DIVERSITY MANAGEMENT IN 2008:

RESEARCH WITH THE EUROPEAN BUSINESS TEST PANEL

The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.

CONTENTS

EXECUTIVE SUMMARY

In 2005, a study with the European Business Test Panel (EBTP) concluded that equality and diversity in the workplace was becoming increasingly important for European companies, not just for ethical and moral reasons but also for the business benefits they are expected to deliver. Among the most important of these were enhanced employee recruitment and retention from a wider pool of high quality workers, improved corporate image and reputation, and better marketing opportunities.

In 2008, a second study with the EBTP provided up-to-date information on the state of equality and diversity in European workplaces, including those in the 12 "new" Member States and SMEs. This new research suggests that while the majority of the 2005 report conclusions remain valid today, in some areas significant changes have occurred. Central to these has been the extent to which companies today increasingly recognise the link between diversity and innovation, rising from 26 percent in 2005 to 63 percent in 2008. Given that innovation is a significant driver for productivity, the relationship between diversity and innovation has the potential to become a crucial aspect of economic growth not only at business level but also for the European Union as a whole. The success of European businesses in global markets depends on Europe's ability to harness its diversity to create dynamic companies that can interact with, and create products and services for, world consumers.

Despite the significance of this driver, since 2005 progress has been slow in measuring and evaluating the impact of diversity on business within individual companies. This is essential for companies to do, as it could provide them with the understanding of how best to develop equality and diversity policies that suit their company and operational contexts as well as appreciate the benefits they derive from diversity. Although many companies recognise the link between diversity and

innovation (and by implication productivity), less than one-third associated diversity with productivity. As such, there could be a role for intermediaries and other stakeholders – business support organisations, chambers of commerce, and business schools, to name a few – to advise on the development of equality and diversity policies and also develop systems of measurement from the implementation process to the end product of enhanced workforce management, innovation, and productivity.

Finally, although equality and diversity in the workplace is increasingly important for many companies, the majority currently remain, for whatever reason, uninvolved. New and original ways to communicate the business case for equality and diversity are therefore required, and in particular ways that suit the challenges and needs of companies in the 12 new Member States and SMEs. One of these may be the development of "Diversity Charters" at regional and national level for smaller companies, and an EU-level Charter for larger corporations. As "starting points" on the road to fully-fledged equality and diversity policies, Diversity Charters have been identified by their signatories in France, Germany, and Brussels as key motivators and central points for information. The research suggests that they may be particularly effective in the 12 new Member States.

1. INTRODUCTION

In 2005, the European Commission commissioned a study on workplace equality and diversity practices and examples of best practice from across Europe. Research for the study was conducted with members of the European Business Test Panel (EBTP), a group of companies representing all business sizes and sectors that the EC regularly consults on a range of issues, and a number of other companies across Europe and in the USA. The results of the study were published by the European Commission in a highly popular guide, *The Business Case for Diversity – Good Practice in the Workplace*.[1]

Results from the study suggested that increasing numbers of European companies were adopting equality and diversity (E&D) strategies for moral, ethical, and business reasons. Key amongst the business benefits associated with E&D were enhanced employee recruitment and retention from a wider pool of workers, improved corporate image and reputation, greater innovation, and enhanced marketing opportunities. However, for EBTP companies that did not have any E&D policies – just over half of those questioned – the main reason was simply a lack of awareness about the relevance of E&D policies for them.

In 2008, DG EMPL commissioned Focus Consultancy Ltd to undertake further studies on E&D in the workplace,[2] in partnership with the European Academy of Business in Society (EABIS), EIM Business Policy & Research, and the European Institute for Managing Diversity (EIMD). Additional supporting organisations have included the European Association of Craft, Small and Medium Sized Enterprises, CSR Europe, and the European Foundation for Management Development. This study was significantly more complex than the 2005 study, comprising of five separate "tasks" each investigating different aspects and challenges of workplace

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[1] Available at:
   www.focus-consultancy.co.uk
[2] VC/2007/035 *Activities promoting and developing the business case for diversity*

E&D in Europe. One of these tasks was a follow-up study with the EBTP, the aims of which were to provide up-to-date information on the state of workplace E&D across Europe, compare and contrast these with the findings from the 2005 study, and provide further information for the other project tasks. Overall, the 2008 study is comprised of:

Task 1 – Research and analysis: the business case for diversity in SMEs

Task 2 – Design and analysis of a questionnaire for the EBTP

Task 3 – Reporting on and analysing the experience of existing Diversity Charters and exploring the added value of their extension on a voluntary basis

Task 4 – Produce an expert report on innovation as a factor driving the business case including case studies

Task 5 – Advise the European Commission on the feasibility of developing a "Diversity Network of Business Schools and Companies"

This report, part of the deliverables of Task 2, presents the results of the 2008 EBTP Diversity Survey in relation to each of these three aims. First, a thematic analysis will present up-to-date information on the state of workplace E&D across Europe. In addition to aggregate findings, the responses of companies in the "old" 15 European Member States (EU15 MS)[3] and 12 "new" Member States (NMS 12)[4] will be compared, as will those of "very large" companies (VLCs: 500+ employees), "large" companies (LCs: 250 to 499 employees), and small to medium-sized enterprises" (SMEs: 0 to 249 employees). In this way, the report will not only present the information in a way that highlights the different "state of play" in different parts of Europe and companies of different sizes, but also contribute to Task 1 of the 2008 project.

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[3] AT, BE, DA, DE, EL, ES, FI, FR, IE, IS, IT, LU, NL, NO, PT, SV, and UK
[4] BG, CY, CZ, EE, HU, LT, LV, MT, , PL, RO, SL, and SK

Secondly, the report, where relevant, will compare company responses in 2008 with those gathered in 2005. However, while in 2005 the majority of companies were based in EU15 MS, in 2008 large numbers were also drawn from the NMS 12. As such, the sample base of the two studies is significantly different and any comparisons made between the two sets of data are indicative only, and cannot be taken as representing actual changes at company level.

Finally, and responding to Tasks 3, 4, and 5 of the 2008 study, the report will discuss possible ways forward for promoting E&D in the workplace. While the possible content of promotional activities will not be discussed, the most effective tools and forms of institutional support will be considered.

2. METHODOLOGY AND EXTENT OF THE DATA

In collaboration with other project partners, Focus Consultancy designed the 2008 Diversity Survey for members of the EBTP. The survey comprised of 21 closed questions, each of which included several sub-questions with multiple-choice answers (see annex I). The survey went on-line on 31 March 2008 and closed on 28 April 2008. In total, 371 EBTP companies began the survey and 335 (90 percent) completed it.

The companies that responded were not representative of European companies as a whole. German companies returned the largest number of responses (16 percent), while companies in Estonia, Luxembourg, Latvia, Ireland, and the Slovak Republic returned the least (less than 1 percent). However, companies in only one country (Cyprus) did not return any responses at all. Responses were received from companies representing a range of sizes, with 64 percent classed as SMEs, 12 percent classed as LCs, and 25 percent as VLCs. Therefore, the sample contains an under-representation of SMEs. Finally, a range of sectors was represented although, again, not equally. The largest number of responses came from manufacturing companies (24 percent), and the smallest from companies involved in mining/quarrying (2 percent).

3. THE STATE OF WORKPLACE EQUALITY AND DIVERSITY IN 2008

3.1. Current situation relating to the implementation of diversity policies and practices

The survey asked companies to indicate whether they had any E&D policies established in their workforce. If the answer was yes, they were also asked about the extent and focus of these policies, and the reasons for having them. Companies with or without policies were also asked how they envisaged their development in the next five years. Meanwhile, companies without E&D policies were asked why this was the case.

Presence and extent of E&D policies

Of the 335 participating EBTP companies, 56 percent had established some kind of E&D policy in their organisation. Although this is a slight rise on the figure found in 2005 (48 percent), the sample contains a much wider selection of European States, in particular from the NMS 12 wherein E&D is a relatively new concept. Reflecting this, EBTP companies based in the EU15 MS were more likely to have E&D policies than companies were in the NMS 12 (60 percent vs. 47 percent).[5] The results also indicate that fewer SMEs and have E&D policies than larger companies.[6]
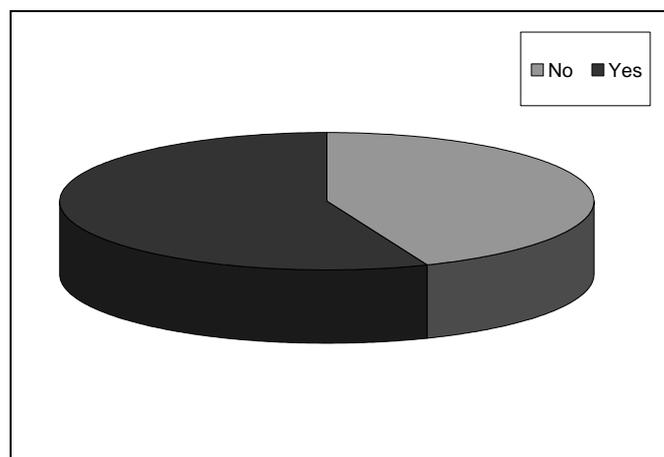

Figure 1: EBTP companies with E&D policies and practices (N=335)

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[5] *Chi* = 0.062; *Phi* = .129
[6] SMEs 48%; LCs 56%; VLCs 76%; *Chi* = 0.000; *Phi* = .229

Of the 188 companies with a policy, just under one-third suggested they were in the process of developing it from scratch. A further 26 percent said that their policy had been embedded for up to five years, and just over one-third said that it had been embedded for more than five years. Overall, the majority of companies have introduced E&D policies within the past five years.
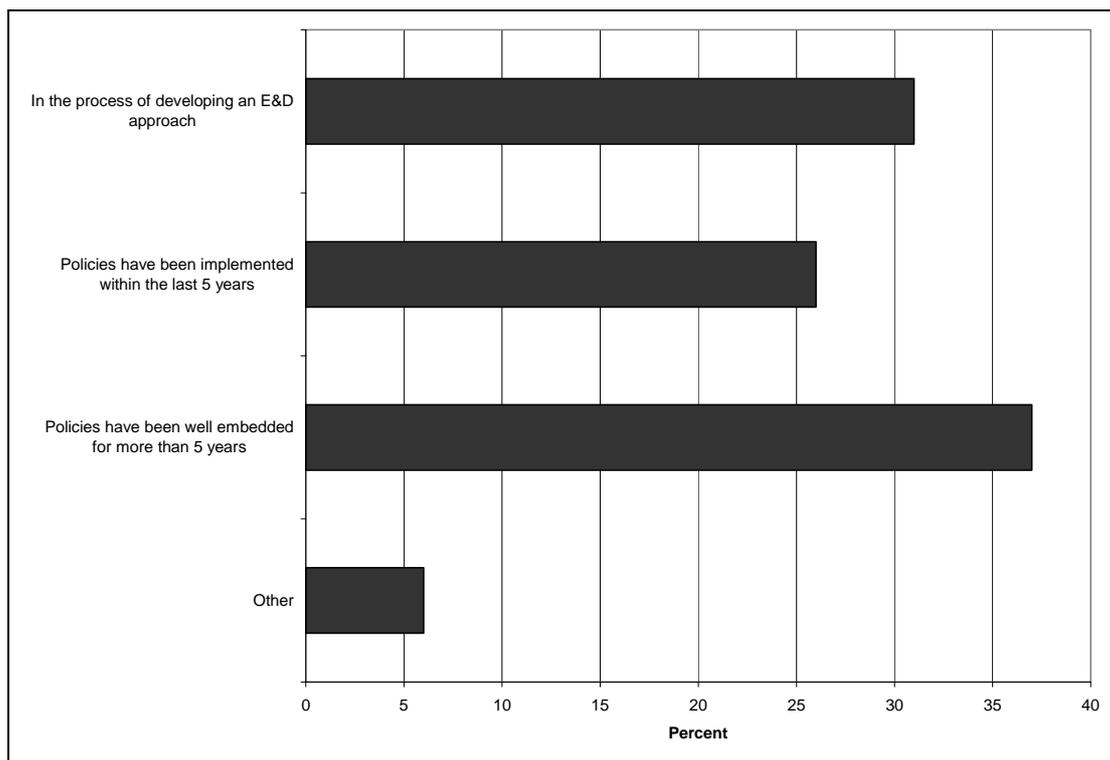
Figure 2: Status and duration of E&D policies in EBTP companies (N=188)

In 2005, just 7 percent of companies suggested they were developing E&D policies from new. The much larger number found in 2008 can probably be associated with the larger numbers of NMS 12 companies that took part in the survey, including, perhaps, recent activities around E&D issues at national level in those states. While 27 percent of companies developing E&D policies were based in the EU15 MS, 47 percent were based in the NMS 12.

Slightly more than one-third of EBTP companies provided financial support for their E&D policy. In 2005, this was just 6 percent. VLCs were more likely to provide

financial support than SMEs (48 percent vs. 25 percent), while LCs were the most likely (64 percent).[7]

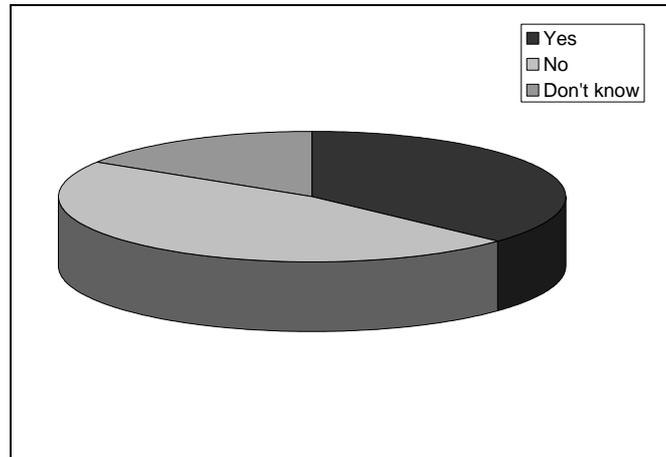**Figure 3: Allocation of financial resources to E&D policies amongst EBTP companies (N=188)**

The majority of EBTP companies (80 percent) with E&D policies suggested that those policies amounted to a limited agenda instead of a comprehensive agenda. Given that the majority of companies do not ring fence financial support for E&D policies, this finding is perhaps not surprising.

Focus of E&D policies

Regardless of their extent, E&D policies mostly related to internal staffing and management issues. Some 93 percent of EBTP companies with policies said that they responded to issues relating to the recruitment, retention, and management of staff. Three-quarters said they related to organisational cultural issues and 70 percent to work-life balance policies. A further 68 percent suggested they included training and awareness-raising schemes.

E&D policies were slightly less likely to involve activities engaged with other areas of company business. While two-thirds of companies said their policies included a focus on sales, customer services, and marketing, only half responded to

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[7] *Chi = 0.000; Phi = 0.342*

stakeholder and community engagement. Another half of company policies were related to supplier diversity. This picture is much the same as that found in 2005.
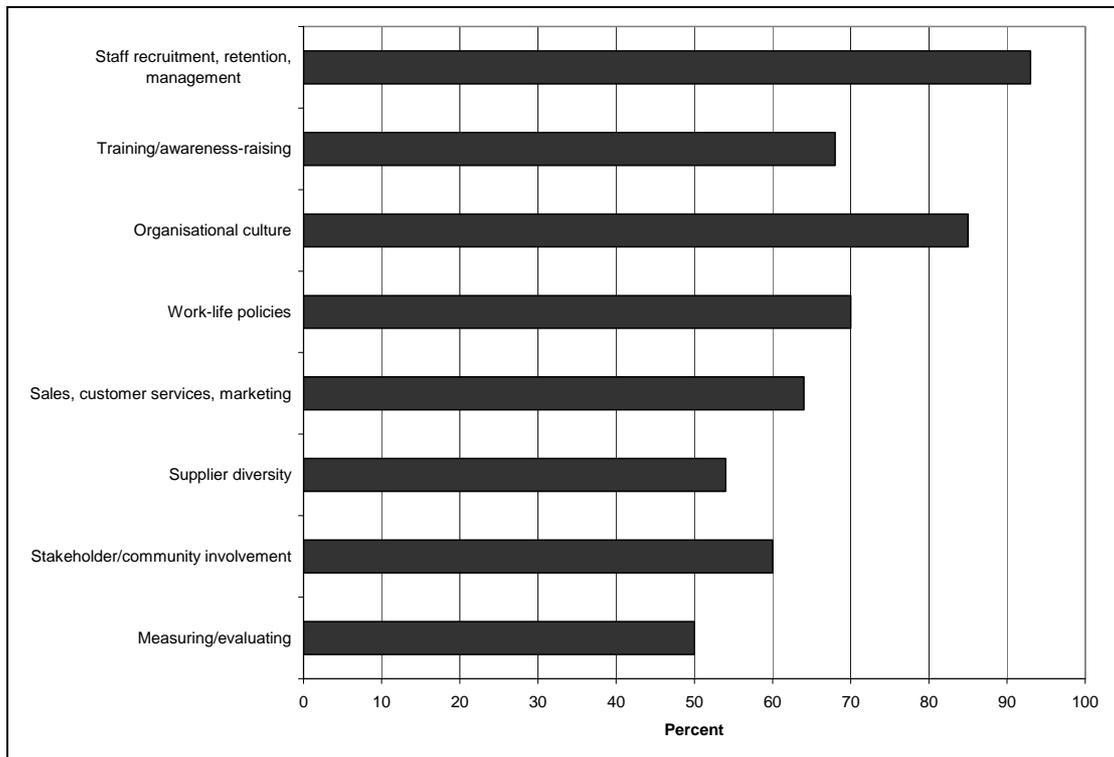
Figure 4: Areas of E&D activity being implemented by EBTP companies (N=188)

Coverage of the "six grounds" of discrimination

In European law, six "grounds" of discrimination on the labour market and in the workplace are recognised, including gender, age, ethnicity and race, disability, religion and belief, and sexual orientation. This protection has been or shortly will be included within the legal frameworks of all EU Member States at national level. However, almost two-thirds of EBTP company E&D policies covered only some of these grounds, with 12 percent covering only one. Just one-quarter of company policies covered all six grounds.
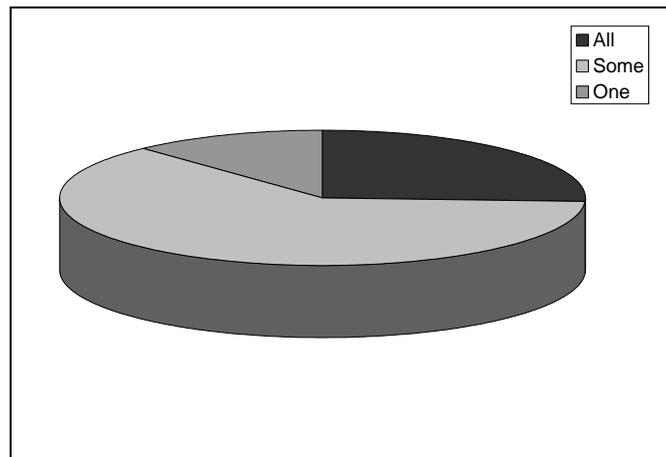
Figure 5: Number of discrimination grounds covered by EBTP company E&D policies (N=188)

The most commonly covered ground of discrimination was that of age, followed by gender, ethnic and racial origin, and disability respectively. Religion, belief, and sexual orientation were covered by very few companies. This is mostly in keeping with the grounds covered by EBTP companies in 2005, when they focused on, in descending order, gender, age, nationality, disability, ethnic or racial origin, religion or belief, language, and sexual orientation.[8]

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[8] The 2005 EBTP Diversity Survey contained discrimination grounds not included in the 2008 survey. The higher focus on ethnic and racial origin in 2008 is probably because the separate responses "nationality" and "language" were excluded.

Figure 6: Grounds of discrimination covered by EBTP company E&D policies (N=188)

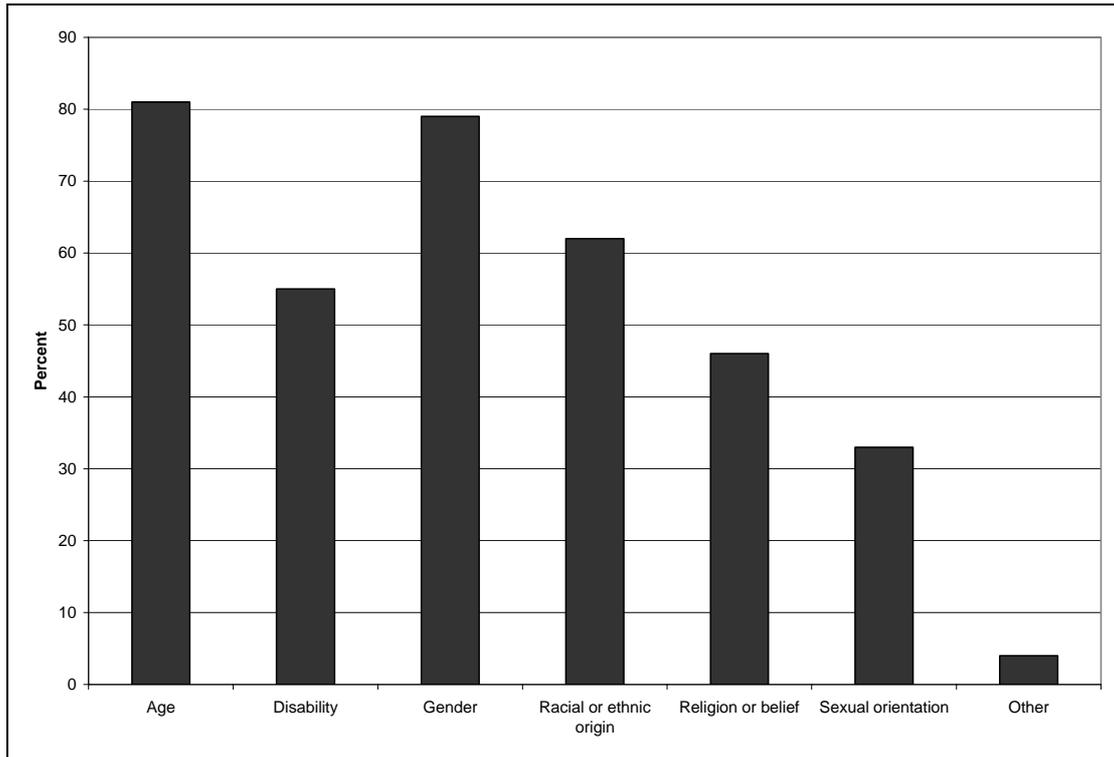Slightly more companies in EU15 MS had a comprehensive policy that covered all six grounds than companies in the NMS 12 (28 percent vs. 15 percent).[9] This again reflects the historical and social differences between these two parts of Europe, with E&D more firmly established in western European States. Similarly, more VLCs and LCs had policies that covered all six grounds than SMEs.[10]

Setting, measuring, and evaluating targets

EBTP companies with E&D policies were asked whether they set any specific targets for the recruitment, training, or promotion of staff from underrepresented groups. Just one-quarter of companies with an E&D policy set such targets. However, in 2005 this figure was 57 percent. The apparent drop might also be due to the larger number of companies from the NMS 12, and/or due to more companies being based in countries where keeping some kinds of biographical information is illegal.

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[9] *Chi* = 0.005; *Phi* = 0.279
[10] VLCs 37%; LCs 32%; SMEs 17%; *Chi* = 0.022; *Phi* = 0.246
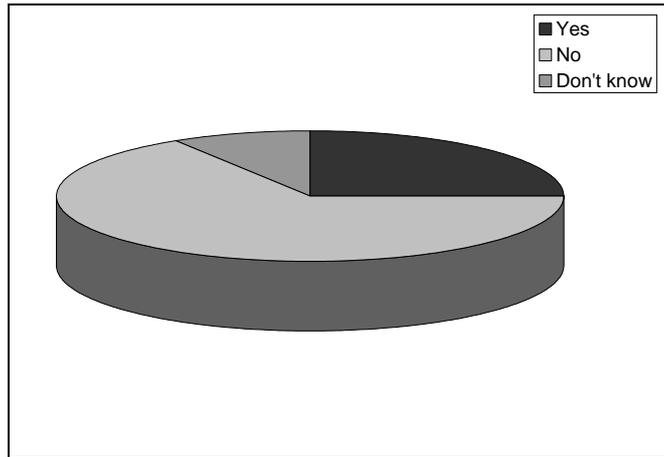
Figure 7: EBTP companies that set targets for the recruitment, training, or promotion of staff from underrepresented groups
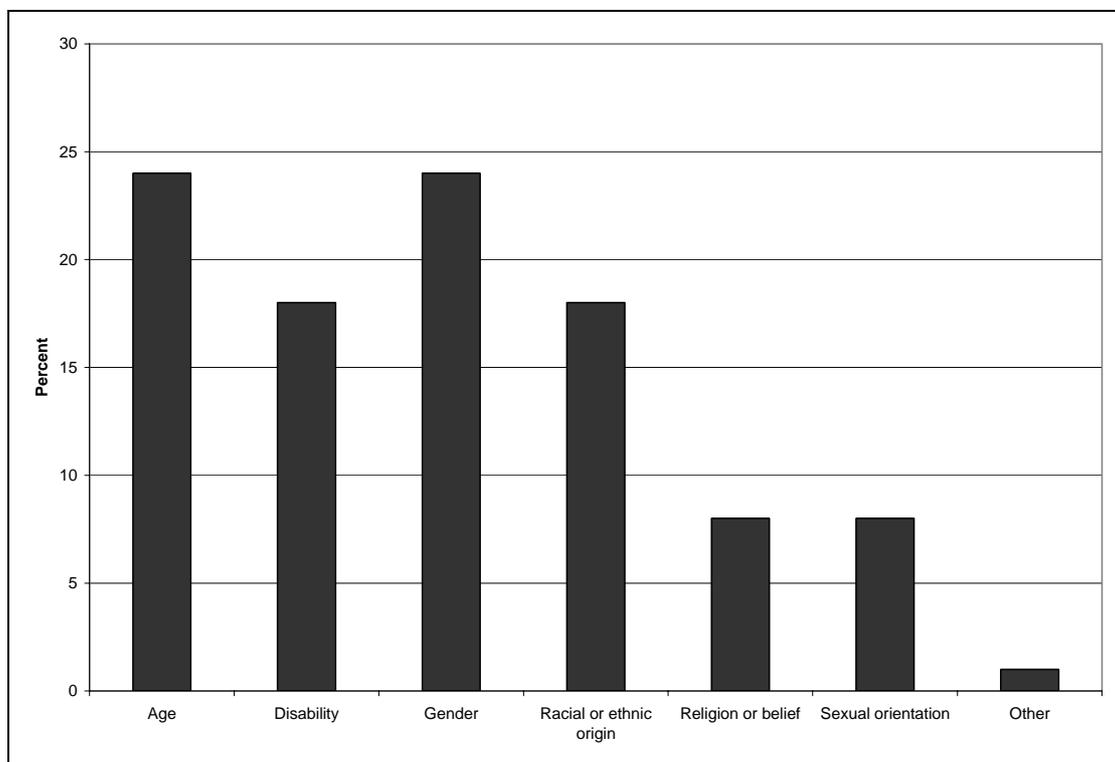
Figure 8: Focus of E&D targets according to the six grounds of discrimination (N=120)

The focus of the targets was again on the age, gender, ethnic and racial origin, or disability of staff respectively. The religion, belief, and sexual orientation of staff were the least targeted. These findings reflect those from 2005. Of companies that did set targets, almost two-thirds implemented special measures for diverse groups. These measures included special recruitment schemes (36 percent), training schemes (32

percent), and selection schemes (26 percent). Finally, 81 percent of companies that set targets also monitored the composition of their workforce to check the impact of these measures.

3.2. Perceived benefits of diversity

Given that the majority of EBTP companies are at the beginning of their diversity journey – combined with the fact that very few companies set and measure targets – it is not surprising that the benefits they perceive are still rather restricted. Almost two-thirds of EBTP companies suggested that E&D policies had made a positive impact upon their business, with almost one-third claiming that they did not know. In 2005, just over one-half of EBTP companies recognised benefits associated with E&D. This substantial rise – although one that must be read with caution – perhaps suggests that promotional activities during the intervening years have been successful at communicating the business benefits to companies. Furthermore, responses to this question were the same regardless of geographical location or company size. This finding also suggests that awareness raising activities appear to have been successful in the different parts of Europe and amongst the different sizes of companies.

General benefits

The areas of company activity that were perceived by EBTP companies to benefit from E&D policies included those that are most often targeted by such policies, namely HRM issues. Around half of EBTP companies also identified improved opportunities for creativity and innovation. Issues of accessing a wider customer base, legal compliance, customer satisfaction, and profitability were identified by a minority of companies only. In 2005, just 26 percent of companies recognised the link between diversity and innovation. Overall, however, the kinds of benefits that EBTP companies recognised in 2005 remained the same in 2008.
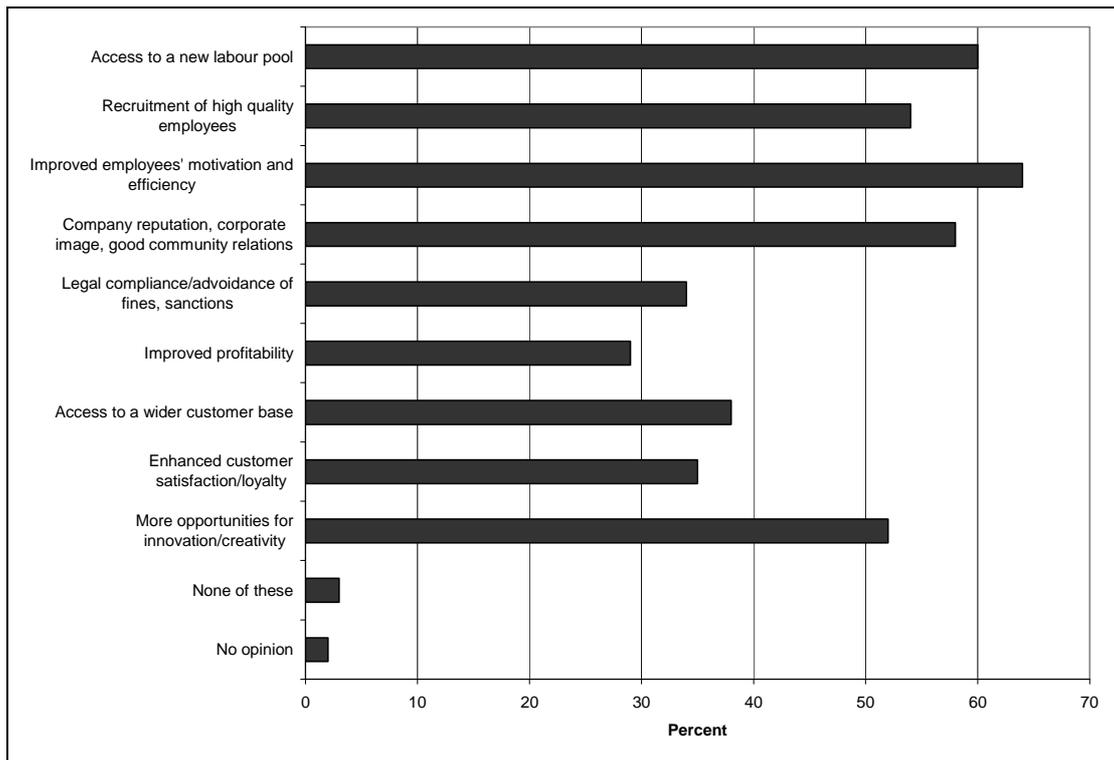
Figure 9: How EBTP companies perceive the benefits of E&D policies (N=110)

The geographical location and size of EBTP companies did affect the kinds of benefits they associated with diversity. For example, companies in the EU15 MS were more likely than companies in the NMS 12 to identify benefits associated with having access to wider labour pools (56 percent vs. 36 percent).[11] Meanwhile, VLCs and LCs were more likely than SMEs to identify benefits associated with the recruitment of high quality employees.[12] VLCs and LCs were also more likely to identify benefits associated with company reputation, corporate image, or good community relations[13] and legal compliance.[14]

EBTP companies were then asked to rank in order of importance the impact of these benefits on different areas of company activity. Areas considered as having the highest impact include company reputation and image, attraction of high quality

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[11] *Chi* = 0.054; *Phi* = 0.176
[12] VLCs 55%; LCs 50%; SMEs 36%; *Chi* = 0.043; *Phi* = 0.183
[13] VLCs 60%; LCs 55%; SMEs 38%; *Chi* = 0.016; *Phi* = 0.210
[14] VLCs 44%; LCs 36%; SMEs 20%; *Chi* = 0.005; *Phi* = 0.238

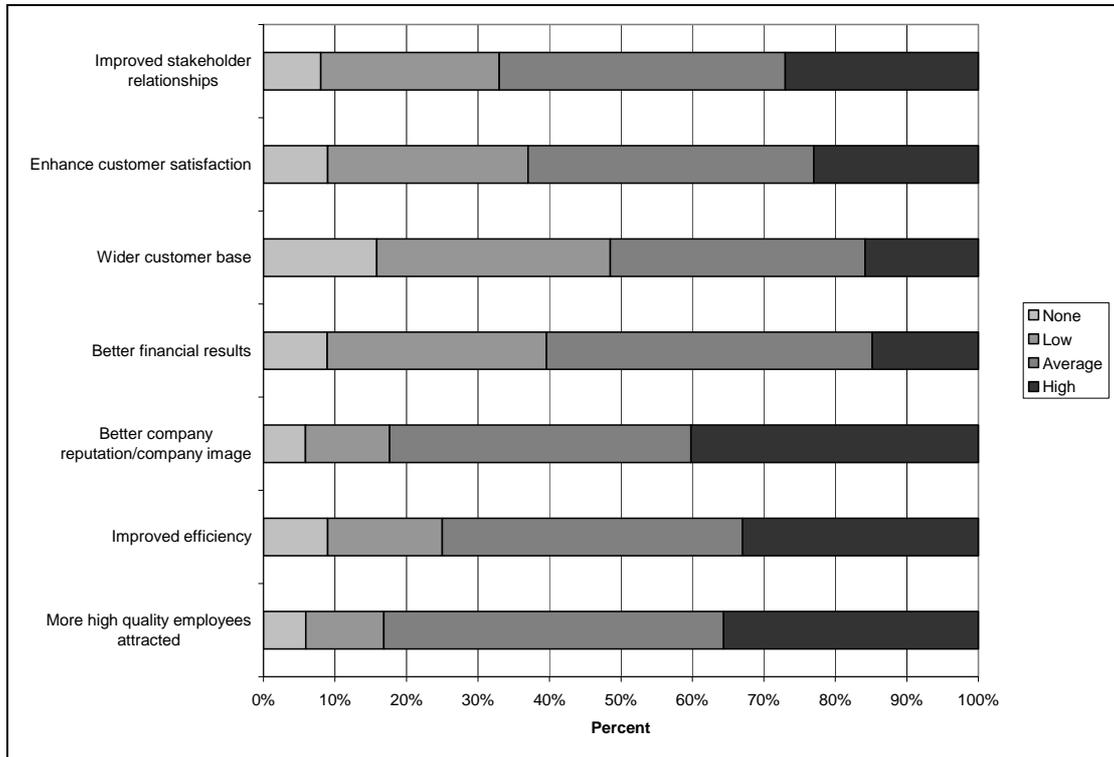employees, and improved efficiency. Areas least affected included the customer base and profitability.

Figure 10: Impact of E&D benefits on company activity (N=110)

Creativity, innovation, and productivity

While the link between creativity, innovation, and productivity is generally well known, research has also suggested that a link exists between diversity, creativity, and innovation. "Joining the dots," this suggests that diversity can lead to increased productivity too. While most kinds of innovation relate to the development of new kinds of products and services for new or existing customers, a broader definition also encompasses innovation in the areas of company structures and processes, problem solving, and strategic thinking and management.

According to the responses of EBTP companies, the link between diversity and innovation is relatively well known. When asked *specifically*[15] whether they

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[15] As seen above, companies were also asked this question in relation to a host of other possible benefits. In response to that "general" question just over one-half of companies recognised a link between diversity and innovation while in response to the later "specific" question almost two-thirds recognised the link.

thought a link between having a diverse workforce and innovation existed, almost two-thirds of companies said that the link existed, and a further 20 percent said that they did not know. The majority of companies identified HRM processes (60 percent) and customer service (58 percent) as benefiting most from "diversity-led" innovation. Other areas included those related to the development of new products and services.
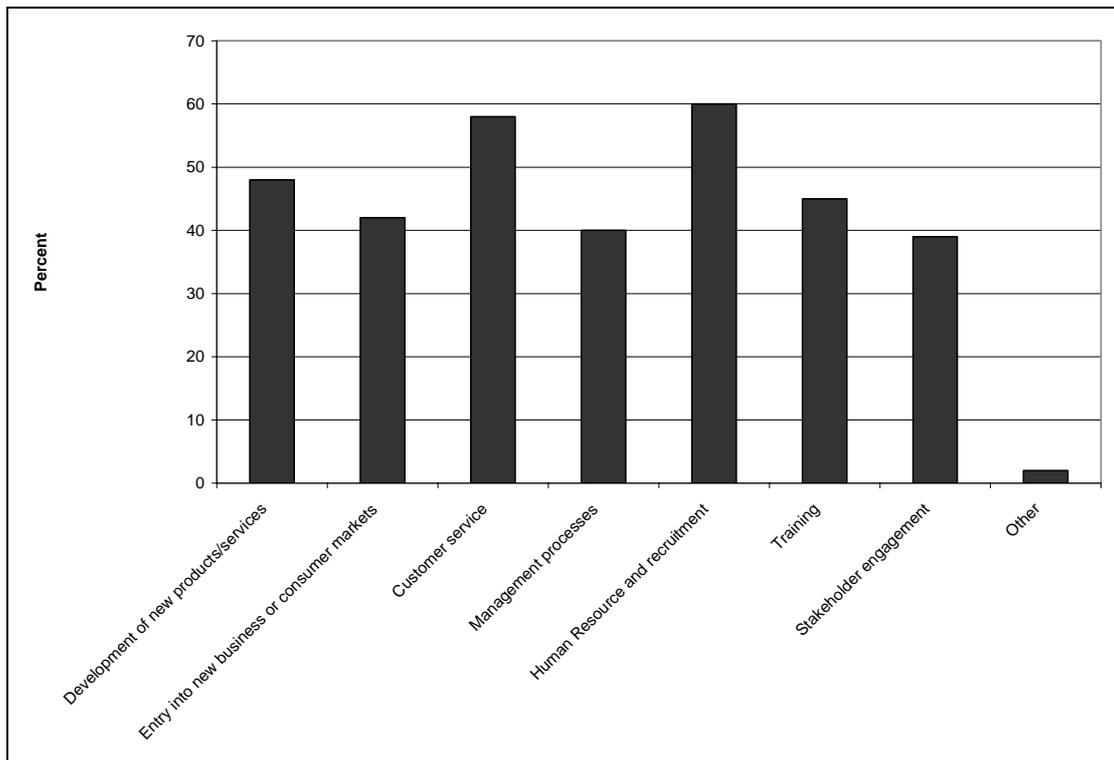
Figure 11: Areas of company activity benefiting from "diversity-led" innovation (N=118)

Interestingly, SMEs, LCs, and VLCs were equally likely to recognise a link between diversity and innovation.[16] However, companies (irrespective of size) that set E&D targets were more likely to recognise a link between diversity and innovation than companies that set no such targets (83 percent vs. 55 percent).[17] This is an important finding, and suggests that companies that set, measure, and evaluate targets for E&D are more likely to appreciate the benefits of having an equal and diverse workforce – that is, it helps them to "join the dots" between diversity and its business benefits.

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[16] SMEs 59%; LCs 58%; VLCs 58%
[17] $Chi = 0.007$; $Phi = 0.274$

3.3. Challenges faced

EBTP companies suggested that the most important issue they faced when addressing E&D issues in practice in the workplace was leadership commitment (39 percent). Following this were, second, discriminatory attitudes and behaviours amongst staff (28 percent) and, third, lack of information and awareness (26 percent). Financial, constraints, time constraints, and difficulties measuring the impact of E&D policies were considered the least important challenges. In 2005 these challenges were identified but in a different order: commitment of leadership was identified by just 10 percent, discriminatory attitudes and behaviours by 16 percent, and lack of information and awareness – then the most important – by 20 percent.
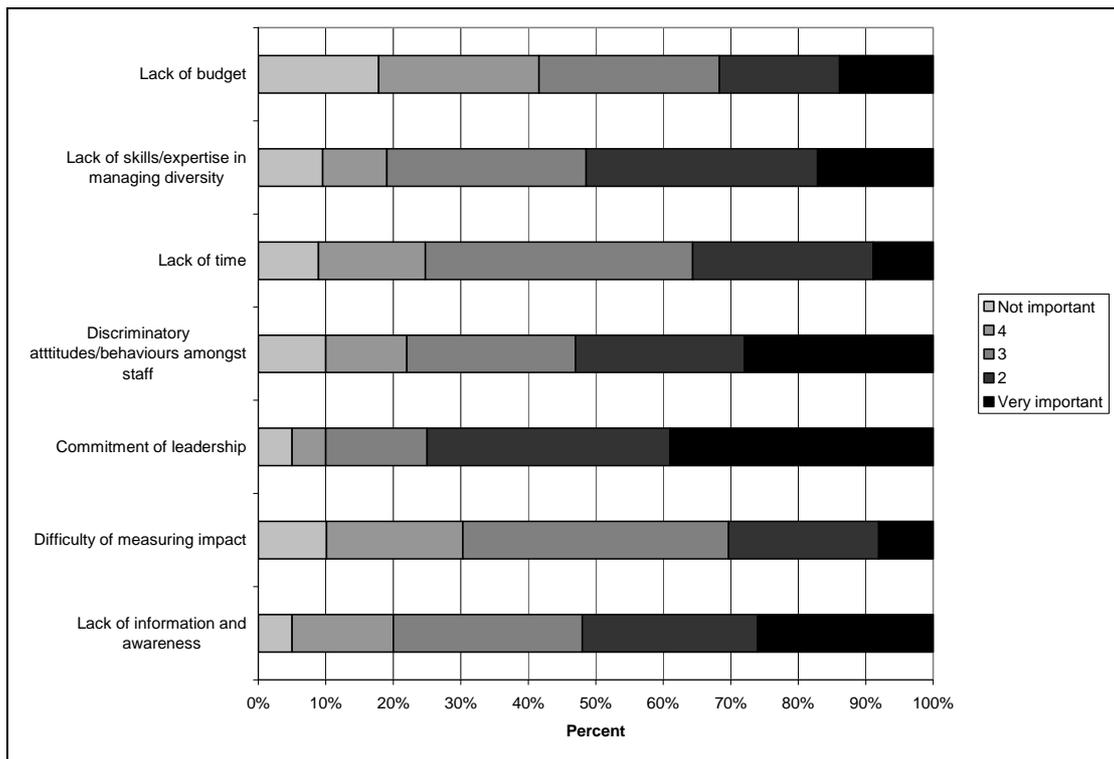

Figure 12: Challenges EBTP companies face when addressing E&D issues (N=188)

Companies based in the 12 new MS were more likely to find budgetary constraints a challenge when addressing E&D issues in practice (34 percent vs. 8 percent thought this was very important).[18]

3.4. Companies with no E&D policies

Of the 335 participating companies 147 said they did not have any E&D policies. The most common reasons given were not having enough employees to do so (40 percent), not having given enough thought to E&D (31 percent), and not considering it necessary (29 percent). These findings provide further evidence for the general assumption held by EBTP companies: that E&D issues relate to HRM only, and a prerequisite of having an E&D policy is having a large workforce. The findings also point to a lack of information and awareness around E&D issues. Indeed, 20 percent of companies recognised this, claiming that they did not have E&D policies because they lacked enough information. A further 18 percent claimed that they lacked the necessary expertise. Interestingly, only 9 percent claimed they saw no competitive advantage in having E&D policies.

Some companies offered further explanations for why they did not have E&D policies. Several companies commented that they recruited on merit, only employing staff because they were the "right person for the job." One Dutch company felt that existing employment legislation and trade union representation provided staff with necessary protections and avenues for complaint. Other individuals in companies completing the survey suggested that "management" were not interested in E&D issues.

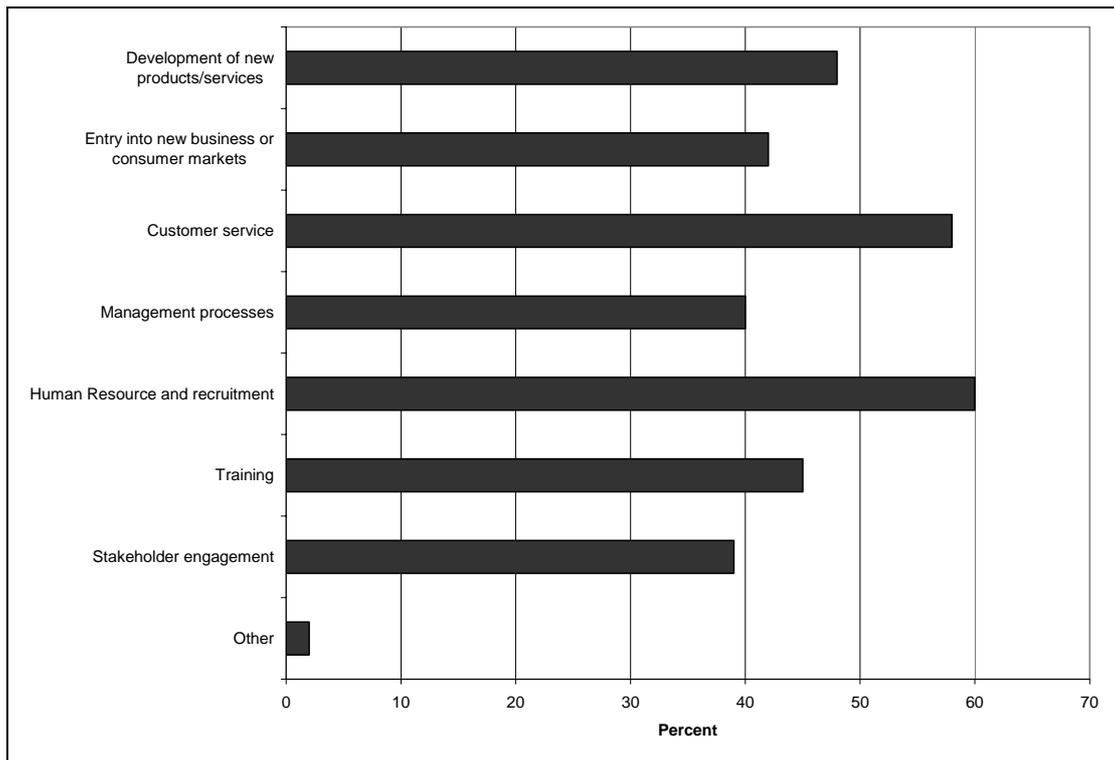---

[18] *Chi* = 0.002; *Phi* = 0.362

Figure 13: Reasons for not having E&D policies (N=147)

As would be expected, far more SMEs than LCs or VLCs suggested they did not have E&D policies because they had too few employees.[19] However, VLCs were more likely than SMEs to say they did not have enough information (45 percent vs. 16 percent)[20] and that they lacked expertise in the field (35 percent vs. 14 percent).[21] These last two findings are perhaps surprising, but might best be explained by an overall lack of awareness about E&D issues within SMEs. In a sense, SMEs lack the information that tells them they lack the information!

3.5. Summary

Reponses provided by EBTP companies cannot be taken as indicative of the general state of play across Europe. However, some trends can be identified that probably do relate to the vast majority of companies. First, in relation to EBTP companies with no

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[19] SMEs 52%; LCs 6%; VLCs 5%; *Chi* = 0.000; *Phi* = 0.411
[20] *Chi* = 0.010; *Phi* = 0.250
[21] *Chi* = 0.056; *Phi* = 0.198

E&D policies, the findings suggest that the lack of policies is mainly because they feel they have too few employees to make such action necessary, followed by other issues related to general awareness and expertise about how to establish and implement E&D policies. Significantly, few companies expressly stated there was no competitive advantage to be gained. This suggests that these companies could be encouraged to develop such policies if they were convinced the benefits would outweigh any costs. As such, and reflecting on the conclusions drawn in 2005, the findings indicate that greater efforts at promoting the business case for diversity and awareness raising are required.

However, because SMEs and companies in the NMS 12 were the least likely to have E&D policies, any such promotional and awareness-raising activities should be tailored to suit their contexts and needs. The "business case for diversity" (as it has been developed and promoted by and for larger companies) might not be suitable for SMEs. The primary reasons for this are the very small workforces found in SMEs and the lower levels of resources available for SMEs to adopt and implement E&D policies including, importantly, the ability of SMEs to *promote* such activities externally (i.e. through PR campaigns). Furthermore, economic differences between the EU15 MS and NMS 12 suggest that different kinds of arguments for and benefits associated with E&D perhaps exist. Additional research is required to understand how E&D "fits into" these different contexts. A central aspect of this should be to understand how to reduce the element of risk for companies and better communicate the message that equality and diversity pays for itself.

Secondly, in relation to companies that do have E&D policies, the focus and assumed business benefits of those policies is again centred on HRM issues. However, around two-thirds of EBTP companies – and especially those that set targets for and monitor E&D – also identify a link between diversity, creativity, and innovation. This is a significant increase on the number that recognised the link in 2005, possibly suggesting that it is becoming a more important factor driving the

business case for diversity across Europe. On the other hand, only a minority of companies felt that E&D policies had tangible financial benefits. In the current economic climate, the argument for diversity and innovation is likely to become increasingly important as companies that do not recognise a link between diversity and profitability seek to "shed" unnecessary expenditure and limit their E&D activities. Further activities to promote the business case should stress the importance of measuring and evaluating the links between diversity, innovation, and productivity.

Taken together, these conclusions suggest that:

- More resources should be directed towards promoting the business case for equality and diversity in new and original ways. The different needs of SMEs and companies in the NMS 12 should be explored

- Strategies for promoting the business case for diversity should focus on broadening the argument beyond HR and pointing out the ways in which E&D policies can benefit multiple areas of business activity. This should be the case regardless of whether strategies are aimed at companies with no E&D policies or well-embedded policies

- Reflecting growing awareness within companies, the link between diversity, innovation, and productivity should also be promoted

- All companies should be encouraged to set targets for, and measure the positive impacts of, equality and diversity policies. This will help them to consolidate the strategies they have chosen, identify future areas for action, and observe the business benefits of E&D for their company (for example through diversity and innovation)

4. MOVING FORWARD – HOW BETTER TO PROMOTE THE BUSINESS CASE FOR DIVERSITY

The thematic analysis suggested a number of areas where attention should be paid to promote more effectively the business case for equality and diversity in the workplace. These included (1) new and original ways to promote the business case to companies in the NMS 12 and SMEs; (2) broadening the focus beyond HRM issues to multiple areas of business activity; (3) promoting the link between diversity and innovation; and (4) encouraging companies to set and measure targets for E&D, including those that focus on benefits. Together these conclusions suggest new ways that often-used company intermediaries – as well as less used sources of information – can work together to better promote the business case for equality and diversity across Europe and help companies set and measure useful targets.

4.1. Promoting the business case for diversity

Areas for support and advice

EBTP companies identified a range of general areas for support and advice as being useful when implementing E&D policies in practice. While most of these were identified only by a minority of companies, the majority suggested that good practice examples would be the most relevant.
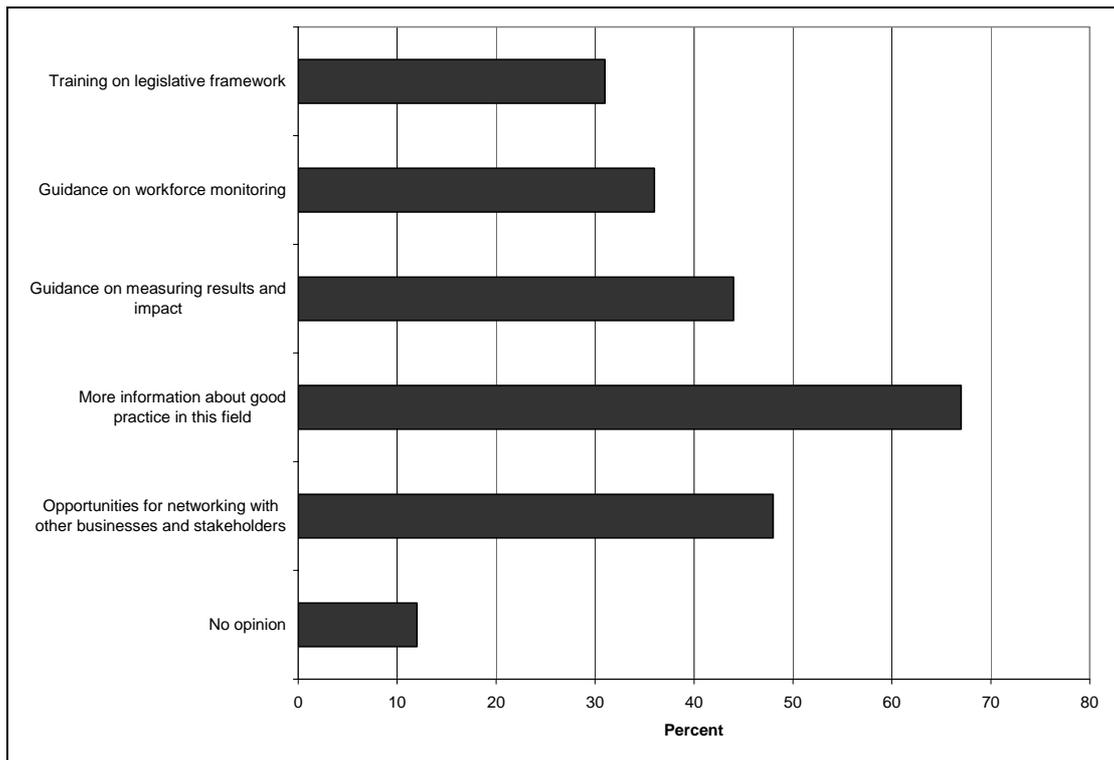
Figure 14: Tools EBTP companies consider useful when implementing E&D policies in practice (N=188)

Overall, findings were the same regardless of geographical location or company size, although companies in the NMS 12 were slightly more likely to suggest guidance on workforce monitoring would be useful than the EU15 MS (49 percent vs. 30 percent).[22] As such, the views of EBTP companies suggest that although a variety of tools could be used to promote E&D policies, perhaps the most popular would be through the dissemination of best practice guides.

In reference to the conclusions of the thematic analysis, certain findings should be highlighted. For example, just over 40 percent of companies suggested further guidance on measuring the results and impact of E&D policies would be useful. As suggested, EBTP companies that recognised a link between diversity and innovation were more likely to set and measure targets. As such, the specific interest in measuring benefits – including further activities to promote interest in measuring benefits – should be taken up by organisations that wish to promote the business

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[22] $Chi = 0.055$; $Phi = 0.176$

case for diversity as this provides an important link between diversity and productivity.

Organisational kinds of support and advice

EBTP companies with E&D policies use a variety of sources for gaining support and advice. Very few companies considered any one organisational source as being of primary importance, with the majority suggesting that most sources were of some degree of importance. As such, further promotional activities around the business case for diversity would do well to target companies through a range of intermediaries, including employers' organisations and networks, anti discrimination NGOs, and services offered by national governments.
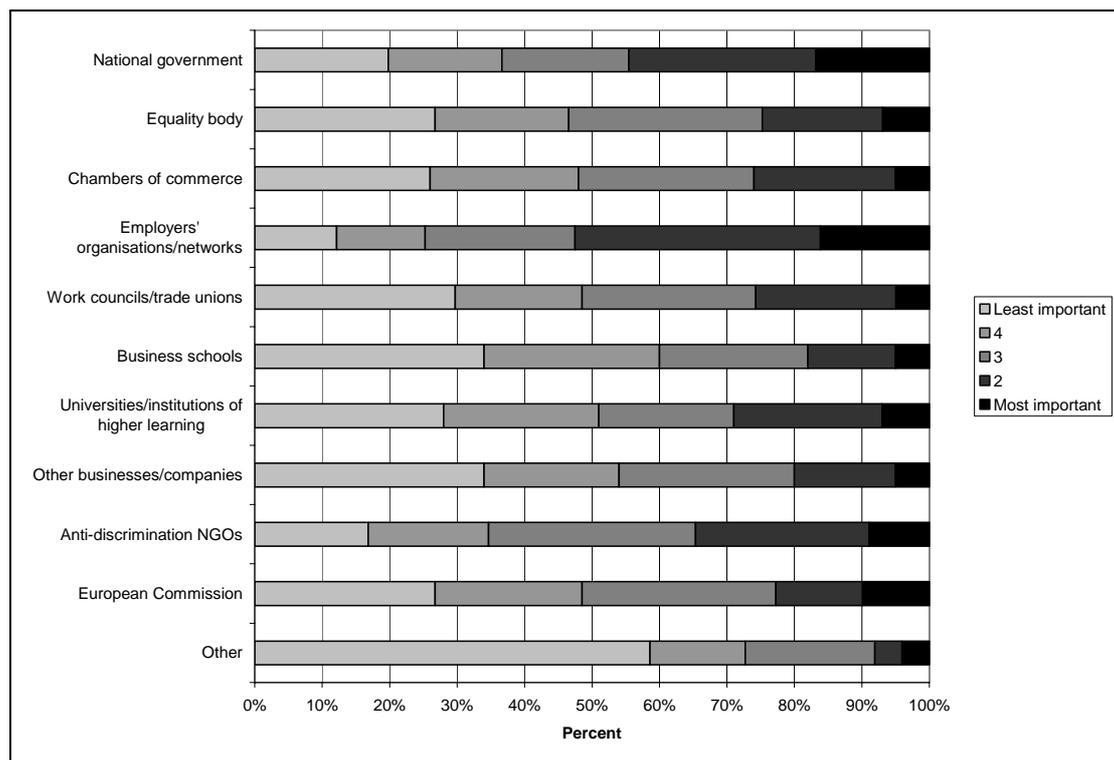

Figure 15: Sources of information and support used by EBTP companies when developing and implementing E&D policies (N=188)

The relatively low levels of support obtained from the more "obvious" organisations such as equality bodies and chambers of commerce are perhaps surprising. However, this is probably due to the relationship of equality bodies and chambers

vis-à-vis business and diversity respectively. In the main, equality bodies focus their attention across society and do not engage with the business world as a specific interest; meanwhile chambers of commerce, like companies, are at the beginning of the diversity journey themselves. Indeed, one aspect of promoting the business case for diversity should take the form of awareness raising within those organisations.

Training and education within companies

EBTP companies were asked which sources of training and education would be most relevant for their organisation. Reflecting earlier findings, more companies identified training for managers and employers as being most important than any other source. However, the differences of ranking between the different sources were very small.
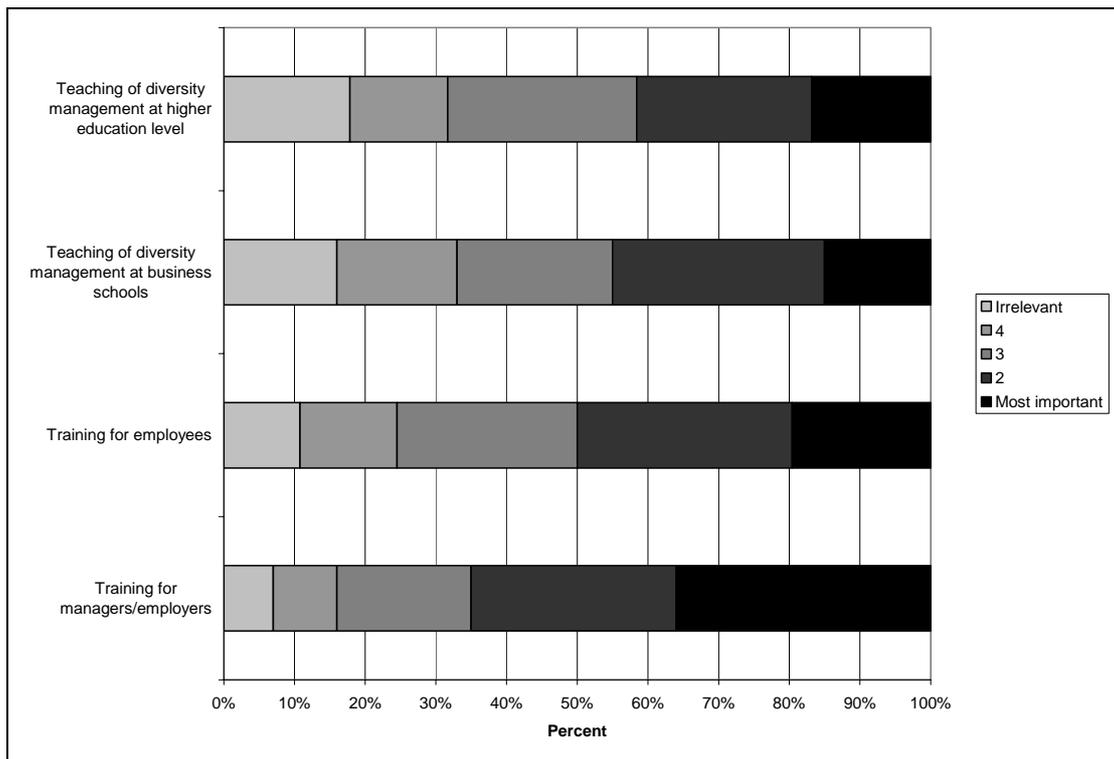

Figure 16: Relevant sources of training and education for EBTP companies (N=188)

EBTP companies were also asked which training providers they use/would use to deliver E&D training programmes within their organisation. The largest number of

companies (36 percent) suggested that they use/would use business support organisations. Again, however, EBTP companies suggested they use or would use a range of providers.
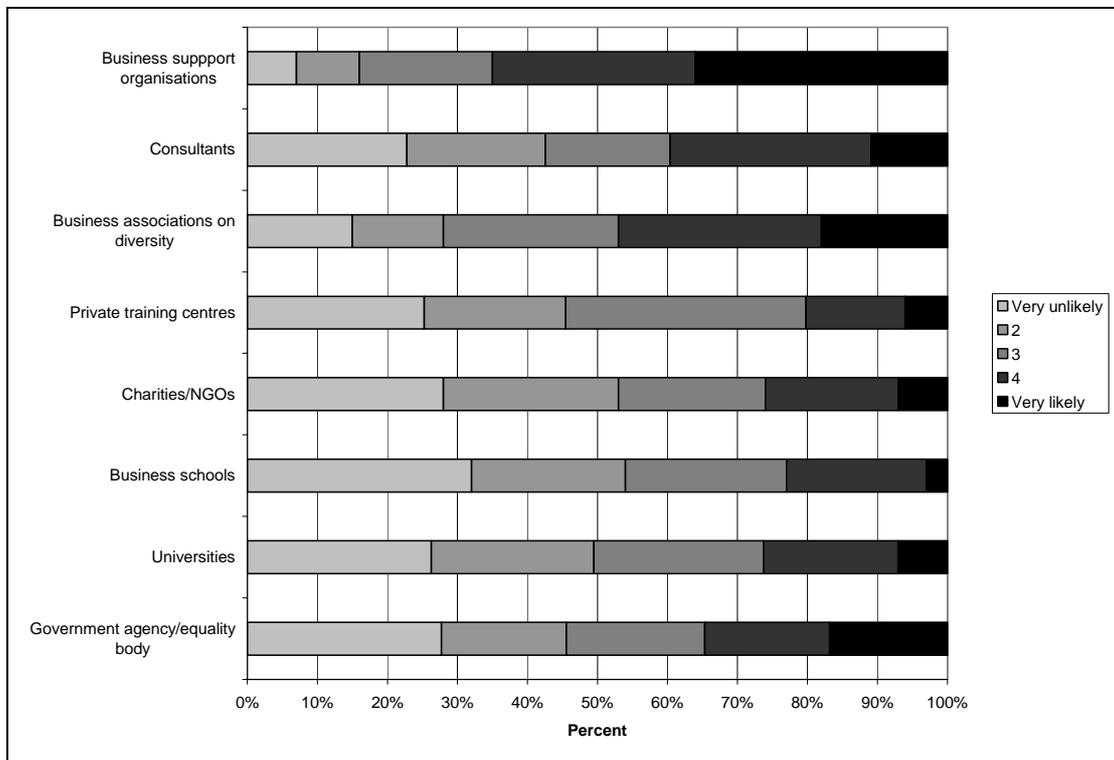

Figure 17: Training providers used or likely to be used by EBTP companies (N=188)

4.2. What role for "Diversity Charters"?

Diversity Charters are voluntary commitments by companies currently in place in France, Germany, and Brussels to principles of equality and diversity in the workplace and society. Signatory companies undertake to acknowledge the value of diversity and create a working environment free from prejudice. They also commit to respecting and promoting the principle of non-discrimination in the employment, training, and advancement of disadvantaged groups, and endeavour to reflect the diversity of society in their workforce. Research has suggested that signatories to Diversity Charters in France, Germany, and Brussels regard them as "starting points" on the journey towards elaborated E&D policies and practices. They provide a

motivation and framework for establishing such policies, as well as, for some, central points for information and support.

Only 60 (18 percent) of EBTP companies responding to the survey were aware of the existence of national Diversity Charters. Because Diversity Charters had only been established in France, Germany, and Brussels at the time of research this finding is perhaps not surprising. Of these 60, seven were themselves signatories to Diversity Charters in one of the three countries. Incidentally, SMEs were less likely than LCs or VLCs to have heard about Diversity Charters.[23]
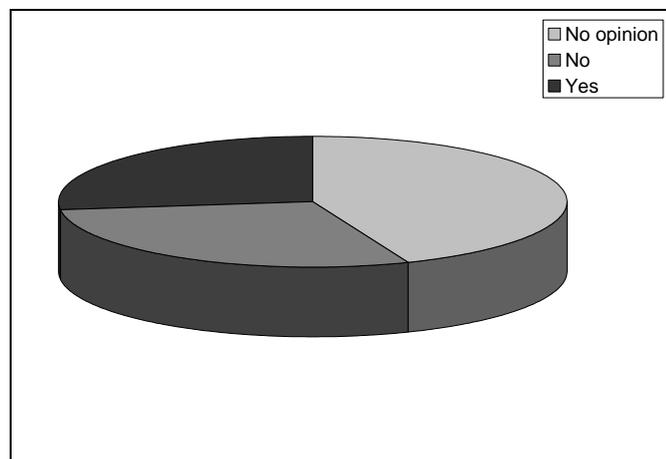

Figure 18: Benefit of signing a Diversity Charter (N=335)

In the survey, EBTP companies were provided a short description of Diversity Charters and based on this and/or their prior knowledge or experience asked to assess their relevance. Reflecting the low levels of prior awareness, EBTP companies were largely undecided on the value of Diversity Charters for their company. Of all 335 companies, 27 percent suggested that signing a Diversity Charter was/could be beneficial for their company, while 29 percent disagreed. However, 44 percent had no opinion.

Opinions were also divided amongst companies that had already heard about Charters. More companies that had heard about Charters before suggested

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[23] SMEs 14%; LCs 21%; VLCs 27%; $Chi = 0.033$; $Phi = 0.143$

they were not relevant than companies with no prior knowledge (40 percent vs. 27 percent).[24] Companies with no prior knowledge were, understandably, more likely to have no opinion either way (48 percent vs. 23 percent).[25]

Of all companies, SMEs and LCs were less likely than VLCs to think that signing a Diversity Charter is/could be beneficial to their company.[26] Companies in the EU15 MS were more likely than companies in the NMS 12 to think that signing a Diversity Charter would *not* be beneficial (35 percent vs. 16 percent), while companies in the NMS 12 were more likely to have no opinion (36 percent vs. 62 percent).

Attitudes were equally split when companies were asked whether they thought a Diversity Charter was/would be a good idea in their country. Of all companies, just over one-third thought that a Diversity Charter would be a good idea in their country. However, 23 percent disagreed and 40 percent again had no opinion. No difference was found between the responses of SMEs and larger companies, although companies in the NMS 12 were more likely to favour Diversity Charters than companies in the EU15 MS (51 percent vs. 35 percent).
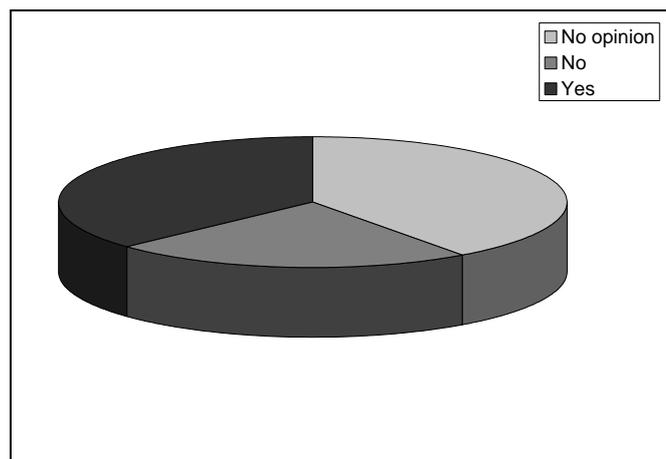

Figure 19: Support for Diversity Charters at national level (N=335)

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[24] *Chi* = 0.002; *Phi* = 0.193
[25] *Chi* = 0.002; *Phi* = 0.193
[26] SMEs 21%; LCs 26%; VLCs 42%; *Chi* = 0.001; *Phi* = 0.234

The most popular reason given for the benefits of Diversity Charters was that they helped/could help raise internal awareness of E&D issues. However, this issue only received a small majority of support while others received the support of around one-third of companies.
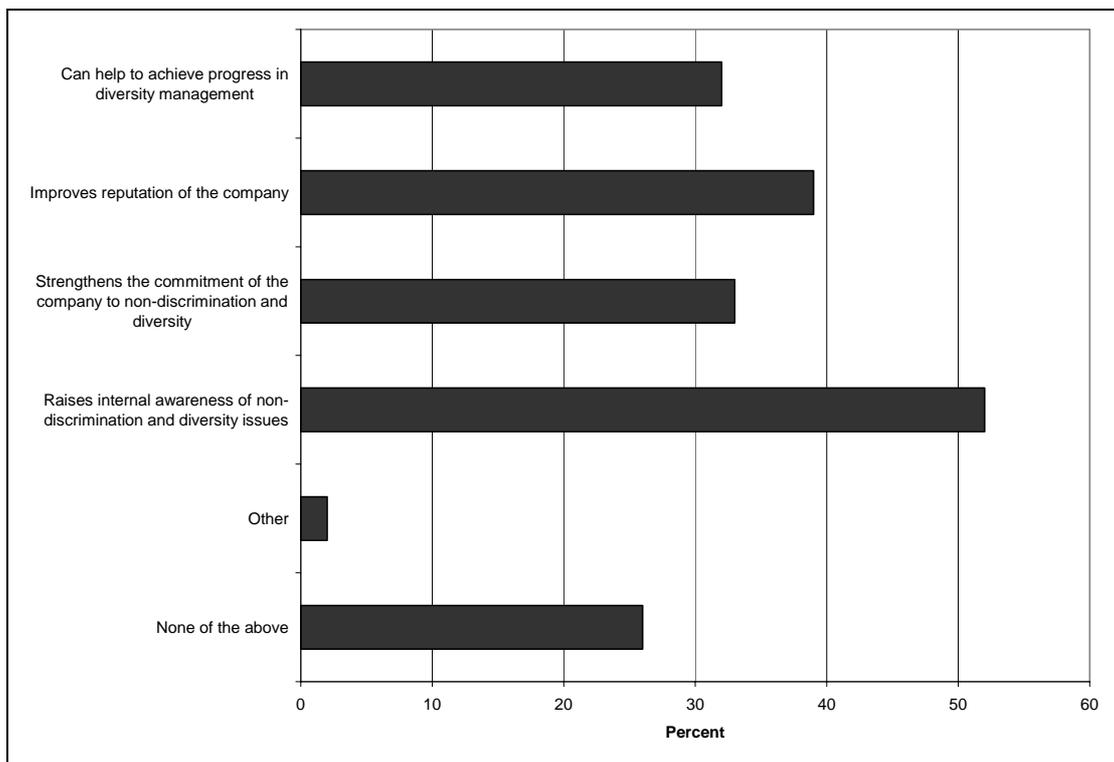

Figure 20: How Diversity Charters can benefit E&D policies within companies (N=335)

Responses to this question were affected by the size of companies responding. VLCs were more likely than LCs and SMEs to think Diversity Charters could help to achieve progress in diversity management;[27] improve company reputation;[28] strengthen company commitment to diversity and non-discrimination;[29] and/or raise internal awareness of diversity and non-discrimination issues.[30]

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[27] VLCs 44%; LCs 31%; SMEs 27%; *Chi* = 0.016; *Phi* = 0.157
[28] VLCs 59%; LCs 36%; SMEs 31%; *Chi* = 0.000; *Phi* = 0.240
[29] VLCs 54%; LCs 28%; SMEs 35%; *Chi* = 0.005; *Phi* = 0.179
[30] VLCs 60%; LCs 49%; SMEs 45%; *Chi* = 0.084; *Phi* = 0.121

Finally, 30 percent of EBTP companies said they would sign a European-wide initiative, 24 percent a national initiative, 14 percent a regional/local initiative. The largest group of respondents – one-third – did not know.
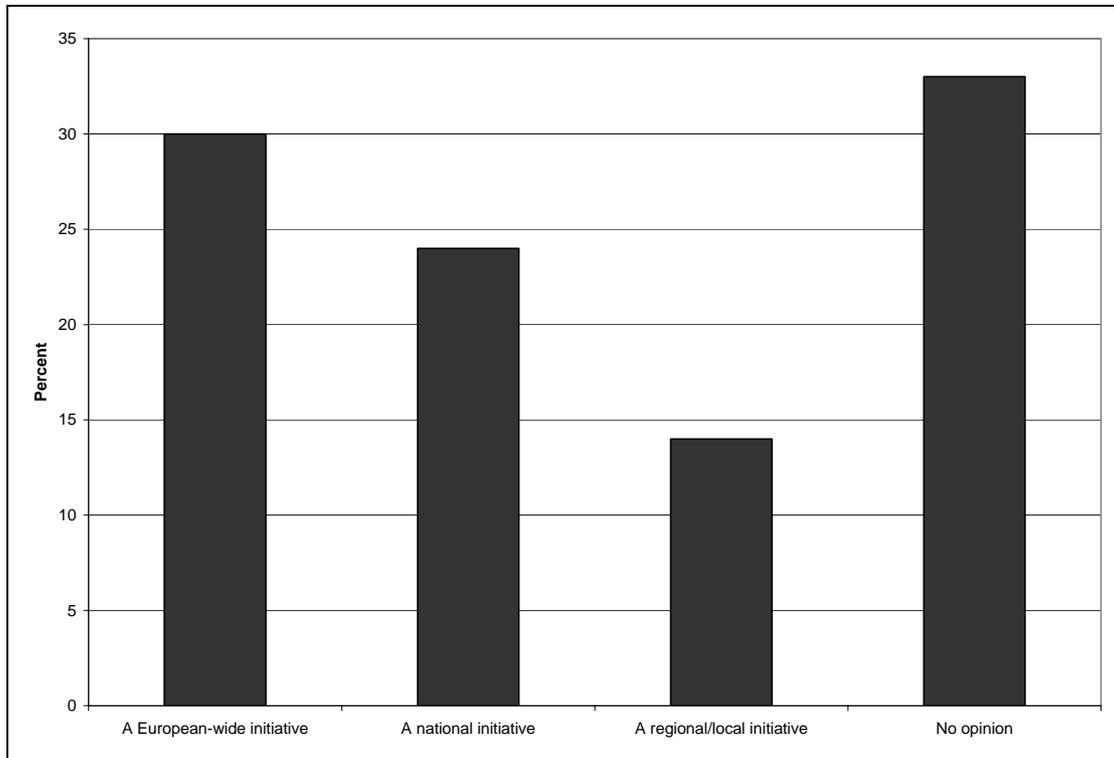

Figure 21: Level (regional, national, EU) of Diversity Charters favoured by EBTP companies (N=335)

The size of companies was associated with how companies responded to this question. SMEs were more likely to favour a regional-level initiative, LCs a national-level initiative, and VLCs an EU-level initiative.[31] This perhaps reflects the geographical level at which SMEs, LCs, and VLCs work: SMEs are more concerned with local and regional level issues, LCs with national level issues, and VLCs with international and global issues.

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[31] *Chi* = 0.001; *Phi* = 0.261

4.3. Summary

A variety of organisations and training strategies were identified by companies as being useful when implementing and developing E&D policies. Although some small differences did exist, the overall picture suggested that companies valued the same kinds of support areas, organisational help, and training strategies irrespective of company location or company size. This suggests that while the *content* of support and training would differ according to geographical location and company size (and indeed sector of business activity), the implementation framework can be the same. However, the geographical level of company operation is perhaps important here. SMEs may respond better to intermediary organisations and initiatives that operate at local and regional level while larger companies may find national and EU-level organisations and initiatives more relevant.

One of the core messages sent through these organisations should be the importance of setting and measuring targets and benefits and a focus on diversity and innovation. A particular role for business schools can be found here. If companies are to develop sets of relevant targets and measuring tools there will certainly be a need for much greater dialogue between academics and managers on how best to achieve this. Currently, very few companies recognise business schools as potential sources of help. However, research has suggested a significant level of interest in both business schools and companies for a network between them that could deliver these kinds of support and advice.

For companies with no E&D policies, Diversity Charters could provide one route for their development. For this to be the case, however, Charters are best when they exist at the same geographical level of the company: regional, national, and EU. Only then do companies think they offer relevant information. However, Diversity Charters provide a framework through which to develop E&D policies *only when* companies have already decided that it would be relevant for them to do so. The responsibility of engaging currently uninterested companies remains with

demonstrating that it makes good business sense as well as being a moral imperative.

5. CONCLUSION

As Europe finds itself competing within increasingly difficult global economic markets while domestic economies suffer from financial downturns, the business case for equality and diversity is becoming more important than ever. Stable societies contribute to stable economies, and the creation of equal opportunities for all across Europe is a central part of European development as a whole. But the business case for equality and diversity has a strong resonance for individual companies as they too try to compete in turbulent economic times and seek competitive advantage within the EU and beyond.

The business case for diversity offers a business opportunity for all, and when managed properly can result in increased productivity and profits. However, very few companies recognise the significance of equality and diversity beyond its crucial role within human resource management. Even fewer "join the dots" and associate the innovative potential of equality and diversity with productivity. As such, new and exciting methods of reaching out to companies that have not yet adopted E&D management must be developed, alongside further activities with companies that have adopted E&D policies but do not realise their full potential.