"Diversity management: future assets for HR management"

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Who are we?

Impronta Etica is a **non profit organization** that brings together companies, utilities, and SMEs and that was founded in 2001 for the development and promotion of Corporate Social Responsibility.

By **promoting sustainable development practices**, Impronta Etica is creating a ***network*** between enterprises and organizations that consider social commitment as an essential aspect of their business and implement CSR practices.

In 2002, Impronta Etica became a **CSR Europe's National Partner Organisation (NPO)** to promote the exchange of best practices and take part in the European debate on CSR.

The European Background 1/2

Only **63% of women are in work** compared to 76% of men.

Big gaps remain:
• **Women** account for the vast majority of **part-time workers** (31.5% vs 8.3% male part-time workers) and have **more precarious jobs** although women represent a majority of students and university graduates.

• The **pay gap** between women and men is persistently wide: on average and across the whole economy, women in the EU earn 17.6% less per hour than men.

• Women continue to be **under-represented in decision-making processes and positions**, in particular at the top level: men account for nearly 89% of the board members in EU's biggest listed companies. The disparity is widest at the very top (only 3% of such companies have a woman in charge).

Source: COM(2010) 491: strategy between women and men 2010-2015

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The European Background 2/2

- The **unbalanced division of domestic care responsibilities** is still an obstacle for women who want to move ahead in their careers. The **division of family responsibilities** is still **very unequal** between women and men.

- Women are the **main victims of gender-based violence** and women and girls are more vulnerable to trafficking of human beings: in Europe, an estimated one fifth to one quarter of all women have experienced physical violence at least once during their adult lives.

- The **risk of poverty** is higher for women than for men.

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The background: the Italian case 1/2

The company should deal with a **changing context**:

- Increasing number of **immigrants**: 7,1%
- Increasing number of second generation or in school age immigrants:6,8%
- Low rate of **women employment**: 47,2%
- High number of companies that do not respect **compulsory recruitment standards**.
- In average, 13% of **women in the Boards of directors** of companies in Europe; Italy is under the European average (7,6%)

Increasingly low productivity and innovation rates.

*Source: **Global Gender Gap Index 2009 Rankings***

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The background: the Italian case 2/2

Focus on women

On 135 countries, Italy:

- 72nd position for women-men disparity
- 95th position for economic participation and opportunity
- 88th position for work participation
- 91st position for earned income

Shrinkage of welfare services

(e.g. poor family support; companies have to fill State's gaps)

INDEED

- 20% of women leaving work after their first child.
- Only 5,7% of public budget for families and minors.
- 11% of nursery places for children from 0 to 3 years old.

Source: **Global Gender Gap Index 2009 Rankings**

The EU strategy for equality between women and men 1/2

The Europe 2020 Strategy

- **Smart growth**: developing an economy based on knowledge and innovation.

- **Sustainable growth**: promoting a more resource-efficient, greener and more competitive economy.

- **Inclusive growth**: fostering a high-employment economy delivering social and territorial cohesion.

In particular, **priorities for women and diversity**:

- Need for a greater involvement for women in the work force.

- Need to promote gender equality.

- Define and implement measures addressing specific circumstances of group at particular risk, e.g. women

Towards a new development model based on CSR and sustainability

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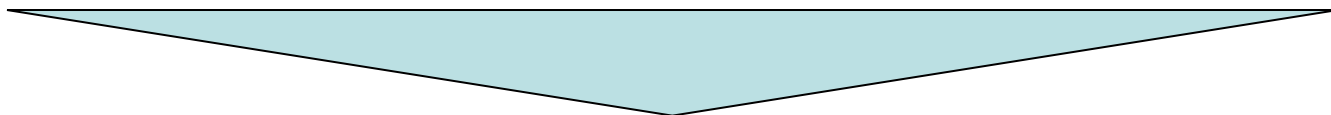
Corporate Social Responsibility & Sustainability:
towards a new development model

- **"A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (*The European Commission's definition of CSR, 2001*)**

- **"Corporate social responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large" (*World Business Council on Sustainability Development*)**

Sustainable development: meeting the needs of the present without compromising the ability of future generations to meet their own needs - World Commission on Environment and Development (1987).

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Based on the **triple bottom line**

ECONOMIC

SUSTAINABLE DEVELOPMENT

ENVIRONMENT

SOCIAL
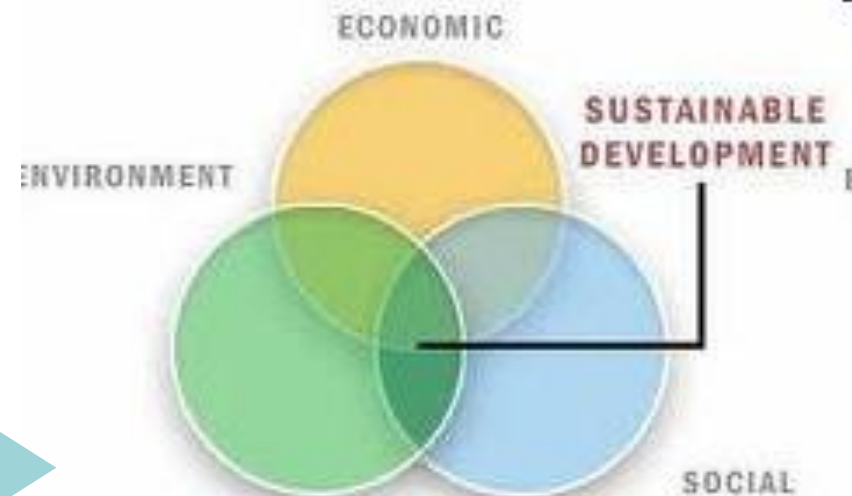
From CSR to Diversity management...

CSR focuses on:
PEOPLE's empowerment

↓

People differ in many ways

↓

**Implications** arising in the workplace because of those differences

↓

Strategies that can be used to ensure that issues and opportunities arising from having a diverse workforce are addressed in the interests of the staff and the business.

↓

Diversity management
Diversity Management is the **active and conscious development** of a future-oriented, value-driven, strategic, communicative and managerial process of accepting and using certain **differences and similarities as a potential in an organisation**, a process that creates added value to the company (Source:*International Society for Diversity Management*)

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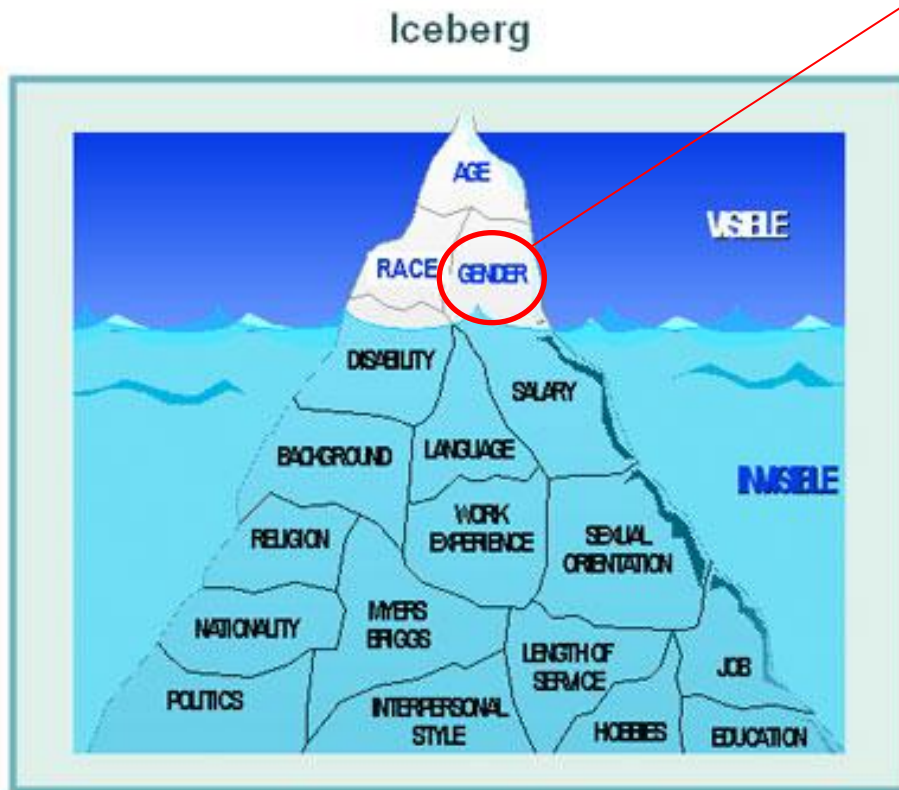
Types of diversity

Diversity: source for creativity & innovation

- Managing diversity is about **ensuring that all employees have the opportunity to maximize their potential and their contribution to the organisation** (employees feel needed and have a sense of belonging).

- It recognises that people from different backgrounds can bring **fresh ideas and perceptions**, which can make the **business more efficient and successful**.

- Diversity brings substantial potential benefits such as **better decision making and improved problem solving**, **greater creativity and innovation**, which leads to enhanced product development, and more **successful marketing** to different types of customers.

- Having a diverse workforce will ensure that the organization is **reflective of the local community and the society** it operates in.

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Diversity and competitiveness: the advantages for the company

Internally

- Greater **adaptability and flexibility** in a rapidly changing marketplace
- *Bigger talent pool:* attracting and retaining the best talent
- *Improved employee morale, Higher productivity*
- *Better communication*
- **Reduction costs** associated with turnover, absenteeism low productivity, grievances
- Increased sales and profits
- *New energy and ideas:* increased innovation and creativity can improve the capacity for renewal of a company
- *Diversity of opinions*: diversity of points of view and experiences widens the general perspective and in consequence improves company's productivity

Externally

- *Greater affinity with customers:* gaining and keeping greater/new market share (locally and globally) with an expanded diversified customer base
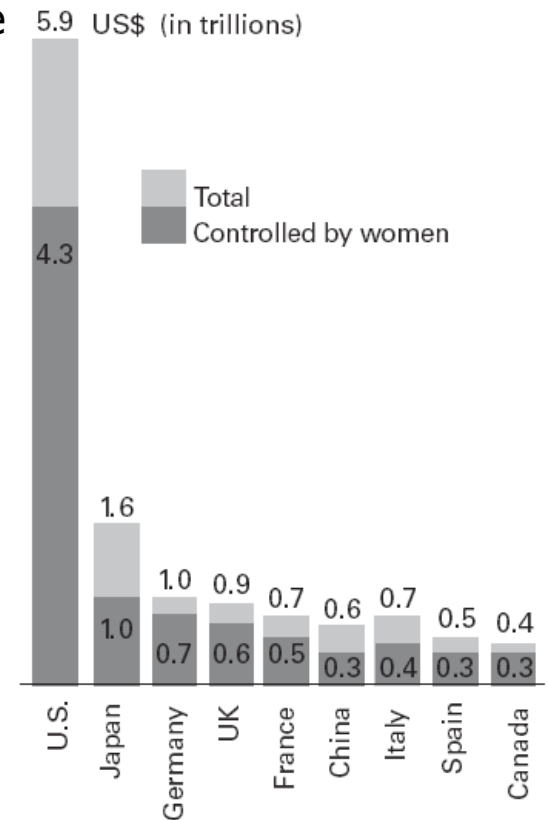- More **efficient use of human capital available** on the territory
- *Legal compliance*

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Diversity as a market opportunity

(example)

"As a market,in terms of consumer spending, women represent a bigger opportunity than China and India combined"
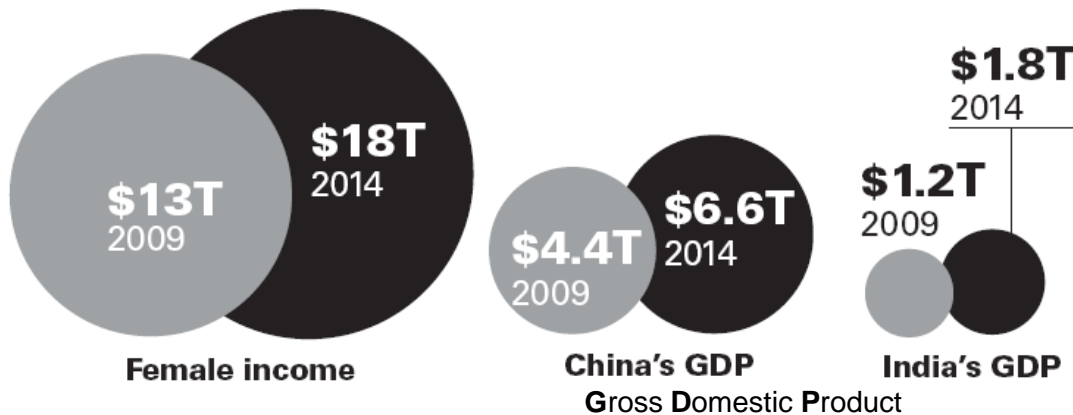
- Industries & businesses where women are most likely to spend more or trade up: food, fitness, beauty, and clothing.

- Other two are businesses with which women have made their dissatisfaction very clear: financial services and health care.

The World's Largest Opportunity

A growth forecast (in trillions)

$13T 2009
$18T 2014
Female income

$4.4T 2009
$6.6T 2014
China's GDP

$1.2T 2009
$1.8T 2014
India's GDP

Gross **D**omestic **P**roduct

Women Control the Lion's Share of Consumer Spending

5.9 US$ (in trillions)

4.3

Total
Controlled by women

	U.S.	Japan	Germany	UK	France	China	Italy	Spain	Canada
Total	5.9	1.6	1.0	0.9	0.7	0.6	0.7	0.5	0.4
Controlled by women	4.3	1.0	0.7	0.6	0.5	0.3	0.4	0.3	0.3

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The Female Economy, by Michael J. Silverstein and Kate Sayre, Boston Consulting Group
Source: Harvard Business Review • september 2009

The cost of non equality

- Women discrimination is a **factor of inefficiency** as it does not valorise almost half of resources available (women). People are often not chosen according to their competences but to their gender.

- The non-consideration of **everybody's needs** compromises motivation and involvement: indeed it does not encourage product/service quality.

- **Non equality does not encourage innovation and creativity** which derive from diversity within the company.

Some reasons why companies have implemented equal opportunities policies after an analysis of internal climate:

- Low quality of work
- Low quality of internal climate
- Poor motivation and involvement
- Absenteeism
- High level of conflict
- Discontent about working hours
- Return from maternity and exclusion and/or auto-exclusion
- Leave of the work after maternity
- Low quality of service and of relationships with customers.

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Diversity and competitiveness: The advantages for society

Women paid work generates **virtuous circles** for employment, production, consumption and investments :

- **Better quality of life**, more protection and social inclusion especially in periods of crisis;

- **Creation of further jobs** (for each 100 women working, 15 jobs are created, e.g. baby sitting);

- More **money for pensions** as there are more people working;

- More opportunities of **inclusion and quality of education of children** for working mothers ;

- Higher levels of **consumption expenses** of women (for themselves and for their children).

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The strategy for the future

To promote the culture of equal opportunities and of diversity management in social and economic contexts:

From…

Isolated actions

… to

An integrated approach

in strategies and policies of the company
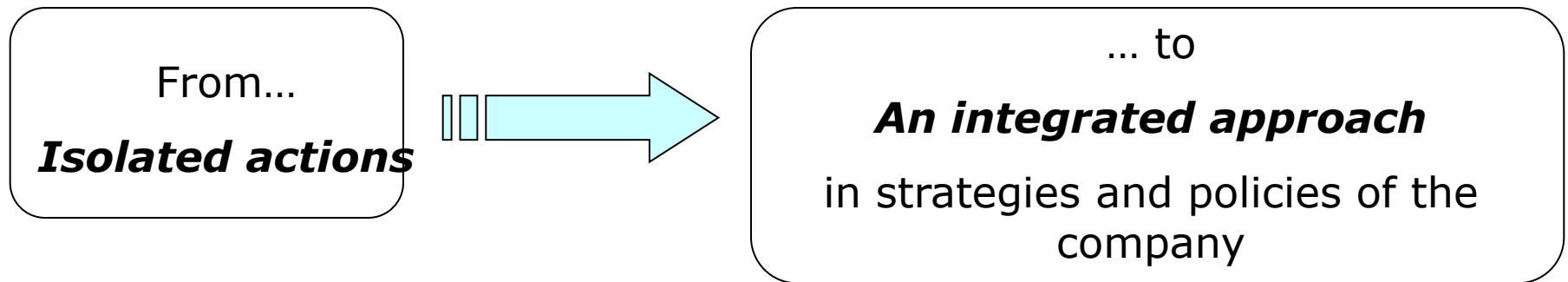
D.M. AS A PROCESS FOR CONTINUOS IMPROVEMENT

•Planning follow up activities
•Ensuring learning
•Reviewing the **D.M.** process
•Be accountable to employees
•Setting improvement objectives

THINK STRATEGICALLY

•Understand risks and opportunities about diversities
•Setting strategic objecives
•Fix Prioriting

ACT, REVIEW & REPORT

COMMUNICATION & STAKEHOLDER ENGAGEMENT

ANALYZE & PLAN

•Learning about workers and their diversity issues
•Learning about the context and society
•Setting specific objectives
• Defining margins of movement

•Identifyng the most effective approach and choose the best solutions
•Put them in practices

DESIGN THE METODOLOGY & CHOOSE THE SOLUTION

STRENGHTEN DIVERSITY MANAGEMENT CAPACITIES

•Strenghtening the ability to respond to **D.M**. issues
•Developing internal skills, training

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Metodology for diversity management
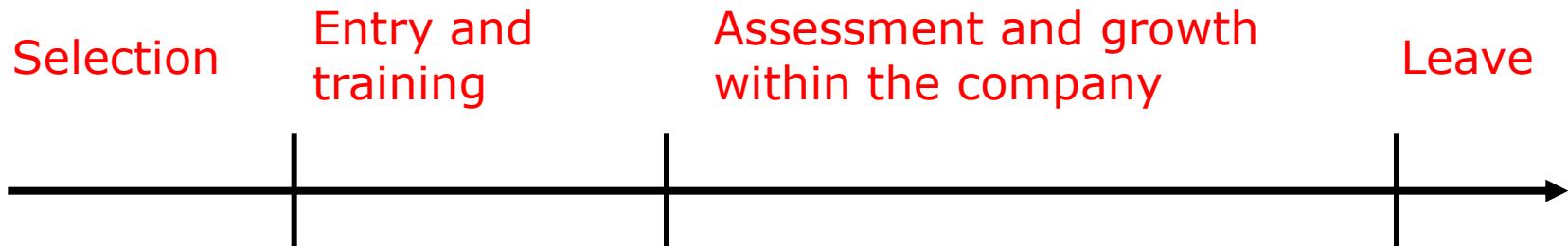
❖ Identification of the main areas of diversity (examples):

GENDER

DISABILITY

ETHNICITY

AGE (over 45)

❖ Observation of the 4 main phases of the path within the company:

Selection

Entry and training

Assessment and growth within the company

Leave

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Matrix of problems 1/2

	RISKY AREAS			
	Recruitment	*Placement and training*	*Evaluation and growth in the company, career's path in the company*	*Leaving the company*
Weaknesses/ critical aspects/ problems	• Cultural barriers • Hard working conditions (self-exclusion) • Lack of skills / technical expertise • Human Resources managers are not properly trained • Unclear selection criteria • Difficulty in identifying the appropriate persons (disabled) • Complicated bureaucratic processes (ethnicity) • Linguistic barriers (ethnicity) • Youthful culture (age)	• Role-playing • Architectural and structural barriers • Linguistic barriers (ethnicity) • Technology-related illeteracy (age) • Lack of education (age)	• Work-life balance • Cultural barriers (prejudices among workers and customers) • Difficulty in reintegration after maternity, paternity or parental leave s(general) • Self-limitation (general) • Self-segregation (ethnicity)	

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Matrix of solutions

	RISKY AREAS			
	Recruitment	*Placement and training*	*Evaluation and growth in the company, career's path in the company*	*Leaving the company*
SOLUTIONS	•Internal referent (ethnicity) •Training of HR managers •Transparency in the selection criteria •Valorisation of skills and competencies •Assisted work experiences without recruitment obligation (disabled people) •Prior involvement of workers to overcome cultural barriers	•Removal of architectural barriers and structural adjustments of the work place •Language courses and collective trainings; translation and publications of useful materials (ethnicity). •Life-long learning (age) •Partnership with associations and offices with specific competences. •Periodical monitoring of recruitment (disabled people)	•Flexible working hours •Company's nursery •Alternatives in the lunch menu (ethnicity) •Mentoring and collaboration between generations (age) • Absence of overtime (age) •Information office (ethnicity) • Awareness-raising among workers	

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Get into action
(examples)

•**Support top-to-bottom diversity with actions as well as words.**

• **Draft a diversity strategy.**

•Establish a diversity task force.

•Recruit executives outside the usual channels.

•Support organizations that support diversity.

•Reach out to groups of minorities and women professionals.

•Encourage networking.

•Establish mentoring programs.

•**Promote family-friendly policies like flexible time.**

•Sponsor multicultural programs and affinity groups.

•Conduct diversity-awareness programs and education.

•**Establish baseline metrics and benchmark the results of your efforts.**

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•**Make changes as necessary.**

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HR Competencies for Diversity Management

- Active/nonjudgmental listening;
- Willingness to challenge one's own concepts about diversity;
- Collaboration skills;
- Experience with conflict resolution and change management;
- Sensitivity toward terms labeling groups regarding diversity;
- Ability to identify diversity issues and understand related tensions;
- Intercultural team building;
- Ability to express respect and appreciation;
- Openness to learning about others who are different;
- Ability to educate others on how to build diverse people skills;
- Ability to provide appropriate responses.

Source: Workplace Diversity: leveraging the Power of Difference for Competitive Advantage, Nancy R.Lockwood, Society for Human Rescource Management, 2005

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Conclusions

- Managing diversity is more than simply acknowledging differences in people. It involves recognizing the value of differences, combating discrimination, and promoting inclusiveness.

- Managers may also be challenged with losses in personnel and work productivity due to prejudices, discrimination, complaints and legal actions against the organization

- Negative attitudes and behaviors can be barriers to organizational diversity because they can harm working relationships and damage morale and work productivity

- **Gender diversity is not just a good policy for people….**

    …….. It is good for business

Thank you very much!

we work for
a more **responsible**
world

Contact us:

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To have more information on Diversity management and best practices:

➢ CSR Europe data-base: http://www.csreurope.org/pages/en/solutions.html

➢ Specially the CSR Laboratorie *"Mainstreaming diversity in the company"*
http://www.csreurope.org/pages/en/diversity.html

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The European Network

Partnering with
The European Alliance for CSR

Impronta Etica is National Partner Organization (NPO) of CSR Europe, European network of companies and organizations operating for the promotion of CSR.

Impronta Etica's participation to the CSR Europe allows the exchange of CSR experiences between its members and other European companies.

CSR Europe has 70 company's members and 27 NPOs reaches out to more than 2,000 companies in Europe.