Gerlinde Erlbeck

Diversity Management in German-Based Business Organisations

Master Thesis

Berlin, February 2009
# Table of Contents

List of Tables......................................................................................................................5
List of Figures.....................................................................................................................5
List of Abbreviations ........................................................................................................6
1. Introduction....................................................................................................................7
   1.1. Problem Definition.................................................................................................7
   1.2. Purpose and Principal Questions of the Paper.......................................................8
   1.3. Methods and Structure..........................................................................................9
2. Diversity Management: Idea, Definition, and History................................................12
   2.1. History of Diversity Management..........................................................................12
   2.2. What does Diversity and Diversity Management Mean? ......................................16
   2.2.1. The Idea of Diversity........................................................................................16
   2.2.2. The Concept of Diversity Management............................................................18
   2.2.3. Objective of Diversity Management....................................................................20
   2.3. Dimensions of Diversity.......................................................................................21
   2.4. Approaches Concerning Diversity Management..................................................25
   2.4.1. The Discrimination and Fairness Paradigm.........................................................26
   2.4.2. The Access and Legitimacy Paradigm...............................................................26
   2.4.3. The Learning and Effectiveness Paradigm or Emerging Paradigm....................27
3. Why Diversity Management? Reasons and Purposes..................................................29
   3.1. Diversity Management as a Response to Business, Societal and Legal Trends...29
   3.2. Potential Economic Advantages of Diversity Management....................................32
   3.3. Potential Costs of Diversity Management...............................................................38
4. Implementation of Diversity Management in Business Organisations: Considerations and Recommendations for Practice.................................................................41
   4.1. The Basis of Diversity Management Implementation.............................................41
   4.1.1. Business Context...............................................................................................41
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2. Organisational Integration</td>
<td>77</td>
</tr>
<tr>
<td>6.3. Practical Implementation</td>
<td>79</td>
</tr>
<tr>
<td>6.4. Relevant Dimensions</td>
<td>82</td>
</tr>
<tr>
<td>6.5. Communication and Information</td>
<td>83</td>
</tr>
<tr>
<td>6.6. Monitoring and Measurement</td>
<td>84</td>
</tr>
<tr>
<td>6.7. Employees' Responses</td>
<td>86</td>
</tr>
<tr>
<td>6.8. Companies' Challenges and Future Perspectives</td>
<td>86</td>
</tr>
<tr>
<td>6.9. Diversity Management Dissemination and General Future Trends</td>
<td>88</td>
</tr>
<tr>
<td>7. Conclusion and Outlook</td>
<td>89</td>
</tr>
<tr>
<td>References</td>
<td>93</td>
</tr>
<tr>
<td>Books, Articles, Brochures</td>
<td>93</td>
</tr>
<tr>
<td>Internet Sources</td>
<td>99</td>
</tr>
<tr>
<td>Appendices</td>
<td>104</td>
</tr>
<tr>
<td>Appendix 1: Interview Guideline Companies</td>
<td>104</td>
</tr>
<tr>
<td>Appendix 2: Interview Guideline Consulting Organisations</td>
<td>107</td>
</tr>
</tbody>
</table>
List of Tables

Table 1: Forms of Diversity Appearance ................................................................. 23
Table 2: Basic Approaches to Diversity Management ............................................... 29
Table 3: Main Diversity Management Activities ..................................................... 69

List of Figures

Figure 1: Dimensions of Diversity .......................................................................... 24
Figure 2: Four Layers of Diversity .......................................................................... 25
Figure 3: Average relevance of Diversity Management measures ............................... 70
Figure 4: Potential Benefits of Diversity Management .............................................. 73
### List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAP</td>
<td>affirmative action plans</td>
</tr>
<tr>
<td>AG</td>
<td>Aktiengesellschaft</td>
</tr>
<tr>
<td>AGG</td>
<td>Allgemeines Gleichbehandlungsgesetz</td>
</tr>
<tr>
<td>BiB</td>
<td>Bundesinstitut für Bevölkerungsforschung</td>
</tr>
<tr>
<td>DAX</td>
<td>Deutscher Aktienindex</td>
</tr>
<tr>
<td>DGFP</td>
<td>Deutsche Gesellschaft für Personalführung</td>
</tr>
<tr>
<td>EAF</td>
<td>Europäische Akademie für Frauen in Politik und Wirtschaft Berlin e.V.</td>
</tr>
<tr>
<td>EEO</td>
<td>Equal employment opportunity</td>
</tr>
<tr>
<td>e.g.</td>
<td>for example</td>
</tr>
<tr>
<td>etc.</td>
<td>et cetera</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>MDAX</td>
<td>Mid-Cap-DAX</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>SDAX</td>
<td>Small-Cap-DAX</td>
</tr>
<tr>
<td>TecDAX</td>
<td>Technology-DAX</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
</tbody>
</table>
1. Introduction

The world we live in today appears increasingly “smaller” and more “heterogeneous” due to the merging of diverse human behaviour in various areas like economy, politics, culture, environment or communication.

The global economic environment has changed considerably over the last decade. Due to the liberalisation of markets, large multinational enterprises have emerged which increases competition and requires a high degree of flexibility of all organisations involved. The development of information technology has fundamentally boosted this process by facilitating worldwide communication, regardless of location, by opening up new global markets, and modifying production and sales processes.

Volatile political conditions and acute environmental developments lead to international migration movements that have affected and - still affect - the economy in general and business organisations in particular.

Alongside these global developments the European integration process is underway, which not only implies closer political, legal, and cultural integration of member states, but closer economic cooperation as well. Demographic developments, like aging societies in many European countries, in addition to increasing individuality, and changing social values and attitudes, requires business organisations to develop appropriate and differentiated product, marketing, service, or organisational strategies.

1.1. Problem Definition

Economic developments such as those highlighted above are accompanied by business organisations with an increasingly diverse staff composition, a phenomenon that is being witnessed in most Western industrialised nations. This applies, for example, to gender, age, language, or profession. In light of the existence and effects of this workforce Diversity, organisations are faced with the challenge of dealing with this trend. In response, large multinational companies have introduced Diversity Management programmes to manage Diversity\(^1\) to utilise its potential for business success. Since many of these companies are also located in Germany, the task of managing Diversity has become a pressing issue for an increasing number of business organisations in

---

1 Authors who deal with diversity and diversity management and publish in English usually use lower case letters, while the terms normally appear in capital letters in German literature. Since the present paper focuses on Diversity and Diversity Management in German organisations and is mainly based on German literature, both terms, Diversity and Diversity Management, are written in capital letters.
Germany.

Even if Diversity aspects generally affect nearly all types of organisations, Diversity Management in Germany is mainly practised in the private sector (Krell 2008, p. 4). Despite an extensive discussion on Diversity Management in German business literature, only very few publications on empirical studies that examine the dissemination, concrete implementation, and organisation of Diversity Management in German business organisations exist to date (Süß and Kleiner 2006, p. 59; Süß 2008, p. 411). Due to this gap in the literature, the present paper deals with Diversity Management with a focus on German-based business organisations. This includes a literature review, as well as an investigation of German business practice based on case studies and insights derived from expert interviews.

1.2. Purpose and Principal Questions of the Study

This study aims to provide an overview of the theory and practice of the concepts Diversity and Diversity Management applied in the German business context. This includes the underlying issues like history, theoretical concepts of Diversity and Diversity Management, as well as related dimensions mentioned in the literature\(^2\). Furthermore, the concept’s reasons, purpose, and approaches are discussed, in addition to opportunities and recommendations for Diversity Management implementation. A separate section of this study focuses on the situation and practical implementation of Diversity Management in German-based companies. This illustration is complemented by case studies that provide insights into actual German Diversity Management practice.

One of the main aspects investigated is the concept's relevance for practice and the previous dissemination of Diversity Management in German-based companies. This implies the question to what extent the concept has been established in German businesses. The paper also focuses on the feasibility and ways to implement Diversity Management in practice, including the respective challenges and their relation to day-to-day business. This also includes the issue of whether Diversity Management is practised and practical in German business organisations of all sizes, that is, in small- and medium-sized enterprises as well.

An additional aspect examined in this study is the potential correlation between the realisation of Diversity Management and a company's economic advantages, considering

---

\(^2\) Here, common dimensions include race, gender, ethnicity, age, sexual orientation, mental/physical ability, and religion.
that this may be an important incentive for companies to implement the concept.

The previous considerations lead to the question whether Diversity Management can be considered a sustainable and durable management concept that will eventually become institutionalised in German-based business organisations, or whether it is instead a temporary management trend. In this regard, the study aims to estimate possible future developments.

1.3. Methods and Structure

This paper is largely based on secondary sources and research, that is, on a systematic literature review. Information on Diversity Management is mostly available in (academic) books, professional journals, reports or internet sources, mainly published in the (business) research field, by government authorities, non-profit or business organisations, and business experts.

The literature review is supplemented by an empirical inquiry on Diversity Management to investigate the “phenomenon within its real-life context” (Blumberg et al. 2008, p. 375). To gain individual and detailed insight into the practical experiences and challenges of Diversity Management in the German business context, four semi-structured interviews were conducted with experts who have extensive business practice.

The reliability of such a qualitative research methodology is given because the data were systematically collected, organised, and analysed, so that the method can be reapplied in the exact same manner (Altheide and Johnson 1998, cited in Cropley 2005, p.118). The semi-structured interviews are based on two interview guidelines (see Appendix). The issues and questions the interviewer considered important were addressed in the interview, while the interview partners were able to speak freely about the related topics and contribute their own experiences, which provided the opportunity to open up new perspectives on the subject matter (Blumberg et al. 2008, p. 385). The interview protocols were systematically analysed in accordance with a number of general aspects defined by the author and described in the section on paper structure description below. The validity of the qualitative analysis of the four interviews is given considering that the analysis describes the information accurately and truly (Hammersley 1992, cited in Cropley 2005, p. 118) with regard to several general aspects of Diversity Management.

The interviews as a form of qualitative research aim to provide practical knowledge (Cropley 2005, p. 89), rather than representative or quantitative results.
This paper quotes a (wide) range of historical sources, basic theoretical considerations, the reasons for considering Diversity Management, experts' recommendations for its implementation, its environmental drivers, dissemination in German businesses, and practical examples. The study's structure is mainly determined by the problem definition, and the underlying purpose of this.

Whilst Chapter 1 provides an introduction of the topic, including the paper's design, Chapter 2 focuses on the history and theory of the concept of Diversity Management. The chapter begins with an overview of the initial emergence of the Diversity Management idea in the USA, and the general development of Diversity Management in German theory and business practice since the 1990s.

Chapter 2 furthermore describes the basic concepts of Diversity and Diversity Management, as well as three common models of implicated dimensions because the concepts have to be clear before the differences or an evaluation of the approaches and corresponding activities can actually be understood (Thomas 1995, p. 262). The chapter concludes with a description of Diversity Management approaches in response to the existence of Diversity.

Chapter 3 illustrates and assesses the general reasons for the implementation of Diversity Management in business organisations. This is investigated in the European context, which also largely applies to the German economy.

Chapter 4 provides an overview of possible and suitable methods and activities regarding the organisational implementation of Diversity Management within a business context, which are based on experts' recommendations.

Chapter 5 sheds light on the practice of Diversity Management in the German business context. This includes the concrete realisation of Diversity Management in business organisations, also regarding the extent of institutionalisation and the relevant dimensions. Furthermore, the benefits and costs of Diversity Management implementation are discussed. The chapter also introduces specific German drivers for Diversity Management implementation and its dissemination in German-based companies. Estimations about the future development of the issues addressed here are presented as well.

Supplementary and detailed insights into Germany's Diversity Management practice are presented in Chapter 6. Here, the experiences of four experts with extensive business practice with regard to the implementation of Diversity Management, the relevant
dimensions, and occurring challenges, are described. Moreover, the aspects of subject-related communication and information measures, as well as employees' responses, are addressed. The chapter closes with the experts' estimations about the current and future relevance and dissemination level of Diversity Management in the German economy.

The final Chapter 7 provides a brief analysis of the findings and an assessment on the topic on the whole, and provides a perspective on possible future developments.
2. Diversity Management: Idea, Definition, and History

This chapter presents an historical overview of the development of Diversity Management as a practice-relevant management concept and introduces the core ideas behind Diversity Management and its underlying notion, Diversity. Since Diversity is determined by certain attributes referred to as dimensions, whose description and some common classifications are introduced in this chapter, too. When dealing with Diversity Management, business organisations are mainly motivated by three typical approaches, which are also explained here.

2.1. History of Diversity Management

In the following section, the history of Diversity Management is described. Unless otherwise noted, this depiction is based on a very detailed article by Vedder\(^4\) (2006, p. 1 et seqq.) on the issue.

Diversity Management is a relatively new concept that was originally developed in the USA in the mid-1980s, although the term “Diversity Management” was not actually used until 1990 (Vedder 2006, p. 2). The concept has its root in the American civil-rights movement in the 1950s, 1960s, and 1970s. Interest groups of African-Americans, women, seniors, as well as homosexuals fought against discrimination and called for equal participation in society. They are regarded as the pioneers of the idea of Diversity Management (ibidem).

The “Title VII of the Civil Rights Act” of 1964 was the first legal step to outlaw discrimination due to colour, race, religion, gender/sex, age, national background, physical ability, sexual orientation, and marital status and applies to the business context as well (Cox 1993, p. 12; Blom and Meier 2004, p. 239). This law was followed by the “Equal Pay Act” of 1963, the “Age Discrimination Act” of 1967, and the “Americans with Disabilities Act” of 1990 (Cox 1993, p. 12).

In addition, Executive Order 11246 came into effect in 1965 (Cox 1993, p. 13). The Order requires efforts of equal employment opportunity (EEO) to be introduced in companies that want to serve as government contractors or so-called federal contractors (ibidem; Vedder 2006, p. 4). These companies had to ensure that discrimination within their organisations would be eliminated and prevented in the future. They were further

---

\(^4\) Vedder's article is mainly based on interviews with Taylor Cox Jr. and Anita Rowe (2004) and a written retrospection of Elsie Cross, all of whom are American Diversity Management experts (Vedder 2006, p. 3).
required to implement so-called affirmative action plans (AAP) to ensure that members of minority groups were proportionately represented and promoted with regard to recruitment and advancement. This resulted in the establishment of quota regulations in many companies (ibidem).

Although the disregard of equal employment opportunities seems to rarely be punished in practice (Cox 1993, p. 13), many organisations have maintained affirmative action plans since the end of the 1960s, owing to the concern of costly lawsuits and social expectations. About ten years later, at the end of the 1970s, the practice of so-called reverse discrimination through equal employment opportunity and affirmative action initiatives were increasingly criticised, especially by white male Americans (Vedder 2006, p. 4). Furthermore, equal opportunities and real integration of minority groups by quota regulation was not particularly successful in most cases and was mainly found in the public sector and applied by federal contractors (Blom and Meier 2004, p. 239 et seq.).

Nevertheless, due to the ongoing discussion on discrimination and reverse discrimination, and the increasing public pressure exerted by diverse interest groups, companies have been compelled to deal with their diverse workforces more intensively since the mid-1980s.

The awareness that equal employment opportunity and affirmative action measures were insufficient modified the focus from discrimination to targeted utilisation of intercultural competences in (business) organisations (Blom and Meier 2004, p. 241; Vedder 2006, p. 5). According to Blom and Meier (ibidem), this debate also focused on the advantage of integration and was closely connected to initial experiences within different private and public organisations. The terms “diversity” and “culture” were introduced into the discussion by different management consultants for the first time, as were economic aspects of equal opportunities for companies, such as cost reduction or competitive advantages (Cox 2004, cited in Vedder 2006, p. 5). Other companies responded to the emerging demographical changes (ibidem). All these aspects contributed to the development of the concept “Managing Diversity” or “Diversity Management” in the 1980s.

The further development of Diversity Management strategies was advanced in particular by the Hudson Institute report “Workforce 2000: Work and workers for the 21st century” by Johnston and Packer published in 1987. This report prompted a widespread
discussion about the increasing Diversity on the American labour market and the effects on consumer and capital markets. The basic message was that the participation and relevance of women and minority groups for the labour market and as stakeholders of business organisations would continuously increase, while the share of white male employees would decline considerably (Aretz and Hansen 2002, p. 22 et seq.; Vedder 2006, p. 5). These changes were projected for American society, as well. As asserted by Loden and Rosener (1991, p. 7), these substantial demographic changes could not be ignored. This report and other key publications in 1991, especially by Cox and Blake (Süß 2008, p. 407), Loden and Rosener (1991), or Thomas (1991) triggered an intensive discussion about Diversity and how to manage Diversity.

Thus, companies generally had to completely modify their relationship with diverse social groups, in an environment where valuing of Diversity and Diversity Management became an economic necessity (Aretz and Hansen 2002, p. 23). Initially, large companies operating at a global level implemented Diversity Management in the early 1990s, and were later followed by small- and medium-sized companies, consultancies, public administrations, universities, and non-profit-organisations (Vedder 2006, p. 6).

Today, Diversity Management is quite common in American (business) organisations, both as an individual issue and in terms of practical consequences, and many companies have implemented corresponding business guidelines and business ethics (Wagner and Voigt 2007, p. 4, 6 et seqq.). About 90% of the Fortune 500 companies in the United States apply Diversity Management (Süß and Kleiner 2006, p. 59). The purpose of applying Diversity Management in the business context is to achieve a strategic competitive advantages, raising efficiency, or attractiveness as “employers of choice”. Companies that neglect Diversity Management must face disadvantages, for example, concerning talent recruitment (Vedder 2006, p. 6).

Since the 1990s, Diversity Management has spread from the USA to other parts of the world, especially through large American multinational corporations like Ford, IBM or Hewlett Packard, which are also located in Germany (Rühl 2008, p. 89).

In Germany, Diversity Management evolved in the mid-1990s both in theory and business practice, due to the increasingly diverse composition of the workforce in business organisations (Süß and Kleiner 2008, p. 36) and in response to changing business, social, and legal conditions that are further illustrated in Chapters 3.1. and Chapter 5.2.
According to Vedder (2006, p. 7) the first scientific article in Germany was published in 1993, followed by other publications. Since then, the debate on Diversity Management has intensified considerably (Süß and Kleiner 2006, p. 59; Süß 2008, p. 411). To date, despite this trend, very few publications on empirical studies that examine incidences and concrete organisational integration as well as practical organisation of Diversity Management in German-based (business) organisations are available (ibidem).

As Vedder (2006, p. 7) illustrates, the German Association of Human Research Management (Deutsche Gesellschaft für Personalführung, DGFP) began focussing on Diversity Management in the early 1990s. The DGFP carried out several studies on Diversity Management in the 1990s and 2000s, initiated a working group for companies that implement Diversity Management and offers a lot of information on Diversity Management. Some consultancies began offering Diversity Management as a product in the early 1990s (ibidem).

In practice, German-based (business) organisations, especially large multinational corporations, began dealing with Diversity Management in the mid-1990s. Mainly due to the influence of American parent companies, German subsidiaries of large “global players” started introducing Diversity Management or undertook preparation to implement it. A very renowned example in Germany is Ford. In 1996, the company founded the German Diversity Council and started focussing on Diversity Management within the organisation (Ford 2002, p. 6). The issue gained importance at Daimler Benz following the merger with the American Chrysler Corporation (to become Daimler Chrysler) in 1998. The Deutsche Bank was also confronted with increased Diversity when the company acquired Bankers Trust in 1999. Since then, Diversity Management has been part of the Deutsche Bank's global strategy (Coppi 2004, p. 413 cited in Vedder 2006, p. 9). In 2000, Lufthansa was the first German company to implement Diversity Management without foreign influence. Here, the company's activities were inspired by the workforce's Diversity. Germany's workforce consisted of over 117 nationalities in 2005 (Rühl 2008, p. 90).

Other big companies like Volkswagen (Rupprecht 2004, p. 165), Microsoft Deutschland, Shell, or Kraft Foods Deutschland (Stuber 2004, p.153, 185, 201) have also incorporated Diversity Management for several years as well. Nevertheless, the number of companies practising Diversity Management is, according to Vedder, still limited (2006, p. 9).

---

5 Today the company operates under the name Daimler AG.
Experts expect Germany's General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz, AGG), which came into force in 2006 as a result of several European Union anti-discrimination Directives, will influence and further foster business organisation's focus on Diversity Management (ibidem). The General Act on Equal Treatment is described in more detail in Chapter 5.2.2.

2.2. What does Diversity and Diversity Management Mean?

2.2.1. The Idea of Diversity

When explaining the concept of “Diversity Management”, “Diversity” as the underlying term has to also be examined. A generally accepted definition of Diversity is not available in the relevant literature, but various approaches and ideas on the concept have been developed (Erdönmez 2004, p. 37). Nevertheless, some core ideas on these terms exist and are explained below.

In general the term “diversity” is synonymous for “variety”. In connection with the notion of Managing Diversity, the term “Diversity” refers to the variety of individuals and their individuality, characterised by attributes like age, sex, religion, language, sexual orientation, knowledge, values, etc. These common characteristics or so-called dimensions (of Diversity) is explained in detail in the next chapter.

When investigating the definitions of Diversity two main approaches can be distinguished (Krell 2008, p. 65). The first approach stresses the differences of Diversity elucidated in Loden and Rosener's definition (1991, p. 18) which states that:

“...there are biological and environmental differences that separate and distinguish us as individuals and groups. From an objective point of view, it is this vast array of physical and cultural differences that constitute the spectrum of human diversity. From the subjective point of view, diversity is otherness or those human qualities that are different from our own and outside the groups to which we belong, yet present in other individuals and groups.”

By contrast, other authors dissociate themselves from this approach, and contend that Diversity also includes “common characteristics of individuals” (Erdönmez 2004, p. 38) and that every individual has at least some similarities with most other people he or she meets (Stuber 2004, p. 16). Stuber, furthermore, argues that only stressing the differences between employees in practice often leads to the question to what extent an
organisation can stand Diversity, to what extent Diversity can be seen positively, and to what extent Diversity still promotes organisational unity (ibidem). Furthermore, the emphasis on differences involves the risk of stereotyping, if clichés and “typical” characteristics or behavioural patterns are attributed to members of certain groups (Krell 2008, p. 65).

Therefore, a second, more extensive variant of Diversity includes the aspect of varied mutualities; for example, Thomas (1995, p. 246), an American pioneer of Diversity research, asserts: “Diversity refers to any mixture of items characterized by differences and similarities.”

By including individuality, differences, and similarities this Diversity approach focuses on connecting characteristics of persons and groups, too. It considers, for example, that every person belongs not only to one particular “identity group” (Thomas and Ely 1996, p. 80) but to several identity groups. Individuals may, for instance, have different nationalities but belong to the same professional category or age group. Individuals belonging to a certain age group, on the other hand, differ in terms of values, attitudes, behaviour or experiences (Krell 2008, p. 65 et seq.). Furthermore, it must be noted that individual identities and group identities are not constant, but are closely connected with individual development processes and social changes (Aretz and Hansen 2002, p. 44; Krell 2008, p. 66).

Here, the second approach to Diversity, that is, the inclusion of individuals’ differences and similarities, is applied.

In connection with Diversity Management, the term Diversity describes differences and similarities that focus on the members or reference groups of an organisation. In the business context, this essentially represents a company's workforce Diversity, which in turn, is closely linked to the Diversity of other stakeholders of the organisation, such as customers or suppliers, and to diverse markets as well (Krell 2008, p. 64; Palm 2006, p. 14).

The inclusion of differences and similarities in the definition of Diversity is, according to Thomas, a crucial aspect when making managerial decisions. “You no longer have the option of dealing with the differences or similarities present in the situation: instead, you must deal with both simultaneously” (Thomas 1996, p. 6). This “requires an ability to assume” two perspectives simultaneously: a micro perspective to identify individual differences and a macro perspective to identify similarities (ibidem).
Thus, Thomas and Ely (1996, p. 80) contend that workforce “Diversity should be understood as the varied perspectives and approaches to work that members of different identity groups bring”. This implies that Diversity, as a “vital resource” (Loden and Rosener 1991, p. VI), is particularly relevant for business organisations. However, Diversity itself has no inherent value - it has to be deliberately managed to be of value to an organisation (Stuber 2004, p. 81). This form of Diversity Management is explained below.

Workforce Diversity in (business) organisations is not entirely new, demographic differences of employees have always existed, for example, with reference to gender, social rank, competencies, function, hobbies, family status, etc. What is new, however, is the raising of awareness of staff Diversity, and how to effectively utilise the different complementary potentials of employees (Vedder 2008b; Finke 2006, p. 40).

2.2.2. The Concept of Diversity Management

Adapted from the definition of Diversity, the term “Diversity Management” or its synonym “Managing Diversity”, describes how to deliberately deal with Diversity in organisations (Krell 2008, p. 66).

In German literature and practice the use of the terms Diversity and Diversity Management is inconsistent. While the term “Diversity Management” is commonly used in research, in practice, “Diversity” is often used instead (Krell 2008 p. 66; Stuber 2004, p. 20 et seqq.). Here the term “Diversity Management” is used to refer to the management concept in the business context.

As Vedder (2006, p 10) states, Diversity Management was not “invented” by one single individual, but rather a number of researchers, authors, and practitioners who contributed to the development of the concept. Therefore, Vedder (2008a) characterises Diversity Management as being a “normative organisational concept” (“normatives Organisationskonzept”), not a definition, because that would imply that Diversity Management is a established theory. Nevertheless, some definitions, arguments, and models of Diversity Management have become internationally accepted (ibidem). The following illustrations are based on the most frequently cited definitions that characterise Diversity Management in different ways: as a managerial task and process, as an instrument, and as a managerial attitude.
First, Diversity Management indicates a managerial function\(^6\) that generally aims to use the potentials of the staff's Diversity (Vedder 2006, p. 12; Süß 2008, p. 410). Here Vedder (2006, p. 13) points out that regardless of the term “Diversity Management”, it is not Diversity as such that needs to be managed, but rather the behaviour of the diverse employees.

Second, “managing diversity is a comprehensive managerial process for developing an environment that works for all employees” (Thomas 1991, p. 10). This implies that Diversity Management must also be understood and treated as a permanent transformation process (Blom and Meier 2004, p. 247 et seq.) that affects all management decisions and relates to all aspects of an organisation, like leadership, management practices, finance, marketing, sales, human resources, communication, etc. (ibidem; Vedder 2006, p. 13). Therefore, Diversity Management is a strategic organisational goal, as well (Vedder 2006, p. 13).

Since Diversity Management implementation involves the conducting of several coordinated activities, it can, furthermore, be seen as an instrument for the goal-oriented application of Diversity (Köppel 2007, p. 13 et seq.). In addition, Diversity Management refers to a management concept that accepts and values individual Diversity (Vedder 2008b; Sepehri and Wagner 2000, p. 53). This includes an organisational culture that allows all members of a (business) organisation to contribute their individual competencies and takes individual needs into consideration (Vedder 2006, p. 13).

The starting point of the Diversity Management concept was originally based on the observation that, despite the existence of staff Diversity in most (business) organisations, they are homogeneous and mono-cultural oriented (Vedder 2008b; Süß 2008, p. 410; Krell 2008, p. 67). This means that a dominant group of people determines the values, norms, and rules within an organisation and also get the pivotal jobs and leading positions (ibidem)\(^7\). With regard to the German context Krell (2008, p. 67, based on Loden and Rosener 1991, p. 36) characterised the members of the dominant group as being white, heterosexual, employed full-time, and middle-aged German males. The culture of such mono-cultural organisations is affected by the idea “that the attitudes, style, and behaviours that help dominant group members succeed will work as well for

---

\(^6\) The function “management” usually includes classic components such as planning, organising, resourcing, leading or motivating, and controlling (see e.g. Hannagan 2005, p. 5; Kerzner 2006, p. 4) with reference to staff Diversity in the context of this paper.

\(^7\) This group is not necessarily the majority group in a statistical sense (see also Krell et al. 2007, p. 10).
diverse employees - who learn to use them properly“ (Loden and Rosener 1991, p. 33). Based on this is the widespread idea that assimilation is “the appropriate strategy for managing increased employee diversity” (ibidem, p. 37). This implies that diverse people, who are “different” or outnumbered within a mono-cultural organisation are “in deficit” (Krell 2008, p. 67) and are forced to adapt or conform and delimit their potential or even suffer from “burn out” in order to become integrated (Loden and Rosener 1991, p. 34). Thus, for example, women are often seen as being “in deficit” in the business context (Krell 2008, p. 66). By contrast, Diversity Management contends that the “unequal” or diverse treatment of diverse employees is economically sensible (Süß 2008, p. 410; see also Chapters 3.2. and 5.6.).

### 2.2.3. Objective of Diversity Management

Built on these considerations, the purpose of Diversity Management is the creation of a multi-cultural organisation that does not centre on a dominant group of employees but realises, values, mobilises, and utilises diverse employees' potentials appropriately and reduces potential Diversity problems (Süß 2008, p. 410).

This idea of a so-called multi-cultural organisation is based on a basic consideration developed by Cox. He states that a multi-cultural organisation should, in particular, include pluralism, the complete structural integration of all employees in all hierarchical levels and positions, and a personnel policy without discrimination and prejudice (Cox 1993, p. 229).

Because Cox' idea of the multi-cultural organisation has been criticised as too “idealistic” (Neuberger 2002, p. 793), Krell (2008, p. 67) recommends instead to regard this idea as a basis for orientation and discussion. Nevertheless, “sustainable workforce Diversity and equitable treatment in the workplace for all employees are outcomes of a change in the internal culture of a company” (EU COM 2003b, p. 21), which is based on respect, esteem, tolerance, acceptance, or integration (Stuber 2004, p. 19, 28, 262).

Vedder (2006, p.12 et seq.) distinguishes three main objectives of the Diversity Management concept:

First, Diversity Management should lead to a reduction of discrimination and repression of minorities within an organisation. Secondly, it should foster the valuation of Diversity. Third, Diversity Management should create an organisational culture and structure that enables performance maximisation of the diverse employees working in an
organisation. According to Ivanova and Hauke (2003, p. 12), this also includes deliberate promotion and utilisation, as well as the regulation of workforce Diversity. Here, it becomes apparent that the concept of Diversity Management generally includes both the promotion of workforce Diversity and the Management of existing Diversity within a business organisation (EU COM 2003b, p. 5).

Diversity Management aims to mobilise and use the differences, similarities, and respective potentials of employees within an organisation's workforce, because Diversity is considered an economically relevant, strategic resource for the achievement of organisational effectiveness and competitive advantages (Vedder 2008b; Sepehri and Wagner 2000, p. 53; Ivanova and Hauke 2003, p. 12).

2.3. Dimensions of Diversity

Diversity explains the existing variety of identities in (business) organisations, that possess different criteria or so-called dimensions (Süß 2008, p. 409). This means that Diversity can be characterised by these multiple distinctive dimensions, such as age, gender, ethnicity, religion, disability, profession, education, lifestyle, etc. Thus, the term dimension describes “the properties and characteristics that constitute the whole person” (Loden and Rosener 1991, p. 18).

The numerous possible Diversity dimensions are discussed by different authors with different approaches. Three often cited classifications of Diversity, as well as the legally established characteristics, which are also relevant for the Diversity discussion in Germany, are introduced below.

In 1996, Milliken and Martins (cited in Sepehri and Wagner 2000, p. 58; cited in Palm 2006, p. 26) developed a Diversity approach that distinguishes two categories of differences, namely, “observable differences”, which are visible characteristics like gender or age, and “unobservable differences” which are non-visible characteristics that include, for example, values, knowledge or skills (see Table 1, p. 22). Many characteristics are not apparent within a (business) organisation's context but sometimes emerge through direct communication between individuals, like sexual orientation or ideology (Aretz and Hansen 2002, p. 44). Thus, it can generally be assumed that the extent of Diversity within an organisation is always higher than the observable characteristics (ibidem) or rather, that the non-observable dimensions actually constitute the major part of the existing Diversity (Stuber 2004, p. 18).
With regard to the visibility of dimensions, Stuber (ibidem) argues that so-called observable dimensions like nationality and even sex are not necessarily observable or always unambiguous. Sepehri and Wagner (2000, p. 59), furthermore, state that observable dimensions are not the economically most relevant dimensions, even though they represent the most perceptible ones. Due to their visibility, observable dimensions often provide the basis for prejudice and discrimination (Sepehri and Wagner 2000, p. 59).

<table>
<thead>
<tr>
<th>Diversity: Forms of Appearance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observable</td>
</tr>
<tr>
<td>• Race</td>
</tr>
<tr>
<td>• Gender/Sex</td>
</tr>
<tr>
<td>• Age</td>
</tr>
<tr>
<td>• Nationality</td>
</tr>
<tr>
<td>• etc.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

*Table 1: Forms of Diversity Appearance*
Source: Adapted from Sepehri and Wagner 2000, p. 56, translated by the author

Another classification of Diversity by “primary dimensions” and “secondary dimensions” was developed by Loden and Rosener in 1991 (p. 18 et seqq.). Here primary dimensions are defined as innate differences or differences that have an essential impact on a person's early socialisation and throughout his or her life, while secondary dimensions of Diversity are such that can change (ibidem).

The model originally specified six primary dimensions of Diversity: age, ethnicity, gender, physical abilities/qualities, race, and sexual orientation. The original model was recently revised: income and spiritual beliefs shifted from “secondary dimensions” to “primary dimensions” and class was added as representing a core dimension (Loden 2008). According to Loden (2008), these nine dimensions are the “core of an individual's diverse identity” and form “an individual's value, self image and identity, opportunities and perceptions of others”.

The secondary dimensions of the original and the updated model include, but are not limited to, dimensions that represent important dimensions of group identity like
education, family status, first language, work experience or political convictions (see Figure 1 below). While Loden (2008) emphasises that many other dimensions of Diversity exist in addition to those included in the model, these are “more likely to lead to culture clash and conflict when they are ignored, devalued or misunderstood by others” (ibidem).

Adapted from Loden and Rosener's model (1991) with its distinction between primary and secondary dimensions of Diversity, Gardenswartz and Rowe (Gardenswartz and Rowe 2008) developed the model of “Four Layers of Diversity” in 1993 (see Figure 2, p. 24). “Personality” which includes, for example, emotional stability or extroversion (Vedder 2006, p. 11), represents the core. A second layer of “internal dimensions” covers key demographic criteria like age, gender, race, ethnicity, sexual orientation, and physical ability. The next layer of “external dimensions” is made up of external demographic characteristics like income, religion, work experience, educational background, etc. (ibidem). The outer layer comprises “organisational dimensions” such as work location, seniority, management status, etc.
The three approaches of Diversity introduced here demonstrate that theoretically, there are an infinite number of dimensions of Diversity (Krell 2008, p. 64).

Given this complexity of dimensions, it is customary to concentrate on the most common dimensions in order to create a foundation for debates and for Diversity Management activities. Therefore, both in research and practice, the complexity of Diversity criteria is often reduced by focusing on only a few “core” dimensions (ibidem).

In the USA, the so-called “Big 8” dimensions of theory and practice have been established, and include race, gender, ethnicity/nationality, organisational role/function, age, sexual orientation, mental/physical ability, and religion (Krell 2008, p. 64).

In contrast, the consideration of Diversity dimensions in Germany differs in theory and business practice. In the available literature, the most mentioned criterion is gender, followed by culture (Krell et al. 2006, p. 33). Less often, age or work-life balance is researched. Ideology, disability, and religion are also rarely explored, and sexual orientation seems not to be addressed at all (ibidem). In practice, the following criteria
are taken into account (Stuber 2004, p. 19; Krell 2008, p. 64): gender (or rather, women), and culture (in terms of ethnicity/nationality, and migration background respectively) are considered by nearly every company, furthermore, age (or rather, elderly people), disability, and according to Krell (ibidem), needs relating to the work-life balance. Religion and sexual orientation are very rarely considered. The dimension of sexual orientation, is, in fact even rejected.

What further drives the Diversity debate and practice in Germany is certainly the legal condition. The existing German legal regulations distinguish several Diversity dimensions, even though the term “Diversity” is not explicitly referred to (Krell 2008, p. 70). Based on four European Union Directives (Oechsler and Klarmann 2008, p. 23 et seqq.; Süß and Kleiner 2008, p. 36) that address discrimination against particular groups of employees, a German Anti-Discrimination Law was passed in August 2006. This German General Act on Equal Treatment specifies the following dimensions: race and ethnicity, sex, religion and political attitudes, disability, age, and sexual orientation (AGG 2006).

Last, but not least, Germany's Basic Constitutional Law (Grundgesetz, Art. 3, Abs. 3) specifies several dimensions in relation to anti-discrimination:

“No one must be discriminated or privileged due to his or her sex, parentage, race, language, homeland and origin, beliefs, religious and political opinion. No one must be discriminated due to his or her disability.”

(Deutscher Bundestag 2007)

2.4. Approaches Concerning Diversity Management

When investigating the paradigm and understanding that guided Diversity Management initiatives within US organisations in the early 1990s, Thomas and Ely identified some principal approaches (Thomas and Ely 1996, p. 81 et seqq.; Saposnick 2003) and subsumed these under three comprehensive, and since then often cited paradigms, which are introduced below and summarised in Table 2 (p. 28).

---

8 Allgemeines Gleichbehandlungsgesetz (AGG) vom 18.08.2006.

9 The original German statement is: “Niemand darf wegen seines Geschlechts, seiner Abstammung, seiner Rasse, seiner Sprache, seiner Heimat und Herkunft, seines Glaubens, seiner religiösen oder politischen Anschauungen benachteiligt oder bevorzugt werden. Niemand darf wegen seiner Behinderung benachteiligt werden.” (Grundgesetz, Art. 3, Abs.3, Deutscher Bundestag 2007).
2.4.1. The Discrimination and Fairness Paradigm

This approach focuses on the idea of equal opportunity, fair treatment and “political correctness” (ibidem; Aretz and Hansen 2002, p. 34). All economic aspects are neglected on purpose (Sepehri and Wagner 2000, p. 51). Induced by legal regulations (anti-discrimination laws) and social expectations, an organisation seeks to ensure that the composition of its workforce reflects that of society, and discrimination of disadvantaged and minority groups is usually avoided by organisations. All employees are to be treated equally and differences are deliberately ignored (Thomas and Ely 1996, p. 81). This is often realised through mentoring and career development programmes for certain (disadvantaged or minority) groups of employees, for example, for women or “people of color” (ibidem). Also the anti-discrimination trainings conducted are guided by this approach. Thomas and Ely (ibidem) see two positive results evolving from this approach: the trend of an increasing demographic diversity within an organisation success “in promoting fair treatment”.

On the other hand, they criticise the approach for exerting pressure on (diverse) individuals to assimilate, and also for its conformism which neglects important differences between individuals (ibidem; Krell 2008, p. 72). Members of disadvantaged and minority groups, for example, women or disabled persons, may perhaps be represented in an organisation but may not really be integrated. An often debated result of this is the so-called “glass ceiling” effect (Aretz and Hansen 2002, p. 34), which describes the limited upward mobility of such persons and groups within a business organisation. The discrimination and fairness paradigm, furthermore, pressures employees to assimilate and “to make sure that important differences among them do not count” (Thomas and Ely 1996, p. 81). Thus, despite its increasing demographic diversity, an organisation does not really make use of its employees' potential and undermines its own development to learn and improve strategies, processes and practices (ibidem).

2.4.2. The Access and Legitimacy Paradigm

Diversity Management in this approach is understood as an exclusive market-oriented instrument. By means of Diversity Management, business organisations aim to gain

---

10 Adapted from other authors, Krell (2008, p. 72) highlights that Thomas and Ely's critical assessment refers to US anti-discrimination law aiming to ensure equal treatment and equalisation. In contrast, the German law focuses on the acceptance of Diversity.
access to differentiated markets or market segments and customers. The increasingly
diverse customer structure should be reflected in the workforce composition and
companies therefore seek to employ a demographically more diverse workforce in
accordance with the (supposed) critical customer groups (Thomas and Ely 1996, p. 83;
Aretz and Hansen 2002, p. 35). The idea is that by adapting the staff's structure to that of
the customers', great opportunities for market cultivation and the opening up of new
markets are made available. Thus, different employees are situated “where their
demographic characteristics match those of important constituents and
markets” (Thomas and Ely 1996, p. 86).

Organisations expect to gain access to new knowledge through this type of Diversity
Management, develop new core competencies and better problem solving competencies,
or foster innovation power in order to safeguard market shares (Aretz and Hansen 2002,
p. 35). According to Thomas and Ely (1996, p. 83), the access and legitimacy paradigm
is based on “the acceptance and celebration of differences” and is characteristic for
companies that operate in a highly dynamic and increasingly diverse business
environment. They, furthermore, see one significant limitation of Diversity Management
based on this approach: it is often oriented towards short-term or crisis requirements for
market access but does not seek to analyse and learn from the long-term potential of
Diversity (ibidem, p. 84).

Aretz and Hansen (2002, p. 35) stress that this approach promotes stereotyping because
employees are reduced to their affiliations to a social or cultural group, and are expected
to behave in a group-specific way and not be qualified, motivated or valuable as
individuals. Due to this form of functionalisation, the doors of many career paths still
remain closed to certain employees, and their manifold potentials may go to waste.

2.4.3. The Learning and Effectiveness Paradigm or Emerging Paradigm

The learning and effectiveness paradigm - also referred to as the emerging paradigm -
can be interpreted as a syn of the discrimination and access paradigm. It includes the
economic, ethical, and legal aspects of both paradigms and leads to an integrative
approach of Diversity Management.

“Like the fairness paradigm it promotes equal opportunity for all individuals. And
like the access paradigm, it acknowledges cultural differences among people and
recognizes the value in those differences. Yet this new model for managing
Diversity lets the organization internalize differences among people and recognizes the value in those differences" (Thomas and Ely 1996, p. 86).

Thus, the emerging paradigm can be seen as a resource-oriented and learning-oriented approach. Here Diversity Management is interpreted as an organisational learning process (Vedder 2006, p. 19; Aretz and Hansen 2002, p 35). The entire organisation can learn and grow in the long run because of its workforce Diversity which is to be explicitly valued and promoted (Thomas and Ely 1996, p. 86; Vedder 2006, p. 19). The intention is that every employee can contribute his or her individual potential, personality, and behaviour for the organisation's business success (Aretz and Hansen 2002, p 35). It is challenging to find an optimal level of differentiation and integration (Vedder 2006, p. 19), and it requires efforts from all employees, and last, but not least, from the company's management. Management must be capable, tolerant, and open-minded towards new ideas or processes and support them accordingly. This is a critical point when many employees are used to a more bureaucratic and structured organisation shaped by a dominant group (Aretz and Hansen 2002, p. 35), as explained above (see Chapter 2.2.2.). As Neuberger (2002, p. 793) claims, such “strong” organisations tend to assimilate all differences within a very short time so that the entire staff must continuously work on renewing Diversity (Management).

<table>
<thead>
<tr>
<th>Diversity Management Approach</th>
<th>Discrimination and Fairness Paradigm</th>
<th>Access and Legitimacy Paradigm</th>
<th>Learning and Effectiveness Paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis</td>
<td>Diversity causes problems</td>
<td>Diversity leads to marketing advantages</td>
<td>Differences are used, directed, and integrative</td>
</tr>
<tr>
<td>Understanding</td>
<td>No discrimination; assimilation</td>
<td>Optimal degree of Diversity</td>
<td>Multiculturalism, pluralism</td>
</tr>
<tr>
<td>Purpose</td>
<td>Minorities are treated equally</td>
<td>Access to customers and markets</td>
<td>Long term learning by Diversity</td>
</tr>
</tbody>
</table>

*Table 2: Basic Approaches to Diversity Management*

Source: Adapted from Vedder 2006, p. 18, translated by the author

The increasing relevance of Diversity Management in business organisations in most European and OECD (Organisation of Economic Co-operation and Development) countries, including Germany, can be considered as a response to the changing, basic internal and external conditions in several areas (Stuber 2004, p. 40; EU COM 2003b, p. 9). Some of these key environmental “drivers” (EU COM 2003b, p. 9) are introduced in this chapter. Moreover, several additional concrete economic reasons can be determined that motivate companies to consider Diversity Management, and are explained below. Diversity Management also always implicates potential implementation costs, which are also specified in this chapter.

3.1. Diversity Management as a Response to Business, Societal and Legal Trends

The general trend of globalisation and the increasing global integration of markets are closely connected, especially with regard to information technology and trade liberalisation, and imply changes like increasing competition and growing business organisations through mergers and acquisitions. This additionally determines diverse markets, influences business and customer relations, and modifies work processes, labour organisations, and organisational structures (Erdönmez 2004, p. 1 et seq.).

According to a survey commissioned by the European Commission (EU COM 2003b, p. 9 et seqq.), companies in Europe identify the following five major environmental changes that induce them to contemplate workforce Diversity and Diversity Management.

Changing product markets

Owing to globalisation and the maturity of demand, competition intensity has been rising for all company types and sizes. Thus, companies have to improve their “operating efficiency”, which in turn requires an “up-grading” of human capital, investments in human resources, and increased workforce Diversity. This helps achieve market-place differentiation and a positive corporate reputation (EU COM 2003b, p. 9).

11 The survey involved senior human resource managers in 200 companies with generally over 50 employees in Austria, France, Sweden, and the UK, eight case studies in six EU countries, 48 interviews and extensive literature reviews (EU COM 2003b, p. 25; EU COM 2003a). The participating countries are not explicitly mentioned in the published survey report.
In most European countries, “traditional market sectors are fragmenting and new markets emerging” (EU COM 2003b, p. 10). Here, a diverse workforce can help identify diverse customer needs and effectively serve diversified markets. Manufacturing sectors that are dependent on “research and development (R&D) and innovation” have been growing quite rapidly over the last decade (EU COM 2003b, p. 11), which requires diverse, qualified, and creative employees. The service sector in general has also increased in the last 20 years. Here, the “service component of manufactured goods both in business-to-business and consumer markets” (ibidem) has increased, too. These changes require a high quality and efficient organisation of (diverse) human capital.

The changes in sales markets affect both big companies as well as small- and medium-sized enterprises. Larger business organisations are directly affected by globalisation, while small-and medium-sized enterprises are rather indirectly affected by supply chain pressure (EU COM 2003b, p. 11).

### Changing labour markets

The EU study reveals that labour market demographics are changing in many OECD countries. While the participation of women and members of ethnic minorities in the labour market is rising, the rate of younger workers is declining (EU COM 2003b, p. 11). Furthermore “levels of education are also increasing”. Consequently, it becomes more difficult for business organisations to “find new workers from traditional labour market groups” (ibidem). Also, the attitudes and expectations of (potential) employees towards their employers have changed. They are increasingly interested in “openness, participation, equity, and equal opportunities in the workplace” (ibidem, p. 12). Thus, companies have to respond with openness to new values, new employee groups (for example, members of minority groups or elderly workers), and new human resource policies, including Diversity Management activities.

An additional result of the survey is that small- and medium-sized enterprises are more dependent on local labour markets than big business organisations and are, therefore, more affected by demographic or value changes, because they lack possibilities and “resources to overcome shortages” (ibidem, p. 12).

### Changing capital markets

Due to changing capital markets, or rather, investors' changing requirements, companies
are increasingly compelled to “invest in development and management of intangible assets of all types” (EU COM 2003b, p. 12). Companies' efforts in terms of non-financial factors, in particular, investments in human capital, become an increasingly important criterion for investors, considering that human capital is “one of the most important forms of intangible assets” (ibidem). Furthermore, adequate risk management also plays a more important role for investors. This, for example, applies to legal risks concerning compliance with European anti-discrimination Directives and the respective risks for the company's reputation. That is, companies have to reduce such risks through appropriate Diversity Management activities.

Moreover, in Europe and in the USA, investors are increasingly interested in ethical investments. Companies are, therefore, well-advised to “meet predetermined standards of economic, social, and environmental practice” (ibidem) in order to attract investors. Based on the Global Reporting Initiative (2000, cited in EU COM 2003b, p. 12), the Commission report stresses that such efforts also includes workforce diversity policies.

Since only few small and medium-sized enterprises are “funded through public capital markets” (EU COM 2003b, p. 13), changing capital market requirements especially affect larger companies. Small business organisations may also be strongly influenced by investors with reference to business strategy or investments in intangible assets. Owners of small- or medium-sized companies are more directly affected by social attitudes and react to these by employing members of minority groups, for example.

**Changing governmental influence**

The role of government has also changed in many OECD countries, mainly owing to market liberalisation and privatisation. For example, the utility or energy markets have been liberalised, while at the same time, regulatory agencies have been established to ensure actual competition and consumer protection. Formerly public companies have been privatised and governments have begun using private companies to provide government-funded services (EU COM 2003b, p. 13). Thus, for many companies, reputation and meeting formal and informal criteria are important for winning public contracts and convincing government, the public, and regulators of “their 'suitability' and reliability” (ibidem).

Further, the implementation of national anti-discrimination legislation based on the four

---

12 The survey report does not use the term “Diversity Management” but the term “diversity policy” (EU COM 2003 b).
EU anti-discrimination Directives compels companies to survey and adapt their human resources policies. This anti-discrimination legislation has made it easier for employees and potential candidates to take companies to court if the company violates the law. On the other hand, it pressures companies to invest in their corporate reputation.

The changing role of government and anti-discrimination legislation affects all business organisations, regardless of type and size. Privatisation provides companies the opportunity to win regional or national public contracts. Legislation has a signal effect on companies concerning the changing of citizens' values and expectations and can insofar be considered a form of social regulation (ibidem).

**Changing social values**

Societies become more diverse through socio-cultural and demographic changes. This is closely linked to major changes in citizens' values and attitudes (EU COM 2003b, p. 14). Both government and business organisations have to react to these changes. Government is in charge of legislation, regulatory activities, and the way in which its institutions operate. That is, government determines the legal and “rule-based framework” within which business organisations operate (ibidem). But social values and attitudes also affect companies directly, for example, through greater support for fair treatment and equal opportunity in the workplace or increasing public interest in conditions of work and production. Hence, the “pressure for greater transparency and reporting of corporate environmental, social, and economic activity” has been increasing (ibidem). To deal with these social expectations, companies may pursue a Diversity Management strategy with reference to “corporate social responsibility” to legitimate their own organisation and business practices (Wagner and Voigt 2007, p. 2; see also Chapter 5.1.). Given these recent trends and the rising personal differences, managements' attention has increasingly turned towards Diversity Management.

**3.2. Potential Economic Advantages of Diversity Management**

When investigating the motivations of companies to implement Diversity Management policies, economic considerations usually play a key role aside from legal and ethical reasons, but companies rarely act on the basis of a single motivation alone (EU COM 2005, p. 16, 5; Hauke and Ivanova 2003, p. 15; Vedder 2006, p. 13; Krell 2008, p. 68). Furthermore, “the relative importance of each type of reason differs between companies”
Considerations to adopt Diversity Management policy are mainly guided by the expected opportunities, advantages, and benefits for the business organisation, as well as by the main argument that Diversity can create a competitive advantage if the diverse workforce is “well managed” (Cox and Blake 1991, p. 45; Krell 2008, p. 68; Rastetter 2006, p. 81). This means that Diversity has to be managed deliberately and embedded into an integral concept of Diversity Management (Köppel 2007, p. 14). Thus, the success of Diversity Management depends on the actual handling of Diversity within an organisation (see below). Achieving a competitive advantage, or rather, the so-called business case\(^{13}\) is considered the main argument in favour of Diversity Management, according to Krell (2008, p. 68).

Based on arguments and research data, Cox and Blake reviewed six areas in 1991 on the “linkage of managing diversity and organizational competitiveness”. They determined that managing Diversity can create competitive advantage especially in the areas of costs, resource acquisition, marketing, creativity, problem-solving and organisational flexibility, all of which are directly affected by Diversity Management (Cox and Blake 1991, p. 45, 47). Krell outlined those areas (2008, p. 68 et seqq.), adding two more arguments and linking them to the German context, in order to explain how Diversity Management can provide economic benefits and competitive advantages.

**Employment structure argument**

Considerations concerning this issue are based on the changes on the international and German employment market, reflected in the increasing employment rate of women, older employees, and people with migration backgrounds (Palm 2006, p. 36; Krell 2008, p. 68). Given this development, a personnel policy focused on the supposed dominant employee group, who in the German context is described as white, heterosexual German males, who work full-time (Krell 2008, p. 67, 68) is no longer applicable. The potential of diverse employees is not realised and can, therefore, not be utilised effectively (Palm 2006, p. 36).

---

\(^{13}\) A business case can be characterised as a comprehensive cost-benefit evaluation, which includes all important (also non-monetary) aspects concerning a certain case, plan or project, for example background, objectives, risks, options, synergies, etc. (Stuber 2004, p. 146, EU COM 2005, full report; Projektmagazin 2009).
Cost argument

Neglect and non-use of diverse employees' potentials, as well as the lack of integration of all employees and discrimination, incurs costs:

The job satisfaction of employees or groups of employees, who do not feel appreciated or integrated, decreases, which, in turn has a negative impact on motivation and performance (Palm 2006, p. 36, Krell 2008, p. 68). The pressure to conform to the majority group within an organisation saps energy and, consequently, entails weaker job performance (Vedder 2006, p. 14). In conjunction with this, additional costs for frequent absenteeism or even job termination may incur (ibidem). Also, (potential) claims by discriminated employees may imply further costs (Krell 2008, p. 68).

Creativity and problem-solving argument

Studies show that homogeneous groups can solve problems faster than heterogeneous groups (Krell 2008, p 69), but that heterogeneous groups produce “better quality solutions to assigned problems than homogeneous groups” (Cox and Blake 1991, p. 50). This is because “diverse groups have a broader and richer base of experience from which to approach a problem. Thus, managing diversity also has the potential to improve problem solving and decision making” due to a “wider range of perspectives and more thorough critical analysis of issues” (ibidem, p. 50, 47).

Research further supports the suggestion, that working team heterogeneity “promotes creativity and innovation” because of “a multiplicity of points of view” (Cox and Blake 1991, p. 50) and “less emphasis on conformity to norms of the past” (ibidem, p. 47) or also on attitudes of members of the majority. Here, it is also essential to deliberately manage Diversity and raise the team members' “awareness of the attitudinal differences of other members” “in order to obtain the performance benefits” of Diversity (ibidem, p. 50).

As Krell (2008, p. 69) stresses, it is necessary to manage diverse working groups appropriately. This, furthermore, requires a high sensitivity for the opportunities and risks Diversity offers (Vedder 2006, p. 37). If diverse groups are “untrained on their differences” they “actually perform[...] worse on problem-solving tasks” (Cox 2008, p. 23) than homogeneous groups. Also, Rastetter (2006, p. 90, 99) asserts that Diversity in groups per se does not lead to better group performance and that general statements concerning this argument are not possible due to the complexity of groups and Diversity.
But he argues that conflicts and problems caused by Diversity can be reduced by select measures. Despite the statements on the creativity potential of diverse groups, the European Union's report (EU COM 2003b, p. 57) argues that there is no clearly confirmed result regarding this argument. Instead, several studies on the performance of homogeneous and diverse teams show conflicting results. In addition, since these studies are generally based on “experimental psychology techniques” several business organisations “are sceptical about the robustness and relevance of the findings” (ibidem).

**Human resource marketing argument**

Diversity Management can also provide competitive advantages in terms of recruitment and retention of employees in an increasingly competitive labour market. Companies that practice Diversity Management successfully and communicate multicultural open-mindedness as well as respective Diversity Management programmes, have a higher chance of attracting qualified employees and executives, and also become employers of choice for top talents from minority groups (Vedder 2006, p. 14; Krell 2008, p. 69). Moreover, “retaining people makes sound business sense” (EU COM 2005, p.16)\(^{14}\). It can be assumed that employees who feel integrated, valued, and accepted with regard to their individual talents and competences, have a high level of motivation, are very loyal to their employer, and quit their jobs less frequently (Vedder 2006, p. 15; Palm 2006, p. 37). These factors contribute to the reduction of costs.

**Marketing argument**

Diversity Management can also be beneficial in increasing a company's presence in diverse business markets. Companies with diverse and appropriately trained employees might be more capable of responding to the demands and needs of diverse customers (Krell 2008, p. 69) who, for example, may have various social and cultural backgrounds. Such business organisations may have “greater marketing capability” (Konrad et al. 2006, p. 62) and, consequently, a better market position (Palm 2006, p. 38) for their goods and services than mono-cultural organisations. For instance, a multicultural sales team may be beneficial in terms of direct customer contact, if customers “from a minority group are more likely to give patronage to a representative of their own group” (Cox and Blake 1991, p. 49). The communication of successful Diversity Management programmes may also improve the organisation's image and help acquire

\(^{14}\) Estimation of Kieran Poynter, United Kingdom Chairman of PricewaterhouseCoopers.
and retain customers whose buying behaviour is influenced by such aspects (ibidem; Krell 2008, p. 69). When awarding public (sector) contracts, abidance to national anti-discrimination laws may be of significance for companies in general (Krell 2008, p. 69).

**Financing argument**

According to Krell (2008, p. 69), investment decisions are also increasingly influenced by societal (and ecological) aspects. For instance, many US investment companies only invest in companies that implement Diversity Management programmes. Furthermore, investment analysts increasingly take Diversity Management activities into consideration, when benchmarking business organisations (ibidem).

**Flexibility argument**

Unlike mono-cultural business organisations that imply a strong organisational culture (Krell 2008, p. 69) multicultural organisations that deliberately manage Diversity are “less determinant, less standardized”. Therefore, they have “greater flexibility to react to environmental changes” meaning that these companies react “faster and at less costs” (Cox and Blake 1991, p. 47), which may be essential to compete in today's markets (Palm 2006, p. 38).

**Internationalisation argument**

Operating in other countries and cultures may be easier for companies in which the implementation of Diversity Management leads to the establishment of a multicultural organisation, comprised of employees who are open-minded, value Diversity, and cooperate with others constructively (Krell 2008, p. 70). Employees of different nationalities can make use of their diverse competences with reference to certain attitudes or behaviour in other countries (Palm 2006, p. 39). Thus, Diversity Management may foster the entry into new international markets.

The arguments for Diversity Management presented above are verified in a European survey commissioned by the European Commission (EU COM 2003b15; EU COM

---

15 The survey is based on interviews with senior human resource managers in 200 companies with generally over 50 employees in Austria France, Sweden and the UK, eight case studies in six EU countries, 48 interviews with business and non-profit organisations, national governments, equality agencies, and trade unions, as well as extensive literature reviews (EU COM 2003b, p. 25; EU COM 2003a, p. 3).
The study also examined the costs and benefits of Diversity Management policies (EU COM 2003a, p. 3)\textsuperscript{16} of companies in several EU countries. The findings show that companies distinguish between two types of benefits arising from Diversity Management activities, namely:

**Creation and strengthening of human and organisational capital as “long term value drivers”**

(EU COM 2003b, p. 15, 17).

“Investments in diversity policies can make a major contribution to strengthen human- and organisational capital” that are “two of the most important kinds of intangible assets”(EU COM 2003b, p. 8) of any business organisation.

In this context human capital applies mainly to knowledge, competence, and commitment of employees who can create value for a company. Here, the resulting benefits of Diversity Management activities include, in particular, access to highly talented employees, improved global management capacity, as well as more innovation and greater creativity (ibidem, p. 17).

Additionally, the enhancement of organisational capital can be the result of Diversity Management activities. Organisational capital can be defined as “the capabilities of an organisation, including organisational design, market and corporate reputation, codified knowledge from all sources, and shared culture, values and norms” (EU COM 2003b, p. 18). The following three benefits are particularly important in this regard: reputation with government and other stakeholders, marketing image, and cultural values within the company (ibidem).

**Short and medium term opportunities to improve business performance**

(EU COM 2003b, p. 16, 19)

This includes, for example, cost reduction by avoidance of litigation and legal costs, reduction of employee turnovers, and lower absenteeism. The research results revealed that these benefits are especially important for small- and medium-sized companies (ibidem, p. 20).

\textsuperscript{16} EU COM 2003a is the executive summary of the full report EU COM 2003b.

\textsuperscript{17} It must be mentioned here that the study-report does not use the term “Diversity Management” but rather the abstract term “diversity policy”.

Furthermore, Diversity Management activities can improve labour access and help overcome staff shortage, as well as make new markets more accessible. Also, performance in existing markets can be improved through higher productivity, greater customer satisfaction, and loyalty (ibidem, p. 20, 21).

Despite the fact that the benefits of Diversity Management activities “are difficult to measure and the direct link between these factors and improved competitiveness and business value is difficult to establish” (EU COM 2003b, p. 26, see also Chapters 5.6. and 6.6.), the participating companies believe that the strengthening of human and organisational capital have, “taken together”, a “powerful indirect impact on their competitiveness over the long-term” (EU COM 2003a, p. 10).

In 2005, a further study was commissioned by the European Commission, which examined the business case for Diversity Management activities (EU COM 2005, full report) in companies from several EU countries. The study revealed different findings on the most significant benefit companies expect to achieve from Diversity Management activities. Over 42% of the companies considered overcoming shortage of staff, and recruiting and retaining “high quality staff” as the most important objectives (ibidem). For 38% of respondents, the second most important benefit is the company's ability to improve its image and reputation, as well as its “standing within local communities” (ibidem). More than 26% of the participating companies considered the opportunity to improve the innovation of employees to be a benefit of Diversity, which in turn can lead to new products and services and thus open up new markets (EU COM 2005, p. 6).

3.3. Potential Costs of Diversity Management

Diversity Management activities of any kind are always also connected with costs. Research findings (EU COM 2003b, p. 21 et seq.) indicate that companies principally face mainly four types of (additional) costs when implementing Diversity Management activities: financial costs, opportunity costs, increased business risks, and compliance with regulations (with regard to Germany, it is the General Act on Equal Treatment). These costs are briefly introduced below.

18 This study carried out in 2005 is based on two surveys including questionnaires and interviews “among companies in the 25 Member States of the European Union” (EU COM 2005, p. 5). 49% of all responses came from Germany, the Netherlands, Denmark and Poland (ibidem).
Cash costs

The main cash costs associated with Diversity Management activities may include (EU COM 2003b, p. 23 et seq.):

- Costs for Diversity Management delegates, Diversity managers or specialised units to oversee and support the implementation of the Diversity Management process.
- Costs for training and education of employees and executives.
- Costs for intensive communication during the change process, for example, concerning the required new information technology, certain materials or new staff.
- Costs for the development of objectives, strategies by executives and employees.
- Costs for monitoring and reporting processes in regard to Diversity Management activities, for example, due to new information technology, facilities or staff (ibidem, p. 24).

Opportunity costs

The Diversity Management process also incurs opportunity costs. These are costs of resources consumed that “cannot be used in other productive activities” (EU COM 2003b, p. 24). The more complex managerial functions and the stronger efforts necessary for coordination and integration (Ivanova and Hauke, 2003, p. 14) represent disadvantages that can lead to:

- Opportunity costs for the “commitment and time” (EU COM 2003b, p. 25) of executives involved, who lead and accompany the processes. According to the EU Commission's study, this is especially problematic for small- and medium-sized companies because they have fewer managers with “appropriate expertise” than large corporations do (ibidem, p. 25).
- Opportunity costs for the support of managers at all levels

Further costs for shortfalls in productivity due to the change process associated with the implementation of Diversity Management can arise. Uncertainty and the feeling of anxiety among employees, and lack of experience and knowledge of new employees can lead to such productivity shortfalls (ibidem). The study stressed that productivity shortfalls are particularly problematic for small- and medium-sized enterprises, because they cannot temporarily recruit new staff, due to their lower financial resources (ibidem)
Business risks

“Extensive evidence shows that many programmes designed to restructure organisations or to change corporate cultures takes longer than planned to implement or fail completely.” (EU COM 2003b, p. 25). This can also apply to Diversity Management policies. That is, the implementation of Diversity Management can actually create (additional) risks. It can fail, for example, due to the fact that a company does not have the resources or required knowledge to conduct it adequately. Also “traditional power and authority structures” (ibidem, p. 32) within a business organisation or opposition by important internal stakeholders can interfere in the plan to bring about a cultural change based on Diversity Management.

Compliances with regulations

The EU survey identifies some potential consequential costs “with new, national workplace anti-discrimination legislation based on the recent EU directives” (EU COM 2003b, p. 22). Concerning compliance with the German General Act on Equal Treatment from August 2006, which prohibits discrimination due to sex, age, race and ethnicity, religion or ideology, disability, and sexual orientation at the workplace, the following potential costs may occur for business organisations:

- Costs for the qualification and training of executives, human resource staff and other employees who are involved in recruitment and employee development (EU COM 2003b, p. 22). According to AGG §12, companies are obliged to perform such trainings, though the content and modality are not defined (Oechlser and Klarmann 2008, p. 23)
- Costs for establishing new or adapting existing human resource policy instruments for personnel recruitment and development, employee appraisal, or compensation to prevent discrimination (Oechlser and Klarmann 2008, p. 28 et seqq.).

Further costs can incur due to potentially increasing litigations liked to workplace discrimination by individuals concerned.
4. Implementation of Diversity Management in Business Organisations: Considerations and Recommendations for Practice

In order to provide an idea how Diversity Management can be implemented within a (business) organisation, suggestions for a systematic and sustained implementation of Diversity Management in a (business) organisation are introduced here. These recommendations are based on study results and experiences of experts which have been published in the literature. It provides several measures for evaluating the current organisational situation as the basis of implementation, planning, and concrete realisation of Diversity Management, as well as issues on process organisation and success measurement (Stuber 2004, p. 135; Köppel 2007, p. 14; Finke 2006, p. 51 et seqq.; Aretz and Hansen 2002, p. 53 et seqq.). As Stuber (2004, p. 137) contends, many of these measures and instruments are, in principle, already well-known or are being applied in the same or in a similar form to other management contexts.

4.1. The Basis of Diversity Management Implementation

In order to develop a suitable Diversity Management policy that is accepted by the staff, an in-depth organisational analysis and careful planning of targets and appropriate activities must be carried out when implementing Diversity Management (Köppel 2007, p. 14). Stuber (2004, p. 135 et seqq.) introduces an implementation model that places particular emphasis on the following aspects: business context, understanding of Diversity, Diversity objectives, as-is analysis including Diversity audit, business case (see also Chapter 3.2.), and strategy-development (Stuber 2004, p. 195).

4.1.1. Business Context

As each company is unique and has specific characteristics, Diversity Management has to be based on the relevant components of the business context in order to be an advantage for the organisation. The following points of core business functions should be considered carefully:

- Business objectives: sustained growth, profit maximisation or optimising shareholder-value, etc.
- Strategies: expansions, mergers & acquisitions, entering new markets, market leadership in certain markets, change of images, etc.
• Values of the organisation, common identity
• Brands and image
• Stakeholders and their interests, for example, customers, employees, business partners, suppliers, public, etc.
• Current challenges: employee turnover, cost reduction, stagnation of sales, current financial crisis, etc.

(Stuber 2004, p. 138 et seq.; Finke 2006, p. 52)

These points can, for instance, be evaluated by analysing annual reports, internal reports, or conducting interviews with management (Stuber 2004, p. 139).

4.1.2. Organisational Understanding and Objectives of Diversity Management

Since no common notion or definition of Diversity and Diversity Management exists, it is crucial for an organisation to develop an own organisational understanding of Diversity (Management) in accordance with its specific organisational requirements and perspectives (Stuber 2004, p. 140). An multinational corporation, for example, may explicitly include the aspect of nationality and ethnicity in its definition of Diversity Management, while a company with staff consisting of many parents may consider career and family as particularly important (Stuber ibidem; Mohr, telephone call 28 August 2008). It is also possible that the working areas and dimensions focused on, begin to shift during the change and development processes due to modified conditions, the organisational learning process, and new cognitions concerning organisational requirements (Mohr, telephone call 28 August 2008).

According to Stuber (2004, p. 140), the development of an own organisational understanding of Diversity (Management) harbours the risk of reducing the complexity of Diversity Management and its development to only a few aspects.

A further precondition for Diversity Management implementation is the setting of respective objectives and goals. Based on a company's overall strategy and closely linked to its Diversity (Management) as-is analysis, as well as the definition of objectives and goals, an organisation can clearly determine the direction of change and development, and create an appropriate Diversity Management strategy (Köppel 2007, p. 14; Stuber 2004, p. 141 et seq.). Aside from the high-reaching goals associated to an
organisation's situation or condition - which may, for example, be established by a political statement or a policy (Haselier and Thiel 2005, p.20) – it is also important to determine concrete and measurable objectives (Stuber 2004, p. 141 et seqq.; Palm 2006, p. 70). An example for a more general goal could be a balanced proportion of women and men in the workforce and at management-level, while a concrete objective could be an increase in the proportion of women in top-management within three years, determined by percentage rate, as is practised at Daimler (2008). Defining objectives is closely connected to the results of the as-is analysis and Diversity audit described in more detail in the following section.

4.1.3. As-Is Analysis and Diversity Audit

In order to plan an appropriate Diversity Management strategy and corresponding change activities, it is crucial to analyse the current organisational situation. For this purpose, an in-depth analysis and the acquisition of data that are crucial for Diversity Management implementation is expedient. The analysis should cover the following areas:

1) A demographic analysis of the workforce, including the existing Diversity in its dimensions (for example number of employees, age distribution, share of women in management positions, etc.) to the extent possible, usually based on statistical evaluation (Stuber 2004, p. 145). Because of legal regulations (data protection) or limited measurability (for example, concerning values or skills and knowledge) such an evaluation may only address a few points or dimensions of interest.

2) A Diversity audit “provides a quantitative and qualitative snapshot of an organisations' workforce through a staff survey and analysis” (Diversity @ work 2008). It can provide information about the current extent of Diversity and its dimensions as well as corresponding problems and potentials (Köppel 2007, p. 14), and typically focuses on the following points:

   • employee attitude and beliefs (Diversity @ work 2008)

   • the value and diverse cultures of an organisation (ibidem; Cox and Blake 1991, p. 53)

   • management practices and policies (Diversity @ work 2008), as well as management systems like HR-Management including, for example, work conditions, wage compensation, career paths, etc. (Cox and Blake 1991, p. 53; Blom and Meier
Such information can be collected through surveys and interviews with employees or key personnel like management or work council members. Employee surveys and interviews also help identify where employees see a need for action (Krell 2008, p. 75). This is an important information source for the management and can, together with the internal publication of results, foster employees' commitment (ibidem) and acceptance, which is crucial for successful Diversity Management implementation.

Additional statistics can provide the required information (for example, turnover, status of employees' illness, etc.) and already existing employee surveys may also be useful and are less expensive (Stuber 2002, p. 145). Cox and Blake (1991, p. 54) recommend assigning an external Diversity Management expert to support the organisation in its audit. Because externals are normally not influenced by internal moral commitments or power structures, the evaluation outcomes might be more accurate.

3) An analysis of external perception and image of the organisation with reference to Diversity (Management) may include an analysis of the organisation's diverse stakeholders. Aside from the already mentioned measurement tools, media reports on the organisation's Diversity Management activities or awards received in this regard may contribute to the evaluation of the current organisational situation (Stuber 2004, p. 143 et seqq.).

The advantage of the as-is analysis is that members of the organisation, who see no need for action with reference to Diversity Management, may be won over by information and communication of the analysis' results (Krell 2008, p. 12).

4.1.4. Business Case

In the context of Diversity Management, a business case (see also Chapter 3.2.) evaluates both monetary and non-monetary costs and benefits of the implementation of Diversity Management and the company's implicated organisational change and development process. Here, Stuber (2004, p. 146 et seq.) describes three main aspects:

First, how and to what extent the implementation of Diversity Management can contribute to a company's overall business objectives and strategies must be evaluated. This aspect is closely connected to the above described business context of Diversity Management.
Second, which external (economic) conditions and developments (as described in Chapter 3.1.) compel an organisation to actually adopt Diversity Management and the potential future costs incurred, if Diversity Management is neglected.

Finally, based on its individual situation, a company has to evaluate and weigh the costs and benefits, as well as the advantages and disadvantages of Diversity Management activities. Many of those aspects have already been described in previous sections (see Chapters 3.2. and 3.3.).

4.1.5. Strategy Development

After a critical and comprehensive appraisal of the individual situation including as-is analysis, Diversity audit, goal setting, business case, and based on the overall business strategy, a company should develop an individually suitable Diversity Management strategy (Stuber 2004, p. 148). Here, the question is how to reach the predefined goals and objectives, starting from the as-is state, through appropriate and coherent Diversity Management activities (Köppel 2007, p. 14; Stuber 2004, p. 148 et seqq.). Important fields of action and realisation activities are illustrated in the following Chapters 4.2. and 4.3.

First, it is important for an organisation to realise, that Diversity Management is a long-lasting process which does not only affect education, but also includes human resource development, organisational development, and cultural changes (Stuber 2004, p. 191 et seqq., Krell 2008, p. 73 et seq.).

Thus, it makes sense to identify persons, or rather internal stakeholders who can (strongly) influence such an change process both positively and negatively, and thereby advance or prevent the implementation of Diversity Management and integrate this aspect in a given concept. Different levels of stakeholders can be distinguished: active or passive opponents, adapted or conformed mainstream as well as cooperative or enthusiastic supporters (Liebermann et al. 2001, Chapter 4, cited in Stuber 2004, p. 149).

Concerning the promotion of Diversity Management, it can be helpful for an organisation to identify promoters who can support the change process and to involve the promoters to the extent possible. This consideration is based on the so-called “promoter model” (Hausschildt 1997, cited in Stuber 2004, p. 150; Olev 2008). According to the model, the specialised promoter has the appropriate expertise and methodological skills, the power promoter can use his or her hierarchical power, act as a
motivator and command the required resources. A process promoter knows the organisation's processes and structures, represents the “link” between the specialised promoter and the power promoter, and is involved and drives the process. The relationship promoter as a networker has numerous personal connections with important stakeholders.

Like for other kinds of organisational change processes, the fact that individuals react very differently to environmental information, arguments, and changes applies to the implementation of Diversity Management as well: More rational persons are susceptible to “hard facts” and it might be useful to point out the advantages and challenges of Diversity Management in order to reach such persons. Other people are more susceptible to emotional messages based on personal experience and it is important to bear this in mind when aiming to secure high personal commitment from these people. Finally, some people need clear directives and guidelines to attend and support change processes. This includes, for example, policy management principles or company agreements (Stuber 2004, p. 57, 249 et seqq.).

According to Stuber (2004, p. 52) it is obvious that the approaches of varying susceptibility do not exist in a pure form, but it can help to consider their interaction and influence on changes and developments within an organisational, when choosing suitable instruments (for example, certain training sessions) for the implementation of Diversity Management.

4.2. Fields of Action and Diversity Management Instruments

As already mentioned, Diversity Management can only contribute to a (business) organisation's competitive advantage, if it is understood and implemented as a holistic and “strategy-driven” concept (Köppel 2007, p. 14). This implies that Diversity Management has to develop global mindsets to value Diversity, individual competences of management, and employees to deal with Diversity, as well as organisational structures and culture that utilises Diversity (ibidem).

Possible fields of action emerge from this notion. On the one hand, the fields have to be determined individually within the given organisation and according to its individual situation. On the other hand, there are important and typical functional areas within nearly every organisation that are affected by changes, when implementing Diversity (Management):
• Human resources management or rather, personnel policy (recruiting, development, work organisation and processes, payment, etc.)

• Top management and executives (strategy, leadership, decision making, knowledge, communication, etc.)

• Internal communication (information, phrasing, media, etc.)

• Facilities and services (health care, advisory services, catering, accessibility, childcare, etc.)


Furthermore, public relations, marketing or customer relationship management are potential fields of action within Diversity Management implementation. (Stuber 2004, p. 158; 215 et seqq.)

Several Diversity Management instruments can be applied in the Diversity Management implementation process, such as activities or action programs. The different instruments or activities can be applied to all phases of a Diversity Management implementation process, that is during the Diversity Management's introduction phase, as well as during its realisation phase (Rupprecht 2004, p. 166; Stuber 2004, p. 158), even if the instruments are assigned to a specific phase as is demonstrated in the illustration below.

Training and internal communication are key instruments of the Diversity Management process (Stuber 2004, p. 173). Other examples are policies or company agreement, networks and councils, and mentoring and coaching. Some of the common and helpful instruments and activities are outlined in the following sections.

4.3. Realisation of Diversity Management

Built on the analysis and planning phase, actual Diversity Management realisation ensues. Here, two processes can be distinguished: the “introduction” and the “mainstreaming” of Diversity Management (Stuber 2004, p. 157 et seqq.). The introduction of Diversity Management includes the initiation and enhancement of the (cultural) change process within the organisation. It also includes the idea of developing awareness of Diversity and explaining the potentials of a corresponding cultural change within the organisation concerning, for example, respect, esteem or acceptance of Diversity (Rupprecht 2004, p. 166, see also Chapter 2.2.3.). The mainstreaming process
aims to integrate the Diversity (Management) concept in existing systems, processes and contents of an (business) organisation.

Both the introduction and mainstreaming process run in parallel, usually, the introduction processes and activities dominate the beginning, while mainstreaming processes become more important later (Stuber 2004, p. 158; Finke 2006, p. 57).

4.3.1. Introduction of Diversity Management

To achieve an effective implementation process the introduction of Diversity Management within an organisation should follow two approaches (or directions): top-down and bottom-up (Stuber 2004, p. 157; Rupprech 2004, 166; Aretz and Hansen 2002, p. 54).

The top-down introduction of Diversity Management is initiated by the top management who can ensure a close connection to the business context and demonstrate the management's willingness to initiate change, a factor that is crucial for any form of Diversity Management implementation. Here, top management can guide and motivate, inform or regulate. Activities of top-down introduction include for example (Stuber 2004, p. 157, 159, 161 et seqq.):

• Policies or company agreements that support the strategic inclusion of Diversity Management implementation
• Agreements of objectives, top-down to all levels of an organisation to involve management with regard to the change process
• Pilot projects including top management as sponsors
• Presentations and kick-off events for the management to introduce the subject and integrate senior management
• Specific awards to foster positive commitment by employees
• Training for top and senior management in order to raise awareness for Diversity within the own organisation (awareness workshops) and promote the management's competence to deal with the subject (Diversity skill-building workshops).

The bottom-up introduction of Diversity Management should ensure the involvement and participation of all employees within an organisation (Stuber 2004, p. 157 et seq.). The most important instruments and activities for a bottom-up introduction include:
• Awareness and skill-building training. Awareness training for employees to explicate advantages and challenges of Diversity (Management), own values and attitudes, and to sensitise employees to existing Diversity within their own organisation and the potential problems of “being different”. Skill-building training to improve communication abilities with diverse people, more effective conflict-solving competence, and higher flexibility to deal with changing conditions (ibidem, p. 173 et seq.; Palm 2006, p. 74)

• Internal communication to make the idea of Diversity (Management) accessible to all employees, to inform about the subject and corresponding activities as well as provide opportunities for an exchange of information (Girg 2004, p. 178)

• Providing supporting structures for employee groups who are disadvantaged potentially, and especially for networks of employee initiatives and mentoring (Stuber 2004, p. 173). Networks help to actively involve, develop conditions, and provide contact persons, and represent a type of “key communicators” on the subject (David 2004, p. 182).

• Mentoring programmes for example, for new employees, employees who are potentially disadvantaged or belong to a minority group. The mentors provide career advice and advice on specific organisational rules of “the game” or on potential barriers for those who are being mentored. Furthermore, a mentor can establish access to informal networks a lot easier. Internal mentor programmes or cross-company mentoring programmes are a possibility, if the mentor and those being mentored come from different organisations. (Palm 2006, p. 76; Rühl 2004, p. 186 et seqq.).

In practice, normally, both approaches are usually combined with reference to the principle: “Top-down for targets, bottom-up for how to do it” (Osterloh and Wübker 1999, cited in Palm 2006, p. 72). This combination of activities supports both the involvement of management and employees (Stuber 2004, p. 189).

4.3.2. Diversity Mainstreaming

While the introduction described possible activities for the initiation of the Diversity Management's process, Diversity mainstreaming refers to the establishment of the subject, and embeds Diversity (Management) within the organisational systems. In the following section, the idea of Diversity Management mainstreaming by means of the
two important areas of human resource management and internal communication, is briefly illustrated.

**Human Resource Management**

A principle area of Diversity Management mainstreaming activities in business organisations is the human resource management system. It determines who will be recruited, how the working conditions are, if and how human resource development is applied or how employees are paid. Here, mainstreaming can help evaluate whether these areas containing elements that favour or discriminate (certain groups of) job candidates or employees and provides opportunities to make the human resource management system more flexible, open, and neutral, and thus, become more effective for the organisation and its employees (Stuber 2004, p. 190). When reconsidering recruitment practises, functional and relevant criteria that are independent of individuals and non-discrimination should constitute a focus. This specifically applies to job specification, job advertisement, and the selection of candidates (ibidem, p. 191 et seqq., 194; Überacker 2007, p. 476). Job requirements should be checked for relevance, and Diversity competence itself could become a selection criterion for candidates (Überacker 2004, p. 264; Stuber 2004, p. 191). For the recruitment of diverse employees, including from minority groups, suitable media and instruments could be used, like employment ads or cooperation with Non-Governmental Organisations (NGOs) or employment agencies (Überacker 2004, p. 264, Stuber 2004, p. 190 et seqq.).

The integration of the Diversity idea in human resource development applies to career planning, promotion, and further education in particular. Here, it is important to ensure that all employees in the respective positions are included in career and competence development (Stuber 2004, p. 197).

Also, working conditions play an important role to match diverse employees' needs regarding the workplace (e.g. telework, telesales), working hours, and volume of work (e.g. flexible working hours, part time jobs, job-sharing), and work support (e.g. sports, flexible child care, cleaning or laundry services) (ibidem, p. 199 et seqq.; Anon, personal conversation 4 September 2008).

Diversity Management mainstreaming in wage compensation systems aims to link salaries to work performance and employee competences and potential. This means that job requirements (based on job specifications) and the corresponding job evaluation has
to be considered adequate and fair when determining wage compensation systems, and all employees in comparable jobs must receive the same level of compensation for similar levels of performance (Stuber 2004, p. 207 et seqq.).

**Internal Communication**

Internal communication is also a key element within the Diversity Management implementation process (Girg 2004, p. 178 et seqq., Mohr, telephone call 28 August 2008; Anon, personal conversation 4 September 2008). This applies to the introduction of Diversity Management, as well as to the mainstreaming process. Internal communication can explain the main ideas behind Diversity Management and also help keep Diversity (Management) in employees' mind. Furthermore, internal communication can inform employees about Diversity Management activities and progress made (Cox 2001, p. 71), and successes, and aim to integrate the subject into the overall organisational communication (Girg 2004, p. 178 et seq.) Here, communication within the Diversity Management process should be supported by several functional individuals, areas, and teams, like a Diversity Manager, the recruitment department, and human resource management, finance, employee networks, press department, etc.

Several communication channels can be included to inform employees about Diversity Management and related issues: personal communication, intranet-websites, info-flyers, brochures, or articles in in-house magazines or media. Girg (ibidem, p. 181) contends that one-on-one interviews with senior management are an important channel for fostering Diversity (Management) awareness within a business organisation, as is the case at the Deutsche Bank, for example.

**4.4. Diversity Management Position**

Even if Diversity Management is an integral concept that aims for eventually involving all employees in an organisation, the initial focus often rests on the top-down introduction which requires top management to take initiative to actively promote Diversity Management so it finds acceptance among employees and all management levels (Diversitytraining 2008). Because the implementation of Diversity Management is a complex process, it should be supported and accompanied by the establishment of an own Diversity Management position (Stuber 2004, p. 224; Palm 2006, p. 69, Finke 2006, p.71, Haselier and Thiel 2005, p. 21). Therefore, business organisations often create a Diversity Manager position, and large corporations in particular may also create
a Diversity Commission or Council (Vedder 2008b, O'Neale 2007, p. 360). The latter consists of members from all hierarchical levels of an organisation, including, for example, including “high-level decision makers” and “senior personnel” (O'Neale 2007, ibidem; Diversitytraining 2008). The top-management's representation here is critical for the success of the implementation and “reinforces the other leaders' commitment to the effort” (O'Neale 2007, ibidem). Also, the Diversity Manager position should be introduced at a high hierarchical level, so he or she has the authority to advocate the implementation process effectively (Stuber 2004, p. 225). His or her position is often closely geared to the tasks of a change agent or a process promoter (ibidem, p. 226).

The purpose of the Diversity Management position is to establish a contact person for all matters relating to Diversity (Management) who represents an interface between the employees and management, and promotes support for the process. Furthermore, a person or persons holding the position must monitor whether the predetermined objectives are actually being achieved (Haselier and Thiel 2005, p. 21; Diversitytraining 2008), and “to provide strategic direction and help”(O'Neale 2007, ibidem).

**4.5. Performance Measurement**

According to the motto “what gets measured gets done” (O'Neale 2007, p. 356; EU COM 2005, p. 26), monitoring and performance measurement should be an integral part of Diversity Management as a changing process. This helps identify the respective status quo and any need for further action (Krell 2004, p. 53, cited in Palm 2006, p. 71).

Generally, two approaches to performance measurement exist in the implementation process of Diversity Management: direct and indirect measurement (Stuber 2004, p. 227). The direct progress measurement is based on the initial as-is analysis, which is taken as a starting point for any changes or for achieving a set of objectives, as described above. Here, progress can be evaluated through structured employee interviews or survey data, for example, on staff satisfaction or valuation of Diversity, as well as by analysing turnover rates or absenteeism with regard to cost savings, new appointments or changes of rates of certain employee groups in in relation to workforce Diversity. (Stuber 2004, p. 228; Palm 2006, p.83 et seq.; Cox 2001, p. 70).

As an alternative to indirect measurement and the controlling of advantages and progress of Diversity Management efforts, the Balanced Scorecard is often mentioned in literature (Stuber 2004, p. 228; EU COM 2005, p. 26; Aretz and Hansen 2002, p. 72 et seqq.). A
thorough discussion of the Balanced Scorecard is beyond the scope of this paper but the idea behind it is briefly addressed. The Balanced Scorecard can be described as an integrated planning, implementation, and controlling instrument for an integrated management system that includes both qualitative and quantitative aspects (EU COM 2005, p. 26). It is individually developed for every company, according to specific organisational requirements and conditions and, therefore, may be a suitable tool for measuring the impact of Diversity Management implementation on an organisation (Aretz and Hansen 2002, p. 72, 80 et seqq.).

Based on a vision and an overall strategy, strategic objectives are concretised and operationalised, and built on the following four key elements: finance, customer, internal processes, and potentials. Specific Diversity Management objectives, indicators, parameter/characteristics and activities are determined and assigned to every key element, that are used to measure Diversity Management progress and its contribution to the overall strategic goal (ibidem). The idea behind the Balanced Scorecard measurement is that a positive development of indicators, which are relevant for Diversity Management, account for a successful implementation of Diversity Management (Stuber 2004, p. 228). Possible indicators include, for example, turnover, status of employees' illness, productivity or customer satisfaction. It has to be considered that the individual indicators are also influenced by other factors. Which, in turn, may influence the outcomes (ibidem). Therefore, it is generally difficult to measure the overall impact of Diversity Management activities on an organisation's business success (EU COM 2005, p. 26).

4.6. Potential Challenges and Mistakes

Since (top) management often does not recognise the true complexity of Diversity Management and is, according to Krell (2008, p. 73) partially “naive” as regards time, efforts, and the will to change the status quo. This can result in a condition that is a real obstacle to the systematic implementation of Diversity Management. Some key aspects are illustrated below:

Stuber (2004, p. 138) found that a comprehensive management “mandate” or permission for a comprehensive and integrated implementation of Diversity Management exists only in a few cases. In most cases, the single building blocks have to gradually be developed and are then submitted for decision. Often, the decision for strategy development is not taken until the first building blocks (especially the business case) are
provided (ibidem). This approach harbours the risk that, on the one hand, a business organisation sticks to some incoherent activities that do not achieve any sustainable changes of success. On the other hand, management has no or only a limited overview of the required implementation activities and respective consequences and efforts and may, therefore, then refuse to support the implementation process or even terminate it (Plett, personal conversation 6 October 2008).

Closely connected to this is the fact that often no full-time Diversity Manager position or other similar Diversity Management function is established, because the process' complexity and its challenges are not adequately understood (Stuber 2004, p. 256; Plett, personal conversation 6 October 2008). Often, the initial initiative for implementation originates from the human resource management and subsequently, any further activities and responsibilities remain in the competence of the human resource management instead of involving all business areas and functions (Stuber 2004, p. 256; Plett, personal conversation 6 October 2008; Vedder 2006, p. 13).

Since true leadership is a crucial success factor for Diversity Management, it does not work if management initiates Diversity Management activities first, proclaims some corresponding slogans, and then leaves the actual implementation to others (Cox 2001, p. 128).

The lack of awareness of the complexity of Diversity Management also often results in particularly low Diversity Management budgets (Stuber 2004, ibidem) that prevent an effective realisation of sustainable Diversity Management activities.

Because the Diversity of workforce “is associated with policies designed to recruit, retain and develop employees from [all] diverse social groups” (EU COM 2003b, p. 5), it is also quite problematic if implementation efforts are limited to actions that aim to increase quotas of minority groups within an organisation. This kind of affirmative action may even increase stereotyping and exclusion (Stuber 2004, p. 256; Vedder 2006, p. 4) and probably does not achieve a business organisation's expected business advantage. The same applies if an organisation develops a definition of Diversity (Management) but only includes very few dimensions (Stuber 2004, p. 256). On the other hand, it is difficult to immediately identify all kinds of relevant dimensions within

---

an organisation (Plett, personal conversation 6 October 2008) and many individual or
group dimensions are not necessarily obvious (Aretz and Hansen 2002, p. 44; see
Chapter 2.3.).

Vedder (2006, p. 13) indicates that the influence of power-political factors on Diversity
Management as an organisational change process has to be considered because
management often belongs to the dominant group within an organisation. Since change
processes generally question the current organisational and power structures,
management may be concerned about change and the potential loss of power, especially
when belonging to the dominant group within an organisation. This may obstruct or even
terminate any Diversity Management efforts (Plett, personal conversation 6 October
2008; see also Chapter 2.2.2). Often, a lack of management expertise on change
processes accompanies Diversity Management (EU COM 2003 b, p. 80). Fear of change
may also apply to other employees in the organisation because many of them may have
made bad experiences with any kind of change within their business organisation (Plett,
personal conversation 6 October 2008).

The study by the European Commission also identifies an external obstacle to
“workforce diversity policy” (EU COM 2003b, p.80), namely, the “restrictions on the
holding of sensitive data” (ibidem). This makes it “impossible for companies to measure
changes in workforce demographics [concerning certain dimensions]: a key intermediate
outcome and measure of progress” (ibidem). This applies, for example, to homosexual
employees, those with different ethnic backgrounds or religious beliefs (ibidem).

4.7. Success Factors

This chapter provides a brief overview of the most crucial elements of successful
Diversity Management implementation.

The implementation of Diversity Management within a (business) organisation is a long
and challenging change and transformation process affecting the entire organisation and
requires a strategic and systematic approach, as well as perseverance in order to be
successful (Krell 2008, p. 73; Blom and Meier 2004, p. 248; Plett, personal conversation
6 October 2008). Even if Diversity Management is initiated bottom-up, it is important to
then implement it professionally. This also includes crucial general tasks like the
evaluation of the business context, goal setting, business case, as- is-analysis, etc., as
illustrated above (Stuber 2004, p. 257).
Therefore, it is crucial for top management and senior management to be strongly involved in Diversity Management and to support all phases of the process (Stuber 2004, p. 257; Palm 2006, p. 67, 69; Krell 2008, p. 73 ff). As Cox (2008, p. 24) stresses:

“The single most critical thing [of a Diversity Management program] is senior leadership. This means being a visible and consistent communicator on the subject, role modelling diversity-supportive behaviors, integrating diversity management with other aspects of the business strategy and holding people accountable for the necessary organizational changes.”

Because the active participation of the workforce is also a core element of Diversity Management implementation (Stuber 2004, p. 256), it is important to consider possible and suitable bottom-up and top-down approaches that engage the minds, hands and hearts of employees and thus “provides the leadership with valuable resources” (O'Neale 2007, p. 356) within the process.

To foster individual and group competence to deal with Diversity (Management), training for both management and employees is fundamental for the implementation of Diversity Management (Köppel 2007, p. 14). Such training ought to be integrated into the overall Diversity Management strategy and be treated “as an on-going education process rather than a one-shot seminar” (Cox and Blake 1991, p. 53).

Intensive communication is also crucial for the implementation of Diversity Management in order to promote the active participation of the workforce (Stuber 2004, p. 256). This applies to a well-articulated idea and objectives in order to enable employees “to be clear about what the company is trying to accomplish” (Thomas and Ely 1996, p. 87), but also for regular information on efforts, activities, progress, and outcomes. Here, it is particularly beneficial for the staff's motivation to announce even minor positive results during the first year of implementation (Stuber 2004, p. 257).

The important elements of performance measurement and an individual Diversity Management position were illustrated above.

Last, but not least, providing the required resources according to staff, money, time, facilities, etc. is one of the success factors of Diversity Management implementation.

It has to be added that efficient Diversity Management depends on the actual situation of the organisation, which, for example, includes the relevant dimensions, the degree of Diversity within the organisation, previous experiences, organisational environment or

4.8. Implementation of Diversity Management in Small- and Medium-Sized Companies

The considerations and recommendations presented above provide a guideline for the implementation of Diversity Management in business organisations. Here a strategic approach, professionalism, and a wide range of different resources are essential.

As research results indicate, only few owners or executives of small and medium-sized enterprises systematically deal with the development of their companies, since they are preoccupied with the day-to-day running of business. This also applies to aspects of Diversity Management (EU COM, Vielfalt am Arbeitsplatz, undated, p. 1, preface).

The European Commission has published a brochure “Vielfalt am Arbeitsplatz” (undated) presenting eight steps of a Diversity (Management) strategy. It provides guidelines and recommendations for small- and medium-sized enterprises in the implementation of Diversity Management, independently of sector or location (ibidem). The recommendations are kept rather broad but are very similar to the suggestions for a methodical and sustained implementation of Diversity Management, as introduced above. The brochure considers the following elements:

- As-is analysis according to strengths, weaknesses or problems, optimal usage of managers and workforce, leadership, workforce Diversity, German General Act on Equal Treatment.
- Evaluation of recruitment practices concerning the required and appropriate instruments and professionalism.
- Evaluation of existing and new diverse markets and customers, and the impact on the own company, especially with regard to the employees.
- Inclusion of customer needs in business strategy and planning.
- Fostering strong internal communication for better utilisation of internal knowledge and increasing inclusion and commitment of employees.
- Announcement of Diversity Management activities for a positive image or reputation, and along with these, for increased competitiveness.
- Evaluation of costs and benefits of Diversity Management implementation.
• Search for external professional support.

The European Commission's brochure is intended to formalise workflows, to prevent problems with staff, gain more time, and to advance efficiency (ibidem)\textsuperscript{20}.

\textsuperscript{20} “Sie sind hauptsächlich dafür gedacht, Abläufe zu formalisieren, damit Personalprobleme vermieden werden, mehr Zeit zu gewinnen und die Wirtschaftlichkeit zu erhöhen.” (ibidem)
5. Diversity Management – The Situation in Germany

Based on the explanations in Chapters 2.1. (History) and 3.1. (Diversity Management as a response to several trends), this chapter depicts the current Diversity Management practice in Germany’s business context. This includes the dissemination of Diversity Management in German-based companies, the description of relevant social, legal, and economic conditions that influence Diversity Management practice, and the organisational realisation of Diversity Management in German-based companies. In addition, the evaluation of economic efficiency and additional perspectives of Diversity Management within the German business context are illustrated. Due to the lack of any recent concrete data on this topic in Germany, the illustration is based to a large degree on a study from 2005 conducted by Süß and Kleiner (Süß 2008, p. 410).

5.1. Dissemination of Diversity Management in German-Based Companies

Since the mid-1990s, the discussion about Diversity Management in business literature has persistently increased in Germany (Vedder 2006, p. 7; Süß and Kleiner 2006, p. 59; Süß 2008, p. 411). At the same time, the dissemination of Diversity Management practice in German business has increased, especially since the late 1990s (Süß 2008, p. 414). Süß and Kleiner (2006, p. 69, 77; Süß 2008, p. 406) refer to a “boom-type spread” of the Diversity Management concept Germany in recent years. Yet the number of companies that actually practise Diversity Management is still quite limited (Süß and Kleiner 2006, p. 63, 77; Vedder 2006, p. 9). An estimation from Vedder (2005, p. 20; Vedder 2006, p. 9; Süß 2008, p. 413) states that in 2005 at most about 50 businesses and non-profit organisations in Germany practised Diversity Management, whereas a further upward trend had been expected at that time.

Especially multinational corporations based in Germany, and which often have an Anglo-American “parent”, as well as service providers have implemented Diversity Management (Vedder 2006, p. 9; Süß 2008 p. 414 et seq.). Examples include Ford, Hewlett-Packard, IBM, Microsoft, Shell or Kraft Foods Deutschland (Ford 2002, p.6; Vedder 2008b; Stuber 2004, p. 153, 185, 201). Other (German) companies like Deutsche Bank or Daimler AG introduced Diversity Management following the acquisition of, or rather, the merger with American companies (see Chapter 2.1.). Also, German companies like Deutsche Telekom, Volkswagen, Commerzbank or Siemens AG have
implemented Diversity Management proactively (Süß and Kleiner 2008, p. 43 et seq.; Rupprecht 2004, p. 165; Vedder 2006, p. 9; Süß 2007, p. 449). The Deutsche Lufthansa AG was the first German company to introduce Diversity Management of its own accord in 2000 without foreign influence (Vedder 2006, p. 9). With its employees from 145 nations, worldwide operations, and international cooperation with other companies Diversity Management is of particular importance (Rühl 2008, p. 90).

Süß and Kleiner (2006, p 59) found that, to date, no comprehensive and differentiated empirical research results on the dissemination and practice of Diversity Management in Germany exist. Consequently, in 2005, they conducted a survey among German-based companies on this topic (ibidem). Because of the “small sample size, the study cannot be claimed as being representative” but yields “first comprehensive results on diversity management in Germany”21 (Süß and Kleiner 2008, p. 39).

Through this survey, Süß and Kleiner identified two effects that arose from Diversity Management: the size-effect and the country-of-origin-effect (Süß 2008 p. 414 et seq.). The size-effect revealed that predominantly big companies implement Diversity Management. A possible explanation for this is “that, with a growing workforce, the number of employees belonging to a minority increases statistically as well” (Süß and Kleiner 2008, p. 45). Thus, Diversity Management is more important for large companies than it is for smaller ones. Furthermore, large companies have the capacity to make resources for Diversity Management implementation available more so than smaller companies (Süß 2008, p. 415). But Süß and Kleiner (2006, p. 73) also argue that larger companies are (with regard to the number of employees and customers) more in the public eye. Thus, these companies are under a lot more pressure to legitimate their behaviour towards the environment than smaller companies are. Because of the societal expectations on an adequate consideration of minority groups, Diversity Management may be more important for large companies (ibidem).

With regard to the country-of-origin-effect, it becomes clear that German branches of American companies in particular are very familiar with the concept. 90% of German branches of American companies know the concept, whereas only about 39% of the

21 For the survey, 160 listed German-based companies (DAX, MDAX, SDAX, TecDAX) and 50 German branches of the 50 biggest American companies were contacted, in each case both management (for example, Diversity Manager or Human Resource Manager) and work councils got a questionnaire. 79 questionnaires from 66 companies were sent back (feedback rate 19%) of which 39% were from management representatives and 40 from work council members. 26 of the responding companies (39.4%) declared that they had institutionalised Diversity Management. The responding companies came from all industrial sectors represented at the German stock-market (Süß 2008, p. 411 et seq.; Süß and Kleiner 2006, p. 59 et seq.; Süß and Kleiner 2008, p. 39).
German companies are familiar with it (Süß and Kleiner 2006, p. 64). Further, the survey revealed that 70% of the German branches of American companies have implemented Diversity Management, while only 26.1% of the German companies have done so (Süß 2008, p. 415). According to Süß (ibidem), this can be explained by the relatively globally standardised human resource management applied by American companies, which, in turn, may result in a globally standardised Diversity Management implementation. Thus, Diversity Management in German branches can be interpreted as an imitation of “best practices” from American parent companies. On the other hand, the implementation of the concept can also be the result of pressure by or dependence on the American parent company (Süß and Kleiner 2006, p. 74; Süß 2008, p. 411).

From the 66 responding companies, a total of 26 large companies (39.4%) with an average of about 176,000 employees, have institutionalised Diversity Management (Süß 2008, p. 412 et seq.; Süß and Kleiner 2008, p. 45). Based on this result and Vedder's estimation (see above) that 50 organisations in Germany that practise Diversity Management are non-profit organisations, Süß (2008 p. 413) concludes that the survey essentially identifies most of the business organisations in Germany that actually practise Diversity Management. According to Süß (ibidem), this also means that many employees in Germany work for companies that have already implemented Diversity Management. Some of the most important employers in Germany are among these large German-based multinational corporations (Vedder 2005, p. 20).

On the other hand, especially German small- and medium-sized companies are of great economic importance for Germany and have a high employment potential, but do not systematically deal with the concept of Diversity Management (Süß 2008, p. 425 et seq.). Therefore, experts conclude that Diversity Management is not a common and naturally practised, integrated management concept in the German business context and is actually falling behind in international comparison (Süß and Kleiner 2006, p. 62; Vedder 2005, p. 20; Köppel 2007, p. 14). What is evident are mostly unrelated initiatives for certain target groups, which are often conducted under other headings, such as equal treatment of gender, performance of disabled employees or in preparation for foreign deployment (Köppel 2007, p. 14, Vedder 2006, p. 11)\(^\text{22}\).

It has become very common since the 1990s to incorporate equal treatment policies in

\(^{22}\) Vedder (2006, p. 11) furthermore argues that there are also German organisations that do not consider Diversity Management to be a relevant issue or actually consider it a danger that has to be countered by maintaining the organisational status quo. According to Vedder (ibidem), it might be interesting to examine how these organisations are dealing with the requirements of the AGG.
(business) organisations to eliminate disadvantages of women, provide equal opportunities for both women and men, and facilitate the work-life balance in the business context (Krell 2008, p. 4, 57; Süß and Kleiner 2006, p. 58). Here, several initiatives like awards, rankings or audits have been established to promote such activities (Süß 2008, p. 407). Two examples of such equal opportunity initiatives are the Total E-Quality title\textsuperscript{23} or the audit berufundfamilie®\textsuperscript{24} (Krell 2008, p. 4). The Total E-Quality association award is a (free of charge) title for (all types of) applying organisations that integrate demonstrable, long-term equal opportunity activities in their human resource management (Roer 2008, p. 475 et seq.). The audit berufundfamilie® was developed by the (non-profit) Hertie foundation (Hertie-Stiftung) and has been established as the main (costs-associated) certification of family-friendly workplaces in Germany’s economy (Wollert 2008, p. 484).

(Business) organisations in Germany have become increasingly aware that equal opportunity goes beyond gender aspects and that there are also other diverse, potentially disadvantaged groups (Süß and Kleiner 2006, p. 58). One result is the “Charter of Diversity” (“Charta der Vielfalt”) from 2006, initiated by Deutsche Telekom, Deutsche Bank, and Daimler AG and actively promoted by the Federal Government (Jablonksi and Schwarzenbart 2008, p. 471). The Charter aims to inform the public about Diversity and sensitise the public and organisations for the issue and provide examples of best-practice (ibidem, p. 472). Organisations that sign the Charter publicly declare that they respect and value Diversity and make use of its potential. They furthermore commit themselves to carry out corresponding activities to create a working environment free of prejudices (ibidem, p. 472.). The Charter consists of six commitments related to corporate culture, personnel processes, social and demographic aspects, internal and external communication, documentation of activities, as well as employee information and integration into the implementation process (ibidem, p.473 et seq.). How an organisation actually implements the Charter is up to the organisation itself (Felixberger

\textsuperscript{23} The “E” stands for total “equal opportunity” quality (Roer 2008, p. 475)

\textsuperscript{24} The audit berufundfamilie® is a multi-phase certification process that aims to achieve the implementation of family friendly measures in a company. Based on a defined criteria catalogue and supported by a licensed auditor, a company develops individual and appropriate objectives and corresponding measures to become a family-friendly employer. The activities include classic areas of human resource management like work organisation, work time or leadership. With a kick-off workshop, the company initiates the implementation process and receives a basic certification. The ongoing process is checked annually by an external auditor. After three years, the company is awarded the actual certification for three years, if the predetermined objectives were achieved. After another three years, a re-auditing is possible. Then, the company is monitored every three years in order to keep the certification (Wollert 2008, p. 484 et seq.).
and Gleich 2007, p.6).

Despite these efforts, activities related to Diversity (Management) and the Charter of Diversity are still largely unknown (Felixberger and Gleich 2007, p. 6; Jablonski and Schwarzenbart 2008, p. 472).

5.2. German Conditions and Drivers for Diversity Management

Dealing with Diversity and the implementation of Diversity Management in and between German-based organisations will gain further in importance (Vedder 2006, p. 9). Like in many other European and OECD countries, this trend is also observable in Germany, caused by several changing conditions as addressed in Chapter 3.1. Here, five major economic changes were identified: changes in product-, capital-, and labour markets, changing governmental influence, and broader social values and attitudes (EU COM 2003b, p. 9). In the following section, two aspects are briefly illustrated that are explicitly related to Germany's situation: the changes in (labour market) demography and the German General Act on Equal Treatment.

5.2.1. Labour Market Demography

Like in many other European countries, the workforce structure in Germany has become more diverse since the 1990s (Süß and Kleiner 2008, p. 36). The proportion of working women and elderly people has been increasing (Holst and Schupp 2008, p.123).

Due to the higher labour force participation rate of women, the total labour force participation in Germany has slightly increased from 48.9% in 1996 to 50.5% in 2006 (Institut der deutschen Wirtschaft 2008, p. 11). At the same time, the labour force participation rate of women increased from 40.9% in 1996 to 44.7% in 2006. At the same time, the rate of men participating in the labour market declined to 56.6% in 2006 as compared to 57.3% in 1996 (ibidem).

In relation to the working population of 15-64 year olds, the labour force participation rate of elderly people has clearly increased. In 2006, the rate of people between 60 and 65 years (31.9%) was nearly twice as high as in 1996 (17.1%). This is a result of the legal modifications to the early retirement practice (Wingerter 2008, p. 114). On the

---

25 The labour force participation rate (Erwerbsquote) is the rate of working persons (Erwerbstätige) and unemployed (Erwerbslose) persons compared to the total population in Germany. The data refer to annual averages and are based on data from the Federal Statistical Office (Institut der deutschen Wirtschaft 2008, p. 11, 12; Statistisches Bundesamt 2008).
other hand, the age structure of the working population is changing. The workforce potential will become increasingly older, while the global working population will decline in the long-run (Grobecker and Krack-Rohberg 2008, p. 23). This development reflects the change of the population's age structure in Germany (ibidem, p. 24). Here, the share of elderly people is accelerating compared to that of younger people. In 2000, the share of people who were 65 and older was more than a fourth (26.8%) of the population in Germany. According to experts' estimation, their share will be more than half (54.4%) of the population by 2050 (BiB 2004, p. 58 et seq.)\textsuperscript{26}. Thus, the dimension age will also become more important for business organisations in Germany and resulting in an increase in the significance of older employees is expected (BiB 2004, p. 64; Süß and Kleiner 2008, p. 36).

The German labour market is also characterised by a growing number of people with a foreign nationality and migration background. In 2006, 8.8% of the population in Germany consisted of people with a foreign nationality compared to 7.6% in 1991 (Grobecker and Krack-Rohberg 2008, p. 19). At the same time, the labour participation rate of people with foreign nationalities has increased from 51.8% (1991) to 52.8% in 2006, compared to Germany's total population (Institut der deutschen Wirtschaft 2008, p. 11). Due to the projection of a declining working population and corresponding personnel shortage, experts also predict that in addition to the rate of working women and elderly persons, the rate of employees with a foreign nationality will rise or even double (Süß 2007, p. 455.). Still higher is the share of all people with a migration background living in Germany\textsuperscript{27}. In 2006, 18.4 % of Germany's total population had a migration background (Grobecker and Krack-Rohberg 2008, p. 19).

\textbf{5.2.2. German General Act on Equal Treatment (AGG)}

The discussion and dissemination of Diversity Management in Europe has in recent years also been strongly advocated by the European Union Directives on the discrimination of employees (Süß 2008, p. 410). Based on the anti-discrimination Directives, the German General Act on Equal Treatment was introduced in August

\textsuperscript{26} The data are based on data from the Federal Statistical Office (Statistisches Bundesamt) and the Federal Institute for Population Research (Bundesinstitut für Bevölkerungsforschung).

\textsuperscript{27} According the definition of the Datenreport 2008 (Statistisches Bundesamt 2008), the population with migration background includes nationalised people, Ethnic Germans (Spät-Aussiedler), people with a foreign nationality born in Germany, and Germans with at least one foreign parent or one parent with a foreign nationality born in Germany.
According to experts, this law has a far-reaching influence on business practice and will further push the implementation of Diversity Management in Germany onto the agenda of all types of organisations or perhaps even make it mandatory (Krell 2008, p. 71). The most important rules of the AGG are highlighted below, based on an article by Oechsler and Klarmann (2008, p. 24 et seqq.).

First, the AGG prohibits the direct and indirect discrimination of employees according to their sex, age race and ethnicity, religion and ideology, sexual orientation, and disability. The law also includes the facilitation of the onus of proof for persons affected. Further, the law determines the legal ineffectiveness of agreements that violate anti-discrimination regulations. Additionally, it establishes new obligations for employers concerning organisational instruction and training (Oechsler and Klarmann 2008, p. 25). A Federal Office for Anti-discrimination (Antidiskriminierungsstelle) was also established. Several consequences and uncertainties have resulted for employers due to this legislation:

Employees who feel directly or indirectly discriminated can file a complaint to an ombudsman. The employer must follow up the complaint and has the onus of proof that the employee was/is not being discriminated. If discrimination is confirmed, the employer might face a claim for compensation. The law provides no guidelines concerning this compensation. That is, future legal practice will show what the consequences may be for the employer (Oechsler and Klarmann 2008, p. 25).

Thus, to prevent discrimination within an organisation the employer has to establish awareness both for equal treatment and against discrimination. This requires a systematic and structured organisational integration of the issue, which can be achieved by applying equal treatment in management principles, human resource policy, and providing institutional coverage by establishing an official complaints procedure (Oechsler and Klarmann 2008, p. 26). Furthermore, this equal treatment awareness and the prevention of discrimination have to be supported through training and an informed management. Here, the law also does not provide explicit guidelines on the procedures and contents of training (ibidem, p. 25). In addition, organisational human resource management practice in particular has to be evaluated with regard to discrimination potential. Especially the instruments of recruitment, employee appraisal, compensation system, and human resources development have to be evaluated for discriminatory elements and structures (ibidem, p. 26 et seqq.).

28 Allgemeines Gleichbehandlungsgesetz (AGG) vom 18.08.2006.
The results of the AGG, especially concerning benefits and costs, are controversial. The German economy is complaining about the additional management costs, while others point out the potential benefits of Diversity (Antidiskriminierungsstelle 2008; Compliance Magazin 2008; Köppel 2007, p. 12). Also, the Federal Office for Anti-Discrimination stresses that value-based and sustainable management implies economic advantages (Antidiskriminierungsstelle 2008). There is no confirmation that discrimination claims have increased significantly so far owing to the AGG (Sozialverband Deutschland 2008).

5.3. Forms of Diversity Management Institutionalisation

According to a survey among the listed DAX 30 companies in Germany, 14 had a Diversity manager in 2007 (Personal Magazin 2007). Of these, 13 companies employ full-time Diversity managers, while the Diversity manager of one company also has additional tasks outside of this function. The majority of these companies have Diversity teams with up to 8 members. Nine of the evaluated companies had no specific Diversity manager position at the time. Nevertheless, some of those companies are dealing intensively with the subject through project teams who implement activities like mentoring programmes, trainings or communication activities (ibidem).

Also the survey of Süß and Kleiner (Süß 2008, S. 416) evaluates the organisational integration of Diversity Management. Here, 31.8% of the represented 66 companies (see Chapter 5.1.) have a distinctive Diversity Management department, 9.1% have an established Diversity Manager position or staff function (4.5%). Compared to that, 54.5% of the companies have established interdepartmental and temporary Diversity-Management structures according to the specific requirements. This means that the tasks of Diversity Management are divided between positions in different departments of a company. That is, holders of such positions have to perform Diversity-Management tasks in addition to their regular jobs (Süß 2008, p. 416). Süß has some doubts as to whether this type of “virtual” department has sufficient resources and a self-contained identity (ibidem).

Concerning content, Diversity Management is also integrated into projects. Depending on the company, the number of projects ranges from 0 to 15, whereas the average is

---

30 The survey was performed by the “Ungleich Besser” Diversity consulting company in July and August 2007 and included all 30 companies that were listed in the DAX 30 index at that time. The survey was based on questionnaires and/or publicly available company information. Five companies did not respond to the questionnaire (Personal Magazin 2008).
2.7% projects. Most projects (68.2%) are carried out at a middle management level, 22.7% at a high management level, and 4.5% at lower levels of management (Süß 2008, p. 416). Within the project, 40.9% of the Diversity Management representatives have an advisory function, 36.4% are authorised to co-decide, and some (9.1%) even have veto power (ibidem). According to Süß (ibidem), the survey's results indicate that although Diversity Managers have different opportunities of influence, they are in fact integrated in very few projects and, therefore, only have limited possibilities to organise Diversity Management.

5.4. Practical Organisation of Diversity Management

Even though Diversity Management has spread in Germany in recent years (Süß and Kleiner 2006, p. 75; Vedder 2008a), there are no special conceptual requirements concerning the concrete organisation of Diversity Management (Süß 2008, p. 418; Vedder 2008a). Therefore, often even minor measures are promoted under the label of Diversity Management (Vedder 2008b).

Based on expert interviews with 17 German Diversity Management experts31, Süß and Kleiner (2006, p. 59 et seq., 64 et seq.) identified 13 activities that are assumed to be central for Diversity Management in German-based business organisations (Süß and Kleiner 2008, p. 41; Süß 2008, p. 418). They are illustrated in Table 3 below.

31 Those experts included scientists, company representatives, specialised journalists, and representatives from Diversity associations (Süß 2008, p. 411).
• Structural institutionalising of Diversity Management (position or department)
• Consulting service for Diversity groups
• Mentoring programmes
• Diversity trainings
• Evaluating Diversity Management measures
• Diversity-oriented company agreements
• Diversity-oriented design of human resource management
• Diversity-oriented facilities
• Integrating Diversity Management into corporate culture
• Evaluating and Diversity Management and determining Diversity Management requirements
• Communicating Diversity Management measures
• Flexible working hours
• Mixed teams

Table 3: Main Diversity Management Activities

Source: Adapted from Süß 2008, p. 418; Süß and Kleiner 2008, p. 41

Within the framework of the already mentioned survey conducted by Süß and Kleiner from 2005 (see Chapter 5.1.), companies were asked to name whether and to what extent they implement the activities identified in Table 3 (Süß 2008, p. 418 et seq.). Flexible working time agreements and mixed teams were on average the most implemented measures. As Süß and Kleiner (2008, p. 41) assert

“flexible working time agreements are a vital starting point for diversity management if they respond to the individual working hour needs of single parents or elderly people, for example”.

But the two activities the authors attached to the factor diversity-oriented work organisation could also be implemented for other organisational reasons not related to Diversity Management (Süß and Kleiner 2008, p. 41, Süß 2008, p. 419 et seq.).

Furthermore, the integration of Diversity Management into corporate culture that aims “at a commitment to diversity management” is widespread in the respective companies (Süß and Kleiner 2008, p. 41). The least common activities are those that are predominantly or exclusively implemented in reference to Diversity Management. This includes Diversity trainings and consulting services for Diversity groups, which are activities that “reflect aspects of consulting and support for diversity groups” (ibidem, Süß 2008, p. 419). This also includes Diversity-oriented facilities, like kindergarten or
prayer rooms which represent aspects of the institutionalisation of Diversity Management (Süß and Kleiner 2008, p. 41; Süß 2008, p. 419). The relevance of Diversity Management in the responding companies is illustrated in Figure 3 below.

Although 39.4% of the surveyed companies stated that they implement Diversity Management (Süß and Kleiner 2008, p. 45), the broad distribution of the activities emphasises that the implementation of Diversity Management is very manifold and provides no conceptual standards and best-practice examples for Diversity Management implementation (Süß 2008, p. 419). Süß and Kleiner (2008, p. 45) further conclude that: “Apparently, some companies decouple their concrete actions from environmental expectations and the human resource management demonstrates only an underdeveloped spectrum of original diversity management actions”, like consulting and support or institutionalisation of Diversity Management (ibidem).

5.5. Practical Relevance of Dimensions

Regarding the practical organisation of Diversity Management in German-based companies, the significance of the various common dimensions of Diversity differ

---

32 The results are based on a scale, in which “0” means that the measure is not implemented, while “5” means that the measure is implemented with a very high intensity (Süß and Kleiner 2006, p. 64).
Krell (2008, p. 57 et seqq.) points out that the general trend in large German-based business organisations has changed from focussing on affirmative action for women to equal opportunity, and on Diversity since the early 2000s. This implies that the range of aspects, or rather the dimensions, have been expanded from women/gender to other dimensions like ethnicity, culture, age, disability, or sexual orientation (ibidem, p. 60).

According to the survey conducted by Süß and Kleiner, the most important dimension is gender (ibidem). This can be explained by the fact that Diversity Management is often wrongly understood as the successive concept of affirmative action for women in (business) organisations. Furthermore, language, disability, and age are additional principle dimensions in German business practice (ibidem). Stuber (2004, p. 19) and Krell (2008, p. 64) contend that culture in terms of ethnicity/nationality and migration background respectively, as well as needs relating to work-life balance are also considered by most German-based companies. Here, internationalisation, legal requirements, and demographic development may be the reason for this (Süß 2008, p. 417).

The survey results (ibidem) additionally indicated that the significance of all dimensions will rise in response to future trends. Companies estimate that the dimensions age and family status in particular will become more important. Süß (ibidem) attributes this to the current debate on the demographic development, as well as the work-life balance, and further estimates that these dimensions will become more important than the gender dimension. On the one hand, the concept of affirmative action for women in Germany's business context has been practised for quite some time now, and on the other hand, perhaps the respondents of the study are realising that Diversity Management goes beyond affirmative action for women (Süß 2008, p. 418).

5.6. Benefits and Costs of Diversity Management

According to Süß (2008, p. 421), the assumed economic advantages of Diversity Management are difficult to measure and, therefore, can not be assessed by implication. He states that aside from the survey of the European Commission from 2003 (see Chapter 3), the literature consists mainly of unsystematic and diffuse statements on the benefit and costs of Diversity Management (Süß 2008 p. 421).

Thus, Süß and Kleiner's survey from 2005 also examined the benefit-cost aspects in
German-based companies (Süß 2008, p. 421; see Chapter 5.1.). Based on the answers of the respondents of the 66 surveyed German-based companies, they identified six benefit categories with several corresponding advantages (Süß 2008, p. 422):

- Internationalisation benefits (increase in productivity, competence for global management, increasing worldwide attractiveness for (potential) employees, competitive advantages on international markets)
- Marketing benefits (increased customer satisfaction, opening up new markets, image benefits with reference to customers)
- Internal organisational benefits (increased employee satisfaction, reduction of employee turnover, increasing employee commitment, better internal flexibility)
- Prevention of problems on personnel Diversity (higher capacity for innovation, higher internal flexibility, lower absenteeism, prevention of legal suits and costs, increased employee motivation)
- Value of Diversity (increasing Diversity of perspectives, creating a corporate culture with Diversity as a value)
- Creation and implementation of diverse employees' potentials (easier acquisition of talents, increased employee satisfaction, increasing employee motivation)

All respondents assigned a relatively high average benefit to Diversity Management, although only 24% of the companies that implemented Diversity Management performed a systematic measurement of Diversity Management efficiency and effectiveness (Süß 2008, p. 423). The highest average benefit for the respondents is the creation of cultural values within the organisation, followed by the internationalisation benefit and the fostering and usage of employees' potentials. The least benefit, according to the respondents, is the prevention of problems (ibidem). Here, either the companies may not be aware of potential problems concerning personnel Diversity or perhaps legal costs associated to legal suits are so low that the benefit is not yet observable (ibidem, p. 424).

The findings are similar to those of a survey of the German Association of Human Resource Management (Deutsche Gesellschaft für Personalführung) from 2003 (Ivanova and Hauke 2003, p. 13). Here, 85% of the questioned human resource managers

33 Based on a questionnaire the answers of 78 human resource managers from international operating companies in Germany with more than 2,000 employees were evaluated. The return rate of the questionnaire was 23% (Ivanova and Hauke 2003, p. 12).
expected Diversity Management to contribute to human resource policies by providing better opportunities for recruiting and retaining high qualified staff. Also, the prevention of discrimination, higher employee satisfaction, enhanced innovation and productivity of employees, and a better corporate image are important benefits companies expect from managing Diversity. 41% of the respondents expect enhanced access to new markets and customer groups. In contrast, only 14% of the respondents agreed that such activities can save costs (ibidem). The results are illustrated in Figure 4 below:

![Figure 4: Potential Benefits of Diversity Management](image)

*Source: Adapted from Ivanova and Hauke 2003, p. 13., translated by the author*

The 2005 survey of Süß and Kleiner also examined the potential costs of Diversity Management (Süß 2005, p. 424). For this, the 66 surveyed companies were asked which of the 13 identified activities they considered central for Diversity Management in German-based business organisations (see Chapter 5.4.). Further, they added a few items that are applied to opportunity costs and indirect costs, like Diversity-oriented facilities (ibidem). The results show that compared to the assumed benefits, the assumed average costs are significantly lower (ibidem, p. 425). Very low importance was attached especially to opportunity costs, due to the reduction of productivity or the expenditure of time of the management involved. Higher costs are assumed for the assignment of personnel concerning training, the assignment of specialists or mentoring programmes,

34 This item is based on that of the study of the European Union from 2003 (see Chapter 3.2. and 3.3.).
for example (ibidem).

As there are to date no clear activity requirements on Diversity Management concerning concept and practice, monetary measurement of Diversity Management's costs and benefits in business organisations is problematic, and is neither theoretical nor in practice empirically verified (Süß 2008, p. 425). Only services purchased externally with a defined market price, like trainings, can be measured monetarily (ibidem). Thus, according to Süß, it is not surprising that only 24% of the surveyed companies perform a systematic measurement of Diversity Management's efficiency and effectiveness, while 58% of those companies attribute benefit, strategic relevance, and efficiency to Diversity Management (ibidem, p. 425, 423).

5.7. Further Perspectives of Diversity Management in German Business Organisations

Many experts suppose that the content of Diversity Management will play a major role in Germany in the future (Vedder 2005, p. 22). Publications of pioneer companies and best-practice organisations, as well as the German General Act on Equal Treatment will possibly promote the subject (ibidem, Krell 2008, p. 71). However, experts are unsure whether Diversity Management will become a regular institution in Germany (Vedder 2005, p. 22). The presumption is that the essential components of Diversity Management awareness will have been concluded in a few years. Diversity Management which is now being treated like a special topic, might be part of the standard tasks in human resource management in 15 years, and other key words may be relevant then (ibidem). Despite the uncertainty on the future of management concepts, there is evidence that Diversity Management will be a long-term development in Germany (ibidem, Süß 2008, p 426). Based on the results of the survey of Süß and Kleiner, Süß (2008, p. 426 et seq.) also argues that:

- The concept has been an established one in American companies for over 20 years. These globally operating companies implement Diversity Management in many countries including Germany. Insofar Diversity Management has to be seen in a global context.

- The surveyed companies attribute several concrete benefits to Diversity Management in areas with future relevance like internationalisation benefits or marketing. If the supposed benefits are verified, the concept will probably become
established in the long-run.

- Regarding the relevance of dimensions, the concept seems to be flexible. While the Diversity dimension gender is currently important, in the future, age and work-life balance will probably gain in importance. This flexibility is a primary condition for a long-lasting establishment of Diversity Management in Germany.

On the other hand, there are those who argue that Diversity Management might be a temporary trend (Süß 2008, p. 426). For instance, large companies in Germany in particular have implemented Diversity Management, while small- and medium-sized enterprises, which are of high economic and labour market relevance, have hardly dealt with Diversity (Management) systematically. Thus, nationwide dissemination is rather unlikely (ibidem). Furthermore, many of the Diversity Management activities and instruments are already common in human resource management and work organisation like trainings or flexible working times. Because they are subsumed under the new label Diversity Management, the innovation of the concept is limited and thus the concept might only be considered a symbol or myth (ibidem). In addition, Diversity Management is often institutionalised by “virtual” and temporary Diversity departments (ibidem, p. 416, 426). This suggests that companies can close that department easily, if there no longer is any need for Diversity Management, or it is considered ineffective.

According to Süß (2008, p. 427), environmental trends may also influence the development of Diversity Management. Due to increasing internationalisation which also affects small- and medium-sized companies in Germany and the trends on the German labour market's demography, staff Diversity is likely to increase in (business) organisations. This requires the prevention of resulting problems and the utilisation of the potentials of Diversity which may be achieved through Diversity Management (ibidem). If the concept of Diversity Management is developed and becomes more tangible and specified as regards the organisation or the evaluation of economic efficiency, the concept might become established in the long run (ibidem).
6. Case Studies - Insights into German Diversity Management Practice

In order to gain more concrete insights into Diversity Management practice in the German business context, the author of this carried out interviews\textsuperscript{35} with four experts from German business practice. The results of these interviews are presented in this chapter. All of the interviewees have been involved in Diversity Management for several years. The interviewees are:

- N. Bessing (personal interview, 27 August 2008), Senior Manager Economics at the European Academy of Women in Politics and Economy, Berlin (EAF | Europäische Akademie für Frauen in Politik und Wirtschaft Berlin e.V.). The EAF is a non-profit research, consulting, and professional training organisation in Berlin. It has been concerned with the Diversity approach since its foundation in 1996. Concerning Diversity Management consulting in business, the EAF is specialised in long-term consulting projects within large companies.

- A. Plett (personal interview, 6 October 2008), organisational development consultant, conflict mediator, trainer and coach at Mitte Consult, Berlin. She is a partner of the consulting firm and has been dealing with Diversity (Management) in the profit and not-profit context for over 17 years. Within the business context she mainly performs Diversity-related workshops, trainings or specific audits.

- X. Mohr (telephone interview, 28 August 2008) Diversity manager at IKEA Deutschland GmbH & Co. KG, Hofheim-Wallau. The IKEA group is an internationally operating furniture store based in Sweden. IKEA Deutschland is the German subsidiary with about 13,660 employees\textsuperscript{36} and 43 furniture stores\textsuperscript{37}. Here Diversity Management has been implemented since 2001.

- Anon (personal interview, 4 September 2008), human resource planning and controlling at company D, Germany. The company is the German subsidiary of an international operating foreign company with about 20,000 employees. Diversity Management has been integrated in the company's human resource strategy since 2005.

\textsuperscript{35} The interviews were conducted from August until October 2008.
\textsuperscript{36} Reference date 31 August 2007.
\textsuperscript{37} Reference date 31 December 2007.
The semi-structured interviews were based on two interview guidelines that were developed by the author (see Appendix). The questions are related to the reasons in favour of implementation of Diversity Management, practical organisation and challenges, relevance of dimensions, communication, monitoring, and measurement of results. Further aspects included the dissemination and future perspectives of Diversity Management in the German economy. The main interview results are highlighted below. Unless otherwise noted, they are extracted from the statements of the interview partners.

6.1. Reasons for Diversity Management Implementation

According to Ms Bessing (EAF) and Ms Plett (Mitte Consult) there are several potential reasons why German-based companies take up and implement Diversity Management. Both state that the topic is often initiated by foreign (American) parent companies that are already engaged in Diversity Management, and German subsidiaries are advised to adopt the concept as well. Triggered by internationalisation, a Diversity Management Culture among the global players has evolved, so companies that operate in international markets, measure up to their partners and competitors and adopt the concept, too (N. Bessing, X. Mohr). The issue also becomes important for a company that often manages virtual international teams (N. Bessing). Additionally, image and public positioning can be an important aspect for companies to promote Diversity Management policies, whether they pursued these seriously or not (A. Plett, N. Bessing). According to Ms Bessing, from this starting point Diversity Management might shift from a “nice to have” to a “must have” for several business organisations. Ms Plett argues that also the debate on skill shortage, mainly in technical and engineering areas, might promote the topic, while Ms Bessing stresses that despite this discussion in practice, the skill shortage has thus far not been definitely scientifically confirmed. Anyway, Diversity management implementation in companies is often motivated by the aspect of recruiting new and retaining existing “high potentials” (N. Bessing). Ms Bessing, furthermore, considers the maintenance of employee motivation an important motive for Diversity Management.

The IKEA group as a “global player” operates globally in over 60 countries and is faced with global changes like internationalisation, migration, individualisation, etc. According to Ms Mohr, this was likely the main original reason for establishing Diversity Management within the company. The implementation of Diversity Management at IKEA was initiated by the Swedish parent company which submitted a
Diversity statement in 2001\textsuperscript{38} representing the organisation's comprehensive Diversity vision. Since then, the German subsidiary has begun implementing concrete corresponding activities explicitly under the heading Diversity Management. Before then, IKEA Deutschland implemented activities relating to gender and equal opportunities, and work-life balance (X. Mohr).

Company D was established several years ago by the merger of some other German companies. Today, the company consists of the German holding, and one service unit and several business units at different German locations. The merger of the former companies also necessitated the integration of diverse organisational cultures and values. Thus, dealing with Diversity and its Management stood to reason (ibidem). Further, the AGG made it necessary to deal with the issue. According to Anon, Diversity Management was initiated by the the foreign parent company and supported by the German Holding company.

6.2. Organisational Integration

According to Ms Bessing (EAF), only few large German-based companies like Daimler or Ford have implemented Diversity Management as an own comprehensive strategy. Most German-based companies that incorporates Diversity Management practice it mainly on the human resource level. On the other hand, there are often several staff members from different levels who are responsible for Diversity Management in large companies: at executive level, in human resource management, and in the business areas as well (N. Bessing). But the persons involved in practical Diversity Management realisation often perform other tasks in addition. Ms Plett (Mitte Consult) experienced that Diversity Management in German-based companies is almost exclusively found in human resource management departments. Here, human resource managers take on this task in addition to their main job. Often, women's representatives or equal opportunity commissioners take up the job in addition to their regular job and their position then becomes expanded to a Diversity Management position (A. Plett).

Diversity Management at IKEA Deutschland is perceived as a strategic (human resource) management approach that deals with strategic organisational development and is linked to nearly all processes in the company (X. Mohr). Thus, the company has established a Diversity Manager position. The Diversity manager's main task is to

\textsuperscript{38} The statement is entitled “Diversity – der IKEA Way” (IKEA 2009).
promote these linkage and integration processes. She reports directly to the human resource director of IKEA Deutschland. Her formal workplace is located at the German head office in Hofheim-Wallau, but the Diversity Manager is usually away from the office, visiting individual stores at the 43 different German locations. Ms Mohr exemplifies that the position has emerged from a position originally responsible for work-life balance. It was adjusted into a “Work-Life Balance and Diversity Manager” position in 2001. As the management realised that work-life balance is rather a sub-topic of Diversity Management, the position was redefined as a Diversity Manager position in 2006/2007.

Ms Mohr as a Diversity Manager works closely together with the human resource recruitment, training, and development departments that are installed at each of the 43 location in Germany. Further, she closely cooperates with the so-called Diversity-experts, employees who voluntarily deal with Diversity issues and personally represent Diversity. There is a Diversity-expert at every German IKEA location, too. The Diversity manager and all Diversity-experts meet at least twice a year at an internal symposium lasting several days. Additionally, in 2007, employees initiated interest groups, or rather networks regarding sexual orientation, multiculturalism, as well as career and family, and receive an own budget from the company's management, but work independently. The interest group members aim to be contact partners and advisers for colleagues and promote the respective issues they present. Every interest group selects a member of the executive board, quasi as a chairman, who represents the group's interests within the executive board. As Ms Mohr underlines, the IKEA group including IKEA Deutschland is very bottom-up oriented regarding all organisational processes. Thus, employees have strong participation opportunities in all processes, and this also applies to Diversity Management implementation and activities. Despite the numerous activities relating to Diversity Management which are well-known among employees, the term Diversity (Management) itself is not really familiar to them. Nevertheless, the English term is purposely introduced and consistently used by the management and Diversity-experts at IKEA Deutschland (X. Mohr).

39 IKEA Deutschland is a very lean matrix-structured company (X. Mohr).

40 Normally, this is not a “person concerned”.

41 In all kinds of project groups within the company employees have the same voting rights as management and projects are always equally represented (X. Mohr).

42 As IKEA is an international group, the employees are generally used to Swedish or English terms. Articles on sale are normally Swedish and many projects are named in English.
Diversity Management at company D is not an established, separate function and topic but is integrated into the overall human resource management strategy with reference to the position to be an attractive employer (Anon). Thus, the term Diversity Management itself is not yet established in the company. According to the mentioned human resource management strategy concrete Diversity Management activities are implemented in the individual business units at the different locations and are, in each case, supported by the local human resource management departments. Anon explains that Diversity Management is realised and promoted by individual (senior) managers within the business units and in accordance with certain requirements and occasion, but there are no appointed contact persons dealing with Diversity Management. To promote the integration of activities, the international company group has established an international Diversity Management task group including a colleague from the German subsidiary. The group evaluates national Diversity Management activities in order to enhance those as best-practice examples for other business units or even across the group. It is intended to develop a Diversity Management concept (paper) based on the different existing activities (Anon). Furthermore, the company D holding concluded a company agreement on certain work-life balance issues like parental leave arrangements. Within the company group, national and international independent working women interest groups exist as well.

6.3. Practical Implementation

Ms Bessing (EAF) experienced that Diversity Management activities very often still focussed on the entire recruiting process, prioritising the question how to promote Diversity by recruitment. She adds that another main issue in companies that implement Diversity Management is the organisational situation analysis and the realisation of resulting recommendations, often regarding certain groups of employees. This is performed in terms of a classical organisational development and includes organisational as-is analysis, definition of objectives, and development of appropriate activities (N. Bessing). Common Diversity Management instruments include trainings or surveys. Companies that are advised by the EAF also perform special internal Diversity events, like panel discussions, in order to raise Diversity (Management) awareness among the workforce. The EAF as a consultancy organisation generally aims to involve all organisational levels of the companies it advises in the Diversity Management process (N. Bessing).
Ms Plett (Mitte Consult) as an organisation development consultant and trainer often conducts Diversity trainings or team development workshops within large business organisations in Germany. She stresses that every kind of team development includes Diversity aspects, whether they are explicitly referred to Diversity or not. That is, every team or organisation consists of diverse individuals who have to be organised in some way. Concerning Diversity-related trainings, Ms Plett, for example, conducts awareness trainings or trainings on leadership of diverse teams. Furthermore, Ms Plett has designed specific Diversity audits that she performs in German-based companies and based mainly on check-lists and interviews. These audits include aspects like a general as-is analysis, the willingness to change, handling of Diversity, recommendations, and development of appropriate activities. Often, such audits are the first step for business organisations to take up the Diversity Management approach, though they are sometimes performed as part of a business case with regard to Diversity Management implementation.

Diversity Management within the IKEA group is individually customised to very different national (and local) requirements (X. Mohr). In order to provide best practice examples for all German locations, IKEA Deutschland developed an internal Diversity Management guide that describes ideas and effective projects that are easily to implement. Most of the numerous Diversity Management activities at IKEA Deutschland currently deal with the comprehensive issues “phases of life”, “career and family”, and “health”. Each of them in turn includes several sub-topics. “Phases of life”, for example, includes the issue “career and family”, which in turn deals with aspects like part-time work, child care, family members in need of care or debt advice43 (X. Mohr). In this context, for example, male executives should be able to take paternal leave and work part-time under appropriate general conditions and customised information. Furthermore, the training and professional development concept is currently being revised in consideration of aspects like career over 50, professional training for employees with foreign native languages or single parents.44 Other aspects like women in executive positions have already changed. Here, for example, the requirements for executives have been redefined to offer especially female employees with children the opportunity for a career development in the upper management. Besides a hierarchical development that requires strong local flexibility (hardly achievable with children),

43 According to Ms Mohr employee-debt is a typical problem of employees in retail sale in Germany.
44 The revision aims to generally enable all employees to participate in further training (X. Mohr).
IKEA Deutschland now provides the opportunity for horizontal development. Consequently, a restaurant manager may perhaps become the manager of customer service. Meanwhile, between 40% and 50% of the management are female compared to the entire workforce age of 62% (X. Mohr). A project group has been established regarding the Diversity (Management) issue “health”. It deals with the question of how to promote health-conscious behaviour of employees at IKEA Deutschland in order to keep them well and fit, and highly productive. This includes health aspects for men (according to X. Mohr women are more open-minded about health), employees with migration background, elderly or young employees with diverse habits, etc. Ms Mohr stresses that health will become more important as employees’ working life will increase perspective, so employees will work for IKEA longer, considering that work in retail sale quite hard and stressful.

IKEA Deutschland performs numerous Diversity-related trainings and workshops that were developed in cooperation with external consultants. The topics, for example, are seminars on the leadership of diverse teams or anti-discrimination trainings.

Concerning recruitment, IKEA Deutschland has established a value-based recruitment tool (“Rekrutieren nach Werten”) that considers cultural IKEA values like open-mindedness, motivation to take responsibility, and enjoying one's work in the recruitment process. In 2008, IKEA Deutschland took second place in the contest “Cultural Diversity at training” (“Vielfalt in der Ausbildung”) for non-discriminatory recruitment in terms of cultural integration.

Most of the current Diversity Management activities at company D focus especially on the aspects of age Diversity and work-life balance (Anon). Due to the results of employee surveys, the holding initiated a task group to deal with relevant aspects of work-life balance. Based on this, a set of measures was developed. Several measures are also part of the auditing process berufundfamilie® (see Chapter 5.1.) the company phases. Examples are working time schemes, provision and support of household-related services (e.g. ironing or laundry services) or the mentioned company agreement that includes arrangements for parental leave, for example. Also, family facilities like child care and cooperation with kindergartens were installed at some locations. Anon

45 At IKEA Deutschland, 53% of team leaders, 40% of floor managers, 33% of furniture store managers, and 40% of executive board are women (X. Mohr, based on internal statistical data from fiscal year 2007).
46 The group is also joined by medical experts who function as external advisers (X. Mohr).
47 The company holds the basic certification and aims to obtain the real certification in 2010 (Anon).
argues that the implementation of the measures can differ in the several locations, since they must comply with certain local and organisational conditions.

In order to evaluate basic demographic risks like excessive aging and capacity risks, the management director of human resource initiated an investigation of (future) demographic workforce structures at the company. According to Anon, the evaluation is still ongoing. Nevertheless, due to the current middle age workforce structure, (many employees are aged between 30 and 50), the company has started to increase junior staff management in order to recruit and develop new young talents (Anon).

### 6.4. Relevant Dimensions

Ms Bessing (EAF) contends that even if, in principle, all possible Diversity dimensions are relevant in business organisations, there are some “classic” dimensions that are included in most German-based companies that practise Diversity Management: sex/gender, age, ethnicity, and, increasingly, sexual orientation. For example, gender, or rather women, is an important issue in terms of how to recruit talented women or how to promote womens' careers within the organisation (N. Bessing).

Ms Plett (Mitte Consult) argues that even if there are very common core dimensions of Diversity, the issue covers numerous other possible dimensions. She mainly works with the model “Four Layers of Diversity” (see Chapter 2.3.) that identifies, but is not limited to, personality, internal, external, and other dimensions. The relevance of certain dimensions depends on the specific environment like cultural, political or organisational situation. Thus, every business organisation has to determine its own relevant individual organisational dimensions if Diversity Management is to be successful.

According to Ms Mohr, Diversity Management at IKEA Deutschland does not focus on classic dimensions such as age, gender or migration background, because this kind of classification harbours the risk of excluding other important Diversity aspects. These dimensions are instead integrated into other broad and relevant organisational issues like phases of life, further education or health that follow organisational needs and the structure of IKEA Deutschland. Ms Mohr stresses that these comprehensive working issues show that Diversity Management at IKEA Deutschland aims to bring out organisational changes, for example, with regard to the reorganisation of further education or new ways to work.

The currently most relevant Diversity Management issues at company D are age
Diversity and aspects of work-life balance (Anon). Also, equal opportunities of women and men are mainly subsumed under the last aspect, for example, work hours or paternal leave. Anon mentions that the company is also male-dominated. The share of women on today's workforce is about 24%. Here, the company follows no special affirmative action policy but aims to achieve a female percentage of about 24% at all (management) levels in the long run (Anon). Therefore, general awareness must be raised to also consider suitable women for any recruitment training and development programmes.

According to Anon, the workforce of company D is almost exclusively German. Due to this and the organisational structure of the company with its several locations, the business units are mainly local-oriented and inter-cultural Diversity is not a main issue at working level. Rather, administration and management is concerned with this aspect (Anon). Concerning customer needs, the company provides native-speaking customer services at two locations.

Regarding the integration of disabled people, company D has appointed a respective contact person in every business unit.

6.5. Communication and Information

According to Ms Mohr, IKEA Deutschland provides Diversity Management-related information in different ways: on the intranet, via flyers or announcements on noticeboards, etc. The intranet is available at all office workstations that are freely accessible to every employee. Additionally, there are at least two PCs available in every employee restaurant to obtain required information. Also, the above-named interest groups (as well as management) can be directly contacted via internet for questions or complaints. Hard copy information (e.g. training material) is available at every location, too. Also, the designated Diversity experts inform colleagues about relevant and important aspects and activities, advise them on individual requests, and do internal publicity on Diversity Management (X. Mohr). The Diversity experts also give feedback to the Diversity Manager concerning relevant issues, requirements, complaints, responses to measures, etc. IKEA Deutschland considers external communication and information important as well. The company signed the “Charta der Vielfalt” in 2007 and the Diversity Manager regularly exchanges information and experiences with colleagues from other companies to receive new input on a continuous basis (X. Mohr).

---

48 At IKEA Deutschland there are no personalised workplaces (X. Mohr).
Regarding the information about Diversity-related activities, company D reformed the intranet presentation in the course of the auditing process berufundfamilie® (Anon). In order to improve internal communication and information of employees, the intranet now informs employees comprehensively about work-life balance issues like company agreement, family services or working hours. The company further installed PC-service points in canteens so that as many employees as possible have access to the intranet (Anon).

6.6. Monitoring and Measurement

Ms Bessing (EAF) argues that measurement of all kinds of management activities in business organisation is problematic, be it re-engineering concepts or Diversity Management. Because companies are very complex organisations, there are many factors that affect any organisational situation and development, and causalities are difficult to identify. Even so, there are numerous studies that show that (business) organisations that practise Diversity Management are very successful regarding stock quotation, business volume or profit, as Ms Bessing underlines. Common measurement instruments are surveys, whereas the balanced scorecard is hardly applied within German-based companies in the Diversity Management process (N. Bessing).

A. Plett (Mitte Consult) asserts that Diversity Management results or success can be measured or monitored by several variables like work satisfaction or employer attractiveness. Yet for a measurement to be sensible, it has to be based on predetermined organisational objectives, as well as the extent and the quality of provided resources (A. Plett).

IKEA Deutschland carries out a very comprehensive annual survey called “Voice”. This survey covers several subject areas, including Diversity Management issues. Employees are, for instance, questioned about their direct supervisors, work satisfaction, company strategies or other current issues (X. Mohr). Furthermore, internal human resource key indices help provide an overview of Diversity Management requirements and results. As the human resource system does not supply all required data, several aspects are also separately surveyed, often within student theses (X. Mohr).

At company D, an annual employee survey is coordinated by the international company group and conducted in every national subsidiary supported by a national coordination

49 For instance, the issues “life situation of executives” or “men on paternity leave” are surveyed within theses projects (X. Mohr).
team (Anon). The survey covers, amongst other issues, Diversity-related questions concerning the supervisor, work organisation, equal opportunity, work-life balance, etc. The questionnaires are available online or as hard copies so every employee can participate in the survey. Every manager receives the results and is supposed to discuss them and appropriate responses with his or her subordinates within an “action-workshop” (Anon). According to Anon, the surveys and human resource controlling provide a general overview of Diversity Management requirements and the results of the corresponding activities, even if not all aspects can always be measured sufficiently.

6.7. Employees’ Responses

Ms Bessing (EAF) and Ms Plett (Mitte Consult) experienced that most employees in business organisations that implement Diversity Management react with scepticism to the concept. According to Ms Bessing, the majority of employees have to be convinced that they really can benefit from Diversity (Management), for example, with regard to innovation. Employees belonging to minority or discriminated groups mostly are very well aware of the Diversity (Management) approach and are open to it because their individual capabilities are a focus, rather than a deficit or special status as is the case in other approaches (N. Bessing).

Also, Ms Plett experienced that most employees in German-based companies are doubtful and afraid of any Diversity Management activities because they often have had bad experiences with organisational change processes. On the other hand, when implementing the audits at different companies, employees are often open-minded about Diversity Management and pleased that there is, in fact, interest in their issues and in their opinion about organisational challenges and opportunities (A. Plett).

6.8. Companies’ Challenges and Future Perspectives

Concerning the application of Diversity Management in business organisations, Ms Bessing (EAF) identifies some general challenges. First, Diversity Management is a long-term process due to its complexity and the size of the companies concerned. Besides, there are other organisational aspects that often thwart Diversity Management processes like frequent reorganisations, mergers or reduction of staff due to economic

50 For example, women who get a position owing to a quota system within affirmative action programmes for women feel like statutory women, and not as though they are being valued for their potentials (N. Bessing).
difficulties. Thus, Diversity Management is often subordinated in favour of other requirements. Regardless, Ms Bessing assumes that Diversity Management also compensates for other critical organisational changes. Despite the large size of most companies that have taken up Diversity Management, human and financial resources for its realisation are rather marginal and Diversity appointees or managers are regularly overburdened (N. Bessing). According to Ms Bessing, this savings trend has intensified and is the major current challenge with reference to Diversity Management implementation.

Ms Plett (Mitte Consult) argues that companies often do not provide appropriate resources for Diversity Management, due to lack of real strategic and long-term interest in the issue among the decision makers. She assumes that management might sometimes be afraid of change processes that may possibly question current power structures, managers’ influence, and established values. Ms Plett experienced that, in many cases Diversity Management activities are initially initiated by interested individuals for example, by human resource managers who are aware of the approach's benefits, while executive management apparently is not. Thus, several Diversity-related activities are ineffectual or the Diversity Management process diminishes halfway. But since Diversity Management implies structural, cultural, and organisational changes, it requires top-down and bottom-up processes in order to be successful (A. Plett).

Ms Mohr highlights that one main challenge at IKEA is organisational communication in general. This also applies to Diversity-related issues. Because most employees at IKEA work in sales, as cashiers or on the store floor, they do not have a computer workstation or email access. Thus, it must be taken into consideration whether to announce information on the intranet, via flyers or announcements posted on notice-boards, for example. Very important information is sometimes included on pay slip in order to ensure that every employee surely has access to the information. A further general challenge, according to Ms Mohr, is that Diversity (Management) issues need to mature. That is, certain circumstances and experiences especially by executives are required to establish a given issue. There is no point in insisting on a topic, if there is no maturity. In fact, it takes patience until an issue becomes topical and, consequently, become established (X. Mohr). Regarding relevant future Diversity Management tasks at IKEA Deutschland, Ms Mohr states that the important current aspect of “health” will also remain important in the future. The same applies to the training and development of employees with migration backgrounds (X. Mohr).
As Diversity Management at company D is one issue in addition to operational business and other important organisational changes it is a permanent challenge to raise awareness on this issue. As Anon argues, this can mainly be accomplished through management and communication. Besides, Diversity Management requires practical reasons and a relation to practice to be successful. As an integrated part of the company's human resource strategy, the implementation and results of Diversity Management take time, because strategic objectives imply long-term change processes. Thus, Diversity Management will also be a relevant issue at company D in the future.

6.9. Diversity Management Dissemination and General Future Trends

Both Ms Bessing (EAF) and Ms Plett (Mitte Consult) state that Diversity Management in Germany is topical in particular for large companies. Ms Bessing furthermore estimates that mainly companies within the services industry deal with the subject. She argues that the important classic engineering and technology industry in Germany is dominated by medium-sized and small companies that hardly deal with Diversity Management. Those companies instead deal with several/single Diversity-related elements in accordance with individual organisational requirements without being aware of the existence of the term. Like other (business) organisations, they are affected by societal trends and have to react in an appropriate way (N. Bessing). But here, Diversity-related activities are not as professionally organised and standardised as in large companies (N. Bessing, A. Plett). According to Ms Plett, many small- and medium sized companies in Germany are family-owned and are not accustomed to operating strategically. In other cases, Diversity-related activities are realised step-by-step through small pragmatic strategies in accordance with current organisational requirements.

Ms Bessing maintains that the awareness of Diversity with regard to interaction with employees in German-based business organisations has potentially increased over the last 10 years. Nevertheless, she cannot identify an increase in Diversity Management dissemination in German-based companies to date. Ms Bessing assumes that Diversity Management will remain a relevant issue and even increase in German-based (business) organisations in the future because it can be considered an adequate response to ongoing cultural, social, and economic developments. Ms Plett considers that Diversity Management in German-based companies is an answer by organisations to specific

51 Ms Bessing stresses that the German economy is mainly dominated by small- and medium-sized companies.
realities like the permanently changing requirements of qualified jobs or internationalisation of work.
7. Conclusion and Outlook

When investigating the issue of Diversity and Diversity Management it becomes obvious that it is a very broad issue including manifold aspects and appearances both in theory and practice.

Therefore this paper provides a brief overview of the historical and theoretical background before examining possible and current forms of Diversity Management implementation in business organisations, as well as reasons for its implementation and its dissemination in the German business context. Here, the interviews provide a practical supplement to the preceding explanations.

The main results of the paper are highlighted below with regard to the key questions presented in the introduction. Those questions addressing the theoretical purpose and approaches of Diversity Management, the practical relevance of the concept, and its practical dissemination in the German business context, as well as its feasibility and forms of implementation in business organisations. Furthermore, the issues were related to practical challenges, Diversity Management's relation to day-to-day business within business organisations, and potential organisational benefits through its implementation. Last but not least, the question of future dissemination and relevance of the concept in the German business context was addressed.

Despite the different theoretical approaches and definitions of staff Diversity and its Management taken by different authors, all agree that Diversity is a strategical resource (see Chapter 2.2.3.), but that it is insufficient to only be aware of the existence of Diversity in business organisations for the organisation to actually benefit, even though awareness might be the first step towards efficient application of Diversity Management. In fact, Diversity has to be deliberately managed in order to unlock human and organisational potentials. Several authors also generally agree that Diversity Management in principle represents a form of organisational change process that affects the organisational culture and implicates both a manager's task and the inclusion of all members of an organisation (see Chapter 4.).

However, regarding the theoretical key purpose of Diversity Management which is to establish a multi-cultural organisation, which implies the cultural and structural integration of all employees within all hierarchical levels and a rigorous non-discriminating personnel policy (see Chapter 2.2.3.), companies do not really take this
quite „idealistic“ notion into consideration. In fact, the implementation of any Diversity Management measures is guided by several aspects of the three principal paradigms identified by Thomas and Ely (1996, p. 81 et seq.; see Chapter 2.4.), which do not appear in their “pure” form but are mixed in business practice. Here, for example, anti-discrimination workshops can be found, inspired by the AGG in reference to the discrimination and fairness paradigm, as well as the recruitment and assignment of employees from minority groups to satisfy new and critical customer groups, for example, by providing native-speaking customer services as implied in the access and legitimacy paradigm. Also, resource- and learning-oriented activities according to the emerging paradigm are found in different companies. These are for example, the establishment of Diversity-oriented facilities (e.g. child care or prayer rooms) or the deliberate integration of employees from “Diversity“-groups in important organisational projects and processes. These aspects in particular emerge from the interview results (see Chapter 6.).

Turning to the aspect of relevance for practice and the general dissemination in German business organisations today, Diversity Management seams to be more present in specialised German literature than in German business practice. A wide-spread dissemination of the concept in German business practice is not yet being realised.

Diversity Management is mainly found in German-based companies with an American background or in large multinational corporations (see Chapters 5.1. and 6.1.). That does not mean that the majority of German-based companies (mostly small- and medium-sized companies) do not deal with Diversity aspects in general, but they rather focus on single aspects like (gender) equal opportunity or careers and family, issues that are better known in Germany than the comprehensive concept of Diversity Management. Furthermore, the implementation of such aspects seems to be less driven by a basic strategy but by practical requirements that affect German-based business organisations (see Chapters 4.8. and 6.).

Regarding the German-based companies that explicitly claim to implement Diversity Management, one can find that there is occasionally a gap between demand and reality. Due to the lack of a consistent Diversity Management theory (see Chapter 2.) even rudimentary activities can be promoted as Diversity Management. While the strategic aspect is often stressed in theory and sometimes in practice, this paper shows that

52 This are the discrimination and fairness paradigm, the access and legitimacy paradigm, and the learning and effectiveness paradigm also referred to as emerging paradigm (see Chapter 2.2).
Diversity Management in practice is performed very individually and broadly (see Chapters 5. and 6.). The wide range of Diversity dimensions referred to in theory seems to be reduced to most relevant dimensions in German business practice like gender, age, ethnicity/nationality or needs associated with the work-life balance (see Chapters 2.3., 5. and 6.). Thus, it follows that only few companies in Germany conduct a more advanced form of Diversity Management, and that an universally applicable schedule as well as an optimal Diversity Management implementation strategy does not exist. This become especially apparent in the interviews, which demonstrate that Diversity Management implementation, even in large companies, follows, aside from strategic objectives, practical organisational requirements as well and that it is permanently adapted to changing conditions (see Chapter 6).

One challenge with regard to Diversity Management in business organisations seems to be that management often underestimates the great efforts connected to the implementation and corresponding change processes, for example, regarding human resource, time or expense. Thus, the resources made available for Diversity Management implementation are mostly limited. Obviously, existing organisational and power structures are a considerable challenge in business companies and make changes regarding the realisation of Diversity Management very difficult. According to the findings of this, the Diversity Management process is often associated with to human resource managers and department responsibility (see Chapters 5. and 6.). These results are also verified the interviews.

Further dissemination of Diversity Management in German businesses will surely also depend on future findings about potential business benefits for companies. The existing arguments and presumptions discussed in current literature are general and inaccurate (see Chapters 3.2., 5.6.). Also, the results of the interviews provides general statements about measurement instruments but no concrete results of organisational benefits (see Chapter 6.6.). Companies are very complex organisations and are affected by numerous internal and external conditions and developments. Thus, direct causalities between certain Diversity-related activities and observable outcomes cannot really be confirmed (see Chapter 6.6.). Nevertheless, what all of the companies that practice Diversity Management have in common is that they expect to benefit from it, even if only few of them actually apply comprehensive monitoring and controlling systems concerning the issue (see Chapter 5.6.). Here, further research is required.

Due to the current social, demographic, political, and economic developments staff
Diversity in (business) organisations will, most likely, further increase. Consequently, Diversity and Diversity Management will surely become a more prominent issue in public debate and also in the organisational realisation in Germany (see Chapter 5.7.). Also, the interviewees state that Diversity Management will retain its importance in German business context because it is considered an appropriate response to existing organisational challenges (see Chapter 6.8.).

But Diversity Management in Germany business to date is, on the on hand a rather unstructured concept on the other hand makes high theoretical demands and its corresponding implementation requires great efforts in terms of human resource, time, and costs (see Chapters 2. and 4.). Thus, Diversity Management in the German business context will, in the near future, mainly remain an explicit management concept in large multinational corporations, whereas the implementation of activities concerning single aspects of Diversity Management under other headings like equal treatment, work-life-balance, or family-friendly policies will become more common in the German business context. Given the current international economic crisis and its imminent consequences, Diversity Management might be momentarily deferred in support of urgent crisis management in many German-based business organisations, but cannot be ignored in light of the ever increasing economic integration at international level.
References

**Books, Articles, Brochures**


97


Internet Sources


EUROPÄISCHE KOMMISSION, undated. *Vielfalt am Arbeitsplatz. 8 Schritte für kleine und mittelständische Unternehmen* [online]. Available from: 


STATISTISCHES BUNDESAMT (Destatis), GESELLSCHAFT SOZIALWISSENSCHAFTLICHER INFRASTRUKTUREINRICHTUNGEN (DEYSIS-ZUMA), WISSENSCHAFTSZENTRUM BERLIN FÜR SOZIALFORSCHUNG (WZB), 2008. Datenreport. Ein Sozialbericht für die Bundesrepublik Deutschland [online]. Bonn. Available from:


Appendices

Appendix 1: Interview Guideline Companies

“Diversity Management in German-based Business Organisations”

Name Interviewpartner/in: _______________________
Position/Funktion: ____________________________
Im Unternehmen seit: __________________________
In dieser Position seit: _________________________
Unternehmen: _________________________________
Ort Niederlassung: ____________________________
Datum: ____________________________

Erläuterung für den/ die Interviewpartner/in:

Ziel des Interviews ist es, einen Überblick über das Verständnis und die Umsetzung von Diversity Management (Maßnahmen) in Ihrem Unternehmen zu erhalten.

Die Fragen für dieses Interview sind nach Themenkomplexen gegliedert, das sind:

Definition – Historie – aktuelle Situation – Zukunft – Informationen zum Unternehmen

1. Was verstehen Sie unter Diversity Management im Unternehmen?
2. Was sind für Sie (praxis-) relevante Kategorien von Mitarbeitervielfalt?
3. Seit wann werden in Ihrem Unternehmen Maßnahmen zum Managen von Mitarbeitervielfalt/Diversity Management umgesetzt?
4. a) Was waren die Gründe für die Einführung von Diversity Management?
   
b) Was waren damals die Ziele bzgl. Diversity Management?
   
b) Wer hat die Einführung initiiert?
5. Wer ist heute in Ihrem Unternehmen hauptsächlich mit Diversity-Management befasst?
6. a) Gibt es eine/n (mehrere) Diversity-Beauftragte/n oder Diversity Verantwortliche/n?  
   
   ja □   nein □
   
   Seit wann? ___________________
   
   Bezeichnung Position/en: ___________________
   
b) Wo ist die Stelle/Abteilung angesiedelt (z.B. Human Resource, Stabsstelle)
7. a) Welche Diversity Management Maßnahmen führen Sie durch?
   
b) In welchem Bereich liegt der Schwerpunkt der Maßnahmen?
8. Welche Bereiche betrifft die Durchführung von Diversity Management eher:
   
   - das Personalmanagement
   
   - die Unternehmensorganisation/Arbeitsorganisation
   
   - die Unternehmensstrategie, -kultur
9. a) Ist die Unternehmensleitung in das Diversity Management involviert? Wenn ja, wie?
   
b) Ist das mittlere Management in das Diversity Management involviert? Wenn ja, wie?
   
c) Sind die Mitarbeiter in das Diversity Management involviert? Wenn ja, wie?
10. Wie ist die Reaktion der Mitarbeiter hinsichtlich der Diversity Management Maßnahmen?
11. Haben Sie zur Durchführung von Diversity Management eine Beratung/ Begleitung von außen hinzu gezogen?
12. a) Welche Veränderungen/Ergebnisse sind erkennbar seit der Einführung von

53 Auch wenn im Interview der Einfachheit halber die männliche Bezeichnung verwendet wird, beziehen die Fragen grundsätzlich beide Geschlechter mit ein.
Diversity Management?

b) Welche Ziele haben sie erreicht?

13. Nutzen Sie Instrumente um Ergebnisse zu messen? Wenn ja, welche?

14. Wo liegen die Probleme/Herausforderungen bei der Umsetzung von Diversity Management Maßnahmen?

15. Welche zukünftigen Diversity Management Maßnahmen sind in Ihrem Unternehmen geplant? Was sind die Gründe?

Abschließend noch Fragen zur Firmenstruktur, wenn nicht anderweitig verfügbar

16. Wie viele Mitarbeiter/innen sind derzeit im Unternehmen in Deutschland beschäftigt?

17. Wie ist hierbei die Struktur der Belegschaft?
   • Anteil Männer – Frauen
   • Verteilung Alter
   • Anteil Deutsche/andere Nationalitäten (Welche?)
   • Behinderte Mitarbeiter/innen

18. Wie ist die Mitarbeiterstruktur im mittleren/oberen Management?
   • Anteil Männer – Frauen
   • Verteilung Alter
   • Anteil Deutsche/andere Nationalitäten (Welche?)
   • Behinderte Mitarbeiter/innen
Appendix 2: Interview Guideline Consulting Organisations

“Diversity Management in German-based Business Organisations”

<table>
<thead>
<tr>
<th>Name Interviewpartner/in:</th>
<th>__________________________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position/Funktion</td>
<td>__________________________</td>
</tr>
<tr>
<td>Im Unternehmen/in der Organisation seit:</td>
<td>__________________________</td>
</tr>
<tr>
<td>In dieser Position seit:</td>
<td>__________________________</td>
</tr>
<tr>
<td>Unternehmen/Organisation:</td>
<td>__________________________</td>
</tr>
<tr>
<td>Ort Niederlassung:</td>
<td>__________________________</td>
</tr>
<tr>
<td>Datum:</td>
<td>__________________________</td>
</tr>
</tbody>
</table>

Erläuterung für den/die Interviewpartner/in

Ziel des Interviews ist es, einen Überblick über das Verständnis und die Umsetzung von Diversity Management (Maßnahmen) in deutschen Unternehmen zu erhalten.

Die Fragen für dieses Interview sind nach Themenkomplexen gegliedert, das sind:

- Definition – Historie – aktuelle Situation – zukünftige Entwicklungen

1. Was verstehen Sie unter Diversity und Diversity Management in Unternehmen?
2. Was sind für Sie (praxis-) relevante Kategorien von Mitarbeitervielfalt?
3. a) Seit wann beschäftigen Sie sich mit dem Thema?
   b) Wie lange sind Sie bereits im Bereich Diversity Management und Beratung tätig?
4. Was waren die Gründe in diesem Bereich tätig zu werden?
5. Was motiviert Unternehmen in Deutschland sich mit Diversity Management zu beschäftigen bzw. entsprechende Maßnahmen zu ergreifen?
   b) Welche Entwicklung gab/gibt es hier in den letzten Jahren?

6. Welche Unternehmen beraten Sie hauptsächlich?
   a) Nach Branche?
   b) Nach Größe?

7. a) Welche Diversity Management Maßnahmen begleiten Sie/führen Sie durch?
   b) In welchen Bereichen liegt der Schwerpunkt Ihrer Maßnahmen?

8. Welche Bereiche betreffen Ihre Beratung und Begleitung von Diversity Management in Kundenunternehmen eher:
   - das Personalmanagement
   - die Unternehmensorganisation/Arbeitsorganisation
   - die Unternehmensstrategie, -kultur

9. Was ist Ihr Eindruck:
   a) Ist die Unternehmensleitung/das Top Management in der Regel in das Diversity Management involviert? Wenn ja, wie?
   b) Ist das mittlere Management einbezogen? Wenn ja, wie?
   c) Sind die Mitarbeiter einbezogen? Wenn ja, wie?

10. Welche die Reaktionen von Mitarbeitern erleben Sie häufig hinsichtlich der Durchführung von Diversity Management Maßnahmen in Unternehmen?

11. a) Treten Unternehmen eher mit dem Wunsch nach speziellen Trainings an Sie heran oder eher mit dem Wunsch nach langfristiger Begleitung in einem Veränderungsprozess?
   b) Gibt es hier Unterschiede zwischen großen Unternehmen und KMU?

12. Wie lassen sich Veränderungen/Ergebnisse durch Diversity Management Maßnahmen in einem Unternehmen erkennen?

13. Werden Instrumente genutzt um diese Ergebnisse zu messen? Welche?

14. Wo liegen Ihrer Meinung nach die besonderen Herausforderungen/Probleme bei der Umsetzung von Diversity Management in Wirtschaftsunternehmen?
b) Sehen Sie hier Unterschiede zwischen KMU und großen Unternehmen?

15. a) Welche Relevanz hat Diversity Management als Management-Konzept in Deutschland in der Praxis?

   c) Sehen sie hier Unterschiede zwischen großen Konzernen und KMU? Welche?

16. In der (Forschungs-) Literatur ist häufig zu lesen, dass Diversity Management in kleinen und mittleren Unternehmen (KMU) in Deutschland kaum umgesetzt wird ist. Wie sehen Sie dass?

17. Wie sehen Sie die zukünftige Entwicklung von Diversity Management im wirtschaftlichen Bereich?

   - bei großen Unternehmen

   - bei KMU