

EUROPEAN **DIVERSITY**

m i · s t [D i v e r s i t y C o n s u l t i n g

Richard-Wagner-Str. 25
D – 50674 Cologne (Köln)
Tel. **49-221-222 12-50
Fax **49-221-222 12-51
E-Mail office@mi-st.com
www.european-diversity.com

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Six Regional Perspectives on Diversity



Europe —Michael Stuber

Michael is a diversity pioneer in Europe, and is the founder of mi.st Diversity Consulting. He helps organizations pursue a strongly business-related, strategic approach to implementing diversity, which includes positioning, research and analysis work, the business case and strategies for the implementation.

The European Union has been in an integration process since its creation after World War II. Before, many European countries were at war with each other, and in some countries fascist regimes were in power until the mid-1970s. The iron curtain (and the Berlin wall) only came down 15 years ago, when a new liberation and integration process began. For these and many other reasons, no common cultural ground can be assumed for Europe as a whole. On the contrary, it must be acknowledged that different cultures exist, many of which were alien to each other up until the recent past. Such negative heritage has inevitably led to the formation of prejudices and then (negative) stereotypes. When dealing with people from European countries, it is therefore important to consider their cultural traits while at the same time avoiding the stereotypes associated with that culture. While "diversity" is a characteristic of Europe, the "concept of diversity" has not yet been discovered by many of its citizens. A shared or common "European identity" is still developing and is emerging in the climate of globalization and the bringing together of all peoples around the world.

Challenges

European countries and regions do differ regarding the issues each deems to be "important." Our pan-European research reveals a ranking of the six so-called core dimensions of diversity: 1- gender, 2 - ethnicity/race, 3 - age, 4 - disability, 5 - religion/belief and 6 - sexual orientation. Additional issues specific to a country or region are based on the respective history and culture. In Ireland, for example, religion receives a lot of attention due to the longstanding conflict between members of the Catholic and Anglican churches. In Belgium and Switzerland, there is a high sensitivity for different mother tongues (and foreign language capabilities). In Hungary, membership in a current or former "traveling" (i.e., gypsy) community is an important issue. Finally, it is essential to know that "race" is acknowledged differently in Europe compared to the U.S., where the history of slavery and civil rights are part of the national heritage.

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In Europe "ethnicity" is a more common issue, as countries (and regions) are comprised of different ethnic minorities. Some of these minorities are called former "guest workers;" others

migrated from former colonies. Yet others are contemporary employment migrants or refugees. These groups tend to face similar exclusion dynamics in almost all European countries. Other issues, such as the integration of women in Eastern European business, are more advanced than in the West.

The most common mistakes business leaders make in Europe are probably very similar elsewhere in the world, irrespective of a leader's origin. Although many people feel insulted when they are not valued for their background, ideas, perspectives or concrete contribution, they often find themselves acting in a similar way once they are in a similar position. Especially in mergers or acquisitions, it happens often that the dominant partner is not treating new colleagues with dignity and respect. All too often, the acquiring organization loses a large part of what they have paid for.

Compared to the United States, there seems to be a stronger tendency in Europe to make "equal treatment" a goal, rather than "equal opportunities." This approach is linked to an almost historical European ideal that regarding people as "the same" is a way to achieve justice, which might translate to "color-blindness" in daily life.

Legislation

In 2002 and 2003, the European Union adopted three anti-discrimination directives which have to be implemented in National legislation in all 25 EU member states. These directives cover all six core dimensions of diversity and ban direct and indirect discrimination, as well as harassment. Direct discrimination occurs when a person is treated less favorably than another in a comparable situation because of their racial or ethnic origin, religion or belief, disability, age or sexual orientation. Indirect discrimination occurs when an apparently neutral provision, criterion or practice disadvantages people on the grounds of racial or ethnic origin, religion or belief, disability, age or sexual orientation, unless the practice can be objectively justified by a legitimate aim.

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The directives are applicable to all areas of work and employment, including recruitment, performance management, promotion, pay, training and development, work conditions and termination. One important mechanism of the directives is the reversed burden of proof. In case of litigation, employers have to proof that their systems, processes or culture are bias free, and no discrimination or harassment occurred. Claimants may be supported or represented by special-interest organizations, which could lead to broad publicity of a case.

Most of these regulations are new to the national legal systems, and even many experts from HR, diversity and legal departments do not yet understand all the implications of these future laws. Most countries are still in the process of implementing the directives, with the European Commission evaluating progress and results.

In some European countries that are not EU members (Norway, Switzerland), similar laws exist for some diversity-related issues, but harmonization is expected whilst Europe is integrating further and more countries are hoping to join the Union.

Diversity Best Practices

We have surveyed several hundred organizations across Europe, and many of them exemplify best practices in some respect or concerning specific diversity issues or tools. For more information about these organizations visit:

European Diversity League (portraits of corporate practices)
www.european-diversity.com/DiversityLeague/index.html

Great Place to Work (European initiative)
www.greatplacetowork-europe.com

European Diversity Survey EDS2, available from mi.st Diversity Consulting
Email eds2@mi-st.com

Book: "EuroDiversity," edited by George Simons, Butterworth-Heinemann

In some countries (mainly in the UK), organizations are conducting research into special interest corporate practices:

Age Positive	www.agepositive.gov.uk
Employers Forum on Age	www.efa.org.uk
Total E-Quality	www.total-e-quality.de
Employers' Forum on Disability	www.employers-forum.co.uk
Business in the Community	www.bitc.org.uk
CRE - Commission for Racial Equality	www.cre.gov.uk

Recommendations for Others

Based on my more than eight years of research, consulting and networking, here are some success factors and most common mistakes that can be identified for work on diversity in Europe.

Dos

- Encourage intensive work at all levels: relying on management or grassroots initiatives often leads to dead ends.
- Utilize differentiated strategies: your target group is diverse, and your strategy should be, too.
- Demonstrate visible engagement of top management: the leaders have to lead, both business and diversity — otherwise they wouldn't and shouldn't be leaders.
- Initiate intensive communication and inclusion: any given communication only reaches a targeted group of people — be sure to reach out to different audiences, using different themes, messages and tools.
- Manage for early quick wins to ensure a long-term perspective: make sure you achieve some milestones early on in the process to gain credibility and secure support.

Don'ts

- Focus on a few differences: be as inclusive as you can to avoid cynicism and backlash, and to comply with EU directives.
- Attempt to implement your diversity initiative without a full-time professional process

manager who will be the key to making things happen in Europe.

- Use quotas: numbers are OK to measure progress but not to replace meritocracy.
- Work with marginal budgets: no return without investment.
- Make diversity exclusively an HR program: if you want to add value to the business, you will have to include business managers, marketing colleagues and communication experts.

FROM DISCRIMINATION TO INDIVIDUAL LITIGATION

By Sarah Murray, Financial Times, May 7th 2004

With a history of anti-discrimination that goes back to the civil rights movement of the 1960s and the equality enshrined in the constitution, the story of workplace diversity in the US is a very different one from that found in Europe.

However, one only has to look at statistics on shifts in the ethnic make-up of the US population to see one of the main drivers of workplace diversity there today. According to projections released last month by the US Census Bureau, the "non-Hispanic white" proportion of the population, which made up 70 per cent of the total in 2000, is expected to drop to 50 per cent by 2050. At the same time, the Hispanic population is predicted almost to double, from 12.6 per cent to 24.4 per cent. The Asian community's representation will grow from 3.8 per cent to 8 per cent.






"In the US you have a national structure with a national identity and within that a large diversity of people in terms of ethnicities and regional differences," says Michael Stuber, founder of mi · st | Consulting, the Cologne-based diversity consultancy. "In Europe the basic setting is totally different - you have 12 and soon 25 European Union countries." The US's history of affirmative action has left a culture of support - both at government and private levels - for minorities in the corporate world.

The National Minority Supplier Development Council (NMSDC), for example, has since 1972 facilitated increased procurement and business opportunities for minority businesses of all sizes. With 3,500 corporate members - including public, private and foreign-owned companies, as well as buying institutions such as universities and hospitals - the NMSDC's regional councils match more than 15,000 minority owned businesses (Asian, Black, Hispanic and Native American) with member corporations that want to purchase goods and services. The strength of minority business ownership reflects this. The results of the Inner City 100 - an initiative founded in the US in 1994 by Michael Porter, a Harvard business school professor, and replicated in the UK in 2001 - reflect this sort of institutional support. Minority representation of the UK organisations in the index was 13 per cent last year compared with 38 per cent in the US.

At the same time, the US judicial system and its defence of individual rights means employers flouting rules on equal rights risk facing damaging lawsuits. "Individual recourse is part of our culture," says Susan Meisinger, president and CEO of the Virginia-based Society for Human Resource Management. "But the whole aspect of civil rights liability is a diminishing focus. That is a consideration in how you manage your employment relations." However, Ms Meisinger believes the drive to expand business in an increasingly diverse market is another powerful force behind diversity in US corporations. "The focus on diversity in the broader sense is because of a combination of looking for skilled workers, wherever they may be, and understanding that the market you're trying to attract is getting more diverse." The growing spending power of minority groups certainly provides a powerful reason for US companies to hire more minorities in sales and marketing teams.

Hispanics alone wield more than \$650bn in spending power and by 2008 this figure is projected to exceed \$1,000bn. Employing Latino staff is a strategy likely to help tap into this spending. Even so, litigation looks likely to remain a big part of the diversity picture. While big US companies cite their diversity commitments as a key element in their success, many are still battling racial discrimination and other lawsuits. Wal-Mart, for example, is facing the US's largest ever civil rights class action. Filed by six women, the suit claims Wal-Mart systematically denies promotion and equal pay to women. If certified by the federal judge considering the case, it would cover almost 1.6m current and former female employees.

So it seems that, regardless of what US companies do to promote diverse workforces and equal opportunities, the litigious culture means fear of legislation is likely to remain among the factors driving diversity. "The US is a long way ahead on the legal framework. That's a huge issue for them," says Dianah Worman, diversity manager at the UK's Chartered Institute of Personnel and Development. Ms Worman points out, however, that much of this sort of legislation is now materialising in Europe. "The US has been ahead on age discrimination law. They also introduced law on disability long before we did. So in some respects, when they catch a cold in the US, we catch it the next day in Europe."

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4.7 Diversity League

Pilot of "Diversity League" Now Online

European Leaders in Diversity Go Public

BP, Microsoft, Ford, Deutsche Bank and Air Products Showcase Corporate Practices

Cologne, 30 September 2003 - For the first time ever in Europe, major international companies publicise their approaches and achievements in the field of Diversity and Inclusion together on one website. The so-called "Diversity League" is hosted by the Diversity portal <http://www.sietar-europa.org/SEnewsletter/SIETAR%20Nov.%20News/www.european-diversity.com>. Five leading players are piloting this tool which aims at promoting good practice in Equality and Equal Opportunities on the European level. With their participation BP, Microsoft, Ford, Deutsche Bank and Air Products underpin their reputation in and their commitment to Diversity. "We always welcome the opportunity to build relationships and share creative innovations with other organisations," says Sharon Harris, London-based HR Director in Deutsche Bank's Global Diversity Team and adds "the European Diversity League engages a diverse audience, promotes the exchange of experiences and ideas and facilitates a benchmarking process which will help drive business success."

Especially in economically difficult times, the business focus of Diversity initiatives continues to be key: Microsoft "has firmly embedded its diversity activities in its business plan" and for Air Products, "Diversity is a key element in Air Products' 'Deliver the Difference' strategy." An increasing number of companies acknowledge that making the most of all the different potentials their employees provide also helps to cut costs and boost productivity and market success. ... "Managing diversity is of strategic business importance and leads to sustainable business excellence," emphasises Elisabeth Girg from Deutsche Bank's Global Diversity team and explains the business linkage and benefits: "An open, respectful and inclusive work environment attracts the finest talent, fosters creativity and innovation among different teams to deliver the best possible results for our clients."

No return without investment

Clicking through the Diversity League shows that substantial, management-led efforts and

fundamental cultural changes are required to ultimately reap the benefits of valuing differences. But unlearning norms of the past and opening up for 'the different' is no easy step that can be taken over night. "Diversity and Inclusion is not a project with a beginning and an end but a journey in our way of thinking, behaving and building our future", Isabelle Pujol, BP Diversity & Inclusion Manager for Germany and France, points out and goes on, "For BP, D & I is one of the catalysts to create a great place to work." Providing a productive work environment for all individual employees is emerging as a major business strategy, propelled by the two European anti-discrimination directives coming into force this year. The European Diversity League enables companies to leverage their efforts with external stakeholders. "We are very pleased to be part of this ground breaking initiative", Surinder Sharma, Director of Diversity at Ford of Europe, says and adds, "We are eager to share and work in partnership with other organisations in learning and furthering Diversity in Europe." To visit (or join) the European Diversity League, point your browser to <http://www.sietar-europa.org/SEnewsletter/SIETAR%20Nov.%20News/www.european-diversity.com/DiversityLeague>

For more information, contact:

Michael Stuber

mi.st [Consulting, Richard-Wagner-Strasse 25

D-50674 Cologne

Tel. +49-221-22212-50

Fax +49-221-22212-51

Email: consulting@european-diversity.com

Interview with Michael Stuber, mi.st [Consulting, Cologne Over recent years, many blue chip companies have launched Diversity initiatives in Europe to add value to their business strategies. But the European environment for this approach is different from the United States, where the approach was developed in the late 1980s. In this light, Michael Stuber founded his European Diversity Management and Marketing consultancy almost seven years ago and became a pioneer for business-focused Diversity strategies. He was a coauthor in the SIETAR project group which created the study, [EuroDiversity: A Business Guide to Managing Difference](#). In September 2003, he launched the European Diversity League on his portal <http://www.sietar-europa.org/SEnewsletter/SIETAR%20Nov.%20News/www.european-diversity.com>. Read some background from a consultant whose thoughts reach well beyond completing projects for his client. Press photos: <http://www.sietar-europa.org/SEnewsletter/SIETAR%20Nov.%20News/www.european-diversity.com/DiversityServices/4-0.html>

Michael, what was your reason for establishing the European Diversity League on your website? "To a large extent, we responded to needs from some of our clients. They had invested in Diversity for a couple of years and reached remarkable results. Naturally, some of those companies were looking for ways to leverage these assets and utilise their achievements to foster their images as employers of choice and good corporate citizens. A second reason was that many companies that were investigating the potential of Diversity, students, journalists or NGOs working on related issues, approached us to know more about

good practices in this arena.”

Are these the major target groups of the European Diversity League? “Exactly. This part of the website reaches out to Diversity specialists, HR practitioners, academics and the Media. Also, we aim at informing people in charge of equality and equal opportunity in fields such as gender, age, disability, ethnicity, religion or sexual orientation, who are working in NGOs or the Public Sector. In addition to the basic information they all find on our websites, visitors now find concrete examples from companies that have already achieved a lot with Diversity.”

But why is it those five companies that form the European Diversity League? “We contacted a number of leading international companies from across Europe. Many of them were interested but in the end it seemed most effective to start with a small pilot group which would show other companies the value of an open, pro- active communication of Diversity. I am convinced that we will have twenty players in a couple of months time.”

Why do you think are companies investing in Diversity when the economic context is not all positive? “For exactly that reason. What could be more important than fully utilising all existing potential in an organisation when budgets are cut down while shareholders’ expectations remain high? Also, looking at globalisation, the pace of change, M&A activities and the trend towards ethical, socially responsible corporate governance, this all suggests that it’s the right time to address Diversity - not only in terms of managing differences, but also in a broader sense of openness and inclusiveness. Finally we know from the data that we have collected over the years that companies will not be left with a choice. All demographic, cultural and legal trends clearly mark the way towards Diversity and Inclusion being an effective approach to management in the future.”

Which are your major recommendations for companies regarding the implementation of Diversity? “Through our work with leading companies, we have identified five success factors: First, to create a solid base for Diversity by linking it to business goals, strategies and challenges, and by defining goals and analysing the current situation. Second, a diversity strategy must be established including approaches, target groups and development phases for the change process. Next, the visible and credible commitment of senior management is key for an effective implementation from the top down. At the same time, interactive communication with employees is necessary to involve the people who create value for the company. Finally, it is important to generate quick business wins in an early stage of the project while not losing sight of the long-term perspective.”

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OLDER PEOPLE: AGE AND EXPERIENCE

By Sarah Murray, Financial Times, May 10th 2004

Demographics usually proves a powerful force for change in the business world and the rapidly ageing world population looks likely to continue the pattern.

By the year 2050, according to the International Labour Organisation, the number of people aged over 60 will rise from 600m to 2bn. In less than 50 years, for the first time in history, there will be more people in the world over the age of 60 than under the age of 15. All this has profound implications for employers and, says the ILO, should provide an incentive for companies to fight age discrimination and accommodate older workers, creating challenging careers to persuade them to stay in their jobs longer. However, changing demographics alone are unlikely to spark drastic changes in corporate policies and practices towards older workers. "Demographics is a long, slow burn and no one is going to be energised by that," says John Atkinson, who runs the Unemployment and Labour Market Disadvantage program at the Institute for Employment Studies. Legislation, he says, is likely to provide a sharper stick with which to prod companies into action.

In the UK, for example, the government is committed to implementing age legislation by 2006 under the European Directive on Equal Treatment. The exact form the new rules will take is not yet clear but it is thought likely that it will be similar to existing legislation on race and gender. "If you look at the history of introduction of legislation on gender and race discrimination, it wasn't until the law came in that most employers pulled their socks up and started to take it seriously," says Mr Atkinson. "So the best employers are thinking about their policies and practices towards age, but the vast majority are not - and won't do so until 2006." And yet, as savvy companies have realised, positive policies and practices on age diversity make good business sense.

Often cited in this respect is B&Q. Because of the nature of its business, the British DIY retailer has found that having older workers on its staff has enhanced sales and customer loyalty. Older employees often have a basic knowledge of DIY and customers, who tend to associate older people with this knowledge, feel comfortable asking their advice. And for sectors such as financial services, the age profile of customers means it makes business sense to increase the average age of sales teams.

Changing demographics was part of the reason that Halifax Bank of Scotland (HBOS) re-evaluated its diversity programs. An ageing population was driving a need to put a greater focus on savings and retirement plans and the release of capital tied up in property - and at least half of the bank's customers are now over the age of 50. In response, the HBOS group policy was altered to allow people to work beyond the traditional retirement age of 60 or 62. But permitting employees to work beyond traditional retirement age is one thing.

It is quite another to persuade them to remain in work - particularly when private pensions and savings and the possibility of buying a house in the south of France provide a tempting alternative. Indeed, many workers, rather than staying on, are retiring early - either through desire or because of poor health. "If most people are going at 62, then opening the door at 65 isn't going to have much effect," says Mr Atkinson.

At the same time, changing demographics presents another challenge for employers that hope to persuade their staff to remain with the company for longer. In a world where a higher proportion of employees are older, there will no longer be a sufficient supply of the sort of senior management positions that were once the goal of many in the workforce.

"People tend to look at older employees when they talk about age," says Michael Stuber, founder of mi st | Consulting, the Cologne-based diversity consultancy. "What they often ignore is that the main clientele are people who are today 38 to 45. They are growing older and they have made their careers with an idea that they should be at a director's rank by the age of 43, otherwise they won't make it. And now it's obvious that, particularly in times of lean management, they cannot all be promoted to director level." With rates of promotion slowing and pay growth declining from about 35 onwards, working longer looks far less attractive than it did a couple of decades ago.

"What used to be a manual worker's earnings pattern - they earned their most at their fittest and their earnings declined as they got worn out - has become the pattern for everyone," says Mr Atkinson. Given such trends, simply abolishing the formal retirement age and - as many companies are now doing - removing age specifications from recruitment advertisements remain cosmetic initiatives. They fail to address a deeper underlying problem. That is the need to create an appealing working life for those growing older in a world where career structures, rather than being vertical, will look increasingly horizontal.