

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**

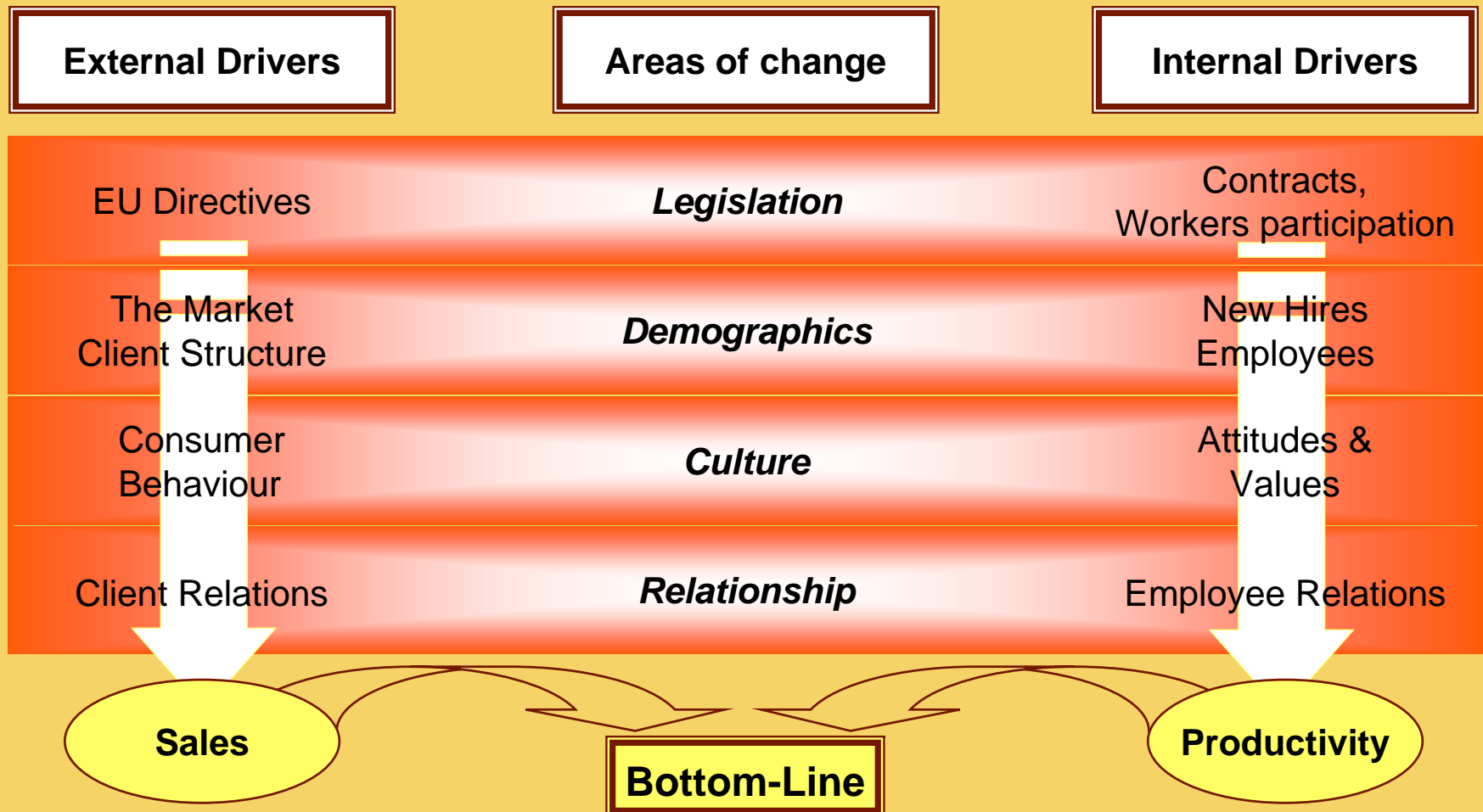
Country Codes used in this Presentation

- **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**

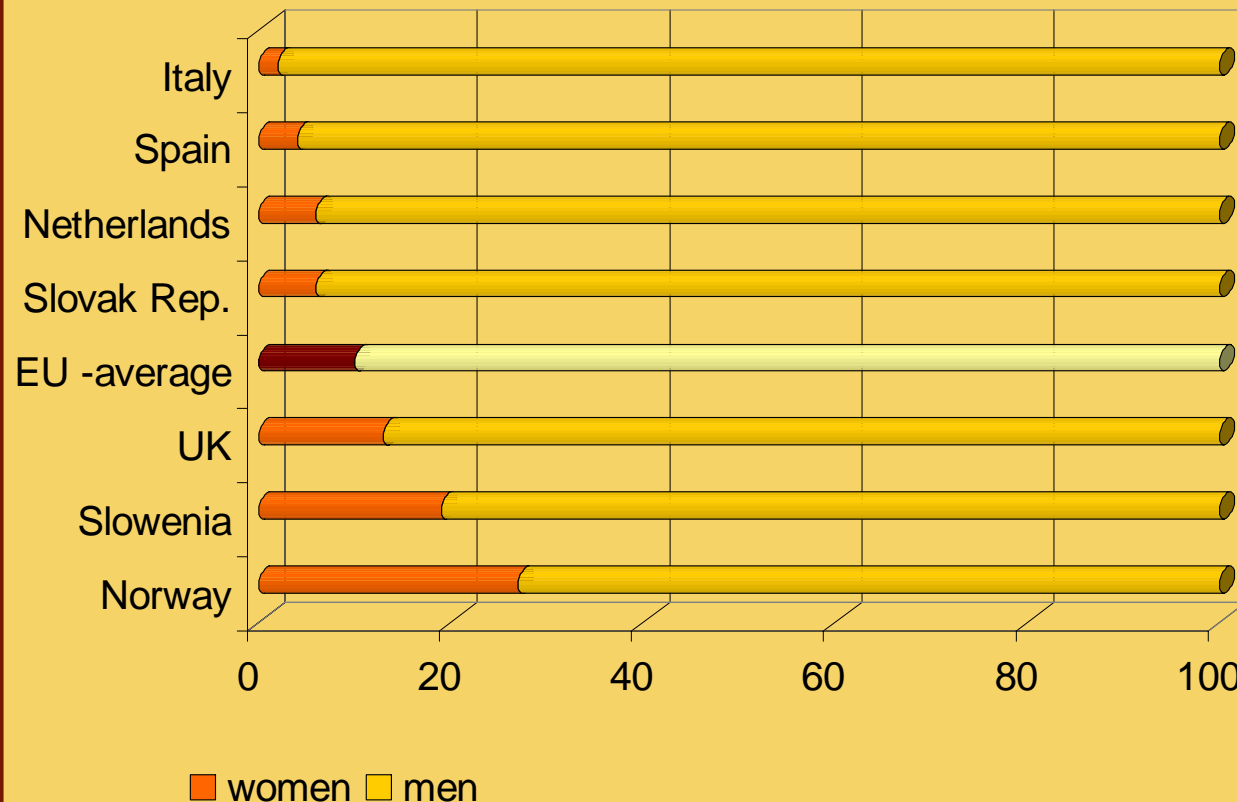
Part 1: Push Factors

- **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

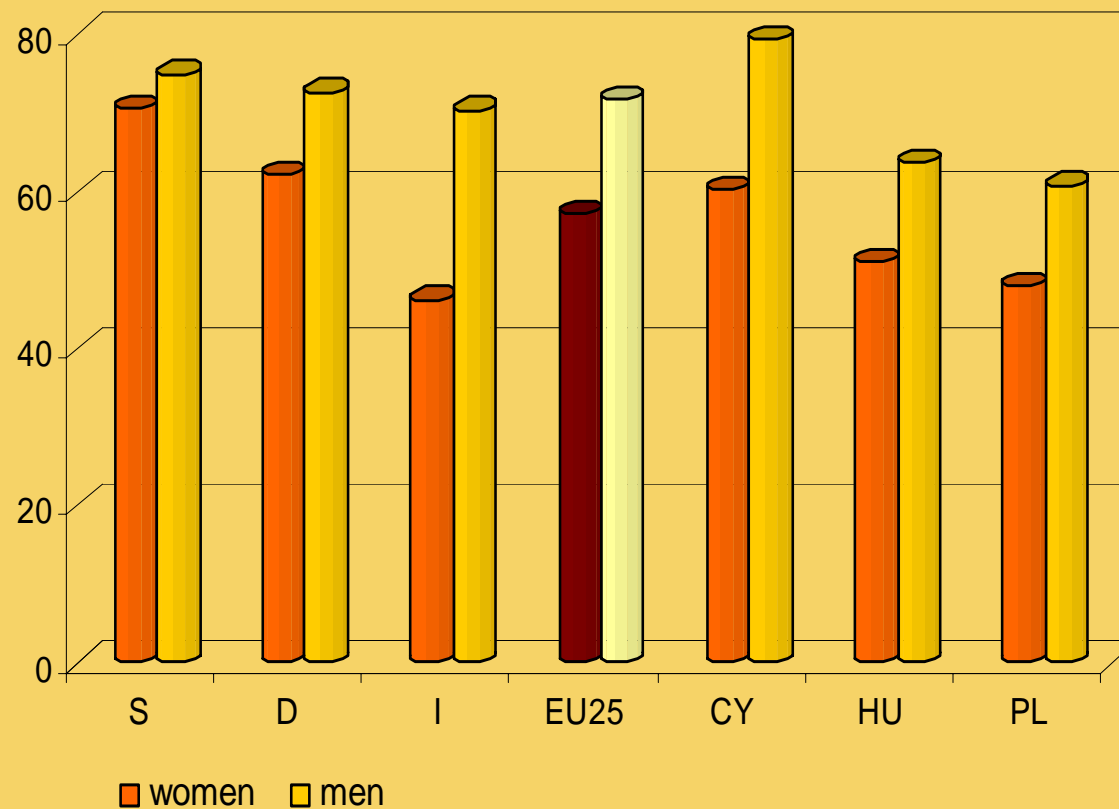
Analysis:

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:

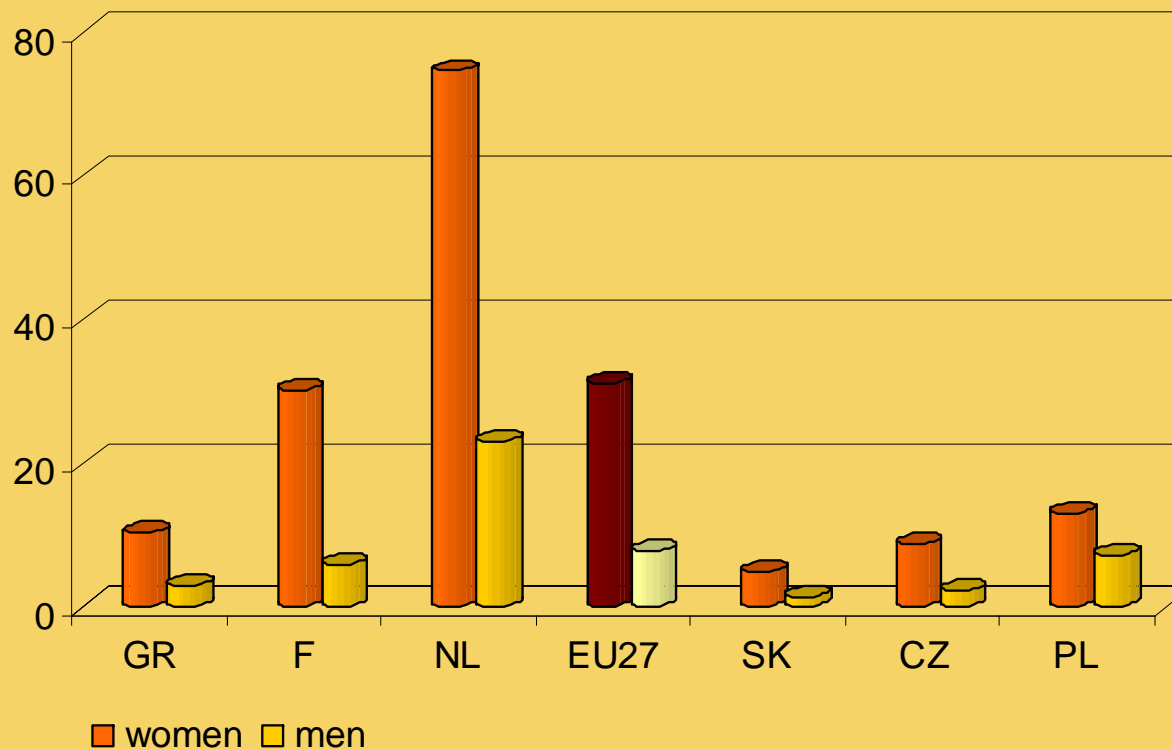
In all European countries, women are employed at a lower rate than men.

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

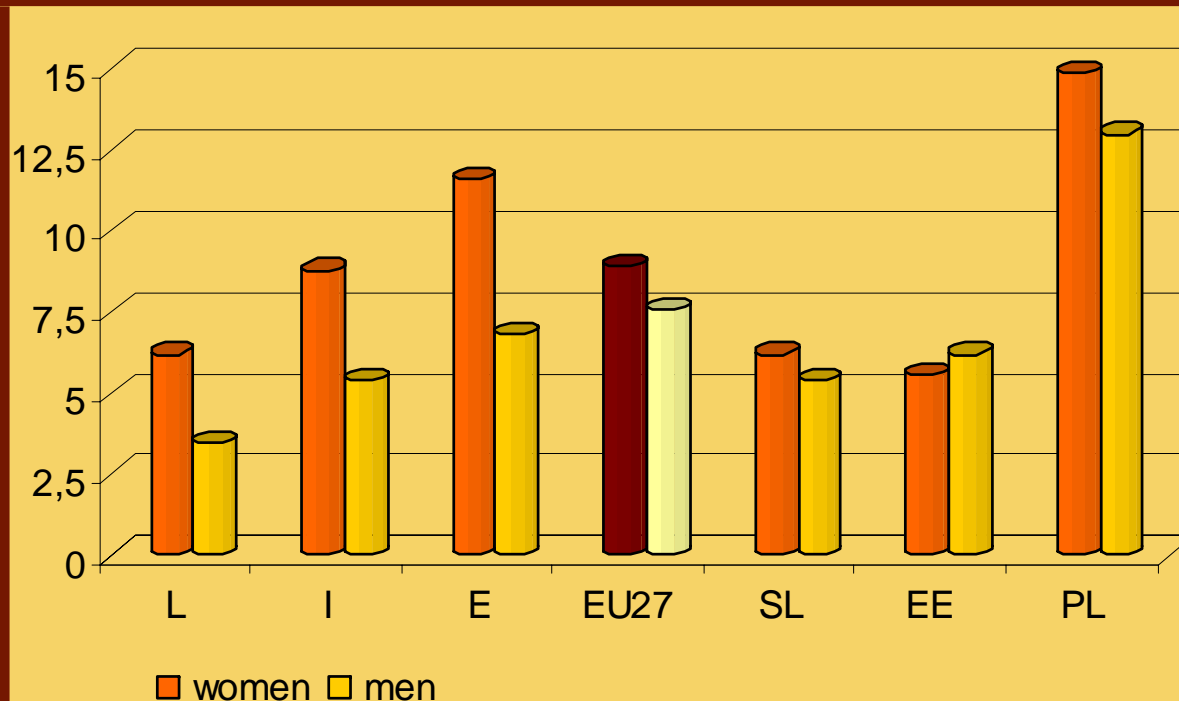
Analysis:

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

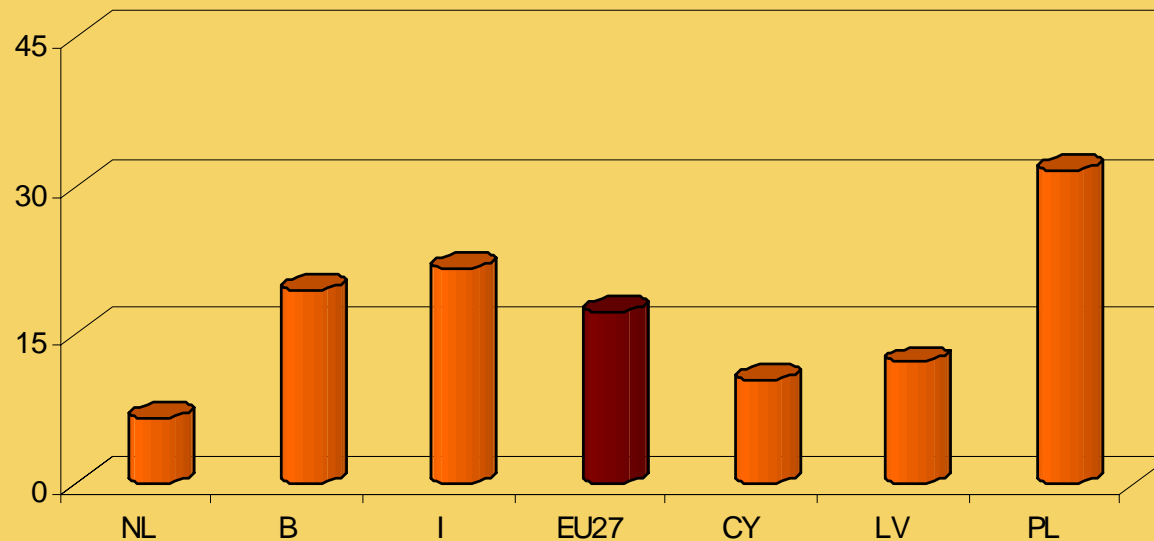
Analysis:

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

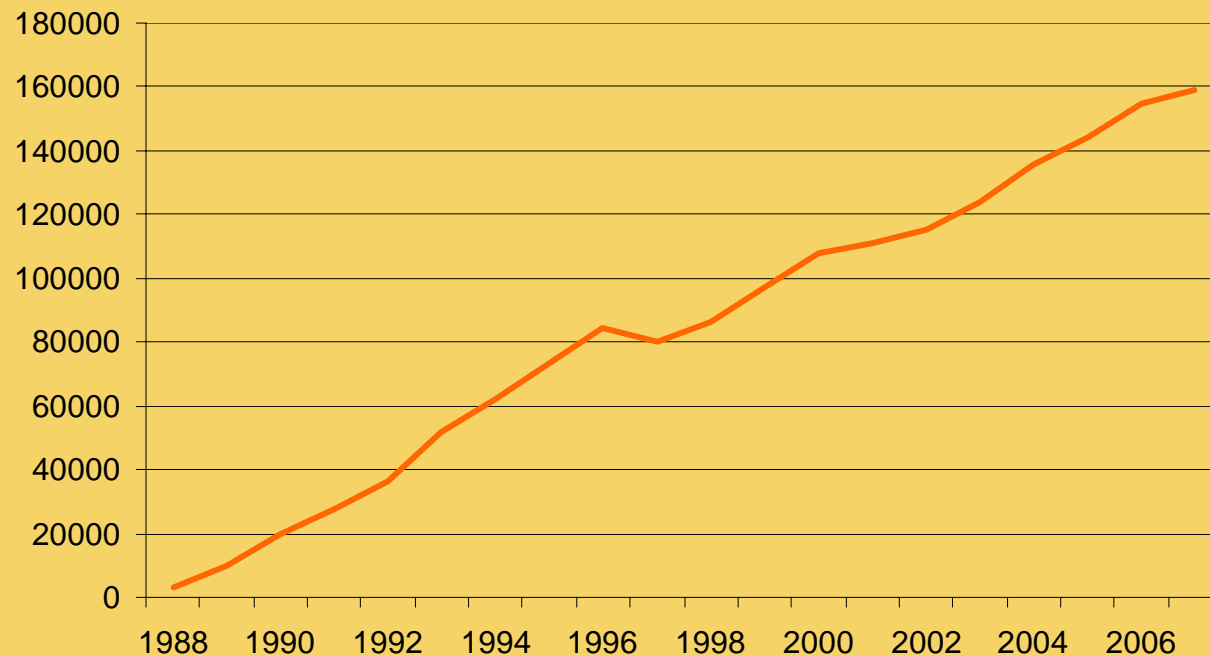
Analysis:

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

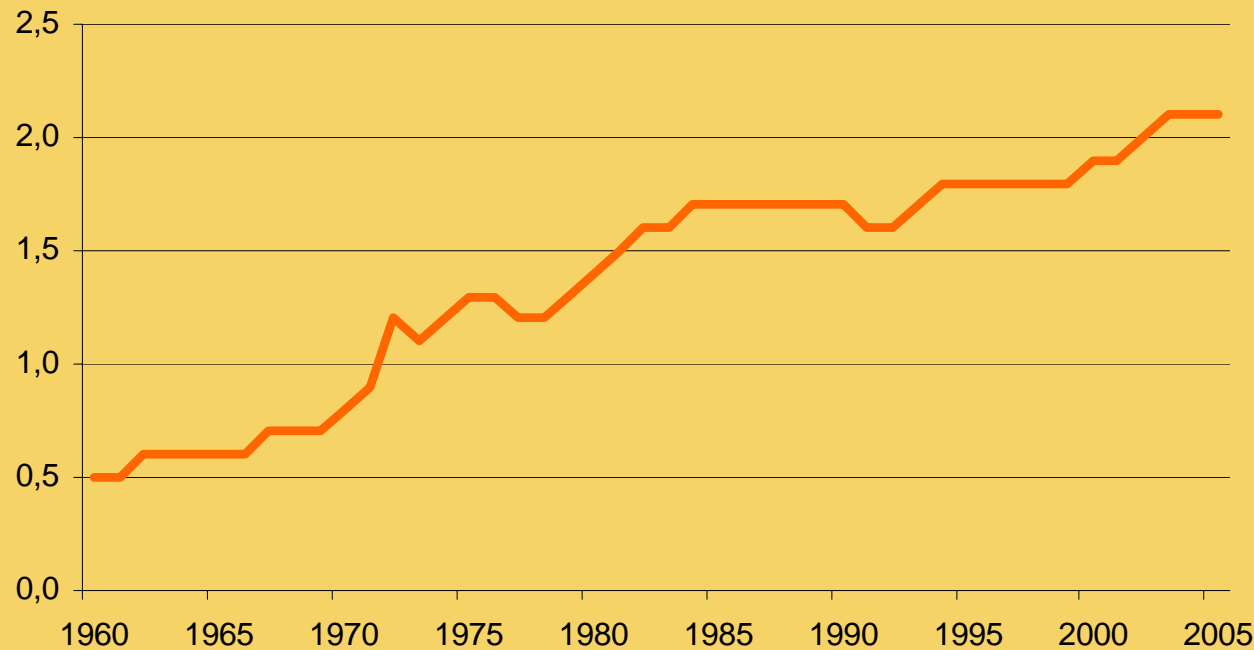
Analysis:

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

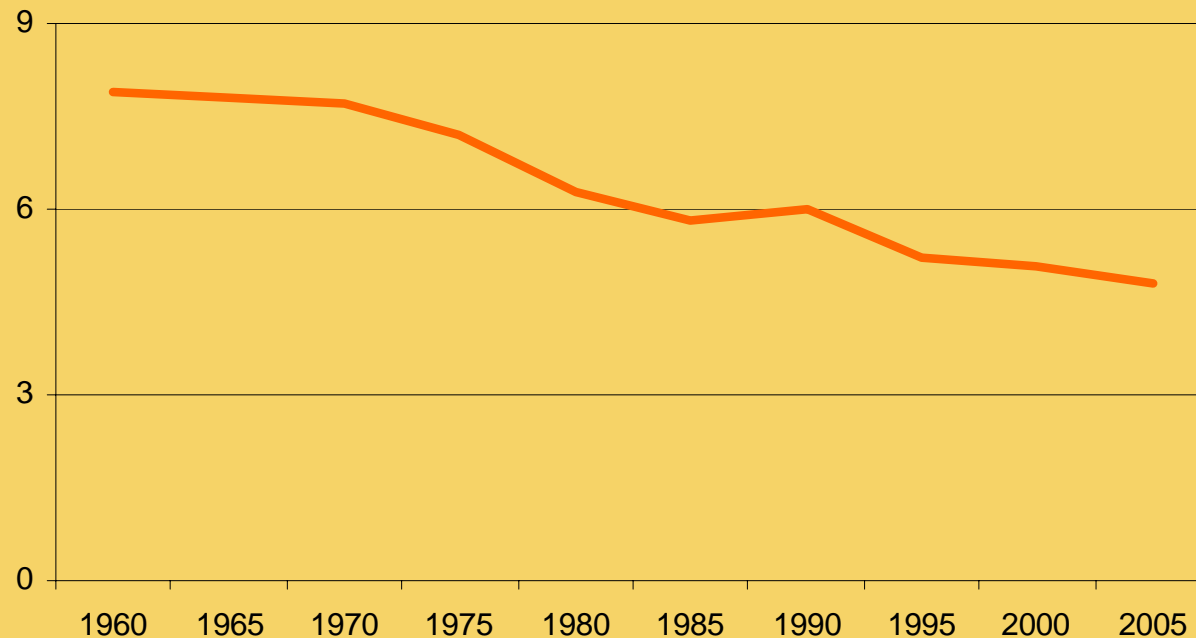
Analysis:

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

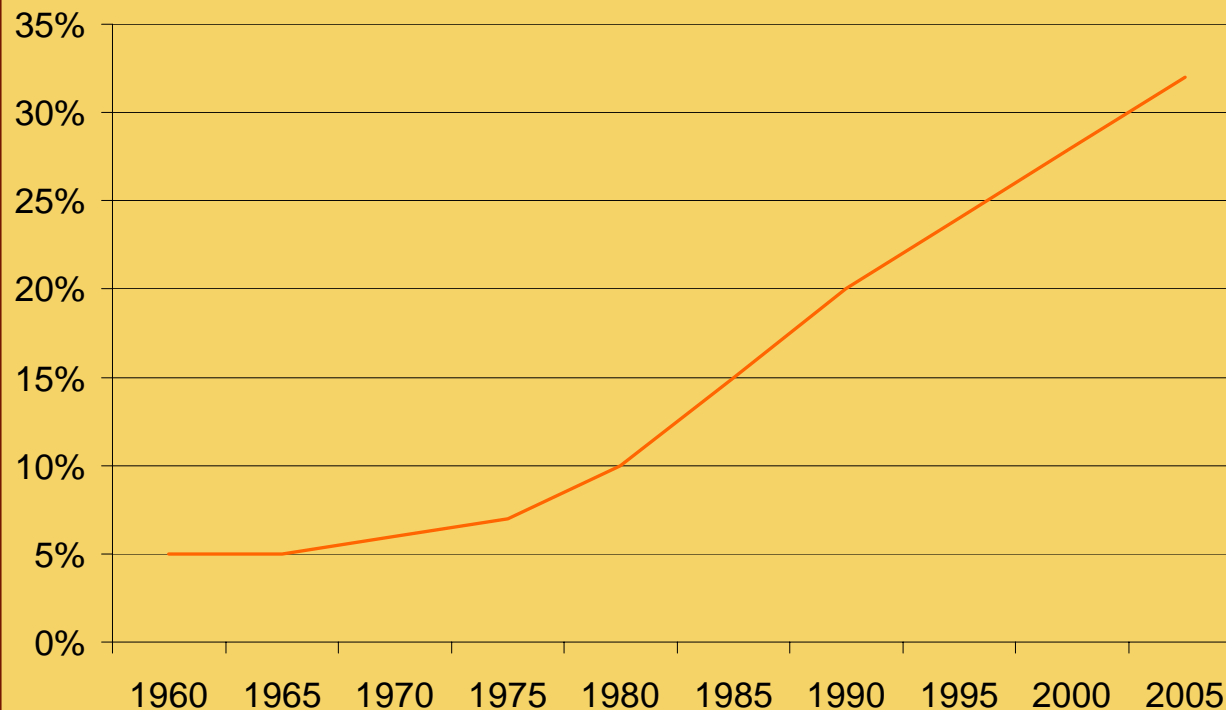
Analysis:

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

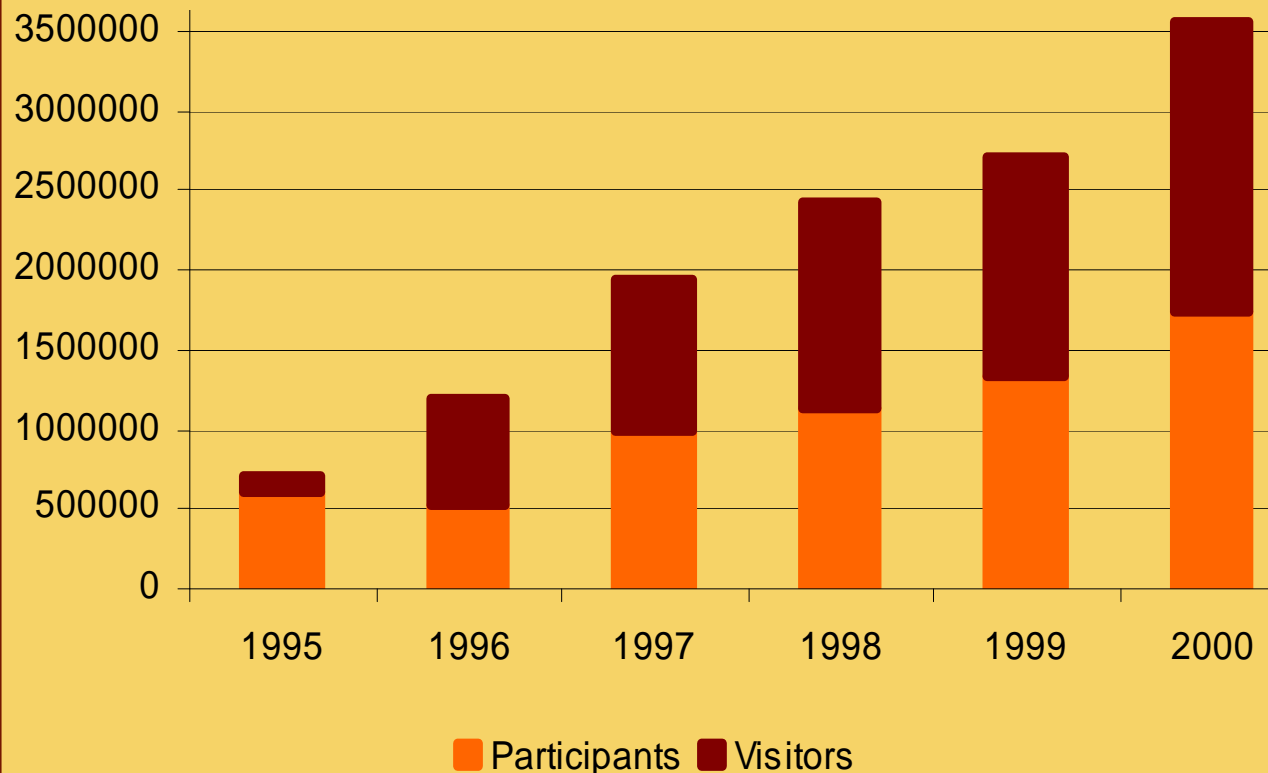
Analysis:

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

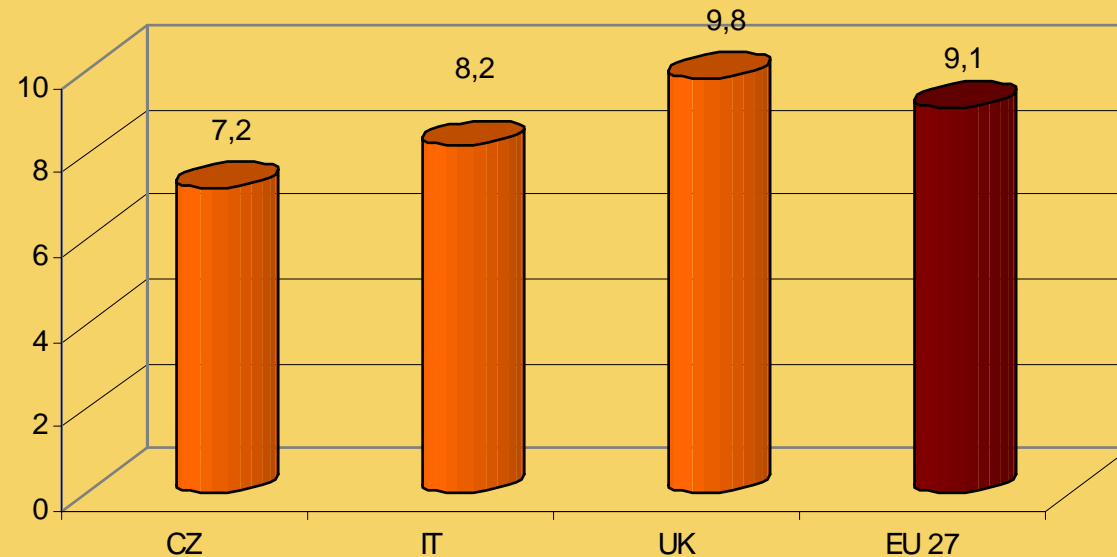
Analysis:

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

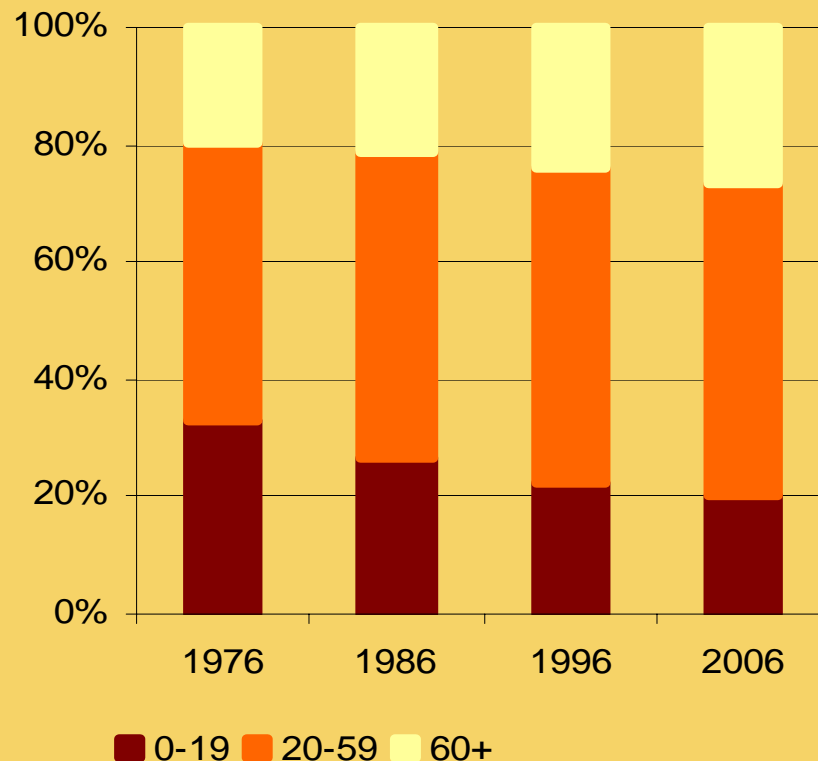
Analysis:

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)

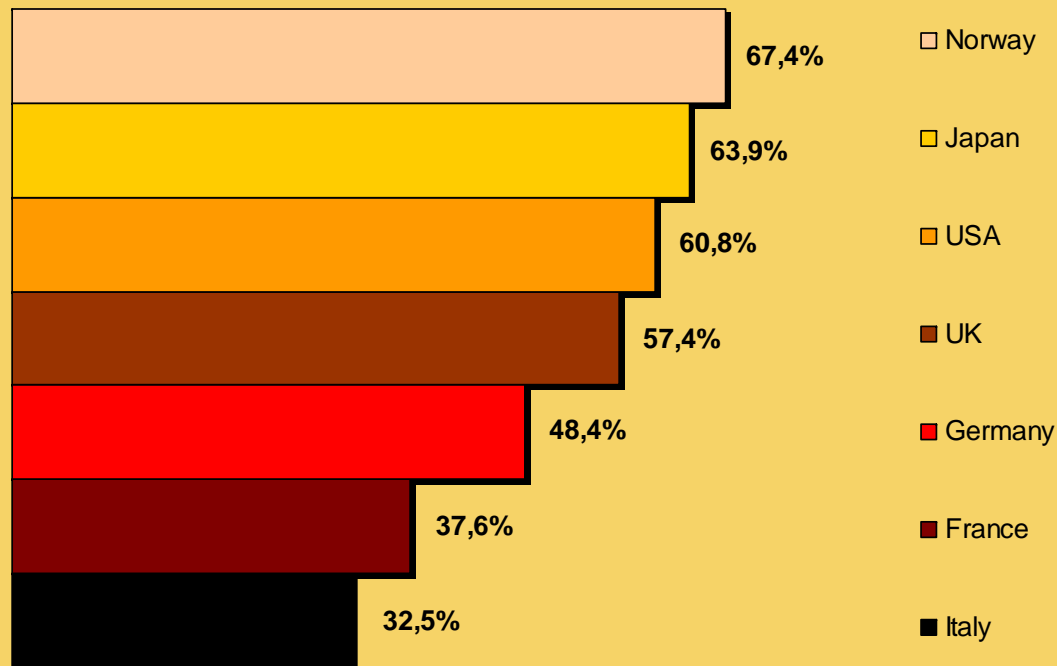
Analysis:

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



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

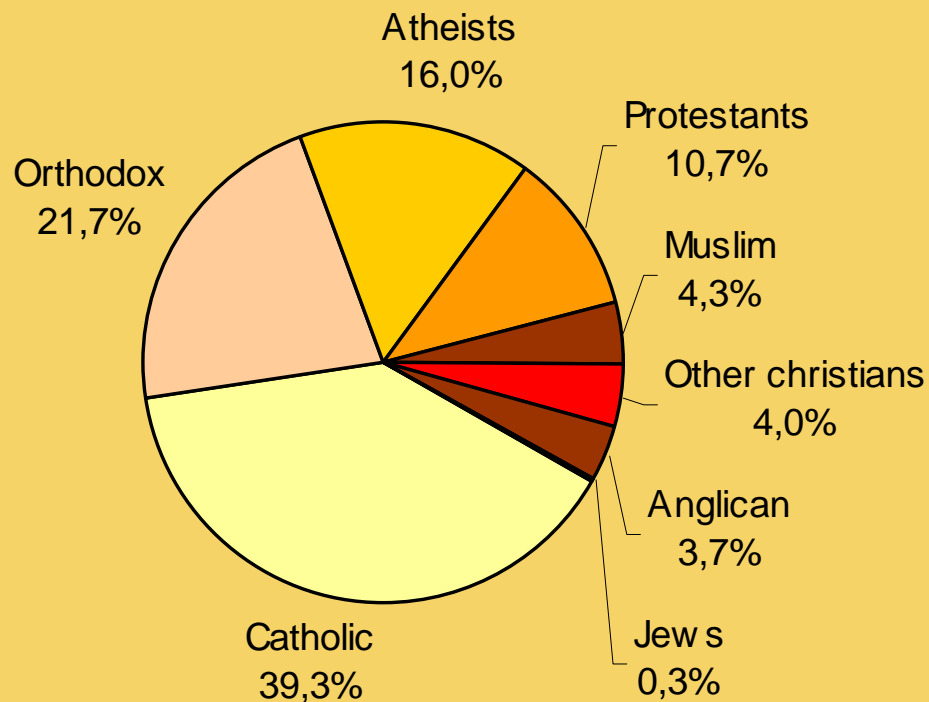
Analysis

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

Religious Diversity in Europe



Source: Fischer, 2004

Analysis:

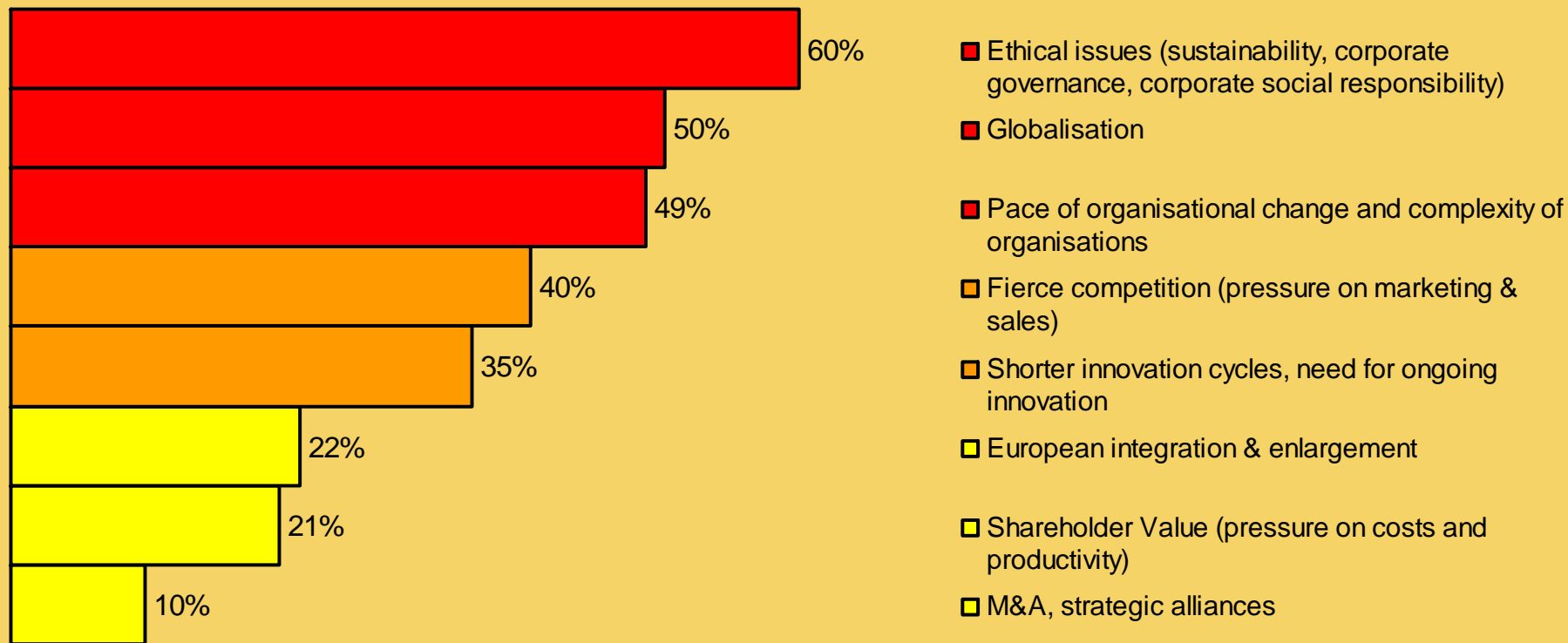
There is a larger variety of religions and beliefs in Europe than day to day life might suggest.

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

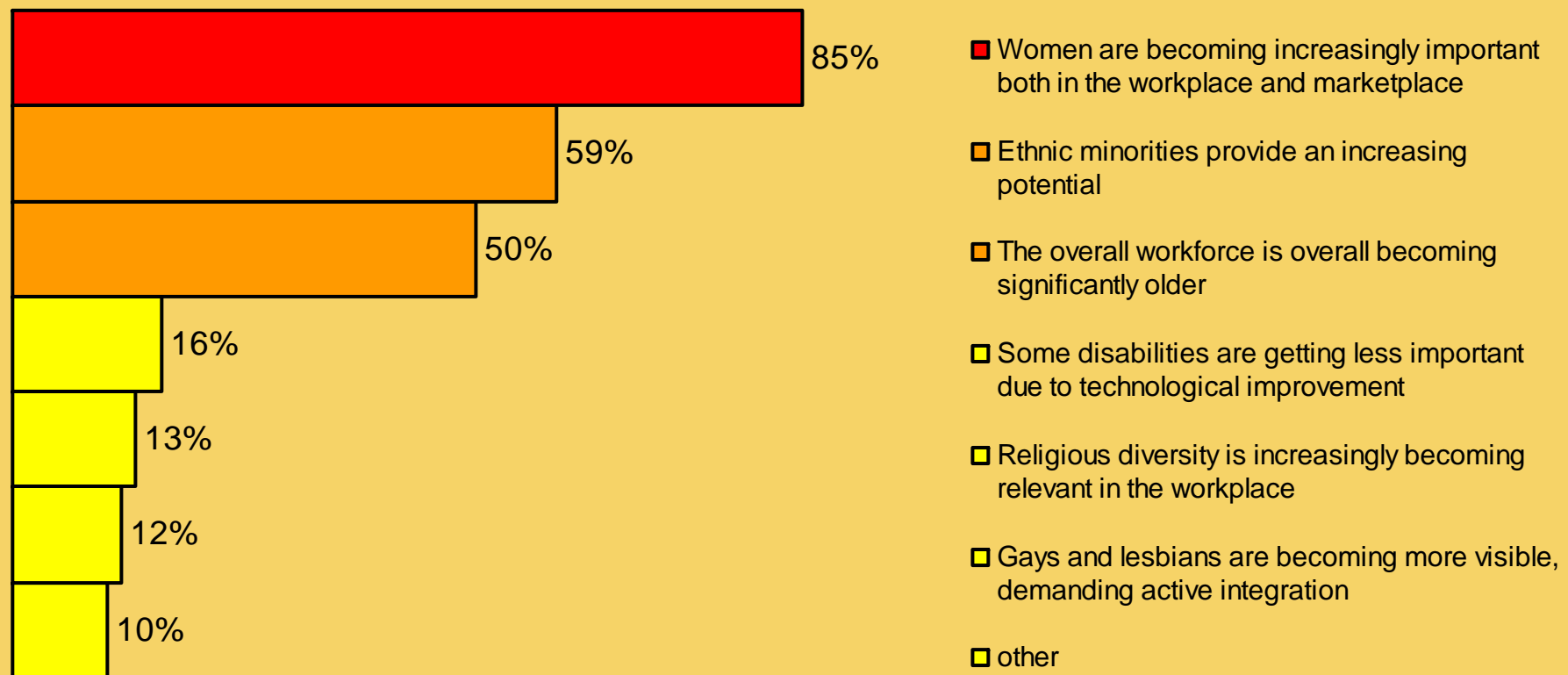
“To which of the following meta business trends is Diversity most relevant?”



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

Survey: Demographic Changes

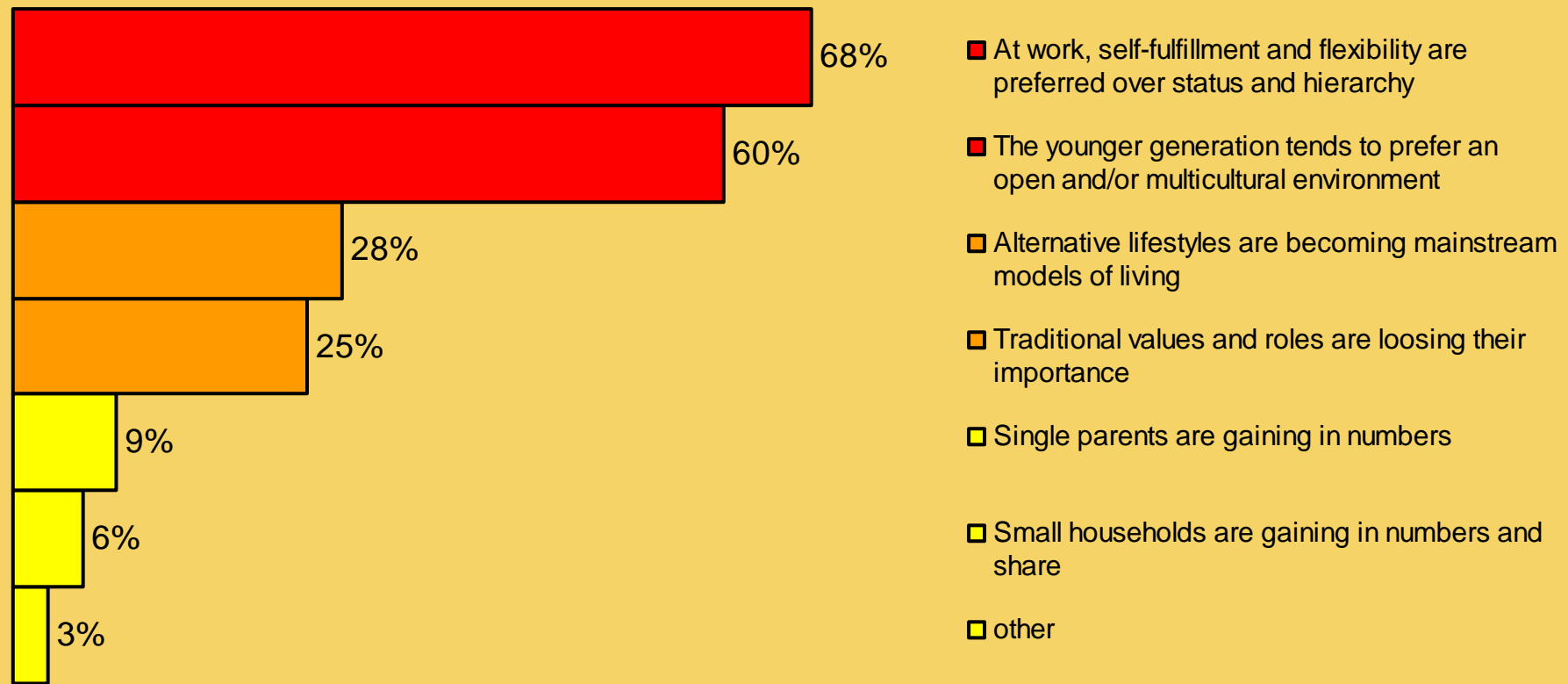
“Which are the most important drivers for your Diversity work?”



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

Survey: Cultural Changes

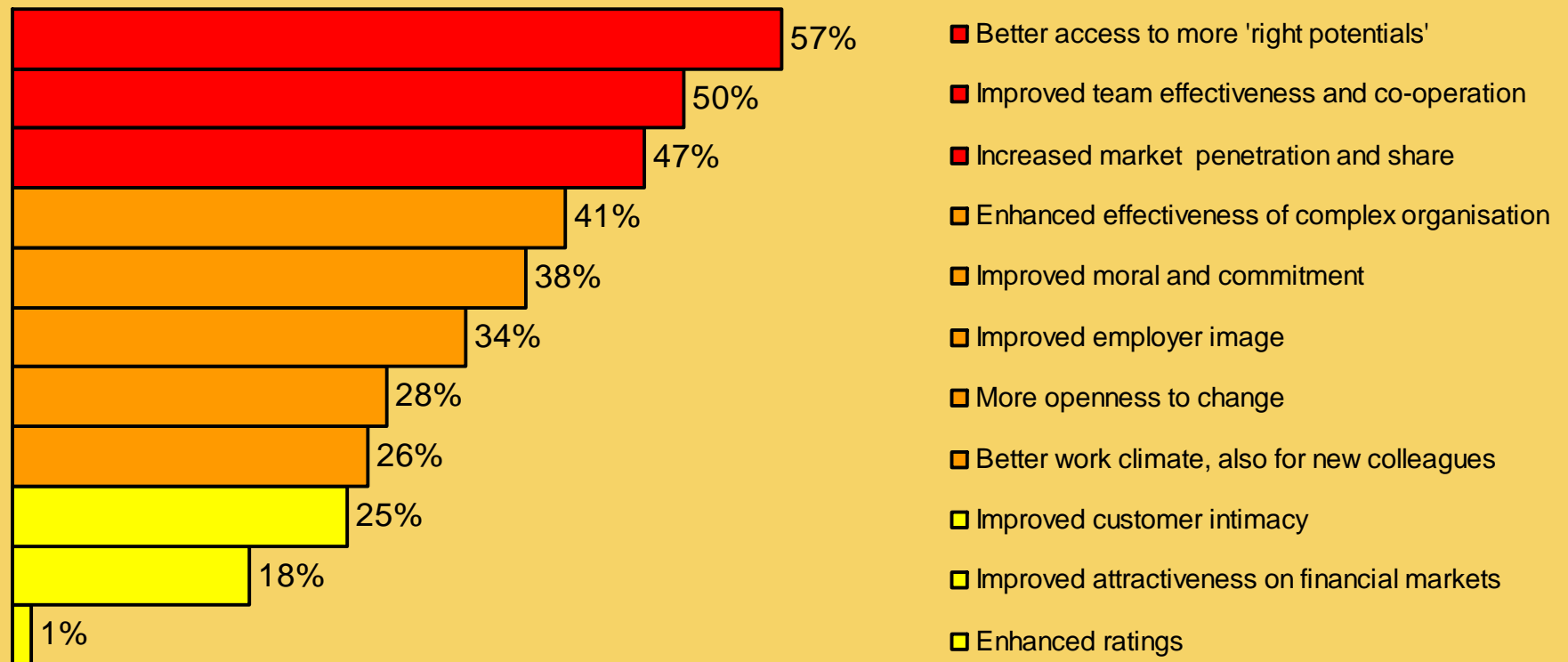
“Which of the following cultural trends is the most important for your Diversity work?”



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

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

- 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