

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 show some of the areas, where Diversity has or will become a necessity for employers
- However, no strategic in-depth analysis is given in this presentation
- The data is covering mainly the European Union (EU15) and new member states (AC10)
- 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 that can be reaped through Diversity is given

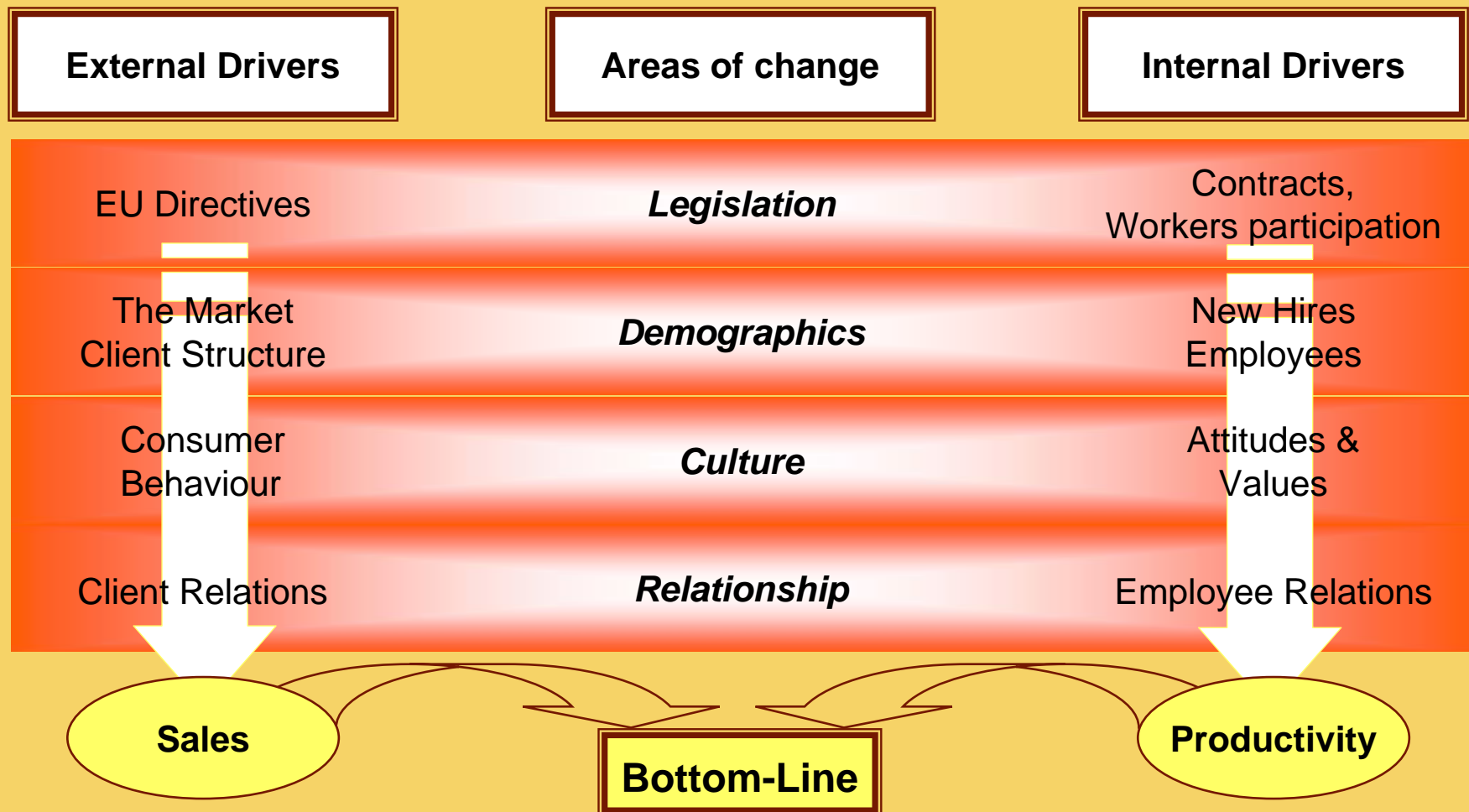
Country Codes used in this Presentation

- 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

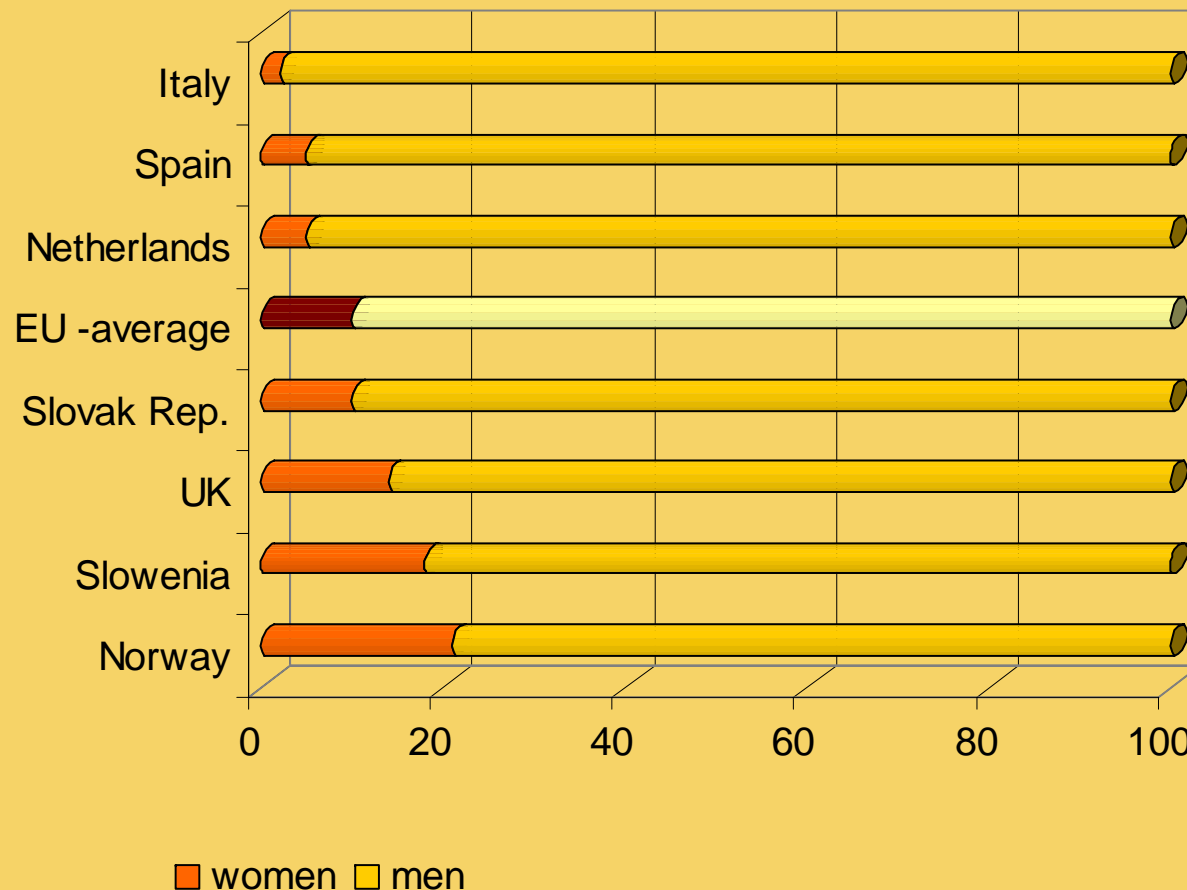
Part 1: Push Factors

- **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, 2004, in large publicly traded companies. Source: EU

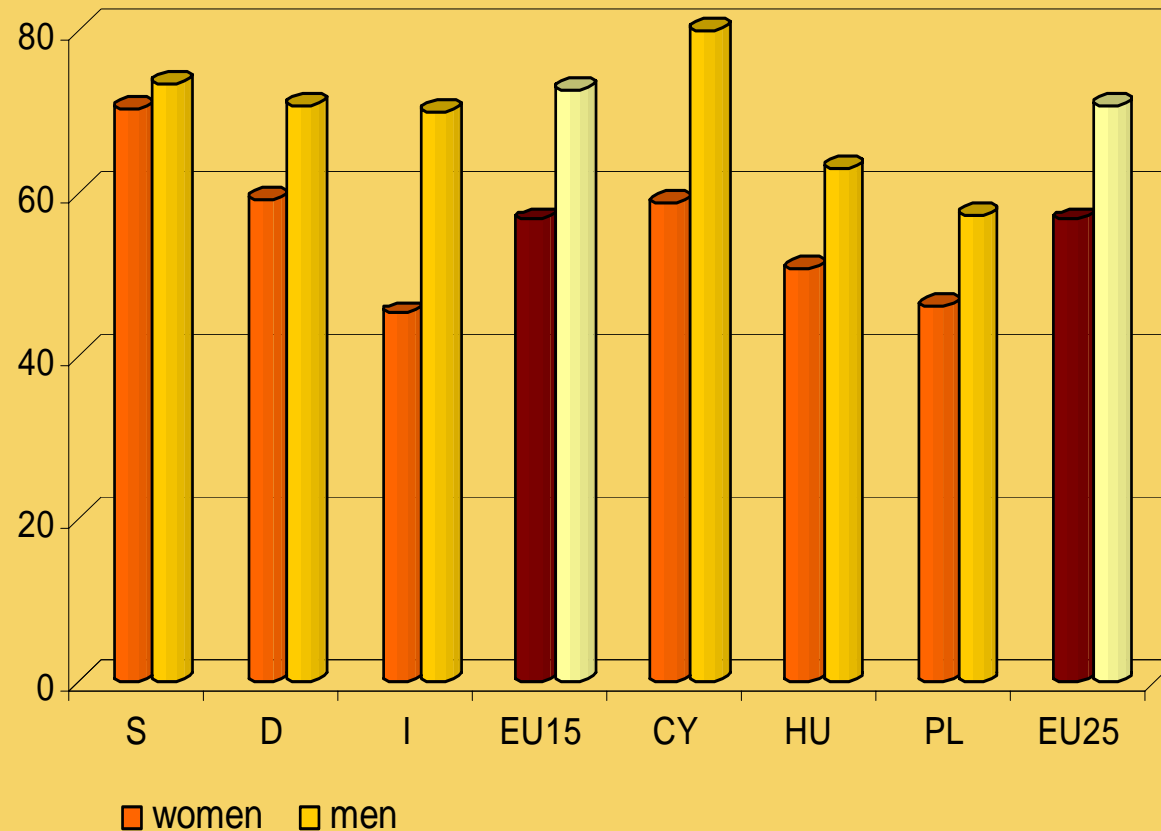
Analysis:

Percentage of women in management varies across Europe, but remains much lower than male comparison.

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 2004 (in % of the population aged 16-64 years), Source: EU, Employment 2004

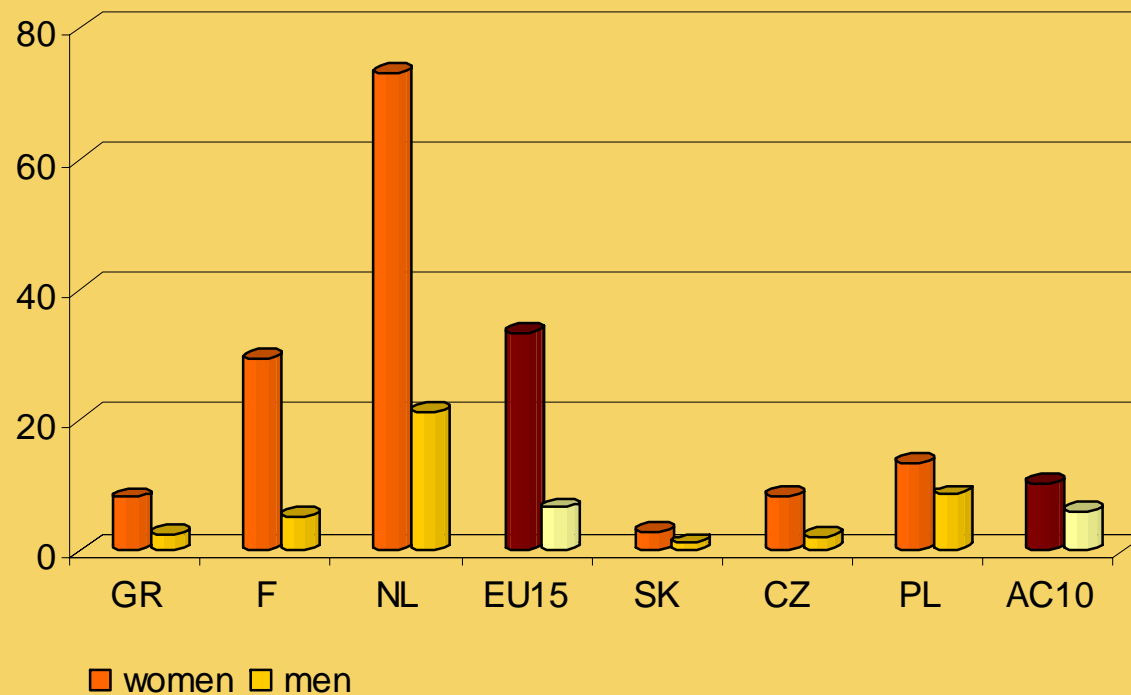
Analysis:

In all European countries women are employed at a lower rate than men are. Thus, women are not equally contributing to the economy nor to the business.

Consequence:

Corporations have to seek for 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: European Union, Employment 2003

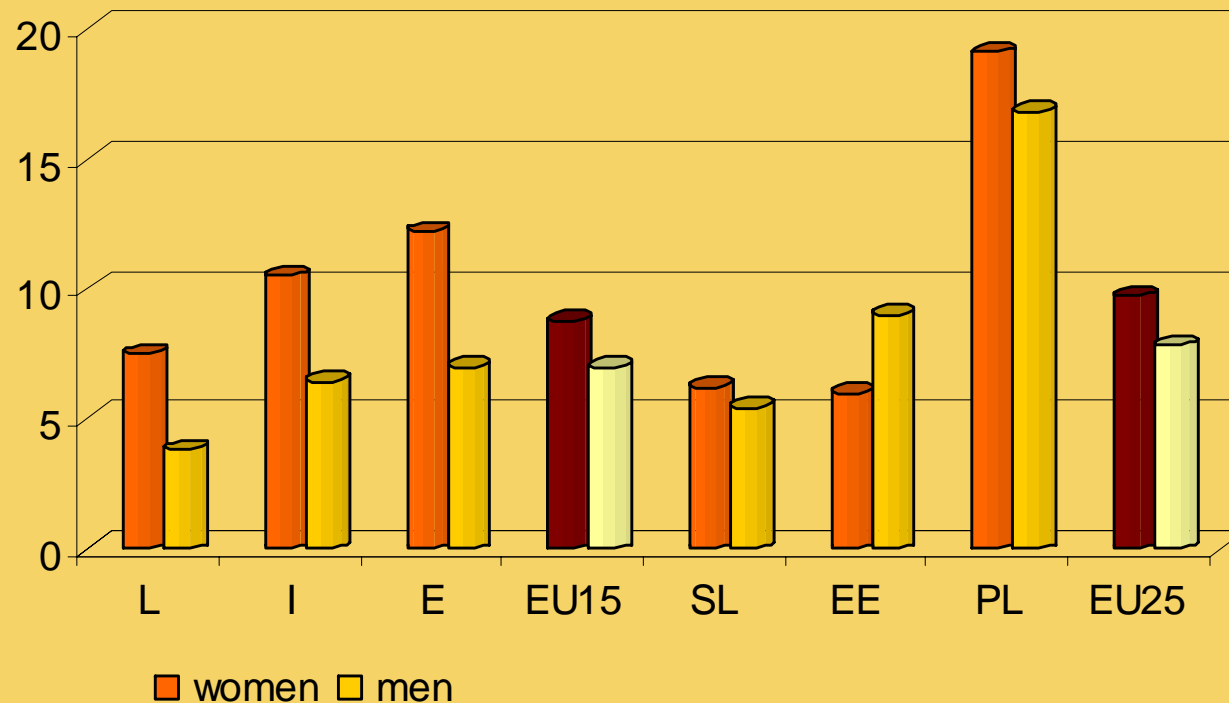
Analysis:

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

Consequences:

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

Unemployment Rates by Gender



Analysis:

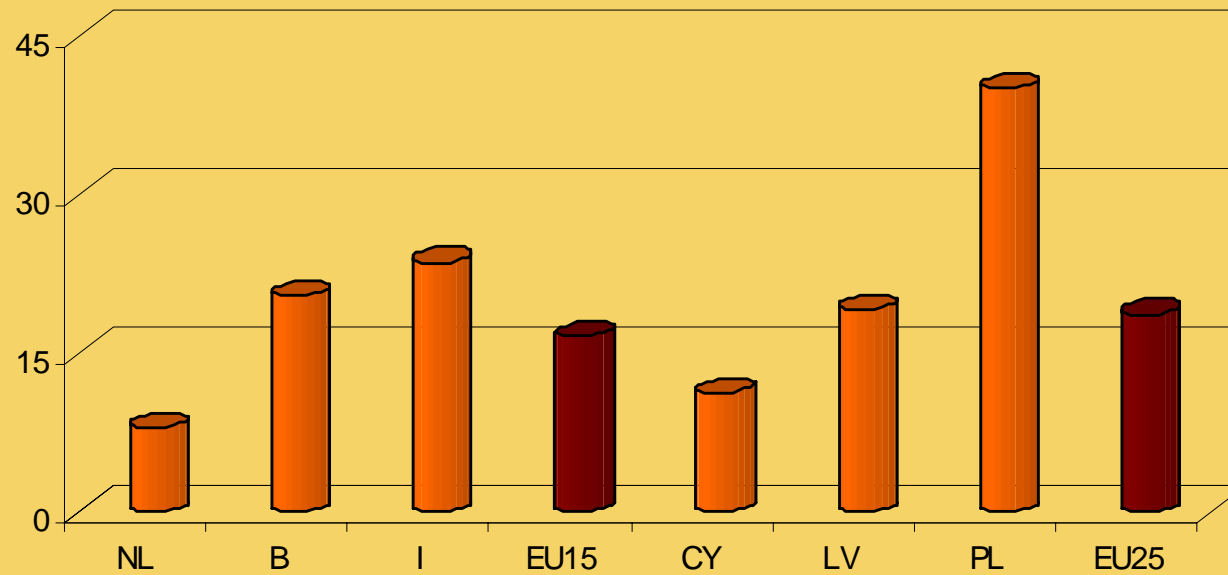
Unemployment rates of woman vary across Europe but tend to be higher than those of men, in most countries.

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.

Unemployment rates in % of working population, Source: European Union, Employment 2005

Youth Unemployment Rates



Analysis:

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

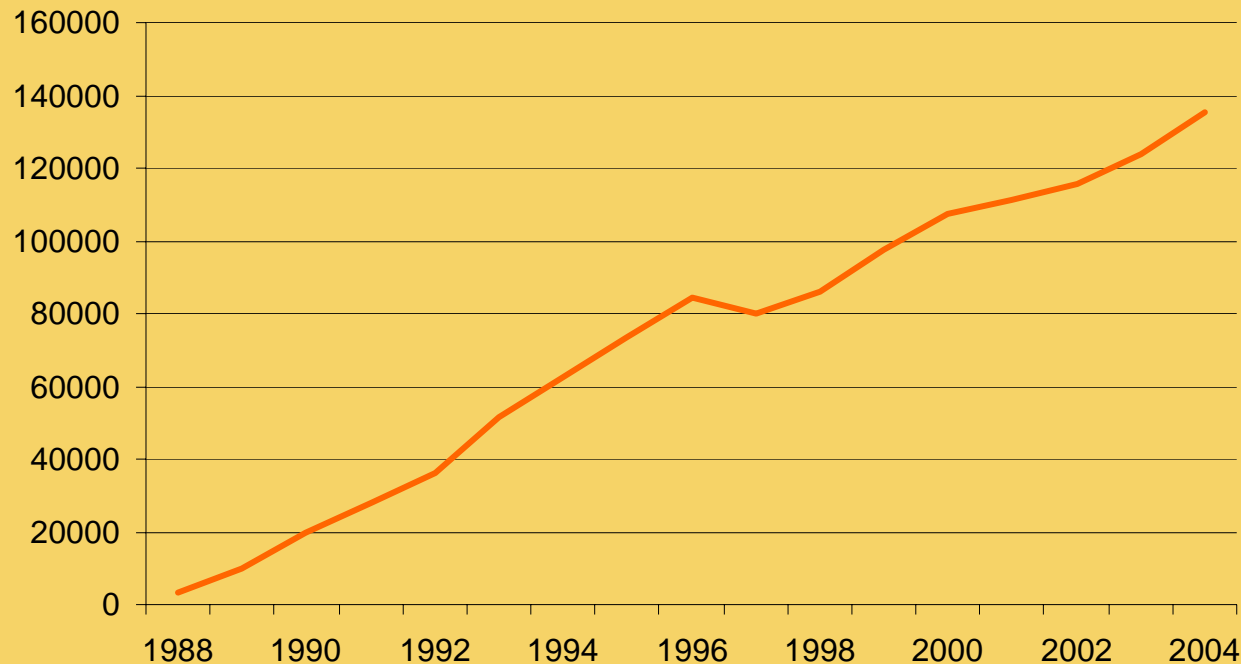
Consequences:

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

Youth unemployment rates 2004 (in % of working population, youth = ages 15-24 years),

Source: European Union, Employment 2004

Student Mobility in Europe



Number of students who took part in Erasmus student exchange program. Source: European Commission

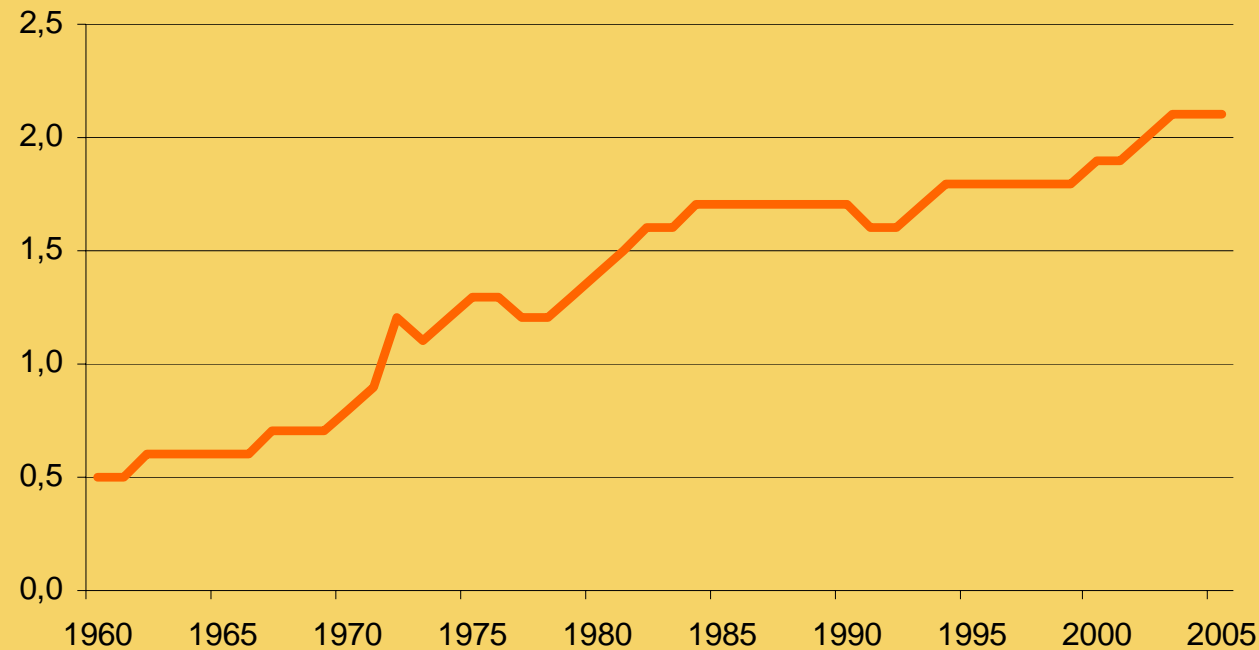
Analysis:

There has been an increasing number of students studying abroad. They get to know different cultures and develop Diversity competence.

Consequences:

Employers have to offer multi-cultural work environments and international career paths in order to utilise skills provided and satisfy high potentials' expectations.

Changing Values – Divorces in the EU



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

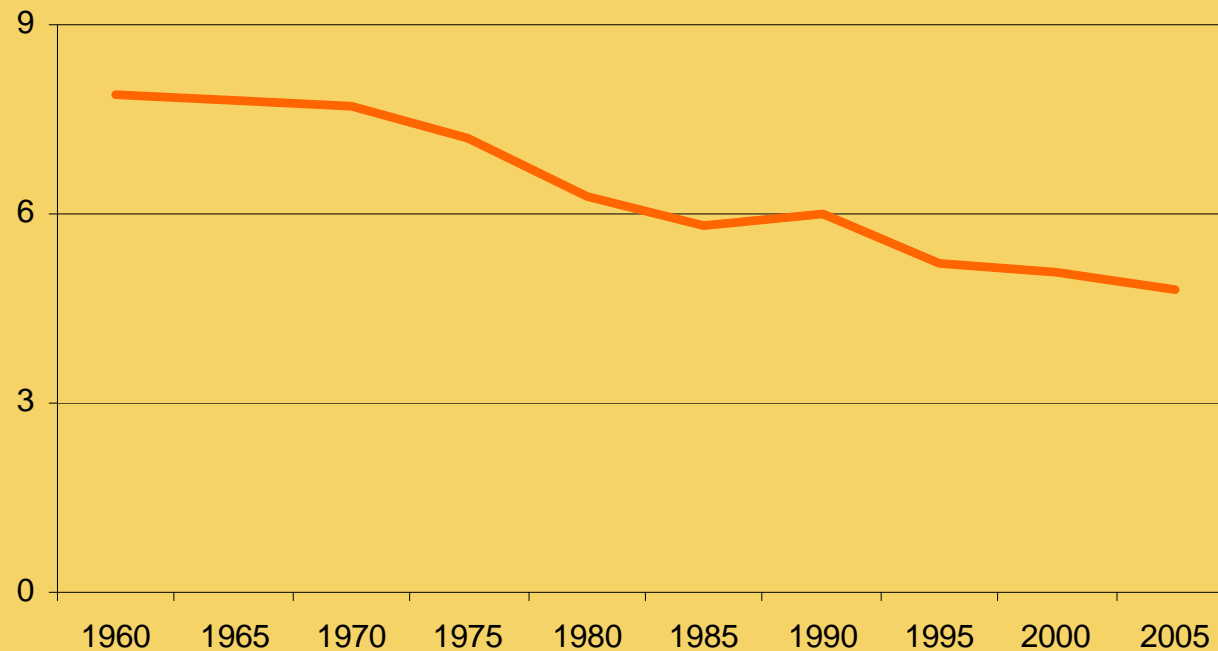
Analysis:

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

Consequences:

Corporations have to acknowledge individual lifestyles and create a work atmosphere that values and supports a multitude of private contexts.

Changing Values – Marriages in the EU



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

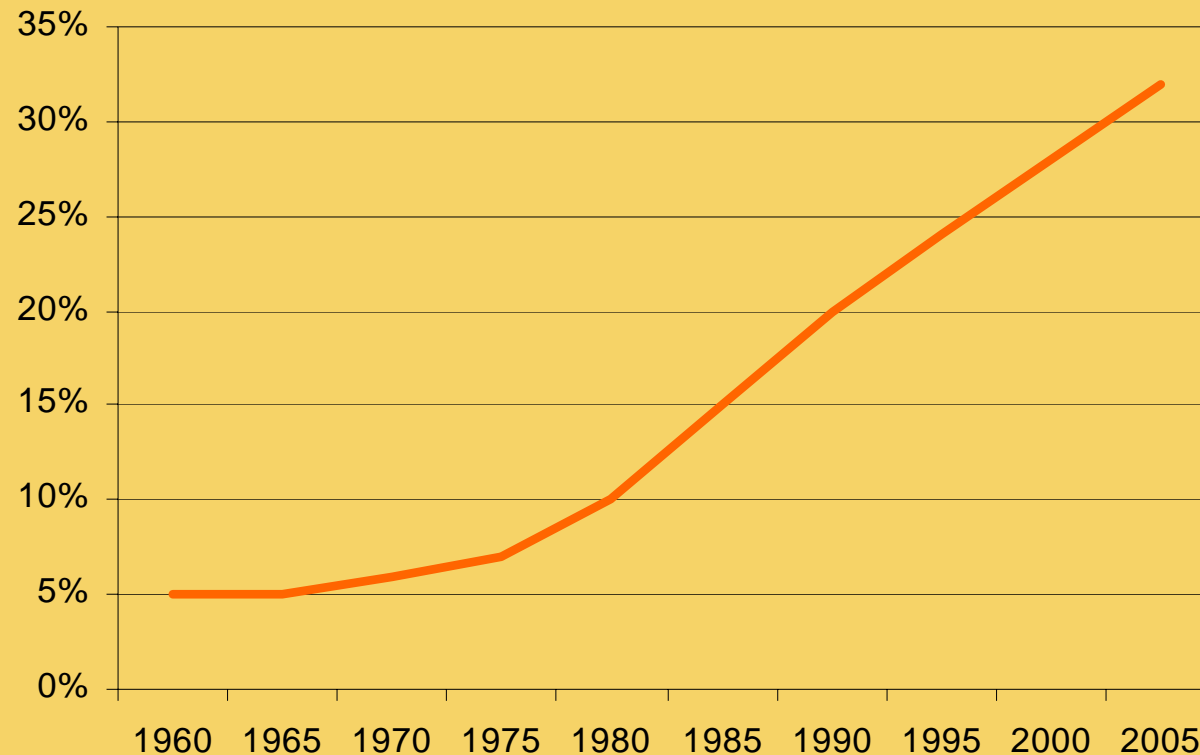
Analysis:

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 resulting needs for work options and compensation & 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

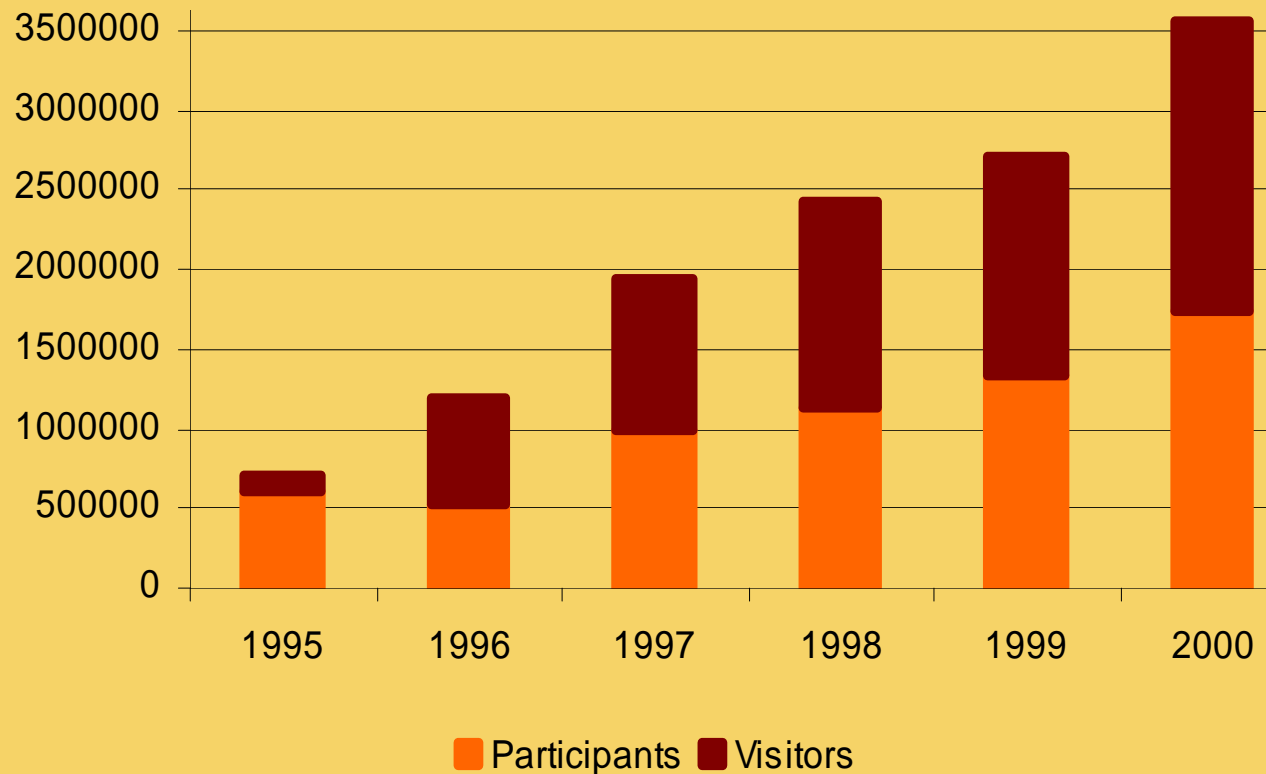
Analysis:

More families develop in non-traditional structures, so that parental and marital status become less correlated.

Consequences:

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

Gay Pride Events in Europe



Sources: EPOA, mi.st | Diversity Consulting

Analysis:

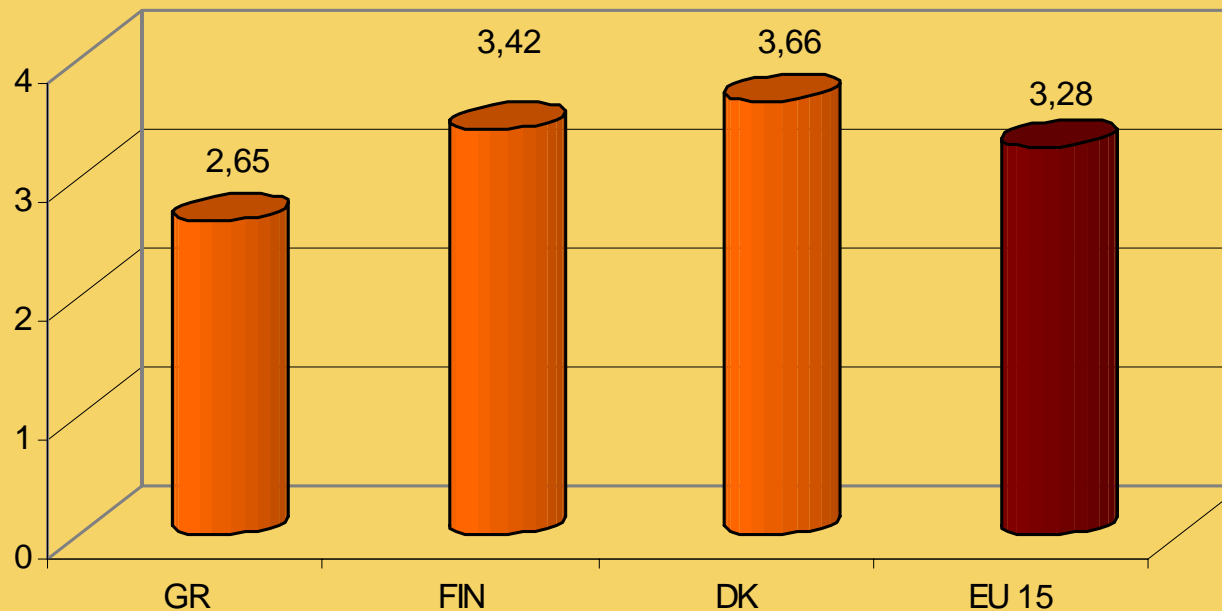
Homosexual women and men have become more visible and self-confident. Heterosexuals (visitors) have abandoned earlier reservations.

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 in the presence of people with disabilities?"
very unbiased: 4, rather unbiased: 3,
rather biased: 2, very biased: 1



Source: European Union 2003

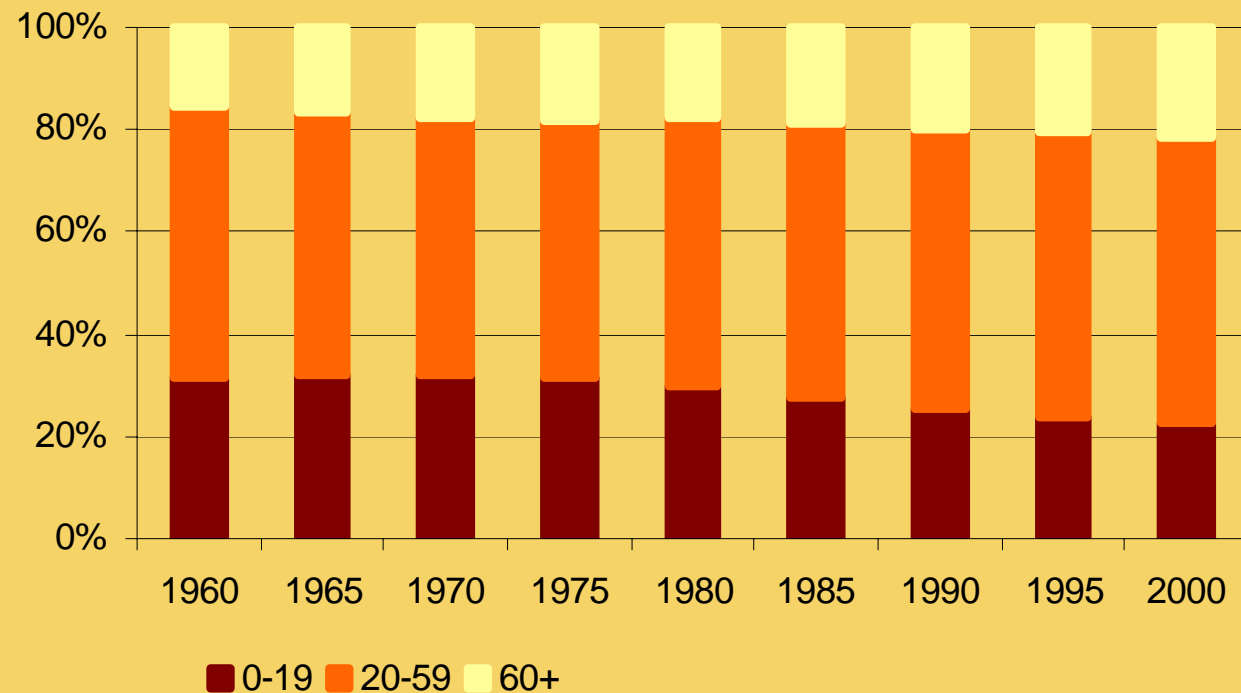
Analysis:

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



European Union 2003, population by age

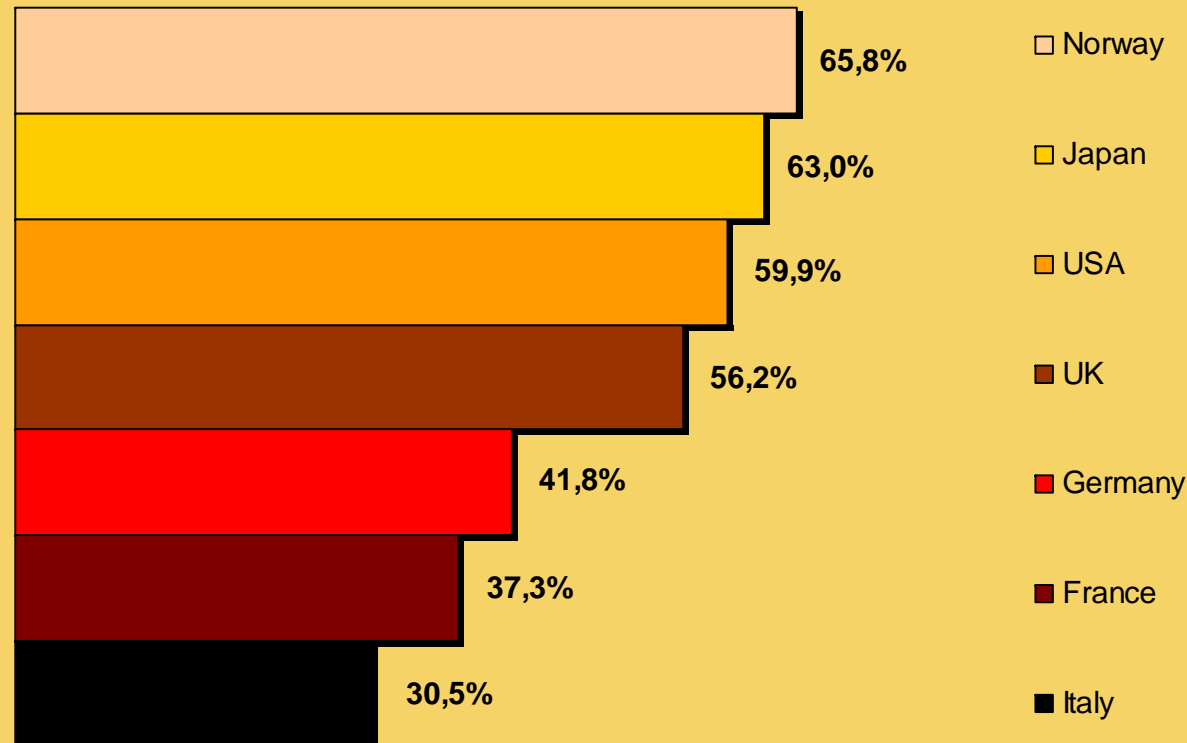
Analysis:

The EU society has been ageing for decades, and will continue to.

Consequence:

Employers have to ensure employability of their whole workforce, combat ageism, and promote work/life balance and horizontal careers. In all these respects, today's young and middle-aged employees are 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 EU (2004)

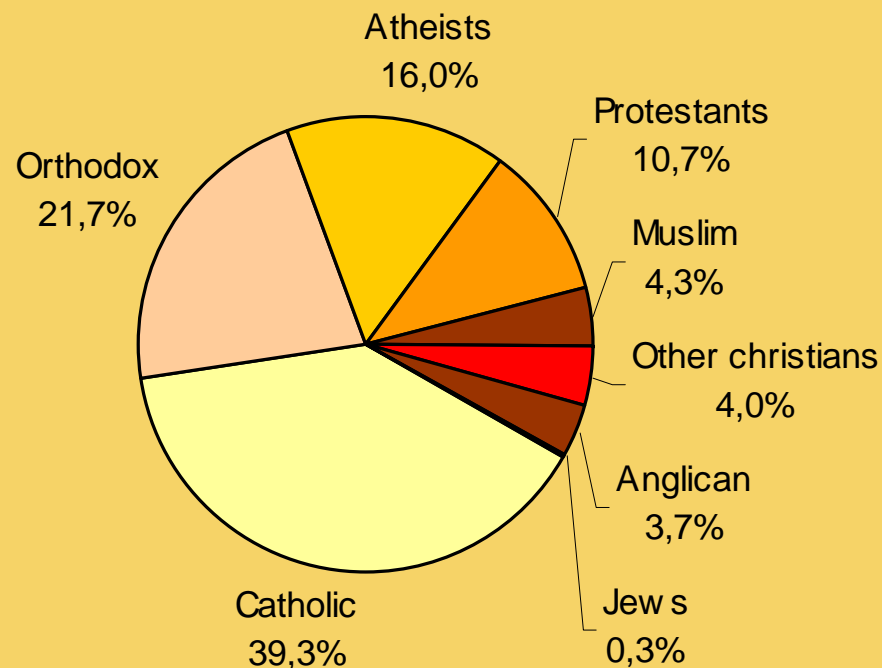
Analysis

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 countries with dramatic future aging challenges, such as Italy and Germany, not accommodating experienced employees

Consequences

See previous slide

Religious Diversity in Europe



Data: as of 2000, Source: Fischer, 2004

Analysis:

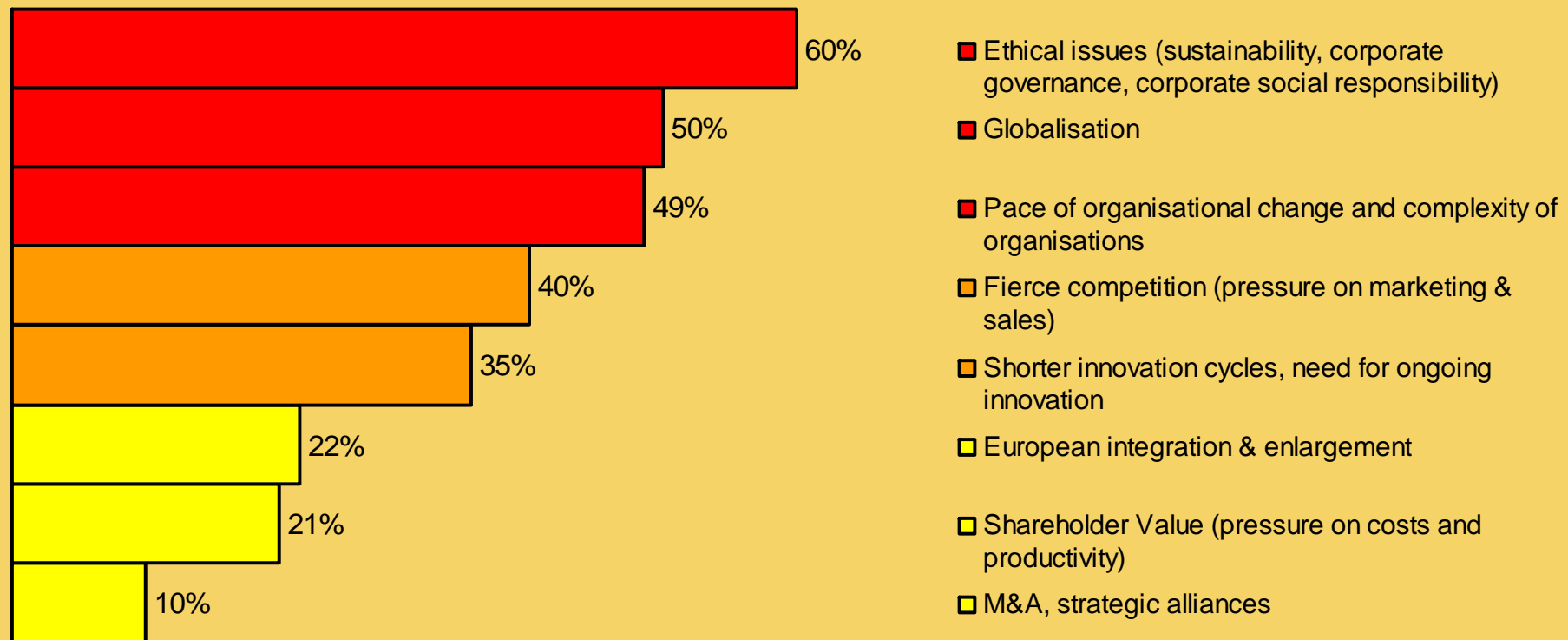
There is a larger variety of religions and confessions in Europe than day to day life might suggest.

Consequence:

Employers must be aware that they might have a more diverse workforce than they have thought, and acknowledge and accommodate different beliefs as well as related practices and needs.

Survey: Strategic Fit of Diversity

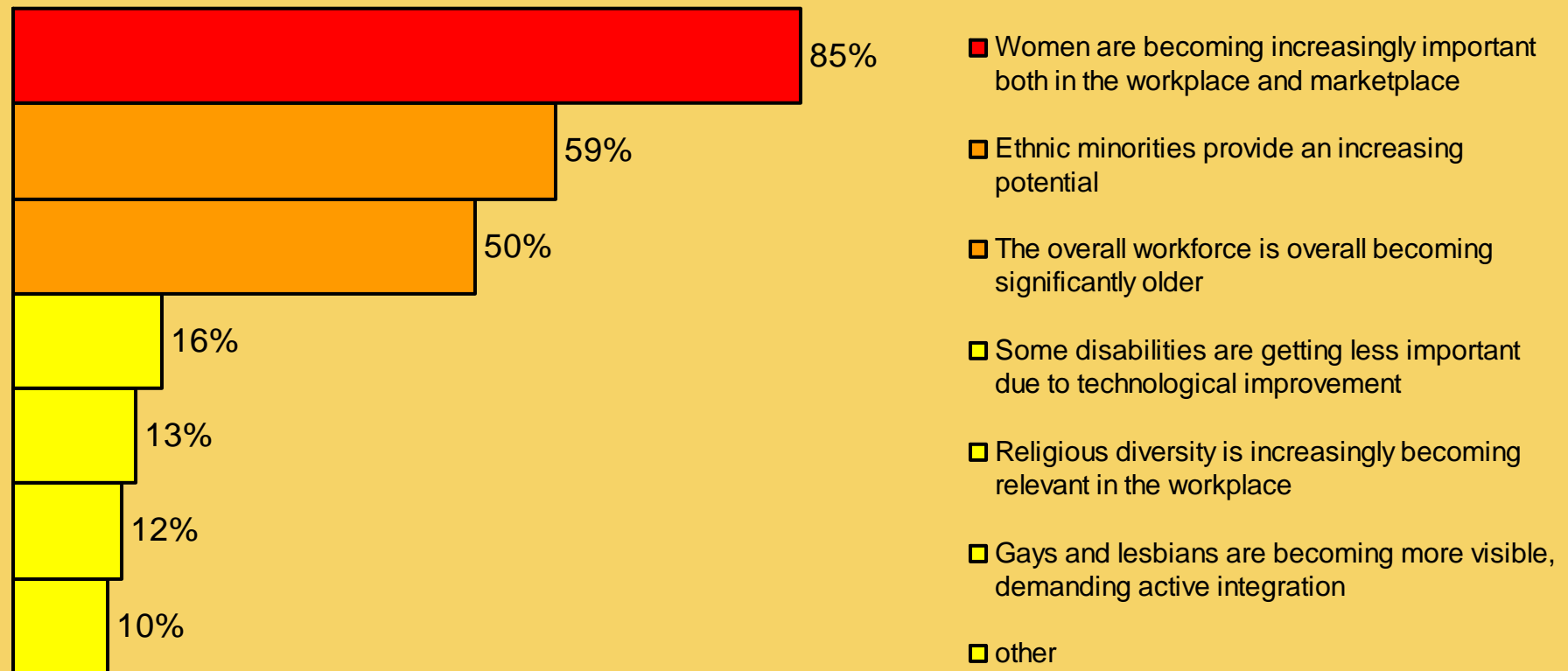
“To which of the following meta business trends is Diversity most relevant?”



European Diversity Survey 2 (EDS2). Survey of 52 leading companies into Diversity. www.european-diversity.com/service/surveys

Survey: Demographic Changes

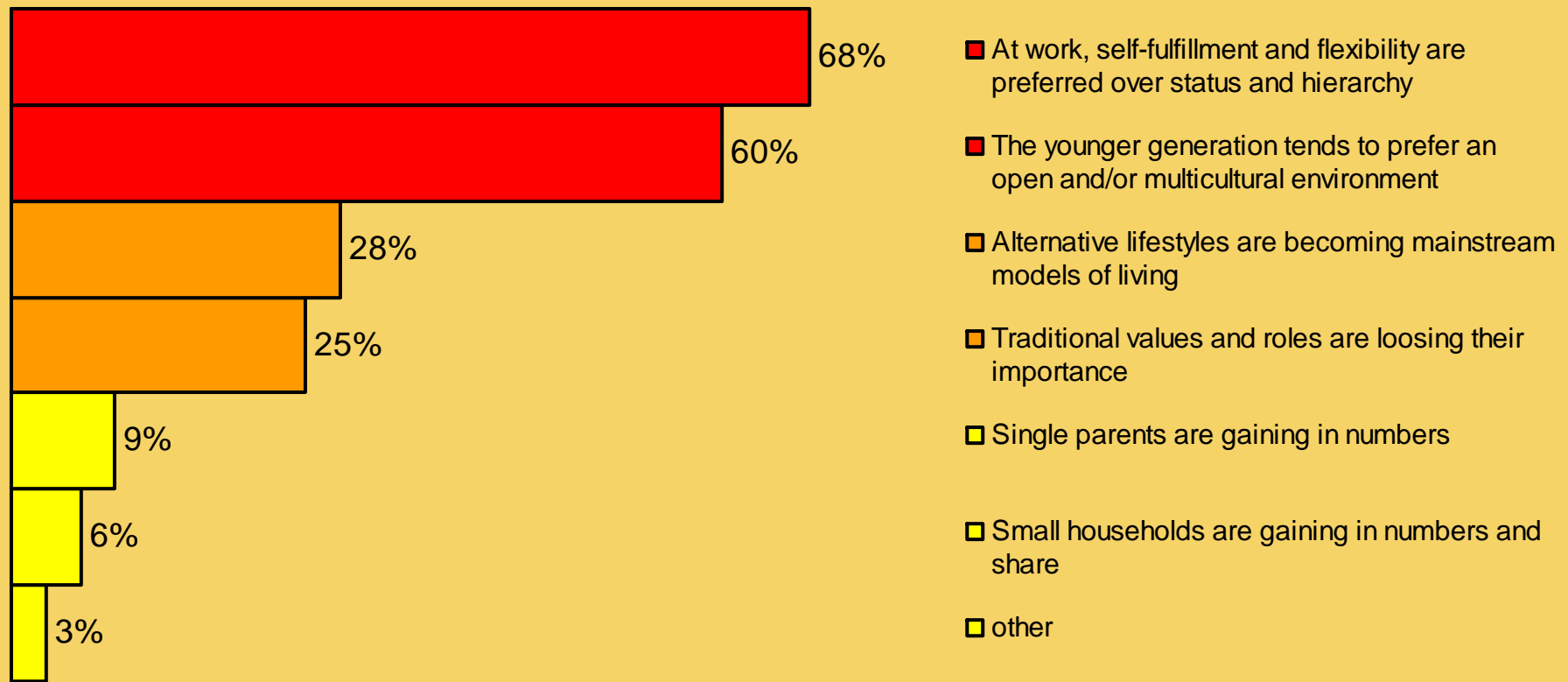
“Which are the most important drivers for your Diversity work?”



European Diversity Survey 2 (EDS2). Survey of 52 leading companies into Diversity. www.european-diversity.com/service/surveys

Survey: Cultural Changes

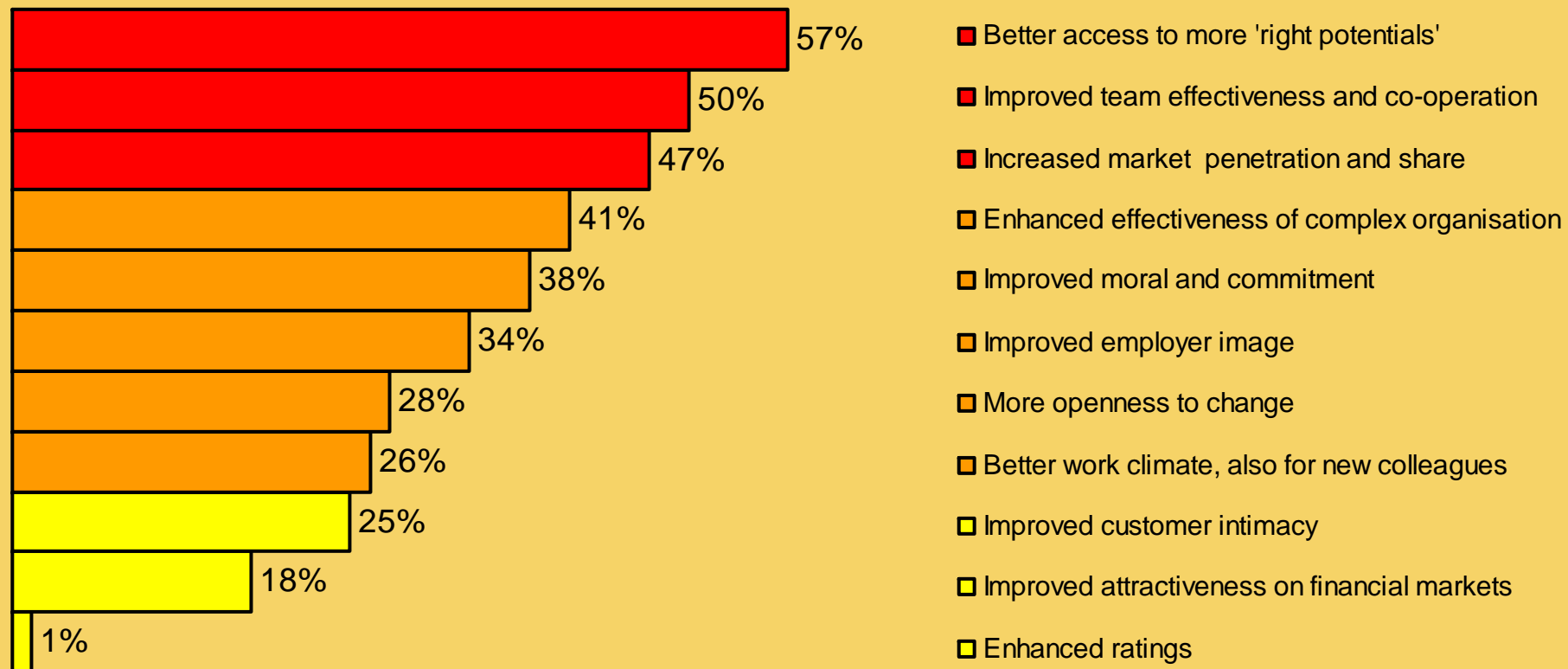
“Which of the following cultural trends is the most important for your Diversity work?”



European Diversity Survey 2 (EDS2). Survey of 52 leading companies into Diversity. www.european-diversity.com/service/surveys

Survey: Business Benefits

“Which are the biggest benefits from Diversity?”



European Diversity Survey 2 (EDS2). Survey of 52 leading companies into Diversity. www.european-diversity.com/service/surveys

Anti-Discrimination Legislation in Europe

■ Analysis

- EU Anti-Discrimination directives covering all six core dimensions of Diversity had to be implemented nationally by July and December 2003 respectively
- Employers will be faced with 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

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

The Business Benefits of Diversity

External		Internal	
Consumer Markets	<ul style="list-style-type: none"> ■ Increased market share ■ Easier entry to new markets ■ Improved customer intimacy 	Individual	<ul style="list-style-type: none"> ■ Increased productivity (quantitative and qualitative) ■ Improved morale, commitment
Shareholder	<ul style="list-style-type: none"> ■ Enhanced rating ■ Improved attractiveness 	Inter-Personal	<ul style="list-style-type: none"> ■ Improved team effectiveness and co-operation ■ Easier integration of new staff
Labour Markets	<ul style="list-style-type: none"> ■ Broader access to labour markets ■ Improved employer image 	Organi-sational	<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 		

mi.st [Diversity Consulting

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- **Successful Projects completed for (partial list)** Air Products, Allianz, BP, Commerzbank, Deutsche Bank, Deutsche Telekom, Ford, Hewlett-Packard, Kraft Foods, Motorola, Siemens Power Generation, Symantec Volkswagen AutoUni, Volkswagen Bank & Non-Profit-Organisations



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Our Background Fits Diversity

■ Expertise

- ☐ Multi-disciplinary degree
- ☐ 12 years+ pan-European and EU experience
- ☐ 8 years+ work on minority/Diversity employment issues
- ☐ HR/OD and marketing / communication background

■ Networking

- ☐ Media, specialist events, Universities, NGOs
- ☐ European and Global Consulting partner networks

■ Completed projects include

- ☐ Strategic (re-)alignment / positioning of Diversity
- ☐ Business cases / research (D, EU)
- ☐ Diversity project & strategy development
- ☐ Diversity communication: brochures, Intranet sites, Internet sites, management presentations
- ☐ Events for employees, managers
- ☐ European network management
- ☐ Diversity training
- ☐ Marketing & recruitment
- ☐ Non-profit & public sector Diversity