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Janneke Marjolein Wolters

University of Economics, Prague

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The best practices of diversity management

Author: Janneke Marjolein Wolters

Thesis instructor: prof. Ing. Zuzana Dvořáková, CSc.

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “The best practices of diversity management“. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on 15 May 2015

Signature

Janneke Marjolein Wolters

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Abstract

This thesis describes and analyses diversity management and its best practices (with the focus on nationalities and cultures). The central question in this research is: *‘what are the essential elements of diversity management to effectively manage diversity within organizations?’* Via desk- and field research (interviews and questionnaires) information is obtained to answer this question and other sub questions of the thesis.

Nowadays, organizations have to adapt themselves to a rapidly changing environment, both internal and external. Companies have to deal with a continuously evolving labor- and sales market, which is the result of various factors, including the changing demographic composition and globalization. Organizations cannot longer ignore diversity and should take it into account, to ensure that the company will not face any future problems related to recruiting, efficiency, innovation, growth, et cetera.

Based on the conducted research, it became clear that implementing diversity management consists out of several stages, namely: 1. Establish diversity council and appoint diversity contact officer who together bear the main diversity responsibilities; 2. Previous diversity initiatives should be visualized; 3. Organizational data must be collected; 4. Diversity strategy and priority areas must be set up (inclusive organizational culture, management support and awareness & commitment); 5. Establish diversity policy (allowance of country-by-country deviations) and 6. Define diversity tools (recruitment, training, mentoring & coaching, career development, linkage diversity & performance, benefits/other factors and partnering with external bodies). During these different stages, it is important to communicate with all employees, since this will create support, awareness and commitment to diversity. After the process has been completed, it is important to monitor and evaluate the diversity vision, policy and tools.

Main conclusions that can be drawn from the research are the following: 1. Diversity brings more advantages than disadvantages; 2. Management team diversity is of great importance; 3. Inclusive organizational culture is essential; 4. Diversity management must be integrated and 5. Attractiveness of diversity management should be promoted.

In addition, the conducted research made clear that companies should spend more time and energy to diversity management and they should really focus on their ‘ability to execute’, since this will bring many advantages and will avoid future problems.

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Introduction

This introduction will indicate the incentive (including a brief presentation of global developments in societies), objective and structure of this thesis. The central question and sub questions will also be formulated in this introduction.

Incentive of thesis

‘Workplace diversity is the new reality’. With today’s globalization businesses are growing fast and face rapid changes in their internal and external environment. The change in the overall demographic composition, the creation of the global market and the fast development of (information) technology are examples of these changes. Nowadays, businesses go international and meet other nationalities. Besides the movement of companies, people also started to move to different countries. In the future even more minorities and people with different cultures and backgrounds will join the labor market and workforce. All these changes make the topic ‘diversity’ increasingly important for organizations; companies cannot ignore this topic any longer. It is stated that companies which do not focus on managing the diversity within their organization will not be able to use all skills and potential of their employees and will not be able to grow and survive within the fast changing and challenging environment. (Economic and Social Council, 2009)

Brief history of diversity management

Attention for and the use of the term ‘diversity management’ was created in the United States (U.S) in the 90s. Diversity management was developed through three different steps. It started with the ‘Fairness and Antidiscrimination Approach’ in the 1960s/70s: focus was on eliminating discrimination. The second step was the ‘Access and Legitimacy Approach’ in the 1980s: aim was to create segments in the market with a certain level of diversity within organizations. The third – and last – step in the history of the development of diversity management was the ‘Learning and Effectiveness Approach’ in the 1990s: focus was on the simultaneous use of diversity and eliminating discrimination in organizations. The concrete inducement for diversity management was the publication of the report ‘Workforce 2000’. In this report was stated that within ten years groups such as women and people from different races will have a bigger share in the workforce than the, at that moment, biggest group white men. (Diversity Care, 2007) This report has created awareness about diversity and has increased the importance of diversity management.

Nowadays, most companies actually acknowledge the importance of diversity management, but diversity management is still not one of the business priorities within organizations.

Composition of the labor market

As stated above, people are moving all over the world and the population of countries is growing more diverse. Looking at the labor market in Europe and the U.S., the following can be said.

In 2013, 15.3 million people lived and worked in one of the European Union (EU) Member States of which they were not a citizen; this is 7.0% of the total employment within the EU. 6.9 million people had a citizenship in another European country and 8.4 million people had a Non-European origin. In some of the European Member States, the employment rate of foreign citizens of another European country was higher than the employment rate of the national inhabitants. (European Commission Eurostat, 2014)

The origin of the immigrants that came to the U.S. became more diverse during the time. In the 1960s, most of the immigrants came from Europe, but that is not the case anymore. In 2009, 15.5% of the U.S. labor force did not have a U.S. citizenship (increase of 1.0% since 2004). The main immigrants of the U.S. come from Mexico (32.0%), Asia (26.2%) and Europe and Canada (11.8%). It is predicted that the number of foreign workers (African Americans, Hispanics and Asians) in the U.S. will increase up to 50.0% of the working-age population in 2039. (American Immigration Council, 2014) This is caused by the fact that the diversity in the U.S. population is especially noticeable in the younger generations of the country, which will be the future workforce. (Schramm, 2006)

The trend of increasing diversity in the population and workforce of countries will continue in the future. The cultural diversity on the labor market will already be much bigger in 2020. This emphasizes again the importance for companies to focus on diversity management.

Objective of thesis

The goal of this thesis is to analyze and identify the concept of diversity management and to develop a set of best practices that is used in today's multinational corporations.

This thesis has a descriptive and explanatory character. On one hand, the objective is to gain more knowledge about diversity in general, with a special focus on nationalities

and cultures, and to acquire insights about the way organizations deal with diversity management. On the other hand, by highlighting the underlying processes of effective diversity management, a clear vision can be made about the relationship between aspects of the organization and effective diversity management. Based on this, *a guideline with best practices* can be created. Aspects are included to which companies have to pay attention while implementing or improving their diversity management.

Central question and sub questions

The central question for this thesis is: *What are the essential elements of diversity management to effectively manage diversity within organizations?*

The sub questions for the thesis are:

- *What is diversity management and why does it exist?*
- *How do Human Resource Management (HRM) instruments influence diversity management?*
- *Which organizations developed the best diversity policies?*
- *What are the essential steps for implementing diversity management?*

Structure of thesis

In this thesis different aspects of diversity management will be described. In the first chapter, the concept and the perspectives of diversity and diversity management will be explained. In the second chapter, the pros and cons and the effects of diversity management will be described. In the third chapter, the HRM-instruments that influence diversity management will be explained. In the fourth chapter, the three companies with the best diversity policies will be listed and it will be explained why their policies are the best. In the fifth chapter, the results of the field research will be discussed and a general guideline for diversity management will be given. Everything will be summarized in the final conclusion of this thesis (chapter six).

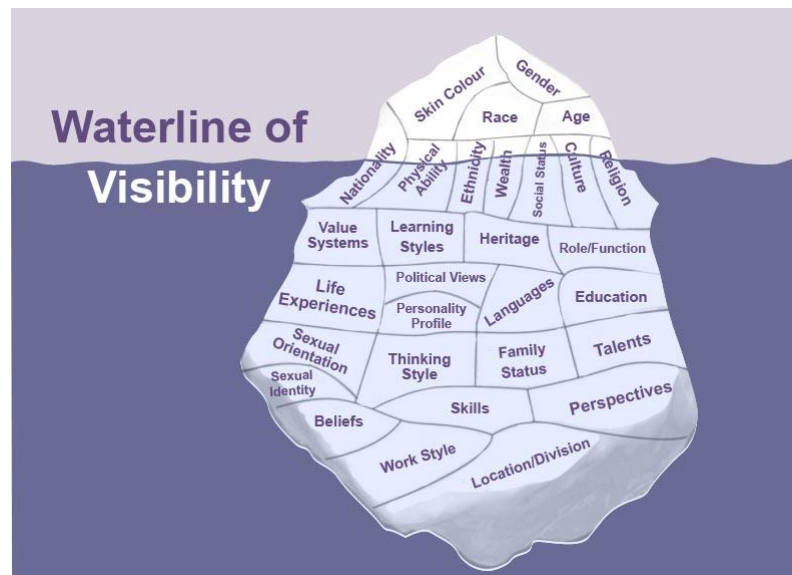
Chapter 1 Diversity: concept and perspectives

In this first chapter, the multidimensional concept of diversity and diversity management will be explained. The different types of organizations – based on diversity – and the differences between countries will also be described.

1.1 Diversity: a multidimensional concept

Diversity can be described in many different ways; after all, there are a lot of aspects in which people can differ from each other. However, it is not practical and not useful to involve all features that distinguish people from each other. Simultaneously, it is important that the definition of diversity recognizes the complexity and variety of individuals and groups.

Diversity can be explained by a broad definition: ‘a mix of people in one social system who have distinctly different, socially relevant group affiliations’. (Cox & Beale, 1997, p. 1) The term ‘workforce diversity’ can be described as: ‘a workforce made up of people with different human qualities or who belong to various cultural groups’. (Daft, 2008, p. 333) This includes both visible (age, gender and race) and less visible features (ethnicity, religion, nationality, culture, disability, et cetera). Every employee has a unique set of features. Few of these features have direct influence on working methods and on the way people perceive their work. This is because the features determine how people learn, how people get motivated, et cetera.



Besides these visible and less visible features,

Figure 1: Iceberg of Differences, source: (Social and Economic Council, 2009, p. 16)

another distinction can be made: the primary (include the visible features) and the secondary features (income, education, religion, et cetera). Another distinction is: the changeable and unchangeable features. All the different features can be linked to each other, as shown in figure I ‘Iceberg of Differences’: the invisible (under the waterline)

influence the visible features (above the waterline). (Social and Economic Council, 2009, p. 16)

‘Four Layers’ Model

The fact that diversity is a multidimensional concept can be seen in the ‘Four Layers’ model, see figure 2. A manager should analyze these diversity dimensions and should understand them. If the manager really understands these aspects, he or she will be able to motivate the employees and the full capacities and talents of employees can be used. (Amelio, 2003)

Personality is the core of the model, which includes an individual’s beliefs, values, likes and dislikes. An individual’s personality is shaped in childhood. A personality influences, but is also influenced by, the other layers throughout somebody’s career and life. (Amelio, 2003)

The internal dimensions are the second layer in the model and include the visible aspects, such as gender and race. People cannot control internal dimensions, except their physical ability. Within this dimension, people differ a lot from each other and many diversity activities and efforts are focused on this layer of the model. (Amelio, 2003)

The third layer is the external dimension. This dimension includes the aspects on which people have a bit of control, aspects that can change over time and aspects that are important for the work decisions (type of work), personal life (friendships) and work styles. (Amelio, 2003)

The fourth and last layer is the organizational dimension. This dimension is focused on the organizational culture. Many definitions of the organizational culture exist. Geert Hofstede, professor who did research to the influence of culture on values in the workplace, used the following definition for the organizational culture: ‘the collective programming of the mind that distinguishes the members of one organization from other organizations’. (Geert Hofstede, 2014) This fourth layer of the model determines the way

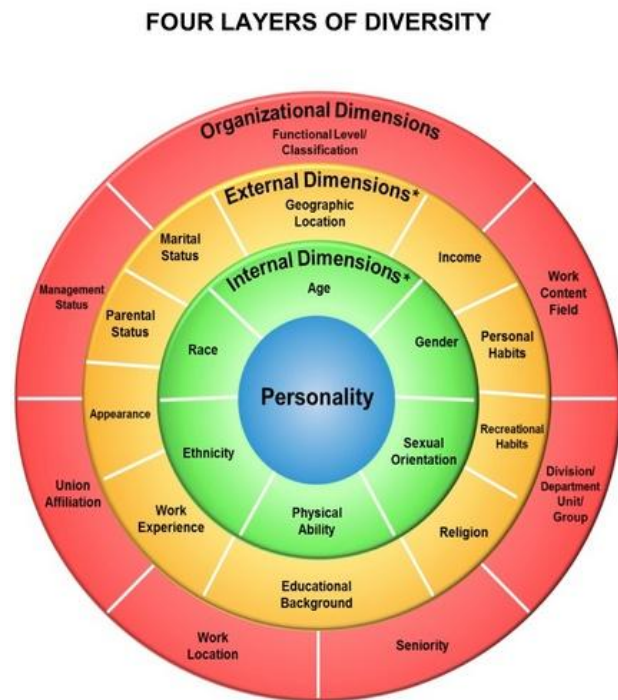


Figure 2: Four Layers of Diversity, source: (Gardenswartz & Rowe, 2003)

that employees are treated and the chances that employees get (recognition, promotion, development, et cetera). (Amelio, 2003)

1.2 Variety of diversity dimensions

Diversity creates chances, but also challenges for companies and managers. It creates *chances*, because employees have different backgrounds, knowledge and experiences which can enrich the company (for example: increase of creativity and learning capabilities). A diverse workforce is a better reflection and has better knowledge of the market/society; this means that the company will be more able to offer those services/products which the market/society is really looking for. Another chance for the company is the fact that employees in diverse organizations are more satisfied (more social and open environment) and effective, because they see their organization as innovative and open-minded; this will increase the company image (important for attracting new employees). (Durska, 2009, p. 37)

Diversity is also a *challenge*, because people of minority groups have to deal with quite some biases and (negative) stereotypes, which can lead to exclusion of the major groups within the organization. Another challenge is the fact that people with different backgrounds, knowledge and experiences demand different ways of management. This can result in a possible decrease of productivity, because more time is needed to manage the team. (Durska, 2009, p. 37)

When speaking about workforce diversity, people think in general about differences in gender and race. Besides these two examples, more diversity possibilities exist, such as: ethnic group, religion, nationality, culture, disability and age. In the 'Iceberg of Differences' (see figure 1), even more diversity dimensions are noted. Each country places emphasis on different diversity dimensions; this depends on the demographic, social, political and cultural factors of a country. (Durska, 2009, p. 36)

To have a clear understanding of the broad concept of diversity management, the most important diversity dimensions will be explained.

1.2.1 Diversity dimensions: visible features

The visible diversity dimensions will be described in this subchapter. This category of dimensions include: age, gender and race.

The *age dimension* of diversity means that different generations work within the same company/department. Age demographics are an important aspect of work floor diversity. Nowadays, the workforce consists out of older (experienced) and younger employees (fresh ideas). Companies that have a mix of ages within their workforce create a composition of employees with different skills and mindsets; this can be very advantageous for the company. (McQuerrey, 2014)

The *gender dimension* focuses on the social roles and characteristics that an individual gets based on their gender. The roles of men and women are learned, change in time and differ in cultures. The gender often determines the constraints, responsibilities, opportunities and advantages an individual gets. To create gender equality, the company has to focus on equal possibilities between men and women in the areas of: responsibilities, rights and opportunities. It is also important that the company/manager respects the priorities, needs and interests of the individual. (Global Protection Cluster, 2014)

The *race dimension* categorizes individuals based on their physical and visible characteristics (skin color, hair color, et cetera). This diversity dimension leads especially to stereotypes and generalizations of people. (Durska, 2009, p. 38)

1.2.2 Diversity dimensions: less visible features

In this subchapter the less visible features of diversity will be described: ethnicity, religion, nationality, culture and disability.

The *ethnicity dimension* is especially focused on shared historical experiences and the cultural and social backgrounds of people. An ethnic group is a composition of people that share these aspects with each other. The ethnicity dimension is more focused on the cultural factors rather than the biological factors; for the race dimension this is the opposite. (Durska, 2009, p. 38)

The *religion dimension* is about the different organized religions (Christianity, Hinduism, et cetera) and the less organized religions. This dimension is applicable when a group of employees practice their religious beliefs, even though these beliefs are not similar to those of the overall workforce. The religion dimension can have influence on the following company aspects: dress code, diet, prayers, holidays, scheduling, icons, network groups, communication and socializing. (Tanenbaum, 2011)

The *nationality dimension* will be explained in a short definition. A nationality focuses on the country where an employee was born or has specific ties to. People with the same nationality share the same traditions, language and history and normally live together in a country (with the globalization, this last characteristic of nationality is changing). (Diversity Resources, 2012)

The *cultural dimension* refers to the differences in traditions, norms and values of employees. These aspects influence the way employees think, act and make decisions. This dimension also indicates the perception of time: are deadlines strict or are they just a guideline? The most important differences between cultures are the perception of time, communication, calendars and team-building (some cultures are individualistic and some are collectivistic). (Diversity Resources, 2012)

The *disability dimension* is also an aspect of diversity management. There are different forms of disability: physical (chronic illness and reduced mobility), sensory (hearing and visual handicap) and emotional (depression and other psychological aspects). These aspects influence the tasks and workplace demands, the attitudes and expectations of colleagues and managers and it influences the way disabled people see themselves. (Nafukho, Roessler, & Kacirek, 2014)

The focus topics of this thesis are national and cultural diversity. The point of view towards cultural and national diversity can be optimistic or pessimistic. The optimistic point of view sees that cultural and national diversity bring more learning possibilities, more knowledge and more problem solving capabilities. People with an optimistic approach think that diversity will have a positive effect on the company/team performance. The pessimistic view towards these forms of diversity is derived from the similarity-attraction and the social identity, which means that people from the same nationality/culture have the tendency to focus on their own group. With this point of view, the cultural and national diversity will have a negative influence on the organization/team performance. (Shore, 2008, p. 124)

The effects of cultural and national diversity on organizational performance will be discussed in the next chapter.

1.3 Diversity management

Various definitions exist of diversity management. For this thesis the following definition is used: ‘diversity management refers to the voluntary organizational actions that are designed to create greater inclusion of employees from various backgrounds into the formal and informal organizational structures through deliberate policies and programs.’ (Mor Barak, 2014, p. 218) This definition includes the three features of diversity management: it is voluntary, it has a broad definition and the goal of diversity management is to create tangible benefits for the company. (Mor Barak, 2014, p. 231) Diversity management is focused on the organization and workforce as a whole; it does not just focus on the minority groups within a company.

Two types of diversity management exist; it depends on the organization which type will be applied. Both types have their own difficulties and need a different approach for application. First of all, there is the *intranational* diversity management. This means managing a diverse employee base within an organization that works within one country. The second type of diversity management is *cross-national*. This means managing a diverse workforce that is active in different countries; the organization has to take the different cultural and legislative contexts of the countries into account. (Mor Barak, 2014, p. 218)

1.3.1 Arguments for diversity management

Several reasons exist for companies to apply diversity management within their organization:

1. *Diversity is reality and it will stay*: as stated in the introduction, the demographic characteristics of the workforce are changing and companies have to adapt themselves.
2. *Diversity management is the right thing to do*: all employees should get the same chances and opportunities; everybody should be treated in an equal way.
3. *Diversity management makes sense in business*: diversity management can bring a lot to companies and can create competitive advantages. (Mor Barak, 2014, p. 228)

1.3.2 HRM approach towards diversity management

In 2006, Kossek, Lobel & Brown created four different HRM approaches towards diversity management. All these approaches have different goals, assumptions and strategies, namely:

1. *Diversity enlargement*: increase the amount of employees with different ethnic and cultural backgrounds. This should result in a change in the organizational culture.
2. *Diversity sensitivity*: overcome potential difficulties of a diverse workforce by organizing diversity trainings about discrimination, stereotyping and communication. These trainings should have a link to the company goals. This approach has the assumption that the created diversity sensitivity will increase performance.
3. *Cultural audit*: external consultants analyze the barriers that have negative influence on the progress and collaboration of the diverse teams.
4. *Strategy for achieving organizational outcomes*: diversity management is used to achieve the organizational goals; diversity management is not the goal itself. A link should exist between the goals of diversity management and the overall company goals. (Mor Barak, 2014, p. 224)

1.4 Types of organizations

Companies and their management increasingly acknowledge the importance of diversity management and the advantages that diversity can bring to their organization. Nevertheless, not all companies are willing to put time and money into diversity or are actually able to add diversity management into their policies. In general, three different types of organizations exist that differ from each other based on cultural diversity development.

The *monolithic organization*: these organizations are homogeneous based on the demographics and cultures within their workforce; only one dominant cultural group exists within these organizations. The HRM-processes within these companies, such as hiring and promoting employees, support the existence of homogeneity within the workforce. All policies and practices are organized by and are for the benefit of the majority group within the company. Over time, these organizations will face several difficulties and disadvantages, because the global workforce is changing and minority groups become more and more important. (Mor Barak, 2014, p. 227)

The *plural organization*: the workforces of these companies are more heterogeneous than the workforces of the monolithic organizations, but the minority groups are not visible in the higher positions and minorities are still expected to adapt themselves to the culture of the majority group. Even though minority groups do not have high positions within the company, plural organizations focus on applying policies and practices that emphasize the importance of equality between employees. Plural organizations aim to prevent workplace discrimination by, for example, organizing diversity trainings and cultural audits. Within these companies, the possibility of intergroup conflicts exists, because minority groups can have the feeling that they are not seen as an integral part of the company. This type of organization is quite common in Australia, Europe, India, North America and South Africa. (Mor Barak, 2014, p. 227)

The *multicultural organization*: this level of integration of minority groups would be the perfect situation, but it is not usual. Within multicultural organizations, cultural differences are cherished and valued. Minority groups fully integrate within the company and employees are equal to each other. Intergroup conflicts still exist, but they have a rather small influence compared to the conflicts in the other organization types. (Mor Barak, 2014, p. 227)

1.5 Diversity ranking by country

In 2012, Forbes Insights and Oxford Economics made a benchmark about the level of diversity in organizations of different countries. This benchmark took several factors into account, including: country of birth, gender, disability, age, language, et cetera. This benchmark compared the overall diversity levels within countries.

This research was made in 2012 over the year 2011. The index on the right shows that the most diverse countries in the world are the following: Norway (high level of gender diversity), New Zealand, Iceland, Australia, Switzerland, Netherlands and Canada. The U.S. comes on

COUNTRIES	INDUSTRIES	OCCUPATIONS
1. Norway	1. Health	1. Admin and secretarial
2. New Zealand	2. Hotels and Catering	2. Personal service
3. Iceland	3. Education	3. Sales and customer service
4. Australia	4. Business Services	4. Elementary occupations
5. Switzerland	5. Other Services	5. Professional
6. Netherlands		
7. Canada		
46. Poland	10. Public Administration	6. Process, plant and machine operatives
47. Pakistan	11. Manufacturing	7. Skilled trades
48. Hungary	12. Construction	8. Manager and senior official
49. Turkey	13. Utilities	9. Armed Forces
50. Czech Republic	14. Mining	

Figure 3: Diversity 2011 Index Rankings, source: (Forbes Insights, 2012, p. 5)

the ninth position. This was mainly caused by the fact that ethnic diversity was not included in the benchmark, because most countries do not collect this information. If ethnic diversity was included in the ranking, the U.S. would probably have been at a higher position.

The industries with the highest diversity levels are health, hotels and catering, education and business services. The industries with the lowest diversity levels are manufacturing, construction, utilities and mining.

The level of diversity within the higher positions in countries is rather low. In the U.S. 25% of the higher positions are given to women and only 10% of these higher positions are given to ethnic minorities. (Forbes Insights, 2012, p. 3)

Chapter 2 Diversity management, why and with which effects

This second chapter will focus especially on the reasoning and effects of diversity management. First of all, the different reasons for applying diversity management will be described. Secondly, the main advantages and disadvantages will be explained. Thereafter, the main obstacles of applying diversity management will be defined. Subsequently, this chapter will focus on the effects of diversity management on the organizational performance and this chapter will be closed with explaining the importance of having diversity within the higher management levels of organizations.

2.1 Reasons for diversity and diversity management

As stated before, different reasons exist for the increase in diversity within organizations. Several business trends that increase diversity management can be identified, such as: ‘the increased demand for Corporate Social Responsibility (CSR), the increased diverse workforce and markets, a shortage of skilled workforce, the fast increase in new technology and data, the increased harassment and discrimination legislation, the increasing globalization, flatter organizations and empowerment and an increased use of cross-level and cross-functional teams’. (Dickie & Soldan, 2008, p. 4)

Human capital forms the engine of organizations, which makes it one of the most important factors of an organization. Because organizations want to achieve their objectives, it is necessary that people manage the other production factors of an organization. This can only be done in an effective way, when the organization attracts the right people and allocate them to the right place within the organization. To achieve this, organizations should attract people from a wide pool and should not restrict itself to attracting people of one certain group; organizations should attract people with different backgrounds, nationalities, cultures, age, et cetera. (International Journal of Business And Social Science, 2013, p. 200)

The two main motifs for implementing diversity management will be described in the following subchapters (2.1.1 and 2.1.2).

2.1.1 Business orientated reasons

First of all, it is very important for organizations to adapt themselves to changes in the labor and sales market. This is a business orientated motif and is focused on achieving the organizational goals in the most efficient and effective way. Examples of business

orientated motifs are: recruiting the right people, winning the competition for talents (attracting, retaining and promotion of talents), cost savings, increase of the efficiency of a team and organization, increase of the quality of the services and products, increase of the problem solving ability of a team and organization, et cetera. (Social and Economic Council, 2009, p. 25)

Different developments cause changes in the labor market. Firstly, there are social-cultural and demographical developments, such as: the aging population, higher participation of women on the labor market, increase in the amount of immigrants, et cetera. Besides these social-cultural and demographical developments, also business changes influence the labor market. Factors such as globalization, the internationalization of organizations and the free movement of employees within the EU influence the composition of the workforce of a company and country. Besides these changes on the labor market, also changes in the sales market influence the composition of the workforce. Nowadays, the needs and wishes of consumers are changing rapidly and the sales markets are expanding across borders. Because of this, organizations believe that a diverse workforce can help the company to fulfill these changing needs of consumers, because they believe that a diverse workforce can anticipate better on these needs and wishes. (Social and Economic Council, 2009, p. 25)

Organizations can also decide to apply diversity management because of *indirect* business orientated motifs. By applying diversity management, the image and status of companies can be affected in a positive way. This positive change can lead to attracting new potential employees and/or customers. (Social and Economic Council, 2009, p. 26)

2.1.2 Moral and ethical reasons

When organizations apply diversity management based on moral and ethical reasons, organizations focus on fulfilling their responsibility towards the society. Nowadays, companies especially pay attention to hiring people whose participation rate on the labor market is lower than the participation rate of other groups.

Besides the CSR reason, it is also possible that companies apply diversity management because of political pressure (European framework for equal treatment – includes i.a. ‘discrimination on grounds of the characteristic of race and ethnic origin is generally prohibited’) or because of pressure from the parent company. In addition, in

several countries such as the U.S. and the Netherlands, the government developed laws and regulation on discrimination and diversity. (Federal Anti-Discrimination Agency, 2010, p. 27) (Social and Economic Council, 2009, p. 26)

2.2 Advantages and disadvantages of diversity management

Applying diversity management entails multiple advantages for a company, but also a few disadvantages exist. These pros and cons will be described in this subchapter.

2.2.1 Advantages of diversity management

According to Cox and Blake, diversity management has two different aspects: the '*inevitability-of-diversity*' and the '*value-in-diversity-hypothesis*'. The first aspect, the '*inevitability-of-diversity*', consists out of arguments that are the result of demographic changes in the society which an organization cannot ignore. Arguments that fit this category are connected to costs, employer image and internationalization (these arguments will be discussed further on this subchapter). With the '*inevitability-of-diversity*' Cox and Blake state that the competitiveness of a company is influenced by the necessity of an organization to hire more foreign nationals, minorities and women. The second aspect, the '*value-in-diversity-hypothesis*' means that a greater diversity in the workforce will bring a higher added value towards the organization and its processes. Arguments that belong to this category are focused on problem-solving, marketing, creativity and the flexibility of the system. This second aspect is focused on the potential of a diverse workforce. (Peters, 2008, p. 141)

By implementing diversity management, organizations give meaning to their responsibility towards the society. Besides this important advantage, there are more aspects that motivate companies to apply diversity management within their organization. The focus will be on seven different advantages of diversity management for organizations.

1. *Cost advantage*: as stated before, the workforce of organizations is getting more diverse. When an organization does not focus enough on the integration of an employee in its job or in the organization as a whole, the organization will face higher costs (minorities will create lower revenues, will have lower job satisfaction, will have more sick days, will be frustrated about their career path, higher probability of cultural conflict between minorities and major group, et cetera). By focusing on employee integration, employees will become more stable in their

functioning and they will be more cost-efficient. This leads to a cost advantage for organizations that focus on diversity management compared to organizations that do not focus on this aspect. To summarize, by focusing on diversity management organizations will lower the cost of turnover and absenteeism. (Cox & Blake, 1991, p. 46)

2. *Resource acquisition advantage:* as stated before, the amount of women, minorities and international employees on the labor market is increasing. For an organization to attract and retain these (new) groups of employees, it is important to apply diversity management within the organization. Diversity management will create a positive image of an employer on the labor market and enables a company to win the competition for hiring the best employees. Since the labor market is shrinking (aging of the population for example) and the composition of the labor market is changing, this aspect becomes more and more important. (Cox & Blake, 1991, p. 48)
3. *Marketing advantage:* the image of an organization does not only influence the decision of where to work, but also influences the decision of where to buy. A diverse workforce can create sale to members of a certain minority group. (Cox & Blake, 1991, p. 49)
4. *Creativity advantage:* research supports the idea that a diverse workforce creates higher innovation and creativity, since aspects are viewed from more points of view and less obvious ideas and solutions will be created. It is stated that innovative companies hire more minorities and foreigners than less innovative companies. Conclusion can be made that a team that consists out of different ethnic minorities, nationalities, cultures, genders, et cetera, will have a greater variety on perspectives, cognitive functioning and attitudes which will create a higher level of innovation and creativity which will have an influence on several processes, including decision-making and problem solving. However, for a company to benefit of this advantage it is important to create awareness about the differences between team members. This awareness can be created in various ways, including organizing cultural awareness trainings. (Cox & Blake, 1991, p. 50)
5. *Problem solving:* as stated in the previous advantage, a diverse workforce increases the level of innovation and creativity. This also influences the decision-making and problem solving process, since people with different backgrounds will have different point of views and approaches towards processes. This can lead to a more

efficient and effective way of making decisions and solving of problems, since the level of critical analysis will be higher. (Cox & Blake, 1991, p. 51)

6. *Organizational flexibility*: with diversity management, policies and procedures will become less standardized and more flexible. (Cox & Blake, 1991, p. 51) This makes an organization more open and increases the level of adaptability of a company – which is very important with the fast changing organizational environment (sales market, labor market, et cetera).
7. *Decline in discrimination lawsuits*: implementation of diversity management can lead to a substantial decline in the amount of discrimination lawsuits against a company. Since companies face more intense competition, companies cannot use and afford any discrimination processes within their organization. (Dickie & Soldan, 2008, p. 45)

Previous scientists tried to analyze which advantages companies mainly link to a diverse workforce. A questionnaire, filled in by several multinationals (Manpower, TNT, et cetera), showed the following results:

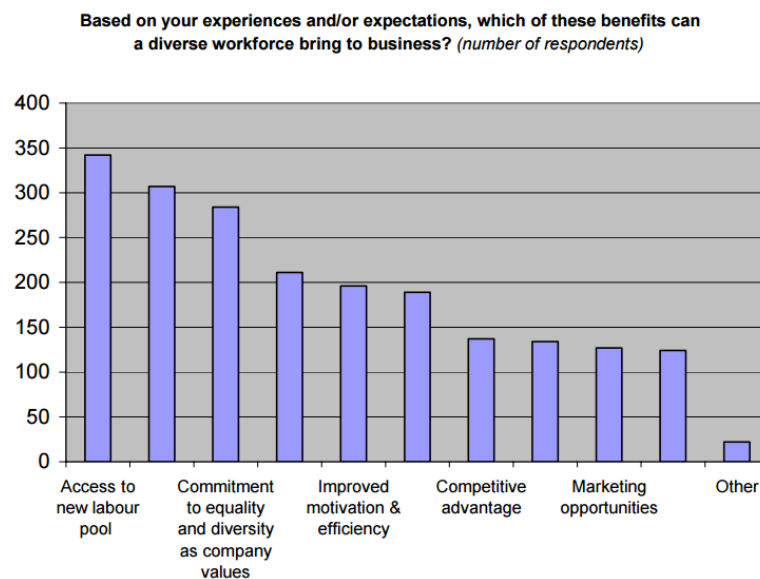


Figure 4: Benefits Diverse Workforce, source: (Antidiscrimination and Diversity Training, 2007, p. 12)

Besides these advantages of diversity management, it is also important to briefly show the risks of not managing diversity. A summary of these risks can be found in Appendix I.

2.2.2 Disadvantages of diversity management

Besides the above mentioned list of advantages of diversity management, also some drawbacks exist. The following disadvantages can be listed:

1. *Threat for own career, status and power:* research has shown that some national employees see the increase of diversity as a threat for their own chances within the organization. As a result, national employees could have aversion against diversity management and may not be willing to cooperate.
2. *Difficulties for manager:* since a diverse workforce is more difficult to manage than a homogeneous workforce, it will take some extra time and energy for a manager to run a team.
3. *Norms and values:* national employees can be reluctant towards changes in the existing working methods which are the result of diversity management. They may think it is too difficult, confusing or confronting to adapt their own working methods; these employees have to be convinced to change their mindset and working procedures.
4. *Communication with different nationalities/cultures:* people can feel anxious or uncertain when dealing with people of different backgrounds. People do not know how to interpret the behavior of the other person, how to approach the other person, et cetera. This can, again, lead to reluctance towards diversity management among national employees. (Dutch government, 2010, pp. 131 - 132)

It can be concluded that most of the disadvantages related to diversity management are caused by uncertainties and inexperience related to intercultural communication and collaboration. Companies that want to apply diversity management have to take this into account and should search for ways to change this attitude and mindset of their employees. Possibilities to deal with this and ways to implement diversity management will be explored in the next chapter.

2.3 Obstacles of diversity management

The culture of an organization determines how effective and efficient people from other nationalities or other minority groups can perform within the company. Employees from minority groups and other cultures/nationalities encounter several obstacles. (White, 1999, p. 473) These obstacles can be seen as challenges for the implementation of diversity

management. In this subchapter the following obstacles of diversity management will be described: stereotyping, prejudice, ethnocentrism and discrimination.

A *stereotype* is an assumption that people automatically make about individuals that are member of a certain group that is quite homogeneous in its composition and its characteristics. People automatically associate certain information that they have about a group towards an individual member. A stereotype can be related towards the physical appearance and/or behavioral characteristics and it strongly determines the perception that people have about other group(members). Research has shown that stereotypes have negative effects on the individual (for example negative influence on their career) and the organization as a whole. (People and Society, 2015)

A *prejudice* is an unfavorable feeling or opinion that is formed on beforehand, without any reasoning, thoughts or collected knowledge. (Dictionary Reference, 2015) *Ethnocentrism* can be seen as a large-scale prejudice. With ethnocentrism people from a certain group see other groups as lesser than their own group. (IUPUI, 2014) This can cause that employees of a minority group will be seen as inferior to the employees of the major organizational culture.

Discrimination can be defined as a behavioral prejudgment that people have towards another person based on the identity of the group to which the person belongs to. (Dictionary Reference, 2015)

Another important barrier for the implementation of diversity management is the lack of consistent and clear vision for diversity and an inadequate support from the management towards the topic. (McKinsey & Company, 2014, p. 15)

The obstacles of diversity management are especially related towards judgments and emotions/feelings that people have about other groups of people. For a company it is important to try to overcome these emotions and ideas in order to make its diversity policy effective and efficient. The management of an organization cannot ignore the existence of these obstacles, because this could result in a reverse effect of the chosen management.

2.4 Diversity and organizational performance

It is important to mention that measuring the effects of diversity management is a quite difficult task. This means that it is hard to show a causal relationship between diversity

and, for example, satisfaction and turnover. Nevertheless, several scientists have attempted to examine this relationship and these results will be discussed in this subchapter.

To examine the relationship between cultural/national diversity and organizational performance, there will be a focus on three different outcome variables that are often used for this purpose. The following variables will be discussed: team performance (effectiveness, evaluation of tasks and measurement of actual performance), behavioral outcomes (communication, conflict and sharing of information) and affective outcomes (commitment, identification with team/organization and satisfaction) (Oerlemans, Peeters, & Schaufeli, 2009, pp. 219-220)

2.4.1 Performance outcomes

Results of different studies towards the relationship between ethnic diversity and performance have shown different results. Some scientists claim that no relationship exist between those two aspects, some researchers claim that a negative relationship exist and others claim a positive relationship. An important aspect within these different outcomes was the selection of different cultures that have been put together.

The studies that showed that a positive relationship exist between ethnic diversity and performance stressed out that heterogeneous teams need more time to get to know each other before they will become efficient and effective. This means that in the beginning of a project, homogeneous teams are more efficient than heterogeneous teams. However, after the familiarization period (dealing with behavioral difficulties in diverse teams), the heterogeneous teams become more efficient and effective than homogeneous teams. (Oerlemans, Peeters, & Schaufeli, 2009, pp. 220-221) In addition, several studies showed that diversity has a positive influence on achieving organizational goals, such as: decreasing level of absenteeism, higher productivity, higher innovation/creativity, better image, et cetera.

2.4.2 Behavioral outcomes

Examination of the relationship between ethnic diversity and behavioral outcomes showed also different results (negative, neutral or positive). It can be said that an increase in ethnic diversity makes the communication within teams more difficult. An increase in team diversity can lead, for example, to an increase in team conflicts, since different cultures

and nationalities have different habits and ways of communicating. However, when a diverse team is together for a longer period of time, the number of team conflicts decreases. Quite the contrary, scientists showed that even though the communication in teams becomes more difficult with a higher level of diversity, the overall communication within the organization becomes better.

Another positive result is the fact that the level of cooperation within a company increased with the level of diversity. (Oerlemans, Peeters, & Schaufeli, 2009, pp. 221-222)

2.4.3 Affective outcomes

Research has shown that especially a negative relationship exists between ethnic diversity and the affective outcomes of ethnic minority groups. Research results made clear that employees of an ethnic minority group feel less accepted, are less satisfied and are less committed to their job and the organization as a whole compared to employees of the ethnic majority group. (Oerlemans, Peeters, & Schaufeli, 2009, p. 222)

2.4.4 Analysis of outcomes

Based on the above mentioned relationships between ethnic diversity and the different outcome variables, it can be concluded that companies should focus on the integration of employees from minority groups. Based on the affective outcomes, it can be said that employees of minority groups are not much committed to and satisfied within a company. For a company it is very important that employees *do* feel satisfied and committed, to make sure that their employees will be motivated to work for them and are willing to do their best (higher level of productivity). This means that organizations should focus on an effective way of how to manage (ethnic) diversity, since it is a fact that the importance of diversity is growing every day. A management that is aimed at a better integration of ethnical minorities should be able to improve the communication within teams, increase the level of satisfaction and create a higher level of commitment; what will lead to positive influences on the overall company performance.

2.5 Diversity in management levels

Research has shown that a positive relationship exists between the financial performance of a company and its level of diversity in the management. A higher level of diversity within the management was linked to a higher overall company performance, a higher

return on equity and an increase in profitability. This all was the result of an improvement in decision-making processes at the strategic level of an organization, because of the management diversity. Ethnic diversity is especially important for the Board of Directors since these members are directly involved with introducing measures, restructuring, independence, accountability and transparency. (Marimuthu, 2009, p. 178) As stated before, higher levels of diversity tend to create an increase in innovation, creativity and experience. Overall, diversity tends to make companies more competitive.

Research of McKinsey & Company has shown that companies whose ethnic diversity management belongs to the top 25% of an industry have 30% more chance of receiving higher financial returns than other companies in the same industry.

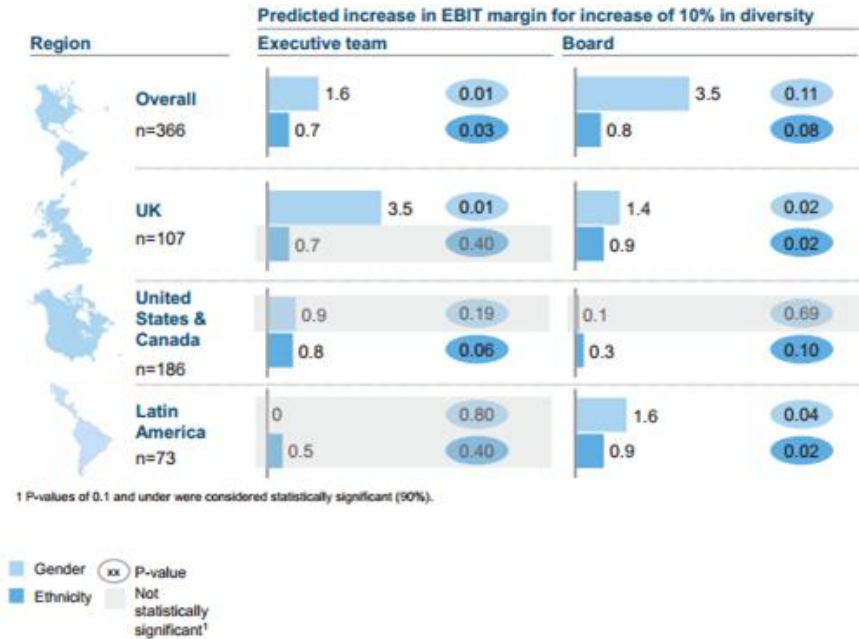


Figure 5: Ethnic Diversity and EBIT, source: (McKinsey & Company, 2014, p. 4)

Companies that scored 10% higher on ethnic diversity in their boards or management had an EBIT (Earnings Before Interest and Taxes) that was 1.1% higher in the U.S. and 5.8% higher in the U.K; see also figure 5 ‘Ethnic Diversity and EBIT’. This makes clear that diversity is important for companies in order to differentiate themselves from its competitors and to increase market share in the industry. (McKinsey & Company, 2014, p. 1) Nevertheless, research data showed that companies did not pay much attention to the implementation of ethnic diversity. This can be seen in the figures in Appendix II. (McKinsey & Company, 2014, p. 7) Even though research made clear that a higher level of diversity in the management levels has a positive influence, still the Boards of Directors of organizations look quite homogenous with a plurality of white men (see Appendix II for an example of 2010). This means that companies still have to make a lot of effort to make changes in the structure of their organization in order to benefit from the positive effects that a diverse Board of Directors and management offer.

Chapter 3 HRM instruments and diversity management

This third chapter will focus on the instruments of HRM that have influence on diversity management. First of all, there will be an explanation about the linkage between HRM and diversity management, then the critical conditions of diversity management will be described and after this, the HRM instruments will be defined and explained.

3.1 Linkage between HRM and diversity management

HRM is a function within an organization that deals with several activities related to people, the workplace culture and the work environment. Examples of HRM activities are: employee motivation, performance management, employee commitment, hiring, benefits, compensation, training, safety and organization development. When organized well, HRM will have a positive influence on the efficiency of an organization and it will enable a company to achieve its established goals. (Human Resources, 2015)

One of the aims of HRM is establishing and retaining committed and involved employees towards the organization. A high level of commitment and involvement will have a positive influence on, among other aspects, the productivity and motivation of employees. In order to reach this, a company should focus on creating a good working place; HRM can play an important role by creating certain policies that support the development of more motivated and committed employees. HRM policies should be based on the organizational policies and strategies, which, in their turn, are influenced by environmental factors and changes (see also Appendix III for the HRM framework). (Dickie & Soldan, 2008, pp. 197-198)

Several similarities between HRM and diversity management can be defined, namely:

- Diversity management and HRM are both focused on the integration of employees, in order to achieve the organizational goals.
- Diversity management and HRM both value an increase in employee diversity, since this will lead to a higher success of an organization (when managed well).
- Diversity management and HRM both focus on individuals (characteristics of each individual, difference between individuals, increasing commitment and involvement of individuals). (Dickie & Soldan, 2008, p. 198)

Another important linkage between the two management tools is the fact that the management of a cultural and national diverse workforce became one of the key goals of international HRM. HRM should try to create a work environment that fits both the local ways of conducting business and a global mentality. This aspect became one of the focus areas for HRM, since the gap between the demand and supply of highly skilled workers and business executives is increasing. According to research of World Economic Forum (WEF), the gap between the supply and demand of highly skilled workers will be visible from 2020. For organizations it will become more important to focus on attracting new employees (human capital) instead of new financial capital. Organizations which are willing to adapt their strategies and are willing to apply diversity management will be able to attract new human capital. (Impact of Globalization on Human Resource Management, 2012)

With the globalization and the increased attention of HRM for diversity management, the role of HRM is changing. Previously, HRM was focused on achieving short-term goals and people saw HRM especially as an extra cost and for administrative tasks. Nowadays, HRM is focused on long-term goals (focus on future) and is more involved in establishing business strategies. Due to the globalization and diversity management, HRM got a higher prestige and performs more as a strategic business partner within the organization. (Impact of Globalization on Human Resource Management, 2012)

3.2 Conditions for diversity management

For a successful implementation of diversity management it is important to take several aspects into account, such as:

1. A clear vision on diversity and diversity management needs to be developed and it should be linked towards the corporate vision and goals (both economic and social). The mission and values of an organization should act as a guideline for this.
2. There should be support and commitment of the executive board and management; diversity management should be agreed, implemented and controlled at the highest levels within the organization. This will lead to the situation where all employees will feel responsible for and will comply with the established policy; line managers play an important part as they set an example for their employees.

3. All stakeholders should be informed about the policy (reasons, advantages, et cetera) and open communication about diversity and its policy is recommended.
4. There should be a permissive organizational culture; employees should be motivated and should have skills and knowledge about how to deal with differences between people. In addition, flexible agreements with different employees should be possible since employees differ from one another.
5. Examine and evaluate HRM activities, such as recruiting and selection. It is critical to screen these procedures and to check whether possible thresholds exist.
6. For the implementation of diversity management it is important that policies and activities are documented and that clear records are kept about the composition of the workforce of a company. These records and data make clear in which areas improvement on diversity is necessary.
7. It is important to enclose and evaluate the policy in order to reach durable results; diversity management should be part of a company's regular (employee) policy. (Social and Economic Council, 2009, pp. 46-55)

Appendix IV shows another framework about the connection between HRM and diversity management. This framework shows that if companies want to apply diversity management through HRM, it is important that it is done on operational (implemented at workplace), tactical (facilitate diversity policy development) and strategic level (management philosophy).

3.3 HRM tools for diversity management

HRM consists out of many activities, as could be seen in Appendix III and IV. For the linkage between diversity management and the HRM instruments, the focus will be on the following activities: human resource planning, succession planning, promotion, recruitment & selection, training & development and mentoring & coaching. All these activities and tools should be seen as integrated, since they influence one another.

3.3.1 Human resource planning

Organizations use different strategies towards human resource planning activities. The following strategies could be used by organizations:

1. *Moral diversification strategy (MDS)*: companies that use this strategy see diversity as a competitive advantage and these organizations think that having a

diverse workforce is a moral obligation. Because of this, these companies actively seek for employees with different backgrounds.

2. *Business diversification strategy (BDS)*: organizations that apply this strategy think that diversity must be in line with the organizational goals. Companies see diversity as a positive development and are willing to hire employees with different backgrounds.
3. *Reactive diversification strategy (RDS)*: companies recognize the existence of diversity in the labor market and they believe that the workforce should reflect this diversity. However, these companies do not actively seek for a diverse workforce and they are more reluctant towards diversity than those companies that use one of the previous strategies.
4. *Anti-diversification strategy (ADS)*: companies do not want to diversify their workforce and they want to keep a homogeneous workforce within their company. (Dickie & Soldan, 2008, p. 201)

The workforce planning of an organization totally depends on the organizations' strategy and willingness to diversify. If a company is willing to have a diverse workforce, the human resource planning activities will be focused on recruiting and selecting people with different backgrounds. If a company is not willing to diversify, the planning activities will be focused on hiring those people who fit the current mindset and company methods. (Dickie & Soldan, 2008, p. 201)

3.3.2 Succession planning

An important aspect of human resource planning and human resource management is succession planning. Succession planning means 'the identification and development of potential employees for key positions (positions that are crucial for an organization) within companies, via a systematic evaluation process and training. It is largely predictive in judging an individual for a position he or she might never have been in'. (Business Dictionary, 2015)

Employees will not stay with an organization for their whole lifetime. Succession planning recognizes this and generates a plan and procedures for dealing with these changes when employees leave the organization. An important aspect of succession planning is the development and implementation of individual development plans. This personal development plan should be established by the employee in corporation with

his/her supervisor. This plan is important for two reasons, namely that the employees know that they have influence on their own development and that the employees understand that their development is their own responsibility as well. An employee can indicate in his/her individual development plan to which direction he/she would like to go. In general, employees are more motivated to work on their plan, since they created the plan partly on their own. The plan should make clear which trainings and steps an employee should take, in order to reach his/her career goals. (IBM, 2014, p. 3)

Different benefits exist of succession planning, such as: establishment of a diverse talent pool, retention of employees with good skills/knowledge/experience, highly qualified employees (through mentoring and coaching for example), saving in time and costs for hiring external employees, increase of commitment of employees, et cetera. (Department of Education & Training, 2014)

In order to promote diversity within an organization, it is useful to involve employees from minority groups within the succession planning. By providing extra trainings to employees, employees will develop relationships with colleagues from outside their minority group, employees will be more committed towards the organization, employees will be more satisfied, et cetera. This means that succession planning plays an important role within the diversity policy of an organization.

3.3.3 Promotion

It is important that all employees get equal chances for personal development and promotions. Unfortunately, in practice not everybody gets the same opportunities. This could be seen in Appendix II, which shows that the Board of Directors and the higher management levels still consist mainly out of white men. Several unconscious factors cause this situation, such as: the higher comfort to promote people from the major cultural group, the fact that people appreciate others which are similar to themselves, et cetera. Involving employees from minority groups in the decision-making process related to the promotion of employees could change this situation and could promote diversity. (Shen, Chanda, D'Netto, & Monga, 2009, p. 8)

A guideline has been established to improve the promotion process within a company. This consists out of the following steps:

1. *Establish non-discriminatory promotion process:* apply a 360-degree feedback system, the promotion team should consist out of diverse people, et cetera.
2. *Support the under-represented employees to increase their promotion chances:* training, mentor, et cetera.
3. *Open promotion processes to increase diversity at each organizational level:* increase level of transparency, provide trainings, explain promotion policies, et cetera.
4. *Diversity skills should be one of the core requirements of promotion decision.* (Dickie & Soldan, 2008, pp. 220-224)

3.3.4 Recruitment and selection

Even though companies understand the importance of having diversity within their workforce, it can still be rather difficult for some companies to hire employees with different nationalities and cultures. In order to increase the recruitment of employees with different backgrounds, various techniques can be used, namely:

- Use different recruitment methods to attract people from diverse labor pools, examples are: use current workforce as promotion for the company and actively use Internet (easy accessible for job seekers).
- Increase efficiency of recruitment and selection process; minority groups are likely to be negatively influenced in case of inefficiencies in these procedures.
- Create advertisements that reflect the diversity in the workforce.
- Create job descriptions that show the need and importance of diversity (duties, languages, experience and qualification).
- Create selection committee that consists out of people with different backgrounds. Make the diversity manager (if applicable) part of the selection committee.
- Reflect diversity competency within the selection tools (interview questions should be focused on diversity and diversity-related topics).
- Explicitly explain the importance of diversity management in the introduction period of new hires. (Dickie & Soldan, 2008, pp. 202-204)

Recruitment process

According several scientists the recruitment process should exist out of four different steps:

1. *Planning*: this first step is focused on creating support and commitment from the management towards increasing diversity. In this part of the process, the diversity goals should be created and a link should be made between diversity and the organizational goals.
2. *Recruitment strategy*: how, when and where to find the best employees.
3. *Search*: highlight the importance of diversity within the communication towards job-seekers in order to attract diverse people.
4. *Evaluation*: how many employees with different backgrounds are hired? (Dickie & Soldan, 2008, pp. 204-205)

Selection process

Within the selection process, the risk of the similarity bias is quite applicable. This bias will lead to the hiring of homogeneous employees; people with different nationalities and backgrounds will not be chosen. In order to reduce the effects of the similarity bias, several strategies can be used:

- The interview team should exist out of people from the major organizational culture and from the minority cultural groups within the organization.
- Ask for the same information of each applicant, this allows an objective comparison of the candidates.
- Train interviewers about differences in cultures and habits, about how to tackle diversity issues, et cetera.
- Make the selection criteria more flexible so it will fit people from different cultural groups. (Dickie & Soldan, 2008, pp. 206-209)

3.3.5 Training and development

Nowadays, training and development is an important tool for coping with a diverse workforce. Trainings should be developed based on the current situation in a certain organization and according to the analysis of three aspects: the organization as a whole, the exercised operations within the organization and the workforce. (Dickie & Soldan, 2008, pp. 210-211) Three different training types exist, namely:

1. *Reductionist vs. holistic*: a reductionist training is focused on separate jobs and their characteristics. With a holistic training, the jobs within an organization are interconnected with each other.
2. *Massed vs. customized*: for massed trainings similarities between people are relevant and similar people get the same training method. With a customized training the differences between people are relevant and the training is tailor-made to the situation of the trainee.
3. *Reinforcing the status quo vs. leading cultural change*: the first type of training is focused on the major culture within an organization and new employees have to adapt themselves to this culture. A leading cultural change training is focused on changing the existing culture within a company.

Since organizations become more diverse, trainings should be holistic, customized and focused on a cultural change. (Dickie & Soldan, 2008, pp. 210-211) Trainings focused on diversity awareness and skills are important for the employee development. Trainings should be used in combination with other HRM tools. If these tools are used in the right way, they have the ability to change the mindset and careers of employees.

3.3.6 Mentoring and coaching

Other HRM tools that are important for creating a diverse workforce are mentoring and coaching. Coaching and mentoring are tools that have to be used in the environment of the employee, which means that a coach or mentor has to understand the vision, norms and values of a culture and based on this a certain plan has to be developed. This means that mentoring and coaching are individual tools; there are no standardized ways of applying these instruments. (Monga, 2008)

Coaching involves helping an employee, colleague or team to achieve work-related goals and to help them develop themselves. A coach helps the other person with learning by inspiring or supporting him or her. Coaching deals with real-time problems and real-time solutions. (Monga, 2008)

With mentoring, a senior employee will be appointed to a junior employee from a minority group. The goal of mentoring is to make it possible for employees from a minority group to move through the 'glass ceiling', which are the invisible barriers to promotion. Another effect of mentoring will be a decrease in prejudice in an organization,

since the inner group employees will collaborate with employees from the outer group. (Monga, 2008) In addition, mentoring can be used to create durable diversity within an organization. By the use of mentoring, voluntarily relationships between people will be established, which will lead to the situation where employees support diversity and will be sincerely willing and motivated to collaborate with people from different nationalities. (Insala, 2010)

Mentoring can bring an organization quite some advantages, because costs can be cut, the productivity of employees will increase and people will get in contact with other employees from different departments, levels and positions. Quite often, managers are not aware of all the talents that are present within their organization. By the use of mentoring, managers will be motivated to get in contact with employees from different units. This can lead to the situation where a manager will find an undiscovered employee with high potential (of different nationality and/or culture) which would be suitable for a higher/different position within the company. This is beneficial for the employee as well as the organization. Using all the talents of a company is beneficial for an organization because it can lead to a cut in costs of hiring, orientation period, et cetera. (Insala, 2010)

Differences in career expectations exist between people with different backgrounds, nationalities and cultures. In order to prevent the situation where employees would have expectations that are not realistic, mentoring can help to bring an employees' expectations, values, norms, et cetera, in line with those of the organization. The mentor can guide an employee from a minority group to help him/her with his/her career path within the company. In case an employee from a minority group has a mentor from the same cultural group, the employee can take his mentor as an example of how to deal with the cultural differences, differences in expectations, et cetera. In this case the mentor can be the role model of the employee. Employees can receive advices and assistance from their mentors about how to deal with certain procedures and requirements of an organization. In both cases, mentoring will lead to retention of the employees. (Insala, 2010)

As stated before, more HRM tools exist but in this chapter the focus was on the most important HRM activities that have influence on diversity management. In the following chapter the three best organizations that deal with national and cultural diversity will be described and their approach towards diversity will be explained.

Chapter 4 The 3 best organizations that practice cultural diversity management

In this fourth chapter, the three worldwide organizations that have the most multicultural workforces and apply diversity management in the most extensive way will be analyzed. An explanation of each of these companies will follow, including their point of view on and strategy of diversity management. The organizations that will be described are: Deloitte, IBM and Sodexo. These companies were among the top three of the list '2014 DiversityInc Top 10 Companies for Global Diversity'. (DiversityInc, 2015) This list has been used instead of the main DiversityInc list, because the Global Diversity list is more specialized into nationalities/cultures and the main list of DiversityInc takes many other factors into account.

The factors on which the Global Diversity list is based, include the following:

- 'Cross-cultural mentoring initiatives;
- Effective use of global employee resource groups for recruitment and talent development;
- Existence and role of a global diversity council;
- Global policies to prevent harassment and discrimination;
- Global supplier diversity initiatives;
- Specific talent and leadership development initiatives for women;
- Global initiatives to hire and promote people with disabilities;
- Global initiatives to hire and promote LGBT (Lesbian, Gay, Bisexual and Transgender).' (DiversityInc, 2015)

The last four items of the above list are not relevant for the purpose of this thesis, however other lists take even more irrelevant factors into account, which makes the Global Diversity list the best guideline for this thesis.

In the upcoming subchapters the diversity strategy and tools of Deloitte, IBM and Sodexo will be described.

4.1 Business case I: Deloitte

Deloitte is a huge company that provides services such as: audit, consulting, financial advices, risk management and taxes. More than 210.000 people are employed by Deloitte, the organization is active in more than 150 countries and 75% of the employees work

outside the U.S. (Deloitte, 2015) This makes already clear how important the international environment is for Deloitte. Therefore, the creation of a workforce with worldwide business knowledge and skills is crucial for the company. Deloitte ranks on the first place for the Global Diversity list and on the 11th place for the general DiversityInc list. (DiversityInc, 2015)

Since diversity is a big and complex topic, it is more effective to focus on the implementation of two/three aspects than to implement all different diversity factors at the same time. Deloitte chose three diversity aspects on which the company wanted to focus. One of these main issues was the creation of an inspiring organizational culture. (HRM Online, 2014)

Deloitte created the following formula to show how the company interprets diversity. Deloitte strongly believes that their increase in diversity and their inclusive

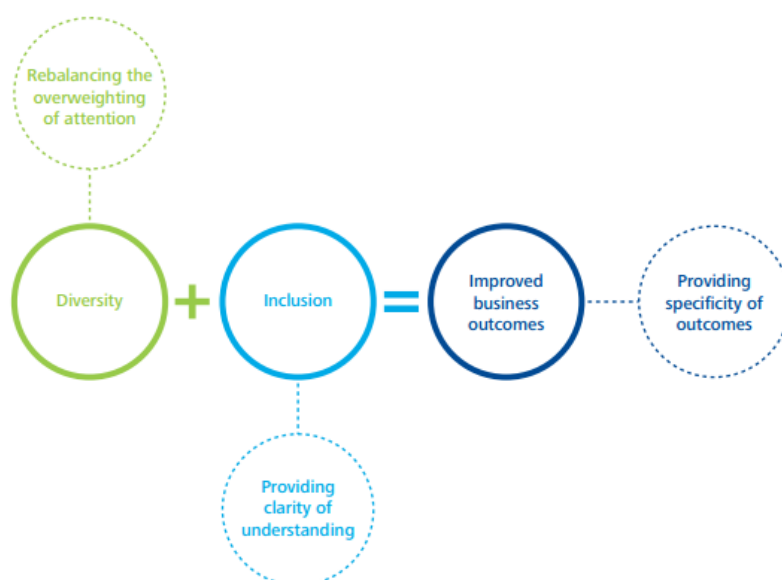


Figure 6: Diversity Formula Deloitte, source: (Deloitte, 2014, p. 3)

working environment are important factors for the performance of the company. These aspects resulted in: higher productivity, higher quality and increase in innovation. As stated above, Deloitte especially focuses on creating an inclusive environment. (Deloitte, 2014)

Deloitte created a global diversity strategy to increase the diversity in the workforce. This strategy is important for different aspects that are implemented in Deloitte, such as:

- ‘Setting worldwide targets to increase inclusion, representation and succession of diverse applicants;
- A global Talent Standard to increase the focus on diversity;

- An Inclusive Leadership Program to learn how to manage and navigate diverse teams – make sure that managers know how to take advantage of diversity in their team;
- Different worldwide programs to create progress and inclusion of people from minority groups, different age, women, et cetera'; (Deloitte, 2014)
- Creation of Deloitte University Leadership Center for Inclusion, which organizes lectures, events and trainings for professionals and clients of Deloitte to share best practices in diversity. (Business Management Daily, 2013)

Deloitte uses several tools for its diversity strategy. Examples of these tools and activities are:

- *Mentoring program:* Deloitte applies mentoring, because they realize how much the employees appreciate that their employer does something back to the society and how much their employees learn from it. The success of Deloitte's mentoring program is measured by the amount of mentors that enroll themselves multiple times for the program. To increase the effect of the program, Deloitte developed a mentoring guide. This guide describes the experiences, feedback and tips given by other mentors. (The Mentoring Partnership, 2013) An example of Deloitte's mentoring program is '*Emerging Leaders Development Program*'. This program is focused on supporting the career of good performing talented employees from especially minority groups. In this program, the employee and his/her mentor will cooperate for at least two years. Another example of a mentoring program is the '*Navigation to Excellence*'. This is a one-year program that matches senior managers from minority groups to other leaders, in order to help them with their development plan, increase their experience/skills/knowledge and to support them in getting access to new assignments within the company. (Vasquez, 2011) Deloitte also uses a program that is called '*buddy-system*'. The first day that an employee enters Deloitte, he/she will be connected to a 'buddy'. This 'buddy' has to help the new employee with finding his/her way within the company (introducing the employee to new colleagues, explanation of systems, et cetera). The company introduced this tool, because the management saw it as an extra opportunity for cross-cultural training. (TRIEC, 2011)
- *Sponsorship:* Deloitte acknowledges the importance of sponsorship for the development and retention of its employees. The role of the sponsor, which should

be a senior manager, is to endorse, to advocate, to be an advisor and to take responsibility for the career of the employee. As a result of the sponsoring, the employee will get into contact with different executives (building networks), will have higher chances to be promoted, et cetera. (Frankel, 2012) Even though research showed the importance of sponsorship, in many companies employees from minority groups are not part of this program. Deloitte wanted to improve this and made sponsoring part of existing development programs. In addition, Deloitte established sponsoring trainings for the sponsors, so they will learn how to become a good sponsor for employees. (Deloitte, 2015)

- *Global Leadership Shadow Program:* within Deloitte, talented employees with high potential get the opportunity to shadow a senior leader for one or two days. This shadowing will expand the network of an employee, will have a big impact on the development of the employee and will open new career opportunities for the employee. (Deloitte, 2015)
- *Training:* Deloitte offers several cross-cultural trainings to its workforce. One of the trainings is called '*The Cultural Navigator Program*'. This is a self-assessment program for employees, which explains the social differences between cultures on the work floor. As the program is successful, Deloitte wants to extend this tool. The *language training* is another example of Deloitte's diversity trainings. With the language trainings, Deloitte wants to improve the communication and presentation skills of its employees. (TRIEC, 2011) Another example is the organizing of workshops for immigrants, in order to help them to overcome their possible 'culture shock'.
- *Global advisory council:* this council is focused on creating managers and executives who have a worldwide mindset and think across borders. This council acts as an advising team for Deloitte's global CEO and its managers/executives. The council consists out of people from locations all over the world and the council promotes that Deloitte should act as one global player. (Deloitte, 2015)
- *Diversity initiative:* this initiative wants to increase the well-being and flexibility of people from different nationalities. Deloitte is focused on sharing the success stories within the whole company, so that others can learn from it. (Deloitte, 2014)
- *Diversity networks:* Deloitte created several diversity networks, such as the Muslim network and the Jewish network. As a result of these networks, people meet

colleagues with the same interests and characteristics which they otherwise would not have known. (Deloitte, 2014)

- *Events*: Deloitte '*diversifies the calendar*'. This means that, among other aspects, events are created for holidays of different cultures within the company. (Deloitte, 2014)

4.2 Business case II: IBM

The logo features the text 'Diversity of people.', 'Diversity of thought.', and 'A smarter planet for everybody' in blue, stacked vertically. To the right of the text is a square graphic with a blue and white checkerboard pattern.

Diversity of people.
Diversity of thought.
A smarter planet for everybody

The International Business Machine Corporation (IBM) operates in more than 170 countries and employs over 400.000 people; which make diversity management one of the key business issues of the company. IBM is a multinational that provides technology and consulting. (IBM, 2015) IBM ranks on the second place on the Global Diversity list and on the 23rd place on the main DiversityInc list. (DiversityInc, 2015)

The organization goes further than the mere practice of fair hiring and protection of all employees. The company focuses on how to combine all the aspects related to diversity in order to create an integrated and innovative environment for its employees; this can be called 'inclusion'. IBM locations of all over the world, establish local diversity strategies in order to fulfill the goals and standards which are set in the global diversity strategy of IBM. All processes within the company (such as: recruitment, selection, compensation, retention, training, transfers and termination) are performed without discrimination on nationality, culture, et cetera, and the company is focused on providing equal chances to all employees. Each manager is expected to ensure the creation of a work environment that is free of any form of discrimination. IBM developed human resource programs to make sure that all employees receive equal compensation and get the same chances for growth and development within the company. (IBM, 2015) Other aspects that made the diversity policy of IBM successful were:

- The linkage between the diversity business cases and the IBM business strategy;
- The high level of commitment towards diversity within all organizational levels;
- The integration of culture, HRM and management processes;
- The recognition of the fact that diversity is an ongoing process;
- The accountability of managers who are a reliable basis for creation of diversity initiatives;

- The identification of systematical and behavioral barriers towards diversity and the process of trying to reduce these barriers;
- The creation of measurements of diversity practices. (Winning in the Marketplace with Diverse Talent, 2008)

In order to create an environment where diversity is respected and increases the productivity and efficiency of the company, IBM developed and implemented several tools and activities, such as:

- *Recruitment*: one of the activities of IBM in the area of recruitment is the organization of 'Project View'. This is an event where people who are interested in IBM get the opportunity to meet, network and interview members of the IBM recruitment team, the hiring managers and the executives. Also members of the Business Resource Groups will be present, to show how diverse the workforce of IBM is and to promote IBM as an employer for all nationalities and cultures. (IBM, 2015)
- *Mentoring program*: mentoring is an obligation at IBM, since it is seen as a critical factor for growth of the employees. Because of this, a linkage has been made between the overall performance evaluation of managers and their mentoring performance. In order to get a high overall evaluation, the mentoring goals have to be met – especially the goals which are connected to cultural diversity and gender diversity. From the moment that employees enter IBM, it is made clear that mentoring is an important aspect of the organization. Different forms of mentoring exist within IBM, namely: virtual, peer, new-hire and group mentoring. Before mentors can participate within the mentoring program, they have to follow the training for cultural awareness. (DiversityInc, 2015)
- *Training*: IBM implemented several trainings for the development of cross-cultural skills, knowledge and experience, such as:
 - ➔ *Shades of Blue*: this is a workshop-based tutorial for managers, which was established in order to deal with the Global Workforce Diversity Challenges of IBM. This training is focused on developing a manager's competences of how to deal with different cultures in business. 'Shades of Blue' consists out of online trainings, which is followed by a face-to-face workshop of two days (role playing, discussions, presentations and videos).

- ➔ *Learning Clusters* and *QuickViews*: these are online programs, which teach managers about inclusive leadership and diversity.
- ➔ The management training '*Leading@IBM*': all managers are obliged to follow this training. A big part of the module is focused on diversity management. (PRISM Diversity, 2015)
- ➔ *Cultural Adaptability Program*: this is a program for employees to help them with working in a multicultural environment. This program consists out of different activities: 1) *Country Navigator*, which is a web-based tool where employees can find insights of how to communicate and collaborate with different cultures. 2) *Inclusion in the Workplace for Employees*, which is a one-day workshop to create awareness, skills and knowledge about how to deal with cultural differences and what the advantages are of these differences. 3) *Inclusion Leadership for Managers*, which is a two-day workshop for managers of IBM. The managers will gain awareness, skills and knowledge about diversity and they will learn how to efficiently and effectively manage a multicultural team. (NIWG-W, 2012, p. 24)
- *IBM diversity council*: a diversity council is a group of employees that is established to show diversity issues. These councils were developed with the following goals: 1) Increase of the employee awareness, 2) Increase of the effective use of the diverse workforce and 3) Increase of the sensitivity of the management. (Pride in Diversity, 2012)
- *IBM diversity networking groups*: these are voluntary groups of employees that gather together to help each other becoming more efficient and effective in the diverse IBM workplace. Employees help each other via: coaching and mentoring, organizing of events, networking, et cetera. Five different groups exist within IBM, including the Cultural Diversity Networking Group (to raise awareness about the cultural differences in the workforce of IBM). IBM also organizes '*Diversity Networking Events*' and all employees are invited to these events and can learn about different cultures and nationalities. (Pride in Diversity, 2012)
- *Diversity contact officer network*: these officers are employees that are educated for handling complaints that are related to any form of diversity. They are especially focused on the equal chances for employees and laws related to anti-discrimination. (IBM Australia, 2008, p. 1)

- *Benefits:* IBM made its benefits cultural friendly. For example, IBM created the '*floating cultural holiday*', which means that employees can trade official public holidays for days that are important within their culture. (IBM, 2015)

4.3 Business case III: Sodexo

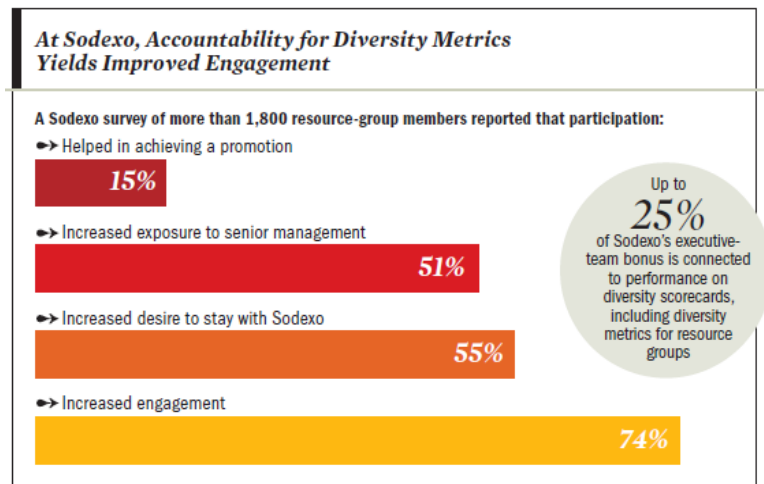
Sodexo belongs to the top 25 worldwide employers. The company is focused on the quality of life, delivering services related to benefits & rewards, on-site and personal & home. More than 400.000 people of more than 130 nationalities are employed by Sodexo and the organization is active in about 80 countries; about 125.000 employees are located in North America. (Sodexo USA, 2015) Sodexo ranks on the third place on the Global Diversity list and on the 2nd place at the main DiversityInc list. (DiversityInc, 2015)

Diversity management is important for all companies nowadays, but for organizations such as Sodexo it is even more crucial. Since Sodexo is a service company, it is important that its employees are involved with and committed to the company in order to deliver high quality services and products to its customers; diversity management can create this high level of commitment and involvement. The global diversity strategy of Sodexo is adapted to local cultures in different countries, so that each strategy fits the mindset of a certain Sodexo location. (DiversityInc, 2015)

The fact that one of the main responsibilities of Sodexo's CEO is to act as the organization's top culture officer, shows how important diversity management is for Sodexo. The CEO communicates closely with the main diversity manager and the CEO has to act as the role model for all other managers/executives within the organization. The CEO of Sodexo is the conductor of the '*Diversity Leadership Council*', which is the platform about diversity and inclusion. The council has to create the strategy for diversity and inclusion and has to determine which aspects are priorities. (Diversity Journal, 2011) For diversity management, both a top-down and a bottom-up strategy are used within Sodexo. After decisions about the strategy and goals are made by the Diversity Leadership Council, both the management groups and the employee business groups are involved in the process. In this way Sodexo wants to create that all organizational levels are committed to the topic. (DiversityInc, 2015)

Sodexo uses different tools and activities for its diversity strategy. Examples of these tools and activities are:

- *Diversity scorecard index:* an important factor that made the diversity policy of Sodexo successful was the introduction of the ‘diversity scorecard index’. This index measures the progress of different aspects in a quantitative and qualitative way. Factors that are measured are: retention, recruitment, mentoring, promotion of employees of minority groups, et cetera. From the moment of implementation of the scorecard, the number of employees from minority groups has increased by 23%. (Nelson, 2015, p. 1)



- *Compensation:* since 2002, Sodexo created a linkage between the accountability of managers/executives and diversity management. Because of this, the index had a major impact on their bonuses. The parts of the bonuses that are related to diversity will be paid out even when financial results of the company would be negative. Sodexo chose for this approach, because diversity will exist despite negative financial results and by this approach Sodexo wants to motivate its employees to stay focused on the topic. (Brenman, 2013)
- *Mentoring program:* the mentoring program of Sodexo, called the ‘Spirit of Mentoring’, has been selected as the best mentoring program of all organizations. The program of Sodexo is very structured and detailed; milestones are defined and each step for mentoring is explained. The relationship between mentor and mentee is watched closely, for example there will be an e-survey to check how the progress of the mentoring goes after six months and one year. Both the mentor and mentee have to be trained before entering the mentoring relationship. The mentoring program has different goals, such as: the development of new leaders, the establishment of a diverse pipeline of employees, lower costs, the creation of a good employer reputation, et cetera. The relationship between mentor and mentee is for one year and the pairs have to be cross-divisional, cross-functional and cross-cultural. Via one of the employee surveys, the mentoring relationship showed clear results, namely:

- ➔ Increase in job satisfaction: mentors 79% and mentees 72%;
- ➔ Increase in organizational commitment: mentors 74% and mentees 72%;
- ➔ Increase in diversity awareness: mentors 52% and mentees 54%;
- ➔ For every \$ 1.00 spend on mentoring, \$ 2.28 is realized as a result of retention and/or increased productivity. (DiversityInc, 2015)
- *Training*: in order to avoid discrimination and creation of stereotypes about minority groups, Sodexo believes it is important to train its employees and managers. Sodexo provides different trainings:
 - ➔ *Skills and Awareness Training*: to create awareness, knowledge and skills about multicultural communication.
 - ➔ *Cultural Navigator*: this is a web-based tool where employees can find information about how to communicate and collaborate with different cultures. This will create a higher level of understanding between employees from different cultures and will make the collaboration between people easier. (Sodexo, 2015)
- *Employee business resource group*: groups that consist out of employees that share the same interests, ideas, characteristics, et cetera. These groups can be used for personal development, networking, getting access to certain resources, meeting senior executives, et cetera. Examples of such groups within Sodexo are: 'Native American and Aboriginal Council (NAAC), Sodexo Organization of Latinos (SOL), Pan-Asian Employee Network Group (PANG), et cetera. (Sodexo USA, 2015)
- *External diversity and inclusion advisory board*: Sodexo established this board to make sure that the company stays focused on the diversity and inclusion topic. The board consists out of seven members; these members are not employed by Sodexo and are experts in different fields of diversity. (Diversity Best Practices, 2010) The goals of the board are, among others: to create partnerships with external parties for the creation of business opportunities, to increase the amount of employees from minority groups, et cetera. (Wiley-Little, 2013)

4.4 Key points of the business cases

Based on the described diversity policies, activities and tools of Deloitte, IBM and Sodexo, several key points of diversity management can be established. These key lessons are listed below.

1. Create a global diversity strategy for the company as a whole, but allow individual locations to adjust this global strategy to its local situation. This will increase the chance that the global diversity strategy will be successful.
2. Create an organizational culture that is inclusive. An organization should have a culture of respect and equality. In addition, the differences between employees should be recognized in a positive way.
3. When implementing diversity management, a company should focus on just two or three diversity aspects at the time. After completing the implementation process, an organization can proceed to two or three other diversity aspects. If a company wants to implement all diversity aspects at the same time, the process will be less efficient and the results will be lower.
4. Involve the top management of an organization in diversity. Let the management be the perfect example of how to deal with cultural and national diversity. When the management shows how important diversity is and how to deal with diversity, it is more likely that all organizational levels will follow this trend. The fact that Sodexo's CEO acts as the top culture executive is a great example of this.
5. Make a linkage between diversity and performance evaluation and let diversity practices influence the annual bonus. An example of how to implement this is the '*diversity scorecard index*' of Sodexo. By making a clear linkage between the diversity practices of an individual and his/her annual bonus, diversity becomes an integral part of the organization's overall business strategy and employees/managers will realize the importance of diversity even more.
6. Make participation to the mentoring program an obligation, as is done at IBM. Since mentoring has a great impact on both the integration of different nationalities within the company and on the personal/career development of an employee, it should be an obligation for managers to take part in the mentoring program. Again, this mentoring program should be linked to the manager's performance evaluation and annual bonus (via the diversity scorecard index for example).
7. Organizations should offer trainings to its managers and employees. The trainings for managers and for employees should be different, since both groups will deal with diversity from different angles. Trainings should exist out of workshops, online programs or any other form of training.
8. Another important aspect for diversity is the creation of diversity networks and councils. Since employees are the members of these networks and councils, this

will create diversity support from bottom-up. This bottom-up approach in combination with the management support (top-down) will increase the employee commitment towards diversity.

9. The establishment of the position of 'diversity contact officer' will have a positive influence on diversity. This position should make it possible for employees to complain and show their concerns about diversity situations in the company. These alerts help companies to improve its diversity strategy, since they apply a certain form of 'management-by-exception'. Another task for the 'diversity contact officer' is to make sure that diversity remains an important topic within the organization.
10. To increase the cultural awareness within an organization, it is important to organize events which all employees can attend. During these events employees will learn about other nationalities, their cultures and habits. As a result, employees have more knowledge and skills about different nationalities, what will have a positive effect on their behavior in multicultural teamwork.

Chapter 5 Best practices of diversity management: general guideline

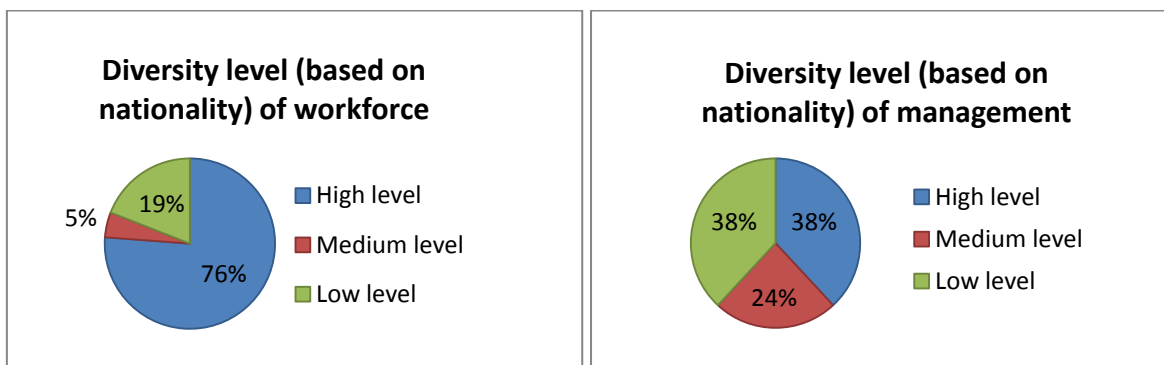
This chapter is divided into two parts. Firstly, the results of the practical research will be shown and analyzed. Secondly, based on the analysis of the three organizations in the previous chapter and the results of the questionnaire and interviews, performed by the author of the thesis, a general guideline for the implementation of diversity management will be established.

5.1 Results of field research

In this subchapter the results of the nineteen questionnaires and the two interviews will be analyzed. The field research was conducted in March and April 2015. The respondents consist out of HR employees and managers of organizations. The list of questions for the questionnaire and semi-structured interview can be found in Appendix V and the summary of the answers can be found in Appendix VI. Due to information sensitivity, organizations required that the company name remained anonymous. Some general information about the questioned companies include that they are all major companies, which are internationally active with large workforces. The main difference between the companies is the sector in which they are active: mobile industry, software and solutions, financial sector, et cetera.

5.1.1 Workforce/management composition and diversity management

The graphs below show that companies are indeed diverse nowadays. Nevertheless, it can be stated that in general the level of diversity is higher at the workforce level than at the management level, which corresponds to the analysis and theory as previously described. What should be mentioned is the fact that even though companies are worldwide highly diverse, in some cases this is not visible within the local sites of companies. This is especially the case with diversity in management levels; many organizations still have mainly white men within these positions in the company. (Wolters, 2015)



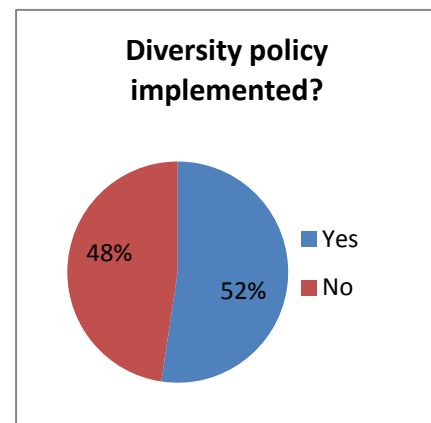
A linkage can be made between the level of diversity in the management and the degree to which the organization considers diversity as important. The results of the field research show that in those organizations where the management is diverse, the organization considers diversity as important and a diversity policy is developed. Within those organizations where the level of diversity in the management is lower or does not exist, two options can be seen:

1. The company acknowledges the importance of diversity, but states that it is not applicable for their organization; as a result: no diversity policy is established.
2. The company does not acknowledge the importance of diversity management; as a result: no diversity policy is established. (Wolters, 2015)

These results support the outcome of the analysis and theory previously described.

5.1.2 Diversity management policy

As can be seen in the graph at the right, a small majority of the organizations (52%) have developed a diversity policy, but the amount of organizations without a diversity policy (the other 48%) is also quite significant. The organization statements about diversity management are listed below.



Organizations *with* a diversity strategy said the following about diversity management:

- It is one thing to recruit employees with different backgrounds and it is another thing to have a management that can effectively manage and use the organization's diversity; for this a diversity strategy is needed.
- Companies should establish diversity targets with the focus on four different aspects: age, gender, disability and culture & identity.
- Companies should preserve their responsibility to be diverse and open to all people that would like to work for the company.
- Each country management is allowed to give its own interpretation to the fulfillment of the overall diversity strategy.
- The local diversity strategy should be linked to the overall organizational strategy.

- It is important that the management composition reflects the workforce composition.
- Companies need to focus on the clients they serve, the suppliers they do business with and the communities in which they operate; the workforce should be a good reflection of this all.
- Clear communication about the diversity policy is important; the management should stimulate an environment where employees can openly speak about diversity.
- The management should strongly support the diversity strategy to make the implementation successful. (Wolters, 2015)

Organizations *without* a diversity policy said the following about diversity management:

- Companies should focus on treating all employees with respect; a diversity policy is not necessary for this.
- Everybody in the company appreciates the diversity in the workforce and sees the benefit of it; organization does not need a diversity policy to realize this.
- Diversity management is something that HRM should take into consideration; there is no need to establish a policy about it. (Wolters, 2015)

Remarkable was the fact that companies that did not implement a diversity policy, did not know other companies that are doing well in the field of diversity. Companies *with* a diversity policy were able to mention other companies with good diversity policies. However, the three best companies described in the previous chapter, were almost not mentioned. Most of the companies gave Google as the best example of diversity management. However, the workforce of Google is not that much diverse and the organization has to make some progress in its diversity management. Looking at the workforce composition of Google it can be said that their workforce mainly consists out of white men and this is especially visible within the leadership positions (72% of the management is white). Google admits that the company has to improve its diversity practices and the organization is working on it. (Jacobsen, 2014) (Google, 2014)

5.1.3 Diversity tools

Organizations with a diversity strategy use several tools to execute this policy. Some of these tools correspond to the instruments described in previous chapter; therefore the tools which are used by the surveyed organizations will only be briefly mentioned:

- Social activities and events (corporate parties, sport events, teambuilding, et cetera).
- Mentoring and sponsorship.
- Trainings for employees, line managers and HR.
- Information platforms about diversity.
- Diversity internships.
- Communication about the spirit of the diversity strategy and agenda.
- Diversity is always mentioned in vacancies.
- Fulfillment of special needs – offer flexible benefits (holidays, prayer rooms, working from home, et cetera).
- Employee resource groups and diversity networks. (Wolters, 2015)

5.1.4 Considerations of diversity policy

Despite the fact that not all surveyed organizations introduced a diversity policy, all companies made their opinion about the implementation process clear. The most important considerations and advices are listed below:

- Diversity policy should be focused on quality (best person for the job), respect, tolerance and equity; it should bring benefits to each individual and the organization as a whole.
- Diversity policy should be focused on inclusion of all different humanity aspects to not only reflect the society, but to make people feel valued as a human being at work.
- Diversity policy should be fair, honest and transparent.
- Keep the diversity intentions and initiatives as sincere as possible, since employees will sense when diversity is a form of ‘window dressing’, which will turn the employees against the company.
- Companies should gather information from their employees to find out what their employees think is important and to increase commitment towards diversity.

- Set diversity goals and diversity quotas (numerical requirements for different diversity aspects, such as hiring, promotion, et cetera).
- Diversity policy should be an integral part of the overall organizational policy.
- Diversity policy should focus on providing support for the more vulnerable groups within the company, so they too can advance.
- Diversity policy should create a workforce that reflects the customer base; this will improve the efficiency, quality, et cetera.
- Companies should focus on creating right conditions for the collaboration between employees and managers from different cultures/nationalities.
- Companies should consider the diversity policy as a competitive advantage and not as just an HRM policy. Companies should invest in significant resources to make sure that all employees clearly understand why diversity matters in terms of organizational performance and success.
- Pay attention to internal communication; create an environment where diversity can be openly discussed. (Wolters, 2015)

5.2 General guideline for diversity management

Based on the theoretical background, the organizational analysis and the field research, a general guideline for the implementation of diversity management will be established in this subchapter. Since the focus and approach towards diversity management differs per sector and organization, it is not possible to make a detailed action plan, since this will not bring added value. What brings added value is an action plan that describes the main steps and tools for the implementation of diversity management. The established guideline is developed for those companies which have to start with diversity management or those companies that want to change their approach towards diversity.

Implementing a diversity policy is a long-term process which takes quite some time and energy, since a successful diversity policy requires changes on strategic, cultural and structural level. It depends on each organization which department/leading position bears the final responsibility of the implementation and results. Some companies lodged the responsibility at HR, the management, diversity councils, et cetera. In the guideline below it is proposed to create a diversity council that will take the main responsibility. However, the fact remains that HR and the line managers play an important role in the diversity performance.

The proposed guideline for the implementation of diversity management can be found in Appendix VII.

5.2.1 Step 1: creation of diversity council and appointing diversity contact officer

The creation of a diversity council shows how important diversity is for an organization. As stated in the previous chapter, a diversity council consists out of a group of employees from different levels and positions within the company, including executives and senior managers. These councils can be seen as advisory boards for an organization and should focus on diversity issues. Diversity council goals include, as written in the previous chapter: increasing diversity awareness and increasing effective use of a diverse workforce. (Pride in Diversity, 2012) The council acts out of name of the organization, it should start and manage the diversity and inclusion process and it should set a clear diversity agenda describing the diversity commitments of the organization (including compliance with all laws related to diversity and the avoidance of discrimination). An organization should make sure that on each location a team is established that is responsible for diversity; this will increase the effectiveness of the overall diversity strategy and policy. However, these councils do not have the authority to adapt the overall organizational culture, this means that the council should cooperate with the organizational executives and directors. (Catalyst Information Center, 2013, p. 1) Close cooperation and communication between the diversity council and the Board of Directors/executives is essential for the creation and maintenance of diversity and inclusion within a company.

For the proper functioning of the council, several conditions are important. First of all, it is important that the management and executives show sincere support and commitment; participation of the director/CEO is, of course, ideal. Secondly, the diversity council should consist out of employees with different nationalities and cultures, so the council will view issues from different angles. Thirdly, the council should create a long-term strategy which is linked to the overall organizational strategy. This strategy, together with the diversity goals, should be communicated to the management and employees (communication will be explained in section 5.2.8). (Catalyst Information Center, 2013, p. 2)

In addition, employees should get the possibility to show their concerns and make complaints about diversity practices. To make this possible, the position of ‘diversity

contact officer' should be created. These officers deal with incoming complaints and concerns and focus on the improvement of diversity practices in the company. The creation of this position will enable an organization to be in line with diversity laws and regulations.

5.2.2 Step 2: visualize previous diversity initiatives and results

When applicable, it is very important and useful for organizations to check and visualize previous diversity initiatives and their results. Organizations should analyze and evaluate these previous initiatives, so they can learn from them. When an organization would like to collect information about these initiatives, it is important to receive input from the employees (how did they perceive the previous initiatives, did they actually notice these initiatives, et cetera) and from the management/line managers/HR. In addition, the structure of the documents related to these initiatives should be checked. The tools that can be used for this data collection are similar to the tools for the next implementation step; the next subchapter will explain these tools (questionnaire, evaluation of documents, discussion boards and individual conversations).

5.2.3 Step 3: collect organizational data

The third step in the diversity implementation process is the collection of organizational data. Different approaches can be used for collecting this data, namely quantitative and qualitative approaches. Four different tools are very useful for this stage, namely:

1. *Questionnaire*: the questionnaire should be sent to all employees; in addition, an organization can decide to send a specific questionnaire to minority groups within the organization. These questionnaires can show the cultural/national background of employees, can measure the level of commitment, satisfaction and equality, et cetera. It is important that the questionnaires are anonymous, in order to motivate the employees to answer the questions honestly.
2. *Evaluation of documents*: organizational documents should be checked to decide the extent to which diversity is integrated. Examples of documents are: job descriptions, new hire documents, work regulations, et cetera. It should be checked whether the topic of cultural/national diversity is included in these documents.
3. *Discussion boards*: the composition of these boards should be a good reflection of the workforce composition. In these boards, participants share their ideas and

opinions about diversity and stereotypes, conflicts can be identified, et cetera. To increase the effectiveness of these boards, companies should add an anonymous questionnaire, so that the participants will freely express and explain their opinion.

4. *Individual conversations with diversity contact persons:* this fourth manner will result in qualitative results, since the interviewees have great knowledge about the topic. Different persons can be interviewed, such as: the line managers, HR employees, confidential counselors, et cetera. (FedWeb, 2015)

This third step of the implementation process is very important, since it will show how far an organization is in the field of diversity and which changes have to be made within the organization. This step must be performed and evaluated by the diversity council and it should be done in an effective and structured way.

5.2.4 Step 4: create diversity vision and diversity priority areas

This fourth step is focused on the creation of the organizational vision towards diversity. The created strategy, goals and policies should be reviewed regularly, so the organization makes sure that it is on the right track in its diversity policy. Important parts of this step are: defining the meaning of diversity for the company, establish diversity goals (should be linked to the overall organizational goals and should be SMART (Specific, Measurable, Attainable, Relevant and Time-bound)), define the advantages of diversity management and establish key focus areas of diversity. Since the organizational analysis showed how important it is to focus on two or maximum three diversity aspects at the time, it can be recommended to focus on the following three key areas:

1. *Create inclusive organizational culture:* as described in the analysis of the previous chapter, organizations should not just focus on diversity but should also focus on the creation of an inclusive organizational culture. The importance of an inclusive environment is emphasized by research results, which showed that the main reason



Figure 8: Key Diversity Areas

of outflow of young migrant employees is that they felt underappreciated and did not get the chance to develop themselves in the organization. Some characteristics of an inclusive organization are:

- Acceptance of differences;
 - Transparent procedures and policies;
 - Equal treatment for all employees;
 - Acceptance and support of changes;
 - Creation and maintenance of learning culture. (MD Anderson, 2015)
2. *Create management support*: another aspect that became clear from the analysis of Deloitte, IBM and Sodexo, is the importance of having management support towards diversity. An organization should have a management that acts as an example towards their employees and the management should show that they are motivated to create diversity within the organization. With a high level of management support, employees feel that the organization really takes diversity serious and that the company has a sincere intention to create a more diverse workforce. When employees sense that the intention of the company is a form of ‘window dressing’, the intention will be counterproductive. According the results of the theoretical background and the results of the field research, it can be stated that most of the organizations still have to make a big step to create this management support. A first step to get this management support is to create a management with a multicultural background.
3. *Create awareness and commitment on all organizational levels*: to create a successful diversity policy, all organizational levels should recognize the importance of diversity and should get committed to this organizational goal.

The tools that should be used for the creation of these diversity key areas will be described in paragraph 5.2.6.

5.2.5 Step 5: establish diversity policies

Organizations should search for those diversity policies and procedures that fit the mindset and attitude of the management/employees and that fit within the current and future situation of the organization. Headquarters should allow sites in specific countries to make adjustments towards the global diversity strategy and apply local initiatives. However, it is important that these local initiatives are not in contrast with the global diversity strategy, so

that the overall diversity goals will be achieved. In each local site a diversity council should be established, which will take the responsibility for the implementation of the diversity strategy within that location. Examples of local initiatives are:

- Discussion of local diversity strategy within senior executive meetings;
- Creation of local diversity websites;
- Creation of local diversity groups;
- Creation of actions to get a more cultural and national diverse workforce (recruitment regulations can differ in countries). (Ista, 2015)

5.2.6 Step 6: determine diversity tools

In this sixth step, the intentions and strategy will become more tangible since the tools of diversity management will be described. The decision of which tools to use depends, of course, on the context of the organization. Nevertheless, certain recommendations about the tools can be given.

Diversity tools are especially related to the HR processes of an organization, such as recruitment, human resource development, promotion, compensation and performance management. These HR processes have to be reviewed and improved continuously. It is important to mention that these HR tools also have an influence on the creation of an inclusive organizational environment.

- *Open and transparent recruitment practices:* to increase the level of national diversity within the workforce, it is important to use different recruiting strategies instead of the classical recruiting approach. Examples are:
 - ➔ Companies should use different recruitment tools. One of the main tools to reach people with different cultural/national backgrounds is to address them in person via: events which are specifically (but not exclusively) focused on minority groups, job fairs (people representing the organization should have different national/cultural backgrounds), visit universities and explain students and almost graduates about the importance of diversity for the organization, et cetera.
 - ➔ This approach can be supported by distributing the vacancy via the target group (for example, via associations which are focused on the target group).

- ➔ Make use of the networks of the current employees by implementing a referral program. Within this program employees are encouraged to refer qualified people they know and employees should receive a certain reward in return.
- ➔ Post the vacancy in media that is used and popular by immigrants. This will ensure that a company will reach a bigger pool of employees.
- ➔ In addition, companies should focus on the content of their vacancies. The job description should emphasize the importance of diversity for the company and the diverse workforce should be described in the vacancy. Besides, companies could establish a policy that their vacancies should indicate that no discrimination in any form takes place within the organization. An example of this are the vacancies of NXP which state: ‘We are an Equal Opportunity Employer and do not discriminate against applicants due to race, ethnicity, gender, veteran status, or on the basis of disability or any other federal, state or local protected class’. (Careers Peopleclick, 2015)
- ➔ Companies should establish recruiting procedures which are focused on diversity. Examples are: diversity related interview questions, a recruitment team with people from different nationalities, et cetera. The recruiting process should be focused on the identification and selection of employees with different backgrounds. This should be done according to job-related and objective criteria and people should have a unique skill set and certain competences for working in diverse teams. (Ista, 2015)
- *Training:* one of the crucial factors of embedding diversity management is the education of managers, HR, recruiters and all other employees. They should learn how to deal with cultural and national diversity by creating skills – awareness – knowledge, removal of ‘mind-bugs’ (stereotypes for example), et cetera. The importance of trainings for the workforce has been emphasized by the analysis of the companies and by the results of the field research. Companies made clear that organizations should not just focus on hiring diverse employees, but they should also focus on creating management teams which are ready to use the diversity. Each organization should decide which training fits the best. Especially the following trainings are used by organizations:
 - ➔ First of all, it is important to provide workshops and online trainings for managers so they will learn about inclusive leadership and how to manage a cultural diverse team. Subsequently, organizations should require that their

managers will transfer this gained knowledge towards their subordinates (for example by team meetings, one-to-one conversations, et cetera). These trainings for managers could be implemented by making diversity sessions part of the 'Leadership Development Program'. (Ista, 2015)

- ➔ Besides the education for the managers, it is also recommended to provide a self-assessment program to employees. This assessment should provide information about cultural differences and should give advices and tips for dealing with other nationalities and cultures (examples: 'The Cultural Navigator Program' or the 'Country Navigator').
- ➔ Provide workshops for expatriates in the introduction period, so they will immediately learn about the culture of the organization and the culture of the country they will work in. This can avoid possible cultural conflicts at the start of the employment.
- ➔ To stimulate diversity, it is important that companies provide language trainings to its workforce. This shows the importance of internationality for the company.
- *Mentoring and coaching:* according to the analysis in the previous chapter, mentoring is very important for the quality of cross-national collaboration. The mentoring relationships should be cross-national, cross-functional and cross-departmental. In this way, employees will learn new skills and gain knowledge and both the mentor (senior manager) and mentee (talented employee), as well as the organization, will benefit from the relationship. Since mentoring can have a major impact on the effectiveness and success of the diversity and inclusion policy, it can be recommended to make mentoring obligatory (example: IBM). The mentoring relationship should exist for at least one year.
- *Open and transparent career development practices:* most of the organizations showed that all employees have equal chances within the company. Nevertheless, some companies made clear that a 'local focus' still exist, since companies are mostly focused on profit/loss accountabilities. (Wolters, 2015) To support equality and transparent career development possibilities, it is important to implement several tools. Especially mentoring, sponsoring, training and a 360-degree feedback system are important for a transparent promotion system.
- *Linkage diversity and performance evaluation:* as could be learned from best practices of organizations, it is important to make diversity an integral part of the overall business strategy. An important aspect of this is the linkage between

diversity practices and performance evaluation. By connecting these two aspects, the managers and employees receive a clear signal of the importance of diversity management for the organization. This means that the quality and quantity of diversity practices influence the amount of annual bonus. This linkage is possible by introducing the 'diversity scorecard', as is done by Sodexo. The scorecard can have different structures; an example of a scorecard structure is the linkage between the diversity strategy and several factors, such as: workforce profile, work culture, learning & growth, leadership commitment and financial results. By implementing the scorecard, aspects of diversity management become measurable.

- *Diversity supporting benefits and other factors:* when focusing on increasing cultural and national workforce diversity, an organization should think about employee benefits. Since employees have different needs and wishes, it can be expected that these differences will be even bigger between employees with different backgrounds. Besides these benefits, also other activities which are related to diversity are important. Examples of these benefits and activities are:
 - ➔ Floating holiday agenda;
 - ➔ Creation of prayer rooms;
 - ➔ Arranging annual diversity conference;
 - ➔ Establishing a digital diversity platform where all (scientific) articles, researches, activities, blogs and discussions related to diversity are shown. In addition, the situation and progress of the organization in the field of diversity should be described on this platform. This platform should be partly interactive, in order to stimulate employees to discuss about diversity and increase their commitment towards and awareness about the topic.
- *Partnering with external bodies:* engaging with external partners can help an organization to create a more diverse workforce, examples are:
 - ➔ Establish relationship with agencies that work with immigrants.
 - ➔ Sponsor or join multicultural events to create awareness among and establish connections with immigrant communities. (British Columbia, 2008, p. 14)
 - ➔ Participate in external think-tanks ('organizations that conduct research and engage itself in advocacy in public policies in fields of economy, business policy, social policy, et cetera'). (Cooper, 2015) (Ista, 2015)

The purpose of external partnering is that an organization shows its 'face' in the community where they could possibly meet with immigrants. By doing this, an

organization increases the awareness and, hopefully, the attractiveness for immigrants to work for the company. Other forms of external partnering are, of course, also possible.

5.2.7 Monitor and evaluate diversity plan

Creating accountability for diversity is one of the key factors for a successful diversity policy and strategy. (Advisory Committee on Diversity for Communications in the Digital Age, 2004) To create this accountability, monitoring should be part of the implementation process. With monitoring, the effectiveness of the diversity policy will be measured. This is crucial for the whole process, since it becomes clear if the process has to be changed or that the organization is on the right track. Monitoring should especially focus on steps four until six of the implementation process. As a result of the monitoring, different next steps can be taken, namely: improve the diversity process or celebrate success of the diversity policy and reward the role models.

Different monitoring tools exist; combining these tools will increase the effectiveness. Examples of monitoring tools are:

- *Diversity scorecards/diversity metrics:* these scorecards and metrics track and measure the diversity progress of specific items (recruitment, mentoring, promotion, retention, et cetera) in a qualitative and quantitative way. The scorecard/metric measures where a company is, which progress the company has made and what the company needs to do to get to the next level. The results of these scorecards should be analyzed and discussed with the CEO, executives and/or management teams.
- *Diversity report:* the diversity council prepares a diversity report and should submit this report to the CEO, executives and/or management team; the frequency of the report depends on each organization (quarterly, semi annually, yearly, et cetera). This report should describe the progress of diversity related items, such as: the establishment of a cultural/national diverse workforce (i.a. level of diversity at different organizational levels, analyze retention of different demographic groups, et cetera), the appreciation of the diverse workforce (analyze employee survey results – employee feedback, establishment of inclusive work environment, effectiveness of employee network groups, et cetera) and managing the diverse workforce (evaluation of diversity training (competence, skills and awareness) for

managers and employees, et cetera). (Advisory Committee on Diversity for Communications in the Digital Age, 2004) In addition, an organization could add diversity performance indicators to the annual HR audit or the annual social report. (Ista, 2015)

- *Diversity meetings:* the diversity council should regularly meet with the CEO, executives and/or management teams in order to discuss the diversity related items. During these meetings certain diversity activities can be adjusted, difficulties of the diversity strategy can be discussed, et cetera.
- *Exit interviews:* organize exit interviews with employees who leave the organization, focus hereby especially on employees from the target group. Ask employees why they leave the company and if they faced problems with the organizational culture. To get clear feedback about the diversity policy, it is useful to specifically ask about this policy.

Based on the monitoring, it becomes clear which aspects of the diversity policy are performed in the right way and which items of the policy are lagging behind. This makes it possible to apply ‘management-by-exception’ and to focus energy/time to those aspects of the policy that need to be improved. It also becomes clear which managers perform right and these managers should be rewarded by, for example, a higher annual bonus. Improving those items that are lagging behind and rewarding those items and managers that are performing well, makes people more focused on diversity, makes people motivated to increase and improve diversity practices, et cetera.

5.2.8 Communication with all organizational levels

To make the implementation of the diversity policy as efficient as possible, it is important to communicate at all implementation stages with the different organizational levels about the ‘why’ and ‘how’ of the diversity policy. Internal communication will create awareness about and will increase support for the diversity policy. It is also important to communicate externally, to increase the company image and inform the environment (potential employees, customers, et cetera) about the trend within the organization. (Federal Government, 2010)

The diversity council is mainly responsible for the communication about the diversity policy. The diversity council can appoint several diversity champions (diversity ambassadors) within the organization. Diversity champions are employees that take

diversity very serious and they want to be a role model for their approach towards diversity. For the communication with employees, the managers play an important role, since they should communicate with their subordinates about diversity and they should act as an example for their team. (Federal Government, 2010)

Different decisions should be made for the communication plan:

1. *Define the communication message:* make sure the message is clear and simple. The message could be about: the spirit of the diversity policy, the diversity agenda, achieved diversity results, et cetera.
2. *Determine the communication target group:* managers, employees or overall organization.
3. *Determine the communication channel:* internal or external communication channels can be used. Internal tools are: newsletters, e-mail, intranet, information events, meetings, et cetera. And external tools are: job fairs, website, visiting of universities, et cetera. The decision about the communication channel depends on the target group.
4. *Determine frequency and moment of communication.* (Federal Government, 2010)

It is useful and important for organizations to develop a communication plan. This communication plan should be clear and could have the following structure:

Date	Target Group	Message	Channel	Document	Frequency
xx-xx-xxxx	Management.	Organization created diversity strategy.	Meeting of CEO, executives and management.	For example: PowerPoint presentation.	X
xx-xx-xxxx	Employees.	Organization created diversity strategy.	Newsletter, intranet, website, team meeting, et cetera.	Diversity action plan, article, et cetera.	X
...

Source: (Federal Government, 2010)

The importance of the communication about the diversity policy cannot be underestimated, since this part of the implementation process will create and maintain awareness about and engagement towards the topic. Communication with the target groups should happen continuously, since diversity management is also an ongoing process. An organization should establish the communication plan carefully. (Federal Government, 2010)

Chapter 6 Conclusions

In this sixth and final chapter, the main outcomes and conclusions will be given. These conclusions are the result of the theoretical investigation, the organizational analysis and the field research that consisted out of two semi-structured interviews and nineteen questionnaires.

6.1 Diversity brings more advantages than disadvantages

Nowadays organizations become increasingly international and as a result, the workforce is changing as well: workplace diversity is the new reality for organizations. Even though the workforce composition is changing, not all organizations see the added value of implementing a diversity policy within their company. Companies and their management are often not aware of the benefits and advantages that diversity management can bring. After balancing the pros and cons of diversity management, it can be concluded that diversity management brings more advantages than disadvantages, namely:

Advantages diverse workforce	Disadvantages diverse workforce
<ul style="list-style-type: none">- Company becomes more flexible and open.- Company can adapt itself to changes in labor and sales market.- Increase status and image of organization.- Fulfillment of regulation and legislation (decline in discrimination lawsuits).- Cost advantage (lower turnover and absenteeism costs).- Increase level of creativity and innovation.- Better problem solving and decision-making process.	<ul style="list-style-type: none">- National employees are scared for and feel threatened by new employee groups, working methods and collaborations; willingness to cooperate with diversity management is low.- Difficulties in managing a diverse workforce (cultural conflicts).- Challenges of diversity: stereotyping, prejudice, ethnocentrism and discrimination.

This list makes clear that the disadvantages of diversity are especially related to feelings and communication. These problems can be solved by offering trainings, information events, mentoring relationships, et cetera. When these problems are tackled, an organization can enjoy the essential advantages of a diverse workforce.

6.2 Management team diversity is of great importance

Having a diverse management that is highly involved with the diversity policy is important for ensuring an overall diversity support within the organization. Results of the field research made clear that those organizations with a *low* level of diversity within their management do *not* acknowledge the importance of diversity and did *not* implement a

certain policy. Organizations *with* a diverse management *do* recognize the importance of diversity and *do* have a diversity policy. In addition, a committed management with regard to diversity will increase the chances of implementing a successful diversity policy, since this management support shows that the company takes diversity really serious. Besides, research has shown that if a management team itself is diverse composed, than this has a positive influence on the financial performance of an organization (higher return on equity, higher overall performance and higher profitability).

Even though research showed the importance of having a diverse management team, it became clear that in practice companies do not actively focus on national/cultural diversity within their own management positions. This results in management teams that still look homogeneous with mainly white men. This outcome is confirmed by the results of the field research, which shows that many companies have a low/medium level of management diversity. Companies should pay attention to diversifying their management, since this has a major effect on the overall organization and its performance.

6.3 Inclusive organizational culture is essential

When thinking about diversity, social inclusion cannot be forgotten. Companies should not only take diversity into account, but they should create an environment with inclusive characteristics, such as: equal treatment of all employees, recognize and support differences, encourage changes, et cetera. By creating an inclusive environment, an organization can really benefit from its diverse workforce and will prevent that employees from minority groups will leave the company. Creating a diverse workforce can be seen as step number one, but the integration and inclusion of these employees is the important step number two.

6.4 Diversity management must be integrated

Diversity management is not an isolated topic: the diversity goals, strategy and vision should be linked to the overall business goals, strategy and vision. Companies should use diversity management as an instrument to achieve its organizational goals; diversity is not a goal in itself. By making a linkage between diversity management and the organizational goals, strategy and vision, the importance of diversity will be emphasized. A possibility for integrating diversity within the company is creating a linkage between performance evaluation and diversity (for example via the diversity scorecard). This linkage in

combination with a high management commitment will create a big support base and increases the probability of having a successful diversity policy.

6.5 Attractiveness diversity management should be promoted

As shown by the field research results, a small majority of companies have currently implemented a diversity strategy. Even those organizations that have a diversity policy indicate that they should pay more attention and time to the 'ability to execute'. Companies should avoid 'window dressing', which means that companies say they have a good diversity management policy, but in reality this is not the case. This means that an organization does well on paper, but in reality they lack quality. This 'window dressing' can damage the company image and can turn people (employees) against them. A significant first step in increasing the attractiveness of diversity management is, as discussed before, promoting the effectiveness and importance of having diversity within the Board of Directors and management.

Overall, it can be concluded that diversity *is* important for organizations, but that not all organizations realize or want to realize this. Nowadays, many companies do not yet see diversity as something they should pay much attention to. Even those companies that realize the importance of diversity have to pay more time and energy to the topic. With the fast changing labor and sales markets it becomes essential for companies to *do* pay attention to diversity and the managing of it. Otherwise companies will be faced with problems of attracting new staff (company image), increasing the efficiency, bringing innovation, et cetera, in the future. In other words, greater attention should be paid to the policy and management of diversity and social inclusion.

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