversity

Nudging
Context Design

Company
Living diversity

Workforce
Increasing diversity

Intensive
Training

Diversity Wins @Volkswagen

"Diversity Wins @VW" training

➢ **Porsche Consulting** methodology adapted to Monitor recommendations

➢ Adapted to German (VW) and Czech (ŠA) environment

   ➢ **LAB 1:** 4-hour long trainings on-site/online, 8-14 participants

   ➢ **LAB 2:** 2-hour on-site/e-learning program, after two months

➢ Training **all managers from all ranks** in VW group

➢ **2 000 managers** trained in ŠA

   ➢ Professional agency hired

   ➢ **17 workshops** run by **ŠAVŠ trainers** in tandems between Dec. 2020 and Sept 2021(app 220 participants) **= DATA**

Methodology – Nudge management

- Refutes the belief of economists that **people make rational decisions**
- **95 % of information processed by our brain**
- Proves that people make **decisions based on their emotions**

- **NUDGES** are a set of tools that help **lead a team by appealing on emotions**
- **Impulses/tricks/hints/strategies**… that by appealing on people emotions **alter people's behavior** in a **desirable way**
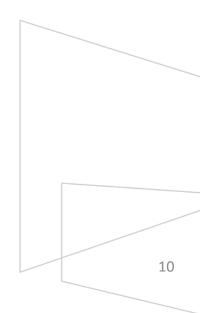
Richard Thaler
Winner 2017 Nobel Prize in Economics

Diversity Wins @Volkswagen
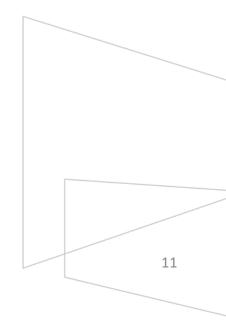
Methodology – the training structure

➢ Introduction and expectations

➢ About diversity

➢ **Unconscious biases**

➢ Nudge management

➢ Reflection and feedback

Methodology – data

➢ **Model scenarios, pitfalls, stories** about experiencing **unconscious biases** in practice, shared during varied activities from the training

  ➢ **Oral contributions** recorded by **hand** from the trainings

  ➢ **Trainer final reports** from the workshops

  ➢ **Written** contributions provided as feedback from LAB1 and as data from LAB 2

➢ **Thematic analysis** of data

Unconscious biases – selected examples

Affinity bias

Tendency to evaluate more positively those who are like us and share our worldview.

Status quo bias

Tendency to like things to stay relatively the same.

Stereotyping

Expectation towards a member of a group to have certain characteristics without having own experience.

In-group bias

Tendency to give preferential treatment to others that are part of their own group.

Ostrich effect

Ignoring a problem or an obvious (negative) situation.

Information bias

Tendency to search for, interpret, focus on and remember information in a way that confirms one's perceptions.

Planning fallacy

Tendency to underestimate the time needed to complete a task.

Illusion of transparency

People overestimate others' ability to know themselves, and they also overestimate their ability to know others.

Halo effect

Tendency for a person's positive or negative traits to "spill over" from one personality area to another in others' perceptions of them.

Not invented here

Aversion to use products, research, standards or knowledge developed outside a group.

Bandwagon effect

Tendency to do or believe things because many other people do or believe the same.

Authority bias

Tendency to attribute greater accuracy to opinions of an authority figure and be more influenced by that opinion.

Confirmation bias

Interpreting information according to own perspectives or needs in argumentation.

Beauty bias

Candidates that look more attractive have more chance to be successful in interviews.

Mini-me effect

Instinct to favor those who remind us of ourselves.

Recency effect

Phenomenon a person more easily remembers something that happened recently compared to loder events.

Diversity Wins @Volkswagen
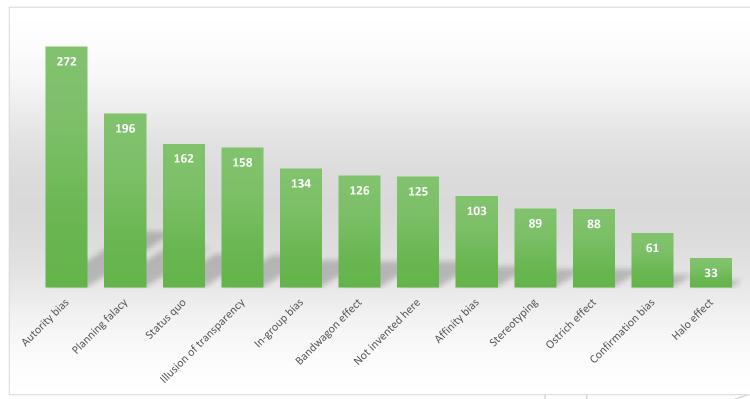
Unconscious biases at ŠA

ŠKODA AUTO Vysoká škola

Killer-Biases at ŠA

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Planning falacy — 196
Status quo — 162
Illusion of transparency — 158
In-group bias — 134
Bandwagon effect — 126
Not invented here — 125
Affinity bias — 103
Stereotyping — 89
Ostrich effect — 88
Confirmation bias — 61
Halo effect — 33

Authority bias - occurrence

- *"A higher authority means for some people **automatically higher importance** of the given information."*

- *"Once a boss has an opinion, then, it is very difficult to get yours through. Sometimes even our superiors advice **to better say nothing, stay quiet,** this must be decided by a boss."*

- *"Sometimes, I had this feeling that **a message from a boss is a holy cow**."*

- ***"The superior is always right** so we have to do things his way **even when we know it is not the best solution**."*

- *"In some specific situations, the **boss simply says no,** bangs on the table and silence, **silence, even if he is not correct**. And it is really difficult to work with it."*

- *"Simply boss has an opinion, he just needs a confirmation it, **so no one is eager to turn against him**. "*
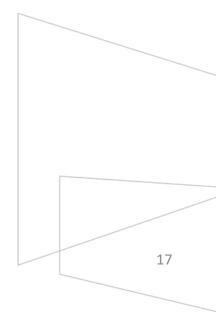
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Authority bias – socio-cultural differences

- *"**In Germany**, authority, power is still there. **In Czechia**, it is different."*

- *"Most companies are based on obedience to authority. But in other cultures, it is still smaller than ours. Even **in Germany**, even though it doesn't look like it."*

- *"I was surprised that in VW, they did not choose authority bias. It is quite visible on the meetings with VW."*

- *"**In Mexico**, there is far less will and willingness to comply with an opinion of a leader without a discussion. As a culture, nation, they are far stronger, able to get through their own perspectives."*

- *"On the other hand, I have experience from **China**, where everyone waits for what the boss would say. And even if the boss would say let's jump out of the window, everyone will jump out of the window. Getting your opinion from those people is a big problem."*

Authority bias - reasons

- *"It is maybe because there is **no time**, we **do not have capacity** and the boss maybe **needs information quickly** and doesn't want to discuss at all."*

- *"Imaging for example someone from the B-B portal, when they make a presentation, for example a new head of the board, then people give it more relevance. He has **higher social status**, **medialization** as a person."*

- *"A boss and his truth. Well, that is the reason why he has been a boss. He is **more experienced** and in most cases, he is correct."*

Status quo bias

"They in fact built a new piloting hall. For almost 25 years, we used to be on one place. Then we moved into a totally different place, into a new building that simply was on a very high level, built on a top level and the people who moved there, who used to spend 25 years on the same spot, simply about half of them did not accept it. **They do not want to accept it even if it is much better, nicer, cleaner and so on. They simply did not accept it.***"*

*"Personally, I don't think that I'm completely against innovation, but of course, once an innovation is set up, then **I admit that it's very difficult to simply convince me that the work I devoted my time and care to at the moment to get things organized or an innovation implemented, that I should again change it.** So I observe it personally in myself that sometimes I have a problem with the fact that I have already devoted a lot of time to a task."*

Status quo bias – explanations

- *"And now new things are rolling in on us, **digitalization** and things like that. And persuading people to do them is a challenge."*

- *"In the context of the present time, people due to **time pressures** generally resist to accept untested solutions. Not because it would be their natural characteristic, but because perhaps **their current situation does not fully allow them to do so**. So at the moment when I have limited resources and time, I psychologically prefer what I know."*

- *"My colleagues are afraid of new things, afraid a new process **would bring more work** and **be more complicated**. Why to change things if they work well?"*

- *"Some of my colleagues are slaves to stereotypes, routines, and they are not interested in changing things, they have them established. And when you give them something to deviate from the stereotype, it is a **big stress** for them."*

Status quo bias – socio-cultural factors

*"I have a team of **older people** who have been used to processes and principles for twenty years. So they always know in advance that things wouldn't work."*

*"**In Germany** it works like this - paper, standard and I go. We fill it in, it's holy and I go... Here **in the Czech Republic** it's also that I go, but I go against it... We have a nice Czech proverb here: never say it's not possible, because you always find someone who doesn't know that it's impossible, and he does it… so, things can be done."*

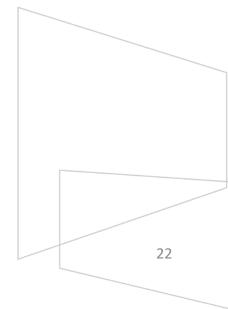# Critical incident - stereotyping

*"A person from Africa was supposed to join us, a standard black. Simply a nice guy, it was a pity that he had to return back for family reasons... He actually was a university teacher at the same time working with us which one would not recognize from his appearance. He was kind of spontaneous, always in a good mood… **At the beginning, one of the persons placed a banana on his desk."**

"This was really a difficult situation we had to solve. So, we had to sit down and talk about some existing rules, things that cannot be happening, if we have to work together."

"The biases were visible everywhere, also in other groups who when coming for a meeting, were reserved as if communicating behind an invisible wall… When we met for the first time and he came for the interview, of course the biases were present… When he came into the development team, I thought, it will be a change, refreshing for the group. And it was nice that he was there, because we gained a totally different insight on various things that we hadn't seen before. It was exactly like in the graph, that when you accept someone from a different social group, so it simply takes some time until you open up to each other, until they grasp the local principles. This was the same, we felt his performance was insufficient taken our expectations. But then, it changed, improved."

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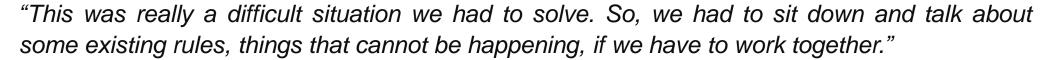# Critical incident - stereotyping

"We stayed in contact and he told us that after he returned back, he experienced the exactly the feeling that all people work slowly there. He said it is horrible, I explain something to them, they agree and then and learn they did not do it. So, I say to him, you see, this is exactly the situation that we fought, faced together at the beginning. So, he somewhat adopted the European or our mentality when approaching solutions of the problems."

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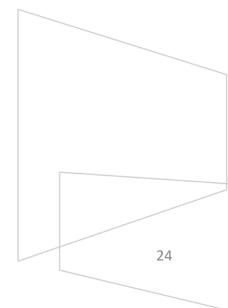# Critical incident - stereotyping

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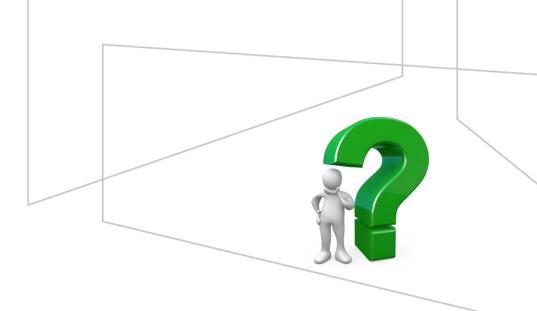
Conclusions

- ➤ Unconscious biases are a **natural phenomenon** in corporate practice
- ➤ Companies must make conscious efforts to advance their **diversity** goals to **inclusive environment**.
- ➤ The role of an **experienced manager** is crucial in managing diversity
- ➤ Managers must **be aware of** and **overcome own biases** first
- ➤ **Trainings** help the participants to become better managers and leaders
- ➤ **Critical incidents** from the managerial practice as stories retold and shared are a suitable training tool

Thank you for attention

Dagmar Sieglová

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