

# BUSINESS CASE FOR DIVERSITY

Push and Pull Factors

# Preliminary Remarks

- **The following slides present selected data and trends in European societies, and their impact on the business world**
- **The data shows some of the areas where Diversity has or will become a necessity for employers**
- **The data covers mainly the European Union (EU27) member states**
- **No strategic in-depth analysis is given in this presentation**
- **The analysis is covering three major levels ...**
  - Legislation
  - Demographic (quantitative) trends
  - Cultural (qualitative) trends
- **... and two areas**
  - External
  - Internal
- **Additionally, an overview of the potential benefits through Diversity is given**

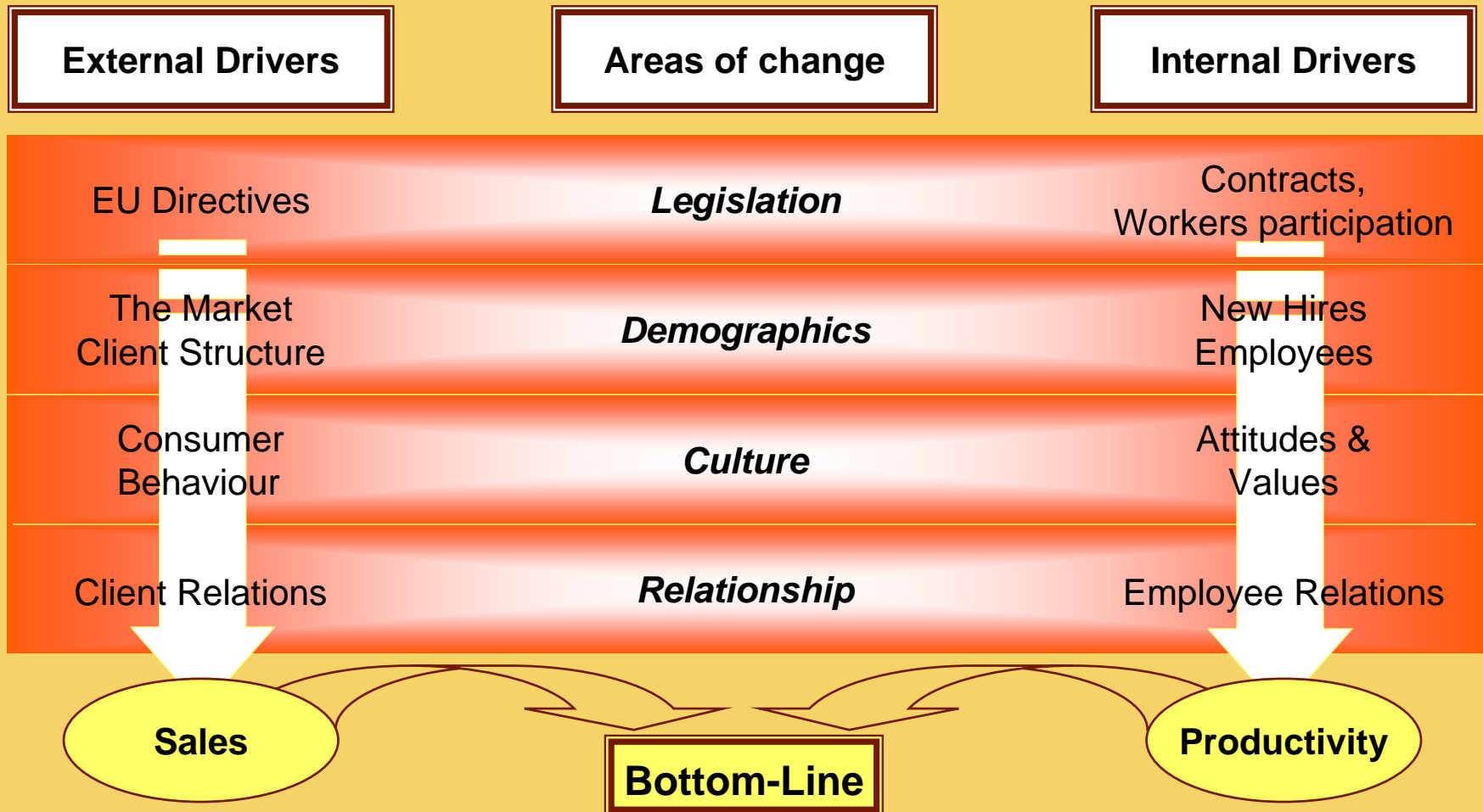
## Country Codes used in this Presentation

- **B Belgium**
- **BG Bulgaria**
- **CY Cyprus**
- **CZ Czech Republic**
- **D Germany**
- **DK Denmark**
- **E Spain**
- **EE Estonia**
- **F France**
- **FIN Finland**
- **GR Greece**
- **HU Hungary**
- **I Italy**
- **L Luxemburg**
- **LV Latvia**
- **LT Lithuania**
- **MT Malta**
- **PL Poland**
- **RO Romania**
- **S Sweden**
- **SK Slovak Republic**
- **SI Slovenia**
- **TR Turkey**
- **UK United Kingdom**

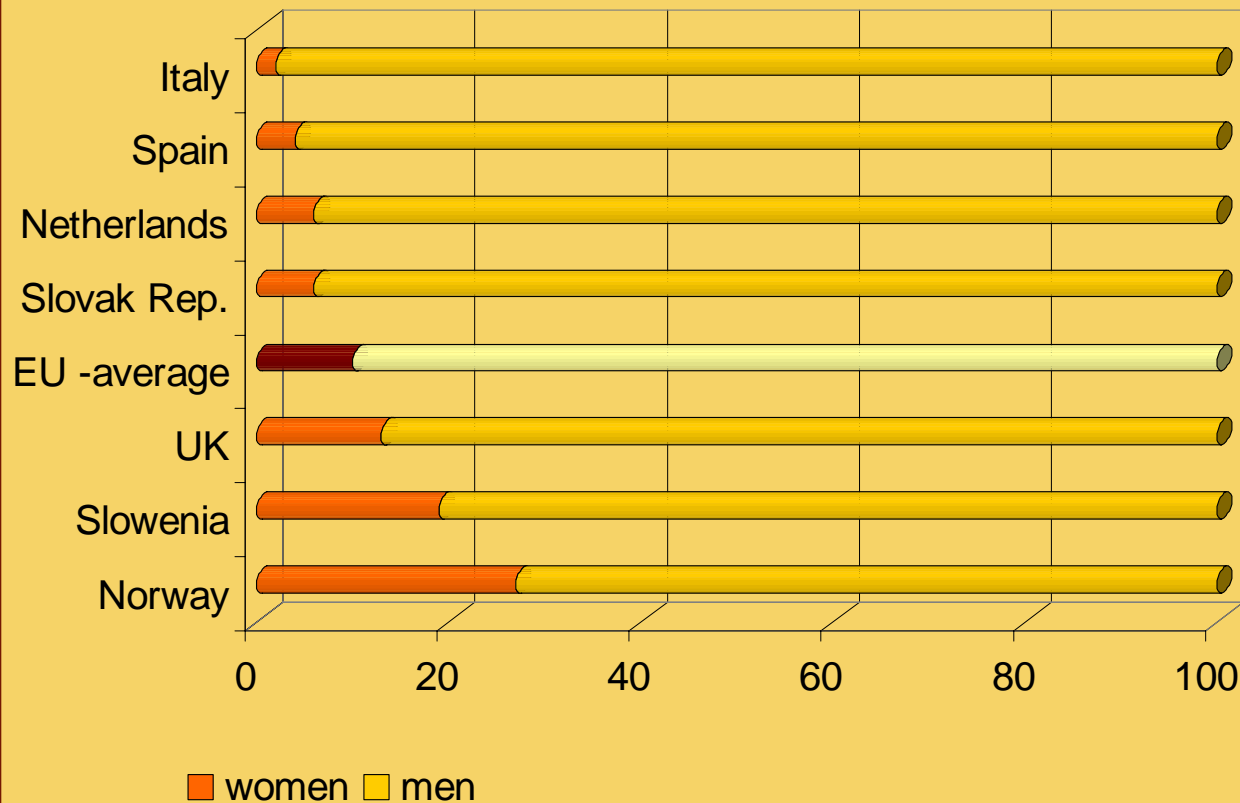
## Part 1: Push Factors

- **Which societal, cultural, qualitative and quantitative changes are forcing companies to acknowledge differences more actively and to leverage Diversity systematically?**

# Diversity is Becoming a Necessity



# Women and Men in Management



Percentages of women and men in leading positions, 2006, in large publicly traded companies.

Source: EuroStat, The life of women and men in Europe 2008

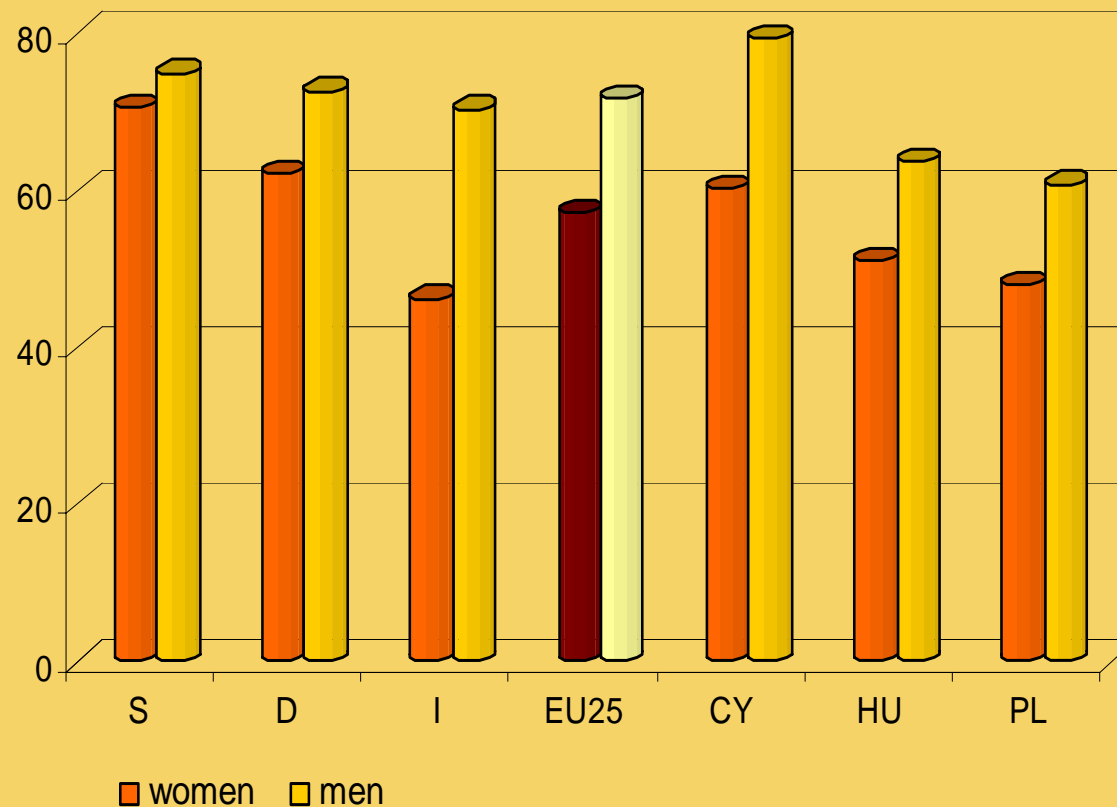
## Analysis:

The percentage of women in management varies across Europe, but is much lower than their male counterparts.

## Consequence:

An open culture and a true meritocracy is needed to ensure the full utilisation of all resources available, including female management skills.

# Employment Rates by Gender



Employment rates 2006 (in % of the population aged 15-64 years), Source: EuroStat, The life of women and men in Europe 2008

## Analysis:

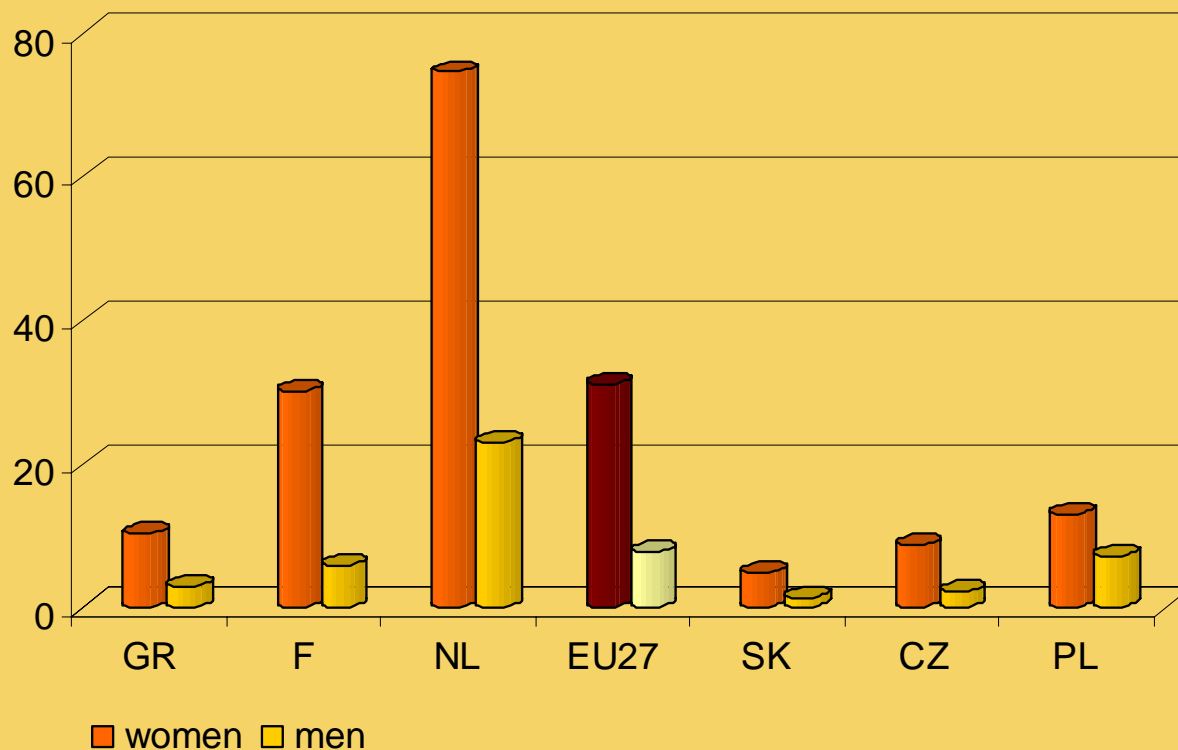
In all European countries, women are employed at a lower rate than men.

Therefore, women are not equally contributing to the economy or to business.

## Consequence:

Corporations have to seek out ways to bring more women to the workplace in order to satisfy their demand for skilled labour.

## Part Time Work by Gender



Part time work (in % of total employment), Source: EuroStat, Key Employment Indicators 2006

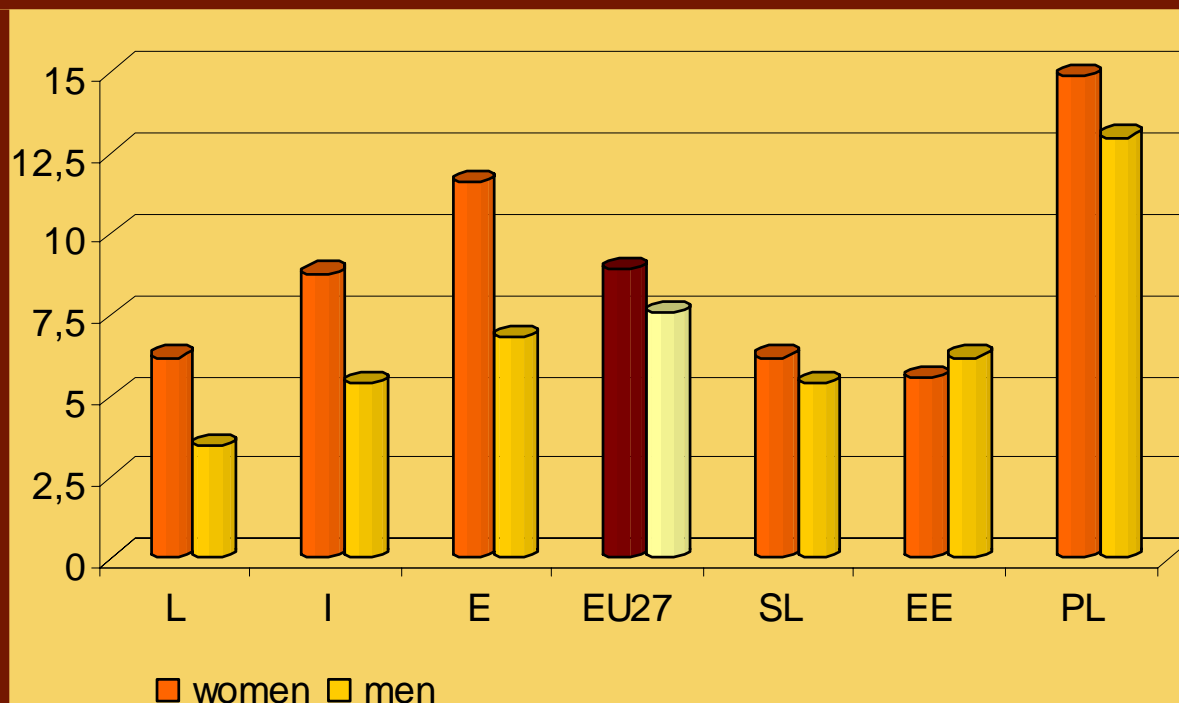
### Analysis:

Men work part-time less often than women, which may or may not be related to functions, levels or gender roles.

### Consequences:

Companies have to create flexible and inclusive work environments, thus effective work cultures that allow for work/life balance for all employees.

# Unemployment Rates by Gender



Unemployment rates in % of working population, Source: EuroStat, Key Employment Indicators for 2006

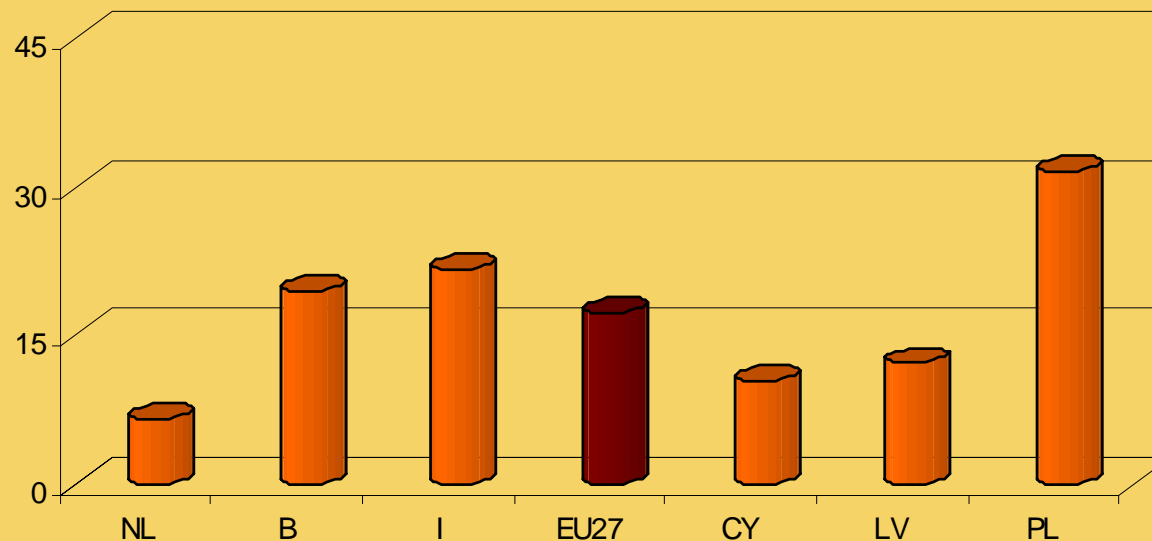
## Analysis:

Unemployment rates of woman vary across Europe but tend to be higher than those of men in most countries.

## Consequences:

Employers must rethink their employment policies and ensure processes are unbiased in order to comply with EU law and to ensure sustained fulfillment of labour demand.

# Youth Unemployment Rates



Youth unemployment rates 2006 (in % of working population, youth = ages 15-24 years),  
Source: EuroStat, Key Employment Indicators for 2006

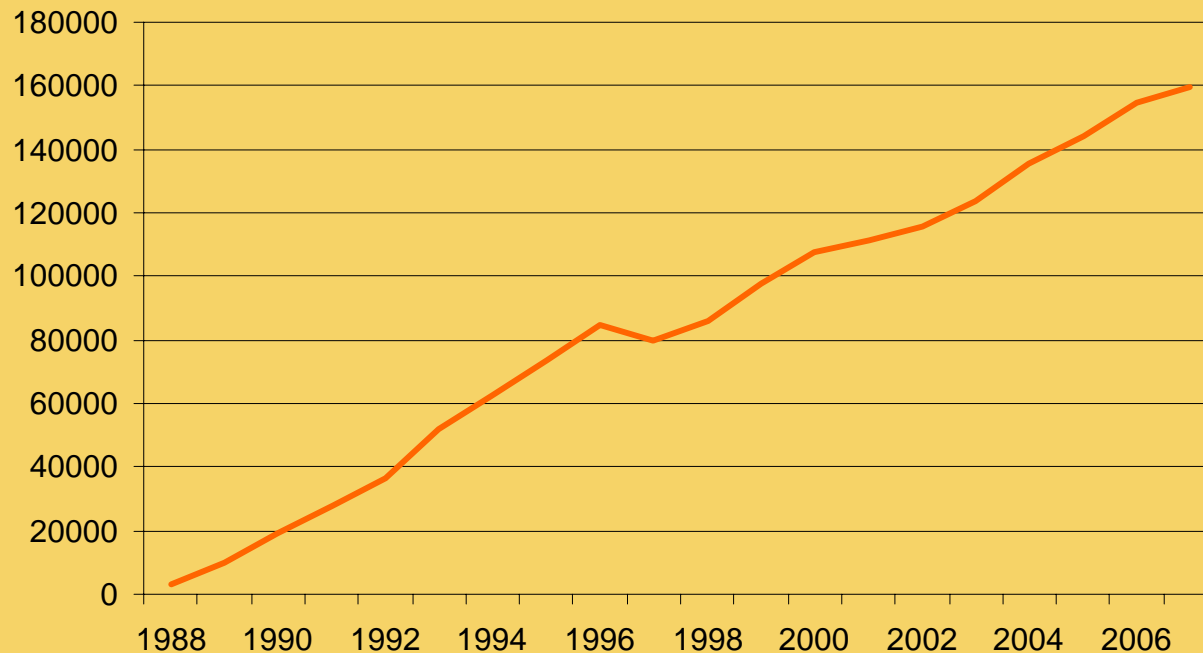
## Analysis:

Youth unemployment varies across Europe, but can still be considered high in many countries.

## Consequences:

Companies have to find new ways to employ young people in order to develop new talent, which is becoming scarce.

# Student Mobility in Europe



Number of students who took part in the Erasmus student exchange program.

Source: European Commission

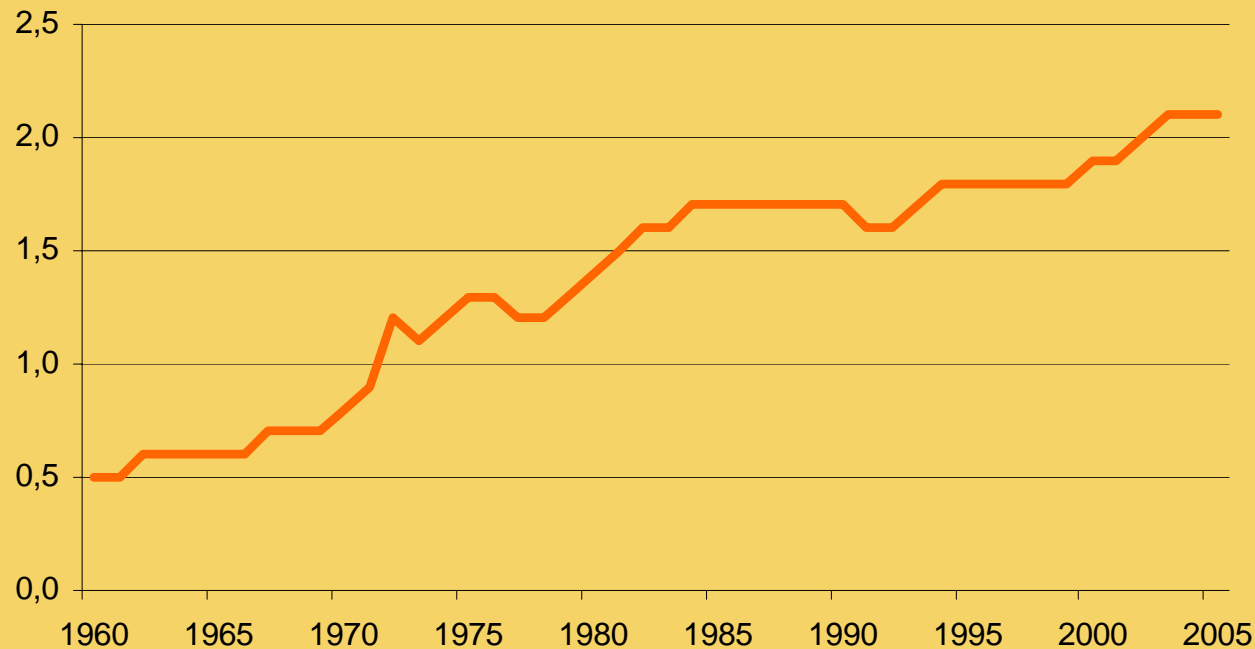
## Analysis:

There is an increase in the number of students studying abroad, experiencing different cultures and developing diversity competences.

## Consequences:

Employers must adapt to increasingly multi-cultural work environments and international career paths to utilise the new range of skills and satisfy high potentials' expectations.

## Changing Values – Divorces in the EU



Divorces per 1000 population; Source: European Union, population statistics 2005

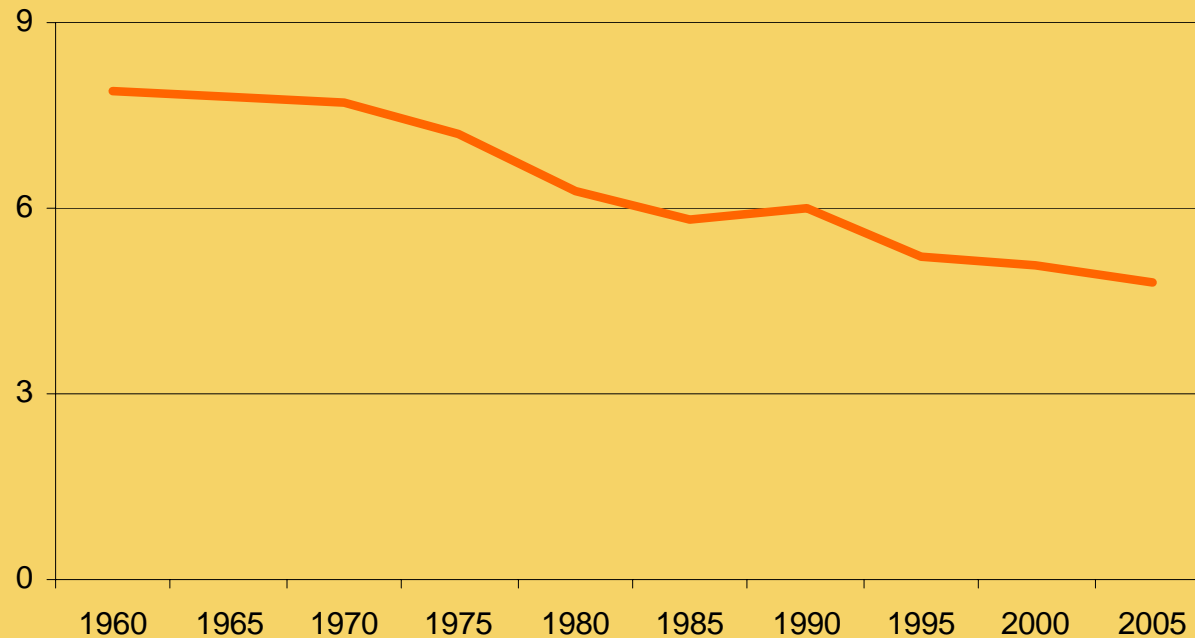
### Analysis:

There has an increasing number of divorces over the past decades. People seem to be more inclined to include change in their lives and break from conventions

### Consequences:

Corporations have to acknowledge individual lifestyles and create a work atmosphere that values and supports differing private situations.

## Changing Values – Marriages in the EU



Marriages per 1000 Population; Source: European Union, population statistics 2005

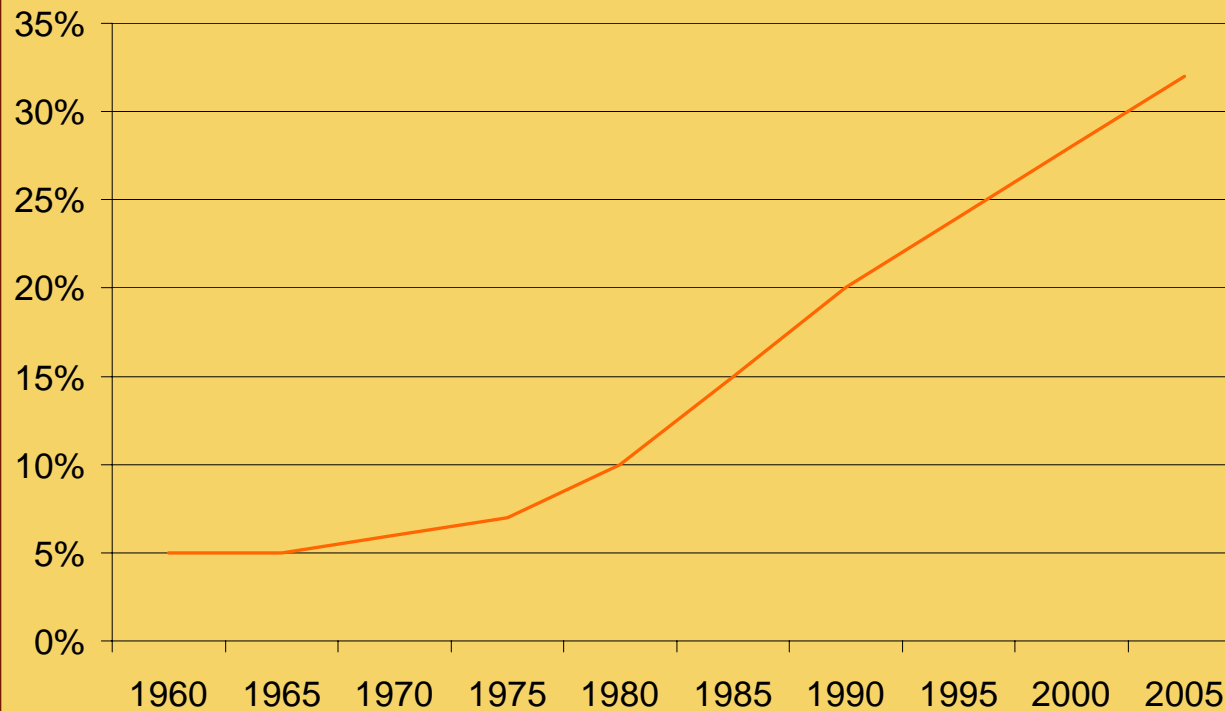
### Analysis:

There has been a decreasing number of marriages over the past decades. This shows a stronger orientation to independent life planning.

### Consequences:

Corporations have to acknowledge individual preferences and the resulting needs for work options, compensation and benefits in order to remain employers of choice.

## Babies Born in Non-married Partnerships - EU



New-borns in non-married relationships in % of all babies born alive; Source: European Union, 2005

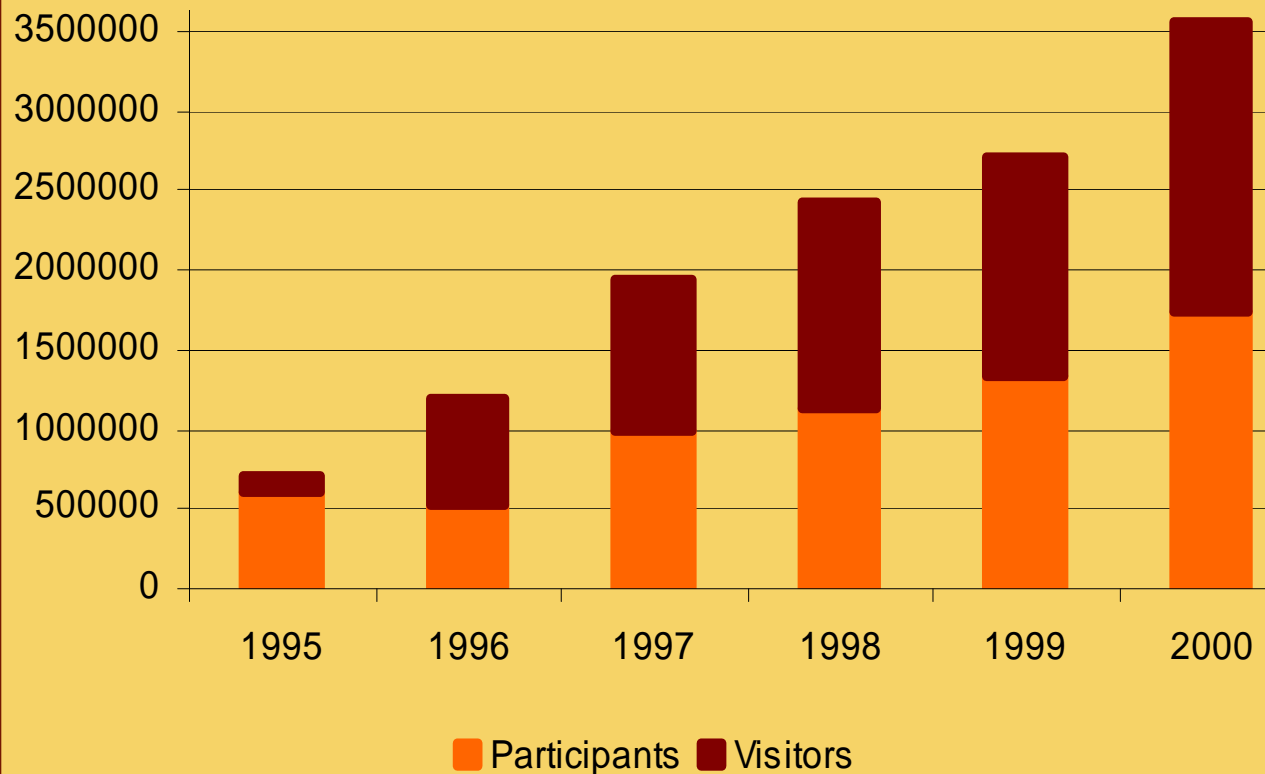
### Analysis:

More families are developing in non-traditional structures, so parental and marital status is becoming less correlated.

### Consequences:

Corporations have to provide work options and work-life balance which also supports unmarried parents and creates work cultures in which un-married parents are fully accepted and valued.

# Gay Pride Events in Europe



Sources: EPOA, European Diversity Research & Consulting, no data after 2000

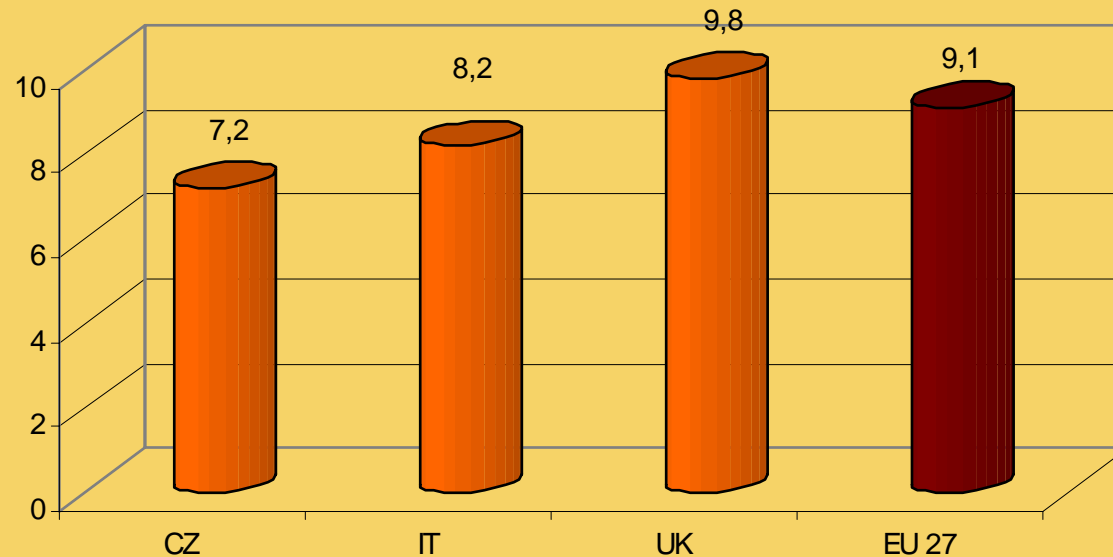
## Analysis:

Homosexual women and men have become more visible and self-confident. Heterosexuals (visitors) have abandoned earlier reservations.

## Consequences:

Corporations have to acknowledge different sexual orientations in the workplace and in the marketplace, and create all-inclusive environments.

# Attitudes towards People with Disabilities



*"How do you feel having a disabled person as a neighbor?"*  
*very uncomfortable: 1, totally comfortable: 10*

Source: Eurobarometer, Discrimination in the European Union, 2008

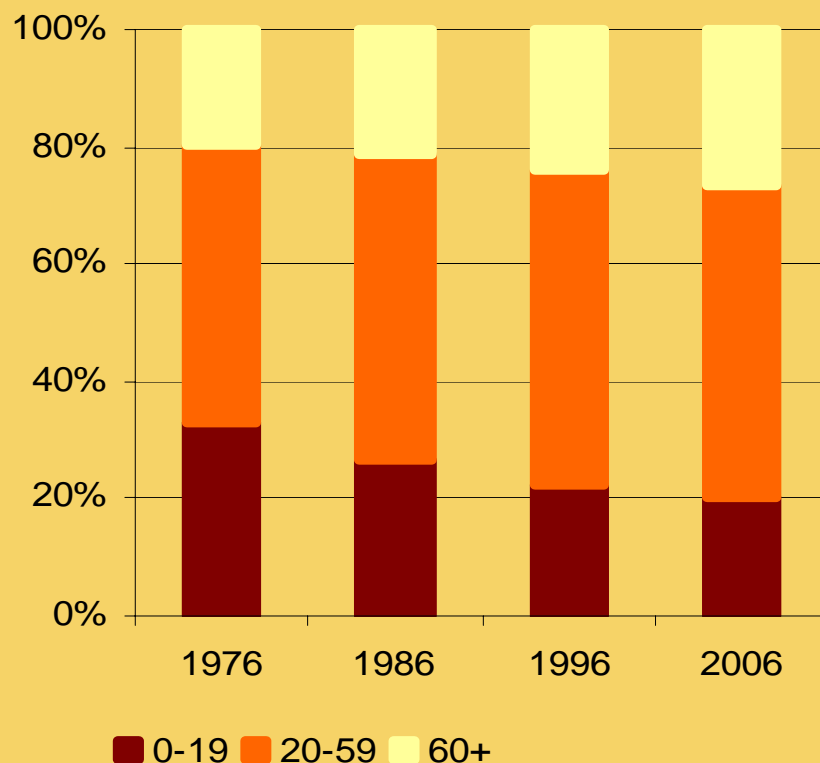
## Analysis:

Attitudes towards people with disabilities vary across Europe while most people tend to feel unbiased in the presence of people with disabilities.

## Consequences:

Employers can tap into the potential of employees and customers with disabilities without assuming resistance.

## Ageing Society – Proportion of Age Groups



EuroStat 2008, population by age (EU-12)

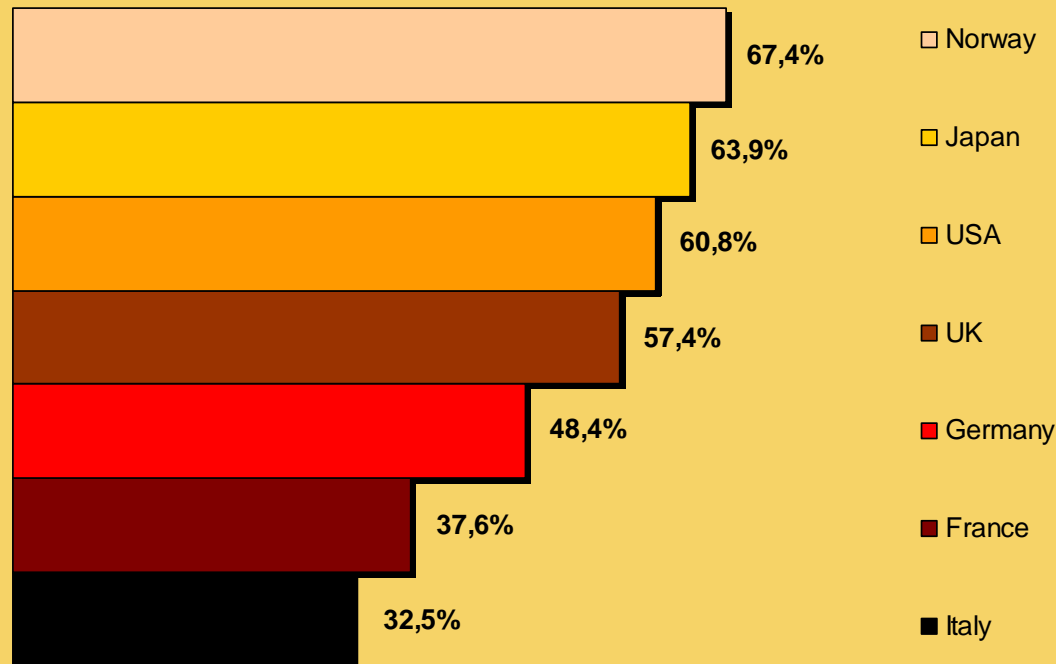
### Analysis:

The EU society has been ageing for decades. This trend will continue for the coming years.

### Consequence:

Employers have to ensure the capability of employees, combat ageism, and promote work/life balance and horizontal careers. This makes today's young and middle-aged employees major target groups.

# Employment Rates of 55 - 64 year old people



## Analysis

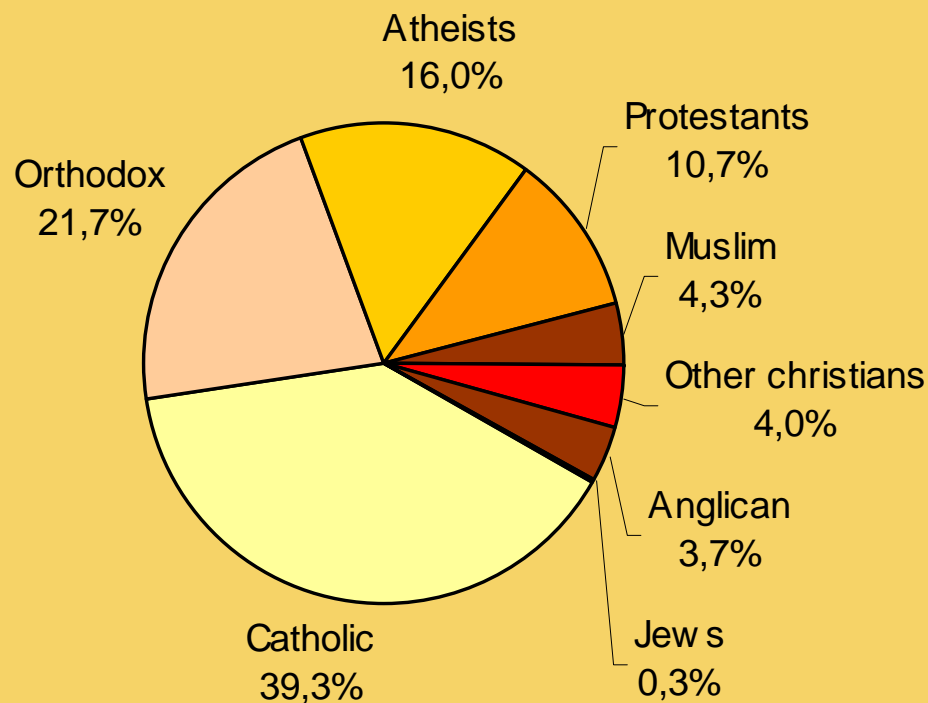
While it seems understandable that countries with an already aging society employ more older workers, as Japan does, it comes as a surprise to see that countries with dramatic future aging challenges, such as Italy and Germany, are not accommodating experienced employees.

## Consequences

*See previous slide*

Employment rates of working population between 55 and 64 years of age as percentage of total population in this age group, source: EuroStat, Key Figures on Europe 2008

# Religious Diversity in Europe



Source: Fischer, 2004

## Analysis:

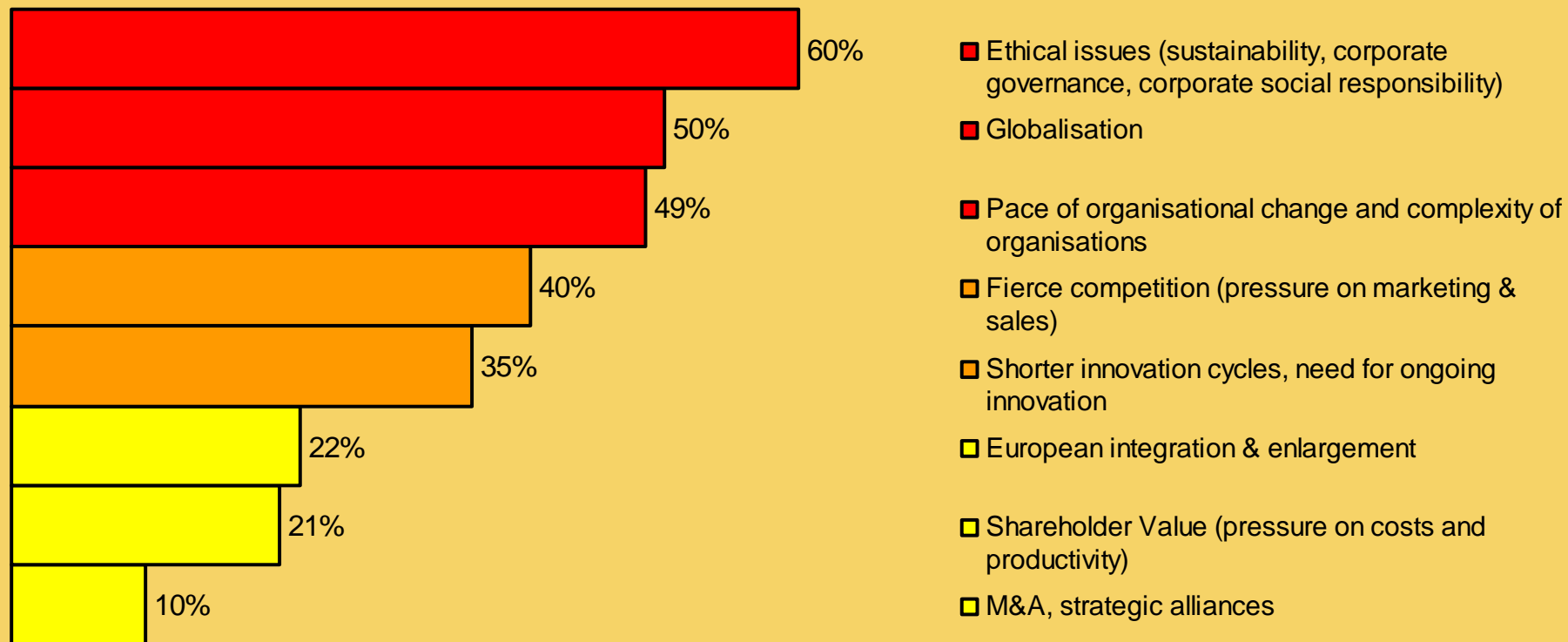
There is a larger variety of religions and beliefs in Europe than day to day life might suggest.

## Consequence:

Employers must be aware that they may have a more diverse workforce than they think and they must acknowledge and accommodate these different beliefs, practices and needs.

# Survey: Strategic Fit of Diversity

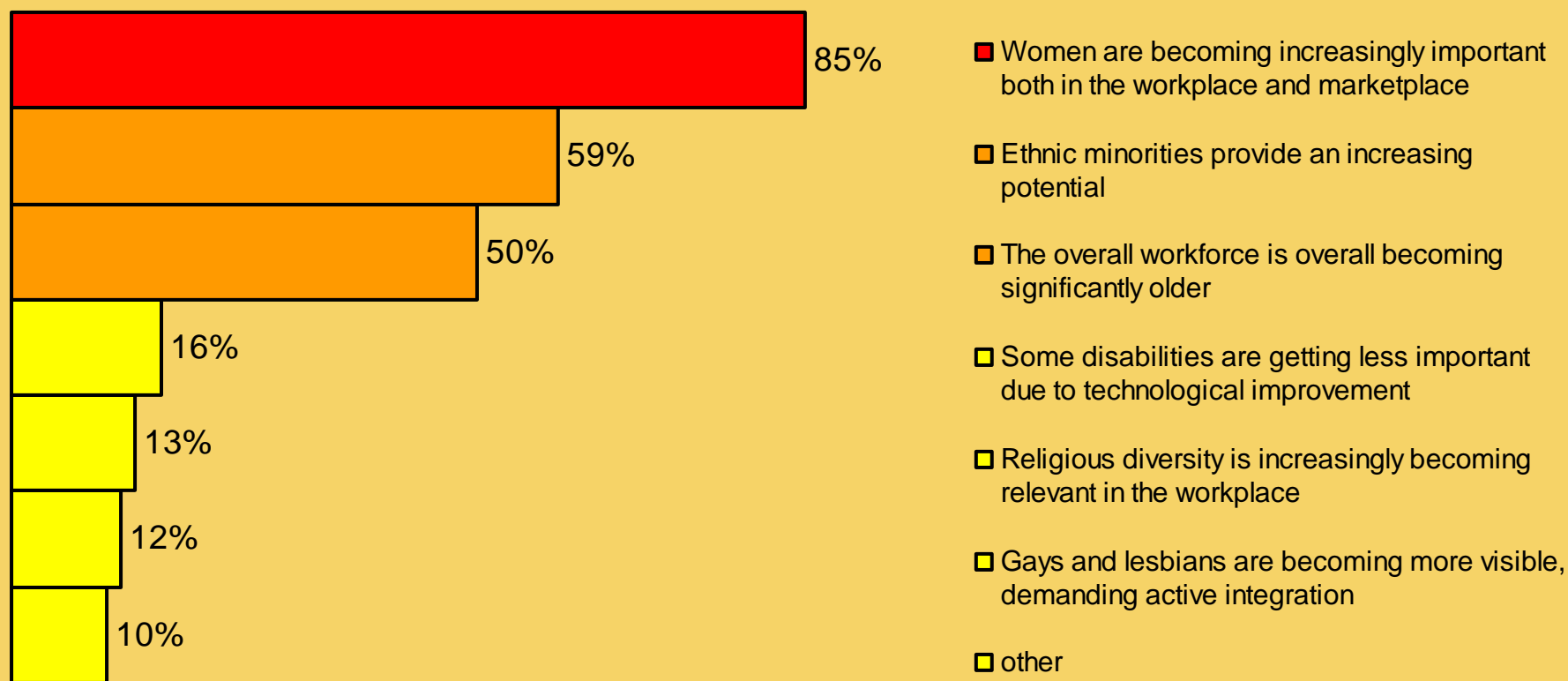
“To which of the following meta business trends is Diversity most relevant?”



European Diversity Survey 2 (EDS2). Survey of 52 leading companies into Diversity. <http://www.european-diversity.com/resources/surveys/eds2/>

# Survey: Demographic Changes

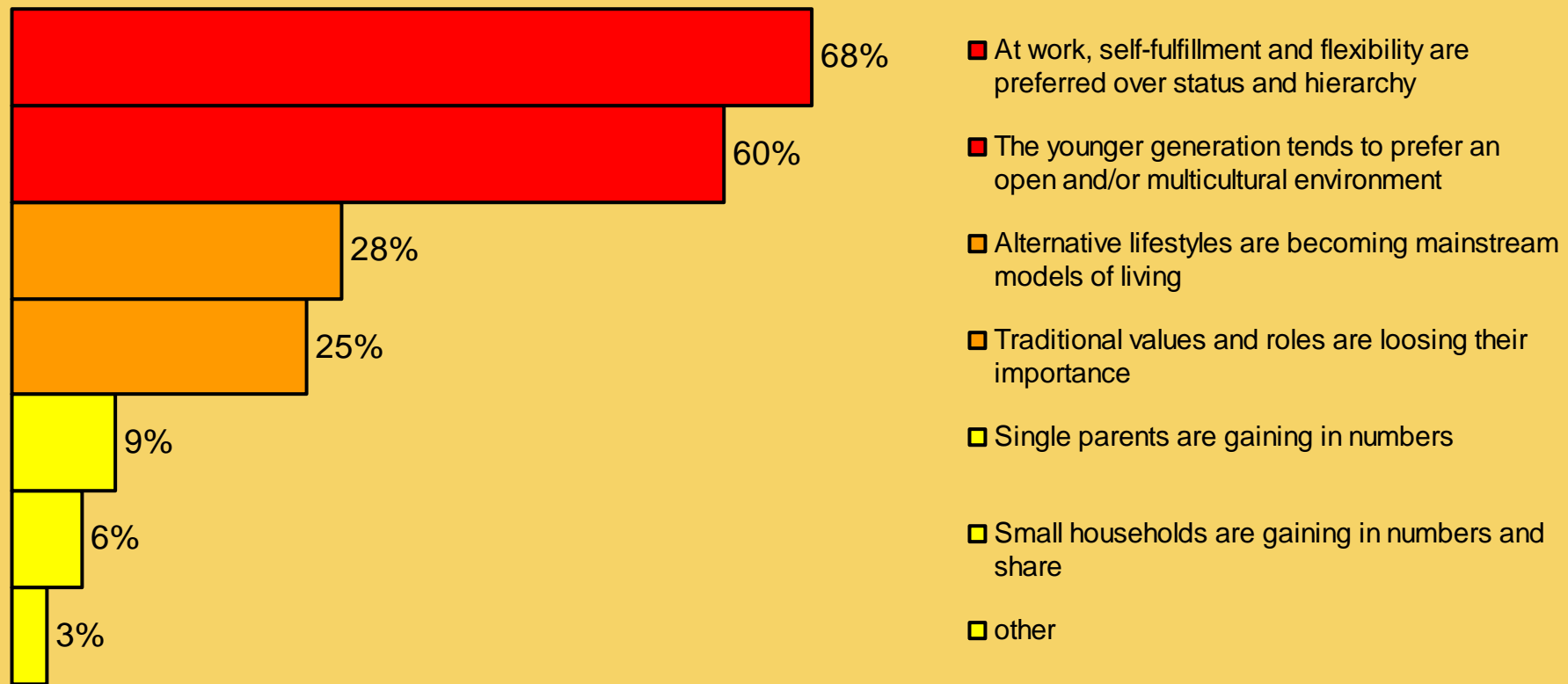
“Which are the most important drivers for your Diversity work?”



European Diversity Survey 2 (EDS2). Survey of 52 leading companies into Diversity. <http://www.european-diversity.com/resources/surveys/eds2/>

# Survey: Cultural Changes

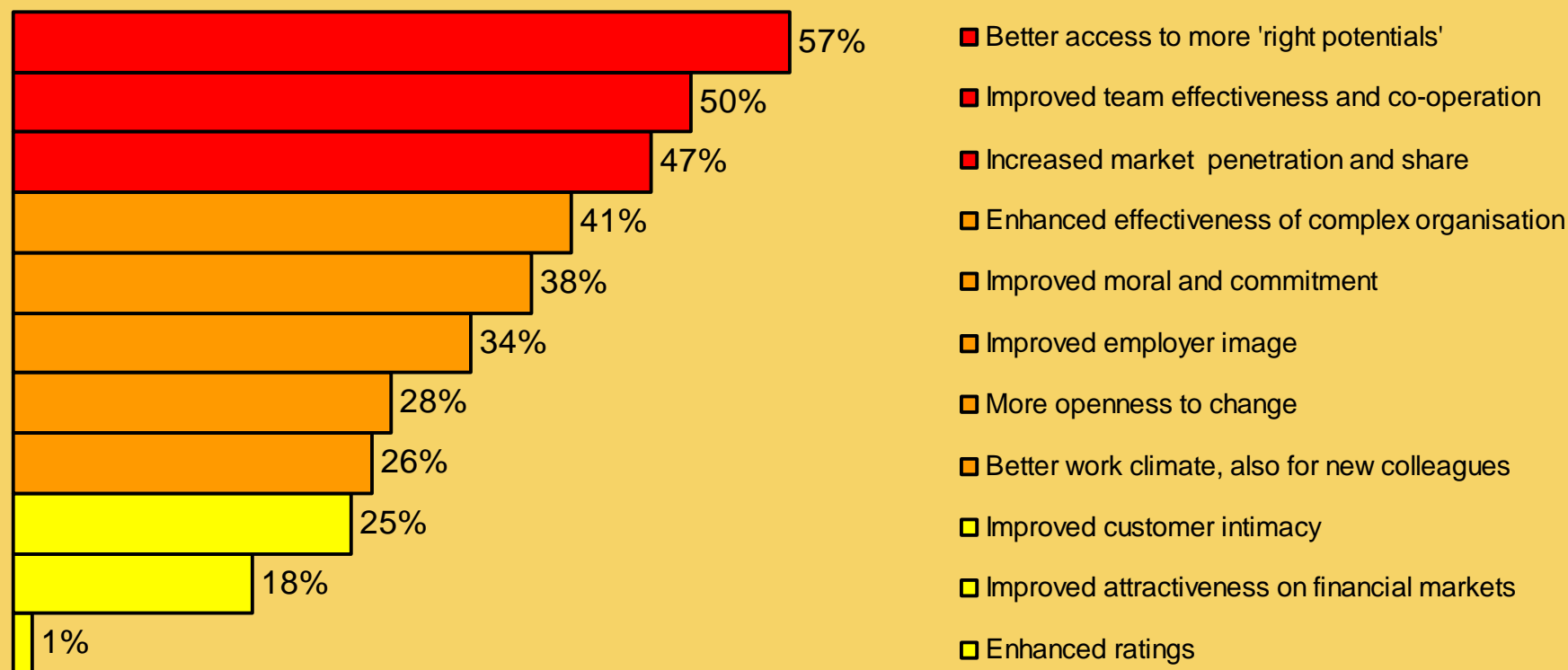
“Which of the following cultural trends is the most important for your Diversity work?”



European Diversity Survey 2 (EDS2). Survey of 52 leading companies into Diversity. <http://www.european-diversity.com/resources/surveys/eds2/>

# Survey: Business Benefits

“Which are the biggest benefits from Diversity?”



European Diversity Survey 2 (EDS2). Survey of 52 leading companies into Diversity. <http://www.european-diversity.com/resources/surveys/eds2/>

# Anti-Discrimination Legislation in Europe

## ■ Analysis

- EU Anti-Discrimination directives covering all six core dimensions of Diversity had to be implemented nationally in each European country by 2003
- Employers will be faced with providing at least some burden of proof in cases of alleged discrimination or harassment
- In addition to penalties, there is an increased risk of negative publicity

## ■ Consequences

- New legislation challenges, monocultures and supporting systems as well as their outcomes
- Audits of both processes and cultures are advisable
- Employers have to create policies, structures and processes that are equally fair, unbiased and effective for individual employees from diverse backgrounds
- Work cultures may no longer tolerate harassment of any kind

## Part 2: Pull Factors

- **What benefits and improvements may companies and non-profit-organisations expect to reap from Diversity?**

# The Business Benefits of Diversity

External		Internal	
① <b>Consumer Markets</b>	<ul style="list-style-type: none"> <li>■ Increased market share</li> <li>■ Easier entry into new markets</li> <li>■ Improved customer intimacy</li> </ul>	④ <b>Individual</b>	<ul style="list-style-type: none"> <li>■ Increased productivity (quantitative and qualitative)</li> <li>■ Improved morale, commitment</li> </ul>
② <b>Shareholder</b>	<ul style="list-style-type: none"> <li>■ Enhanced rating</li> <li>■ Improved attractiveness</li> </ul>	⑤ <b>Inter-Personal</b>	<ul style="list-style-type: none"> <li>■ Improved team effectiveness and co-operation</li> <li>■ Easier integration of new staff</li> </ul>
③ <b>Labour Markets</b>	<ul style="list-style-type: none"> <li>■ Broader access to labour markets</li> <li>■ Improved employer image</li> </ul>	⑥ <b>Organisational</b>	<ul style="list-style-type: none"> <li>■ Increased openness to change (re-structuring, M&amp;A etc.)</li> <li>■ Enhanced effectiveness of complex organisation</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>■ Improved public image</li> </ul>		

# Business Case – Surveys

Source: Business Case Report (BCR) – Available in English in February 2009

## External improvements through Diversity

### ① Consumer & Markets

- **Survey:** Does diversity pay out? Company racial compositions and the Diversity business case
- **Summary:** An ethnically diverse staff raises sales, number of clients, market share and relative win in comparison to an homogeneous staff

### ② Shareholder

- **Survey:** Examining the link between diversity and company performance: The effects of diversity reputation and leader racial diversity
- **Summary:** Corporations that are known for diversity and that have high percentages of diversity in management have a higher company value

### ③ Labour Markets

- **Survey:** Reactions to diversity in recruitment advertising – are the differences black and white?
- **Summary:** The copy of a manifold staff within the scope of personal marketing raises the attractiveness of a company as employer

# Business Case – Surveys

Source: Business Case Report (BCR) – Available in English in February 2009

## Internal Improvements through Diversity

### ④ Personal

- **Study:** The Economic Effects of Work-Life Balance in regards to Employee Families – An empirical analysis of family-friendly companies
- **Summary:** Family friendly companies are economically more successful.

### ⑤ Interpersonal

- **Study:** The effects of diversity on business performance: Report on the diversity research network
- **Summary :** Value can be added through the successful management of diversity. Diversity Management is a competitive advantage.

### ⑥ Organisational

- **Study:** Team innovation and effectiveness: The importance of minority dissent and reflexivity
- **Summary:** Heterogenous groups are more creative and innovative in the completion of complex tasks than homogeneous groups.

# Leading International Expertise & Experience

## ■ Profile

- Specialised in Diversity since 1997
- Inclusive – international – innovative

## ■ Practice

- Proprietary research & publications
- Knowledge management & networks

## ■ Portfolio [www.diversity-consulting.eu](http://www.diversity-consulting.eu)

- Research: Data & Analysis
- Communication: Concepts & Tools
- Interaction: Learning & Experiencing

## ■ Partial client list

- Air Products, BP, Credit Suisse, Deutsche Bank, Deutsche Post, Deutsche Telekom, E.ON, Ford, Hewlett-Packard, Johnson Controls, Kraft Foods, Motorola, UBS, Volkswagen AutoUni, Volkswagen Financial & Not-for-profit clients

## Michael Stuber

- Researcher
- Author
- Consultant
- Lecturer



## Background

- Industrial engineering & management degree
- 20 yrs international experience
- Leadership & management development
- Change strategies & process management
- Marketing & communication
- Gender, age, culture, work/life and other issues

[www.michael-stuber.biz](http://www.michael-stuber.biz)