

GLOBALIZATION MAKES THE CASE FOR DIVERSITY

Arkansas was recently chosen as the location for a new \$100 million manufacturing facility. Welspun Gujarat Stahl Rohren Ltd., an India-based manufacturing company, will build a new pipe plant at the Little Rock Port to manufacture pipes for use in the oil and gas industry. While the company has operations in over fifty countries throughout the world, this is Welspun's first North American facility. The company was attracted to Arkansas for many reasons, not the least of which is the favorable economic climate.

This is sure to be the first of several such announcements. The state and many cities are becoming increasingly aggressive in their attempts to lure new business. Arkansas has recently been on the short list of sites for several potential manufacturing and distribution facilities. For instance, the state was recently a finalist in the competition for a \$3 billion German steel mill (yes, that was with a "b"). Arkansas was also a contender for a new \$800 million Japanese automobile assembly plant. Although these projects ultimately chose to locate in other states, we are clearly on the international radar and more foreign investment in our state is inevitable. The potential influx of international companies creates opportunities for existing businesses in the state, but it also presents unique challenges.

Over the last several years, businesses have placed a special emphasis on diversity initiatives. Developing an increasingly diverse workforce is more than a moral or social obligation, there are also a number of business reasons for doing so. The business case for diversity rests on the basic reality that the faces of our customers, producers and suppliers are changing. The buying power of minority groups has increased two-fold over the last fifteen years and continues to grow at a rapid pace. Women account for more than 80% of the buying decisions in American homes. More and more companies demand that their suppliers demonstrate efforts to diversify their workforce. And top recruits are inquiring about their potential employer's diversity programs. In order to remain viable, it is essential that businesses recognize and adapt to these changes.

But diversity is more than color or gender, it is also culture.

Companies based in Japan, Germany, India and elsewhere in the world are often very different than their U.S. counterparts when it comes to business and business relationships. There are unique cultural differences that have a profound effect on how those companies operate and how they make decisions. Arkansas businesses that hope to establish successful and profitable relationships with the many international companies moving into our state must position themselves in such a way as to embrace these cultural differences.

So while there is certainly a business case for diversity, globalization also provides strong support for a diverse workforce. Employees that understand and can relate to their foreign counterparts will pave the way for more solid and successful business relationships. As Arkansas companies strive to diversify their workforce, they must focus not only on color and

gender, but also on culture. They must seek out talented multi-lingual individuals of varied ethnic and cultural backgrounds.

Of course recruiting and retaining these employees is something that can take significant time and resources. Some may think it not worth the effort. Consider this, in 2006 the accumulated foreign direct investment in the U.S. was approximately \$2.7 trillion. About a third of that investment is in the manufacturing sector. The U.S. investments of France, Germany, Luxembourg, the Netherlands, Switzerland and the United Kingdom are each worth over \$100 billion. Foreign-owned companies employed almost five percent of the U.S. domestic workforce. Their subsidiaries were responsible for almost the same number of U.S. jobs.

It is clear that many more foreign-based companies will establish a presence in Arkansas during the coming years. This is good news for our state and our business community. These international companies are far more likely to partner with those Arkansas-based businesses whose employees speak the same language and are familiar with their home country's customs. Those Arkansas companies that make a serious commitment to embrace cultural diversity will be rewarded for their efforts.

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