PROJECT DIVERSITY: Proposed HR Reform at Maersk

Maersk Managers: (Athichai Ounkomol, Dinesvara Airlangga, Sean Fitzmaurice, Nabil Sutjipto)
“DIVERSITY OF THOUGHT IS THE END GAME AND DEMOGRAPHIC DIVERSITY IS THE LEAD INDICATOR”
Through the use of Ishikawa’s Fishbone (see appendix 1) and SWOT analysis (see appendix 2), we determined the major factors contributing to the workforce diversity issue.

- Cohesive culture making it challenging for employees to accept the new and unfamiliar.
- Losing employees that we invested in through training.
- Limited opportunities for current employees.
GOALS (OVERALL)

Increased Diversity

Increase diversity of upper management as measured by RID

Restart overseas placement program for qualified employee

15% of office have some diversity (programs, external hires, etc.)
<table>
<thead>
<tr>
<th>Growth Option</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
</table>
| 1. Internal HR Reform Program | • Internal allows for easy control  
• Takes advantage of Maersk's worldwide network of offices  
• Cheapest of the three options | • Implementation time  
• Fear of change for employees |
| 2. Outsource HR               | • Simplest option  
• Cheaper than expansion  
• Easy access to employees | • Only patches the problem  
• Does not fix retention problem, could even increase it |
| 3. Expansion into a new market | • Could also be strategically beneficial in terms of business  
• Simple logic: expanding to a new market is adding geographic diversity | • Extremely costly  
• Only adds minimal diversity, does not change workforce as a whole  
• Geographic diversity is not diversity |
“TRIPLE E” PROGRAM

Enhance

Enrich

Embrace
WHY
Accepting of others

- New perspective
  - No direct impact on performance
  - Constructive *

Prevent groupthink

HOW
Education
Exposure
Enforcement

WHAT
Online Classes
Oversee Placement Programs
Qualified Employees
WHY

Increased retention of diverse employee

Return on investment

Long-term employees know best

HOW

Increase in:
- Jobs satisfaction
- Work motivation

WHAT

Dual ladder track

Skill variety
- Task identity, feedback

Keys:
- Seeing end result = task identity
- Self performance = goals/feedback
- Learning new things = skill variety/job rotation
**Enhance**

**WHY**

To attract external hiring & boomerang

- Develop diversity from outside
- Boomerang-recapitalize

**HOW**

Formal steps for hiring/rehiring

**WHAT**

Database

- Alumni Network
<table>
<thead>
<tr>
<th></th>
<th>NOW</th>
<th>Recurring (Yearly values)</th>
<th>Total cost for first 5 years</th>
<th>Savings</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>$26,250,000</td>
<td>$850,000</td>
<td>$29,650,000</td>
<td>$90,345,000</td>
<td>$23,495,000</td>
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<tr>
<td>E2</td>
<td>$10,000,000</td>
<td>$5,000,000</td>
<td>$30,000,000</td>
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</tr>
<tr>
<td>E3</td>
<td>$2,200,000</td>
<td>$1,250,000</td>
<td>$7,200,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**PROBABLE RISK AND CHALLENGES**

**Culture clash**

- Significant cultural shift as there will be an alternation in management and introduction of widespread HR staff. Possible resistant to change.

**Technology and Security**

- Database, online courses, evaluation tests, and overseas programs all are prone to technological failure.
- Privacy of Employees’ information

**Implementation**

- Program is heavily reliant on widespread implementation and worldwide network creation across all major HR offices

**ACTIONS TO MITIGATE**

- Ensure a slow and gradual process
- Educate and make clear roles of additional employees
- HR Staff must be well trained to execute programs and promote its availability to employees in the respective offices.
- Emphasis on IT staff to secure data
- Establish clear standards for each program
- Detailed implementation plan
IMPLEMENTATION PLAN

Phrase 1
“Now”

KPI:
- Partnership with Coursara
- Hire additional employees
- Database 10% completed
- Overseas program planning

Phrase 2
5-year Expectations

KPI:
- Re-launch of overseas program
- 80-90% Database completed
- 15% foreigners in offices
- Ensure diverse representation in upper management: 1%

Phrase 3
Long term breakthrough

KPI:
- Evaluate success of “Triple E” program
- Alumni network established
- Over all cost decreases and stabilizes
- Success of overseas program and dual track

1% Lower Attrition

6% Lower Attrition

Succeed with “TRIPLE E” Human Resources Program
QUESTIONS?
• Helps determine the ramifications/root causes of the employee retention problem

- Policies
  - PSS Program
  - "Taboo" against rehiring
  - Limited career opportunities
  - Lack of available programs for employees

- People
  - Trained but more attracted to other opportunities

- Procedures
- Practices

RETENTION
APPENDIX 2: SWOT ANALYSIS OF CURRENT SITUATION

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Experienced HR/Business Unit</td>
<td>• High turnover rate</td>
</tr>
<tr>
<td>• Company name makes it easy to attract new talent</td>
<td>• Cohesive culture makes it difficult to integrate new hires</td>
</tr>
<tr>
<td>• Skilled workforce from solid training programs (7 training centers)</td>
<td>• Low diversity amongst upper level management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Changing market/employment demographics</td>
<td>• Other companies are always looing to attract our employees</td>
</tr>
<tr>
<td>• China employment will grow by 25% (930 million people)</td>
<td>• Conflict friction in setting cultural change to a more open minded and inclusive culture</td>
</tr>
<tr>
<td>• India grow by 50% (833 million to 1.3 billion)</td>
<td>• Increase in potential for conflict</td>
</tr>
<tr>
<td>• Africa will grow 300% (328 million to 943 million)</td>
<td>• Regulations (Environmental safety, tax regimes in different countries)</td>
</tr>
<tr>
<td>• Maersk has major offices in all these locations</td>
<td>• Cultural barriers.</td>
</tr>
</tbody>
</table>
1. We compared Maersk with select top performing diverse companies, and want to match the diversity of senior management to those companies senior managements levels of diversity.

2. Increases experience, develops inclusive leaders focused on knowledge diversity instead of skin-deep level, which will motivate workforce.

3. Most effect group size <10. In a group of 10, we want at least 1 person with overseas experience.
Online courses come with a completion waiver.
Tuition of $1,000 per course will be charged if the course is not completed.
APPENDIX 5: QUALIFICATION TEST FOR OVERSEAS PROGRAM

BIG 5 (Sample Questions)

I talk to different people at social events: 1-5
I don’t mind being the center of attention: 1-5
I sympathize with other people’s feelings: 1-5
I enjoy hearing new ideas: 1-5

BIG 5 TRAITS (What we’re looking for)

1. Extraversion
2. Agreeableness
3. Conscientiousness (Key)
4. Emotional stability
5. Openness
### APPENDIX 5.2: EQ TEST SAMPLE

<table>
<thead>
<tr>
<th></th>
<th>Completely true</th>
<th>Mostly true</th>
<th>Somewhat true/false</th>
<th>Mostly false</th>
<th>Completely false</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>3</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

1. I adjust my behavior depending on who I am interacting with (e.g. calm and friendly with a child, serious and professional with my boss, etc.).
2. I tend to postpone or avoid discussing touchy topics.
3. I find myself feeling nervous about situations or events, and I don’t even know why.
4. If asked to list my top three strengths, I would have hard time coming up with them.
5. I have certain compulsive habits that I just can’t seem to stop (e.g. overeating).
6. Once a pessimistic thought pops into my head, it’s like a floodgate opens - my thoughts get more and more negative.
7. I like learning new things.
APPENDIX 5.3: PERFORMANCE MATRIX

Sample

<table>
<thead>
<tr>
<th>Potential</th>
<th>Needs</th>
<th>Meets</th>
<th>Exceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Brown</td>
<td>Alicia Taylor</td>
<td>Blair Smith</td>
<td>3: High</td>
</tr>
<tr>
<td>Mary Ferns</td>
<td>James Alex</td>
<td>Terry Burns</td>
<td>2: Growth</td>
</tr>
<tr>
<td>Thomas Price</td>
<td>Jane Ericks</td>
<td>Kate Ritz</td>
<td>1: Limited</td>
</tr>
</tbody>
</table>
APPENDIX 6: DUAL CAREER TRACK

Fields: 1. Management 2. Technical

Steps:
1. Two routes for promotion
2. Fits life goals of individual employees
APPENDIX 7: HIRING/REHIRING PROCESS

Hiring
1. Apply/review
2. Phone interview – first impressions
3. Physical interview
   1. Psychological analysis
   2. Company fit
4. Final review/acceptance
5. Transition to role
6. Autonomy

Re-hiring
1. Possibility of alumni network referral
2. Application
3. Evaluate file from data base
4. Review reason for first leave
5. Phone interview
6. Physical/mental test to ensure same competencies
7. Reintegration program
APPENDIX 8: EXPANSION AND OUTSOURCING

**Organic growth**
- Strategic goals can be achieved
- No crashes in culture
- Cheaper compared to acquisition

**Acquisition**
- Bearing the issue of acquired company

**Diversification**
- New market risk
- i.e. Maersk Air

**Outsourcing**
- Patch but no solve problem
APPENDIX 9: COST ASSUMPTION

**Database**
- Creating (paying oracle) - $1 mil
- Maintenance - $1 mil
  - Servers
  - Staff
  - Scalability

**Overseas placement program**
- Big 5 test
  - License of test - $100/employee; $10.5 mil
  - Lost employee time - $100/employee; $10.5 mil
  - Hire proctor - $250 (5 @ $50)

  → $30k/test
  → 600/week
  → 120/day
  → 4 sessions of 30 people

**Online Classes**
- Piggyback on Coursara - $500/person * $150k * 2/3 people; $5 mil
- 4 profession + supplies; $600k

**Dual Ladder Track**
- 1 HR staff/office, $100k * 50 = $5 mil

**Skilled variety**
- Training management $100k, 1 week/WMGT, 50.office * 50; $5 mil

**Feedback**
- 4 HR staff; $200k

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$40 million on the first year, $20 million to continue
Racial Index of Diversity (RID)

\[
RID = 1 - \frac{(\sum_{i} (n_i - 1))}{N(N - 1)} 
\]

- N = Total population
- Ni = population in separate racial groups
- I = number of racial groups

APPENDIX 9.3: LINK BETWEEN DIVERSITY & BUSINESS

Comparison of economic performance by Fortune 500 companies

<table>
<thead>
<tr>
<th>Year</th>
<th>ROS</th>
<th>ROIC</th>
<th>ROE</th>
</tr>
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<tbody>
<tr>
<td>2001-2004</td>
<td>+42%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004-2008</td>
<td>+16%</td>
<td></td>
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</tr>
<tr>
<td>2001-2004</td>
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<td>+26%</td>
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</tr>
<tr>
<td>2001-2004</td>
<td></td>
<td></td>
<td>+53%</td>
</tr>
<tr>
<td>2004-2008</td>
<td></td>
<td></td>
<td>-9%</td>
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APPENDIX 10: LAYERS OF DIVERSITY