

Set the Tone: Tax Leadership's Role In Supporting Diversity and Inclusion

by Tony Santiago

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In this installment of Tax Pulse, Santiago interviews Paul Yong, vice president and chief tax counsel at Sempra Energy; Domingo Garcia, senior vice president and chief tax officer at Aon PLC; and Sonia Hollies, senior vice president of global tax, risk management, and treasurer at Perrigo Co. PLC, about fostering diversity and inclusion within their departments and their broader organizations, as well as the strategies and practices that can help achieve these goals.

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In recent years, companies have come to appreciate the far-reaching benefits of a diverse workforce — advantages that extend beyond just meeting quotas or compliance requirements. A diverse team brings together individuals from various backgrounds, cultures, genders, races, and perspectives. This diversity of thought and experience can foster creativity, innovation, and a broader range of solutions to complex problems. It can also enhance a company's ability to understand and serve an increasingly diverse customer base.

However, the mere presence of a diverse team is not enough. To unlock the full potential of this diversity, organizations need leadership that actively champions inclusion. This is where a tax leader steps into a significant role.

To better understand the real-world struggles and successes surrounding these issues, I spoke with seasoned tax leaders Sonia Hollies, senior vice president, global tax, risk management, and treasurer at Perrigo Co. PLC; Paul Yong, vice president and chief tax counsel

at Sempra Energy; and Domingo Garcia, senior vice president and chief tax officer at Aon PLC, about their experiences. Read on as we dive into the importance of a tax leader's role in fostering diversity and inclusion within their department and the broader organization, and explore the strategies and practices that can help achieve these goals.

Tony Santiago: In my October 8, 2023, article, "Unlocking the Benefits of Diversity,"¹ Sonia shared her experience and wisdom regarding recruiting diverse teams. Now, we're taking that conversation to the next level in a roundtable discussion of the issues that often arise when gathering a diverse group of individuals. We've all seen instances when people self-segregate by gravitating toward and forming groups with those who are most like themselves, whether it be gender, race, religion, background, or what have you. What sort of issues have you seen in that regard?

Paul Yong: I have been the director of graduate tax programs at the University of San Diego School of Law for almost two years and a part-time professor for eight years. And even in a state like California, which is in many ways quite liberal and very diverse, you go into a cafeteria and you see multiple ethnic groups, but they all hang out together by themselves, each group isolated into specific races. I've started to wonder if some of these diversity and inclusion initiatives have actually backfired. It sometimes seems like the more they push different clubs or ethnic-focused groups, the more separation that occurs.

¹Tony Santiago, "Unlocking the Benefits of Diversity," *Tax Notes State*, Oct. 2, 2023, p. 37.

Domingo Garcia: That's a great question, Tony, and a great point, Paul. Successful diversity can be a challenge. Thinking about where I went to law school, and some of the places I've worked, there's been the creation of what I would describe as affinity groups for like-minded folks.

Back when I was in law school — this was a century ago, in the mid-80s — those affinity groups were essential because there just weren't that many Hispanics. For example, there were about 550 students in my class and maybe 12 Hispanic kids. Having the Hispanic organization was a sanctuary. It was awfully helpful to have people there who shared your cultural background and you could talk to them and they just got it.

However, I would completely agree that over time, the importance of those organizations should have diminished as precedent and equity have grown. I think they should still be important, but they shouldn't be as heavily relied upon as they were in the past.

Yong: I agree. I think it's more about creating connections. I grew up in Hawaii, and I recall seeing a research paper on the successful multiculturalism there. Nearly half of Hawaii's marriages are interracial, and there is no racial group majority. The Hawaiian people's strong connection to their land, the importance of family, and their shared complex history make it unique and offer valuable lessons in embracing diversity.

In my opinion, forcing diversity doesn't work when people don't understand each other's culture. They don't understand the other person's values, and when you don't understand these things, then you have to make assumptions.

Garcia: Paul, you raise excellent points about the kind of dynamic that we don't want to happen. At Aon and some of the other companies I've worked for, I think if someone wants to be successful, they don't have time to go have lunch and interact only with people from the same background. And if you're spending all your time with affinity groups, you're probably not going to be as successful anyway. I think also that in the typical jobs that I've worked in, in tax, people are so busy, that

they spend all their time trying to get their work done and learning.

At Aon, we've been virtual now for three years. I don't know that there's a lot of time to have what I would describe as social interaction, which is why we try to focus a lot on team building and off-sites and that sort of thing as we bring in younger people.

Santiago: And does that help with the self-segregation?

Sonia Hollies: I don't really have any self-segregation, and my group is as diverse as they can be. But we're not only talking about color; we're also talking about culture. I'll never forget we all went out to dinner in Europe, and as Americans do, we ordered a bunch of appetizers to share them. Well, the European folks looked at us like we were crazy. Apparently, they don't share appetizers in that part of Europe, and they seemed almost offended, explaining that they each wanted their *own* appetizer. We laugh about it now, and it's a moment that strengthened the bond, in this case, a cultural bond, that we all share.

You have to set the tone at the top and be very deliberate. Even during the pandemic, we did virtual outings. Since we've been able to meet in public, we have had events, such as an off-site in Michigan during the summer. When I went to Ireland, we did a treasure hunt in the streets of Dublin.

Santiago: So intentionality is needed. It's important to put some effort into it to make sure you do have a "melting pot" that everybody is hoping for and where they're all bonded.

Hollies: Exactly. I have an all-hands meeting once a quarter, and every time, two or three people present on something that the rest of the group wouldn't automatically know about. I make people introduce themselves. There's none of this "where I went to school" stuff when we go around the room. What don't we know about you? Something interesting that we would never expect. That's how you get people to know each other and bond, but you must be intentional.

Yong: I can relate to that. I did that at the university and mixed up the group. A lot of the students want to do things with people they're comfortable with. In my classes, if I ask the class

to break into project teams, you'll see those "affinities," as Domingo called it. So, I started breaking up the project groups randomly and that typically resulted in teams with diverse backgrounds. In a lot of cases, over a semester, some students spent more time with others from a different race or background than they had their entire lives. I think it takes that type of decision-making and leadership to foster integration, although admittedly it's somewhat forced. It's kind of like making little kids try broccoli. "Trust me, it's good for you."

Garcia: I agree. I also feel my job is to make sure my younger tax professionals have a great mentor within the department. It's important that they fit well within the group and that they're exposed to a lot of different things to develop them. I've always looked at it that any way we can get them engaged with the firm is helpful.

However, that's evolved a lot. Since the pandemic, where everything's virtual, it has made matching new team members with mentors even more important. These folks are young and they don't have the same opportunities to meet with other members of the team, which is probably going to make things a lot harder for them.

For me, it's about crawling and walking before running. If we can get diverse candidates into the group, and they're happy, then we're thrilled. Whatever keeps them happy at the firm.

Hollies: I think that as the leader, it's our job to make everybody feel welcome. I have monthly one-on-ones and bimonthly one-on-ones depending on level. If you're an indirect, it's every other month, and if you're a direct, it's once a month, and that's their time. I always tell people, "It's whatever you want to talk about. It doesn't even have to be about work." Whether it's that they want to be put on a project, or they're having some issue they're struggling with at home, or maybe they're looking for a flexible work arrangement. Whatever it is that's bothering them, they have my undivided attention.

If they're not used to getting that kind of time, they really appreciate it. Sometimes they

just want to bounce stuff off me: "I want to learn about this," or "How would you go about that?"

I think it's important for the leader to set that tone. It fosters an environment of people meeting with each other and truly getting to know one another.

Yong: I think there used to be an expectation that we just had to "hit the numbers" to create diversity and that was enough. When I got to Sempra, within the tax department there were factions everywhere. One thing I did was start having once-a-week group lunches, where I would bring a platter of dessert for everyone.

We would sit together at one table on a Friday, and everybody would wear an aloha shirt. So now you started to see that the affinity wasn't just the color of your skin, but the shirt you wear. So now we're all sitting together and it looked like a garden and we'd go around sharing what we were going to do on the weekend because what you do on the weekend is a reflection of your values and your culture.

I think we became a better department because of that. Once the team became comfortable with each other, they started sharing ideas, becoming more transparent, and working better with each other. As a leader, you just can't demand it. You've got to create an environment that breaks down the barriers, allows them to get to know each other, and eventually builds trust.

Championing Diversity

Fostering diversity and inclusion within an organization has become more than just a trend or a catchphrase; it's a critical aspect of building a successful and sustainable business in today's globalized economy. A key component of this process is recognizing the pivotal role that a tax leader plays in championing diversity and inclusion.

As these tax leaders have noted, leadership plays a pivotal part in harnessing the full potential of diversity within an organization. Their insights underscore the importance of intentionality in promoting diversity and inclusion. It is not enough to merely assemble a diverse team; tax leaders must actively champion these values and set an example for their teams to follow.

It's also important to create opportunities for team members to interact and bond organically. By breaking down the barriers of self-segregation and fostering an environment where colleagues can get to know each other, trust is built, and relationships are forged. This not only enhances collaboration and communication but also results in a more cohesive and high-performing team.

The benefits extend far beyond the boardroom and into the broader community, contributing to a more equitable and inclusive society. By recognizing the vital role of tax leadership in championing diversity and fostering inclusion, organizations can truly unlock the full potential of their diverse teams, fostering innovation and better outcomes for all. ■

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