

## **Background information on the EU Project “Anti Discrimination and Diversity Training VT/2006/009”** (initiated by Unit G/4 Action against Discrimination, Civil Society Employment, Social Affairs and Equal Opportunities Directorate General, European Commission)

### **1.2 The need for continuous effort to promote diversity at the workplace**

Europe and the European business world have changed considerably over the past decades. The greater participation of women, ethnic minorities, the elderly, people of different nations, from mixed family identities, with disabilities or various sexual orientations, present new challenges to all the stakeholders (especially in strategy, human resources, marketing and project management). This situation demands more innovation, for example, in developing more creative production, marketing and project management strategies and planning. At the same time it also challenges the company's culture to create an environment that values difference and respects the legal demands of Equal Opportunity.

Major demographic changes are increasingly becoming evident and are having an impact on business success. Quite obvious are the ageing population in many European countries and correspondingly fewer young people entering the labour market, resulting in many companies facing the prospect of labour shortages within their traditional recruitment pools. Consequently, it is in their interest to widen this pool by targeting groups that have not been represented within their workforces in the past. In addition to attracting new recruits from non-traditional back-grounds, employers also see real business benefits in having a reputation as an employer of choice, and hence the ability to attract and retain top talent from universities and elsewhere, and possibly improve their creativity, productivity and competitive edge.

Changing consumer needs or the new perception of already existing consumer needs of the diverse population require creative product innovation. Designing products and services customized to these specific needs is becoming the rule, not the exception. In these areas alone, it is becoming more and more obvious to European companies that they must learn to view diversity as a business opportunity, not just as a potential problem.

According to the European Commission (2003) study entitled “The costs and benefits of diversity - A Study on Methods and Indicators to Measure the Cost-Effectiveness of Diversity Policies in Enterprises” (Directorate-General for Employment, Industrial Relations and Social Affairs Unit D/3) diversity adds value to companies by (p.10):

- **Strengthening long-term “value-drivers”** i.e. the tangible and intangible assets that allow companies to be competitive, to generate stable cash flows, and to satisfy their shareholders. These include building a differentiated reputation with key stakeholders and customers, and improving the quality of human capital within a company.
- **Generating short and medium-term opportunities to improve cash flows** e.g. by reducing costs, resolving labour shortages, opening up new markets, and improving performance in existing markets. These are also known as “return-on-investment” (ROI) benefits.

According to the same EU study (p.3) ‘the five most significant advantages companies themselves ascribe to diversity are:

- 1 strengthened cultural values within the organization
- 2 enhanced corporate reputation
- 3 helped to attract and retain highly talented people
- 4 improved motivation and efficiency of existing staff
- 5 improved motivation and efficiency amongst staff.

However, the same study maintains that 'current measurement of the costs and benefits of diversity policies tends to focus principally on two things: activities to establish a workforce diversity policy and intermediate outcomes from activities to implement a new workforce diversity policy, such as changes in workforce demographics. There is little evidence of any systematic holistic measurement of either costs or benefits.'

Whereas the discussion about the value of diversity in and for companies as such is lively, the term Diversity Management is either not known or its connotation is plagued with all sorts of prejudices concerning quotas and expensive court cases. As Diversity Management is relatively young as a discipline, it takes time for people to understand what it is and how to use it as a practical instrument. As a result, in these young stages it is more difficult to get a grip on it.

Diversity Management aims to create and practice the following competencies in organisations:

- to analyse and project into the future the potentially needed diversity in a company's organization and its environment,
- to integrate diversity in all processes and on all levels of the organisation, related to a clear strategy, in which diversity is embedded,
- to install, foster and develop a company's internal diversity portfolio which is continually being modified and revised according to their changing needs and perceptions of reality.
- to consciously manage this portfolio, observing and allowing mutation as normal part of the learning process,
- and to create and foster a company's culture based on underlying values like valuing diversity and its power of uniqueness and inclusion in all its aspects<sup>2</sup>. ()

Whereas this view of DM relies on future-oriented, active and conscious development as well as on a value driven strategic, communicative and managerial process of accepting and using differences and similarities as a potential in an organisation, the reality of diversity management today looks quite different.

The latest Europe wide study on best practices<sup>3</sup> makes it clear that responses from Southern and Eastern European countries were much less enthusiastic. This shows it is not only a phenomenon of "old" or "young" EU members whether or not to apply Diversity Management. The study reported (p.13) that 52% of all responding companies have not yet started to work on this topic. Only 6% of the responding companies stated to have been in the process of developing an equality opportunity/diversity program.

The willingness of companies to invest money in such programs is the clearest indicator of commitment. In the study (p.55) the following question was asked: Are there financial resources in your company in the form of a specific budget allocated to workplace diversity and anti-discrimination? 61.5% responded with no.

The views of the responding companies reflect a widespread lack of concern in EU companies regarding the implementation of diversity policies and planning.

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<sup>2</sup> synetz (liaised with idm) presentation Sietar Congress 2004

<sup>3</sup> European Commission, The Business Case for Diversity – Good Practices in the Workplace, Luxembourg: Office for Official Publications of the European Communities, 2005 ISBN 92-79-00239-2

In examining the best practice examples of the study it becomes evident that under the umbrella of the term diversity, there is quite a bit of activity. However, these activities seem to be fragmented with little sense of structure. Some companies concentrate on gender, others on disability or the elderly, etc. This seems to be the case in Germany, as one study concludes: 'There exist only few organizations with a holistic Diversity Strategy and goal focussed programs. On the top level diversity is rare.'<sup>4</sup>

A synetz internal study found that not every criteria of diversity – meaning not every difference or similarity - is seen on the continuum of an organisation's biography, while it should be an equally relevant component of its identity. If those criteria are not perceived as being relevant at a certain point of time these are ignored at the cost of becoming possibly relevant in future, when the company is not prepared.<sup>5</sup>

Diversity Management as a conscious, strategic, business driven, holistic management approach has not yet enough appeared in Europe. Diversity Management, positively loaded as strategic business opportunity and underlined by growing improvement of assessment methods, will help the business community commit to it. The distribution of high quality information will lead to deeper understanding and knowledge concerning the nature of Diversity Management and how it can contribute to the bottom line. Positive examples already exist. In this respect, business as a powerful institution in society can play a vital role in the realisation of a diverse Europe, free of discrimination and full of hope for the future.

#### Diversity Management component

PROBLEM TREE		OBJECT TREE	
<b>effect</b>	Widespread lack of concern regarding diversity policies. Limited number of companies have started to manage diversity in their organisation and if so fragmented	Increasing number of companies apply diversity management as a conscious, business driven, holistic management approach and develop and implement a workplace diversity program	<b>end</b>
	Diversity has a negative notation and companies do not perceive its added value to the company's objectives.	Awareness of the concept of diversity management and its added value to the companies objectives	
<b>cause</b>	No information nor experienced trainers available Unawareness about the concept of diversity management and tools to apply it	Develop information material (manual) Train the trainer seminar National seminar	<b>means</b>

### **Design of the Diversity Management seminar**

Deriving from our needs analysis the following objectives from the seminar could result:

1. The audience feels informed about what Diversity Management means
2. The advantages and benefits of Diversity Management are highlighted and understood
3. The company's representatives learn diversity best practices (for example, through benchmarking and the use of case studies in and outside of their own countries, and through pooling their own experience).
4. They understand a range of Diversity Management tools and practice at least one of them, keeping in mind different levels of application (individual manager/leader, team, department, company culture, environment, etc.) as well as different contexts (marketing, HR, PR, M & As, R & D, project management, etc.).
5. They become motivated to develop and conduct their own workshops in the areas of their concern.
6. They start networking around the concerns of Diversity Management.

Practically we anticipate for the national workshops the following subjects/themes:

- Introduce the existing diversity related challenges in the respective national business environment
- Define what Diversity Management practically means
- Present best Diversity Management practice cases as an appetiser to deal with challenges
- Find out existing small Diversity Management approaches of the audience
- Try out a small tool on the spot with the large audience divided into small groups
- Give space for networking on the Diversity Management topic

Each seminar will consist of about 60 participants, not including the trainers and organising staff, making this a large group event, which needs to be clearly addressed in the design of a one-day workshop. Such a large group requires a sufficiently large hall, in which a suitable working atmosphere is created by setting-up of six circles of ten chairs each. This allows an optimum communication within the circles and a relaxed, comfortable atmosphere. This setup enables smaller groups to quickly respond to trainer inputs in the form of discussions and trying out DM tools.