

CSR, Sustainability, Ethics & Governance

Series Editors: Samuel O. Idowu · René Schmidpeter

Katrin Hansen

Cathrine Seierstad *Editors*

Corporate Social Responsibility and Diversity Management

Theoretical Approaches and Best
Practices

 Springer

CSR, Sustainability, Ethics & Governance

Series editors

Samuel O. Idowu
London Metropolitan University, United Kingdom

René Schmidpeter
Cologne Business School, Germany

More information about this series at <http://www.springer.com/series/11565>

Katrin Hansen • Cathrine Seierstad
Editors

Corporate Social Responsibility and Diversity Management

Theoretical Approaches and Best Practices

 Springer

Editors

Katrin Hansen
Westfälische Hochschule
University of Applied Sciences
Gelsenkirchen, Germany

Cathrine Seierstad
School of Business and Management
Queen Mary University of London
London, UK

ISSN 2196-7075 ISSN 2196-7083 (electronic)
CSR, Sustainability, Ethics & Governance
ISBN 978-3-319-43563-3 ISBN 978-3-319-43564-0 (eBook)
DOI 10.1007/978-3-319-43564-0

Library of Congress Control Number: 2016961234

© Springer International Publishing Switzerland 2017

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made.

Printed on acid-free paper

This Springer imprint is published by Springer Nature
The registered company is Springer International Publishing AG Switzerland

Foreword



Time to Reap Europe’s Diversity Dividend

Europe’s diversity is a forceful driver for innovation and growth. To reap its potential at the macro-level, change in the micro-cosmos of corporate culture has an important role to play. There is a simple reason for this: to kick-start Europe’s growth engine, we must explore all avenues to get Europe’s economy back on its feet. Corporate Social Responsibility has an important role to play in better leveraging Europe’s diversity and unlocking its full potential.

It is well established that one such avenue is especially promising: business thrives where diversity is actively pursued. The so-called Business Argument for Diversity needs no further introduction. Countless studies have indicated the benefits of a more diverse workforce. Allow me to illustrate this with a case in point: gender diversity—a policy for which I have been in charge at European level as former Commissioner for Justice, Fundamental Rights and Citizenship.

Research shows that increased gender diversity could lead to improved company performance through improved insights into consumer behaviour and spending

decisions (“mirroring the market”) and through enhanced quality of decisions resulting from complementary knowledge, skills and experience. On top of that, more gender diversity means better corporate governance and a better use of the talent pool. Let’s not forget that more than 60 % of university graduates are women. In times of an ageing population and skills shortages, we can simply not afford to keep wasting this talent!

Having seen that progress was not forthcoming under a voluntary “Women on the Board Pledge for Europe”, I proposed in 2012 a directive with a target of 40 % presence of the under-represented sex among non-executive directors of companies listed on stock exchanges. No I don’t like quotas, but I like what they can do. However, notwithstanding the overwhelming cross-party support in the European Parliament, the proposal is yet to see the light of day because no compromise has so far been found in the Council.

Nevertheless, even before it has become law, the proposal’s influence is already palpable throughout Europe. Many Member States have taken pre-emptive action in the spirit of my proposal, so that women’s representation in France went up by 24 %, totalling 36 %, in Italy it went up by 24 %, totalling 29 %, and in Germany the numbers went up by 13 %, totalling 26 %. Overall in Europe, the number of women on company boards has almost doubled over the period 2010–2015: from 12 to 22.7 %. We are still far away from the target of 40 %, but we’re going in the good direction: an evolution is taking place on company boards and a revolution in people’s mindsets.

The preceding example illustrates the importance of a political impulse to bring about societal change. In these matters, politics must lead by example, but the current state of affairs still leaves much to wish for. In March 2016, the Commission’s senior and mid-level staff was made up of ca. 30 % of women, whereas the overall percentage of women working in the Commission stands at almost 55 %: a clear indication that the glass ceiling is still not shattered. A self-imposed binding target of 40 % women in senior and mid-level Commission positions by 2019 is a step in the good direction, but as long as nothing changes at the political top of the Commission, where only 9 out of 28 Commissioners are women, this won’t suffice. Similarly, the share of women in the European Parliament has been constantly rising since 1979, but progress is piecemeal and almost stalling. During this legislature, we’re still at only 37 %—compared to 35 % during the previous legislature. Finally, it must be noted with indignation that none of the Presidents of the EU institutions, none of the leaders of the four biggest political groups in the European Parliament and almost none of the Ambassadors of the Member States to the EU is a woman.

So it is clear that much work remains to be done. We want gender diversity to become mainstream, and this requires an unequivocal commitment from businesses and politics alike. Not only because it is one of our fundamental rights, but also because it is a source of economic growth. The same holds true for diversity as such. The interplay with Corporate Social Responsibility is therefore all the more important. Because of its voluntary nature, CSR empowers companies and lays ownership where the responsibility rests. Moreover, CSR not only leads to more

social justice in globalized value chains, but it can also stimulate consumer confidence. A commitment to diversity must have a role to play in this as a confidence-building factor. Europe's competitiveness can only benefit from the positive feedback loop between more consumer confidence and increased diversity. Because now more than ever, in a globalizing world, Europe must capitalize on its diversity dividend. Diversity is Europe's strong suit, and it's high time to wear it.

Member of the European Parliament
Former Vice-President of the European Commission

Viviane Reding

Contents

Introduction: CSR and Diversity Management	1
Katrin Hansen and Cathrine Seierstad	
Part I CSR and Diversity from a Theoretical Perspective	
(Un)clear Relationships?	45
Andrea Bührmann	
Understanding Diversity Management in the UK	59
Gill Kirton and Anne-marie Greene	
Corporate Social Responsibility and Diversity Management: A Win-Win Situation? Comments from the Case of Germany	75
Florian Krause	
Uncovering the Myth of the Rational Good: Diversity Management and Corporate Social Responsibility in Austria	93
Heike Mensi-Klarbach and Stephan Leixnering	
Part II Diversity Charter Practitioners	
The Charta der Vielfalt: Assuming Responsibility for Diversity	111
Aletta Gräfin von Hardenberg and Kerstin Tote	
From Equal Treatment to Diversity: The Case of the French Diversity Charter	127
Laure Hajjar	
Towards Employee-Friendly Work Environment, Diversity Charter in Poland	135
Ewa Leśnowolska	

Part III CSR and Diversity: Practical Implications for Corporations

Hiring for Diversity: The Challenges Faced by American and European Companies in Employee Selection 151
Loriann Roberson, Filomena Buonocore, and Shana M. Yearwood

Corporate Social Responsibility and Diversity in Small and Medium Enterprises (SMEs) in the Engineering and Production Sector 173
Silke Neuhaus and Anja Schröer

Influencing Employer Attractiveness by Connecting Corporate Social Responsibility and Diversity Management 191
Martina Stangel-Meseke

CSR and Diversity in the Steel Industry 209
Susanne Peiricks

Adding Value Through Appreciation: Reflecting the Case of Henkel . . . 229
Astrid Bosten

Corporate Diversity Consulting: Reflections from a Practitioner 239
Hans W. Jablonski

Part IV CSR and Diversity: Practical Implications for Learning

Cultural Diversity in Russia: Addressing the Challenges of CSR-Related Diversity in Education 257
Olga Kovbasyuk

Corporate Social Responsibility: ThirdPlaceLearning for Absorbing Diverse Perspectives 269
Glyn M. Rimmington and Mara Alagic

Introduction: CSR and Diversity Management

Katrin Hansen and Cathrine Seierstad

Abstract Both corporate social responsibility (CSR) and workforce diversity and, further, the question how to manage diversity have become increasingly important areas for organisations, businesses, countries and researchers worldwide over the last decades. A wide range of CSR and diversity management (DM) initiatives and practices has been initiated and introduced at different levels stretching from organisational to national and international level. Despite the increased global focus, the understanding and approaches vary both between and within countries. In response, this book sets out to explore the current international understandings and approaches of CSR and DM. In particular, this book investigates the relationship between CSR, diversity and DM.

In our introduction, we will first present a brief discussion of the development of CSR as well as diversity and DM. Next, we will present three perspectives we consider applicable to potential intersections between CSR and DM, which might help build bridges between the two concepts/approaches/fields/strategies. In particular, we discuss how a process model of organisational sensemaking can be important for both CSR and DM and the interweaving of the fields. Moreover, we argue for the importance of considering both CSR and DM as multi-level constructs in a holistic approach that acknowledges macro-, meso- and micro-level linkages. We also present specific practical cornerstones for the implementation of both CSR and DM strategies introducing possible relations of the concepts. Finally, we will draw some conclusions and outline the structure of the edited volume.

K. Hansen

Westfälische Hochschule, University of Applied Sciences, Gelsenkirchen, Germany
e-mail: Katrin.hansen@w-hs.de

C. Seierstad (✉)

School of Business and Management, Queen Mary University of London, London, UK
e-mail: Cathrine.seierstad@qmul.ac.uk

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,
DOI 10.1007/978-3-319-43564-0_1

1 Introduction

Both corporate social responsibility (CSR) and workforce diversity and, further, the question how to manage diversity have become increasingly important areas for organisations, businesses, countries and researchers worldwide over the last decades. Globalisation, changing demographic trends and discourses around the role of corporations in society and in societal governance have pushed organisations to put both CSR and diversity management (DM) onto the agenda. The fact that people vary on a range of dimensions and that this influences both organisations and the wider society is acknowledged. Nevertheless, the understanding, perspectives, rationales and links of CSR, diversity and DM vary between and within countries. Moreover, while CSR and DM are both distinct established areas of management practice, there is, in particular in terms of academics research, little intersection between the fields, and their relationship is understudied.

This edited volume seeks to capture the intersections between CSR and diversity and DM, the different understandings of CSR and DM among countries and companies as well as practical approaches to CSR and DM. Although CSR and DM are, as already highlighted, often researched and treated as different fields, recent academic work has argued that there is merit in considering links, overlaps and benefits of acknowledging the intersect of CSR and DM (Hansen 2014; Jonsen et al. 2013; Tatli et al. 2014). This edited book responds to these calls and is aiming to develop these debates further by setting an international multi-level focus and thereby using both academic and practitioner experiences.

CSR as a field is characterised by an array of different definitions. Carroll's seminal work (e.g. 1979) put forwards the now highly cited four-part conceptualisation of CSR which is built on the idea that 'the corporation has not only economical and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well' (1991:40). In a special issue in *Journal of Business Ethics* (2009), Agandona and Hoivik (2009: 221) argue that 'the content of CSR has evolved over time, depending on historical, cultural, political, and socio-economic drivers and particular conditions in different countries and also at different points in time'. In this book we use the European Union's approach to CSR as our definition where CSR is defined as 'the responsibility of enterprises for their impacts on society' (European Commission 2011: 6). In particular, this builds on the prerequisite of respect for applicable legislation and for collective agreements between social partners, including the companies' responsibility for organisational processes. Moreover, this understanding of CSR sets out to 'integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- Maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- Identifying, preventing and mitigating their possible adverse impacts' (European Commission 2011: 6).

Hence, it is apparent that this definition demonstrates how CSR is going far beyond compliance to soft and strong laws. CSR should cover responsibility not only for direct effects of internal decisions and actions but furthermore consider indirect effects and taking responsibility for the whole supply chain and a wide range of stakeholders. Moreover and interesting for this edited volume is an argument put forwards by Matten and Moon (2008: 405) who state that ‘CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relation’.

Workforce diversity and, in consequence, the question of how to manage diverse groups have become increasingly important. DM as a management practice originated in the USA in the late 1980s and changed the focus from affirmative action (AA) and equal opportunity (EO) to diversity and the benefits of diversity. In particular, DM builds on the premises that individual differences should be valued, viewed and managed as potential assets and benefits for organisations, often referred to as the ‘business case’ for diversity. The concept of diversity is often described as ‘any mixture of items characterized by differences and similarities’ found within the workforce (Thomas 1996: 5). While the traditional equality discourse focuses on group characteristics (such as gender, race/ethnicity, age, (dis-)ability, religion, sexual identity), the discourse of DM has taken the focus beyond demographic specifics and the orientation on societal identity groups. Thereby, the discourse was opened up for further dimensions of diversity which might be highly relevant in the context of the workforce. Such dimensions could include skills and competences, experiences, leadership styles, attitude towards work and performance, etc.

Both similarities and differences of CSR and DM as management practices will be discussed throughout this volume. The two are voluntary initiatives emerging from the USA, and there are differences related to the focus, underlying philosophy and rationales. CSR has historically and predominantly been externally focused (a focus *beyond* the organisation), while DM has been internally focused (a focus *within* the organisation). Moreover, it is evident that within academic literature, CSR is often dominated by moral/justice case rationales, while DM is often presented building on instrumental logic and the business case. Nevertheless, the discourses around the benefits which CSR and DM might bring, as well as for whom, represent the foundation of many organisational strategies. It is evident that this often goes beyond the stark separation between the justice/business logic divide often found in the academic field. In fact, while CSR is often presented following moral rationales and the social good arguments, it is also evident that instrumental logic and the business case rationale are also often used, in particular within companies. DM as a management practice is often understood as a way of leveraging social differences with clear utility and business case rationales. Nevertheless, the moral rationale and the justice case are also often communicated and have historically been important in the equality and diversity debates. Hence, it is evident that there are also intersections between the rationales used when researching, designing, presenting and discussing CSR and DM which will be discovered further throughout this book. Over the last decades, a wide range of CSR and DM

initiatives and practices has been initiated and introduced at different levels stretching from organisational to national and international level. Despite the increased global focus, the understanding and approaches vary both between and within countries. In response, this book sets out to explore the current international understandings and approaches of CSR and DM. In particular, this book investigates the relationship between CSR, diversity and DM. It sets out to explore questions such as:

Does DM offer a business focused counter-concept to CSR in which questions of justice and equal opportunity are no longer addressed (Dietze et al. 2012: 8)? To what extent can diversity be conceptualized as a part of CSR (Schneider 2012; Grieshuber 2012)? To what extent can DM and CSR be understood as management strategies at the same level, both embracing differences as well as similarities (Hanappi-Egger 2012; Stuber 2009)? What types of synergies can be expected between CSR and DM? What types of implementation strategies can create synergies between CSR and DM in practical terms? Is it possible to combine the business and the justice case rationales when discussing, presenting and implementing CSR and DM? Is the language of “Inclusion” a way of reconciling DM and CSR logics? Do we see convergence or divergence in the adaption of DM and CSR strategies internationally?

We expect different answers to these questions which will produce theoretical, empirical and practical contributions to the fields of CSR and DM in the twenty-first century presented in this book. In our introduction, we will first present a brief discussion of the development of CSR as well as diversity and DM. Next, we will present three perspectives we consider applicable to potential intersections between CSR and DM, which might help build bridges between the two concepts/approaches/fields/strategies. In particular, we discuss how a process model of organisational sensemaking can be important for both CSR and DM and the interweaving of the fields. Moreover, we argue for the importance of considering both CSR and DM as multi-level constructs in a holistic approach that acknowledges macro-, meso- and micro-level linkages. We also present specific practical cornerstones for the implementation of both CSR and DM strategies introducing possible relations of the concepts. Finally, we will draw some conclusions and outline the structure of the edited volume.

2 Corporate Social Responsibility

In this section, we will, first, unfold our understanding of and approach to CSR. Second, we will present the European Commission’s CSR strategy and discuss its relevance for diversity.

2.1 Approaching CSR

The ideas of CSR can be traced back to the 1930s where businessmen were educated about social responsibility (Carroll 1979: 497). Nevertheless, the ‘modern’ ideas of social responsibility are often traced to the publication of *Social Responsibilities of the Businessman* by Howard R. Bowen in 1953. Since the 1950s, we have seen an array of studies about CSR. In particular, there has been a wide range of views about what being socially responsible actually means and to whom organisations are held accountable. On the one hand of the spectrum, we find the approach by Friedman (1962) who argues that the social responsibility of the organisation is profit-making (accountable to the shareholder (s)). On the other hand, we find the work of Carroll (1979, 1991) identifying that in order to address the range of obligations a business has to society, it can consider four levels of responsibilities: economic (be profitable), legal (obey the law), ethical (be ethical) and philanthropic/discretionary (be a good corporate citizen). Carroll (1979) does also identify a wide range of social issues involved in the philosophy of social responsiveness (consumerism, environment, discrimination, product safety, occupational safety and shareholders) and distinguishes between a wide range of stakeholders (owners, customers, employees, community, competitors, suppliers, social activist groups, public at a large and others) (Carroll 1991). As postulated by Agandona and Hoivik (2009: 221), due to historical, political and economic conditions between (and within countries) ‘there is not—and probably cannot be—a unique, precise definition of CSR: one global standard for CSR is unlikely’.

In this book, we use the European Union’s approach to CSR which is ‘the responsibility of enterprises for their impacts on society’ (European Commission 2011: 6) as our basic definition. With this, it is evident that CSR is going far beyond compliance to soft and strong laws and cover responsibility for the organisation and beyond. This implies the recognition of leeway’s in decision-making and corporation’s willingness to orient its choices on the vital interests of stakeholders being affected by corporate actions directly and indirectly (see Hansen and Schrader 2012). The specific shape of taking over responsibility depends on the features of the firm and its context. These differences in preconditions are taken into consideration by the EC who argues that factors such as size and industry will affect the nature and the complexity of the processes (ranging from formal to informal and intuitive) (European Commission 2011: 6). In particular this differentiation focuses on peculiar risks, depending on size, power and action range of the firm. Consequently, specific recommendations on possible actions have been developed for small- and medium-sized enterprises (SMEs¹) on the one side and for large

¹See ‘Human Rights SME Guide’ with the following core activities to be established as continual processes in SMEs: (1) Commit to respect human rights and embed the commitment in your business. (2) Identify your human rights risks. (3) Take action to avoid and address the risks you identify. (4) Enable remedy for those affected, if you are directly involved in a negative impact. (5) Track your progress. (6) Communicate about what you are doing. (GLOBAL CSR and BBI International, o.J.)

multinational firms² on the other side. It is evident that CSR can be located on the strategic level from the EC point of view. Its aim is to ‘maximize the creation of shared value, enterprises are encouraged to adopt a long-term, strategic approach to CSR, and to explore the opportunities for developing innovative products, services and business models that contribute to societal wellbeing and lead to higher quality and more productive jobs’ (ibid: 6).

The idea of ‘shared value’ is an important aspect of CSR presented by Porter and Kramer (2011) based on the assumption of interdependency and interplay between competitive competencies of businesses and welfare of society and principally assuming the emergence of a win-win situation. A company’s pursuit of market shares and profit and thus its economic justification of CSR are valued as important drivers, not contradicting societal and political considerations but rather complementing them. Societal benefit is seen as an integral part of developing competitive advantages in this approach. Devinney (2009: 49), otherwise taking rather a critical position towards CSR, states that ‘we can conclude that CSR is good because it unleashes the entrepreneurial self-interest of inventors, firms, managers, and investors to solve social problems’. Nevertheless, Porter and Kramer (2011) identify certain differences between (traditional) CSR and shared value. While the former is focusing on the distribution of value, being driven by stakeholder interests and being steered by a CSR department, the latter is focusing on generating value, being driven by strategic goals of the firm and being anchored on all levels of the firm (Porter and Kramer 2011: 146). We argue that the EC approach discussed above and used as our basic definition of CSR opens new and richer possibilities to combine CSR and shared value concepts. As Porter and Kramer (2011) conclude, this might result in a distinct change of the CSR managers’ role towards functioning as change managers on the mental as well as on the practical level. This requires broadening their action range and putting them in charge to influence innovation processes (as also required by the EC). Moreover, this involves strengthening their position and attaching CSR directly to the CEO responsibilities (see Porter and Kramer 2011).

Recently, CSR has been conceptualised as ‘organisational reform’ (Jutterström and Norberg 2013), modifying organisational processes according to the requirements of social responsibility (SR). This fits into the ISO 26000 idea of achieving competitive advantages through successful SR, thereby motivating corporate activities in the field of CSR and diversity³. In particular, ‘in applying ISO 26000, it is advisable that an organization takes into consideration societal, environmental, legal, cultural, political and organizational diversity, as well as differences in economic conditions, while being consistent with international norms of behavior’ (ISO 2010: 3). Enterprises are encouraged to fully integrate two principles of SR

²See OECD Guidelines for Multinational Enterprises, ILO Tri-partite Declaration of Principles on Multinational Enterprises and Social Policy.

³ISO 26000 is the international standard in relation to social responsibilities (SR) developed to help organizations. ISO 26000 focuses on SR in seven areas, among those Human Rights, Labour Practices and Community Involvement and Development. This International Standard interprets SR and sustainable development as driven by the search for competitive advantages (see ISO 2010).

into the day-to-day procedures, namely, ‘recognizing its social responsibility within its sphere of influence, and identifying and engaging with its stakeholders’ (ISO 2010: 8). This implies specific approaches towards SR in firms and other organisations. A key factor is that the firm’s values reflect SR and that actors live up to these values, in whatever manner the organisation acknowledges as appropriate in a given specific context.

2.2 The European Commission’s (EC) Strategy on CSR

With a strong focus on Europe in this edited volume, more information about the specific European context is important. In 2001 the EC established the European Multistakeholder Forum on CSR. This has since the introduction had a pioneering role in developing policies to promote CSR strategies and initiatives in Europe. The CSR agenda for action (European Commission 2011) provides some valuable starting points for understanding the current challenges for CSR in Europe and for systematically combining CSR and diversity activities. In particular, it suggests eight strategic areas and defines guiding principles for each of those.⁴ We will briefly present those and comment on some parallels between CSR, diversity and DM within the EC initiatives.

2.2.1 Enhancing the Visibility of CSR and Disseminating Good Practices

By giving public recognition to what enterprises do in the field of CSR, the EU can help to disseminate good practice, foster peer learning, and encourage more enterprises to develop their own strategic approaches to CSR. (European Commission 2011: 8)

The EC encourages dialogue with the organisation and wider stakeholders on a range of issues. This includes employability, demographic change and active ageing. In particular, the EC acknowledges workplace challenges and highlights the importance of DM, gender equality, education and training, as well as employee health and well-being. Moreover, the EC highlights the importance of a broad approach and the need for responsible business conduct throughout the whole supply chain. A strategy-based communication around the slogan ‘do good and make others talk about it’ (‘tue Gutes und lass andere darüber reden’) (Hansen 2012: 312) might be quite helpful to provide further relevance to CSR. Learning from DM in practice, we understand the importance of awards to individual

⁴http://ec.europa.eu/growth/industry/corporate-social-responsibility/index_en.htm download 14.1.2016: 10:17 see also European Commission Strategy on CSR Agenda for Action EU Commission 2011: 8ff

corporations granted by independent and distinguished juries and especially the relevance of joining, for example, the ‘Diversity Charta’⁵ as will be discussed further.

2.2.2 Improving and Tracking Levels of Trust in Business

There is frequently a gap between citizens’ expectations and what they perceive to be the reality of business behaviour. This gap is caused partly by instances of irresponsible behaviour by some enterprises, as well as by cases of some enterprises exaggerating their environmental or social credentials. Sometimes it is caused by an insufficient understanding on the part of some enterprises of fast evolving societal expectations, as well as by an insufficient awareness on the part of citizens of the achievements of enterprises and the constraints under which they operate. (European Commission 2011: 9)

This quote by the EC highlights the importance of reputation of the individual firm in terms of trust, which can be seen as core leverage in the system of CSR efforts. Hansen and Schrader (2012: 160) identify reputation as a kind of ‘goodwill buffer’ (‘puffer’) in times of crisis and as safeguard against attacks on the ‘licence to operate’. Simultaneously, this approach invites us to take into focus the reputation of the industry in general and care for the improvement of the corporate world’s image from which all firms benefit (see Hansen and Schrader 2012: 166). Again, we can draw parallels to positive effects of successful DM which can enhance trust in organisations.

2.2.3 Improving Self- and Co-regulation Processes

Enterprises often participate in self- or co-regulation processes, for example sector-wide codes of conduct on societal issues relevant to the sector in question. When such processes are designed in an appropriate way they can earn stakeholder support and be an effective means of ensuring responsible business conduct. (European Commission 2011: 9)

The use of codes for good practice is important for enhancing commitment to comprehensive CSR for companies. The EC provides further recommendations, such as ‘the principles for better self- and co-regulation’⁶ which can also be used in relation to DM to create possible synergies. The principles cover both conception and implementation and highlight the involvement of potentially useful actors as well as openness, goal definition and attainment, legal compliance, iterative improvements and resolving disagreements among others.

⁵See von Hardenberg and Tote (2017), Leśnowolska (2016) and Hajjar (2017).

⁶See ec.europa.eu/digital-agenda/best-practice-principles-better-self-and-co-regulation download 09.10.2015.

2.2.4 Enhancing Market Rewards for CSR

The positive impacts of CSR on competitiveness are increasingly recognised, but enterprises still face dilemmas when the most socially responsible course of action may not be the most financially beneficial, at least in the short term. (European Commission 2011: 10)

The above quote highlights an important problem of both CSR and DM: using only a short-term focus when looking at the effects of strategies. EU invites member states and public authorities at all levels ‘to make full use of all possibilities offered by the current legal framework for public procurement. The integration of environmental and social criteria into public procurement must be done in particular in a way that does not discriminate against SMEs, and abides by Treaty provisions on non-discrimination, equality of treatment and transparency’ (ibid: 10).

2.2.5 Improving Company Disclosure of Social and Environmental Information

Disclosure of social and environmental information, including climate-related information, can facilitate engagement with stakeholders and the identification of material sustainability risks. It is also an important element of accountability and can contribute to building public trust in enterprises. (EU Commission 2011: 11)

CSR should go beyond pure legal requirements; individually created reports are needed, presenting the significant activities of the firm. Disclosure of social and environmental information is encouraged. Information on diversity issues is a natural part of this. Nevertheless, while encouraging, ‘The Directive leaves significant flexibility for companies to disclose relevant information in the way that they consider most useful, or in a separate report’⁷

2.2.6 Further Integrating CSR into Education, Training and Research

The further development of CSR requires new skills as well as changes in values and behaviour. Member States can play an important role by encouraging education establishments to integrate CSR, sustainable development and responsible citizenship into relevant education curricula, including at secondary school and university level. European business schools are encouraged to sign the UN Principles for Responsible Management Education. (European Commission 2011: 12)

CSR has become an important area of business research, but still the EC acknowledges the need for more high-quality research that can also be used in a practical manner by implementing CSR into education at multiple levels. Moreover, diversity research has been gaining momentum in Europe and beyond; it is nowadays well established as a research field. One under-researched aspect still is,

⁷http://ec.europa.eu/finance/company-reporting/non-financial_reporting/index_en.htm
09.10.2015

however, the relation between CSR and diversity. This book intends to close this gap. Furthermore, the link between CSR and diversity/DM within education is an important field.⁸

2.2.7 Emphasising the Importance of National and Subnational CSR Policies

Many public policy measures to support CSR are best carried out at national, regional and local level. Local and regional authorities are encouraged to make smart use of EU structural funds to support the development of CSR, especially amongst SMEs, and to partner with companies to better address problems such as poverty and social inclusion. (European Commission 2011: 12)

Agandona and Hoivik (2009) acknowledge national/local adaptations of CSR policies and initiatives highlighting the importance of understanding differences between countries in terms of contextual factors. This important argument will also be discussed further in this chapter from a DM perspective (Tatli et al. 2012). Hence, we highlight that both concepts/strategies need to be considered within their specific context.

2.2.8 Better Aligning European and Global Approaches to CSR

In order to advance a more level global playing field, the Commission will step up its cooperation with Member States, partner countries and relevant international fora to promote respect for internationally recognised principles and guidelines, and to foster consistency between them. This approach also requires EU enterprises to renew their efforts to respect such principles and guidelines. (European Commission 2011: 13)

The need for guidelines and principles from EC level which represent values to be embraced by member countries and countries wishing to join the European Union should be established and reviewed (European Commission 2011: 14). This suggestion pertains to DM as well. By editing this book to which researchers and practitioners from various countries and with multiple background contribute, we intend to support this strategic goal.

The link between CSR and diversity has been clearly acknowledged from EU level. The European Commission addresses some of the classical diversity dimensions and, moreover, connects diversity and CSR directly such as visible in the following examples:

CSR at least covers human rights, labour and employment practices (such as training, **diversity**, **gender equality** and employee health and well-being), environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and combating bribery and corruption. Community involvement and

⁸See Rimmington and Alagic (2017).

development, the **integration of disabled persons**, and consumer interests, including privacy, are also part of the CSR agenda. The promotion of social and environmental responsibility through the supply-chain, and the disclosure of non-financial information, are recognised as important cross-cutting issues. The Commission has adopted a communication on EU policies and volunteering in which it acknowledges employee volunteering as an expression of CSR. (European Commission 2011: 7, Accentuation by authors)

Hence, when turning the focus to diversity and DM in the following section, the potential links between CSR and diversity at organisational, national and transnational level should be considered.

3 How to Manage Workforce Diversity: From Affirmative Action/Equal Opportunity to DM and Inclusion

Throughout the last decades, we have seen that different types of initiatives/strategies/policies have been introduced with the aim to increase both workforce diversity and equality. Yet, while organisations, countries and transnational and supranational organisations have put the goal of equality and diversity high on the agenda, it is also evident that there are great disparities both between and within countries and regions related to why, when and how this should be achieved. Moreover, while different types of strategies and initiatives have been introduced with the aim to challenge inequality and increase workforce diversity, research indicates that such strategies often fail to deliver the desired changes (Acker 2006). Within management practice and literature, a wide range of strategies is found, and we have seen developments of different types of approaches and discourses over the last decades (Oswick and Noon 2014).

3.1 An International View on Diversity

Early roots of the discourse around diversity were primarily identified in the USA. Affirmative action (AA) can be traced back to the civil rights movement in the USA from the 1950s where later the anti-discrimination regulation, the Equal Pay Act (1963) and Civil Rights Act (1964) put the focus on equality and diversity high on both the national and organisational agenda. It is evident that AA or equal opportunity (EO) strategies have focused on historically under-represented groups (often gender and race/ethnicity). Within the EO/AA debates, different approaches can be found based on different ideas and principles for action. Jewson and Mason (1986) distinguish between the liberal and radical approach of EO with different philosophical underpinnings and principles. While the liberal approach is built around the ideas of creating equal opportunity by fair procedures and the idea of sameness (treating people the same), the radical approach is focusing more on outcome and fair distribution. The liberal approach is characterised by ‘positive action’

initiatives, while the radical approach accepts the use of ‘positive discrimination’ (such as quotas) to ensure effectiveness. Both radical (such as quotas and earmarking of positions) and liberal (more voluntary softer initiatives) approaches to increase overall equality and workforce diversity have been used under the umbrella of EO strategies, and significant differences exist among countries. For example, while Norway has a long history of accepting the use of radical strategies, the UK on the other hand prohibits the use of positive discrimination. As EO implies measures that might target structural discrimination or that make it possible to leap over the barriers, as in the case of quotas (Dahlerup 2006: 9), EO has the potential to create substantial changes. This is probably also why EO strategies, and in particular the more radical approaches, are considered as controversial.

From the late 1980s and throughout the 1990s, a business-oriented approach emerged advocating for a broader understanding of diversity. DM as a business approach to handle demographic diversity is developed in the USA in the late 1980s. In particular, we have seen a growing attention to workforce diversity and how to manage diversity among practitioners, scholars and organisations after the publication of the *Workforce 2000* report by Johnston and Packer in 1987. The increased focus on diversity and DM which emerged in the USA has later diffused across the globe (Boxenbaum 2006). While EO/AA focused on group-level characteristics, DM in this sense focused more on individual differences. Mor Barak (2005: 208) defines DM as ‘the voluntary organizational actions designed to create greater inclusion of employees from various backgrounds into the formal and informal organizational structures through deliberate policies and programs’. DM is built on the idea that workforce diversity will deliver benefits to the organisation. The shift from AA/EO to DM marked a shift from a focus on ‘sameness’ and justice to a focus on ‘difference’ and the business case where diversity can be seen as aligned with organisational objectives and the ideas that it might add value (Miller 1996). While the focus within EO was on social group differences based on demographic characteristics (gender, race, etc.), diversity is framed more in terms of focusing on individuals and individual differences. Moreover, while EO could be state influenced and connected with compulsorily initiatives, DM is more driven by the market and characterised by a more voluntarism/deregulated agenda for change (Oswick and Noon 2014). In particular, DM is often positioned as a ‘means of improving organizational effectiveness and, ultimately, the bottom-line’ (Nkomo 2014: 583).

Interestingly, we have lately also seen a change in direction in terms of discourse within organisations and among scholars, changing from a focus on diversity to including the idea of inclusion. Oswick and Noon (2014: 26) argue that ‘while diversity is concerned with recognizing the value of differences within the workforce and managing them, for commercial advantage, inclusion is concerned with the process that incorporates differences into business practices and thereby help to realize they value’. Nevertheless, despite the management fashioned change in name and perceived motivation, scholars, such as Oswick and Noon (2014) and Nkomo (2014), highlight that only by breaking free of the oppositional discursive

patterns the debate can move on to anti-discrimination solutions that attempt to blend together equality, diversity and inclusion.

3.2 Perspectives on Diversity

While diversity is, as earlier discussed, very much on the agenda globally, the effects of workforce diversity on the other hand are unclear. In fact, empirical studies report conflicting results whether or not diversity is good for business. A wide range of studies looked at the relationship between workforce diversity and organisational performance, including demographic diversity categories such as gender, race/ethnicity, age, religion, national culture and sexual orientation. Moreover, studies have focused on performance and diversity categories based on job-related categories, such as experience, education and tenure. Although a wide range of studies exists, empirical research indicates conflicting results in terms of consequences. Some studies propose that a diverse workforce can enhance organisational performance, such as by fostering creativity, innovativeness, team effectiveness and efficiency due to utilising a wider range of perspectives found among the workforce (Cox and Blake 1991; Torchia et al. 2011). Other studies indicate that diversity might lead to poor performance as a result of conflict (e.g. Boerner et al. 2012; Horwitz and Horwitz 2007; Lau and Murnighan 2005; Van Knippenberg et al. 2004; DiStefano and Maznewski 2000).

Ely and Thomas (2001) (see also Thomas and Ely 1996) argue that an organisation's perspective of diversity and DM is essential for its outcome and organisational performance. In fact, in their seminal studies, Ely and Thomas (2001) and Thomas and Ely (1996) argue that the diversity perspective taken by the organisation is essential for understanding the performance outcome in relation to diversity as it provides the conditions that either develop or detract from workgroup functioning and organisational effectiveness. Ely and Thomas (2001) understand a diversity perspective as a set of specific beliefs in the role of diversity within the organisation and put forwards three different paradigms. The three paradigms affect how people function in groups within the organisations as well as how likely the groups are to acknowledge the benefit of their diversity. The diversity perspective of an organisation can be either explicit or implicit. While the former refers to verbal or written statement of policies, the latter refers to assumptions that guide how managers treat the subordinates as well as how a group structures their work. The paradigms identified in the seminal work of Thomas and Ely are the 'discrimination and fairness approach' (D&F), the 'access and legitimacy approach' (A&L) and the 'integration and learning approach' (I&L). As Ely and Thomas (2001) postulate 'while all three perspectives on diversity had been successful in motivating managers to diversify their staffs, but only the integration-and-learning perspective provided the rationale and guidance needed to achieve sustained benefits from diversity' (2001: 229). The characteristics of the three

perspectives are presented below and discussed from a European perspective (see also Hansen 2014; Aretz and Hansen 2003a, b).

3.2.1 Discrimination and Fairness

The D&F paradigm is characterised by efforts to comply with legal requirements (instrumental commitment) and societal demands which are based around ethical or strategic considerations (normative or instrumental commitment). The D&F perspective is often based on the foundation that a diverse workforce is a moral imperative to ensure fair treatment. The justice case logic is often found within the D&F paradigm. Areas of possible discrimination are identified, named and conflict resolution undergone. Minorities are represented to a political correct quota or target and presented but not really integrated or fully included. The phenomenon of ‘glass ceiling’ (Morisson et al. 1987) is a potential consequence. Moreover, from the D&F perspective, there is often strong pressure to assimilate minorities.

The metaphor of ‘glass cliff’ (Ryan and Haslam 2007) can be understood under the D&F perspective. Glass cliffs are challenging positions which seemingly are attractive but are in fact extremely risky. These precarious leadership positions are often opened and offered to women. This is evident in the study of Ryan and Haslam (2007: 558) who found that ‘At the same time, by appearing to support women but actually giving them inferior positions with limited opportunities for development, those in power can deny charges of overt discrimination while ensuring that any change does not dramatically challenge the gender-based status hierarchy or rock the organizational boat too hard’.

Organisations building their DM on the D&F perspective often do not really open to new perspectives and might lose high potentials from minorities who sooner or later experience that they have little chance of performance in the respective firms. Nevertheless, there are positive effects found in organisations adopting DM initiatives from the D&F perspective. This includes developing specific programmes, securing political correct communication and providing positions for minorities (to the quota/target level). D&F can be seen as a step towards managing diversity, but it is not satisfying for creating cultural changes in a positive manner. Diversity is not anchored as important in the organisation, and there is often little internal or strategic consistence. DM is not becoming part of the culture. Differences in power among the actors involved and the ‘colour-blind ideology’ (Ely and Thomas 2001: 256) send ambiguous signals to minorities: on the one hand, belonging to a minority is portrayed as non-problematic and, on the other hand, assimilation is demanded in a more or less subtle manner.

3.2.2 Access and Legitimacy

The A&L perspective is often driven by a market-oriented logic. Leading principle is to open markets and secure market shares by using similarities among customers

and workforce in product development and marketing, following the expectation that such a 'fit' enables the organisation to generate fruitful ideas and strategies and thereby increase market shares. The business case for diversity is clearly established within this perspective (Ely and Thomas 2001: 243). Social proximity is seen as competitive advantage (economical justification, relational identity orientation). It is meanwhile intended to strengthen the legitimisation base of the firm by mirroring diversity (pragmatic legitimacy).

A problematic aspect of this paradigm is its invitation to stereotyping: Co-workers are often reduced to their affiliation with a certain social (minority) group. Specific behaviours and attitudes are expected or even requested because the specific value of these co-workers is anchored in their group affiliation. It is often observed that minorities are not viewed as individuals or not fully included, but rather functionalised. Meanwhile, they are found to be made responsible for the customer satisfaction in the respective segment or for other positive effects inside the organisation (e.g. women and working atmosphere). How they are dealing with this is left to the individual. Nevertheless, positive aspects with the A&L perspective should also be identified. It is often the case that minorities are given access to a considerable number of attractive positions building on the logic of the A&L paradigm of DM. On the other hand, those positions are no longer available for members of the dominant group. In consequence, conflicts and resistance might emerge which will jeopardise the DM concept if the positive effects are not evident. As Boone et al. (2004) highlight in the case of the Netherlands, diversely compounded top teams show a tendency to close the lines in case of crises and risky situations in a complex environment. If given the possibility, in such teams, self-selection of the dominant group grows, and 'diverse' managers are leaving the team.

In this paradigm, diversity decisively involves stakeholders. Nevertheless, it is neither the social needs nor the customer necessities that are drivers of DM, but only the consumer demand based on spending capacity. Insofar, we can identify parallels to the concept of 'shared value' connected to CSR as discussed earlier. Both share strategic consistence and are pursuing the search of win-win situations. Nevertheless, we have to take a critical view as Devinney (2009: 51) points out: '... corporations are not representative of the society at large. For lack of a better analogy, corporations are urban upper middle class. They do not represent the poor and disadvantage of a society, nor do they represent the geographic spread of a society'. This is evident for DM building on A&L logics which proclaims to be a mirror of the world but, instead, just mirrors its markets. Thus, the limitations of the A&L approach in itself and in connection with CSR must clearly be seen.

3.2.3 Integration and Learning

The integration and learning (I&L) paradigm is characterised by the ideas that insights, skills and experiences from a diverse workforce are potentially valuable resources for the group and thereby the organisation (Ely and Thomas 2001).

Diversity is linked to work processes and the paradigm frames diversity as holistic organisational learning and adaptive change. Space is provided for all co-workers to perform by making good use of his or her individual experiences, skills and traits. Strategies as de-categorisation and accentuating personal uniqueness (Roberts 2005) are used to reduce stereotyping. Within the I&L perspective, each individual employee is given voice (Gebert 2004). Productive elements of diversity are emphasised and looked for. To tap into the potentials within the organisation/group, formerly biased processes must be abandoned. It is evident that in order to fully embrace this paradigm, it often requires cultural changes.

Many publications on DM are focusing on the meso level by proposing strategies for team development. One well-known model is that of DiStefano and Maznewski (2000). Their MBI concept ('Map, Bridge, Integrate') encourages creative groups to become aware of differences relevant to the work situation. Bridging is realised in complex processes of interaction and negotiation which need a strong motivational base, trust and the expectation to overcome troubles. The idea of inclusion is core of this approach. As highlighted by Distefano and Maznewski (2000: 51) 'to decenter, members of the team take what they know about each other's differences from mapping and apply it to adapt their own behaviour and thinking. They change their conversation style and adapt their interaction behaviours according to the culture of the people they're working with'. Rules are agreed upon which consider situation and interests of the actors involved and support changes of perspective. In a third step, integration is achieved, methods of conflict solving come in use and misunderstandings can be cleared away. Participation is a standard procedure at this level opening up further development of ideas and solutions. The MBI concept shows vicinity to Lawrence and Maitlis's 'ethic of care' which 'involves attending to other's struggles and helping those we care for, manage, cope with, and overcome them' (Lawrence and Maitlis 2012: 646).

Although the concept of inclusion is not directly discussed by Ely and Thomas (2001), it is evident that the I&L perspective closely resembles the ideas currently found within the inclusion discourse. Nevertheless, inclusion does not emerge automatically; it is rather a result of decisive and systematic DM. As identified by Ely and Thomas (2001: 240), the three perspectives have different implications on both how well people function in their group and how likely the groups were to realise the benefit of the diversity found within the groups. It is evident that the different perspectives can be connected, although to a different extent, to the ideas and adaptation of CSR as well as the current discourse around inclusion.

3.3 Accounting for Diversity: The Need to Go Beyond the Shareholders

The previous section illustrated how there are different perspectives organisations can take in relation to DM which might moderate the outcome of diversity.

Moreover, a wide range of studies are as earlier mentioned ‘measuring’ the effects of diversity on basic organisational outcomes (both financial and nonfinancial) and are consequently either presenting a business case for or against diversity. Recently, several authors have highlighted that there is a need for a more nuanced and holistic approach within the diversity literature. This can be achieved by distinguishing between the organisational perspectives of diversity, workforce diversity and the effective management of diversity (Özbilgin et al. 2016). Özbilgin et al. (2016) highlight that while workforce diversity can happen on its own due to demographic changes, the effective management of diversity requires organisational investment. Moreover, the perspective and understanding of diversity taken by the organisation might affect the outcome of diversity and require a specific approach to DM. Hence, there is a need for more systematic understanding of the organisational underpinnings. In a recent study, Özbilgin et al. (2016) found in their study of global organisations that organisations account for diversity in different ways, ranging from narrow to broad. In particular, they propose the idea of four different approaches used to account for diversity in terms of impact/outcome:

- Shareholder impact (profitability, return on investment)
- Stakeholder impact (profits, people, planet)
- Regulatory context (self-regulation, legal regulation, economic regulation)
- Global value chain (transnational fairness)

The first perspective, ‘the shareholder approach’, is characterised by a narrow focus on shareholder value and the ‘the single bottom line’. Both profitability and return of investment are essential, and this rationale is mainly used by practitioners when aiming to secure support for DM strategies within the organisation (Özbilgin et al. 2016). The second perspective ‘stakeholder approach’ focuses more broadly and will often include gathering evidence to explore the influence of diversity in terms of the workforce on multiple stakeholders and a focus wider than the ‘shareholder approach’ with the single bottom line focus, to a focus on the triple bottom line (people, profit and planet). In particular, it is evident that organisations that adopt this approach often seek to understand the impact of workforce diversity on people, which often include current and future employees, consumers and suppliers; profitability in terms of shareholder value and/or return on investment; and the planet which includes environmental impact and wider ecological considerations (Özbilgin et al. 2016). While both the ‘shareholder’ and the ‘stakeholder’ approaches are mainly based on market regulation and voluntary measures, Özbilgin et al. (2016) found that the next perspective the ‘regulatory approach’ embraces a wider range of measures, often in a combination of regulatory and voluntary measures. In particular, this might include both voluntary and coercive measures which operate at multiple levels. This embraces the organisational, sector, country as well as supra and international contexts.⁹ With the recent focus on the use of regulatory measures to increase the share of women for board positions

⁹See the multi-level model discussed below; see Hansen (2014).

(Seierstad et al. [Forthcoming](#)), this is an interesting and highly relevant approach that is currently very much on the agenda and is affecting organisations' DM initiatives and discourses. The final approach identified by Özbilgin et al. (2016), the 'global value chain' approach, is based on the idea that there is a need to redress cross-national inequalities and differences in the treatment of workforce diversity. In particular, this approach is based on the ideas that organisations take a wider view on diversity (beyond national regulation) and also seek to reduce inequalities of power by having a transnational perspective (Özbilgin et al. 2016). In particular, this perspective includes the idea of a 'global vision', whereby power relations in wider global economic, social, legal and political systems are accounted for.

It is evident that Özbilgin et al. (2016) put forwards the suggestion that there is a need to move beyond the rather narrow framing of benefits of diversity building solely on shareholder and stakeholder logics which is dominating the diversity field. Instead, they propose the need for new perspectives embracing the ideas of legal/regulatory measures in addition to a broader focus accounting for diversity throughout the whole global value chain built on the logic and ideas of transnational fairness. It is apparent that the latter approach to understanding and accounting for diversity/DM overlaps with CSR literature and ideas and can be important in building further links between the fields.

3.4 International Diversity and DM Discourses

During the last decade, we have seen increasing public commitment and organisational investment in terms of how to manage diversity. This is found at an organisational, national and transnational level. As an example, in Europe, the EU Diversity Charter Platform connects Diversity Charters across Europe and provides companies with support on how to deliver effective DM strategies:¹⁰

Diversity Charters are voluntary initiatives which help businesses and public institutions unlock the potential in diversity, supporting the realisation of the business benefits for companies and the wider benefits for society at large.

Nevertheless, while the focus on diversity and DM are common trends globally, the contextual setting, including social, economic, legal and historical contexts, provides different backgrounds that shape employment policies and practices at both organisational and national level. Consequently, several authors point to the danger of treating concepts, such as equality, diversity and DM, as fixed. Instead, they argue that history and discursive dynamics are important in the social construction of both equality (Lombardo et al. 2010) and diversity and DM (Tatli et al. 2012). By distinguishing between the four processes: first, temporarily fixing a particular interpretation of a concept; second, shrinking its meaning; third,

¹⁰See the contributions from Germany, France and Poland in this book.

stretching it to include new dimensions or elements; and fourth, bending it to goals other than the original meaning, Lombardo et al. (2010) provide a valuable framework to investigate further different understandings and meanings of specific phenomena comparatively. Tatli et al. (2012) adopt this discursive approach to investigate how the meaning of diversity is understood in different countries, thereby building on the work of Lombardo et al. (2009, 2010). By investigating the case of the UK, France and Germany, they demonstrate the importance of understanding the historical, political, contextual and institutional factors in each country in order to make sense of the different understanding of diversity within the three countries. In particular, they found that in the case of the UK, the understandings of diversity are very much linked to multiculturalism and voluntarism. The free-market ideology is strong in the UK with evident resistance to state intervention. Moreover, the authors argue that performance-driven business outcomes are important. In addition, legal compliance is acknowledged within the UK diversity discourse. Moreover, Tatli et al. (2012) argue that there is also a much stronger anti-discrimination policy on race in the UK in comparison to other European countries; hence, race in addition to gender has been heavily included in the diversity discourse and DM initiatives. In France on the other hand, Tatli et al. (2012) argue that organisations see diversity and DM associated with social responsible actions and diversity is predominantly understood and debated in terms of gender and cultural differences. In Germany, Tatli et al. (2012) argue that gender issues have been particularly important in the diversity discourse (see also Hansen 2014), while integration has been the concept in the management of ethnic diversity. Within the German diversity discourse, they argue that there is little evidence of focus on racism and discrimination based on race/ethnicity. Other studies have also demonstrated how the understanding of diversity and DM is country specific. Boxenbaum (2006) points out that the introduction and interpretation of DM within Denmark have been mainly targeting migration concern. Nevertheless, it is also apparent how historically the Scandinavian countries, Norway and Sweden in particular, have had a strong focus on equality in the labour market, mainly by focusing on gender. Hence, with the concept of diversity and DM, the focus in Scandinavia has broadened to include migration issues as well as the traditionally dominating gender discourse (Holvino and Kamp 2009).

It is clear that diversity and DM might gain new meanings when transferred to different contexts as it is reinterpreted in accordance with the specific contextual setting (Jonsen et al. 2013; Tatli et al. 2012). In particular, as argued by Jonsen et al. (2013), it is neither a fixed definition nor a best method of managing diversity. Along similar lines, Agandona and Hoivik (2009) argue that the reason why there is no globally unique and precise definition of CSR is that the content and application will vary between countries, change over time and differ among firms and industries—it is a dynamic concept. Hence, there is a need for acknowledging that concepts used globally (such as diversity, DM and CSR) might be understood, interpreted and adapted differently. Consequently, there is a need for an acknowledgement of the contextual understanding of specific strategies and concepts which is adapted and demonstrated throughout this book.

3.5 *Rationales Used Within the Diversity Debates*

It is apparent that a wide range of arguments exists both in support of and against the use of organisational initiatives related to equality, diversity and DM. These arguments are also often found within CSR debates, albeit often aiming on a different focus. Within these debates, we often find that the discussion generally revolves around the interrelated issues of justice and utility lines of arguments as well as focusing on the individual, organisational and/or societal levels.

When discussing individual justice lines of arguments, the focus is on the individual and, from this viewpoint, we often see that prevention and compensation are the dominant rationales used (Reskin 1998). The justification presented is often built on the logic that by having specific policies in place, cronyism and favouritism can be replaced with more objective practices. Consequently, strategies (often radical) have the potential to challenge both institutionalised and unconscious discrimination practices (Seierstad 2016). Turning to the social justice perspective, the argument is often based on the principle of equity and an equal society. It is often the case that strategies, including strategies of a radical nature (such as quotas), are rationalised on the grounds, as evident in the example of women in politics and the use of quotas, that as women represent half the population, they should also then have a right to equal representation (Dahlerup 2002). The focus is therefore on groups and group characteristics rather than on individuals.

Utility lines of arguments focus on utilising the benefits of equality and diversity and are often drawing on both human capital and on the ‘business case’ for equality and diversity (Hernes 1987; Teigen 2000; McHarg and Nicolson 2006). From this viewpoint, it is evident that as the total potential of a population is roughly evenly distributed (between different groups, men and women, white and people from black and ethnic minority backgrounds, etc.), strong patterns of segregation in the labour market mean that the total talent potential in the workforce is not utilised (Hernes 1987). Utility lines of arguments can also focus on different levels, societal and organisational level. While DM is mainly focused on business utility, CSR rather is focused on societal utility.

Traditionally, justice lines of arguments have dominated the EO/AA discourse, while utility and the business case for diversity have dominated organisational approaches and rationales found within DM discourses. Hence, it is evident that the traditional AA/EO debates have some similarities with CSR debates. The DM discourse which has dominated the organisational approaches over the last year is, as established, often heavily relying on the business case for diversity. Nevertheless, a danger with a utility argument based on the business case for diversity is that it might be a dangerous argument: diversity might not always ‘add value’ (Noon 2007). Consequently, despite the opposite rationales often used in the diversity debate, studies are arguing for the need for a combination of arguments (Aretz and Hansen 2002, 2003a, b; Gebert 2004; Noon 2007; Seierstad 2016) when discussing how to manage diversity. In particular, the danger with the narrow focus on diversity in terms of performance outcome is that it might not hold ground. As a

result, there might be a need for a broader understanding of utility lines of arguments, focusing on individual, organisational and societal level, including the focus on multiple stakeholders and the global value chain (Özbilgin et al. 2016) as well as a combination of utility and justice logics. Along similar lines, Jonsen et al. (2013: 276) argue that ‘the focus on voluntarism based on a business case for diversity has created a blind spot towards other arguments or reasoning’. As a result Jonsen et al. (2013: 276) states that ‘Voluntarism leads to the tragedy of the uncommons where workforce diversity becomes merely a matter of optional choice for the firms, and is disconnected from its impact on the collective good’. Consequently, the need to rephrase the current DM discourse to focus on multiple actors and the societal dimension is acknowledged within the academic literature. There might, as highlighted by Jonsen et al. (2013), be utility in building on the ideas of the stakeholder approach found in the CSR literature. This allows for considering the importance of workforce diversity with recognition of the multiplicity of the stakeholders beyond the narrow organisational setting.

3.6 Remarks

This section has discussed the meanings and origins of CSR and DM. By doing so, we have identified several similarities but also differences between the ideas and approaches of CSR and DM. Diversity and DM tend to focus on the organisational level; instrumental logic, voluntarism and individualism are often built on the ideas of the ‘business case’. On the other hand, CSR’s focus lays beyond the organisational setting and the wider social good, building on ideas of societal justice and collectivism. Nevertheless, there are also key similarities between DM and CSR. The voluntary nature of both fields is apparent. Moreover, these are both management ideas emerging from the USA. Finally, both areas have received increased attention both within and outside the organisational setting where CSR and DM are expected. It is evident that there are clear indications that CSR and DM will continue to be key areas for organisations; hence, how to take the fields forwards is a question asked by practitioners and academics. The next sections will discuss how acknowledging the intersection of DM and CSR in multiple ways might provide opportunities.

4 Frameworks for Integrating and Adopting CSR and DM Strategies

Earlier in this chapter, we discussed the EC’s approach to CSR, highlighting the content-level and possible connections with diversity and DM. We did also discuss approaches, understandings and developments of CSR and DM as management

strategies and recent academic trends within the fields. In this section we pursue a different path by presenting and discussing three different frameworks for understanding and adapting CSR and DM strategies within organizations. First, we present a model to understand CSR-practices and DM practices as attempt of sensemaking through different processes of reasoning, talking and acting, consequently an organization's style of sensemaking. Next, we introduce a multi-level model of anchoring DM and CSR in order to secure a holistic approach to both. Finally, we present specific cornerstones of implementing DM and/or CSR policies within organizations.

4.1 A Process Model of Organisational Sensemaking: The Importance of Understanding the Philosophical Underpinnings Within Organisations

Basu und Palazzo (2008: 124) propose to analyse CSR as a derivate of organisational sensemaking and define CSR as 'the process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioural disposition with respect to the fulfilment and achievement of these roles and relationships'. According to this definition, it is evident that the core elements of CSR are connected to the firm's relations with its stakeholders and the handling of public goods which is compatible with the EU's definition as discussed earlier.

Basu und Palazzo (2008) are not focusing the content of CSR concepts, they are rather interested in understanding how the concepts are rooted in the organisations and especially in the field of management decisions. According to Basu and Palazzo (2008), CSR activities are not seen as direct effects of external pressures and demands, respectively (as in the case of EU rules of action). Instead, the authors consider CSR concepts and ideas to emerge as effects of a sensemaking processes. They identify how mental models specific to members in each organisation influence the interpretation of internal and external requirements. This leads to a specific handling of CSR and to specific outcomes. Thus, different profiles or even different types of CSR concepts should be taken into consideration, discussed and evaluated (Basu and Palazzo 2008: 131). We consider this differentiated approach as valuable to also analyse practices and approaches to DM as well, as DM also relies on management decisions which are mediated by sensemaking processes.

The authors identify three steps in the sensemaking processes:

- Cognitive processes: 'What firms think'
- Linguistic processes: 'What firms say'
- Conative processes: 'How firms tend to behave'

The orientation of these processes might vary. A combination of the particular variations generates the specific character of an organisation's CSR approach, its strength and efficiency. The authors propose the following analytical schema (Table 1).

Table 1 Categories and dimensions of sensemaking processes (Basu and Palazzo 2008: 125, slightly modified)

Categories	Dimensions	Specification
Cognitive	Identity orientation	Individualistic Relational Collectivistic
	Legitimacy	Pragmatic Cognitive Moral
Linguistic	Justification	Legal Scientific Economical Ethical
	Transparency	Balanced Biased
Conative	Posture	Defence Tentative Open
	Consistence	Strategically consistent Strategically inconsistent Internally consistent Internally inconsistent
	Commitment	Instrumental Normative

The diagram shows a box on the right labeled "CSR / Diversity Concept". Four arrows point towards this box from the right side of the table: one from the top-right corner of the table, one from the middle-right edge, one from the bottom-right corner, and one from the bottom-right corner of the table.

In order to gain a better understanding of the model, we further explain the categories, dimensions and specifications by using examples from the field of CSR and diversity.

In terms of the cognitive processes (what firms think), it is important to understand the reasoning about the organisation’s relations to its environment and about the sense of CSR activities from a rational perspective (Basu and Palazzo 2008: 125). Thus, in case of a relational identity orientation, the prevailing thinking about CSR (and diversity) would be moulded by cooperative relationships between organisation and its stakeholders, based on partnership and strong personal ties. A rather individualistic orientation would emphasise liberty and self-interest of individuals, while a collectivistic orientation would focus on the concerns and interest of social (identity) groups (see Basu and Palazzo 2008: 125). All kinds of identity orientation might make CSR and diversity activities emerge; nevertheless, the background/rationale is different which again will affect the specific approach.

Legitimacy in its pragmatic form concentrates on specific activities. CSR and DM programmes might depend on the possibility to convince the main stakeholders. This is based on the thesis that the organisation is in control of its environment. Cognitive legitimacy, however, follows the thesis that the organisation is controlled by the environment and has to adapt to external pressures (as soft and strong laws, customers’ demands). CSR and DM programmes are nurtured by the desire to meet perceived societal expectations (as in the case of representation of

women on boards, following, e.g. a gender quota or set targets). Moral legitimacy, eventually, follows the idea that in a complex and uncertain world, proactively co-creating accepted norms with main stakeholders (as the idea of the flexible gender quota on boards) might be a good strategy to build sustainable legitimacy (see Basu and Palazzo 2008: 126).

The linguistic process ('what we say'/'how we talk') refers to explanations and justifications of the organisation's position towards CSR and connected activities (Basu and Palazzo 2008: 125). In the linguistic category, we find justification, signalling the overall language game (Basu and Palazzo 2008: 127), and transparency, concerning the valence of information included in the organisation's communication. Four types of justification are distinguished. Legal justification refers to laws, codes of conduct, sanctions and such. Scientifically based patterns of justification refer to 'neutral experts' (Basu and Palazzo 2008: 127), while economic justification (the 'business case') focuses on contributions to the stakeholders' interest. All three justifications just reflect partial aspects and might be 'silencing critics rather than facilitating dialogue' (Basu and Palazzo 2008: 127). In order to base CSR and DM on a more reliable fundament, firms might follow the ethical pattern of justification, looking for higher-order interests above and beyond actual stakeholder demands. This is the fourth type of justification.

Transparency can be performed in a balanced manner, meaning that favourable and problematic aspects of CSR (and DM, like the latter's chances, e.g. creativity, as well as well as risks, e.g. fault lines and conflicts) are communicated and even posted for discussion. Biased transparency is the second form and is just reporting the positive aspects and omitting the unfavourable ones ('green or blue washing') (Basu and Palazzo 2008: 128).

The conative category refers to the attitude or posture towards CSR activities, their consistency and the organisation's commitment (how we act) (Basu and Palazzo 2008: 125). Here, it is important to understand **how** the organisations respond to others' expectations, demands or criticism made (Basu and Palazzo 2008: 128). The authors differentiate between a defensive position without feedback option or search for additional information and persisting on the once chosen path from tentative posture, the latter characterised by awareness of the own limits and of the uncertainty of actions' outcomes. Problematic is the image of unprofessionalism or lack of seriousness about CSR and DM created in the minds of observers (or critics) in the case of tentative posture. A third (preferable) form is an open position, focusing on learning processes and improvement. As put by the authors, 'an open posture allows the organization to be ready to share not simply solutions but also its perception of the issue with others and to debate and discuss the nature of the transformation, both internal and external, that might be necessary to bring about real change' (Basu and Palazzo 2008: 129).

Consistency covers two areas. Strategic consistency (consistency between) means the grade of actively embedding CSR into the organisation's overall strategy, its strategic conversations and processes (Basu and Palazzo 2008: 129). Internal consistency (consistency within) applies the idea of building harmonised bundles of arrangements focusing CSR (and/or diversity), and it includes

convincingly walking the talk. If both forms are combined in strong occurrence, we can expect a high credibility and effectiveness of this approach in an organisation (Basu and Palazzo 2008: 130). On the other hand, if one or both dimensions are only weakly developed in the perception of observers and actors, a low impact is predicted.

Commitment is the third conative dimension and is viewed as an important driver and stabiliser of processes (Basu and Palazzo 2008: 130). Instrumental commitment is understood as reaction on external pressure (e.g. media report on textile industry's sweat shops in Asia, political discussion on women on boards and quota laws). In case of pure instrumental commitment, the risk is quite high that the initiated processes will not be fully integrated into day-to-day routines and therefore might lack sustainability, showing just limited or superficial effects. Normative commitment on the other hand is nurtured by internal, morally based considerations which are supposed to build a much firmer base and have the power to change the organisation's culture. These ideas have similarities with the ideas of approaches or rather paradigms of dealing with diversity (such as Thomas and Ely 1996, 2001), discussed earlier.

Basu and Palazzo (2008) further suggest that it is essential to look out for certain patterns which combine peculiarities of the different dimensions to gain a better understanding of the character of respective concepts: '... , it might be useful to examine if their dimensions of sensemaking tend to cluster together to form a particular pattern (...), leading to a recognizable organizational character with predictable CSR outcomes' (Basu and Palazzo 2008: 132). We are following this idea by discussing a set of features which might support the sustainable interplay of CSR and DM in organisations coping with a complex environment. Nevertheless, before doing so, we will also briefly discuss some other viewpoints in relation to the linguistic theories.

The linguistic category has recently been further researched and discussed from an institutionalist perspective starting to form an approach labelled 'communicative institutionalism' (Cornelissen et al. 2015). Communication is seen as 'a process through which collective forms such as institutions are constructed in and through interaction' (Cornelissen et al. 2015: 14). Joint cognitive understanding and meanings emerge in complex interactions, thereby constituting, maintaining and transforming institutions. 'In this view actors make sense of institutional logics via discourses and use these discourses in their interactions' (Cornelissen et al. 2015: 22). Ocasio et al. (2015) focus on communication processes as the foundation of institutional logics. They propose a model which involves processes of coordinating, sensegiving, translating and theorising, which are supposed to bridge the domain of practice and the domain of theory. Their theory involves multiple characteristics/functions:

- 'Coordination functions specify how individual and collective actors interact with other actors, and with practices, throughout an organization and institutional field' (Ocasio et al. 2015: 33).

- ‘In sensegiving, actors communicate their interpretation of events and practices with other, influencing further coordinating’ (Ocasio et al. 2015: 35).
- ‘Translating involves applying practices and narratives in new contexts and, in the process, reshaping the understandings that are transmitted’ (Ocasio et al. 2015: 36).
- ‘... theorizing differs from sensegiving in its emphasis on the abstract and the general, going beyond not just the situation at hand but also any particular situation’ (Ocasio et al. 2015: 38).

The arguments are based around the notion that only the interplay of all four kinds of functions will influence institutional logics and the authors suggest ‘...that the communicative functions need to converge’ (Ocasio et al. 2015: 40).

We argue that both CSR and DM can be interpreted as processes of sensemaking, as both are not only affected by external pressures or demands from the environment but, instead, are the results of management decisions and thereby mediated by internal processes. This leads to very different forms of handling CSR and DM, following different ‘institutional logics’ (Ocasio et al. 2015). Hence, the schema proposed by Basu and Palazzo can be used to systemise diversity practices and simultaneously to act as a bracket to align both concepts of CSR and DM. Following the logic of this schema, the outstanding role of communication and the idea of convergence among particular concepts are expected to be more effective in a highly complex environment if they are characterised by the following peculiarities:

- Proactive moral legitimacy: ‘cocreating acceptable norms of behavior with relevant stakeholders’ (Basu and Palazzo 2008: 126), in the form of communication processes, bridging practices and theories-in-use.
- Moral justification, connecting the organisation’s activities to higher-order interests.
- Balanced transparency, in which both chances and challenges are communicated or even negotiated.
- Open posture: ‘An open posture allows the organization to be ready to share not simply solutions but also its perception of the issue with others and to debate and discuss the nature of the transformation, both internal and external, that might be necessary to bring about real change’ (Basu and Palazzo 2008: 129).
- Strategic and internal consistency, including convergence of communicative functions.
- Normative commitment, which supports sustainable integration of (CSR- and/or diversity-) concepts into daily routines.

4.2 Diversity and CSR as a Multi-level Construct

As evident from the discussion above, we argue for the need to take a holistic approach of understanding (CSR and) DM approaches within organisations,

overcoming a narrow focus on diversity as individualisation as well as concentrating on social identity groups and linking CSR and DM activities to strategic goals. A very useful approach building on this logic is suggested by Harrison und Klein (2007) who interpret diversity as a ‘unit-level construct’, thereby providing a link between societal and individual levels. In particular, they distinguish between three different forms of diversity:

- ‘Separation’ refers to the horizontal distance among positions, opinions, attitudes and values. Opposition, spatial distance and language barriers are also related to separation. Separation bears risks for group cohesion and group performance as it hinders close collaboration. DM in this sense concentrates on overcoming the relevant and dangerous distances (as language training, video conferences). In our opinion, it is necessary to look out for emerging hierarchies in this as horizontal conceptualised form. Relevant issues to consider are therefore to what extent vertical differences emerge from language barriers and differently far distances to the organisation’s centre of power. Which language is dominant in the organisation? Where might ‘separation’ capsize into ‘disparity’?
- ‘Variety’ as category of difference concerns type of and access to information, knowledge, experiences and functional, educational and experiential background. However, conflicts may emerge related to the variety. Resolving obstacles might just produce specific skills and bring forth sustainable positive outcomes as improved problem-solving.

Variety has been addressed by studies such as ‘Women Matter’ (published by McKinsey). These studies focus on women in top management teams and position female leadership as a ‘competitive edge for the future’ (McKinsey 2008). As argued by McKinsey (2012: 15): ‘What these companies have in common, besides a critical mass of initiatives, is a high level of CEO and top management commitment, a rigorous system for monitoring women’s representation within the company, and a culture sympathetic to the aims of gender diversity programs. They also drive through the initiatives they choose’. The opening of traditionally masculine-dominated areas for women is seen as a chance to provide new perspectives. Scrutinising hitherto given answers, procedures and solutions is core in the development of such teams to ensure improvement and rising performance.

In the recent discussion on women in leadership positions, we find a ‘sweet spot’ (Schmidpeter 2013: 16), combining the different perspectives on CSR and diversity in a ‘win-win situation’, answering to societal demands and simultaneously opening important fields of innovation and performance improvement to organisations and especially to businesses.

- ‘Disparity’ refers to vertical differences in ownership of and access to valuable goods, resources and assets. Income, status, prestige and influence are covered within this third category. A clear reference to the societal level is visible. Organisational effects are distributional battles and fights for resources inside the units, in extreme leading to minorities’ withdrawals. Societal gender

arrangements, reputation of people of age and hierarchical structure of ethnicities assign particular shares of societal appreciation and participation to specific social groups. By aligning CSR and DM, we are enabled to analyse the effects of disparity in their retroactivity on the societal level. Effects might consist in stabilising existing settings of social power and positions or even in intensification of hierarchies and differences in access to resources. CSR-qualified organisations have to take over responsibilities, carry out prevention measures or make amends to the negative effects of disparity.

In practice the three categories discussed are often intertwined. Relations and interdependencies among diversity features must be acknowledged in order to handle diversity in an effective and efficient manner (Harrison and Klein 2007; Stewart et al. 2008).

Our suggestion is to follow an intersectional¹¹ approach of conceptualising diversity in a multi-level model (Hansen 2014). Intersectionality has recently emerged as an important idea within diversity research and can be understood as the need to understand a variety of factors (and experiences) related to diversity across multiple dimensions at once (e.g. class, gender, religion and race and ethnicity) (Acker 2006). The background to this proposal is constituted by some models recently discussed in the Academy of Management. Starting with the two-level model of human capital presented by Ployhart and Moliterno (2011), we continued by using the Devinney (2013) three-level model, which focuses on the microfoundations of management, thereby covering strategic level, collective or organisational level and individual level. The model has been modified by adding two further macro levels (national and transnational) and one further micro level. The latter enables us to distinguish between visible behaviour of individuals (e.g. activities of impression management) and intrapersonal processes (e.g. stereotype threat). Devinney (2013: 82) explicitly permits or even encourages such modifications. The model and the two macro levels in particular have similarities to Stahl and Sully de Luque's (2014: 239) model of the antecedents of responsible leadership behaviour, adjoining individual characteristics and proximal (situational, organisational) and distal (institutional, supranational) contexts. Moreover, we find parallel considerations from the 1980s' and 1990s' educational sciences. Thus, the structural model of socialisation (Geulen and Hurrelmann 1980) can be seen as a basis for gaining a deeper understanding of socialisation processes. Nestvogel (1999: 389) added to this model the level of world system (Weltsystems). In particular, Walgenbach hints towards the transnational dimension of structural dominance (2012b). Insofar, we are still following Nestvogel's intention using Walgenbach's labelling.

As indicated above, we further propose extending the model by separating the micro level into two sublevels: first, the observable behaviour among individuals

¹¹Originally this approach was established by Crenshaw (1989/1991) in the USA. As a traveling concept, intersectionality has more recently become an important aspect in European discourses on diversity.

(interindividual processes) and, second, intraindividual processes, in which, e.g. experiences of discrimination are dealt with cognitively and emotionally. Roberson and Kulik (2007) show that particular dispositions of individuals might lead to very different patterns of dealing with ‘stereotype threat’, generating varying effects. Highly motivated individuals are particularly affected. However, stereotype threat and its consequences are a strongly contextualised phenomenon, and as highlighted by the authors, ‘In summary, these conditions make stereotype threat more likely for members of negatively stereotyped groups:

- the employee is invested in doing well, on:
- a difficult, stereotype relevant task, where:
- the context reinforces the stereotype’ (Roberson and Kulik 2007: 32).

In total, the model utilised here is composed of three main levels, each containing of two sublevels. This model represents a general perspective of organisational processes and can therefore be useful for pursuing different issues in the field of managing organisations CSR and DM.

As clear from Fig. 1, we argue that it is highly important to capture the levels and their interplay. This is also identified in the work by Devinney (2013: 82) who argues that ‘... we can now begin asking very interesting and important questions about what goes on between and across the levels of analysis’. This includes the

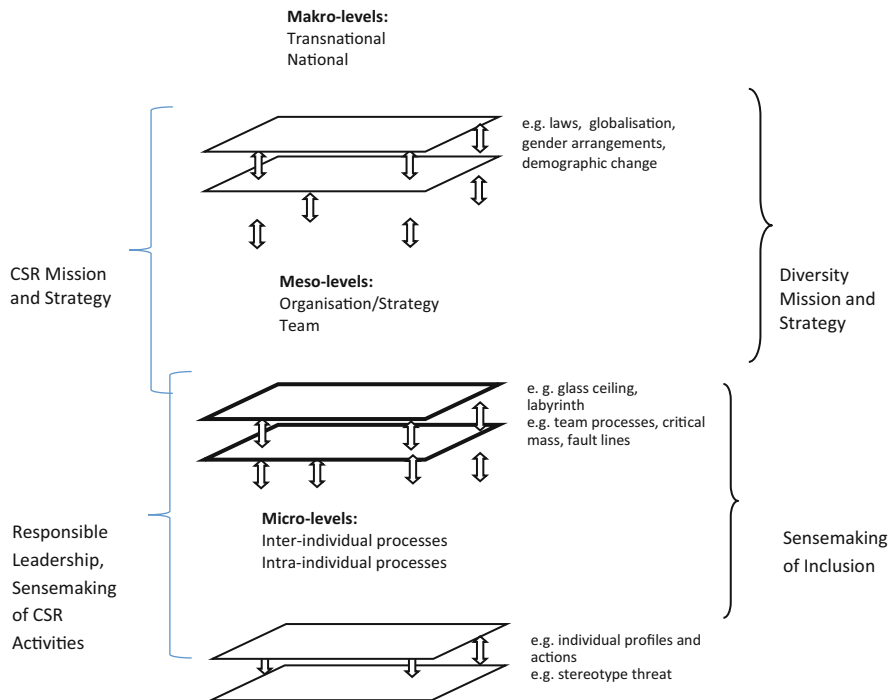


Fig. 1 Diversity and CSR in a multi-level model (based on Hansen 2014, modified)

combination of theories which focus different, specific levels, such as macroeconomics, economic policy, strategic management, leadership theories, human resource management, organisational behaviour and psychology.

It is evident that an organisation's DM strategy and mission connect macro- and meso level as combination of 'outside-in' arguments (e.g. market demands, pressure from EU regulations) with 'inside-out' considerations (strengths and weaknesses). Inclusion, on the other hand, links meso levels (strategies, structures, culture, team processes) with micro levels of individuals' behaviour and their sensemaking related to diversity. At the same time, inclusion takes place in front of societal developments: which aspects of diversity are seen as relevant, important or even dangerous depends on societal patterns as, e.g. gender arrangements. The DM strategy's bases from and effects on the individual level should be taken into account as 'microfoundations'.

Reflecting on the CSR side of the model, we observe the importance of mission and strategy. Concerning the link between meso- and micro level, the concept of 'responsible leadership' (RL) might be comparable to the idea of inclusion on the diversity side. As Siegel (2014) points out, research on social responsibility (SR) has been focused on the firm level for a long time. He proposes to combine SR research with RL research which 'constitutes an ideal topic for "cross-level" research' (Siegel 2014: 221). We follow this path guided by Stahl and Sully de Luque (2014) who define responsible leader behaviour as 'capacity to align the interest of various stakeholders and to integrate ethical considerations into effective decision making under various situational constraints' (Stahl and Sully de Luque 2014: 239). RLB means 'doing good' plus 'avoiding harm', conceptualised 'as a function of both the person and the environment in which that behaviour takes place' (Stahl and Sully de Luque 2014: 239). To be distinguished are distal context (comparable to the macro level) and proximal context (comparable to our meso level). Leader characteristics as one category of the antecedents of RLB fit into the micro level. They are moderated by 'situational strength' which allows for a more or less individual scope of decision-making and action (Stahl and Sully de Luque 2014: 246). Additionally, situational strength might, according to Stahl and Sully de Luque (2014: 247), act as a mediator by setting incentives for RLB. Thus, we can see how important it is to take into consideration effects on and from more than one level.

Doh and Quigley (2014: 256) develop a multi-level approach towards CSR and RL. They also span their scope from micro-individual level up to societal level, splitting the meso level into team and organisation. Their analysis is focusing on two pathways, which are producing outcomes on all levels:

1. Psychological pathway emphasising trust, ownership and commitment
2. Knowledge-based pathway, building on options, creativity and knowledge sharing (Doh and Quigley 2014: 260ff)

Doh and Quigley (2014) combine RL with inclusion and show that effects on the one level can further produce effects on other levels. They argue that 'the responsible leader creates a cascade of positive influence from the top down by being inclusive with various stakeholder groups; this inclusive, open culture is then

reinforced from the bottom up as employees of the organization feel the impact of this leadership approach. Over time, [...], this culture will both be an extension of and reinforce the connections that the responsible leader has made with the broader community of stakeholders' (Doh and Quigley 2014: 262).

It is evident that we have to look for theories referring to the different levels and use them to fully understand CSR and DM. 'Rather than looking for the gaps in existing narrow theories or inconsistencies across theories at a single level of analysis, microfoundations motivate us to look how theories at different levels of analysis differ in their conclusions and whether these theories relate to one another (and how they may relate)' (Devinney 2013: 84). By doing so, we can overcome the divide in levels often found within DM and CSR literature and approaches where CSR is focusing more at the meso–macro level, while DM has a more individualistic meso–micro focus.

4.3 *Cornerstones of Implementation*

There is a need for careful consideration of the organisations' approaches to both CSR and DM. Aretz and Hansen (2002) have concluded, based on extensive research from Germany, that only a multidimensional approach of small steps is able to initiate, accompany, stabilise and sustainably shape cultural changes. Starting from a structural functionalist approach, they propose a four-cornerstone concept of DM:

- Providing resources
- Defining and meeting goals
- Ensuring integration
- Realising cultural change

Aretz and Hansen (2002) concept builds on the ideas from Parsons et al. (1953, 1961) 'General Theory of Action'. In particular, they focus on applying his adaptation, goal attainment, integration and latent pattern maintenance (AGIL) concept to DM. AGIL is combining the dimensions 'internal–external' and 'instrumental–consumatory', thereby generating the general functions of AGIL (see Aretz and Hansen 2003a, b; Muench 1982, 2004; Parsons et al. 1953). By doing so, these functions will help to solve the following problems:

- A: How to adapt to the environment on order to mobilise resources for the system (external, instrumental)?
- G: How to decide on core goals among the countless possible ones and how to attain those goals, thereby using resources at hand (external, consumatory)?
- I: How to hold together the system and its elements, ensuring coherence by using the system's culture and other resources at hand (internal, consumatory)?
- L: How to ensure consistency of the system, cultural and structural patterns providing resources for integration and goal attainment (internal, instrumental)?

We will now further discuss how to address the four questions related to AGIL primarily from a DM perspective and will integrate insights from research on CSR into the design of the cornerstones.

4.3.1 Providing Resources

Systematically handling diversity (and CSR) will always require resources as information, people and financial input. To secure a sustainable institutionalisation, both CSR and DM must be given priority by the top management which attaches value and leads and takes responsibility for issues connected with both. This meets the demand for internal consistency and for normative commitment (Basu and Palazzo 2008) as earlier discussed.

Often we find that motivated employees engage in DM activities voluntarily and unsalaried, e.g. by building and sustaining networks. Nevertheless, a DM team must be established in order to initiate as well as coordinate, analyse and measure. It should monitor results and report to the top management, community and the public. This team should provide information and build and foster DM competence, e.g. by adapting ‘best’ or ‘good practice’ and by participating in conferences and seminars/trainings. It might leverage the resources at hand by connecting with stakeholders (as suppliers, customers, universities, local authorities, NGOs).

The same line of argument holds for an organisation’s approach to CSR. A staff unit should be connected to the top management, possibly parallel to the DM team or by linking both topics in one unit. The organisation has to supply resources for this. Combined activities between CSR and DM might further enhance the resources used in both fields and in its overlap.

On all levels of the organisation, competencies to handle diversity and CSR must be built. This must not be reduced to singular trainings on ‘awareness’ or ‘skill-building’, as their isolated application may show just reduced or even counterproductive results (Kravitz 2007). Rather, additional measures such as coaching and process guidance must be arranged to fully adapt the organisation to DM requirements (open posture, consistency) and to address CSR challenges in an adequate manner:

- Resources are mobilised as powerful actors take over responsibility, demonstrate commitment openly and sustainably and sponsor the developmental process materially and immaterially.

4.3.2 Defining and Meeting Goals

In order to secure the organisation’s long-term commitment and the effectiveness of DM for the organisation in its specific context, DM (and CSR) must be transparent and integrated into the firm’s strategic goals (strategic consistence).¹² A valuable approach of doing this is to follow the ideas of the balanced scorecard (BSC)

¹²See Jablonski (2017).

concept (see Hansen and Aretz 2011). The BSC is based on the organisation's vision. It combines moral and pragmatic legitimacy on the one hand and, on the other hand, connects strategic meso- and micro level by establishing an organisation-wide BSC and developing department, team and co-worker-specific cards. Insofar as BSC is used in an organisation together with its affiliated strategy map, diversity can easily be integrated. CSR could form a dimension on its own or be paralleled with DM. CSR and DM principles and actions must both be integrated into the organisation's controlling system and its incentive system.

If an organisation does not use BSC, it is recommended to develop a specific BSC-like tool to manage diversity and CSR. This tool connects CSR and DM directly to the general goals of the organisation. On this base, a close linkage to all relevant systems (as, e.g. appraisal, performance management, retention) can be developed. This should not be left to the DM/CSR staff unit, but rather be assigned to an interfunctionally composed group which directly reports to the top management.

- Goal attainment is secured by linking diversity/DM and CSR to the general strategy of the organisation, connecting them to enabling systems or building those. This means clear responsibilities are anchored, results are measured and long-lasting efforts are ensured.

4.3.3 Ensuring Integration

Context-sensitive embedment and trust building activities are as important as strategic and internal consistency of DM and CSR. Organisations face the challenge to identify situationally relevant dimensions of diversity and to focus them intersectionally. The relevance of DM for achieving specific goals (e.g. also CSR goals) and the importance of CSR goals have to be made transparent. This fits with the above-discussed aspects as economical and ethical justification and moral legitimacy. Hereby, employees' initiatives and networks can be used or, if not yet existent, must be initiated. The DM team and staff unit should become active and develop communication strategies. Top management and powerful stakeholders can and should engage as well: their actions and especially their communication concerning DM and CSR should be prominent.

In order to build trust, it is critical to create and communicate 'win-win situations'. Again, staff units can engage and support line managers. Nevertheless, authentic behaviour of managers, especially of the top management (walking the talk), and demonstrating responsible leadership are of utmost importance. Problems and difficulties should be communicated, following the principle of balanced transparency. Challenges and frictions should not be hidden; rather organisations should nurture processes of integration that embrace sceptics and opponents, too. Hansen (2012: 310) recommends in case of CSR the use of organisation-wide dialogues during which active exchange and reconciliation of interests take place. In those dialogues, mutual understanding of noninfluenceable constraints can be gained and connected conflicts solved.

Communication platforms should be established in which experiences with CSR and DM (either combined or separate) can be collected and shared. Solutions must be generated, which themselves can become part of trainings for managers, employees and other stakeholders in the next step, contributing to further developing an open attitude.

Moreover, integration means bridging the three levels embraced in the model described initially to this chapter: CSR and DM must be mutually harmonised which is necessarily done on the top management level. Both, separated or integrated, they have to be connected to the macro level, reflecting and/or influencing (e.g. showing impact on the social or natural environment) the distal contexts. Other important links are to be made between meso- and micro level by transferring strategies into day-to-day routines nurturing CSR and dealing with diversity issues effectively.

- Integration is secured by developing a general posture towards diversity which avoids splitting-off of particular diversity dimensions, defines a shared value and benefit and communicates success. Aligning this process to CSR on the conceptual and on the practical level could provide sustainable momentum to both approaches. A structural integration needs to be situation specific. Anyhow, relations and open communication should systematically be foreseen among the actors involved.

4.3.4 Realising Cultural Change

Today, we find that modern corporations are mostly characterised by pluralistic cultures with external filters excluding minorities, as discrimination during recruitment, have been reduced. This process was and is strongly influenced by laws. However, this does not imply real openness towards diversity as we still find evidences of phenomena like the glass ceiling and subtle form of career discrimination. Therefore, justification must go beyond legislative requirements and contain the fundamental desire to create diversity within an organisation, among the people involved and spreading to the community and society. The latter connects DM to CSR. CSR itself should be anchored in the culture as normative commitment. A strong linkage of both is expected to support and stabilise adequate cultural patterns.

An essential cultural change requires a long-time approach and top management's commitment. Communication and symbolic leadership represent highly important features of this process. Insofar, a material base must be built to make cultural change emerge, continue and stabilise. The activities discussed earlier provide such a base and nurture cultural change. This must be communicated in discursive practices. Lawrence and Maitlis (2012: 651) propose three narrative practices of 'care' which we consider highly relevant in case of both DM and CSR:

- 'Constructing history of sparkling moments'. This indicates that existing deficit theories are no longer used but rather counter-drafted by stressing competencies

and potentials of a diverse workforce and positive effects of CSR activities, thereby proving strategic consistence.

- ‘Contextualising people’s struggles’. This highlights how problems are depersonalised and societal roots, context and arrangements become transparent. Simultaneously, starting points for collective actions dedicated to problem-solving are shown. Thereby, ‘collective agency’ (Lawrence and Maitlis 2012: 653), responsible joint engagement enabled as a combination of individual and collective identity orientation, is emphasised.
- ‘Constructing polyphonic future-oriented stories’. With this, a positive vision has been developed. Paths are open which can be shaped by the stakeholders and used to co-mould the future of the organisation. This corresponds with an open posture.
 - In total, the function of latent pattern maintenance is fulfilled by a comprehensive DM and CSR vision fitting with the (developing) values of the organisation and being attractive and realistic for the organisation in total, combining individual interests and beliefs, organisation’s vision and societal concerns.

It is evident that the four functions of the AGIL concept can adopt the form of subsystems. During the process of implementing and improving the concept(s) of CSR and DM, we suggest to focus on the interplay of the processes and actions proposed to build a harmonised bundle of actions and measures, following the principle of internal and strategic consistence. AGIL should be interpreted as a holistic approach in which subsystems and levels can be identified but are at the same time building an entity which only in its completeness can fulfil all functions defined and keep its balance. This implies that CSR and DM should gain the character of cross-sector tasks to be lived up to by all (or at least many) stakeholders and modifying many kinds of processes. Moreover, specific parts of the organisation must be identifiable as responsible core actors. Variations of how this can be achieved will be discussed in the divers’ contributions to this book positioned in the next chapters.

5 Concluding Remarks

In this chapter, we have discussed the understandings of CSR and DM as well as presented three approaches in which CSR and DM can be used in a symbiotic manner by acknowledging the different philosophical underpinnings, multiple levels of focus as well as practical cornerstones for implementations of organisational strategies.

We agree with the reflection by Mor Barak and Daya (2014: 392) who argue that ‘to avoid the pitfalls and reap the benefits of a diverse workforce, employers need to adopt a *broader vision of inclusion*- a vision that includes not only the organization itself but also its sounding community and its national and international context’.

Mor Barak and Daya (2014: 397) propose a ‘three-stage continuum of practices—from corporate philanthropy through corporate social responsibility to corporate inclusion strategy’. The ideas of linking CSR and DM by focusing on the ideas of a broader vision of inclusion going beyond the micro–macro divide, linking the multiple rationales, including justice, social and individual and utility, e.g. business case rationales provide a useful approach for taking the ideas of CSR and DM further.

The key strength of this book is its holistic and multifaceted approach. This edited volume includes contributions from leading academics in the fields of DM and CSR from different countries. In particular, this edited volume draws on literature from multiple theoretical disciplines (including sociology, political science, psychology and management). Moreover, this volume includes a wide range of contributions from key practitioners providing insights into a wide range of industries and national and organisational contexts.

The rest of the book is organised into four parts. Part 1 ‘CSR and Diversity: Theoretical Reflections’ includes four chapters written by academic experts in the fields of CSR and DM (Buhmann, Kirton and Greene, Krause, and Mensi-Klarbach and Leixnering). Part 2 ‘Diversity Charter: Practitioners Reflections’ includes three contributions from practitioners working within the Diversity Charter’s in France, Germany and Poland (Hardenberg and Tote, Haijjar and Leśnowolska). Part 3 ‘CSR and Diversity: Practical Implications for Corporations’ is dedicated to practical reflections of implications of CSR and DM and includes six chapters (Roberson, Buonacuore and Yearwood, Neuhaus and Schoeer, Stangel-Meseke, Peiricks, Bosten, and Jablonski). Finally, Part 4, ‘CSR and Diversity: Practical Implications for Learning’ includes two chapters by experts within the fields of science, teaching and communication (Kovbasyuk and Rimmington and Alagic).

Taken together, this edited volume takes a multidimensional approach in terms of countries and industries; it involves academic and practitioner examples and reflections and demonstrates the merit of acknowledging the potential intersection of CSR and DM. By doing so, we hope to provide a valuable resource for academics and practitioners within the fields of CSR and DM.

Bibliography

- Acker J (2006) Inequality regimes: gender, class, and race in organizations. *Gend Soc* 20 (4):441–464
- Agandona A, Hoivik H (2009) Corporate social responsibility: one size does not fit all. Collecting evidence from Europe. *J Bus Ethics* 89:221–234
- Aretz HJ, Hansen K (2002) Diversity und diversity management im unternehmen. Eine analyse aus systemtheoretischer sicht, Münster
- Aretz HJ, Hansen K (2003a) Diversity management – ein konzept für den umgang mit vielfalt und komplexität. *ZfO* 72(4):192–198
- Aretz HJ, Hansen K (2003b) Erfolgreiches management von diversity. Die multikulturelle organisation als strategie zur verbesserung einer nachhaltigen wettbewerbsfähigkeit. *ZfPF* 17(1):9–36

- Basu K, Palazzo G (2008) Corporate social responsibility: a process model of sensemaking. *AMR* 3(1):122–136
- Boerner S, Keding H, Hüttermann H (2012) Gender diversity und organisationserfolg – Eine kritische bestandsaufnahme. *ZfbF* 64(February):37–70
- Boone C, van Olffen W, van Witteloostuijn A, De Brabander B (2004) The genesis of top management team diversity: selective turnover among top management teams in Dutch newspaper publishing 1970–94. *AoM J* 47(5):633–656
- Bowen HR (1953) *Social responsibility of the businessman*. University of Iowa Press, Iowa City
- Boxenbaum E (2006) Lost in translation: the making of Danish diversity management. *Am Behav Sci* 49(7):939–948
- Braun G, Kestel C (2013) Zutritt verwehrt. *Harvard Business Manager* (Oktober): 50–58
- Carroll AB (1979) A three-dimensional conceptual model of corporate performance. *Acad Manag Rev* 4(4):497–505
- Carroll AB (1991) The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Bus Horiz* 34:39–48
- Cornelissen JP, Durand R, Fiss PC, Lammers JC, Vaara E (2015) Putting communication front and center in institutional theory and analysis. *AoM Rev* 40(1):10–27
- Cox TH, Blake S (1991) Managing cultural diversity. *AoM Exec* 5(3):45–55
- Crenshaw K (1989) Demarginalizing the intersection of race and sex: a black feminist critique of antidiscrimination doctrine. *The University of Chicago Legal Forum*: 139–167
- Crenshaw K (1991) Mapping the margins. Intersectionality, identity politics, and violence against women of color. *Stanford Law Rev* 43(6):1241–1299
- Dahlerup D (2002) Three waves of feminism in Denmark. In: Griffin G, Braidotti R (eds) *Thinking differently: a reader in European Women's studies*. Zed Books, London and New York
- Dahlerup D (2006) *Women, quotas and politics*. Routledge, Abingdon
- Devinney TM (2009) Is the socially responsible corporation a myth? The good, the bad, and the ugly of corporate social responsibility. *AoM Perspect* 23(2):44–56
- Devinney TM (2013) Is microfoundational thinking critical to management thought and practice? *AoM Perspect* 27(2):81–84
- Dietze G, Hornscheidt L, Palm K, Walgenbach K (2012) Einleitung zu Walgenbach, K. et al, 2012: Gender als interdependente Kategorie. *Neue Perspektiven auf Intersektionalität, Diversität und Heterogenität*, 2. Aufl. Opladen, Berlin, pp 7–22
- DiStefano JJ, Maznewski ML (2000) Creating value with diverse teams in global management. *Organ Dyn* 29(1):45–63
- Doh JP, Quigley NR (2014) Responsible leadership and stakeholder management: influence pathways and organizational outcomes. *AoM Perspect* 28(3):255–274
- Ely RJ, Thomas DA (2001) Cultural diversity at work: the effects of diversity perspectives on work group processes and outcomes. *Adm Sci Q* 46(2):229–273
- European Commission (2011) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the committee of the Regions. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:EN:PDF>. Download 03 July 2015
- European Commission (n.d.) Sustainable and responsible business Corporate Social Responsibility (CSR). http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm. Download 03 July 2015
- Friedman M (1962) *Capitalism and freedom*. University of Chicago Press, Chicago
- Gebert D (2004) Durch Diversity zu mehr Teaminnovativität? *Die Betriebswirtschaft* 64(4):412–430
- Geulen D, Hurrelmann K (1980) Zur Programmatik einer umfassenden Sozialisationstheorie. In: Hurrelmann K, Ulich D (Hrsg.) *Handbuch der Sozialisationsforschung*. Weinheim und Basel, S. 51–67
- GLOBAL CSR and BBI International, o.J. My Business and Human Rights. http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr-sme/human-rights-sme-guide-final_en.pdf. Download 09 May 2013

- Grieshuber E (2012) CSR als Hebel für ganzheitliche Innovation. In: Schneider A, Schmidpeter R (eds) *Corporate social responsibility*. Springer, Berlin, pp 371–384
- Hajjar L (2017) From equal treatment to diversity: the case of the French Diversity Charter. In: Hansen K, Seierstad C (eds) *Corporate social responsibility and diversity management*. Springer, Heidelberg
- Hanappi-Egger E (2012) Diversitätsmanagement und CSR. In: Schneider A, Schmidpeter R (eds) *Corporate social responsibility*. Springer, Berlin, pp S177–S190
- Hansen K (2014) CSR und diversity. In: Hansen K (ed) *CSR und diversity management*, Berlin and Heidelberg: 1–51
- Hansen K, Aretz HJ (2011) Diversity management. In: Wollert A, Knauth P (eds) *Human resource management (Digitale Fachbibliothek)*. Symposion Publishing, Düsseldorf
- Hansen U (2012) Glaubwürdigkeit und Sichtbarkeit von Corporate Social Responsibility. In: Hansen U, Schoenheit I (eds) 2012: *Corporate social responsibility. Auf dem Weg zu Akzeptanz und Glaubwürdigkeit*. Hannover, pp 301–316
- Hansen U, Schrader U (2012) Corporate social responsibility als aktuelles Thema der Betriebswirtschaftslehre. In: Hansen U, Schoenheit I (eds) *Corporate social responsibility. Auf dem Weg zu Akzeptanz und Glaubwürdigkeit*, Hannover: 141–176
- Harrison DA, Klein KJ (2007) What is the difference? Diversity constructs as separation, variety, or disparity in organizations. *AOM Rev* 32(4):1199–1228
- Hernes H (1987) *Welfare state and women power – essays in state feminism*. Norwegian University Press, Oslo
- Holvino E, Kamp A (2009) Diversity management: Are we moving in the right direction?: reflections from both sides of the North Atlantic. *Scand J Manag* 25(4):395–403
- Hong H-J, Doz Y (2013) Kulturelle Vielfalt als Strategie. *Harvard Business Manager* (August): 38–45
- Horwitz SK, Horwitz IB (2007) The effects of team diversity on team outcomes: a meta-analytic review of team demography. *J Manag* 33(6):987–1015
- ISO (2010) *Discovering ISO 26000*. Download 02 May 2016
- Jablonski H (2017) Corporate diversity consulting in practice. In: Hansen K, Seierstad C (eds) *Corporate social responsibility and diversity management*. Springer, Heidelberg
- Jewson N, Mason D (1986) The theory and practice of equal opportunities policies – liberal and radical approaches. *Soc Rev* 34(2):307–334
- Jonsen K, Tatli A, Özbilgin MF, Bell MP (2013) The tragedy of the uncommons: reframing workforce diversity. *Hum Relat* 66(2):271–294
- Jutterström M (2013) Similarities and differences between management ideas. In: Jutterström M, Norberg P (eds) *CSR as a management idea*. Edward Elgar, Cheltenham: 16–35
- Jutterström M, Norberg P (2013) CSR as a management idea. In: Jutterström M, Norberg P (eds) *CSR as a management idea*. Edward Elgar, Cheltenham, pp 1–15
- Kravitz DA (2007) Can we take the guesswork out of diversity practice selection? *AOM Perspect* 21(2):80–81
- Lau DC, Murnighan JK (2005) Interactions within groups and subgroups: the effects of demographic faultlines. *AoM JI* 48(4):645–660
- Lawrence TB, Maitlis S (2012) Care and possibility: enacting an ethic of care through narrative practice. *AoM Rev* 37(4):641–663
- Leśnowolska E (2016) Towards employee-friendly work environment, diversity charter in Poland. In: Hansen K, Seierstad C (eds) *Corporate social responsibility and diversity management*. Springer, Heidelberg
- Lombardo E, Meier P, Verloo M (2009) *The discursive politics of gender equality: stretching, bending and policymaking*. Routledge, London
- Lombardo E, Meier P, Verloo M (2010) Discursive dynamics in gender equality politics: What about ‘feminist taboos’? *Eur J Women Stud* 17:105–123
- Matten D, Moon J (2008) “Implicit” and “Explicit” CSR: a conceptual framework for a comparative understanding of corporate social responsibility. *AoM Rev* 33(2):404–424

- McHarg A, Nicolson D (2006) Justifying affirmative action: perception and reality. *J Law Soc* 33:1–23
- McKinsey (ed) (2008) Female leadership, a competitive edge for the future. http://www.mckinsey.com/features/women_matter. Download 15 Jan 2016
- McKinsey (ed) (2012) Women matter: making the breakthrough. http://www.mckinsey.com/features/women_matter. Download 15 Jan 2016
- Miller D (1996) Equality management: towards a materialist approach. *Gend Work Organ* 3 (4):202–214
- Mor Barak ME (2005) *Managing diversity: toward a globally inclusive workplace*. Sage, Thousand Oaks, CA
- Mor Barak ME, Daya P (2014) Fostering Inclusion from the inside out to create an inclusive workplace: corporate and organizational efforts in the community and the global society. In: Ferdman BM, Deane BR (eds) *Diversity at work: the practice of inclusion*. Jossey-Bass, San Francisco
- Morrisson AM, White RP, Van Velsor E (1987) Breaking the glass ceiling: Can women reach the top of America's largest corporations? Addison-Wesley, Reading, MA
- Muench R (1982) *Theorie des Handelns*. Suhrkamp, Frankfurt/Main
- Muench R (2004) *Soziologische Theorie, vol 3. Gesellschaftstheorien*, Frankfurt/Main
- Nestvogel R (1999) Sozialisation im "Weltsystem". *ZSE* 19(4):388–404
- Nkomo S (2014) Inclusion: Old wine in new bottles? In: Ferdman BM, Deane BR (eds) *Diversity at work: the practice of inclusion*. Jossey-Bass, San Francisco
- Noon M (2007) The fatal flaws of diversity and the business case for ethnic minorities. *Work Employ Soc* 21:773–784
- Ocasio W, Loewenstein J, Nigam A (2015) How streams of communication reproduce and change institutional logics: the role of categories. *AoM Rev* 40(1):28–48
- Oswick C, Noon M (2014) Discourses of diversity, equality and inclusion: Trenchant formulations or transient fashions? *Br J Manag* 25:23–39
- Özbilgin M, Tatli A, Ipek G, Sameer M (2016) Four approaches to accounting for diversity in global organisations. *Crit Perspect Account* 35:88–99
- Parsons T (1961) An outline of the social system. In: Parsons T et al (eds) *Theory of society*. Free Press, New York, pp 16–58
- Parsons T, Bales RF, Shils EA (1953) *Working papers in the theory of action*, Glencoe, IL
- Ployhart RE, Moliterno TP (2011) Emergence of the human capital resource: a multilevel model. *AoM Rev* 36(1):127–150
- Porter ME, Kramer MR (2011) Creating shared value. *Harv Bus Rev* 89(1 and 2):3–17
- Reskin B (1998) *The realities of affirmative action*. American Sociological Association, Washington, DC
- Rimington GM, Alagic M (2017) Corporate social responsibility: third place learning for absorbing diverse perspectives. In: Hansen K, Seierstad C (eds) *Corporate social responsibility and diversity management*. Springer, Heidelberg
- Roberson L, Kulik CT (2007) Stereotype threat at work. *AoM Perspect* 21(2):24–40
- Roberts LM (2005) Changing faces: professional image construction in diverse organizational settings. *AOM Rev* 30(4):685–711
- Ryan MK, Haslam SA (2007) The glass cliff: exploring the dynamics. Surrounding the appointment of women to precarious leadership positions. *AoM Rev* 32(2):549–572
- Schmidpeter R (2013) Das Gegensatzdenken proaktiv überwinden. http://www.verantwortungzukunft.com/sites/verantwortungzukunft.de/files/images/VZ_Magazin_Ausgabe_2_2013_Titelstory.pdf. Accessed 07.06.2013
- Schneider A (2012) Reifegradmodell CSR – eine Begriffsklärung und-abgrenzung. In: Schneider A, Schmidpeter R (eds) *Corporate social responsibility*. Springer, Berlin, pp S17–S38
- Schneider A, Schmidpeter R (eds) (2012) *Corporate social responsibility*. Springer, Berlin and Heidelberg

- Seierstad C (2016) Beyond the business case: the need for both utility and justice rationales for increasing the share of women on boards. *Corporate Gov* 24(4):390–405
- Seierstad C, Warner-Söderholm G, Torchia M, Huse M (Forthcoming) Women on boards: beyond the institutional setting—the role of stakeholders and actors. *J Bus Ethics*. doi:10.1007/s10551-015-2715-0
- Siegel DS (2014) Responsible leadership. *AoM Perspect* 28(3):221–223
- Stahl GK, Sully de Luque M (2014) Antecedents of responsible leader behavior: a research synthesis, conceptual framework, and agenda for future research. *AoM Perspect* 28(3):235–254
- Stewart MM, Crary M, Humberd BK (2008) Teaching value in diversity: on the folly of espousing inclusion, while practicing exclusion. *AMLE* 7(3):374–386
- Stuber M (2009) Wirtschaftliches und soziales Engagement im Einklang. <http://www.Diversity-wissen.de/downloads/Div-09-mrz-Personalwirtschaft-CSRundDiversity>. Download 09 May 2013
- Tatli A, Vassilopoulou J, AlAriss A, Özbilgin M (2012) The role of regulatory and temporal context in the construction of diversity discourses: the case of the UK. France and Germany. *Eur J Ind Rel* 18(4):293–308
- Tatli A, Jonsen K, Karatas-Ozkan M, Özbilgin M, Nicolopoulou K, Amaeshi K, Atewologun A, Beauregard A (2014) Reciprocity as a way forward for corporate social responsibility and diversity management research. In: Nicolopoulou K, Karatas-Ozkan M, Özbilgin M (eds) *Corporate social responsibility and human resource management: diversity perspective*. Edward Elgar
- Teigen M (2000) The affirmative action controversy. *Nordic J Women Stud* 8(2):63–77
- Thomas RR (1996) *Redefining diversity*. American Management Association, New York
- Thomas DA, Ely RJ (2001) Cultural diversity at work: the effects of diversity perspectives on work group processes and outcomes. *Admin Sci Q* 46(2):229–273
- Thomas DA, Ely RJ (1996) Making differences matter: a new paradigm for managing diversity. *Harvard Business Review*, September–October, 79–90
- Torchia M, Calabrò A, Huse M (2011) Women directors on corporate boards: from tokenism to critical mass. *J Bus Ethics* 102:299–317
- Van Knippenberg D, De Dreu CKW, Homann AC (2004) Work group diversity and group performance: an integrative model and research agenda. *J Appl Psychol* 89:1008–1022
- von Hardenberg AG, Tote K (2017) *The Charta der Vielfalt: assuming responsibility for diversity*. In: Hansen K, Seierstad C (eds) *Corporate social responsibility and diversity management*. Springer, Heidelberg
- Walgenbach K (2012a) *Gender als interdependente Kategorie*. In: Walgenbach et al (eds), 23–64
- Walgenbach K (2012b) *Intersektionalität – Eine Einführung*. www.portal-intersektionalitaet.de. Download 29 Jan 2013
- Walgenbach K, Dietze G, Hornscheidt L, Palm K (Hrsg.) (2012) *Gender als interdependente Kategorie. Neue Perspektiven auf Intersektionalität, Diversität und Heterogenität* (2. Aufl.). Opladen, Berlin and Toronto

Part I

CSR and Diversity from a Theoretical Perspective

Introduction

The first part of this edited volume is a collection of four chapters written by highly experienced academics with broad knowledge from the fields of DM and CSR. The chapters touch upon a wide range of issues raised in the introductory chapter. Moreover, the chapters are from different contextual settings, different methodological positions as well as focusing on different theoretical debates. In particular, this part is following up some of the key questions raised in the introduction chapter, such as: Do we see convergence or divergence in the adaption of DM and CSR strategies globally? To what extent can DM and CSR be understood as management strategies at the same level, both embracing similarities and differences? Is it possible to combine the business and the justice case rationale when discussing, presenting and implementing CSR and DM?

The first contribution by Andrea Bührmann “(Un)clear Relationships?” is a reflection on the relationship between CSR and DM written from the perspective of reflexive diversity research. In particular, by coming from a reflexive diversity research perspective, Bührmann aims to overcome some of the contradictory tendencies found within positivist functionalist studies (often quantitative focusing on specific dimensions of diversity) and constructivist-emancipatory studies (mainly qualitative questioning the ‘nature’ of diversity dimensions) about DM and CSR. Bührmann demonstrates how this can be done by examining ‘intersectional configurations of diverse dimensions of diversity, their causes, effects and consequences’ (p. 42). The chapter highlights how the recent financial crisis has fuelled current debates about CSR and the underlying theoretical positions in terms of economic advantage (the business case) and the social good (justice/equity case). Moreover, Bührmann argues that the relationship between CSR and DM is featuring in the current debates, in particular in the German-speaking world. Bührmann discusses determinants of reflexive diversity research and is contrasting it with the positions of positivist functionalism and critical emancipation. By doing so, she identifies how the position of reflexive diversity

research often has an intersectional understanding of diversity, combining the logics of equity and business case theoretical positions, as well as opening for a mixed method approach combining qualitative and quantitative methods. Building on the discussed methodological approach, Bührmann discusses the relationships between DM and CSR and identifies four different tentative determinations of the relationships based on different CSR and DM types.

The second contribution by Gill Kirton and Anne-marie Greene “Diversity Management in the UK” builds on their seminal work on diversity and DM in the UK. The authors highlight the importance of understanding the contextual and historical factors influencing the DM discourse in different countries and argue that specific antecedents, including the socio-political-legal context, have shaped DM in the UK. In particular, the authors set out to understand the theory and practice of DM in the UK in the light of the concept’s theoretical and practical antecedents, its evolution as a policy approach and the opportunities and constraints of the British legal context. In addition, Kirton and Greene reflect on the perspectives of a range of internal organisational stakeholders, including diversity champions and specialists, line managers and trade unions in relation to their role and understanding of DM. Kirton and Greene are also commenting on how they have observed a trend in the UK whereby in organisations, in particularly in large organisations, DM is being repositioned within the CSR space which yields the need for further analysis. In particular, Kirton and Greene propose that the CSR-DM link might offer scope for (re)inclusion of multiple stakeholders in the DM debate. Moreover, they highlight the importance of understanding the motivations and commitments of organisations if diversity is to be conceptualised as a CSR issue.

The third contribution by Florian Krause “Corporate Social Responsibility and Diversity Management – a Win-Win Situation? Comments from the Case of Germany” provides a systematic comparison of CSR and DM in terms of origins, social drivers, aims, instruments as well as implementation and performance measurements. By doing so Krause identifies both similarities and differences between the concepts. In addition, Krause is throughout the chapter positioning the chapter in a German context. By doing so, Krause is demonstrating, like Kirton and Greene did in an earlier chapter, the importance of understanding country-specific contextual factors and antecedents affecting both CSR and DM. In the case of Germany, it is evident that contextual factors, including history and the socio-political-legal context, have been important in the development of both CSR and DM. Krause is presenting a wide range of possible synergies and conflicts between CSR and DM which are specific to the German context. In particular, aims of both DM and CSR in terms of multiple stakeholders, including society, organisation, human resources and products/customers, are identified. Krause puts forward the argument that although there are significant differences between DM and CSR in the German setting, there are possibilities for “mutual benefit from both concepts and potential synergies between the often separate management ideas. Therefore, both approaches have the potential to both create a *shared value* between companies and society and also boost each other” (p. 97).

The final chapter in this part “Uncovering the Myth of the Rational Good: Diversity Management and Corporate Social Responsibility in Austria” is written by Heike Mensi-Klarbach and Stephan Leixnering. They argue that DM and CSR are today widely seen as management concepts that both consider social mores and moral stances, while at the same time, they are both perceived as economically valuable, as they have the potential to enhance a firm’s efficiency and profitability. Mensi-Klarbach and Leixnering take the position that both lines of arguments—moral and economic—capture distinct motives for organisations to implement DM and CSR. The chapter shed light on the heavily debated but still diffuse relationship between these different motives. Mensi-Klarbach and Leixnering provide a case study from Austria building on a sample of 11 organizations and empirically illustrate that Austrian best-practice organisations for both DM and CSR claim to integrate both moral and economic motives. Building on these findings, Mensi-Klarbach and Leixnering propose to conceptually distinguish between moral and instrumental motives to better grasp their respective significance. Based on the Austrian empirical study, Mensi-Klarbach and Leixnering state that “though the integration of both sounds promising, it embodies a logically impossible stance: Organisations may incorporate particular practices because they either hold them as morally valuable ends in themselves or as useful means to increase performance. The integration of the two arguments (‘doing well by doing good’) actually crowds out the essence of the moral argument” (p. 93). Mensi-Klarbach and Leixnering state that does not mean that morally motivated action cannot lead to success, but that the pursuit of success is incompatible with moral motivation. Mensi-Klarbach and Leixnering state that “perfunctory reference to the compatibility between moral and economic motivation to implement DM and CSR may therefore indicate organisations’ reluctance to admit their actual preference for instrumental motives. Hence, they argue that in this case, moral reasons might be being evoked merely to comply with social pressures—a clearly instrumental motive” (p. 93). As a result, Mensi-Klarbach and Leixnering take the position that further theoretical development and acknowledgment could result in a more comprehensive and coherent understanding of both CSR and DM implementation at the organizational level.

Taken together, the four chapters in this part provide valuable insights, conceptually, theoretically and empirically. In particular, these chapters demonstrates the importance of understanding and acknowledging the theoretical underpinnings of both CSR and DM and the contextual settings in which CSR and DM initiatives at organizational level operate.

(Un)clear Relationships?

Reflections on the Relationship Between (Corporate) Social Responsibility and Diversity Management from the Perspective of Reflexive Diversity Research

Andrea Bührmann

Abstract The relationship between corporate social responsibility (CRS) and diversity management (DM) features heavily in current debates. Analysis has sought either to establish the commonalities and differences between DM and CSR or to discuss, for example, their interconnection as regards processes of sensemaking. Although it has been repeatedly stressed that no uniform definition exists both in relation to DM and to CSR and that, in fact, from an empirical perspective, diverse notions of DM and CSR prevail, these conceptual differences with regard to strategic direction and tactics of implementation have been for the most part disregarded. In the following text, this very diversity of notions will be explored from the perspective of reflexive diversity research, and I wish thus to inquire into the specific connections between DM and CSR. In this regard, I distinguish, following Michel de Certeau, between superordinated strategies and operative tactics and presume, in the same way as Michel Foucault, that they possess a dispositive polyvalence, in other words, that one and the same phenomenon can be an element of different strategies or tactics. The aim of this analysis is to contribute to a (more) differentiated definition of the relationship between CRS and DM.

At the latest since the onset of the current financial crisis (or crises), the underlying reasons and explanations for the crisis have been the subject of heated debates in the social sciences. Whereas above all researchers inspired by regulation theory consider an ‘unfettered turbocapitalism’ responsible for the outbreak of the crisis and, in that regard, view entrepreneurs as neo-liberal agents, other researchers, from a neoclassical perspective, consider the very existence of restrictions on free market forces a major reason for the development of the crisis. They have called, in

A. Bührmann (✉)

Institute of Diversity Research, University of Goettingen, Germany
e-mail: Andrea.buehrmann@uni-goettingen.de

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,
DOI 10.1007/978-3-319-43564-0_2

essence, for entrepreneurship to be freed from the shackles of all regulation (see, e.g. Abolafia 1996; Harvey 2005).

Between these two seemingly irreconcilable (theoretical) positions, debates have flourished in recent years in relation to corporate social responsibility (CSR). This dispositive is regarded as means of combining, in a productive manner, economic advantages (the business case) with responsible practices furthering the social good (the equity).¹ A connection of this kind is said also to exist in relation to diversity management (DM), by which the consequences of a globalisation of markets and an individualisation of biographies can be combined in a constructive and productive manner. Thus, to use the phrase coined by Ludwig Wittgenstein (1953), a certain ‘family resemblance’ appears to exist. Although the strategies and tactics employed by these two concepts differ, it is generally presumed that in their fundamental objectives, they coincide or are at least compatible.

It is therefore not surprising that the relationship between CRS and DM features heavily in current debates—at least in the German-speaking world (for an overview see in particular Hansen 2014; Schneider and Schmidpeter 2012). Analysis has sought either to establish the commonalities and differences between DM and CSR (see, e.g. Hannapi-Egger 2012; Vedder and Krause 2014) or to discuss, for example, their interconnection as regards processes of sensemaking (Hansen 2014). Although it has been repeatedly stressed that no uniform definition exists both in relation to DM (Harrison and Hock-Peng 2006; Nkomo and Steward 2006; Ragins and Gonzales 2003) and to CSR (see, e.g. Godfrey and Hatch 2006; Haigh and Jones 2007; Matten and Moon 2005) and that, in fact, from an empirical perspective, diverse notions of DM and CSR prevail, these conceptual differences with regard to strategic direction and tactics of implementation have been for the most part disregarded. In the following text, I wish to explore this very diversity of notions from the perspective of reflexive diversity research and thus to inquire into the specific connections between DM and CSR. In this regard, I distinguish, following Michel de Certeau (1980), between superordinated strategies and operative tactics and presume, in the same way as Michel Foucault (1976), that they possess a dispositive² polyvalence, in other words, that one and the same phenomenon can be an element of different strategies or tactics.

In the first step, I will outline the central determinants of a reflexive approach to diversity research. Then I will introduce the different types of CRS and DM and present their different concepts. In the third step, different relationships between these concepts will be identified. Finally, I will offer a short conclusion and suggest possibilities for future research. The aim of this analysis is to contribute to a (more)

¹For an overview of human rights critiques in relation to CSR, see Saage-Maaß (2014).

²The distinct French concept *appareil* and *dispositif* has been frequently rendered the same way as ‘apparatus’. However, I agree with Jeffrey Bussolini (2010: 93) who states that Foucault makes a clear distinction between these two concepts. According to this ‘apparatus’ ‘seems to be a smaller subset of dispositive, and one that is more specifically state-centered and instrumental’.

differentiated definition of the relationship between CRS and DM. To achieve this recourse will be had in particular to sociological ideas.

1 Determinants of Reflexive Diversity Research

A reflexive approach to diversity research aims in its research programme to overcome in a constructive manner a primarily fruitless confrontation between positivist-functionalist and critical-emancipatory programmes and at the same time to resolve in a productive manner existing contradictions. In terms of ideal types,³ these two research programmes differ in at least three central aspects. Positivist-functionalist studies adopt mainly a quantitative approach, presupposing with regard to the different dimensions of diversity that such differences are given or at best barely changeable (see Loden and Rosener 1991; Milliken and Martin 1996). They tend to ask whether and, if so, in which configurations diversity can further entrepreneurial objectives. Although no single dimension of diversity is considered particularly relevant, such studies tend to focus above all on the ‘big 8’, i.e. the dimensions of race, gender, ethnicity/nationality, organisational role/function, age, sexual orientation, mental/physical ability and religion (Plummer 2003: 25). In contrast, constructivist-emancipatory studies adopt mainly a qualitative approach, systematically questioning and deconstructing the ‘nature’ of diversity dimensions. Under this approach, the different dimensions of diversity are regarded as resulting from processes of social construction. Further—and unlike the approach taken in positivistic-functionalist studies (see Ely 1995: 162)—diversity is understood in relational terms. In the words of David Harrison and Hock-Peng (2006: 196), diversity is the *collective amount of differences within a social unit*’ (emphasis in the original). Nonetheless, with their focus on modern differentiated societies of the global north, many studies identify race, class and gender as the relevant axes of inequality and seek to establish using an intersectional perspective how existing hierarchies of inequality can be removed and/or greater societal equality achieved. Thus, in this approach, it is not the business but the equity

³A key notion in the methodological considerations of Weber is the formation of ideal-type concepts (*idealtypische Begriffsbildung*). With the ideal type, Weber wishes to simultaneously demarcate two boundaries, delimiting his approach, first, from the description of individual cases offered by historical research and, second, from the nomothetic statements made by the natural sciences. Weber (1904: 90 (in the English translation)) explains the logical structure of the ideal-type concept as follows: ‘An ideal type is formed by the one-sided *accentuation* of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent *concrete individual* phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified *analytical* construct (*Gedankenbild*). In its conceptual purity, this mental construct (*Gedankenbild*) cannot be found empirically anywhere in reality. It is a *utopia*. Historical research faces the task of determining in each individual case, the extent to which this ideal-construct approximates to or diverges from reality. . .’.

case that is at the forefront (see Zanoni and Janssens 2004; Zanoni et al. 2010; Ragins and Gonzales 2003; Nkomo and Steward 2006).

Reflexive diversity research aims to overcome these contradictory tendencies. The central research aim of reflexive diversity research is to examine intersectional configurations of diverse dimensions of diversity, their causes, effects and consequences. Thus, the aim is not to investigate simply the business case or the equity case but to analyse whether, and, if so, which, configurations of diversity interact and complement each other intersectionally, under which circumstances and in which ways. The starting presumption is that dimensions of diversity and in particular their configurations are historically contingent. Although developed through different societal practices, they can, in fact, operate in a structural manner. This can be illustrated by the example of gender which must be understood both as a process and structural dimension of diversity (see Bührmann 2015a). However—and it is important to stress this here—a reflexive approach to diversity research is concerned not simply with social groups and their differentiation and diversification but also, for example, on the basis of which knowledge, how and for what reason specific management concepts are distinguished from others and which dimensions are treated as relevant and on what grounds. Here, too, the inquiry goes beyond the outcomes of such decision-making processes and their effects and consequences. It includes the very decision-making process itself.

Reflexive diversity research follows an intersectional research programme. In other words, not only are differences between different dimensions of diversity but also different connections between and interdependencies amongst different forms of diversity are examined. This is achieved through the harnessing of both quantitative and qualitative techniques in a multi-method research design. The research results (re)constructed in this manner are then subjected, finally, to a critical reflection which, in essence, involves three aspects.

The first aspect entails a systematic reflection on the researcher's own social and cultural origins and position in the academic field (see Wacquant 1992). From what starting position, with whom and on the basis of which disciplinary relevances is the research undertaken? What is the impact of the researcher's own habitus, i.e. their patterns of perception, thought and action in relation to the object of inquiry. These are important questions here.

The second aspect entails a systematic reflection on the researcher's own theories, concepts and methods (see, e.g. Bourdieu 1988). The aim here is specifically not to reduce the 'logic of practice' to the 'logic of theory' but to examine systematically their ambiguities. The aim is not intellectual introspection but the constant analysis of one's own research practice, also, to identify the 'blind spots'. For example, an affirmative-functionalist perspective focused primarily on individuals and their decisions and actions could be combined with a critical-emancipatory perspective focused primarily on structural connections at the societal level and supplemented with a perspective focusing on concrete routines and behaviours at the level of practice.

The third and final aspect entails a systematic reflection on the researcher's own standpoint (for their critique) (see, e.g. Foucault 1990). The aim is not an intrinsic

Table 1 Differences in ideal types between positivist-functionalist and critical-emancipatory approaches and their resolution in reflexive diversity research

	Ontological status of the dimensions of diversity	Relevance attributed to the dimensions of diversity	Main objective	Dominant research methods
Positivist-functionalist position	(Naturally) given structural categories	Dimensions of diversity not attributed a specific relevance on the basis of (social) theory	Business case	Focus on quantitative studies
Critical-emancipatory position	Categories constructed through social processes	Relevance attributed to certain dimensions of diversity on the basis of (social) theory	Equity case	Focus on qualitative studies
Position of reflexive diversity research	Categories constructed through social processes which (can) produce effects as structural categories	Intersectional dimensions of diversity attributed provisional relevance	Equity and business case	Mix of quantitative and qualitative methods

critique of one’s research practice and observations but to make explicit the system of evaluation itself—i.e. the researcher’s own premises and hence the limits to the findings—on the basis of which critique is exercised. Consequently, the objective is not to cause different positions in diversity research unexpectedly to fall apart or collapse into one another. Rather the idea is to observe these positions in their relative autonomy and, at the same time, to sound out the relations between them, i.e. in the present case to sound out the family resemblances between the dispositives of DM and CSR (see Bourdieu 1988). A ‘critical ontology of the present’ provides the epistemological starting point for a critical reflection of that kind. Following that approach, diversity and its dimensions must be understood and studied as relational configurations within and based upon historically concrete relations of power and control together with ‘their’ own specific power forms—and not limiting the examination simply to the processes by which diversity is constructed or, alternatively, to the product of these processes, namely, diversity itself.

Table 1 presents these differences in ideal types between positivist-functionalist and critical-emancipatory approaches and their resolution in a reflexive approach to diversity research.

2 Establishing the Relationships Between DM and CSR

Adopting and implementing the reflexive approach to diversity research outlined above, typologies of DM and CSR used in organisations will first be identified. The aim is not to present all typologies ever published. Instead, as was indicated in the introduction, two ‘significant’ typologies—repeatedly affirmed and, at the same

time, critiqued in the literature—will form the starting point. The key focus is to reconstruct the aims, strategies and tactics discussed within these two dispositives.

2.1 Types of Diversity Management (DM)

Starting the early 1990s, Thomas and Ely (1996) began to investigate how different US organisations, in particular companies, deal with diversity. They distinguish three different paradigms or types.

According to Thomas and Ely (1996: 81–83), in the USA in the mid-1990s, the dominant paradigm is that of ‘discrimination and fairness’. This paradigm is concerned primarily to ensure that the requirements of equal opportunity legislation are complied with in relation to the recruitment and promotion of employees. Companies that can be ascribed to this paradigm commonly implement mentoring programmes, especially for women and minorities that were historically discriminated. The idea is to assist these new and supposedly ‘other’ groups of employees assimilate within the firm. In contrast, under the ‘access and legitimacy’ paradigm that, according to Thomas and Ely (1996: 83–85), began to emerge in the USA in the 1980s, difference, i.e. diversity within a company’s workforce, is now viewed as an asset. Market demands are at the focus of this approach, and hence these new and ‘other’ members of the workforce are deployed to meet the needs of these new and ‘other’ customer segments. Commonly specific positions or departments are founded that are not integrated systematically into the company as a whole. From the mid-1990s onwards, a new paradigm emerges, that of ‘learning and effectiveness’, which organises around the integration of all employees. Like the first paradigm of discrimination and fairness, it aims to ensure equal opportunities for all members of the workforce. And like the paradigm of access and legitimacy, it seeks to recognise existing differences. But, in addition, it aims also to change the organisational culture and structures: ‘... this new model for managing diversity lets the organization internalize differences among employees so that it learns and grows because of them. Indeed, with the model fully in place, members of the organization can say, we are all on the same team, with our differences—not despite them’ (86).

This typology has been developed further in relation to companies and also specifically for the higher education sector. In relation to companies, Parshotam Dass and Barbara Parker (1999: 78) suggest that there may be strategic advantages for managers to become active outside of their organisation. However, they only consider management reactions to changes in the organisation’s operating environment. This idea was followed up initially by Paivand Sepheri (2002) and then developed further by André Schulz (2009). Schulz adds a new type—the ‘strategic responsibility and sensibility approach’. According to Schulz (2009: 3), this approach ‘regards the continuously changing environmental conditions as an opportunity and aims to integrate the cultural and workforce diversity present into existing corporate strategies such that the company can react effectively and

flexibly to dynamic changes in the internal and external frameworks and, ultimately, therefore, generate competitive advantages'. In his analysis, this type 'reacts' (*ibid.*) or 'adapts' (84) to the demands of the company's operating environment. However, the focus in Schulz's model as with earlier authors is on the company itself.

In relation to higher education, Damon A. Williams (2013: 129–59) distinguishes—using a similar typology to that of Thomas and Ely—three different diversity management models: the affirmative action and equity model, the multicultural and inclusion model and the learning, diversity and research model. Starting from the typological reflections developed in relation to companies and having regard to the specific treatment given to diversity in higher education, I have developed a further type, namely, the inclusive and transformative type. The aim of this type is, first, to develop a more inclusive organisation. Second, it seeks, in addition, to establish fairer surroundings or a fairer environment. In other words, the focus is on the equity case and particular emphasis is placed on the dimensions of social and ethnic origin and educational background. A prototypical example is the DM concept of the University of California, Berkeley (see, in detail, Bührmann 2015b).

Thus, it can be said that the relevant literature has distinguished four types of DM in terms of their aims, strategies and tactics. These types are summarised in Table 2. For ease of understanding and comparison, the different types of DM have been numbered from 0.0 through to 3.0 following a similar scheme used in the classification of CSR types.

2.2 *Types of Corporate Social Responsibility (CSR)*

The literature on CSR has also distinguished various different models having regard to the aims, strategies, tactics and organisational units involved.⁴ These model descriptions have been condensed by Andreas Schneider (2012)—having regard also to definitions adopted by the European Commission in 2001, 2002 and 2011 and set out in ISO standard 26000—to produce a fourfold typology. Unlike the analysis, for example, of Thomas and Ely, he expressly conceives of this typology as a 'maturity model' (Schneider 2012: 28). There are two principal aims to this model. First, he aims to 'set out—without any claim to comprehensiveness—the most important characteristics of CSR in order 'to mark out and establish a current understanding of CSR'. Second, he seeks to integrate those characteristics in a

⁴An early attempt to develop a theoretical classification for CSR models was provided by Archie B. Carroll (1991). Subsequently, different dimensions (e.g. Quazi and O'Brien 2000) and core areas (e.g. Schwartz and Carroll 2003) of CSR have been distinguished. This has been followed by the categorisation developed by Elisabet Garriga and Domènec Melé (2004), inspired by the work of Talcott Parsons, in which they distinguish between instrumental, political, integrative and ethical theories of CSR.

Table 2 Typology of diversity management concepts reflecting aims, strategies and tactics

DM type	Organisational aims	Strategies → process logics	Tactics → measures
Discrimination and fairness (DM 0.0)	Compliance with legislation and avoidance of legal challenges	Assimilation: adapting new employees to existing structures	Observing legal and ethical requirements
Access and legitimacy (DM 1.0)	Establishing and improving access to markets	Differentiation: normalising the existence of ‘other’ employees and customer segments	Matching employees from ‘other’ groups to the corresponding customer segment
Learning and effectiveness (DM 2.0)	Structural and ethical development of the organisation from an ethical and organisational perspective	Integration: recognition of difference—integration of ‘new’ employee groups into a flexible and adaptive organisation	Support programmes for certain target groups and adaptation of organisational structures and cultures
Inclusive and transformative (DM 3.0)	Further development of the organisation AND transformation of the external environment	Inclusion: groups previously unaddressed now specifically included in the case of structural change	As in the learning and effectiveness type AND ongoing involvement in shaping the external environment

‘maturity model’. His premise is that ‘the higher the level on which a company’s engagement can be classified, the greater its potential to create a benefit for society and added value for the environment, society and the company itself’.

Below these three levels of CSR, Schneider begins with a foundational level (CSR 0.0) to describe a form of social engagement not pursued systematically and not actively managed (2012: 29) which he refers to simply as ‘economic and legal responsibility’. At this level, the social responsibility results either ‘per se’, i.e. from the very nature of a company’s activities or from compliance with existing legislation.

The next level up, philanthropic CSR, also described as ‘social sponsoring’ or CSR 1.0, involves primarily philanthropic activities such as corporate donations, sponsoring and acting as patron in areas unrelated to the company’s core business. Schneider includes on this level also what is known as ‘corporate citizenship’ in which companies themselves act as responsible ‘citizens’. The final set of activities included within CSR 1.0 are ‘unsystematic CSR measures’ unrelated to the company’s core business. In many cases, these are driven by marketing or PR motives and are therefore likely to entail ‘greenwashing’ or ‘bluwashing’. Schneider characterises this type of CSR in summary as ‘a passive, unreflected, at most reactive and ex post form of responsibility’ (2012: 30).

In contrast, CSR 2.0 involves value creation both for the company and society at large with CSR systematically integrated and managed as part of the company’s core business (2012: 31). Here, CSR is understood as a strategic management concept on which top management must lead and take responsibility. The aim is to generate long-term value on behalf of society, thus making a sustainable

contribution to societal development. As examples of such a contribution, Schneider lists product and process innovations, resource efficiencies, sustainable and responsible supply and value creation chains and management innovations (ibid.). In other words, this type of CSR addresses activities with a direct and immediate impact on the company's business strategy. However, it implies, in addition, that companies pursue 'a visionary and sustainable development path with continual improvement processes'. Thus, CSR 2.0 must be understood as an 'active, reflected and strategic' form of CSR (ibid.) that becomes a permanent element of corporate culture and of daily life in the business. CSR activities are regarded as investments in the future of the company.

For Schneider, CSR 3.0 builds on what has been achieved in CSR 2.0 (2012: 34–35). At the level of CSR 3.0, companies figure as the shapers of their economic and environmental surroundings. They seek proactively to transform their external environment. In this vein, according to Schneider, 'CSR 3.0 is globally thinking, locally acting and networked CSR with regard to market conditions, a proactive, anticipatory, holistic societal responsibility with the core business going beyond the company's immediate sphere of influence and area of design'. At this level, companies in cooperation with their various stakeholders attempt to create sustainable forms of doing business. In contrast to CSR 2.0 which focuses on processes of improvement and optimisation, Schneider characterises CSR 3.0 as involving strategic processes of differentiation (2012: 35). For those purposes a 'continual hermeneutic dialogue with external stakeholders' (ibid.) and with those critical of the strategic activities in question constitutes an important sensor to anticipate upcoming societal challenges. Companies thus become agenda setters. They are no longer driven by societal problems rather they drive and promote 'good' solutions to societal issues. The objective is to create added value for society and profit for the company. In other words, 'CSR 3.0 addresses societal issues affecting corporate activities in a broader and less direct way (e.g. human rights, internal and external training and education, e.g. involving cooperation in basic training, anticorruption measures, awareness raising, etc.) but which also generate in a holistic sense value for society and long-term added value for the company' (ibid.). According to Schneider (2012: 36), the operation of CSR 3.0 can be understood in terms of a phrase attributed to Peter Drucker, the well-known writer and researcher on management, who said: 'The best way to predict the future is to create it'.

In summary, therefore, here, too, the relevant literature has distinguished four types of CSR in terms of their aims, strategies and tactics. These types are summarised in Table 3.

2.3 Establishing the Relationships: An Attempt

On examining these typologies of DM and CSR, it is immediately evident that they each distinguish four different types. Whereas in relation to CSR Schneider refers

Table 3 Typology of different CSR concepts

CSR type	Organisational aims	Strategies → process logics	Tactics → measures
CSR 0.0: societal engagement—economic and legal responsibility	Company = entrepreneurial actor compliance with legislation and avoidance of legal challenges	Societal responsibility undertaken simply by pursuing company activities	Observing legal requirements
CSR 1.0: social sponsoring	Company = corporate citizen accessing markets and improving market share	Marketing and PR-driven CSR strategies	Unsystematic CSR activities: corporate donations, sponsoring and acting as a patron
CSR 2.0: value creation for the company and society	Company = sustainable value creator, i.e. sustainable value creation for the company and society	CSR as an integrated and systematic value creation strategy of (top) management	Support programmes for certain target groups and a transformation of organisational structures and cultures
CSR 3.0: proactive—going beyond the company boundaries	Company = designer of their external environment	Inclusion: groups previously not specifically addressed now included through structural changes	As in CSR 2.0 AND ongoing involvement in shaping the external environment

expressly to a maturity model, Thomas and Ely describe an ongoing chronological development and thus implicitly a model in which each type builds on its predecessor. In each case a teleology from comparatively simple to increasingly complex variants and from less effective to highly efficient mechanisms is posited. Such teleology presupposes also that organisations develop DM or CSR in conjunction with their organisational surroundings. In fact, those surroundings are often thought to provide the impulse for measures of that kind. For example, changes in the customer base or in the regulatory framework are seen as triggers for DM, whereas the normative expectations of society and also customers are considered triggers for CSR.

There are further parallels between the two typologies. Both start with a type constructed around the legal framework. Both DM 0.0 and CSR 0.0 aim primarily at ensuring compliance with minimum legal standards and do not pursue any further strategies or tactics. In that regard, between the DM 0.0 and CSR 0.0 types, in essence, no reciprocal relationship exists. Both types can be—and often are—pursued independently. With the subsequent types, this is no longer the case.

Already at the next level, types CSR 1.0 and DM 1.0 refer at least indirectly to one another. Thus there is at least an indirect reciprocal relationship between the two types in as much as both are concerned with obtaining and improving market access. However, different strategies and tactics are pursued—with no coordination between the two. In types CSR 2.0 and DM 2.0, the aim is now to generate added

Table 4 Tentative determination of relationships between DM and CSR concepts

CSR type	Tentative determination of the relationship	DM type
CSR 0.0: Societal engagement—economic and legal responsibility	No reciprocity ◄—————►	DM 0.0: Discrimination and fairness
CSR 1.0: Social sponsoring	Indirect reciprocity ◄.....►	DM 1.0: Access and legitimacy
CSR 2.0: Value creation for the company and society	Direct reciprocity ◄-----►	DM 2.0: Learning and effectiveness
CSR 3.0: Proactive: going beyond the organisation’s boundaries	Strong direct reciprocity ◄————►	DM 3.0: Inclusive and transformative

value for society and not only added economic value for the organisation (of whatever form). In both cases, similar tactics are used, addressing specific target groups. However, CSR 2.0 tends to operate on the organisational surroundings, whereas the strategies and tactics of DM 2.0 are more likely to play out within the organisation itself. At the next level, between the types DM 3.0 and CSR 3.0, a strong direct reciprocity appears to exist. Both types refer to each other in a reciprocal way in as much as they aim to contribute on an ongoing basis to the shaping of their external environment and, in doing so, not only transform organisational processes and structures but also the external environment itself. It does in fact appear that a double helix is taking shape with interlocking strands comprising the strategies and tactics of DM and CSR. This appears to be the phenomenon referred to as ‘social responsibility’.

Based on the typologies set out above, the following relationships can be established between DM and CSR concepts (see Table 4).

3 Conclusion and Research Perspectives

Employing reflexive diversity research, it becomes evident that in comparing the dispositives of DM and CSR, it is useful to distinguish between different types and to compare these systematically without collapsing one dispositive into the other or disregarding their individual logics. In doing so, the aim is not to differentiate establishing one model to be more mature or less mature, better or worse, or of a simple or more complex nature. Instead, concepts subjected both to theoretical analysis and practical implementation are compared systematically with a view to establishing their interconnections in light of their objectives, strategies and tactics. This differentiated approach to comparing the two dispositives follows closely from the reflexive perspective. This involves more than simply making explicit one’s

own register of critique and hence the criteria used in the comparison. In addition, it requires also a reflection on the researcher's own methodological 'blind spots'.

Following the discussion above, further research questions arise as follows. At what point can a concept be treated as a CRS or DM concept? Why exactly is a comparison made between these concepts? And what is the underlying intention? Which environmental factors are held responsible for which particular effects and consequences? What would it mean to reverse the research perspective—i.e. to ask whether and, if so, to what extent organisations seek to influence their external environment by means of DM and/or CSR concepts?

Examination and pursuit of those questions might well contribute to a more differentiated perspective on how to conceive of the boundaries of managerial concepts and the transgressions of such boundaries.

References

- Abolafia MY (1996) *Making markets: opportunism and restraint on Wall Street*. Harvard University Press, Cambridge
- Bourdieu P (1988) *L'Ontologie politique de Martin Heidegger*. Les Éditions de Minuit, Paris. English edition: Bourdieu P (1991) *The political ontology of Martin Heidegger* (trans: Collier P). Polity, Cambridge
- Bührmann AD (2015a) Gender - a central dimension of diversity. In: Vertovec S (ed) *The Routledge International handbook of diversity studies*. Routledge, London, pp 23–32
- Bührmann AD (2015b) Die Bearbeitung von Diversität in Organisationen – Plädoyer zur Erweiterung bisheriger Typologien. In: Hanappi-Egger E, Bendl R (eds) *Diversität, Diversifizierung und (Ent)Solidarisierung. Eine Standortbestimmung der organisationalen Diversitätsforschung im deutschen Sprachraum*. Springer, Wiesbaden, pp 108–127
- Bussolini J (2010) What is a dispositive? *Foucault Stud* 10:85–107
- Carroll AB (1991) The pyramid of corporate social responsibility. *Toward the moral management of organizational stakeholders*. *Bus Horiz* 34(4):39–48
- Dass P, Parker B (1999) Strategies for managing human resource diversity: from resistance to learning. *Acad Manag Exec* 13(2):68–80
- De Certau M (1980) *L'Invention du quotidien*. 1. Arts de faire. Union générale d'éditions, Paris. English edition: De Certau M (1984). *The practice of everyday life* (trans: Rendall S). University of California Press, Berkeley
- Ely RJ (1995) The role of dominant identity and experiment in organizational work on diversity. In: Jackson SE, Ruderman MN (eds) *Diversity in work teams. Research in paradigms for a changing workplace*. American Psychological Association, Washington, pp 161–186
- Foucault M (1976) *Histoire de la sexualité. La volonté de savoir*. Éditions Gallimard, Paris. English edition: Foucault M (1978) *The history of sexuality. Volume 1 Introduction* (trans: Hurley R). Pantheon, New York
- Foucault M (1990) Qu'est-ce que la critique? *Critique et Aufklärung*. *Bulletin de la société française de philosophie* 84(2): 36–63. Lecture given on 27 May 1978. English edition: Foucault M (1996) What is critique? (trans: Geiman KP). In James Schmidt (ed) *What is Enlightenment? Eighteenth-century answers and twentieth-century questions* (pp 382–398). University of California Press, Berkeley
- Garriga E, Melé D (2004) Corporate social responsibility theories: mapping the territory. *J Bus Ethics* 53(1):51–71

- Godfrey P, Hatch N (2006) Researching corporate social responsibility: an agenda for the 21st century. *J Bus Ethics* 70(1):87–98
- Haigh M, Jones M (2007) A critical review of relations between corporate responsibility research and practice. *Electron J Bus Ethics Organ Stud* 12(1):16–28
- Hannapi-Egger E (2012) Diversitätsmanagement und CSR. In: Schneider A, Schmidpeter R (eds) *Corporate social responsibility. Verantwortungsvolle Unternehmensführung in Theorie und Praxis*. Springer, Berlin, pp 211–224
- Hansen K (2014) CSR und diversity. In: Hansen K (ed) *CSR und diversity management. Erfolgreiche Vielfalt in Organisationen*. Springer, Berlin, pp 1–52
- Harrison DA, Hock-Peng S (2006) What is diversity and how should it be measured? In: Konrad AM, Prasad P, Ringle JK (eds) *Handbook of workplace diversity*. Sage, London, pp 191–216
- Harvey D (2005) *A brief history of neoliberalism*. Oxford University Press, Oxford
- Loden M, Rosener JB (1991) *Workforce America! Managing employee diversity as a vital resource*. Business One Irwin, Homewood
- Matten D, Moon J (2005) A conceptual framework for understanding CSR. In: Habisch A, Jonker J, Wegner M, Schmidpeter R (eds) *Corporate social responsibility across Europe*. Springer, Berlin, pp 335–356
- Milliken FJ, Martin LL (1996) Searching for common threads: understanding the multiple effects of diversity in organizational groups. *Acad Manag Rev* 21(2):402–433
- Nkomo SM, Steward MM (2006) Diverse identities in organizations. In: Clegg SR, Hardy C, Lawrence TB, Nord WR (eds) *The SAGE handbook of organization studies*, 2nd edn. Sage, London, pp 520–554
- Plummer DL (2003) Overview over the field of diversity management. In: Plummer DL (ed) *Handbook of diversity management. Beyond awareness to competency based learning*. University Press of America, Lanham, pp 1–49
- Quazi AM, O'Brien D (2000) An empirical test of a cross-national model of corporate social responsibility. *J Bus Ethics* 25(1):33–51
- Ragins BR, Gonzales JA (2003) Understanding diversity in organizations: getting a grip on a slippery construct. In: Greenberg J (ed) *Organizational behavior: the state of the science*, 2nd edn. Lawrence Erlbaum, Mahwah, pp 125–163
- Saage-Maaß M (2014) Holding companies accountable. Lessons from transnational human rights litigation. ECCHR, Brot für die Welt and Misereor, Berlin
- Schneider A (2012) Reifegradmodell CSR — eine Begriffsklärung und –abgrenzung. In: Schneider A, Schmidpeter R (eds) *Corporate social responsibility. Verantwortungsvolle Unternehmensführung in Theorie und Praxis*. Springer, Berlin, pp 17–38
- Schneider A, Schmidpeter R (eds) (2012) *Corporate social responsibility. Verantwortungsvolle Unternehmensführung in Theorie und Praxis*. Springer, Berlin
- Schulz A (2009) *Strategisches Diversitätsmanagement*. Gabler, Wiesbaden
- Schwartz M, Carroll AB (2003) Corporate social responsibility: a three-domain approach. *Bus Ethics Q* 13(4):503–530
- Sepheri P (2002) Diversity und managing diversity in internationalen Organisationen: Wahrnehmungen zum Verständnis und ökonomischer Relevanz; dargestellt am Beispiel einer empirischen Untersuchung in einem Unternehmensbereich der Siemens AG. Hampf Verlag, München/Mering
- Thomas D, Ely R (1996) Making differences matter: a new paradigm for managing diversity. *Harvard Business Review*, September–October, 79–90
- Vedder G, Krause F (2014) Corporate social responsibility und diversity-management – eine win-win situation. In: Hansen K (ed) *CSR und diversity management. Erfolgreiche Vielfalt in Organisationen*. Springer, Berlin, pp 57–75
- Wacquant LJD (1992) Toward a social praxeology. The structure and logic of Bourdieu's sociology. In: Bourdieu P, Wacquant LJD (eds) *An invitation to reflexive sociology*. University of Chicago Press, Chicago, pp 1–60

- Weber M (1904) Die "Objektivität" sozialwissenschaftlicher und sozialpolitischer Erkenntnis. *Archiv für Sozialwissenschaft und Sozialpolitik* 19(1): 22–87. English edition: Weber M (1949) 'Objectivity' in social science and social policy. In Shils EA, Finch HA (eds) *Max Weber on the methodology of the social sciences*, Free Press of Glencoe, Glencoe, IL, pp 49–112
- Williams DA (2013) *Strategic diversity leadership. Activating change and transformation in higher education*. Stylus Publishing, Sterling
- Wittgenstein L (1953 [2003]) *Philosophische Untersuchungen*. Frankfurt: Suhrkamp. English edition: Wittgenstein L (1953) *Philosophical investigations* (trans: Anscombe GEM). Blackwell, Oxford
- Zanoni P, Janssens M (2004) Deconstructing difference: the rhetoric of human resource managers' diversity discourses. *Organ Stud* 25(1):55–74
- Zanoni P, Janssens M, Benschop Y, Nkomo S (2010) Unpacking diversity, grasping inequality: rethinking difference through critical perspectives. *Organization* 17(1):9–29

Understanding Diversity Management in the UK

Gill Kirton and Anne-marie Greene

Abstract Having originated in the USA in the 1980s, diversity is now a discourse and policy paradigm with global reach. This chapter discusses the theoretical and practical shape that diversity management has taken within the UK context. It charts the shift from equality to diversity and examines what this has meant for selected stakeholders, as well as considering how the corporate world has engaged with the diversity concept and how the British legal context has impacted upon policy. Despite depending on business case arguments, some organisations are positioning their diversity efforts within the CSR space, which the chapter concludes will be a real test of organisational commitment.

1 Introduction

Diversity is now a discourse and policy paradigm with global reach. The concept originated in the USA in the 1980s and was essentially a neo-liberal response to simmering political and public backlash to affirmative action introduced under the Civil Rights Act 1964. The Civil Rights Act represented legal recognition of the legacy of slavery and racial segregation in the USA, and affirmative action required employers to take positive steps to end discrimination against African Americans (and women and other minorities) and also to implement proactive programmes to hire, train and promote people from historically disadvantaged groups. Affirmative action met with much controversy and was totally opposed by the Republican Ronald Reagan-led administration 1981–1989. Diversity management, on the

G. Kirton (✉)

Centre for Research in Equality and Diversity (CRED), Queen Mary, University of London, London, UK

e-mail: g.kirton@qmul.ac.uk

A.-m. Greene

Leicester Business School, De Montfort University, Leicester, UK

e-mail: amgreene@dmu.ac.uk

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,

DOI 10.1007/978-3-319-43564-0_3

other hand, was far more business-friendly and urged organisations to embrace diversity voluntarily for the sake of corporate performance and competitive advantage. While it is true to say that the diversity concept was ‘exported’ to the UK, it met with a different sociopolitical-legal context, which influenced how it translated into policy within UK organisations (Greene and Kirton 2009).

In the UK, the turn to diversity management occurred around the mid-1990s, and in addition to elements imported from the US model, it also has local antecedents in equality theorising, equality laws and organisational equal opportunities policies and practices dating back to the late 1970s. We argue that it is important to be aware of these somewhat different antecedents in order to understand the shape that diversity management has taken within the UK context. The change in language from equality to diversity certainly signalled a shift in both theory and practice in the UK, and the spread and substance of the diversity concept has been the subject of much debate among scholars and of varied responses among organisations and practitioners. In particular, many UK academics have subjected the centrality of the business case within the concept of diversity management to trenchant critique; they place great value on the social justice case within the equal opportunities paradigm and many feel that diversity is a retrograde step. Noon (2007) described the business case as a ‘fatal flaw’ of diversity management. By way of contribution to the critique of diversity management, we have argued in earlier work for ethical business practice to be on the list of possible organisational advantages of diversity in order to broaden the business case from the narrow bottom-line performance/profit issues that are frequently cited as benefits. In addition, we have called for multiple stakeholders to be involved in organisational diversity management including employees and their (union and non-union) representatives (Greene and Kirton 2009). These arguments are particularly important if we are to think about diversity management as belonging in the corporate social responsibility (CSR) space.

This chapter looks at how we can understand the theory and practice of diversity management in the UK in the light of the concept’s theoretical and practical antecedents, its evolution as a policy approach and the opportunities and constraints of the British legal context. As part of this discussion, the chapter also reflects on the perspectives of a range of internal organisational stakeholders in relation to diversity management.

2 From Equality to Diversity: Theory and Practice in the UK

From the mid-1970s, equal opportunities policies with social justice as their core aim gradually spread across organisations following the introduction of legislation covering employment equality (Equal Pay Act 1970, Sex Discrimination Act 1975, Race Relations Act 1976). By the early 1990s, around three quarters of large

organisations had an equal opportunities policy. The early focus of equal opportunities policies was on combatting discrimination on grounds of sex and race especially at the hiring stage and in selection for promotion. More progressive and proactive organisations, particularly in the public sector, soon started to add other grounds of discrimination to their policy statements/aims including disability, sexual orientation and age. Many organisations and groups associated with the feminist and anti-racist movements were initially enthusiastic about the prospects for progress on tackling inequalities that equal opportunities policies heralded. While they acknowledged that the combination of legislation and organisational policies had removed some of the more overt forms of discrimination, the slow pace of deeper change within the equal opportunities policy paradigm soon disappointed (Cockburn 1989, 1991). This resulted in a mounting critique of policy and practice, with equality activists highlighting continuing inequalities such as the gender pay gap, the ethnic pay penalty, gender segregation, ethnic segmentation, etc. This all seemed to add up to the failure of equal opportunities policies to eliminate the discriminatory processes endemic in the labour market and organisations.

Academics Jewson and Mason (1986) argued that a large part of the problem was the failure of various participants in the policy-making process to articulate a clear conception of equality. This conceptual vacuum was leading to confusion, hostility, disappointment, mistrust and loss of faith among them as they attempted to negotiate and reach consensus on practical equality strategies and practices. The deflated mood surrounding equal opportunities in the early 1990s in turn helps us to understand why for some the time seemed right for a 'new approach' (diversity management discussed below).

Jewson and Mason (*ibid*) set out, in what has become a seminal article, two very different philosophical conceptions of equal opportunities policies—the liberal approach and the radical approach—which they identified in the course of research on the development of equal opportunities policies in the public and private sectors. These two equality paradigms help us to understand why equal opportunities policies failed to live up to the optimistic expectations of some, plus why they failed to convince others of the need for policy action.

Jewson and Mason (1986) describe the elements of equal opportunities policies (principles, implementation, effectiveness and perceptions) according to the liberal and radical conceptions. The principle of the liberal conception is fair procedures (generally meaning that everyone is treated the same); implementation is achieved through bureaucratisation of decision-making (e.g. the use of transparent and formalised recruitment and selection methods). Maximum effectiveness is obtained through positive action (which promotes free and equal competition among individuals); perceptions are concerned with whether justice is seen to be done (i.e. whether the workforce regards the policies as fair). The liberal conception of equality became the dominant influence on British equality laws and on organisational equal opportunities policies, which in practice did little more than require employers to commit to a principle of non-discrimination and to take steps to prevent overt discrimination. Thus, while it is widely believed that the enacted

laws and policies achieved a degree of success in tackling the most overt forms of discrimination, critics argued that they failed to achieve the much needed deep changes in the gendered and racialised structures of the labour market and organisations (Cockburn 1991; Liff 1997; Webb 1997). The main problem is that in terms of principles, implementation, effectiveness and perceptions, the liberal conception of equality is really only concerned with procedures (and procedural justice) rather than outcomes (and distributive justice). Therefore, to this extent, it could never meet the objectives of equality activists who wanted to see substantive change in what Jewson and Mason would call occupational rewards (good jobs, pay, training etc.).

In contrast, the radical conception of equal opportunities has outcomes and social change at its heart. The principle of the radical approach is fair distribution of (occupational) rewards (e.g. closure of pay gaps, breakdown of gendered and racialised organisational hierarchies). Implementation of equal opportunities policies is achieved through politicisation of decision-making (promotion of ‘correct’—e.g. anti-racist and antisexist—ideological consciousness). Maximum effectiveness can only be achieved through the use of positive discrimination (e.g. the use of quotas for under-represented groups); perceptions are concerned with consciousness raising about deprivation, disadvantage and exploitation (e.g. via training). Jewson and Mason (1986) highlight that those who wished to adopt a radical conception of equality were thwarted in their actions by the fact that positive discrimination was not permissible in British equality law. Other commentators argue that there was, and is, little appetite for radical equality measures (which give preferential treatment to under-represented groups) among equality policy-makers or employers who preferred/prefer the long game of waiting for the principles and implementation of the liberal approach to change the landscape.

Over time, radical equality activists lost faith in the capacity of equal opportunities policies to deliver equality of outcome, and at the same time, the policies attracted criticism from some politicians and employers for being overly bureaucratic and failing to meet business needs. Against this waning confidence from many sides in equal opportunities policies, Rajvinder Kandola and Johanna Fullerton’s book *Managing the Mosaic: Diversity in Action*—first published in 1994 by the Chartered Institute of Personnel and Development—can be credited with putting the diversity concept firmly on the map among UK practitioners and organisations. Their stated hope was that the book would provide a ‘starting point’ for a re-evaluation of the work that had been done in the name of equal opportunities, but also provide a chance for ‘a new start’ (Kandola and Fullerton 1994: 2). Since the book’s publication, there has certainly been much re-evaluation of equal opportunities theory, policy and practice, but whether or not diversity management has ended up providing the new start Kandola and Fullerton had hoped for is a moot point, which we will come back to later.

As a starting point for the discussion of what diversity management is, Kandola and Fullerton (1994: 8) provided a definition:

The basic concept of managing diversity accepts that the workforce consists of visible and non-visible differences which include factors such as sex, age, background, race, disability, personality and work style. It is founded on the premise that harnessing these differences will create a productive environment in which everybody feels valued, where their talents are being fully utilized and in which organizational goals are met.

Working with this definition, Greene and Kirton (2009: 33) outline four main components of diversity management, which imply differences between principles, implementation, effectiveness and perceptions of diversity management compared with those of equal opportunities described earlier. Firstly, diversity management advocates a systemic or cultural transformation of organisations (rather than a reliance on legal regulation and bureaucratic procedures as found in equal opportunities) in order to achieve the 'productive environment' where everyone feels valued. Secondly, diversity management invokes positive imagery and celebratory rhetoric to persuade organisational actors of the value of workforce diversity of all types. This is in contrast to the more negative connotations of equal opportunities with the emphasis on discrimination and the penalties organisations potentially face within equality law for discriminating unfairly. Thirdly, diversity management policies and practices are justified by reference to the business case for diversity—how workforce diversity contributes to accomplishment of organisational goals—rather than by reference to legal compulsion or the social justice case as in equal opportunities. Fourthly, diversity management includes a broad range of individual as well as the social group-based differences included in equal opportunities, all of which are meant to be addressed by diversity policies.

Taking each of these components of diversity management in turn, there are substantial criticisms of the diversity management paradigm found in the literature. Research has demonstrated that the first component, requiring organisational *cultural transformation*, is much easier said than done. Webb (1997), for example, found in her in-depth case study of a major UK organisation that diversity policies failed to challenge the structure and culture of the organisation. In terms of how to achieve cultural change, the diversity concept sees line managers as crucial and as critical to the success of diversity policies generally (Schneider 2001). However, many studies have found line managers reluctant to give priority to diversity issues either because they have other more pressing goals or because they fear diversity will be nothing more than a passing fad and therefore a waste of effort (Cornelius et al. 2000; Greene and Kirton 2009; Maxwell et al. 2001). The second component, *positive images and celebratory rhetoric*, may be nothing more than a thin veneer behind which might lie a very different reality where organisations' employment practices show little real commitment to valuing diversity, but instead exploit employee differences as and when required for organisational gain (Greene and Kirton 2009; Kirton 2008; Noon 2007). Further, it is argued in the literature that highlighting diversity among employees might backfire by reinforcing stereotypes, which sometimes end up branding certain people as suitable only for certain jobs/roles/tasks, thus perpetuating the disadvantage they already face. The third component, *the business case for diversity* as a foundation for policy and practice, is much criticised. The main concern is that if there is no complementary recourse to a

broader social justice or moral case beyond direct and quantifiable organisational benefits, then the diversity paradigm may end up ignoring deep-seated discrimination and inequalities (Kaler 2001; Kirton 2008; Noon 2007; Webb 1997). Questions critics ask include what happens in times of economic downturn: will difference/diversity still be valued? What happens if a leap of faith is necessary because no one can actually *prove* a return on investment in diversity? What happens if the nature of the firm and its markets simply means that employee diversity does not add value? In any or all of these possible circumstances, will organisations still have the same commitment to diversity? Coming to the fourth component, the idea of including individual as well as group-based differences in some ways might appeal to our intuitive sense of individuality. However, critics argue that not all differences are equally consequential for career chances or for creating employment gaps/inequalities—in this respect group-based differences such as gender and race/ethnicity are far more consequential than most individual differences. Thus, diversity as a concept has the capacity to gloss over systemic inequalities and does little to tackle them if the logic and principles of the concept underpin policy and practice (Kirton and Greene 2016).

Still, even with these criticisms, it is widely accepted that there has been a shift in theory, but what has it meant for policy and practice? More than a decade ago, it was already observed that over 80 % of UK companies were using the term ‘diversity’ on their corporate websites (Point and Singh 2003), and it seems from more recent literature that the language of diversity has kept a firm hold. The latest available evidence for the UK indicates that formal equality and diversity policies are now almost universal in the public sector, covering 99 % of workplaces and widespread in the private sector, covering 74 % (van Wanrooy et al. 2013). It is worth noting that the survey (WERS—Workplace Employment Relations Survey 2011) that van Wanrooy et al.’s evidence is based on does not distinguish between ‘equality’ and ‘diversity’ policies, which is not simply a matter of semantics, but is actually quite instructive about the content of policies, as they have developed in the UK. In fact, when it comes to actual policy initiatives, one contention repeatedly asserted in the literature is that the shift in theory and language from equality to diversity has not resulted in very much substantive change (Kirton and Greene 2016). Commentators frequently observe that policy initiatives long associated with the equal opportunities paradigm are still present in diversity management policies. For example, a *Chartered Institute for Personnel and Development* (CIPD) report notes that the most common organisational policy initiatives focus on ensuring fair and equal treatment in interviews and assessment; grievance procedures for handling bullying, harassment and discrimination; and raising awareness of equality and diversity via training and development (CIPD 2012). These are all procedures and initiatives that we used to find in the equal opportunities policies of the 1980s and early 1990s without the rhetoric of the business case for diversity being so prominent. Similarly, guidance for employers—*Delivering Equality and Diversity*—published in 2014 by the *Advisory, Conciliation and Arbitration Service* (ACAS) sets out eight key issues that a policy should cover: recruitment and induction, training and development, promotion, discipline and grievances, equal

pay, bullying and harassment, adapting working practices and flexible working. Again, we would have expected all of these to be included in an equal opportunities policy, so it seems that there is not much policy innovation to comment upon, rather this all suggests that the moment for a new start has not yet arrived in the UK or perhaps has not been seized by organisations. In addition, the majority of written policies still appear to cover gender, ethnicity, disability, religion and belief, age and sexual orientation—it is of course noteworthy that these are all characteristics protected by British legislation (van Wanrooy et al. 2013). This suggests that employers are still writing their equality and diversity policies in accordance with equality law rather than policies reflecting their own individual business cases. From an equalities perspective, this is not necessarily something to lament because there is still plenty of work for employers to do towards improving equality of treatment and outcome.

However, there are some signs of change in policy-making that reflect the conceptual shift to diversity. With regard to ownership of organisational diversity policies, in research we carried out in 2004–2006, we found that some UK organisations were beginning to rethink the links between diversity management and business strategy and were starting to locate their diversity work within CSR rather than in the HR function where equal opportunities work had traditionally occurred (Greene and Kirton 2009). What this change might bring is uncertain. On the plus side, it potentially creates opportunities for an expanded and more holistic agenda beyond employment conditions and employee rights to include such issues as service delivery and ‘customer’ diversity, supplier diversity, outreach work with local communities and stakeholders, reputation-building initiatives, etc. We found that many organisational diversity practitioners supported this shift and the expanded agenda that did or might come with it. But equally we heard critical opinions from equality and diversity campaigners and from trade unionists, both of which groups were gravely concerned about organisations losing focus on workplace inequalities in favour of more externally oriented diversity work that might help to build a good corporate image. Indeed, the most critical were concerned that equality work had morphed into a PR campaign (Greene and Kirton 2009; Kirton and Greene 2006). In any case, it seems that the transfer of diversity responsibility into CSR has been fairly limited. A report based on a global survey by the US-based Society for Human Resource Management found that only 6% of organisations gave responsibility for diversity to the head of CSR. In 59% of firms, the responsibility lies with the HR director (SHRM 2009). Further, more than two decades after Kandola and Fullerton (1994) heralded diversity management as a new start, there is still no solid evidence that diversity policies are any more successful than equal opportunities in terms of achieving positive cultural change and creating workplaces where the skills and talents of all are valued.

3 Legal Context: Impact on Diversity Management

Even amid the conceptual shift to diversity and with it the voluntaristic principle of the business case, employers must still comply with equality law. As stated above, a liberal concept of equality as defined by Jewson and Mason (1986) has characterised British¹ equality law from its inception in the 1970s to the Equality Act 2010. Within the current iteration of equality legislation, the Equality Act 2010, gender, race/ethnicity, religion, age, disability and sexual orientation are all ‘protected characteristics’, and the law is constructed around the principles of non-discrimination and ‘no less favourable treatment’ than a comparator group (e.g. women compared with men). In the main, at least in the case of private-sector employers, these principles require very little policy action, which is something that has long been a criticism of the law (e.g. Dickens 1997). Hoque and Noon (2004), for example, discussed how many employers had equality policies that were little more than ‘empty shells’—a formal declaration of commitment to equality and diversity—but few practical policies and initiatives that would help to achieve either equality of treatment or outcome.

With regard to the point made earlier that the emergence of diversity management to some extent reflects backlash against the duties of employers within equality law, an important point to emphasise is that the controversial US-style affirmative action has never been, and is currently not, permissible within British equality law. Thus although in the USA, it is widely accepted that the diversity management concept first took off around the mid-1980s in a context of growing political and popular backlash against affirmative action legislation and policies, there was not the same level of antipathy among employers or the general public for the weaker laws that existed in Britain. However, there was general employer hostility to employment regulation that deepened during the years of Conservative government (1979–1997), which resurfaced under the Conservative-Liberal Democrat coalition government (2010–2015), and continues under the Conservatives (2015–present). For example, the Equality Act was included in the coalition government’s 2011 Red Tape Challenge—a public consultation to help the government identify ‘unnecessary’ regulation with the objective of repealing such. Among other equality campaigning groups, the national network, Equality and Diversity Forum² strongly objected to the positioning of equality legislation as ‘red tape’ and responded to the consultation with concern:

At EDF’s most recent meeting, we discussed the Government’s new Red Tape Challenge website, which canvases views on repealing the 2010 Equality Act. EDF’s members have

¹The equality legislation referred to in this chapter applies to England, Scotland and Wales. There is a separate statutory framework in Northern Ireland.

²The Equality and Diversity Forum (EDF) is a network of national organisations committed to equal opportunities, social justice, good community relations, respect for human rights and an end to discrimination based on age, disability, gender and gender identity, race, religion or belief and sexual orientation. Its members are national non-governmental organisations.

asked me to write to you to express their surprise and their deep concern that serious consideration appears to be being given to repealing the 2010 Equality Act, only a year after it was passed with broad all party support. (Letter to the Prime Minister from Equality and Diversity Forum—<http://www.edf.org.uk/>—dated 03/05/2011)

The Equality Act was not in the end repealed as an outcome of the Red Tape Challenge, but the Conservative-Liberal Democrat coalition government and the Conservative government that followed certainly diluted it in several significant ways compared to its original drafting prior to 2010 under the Labour government. The abandonment of compulsory equal pay audits and equality impact assessments are of particular concern in terms of consequences for using the law to achieve equal outcomes. With regard to equal pay audits, the government introduced instead a voluntary initiative in 2011. The *Think, Act, Report Initiative* (<https://www.gov.uk/think-act-report>) is described as a business-led campaign for equal pay for women to which employers can sign up. The latest available report on the initiative revealed that while more than 200 firms had signed up, only four had published their gender pay gap and only two of those included details for different pay grades (which was the aim of the campaign) (GEO 2013). This evidence does nothing to reassure equality advocates that employers see a business case for gender *equality* even if they employ plenty of women, and it seems to confirm the critical view expressed by many that voluntary action is an inadequate basis for the pursuit of equality (e.g. Dickens 2007). The abandonment of equality impact assessments is also a lost opportunity to force employers to evaluate how various organisational changes might affect different groups in different ways that could result in creating new inequalities or reinforcing old ones.

Interestingly though, while affirmative action policies have lost ground in the USA, positive action in the UK has been slightly strengthened by the Equality Act 2010. Many commentators originally heralded the Public Sector Equality Duty (PSED) as a major improvement in British equality legislation. The PSED meant the law would go beyond giving individuals rights not to be discriminated against, to giving some responsibilities to public-sector organisations for promoting equality. It has three key elements: (1) eliminating discrimination, harassment, victimisation and any other conduct prohibited by the Act; (2) advancing equality of opportunity between persons who share a relevant characteristic and persons who do not share it; and (3) fostering good relations between persons who share a relevant characteristic and persons who do not share it (Hepple 2010: 18). The implementation gap that now marks the PSED is that the key instrument for proactively identifying inequalities (equality impact assessments) no longer exists as a requirement of the Act. However, one important provision remains. Under certain specific conditions, the PSED allows priority (e.g. in hiring situations) to be given to people with a protected characteristic if they (a) are at a disadvantage, (b) have particular needs or (c) are under-represented in an activity or type of work. This can be categorised as an example of *strong* positive action, while not amounting to the more controversial affirmative action (Kirton and Greene 2016).

As the Equality Act and PSED are relatively new, it is difficult to assess their impact on the content of organisational diversity management policies or ultimately

on equality and diversity outcomes in workplaces. While this most recent iteration of equality law is something of a departure from the liberal traditions of British equality law, the removal of key provisions discussed dilutes the potential transformative effects. Thus, it does not take a cynic to argue that current British equality legislation poses no serious challenge to the voluntaristic principle of diversity management even though the need to comply with the duty to protect against discrimination inevitably has some influence on policies.

4 Equality and Diversity Stakeholders

When looking at diversity management from a CSR perspective, it is particularly apposite to consider the standpoints of multiple internal organisational stakeholders—do they draw on social justice and ethical arguments for equality and diversity, or do they rely on the business case? In this section, we briefly discuss the perspectives of three internal stakeholder groups whose remit involves some kind of diversity management work.

4.1 *Diversity Champions and Specialists*

Diversity champion and specialist are two roles, which contain some specific diversity management work developing, advising on and promoting organisational policies and initiatives. The diversity champion role is usually a voluntary one taken by middle or senior managers in addition to their normal work. Diversity specialists³ are people whose job is largely dedicated to diversity work, and typically, they will work in the HR or (less frequently) CSR department of large public- and private-sector organisations.

Diversity champions usually sit on any kind of diversity board or forum that exists, but beyond that, the role is usually rather fuzzy: they are there to promote the benefits of diversity in their area of the organisation and beyond. People who act as organisational diversity champions often volunteer for the role out of a general desire to contribute to organisational life beyond immediate operational goals and out of a strong sense of citizenship. In our research (Greene and Kirton 2009), they were often involved in community or charitable groups in their spare time. We also found that diversity champions sometimes had some kind of personal diversity experience outside of the workplace, for example, a disabled child in the family, a gay sibling or eldercare responsibilities. Such experiences had sensitised some to diversity issues and to the vulnerabilities that some people face. As managers, the

³Other possible job titles include diversity manager, diversity officer or diversity adviser; sometimes the job title includes equality.

champions had a keen sense of fairness, but there was a reluctance to acknowledge the existence of organisational inequalities, and their primary concerns were in tune with the business case for diversity.

Diversity specialists take the main responsibility for organisational diversity work. Looking back to the era of equal opportunities policies, it is argued that the characteristics of people who did equality work in mainstream organisations were rather different to those we see doing diversity work today (Kirton and Greene 2009). At that time, specialist equality officers typically came from leftist community/political activist backgrounds and were often women and/or black and minority ethnic (BME) people involved in feminist or anti-racist groups campaigning for social justice (see Jewson and Mason 1986; Cockburn 1991; Jones et al. 2000). While research (e.g. Kirton and Greene 2009) on the new generation of diversity specialists has found that they are still most typically women or if not, BME men, their career biographies are often very different from the former equality officers. From our study (Greene and Kirton 2009), we found that only a small minority of diversity specialists had a history of equality activism in the wider community/environment. They were more likely to have a generic human resources or business background, and often they stepped into their diversity role internally after having spent significant periods in various functions of the organisation. While they all had responsibility for employment matters, many utilised their business experience to work on diversity in relation to service delivery and wider outreach work beyond the organisation.

We concluded that most of the diversity practitioners in the study seemed to think like business managers attempting to deliver value added, or like CSR managers concerned with corporate reputation, rather than like equality activists/campaigners concerned with social justice and employee rights. This of course does not mean that social justice did not figure in their thinking at all, but we did detect a low level of politicisation of inequalities, a strong belief in shared management and employee interests, together with faith that the business case for diversity could create an inclusive workplace culture. We argue that consequently there does now seem to be less of a place in diversity work for people whose *primary* aim is to pursue a progressive social justice agenda (Kirton and Greene 2009). Thus, the shift to the concept of diversity has influenced how practitioners understand and carry out the work associated with it. However, the break with the past is not complete, and there are still indications that UK diversity practitioners continue to do at least some diversity work beyond the business case or perhaps within an expanded vision of the business case. This could include business ethics and CSR, which would resonate with at least some of the foci of equal opportunities such as attempting to achieve inclusion of historically disadvantaged groups (Greene and Kirton 2009; Liff and Dickens 2000).

4.2 *Line Managers*

Within diversity management theory, line managers have a critical role to play in policy implementation, as they are the ones who will enable organisations to seize the benefits of diversity (Kandola and Fullerton 1994). Line managers are also the ones who have the greatest influence on the equality and diversity workplace climate, which people experience on an everyday basis. Therefore, if managers do not buy into the aims and principles of the diversity policy, effective implementation cannot be achieved (Greene and Kirton 2009).

In practice, however, line management involvement seems to prove more challenging, partly because of the complex legal context, which managers often regard as a minefield. Recent evidence was that over half (57%) of managers would consult other managers elsewhere before taking any action over an equality or diversity issue for fear of doing something illegal (van Wanrooy et al. 2013: 52). Another study identified the analytical muddle faced by managers: for some, taking responsibility for diversity management meant taking account of the needs and preferences of all individuals; for others it meant recognising and accommodating social group-based differences; and for still others it meant ignoring differences and treating everyone the same (Foster and Harris 2005). Similarly, in our research we identified a lack of understanding about what a diversity management policy means for managerial practice, and therefore many managers were failing to engage with the policy until and unless an issue cropped up (e.g. a complaint of discrimination or unfair treatment) (Greene and Kirton 2009). Some research has argued that line managers find it difficult to see what the specific and measurable benefits of diversity would be within their areas. They are therefore unwilling to invest the time in thinking about it or they might be unwilling to take the risk of getting more diversity in their workgroups in case it should prove disruptive especially in the short term (Kirton 2008; Noon 2007). Schneider and Northcraft (1999) called this the ‘dilemma of managerial participation’ in diversity management. They found that line managers were reluctant to engage with diversity management because the costs and disadvantages of doing so appear certain and immediate, while the benefits appear to take a long time to develop. Thus, while in theory line managers are internal diversity stakeholders in practice, most organisations do not seem to have disseminated arguments that are persuasive enough to get them on board with a proactive diversity agenda.

4.3 *Trade Unions*

Unions have a long tradition of fighting for social justice and fair treatment of workers, and unionised workplaces, often nowadays in the public sector, usually have more progressive equality and diversity policies and better working conditions (Dickens et al. 1988; Colling and Dickens 2001; Kersley et al. 2006; Greene and

Kirton (2009). However, unions are usually absent in the rhetoric of diversity management, and the organisations which advocates of the concept of diversity hold up as exemplars are usually non-union (Kandola and Fullerton 1994). Diversity management is essentially a unitarist management approach, which typically emphasises organisational vision, top management commitment and downward communication of diversity objectives. This stands in contrast to the pluralist equal opportunities paradigm and ideal model of equal opportunities practice advocated by some academics, in which trade unions are seen as a vital piece of the jigsaw making up the workplace equality project (Dickens 1997).

Our study of union responses to diversity management found that trade union equality officers were suspicious of the business-driven motives of the paradigm. Their concern was that the new policy paradigm might prove harmful to tackling discrimination and inequalities because of the way that employee rights are less prominent and the emphasis is instead on employees as organisational resources. However, interestingly some believed that it was possible to talk the language of the business case for diversity with organisations, while continuing to push 'old' equality issues. For example, some unions were arguing that the existence of discrimination and harassment is bad for business because it damages corporate reputation and deters the most talented workers (Kirton and Greene 2006). In this sense, the union officers were pushing for an expanded concept of the business case to include CSR and ethical matters, recognising the false dilemma implied by the juxtaposition of the social justice case and the business case (Liff and Dickens 2000). However, in our research involving many unionised organisations, we did find evidence of union exclusion or marginalisation from the diversity management conversation (Greene and Kirton 2009). This is obviously a concern if unionised organisations want their diversity efforts to be taken seriously within the CSR space.

5 Conclusion

Despite originally arriving from the USA, it is important to acknowledge that as a policy approach, diversity has rather different antecedents in the UK, which have since influenced its trajectory and substance in practice. Nevertheless, like in the USA, UK-based organisations often use celebratory rhetoric and metaphors in their diversity statements, making the policies sound far more positive than equal opportunities policies where the emphasis was on preventing discrimination. This positivity at least in part explains the continuing prevalence of the diversity concept: it fits with corporate image-building strategies.

There are some signs that (in large global organisations at least) diversity management is being repositioned within the CSR space, and future research could usefully evaluate the uncertain outcomes of this development. One issue to consider would be whether the CSR space might offer more scope for (re)inclusion of multiple internal stakeholders whose involvement we discussed here. However,

the field of human resource management has long had a commitment to non-discrimination and compliance with equality law, so whether abstract ethical arguments will prove positive for the equality and diversity agenda remains to be seen. Kaler (2001: 60) comments that ‘under certain pressing conditions, there will always be much to lose from being ethical and much to gain from being unethical’; therefore conceptualising diversity as a CSR issue could be a real test of organisational commitment.

References

- ACAS (2014) Delivering equality and diversity. ACAS, London
- CIPD (2012) Diversity and inclusion: Fringe or fundamental? Chartered Institute of Personnel and Development, London
- Cockburn C (1989) Equal opportunities: the short and the long agenda. *Ind Relat J* 20(3):213–225
- Cockburn C (1991) *In the way of women*. Macmillan, Basingstoke
- Colling T, Dickens L (2001) Gender equality and trade unions: A new basis for mobilisation? In: Noon M, Ogbonna E (eds) *Equality, diversity and disadvantage in employment*. Palgrave, Basingstoke
- Cornelius N, Gooch L et al (2000) Managers leading diversity for business excellence. *J Gen Manag* 25(3):67–78
- Dickens L (1997) Gender, race and employment equality in Britain: inadequate strategies and the role of industrial relations actors. *Ind Relat J* 28(4):282–289
- Dickens L (2007) The road is long: thirty years of equality legislation in Britain. *Br J Ind Relat* 45(3):463–494
- Dickens L, Townley B et al (1988) *Tackling sex discrimination through collective bargaining*. Equal Opportunities Commission, Manchester
- Foster C, Harris L (2005) Easy to say difficult to do: diversity management in retail. *Hum Resour Manag J* 15(3):4–17
- GEO (2013) *Think, act, report*. Government Equalities Office, London
- Greene AM, Kirton G (2009) Diversity management in the UK. *Organizational and stakeholder experiences*. Routledge, London
- Hepple B (2010) The new single equality act in Britain. *Equal Rights Rev* 5:11–24
- Hoque K, Noon M (2004) Equal opportunities policy and practice in Britain: evaluating the ‘empty shell’ hypothesis’. *Work Employ Soc* 18(3):481–506
- Jewson N, Mason D (1986) The theory and practice of equal opportunities policies: liberal and radical approaches. *Soc Rev* 34(2):307–334
- Jones D, Pringle J et al (2000) ‘Managing diversity’ meets Aotearoa/New Zealand. *Pers Rev* 29(3):364–380
- Kaler J (2001) Diversity, equality, morality. In: Noon M, Ogbonna E (eds) *Diversity, equality and disadvantage in employment*. Palgrave, Basingstoke
- Kandola R, Fullerton J (1994) (2nd edn 1998). *Managing the mosaic: diversity in action*. London: Institute of Personnel and Development.
- Kersley B, Alpin C et al (2006) *Inside the workplace: findings from the 2004 workplace employment relations survey*. Routledge, Abingdon
- Kirton G (2008) Managing multi-culturally in organizations in a diverse society. In: Clegg S, Cooper C (eds) *The Sage handbook of organizational behavior*. Sage, London, pp 309–322
- Kirton G, Greene AM (2006) The discourse of diversity in unionised contexts. *Pers Rev* 35(4):431–448
- Kirton G, Greene AM (2009) The costs and opportunities of doing diversity work in mainstream organisations. *Hum Resour Manag J* 19(2):159–175

- Kirton G, Greene AM (2016) *The dynamics of managing diversity*. Routledge, London
- Liff S (1997) Two routes to managing diversity: individual differences or social group characteristics. *Employee Relat* 19(1):11–26
- Liff S, Dickens L (2000) Ethics and equality: reconciling false dilemmas. In: Winstanley E, Woodall J (eds) *Ethical issues in contemporary human resource management*. Basingstoke, Macmillan, pp 85–101
- Maxwell G, Blair S et al (2001) Edging towards managing diversity in practice. *Employee Relat* 23(5):468–482
- Noon M (2007) The fatal flaws of diversity and the business case for ethnic minorities. *Work Employ Soc* 21(4):773–785
- Point S, Singh V (2003) Defining and dimensionalising diversity: evidence from corporate websites across Europe. *Eur Manag J* 21(6):750–761
- Schneider S (2001) Diversity now the ultimate test of management capacity. *Equal Oppor Rev* 96:11–17
- Schneider S, Northcraft G (1999) Three social dilemmas of workforce diversity in organizations: a social identity perspective. *Hum Relat* 52(11):1445–1467
- SHRM (2009) *Global diversity and inclusion*. Society for Human Resource Management, Alexandria
- van Wanrooy B, Bewley H et al (2013) *The 2011 workplace employment relations study: first findings*. Department for Business, Innovation and Skills, London
- Webb J (1997) The politics of equal opportunity. *Gend Work Organ* 4(3):159–169

Corporate Social Responsibility and Diversity Management: A Win-Win Situation? Comments from the Case of Germany

Florian Krause

Abstract Although diversity management and corporate social responsibility share some similarities, their similarities and differences have rarely been discussed. The chapter provides a systematic comparison between diversity management and corporate social responsibility as managerial concepts. It outlines their respective origins as well as societal drivers. Deriving from mostly German companies, general ways of implementation and common instruments are described. Furthermore, difficulties of measuring the benefits of CSR and diversity management are discussed. The chapter concludes with thoughts on the relation between corporate social responsibility and diversity management focusing on possible areas of conflict and synergies.

1 Introduction

Diversity management (DM) and corporate social responsibility (CSR) have emerged as important managerial concepts over the last 30 years. Although the concepts share some similarities, these similarities and differences have rarely been discussed (Stuber 2009b; Hanappi-Egger 2012). Hence, there is room for discussion of questions such as: Is DM part of CSR? Can CSR be a part of DM? Are the two concepts separate or connected? Can using both concepts in an organisation create a win-win situation? This chapter begins with a systematic comparison between CSR and DM. This part includes an examination of origins, social drivers, aims, instruments as well as the implementation and performance measurement of both concepts. Next, I discuss the relationship between the concepts and possible areas of synergy and conflict. The chapter closes with thoughts on frameworks for creating a

F. Krause (✉)

Institute for Work and Employment Studies, University of Hanover, Hannover, Germany
e-mail: Florian.Krause@wa.uni-hannover.de

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,
DOI 10.1007/978-3-319-43564-0_4

75

win-win situation which combines ideas from both CSR and DM. This chapter reflects throughout on the case of Germany and an understanding of CSR and DM in the German setting.

2 Systematic Comparison Between DM and CSR

This section provides a comparison between the ideas within CSR and DM, with a particular focus on the similarities and differences. Some of the clearest similarities relate to the voluntarist and open nature of both CSR and DM, which can both be interpreted and adapted differently within different organisational settings. However, there are also differences between the concepts, particularly in relation to their drivers and the rationale behind using the strategies. Table 1 highlights some of the key similarities and differences.

Social drivers and legitimation differ between the concepts; however, there are similarities as well. Hence, it is important to look at the historical development and characteristics of each concept to understand these links. This will be discussed in the following sections.

2.1 Origins of DM and CSR

The origins of DM can be traced back to the civil protests by the US citizen movement in the 1950s and 1960s. Following these protests, the USA implemented many anti-discrimination acts. These laws defined bottom line standards, but rarely led improved equality between different groups within organisations. Starting in 1981, President Ronald Reagan weakened the laws that were supposed to enforce equality, which led to protests from the equal employment opportunity movement (Vedder 2006). During the mid-1980s, pioneers of DM (including Elsie Cross, Taylor Cox Jr., Susan Jackson, Roosevelt Thomas Jr., Judy Rosener and Marilyn Loden) developed a concept that was supposed to convince employers of the

Table 1 Commonalities and differences between DM and CSR

	Diversity management	Corporate social responsibility
Organisation	Open system	Open system
Obligations	Voluntary	Voluntary
Social drivers	Demographic change, change in values, internationalisation, pressure for innovation, legal obligations	Stakeholder requirements, (ecological) sustainability, justice, fairness
Legitimation	Business case, systematic anti-discrimination	Societal, economic and ecological responsibility

Author's table, inspired by Hanappi-Egger (2012, p. 184)

benefits of the constructive use of personnel diversity in organisations for moral, legal and especially economic reasons. It focused on tolerance, respect and the responsibilities of leadership, as well as competitive advantages. Proponents also warned about possible negative effects of prejudices, discrimination, unaddressed conflicts and unexploited market opportunities (Thomas 2001). The DM movement was strongly promoted by the 1987 US labour market publication *Workforce 2000* (Johnston and Packer 1987), which predicted a considerable decline in the proportion of white men in the labour market by the twenty-first century. In addition, the high potential of minority groups was predicted to gain in importance. As a result, organisations needing skilled workers with a strong focus on recruiting started to consider the specific needs of their diverse workforce by adopting DM. The concepts and ideas behind DM spread from the USA, and multinational companies (e.g. Ford, IBM, Hewlett-Packard, etc.) took the concept to Germany, where it was adopted by large employers (e.g. Daimler-Benz, Lufthansa, Deutsche Bank) (Vedder 2006).

The first ideas in CSR can be traced back to the 1950s (Carroll 1999). However, topics now discussed under the label of CSR were not labelled as such at the time, and CSR was just one of many terms discussed in books like *The Social Responsibility of the Businessman* (Bowen 1953). In the German-speaking part of Europe, there were also many concepts like “social responsibility” (soziale Verantwortung), “honourable businessman” (Ehrbarer Kaufmann) or “sustainability” (Nachhaltigkeit). Today, these concepts are often subsumed under the label of CSR, but it can be argued that they represent different and distinct approaches. During the 1990s, CSR became the dominant label, mostly thanks to influential work by Carroll (1991), whose CSR pyramid is widely quoted in CSR literature. Despite its strong presence in literature and business, CSR remains an umbrella term covering a wide range of understanding and approaches. Its interpretation is highly dependent on cultural context, national systems of industrial relations and the specifics of individual organisations (Höllerer 2013). In Germany, the definition provided by the European Commission is broadly accepted: “[C]ompanies integrate social and environmental concerns in[to] their business operations and in their interaction with their stakeholders on a voluntary basis” (EU-Kommission 2001). In 2011, the European Union redefined CSR as “refer[ing] to companies taking responsibility for their impact on society” (EU-Kommission 2011). For the purpose of this chapter, CSR will be understood as voluntary actions by companies which go beyond their legal requirements and traditional societal expectations.

In Germany, the broader discussion about social and environmental responsibilities beyond legal requirements under the label CSR took off with the European Commission’s green paper in 2001. Large multinationals were also motivated by foreign investment funds, who demanded explicit CSR strategies (Feuchte 2009; EU-Kommission 2011). In Germany, communicating social responsibility is quite uncommon, since a company’s compliance with societal expectations is supposed to be ensured by societal institutions. This way of thinking might explain the comparably late start of the CSR discussion in Germany. Broad activities beyond societal expectations are rare compared to in the USA, which can also be explained

by the economy's corporatist structure, comparably strong social security systems, strong regulations on labour and environmental standards and a strong belief in the state as the principal problem solver. In addition, German trade unions and work councils, who are powerful actors within the German system of industrial relations, remain sceptical towards CSR. They see CSR, with its voluntary focus, as a potential threat to the increase in binding rules for labour standards and co-determination (Haunschild and Krause 2014). Implicitly, CSR promotes a narrow, if not individual, view of responsibility. This thought is still alien in a system where companies' fields of activities are traditionally determined by society (e.g. the dual education system) (Haunschild and Krause 2014). Matten and Moon (2008) differentiate between implicit and explicit CSR to use the concept in different systems of industrial relations. Following their terminology, CSR as an explicit element of managerial strategy is not very common in Germany. Nevertheless, practices which are not explicitly labelled as CSR but would count as CSR activity can be found. However, these activities (like education) are not completely voluntary but defined by the role companies play within the German society.

2.2 Societal Drivers for DM and CSR

The spread of DM throughout organisations is mainly driven by global economic trends. One of these trends is the internationalisation of businesses, leading to more interaction between people from different countries (Vedder 2011). Language skills, cultural competences and knowledge of similarities and differences are all enforced by DM and positioned as a competitive advantage. Increasingly globalised markets have increased the pressure to innovate and continuously adapt to changing global demands. It is argued that diverse groups with different knowledge and different ways of thinking can facilitate innovation (e.g. Van der Vegt and Janssen 2003). In addition, mergers, takeovers and cooperation and strategic alliances are part of professional life for many employers (Stuber 2009a). In these cases, which entail a meeting of different organisational cultures, solid preparation is a key driver in strong cooperation. DM can be helpful to appreciate different strengths, prevent conflicts and create an environment for respect and acceptance.

In Germany, demographic change is a major driver in the promotion of DM (Vedder 2011). When employers see their traditional recruiting pools shrink, they start working on how to employ older employees longer and how to complete their workforce outside of their traditional recruiting schemes (Schulz 2009). At the same time, a shift in shared values surrounding work-life balance has led to changed goals for many employees. Stuber (2009a, b) highlights Generation Y's demands for more flexible working hours, individual career paths and interesting work content within a modern organisational culture. Last but not least, German law is a driver of DM within organisations. In 2006, the Anti-Discrimination Act (Allgemeines Gleichbehandlungsgesetz) was implemented, focusing on individual

flourishing with the respect of other individuals and preventing discrimination against specific groups (Krell and Sieben 2011).

One major driver identified for CSR is modern customers' increased attention to social and environmental sustainability beyond that required by law (Haunschild and Krause 2014). In addition, the gap between governmental and supranational regulation is seen as a reason to focus on corporate social (and environmental) responsibility. In the CSR literature, it is argued that companies can fill these gaps using voluntary commitments (soft laws) (Beschorner and Vorbohle 2008).

Questions of company responsibility usually arise when a company extends beyond its societally expected field of action. Different national systems of industrial relations deal with these situations differently. In Germany, for example, the focus of the public discussion is on the framework that enabled (or promoted) the actions in question. Often, regulatory gaps or failing institutions are identified as the cause of the problem. Conversely, the discussion in the USA usually focuses on the individual failure of a company or individuals within the company. In addition, the role of the state as a legitimate builder and enforcer of frameworks is not as strong in the USA as it is in Germany. Thus, CSR as an explicit concept has become more popular in Germany. Besides its promotion via the European Commission, arguments can be found within multinational companies. These companies react to demands of international shareholders and investors, which increasingly call for an explicit CSR strategy, mostly shown via sustainability reports or compliance to global CSR standards (Feuchte 2009). In addition, the German government has recently become engaged in CSR and launched a national CSR forum, "CSR—Made in Germany", as well as the "CSR Action plan of the German government" (Bundesregierung 2010).

In the general discussion, stakeholders are perceived as major drivers of CSR. These include workers and their representation, NGOs, locals or local initiatives, customers, etc. These stakeholders can communicate their expectations towards a company in stakeholder dialogues. Through these dialogues, groups can be informed about a company's direction and actions, and potential issues can be discussed at an early stage to avoid protest or media involvement (EU-Kommission 2004).

2.3 Aims of DM and CSR

DM aims to explore and react to specific requirements of heterogeneous employees and customers (Vedder 2011). In the field of human resources, this mainly means differentiating and perhaps individualising human resource policies (e.g. for a foreign trainee). DM focuses on the potential of diverse teams while simultaneously minimising specific risks (Vedder 2011). Explicit use of DM can also be part of better employer branding to react to a shortage of skilled workers. Instead of advertisements showing the social mainstream, individuality and diversity are embraced in target group campaigns (Stuber 2009a).

In addition to the more business case-focused benefits of DM, there are also legal and moral goals, such as avoiding discrimination, securing equal opportunities and ensuring fair and tolerant treatment of employees. Similarities and differences between employees should be recognised, accepted, appreciated and constructively used as a positive contribution towards the organisation's success. DM is not a clearly defined concept with a fixed structure and instruments that can simply be transferred to all organisations. Instead, it is discursively created and adapted locally (Krell and Sieben 2011). However, at least in the German context, the use of the core dimensions of DM (Loden and Rosener 1993) to identify relevant focus groups and address certain needs is a broadly accepted, shared aim. These dimensions include gender, ethnicity, age, physical ability, religion and sexual orientation. Some German organisations also include relevant topics like family/work-life balance and social background (der Gleichstellungsbüro 2013). However, there is huge variety in the goals organisations try to reach in these areas.

In general, CSR is connected with the notion that organisations should contribute towards societal goals like protecting the environment, promoting justice, eliminating social injustice and supporting non-commercial, social events like games or theatre. However, individual organisations can follow multiple goals with CSR. Following Milton Friedman's perspective that "the social responsibility of business is to increase its profits" (1970), CSR, like DM, can be used to create a competitive advantage. Since customers increasingly care about companies with a sustainable or social image, CSR activities can be used as a marketing strategy to keep existing customers or attract new ones. Many critics point out that CSR can be a strategy for whitewashing, greenwashing or bluewashing (Priegnitz 2011), which means that CSR makes it easy for companies to give themselves a less problematic (white), ecological (green) or worker-friendly (blue) image through superficial activities or campaigns.

From this perspective, CSR can help companies maintain their licence to operate. Another use for CSR is risk management. Companies use corporate governance, executed via compliance rules, codes of conduct, codes of ethics, anti-corruption programmes, etc. to try and avoid scandals or litigation. These guidelines or rules of action can protect a company's image and influence a company's internal culture (Beschoner 2005). Similar to DM, CSR can also be used as an instrument for employer branding to attract new workers, since experts and management increasingly care about their employers' social and environmental engagements.

Despite these goals related to the business case, one can also argue that profit maximisation is not a company's ultimate goal but must instead be viewed in relation to other societal demands (e.g. for safety or a clean environment). If a company's image as a member of society becomes a focus, CSR can be interpreted as questioning whether the company is a good employer or a good social actor within its societal context. Here, CSR aims to acquire externally verified compliance with societal expectations or certain standards (e.g. from trade unions or NGOs). Reflections about (societally) meaningful products, appropriateness and harmlessness of marketing or compliance with standards through a company's own

purchasing practices also presuppose aims that go beyond maximising profits. Corporate standards of ethics and decent work can also be seen as a substitute for legal requirements in an environment where the state does not provide sufficient regulation or is unable to enforce it. For individual organisations, they can also have an ordering and clearing character for change processes.

2.4 *Implementing DM and CSR*

DM aims to reconsider and change established organisational culture, which means that management support is crucial (Krell and Sieben 2011). In addition, the implementation should be seen as a long-term process rather than a temporary project, since cultural shifts require profound changes to routines and perspectives that affect individual behaviour, group norms and management practices. An organisation that aims to adopt DM needs patience, because (depending on the emphasis) structural and power structural changes will also be involved. The concept will be implemented in either a *top-down* (initiated by the management) or *bottom-up* (initiated by employees) fashion. Ideally, both directions can be combined in an efficient implementation process where management and employees work together from the start (Stuber 2009a). The communication of DM in the sense of “Act well and make it known (or at least make other people talk about it)” is viewed as important from an early stage (Vedder 2011). In the case of Germany, it is evident that many organisations dealing with DM signed up for the “Charta der Vielfalt” (charter of plurality) to publicly document their commitment to “diversity as an opportunity” and an open-minded working environment (der Gleichstellungsbüro 2013).

After analysing their current status with regard to the core dimensions of age, physical abilities, ethnicity, gender, religion and sexual orientation, organisations define diversity goals for each case. The goals should be related to the organisation’s core business. Next, additional steps and strategies are developed to change the current status towards the set goal (Stuber 2009a). In executing these steps, questions like who is in charge and on what basis should DM be executed will arise. While informal DM working groups or DM officers are common in the early stages, reasonable controlling needs professional organisation with clear responsibilities and budget.

CSR is implemented in various ways. The precise implementation is highly dependent on the local interpretation of the concept and the goals an organisation connects with. CSR can be implemented as a cross-sectional task, as an additional task for an existing section (marketing, risk, strategy, management) or as a whole new CSR section. Like DM, a CSR strategy is not a temporary project but can be used for profound changes in an organisation. Its implementation can also take place as a strategic *top-down* management decision or as a *bottom-up* strategy. The latter usually includes a survey of how an organisation should take responsibility. A dialogue with relevant stakeholders is also fundamental, in order to gather data that

fits both the organisation and the demands of these stakeholders. CSR activities often take place in cooperation with NGOs. The sample of partner NGOs differs depending on the organisation's strategic interests. Some NGOs have certain criteria for cooperation; others accept financial support from the organisation as basis of cooperation. In Germany, cooperation with local clubs and initiatives, foundations (Hermans and Lemän 2010), trade unions or global NGOs is most common. Global standards for corporate responsibility like the OECD Guidelines for Multinational Companies (2011), the Global Compact of the United Nations, the Global Reporting Initiative (GRI) or the ISO 26000 are important standards, especially for multinationals. Organisations often get certification for these or require certification from their suppliers. In general, certification is a good way to publicly prove compliance. However, some organisations as well as the public do not realise that some of those standards were not intended to be certified (e.g. ISO 26000) or only have a formal report as their criterion (Global Compact) (Priegnitz 2011).

2.5 *CSR and DM Instruments*

Turning the focus to specific organisational strategies, there are a wide range of strategies for both DM and CSR. DM usually falls in line with existing activities on an instrumental level (e.g. flexible working times or mentoring programmes). When employers explicitly start DM, many of them are already active in core diversity dimensions. Depending on the aims locally connected with DM, initiatives can take multiple forms. Some of the identified strategies are:

- Use of skills in foreign languages, acceptance of foreign educational achievements and support for cultural events and intercultural workshops
- Promotion of equal pay, avoiding discrimination in recruiting, directly addressing underrepresented groups and raising awareness of biased roles
- Analysis of age structure, mixed-aged teams, age-based corporate health promotion programmes, age-based further education and specific succession planning
- Technical assistance in the workplace, workplace assistance for severely disabled employees and funding further education
- Equal treatment of marriage and civil partnerships, creating an open environment in the workplace, LGBT employee networks and supporting public visibility
- Specific rooms for prayers, work exemptions on important religious festivals and supply of specific food (der Gleichstellungsbüro 2013).

Diversity training for employees and especially management are usually central instruments (Giselmann and Krell 2011). This training can be sensitising (awareness training) or educate in certain areas (skill-building training). General diversity architecture is created by incorporating diversity into the organisational culture,

communicating and evaluating diversity activities and establishing specific help desks or a diversity department (Süß and Kleiner 2006). Although small- and medium-sized enterprises often lack a general superstructure, committed individual protagonists still manage to run solid diversity activities.

A broad range of different strength instruments can also be used for CSR. Existing company activities can be strategically reframed using CSR, or running programmes can be developed using the companies' interpretation of corporate responsibility. Projects that reduce waste, save production resources or increase energy efficiency can be labelled as CSR activities. Codes for compliance or rules for socially and environmentally responsible execution can be implemented within the company. In Germany, corporate giving is a commonly used instrument. Corporate giving generally involves the (financial) support of charitable institutions, events or projects. Sometimes, employees will receive a budget to spend on charities which support their own interests. If an employer allows their employees to spend defined working time volunteering, this falls under the label of corporate volunteering. Another common feature is cooperation with external organisations as part of a CSR strategy. This can involve short-, mid- and long-term projects. A different approach is to verify a company's compliance towards certain standards through external partners. Labels that represent fair trade or organic production would fit into this category. Different standards and criteria can be developed for different partners, as well as different levels of control to gain such labels. Since these labels often play an important role in corporate communication, the credibility of the partner is important. A lack of trust in the label or the organisation behind it would weaken the credibility of the company's strategy. Compliance with global standards like the Global Compact or the Global Reporting Initiative operates in parallel to these kinds of labels. Other standards like the ISO 26000 were explicitly not meant to be used for certification, although certification is offered on the market and also demanded in the supply chain. CSR standards usually contain a broad range of instruments. ISO 26000, for example, contains seven core subjects for a CSR strategy: organisational governance, human rights, labour practices, the environment, fair operating practices, consumer issues and community involvement and development. Each of these subjects is divided into issues with goals of various levels of abstraction.

2.6 How Is Success Measured?

Like most management concepts and ideas, the benefits of CSR or DM are hard to evaluate in absolute numbers. A causal analysis of the connection between DM activities and economic success parameters is not easy. Questions such as "Did the company earn more money because of its diversity activities, or was it due to the good economic environment, the new supply structure, last year's staff reduction...?" are often raised, but difficult to answer. However, it makes sense to collect data on possible diversity success factors, such as fluctuation, better

employer branding, more diversity in managerial positions, higher employee satisfaction, fewer sick days, winning diversity awards, fewer customer complaints, more applicants, etc. (Stuber 2009a). These potential areas of success are regularly compared to the often much more accountable costs of DM: costs for publications, salaries, trainers, consultancy, implementation and execution costs of DM activities, time for diversity meetings and voluntarily spent time.

Sometimes the costs and benefits can be compared quite easily. For example, if a car manufacturer runs a campaign in a particular language, they can count how many customers took up this offer. In other cases, it seems impossible to even approximate the positive effect of DM. For example, how can one measure whether a heterogeneous team working on a specific project is more creative than a homogenous team? Against this background, the business case for DM is often a matter of belief. If a CEO believes in the positive effects of DM, she will find parameters to show its success. In other cases, diversity activities will be reduced.

Measuring the success of CSR presumes a clear idea of what would count as a CSR success. If we talk about a limited CSR project, like building a school in a structurally weak area or supporting a charity event, this seems quite easy. But if a project's sustainability is also supposed to be part of the evaluation, measurement is harder. For example, becoming certified for compliance with a certain CSR standard can be seen as a success (Haunschild and Krause 2014), but this success would be even greater if trading partners, customers or other stakeholders reacted to the certification. If the aim was better employer branding or a more attractive workplace, the usual indicators (decrease in employee fluctuation, fewer sick days) can be observed (Beile et al. 2006). A causal analysis of whether these effects were due to CSR activities seems impossible. However, it is quite easy to identify CSR failure, e.g. violations of compliance rules, professional standards or even the law. If these problematic cases go public, maybe through an NGO, and customers or business partners react negatively, the CSR failure can lead to a reduced turnover or a negative change in business relations. Conversely, increased turnover is hard to trace back to CSR activities. As with DM, whether an explicit CSR strategy makes sense for a company is a matter of belief and requires weighing opportunities, costs and risks. A CSR strategy can be smeared as mere greenwashing activity if a certain standard or cooperation partner loses its reputation. On the other hand, even if a well-intentioned activity has no economic benefit, the question of whether it was a *wrong* decision goes beyond economic considerations.

2.7 Company DM and CSR Communication

Information about DM and CSR is mainly published on companies' homepages, in corporate reports and other related publications. In these formats, companies present their work and focus on diversity dimensions, specific programmes and activities and their successes. Commerzbank, for example, extensively reports its activities on women in management, introduces employer networks and emphasises

the importance of communicating diversity and their substantial engagement in diversity since the 1980s (Commerzbank 2011). Ford reports on all six core dimensions of diversity (in the case of Germany: ethnicity, gender, age, physical ability, sexual orientation and religion), focuses on work-life balance issues and reports the amount of hours employees can take off for charity work under the aegis of corporate citizenship (Ford 2008).

To communicate CSR activities, companies usually publish CSR reports or sustainability reports. The structure of those reports usually comes from international reporting standards and includes different areas of sustainability. The Global Reporting Initiative informs the categories of economic, ecological and social responsibility. The latter is divided into labour practices and decent work, human rights, society and product responsibility. Depending on their own focus and chosen standard, a company's CSR report describes activities in some or all of these categories. The reporting ranges from communicating policy principles and corporate values to fulfilling legal requirements and evaluating of target achievement. In 2012, 22 of the 30 DAX companies wrote a CSR report, while the others all communicated about sustainability on their homepages. Nine companies had their reports verified by third parties (Black Point 2012). It is difficult to say how many companies "do" CSR. Depending on the indicator, the range goes from 4.8% to 94.8% for German small- and medium-sized companies (Hoffmann and Maaß 2009). This is due to the comparably high legal standards in Germany and the less frequent use of explicit CSR.

Synergy Consult publishes an annual study on DM in Germany, focusing on the DAX 30 companies. Each study has a different focus (e.g. corporate culture). In 2012, one main finding was that the core dimensions of gender, culture and age are ascribed much higher importance than the other diversity dimensions (Köppel 2012). Twenty-five of the DAX 30 companies were able to name a central contact person for DM; 23 had publically signed the "Charta der Vielfalt". Seventeen organisations could refer to their own DM strategy; ten measured their diversity success via key performance indicators, and nine used employee surveys. In one chapter, Petra Klöppel focuses on the connection between DM and corporate responsibility:

In our survey, none of the diversity departments connected the two management concepts of CR and diversity (on this or another point). CR does not seem to be an inherent aim for most people in charge of diversity. CR reports, on the other hand, widely refer to diversity. One could hypothesise that companies write these reports because of negotiated agreements and include diversity factors because of the topical closeness to employee orientation.

Köppel (2012, S. 17 (author's translation))

Diversity Search Factor D published a study on sustainable management strategies in March 2012. It contained DM and CSR for the 20 ATX companies (ATX = Austrian Traded Index). More than three quarters of the organisations had a CSR policy at the time, while 38 % had a diversity policy. 44 % defined DM as equally important as CSR, with partly overlapping and partly separate strategic application. 25 % saw CSR as part of DM and equally 25 % saw DM as a part of CSR. A quarter of the organisations could name a diversity consultant, while 69 % had a CSR agent.

44 % had DM directly tied to top management; 75 % reported this for CSR. Furthermore, performance reviews focused more on CSR activities (62 % of companies) than DM (31 %). Altogether, CSR seems to be more explicitly institutionalised in large Austrian companies than DM (Diversity Sear 2012 and other annual reports).

3 The Relationship Between CSR and DM

Relationships between CSR and DM can be heterogeneous. As discussed, both management concepts have their own history, development, focuses and proponents. Therefore, both approaches can appear unconnected in an organisation or only one of the concepts might be translated into action. In large Austrian and German organisations, both concepts are increasingly used; however, looking at reports [e.g. from Otto Group (2015), Daimler (2015) and Lufthansa (2015)], CSR reports seem to include diversity activities more frequently than the other way round. This is also plausible from a connectional perspective: DM makes more sense as a part of CSR rather than vice versa, since important CSR aims are related to employees (good work, participation, identification with the company, etc.) and many DM activities fit in here. On the other hand, ecological sustainability, product sustainability and consumer protection, which are important parts of CSR, are not really DM activities. From a theoretical point of view, it does not seem possible to fully subsume CSR into DM (Hanappi-Egger 2012, p. 185). In a practical context, this could mean that DM officers would be confronted with more possible losses in organisations dealing with both concepts than CSR protagonists would (incorporation into CSR, loss of independence, subordination).

3.1 *Synergies and Conflicts Between CSR and DM*

In this section, I will briefly examine potential synergies and areas of conflict between CSR and DM from a German perspective. The following synergies mostly occur on the ideological level:

- The social responsibility and success of a company is communicated as an important driver for both concepts, at least in Germany.
- Promoting fairness and equal opportunities plays a role in both CSR and DM. At least on a communicative level, management directed by values and norms is broadly seen as supportive of achieving these aims and contributing to a successful business.
- Both concepts emphasise the importance of resource-oriented and sustainable treatment of employees: The discourse around DM in Germany is strongly shaped by the idea of treating employees fairly, which is also a central claim

of CSR. At the same time, the fair treatment of workers is seen as a business case, since it is supposed to encourage motivation, among other things. Existing business cases for a homogeneous workforce or the unfair treatment of workers and suppliers do not contradict this perspective, since this would presume that economic reasons generally overpower other moral reasons. Fair treatment would therefore be seen as wrong if it did not lead to economic success, which seems hard to defend (Krause and Haunschild 2012).

- DM and especially CSR care about diversity outside the organisation (customers, suppliers, investors). For external DM, Taylor Cox states: “Just as the workforces of organizations are becoming culturally more diverse, so are their markets” (Cox 1993, S. 28).
- Both concepts emphasise the business case of their activities, which is equivalent to an economic perspective stressing cost-benefit factors. For DM, the business case is especially crucial: “This is not a question of altruism, but rather business necessity” (Thomas 2006, S. 7).
- Ultimately, both concepts are long term in nature, even though CSR activities are occasionally executed in project form. A sustainable corporate policy is seen as preferable to short-term profit maximisation—at least on a communicative level in Germany.
- The internal and external communication of activities (“Act well and make it known”) is particularly important to both approaches. Employer attractiveness is supposed to increase to make recruiting easier in the future.
- For both concepts, substantial implementation makes sense, since the public reception to superficial engagement for image reasons can damage a company’s image.

On the other hand, and depending on how CSR and DM are applied, there can also be conflicts on different levels that hamper cooperation. Potential conflicts mainly occur on a resource and personal level:

- *Financial resources*: Since money for desirable activities is usually limited, there can be competition for the best idea within a single department or working group. If there is also a shared budget for CSR and DM activities, priority conflicts are likely to occur even more frequently.
- *Standards*: Not all CSR or DM proponents share the same (high) standards and principles as their work. Some might advocate systematic engagement with an issue; others might be satisfied with superficial actions that increase marketing success.
- *Effects*: Discussions over whether internal or external effects of CSR or DM are more important can occur, along with differing opinions about the main target groups. This is especially likely due to the close connection between DM and human resource management.
- *Strategy*: There may be different opinions regarding whether individual, unconnected activities are sufficient for DM or CSR activities or a concept with clear reference to the corporate strategy is necessary. If actors have different opinions here, conflicts may arise.

Table 2 Important aims of DM and CSR (author’s figure)

DiM		CSR
Promotion of equal opportunities Simplified recruitment Reaction to change in values & demographic change	Society	Promotion of fairness and justice Attractive employer Commitment to environment, sustainability & social responsibility
Enhanced internationalisation Contribution to economic efficiency Reduction of costs of conflict	Organisation	Cooperations with stakeholders Contribution to economic and environmental efficiency Avoiding reputational risks
Individualisation of personnel policies Creative problem solving Increasing motivation and job satisfaction	Human Resources	Promote decent work Strengthening the identification with the company Participation of employees
Perception of the needs of diverse clients Development of new products for special customer groups Addressing diverse customer groups	Products/ Customers	Increasing customer satisfaction Offer "fair" and sustainable products Product safety and consumer protection

- *Time*: If CSR and DM are seen as long-term change processes of corporate culture, they have to be continuously adjusted. If they are seen as a collection of smaller projects, sporadic engagement might be sufficient.

The intersection between CSR and DM is large, as shown in Table 2:

3.2 How Can a Win-Win Situation Be Created?

As discussed throughout this essay, although there are significant differences between DM and CSR in the German setting, there are possibilities for mutual benefit from both concepts and potential synergies between the often separate management ideas. Therefore, both approaches have the potential to both create a *shared value* between companies and society and also boost each other. When using the concepts jointly, it makes sense to consider DM within a CSR strategy, since many CSR standards (OECD Guidelines for Multinational Companies, GRI, ISO 26000) already contain DM aspects. Still, independent diversity managers can work as agents of change to develop corporate culture, especially through human resource processes. The stronger customer focus of CSR can be complemented with the targeted approach towards new groups of customers and the development of new products for those groups which is typical of DM. However, new CSR

engagements can also supplement existing diversity activities with projects in the fields of the environment, art or social arena. Engaging in social responsibility with environmental projects or product and customer safety activities can revitalise existing diversity strategies. Additionally, other stakeholders beside customers (suppliers, authorities) gain importance. Sponsorship and promotion concepts can also support HR activities in the field of DM. With proponents of both concepts, a credible and holistic presentation of corporate values can help improve employer branding and the company's image.

White spots within CSR or DM would be compensated for using the alternate concept at a corporate level. Still, there is enough room for both approaches to set their own focus. Thus, these ideas do not prevent institutionally independent DM and CSR organisations from deepening their particular agendas. External communications should be strongly matched in any case.

However, central threats to cooperation include diversity of values, personal objectives and different working styles among the protagonists. However, these differences should be manageable in the context of DM.

References

- Beile J, Jahnz S, Wilke P (2006) Nachhaltigkeitsberichte im Vergleich – Auswertung und Analyse von Zielsetzungen, Aufbau, Inhalten und Indikatoren in 25 Nachhaltigkeitsberichten. http://www.boeckler.de/pdf/mbf_csr_beile_2006.pdf. Accessed 27 Oct 2015
- Beschorner T (2005) Corporate social responsibility, corporate citizenship. Corporate governance. Schillernde Begriffe und ihre Deutung. In: Ökologisches Wirtschaften, Issue 3/2005, pp 40–42
- Beschorner T, Vorbohle K (2008) Neue Spielregeln für eine (verantwortliche) Unternehmensführung. In: Schmidt M, Beschorner T (eds) Corporate social responsibility and corporate citizenship, 2nd edn. Mering, München, pp 105–114
- Black Point Communications GmbH (2012) Auf den Punkt gebracht: Tue Gutes und schreibe darüber, Studie zu den CSR-Berichten der DAX-Unternehmen. <http://dirk.org/wp-content/uploads/2012/03/a83.pdf>. Accessed 27 Oct 2015.
- Bowen HR (1953) Social responsibilities of the businessman. Harper and Row, New York
- Bundesregierung. (2010). Nationale Strategie zur gesellschaftlichen Verantwortung von Unternehmen (Corporate social responsibility – CSR – Aktionsplan CSR der Bundesregierung, Berlin). http://www.csr-in-deutschland.de/fileadmin/user_upload/Downloads/BMAS/CSR_Konferenz/Aktionsplan_CSR.pdf. Accessed 27 Sept 2013
- Carroll AB (1991) The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Bus Horiz* 34:39–48
- Carroll A (1999) Corporate social responsibility: evolution of a definitional construct. *Bus Soc* 38:268–295
- Commerzbank - Group Human Resources - Diversity Management (2011) Vielfalt leben – Diversity Management in der Commerzbank, Frankfurt
- Cox T (1993) Cultural diversity in organizations: theory, research and practice. Berrett-Koehler, San Francisco
- Daimler (2015) Nachhaltigkeitsbericht 2014. http://nachhaltigkeit.daimler.com/dai_nachhaltigkeit2014/static/export/docs/Daimler%20NB%202014%20DE.pdf. Accessed 27 Sept 2015

- Diversity Search, factor D (2012) Zukunftsfähige Marktstrategien – diversity management (Diversity Management) & corporate social responsibility (CSR) im Spannungsfeld zwischen Ethik und Betriebswirtschaft. www.diversitysearch.at/presse/120321_DiversityManagement_CSR.pdf. Accessed 27 Mar 2015
- EU-Kommission (2001) Europäische Rahmenbedingungen für die soziale Verantwortung der Unternehmen. Grünbuch, Luxemburg. http://eur-lex.europa.eu/LexUriServ/site/de/com/2001/com2001_0366de01.pdf. Accessed 27 Mar 2013
- EU-Kommission (2004) Multi-stakeholder forum on corporate social responsibility -Abschlussbericht, online im Internet. http://circa.europa.eu/irc/empl/csr_eu_multi_stakeholder_forum/info/data/en/CSR%20Forum%20final%20report.pdf. Accessed 09 Sept 2013
- EU-Kommission (2011) Eine neue EU-Strategie (2011-14) für die soziale Verantwortung der Unternehmen (CSR), Brüssel. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:DE:PDF>. Accessed 27 Mar 2013
- Feuchte B (2009) Positionspapier der Hans-Böckler-Stiftung (HBS) zu corporate social responsibility (CSR). http://www.boeckler.de/pdf/mbf_csr_positionspapier_hbs.pdf. Accessed 26 Oct 2015
- Ford (2008) Diversity – Vielfalt als Stärke. Köln
- Friedman M (1970) The social responsibility of business is to increase its profits. *New York Times Magazine*, 13 September 1970
- Gieselmann A, Krell G (2011) Diversity Trainings – Verbesserung der Zusammenarbeit und Führung einer vielfältigen Belegschaft. In: Krell G, Ortlieb R, Sieben B (eds) Chancengleichheit durch Personalpolitik (6 edn). Wiesbaden, pp 199–218
- Gleichstellungsbüro der LUH (2013) Vielfalt und Chancengleichheit – Diversity Management an der Leibniz Universität Hannover, Hannover
- Hanappi-Egger E (2012) Diversitätsmanagement und CSR. In: Schneider A, Schmidpeter R (eds) Corporate social responsibility. Springer, Heidelberg, pp 177–190
- Haunschild A, Krause F (2014) Germany: binding agreements better than voluntary CSR. In: Preuss L, Gold M, Rees C (Hrsg) Corporate social responsibility and trade unions - Perspectives across Europe. Routledge, pp 66–82
- Hermans A, Lemän F (2010) Corporate social responsibility und sponsoring im Fokus. http://www.bbdo-live.com/wp-content/uploads/2011/01/101127_Web_Sponsoring-Trends-2010-Highres.pdf. Accessed 27 Sept 2013
- Hoffmann M, Maaß F (2009) Corporate social responsibility als Erfolgsfaktor einer stakeholderbezogenen Führungsstrategie? Ergebnisse einer empirischen Untersuchung, In Institut für Mittelstandsforschung Bonn (eds) Schriften zur Mittelstandsforschung, 116, Wiesbaden, pp 1–52
- Höllerer M (2013) From taken-for-granted to explicit commitment: the rise of CSR in a corporatist country. *J Manag Stud* 50(4):573–606
- Johnston W, Packer A (1987) *Workforce 2000 – work and workers for the 21st century*. Hudson Institute, Indianapolis, IN
- Köppel P (2012) Diversity management in Deutschland 2012. <http://www.synergyconsult.de/index.php?language=de&category=030100>. Accessed 27 Mar 2013
- Krause F, Haunschild A (2012) Die Moraltheorie Philippa Foots – Einführung und Implikationen für die Personalethik. In: Kaiser S, Kozica A (eds) Ethik im Personalmanagement – Zentrale Konzepte, Ansätze und Fragestellungen. München und Mehring, pp 95–112
- Krell G, Sieben B (2011) Diversity management: chancengleichheit für alle und auch als Wettbewerbsvorteil. In: Krell G, Ortlieb R, Sieben B (eds) Chancengleichheit durch Personalpolitik (6 edn), Wiesbaden, pp 155–174
- Loden M, Rosener J (1993) *Workforce America – managing employee diversity as a vital resource*. Business One Irwin, Homewood, IL
- Lufthansa AG (2015) Balance – Das Wichtigste zum Thema Nachhaltigkeit der Lufthansa Group, online im Internet. <https://www.lufthansagroup.com/fileadmin/downloads/de/LH-Nachhaltigkeitsbericht-2015.pdf>. Accessed 20 Dec 2015

- Matten D, Moon J (2008) "Implicit" and "Explicit" CSR: a conceptual framework for a comparative understanding of corporate social responsibility. *Acad Manag Rev* 33(2):404–424
- OECD (2011) OECD-Leitsätze für multinationale Unternehmen. OECD Publishing. <http://www.oecd.org/daf/inv/mne/48808708.pdf>. Accessed 27 Sep 2013
- Otto Group (2015) Unterwegs - Bericht zur Nachhaltigkeit unserer Wertschöpfung 2015. <http://www.ottogroup.com/media/docs/de/Nachhaltigkeitsbericht/0001-Otto-Group-CR-Report-2015.pdf>. Accessed 20 Dec 2015.
- Priegnitz K (2011) Vorwort. In: Burckhardt G (Hg) *Mythos CSR - Unternehmensverantwortung und Regulierungslücken*, Bonn
- Schulz A (2009) *Strategisches Diversitätsmanagement. Unternehmensführung im Zeitalter der kulturellen Vielfalt*, Wiesbaden
- Stuber M (2009a) *Diversity – Das Potenzial-Prinzip. Ressourcen aktivieren – Zusammenarbeit gestalten* (2. Auflage), Köln
- Stuber M (2009b) *Wirtschaftlichkeit und soziales Engagement im Einklang. Personalwirtschaft*, Heft 3/2009, pp 39–41
- Süß St, Kleiner M (2006) *Diversity management – Verbreitung in der deutschen Unternehmenspraxis und Erklärungen aus neoinstitutionalistischer Perspektive*. In: Krell G, Wächter H (eds) *Diversity Management – Impulse aus der Personalforschung*, München und Mering, pp 57–80
- Thomas R Jr (2001) *Management of diversity. Neue Personalstrategien für Unternehmen*, Wiesbaden
- Thomas R Jr (2006) *Building on the promise of diversity*. Amacom, New York
- Van der Vegt G, Janssen O (2003) *Joint impact of interdependence and group diversity on innovation*. *J Manag* 29:729–751
- Vedder G (2006) *Die historische Entwicklung von Diversity Management in den USA und in Deutschland*. In: Krell G, Wächter H (eds) *Diversity Management – Impulse aus der Personalforschung*, München und Mering, pp 1–24
- Vedder G (2011) *Die Grundlagen von Diversity Management*. In: Vedder G, Göbel E, Krause F (eds) *Fallstudien zum Diversity Management*, München und Mering, pp 1–17

Uncovering the Myth of the Rational Good: Diversity Management and Corporate Social Responsibility in Austria

Heike Mensi-Klarbach and Stephan Leixnering

Abstract Diversity management (DM) and corporate social responsibility (CSR) are widely seen as management concepts that consider social mores and moral stances. At the same time, both are perceived as economically valuable, as they potentially enhance a firm's efficiency and profitability. Both arguments—moral and economic—capture distinct motives for organizations to implement DM and CSR. We shed light on the heavily debated but still diffuse relationship between those motives. In doing so, we empirically illustrate that Austrian best practice organizations in DM and CSR claim to integrate moral and economic motives. Building on these findings, we propose to conceptually distinguish between moral and instrumental motives to better grasp their respective significance. We then argue that, though the integration of both sounds promising, it embodies a logically impossible stance: Organizations may incorporate particular practices because they either hold them as morally valuable ends in themselves or as useful means to increase performance. The integration of the two arguments (“doing well by doing good”) actually crowds out the essence of the moral argument. This does not mean that morally motivated action cannot lead to success, simply that the pursuit of success is incompatible with moral motivation. Perfunctory reference to the compatibility between moral and economic motivation to implement DM and CSR may therefore indicate organizations' reluctance to admit their actual preference for instrumental motives. In this case, moral reasons might be being evoked merely to comply with social pressures—a clearly instrumental motive.

H. Mensi-Klarbach (✉)

Leibniz University Hanover, Schloßwenderstraße 7, Hanover, Germany

e-mail: Heike.Mensi-Klarbach@wa.uni-hannover.de

S. Leixnering

WU Vienna University of Economics and Business, Wien, Austria

e-mail: Stephan.Leixnering@wu.ac.at

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,

DOI 10.1007/978-3-319-43564-0_5

1 Introduction

Diversity management (DM) and corporate social responsibility (CSR) are widely seen as management concepts that consider social mores and moral stances. At the same time, both are perceived as economically valuable, as they potentially enhance a firm's efficiency and profitability. Both arguments—moral and economic—capture distinct motives for organizations to implement DM and CSR.

In our chapter, we shed light on the heavily debated but still diffuse relationship between those motives. In doing so, we empirically illustrate that Austrian best practice organizations in DM and CSR attempt (or claim) to integrate moral and economic motives but merely draw on stakeholders' interests. Building on these findings, we propose to conceptually distinguish between moral and instrumental motives to better grasp their respective significance. We then argue that, though the integration of both sounds promising, it embodies a logically impossible stance: Organizations may incorporate particular practices because they either hold them as morally valuable ends in themselves or as useful means to increase performance.

The integration of the two arguments (e.g., in notions like “doing well by doing good” or “good pays”) actually crowds out the essence of the moral argument. This does not mean that morally motivated action cannot lead to success, simply that the pursuit of success is incompatible with moral motivation. Perfunctory reference to the compatibility between moral and economic motivation to implement DM and CSR may therefore indicate organizations' reluctance to admit their actual preference for instrumental motives. In this case, moral reasons might be invoked merely to comply with social pressures—a clearly instrumental motive.

The remainder of this chapter is structured as follows: Sect. 2 gives a brief overview of the emergence of DM and CSR as management concepts and reflects on the underlying reasons why they are implemented in organizations. These reasons are basically moral or economic in nature. Next, we will empirically demonstrate that these two kinds of motives frequently appear combined in DM and CSR publications from Austrian best practice organizations (Sect. 3). We then will shed light on the relationship between moral and instrumental motives for implementing DM and CSR and uncover the integrative myth of the rational good (Sect. 4). Finally, we will highlight the practical implications of our insights and outline avenues for further research (Sect. 5).

2 Conceptualizing Diversity Management and Corporate Social Responsibility

Diversity Management (DM) It is a management concept that can be traced back to the US civil rights movements of the 1950s and 1960s that resulted in various legal prescriptions against discrimination in favor of promoting equal opportunities (Vedder 2006). This established the legal basis for so-called affirmative action

(AA) programs, an initiative that went beyond pure anti-discrimination by aiming to leverage historical and structural discriminatory practices (Kelly and Dobbin 1998). Accordingly, employers were urged to implement visible programs to increase the representation of historically marginalized groups in their companies (President Kennedy's Executive Order 10925, 1961; President Johnson's Executive Order 11246, 1965). In the 1960s and 1970s, the political will to avoid discrimination and go beyond anti-discrimination to foster positive action ultimately produced a legal framework (Equal Employment Opportunity, EEO, Act, 1972): This act forced organizations to deal with the purely social issue of anti-discrimination and equal employment. However, when the political wind changed and the US President Reagan weakened the legal framework surrounding AA programs in organizations in the 1980s, the concept and its proponents faced severe legitimacy issues:

[...] an internal constituency reinforced an organizational program that seemed to have outlived its original purpose—in this case, ensuring legal compliance. Staff members whose positions, paychecks, and professional identities depended on the continuation of EEO and AA efforts worked to retheorize these practices in terms of efficiency.

Kelly and Dobbin (1998, 969)

As this quote illustrates, issues of anti-discrimination, AA, and EEO were previously legally mandated and hence legitimized social issues within organizations. However, when the law was weakened, a new source of legitimacy was needed, which became the contribution to organizational efficiency. If we understand this as the “founding” days of DM, we must assume that this is when the moral issue (i.e., affirmative action for historically disadvantaged groups and equal employment opportunities) and economic considerations (i.e., these programs' efficiency contributions) started to intertwine. Even though we can talk about the “moral case” for diversity, corporations and scholars have repeatedly asked for the “business case” for diversity and diversity management (Mensi-Klarbach 2010).

The European Commission, among others, also supports DM as a business issue by stating that “[t]he ‘Business Case for Diversity’ shows that diversity management—whereby employers recognize, value and include women and men of different ages, abilities, ethnic origin, religion or sexual orientation—makes good business sense.”¹ In addition, general definitions of DM focus on economic aspects of diversity:

Diversity management refers to a strategic organizational approach to workforce diversity development, organizational culture change, and empowerment of the workforce. It represents a shift away from the activities and assumptions defined by affirmative action to management practices that are inclusive reflecting the workforce diversity and its potential. Ideally it is a pragmatic approach [...] with direct cost benefits to the organization.

Arredondo (1996, 17)

This definition of DM represents the view that inclusion, a merely social issue, can be integrated with cost benefits (Krell 2001). Understanding DM as a basis for enhancing productivity and innovation is widely considered a proactive and hence

¹http://ec.europa.eu/justice/discrimination/diversity/index_en.htm

more sustainable approach to promoting diversity than reducing diversity to a legal issue (see, e.g., Loden and Rosener 1991; Thomas and Ely 1996). Thus, scholars and organizations have often chosen to support the concern as being most probably grounded in a social idea with economic aspects of effectiveness, assuming that DM is not only a social issue but also good business sense.

However, the question of hierarchy between the rationale of “being good” or “being merely economically reasonable” remains unclear and is hardly ever discussed. Thus, the notion that productivity and efficiency are necessary or even better drivers of diversity issues in organizations seems to be taken as given, while the core idea of diversity is still undefined concretely. For instance, there is no question about how to manage “the negative side effects of undiverted and unaccepted diversity: the *fight against racism and discrimination*” (Blommaert and Verschueren 1998, 14, emphasis in original). The potential risk of crowding out the social core of DM therefore remains salient.

Corporate Social Responsibility (CSR) Having sketched the historical development of DM, we now provide a brief overview on the evolution of distinct CSR discourse. Mintzberg (1983) notes that CSR basically is an idea that was once known as “noblesse oblige” and has been resurging since the 1950s, when Wilkie claimed to “educate business men to a new sense of social responsibility” (cited after Carroll 1979, 497). With his book, *The Social Responsibilities of the Businessman*, Bowen (1953) marked the beginning of the modern era of CSR. Since then, CSR has been an ambiguous concept, with no consensus on what it actually means. From initially focusing on individual businessmen’s obligations, the concept soon shifted to the organizational level and broadly addressed the role of corporations within society. Even then, the discussion already centered on the dysfunctional effects of economic activities that burdened the relationship between the business world and society:

When people talk about corporate social responsibilities they are thinking in terms of the problems that arise when corporate enterprise casts its shadow on the social scene, and the ethical principles that ought to govern the relationships between the corporation and society.

Eelles and Walton (1961, 457–458)

CSR focused on “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (Davis 1960, 70) and was boosted by activist groups and others in the 1960s who called for broader notion of corporate responsibility. Their message was supported by the social legislation of the 1970s that created several legal bodies assigned with tasks such as environmental protection, equal employment opportunities, occupational safety and health, and consumer product safety (Carroll 1991). It was only then when “national public policy [...] officially recognized the environment, employees, and consumers to be significant and legitimate stakeholders of business” (Carroll 1991, 39) that CSR became an umbrella term for claims and concepts that raise “sensitive awareness of changing social values and priorities connected to economic function” (Carroll 1979, 498) and created “amorphous responsibilities to

become involved in improving the social environment” (Committee for Economic Development (CED) 1971, 15).

Though CSR remained a “moving target” (Churchill 1974, 266), its core has always been the question of the proper relationship between business and society or, more precisely, the moral, ethical, or responsible management of organizational stakeholders (Carroll 1991; Hopkins 2003). The way corporations treat their stakeholders took center stage, which is why “[v]arious studies have used the serving of specific stakeholder group or groups as a proxy to describe socially responsible behavior” (Wan-Jan 2006, 180). More precisely, CSR was fundamentally concerned with stakeholder interests that broke from those of the corporate shareholders who, empirically driven by an Anglo-Saxon conception of corporate governance and theoretically underpinned by agency theory (“shareholder doctrine”), constituted corporations’ principal stakeholder group. Put more provocatively, CSR meant “firms undertaking some actions to serve society beyond selfishness and greed” (Wan-Jan 2006, 178).

Friedman, one of the most outspoken opponents of CSR, called the concept “fundamentally subversive” and argued that social problems should not concern businesspeople: “Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible” (Friedman 1962, 126). He asserted that businesses should make as much money as possible, albeit “confirming to the basic rules of society, both those embodied in the law and those embodied in ethical custom” (Friedman 2008, 84–85). Friedman saw CSR as a smokescreen intended to divert attention from the weakening of shareholder control and to shift power into the hands of managers, who are less subject to traditional forms of control (Friedman 2008). Nevertheless, many others from his school of thought believed that CSR could provide a means to maximize both corporate profits and shareholder value (Wan-Jan 2006).

As Wan-Jan (2006, 181; see also Smith 2003) notes, the debate surrounding CSR has shifted in the sense that the legitimacy of CSR is now widely taken for granted: “[I]t no longer focuses on whether or not to become socially responsible and what is CSR, but [. . .] it now centers on how to be socially responsible.” This is why critics of the fundamentals of CSR have largely disappeared and also why scholars rarely discuss why corporations should engage in CSR activities. The foundations of CSR seem to have reached a state beyond doubt: the normative claims of early guiding CSR scholars such as McGuire (1963, 144)—who claimed “[t]he idea of social responsibilities supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations”—and Backman (1975, 2)—who claimed CSR “usually refers to the objectives or motives that should be given weight by business in addition to those dealing with economic performance (e.g., profits)” —mostly go unquestioned.

Both McGuire and Backman “see CSR as not only including but also moving beyond economic and legal considerations, others see it as involving only pure voluntary acts, thus conceptualizing CSR as something a firm considers over and above economic and legal criteria” (Carroll 1979, 498). However, the question of

how the corporate efficiency targets can be reconciled with social goals remains unanswered (Carroll 1991, 40).

Having briefly outlined the basic elements of DM and CSR, their structural similarities are now clear: They are grounded in the basic idea of connecting societal issues with corporate activities, and both originate from social movements that later resulted in legal constraints on businesses. However, both concepts have widely been perceived as reaching beyond legal compliance and integrating notions of “doing good” (from a moral perspective) and “doing well” (from an economic one) in order to gain legitimacy beyond legality. While the DM discourse focused on a concept stemming from political action (Kelly and Dobbin 1998), much of early CSR literature (e.g., Carroll 1979; McGuire 1963) was concerned with distinct motives for integrating social issues with business. In the more recent literature on both concepts, some scholars have—more or less explicitly—assumed that integrating moral motivation and economic reasoning is feasible (e.g., Porter and Kramer 2011; Thomas 1991), while others have claimed the exact opposite (e.g., Crane et al. 2014). The remaining sections will therefore focus on this question of compatibility. We start with practical illustrations of DM and CSR from Austrian best practice companies.

3 Illustration: Austrian Best Practice Examples

We will now illustrate how Austrian companies deal with the issue of compatibility between moral and economic motives when publicly communicating arguments for implementing DM and CSR. Inspired by the idea of theoretical sampling, we selected five DM-active and six CSR-active organizations as illustrative examples (Glaser and Strauss 1967). We believe that prize-winning organizations in DM or CSR categories will serve as excellent examples of the motivations behind DM and CSR implementation. We see these as “[i]nformation-rich cases [...] from which one can learn a great deal about issues of central importance to the purpose of the research” (Patton 1990, 169). We are especially interested in how DM- and CSR-active companies articulate their motivations and how they deal with simultaneous reference to both moral and economic concepts.

To this end, we have selected organizations which have been nominated for the prestigious “TRIGOS Award” as examples of CSR-active organizations. For the DM category, we have chosen organizations which are considered best practice examples by the “B2B Diversity Day”² community, since there is no corresponding award for organizations active in diversity in Austria. TRIGOS awards are given to Austrian organizations that exhibit excellent CSR programs, which go beyond individual measures and feature a strategic implementation approach.³ B2B

²http://www.b2bdiversityday.at/?page=best_practices

³<http://www.trigos.at/trigos/uebertrigos>

Diversity Day encompasses many Austrian initiatives and institutions to discuss and present best practice examples of how to deal with diversity. Both TRIGOS and B2B Diversity Day give an overview of the respective active communities and hence provide excellent examples for study. For the sake of better comparability, we chose the six TRIGOS award nominees for 2015 in the large enterprises category and selected the examples from the B2B Diversity Day best practices of 2014 that correspond best with this category. This turned out to comprise five companies. Our sample therefore consists of 11 organizations, all for-profit firms: A1 Telekom Austria, BIPA, EVVA, Hofer, Rhomberg Bau, and Schirnhofner (TRIGOS), along with Allianz, IBM, Kapsch, Simacek, and TNT (B2B Diversity Day). The examples cover the following industries: construction, trade, information technology, manufacturing, food production, insurance, transportation and logistics management, and facility management. The companies' revenues ranged from 50 million euros to 4 billion euros in 2014, with between 1,000 and 16,000 employees.

Following an approach by Kennedy and Fiss (2009), we focus on organizations' motives for implementing DM and CSR. We investigated publicly (online) available documents on relevant initiatives, concentrating on those mentioned by TRIGOS and B2B Diversity Day. If these documents did not provide any information on the underlying motivation, we also included all relevant reports from corporate websites (CSR, sustainability, human resources, etc.), mission statements, and corporate values. We coded motivation as follows: "Moral motives behind DM and CSR activities are those which reach beyond legal or economic requirements and typically address stakeholders' interests differently from shareholders" e.g., "As part of society, contributing to it, making the world of today and tomorrow a little bit better". Economic motives are those formulated in arguments that favor success in economic terms. We are most interested in examples where seemingly morally motivated practices are also linked with economic arguments within a single sentence or paragraph.

Our results show that four out of five DM best practice examples define DM as part of CSR. Three of those four companies combine both moral and economic motives when communicating the reasons for implementing DM and CSR. The following examples illustrate how companies connect them:

- "It provides equal opportunities for all employees by creating an environment that allows personal and professional growth, where all employees are given opportunities and means to be productive, innovative and successful."
- "The appreciation of the diversity of our stakeholders is our strength. We make a voluntary contribution to the economy, which goes beyond the legal requirements, in order to positively influence the economic development." (authors' translation)

We find one company that solely draws on economic reasoning:

- "We live diversity! This is a gain for us." (authors' translation)

We also find another one where the moral motive remains disconnected from the economic sphere. This latter company does not relate DM to CSR and presents its respective measures without reference to any expected returns:

- “Together with their employees, our managers cultivate a working atmosphere that is free of prejudices and stereotypes. Every single employee should feel valued—irrespective of gender, race, nationality, ethnic origin, religion or belief, disability, age, sexual orientation and identity.”

In all CSR-active companies, we found examples where the moral and the economic spheres were combined:

- “We are convinced that enduring success can only be achieved via responsible behavior.” (authors’ translation)
- “Sustainability leads to economic success.”

All the companies display a particular concern for their stakeholders (especially their employees) in their CSR-related documents:

- “Our acknowledgement of public interests secures our business’s future.” (authors’ translation)
- “[...] measures to boost employees’ motivation result in tangible benefits. Sustainability is worthwhile.”

In summary, what we clearly see is that most DM-active firms (three out of five) tend to connect moral and economic motives. In our sample of CSR-active firms, we find at least one example of such a combination for every company. Almost all of our sample organizations exhibited a particular moral connotation when they talked about “responsibility” and “diversity.” In cases where they also explicitly drew on economic arguments, we took them as examples of combined moral-economic motivation. What we coded as purely moral motives mainly appeared as social responsiveness referring to stakeholder interests; examples where firms presented respective activities as “the right thing to do” without any such reference were scarce. As a limitation, we must mention that, although some companies implemented DM within the umbrella of CSR, we tried to separate both conceptual domains as much as possible. However, doing so might have excluded the combined motivation of DM-active firms mentioned in supplementary CSR documents which we did not investigate.

4 Shedding Light on Moral and Instrumental Motives

In the first section, we showed that DM and CSR are both concerned with translating societal claims into corporate activity. Therefore, they aim to encourage organizations and individual businesspeople to broaden their horizons and consider the needs and expectations of different stakeholder groups. Originally drawing on self-regulating forces, the rise of both concepts increased pressures on lawmakers to

implement the relevant legal requirements. However, this actually contradicts the underlying notion that DM and CSR operate beyond legal compliance. Hence, the business case perspective gained in prominence in order to promote economic advantages of implementing societally desired practices. Although DM and CSR share a similar history, a distinct infusion with moral values, and close affiliations with economic considerations, the academic discourses evolved differently.

Our examples of Austrian best practice in DM and CSR show that organizations tend to connect moral and economic arguments to support their implementation. Firms publicly depict both concepts as strategic success factors for their business and at the same time define the ethical value of implementing DM or CSR. Conceptually, DM and CSR literature indicates potential issues and incongruities with regard to different motives, whereas our examples convey the impression that they perfectly match. Thus, the relationship between the moral and economic spheres remains somewhat vague and diffuse.

In order to reflect on the mutual relationship between different arguments for DM and CSR, we draw on a basic Kantian distinction (for an organization study context, see, e.g., Holt and den Hond 2013) and suggest distinguishing moral from instrumental motives: *Moral* motives are those that aim to implement DM and CSR for its own sake, while *instrumental* motives perceive both concepts as potentially useful means to accomplish other goals. Basically, the main difference between the two different categories is what actually guides decision-making: moral motivation or judging by consequences (Cavanagh et al. 1981; see also Bohn et al. 2013).

When guided by moral motives, organizations incorporate DM and CSR not as means to something else but because they perceive them as morally valuable in themselves. Instrumental motives are typically grounded in the economic, legal, or social sphere and might complement or conflict (“trade-offs”) with each other. They include a particular interest in increasing profits and shareholder value (Poitras 1994), reducing (in-)direct financial and social costs (e.g., by improving employee morale or public image: Schwartz and Carroll 2003), and avoiding legal and social sanctions. Instrumental motives therefore widely suggest complying with the expectations of various stakeholder groups, including not only shareholders but also social pressures that draw on moral stances and standards of other stakeholder groups (Frederick 1978).

In the latter case, “moral” behavior is imposed not by a moral motive but coercively via social pressure (DiMaggio and Powell 1983). In addition, from a strategic perspective, treating stakeholders “morally” might contribute to a business’s prosperity (see the “shared value concept”: Porter and Kramer 2011). A company that treats its employees well may appear moral, but, if the management’s intention is to increase productivity and reduce the number of sick days, they will strategize their action in order to be economically successful. In this case, the underlying motive is instrumental, not moral, in nature. If the management thinks that employees simply deserve to be treated well, their motive is moral. While this may lead to increased profits and better employee health, it would not be part of the motive.

Instrumental motives are not necessarily *immoral*: They simply work outside the realm of ethics, even if they address particular moral values of stakeholder groups.

As soon as a company calculates the return from acting socially responsibly and starts strategizing being ethical, they imply an *amoral* underlying motivation (Jones 2003).

What our Austrian examples illustrate is that firms tend to connect moral and instrumental motives in their DM and CSR communication, evoking “the image of commensurability of interests and harmony of values” (Meyer and Höllerer [forthcoming](#)). Here they follow a formula that has been dubbed a “Holy Grail”: “doing well by doing good” (Devinney 2009, 45). In their framework, Schwartz and Carroll (2003, 519) also suggest that firms should operate in a motivational area where activities are economically, legally, and ethically guided, or, “stated in more pragmatic and managerial terms,” organizations “should strive to make a profit, obey the law, be ethical, and be a good corporate citizen” (Carroll 1991). In the following, we want to question whether integrating a moral and an instrumental motive is even possible. Ultimately, we will puncture the myth of the “rational good” as “an illusory goal that is [at best] noble in spirit but unachievable in practice” (Devinney 2009, 45).

Mintzberg (1983) proposes different concepts of CSR that rely on different organizational motives: The purest form is when practices are implemented for their own sake and organizations expect nothing in return. Other forms embody firms’ enlightened self-interest, where they expect tangible or intangible paybacks. They may also perceive socially responsive action as sound investment that will be rewarded by the financial market or try to avoid any legal prescriptions. Only the purest form draws on a moral motive; all other stances embody a distinct instrumental character: They are fundamentally implemented in order to pursue self-interest.

Traditionalists might depict the relationship between a moral and an instrumental motive as a conflict between a concern for society and a concern for profits (Carroll 1991, 42). However, we argue that moral and instrumental imperatives can suggest the same action; yet, their underlying motives are mutually exclusive (Beauchamp and Bowie 1993; Donaldson 1989; Frederick 1987). And since the primary locus of morality is not the action itself or its intended consequences but the underlying motive, one can *either* act out of a moral *or* an instrumental motive. Put in simple terms: The implementation of DM and CSR practices is either morally good or instrumentally appropriate. “Good” denotes an action which is performed for its own sake and without expectation of any payoff, whereas “appropriate” denotes an action that embodies an effective means to accomplishing a desired end.

The Holy Grail of “doing good by doing well” (or “being good pays”) is an attempt to integrate the goodness and appropriateness of an action. However, we have shown that it is impossible to act out of both moral and utilitarian considerations. That would require an action to be performed both for its own sake and to serve another purpose at the same time, which is logically impossible. Attempts (or claims) to integrate moral and instrumental motives for DM and CSR implementation must fail, as the moral motive will always be displaced by the instrumental in such cases. Drawing on the seminal insight by Kant, the integration will crowd out the very moral essence of the moral motive, as its subsequent action will

serve an end different from itself. As the history of DM and CSR shows, both concepts are infused with moral value, as they originally attempted to make the world better. To account for this moral impetus, organizations may wish to signal compliance with the social expectation that businesses should perform morally and therefore acknowledge societal norms and standards. But, in doing so, they follow instrumental motives rather than moral ones.

5 Conclusion: “So What?”

In this chapter, we have shown both theoretically and empirically that DM and CSR are concepts whose implementation draws on two different types of motives: moral and instrumental. Following the prevailing literature, the relationship between the two is rather complex, and distinctions remain diffuse. However, scholars and practitioners have both suggested the possibility of integrating moral and instrumental motives. In contrast, other voices have indicated fundamental incongruities between these distinct motivational categories. We therefore focused on organizations’ motives to take up societal issues covered by DM and CSR and use them to guide their activities. We distinguished moral motivation that drew on DM and CSR as morally valuable in itself from instrumental motives that use the practices as a means to achieve performance- or compliance-related goals. We have shown that although combinations of both moral and instrumental motives mark the standard case in our Austrian examples, such attempts or claims embody conceptually impossible stances: They paradoxically indicate the crowding out of the moral essence of socially responsible practices.

But, so what? What are the implications of our insights? Ultimately, we want to outline avenues for how our insights may impact organizational practice and scholarly research:

As long as responsible activities pay and, hence, moral and instrumental motives lead to equal corporate behavior, the question of what motives actually guide DM and CSR implementation will remain purely academic. However, as soon as the concepts do not serve as sound instruments for economic purposes (e.g., their costs exceed their benefits), their legitimacy will fade. Consequentially, if organizations act in a socially responsible manner because they expect something in return, they will stop as soon they realize that their activities do not pay. In contrast, if they follow moral motives, they will not reverse their implementation, as DM and CSR will be performed for their own sakes.

We therefore conclude that the current association of moral and instrumental motives is a “*liaison dangereuse*”: first, because the rhetoric of “doing good by doing well” serves as a legitimate smokescreen for organizations that are not inclined to openly admit their particular preference for instrumental motivation and, second, because continuous pressures to prove successful in economic terms hampers the sustainable implementation of DM and CSR. We have illustrated how organizations tend to combine both motives in their corporate communication with

Austrian best practice examples for DM and CSR. But in order to deepen our understanding of how moral and instrumental motives for DM and CSR actually influence implementation and account for sustainability, more empirical research will be needed. Further academic work could focus on how the investment of resources in DM and CSR develops over time, especially when confronted with economic restraints that run counter to moral principles. In contrast to the prevalent consistency bias and widely claimed integrative myth, such an environment would serve as an ultimate litmus test for the relationship between moral and instrumental motives, as both would then clearly suggest divergent actions. For further research, we suggest that DM and CSR discourses—currently rather disconnected strands of scholarly work—should move closer together. Although both schools of thought aim to integrating societal issues into corporate activities, thus far they have dealt with those issues rather differently.

What remains conceptually puzzling is how implementing DM and CSR contributes to organizations' legitimacy, i.e., how respective corporate actions are perceived as "desirable, proper, or appropriate" by their audiences (Suchman 1995, 574). Institutional organization theory teaches that firms must show consistency with regard to various stakeholder expectations in order to appear successful. Therefore, we know that they adopt strategies to gain legitimacy. But when it comes to motivations for implementing DM and CSR, this leads to a paradox. If organizations comply with moral standards, this may enhance the legitimacy of their actions. But in cases where stakeholders expect them to act morally, i.e., out of a moral motive, legitimacy gains are unlikely, since only the "right" motive will be valued. And, as we have indicated in our text, the organizations' motives are then clearly instrumental rather than moral. Since prevalent concepts of legitimacy do not consider motives (and therefore moral motivation) to be a substantial reference, further theoretical development could lead to a deeper understanding of DM and CSR implementation.

Bibliography

- Arredondo P (1996) *Successful diversity management initiatives*. Sage, London
- Backman J (1975) *Social responsibility and accountability*. New York University Press, New York
- Beauchamp TL, Bowie NE (1993) *Ethical theory and business*. Prentice Hall, Upper Saddle River, NJ
- Blommaert J, Verschueren J (1998) *Debating diversity: analysing the discourse of tolerance*. Routledge, London & New York
- Bohn S, Kerekes R, Walgenbach P (2013) *Antagonistic logics on the justifying accounts for the adoption of CSR by German Dax Corporations*, Working Paper, Friedrich Schiller University Jena
- Bowen HR (1953) *Social responsibility of the businessman*. University of Iowa Press, Iowa City
- Carroll AB (1979) A three-dimensional conceptual model of corporate performance. *Acad Manag Rev* 4(4):497–505
- Carroll AB (1991) The pyramid of corporate social responsibility: towards the moral management of organizational stakeholders. *Bus Horizons* 34(4):39–48

- Cavanagh GF, Moberg DJ, Velasquez M (1981) The ethics of organizational politics. *Acad Manag Rev* 6(3):363–374
- Churchill NC (1974) Toward a theory for social accounting. *Sloan Manag Rev* 15(3):1
- Committee for Economic Development (CED) (1971) Social responsibilities of business corporations. Research and Business Policy Committee, CED, New York
- Crane A, Palazzo G, Spence LJ, Matten D (2014) Contesting the value of “creating shared value”. *Calif Manag Rev* 56(2):130–155
- Davis K (1960) Can business afford to ignore social responsibilities? *Calif Manag Rev* 2(3):70
- Devinney TM (2009) Is the socially responsible corporation a myth? The good, the bad, and the ugly of corporate social responsibility. *Acad Manag Perspect* 23(2):44–56
- DiMaggio PJ, Powell WW (1983) The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. *Am Soc Rev* 48(2):147–160
- Donaldson J (1989) Key issues in business ethics. Academic, London
- Eells R, Walton C (1961) Conceptual foundations of business: an outline of major ideas sustaining business enterprise in the Western World. R.D. Irwin, Homewood, IL
- Frederick WC (1978) From CSR₁ to CSR₂: the maturing of business and society thought. Working Paper 279, Graduate School of Business, University of Pittsburgh
- Frederick WC (1987) Theories of corporate social performance. In: Sethi SP, Falbe CM (eds) *Business and society*. Lexington Books, Lexington, MA
- Friedman M (1962) *Capitalism and freedom*. University of Chicago Press, Chicago
- Friedman M (2008) The social responsibility of business is to increase its profits. In: Burehell J (ed) *The corporate social responsibility reader*. Routledge, London/New York, pp 84–88
- Glaser B, Strauss A (1967) *The discovery of grounded theory*. Aldine, Chicago
- Holt R, den Hond F (2013) Sapere aude. *Organ Stud* 34(1):1587–1600
- Hopkins M (2003) The business case for CSR: where are we? *Int J Bus Perform Manag* 5(2–3):125–140
- Jones C (2003) As if business ethics were possible: ‘within such limits ...’. *Organization* 10(2):223–248
- Kelly E, Dobbin F (1998) How affirmative action became diversity management. *Am Behav Sci* 41(7):960–984
- Kennedy MT, Fiss PC (2009) Institutionalization, framing, and diffusion: the logic of TQM adoption and implementation decisions among U.S. hospitals. *Acad Manag J* 52(5):897–918
- Krell G (2001) Gleichstellung aus der Perspektive der Managementlehre und der Organisationstheorie. *WSI Mitteilungen* 54(8):520–524
- Loden M, Rosener JB (1991) *Workforce America: managing employee diversity as a vital resource*. Business One Irwin, Homewood
- McGuire J (1963) *Business and society*. McGraw-Hill, New York
- Mensi-Klarbach H (2010) Diversity und diversity management- die business case perspektive. Eine kritische analyse. Kovac, Hamburg
- Mensi-Klarbach H (2012) Diversity management: the business and moral cases. In: Danowitz MA, Hanappi-Egger E, Mensi-Klarbach H (eds) *Diversity in organizations: concepts and practices*. Palgrave Macmillan, Houndsmill, pp 64–87
- Meyer RE, Höllerer MA (2016) Laying a smoke screen: ambiguity and neutralization as strategic responses to intra-institutional complexity. *Strat Org* (forthcoming)
- Mintzberg H (1983) The case of corporate social responsibility. *J Bus Strateg* 4(2):3–15
- Patton MQ (1990) *Qualitative evaluation and research methods*, 2nd edn. Sage, Newbury Park, CA
- Poitras G (1994) Shareholder wealth maximization, business ethics and social responsibility. *J Bus Ethics* 13(2):125–134
- Porter ME, Kramer MR (2011) Creating shared value: how to reinvent capitalism – and unleash a wave of innovation and growth. *Harv Bus Rev* 89(1/2):62–77
- Schwartz MS, Carroll AB (2003) Corporate social responsibility: a three-domain approach. *Bus Ethics Q* 13(4):503–530
- Smith NC (2003) Corporate social responsibility: Whether or how? *Calif Manag Rev* 45(4):52–76

- Suchman MC (1995) Managing legitimacy: strategic and institutional approaches. *Acad Manag Rev* 20(3):571–610
- Thomas DA (1991) *Beyond race and gender. Unleashing the power of your total workforce by managing diversity.* Amacom, New York
- Thomas DA, Ely R (1996) Making differences matter: a new paradigm for diversity management. *Harv Bus Rev* 74(5):79–90
- Vedder G (2006) Die historische Entwicklung von Diversity Management in den USA und in Deutschland. *Diversity Management.* In: Krell G, Wächter H (eds) *Impulse aus der Personalforschung.* Hampp, München, pp 1–23
- Wan-Jan WS (2006) Defining corporate social responsibility. *J Publ Aff* 6:176–184

Part II

Diversity Charter Practitioners

Introduction

The second part in this edited volume focuses on the use of diversity charters in different countries and how they are implemented to help companies increase workforce diversity as well as introduce DM (and CSR) initiatives. In this part, contributions from the diversity charters from Germany, France and Poland illustrate the specific initiatives and experiences from the different countries. This part is also following up some of the key questions raised in the introductory chapter, such as whether we see convergence or divergence in the adaption of DM and CSR strategies internationally and to what extent the meaning of diversity, DM and CSR is influenced by history and discursive dynamics within specific contexts.

National diversity charters provide interesting initiatives for understanding the developments of DM (and CSR) initiatives within different countries. France was the first country to introduce diversity charter in 2004, and currently 15 other European countries have introduced diversity charters. The EU has recognised the diversity charters' contribution to increase diversity, reduce discrimination and promote equal opportunities in the workplace, and as a result, the EC introduced a European Platform of Diversity Charters in 2010 as part of a larger project entitled: "Support for voluntary initiatives promoting diversity management at the workplace". The purpose of the platform is to increase collaboration between diversity charters in EU countries and:

- Make exchanges of experience and good practice easier between the various existing charters
- Promote the "business case" for diversity, i.e. upgrading the relevance of implementing diversity policies in the workplace
- Encourage the emergence of new charters throughout Europe

At individual country level, the diversity charter specifies a number of initiatives to be implemented to promote diversity and equality in the workplace. In particular, the aim is that "employers—regardless of the size of their structure, that want to

combat discrimination and promote diversity in the company's environment, both internally and externally, should sign this short document. Signing a Diversity Charter is a *voluntary action that has specific benefits as it also gives access to assistance*: tools (guides, training, etc.) are offered to the company to ensure it develops a coherent and effective diversity policy" (The European Commission 2015: 9).

Within the EU member states, 16 countries have introduced diversity charters. While these are country specific, they all have some similarities which include the aims of:

- Raising awareness of the importance of diversity and its socio-economic impact
- Bringing together all stakeholders (companies, local governments, organisations combating discrimination, associations, researchers)
- Promoting diversity, particularly among SMEs
- Supporting the signatories of the charter so that they achieve three key objectives:
 - Productivity and performance
 - Quality of life with a good social level for European citizens
 - Compliance with European directives and local legislation on non-discrimination
- Developing tools to assist the signatories
- Exchanging good practice with other members of the Diversity Charter Platform (The European Commission 2015: 9)

Within this part, experiences from the case of France, Germany and Poland will be discussed in greater detail. These chapters provide some highly relevant examples from different specific country contexts.

The first contribution, "The Charta der Vielfalt: assuming responsibility for diversity" by Aletta Gräfin von Hardenberg and Kerstin Tote (2017), reflects on the experience with diversity charter in Germany. The Charta der Vielfalt is the largest diversity management network in Germany, and it has access to and broad support from political, academic and business spheres. Moreover, it offers all those involved insights into company realities and their day-to-day challenges in managing diversity. The Charta is actively working to be visible and accessible and organise a wide range of events and social networks. The authors demonstrate ways in which the Charta der Vielfalt can be a way of developing closer interaction between CSR and DM. The authors argue that CSR and DM are, from Charta der Vielfalt's perspective, "two corporate approaches to incorporating diversity in company strategy" (p. 304). The chapter is using a wide range of examples from the case of Germany to illustrate how German companies are now working in terms of DM initiatives and have introduced a wide range of initiatives, including the introduction of a yearly Diversity Day. The authors demonstrate how "The Charta der Vielfalt provides a platform for feedback and best practices using various instruments that extends into society. The Charta der Vielfalt supports the effort by combining resources and increasing the influence of diversity initiatives. In this

respect, the initiative provides support in day-to-day business and in establishing the topic of diversity in society” (p. 134).

Second, Laure Hajjar (2017) reflects in the chapter titled “From Equal Treatment to Diversity: The Case of the French Diversity Charter” on some of the experiences from France, the first country to introduce a diversity charter. Since its introduction in 2004, close to 3500 French companies have signed the charter. Hajjar argues that “The idea of diversity as a leverage to improve not only social but also economic performance is gaining momentum in France. Discrimination has a cost both for companies and for civil society. In this matter, public and private entities have a common goal toward diversity and inclusion” (p. 129). In addition, Hajjar is highlighting the importance of understanding changes in the labour market and therefore the need to review and develop work within the fields of diversity. In particular, Hajjar highlights how “With the upcoming challenges Europe will face, the role of the Diversity Charters community is highly important and can help to create a space where different stakeholders can meet around shared values. The Charter’s work on non-discrimination, equal treatment and equal opportunity light the path to a good integration of migrants as well as increased equity in European countries” (p. 133).

The final contribution in this part, “Towards Employee-Friendly Work Environment, Diversity Charter in Poland” by Ewa Leśnowolska (2017), provides reflections from the use of diversity charter in Poland, the first of the “new” EU states to introduce a diversity charter in 2012. The diversity charter is one of the most widely recognised diversity programmes in Poland. The author highlights how it was from the beginning intended to be more than just a formal declaration merely paying lip service to the ideas of diversity. Instead, it was designed as an initiative with the aim to educate and encourage companies to really put diversity high on the agenda. Hence, signing of the Polish Diversity Charter is and should be both a privilege and an obligation for organisations. Leśnowolska (2017) argues that in the Polish context, it is evident that employers are motivated by a wide range of ethical, legal and economic considerations which are influencing them in taking steps to manage diversity. She argues that this is often based around the idea that visible and invisible differences within teams create added value rather than barriers to cooperation. The author is also, by building on research from the EC, highlighting how in the Polish context, the support from signatories about the benefit of signing the Charta is strong, with “95% of the signatories of Polish Diversity Charter declared that signing the document had led to a positive impact on the development of equality policies and measures in their organizations” (p. 141). Moreover, companies that have signed the charter in Poland is leading in how to develop an inclusive working relationship both between employees and employers, but also among employees.

Taken together, the three chapters in this part provide valuable insights into the experiences with the use of diversity charters in three different European countries. The chapters illustrate both similarities and differences which can be useful in guiding both policy makers as well as practitioners.

Bibliography

- Hajjar L (2017) From equal treatment to diversity: the case of the French diversity Charter. In: Hansen K, Seierstad C (eds) Corporate social responsibility and diversity management: theoretical approaches and best practices. Springer, Heidelberg
- Hansen K, Seierstad C (2017) Introduction. In: Hansen K, Seierstad C (eds) Corporate social responsibility and diversity management: theoretical approaches and best practices. Springer, Heidelberg
- Leśnowolska E (2017) Towards employee friendly work environment, diversity charter in Poland. In: Hansen K, Seierstad C (eds) Corporate social responsibility and diversity management: theoretical approaches and best practices. Springer, Heidelberg
- The European Commission (2015) Practical guide to launch and implement a Diversity Charter. doi:[10.2838/249964](https://doi.org/10.2838/249964)
- Von Hardenberg AG, Tote K (2017) The Charta der Vielfalt: assuming responsibility for diversity. In: Hansen K, Seierstad C (eds) Corporate social responsibility and diversity management: theoretical approaches and best practices. Springer, Heidelberg

The Charta der Vielfalt: Assuming Responsibility for Diversity

Aletta Gräfin von Hardenberg and Kerstin Tote

Abstract The Charta der Vielfalt association advocates the implementation of diversity management in companies and institutions. It promotes an appreciative working atmosphere free of prejudice and informs about the holistic diversity approach. By applying it consistently, organisations are economically strengthened. Both diversity management and CSR form culture and identity, both internally and towards the outside world, fostering cohesion and bonds among members of the workforce and society. With the proper interweaving of the two strategies, organisations can thus prepare themselves for the changing requirements and needs of employees and stakeholders.

On the basis of practical company examples, the article shows the close connection between the two areas and offers suggestions for handling organisations' diversity management and commitment to CSR.

1 Practical Experience with the Charta der Vielfalt: What Is the Relationship Between CSR and Diversity Management?

When employees identify with their employers, when they enthusiastically contribute their potential to the workplace, when their talents are recognised and encouraged—this strengthens companies' and institutions' profitability and sustainability in the future. The non-profit association Charta der Vielfalt is committed to this idea and supports organisations in their aim of optimally recognising, fostering and managing diversity. Encouraging diverse talents is also regularly part of companies' and institutions' commitment to corporate social responsibility. Often both assuming social responsibility for strengthening diversity and taking greater account of the diversity within a business are integral components of strategies. The

A. Gräfin von Hardenberg • K. Tote (✉)
Charta der Vielfalt e.V., Berlin, Germany
e-mail: info@charta-der-vielfalt.de

effect of the concepts thus has a twofold orientation: internal and external. This leads to the question of whether and how these two entrepreneurial fields of action relate. This article discusses this issue from the perspective of the Charta der Vielfalt association, which gains wide-ranging insights through its day-to-day practical contact with the member and signatory companies.

1.1 The Role of the Charta der Vielfalt: Agenda Setter for Diversity Management in Business and Society

The Charta der Vielfalt is a voluntary commitment to diversity and tolerance, fairness and appreciation of people in working life on the part of companies and institutions. The driving force behind it is the conviction that embracing and appreciating diversity has a positive effect on society in Germany and at the same time works to benefit the entrepreneurial principle of efficiency. Particularly the latter element is often overlooked. Encouraging the appreciation of diversity serves the purpose of securing economic success of both companies and institutions and society as a whole.

The Germany economy has been shaped in recent decades by major trends such as globalisation and the progressive ageing of the population. The diversity in the structure of the workforce but also the individualised needs of customer groups and business partners has increased. By now, the shortage of skilled workers arising from the demographic shift can be observed in all business sectors, and new entrants into the workforce, young people who are members of the Generation Y, pose different demands from work and life models. To be economically successful in such an environment means dealing consciously with the topic of diversity and transmitting it into everyday life in companies and institutions in order to remain competitive. The diversity of employees with their range of talents, skills and ideas opens up opportunities for a greater richness of ideas and for creative solutions. Conversely, this innovative strength of firms based in Germany strengthens Germany as a place for business.

Stakeholder groups, particularly shareholders, are also developing a keen eye for the diverse composition of staff and management; they draw conclusions to evaluate companies' positioning on the market. Embedding the topic of diversity in company and human resources policies became all the more important once diversity management was established in organisations. Its aims are to create awareness and make use of potential, as well as to demonstrate the transparency and measurability of the influence of successful diversity management.

The Charta der Vielfalt was founded by four major companies in 2006 as a company initiative to place the experience acquired internally on a broader socio-political and economic-political footing in terms of impact. The objectives of actively advocating, as role models, more diversity on the job and impartial working environments, and making the concept of diversity management, still

relatively new in Europe, more widely known in the German company landscape—and across sectors—inspired these companies to this business initiative. Support for the founding group came from Chancellor Dr. Angela Merkel, who became its patron, and Minister of State Prof. Dr. Maria Böhmer, then Integration Commissioner of the Federal Government, who included the Charta der Vielfalt in her “Diversity as an Opportunity” campaign. In this way, a link was forged between business and politics to jointly look for approaches to issues of inclusion and the demographic shift.

To continue the initiative after 2010 when the “Diversity as an Opportunity” campaign ended, ten corporations founded a non-profit supporting organisation that has been advancing the aims and projects of the Charta der Vielfalt and has a significant influence on the discourse on diversity management in Germany.

The number of members of the association has in the meanwhile grown to include nineteen corporations, but the topic of diversity management is relevant not only for large companies, as is demonstrated by the makeup of the signatories of the Charta der Vielfalt (Fig. 1).

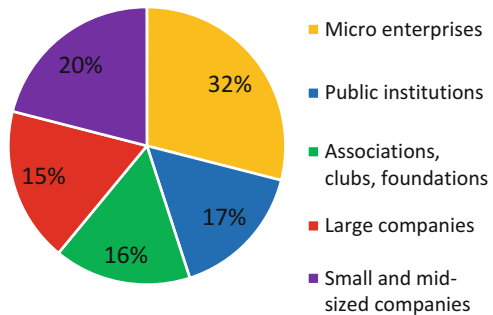
The principle of transferring experience and knowledge is successful. At present, more than 2350 companies and institutions with 8 million employees have signed the voluntary agreement to the Charta der Vielfalt.

Despite varying organisational forms among the group of signatories, in this article we deliberately focus on companies. Diversity management and CSR have been firmly embedded in business for years, whereas the public sector, as well as associations, clubs and foundations, is still less active in this area.

1.2 The Activities of Charta der Vielfalt: A Voluntary Commitment to More Diversity

The activities of the Charta der Vielfalt association target employers’ support in implementing diversity management in their organisations. By signing the Charta der Vielfalt, companies and institutions voluntarily commit to creating an appreciative and non-discriminatory workplace. The Charta der Vielfalt provides them

Fig. 1 Structure of signatory organisations of the Charta der Vielfalt



with orientation for implementation through six defined areas of action around which they can align their individual strategy. The signatories confirm that they:

1. Cultivate a corporate culture characterised by mutual respect and appreciation of every single individual. They create conditions such that everyone (superiors and staff) respects, shares and lives these values. Leaders and managers have a particular role to play in this.
2. Monitor and ensure that their human resource processes meet the requirements of the diverse competencies and talents of all their employees, as well as their own performance standards.
3. Recognise the diversity of society within and outside of the organisation, appreciate the intrinsic potential residing in this and utilise it profitably for the business or institution.
4. Make implementing the Charter a subject of internal and external dialogue.
5. Make public their activities and progress in promoting diversity and appreciation on an annual basis.
6. Keep their employees and colleagues informed about diversity and involved in implementing the Charter.

This conduct reflects the conviction that embracing diversity and appreciating this diversity serve not only to enhance one's own competitive ability and long-term economic success but also have a positive effect on one's image with business partners and customers, both in Germany and in other countries around the world.

In this way, the *Charta der Vielfalt* demonstrates that the reach of the member projects and initiatives extends beyond organisational borders to German society. It opens up the narrow interpretation that diversity management is exclusively an inward-looking human resources organisational matter, primarily about quantitative and representative mapping of dimensions of diversity and the integration of disadvantaged groups. Instead, it is the concept that diversity management is an enterprising leadership approach expressing a cultural attitude that contributes value to society beyond the borders of a company. It is not only by managing diversity in teams but through inclusive leadership behaviour that employees' talent potential is activated, at the same time influencing organisational culture, particularly that of working together.

This creative approach of the *Charta der Vielfalt*, that entrepreneurially fostering diversity has a positive influence on company culture and that this in turn benefits social cohesion, is also reflected in interlinking the initiative across politics, academia, business and the non-profit sector. The *Charta der Vielfalt* is the largest German company diversity management network, and it has access to political, academic and business spheres; it offers all those involved insights into company realities and their day-to-day challenges in managing diversity.

Knowledge, networking and the exchange of experience are critical success factors when dealing with these diversity challenges. The *Charta der Vielfalt* association supports its signatories in this respect in a variety of ways.

It exercises its educational responsibility with conference and event offerings (*DIVERSITY* Conference, German Diversity Day, workshops on specific implementation practice) that signatories can participate in. And signatories can keep

informed not only by using the platforms for personal exchange but also via the Internet website, the regular newsletter and social networks such as Twitter, Facebook and Xing. In-depth dossiers that address the focus themes both academically and in a practice-oriented way, as well as studies and literature from experts and the interactive signatory database are all available to the signatory organisations. Broadening the lobby for diversity to a broad social positioning of the topic and providing information about the content and benefits of diversity management is both an objective and a benefit for all signatories.

1.3 The Opportunity of the Charta der Vielfalt: Closer Interaction Between CSR and Diversity Management

With diversity management and corporate social responsibility, companies take on responsibility for issues of entrepreneurial and social relevance. This entrepreneurial responsibility is at the moment assumed voluntarily in Germany, i.e. independently of legal regulations. However, societal imperatives such as the demographic shift and globalisation make introducing such strategies increasingly indispensable for companies. Both diversity management and CSR have the effect of creating culture and identity, both internally and externally, fostering the cohesion of the workforce and society.

A company culture characterised by diversity reflects beyond the company and gives positive impulses to society. Citizens are members not only of society but also of the workforce. They do not shed their attitude, their thinking and their actions at the entrance to their company. On the contrary, their conduct shapes the respective company culture, which in turn influences them. Both diversity management and CSR activities highlight the interconnectedness between society and companies and the resulting responsibility, including at the employee level.

The company ArcelorMittal Eisenhüttenstadt, signatory of the Charta der Vielfalt, initiated a good example of this interconnectedness: the “Social Learning” project specifically for trainees and young professionals. It was intended to bring the company’s cultural values—partnership-based conduct, respect for the personality, tolerance—to life for the next generation right from the start. For example, they introduced trainees to other working and living environments and gave them an opportunity to take a look behind the scenes of a social profession, with the goal of encouraging tolerant thought and action, as well as involvement. Initiated on project basis in 2003 by now it forms an integral part of the training. In 2013, 49 trainees from ArcelorMittal worked in ten social services institutions in the areas of elderly care, sheltered workshops, patient care and child care and completed an internship there.¹

¹Charta der Vielfalt, Mitwirkende von A-Z, ArcelorMittal Eisenhüttenstadt (2013) [http://www.charta-der-vielfalt.de/diversity-tag/mitwirkende-von-a-z.html?showAction=1&tx_cdvdiversity\[participant\]=40&tx_cdvdiversity\[action\]=show&tx_cdvdiversity\[controller\]=Participants&cHash=19ff6e0bd473f790af77f16998347ec2](http://www.charta-der-vielfalt.de/diversity-tag/mitwirkende-von-a-z.html?showAction=1&tx_cdvdiversity[participant]=40&tx_cdvdiversity[action]=show&tx_cdvdiversity[controller]=Participants&cHash=19ff6e0bd473f790af77f16998347ec2)

As this example from ArcelorMittal shows, in the scope of diversity management, other companies also support educational offerings which employees are called upon to take part in voluntarily (e.g. “Bring-your-kid-to-work day”/“Girls’ Day” or “Social Day”). In like manner, companies encourage releasing employees for social activities with corporate volunteering in the area of corporate social responsibility. With these appeals to employees to engage in society, both areas of action target expanding workforce skills development. This can occur, for instance, by founding networks or taking on a mentor role for school-aged children.

Through their close connection with social trends, CSR and diversity management also serve as platforms of feedback for individual companies to remain up-to-date about social trends.

Direct dialogue with young people was fostered with “Jugend denkt Vielfalt in NRW”, a youth project of the Charta der Vielfalt e.V.—in order to be aware today how potential employees of tomorrow think, how they imagine their future working life in diversity. Not talking about young people but rather exchanging with them directly at a company’s learning site—that was the guiding principle for the six companies involved. The young people dealt in depth with the significance of diversity for companies and learned a lot about diversity management at “their” companies. But not just that: into the bargain they gained insights into the opportunities and requirements of the working business world sector in quite specific terms and in an action-oriented way, receiving targeted professional orientation.²

By the same token, there are programmes in leadership development that enable a look beyond familiar horizons into society, primarily to broaden perspective and reflection, as well as to reduce unconscious bias. For this reason, offerings like “SeitenWechsel[®]”, “Common Purpose” and “Leadership Berlin” from adult education that place learning in other spheres of life at centre stage constitute an integral part of many companies’ executive education.

Thus in equal measure, diversity management initiatives and CSR projects bring to the fore issues of raising awareness, including about employment (e.g. access of various groups of employees without prejudice), integration and participation.

These focus areas are frequently strategic cornerstones for companies because they provide indications about those factors and trends that are important for a future-oriented, successful alignment of business policy and corporate development. Thus, CSR and diversity are often embedded as top-down strategies in company management. The motivation to implement diversity management and CSR is not, however, indicated exclusively from a social and societal perspective but primarily as an economic driver (business case). By voluntarily implementing measures, companies enhance employee motivation and development as well as customer satisfaction and develop their reputation as an employer and trust in the market and in society. Due, however, to the lack of direct revenue generation and the complicated measurability of the effect of the initiatives, both areas of action are routinely confronted with a categorisation as “cost drivers”.

²Ifok, Jugend denkt Vielfalt in NRW (2013) <http://www.jugend-denkt-zukunft.de/273.0.html>

There are several examples, however, that make the economic benefits of diversity management clearly visible. The target group initiative Bankamiz at the Deutsche Bank stands for dealing consciously with the diversity of customer groups and staff and led to the introduction of culturally sensitive financial consulting. Having recognised that addressing the group of bank customers of Turkish origin should occur in a more targeted manner, one that was more suited to the target group, they came up with an idea: Bankamiz, a tailored offering for the largest group of descendants of immigrants in Germany. Employees of Turkish origin offer advice in both languages, in this way enabling more rapid development of trust and better recognition of financial wishes and needs. Product and location policies were also tailored to the customer group. The results speak for themselves—the number of customers of Turkish origin has doubled since Bankamiz was launched in 2006. Despite initial scepticism on site, the inclusion of the newly hired employees has been successful. The entrepreneurial and emotional style of the new advisors also provided impetus for their co-workers' work. The openness and tolerance in the teams was increased in this way—not least because the new co-workers often significantly support the success of the branches.³

The underlying concept of a positive, creative way of dealing with diversity in staff and culture has prevailed today, particularly in Europe. The current understanding is to accept the differences among employees and make use of diversity for the mutual benefit of all parties involved, thus establishing an integrated perspective. The Charta der Vielfalt association also advocates this interpretation.

Nonetheless, from the perspective of Charta der Vielfalt, when considering the relationship between CSR and diversity management thus far, there have been no closer links among the individuals responsible despite a number of thematic interfaces. This insight is derived from the experience that the contact partners of the Charta der Vielfalt association usually come from corporate management or human resources. The differences are in the structural embedding in companies, in the political anchoring of the company areas and, not least, in the overall effective direction of the actions.

Although the content about diversity initiatives in many corporate CSR reports⁴ would seem to indicate a link between the areas of action, there is nonetheless no ongoing collaboration within companies between the areas. This originates to a certain extent in the fact that diversity was first promoted in companies as an HR competency. When personnel processes are evaluated in terms of their compatibility with diversity (e.g. recruiting processes) or when the management of diversity is

³Charta der Vielfalt e.V., Best Practice Datenbank, example Deutsche Bank (2013) [http://www.charta-der-vielfalt.de/nc/unterzeichner/best-practice/beispiele.html?tx_bestpracticebsp_pi1\[searchstate\]=0&tx_bestpracticebsp_pi1\[searchsize\]=0&tx_bestpracticebsp_pi1\[searchsegment\]=0&tx_bestpracticebsp_pi1\[searchfocus\]=0&tx_bestpracticebsp_pi1\[searchglobal\]=bankamiz&tx_bestpracticebsp_pi1\[submit\]=Suchen&tx_bestpracticebsp_pi1\[showUid\]=67](http://www.charta-der-vielfalt.de/nc/unterzeichner/best-practice/beispiele.html?tx_bestpracticebsp_pi1[searchstate]=0&tx_bestpracticebsp_pi1[searchsize]=0&tx_bestpracticebsp_pi1[searchsegment]=0&tx_bestpracticebsp_pi1[searchfocus]=0&tx_bestpracticebsp_pi1[searchglobal]=bankamiz&tx_bestpracticebsp_pi1[submit]=Suchen&tx_bestpracticebsp_pi1[showUid]=67)

⁴For example, at Daimler AG, diversity is a component of the Sustainability Report. Daimler AG, Sustainability Report 2014 <http://sustainability.daimler.com>

integrated as a management competency, the course is set for the allocation. CSR, in contrast, usually structurally directly reports to company management or to corporate communications or branding. Thus, it is not only organisationally more independent within the company but at the same time is not interwoven with general day-to-day management in any way worth to mention, as diversity has, however, become in the meantime.

From the association's perspective, with the CSR Action Plan 2010, the topic of CSR has undergone substantial enhancement in the political arena at the federal level. Thus far, diversity management is not as integral a component of the international German presence as CSR is among German companies.

The broader and more visible political anchoring of CSR compared to diversity management suggests the need to catch up. The patronage of the Chancellor and the Integration Commissioner of the Federal Government's seat on the association board are important accents for establishing diversity management in the awareness of society and the corporate landscape. And though the relevance of the Charta der Vielfalt is slowly expanding in the political landscape, e.g. through signing by 4 federal ministries and 14 federal states so far, and at the European level through interlinking with other Charter initiatives in 13 EU states, there is no official joint anchoring of diversity management and CSR at the political level.

Another example for the synergies between the two themes that has not yet been rigorously taken into consideration is supply chain management. The stakeholder dialogue, that is, the discussion and exchange with partners and institutions that have a legitimate interest in a company's actions—as they are the ones for whom entrepreneurial responsibility is intended—is essential for the CSR sector and is tended to extensively. Dialogue is so important in particular because CSR actions are a prerequisite for good results in company evaluations, providing access to capital markets. This does indeed apply by the same token to diversity management, but in the direction of the initiatives, here specifically “supplier diversity”, it has not yet been extensively established. The selection of business partners or even products that are bought is only rarely made on the basis of diversity criteria.

One supplier diversity example that can be mentioned positively from Charta der Vielfalt's practice is outsourcing printing, copying and sorting services to sheltered workshops. Many companies require a significant quantity of such services. On the other hand, the costs can be offset against the equalisation fee required for not complying with the statutory number of persons with disabilities employed.

IBM, as another example, is aware of its “purchasing power” as a global company with a great number of supplier relationships—and it makes use of this in a socially responsible way: every year around the world, for instance, IBM awards contracts valued at ca. two billion US dollars to suppliers who practice diversity management in their companies.

Beyond merely monitoring its annual expenses, IBM has committed in its purchasing to complying with a high standard of code of conduct—and they expect this from their suppliers as well. The most important factor here is the “IBM Supplier Conduct Principles”, which bindingly define expectations. These define the minimum requirements with which relevant suppliers must comply. Contracts

will be awarded only on this basis. In addition, IBM reserves the right to bring action against suppliers who do not comply with these principles—including terminating the business relationship.⁵

1.4 Difference in Orientation

Corporate social responsibility and diversity management are, from Charta der Vielfalt's perspective, two corporate approaches to incorporating diversity in company strategy. At heart, these approaches exhibit striking similarities, but the organisational and structural separation between CSR involvement and diversity management in companies is decisive.

This could be attributable to the varied effective direction of the actions, which originates in a difference in the concepts' approach.

While CSR focuses primarily on mitigating the societal, economic and ecological challenges and recognisable deficits, diversity management in contrast first looks inward at a company's own resources. Perceiving diversity and the abundance of resources within a company and making the best possible use of them is the primary effective direction of today's concept of diversity. This results in its later positive contribution to society. In catchy phrases—deliberately exaggerated for the sake of simplification—in their implementation-oriented directions, one could call CSR “bring the inside out” and diversity management “bring the outside in”.

To embrace the diversity of the national and international societal and market realities as an advantage, to reflect them in operation at work and on that basis to develop positioning and competitive strength—this is characteristic of diversity management. In this respect, the Charta der Vielfalt supports self-assessment with their “Vielfalt zeigen” handbook for signatories, at the same time, however, building bridges for companies to present themselves and exchange views beyond the boundaries of their own enterprises.

In so doing, the recommended approach does not place remedying the deficits identified at the heart of the actions but rather attempts to achieve complete integration or inclusion.

⁵IBM, Supply Chain (2012) <http://www-05.ibm.com/de/ibm/engagement/supplychain/index.html>

2 Inclusion Strengthens Organisations

2.1 *The Holistic Diversity Approach: From Integration to Inclusion*

The diversity management approach has developed in Germany in the past 10 years from a concept focussed on compensating for shortcomings, initially influenced by Anglo-America, to a holistic, qualitative and creative consideration of working relationships and environment. In other words, it has developed from a focus on compliance with anti-discrimination laws (see EU Employment Equality Directives, transposed into German law in the General Equal Treatment Act (AGG)⁶) and legal requirements to an understanding that including differences in day-to-day operations can provide long-term benefit.

When implementation began, the emphasis was on integrating disadvantaged groups, i.e. the aim was to adapt/align differences existing within a company's workforce to a prescribed behavioural norm. The basis for this is a separate assessment of differentiating features (or diversity dimensions) by gender, age, ethnic origin, nationality, disability, sexual orientation and identity, religion or belief. Thus, diversity interventions were designed along target group or characteristic-oriented actions. Women were addressed separately in special preparatory training sessions for leadership functions, and ethnic minorities or groups of older personnel were invited to development modules in order to better satisfy the defined competency requirements in daily business. This approach was designed to develop a certain behaviour, which as a result, however, hardened into a stereotyping and often imparted the message to the target groups of "not fitting". This does not mean refraining from measures for certain target groups that seem important in a specific timeframe. It is, however, important right from the onset when designing actions not to create competition among groups with the interventions. To address solely the issue of women, even reduced to "women in management positions", would be an example of that. It would then be preferable to speak at least of "gender mainstreaming", which also includes the group of men.

The Charta der Vielfalt endorses a holistic diversity approach and management of diversity. In so doing, the narrow framework of considering diversity dimensions or criteria separately (only women in management positions, only work-life balance, only the integration of foreign workers, etc.) is superseded. This perspective is corroborated by the fact that people always combine several features, e.g. an individual is female, very experienced and has a certain ethnic origin. The Bertelsmann Stiftung study "*Radar des gesellschaftlichen Zusammenhalts*"

⁶See www.antidiskriminierungsstelle.de.

[Radar of Societal Inclusion] conducted by academics at the Jacobs University Bremen, expresses a similar view: it calls for increasing acceptance not only of immigrants, but in general of people with differing lifestyles.⁷

Thus the approach and the management of diversity in diversity management in Germany are evolving from an integrative and adaptive requirement to an inclusive approach. The CSR approach could benefit in this regard from this evolution of diversity management through closer interlinking.

2.2 *Transformation of Company Culture*

Interlinking the characteristic dimensions of diversity and inclusion calls for reflecting on the respective existing company culture. What conduct does the work environment and work organisation enable? What does it foster and what does it marginalise?

This reflection can reverse the previously common principle of work organisation. The central question is less how work processes can be standardised, which tends to lead to more homogeneous workforces, or how the working population adapts to a standard. Instead, the working environment is to be shaped so that the diversity of employees finds its full expression and can be utilised for the company. Adaptation and levelling fade into the background, while individualisation gradually becomes the unit of measure. The benefit for companies is that the opportunities of such a change go far beyond, for instance, solving problems of lack of staff or of suitable junior personnel. Those who take this path and are ready to deal inclusively with diversity also strengthen the cohesion of their own company culture, keeping it sustainable.

It can rarely be estimated in advance, for instance, what needs will arise in diverse teams. The canned good producer Campbell's in Lübeck has been working since the 1980s with staff from all over Europe and has many employees with Turkish roots. In the early days, the company offered language courses, but it then became clear that this was not wanted. Many employees felt patronised. Consequently, Campbell's readjusted: interpreters are deployed; as needed, formulations are translated. The company now presumes basic knowledge of German. The learning for the company was that a company culture that considers diversity a matter of course is more important than an individual action.⁸

Another example is the social enterprise AfB gGmbH from Ettlingen. Half of its employees have disabilities; the other half does not. Economic efficiency and entrepreneurship drive the mid-sized company with its 160 employees. It compares

⁷See Berliner Zeitung, no. 164 dated 17 July 2013, "Viel Vertrauen, geringe Toleranz", political section p. 6.

⁸See <http://www.ihk-schleswig-holstein.de/servicemarken/specials/Themenschwerpunkte/1858544/2397768/diversity-management.html>

successfully with other IT service providers on the first labour market and sells professional IT solutions (including exchange of IT devices, certified data deletion). To be a socially inclusive company that employs people on the basis of their talents and skills and not on the basis of their disabilities is the declared objective; it is underpinned by the shared vision of being the largest social enterprise in Europe, recognised by major firms as a service provider. There are only employees here—no one “with” or “without” a disability.

That’s why the emphasis is on understanding and developing the company culture at AfB GmbH too, not on considering diversity criteria individually. The company culture stands for cooperation and appreciating the varying abilities of each individual employee. The focus is on performance and not disability: that makes them successful economically and in terms of inclusion.⁹

3 The German Diversity Day: Taking Stock and Sharing Successes

How can this approach be brought to life for a broader audience? How can this very theoretical concept be made tangible for many people, including decision makers, and how can the many initiatives—and many successes—be conferred visibility?

Charta der Vielfalt e.V. decided to create a national platform for action for the signatories of the voluntary commitment under the slogan “*Vielfalt unternehmen!*” [undertaking diversity] every year with the German Diversity Day, also for all other interested companies and institutions. Its aim is to present projects that foster diversity and in so doing to convey clear messages:

- Show solutions! Diversity strengthens companies and institutions in their business activity. On the 4th German Diversity Day 2016, companies and institutions vividly showed around Germany in more than 1000 actions how diversity management contributes to strengthening their position, improving their business models and coping with important future tasks.
- Focus attention! A high-profile kick-off event in Berlin demonstrated the social, economic and political significance of diversity.
- Easier to implement than many people think! Many companies, particularly those in more remote areas or smaller or mid-sized companies, practice diversity management without calling it that. All over Germany, companies and institutions were invited to make diversity visible with actions.
- Look ahead! New ideas, innovative approaches—an ideal framework to present diversity concepts of the present and future to a broad audience.

⁹Charta der Vielfalt e.V., Beschäftigte mit Behinderung (2012) <http://www.charta-der-vielfalt.de/unterzeichner/best-practice/portraits/beschaefigte-mit-behinderung.html>

- Keep developing the Charta der Vielfalt! With the action day, the Charta der Vielfalt is consciously bridging the gap—out of the world of specialists and into public social awareness.

The many actions illustrated the breadth and depth of the topic of diversity, as well as what is sometimes a close link to CSR. It became clear in that big ideas or budgets were not necessary but instead that it's about making a concerted effort, letting in the unknown and foreign, and courageous implementation. Taking up aspects from everyday life and making them accessible to others in different ways—that's what the following selected examples also showed:

At the adidas group, the 3rd German Diversity Day was independently organised by trainees. Focussing on the diversity dimension of disability, they contacted the institution "Lebenshilfe" and planned the special Kids Sports Fun Day. The joint project was intended to enhance the awareness of diversity among the trainees and foster dialogue.¹⁰

Bombardier combined an awareness-raising action in the form of a multicultural cake and dessert buffet and a related "Diversity Recipe Book" with an appeal for donations. The proceeds went to a non-profit organisation to help children and their families after the severe earthquake in Nepal.¹¹

Already on the 1st German Diversity Day 2013, the *Gesellschaft für Beschäftigung und berufliche Eingliederung mbH* (Society for Employment and Vocational Integration) organised a job market meeting for refugees and those entitled to permanent residence, also providing an international buffet reflecting the diverse origins of the participants in the measure. The goal was to turn attention towards those people who need support in finding a job and have a difficult start. Help in looking for available jobs on the Internet and in the newspaper, in writing and amending application letters and CVs, as well as advice when taking up employment were all on offer.¹²

Overall, the development of the German Diversity Day is a success story: from 360 actions by 240 participants in 2013, there were already 1000 actions by 2015 in all the German states (see Fig. 2). Thus, it was possible to reach more than 3.1 million people employed by the participating organisations in 2016. The spectrum ranged from intercultural menus in cafeterias to flash mobs to specialist events on

¹⁰[http://www.charta-der-vielfalt.de/diversity-tag/mitwirkende.html?showAction=1&tx_dreipccdvdiversity\[participant\]=9993&tx_dreipccdvdiversity\[action\]=show&tx_dreipccdvdiversity\[controller\]=Participants&cHash=3c76f9475488a97932ab56dfba229839](http://www.charta-der-vielfalt.de/diversity-tag/mitwirkende.html?showAction=1&tx_dreipccdvdiversity[participant]=9993&tx_dreipccdvdiversity[action]=show&tx_dreipccdvdiversity[controller]=Participants&cHash=3c76f9475488a97932ab56dfba229839)

¹¹[http://www.charta-der-vielfalt.de/diversity-tag/mitwirkende.html?showAction=1&tx_dreipccdvdiversity\[participant\]=11466&tx_dreipccdvdiversity\[action\]=show&tx_dreipccdvdiversity\[controller\]=Participants&cHash=3d2bc20ca3594bb06c56bfc52b9a92dc](http://www.charta-der-vielfalt.de/diversity-tag/mitwirkende.html?showAction=1&tx_dreipccdvdiversity[participant]=11466&tx_dreipccdvdiversity[action]=show&tx_dreipccdvdiversity[controller]=Participants&cHash=3d2bc20ca3594bb06c56bfc52b9a92dc)

¹²Charta der Vielfalt e.V., Mitwirkende von A-Z, Gesellschaft für Beschäftigung und berufliche Eingliederung mbH (GBE) (2013) [http://www.charta-der-vielfalt.de/diversity-tag/mitwirkende-von-a-z.html?showAction=1&tx_cdvdiversity\[participant\]=367&tx_cdvdiversity\[action\]=show&tx_cdvdiversity\[controller\]=Participants&cHash=ad49a19820ea1bf72078bc7a2cb275a5](http://www.charta-der-vielfalt.de/diversity-tag/mitwirkende-von-a-z.html?showAction=1&tx_cdvdiversity[participant]=367&tx_cdvdiversity[action]=show&tx_cdvdiversity[controller]=Participants&cHash=ad49a19820ea1bf72078bc7a2cb275a5)

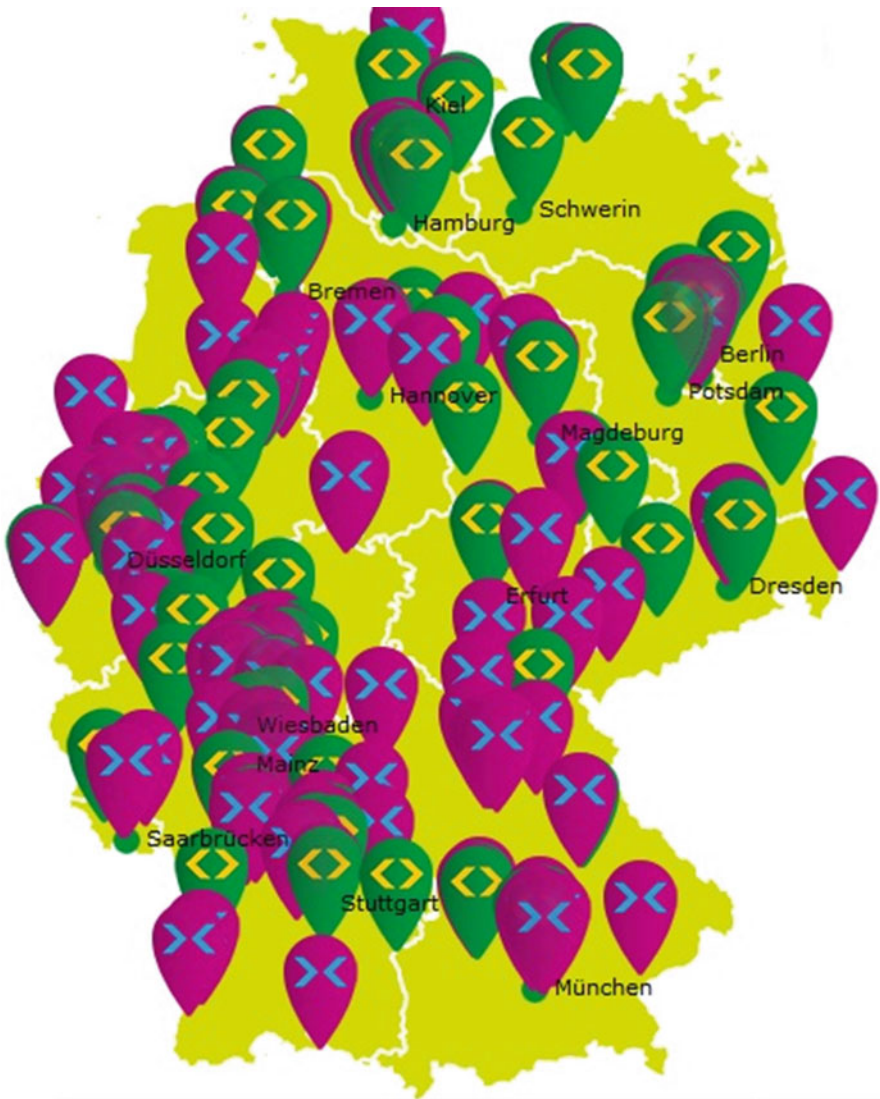


Fig. 2 Geographical distribution of activities for the German Diversity-Days

the topic of diversity management. And the news coverage about that day—about 1000 mentions and reports in newspapers, on the Internet, on radio and television—ensured that the topic of diversity was publicised in all regions of Germany. At the third German Diversity Day, we were able to set trends in social media: the hashtags #VfuerVielfalt und #Diversity were among the top ten on Twitter; numerous prominent guests campaigned publicly for diversity.

In this way the event captured in a nutshell all the association's concerns, making them visible in business and society. Because it was so well received, the day proved that diversity and inclusion are important for all people, not only from a societal perspective but also to enhance Germany as a place to do business.

4 Conclusion

Diversity will continue to increase in modern societies. Particularly the social developments of globalisation and population ageing challenge companies to deal within their organisations with the shortage of skilled workers, ethnic diversity through immigration, as well as changed expectations from younger generations. Acceptance of diversity is an important aspect of social cohesion in heterogeneous and modern societies and for the innovative strength of business locations, as well as for companies as economic units.

Bringing about inclusion through a holistic approach to company strategy and shifting away from considering and measuring individual criteria in the narrow sense of promoting diversity strengthens companies economically and culturally. This has a positive radiating effect on society at the same time through entrepreneurial actions around diversity, both internally and externally. One example of this is the German Diversity Day.

This bilateral influence is shared by the CSR and diversity approaches. Their overlap also contains potential for a deeper tie between the work of CSR and diversity, which, however, does not exist until now. CSR and diversity management can profit from each other through a stronger interlinking in collaboration and by implementing an inclusive approach to diversity, as represented by the Charta der Vielfalt. In so doing, the clarification of social commitment to diversity and diversity management practice also brings the Charta der Vielfalt closer to the area of action of CSR.

The Charta der Vielfalt provides a platform for feedback and best practices using various instruments that extends into society. The Charta der Vielfalt supports the effort by combining resources and increasing the influence of diversity initiatives. In this respect, the initiative provides support in day-to-day business and in establishing the topic of diversity in society.

From Equal Treatment to Diversity: The Case of the French Diversity Charter

Laure Hajjar

Abstract It seems useful to wonder, after a few decades of diversity discourses at international, national, and organizational levels, what does diversity actually mean? Do we have a common understanding of the notion of diversity, at a national and European level? Is there such a thing as a European-wide management of diversity? And why should it be?

Companies often fear the cost of the implementation of a diversity policy. We, at the French Diversity Charter, like to ask them: do you know how much lack of diversity already costs you? Having a diversified workforce helps you recruit and keep the best talents and enhance innovation and creative thinking, for instance. The idea of diversity as a leverage to improve not only social but also economic performance is gaining momentum in France. Discrimination has a cost both for companies and for civil society. In this matter, public and private entities have a common goal toward diversity and inclusion. Cooperation between public and private actors is key to fight against discrimination appearing at multiple moments of one's life: education, access to services, employment, health, etc.

The role of the French Charter and the EU Platform of Diversity charters is, among other things, to create a space where private and public actors can share ideas and best practices and work together toward a more inclusive society for the mutual advantage of every party.

The vocabulary around the notion of diversity is rather rich, and sometimes it is hard to understand the difference between words that all tend to describe the same goal. The word diversity itself is sometimes criticized, too often associated with business, or favoring a society composed of distinct groups without a shared base. The concept emerged in the USA in the early 1990s from the conjunction of affirmative action policies and private employers aiming to make use of the cultural diversity of their workforce. The concept arrived in France in the early 2000s and the French Diversity Charter was created in 2004. This chapter will discuss the meaning of diversity and the importance of the French Diversity Charter.

L. Hajjar (✉)
Charte de la Diversité, Paris, France
e-mail: hajjar@charte-diversite.com

1 The Meaning of Diversity

It seems useful to wonder, after a few decades of diversity discourses at international, national, and organizational levels, what does diversity actually mean? Do we have a common understanding of the notion of diversity, at a national and European level? Below is a description of the three different levels of action we consider relevant when it comes to fight against discrimination and promotion of diversity and inclusion.

First, nondiscrimination and equal treatment refers to actions aiming to ensure the same treatment to all in terms of both access to and in employment. The company respects the legal obligations and works collectively to reach egalitarianism.

The second level of action could be called equal opportunities. At this stage, the company recognizes that individuals or groups might face discrimination and focus its efforts to the correction of staple inequities. The company implements actions in favor of discriminated groups it has identified (on grounds such as gender, origins, age, etc.).

The third level of action corresponds to the management of diversity and inclusion. It is reached when a company develops actions to favor the development of each employee's potential. Every employee is taken into account regardless of his/her belonging to a potentially discriminated group. It is linked to the notion of responsible management and well-being at work.

Those three levels are not steps a company validates in order to get to the next one. A company can have developed actions in favor of inclusion of every employee and still face a lawsuit for discrimination, for instance.

2 Diversity as a Way of Improving Business Performance in France

Last December, the French government asked for research on how much discrimination costs the society. The French Minister of employment declared "Discrimination is an economic nonsense because it means excluding competent and motivated people, sometimes even the most qualified for the position. Therefore, it has a cost for companies." Companies should consider tackling discrimination issues in their HR processes in order to optimize their recruitments; it will keep their HR costs under control and reduce the risk of recruitment mistakes. Having the most competent and motivated person for the job will ultimately improve the economic performance of the company. Today's workforce is diversified and business must be in tune with this reality. Diversity management equips companies to see past their prejudices and overcome their misconceptions so as to recruit the very best candidates.

Globalization has created a sophisticated, complex, and competitive environment. In order to be successful, companies need to continually create new products and services. And the best way to ensure the development of new ideas is through a diverse and inclusive workforce. A diverse and inclusive workforce is necessary to drive innovation, foster creativity, and guide business strategies. Multiple voices lead to new ideas, new services, and new products and encourage out-of-the-box thinking. Similar profiles (individuals having similar social and educational backgrounds) are likely to come up with the same kind of ideas and, thereby, less likely to yield innovation. In this case, homophily (the tendency of individuals to associate and bond with similar others, based on age, gender, class, etc. according to the idea that “similarity breeds connection”) and homogeneity of work teams tend to hinder innovation. Well-managed diversity, on the other hand, allows constructive dialogue, contradictory debate, collaboration and competition, out-of-the-box thinking, and creativity, thereby promoting innovation and economic performance.

Having a diverse workforce allows a company to better acknowledge and meet the needs of its similarly diverse client base: diversity in terms of profile, skill, education, and background provides the company with a new variety of perspectives and, thereby, with enhanced responsiveness to clients’ expectations. Having a diversified workforce also facilitates expansion into new markets and diversification of business. The firm can enter new markets, expand its activity, and enhance its economic performance.

Diversity management facilitates adaptation to change in general. In fact, diversity provides greater mental flexibility to the company: the more profiles vary, the more diversified reactions to change will be, thereby complementing and shading one another. Having a heteroclitic workforce will protect the company from “mass movement,” meaning from facing unanimous, uniform negative response, to change among its employees. Within a heterogeneous group, nuanced differences in opinion appear, which increases flexibility, ability to make progress, and, in the end, economic performance.

Diversity management also contributes to the economic performance of the firm in the way that it helps the company develop a more attractive brand image and helps differentiate the firm’s product or service. Fostering positive values such as inclusiveness and respect for and valuation of difference will make a company stand out on the market, so that clients will choose to do business with that firm rather than with its competitors.

In an essay entitled “Wasted talents,” Martin and Nieves (2015) observes that discrimination is very expensive: 10 billion euros of shortfall in earnings because the Government invests in training a youth who, when they enter the labor market, will be unemployed and thus will not contribute to the national wealth.

The idea of diversity as a leverage to improve not only social but also economic performance is gaining momentum in France. Discrimination has a cost both for companies and for civil society. In this matter, public and private entities have a common goal toward diversity and inclusion. Cooperation between public and private actors is key to fight against discrimination appearing at multiple moments of one’s life: education, access to services, employment, health, etc.

3 Role and Action of the French Diversity Charter

As mentioned, introduced in 2004, the French Diversity Charter is a short document developed on a national level. It is voluntarily signed by companies which outlines the commitment of the undersigning organization to promote diversity and equal opportunities in the workplace, regardless of, for example, age, disability, gender, race or ethnic origin, religion, or sexual orientation. The French Charter was the first diversity charter created in Europe. Today the French Charter's team develops tools and awareness-raising actions to help companies drive diversity and inclusion forward. Since its introduction in 2004, almost 3500 companies have signed up for the French Diversity Charter.

On the occasion of the closing of the "Tour de France de la diversité" (15 events organized every 2 years by the French Diversity Charter on the whole French territory including the Isle of La Réunion in the Indian Ocean), the French Charter published "Bilan Diversité." Given that what gets measured gets done, the French Charter now organizes an annual survey to which signatories must answer a survey about the impact of the signature of the Charter, the evolution of their diversity policies, and its results, called "Bilan Diversité."

This survey, which has been conducted yearly for 5 years, proves the benefit of exchange of best practices between big companies and small- and medium-sized companies. It also shows the necessary cooperation between all stakeholders in order to effectively fight unemployment.

The survey covers a wide range of issues and some highly important factors have been revealed. Companies have mostly understood that working collaboratively is in their best interest. In fact, results from the year 2015 indicate that there has been a 57 % increase in the number of partnerships with employment intermediaries and 47 % participate in recruitment forums; for large companies with more than 10,000 employees, this increased to more than 70 %. In addition, both large and small companies show a common interest to share their experiences: over 75 % believe that it is a factor of progress. Large companies are aware they have a role model to play with the small and medium enterprises (SME), which represents 99 % of the French economy. Thus, a large company out of two encourages its suppliers to have commitments to diversity; they use social clauses in subcontracts, for instance, to achieve this goal. However, large companies cannot content themselves with shifting the topic of diversity management to their subcontractors and suppliers via those clauses. Those measures can only be additional to a solid and structured diversity policy within the large company. In addition, social clauses related to nondiscrimination and diversity are effective under certain conditions:

- The measure of the social performance of the company is unbiased and impartial.
- The company's social performance is taken into account alongside with the price of the service or good purchased
- The large company offers to small and medium companies the tools and resources needed to comply with the social clauses it imposes.

In order to help SMEs to better understand the issues and the benefits of a diversity policy and share practices on partnerships between large and small companies, IMS-Entreprendre pour la Cité organizes workshops at a regional level with the platforms of the charter in 2015 under a program financed by the European Social Fund.

IMS has also prepared and written a guide entitled “Diversity within small and medium enterprises-best practices and approaches for moving ahead”¹ for the European Commission aiming to help SMEs with diversity management. The publication share best practices of SMEs as well as best practices of large corporate groups successfully helping SMEs with the implementation of diversity policies.

In 2013, the government identified 1300 geographical areas as particularly disadvantaged. Those areas are a defined space in cities with special needs in terms of employment, culture, and social services. To define those areas, they based their analysis on the living standard and poverty of the inhabitants of those regions. Those deprived areas benefit from dedicated policies and investment from the government to help their residents to access to employment, social services, and culture.

Moreover, to expand the involvement of businesses in the social and economic development of these deprived areas, the French ministry for the City created the “Business and priority neighbourhoods charter” with 30 companies in 2013. Each company writes an agreement with its own commitments and supports, as well as its territories of action (about 60 agreements concluded so far).

It is evident that signatories of the French Diversity Charter are more involved than the other companies on the important topics of diversity management and nondiscrimination. To better fight against unemployment, which concerns in priority the young people living in deprived areas (more than 40 % rate of unemployment), a third of signatories include access to employment for the inhabitants of deprived areas of the city in their policy; it is 14 % more than in 2014. As the French Government focused specifically on this topic, it could be easy to think of companies who take actions in favor of deprived areas as opportunists. Even if it is an effect of the refocusing of the French Government on the policy of the city, we must point out that 25 % lead specific actions in favor of this population: forum for employment, recruitment by simulation, sponsorship, prealternance, anonymous CVs, etc. which are known as very efficient ways to help unemployed people to get a job.

The answers of signatories to the Charter’s annual survey (2015) prove that companies regardless of their size have reached a more mature and global comprehension of the business case of diversity. In 75 % of the answers, commitment to diversity is integrated into a comprehensive CSR approach. The second reason to commit to diversity (69 %) is the moral and personal commitment of the leader. Interestingly, for SMEs, this is the first factor. In addition, the improvement of the HR management is mentioned by 52 % of the respondents. But the factor that

¹http://ec.europa.eu/justice/discrimination/files/diversity_sme2015_en.pdf

progresses the most is the improvement of economic performance (38 %; +7 points compared to 2014). Financial and economic performance is more and more seen as a positive consequence of a good diversity policy.

Taking these factors into account, it is important to reflect on new challenges and developments for the Charter. Hence, it is important to consider what can be the next steps for the French Diversity Charter.

4 What Can Be the Next Steps for the French Charter?

Today, March 2016, the French Charter has more than 3450 signatories. 180 new signatories joined in 2015. When created in 2004, the key aim was for companies to encourage the hiring of young people from ethnic minority backgrounds in the private sector companies. With the development of the Charter and issues related to diversity in the labor market, we are considering renewing the Charter for two main reasons:

- The signature of many administrations such as cities and diverse public and private organizations with new expectations
- An explicit enlargement of the text beyond the ethnic criterion

The objectives of the Charter remain the same, but it gives an opportunity to gather more and more committed actors to fight against discrimination and promote diversity. The role of both private and public actors is necessary to bring diversity forward. In this growing ecosystem of multiple actors and stakeholders, it is even more important that governments and companies work together to achieve their goals. A diversity charter can provide the place where different stakeholders can meet and start a dialogue. As of today, 15 national Diversity Charters have been launched throughout the European Union. They are gathered in the EU-level exchange Diversity Charter Platform² funded by the European Commission. The platform allows the promoters of the existing diversity charters to meet on a regular basis, to share their experiences, and to develop common tools. Among the greatest achievements is the key fact that over 8000 companies, including enterprises, public bodies, NGOs, and covering over 14.6 million employees, have signed the 15 charters. Every year, another 500–600 enterprises join the initiatives. The Platform actively seeks to expand by helping the creation of national Diversity Charters in countries of the European Union where one does not exist yet.

The profound changes in our societies have brought challenges for governments, companies, and individuals. The refugee crisis and the spread of extremism have left us with a deeper sense of vulnerability. The ongoing youth unemployment in Europe and the demographic changes in the world also need adequate responses. Those responses need to be thought of in the European space and with a long-term

²http://ec.europa.eu/justice/discrimination/diversity/charters/index_en.htm

focus. With the upcoming challenges Europe will face, the role of the Diversity Charters community is highly important and can help to create a space where different stakeholders can meet around shared values. The Charter's work on nondiscrimination, equal treatment, and equal opportunity light the path to a good integration of migrants as well as increased equity in European countries.

Reference

Martin V, Nieves MC (2015) Talents gâchés, le coût de la discrimination. éditions de l'Aube

Towards Employee-Friendly Work Environment, Diversity Charter in Poland

Ewa Leśnowolska

Abstract Motivated by ethical, legal and economic considerations, Poland's employers are slowly beginning to embrace diversity management. It is a consequence of perceiving the high potential of teams diversified in terms of gender, age, ability, personal views or even family status. Diversity Charter—an initiative (present in 16 European Union states) grouping employers who commit to non-discrimination and introducing policies that promote openness and tolerance in the workplace, plays a crucial role in disseminating diversity management and equal opportunities on the job market. By the end of 2015, the Diversity Charter was signed by over 120 Polish employers from various sectors and industries. Research reveals that approaches to managing diversity in Poland focuses mostly on gender equality, age management and activation of people with disabilities. Among the most widely quoted benefits of diversity management are brand image, employee engagement and team creativity. The Diversity Charter in Poland is coordinated by the Responsible Business Forum. This chapter will discuss the implementation of the Diversity Charter in Poland.

1 Introduction

Motivated by ethical, legal and economic considerations, Poland's employers are slowly beginning to embrace diversity management. It is a consequence of perceiving the high potential of teams diversified in terms of gender, age, ability, personal views or even family status. Diversity Charter—an initiative grouping employers who commit to non-discrimination and introducing policies that promote openness and tolerance in the workplace, plays a crucial role in disseminating diversity management and equal opportunities on the job market.

E. Leśnowolska (✉)
Responsible Business Forum, Warszawa, Poland
e-mail: ewa.lesnowolska@fob.org.pl

Diversity Charter is a European scheme, developed under the auspices of Directorate General for Justice of the European Commission and is present in 16 European Union states. In Poland it was launched in 2012, after months of inter-sectorial collaboration on the document's content. Polish Diversity Charter is a document that obliges its signatories to implement measures to: prevent discrimination and mobbing in the workplace, develop equal rights policies in recruitment, access to training and promotion opportunities, remuneration and work-life balance, etc. They also oblige themselves to sensitize their employees to diversity issues through training and monitoring and to report on the organization's Diversity Charter implementation performance.

By the end of 2015, the Diversity Charter was signed by over 120 Polish employers from various sectors and industries. Research reveals that approaches to managing diversity in Poland focuses mostly on gender equality, age management and activation of people with disabilities. Among the most widely quoted benefits of diversity management are brand image, employee engagement and team creativity. The Diversity Charter in Poland is coordinated by Responsible Business Forum. This chapter will discuss the implementation of the Diversity Charter in Poland.

2 Harnessing Diversity Potential

Diversity is becoming an increasingly common feature of contemporary Europe. Simultaneously, in the face of current economic and demographic challenges (shrinking and ageing populations, intensified migration, impaired access of entire groups to the job market, underused professional potential of women, religious and ethnic conflict), Europe needs to take steps to foster social inclusion, solidarity and cohesion. This coincides with the expectations of employers who search for talent, face the challenges of managing diverse employee teams, work to best address the needs of various client groups, aim to create workplaces free of discrimination and want to do it all playing according to the rules, observing the law. In the case of Poland, we observe that employers—motivated by a wide range of ethical, legal and economic considerations—are beginning to take steps to manage diversity. This is often based on the idea that visible and invisible differences within teams create added value rather than barriers to cooperation.

Managing diversity consists of specific activities aimed at recognizing differences between people and approaching them as an element of an organization's growth potential. It is a part of a company's strategy based in respect for diversity and creating a workplace conducive to growth and satisfaction. As stated by Zelno (2011, p. 11), "The essence of managing diversity is managing happy people (...) Identifying individual needs and motivations of employees with diverse profiles is a key to success in any organization". Moreover, managing diversity is a process of developing an employee-friendly, open work environment and it is also an inseparable element of responsible business management.

3 Managing Diversity in Poland: Beginnings

Although the idea of managing diversity has been known globally since as early as the 1960s, in Poland it gained popularity only 40 years later, at the turn of the century. Its growth was strongly furthered by EU laws (directives aimed at preventing discrimination and programmes such as EQUAL), as well as the introduction of global corporate governance codes. Although managing diversity in Poland continues to be approached from the perspective of job market challenges (such as population ageing or redefined social and cultural gender roles), employers are increasingly identifying the benefits of diversity in areas such as higher creativity of the employees, unlocking talent or better atmosphere in the workplace.

The EQUAL Community Initiative was financed by the European Social Fund (ESF) and co-funded by the EU Member States within the 2000–2006 programming period. The initiative focused on supporting innovative, transnational projects aimed at tackling discrimination and disadvantage in the labour market. These projects were created to generate and test new ideas with the aim of finding new ways of fighting all forms of discrimination and inequality within and beyond the labour market (http://ec.europa.eu/employment_social/equal_consolidated/).

A seminal role in spreading and promoting the concept of equal opportunities on the job market in Poland was played by projects such as Gender Index (UNDP 2007), Diversity Index (*Lewiatan* Confederation of Polish Employers 2013–2014) and Diversity Charter (Responsible Business Forum, since 2012).

4 Diversity Charter: European and Local Context

The overriding goal of the Diversity Charter was to raise public awareness of the benefits, both for business and society, from managing diversity in the workplace. The document is signed, no charges involved, by a wide range of organizations, such as business and non-profit organizations, public institutions and schools, that oblige themselves to the rules of respecting all employees, regardless of their age, gender, disability, nationality, sexual orientation, family status, etc. They take concrete measures and the Diversity Charter is an instrument for supporting this process. It is also an initiative that joins employers across Europe and provides them with access to knowledge and experiences of employers in other countries.

The Diversity Charter is deeply rooted in the European context. The project operates under the auspices of Directorate General for Justice of the European Commission with a view to implementing it in all European Union states. The concept of Diversity Charter first appeared in 2004 in France. It was conceived as a

coherent document that would organize equal treatment policies in companies as well as affect state policies. Other countries followed in France's footsteps and developed their own documents. Diversity Charters have been signed by over 8000 employers in 16 countries (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Spain, the Netherlands, Ireland, Luxemburg, Germany, Poland, Sweden, Hungary and Italy).

Local Diversity Charters differ in terms of formula, instruments and solutions for managing diversity. They are also coordinated by a variety of organizations. This is a crucial aspect, since the strength of Diversity Charter, just as the strength of diversity itself, lies in fine-tuning the document to local contexts rather than following one pattern [more about the origins and the European context of Diversity Charters in Andrejczuk, M. and Wojsławowicz, E. 2013)].

Diversity Charter has been introduced in 16 European Union states. When the first Diversity Charter was being drafted over 10 years ago in France, nobody suspected that in a decade it was going to cover over 8000 employers, with over 14 million employees in total. Over the 3 years of its presence in Poland, the local document has been signed by over 120 employers. Poland's Diversity Charter is coordinated by the Responsible Business Forum.

5 The Importance of Cooperation: Genesis of Diversity Charter in Poland

Poland was the first of the "new" EU states to introduce its Diversity Charter. Created in 2012, the document was as an outcome of broad cross-sectorial consultations. The Polish Diversity Charter was developed by nearly 20 organizations with a mission to prevent discrimination of various social groups. The group included among others: Helsinki Foundation for Human Rights (Helsińska Fundacja Praw Człowieka), Polish Disability Forum (Polskie Forum Osób Niepełnosprawnych), Polish Society of Antidiscrimination Law (Polskie Towarzystwo Prawa Antydyskryminacyjnego), Amnesty International and *Feminoteka* Foundation, as well as representatives of business (including Orange Polska, Danone and Kompania Piwowarska) and public administration (Government Plenipotentiary for Equal Treatment, Ministry of Labour and Social Policy, Human Rights Defender). The outcome of the cross-sectorial activities coordinated by Responsible Business Forum is a document that specifies a number of obligations applicable to every employer, regardless of sector or industry, that aim to successfully manage diversity in the workplace.

The ceremony of signing the Diversity Charter Poland took place on the 14th February 2012, at a conference in the Chancellery of the Prime Minister. The

project's initiators and the 14 first signatories of Diversity Charter in Poland are Aviva, British American Tobacco Polska, Danone, Deloitte Polska, Grupa Orbis, Orange Polska (former Grupa TP), Grupa Żywiec, Kompania Piwowarska, L'Oreal Polska, Nutricia, Provident Polska, PwC, Totalizator Sportowy and Unilever.

Diversity Charter Poland is coordinated by Responsible Business Forum, under the auspices of the Government Plenipotentiary for Equal Treatment, Human Rights Defender and Minister of Labour and Social Policy. The project's business partner is Orange Polska.

6 Beyond Declaration: Obligations of Diversity Charter Signatories

Diversity Charter is one of the most widely recognized diversity programmes in Poland. From the start it was intended as more than just a formal declaration, a form of certificate confirming high standards, merely paying lip service to the idea. Instead, it was designed as a live initiative—one that educates, encourages but also exacts. In this light, signing of the Polish Diversity Charter is a privilege as well as an obligation.

By signing Diversity Charter, Polish organizations declare that they will undertake specific measures:

- Implement anti-discrimination and anti-mobbing policies and procedures.
- Develop equal treatment policies in recruitment, access to training and promotion, remuneration, employee work-life balance, etc.
- Educate and communicate about diversity (particularly through training the management).
- Monitor and report on the effects of Diversity Charter activities.
- Appoint a team or individual responsible for managing diversity in their organization.
- Actively involve their employees as well as business and social partners in their Diversity Charter activities.

They are also obliged to report each year on which elements of Diversity Charter they have implemented and to what extent.

7 Gender, Age, Disability: Leading Themes

By the end of 2015, the Diversity Charter was signed by over 120 employers in Poland. Most are businesses (81 %, 46 % of which are large companies) but also Non-profit organizations (16 %), public administration bodies (2 %) and universities (1 %) have signed the Charter.

A European Commission study (European Commission 2014) of 1826 employers in 11 countries with Diversity Charters revealed some interesting findings. In the case of Poland, the survey includes 84 % signatories (with EU average at no more than 26 %)—which in itself is a tremendous success. The study explored approaches to diversity activities and the study revealed that Polish employers were the most likely to focus on gender equality (69 % of the respondents; European average was at 48 %), followed by closing the generation gap (54 % of the respondents indicated activities addressed to generation Y, 47 %—professional activation of people aged 50+) and employing and professional activation of people with disabilities (44 % of indications). The study found that in the case of Poland, there is less focus on aspects such as ethnicity (26 %) and religious beliefs (21 %) or sexual orientation (18 %).

It is also evident that it is difficult to point to one dominant diversity management model. The Diversity Charter is signed by a variety of small, medium and large businesses, organizations and institutions. Usually, the diversity management officer works in HR. This is the case with 35 % of Polish signatories. Another, slightly less popular solution, is a diversity officer reporting directly top managers, for example, working in the office of a company's management board. In rare cases, diversity management is a part of communications, marketing, public relations or CSR departments. Regardless, the good news is that nearly 80 % of the interviewed employers declared having an employee whose professional responsibilities include managing diversity.

Polish employers do not differ from their counterparts in other European countries in terms of managing diversity priorities. Gender equality, managing age diversity and employing people with disabilities head the priority lists everywhere.

8 Role of Diversity Charters: Promotion, Education, Evaluation

After signing the Charter, the signatories are not left with the implementation of diversity measures. In fact, the document helps any employer who is committed to managing diversity in their organization and the Diversity Charter provides employers with a wide range of instruments for managing diversity at different stages and levels.

Along with education and awareness-raising, the Diversity Charter can help in implementing earlier activities delivered under the organization's equality policies. It also offers a tool for self-assessment and has a positive impact on how the

organization is perceived both internally, by its employees, and externally, by other stakeholders.

Key types of activities included in the Diversity Charter are:

- Local and European level diversity management conferences—such as the annual National Diversity Day or 2013 high-level event *Diversity Management for Inclusive Growth*—that brought in representatives of over ten countries
- Publications (such as *Managing Diversity—Laws and Practice [Zarządzanie różnorodnością—prawo i praktyka]*, *Diversity unites us [Łączy nas różnorodność]*, *Women in Business [Kobiety w biznesie]*, *Absent on the Job Market—Employing People with Disabilities as a Challenge to Business [Nieobecni na rynku pracy: zatrudnianie osób z niepełnosprawnościami wyzwaniem dla biznesu]*)
- Meetings and workshops (such as *Organizing a Diversity Day in the Workplace [Jak zorganizować Dzień Różnorodności w twoim miejscu pracy]*)
- Surveys among Diversity Charter signatories on the achievement of DC's implementation
- International study visits

It is evident that the Polish Diversity Charter is growing dynamically. Through effective cooperation with the European Platform for Diversity Charters, it offers Polish employers an opportunity to liaise with other practitioners of diversity management including from other countries (such as Austria, Finland or Denmark).

9 Transformation Companion

The impact of Diversity Charter on its signatories is confirmed by the survey *Overview of Diversity Management implementation and impact amongst Diversity Charter signatories in the European Union* (European Commission 2014). The survey was designed to illustrate the impact of Diversity Charter (or lack thereof) on managing diversity in Europe. As many as 95% of the signatories of Polish Diversity Charter declared that signing the document had led to a positive impact on the development of equality policies and measures in their organizations. On the scale from 1 (no impact) to 5 (very high impact), they rated the role of Diversity Charter at 3.13 (close to the total European average—3.23). They also indicated a number of specific successes associated with Diversity Charter guidelines. This includes developing internal ratios for employing people from marginalized groups, increasing the share of women in managerial positions, introducing a flexible working hours system, developing an effective programme for reducing the generation gap or employing a woman after a prolonged maternity leave by a small business. This indicates that managing diversity in Polish organizations is not about complex procedures and processes but about building an open culture, even in the smaller organizations.

95 % signatories of Polish Diversity Charter declared that signing the document had positive impact on the development of equality policies and activities in their organizations.

It is evident that in the case of Poland, implementing Diversity Charters translates into changes in strategies, behaviours of managers and employees and a signatory's entire workplace organization culture. This is reflected in measures taken by the companies as well as in the statistical data such as the number of women or people with disabilities employed by the company. Moreover, four in five respondents declared introducing diversity management into their internal and external communications, while two-thirds succeeded in involving their employees in managing diversity. A high share of companies now deliver equality training (59 %) and have revised their relevant policies and procedures (58 %). 65 % of the signatories have taken steps to ensure better work-life balance for their employees. These are concrete steps that benefit employees as well as their employers.

10 Good Start and First Benefits

Every year, we see evidence that employers discover more benefits of managing diversity. So far the unquestionably dominant ones have been positive impact on a company's image and reputation (70 % of indications). Moreover, most respondents stress internal benefits with an increased focus on managing diversity. 57 % of organizations pointed to the increase of mutual respect among employees after signing the Charter. Over a half admitted to seeing more creativity and innovation in their teams, and 47 % stated that the increased focus on diversity resulted in recruiting more talented employees. On top of that, it was evident that managing diversity supports specific HR processes and drives improvement in work conditions. Only 14 % of Polish Diversity Charter signatories perceived its impact on their business' financial performance. Nevertheless, this is hardly surprising as diversity is difficult to measure in short-term financial terms and many employers are only at the start of the process of managing diversity.

However numerous, diversity management activities in Poland lack a clear definition of goals. Hence, only 14 % of signatories perceive the impact of diversity management on financial results.

11 Further Steps

While not commonly known among Polish employers, the idea of managing diversity is becoming more and more widespread. We appear to be gradually moving towards a point in which the question as to whether managing diversity in the workplace is worth the effort is no longer an issue. Employee teams are becoming more diverse; demographic and economic challenges are growing. This is why effective management of employee potential will soon be viewed as a necessity rather than source of additional benefits. Those employers, both large and small, who are already preparing to accommodate those changes, who smartly adopt the complex process of building an inclusive culture in their organizations, will get a head start. In the case of Poland, it is evident that signatories of the Diversity Charter undoubtedly represent a major part of this group—already in the process of learning how to manage diversity and how to develop an inclusive working relationship both between employees and employers and among employees.

References

- Andrejczuk M, Wojsławowicz E (2013) Łączy nas różnorodność. Przewodnik po Karcie Różnorodności [Eng. Diversity unites us, Diversity Charter Guidebook], Responsible Business Forum
- European Commission (2014) Overview of Diversity Management implementation and impact amongst Diversity Charter signatories in the European Union
- Responsible Business Forum (2010) Firma=różnorodność. Zrozumienie, poszanowanie, zarządzanie [Eng. Company equals diversity. Understanding, respect, management]
- UNDP (2007) Firma równych szans. Przewodnik dobrych praktyk [Eng. Equal chances in organization. Good practices guide], Gender Index, EQUAL
- Lewiatan Confederation of Polish Employers (2013) Przewodnik po zarządzaniu różnorodnością [Eng. Managing Diversity Guidebook], Diversity Index
- Zelno A (2011) Istota różnorodności w opinii ekspertów [Eng. Essence of Diversity According to Experts]. In: Wiktorska-Świećka A (ed) Zainwestuj w różnorodność. Logiczna decyzja biznesowa dla rozwoju Dolnego Śląska [Eng. Invest in Diversity. Logical Business Option for the Growth of Lower Silesia]

Part III

CSR and Diversity: Practical Implications for Corporations

Introduction

Part III is dedicated to practical implications of CSR and diversity management. We gather reflections and insights from practitioners holding influential and responsible positions in corporations or in consultancies as well as from scholars gaining recommendations from research on the corporate world. They all derive their knowledge from international assignments and reflect on own intercultural experiences.

The first contribution represents a US-Italian collaboration. Loriann Roberson, Filomena Buonocore and Shana M. Yearwood, researchers from New York and Naples, compare and discuss diversity selection practices in Europe and in the USA. The authors look at the selection paradigm common to both cultures, followed by each region's history of and approach to diversity selection, and the state of current practice. They characterise the dominant staffing model in both cultural contexts as follows: "Essentially, it consists of defining the work activities to be done in a job, identifying the knowledge, skills, and abilities (KSAs) that are believed to predict individual-level performance on the job, and developing measurement tools or instruments to assess the relative standing of job applicants on each of the individual-level characteristics" (p. 153). A process model of recruitment is presented: "Job analysis allows the identification of needed KSAs, methods to assess the KSAs are identified; a decision is made on how to use the measured scores; the organization decides which candidates to hire. We have added a final decision which belongs to the applicant and not the organization. Accepted applicants must decide whether or not to accept a job offer. A second applicant decision is implicit in the model: after initiating the application process, applicants must decide whether to continue their job pursuit or to withdraw from the process" (p.153). Thus, self-selection of the candidates is highlighted as an important part of the recruitment process, requiring corporate measures to gain and maintain attractiveness during the complete process.

Roberson, Buonocure and Yearwood discuss several approaches to deal with diversity in recruitment: The first possibility is changing the range of traits or the number of KSAs which are assessed for each candidate in order to reduce bias towards. The second possibility is to focus a company's efforts on *how* KSAs are assessed. Thereby, stereotype threat must be taken into consideration, which "has been induced simply, for instance by labeling the test in stereotype-relevant terms or by having participants answer demographic questions, indicating their race, gender and/or age before taking the test. The literature suggests that these actions raise the salience of the stereotype, which subsequently disrupts test performance" (p. 157). Further on, the authors analyse more critical steps and decisions as how to deal with the obtained scores, how to train interviewers, how to shape application forms (e.g. remove identifying information to some extent) and, most important, how to shape the applicants' perception of the company.

In total, the authors arrive to the core recommendation: "Both academics and practitioners need to consider how selection can be used as a strategy for shaping climates, by seeking to hire all employees, both underrepresented and dominant group members, on their ability to create and to contribute to a positive climate for diversity" (p. 168).

The second contribution comes from Germany. Silke Neuhaus and Anja Schroeer analyse the practical applications of CSR and Diversity in SMEs in the engineering and production sector, highlighting the context in Germany, presenting and discussing insights from case studies in SMEs. They are taking a HRM perspective on Diversity and CSR, thereby digging deeper into the recruitment processes in SMEs which are internationally active. Thus, this chapter is directly connected to the content of the first contribution to this chapter, adding the German perspective and concentrating on internationally active SMEs.

In the case studies, Neuhaus and Schroeer go beyond recruitment and touch the challenge of integration or rather inclusion, culture and management. Diversity is seen as an asset, as this citation from a case study demonstrates: "As an engineering specialist, Bertrandt views employees as the crucial success factor. The company sees this as a main driving force for the internationalism of the staff. Diversity also is expressly desired in the case of management positions and already realized, for example with managers from Brasil and France" (p.183).

The authors show the influence they exert as a regional actor: "The successful Schroeer experience demonstrated that SME's can create platforms to bring a variety of people together through similar concrete programs in their region. They can accomplish, amongst other things, the dismantling of prejudices against other population sectors. Positive experiences are created by being different; the success of diversity is made visible, and opportunities for example for recruitment are created" (p.185).

Nevertheless, the authors state that the institutionalisation of CSR (and diversity) in SME's culture and policies can and must be further improved: "Often, CSR activities and attitudes are actively applied, without having concrete policies or without them being an explicit part of SME's corporate culture. The manifestation of CSR and Diversity strongly depends on the attitude of the management, HR

department and the managers. While managers' attitudes are critical to the success of CSR and Diversity, institutionalising CSR is an important step to ensure that CSR survives employee fluctuation" (p. 188).

The third contribution is, again, discussing employers' attractiveness. Martina Stangel-Meseke, researcher and professor in the field of occupational psychology and entrepreneur herself, describes and analyses the current situation on labour markets characterised by demographic change and tertiarisation: "The current corporate situation is characterized by target groups which choose their employer and hence the topic 'employer attractiveness' gains such an importance that it has become a competitive advantage for the respective companies. In a competitive labor market, companies have to attend to their attractiveness as employers more than ever" (p. 193).

Stangel-Meseke presents important studies on employer attractiveness which highlight how employers are perceived by jobseekers. Additionally, she carves out the relevance of CSR as a significant factor during the process of choosing a profession, thereby identifying the specific effect of CSR in the context of choosing an employer as an underresearched field. Based on her analysis, she builds and explains an integrative model which summarises the analytically derived CSR and DiM factors. Finally, she presents recommendations for action to influence employer attractiveness, covering various HR measures as well as building a database and reporting. Furthermore, the importance of appropriate internal and external communication processes is underlined.

Stangel-Meseke's overall conclusion is: "Only the simultaneous implementation of CSR and DiM as a joint corporate strategy in the inner core of the organization and the interaction with the external environment makes it possible to develop the relevant organizational elements of employer attractiveness. To reach this goal, continuous learning processes inside and outside the organization are needed. The target-group-specific communication geared toward attracting potential applicants largely depends on how well the organization manages to anchor relevant megatrends in its corporate strategy in a manner that is both sustainable and continuously updated" (p. 205).

The next contribution discusses our topic from an industry-specific perspective. Susanne Peiricks has been a top manager in the steel industry for nearly 20 years. Her contribution focuses on exploring the initiatives of CSR and diversity in the steel industry, stating growing demand for and an increasing interest in CSR in this sector. The author presents the important activities of "worldsteel" to which its sustainable development charter, based on seven commitments and established 2002, is core. Other initiatives are reported, discussed and compared.

Peiricks analyses the websites top 20 steel producers, representing nearly forty percent of the world production and covering a wide range of cultures, massively situated in China but including headquarters in other Asian and European countries as well. Her overall finding is that most of them (actually all who give access to an English language website) publish "their CSR strategy and cover the commitments established in the *worldsteel* sustainable development charter and the ten principles of the UN Global Compact. Of course they have different elements but all have as

their main focus on environment, safety and health. Most of them also have measurable targets and show their development.” (p. 214)

She explains in more depth the CSR and diversity strategies and activities of selected companies as ArcelorMittal, Nippon Steel and Sumitomo Metal Corporation, Baosteel Group Corporation, POSCO, Tata Steel Group, Nucor, Gerdau and ThyssenKrupp Group. Concluding from those case studies, Peiricks states: “It is obvious that the concept of CSR is firmly rooted on the global steel business agenda. Nevertheless, it is difficult to evaluate how deeply CSR is implemented in the operative organisations of the steel companies. The examples presented above showed that the steel companies implemented reliable indicators of progress in the field of CSR and diversity, along with the dissemination of CSR strategies. Nevertheless, we also noted significant differences between the companies in relation to the focus on CSR and diversity.” (p. 226)

The fifth contribution, authored by Astrid Bosten, provides reflections and insights from diversity management in a German-rooted, large and international family business, the Henkel AG. The author has been working in the Diversity and Inclusion department in the German headquarter for years, recently becoming a line manager in Russia and thereby experiencing a completely different aspect of Diversity: being a “stranger” in Moscow and managing professional and daily life in a new and unaccustomed environment.

Bosten strongly advocates for a comprehensive approach towards managing Diversity: “‘Inclusion’ describes an autonomous concept which is equal to the Diversity idea, namely the concept of appreciation. Inclusion is the necessary counterpart to the basic Diversity idea. As the term ‘Diversity’ primarily and by definition more relates to the individual that make a person or a group of people diverse, the ‘Inclusion’ term rather refers to the conscious utilization of this potential”. And inclusions have strong implications for daily life: “At Henkel, Inclusion means the valuation and appreciation of all visible and invisible Diversity factors of the employees in order to create a highly performant organization in which all employees have the same opportunities. Henkel employees should work in an environment in which they feel valued and respected which in turn allows them to freely leverage their potential, their knowledge and skills regardless of their origin, lifestyles and attitudes.” (p. 235)

The author presents the core features of Diversity and Inclusion in the Henkel company, stating that today, “Diversity & Inclusion is firmly anchored in Henkel’s corporate culture. It is not only an approach to meet the needs of increasingly diverse markets and stakeholders through providing creative and innovative products, services, and solutions. But it is also a company commitment to support an inclusive culture and management practice to leverage Henkel’s full potential. For the company, it is crucial that leaders know and understand the commitment to Diversity & Inclusion as well as what is expected of them. This is why Henkel puts particular emphasis on strengthening inclusive leadership” (p. 232).

She outlines the organisational structure of Diversity and Inclusion and explains the economic relevance as given to D&I by the corporation.

It is very interesting to read that CSR and diversity are institutionally only loosely related at Henkel. As a reason Bosten refers to different roots and argumentation lines in the respective areas: “The focus on economic goals in the Diversity area and the philanthropic approach to CSR activities strictly require a systematic separation and positioning of both concepts to avoid irritation and misinterpretation” (p. 234). Moreover, CSR is directed to the company’s external context, while D&I is focusing internal processes and aims on changing and improving the culture of the firm: “Diversity responsables are change managers and have the goal to further improve the corporate culture, HR processes, etc. within the company. Corporate Social Responsibility initiatives, however, are well chosen projects with primarily external focus. They are often positioned in charitable contexts for example for disadvantaged groups or environmentally oriented measures” (p. 234).

Bosten presents a professional concept of establishing Inclusion in a firm’s culture. A critical step in this is becoming aware of and overcoming unconscious assumptions. Summing up her insights as a member of the D&I department she states: “Henkel is now, after the stage of creating awareness, at the stage of enablement. The Diversity concept has arrived at and is established in the company. Now and in the future, it is all about constant communication, about knowledge transfer into tangible actions and finally about a change of mindset and adaption of behavior” (p. 237).

The part on practical examples is closing with an international consultant’s insights and reflections. After working as a diversity officer in corporate business and being one of the German Diversity Charta’s initiators, Hans Jablonski became a consultant and coach specialised in diversity issues.

In his contribution to this book, Jablonski sketches the field and the functions of diversity consultants and describes consulting fields. He understands diversity management as a management tool. “Results show a positive contribution to the business results, costs, reputation, creativity and innovativeness for the employer image as well as for investors. There are high demands for a proof of benefits as well as high expectations on the often-quoted *Business Case* for diversity. It should be measurable with concrete numbers. In contrast to technical investments, which show and influence investments with relatively simple measured values, investments in intangibles or ‘soft’ factors are difficult to measure. It raises the questions, if and—if so—how these factors can be recorded and which indicators are able to show a desired development” (p. 243). To answer those questions, professional consultancy often is required.

Internal and external expectations and pressures must be balanced, and the character of a strategic tool makes diversity management even more complex: “Consequently, the communication of diversity management is challenging as it is not only focusing on anti-discrimination and social objectives but is rather a valuable investment in the sustainability of a company” (p. 243). Developing a communication strategy is one of the most important fields of consultancy, according to Hans Jablonski, who is providing some criteria to assess valuable communication in his contribution.

Data (quantitative and qualitative) must be provided, and this, again, can be supported by consultants. Strategies and core measures have to be developed and often result in a “Diversity Roadmap”: “This document defines in chronological order the main dimensions of diversity for which have been designated specific goals and activities”. Such a roadmap has to include trainings, coaching and the involvement of various networking activities. A “Diversity Score Card” should be complemented by a “Diversity Cockpit” to record the success of the activities or disclose shortcomings or gaps.

The author assumes a close relationship between CSR and diversity management: “Ideally, diversity management is economically as well as socially successful and beneficial: it connects social commitment with economic success” (p. 249). He draws the conclusion: “If diversity management finds professional and strategic implementation, it is integrated as a holistic enterprise into all divisions and operations—among others including efforts to develop corporate responsibility (CR) and corporate social responsibility (CSR)” (p. 248).

Hiring for Diversity: The Challenges Faced by American and European Companies in Employee Selection

Loriann Roberson, Filomena Buonocore, and Shana M. Yearwood

Abstract In today's business climate, corporate social responsibility has a broad definition and includes diversity management. The process of employee selection is a key diversity management practice, as it influences an organization's external brand and signifies commitment to diversity to current employees. In the USA, the history of racial discrimination resulted in sweeping employment laws designed to reduce bias, especially in the hiring process. Thus, employers have struggled to balance compliance with affirmative action laws and finding a method of selection that is perceived as fair to all job candidates. In Europe, employment laws are more prescriptive to bring about equality, especially gender equality. This chapter outlines the history of employee selection in the USA and Europe, reviews the challenges practitioners face with the many methods they have employed to try and ensure fairness, and presents the implications of common diversity selection practices in both locales.

Many have argued that in a capitalist society, a corporation's primary goal is the maximization of profits and shareholder returns (Thorpe-Jones et al. 2010) and that the key responsibility of business is the efficient provision of goods and services to society. Historically, organizations have been forced to consider their wider impact on society through governmentally imposed laws concerning workers, consumers, and the environment. Regulatory agencies ensure at least minimal attention to these issues. Thus, an organization's social responsibility has been merely to comply with such legislation, to do no harm. But corporate social responsibility (CSR) goes beyond this minimum to voluntarily promote social welfare while also reaping

L. Roberson (✉)

Teachers College, Columbia University, New York, NY 10027, USA

University of Naples Parthenope, Napoli, Italy

e-mail: lr2356@tc.columbia.edu

F. Buonocore

University of Naples Parthenope, Napoli, Italy

S.M. Yearwood

Teachers College, Columbia University, New York, NY 10027, USA

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,

DOI 10.1007/978-3-319-43564-0_9

positive business returns (Harvey 2014). CSR encompasses organizational actions that take into account a triple bottom line of economic, social, and environmental performance (Aguinis and Glavas 2013).

A wide range of activities are considered under the CSR umbrella, including those promoting environmental sustainability, humanitarian efforts, support of local communities, and responsible labor practices, to name a few. Although diversity management is not typically included in the CSR literature (Thorpe-Jones et al. 2010), the overlap between CSR and diversity management activities has been noted (Harvey 2014; Köllen 2015). As with CSR, diversity management activities are undertaken voluntarily. Equal employment opportunity laws prohibit discrimination and are externally enforced, but diversity management activities are internally driven and seek to increase the inclusion of underrepresented groups. Diversity management has always been justified using both economic and social rationales; it is meant to promote social welfare but also is believed to yield numerous financial benefits for the organization. Like CSR, diversity management affects organizational reputation and image. Both terms have become buzzwords that signal responsible organizational practices (Harvey 2014). On websites and in promotional literature, we see that organizations often proudly display their diversity management practices, alongside other CSR activities.

In this chapter we look at one particular diversity management practice: employee selection. One important social goal of diversity management is the elimination of labor market segregation and inequalities based on gender, race, and class (Shen et al. 2009). As noted by Bendick and Nunes (2012; p. 238), “few [organizational] practices rival hiring in its impact on the distribution of employment opportunities. . . .” This chapter addresses diversity selection practices, defined as hiring practices used when organizations want to increase the demographic diversity of their workforce (Avery et al. 2013). We focus on how organizations achieve this in two cultural contexts: the United States (US) and Europe. We first look at the selection paradigm common to both cultures, followed by each region’s history of and approach to diversity selection, and the state of current practice. While we acknowledge that there is a wide range of practices in European countries, we review trends that have become more prevalent in the region, using multiple examples. We end with a discussion of the extent to which the two approaches to selection allow organizations to achieve their CSR and diversity goals and the challenges associated with each approach.

1 The Psychometric Selection Paradigm

The dominant staffing model in both the USA and Europe originated in the fields of psychology and management at the turn of the twentieth century concomitant with rising industrialization (Cascio and Aguinis 2005; McCourt 1999). Essentially, it consists of defining the work activities to be done in a job, identifying the knowledge, skills, and abilities (KSAs) that are believed to predict individual-level performance on the job, and developing measurement tools or instruments to assess

the relative standing of job applicants on each of the individual-level characteristics (Binning and Barrett 1989). The proposed instruments are then empirically validated by showing that they do indeed correlate with job performance. When using a valid instrument for selection, the model specifies that applicants should be rank-ordered based on their scores and those with the best scores selected for the job in what is called a “top-down” fashion (Aguinis 2004). Because this model relies heavily on psychometric theory and methods, it is often referred to as the “psychometric paradigm” (McCourt 1999).

This paradigm maximizes predictive power by utilizing selection measures with the highest validity. In practice, for organizations, the use of the model will also maximize utility: the expected job performance of those hired (Gatewood and Feild 1987). In the 1970–1980s, research showed that this utility could be translated into dollars, directly indicating the economic value for the organization. Thus, in the psychometric paradigm, the single goal of selection is to serve the organization’s economic interests.

Although it has developed over many decades, the basic paradigm has not really changed (Cascio and Aguinis 2005; McCourt 1999). A model of the steps in the selection process is shown in Fig. 1. Job analysis allows the identification of needed KSAs; methods to assess the KSAs are identified; a decision is made on how to use the measured scores; and the organization decides which candidates to hire. We have added a final decision which belongs to the applicant and not the organization. Accepted applicants must decide whether or not to accept a job offer. A second applicant decision is implicit in the model: after initiating the application process, applicants must decide whether to continue their job pursuit or to withdraw from the process. Although these applicant decisions are outside the purview of the psychometric paradigm, they influence the final utility of selection (Schmit and Ryan 1997). Estimates of selection utility assume that the top-scoring applicants accept job offers. Thus, the real payoff of valid selection methods depends on the organization’s ability to attract and retain the most skilled applicants.

2 Selection and Diversity Management in the USA

To understand diversity selection practices in the USA, we need to start with the Civil Rights Act of 1964 (revised in 1978 and 1991). This law explicitly prohibits discrimination on the basis of gender, race, color, national origin, and religion (the



Adapted from *Human Resource Selection*

Fig. 1 Job applicant selection process. Gatewood & Feild, 1987

protected classes). The act was a sweeping regulation of 11 sections (called Titles) that together cover all aspects of civic and societal life. Title VII is devoted to employment, banning discrimination “with respect to compensation, terms, conditions, or privileges of employment” (Civil Rights Act Sec. 703a (1)). The law was applied to all employers with a workforce of 15 or more individuals.

The government was serious, and this law had teeth. Organizations could be penalized for noncompliance with compensatory and punitive damages, and federal agencies were established for enforcement. One of these is the Equal Employment Opportunity Commission (EEOC), which investigates claims of discrimination, settles them, or takes them to court on behalf of plaintiffs. Another is the Office of Federal Contract Compliance, tasked with monitoring and enforcing the law for federal employers and government contractors. In addition to complying with the law, government employers and contractors are further required to implement affirmative actions to remedy the underutilization of the protected classes. These employers must have an affirmative action plan to promote the employment of the protected classes. Affirmative action plans involve using labor market statistics to determine whether members of protected classes are being underutilized and then establishing goals, timelines, and strategies for increasing the employment of underrepresented groups (Thomas 2005). For organizations, their social responsibility was clear: compliance was not voluntary.

Although the intent of the law was clear, the details were not. We have seen that selection is by nature discriminatory, requiring a differentiation and choice among applicants. The law did not prohibit selection per se, but rather “unfair” discrimination, based on the protected characteristics. Subsequent case law clarified and defined the meaning of unfair discrimination and the evidence needed by parties to prove or refute such claims. One of the first major Supreme Court cases involving selection was *Griggs v. Duke Power* (1971), which ruled that even if a selection procedure is not intended to discriminate, if its use results in an adverse impact on any group protected by law, it must be shown to be job related. This ruling established the “four-fifths rule” of defining adverse impact, which states that the proportion of protected group members offered employment should be at least four-fifths (80 %) of the proportion of the majority group hired. If not, the practice should be considered suspect and must be shown to be job related. Acceptable evidence of job relatedness was also clarified in this case. Subsequently, in 1978 the Departments of Labor and Justice, the EEOC, and the Civil Services Commission jointly published the Uniform Guidelines on Employee Selection Practices, which outlined the detailed technical procedures for examining adverse impact and providing the evidence needed to justify the use of testing procedures with adverse impact. The guidelines relied heavily on the psychometric paradigm, recommending statistical validation studies to prove the relationship between selection instruments and job performance. If adverse impact exists, the organization must have evidence that the test is valid for predicting performance and that no comparable alternative less discriminatory measures exist. Thus, since 1978, the psychometric paradigm has been firmly embedded in the definition of fair selection practices.

These requirements stimulated much organizational and academic research examining selection procedures for validity and for adverse impact. For example, one-on-one interviews were perhaps the most commonly used selection tool. However, studies revealed that interviews had substantial adverse effects for minorities and for women applying for male sex-typed jobs. They also were found to have low validity for predicting job performance (McKay and Davis 2008). Subsequent studies attributed these problems to intentional and unintentional rater biases, which could influence the questions asked on interviews, and the evaluation of responses. Identification of the causes of bias and low validity led to the development of techniques for improving interviews, including developing questions based on job analysis, standardizing questions and criteria for evaluating responses, and training interviewers. These techniques were successful in improving validity and reducing group differences (Ployhart and Holtz 2008). Standardized general mental ability (GMA) tests were another popular and low-cost selection tool and considered one of the best predictors of job performance by academics (Hunter 1986). However, previous research had also documented substantial racial/ethnic group differences favoring the white majority on many of these tests. With this measure, however, the search for alternatives was disappointing. Typically GMA tests were better predictors (given the cost) than other procedures. This led to a dilemma: adherence to the psychometric paradigm (using the most valid measure with top-down selection) meant that fewer minorities would be extended offers of employment. This has been called “the diversity-validity dilemma” by many in the field (Ployhart and Holtz 2008).

Perhaps the easiest solution to this dilemma would be to not adhere to the model. Organizations began doing this in a variety of ways: not using top-down selection, reserving a number of positions or a quota for underrepresented candidates, or considering group membership as an additional selection criterion. These practices were labeled “preferential selection.” However, these practices increasingly began to meet resistance and resentment, primarily from dominant group members who claimed that they amounted to nothing more than “reverse discrimination.” Several prominent Supreme Court decisions agreed and ruled that quotas were illegal and that group membership could be considered in selection decisions only in very limited ways (Lindsey et al. 2013). These decisions upheld and further codified the psychometric paradigm as the standard, further constraining organizational selection practices.

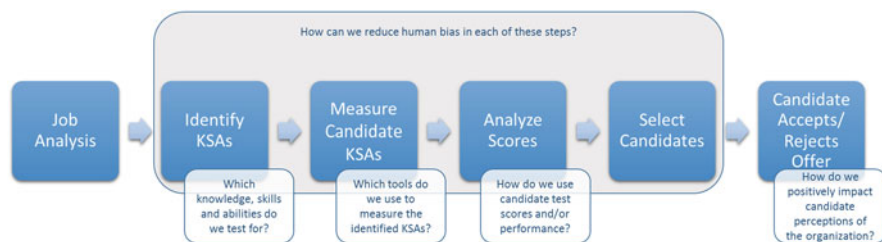
The law still exists today, and subsequent civil rights statutes have extended coverage, banning discrimination on the basis of disability, pregnancy, age for those above 40 years, and veteran status. Yet, employment discrimination has not gone away; in 2014, the EEOC received 88,778 complaints of discrimination (EEOC 2014). Ambiguity still exists over the legal status of preferential selection practices.

3 Diversity Selection: What Can Organizations Do?

US employers have been forbidden to unfairly discriminate for more than 40 years, but the diversity movement gave them a positive incentive to hire underrepresented group members. The business case for diversity argues that employee diversity can enhance organizational performance as it leads to greater creativity, better decision-making, a broader pool of talent, improved company image, and increased access to various markets (Cox 1993). Thus, many organizations now want to move beyond “not discriminating” to actively attracting and hiring underrepresented group members. While the law has constrained organizational practices, it also has resulted in a great deal of research on reducing group differences on selection measures. This research has revealed a greater number of options for hiring diverse candidates. In Fig. 2 below, we have taken the model in Fig. 1 and noted how at each decision point in the model the organization’s choices can reduce adverse impact and increase workforce diversity (Lindsey et al. 2013).

The first major decision companies must make is which knowledge, skills, and abilities (KSAs) will be assessed in candidates. Any job requires a number and variety of KSAs, such as communication skills, ability to handle stress, and math or computer skills; however, not all of these can or will be assessed during the selection process. Instead, the organization must decide which are most important to assess, typically narrowing the list to three or four (Ryan et al. 1999). Because certain traits show larger group differences than others, organizations can reduce discrimination in this first phase by choosing to focus on traits with smaller group differences, for example, by assessing personality instead of general mental ability. They can also decide to measure a greater number of KSAs so that those that show greater group differences are offset by those with smaller or no group differences. For example, instead of solely selecting for mental ability, organizations could also assess candidates’ integrity and communications skills. Ployhart and Holtz (2008) recommend this strategy as it provides a more holistic picture of candidate performance. However, using several assessments is also likely to increase the length and cost of the hiring process.

The second decision in the model offers another approach to increasing employee diversity during the hiring process. Rather than changing which traits



Adapted from *Human Resource Selection*

Fig. 2 Job applicant selection process—choices for increasing diversity. Gatewood & Feild, 1987

or the number of KSAs is assessed for each candidate, companies can focus their efforts on *how* KSAs are assessed. Research indicates that GMA tends to predict performance on all jobs (Schmidt and Hunter 1998) and that standardized verbal tests of GMA (such as the Wonderlic) produce large subgroup differences. However, cognitive ability can be assessed through other means, such as work samples (Lindsey et al. 2013) or situational judgment tests designed to measure cognitive reasoning in realistic, job-related contexts. Computer simulations or video-based measures also provide candidates with the opportunity to apply their skills to job-related tasks (Schmitt and Quinn 2010).

Replacing biased items, or removing them from tests altogether, may also help to reduce disparate impact. Sample actions companies might take include focusing on specific aspects of cognitive ability (e.g., spatial ability) or using GPA or educational attainment as a measure of GMA instead (Ployhart and Holtz 2008). While these methods reduce the weight placed on candidates' GMA, they do not have a strong effect on reducing subgroup differences. Furthermore, removing certain items may slightly reduce bias against one group (i.e., racial/ethnic minorities), while increasing it for another (i.e., women; Lindsey et al. 2013). Ployhart and Holtz (2008) suggest the use of a "sensitivity review panel" to provide feedback on items candidates might perceive as offensive or inappropriate; such panels could also be used to assess the effectiveness and validity of different questions or items.

Research on stereotype threat has identified another potential source of bias during the testing phase of employee selection. Stereotype threat is defined as feeling at risk of confirming a negative stereotype about one's group through one's behavior (Steele and Aronson 1995). It has been shown to negatively affect the performance of African Americans, Hispanic Americans, women, and the elderly on tests of the stereotype-relevant ability (i.e., mental ability for Blacks and Hispanics, math and science for women, and memory for the elderly; Steele et al. 2002; Gonzales et al. 2002; Hess et al. 2003). In this research, stereotype threat has been induced simply, for instance, by labeling the test in stereotype-relevant terms or by having participants answer demographic questions, indicating their race, gender, and/or age before taking the test. The literature suggests that these actions raise the salience of the stereotype, which subsequently disrupts test performance. Some studies in employment selection settings have been unable to replicate the effects of stereotype threat (Cullen et al. 2004; Sackett 2003). However, companies can take simple steps to minimize the likelihood of activating stereotype threat, by framing the assessment's purpose in non-stereotype-relevant terms and not asking for applicant demographic information until after test completion (www.reducingstereotypethreat.org).

Beyond stereotype threat, applicants' perceptions of the fairness and difficulty of the testing process may affect their motivation during testing (Hausknecht et al. 2004). Schmit and Ryan (1997) reviewed research on test-taking attitudes and found job candidates were more satisfied with hiring processes that did not use tests and that many do not approve of testing during the selection process. However, past research has also identified racial differences associated with perceptions of tests (Ryan et al. 2000); racial minorities tend to have less positive attitudes toward

mental ability tests (McKay and Davis 2008). A model of job applicant reactions to selection proposed by Hausknecht et al. (2004) indicates that applicants pay attention to many elements of the process, including fairness and difficulty level of tests, access to information, length of overall process, and transparency provided by the organization. To improve those perceptions, companies can use measures with higher face validity or can take the time to explain why particular methods are being used (Ployhart and Holtz 2008).

The next decision for organizations in the hiring process is how to use the scores from their measures in order to identify the best applicants. From a strictly psychometric perspective, the optimal use of valid tests involves ranking individuals on the basis of their scores and then selecting from the top down (Cascio et al. 1991). However, companies can use test scores quite differently; Lindsey et al. (2013) discuss two popular methods—banding and cut scores. Banding involves grouping candidates by similar scoring ranges and treating all those within a certain range as having equal scores. This method is similar to an instructor who assigns letter grades to students, giving As to those with scores between 90 and 100, Bs to those that fall between 80 and 89, and so on. Although the numerical scores differ, once the letter grade is assigned, all those with a particular grade are considered equal. Cutoff scores treat the assessment as if it was a pass/fail decision. All applicants who score above a certain number are treated as equally qualified. While using banding and cut scores can lessen individual subgroup differences, Ployhart and Holtz (2008) recommend taking precautions in using them, as some past legal cases have ruled against providing preferences only to minority and female candidates.

The strategies outlined above generally presume the use of a standardized assessment tool that is objectively scored. However, organizations often use individual decision-makers (e.g., managers, HR staff) as the “measure.” For example, a manager interviewing a job candidate often decides by him or herself which skills and types of knowledge to assess during an interview and also how to assess those characteristics—which questions to ask and what to observe (e.g., body language, professional “presence,” speaking skill) in candidates. In these instances, the first three decisions in the model—choice of KSAs, measurement of KSAs, and how to use the scores—are made by a single individual, and with each decision there is a high potential for human bias. A manager’s implicit and in-group biases regarding gender, age, or race can influence all of these decisions, even unintentionally (Bendick and Nunes 2012). For instance, Bendick and Nunes warn that evaluators pay more attention to information consistent with negative stereotypes (Koomen and Dijker 1997) and that managers may overtly reject minority applicants due to perceived lack of interpersonal skills, when in actuality, they are covertly rejecting the candidate on the basis of race. Research has identified strategies to reduce these kinds of biases. Lindsey et al. (2013) propose providing training to interviewers and other key decision-makers to increase awareness of unconscious bias and inform them of legal rules and regulations and how to apply them in practice. They also recommend standardizing the entire selection process so that all candidates are treated identically, using structured interviews or interview scripts. One additional method to reduce interviewer bias is the use of panel interviews, which involves

having multiple interviewers meet with the candidate at one time. This method reduces bias associated with individual differences in interviewers and, thus, tends to be more reliable (Campion et al. 1997).

Human bias can enter the hiring process even if interviews are not used. For example, resumes and application forms often provide the first impression of candidates to employers. Candidate names, years attending school, and activities reveal information (albeit imperfect) on candidate gender, age, and race or ethnicity. Research has shown that these minimal cues can result in discrimination. In the USA, the widely publicized study of Bertrand and Mullainathan (2004) found that a “Black-sounding” name on a resume resulted in 50 % fewer invitations to interview than in resumes with “White-sounding” names. Similar results found for candidates of Swedish versus Arab/Muslim nationality in the EU (Rooth 2010) and for Arab women over Arab men (Derous et al. 2015). Some organizations attempt to remove such identifying information from applicants’ materials before they are seen by decision-makers (Goldin and Rouse 1997; Porter 2015). In the UK, some firms have opted to remove both the names of job applicants and the colleges and universities they have attended in order to avoid bias against graduates of less prestigious schools (McCann 2015).

The final key decision in the hiring process belongs to candidates as ultimately they must decide whether or not to accept a job upon receiving an offer. Organizations that want to attract diversity can try to increase the probability that candidates from underrepresented groups will accept job offers. Companies can influence candidates’ perception of the organization, job, and hiring process even before candidates apply for a specific role. Research has found that a candidate’s perception of an organization’s hiring and selection processes will affect their decision to accept or reject an offer (Macan et al. 1994). Furthermore, applicants’ perceptions can be affected by the organization’s overall brand image, attractiveness, and the demographic makeup of the company. Ployhart and Holtz (2008) recommend direct outreach to candidates prior to the hiring process, which positively affects the company’s image and increases candidates’ chances of performing well in interviews and on other tests companies may require.

4 Diversity Selection in the USA: What Do Organizations Do?

As we have seen, there are a number of strategies that organizations might employ in their efforts to increase diversity, but which of these do they use? Bartels et al. (2013) surveyed 155 human resource practitioners about the diversity management practices used by their employers. Regarding selection, the most commonly used practices were the use of standardized interviews and ensuring that the hiring process was standardized and consistent for all applicants; virtually all respondents reported the use of these. Another commonly used strategy was

removing identifying information (e.g., names or school) from resumes and other applicant materials. Bartels et al. (2013) conclude that organizations often tend to focus their efforts on removing or reducing human bias from the selection process.

It was surprisingly difficult to find other information on actual diversity selection practices. Organizations' diversity management practices are frequently touted, and the public provided a wealth of information on diversity recruitment practices, mentoring programs, or employee network groups. This is not true for selection procedures. This lack of information has been noted by others: Ployhart (2006; p. 883) muses, "Many job-related predictors have racial/ethnic/gender subgroup differences that interfere with organizations' diversity goals. What types of selection practices do such organizations use in this situation?"

We suspect the lack of information on diversity selection is due to the legal climate and the continued ambiguity regarding the legality of preferential selection practices. Discrimination lawsuits are not only expensive, they can seriously tarnish an organization's image. Organizations often face the threat of discrimination claims from both underrepresented groups and from the dominant majority. Thus, organizations likely do not want to say they actively seek diversity, but also do not want to be seen as failing to prioritize it. Human resource professionals and academics generally advise adhering to the psychometric paradigm. For example, Kravitz (2008) recommends that employers "do nothing" to modify selection practices in order to meet diversity goals and that they should focus only on recruitment. The results of our literature review suggest that most organizations have taken this advice. When organizations describe their recruitment and selection practices, detailed information is given only for recruitment.

Thus, we turned to general information on hiring practices in the USA. The Society for Human Resource Management (SHRM) regularly conducts surveys of organizational practices. Results for 2014 indicated that references, one-on-one interviews, and application forms were most commonly used when selecting for managerial positions, by 98, 93, and 89% of respondents, respectively. These results are consistent with Bartels et al.'s findings that interviews are widely used. Professionally designed standardized tests were used by 15% (Farndale et al. 2015). In terms of our model, changing the method of assessment and reducing human bias are the most common diversity hiring strategies.

5 Selection and Diversity Management in Europe

As noted earlier, the psychometric selection paradigm belongs as much to Europe as to the USA. Although the model is widely recommended by European professionals and academics, European laws have not codified it as a standard. Perhaps having even a greater impact than the law on selection practices in Europe is the presence of additional parties, such as labor unions, professional organizations, and political parties. These entities are often viewed as "social partners" with the organization (Roe and Van den Berg 2003), and in some states they are involved

in determining selection criteria and play a role in hiring decisions. In European countries, selection is not viewed as entirely the organization's decision, and the social validity of selection practices is valued over their psychometric validity. Selection also is viewed as a tool for providing distributive justice, the fair distribution of opportunities across groups (Society for Human Resource Management 2007), and for involvement and participation of other stakeholders. Accordingly, employee selection is often carried out in a way that deviates considerably from the principles of the psychometric paradigm. More specifically, selection methods chosen are often low in predictive validity (Roe and Van den Berg 2003).

Historically, employment rights legislation in the European states has focused on gender, disability, and age. Increasing immigration has brought greater numbers of visible (i.e., racial, ethnic, and religious) minorities into the European workforce. As the European Union was expanded and formalized, anti-discrimination policies were adopted to ensure equal employment opportunities for members of these groups as well. Currently, anti-discrimination laws cover race, ethnic origin, religion, age, disability, and sexual orientation (European Union Fundamental Rights Agency 2010). The most common managerial practices covered by laws include recruitment, selection, training, and development; the laws are generally applicable to both public employers and larger companies. Beyond nondiscrimination, initiatives to support underrepresented groups (often referred to as positive actions) were introduced in Europe following the example of the USA's affirmative action guidelines. But unlike the USA, positive action laws in Europe specifically refer to and encourage the use of preferences in selection (Society for Human Resource Management 2007).

Positive actions are more likely to be taken for women or the disabled than for racial or ethnic minority groups. It is also more common for government entities than for private sector firms to engage in practices involving preferential selection. In France and Germany, for example, preferential treatment is not required, but public authorities are encouraged to give preferences to women and disabled persons. Regarding visible minorities, a "color-blind" position is often required. For example, in France and Germany, race is not recorded in official documents by law and may not be considered in employment decisions (Society for Human Resource Management 2007).

Positive actions have been in use for years for women, in order to increase gender parity in the workforce. As in the USA, upper levels of management and decision-making positions remain difficult for women to attain. Frustration with the slow progress has led a number of European states to pass legislation that requires a gender quota for board of directors (European Commission 2012, 2013; Terjesen and Singh 2008; Francoeur et al. 2008). Norway was the first mover and in 2003 prescribed a minimum target of 40% gender quotas on board of directors. The requirement became binding in 2006 and now applies to all public companies as well as to state-owned enterprises. The next countries to follow in Norway's footsteps were Spain in 2007 and Iceland in 2010. In Spain, this legislation applied to publicly listed companies and companies with more than 250 employees, to be met by the year 2015. In Iceland, all publicly listed companies and companies with

more than 50 employees were required to have at least 40 % of each gender represented on their board, starting in 2013 (Teigen 2012).

In 2011 four other European countries adopted the corporate board quota legislation for private companies. In chronological order, France adopted a law reserving at least 40 % of the seats for each gender on the boards of the largest companies by 2017. The law was applied to all listed companies and companies with more than 500 employees. In the Netherlands, corporate board quota law demands 30 % representation of each gender on board of directors of listed and unlisted companies with more than 250 employees. In Italy one-third of the seats on boards and supervisory boards of publicly listed companies and state-owned companies were reserved for women by 2015. In Belgium, the quota law was approved in 2011 and applicable to the executive boards of listed companies, where a minimum of one-third of board positions is also required to be filled by women by 2017.

However, only some of these countries have adopted penalties for violations of the new quotas. In Norway, penalties for violation of the quota begin with warnings and are followed by fines and even the possibility of the company's dissolution (Oliveira and Gondek 2014). Italy also has adopted a system of progressively serious consequences for noncompliance. Other penalties in use include canceling board members' compensation or revoking board memberships. Other states have taken a more relaxed approach. For example, in the Netherlands, organizations must either comply or formally "explain" their noncompliance; in Denmark, they must set voluntary targets (Oliveira and Gondek 2014). A similar strategy has been used in the UK, where the coalition government recommended that all companies listed on the FTSE 1000 should have 25 % board representation of women by 2015, but encourages each organization to set their own goals.

The critical question is whether change can occur through voluntary means alone. In the UK, results seem promising: between the end of 2010 and March 2014, the percent of women on corporate boards increased from 12.5 to 20.7 (Oliveira and Gondek 2014). However, a similar effort by the European Commission (EC hereafter) was less successful. In 2011 the EC initiated a self-regulatory process for the largest companies to commit to increasing the proportion of women on their boards to 30 % by 2015 and to 40 % by 2020. One year later the situation had not significantly improved. As a consequence, in 2012 the EC proposed a mandatory directive that applied to executive and nonexecutive directors of listed companies in the private sector and state-owned companies. The overall goal was to achieve a minimum representation of 40 % of women by January 1, 2020, for private companies. Otherwise, for state-owned listed companies, the implementation period is January 1, 2018. Still, the directive would be only a temporary measure, expiring in 2018.

A central point of the proposal is the requirement of a transparent, objective recruitment process that specifies "clear, neutrally formulated, and unambiguous criteria" (European Commission 2012, p. 1; Oliveira and Gondek 2014, p. 5) for board selection. The law stipulates that if two candidates are found to be equal on the criteria, the member of the underrepresented gender must be chosen. Selection

criteria and the assessments of candidates must be made available to unsuccessful candidates. In addition, the proposal establishes an audit system; companies must submit information on the gender representation on their boards, as well as measures taken to ensure a transparent recruitment process, on an annual basis. This information must also be published on their website to ensure that it is accessible to anyone interested. Each member state would determine what sanctions to impose on companies that do not comply; these measures must be “effective, proportionate, and dissuasive” (Oliveira and Gondek 2014, p. 7).

6 Selection with a Diversity Focus in Europe: What Do Organizations Do?

There have been a number of surveys on the use of specific selection practices in the region. Dany and Torchy (1994) identified three groups of selection practices according to their level of use across 12 European countries. The group of most commonly used methods includes application forms (used by 85 % of respondents), group/panel interviews (used by 83 %), and reference checks (73 %). Interviews, however, were more likely to be conversational in nature, being used for information exchange rather than as a method for assessing competencies (Roe and Van den Berg 2003). The second group of selection methods, used less frequently, consisted of professionally developed standardized instruments (biodata, personality, and aptitude tests) that assess specific traits. Of these three, personality tests were the most commonly used. A third group was made up of measures that provide more holistic assessments, based on behavioral observation (assessment centers, group selection methods, and graphology), and these were used infrequently.

Comparative analyses between Europe and the USA (Salgado and Anderson 2002; Ryan et al. 1999) have found that one-on-one interviews, group/panel interviews, educational qualifications, application forms, and employer references are used more often in the USA. In contrast, personality tests and simulation exercises are used more often in Europe (Ryan et al. 1999; Salgado and Anderson 2002). Somewhat surprisingly, even though standardized cognitive ability tests are not used often in European countries, they are used even less often in the USA.

Positive action in European countries typically involves one of the two following methods: quota or set-aside approaches that set a fixed number or proportion of openings for members of underrepresented groups or preference methods, which set different selection standards for protected and non-protected groups allowing for consideration of characteristics such as sex, disability, or ethnic origin. For instance, the use of different cutoff scores and within-group norming is used in many European countries, such as Italy, Spain, and the Netherlands (Myers et al. 2008). In terms of our model, diversity selection is not accomplished by modifying the traits sought or the methods of assessment, but by using scores differently for each subgroup. This may explain why psychometric tools are more

widely used in Europe. European companies are allowed to use demographic information in selection, and there is less threat of legal action. If an organization uses quotas or set-asides, this does not mean that assessment is abandoned (Society for Human Resource Management 2007). Thus, candidates are selected based on merit, but also with careful consideration of hiring targets.

UniCredit Group provides an interesting European example for studying diversity selection practices. Operating in 17 countries with more than 140,000 employees in over 8500 branches (UniCredit Integrated Report 2014), UniCredit has an extensive international presence in the banking industry with a diversified workforce at all levels of the organization. UniCredit was created in 1998 from the aggregation of several Italian banks, and in 1999 the company began its expansion in Central and Eastern Europe, with the acquisition of Polish Bank Pekao. In 2005 UniCredit merged with the German Group HVB, and in the following 3 years, the company acquired more than 12 banks, asserting its presence in several European countries and consolidating its market shares in Italy through the merger with Capitalia Group.

According to its mission statement, UniCredit aims to create a working environment where everyone can feel included and has the opportunity to achieve his or her full potential. UniCredit's commitment to value diversity is supported by a Joint Declaration on Equal Opportunity and Non-Discrimination signed in 2009 along with the European Work Council. Three relevant principles are outlined in the declaration: equal treatment and dignity in diversity, a culture of diversity as a cooperative and cross-organizational process, and meritocracy as the basis for equal opportunity and nondiscrimination (UniCredit 2009).

In recent years UniCredit's diversity initiatives have centered on promoting gender balance at all levels of the organization, facilitating collaboration across different generational cohorts and offering support to people with disabilities. In particular, achieving greater gender balance in the leadership pipeline represents a priority in the diversity management approach, as indicated in a UniCredit International Program (Gender Balance Program). In 2013 the firm approved a global policy on gender equality by setting guidelines for human resource practices at regional levels. This policy has been approved in 13 countries (Italy, Germany, Austria, Poland, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovenia, and Ukraine) by more than 60 legal entities. Following its approval, UniCredit began to ask its external recruitment agencies to provide short lists which include at least one candidate of each gender. A diversity manager was nominated for each of the main legal entities and each country, and a monitoring system was implemented to measure the progress in female presence in each country and legal entity. These initiatives were supported by a strong firm-wide and local-level communication plan aimed at raising awareness of gender issues and promoting a culture of inclusion. For example, a video featuring top managers affirming their commitment to the policy was produced and widely distributed in each country of the Group (UniCredit 2013).

According to an interview with the head of talent acquisition of UniCredit Group, the selection process has three main steps. Candidates are first invited to

enter personal, professional, and educational data online. They also complete an online test (numeric, verbal, logic) and a personality self-assessment. Secondly, candidates participate in a group assessment, helping recruiters assess candidates' ability to work effectively in a team, and lastly, candidates have a one-on-one interview with the hiring manager responsible for evaluating their performance and highlighting strengths and developmental needs.

UniCredit has also focused on its internal staffing procedures, in which higher-level positions are filled by current employees. Internal systems can be exclusionary, as often few people are made aware of openings and decisions are made in private (Heneman et al. 1996). UniCredit launched a campaign of internal job posting in 2011 to openly advertise new opportunities to employees and to shorten the length of the internal selection process. Job posting was particularly beneficial for female employees. In 2011, of the 110 open positions posted, more than half were filled by women (UniNews 2011). In the same year UniCredit promoted 'E-jobs', a special internal selection program offering employees the opportunity to view and apply for open positions in the organization. These initiatives have been quite successful. In 2013, the percentage of females in the total workforce was 59%. The percentage of open senior management position for which candidates of both genders were considered has doubled in 2013 compared to previous years, and the appointment rate for women approached 50% of these positions (UniCredit 2013). The same positive trend was achieved in 2014.

7 Discussion

Organizations in both the USA and Europe want to increase the diversity of their workforce. In a survey conducted in 2006, 59% of organizations in the USA and 55% in Western Europe reported "strongly" or "very strongly" promoting diversity and inclusion efforts (Society for Human Resource Management 2007). They also share motivations regarding diversity: legal compliance, business effectiveness, and social responsibility are primary rationales. Organizational practices regarding selection in the two regions are also similar. In both regions organizations prefer to use interviews and judgmental decision-making over standardized tests of specific traits. Diversity hiring goals is another shared practice. The SHRM report on global diversity efforts indicated that goals or targets to increase employee diversity were used in 19% of US firms and 16% of firms in Europe. In Europe, some organizations consider group membership when making hiring decisions. Although this practice is usually forbidden in the USA, McDaniel (2009) proposes that in fact it may be quite common. He argues that organizations frequently depart from strict use of the psychometric paradigm, violating "merit-based" selection to achieve the diversity outcomes they want. No published data on this claim exists; as we noted earlier, information on organizational selection practices for diversity in the USA is not readily available. Nonetheless, several studies on the gap between human resource management research and practice in the USA suggest that practitioners

are least likely to incorporate the recommendations of academic research when it comes to employee selection (McCourt 1999; Rynes et al. 2002). In both regions, then, the psychometric paradigm seems to have limited usefulness for organizations.

This point has been made before (McCourt 1999), but it becomes even more salient given organizational goals for diversity and CSR. When organizations want to consider social as well as financial performance, criteria for determining selection validity and utility need to reflect these multiple goals. The psychometric paradigm, as typically utilized, seeks to maximize only productivity. Another assumption of the psychometric paradigm is that organizational performance is the sum of individual performances (Cascio and Aguinis 2008; McCourt 1999). The paradigm relies on individual-level analyses to make predictions at the organizational level. This assumes that each individual's job performance is independent and determined only by that individual's KSAs. While this may have been reasonable a century ago, the nature of jobs has changed (Cascio and Aguinis 2008). Many of today's jobs are interdependent, and individual performance is closely tied to the performance of that individual's peers, team members, managers, and colleagues. The psychometric paradigm does not reflect this reality. Under conditions of interdependence, the link between individual KSAs and performance (at any level) is more tenuous. There is very little empirical evidence that links individual differences to organizational effectiveness (Ployhart 2006).

Another major limitation of the paradigm concerns adverse impact. Using the psychometric paradigm, the field has concluded that tests of GMA are fair and have the same predictive power across demographic subgroups. This is one important reason why the paradigm has been accepted as the legal standard in the USA. But the widely accepted conclusion that test bias does not exist has also been recently questioned. Aguinis et al. (2010) argue that much of the research on test bias has not had adequate statistical power to detect true differences in prediction. This suggests that the "validity-diversity" dilemma may not be a true dilemma at all, but rather a result of methodological and statistical artifacts.

These limitations are particularly problematic for the USA, since the psychometric paradigm is legally sanctioned and held up as the ideal. But selection models need to better reflect organizational and work realities. Researchers need to consider additional criteria for validating selection procedures beyond organizational financial performance, and to model the relationship of individual differences to unit, not only individual performance. Research needs to respond to society's need for both valid and fair selection procedures (Aguinis et al. 2010; Cascio and Aguinis 2008).

Another challenge is dealing with the consequences of using group membership to make selection decisions. A great deal of research in the USA has shown that beneficiaries of preferential selection are stigmatized and negatively stereotyped by others on the two major dimensions of person perception: competence and warmth (Leslie et al. 2014). Judgments of a person's competence tend to be based on perceived status. If a particular group has low status in society, it is assumed to be the result of low competence (Cuddy et al. 2008). Judgments of warmth are

based on perceived competition for resources. Those who are seen as competing threaten self-interest and are therefore viewed as lacking warmth (Cuddy et al. 2008). Preferential selection programs create the perception that target groups require extra help to gain employment. Underrepresentation in the organization indicates the low status of beneficiaries, and preferential selection suggests that they must lack competence since they are unable to obtain positions on merit alone. These programs also increase the ability of target groups to compete with the dominant group for jobs. Beneficiaries are therefore also likely to be viewed by their colleagues as less warm and agreeable. These perceptions have a negative effect on expectations and evaluations of job performance (Leslie et al. 2014). Other behavioral effects are also likely: discriminatory treatment such as discounting of beneficiaries' contributions, withholding information, and social exclusion. An example of this effect was reported by Nielsen and Huse (2010) in a study of Norwegian board of directors, where preferential selection has been in use since 2006. Male board members were more likely to see female members as unequal, which was negatively related to the perceived contributions of women to board decision-making.

Preferential selection programs can also affect the beneficiaries' self-perceptions. Targets realize how they are perceived by others and experience stereotype threat (Leslie et al. 2014). This can decrease self-confidence, increase self-doubts, and result in adverse emotional effects such as anxiety. These negative cognitions have been shown to interfere with self-evaluations of performance as well as objective job performance (Roberson and Kulik 2007). One effective way to circumvent the stigma of incompetence for beneficiaries is to clearly demonstrate the qualifications of those selected (Leslie et al. 2014). In Europe the courts' insistence on objective and transparent assessment processes is thus crucial when implementing preferential procedures. But this does not address the stigma of disagreeableness (Leslie et al. 2014). Leslie et al. suggest that organizations seek to reduce beliefs that preferential selection for underrepresented groups means fewer opportunities for dominant groups. As noted by Nielsen and Huse (2010), understanding these dynamics is critical for the success of gender quotas. These stigmatizing processes prevent increased demographic diversity from having a positive effect on team and organizational performance.

In both regions, diversity selection in the science and practice literatures has been defined as the hiring of underrepresented group members. This is perhaps consistent with motivations for increasing diversity. From a CSR perspective, a focus on the underrepresented is needed to ensure a more equitable distribution of employment across all members of society. Similarly, the business case for diversity highlights the benefits of hiring those unlike the majority of employees. But this narrow view of diversity selection as applying solely to minorities is problematic. Most scholars have concluded that demographic diversity only results in positive outcomes for teams and organizations when the climate is supportive (Avery et al. 2013) and when all employees value diversity, see diversity as positive, and do not rely on stereotypes about underrepresented groups. As a group phenomenon, this climate is more strongly influenced by the beliefs of dominant group members

than underrepresented group members. In recognition of this, diversity initiatives often contain a training component to change employee attitudes toward diversity (Kulik and Roberson 2008). However, the role of selection has been neglected. Both academics and practitioners need to consider how selection can be used as a strategy for shaping climates, by seeking to hire all employees, both underrepresented and dominant group members, on their ability to create and to contribute to a positive climate for diversity. Those who are prejudiced are more likely to oppose affirmative action policies and practices (Bergman and Salter 2013). Even if unspoken, prejudice can be transmitted nonverbally, with insidious effects on others (Willard et al. 2015). The purpose of a selection system is to help the organization meet its objectives (Avery et al. 2013). Organizations with diversity goals must strategically rethink how to select all employees.

Acknowledgment We wish to thank Daniela Ferrari, Vera Valtancoli, and Gaia Ghirardi for their assistance in preparing the case study of UniCredit's diversity management programs.

References

- Aguinis H (2004) Regression analysis for categorical moderators. Guilford Press, New York, NY
- Aguinis H, Glavas A (2013) Embedded versus peripheral corporate social responsibility: psychological foundations. *Ind Organ Psychol* 6(4):314–332
- Aguinis H, Culpepper SA, Pierce CA (2010) Revival of test bias research in pre-employment testing. *J Appl Psychol* 95(4):648
- Avery DR, McKay PF, Volpone SD (2013) Diversity staffing: inclusive personnel recruitment and selection practices. In: Roberson QM (ed) *The Oxford handbook of diversity and work*. Oxford University Press, Oxford, pp 282–299
- Bartels LK, Nadler JT, Kufahl K, Pyatt J (2013) Fifty years after the Civil Rights Act: diversity-management practices in the field. *Ind Organ Psychol* 6(4):450–457
- Bendick M, Nunes AP (2012) Developing the research basis for controlling bias in hiring. *J Soc Issues* 68(2):238–262
- Bergman ME, Salter P (2013) Backlash! What it is, where it comes from, and how we can fix it. *Ind Organ Psychol* 6(4):442–450
- Bertrand M, Mullainathan S (2004) Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination. *Am Econ Rev* 94(4):991–1013, Retrieved from <http://www.jstor.org/stable/3592802>
- Binning JF, Barrett GV (1989) Validity of personnel decisions: a conceptual analysis of the inferential and evidential bases. *J Appl Psychol* 74(3):478
- Campion MA, Palmer DK, Campion JE (1997) A review of structure in the selection interview. *Person Psychol* 50(3):655–702
- Cascio WF, Aguinis H (2005) Test development and use: new twists on old questions. *Hum Resour Manage* 44(3):219–235
- Cascio WF, Aguinis H (2008) Research in industrial and organizational psychology from 1963 to 2007: changes, choices, and trends. *J Appl Psychol* 93(5):1062
- Cascio WF, Outtz J, Zedeck S, Goldstein IL (1991) Statistical implications of six methods of test score use in personnel selection. *Hum Perform* 8(3):133
- Civil Rights Act, 42 USCS § 703a (1964)
- Cox T (1993) *Cultural diversity in organizations: theory, research and practice*. Berrett-Koehler, San Francisco, CA

- Cuddy AJC, Fiske ST, Glick P (2008) Warmth and competence as universal dimensions of social perception: the stereotype content model and the BIAS map. In: Zanna MP (ed) *Advances in experimental social psychology*, vol 40, pp 61–149
- Cullen MJ, Hardison CM, Sackett PR (2004) Using SAT-grade and ability-job performance relationships to test predictions derived from stereotype threat theory. *J Appl Psychol* 89 (2):220–230
- Dany F, Torchy V (1994) Recruitment and selection in Europe: policies, practices and methods. In: *Policy and practice in European human resource management: the Price-Waterhouse Cranfield Survey*. Routledge, London, pp 68–88
- Derous E, Ryan AM, Serlie AW (2015) Double jeopardy upon resumé screening: when Achmed is less employable than Aisha. *Person Psychol* 68:659–696
- Equal Employment Opportunity Commission (2014) EEOC Issues FY 2014 Performance Report [press release]. Retrieved from EEOC website: <http://www.eeoc.gov/eeoc/newsroom/release/11-18-14.cfm>
- European Commission (2012) Breaking the glass ceiling [press release]. Retrieved from European Commission website: <http://ec.europa.eu>
- European Commission (2013) Women and men in leadership positions in the European Union [press release]. Retrieved from European Commission website: <http://ec.europa.eu>
- European Union Fundamental Rights Agency (2010) Handbook on European non-discrimination law, 2010. Retrieved from Fundamental Rights Agency website: <http://fra.europa.eu>
- Farndale E, Vidovic M, Rockey E (2015) CRANET 2014/2015 U.S. Summary Report. Retrieved from Society for Human Resource Management website: <http://www.shrm.org>
- Francoeur C, Labelle R, Sinclair-Desgagne B (2008) Gender diversity in corporate governance and top management. *J Bus Ethics* 81(1):83–95
- Gatewood R, Feild H (1987) *Human resource selection*. The Dryden Press, New York, NY
- Goldin C, Rouse C (1997) Orchestrating impartiality: the impact of “blind” auditions on female musicians (Working Paper No. 5903). Retrieved from National Bureau of Economic Research website: <http://www.nber.org/papers/w5903>
- Gonzales PM, Blanton H, Williams KJ (2002) The effects of stereotype threat and double-minority status on the test performance of Latino women. *Pers Soc Psychol Bull* 28(5):659–670
- Griggs v. Duke Power Co., 401 U.S. 424 (1971)
- Harvey WS (2014) Defining and connecting CSR, reputation, image, identity, brand, legitimacy, status and diversity. In: Karatas-Ozkan K, Nicolopoulou K, Ozbilgin MF (eds) *Corporate social responsibility and human resource management: a diversity perspective*. Edward Elgar, Cheltenham, pp 31–50
- Hausknecht JP, Day DV, Thomas SC (2004) Applicant reactions to selection procedures: an updated model and meta-analysis. *Person Psychol* 57(3):639–683
- Heneman RL, Waldeck NE, Cushnie M (1996) Diversity considerations in staffing decision-making. In: Kossek EE, Lobel SA (eds) *Managing diversity: human resource strategies for transforming the workplace*. Blackwell, Cambridge, MA, pp 74–101
- Hess TM, Auman C, Colcombe SJ, Rahhal TA (2003) The impact of stereotype threat on age differences in memory performance. *J Gerontol B Psychol Sci Soc Sci* 58(1):3–11
- Hunter JE (1986) Cognitive ability, cognitive aptitudes, job knowledge, and job performance. *J Vocat Behav* 29(3):340–362
- Köllen T (2015) Acting out of compassion, egoism, and malice: a Schopenhauerian view on the moral worth of CSR and diversity management practices. *J Bus Ethics*. doi:10.1007/s10551-015-2599-z
- Koomen W, Dijker AJ (1997) Ingroup and outgroup stereotypes and selective processing. *Eur J Soc Psychol* 27(5):589–601
- Kravitz DA (2008) The diversity–validity dilemma: beyond selection—the role of affirmative action. *Person Psychol* 61(1):173–193

- Kulik CT, Roberson L (2008) Diversity initiative effectiveness: what organizations can and cannot expect from diversity recruitment, diversity training, and formal mentoring programs. In: Brief AP (ed) *Diversity at work*. Cambridge University Press, Cambridge, pp 265–317
- Leslie LM, Mayer DM, Kravitz DA (2014) The stigma of affirmative action: a stereotyping-based theory and meta-analytic test of the consequences for performance. *Acad Manage J* 57(4):964–989
- Lindsey A, King E, McCausland T, Jones K, Dunleavy E (2013) What we know and don't: eradicating employment discrimination 50 years after the Civil Rights Act. *Ind Organ Psychol* 6(4):391–413
- Macan TH, Avedon MJ, Paese M, Smith DE (1994) The effects of applicants' reactions to cognitive ability tests and an assessment center. *Person Psychol* 47(4):715–738
- McCann K (2015, October 26) Big employers agree to hide names on graduate job applications to end discrimination. *The Telegraph*. Retrieved from <http://www.telegraph.co.uk/news/politics/11953841/Big-employers-agree-to-hide-names-on-graduate-job-applications-to-end-discrimination.html>
- McCourt W (1999) Paradigms and their development: the psychometric paradigm of personnel selection as a case study of paradigm diversity and consensus. *Organ Stud* 20(6):1011–1033
- McDaniel MA (2009) Gerrymandering in personnel selection: a review of practice. *Hum Resource Manag Rev* 19(3):263–270
- McKay PF, Davis J (2008) Traditional selection methods as resistance to diversity in organizations. In: Thomas KM (ed) *Diversity resistance in organizations*. Erlbaum Associates, New York, pp 151–174
- Myors B, Lievens F, Schollaert E, Van Hoye G, Cronshaw SF, Mladinic A, Rodríguez V, Aguinis H, Steiner DD, Rolland F, Schuler H, Frintrup A, Nikolaou I, Tomprou M, Subramony S, Raj SB, Tzafirir S, Bamberger P, Bertolino M, Mariani M, Fraccaroli F, Sekiguchi T, Onyura B, Yang H, Anderson N, Evers A, Chernyshenko O, Englert P, Kriek HJ, Joubert T, Salgado JF, König CJ, Thommen LA, Chuang A, Sinangil HK, Bayazit M, Cook M, Shen W, Sackett PR (2008) International perspectives on the legal environment for selection. *Ind Organ Psychol* 1:206–246
- Nielsen S, Huse M (2010) Women directors' contribution to board decision-making and strategic involvement: the role of equality perception. *Eur Manag Rev* 7:16–29
- Oliveira A, Gondek M (2014) Women on company boards—an example of positive action in Europe. Robert Schuman Centre for Advanced Studies Research Paper No. RSCAS, 34
- Ployhart RE (2006) Staffing in the 21st century: new challenges and strategic opportunities. *J Manag* 32(6):868–897
- Ployhart RE, Holtz BC (2008) The diversity–validity dilemma: strategies for reducing racioethnic and sex subgroup differences and adverse impact in selection. *Person Psychol* 61(1):153–172
- Porter J (2015, February 23) Can blind interviews really solve tech's diversity hiring problem? *Fast Company*. Retrieved from <http://www.fastcompany.com/3042618/strong-female-lead/can-blind-interviews-finally-solve-techs-diversity-hiring-problem>
- Reducing Stereotype Threat. What is stereotype threat. Retrieved from Reducing Stereotype Threat website: <http://www.reducingstereotypethreat.org>
- Roberson L, Kulik CT (2007) Stereotype threat at work. *Acad Manag Perspect* 21:24–40
- Roe R, Van den Berg P (2003) Selection in Europe: context, developments and research agenda. *Eur J Work Organ Psychol* 12(3):257–287
- Rooth DO (2010) Automatic associations and discrimination in hiring: real world evidence. *Lab Econ* 17(3):523–534
- Ryan AM, McFarland LA, Baron H, Page R (1999) An international look at selection practices: nation and culture as sources of variability in practice. *Person Psychol* 52:359–391
- Ryan AM, Sacco JM, McFarland LA, Kriska SD (2000) Applicant self-selection: correlates of withdrawal from a multiple hurdle process. *J Appl Psychol* 85(2):163–179

- Rynes SL, Colbert AE, Brown KG (2002) HR professionals' beliefs about effective human resource practices: correspondence between research and practice. *Hum Resour Manage* 41 (2):149–174
- Sackett PR (2003) Stereotype threat in applied selection settings: a commentary. *Hum Perform* 16 (3):295–309
- Salgado J, Anderson N (2002) Cognitive and GMA testing in the European community: issues and evidence. *Hum Perform* 15(1–2):75–96
- Schmidt FL, Hunter JE (1998) The validity and utility of selection methods in personnel psychology: practical and theoretical implications of 85 years of research findings. *Psychol Bull* 124 (2):262–274
- Schmit MJ, Ryan AM (1997) Applicant withdrawal: the role of test-taking attitudes and racial differences. *Person Psychol* 50(4):855–876
- Schmitt N, Quinn A (2010) Reductions in measured subgroup mean differences: what is possible. In: Outtz JL (ed) *Adverse impact: implications for organizational staffing and high stakes selection*. Routledge, New York, pp 425–451
- Shen J, Chanda A, D'Netto B, Monga M (2009) Managing diversity through human resource management: an international perspective and conceptual framework. *Int J Hum Resource Manag* 20(2):235–251
- Society for Human Resource Management (2007) 2007 State of workplace diversity management. Retrieved from Society for Human Resource Management website: <http://www.shrm.org>
- Steele CM, Aronson J (1995) Stereotype threat and the intellectual test performance of African Americans. *J Pers Soc Psychol* 69(5):797–811
- Steele CM, Spencer SJ, Aronson J (2002) Contending with group image: the psychology of stereotype and social identity threat. *Adv Exp Soc Psychol* 34:379–440
- Teigen M (2012) Gender quotas on corporate boards: on the diffusion of a distinct national policy reform. *Comp Soc Res* 29:115–146
- Terjesen S, Singh V (2008) Female presence on corporate boards: a multi-country study of environmental context. *J Bus Ethics* 83(1):55–63
- Thomas KM (2005) *Diversity dynamics in the workplace*. Wadsworth, Belmont, CA
- Thorpe-Jones E, Dainty A, Fellows R (2010) Enacting diversity and equality as part of CSR policy: an agenda for change. In: Egbu C (ed) *Procs 26th Annual ARCOM Conference, 6–8 September 2010, Leeds, UK, Association of Researchers in Construction Management*, 563–572
- UniCredit (2009) UniCredit Sustainability Report 2009. Retrieved from UniCredit website: <http://www.unicreditgroup.eu>
- UniCredit (2013) UniCredit Sustainability Report 2013. Retrieved from UniCredit website: <http://www.unicreditgroup.eu>
- UniCredit (2014). UniCredit Integrated Report 2014. Retrieved from UniCredit website: <http://www.unicreditgroup.eu>
- UniNews (2011) Gender equality and economic development. Retrieved from UniCredit UniNews website: <http://uninews.unicredit.eu>
- Willard G, Isaac K, Carney DR (2015) Some evidence for the nonverbal contagion of racial bias. *Organ Behav Hum Decis Process* 128:96–107

Corporate Social Responsibility and Diversity in Small and Medium Enterprises (SMEs) in the Engineering and Production Sector

Silke Neuhaus and Anja Schröer

Abstract Corporate social responsibility (CSR) and diversity are becoming more important for companies as employers compete for technology talent in a competitive job market and strive to retain their best performers. For small and medium enterprises (SMEs) in the engineering and production sector, a strong commitment to the principles of CSR and diversity can give them a competitive advantage. Skilled technical workers, a scarce resource, are even more critical to German SMEs going forward because of Germany's extremely low unemployment rate and reliance on the manufacturing sector of the economy for growth. HR departments are keenly aware that attracting and retaining talent can spell a decisive competitive edge for their firms. Moreover, they have been making significant headway with management in terms of convincing them that CSR and diversity are important to workers now and will be even more so in the future. CSR is important in that it helps companies align the interests and values with those of their employees. Millennials, international employees, women and other diverse groups prioritize CSR and diversity and look to become part of corporations that share their values.

1 Management Summary

Corporate social responsibility (CSR) and diversity are becoming more important for companies as employers compete for technology talent in a competitive job market and strive to retain their best performers. For small and medium enterprises (SMEs) in the engineering and production sector, a strong commitment to the principles of CSR and diversity can give them a competitive advantage. Skilled technical workers, a scarce resource, are even more critical to German SMEs going

S. Neuhaus • A. Schröer (✉)
Schröer Consulting, Bocholt, Germany
e-mail: info@schroer-consulting.de

forward because of Germany's extremely low unemployment rate and reliance on the manufacturing sector of the economy for growth. HR departments are keenly aware that attracting and retaining talent can spell a decisive competitive edge for their firms. Moreover, they have been making significant headway with management in terms of convincing them that CSR and diversity are important to workers now and will be even more so in the future. CSR is important in that it helps companies align the interests and values with those of their employees. Millennials, international employees, women and other diverse groups prioritize CSR and diversity and look to become part of corporations that share their values.

Diversity is another key issue for firms in the talent competition. A range of issues is making diversity critical—including efforts to diversify, the pool of technology talent and/or the increased reliance on imported technology talent. As firms grow and as population demographics change, homogenous workforces will become a thing of the past.

For companies CSR and diversity bring concrete advantages—like cultural or gender perspectives—that help deliver improved results and innovation. SMEs, due to their smaller size and flexibility, are well positioned to lead the way in terms of attracting and retaining a diverse workforce. SMEs are nimble and thus able to embrace CSR and diversity in a pragmatic, effective and less bureaucratic way than big corporations.

In this chapter, Schröer Consulting gives SMEs insights into the real benefits of CSR and diversity, provides practical strategies for implementation and presents examples of companies that have taken advantage of both CSR and diversity in their strategies.

The chapter is written within the German context and describes the practical applications of CSR and diversity in SMEs in the engineering and production sector in Germany. Initially, the definitions of CSR and diversity are explained as they relate to this type of company and any special characteristics will be specifically discussed. Subsequently, the issues that arise during the integration of diversity in a company's human resource (HR) procedures will be discussed. Furthermore, the roles of human resources and management in these companies will be highlighted, and possible ways to incorporate CSR and diversity into companies' philosophies and operations will be provided. The second part of the chapter provides examples based on personal interviews with top managers on how they have successfully fostered the principles of diversity and CSR within their companies.

2 Definitions of CSR and Diversity

Corporate social responsibility describes a wide-reaching umbrella term that covers the topic of responsibility for companies. After all, social, corporate and ecological commitment plays an increasingly important role, not only in customers' purchase decision but also for job applicants as they determine for which employers they want to work. The basic fundamental principle underlying CSR and diversity is that

they must be integrated and holistic in nature, because only this guarantees credibility. In this way, companies can stand out from other employers to win over qualified talent.

Especially for SMEs in manufacturing, it is a challenge to establish CSR in all areas. Engaging in environmental protection in manufacturing, using sustainable raw materials, promoting the further development of work safety, engaging in accident and disease prevention for employees, optimizing production processes to save energy and taking on social responsibility in the region, e.g. through donating, etc., are all important. To accomplish them all is a tall order. However, the positive effects of engaging in such activities bring significant benefits, successes, and growth in turnover (Weber 2015). Later, this chapter explores the possibilities for SMEs looking to become more active in social responsibility.

Within the scope of CSR activities, the topic of diversity plays an essential role. The irrefutable reality is that no person is the same and these differences can bring important advantages for companies. Companies will be successful if they recognize, use and encourage this immense diversity.

In literature, there are many definitions on the topic of diversity, and there is no specific definition for diversity in SMEs in the engineering-driven production space. Hence, the understanding must be adapted to fit this specific setting. Diversity can on the one hand be described precisely and fittingly with the word “variety”. On the other hand, however, it is immensely complex in practice. A key question is then how can companies effectively tackle the challenge of diversity?

Diversity is a mind-set that describes the awareness of a multitude of differences and their influence on daily interaction. This primarily means recognition, consideration and consistent appreciation—even in the professional environment. It is also the active harnessing of and encouragement of diversity to increase success (Stuber et al. 2004). The primary challenge is how companies manage this diversity to their advantage. The challenge is growing as diversity also increasingly means complexity, dynamism and sometimes also uncertainty. In the worst-case scenario, diversity can be overwhelming. Diversity management is required to achieve more fairness and performance (Becker 2015). That is the reason why ad hoc diversity and CSR are no longer the best option for SMEs that want to increase their performance and improve their talent management.

Gender and gender management are still the main fields of action in the area of diversity management. This area once again is particularly important in engineering and manufacturing companies. Current STEM (science, technology, engineering and mathematics) studies show that there is still a significantly larger percentage of male employees, and women are underrepresented in these areas. Even looking at the graduate figures, it becomes clear that STEM fields must be made more attractive to women. In Germany in 2012, only 14 % of female graduates had a STEM degree. By comparison 47 % of men achieved a degree in STEM. Germany is above the Europe-wide average with these values (women 12 %, men 37 %), but there is still an urgent need for action. Companies will not be able to afford to do without experts. Increasing the percentage of women in STEM courses of studies

has the consequence that companies can cover their requirement for qualified employees from a larger quantity of graduates. Part of the shortage of qualified staff could be resolved in this way.

3 Management Principles and Their Effect on Success

Studies show that there are further economic reasons for diversity in teams. The Institute of the Düsseldorf Academy Schloss Garath carried out a study where managers were observed for approximately 10 years. The study's aim was to discover the values held by companies and evaluate their performance against their respective value systems. The correlation between return potential and diversity in the team becomes quite clear here. Diversity and/or diversity management pays off for companies (Institute of the Düsseldorf Academy Schloss Garath 2005).

In the first phase of the 10-year long study (from the mid-1990s through the mid-2000s), 400 members of the upper-level management from 39 different areas of the economy were involved. They were shown a list of 30 important values. The study measured both positive and negative values. Some of the most important positive values included team diversity, trust-based leadership and whether employees and managers praised each other/each other's work, vision, happiness, innovation and professional development. On the negative values' side, the study measured employee submission to management, whether an environment of mistrust existed and how firms tested their employees (similar to hazing). In a second phase, approximately 400 innovation projects were studied, and they were evaluated according to whether the teams lived those 30 important values. The study's authors investigated how high each team's returns were. They then published a ranking list.

Teams that were characterized as open and complimentary to each other's work without styles achieved the highest difference in returns—approximately a 175 % outperformance. Diversity and trust also factored amongst the highest. On the negative side, mistrust and employee submission were associated with the worst results—almost 60 % lower returns.

Across the board, teams that embodied or “lived” positive values achieved much higher returns than those teams that either did not prioritize those values or those that even worse—promoted negative values. The results of this study reflect a variety of other global studies that link positive corporate values and share price.

4 Demographic Change and Intercultural Employment

The urgent necessity for companies to get involved with CSR and diversity is attributed in part to the existing and ever-increasing shortage of qualified staff. Two important causes are mentioned and explained below.

First, demographic changes are leading to a basic and fundamental change in society and therefore also to a change in the staff structure of companies. The number of potential employed people between 20 and 64 will fall from 61 to 53 % in the next 20 years. This means that more than eight million fewer people will be available in the job market in Germany. The percentage of over 65s will increase by around 6 %. As a natural result, company employees are becoming increasingly diverse with regard to age. In practical terms, this means that companies will have to deal with the topic of mixed age teams more.

On the other hand, companies will increasingly counteract the shortage of qualified employees by employing immigrant workers. Employees, experts and knowledge workers are crucial to the survival of companies and are huge success factors. For this reason, the gap caused by demographic change must also be filled with international expertise. So, in the future, companies' employees will be even more diverse in both age range and national origin; this is particularly visible in the case of Germany where we can observe a strong pattern of an ageing population as presented in Fig. 1.

In this context, it is particularly important to clarify that people represent the next shortage factor, and because of this, talented staff are becoming an even more crucial success factor for a company. Companies will only be successful if they succeed in keeping the most possible qualified people mentally and physically well throughout their whole working life. Growth and turnover are very closely related to an employee's ability to work.

Following the Kondratieff theory of holistic health will be the most important economic success factor in the years to come. His theory is that the economic situation in the West is characterized by long economic waves of around 50 years

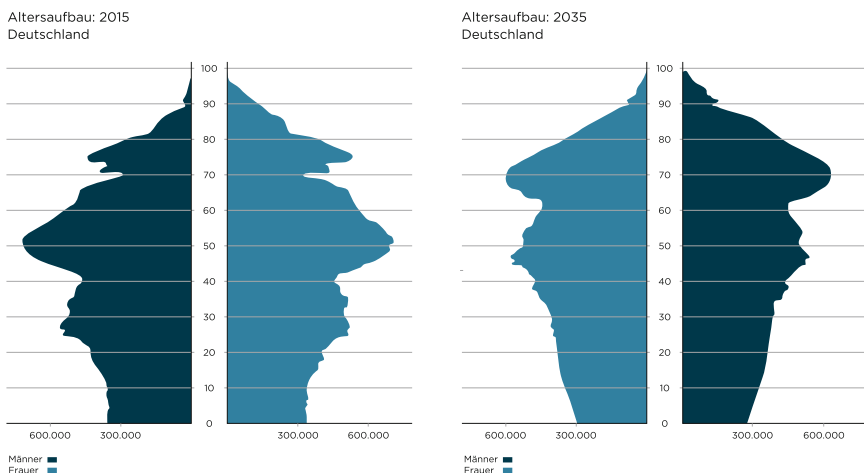


Fig. 1 Demographic development 2015–2035 in Germany. *Complete reference Source:* koordinierte Bevölkerungsvorausberechnung für Deutschland, www.destatis.de, Statistisches Bundesamt, Wiesbaden 2016; Destatis 2015

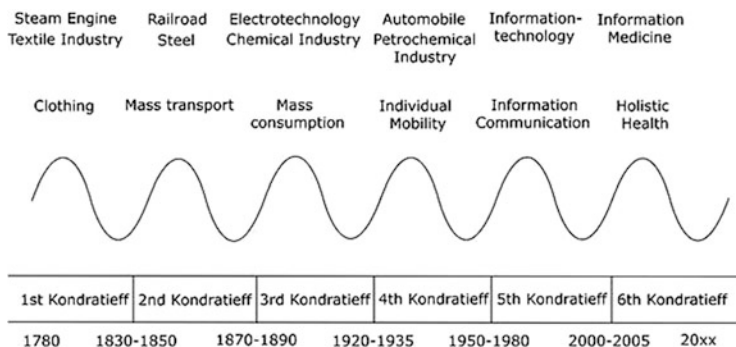


Fig. 2 The long waves in the world economy. *Source:* Nefiodow and Nefiodow, *The Sixth Kondratieff*, 2014

driven by innovations that influenced economic growth and social development. Throughout history, time and again business were forced to overcome challenges in order to generate economic growth. One example of which was the invention of the steam engine, which made it possible to produce a great deal more in a short period of time. Another challenge was how to manage the transportation of the greater quantity of goods that had been made possible as a result of steam power. Infrastructure had to be created, in the form of railway, to be able to sell produced goods to a wider radius. At this point the economy grew disproportionately. The economic waves are illustrated in Fig. 2.

Today’s question is what will be the next shortage? It is highly likely that it will be people. Companies will highly depend on their employees’ know-how and their physical and psychological health to be able to be successful on their markets. In this regard it is important for a company to set up its working environment in such a way that people can develop themselves, and their individuality is recognized and encouraged. Concretely, this means managing the inevitable diversity that emerges.

5 The HR Process, the Shared Role of the HR Department and Management

The technology SMEs portrayed in this chapter strongly define themselves through their technical competence, and their managements is characterized by figures, data, facts and processes. Due to the engineering background of employees and managers, there is more work to do in raising awareness of “soft” factors such as employee management, communication and even diversity than in other industries.

As a business partner, the HR department has the role of initiating and implementing the cultural changes necessary to achieve diversity and CSR



Fig. 3 Integration of diversity into the HR process (The Schröder Consulting HR process). *Source:* Schröder Consulting 2012

management. Theirs is a key role in bringing CSR and diversity to life and ensuring that they become institutionalized in the HR process.

Even though the implementation varies in each company, these components always form the basis for professional HR management. The model clarifies the duality between company strategy and employee requirements at a glance. At the centre is the core process of HR work from entry to departure of an employee. Primarily, the toolbox considers the elements of organizational development, culture and leadership and internal communication.

Figure 3 presents the toolbox which can be used as an orientation for HR professionals.

Companies can use the general guidelines below as an introduction to how HR departments can understand and approach CSR and diversity:

- Diversity starts with *recruitment*: How open is a company to hiring people from different cultures, nationalities and genders? Is there a policy which explicitly requires diversity in the recruitment process, or is it left up to managers as to how they put their teams together?
- *People development* deals with the questions of how people from different backgrounds can best be utilized and developed, what further training is available on specific topics (e.g. intercultural understanding, languages, team building, etc.) and how the company guarantees optimum integration.

- *Personnel policy/framework* deals with topics such as salary, additional benefits, rules and agreements that affect cooperation. Is diversity considered here, and does the company succeed in guaranteeing equal treatment at the same time?
- *Termination*: When ending employment contracts with regard to diversity, amongst other things, it is important to determine whether there is a high fluctuation and if yes what the reasons are.
- *Organizational and development*, is a company's business model. Is it designed in such a way that includes part of a company's culture anyway, or is the company very nationally oriented, and does the concept of diversity need to be promoted more intensively?
- *Culture and leadership* play an important role: Is diversity anchored in the mission statement? Is management culture set up in such a way that managers themselves reflect on the topics of CSR and diversity and actively integrate them into their management activities?
- *Staff communication* deals with how CSR and diversity are communicated internally and externally to have a positive influence on the company image and therefore the employer attractiveness.

The concrete role of the HR department in the area of CSR and diversity is strongly dependent of the size of the company. Larger companies often have employees who are dedicated to the topics of CSR and diversity. These employees are sometimes located in the HR department and sometimes in other areas of the company. In larger companies, the role of HR is to integrate the guidelines and concepts of CSR and diversity into the HR policy and support planned initiatives. In SMEs, which are the focus of this chapter, the topics of CSR and diversity are mostly integrated in the HR function and are seen as an additional function of an HR employee, e.g. as a staff development task. SMEs often do not experience the topics of CSR and diversity so explicitly, so there are often no strategies, targets or policies. The approaches are experienced implicitly and pragmatically here and vary according to a given company's culture.

Managers have a significant influence on diversity and CSR in daily business operations. Experiencing diversity begins with the staff recruitment process: if managers strive to create diverse teams, then they will consider the diversity of nationalities, personalities and the employment of women during the recruitment process. At this point, managers must be well trained to develop this awareness and consistently implement it. The same applies for the management of diverse teams; managers must actively practice inclusion and encourage understanding of employee diversity in order to be successful.

CSR and diversity are growing in importance and companies are ever more aware of the benefits of commitment to these values. Many SMEs are already active in these areas, but their challenge is to formalize their CSR and diversity programmes in order to take them to the next level. A variety of internal and external solutions exist that can help firms deal with this challenge—and reap the benefits of both CSR and diversity.

6 Leading by Example

6.1 *How SMEs in the Manufacturing and Production Sector Are Reaping the Benefits of CSR and Diversity*

This section will provide practical examples of how SMEs have approached different areas of CSR and diversity. We have included interviews with customers on how they have dealt with certain challenges and what kind of benefits they have experienced with CSR and diversity and put it in relation to our HR experience. Also we show how we integrate CSR and diversity in our own behaviour and actions.

6.2 *Gender and Intercultural Teams at a Partner for the Development of Engineering Services in the Automotive Industry*

Bertrandt: Your Trusted Development Partner

The Bertrandt group has offered development solutions for the international automotive and aviation industry in Europe, China and the USA for more than 40 years. In total, around 12,500 employees at 47 sites stand for in-depth knowledge, future-oriented project solutions and high customer orientation. The main customers include large manufacturers and numerous system providers.

As a service provider in the engineering sector, Bertrandt employs people worldwide. The majority of employees hold an engineering degree. Individual teams are assembled for customer projects. The makeup of the teams is very diverse with regard to nationality and gender. An example of this is the subsidiary in Cologne with around 180 engineers working in the electronics area. The department is organized in several teams, and such reference team consists of 27 employees who come from India, China, Albania, Italy, Romania, Pakistan, Russia and Germany.

At Bertrandt, diversity begins with staff recruitment. The search for engineers takes place on an international scale.

The suitability of an applicant for a given role is the top priority, regardless of origin or gender of the applicants in the hiring process. The responsibility for hiring at Bertrandt lies with the HR manager and the team leader, who are directly responsible for customer projects. In a discussion with one team leader at Bertrandt, it became very clear that Bertrandt's management has adopted a very conscious approach to the topic of mixed teams.

Non-EU citizens who want to come to Germany have often earned their masters in Germany and are open for integration. With EU citizens, the experience has been that it is often more difficult and more expensive to carry out a relocation, and the EU applicants sometimes have salary expectations which exceed the demands of the German engineers.

A roadblock for hiring non-EU citizens in the past was the complexity—the red tape associated with setting up a new hire. To address the problem, Bertrandt reacted and built its HR department’s know-how on this topic so that management could benefit from competent support.

Bertrandt has an excellent integration programme that is mandatory for all new employees. The programme strongly encourages integration at different levels. New employees are assigned a mentor, who is there to support him or her, alongside the team leader, for the first 6 months of employment. Moreover, integration is achieved through open dialogue, which is monitored by the HR department.

In *HR development*, an important topic is language. Bertrandt is of the opinion that companies cannot regulate language. A company team leader said: “We follow a soft integration; I want non-German colleagues to be addressed in German and they can reply in English to start with.” Gradually, German is recommended and agreed during the goal setting process that forms part of employee performance measurement. The necessity for this arises from the fact that the client group is comprised of German-speaking customers. The company actively supports language skills and funds courses that employees carry out in their spare time.

For those with career ambitions, participation in a specialist and management career programme is offered. In teams, there are the so-called lead engineers. Vacancies in the area are advertised and the employees can apply for them. Applicants undergo an assessment—and if they are selected—participate in a training programme that prepares them for additional responsibilities. The programme includes training sessions on the topics of law, project management, self-marketing, etc.

The programme is a key asset and helps in making Bertrandt an attractive employer for experienced engineers as well as recent graduates.

6.3 Policies

HR policies at Bertrandt support integration to a great extent. With regard to salary policy, only employee qualifications and seniority are taken into consideration. Nationality and gender do not play a role in salary calculation; everyone is treated the same.

6.4 *Culture and Management*

Diversity is strongly anchored in Bertrandt's corporate culture. Company values, formulated, approved and lived by the management, serve as the foundation for diversity and CSR activities at Bertrandt.

The company's commitment towards diversity is described on its homepage.

Promoting Diversity and Celebrating the Differences Between People

No two people are alike—the many facets of our employees are what makes teamwork at Bertrandt so exciting and enable us to learn more about one another every day. Bertrandt is an international company involved in numerous multinational projects. People from a total of 90 different cultures come together at Bertrandt each day, and their interaction is characterized by an atmosphere of mutual trust and appreciation. Fairness, openness, sincerity and friendliness are what make up our corporate culture.

Equal Treatment: Company-Wide

Current trends indicate that the multinational nature of our organization will be even more pronounced over the coming years, so there is no place for discrimination at Bertrandt at any level. Our position on this issue is further reinforced by the German equal treatment legislation (AGG) that came into force on August 18, 2006, setting out comprehensive antidiscrimination safeguards at the workplace.

6.5 *Bertrandt, 2015*

As an engineering specialist, Bertrandt views employees as the crucial success factor. The company sees this as a main driving force for the internationalism of the staff. Diversity also is expressly desired in the case of management positions and already realized, for example, with managers from Brazil and France.

Managers are aware that diversity has a very positive effect on teamwork. Colleagues help each other and stick together. Mixed teams of men and women are good for interaction and beneficial for the working climate, cooperation is more harmonious and colleagues are more considerate towards one another. Various nationalities are an enrichment to teams, because employees are forced to deal with different cultures and points of view, which expand their horizons.

For the management, this means recognizing differences and being able to deal with them. An example of this is an Indian employee, who initially found it very hard to work independently, because in India she was more used to an “instruct and implement” style. The team leader was aware of this, and was able to talk to her about this, and gradually contribute to her independence at work.

Mixed teams are very much appreciated at Bertrandt. This occurs on the one hand through managers, who set a clear example of acceptance in their management style, and on the other hand by the women themselves, who integrate themselves into the teams well.

In the case of any conflicts that cannot be discussed or resolved with the team leader, Bertrandt established an open door policy on all management levels. The employees have direct access to management and can approach them with employee concerns—and management will resolve the problem. This ensures that any problems that do occur are resolved and not “swept under the rug”. Diversity is actively embraced at Bertrandt, and specific strategies/policies are in place to ensure successful interaction.

7 CSR: An HR Consultancy Partners with Customers for CSR

Social responsibility is not reserved for large and internationally active groups. There are a multitude of options for SMEs to become engaged in CSR. CSR is not a question of budget, rather one of the company’s culture. Employee motivation with regard to the topic is crucial.

The example below describes how Schröer Consulting lives the values of diversity and CSR in day-to-day work. We strongly believe that CSR and diversity are achievable for firms whatever their size; however, as a small company, we were challenged to define topics where we could make a measurable impact with finite resources.

Schröer Consulting was involved in the nationwide German initiative *Charta der Vielfalt* [Charter of Diversity] in June 2015. Together with the local university, Schröer Consulting developed a blueprint for diversity training that centred on a horse-assisted intercultural learning experience. National and international students from the Westphalian University of Bocholt, trainees from local companies and interested parties were invited to participate in the 1-day training. The focus of the session was successful teamwork in a diverse team. Schröer facilitators created individual groups that were mixed in age, professional experience, gender and nationality. The group members learned how to better relate to each other through working with foreign cultures including the equine culture and having to connect with the horses (as a proxy for new colleagues) nonverbally. After the get-to-know-you phase, the teams were given tasks together with the horses that had to be completed in mixed groups, across language and species boundaries.

Important connections were formed, which underscored the importance of networking. Out of the contacts that arose, an international student obtained a practical semester (internship) at one of the local companies that also took part. All participants took the time and opportunity to gain insight into the barriers but also the advantages of diversity.

The successful Schröer experience demonstrates that SMEs can create platforms to bring a variety of people together through similar concrete programmes in their region. They can accomplish, amongst other things, the dismantling of prejudices against other population sectors. Positive experiences are created by being different; the success of diversity is made visible, and opportunities, for example, for recruitment, are created.

A further possibility for SMEs to engage in CSR is to offer work to young people in the region. When companies give young people the feeling of being valued in society early on, and investing in them, they reap rewards. Companies can support such initiatives and in doing so, they create ways for young people to develop.

Moreover, additional support to local activities can be important. Sport activities play an important role in this area. Schröer Consulting maintains close contacts with local football trainers and their managers. When talking to these club contacts, a recurring subject of conversation is the urgent need for donations in kind. Schröer regularly donates jerseys to help satisfy this need.

The positive effects of youth sport are frequently underestimated. Sport gives young people the opportunity to combat stress through regular exercise and increase learning ability. Furthermore, it is an optimal platform to experience the success that comes from working with diverse teams. The team sponsored by Schröer consists of young people from several cultures, who are pursuing a joint goal in football. In this way, prejudices against difference can be dissipated and/or do not arise in the first place. Networks can be built early on. Furthermore, youth sport provides young people with their first experience of responsibility and leadership, for example, as a youth trainer. Schröer Consulting believes that for these reasons, it is especially important for the company to be involved in this area.

So it seems that there are a multitude of opportunities for SMEs to engage in social responsibility on a regional level. But what about nationally or even internationally? Here, too, SMEs have succeeded in taking on their share of responsibility and serving as a positive example. Early on this year, Schröer Consulting decided to get involved in the current issue of refugees in Germany. Particularly with such a political topic, which has an enormous media presence, the possibilities for support seem to be very slim at first glance. But here, too, becoming socially responsible is not primarily a matter of money. Every contribution counts. This year Schröer Consulting decided not to print and send Christmas cards and gifts for business partners. The amount that was usually spent on this in the past years was donated in full. The sum was sent to the organization Save the Children Deutschland e.V., an organization with a worldwide mandate. The contribution from Schröer Consulting was earmarked for a fund that allows children all along the refugee route to receive help in the form of medical care, food, drink and much more.

All business partners and contacts received an e-mail in the pre-Christmas period. This briefly explained why physical post and gifts were dispensed with this year. The organization that received the whole amount was introduced in brief, along with its work. Furthermore, alongside the usual Christmas wishes, the e-mail

also included an appeal to support this or similar organizations. Apart from positive feedback, the campaign encourages other companies to donate—an example of leading by doing.

In the next section, we continue with the international theme. Our next interview deals with harnessing the strengths of international workers.

8 The Challenges of De Facto Diversity in Multinationals

In this interview, we spoke with an international manager with over 15 years of experience managing international teams for German, Dutch and Canadian companies. He discussed why the extreme diversity of his teams initially seemed problematic and how he and his colleagues flipped the situation. When corporate teams are made up of multiple nationalities, genders and perspectives, initially chaos may reign. But with guidance, diversity can lead to innovation and stronger consensus building.

International companies are naturally diverse. But often, diversity exists *de facto*, rather than as a result of explicit HR policies. When diversity is a naturally occurring corporate feature, sometimes HR policies that promote it are absent. And in these situations, diversity may not be leveraged as fully as it could.

Our manager was asked to describe how diversity affects the quality of management decisions. “Initially, it takes time for employees and management to recognize that every culture has strengths. When you add into the mix different cultural norms, e.g. with regard to how forcefully or reserved managers present themselves and their ideas, and personality types, it is hard for everyone to get a clear picture”. He added that in many internal company meetings, eight or more different nationalities might be present. As a result, debates often emerged and discussions often lasted longer in these non-homogenous teams.

However, managers reported that better and stronger consensus decisions were emerging. HR and management mounted strong campaigns to make employees aware of diversity and the improved decision-making that resulted. He explained that formalization made a key difference, “In more than one firm, institutionalizing diversity into our HR policies meant, among other things, that we were able to dedicate more resources to training and awareness raising”.

8.1 Diversity and Points of View

An expert in corporate decision-making, he added that two important factors characterize decision-making. “Our formula is that 50 % should be based on facts, figures and data, and 50 % of decision-making is dominated by ‘gut feeling’”, he explained. “Facts, figures and data put together are part of the manager’s toolbox. They are very easy to gather, evaluate and deploy. However, the right gut feeling is

based on experiences and different points of view. That's the clear advantage of Diversity". Intercultural teams are very advantageous in this part of the equation, because they approach the topics differently, solely based on their cultures, and bring a wealth of different experiences. So, in this way, diversity leads to better business decisions.

Different nationalities are not the sole important component here. Mixed gender teams are also highly important. "In my corporate HR experience across firms, the atmosphere in the team changes when women form part of teams. The way that teams communicate amongst themselves and with other teams is improved and the emotional intelligence of the entire group as a result increases". According to him, it is important for women to exhibit their femininity—because that is what is special about them. Their natural talents add to the team. If they attempt to adopt typically "male" traits, then companies lose some very important skills.

Diversity in age is a growing issue, especially against the backdrop of a greying Germany. The mixture of younger and older managers makes the team more effective: older managers bring more experience, and younger ones often have different methods of acquiring knowledge, e.g. social media. Consequently, HR managers should actively strive for a mixture of cultures, gender and age in teams.

8.2 Making Diversity a Formal HR Policy Is Key

Again, formalizing diversity as a company policy is important because formalization means that the management supports diversity enough to make it a corporate priority. When formalization occurs, usually HR is given the mandate to promote diversity, raise awareness and educate employees. He explained, "When we did this, we dedicated resources explicitly to promote Diversity of viewpoint as it pertained to decision-making. Some concrete examples are: risk-taking profiles of different nationalities, ages and genders, willingness to 'speak out' in support of contradictory opinions and group think".

Diversity in multinational companies occurs naturally because of the international nature of operations. But for diversity to bring benefits, it must be cultivated. Managers and employees must be made cognizant of its existence and reminded that their colleagues (with whom they may have worked for long periods already) have special strengths. HR and the formalization of diversity in HR policies is an important start.

9 Conclusion: Key Learning Points and Outlook

Encouragingly, SMEs are already aware of the importance of CSR and diversity. Moreover, they are already actively engaged in CSR—because it is good for their businesses and it benefits the greater good. However, a clear area for improvement

is the institutionalization of CSR in SME's culture and policies. Often, CSR activities and attitudes are actively applied, without having concrete policies or without them being an explicit part of SME's corporate culture. The manifestation of CSR and diversity strongly depends on the attitude of the management, the HR department and the managers. While managers' attitudes are critical to the success of CSR and diversity, institutionalizing CSR is an important step to ensure that CSR survives employee fluctuation.

9.1 Key Learning Points

- In the light of the demographic change in Germany, CSR and diversity will provide the competitive advantage for SMEs in the engineering and production sector to gain the qualified employees they will need to grow their businesses.
- CSR and diversity are growing in importance and companies are ever more aware of the benefits of commitment to these values. Many SMEs are already active in these areas, but their challenge is to formalize their CSR and diversity programmes in order to take them to the next level.
- HR will play an important role by making sure CSR and diversity are embedded in HR policies and processes. In their role to hire the best talent on the market and by setting the framework for excellent performance, the influence of HR on business results will be strengthened.
- Companies already value the importance of mixed teams in terms of gender and are actively striving to employ women in engineering positions. It depends on the recruiting policy, the attitude of managers and the behaviour of male and female team members if the ratio of women can be increased.
- The engagement in CSR and diversity is independent of the size of the company; all companies can contribute and strengthen their employer image through the activities and show social engagement.
- For diversity to bring benefits, it must be cultivated. Managers and employees must be made cognizant of its existence and reminded that their colleagues have special strengths. HR and the formalization of diversity in HR policies is an important start.

9.2 Outlook

The demographic changes that have led and continue to lead to more competition in the labour market for engineers and technical staff, the increased awareness that diversity improves creativity and innovation and makes employers more attractive and the insight that CSR is a company's responsibility—no matter the size or type of business—will lead to greater integration of CSR and diversity in corporate values,

processes and organizational development in the future. The corporate sector will benefit greatly from these developments.

Bibliography

- Becker M (2015) Systematisches Diversity Management—Konzepte und Instrumente für die Personal- und Führungspolitik, [Systematic Diversity Management—Concepts and Instruments for staff and management policy] Schäffer Poeschel, p 5
- Nefiodow L, Nefiodow S (2014) The sixth Kondratieff: the long waves in the world economy
- Stuber M (2004) Diversity-Das Potential von Vielfalt nutzen—den Erfolg durch Offenheit steigern [The potential benefits of diversity—increase success through openness], Luchterhand, p 15
- Weber T (2015) CSR and product management. Springer, Berlin, pp 1–9

Others

- Diversity Policy at Bertrand: under <http://www.bertrandt-karriere.com/en/bertrandt-as-an-employer/corporate-culture/diversity.html>
- Institute of the Düsseldorf Academy Schloss Garath, study on management principles and their effect on success, 2005

Influencing Employer Attractiveness by Connecting Corporate Social Responsibility and Diversity Management

Martina Stangel-Meseke

Abstract Demographic change (low labor supply) and tertiarization (higher demand in knowledge-intensive professional activities/jobs which are characterized by human interaction and innovation) in globally operating companies lead to a shortage of labor and bring on a change from an employer market to an employee market. The current situation in companies is characterized by the fact that target groups can choose their employer and that the topic of “employer attractiveness” is developing into a crucial competitive advantage for companies. In this context, identifying factors that increase employer attractiveness is of special relevance. Studies indicate that the construct of corporate social responsibility (CSR) is a significant factor when it comes to choosing a profession. It is, however, also pointed out that the specific effect of CSR in the context of choosing an employer has not been sufficiently researched by the industry. By means of a qualitative analysis of the studies on factors which increase employer attractiveness, this article shows the relevance of both CSR and diversity management (DiM) as influencing factors. Based on the analyses, an integrative model which summarizes the analytically derived CSR and DiM factors, and which allows to give recommendations for action with regard to influencing employer attractiveness, is presented. The result is that only applied as joint corporate strategies, CSR, and DiM can facilitate the management of perceived employer attractiveness.

1 Challenges of Global Corporate Environments

Global corporate environments are influenced and shaped by various different factors and thus form the respective companies in a dynamic and agile network. Hence, the great instability of corporate environments, which is due to a constant

M. Stangel-Meseke (✉)

Department of Business Psychology, University for Economics and Management,
Rheinlanddamm 201, 44139 Dortmund, Germany

e-mail: martina.stangel-meseke@fom.de

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,

DOI 10.1007/978-3-319-43564-0_11

change in political, economic, commercial, as well as social frameworks/conditions, leads companies to focus on accelerated product and service policies in order to ensure their unique selling proposition (USP) and, ultimately, their existence. In particular, two megatrends lead to a separate consideration of the organizations: demographic change and tertiarization.

As one of the greatest megatrends of the twenty-first century, demographic change leads to a shrinking of the total population. According to the latest statistics of the *Demografie-Portal* (2016), the German population is going to shrink by such an extent that despite continuous migration from other countries, it will only amount to 51 million people. This corresponds to the level of the 1950s. At the same time, there is the increasing aging of the workforce: since the 1980s, the proportion of the over 55-year-olds in the working population has increased from 25 to 31 % and this figure will increase further until 2030. Until the mid-1980s the baby boomers reached working age and this led to the rejuvenation and growth of the working population. Until approximately 2030, these baby boomers are going to increase the average age, and after they reach retirement age, the working population is going to shrink and will temporarily become slightly younger.

The general trend of a shrinking and aging population is enhanced by the trend of tertiarization or structural change, respectively, with regard to the working population (Fuchs et al. 2011, pp. 1–2). Tertiarization of the economy is a global trend: a change toward a knowledge society, which stresses the importance of “knowledge work” (Jung 2008, p. 856; Jánoszy 2010). According to Huber (2009), it is forecast that the proportion of “knowledge work” is going to be 75 % of the total number of jobs in 2020. Manual or physical work will account for 25 %. In turn, the demand for services is growing with social welfare/wealth and thus the significance of this sector for the entire added value is increasing steadily. As a consequence, there is a growing need for employees for knowledge-based jobs, the so-called knowledge workers (Jung 2008, pp. 853–854). In their report on the future and the change of work, Eichhorst and Buhmann (2015, p. 16) summarized that in the future, employment is going to develop in knowledge-intensive jobs, which are characterized by human interaction and innovation. This requires the establishment of learning- and innovation-friendly work processes.

Demographic change (low labor supply) in combination with tertiarization (higher demand) leads to a shortage of labor in knowledge-based jobs (Bundeszentrale für politische Bildung 2011, p. 23). The deficit in labor results in a deeper change in supply and demand, i.e., a change from employer to employee market. In the Anglo-Saxon literature, this trend is called the “the war for talent” (Michaels et al. 2001).

The “war for talent” is boosted by globalization, tertiarization, and, especially in Germany, by demographic change. This means that globally operating companies increasingly need more employees who can meet high cognitive demands in a flexible way. The growing complexity of employee qualification leads to increasingly more complex interdisciplinary skill profiles. At the same time, routine jobs are disappearing more and more or are outsourced (Meister and Wilyerd 2010, p. 20). Falling supply of and increasing demand for labor lead to a change in the

labor market. Companies report about difficulties to satisfy their demand for highly qualified employees (Bethkenhagen 2013; DGFP 2013; Gottwald 2013; Schuler et al. 2011). The current corporate situation is characterized by target groups which choose their employer, and hence the topic “employer attractiveness” gains such an importance that it has become a competitive advantage for the respective companies. In a competitive labor market, companies have to attend to their attractiveness as employers more than ever. Only a positive perception of and differentiation from other companies will enable them to secure qualified and motivated employees, which is existentially relevant for business. This perspective inevitably implies that employees should not only be seen as the most important resource (Trank et al. 2002) but that their perceptions and evaluations of the organizations have to be explicitly considered.

2 Studies on “Employer Attractiveness”

Berthon et al. (2005, p. 151) describe employer attractiveness as “the envisioned benefits that a potential employee sees in working for a specific organization.” Holste (2012, pp. 11–12) points out that the degree of employer attractiveness perceived by current and potential employees positively influences the evaluation of the company as the employer of choice. Being seen the employer of choice implies a higher level of employer attractiveness, which equals a USP.

The model developed by Chhabra and Sharma (2012, pp. 57–58) depicts that effectiveness of employer branding strategies is dependent on the success of employer attractiveness created by the organization (Fig. 1).

Employer branding starts with the analysis of a company’s values, ideologies, and policies. The value set and organizational attributes are converted into value propositions which are communicated to the potential employees. Communication

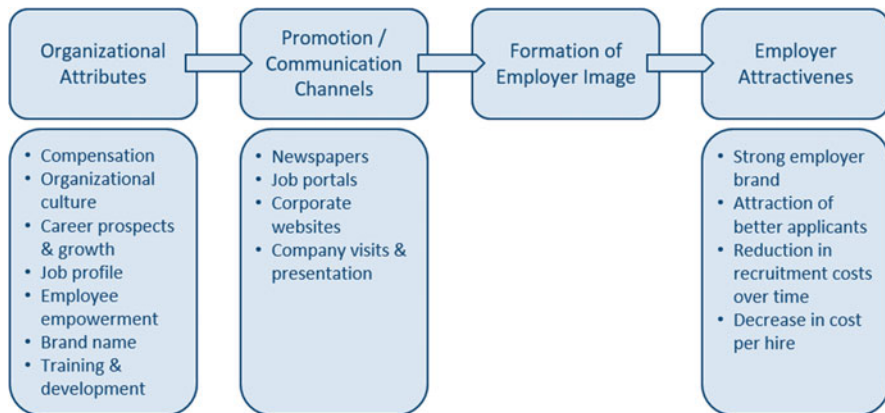


Fig. 1 Employer branding process (Chhabra and Sharma 2012, p. 58)

Table 1 Five-item employer attractiveness scale (Pattnaik and Misra 2014, p. 322–323)

Item 1	“Given the opportunity, I tell others great things about working here”
Item 2	“I would not hesitate to recommend this company to a friend seeking employment”
Item 3	“I feel proud to say outside that I am working for this company”
Item 4	“I rarely think about leaving this company to work somewhere else”
Item 5	“My company keeps the promises that this is a great place to work”

is a significant link in order to give the potential employees a realistic idea of what the organization stands for and in which way employees identify with the values and attributes. The knowledge about the organization value propositions will lead to the formation of an employer brand image in the minds of the potential employees. The result will be a positive employer image strengthening the employer attractiveness.

Pattnaik and Misra (2014) investigated employer attractiveness within Indian software organizations. They operationalized “Employer Attractiveness (...) as an inductive character that propels the existing employees to gratitude their employer to the external world through word-of-mouth. Measuring this word-of-mouth is the level of employer attractiveness from the existing employees’ point of view” (p. 320). On this theoretical basis, they developed a scale to measure the level of employer attractiveness. The findings of the study show that the level of employer attractiveness can be measured using a five-item employer attractiveness scale (Table 1).

Even if the study of Pattnaik and Misra (2014) derived important implications for research and practice, the study’s restriction is the small sample. Therefore, further research with a large sample size in the Indian IT organizations is needed. The same goes for various other sectors such as banking, manufacturing, and retail using the employer attractiveness scale to find its validity and applicability across the different domains.

Lohaus and Rietz (2015) maintain that the judgment of the attractiveness of an employer already shows in the early phase of personnel recruitment and that up to now this fact has been paid little attention to. The authors argue that since they directly influence the available pool of applicants, especially the way applicants are addressed and the related corporate activities have to be seen as factors critical for success. In two experimental studies with business management students, the authors examined symbolic and instrumental factors of employer attractiveness. While in the study symbolic factors, such as prominence of the company, significantly influenced the attractiveness, the instrumental factors (label “top employer,” successful participation in employer competitions, and the label “fair corporations” which were needed to characterize a positive corporate culture) did not have any influence. Based on these findings, the authors recommend that if labels are used, it should be checked whether a different positioning and design (e.g., an explanation of the label by additional texts; presentation of values and positive conditions for employees in job advertisements) lead to a heightened attention of job seekers.

While the exemplary studies mentioned here focus more strongly on how potential job seekers perceive the companies, in the studies presented in the following, connections between social responsibility and employer attractiveness were assumed and empirically validated.

3 Connection Between Social Responsibility and Employer Attractiveness

According to Carroll (1991), corporate social responsibility (CSR) refers to a business entity's attention to and fulfillment of responsibilities to multiple stakeholders which exist at the economic, the legal, the ethical, and the philanthropic level. To properly address CSR, Carroll (1991) suggested that an organization must also meet its responsibilities to protect the moral rights and meet the expectations of consumers, employees, and the community while promoting welfare and goodwill at the ethical and philanthropic levels.

Albinger and Freeman (2000, p. 243) pointed out that additionally to all the studies in the field of CSR, the concept of corporate social performance (CSP, see also Wood 1991, p. 693; Turban and Greening 1997; Greening and Turban 2000) was introduced as a method of evaluating how well organizations were meeting their corporate social responsibility. Meeting social responsibility not only allows organizations to display high levels of moral or ethical conduct but also has been shown to provide instrumental benefits and various types of competitive advantages. These benefits also include the ability to attract desired employees. Albinger and Freeman (2000) investigated the effects of an organization's corporate social performance (CSP) on its perceived attractiveness as an employer among different job-seeking groups. With regard to the research carried out by Turban and Greening (1997), Albinger and Freeman selected the 25 largest private sector employers from a local business publication in the metropolitan area of a large Midwestern city. In order to develop the measures of CSP, the authors sought to develop a reputation index for the 25 organizations. Seven business school faculty members agreed to serve as experts rating a list of local area companies according to their perceptions of company performance on several dimensions of CSP. Finally, four dimensions were selected and defined: (1) community outreach (outreach activities, charitable donations), (2) diversity (representation of women and minorities, family benefits, and programs), (3) workplace and employee issues (union relations, employee benefits, employee participation), and (4) natural environment. Each expert panel member was asked to indicate each organization's performance on each dimension using a five-point scale. Three groups of actual or potential job seekers were formed and were asked to rate the employer attractiveness of each of the 25 organizations. The high-choice job-seeking group was identified as currently employed graduate students enrolled in an MBA or MS Management Science Program at a large urban university located in the same city as the rated corporations. The medium-choice

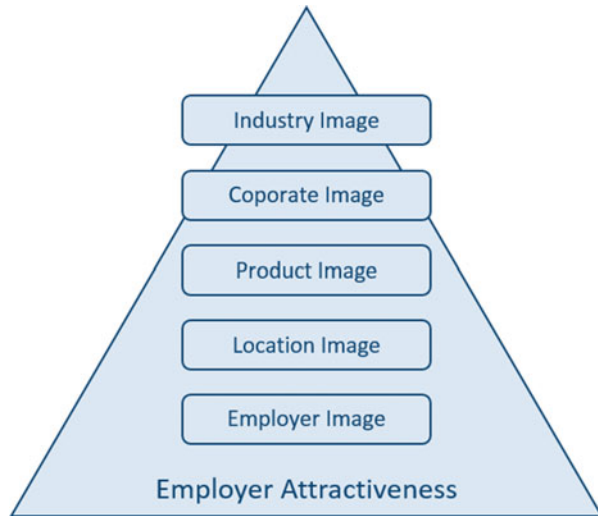
job-seeking group was made up of undergraduate business students and unemployed graduate students at the same urban university. The low-choice group was identified as low-income residents of federally subsidized housing who were participating in an employment assistance program.

The results of the study indicate that the relationship between an organization's CSP and job seekers' perception of its attractiveness as an employer would increase in strength as job choice increased. Furthermore, the findings in the study suggest that an organizations' CSP becomes increasingly important when that organization seeks to attract highly educated applicants with a high level of job choice. Overall, the significant finding of the study is that the success of companies is highly dependent on the education and qualification of the employees as an important critical factor to an organization's ability to compete. According to the study, the most desirable employees are those whose job preferences are more likely to be influenced by a potential employer's CSP (Albinger and Freeman 2000, p. 252). Another important finding was that the support for diversity and other employee issues had significant effects on the employer attractiveness perceptions of all choice groups. According to Albinger and Freeman (2000, p. 252), these findings reinforce the importance of being able to compete for applicants with corporate cultures that support employee participation and organizational policies providing creative benefits to workers.

Building on existing studies suggesting that corporate social performance (CSP) is important in the job-seeking process, Backhaus et al. (2002) investigated job seekers' perceptions of the importance of CSP and explored effects of CSP dimensions on organizational attractiveness in two studies. In their first study, they confirmed that potential job seekers consider CSP important to the overall assessment of a company. The study showed that job seekers consider CSP records important to all stages of the job search, but most important when determining whether to accept the job offer. Another finding was that job seekers find the following aspects of CSP more relevant than others: environment, community relations, employee relations, diversity, and product issues. The study also reveals that women express greater interest in a firm's diversity record than men and that minorities express greater interest than nonminorities. Women report a significantly greater concern for CSP than men. The presence of good social performance may indicate to job seekers that a firm has positive values. Because women and minorities have faced barriers to entry and career growth in corporations, they may be particularly sensitive to any attributes that suggest concern for the improvement of society or consciousness of societal needs.

In their second study, Backhaus et al. (2002) investigated how knowledge of CSP affects opinions about organizational reputation. The results of this study indicate that potential job seekers are interested and concerned about a company's record of corporate social performance when considering firms as prospective employers. The knowledge of CSP data also has an effect on the way in which these prospective employees view the reputation and attractiveness of firms. Certain dimensions of CSP, such as environment, community relations, employee relations, diversity, and product issues, have differing effects on prospective

Fig. 2 Relevant determinants of employer attractiveness (Schwaab 2008, p. 201)



employee assessments of firms. Backhaus et al. (2002, p. 313) found out that companies with a poor environmental record are likely to encounter obstacles in recruitment because job seekers are critical of weakness in this dimension. However, having a good environmental record adds little to the attractiveness of the organization. Demonstrating positive employee relations adds little, but being responsible for poor employee relations creates a negative recruitment image. All in all, environment, community relations, and diversity create the largest change in opinions about the firm, whereas employee relations and product issues have a lesser effect. The findings of the two studies conducted by Backhaus et al. (2002) support the need for image management among recruiting organizations. Therefore, it is necessary that image management is geared toward an organization's attempts to construct positive perceptions of itself to stakeholders.

Schwaab (2008) describes five dimensions which influence employer attractiveness (Fig. 2) and combines them with the relevant image-building factors of social responsibility.

According to Schwaab (2008), all factors determining attractiveness influence each other and are determined by the ecological and social focus of the company. Some companies, for instance, have to contend with an environment-unfriendly image (e.g., the chemical and energy industries). As a result, all companies in these industries run the risk of receiving negative ratings. A positive corporate image could, for example, compensate a negative industry image. The reputation of products also influences employer attractiveness and ecology plays a significant role when it comes to the location image. Company locations which stand for scenic attractions, quality environmental conditions, or ecological initiatives are more attractive to potential job seekers.

Schwaab (2008, pp. 201–204) discusses various image-shaping factors which influence the corporate image as well as the way the company is perceived in the context of CSR to a significant extent.

Against the background of dynamically changing companies, continuous further training is becoming especially important as it ensures employability of the staff. Furthermore, the way necessary restructuring measures are communicated by companies and how they are perceived by the outside environment is important in the context of employer attractiveness (socially responsible restructuring). It can be assumed that due to demographic change, more and more investments have to be made in the area of retraining and new qualification of existing employees. In times of decreasing personnel resources and strongly increased workloads, company offers which facilitate the compatibility of the demands of work and private life (the so-called work-life balance) also work as image-shaping factors. Establishing a family-friendly climate with structures integrating flexible working times, teleworking, and company crèches also have the effect that today's employees, who have new work and family values, are attracted to these companies (see above all BMFSFJ 2016). In addition, companies have to deal with the so-called age management, i.e., beneficially and usefully integrating the know-how of experienced employees into the corporate context and treating the group of older employees with the due respect at the same time. Furthermore, companies can prove their social engagement by especially dedicating themselves to the professional integration of persons with disabilities and thus improve the firm's employer image. The regional rootedness of a company can also have an effect on their image as an employer. In this context, social responsibility means that companies identify with their location or the region. Companies can become sponsors of clubs or become involved in voluntary activities in various cultural or social associations and clubs in their region. Schwaab (2008, pp. 203–204) also assumes that in the wake of an increasing discussion of environmental topics, the responsible handling of raw materials and energy is going to develop into a crucial characteristic of employer attractiveness.

Kim and Park (2011) viewed students majoring in public relations as prospective public relations practitioners and explored their perception about CSR. The purpose of the study was to explore how CSR performances affect the person-organization fit, organizational attractiveness, and intent to apply among potential job seekers, particularly prospective public relations practitioners. Furthermore, the authors intend to investigate the relationships between CSR and indirect advantages of CSR through mediation analyses that assumed the mediating role of person-organization fit. The significant findings showed that the better CSR record of a company, the more likely students are to feel that their ethical standards are compatible with a company. The study found that regardless of participants' original ethical perceptions of corporations, they prefer to work for companies with good CSR programs, rather than poor ones. Even students with low ethical perceptions of corporations showed a good person-organization fit with corporations with good CSR programs compared to the ones with poor CSR programs. These students still seem to regard companies with good CSR programs as

attractive workplaces. The interesting result of this study was that for a company in a business slump, the company's CSR performance becomes more salient in students' minds and encourages them to apply for jobs at that company. According to Kim and Park (2011, p. 650), that means that the effect of CSR may become more powerful for a company in a poor business situation than for a company in a good business situation.

3.1 Conclusion

The exemplary studies on the connection between CSR and employer attractiveness presented above clarify the fact that a focus on diversity and the support of employees have a significant effect on employer attractiveness (Albinger and Freeman 2000). Backhaus et al. (2002) point out that both women and minorities ascribe a high priority to the aspect of diversity and that it influences their evaluation of an employer significantly. Schwaab (2008) presents image-shaping factors which can influence the way a company is perceived in the context of CSR and mentions numerous aspects which can be subsumed under family-friendly measures. Kim and Park (2011) emphasize that the quality of CSR has a decisive influence on the perception as to whether the ethical values of the company correspond to those of the job seekers.

All studies have in common that diversity and employee orientation show a decisive and positive connection between CSR and employer attractiveness. Hence, studies which explicitly examined CSR and diversity in the context of employer attractiveness will be presented in the following.

4 CSR, Diversity Management, and Employer Attractiveness

Lis (2013) examined which CSR criteria potential job seekers base their evaluation on. Her study is based on literature which describes CSR as a multidimensional construct with four dimensions: environment, diversity, product orientation, and employee orientation (cf. Turban and Greening 1997; Greening and Turban 2000; Backhaus et al. 2002; Fig. 3).

The test design she chose is the policy-capture approach (Backhaus et al. 2002), which makes it possible to analyze different cue stimuli and which has already been used several times for analyzing employer attractiveness. The approach supplies statistic figures for the importance/significance ascribed to the individual cue stimuli. In her study Lis (2013) used the four CSR dimensions as cue stimuli, and on this basis the author formulated a series of corporate scenarios in which each of the four dimensions was described in two phases.

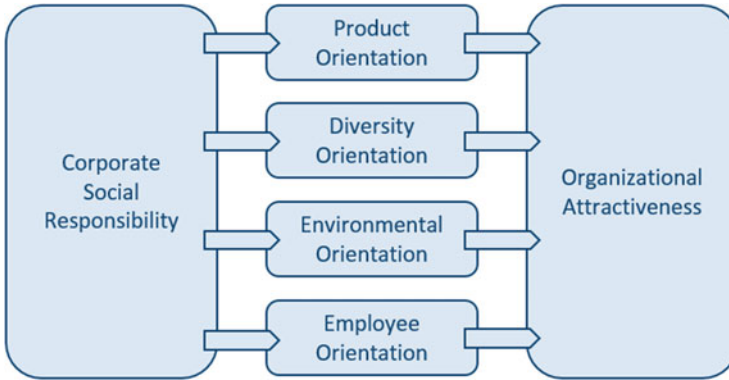


Fig. 3 Analysis model by Lis (2013) examining the effect of the CSR dimensions on organizational attractiveness (Lis 2013 p. 37)

An exemplary corporate scenario according to Lis (2013, p. 39) is operationalizing the four CSR dimensions.

“The company manufactures environment-friendly products. The company makes special efforts to employ and promote women and minorities. The company has implemented a quality management system. The company has an occupational pension scheme in place.”

Following the work of Turban and Keon (1993), the dependent variable organizational attractiveness was operationalized and understood as general organizational attractiveness and willingness to apply.

The empirical study was carried out on a student sample in the advanced study phase ($N = 300$, 51.8% women, 48.2% men, average age, 25 years). The study showed a direct positive influence of the individual CSR dimensions on organizational attractiveness. The variables diversity orientation and employee orientation are the most influential (Lis 2010, 2012). The respondents attached a greater personal importance to these factors (see also Backhaus et al. 2002). The findings of Lis (2010, 2012, 2013) are in line with those of Smith et al. (2001), who in their study explicitly examined diversity characteristics in relation to their influence on CSR.

Smith et al. (2001) examined the extent to which diversity characteristics and stakeholder role influence individuals' corporate social orientation. Their findings indicate that one's relationship to the organization as well as diversity, gender, and race influences one's corporate social orientation. With regard to the role of diversity, Smith et al. (2001) found racial differences in discretionary orientation in their study. Females reported a stronger discretionary orientation than males. Based on these findings, Smith et al. (2001) recommended organizations to highlight their discretionary activities when recruiting women. A similar recruiting strategy was seen for Blacks because Blacks in their study also reported a stronger discretionary than Whites. The authors interpreted these results in the context of self-interest and attitudes of mutual assistance and social citizenship. Blacks and women believe that they have the least access to organizational resources and face

greater barriers to becoming fully integrated than Whites and males. As a consequence, women and minorities place greater value on employer efforts to promote diversity.

4.1 Conclusion

The studies of Lis (2010, 2012, 2013) illustrate that CSR is a measure which sustainably influences employer attractiveness and that in this context, the CSR dimensions diversity and employee orientation need to be given special priority. It has to be stressed here that the study of Smith et al. (2001) explicitly examines the relation of diversity characteristics and CSR and highlights diversity as a separate study variable, while Lis (2013) regards diversity as a subdimension of CSR.

In the following, the author is going to present an integrative model based on the qualitative results on factors which influence employer attractiveness discussed above. The model considers the relevant factors for increasing employer attractiveness and facilitates recommendations for action for corporate practice.

5 Integrative Model for Increasing Employer Attractiveness

In the following there is going to be a discourse on the similarities of the concepts of CSR and diversity. This serves to complement the qualitative analyses made earlier and to support the integrative model which is presented. This approach is necessary since there are various interpretations of the two concepts (Hanappi-Egger 2012), and the premise of the presented studies is that diversity is one dimension of CSR. Furthermore, the author extends the concept of diversity to the management strategy of diversity management (DiM) so that a comparison of CSR and DiM can take place on a strategic and not merely a constructional level.

Aretz und Hansen (2003, p. 9) generally understand diversity as the variety, disparity, otherness, and individuality which develops due to numerous differences between individuals. Additionally, Müller and Sander (2009, p. 72) see “Diversity as the multiplicity of a communal composition of society.” “DiM is the utilization and promotion of the diversity of employees and is [seen] as a strategic element of management (...)” (Aretz and Hansen 2003, p. 9) “(...) as well as a strategic resource for solving complex organizational problems” (Cox 1991, cited in Aretz and Hansen 2002, p. 10). As early as 2001, the anchoring of CSR as a strategic management concept was accomplished by the European Commission, which recommended the integration of the concept of social responsibility into corporate strategy. According to the European Commission (2011), CSR is defined as the integration of social, ecological, and, since 2011, also of ethical issues and topics into organizational activity and pursues the objective of “(...) maximizing the

creation of shared value for their owners/shareholders and for their other stakeholders and society at large, identifying, preventing and mitigating their possible adverse impacts” (European Commission 2011, p. 6).

In an integrative approach to CSR and DiM, Quindt (2013, p. 28) analyzed their similarities. She comes to the following conclusion: DiM and CSR pursue profitability and social added value and contribute to a significant extent to the design of corporate culture. The motives of the two concepts are, among other things, driven by demographic, economic, and ethical reasons which can be derived from the objectives. Both concepts are based on the assumption that as far as their implementation is concerned, the focus is on anchoring them in the internal and external corporate strategy. In relation to strategy, DiM is more strongly geared toward the employees and internal human resource processes than on the external market. Both concepts contribute to an increase in customer orientation and improved market opportunities. Furthermore, they create a positive company image. The implementation of the two concepts has an internal benefit for the organization and an external benefit for the society.

In the following, these ideas are transferred to the integrative model (see Fig. 4).

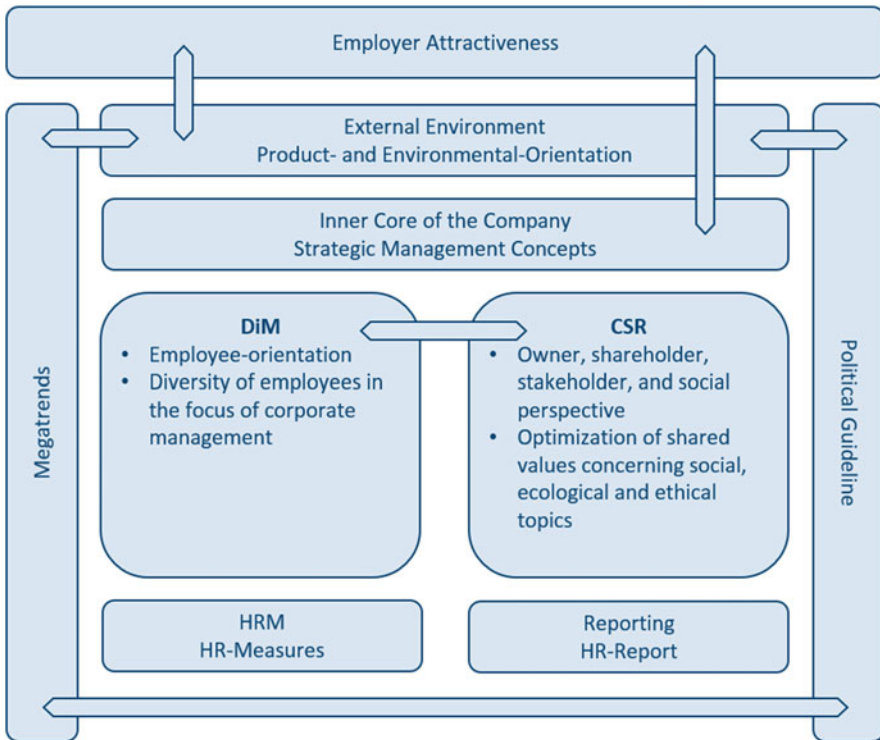


Fig. 4 Influence of the strategic management concepts DiM and CSR on employer attractiveness (author’s own research)

In the inner core of the organization, each of the two concepts DiM and CSR acts with a focus on different perspectives and they complement each other. While DiM is focused on employee orientation and deems employee diversity to be a vital aspect of corporate management, the CSR concept looks at the perspectives of the owners, shareholders, stakeholders, and the society. Its purpose is to enhance shared values with regard to social and ethical issues and topics. The implementation of DiM is done by human resource management (HRM) and is reflected in HR measures by means of which company-specific, relevant diversity aspects are put into practice. The implementation of CSR takes place within the framework of reporting and it is realized in digital HR reports. DiM and CSR influence each other reciprocally since the performance and the values of the diverse employees in the DiM concept also have an impact on the perspectives of the owners/shareholders and stakeholders. The employees' values become part of the shared values and are continuously corrected, modified, or updated.

In the external environment of the organization, the product orientation and the environmental orientation are influenced by the current megatrends and the predominant political guidelines. The two factors also have an impact on the inner core of the organization. Current megatrends such as individualization, female shift, demographic change, and industry 4.0 do not only lead to a change of requirements for products (e.g., no mass products, but a trend toward individual shopping, increasing influence by individual online ordering and, consequently, product diversification) but also influence the stakeholders' values regarding the environment (e.g., considerate handling of resources in production, recycling of materials, avoidance of chemicals with health-damaging effects, etc.). Political guidelines, for instance, the Index of the Global Reporting Initiative (GRI), which was developed in cooperation with the environmental program of the United Nations (UNEP) in 1997, facilitate the development of a standardized public image for companies. Thus, the GRI is a standard for sustainability reporting and includes some elements of HR reporting. For the human resource field, in its currently available version of 1999 (G 4 Guidelines for Sustainability Reporting, Global Initiative, no year), the GRI demands key figures for the total number of employees, differentiated by type of work contract, religious affiliation, gender, utilization of freelancers, seasonal employees, personnel turnover, percentage of employees to whom collective agreement applies, training and further training, diversity and equal opportunities, and ratio between payment for female and male employees. Digital HR reporting shows capital investors and stakeholders how well the organization is prepared for future requirements (Beile 2015/2016). Furthermore, the external environment is influenced by updated definitions of CSR. In this context, the European Commission introduces its *Agenda for Action 2011–2014*, in which DiM and individual DiM elements, for instance, gender equality, are taken up as impulses for increasing the visibility of CSR: “The Commission will therefore promote dialogue with enterprises and other stakeholders on issues such as employability, demographic change and active ageing, and workplace challenges (including diversity management, gender equality, education and training, and employee health and well-being)” (European Commission 2011, p. 8). This extended definition of CSR

makes clear that the company, in the sense of a learning organization (Argyris and Schön 1978; Argyris 1998; Stangel-Meseke 2014), is in constant interaction with the societal requirements and the resulting changes in employment, and it has to make it an integral part of its corporate strategy.

All information and measures in the inner core of the organization as well as in its external environment are perceived, processed, and interpreted by potential job seekers and ultimately determine employer attractiveness.

6 Recommendations for Action on How to Increase Employer Attractiveness

In the inner core of the organization, it is important that HRM as the implementer of DiM and digital HR reporting as the implementer or CSR are closely interlinked. A suitable HR concept which adopts the individualization of personnel (HR) policy is personnel management oriented toward life events. By including corporate goals and the expectations of employees, this concept facilitates a compatibility of professional, private, and family life. Different professional phases in the organization (entry, qualification, career, change, exit) and individual life events are connected to each other. This procedure not only leads to a sustainable retention of employees but also has a potential with regard to equal opportunities policies. This is relevant for the external image of the company (Stangel-Meseke 2015). Likewise, the HR department has to continuously and thoroughly analyze the megatrends in employment and society (Stangel-Meseke et al. 2015). This means that on the basis of the analyzed megatrends, company-specific, relevant diversity criteria have to be identified (Stangel-Meseke et al. 2013) and they have to be converted into the respective HR measures. The success of all HR measures should be verified with figures and accompanied continuously by internal and external HR communication. Furthermore, the relevant HR aspects need to be adapted to the development of the megatrends in work and society and should be modified where necessary. In order to ensure sustainability of HRM, DiM, and CSR, it is advisable to assign persons who are responsible for the processes and the pooling of relevant corporate information.

For digital reporting and a successful HR report, it is relevant that the actual situation is depicted. This also includes the presentation of goals which have not been reached and of the relevant figures over time, even if the organization does not make a good impression. HR strategy must be clearly visible, derived with measurable goals, and supported by measures (Beile 2015/2016, pp. 29–30), so that stakeholders have a realistic idea of the situation of the company. When it comes to the external communication of product orientation and environmental orientation of the company, it is important to transparently convey the values to the external environment and the market and to act socially (see exemplarily the study of Suliman and Al-Khatib 2014).

In order to be an attractive employer for job seekers, not only the communication of societal, social, as well as ethical basics is important. In a target group-specific analysis, the needs of individual groups of job seekers have to be determined. For this purpose, continuous surveys on employer attractiveness should be carried out on different levels of the corporate hierarchy. The results should be discussed internally and subsequently integrated into HR reporting. Furthermore, the personnel marketing has to maintain close contact to potential applicants and ask them questions about their expectations with regard to the employer and the job requirements. Some companies already advertise positions in classically male and strongly career-oriented professions, such as IT and consulting, by emphasizing the compatibility of family and work (flexible working times, home office, support with child care) (DGFP 2016, p. 13).

In addition, it is recommended to set up a knowledge database for employer attractiveness in the intranet of the company. A team made up of employees of different ages, coming from different hierarchal levels, should be responsible for this database. All relevant data on topics like innovative HR management, current megatrends, best practices for implementing DiM and CSR, HR reporting, family and equal opportunity policies, as well as social and environmental topics from research and practice can be collected and integrated. This way, the organizational attributes named in the model of Chabra and Sharma (see Fig. 1) can be kept up to date, and the data can be processed and communicated to potential applicants in a target-oriented way.

7 Outlook: We Need You Both

Only the simultaneous implementation of CSR and DiM as a joint corporate strategy in the inner core of the organization and the interaction with the external environment makes it possible to develop the relevant organizational elements of employer attractiveness. To reach this goal, continuous learning processes inside and outside the organization are needed. The target group-specific communication geared toward attracting potential applicants largely depends on how well the organization manages to anchor relevant megatrends in its corporate strategy in a manner that is both sustainable and continuously updated. Ultimately, the way an organization positions itself in the global network of society and politics in order to combine social, societal, and political guiding principles with shared values in the sense of a sustainable economy and sustainable activities—which in turn aims at sustainable employee retention—depends on the openness of globally operating companies and their trust in the qualification of their employees.

References

- Albinger H, Freeman SJ (2000) Corporate social performance and attractiveness as an employer to different job seeking populations. *J Bus Ethics* 28:243–253
- Aretz HJ, Hansen K (2002) Diversity and diversity management im Unternehmen. Eine Analyse aus systemtheoretischer Sicht. LIT-Verlag Dr. Wilhelm Hopf, Münster
- Aretz HJ, Hansen K (2003) Erfolgreiches Management von Diversity. Die multikulturelle Organisation als Strategie zur Verbesserung einer nachhaltigen Wettbewerbsfähigkeit. *Zeitschrift für Personalforschung* 17(1):9–36
- Argyris C (1998) Teaching smart people how to learn. In: *Harvard business review on knowledge management*. Harvard Business Review Paperback, Boston, MA, pp 81–108
- Argyris C, Schön D (1978) *Organisational learning. A theory of action perspective*. Addison-Wesley, Reading, MA
- Backhaus KB, Stone BA, Heiner K (2002) Exploring the relationship between corporate social performance and employer attractiveness. *Bus Soc* 42:292–318
- Beile J (2015/2016) Trends in der HR-Berichterstattung. *Personalführung* 12/2015–01/2016, pp 24–30
- Berthon P, Ewing M, Hah LL (2005) Captivating company: dimensions of attractiveness in employer branding. *Int J Advert* 24:151–172
- Bethkenhagen E (2013) Ergebnisbericht HR-Trendstudie. Verfügbar unter: http://www.kienbaum.de/Portaldata/1/Resources/downloads/Ergebnisbericht_HR-Trendstudie2014_Final.pdf [08.02.2016]
- Bundeszentrale für politische Bildung (2011) *Demografischer Wandel*. (S. 23). Bundeszentrale für politische Bildung, Bonn
- Carroll AB (1991) The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Bus Horiz* 34(4):39–48
- Chhabra NL, Sharma S (2012) Employer branding: strategy for improving employer attractiveness. *Int J Organ Anal* 22(1):48–60
- Cox T (1991) The multicultural organization. *Executive* 5(2):34–47
- Demografie-Portal (2016) Erwerbsbevölkerung schrumpft und altert. http://www.demografie-portal.de/SharedDocs/Informieren/DE/ZahlenFakten/Erwerbsbevoelkerung_Altersgruppen.html [05.01.2016]
- DGFP (2013) DGfP-Studie Megatrends und HR-Trends. Praxispapier 3/2013. <http://static.dgfp.de/assets/publikationen/2013/DGFP-Studie-Megatrends-und-HR-Trends2013.pdf> [08.02.2016]
- DGFP (2016) Mehr Stellenanzeigen betonen Work-life-balance. *Personalführung* 3:13
- Eichhorst W, Buhlmann F (2015) *Die Zukunft der Arbeit und der Wandel der Arbeitswelt*. IZA Standpunkte Nr. 77
- European Commission (2011) *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee to the Regions: a renewed EU strategy 2011–2014 for Corporate Responsibility*. COM (2011) 681 final, Brussels
- Bundesministerium für Familie, Senioren, Frauen und Jugend (BMFSFJ) (2016) *Geht doch!—So gelingt die Vereinbarkeit von Familie und Beruf* (1. Aufl.). schmitz druck&medien GmbH & Co, Brüggen
- Fuchs J, Söhnlein D, Brigitte W (2011) *Rückgang und Alterung sind nicht mehr aufzuhalten*. Institut für Arbeitsmarkt- und Berufsforschung, Nürnberg, pp 1–2
- Global Reporting Initiative (o.J.). G4 Leitlinien zur Nachhaltigkeitsberichterstattung. <https://www.globalreporting.org/resourcelibrary/German-G4-Part-One.pdf> (31.03.2016)
- Gottwald M (2013) *HR trend report 2013*. HaufeLexware, Freiburg
- Greening DW, Turban DB (2000) Corporate social performance as a competitive advantage in attracting a quality workforce. *Bus Soc* 39:254–280

- Hanappi-Egger E (2012) Diversitätsmanagement und CSR. In: Schneider A, Schmidpeter R (eds) Corporate social responsibility: Verantwortungsvolle Unternehmensführung in Theorie und Praxis. Springer, Berlin, pp 177–189
- Holste JH (2012) Arbeitgeberattraktivität im demographischen Wandel. Eine multidimensionale Betrachtung. Springer, Wiesbaden
- Huber J (2009) Neue Arbeit. Die 4 Herausforderungen des 21. Jahrhunderts. http://health-on-top.de/userdoks/handouts/2009_huber_vortrag.pdf
- Jánszky SG (2010) Zukunft der Arbeitswelt im Jahr 2020. Value Worker, Patchwork-Identitäten und HR-Management in fluiden Unternehmen. Personalführung 2:18–26
- Jung H (2008) Personalwirtschaft. Oldenbourg Wissenschaftsverlag GmbH, München, p 856
- Kim SY, Park H (2011) Corporate social responsibility as an organizational attractiveness for prospective public relations practitioners. J Bus Ethics 103:639–653
- Lis B (2010) Corporate social responsibility. Eine empirische Analyse des Einflusses auf potenzielle Arbeitnehmer. Verlag Dr. Kovac, Hamburg
- Lis B (2012) The relevance of corporate social responsibility for a sustainable human resource management: An analysis of organizational attractiveness as a determinant in employees' selection of a (potential) employer. Manag Rev 23(3):279–295
- Lis B (2013) Corporate Social Responsibility beeinflusst die Arbeitgeberattraktivität. Pers Q 03 (13):37–40
- Lohaus D, Rietz C (2015) Arbeitgeberattraktivität. Der Stellenwert von Bekanntheit und Labels in der frühen Rekrutierungsphase. Zeitschrift für Arbeits- und Organisationspsychologie 59(2): 70–84
- Meister CJ, Willyerd K (2010) Harvard business manager. Mentoring für Millennials, p 20
- Michaels E, Handfield-Jones H, Axelrod B (2001) The war for talent. Harvard Business School Press, Boston
- Müller C, Sander G (2009) Innovativ führen mit Diversity-Kompetenz. Vielfalt als Chance. Haupt, Bern
- Pattnaik SK, Misra RK (2014) Employer attractiveness: a conceptual framework & scale development. Indian J Ind Relat 50(2):318–327
- Quindt K (2013) Diversity Management im Kontext von Business Case und Corporate Social Responsibility. Unveröffentlichter Forschungsbericht an der Business and Information Technology School (BiTS) GmbH Iserlohn, Fachbereich Business Psychology
- Schuler RS, Jackson SE, Tarique I (2011) Global talent management and global talent challenges: strategic opportunities for HRM. J World Bus 46:506–516
- Schwaab M-O (2008) Die Bedeutung der sozialen Verantwortung für die Arbeitgeberattraktivität. Umwelt WirtschaftsForum 16(4):199–204
- Smith WJ, Wokutch RE, Harrington KV, Dennis BS (2001) An examination of the influence of diversity and stakeholder role on corporate social orientation. Bus Soc 40(3):266–294
- Stangel-Meseke M (2014) Unconscious bias. In: Charta der Vielfalt e.V. (Hrsg.), Vielfalt erkennen. Strategien für einen sensiblen Umgang mit unbewußten Vorurteilen. Charta der Vielfalt e.V., Berlin, pp 13–20
- Stangel-Meseke M (2015) Innovative Personalmanagement-Konzepte. Eine Analyse ihres Gleichstellungspotenzials. SpringerGabler, Berlin
- Stangel-Meseke M, Hahn P, Steuer L (2013) Balance durch Diversity-Management— Lösungsansätze für unternehmerische Herausforderungen aus Megatrends. In: Lanwehr R, Müller-Lindenberg M, Mai D (Hrsg.), Balance Management. SpringerGabler, Wiesbaden, pp 145–166
- Stangel-Meseke M, Hahn P, Steuer L (2015) Diversity Management und Individualisierung. Maßnahmen und Handlungsempfehlungen für den Unternehmenserfolg. SpringerGabler, Wiesbaden
- Suliman A, Al-Khatib H (2014) Corporate social responsibility and employer branding: a study in the public sector. Proceedings of 27th International Business Research Conference. Ryerson University. Toronto, Ontario, Canada

- Trank CQ, Rynes SL, Bretz RD (2002) Attracting applicants in the war for talent: differences in work preferences among high achievers. *J Bus Psychol* 16:331–345
- Turban DB, Greening DW (1997) Corporate social performance and organizational attractiveness to prospective employees. *Acad Manage J* 40:658–763
- Turban DB, Keon TL (1993) Organizational attractiveness: demography and turnover in top management groups. An interactionist perspective. *J Appl Psychol* 78:184–193
- Wood DJ (1991) Corporate social performance revisited. *Acad Manage Rev* 16:691–718

CSR and Diversity in the Steel Industry

Susanne Peiricks

Abstract CSR and diversity have become an important subject in the steel industry, and increased efforts were made with early initiatives. The article will explore how the different initiatives are visible and influence the CSR implementation within different steel companies. The analysed steel companies belong to the top 20 steel producers in the world and represent a wide range of countries. It will show how individual steel companies are implementing the CSR principles in their operative business. In particular, this article comments on what steel companies are doing in terms of their CSR and diversity policies. The analyses of the top steel producers in the world show both similarities as well as differences in relation to CSR actions and measures. The chosen examples show a relevant extract of numerous CSR measures of each individual steel company. It is obvious that the concept of CSR is firmly rooted on the global steel business agenda. The analysed steel companies implemented reliable indicators of progress in the field of CSR and diversity, along with the dissemination of CSR strategies. Nevertheless, we also noted significant differences between the companies in relation to the focus on CSR and diversity.

1 Introduction

Corporate social responsibility (CSR) has become an important subject for economies, societies and politics. The definitions of CSR are numerous as CSR has a long and varied history. Van Marrewijk (2003) argues that “corporate sustainability and CSR refer to company activities—voluntary by definition—demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders”. The concepts of sustainability and CSR are often not differentiated. In recent years diversity has also become a catchword in

S. Peiricks (✉)
Schoeller Werk GmbH & Co. KG, Hellenthal, Germany
e-mail: s.peiricks@gmail.com

combination with CSR. The CSR and diversity concepts demonstrate obvious contentual overlapping (Hansen 2014). This chapter will explore the initiatives of CSR and diversity in the steel industry.

Increasingly, steel companies implement corporate sustainability and CSR through voluntary measures regarding environment, product stewardship and transparency. According to the Global Reporting Initiative (2015), the positive outcomes that can arise when businesses adopt a policy of social responsibility include company benefits such as:

- Improved financial performance
- Lower operating costs
- Enhanced brand image and reputation
- Increased sales and customer loyalty
- Greater productivity and quality
- More ability to attract and retain employees
- Access to capital
- Workforce diversity

Not to mention the benefits to the community and the general public like:

- Charitable contributions
- Employee volunteer programmes
- Corporate involvement in community education
- Employment and homelessness programmes

Additional effects are environmental benefits such as:

- Greater material recyclability
- Better product durability and functionality
- Greater use of renewable resources
- Integration of environmental management tools into business plans, including life cycle assessment and costing, environmental management standards and eco-labelling

Some of the drivers pushing businesses towards CSR include the growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors and non-governmental organisations. There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. Even investors are making decisions based on criteria that include ethical concerns. Employees are increasingly looking beyond salaries and benefits and seeking out employers whose philosophies and operating practices match their own values. In order to hire and retain skilled employees, companies are being forced to improve working conditions. As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that also their partners conduct themselves in a socially responsible manner and they are introducing codes of conduct for their suppliers.

The rest of the chapter is organised as follows: First, there is a short description of the steel industry CSR policies in the industry. Next, there is a discussion of the

implementation of CSR within different steel companies. Finally, there is a conclusion describing the key trends of the use of CSR and diversity initiatives within the steel industry.

2 The Steel Industry and CSR Policies

The importance of CSR has been reflected with early initiatives in the worldwide steel industry. One initiative set out to specify the basics of a CSR policy in the steel business with sustainability indicators. These indicators were developed and defined by members of the World Steel Association (*worldsteel*) together with external consultants. Worldsteel is an international association with over 150 members of global steel producers providing among others global leadership on strategic issues affecting environmental and social sustainability. In 2002, the global steel industry worked together to establish a sustainable development policy. This policy was built on a set of principles established in 1972 and a statement of principles issued in 1992. It underlines the commitments made by worldsteel's member companies to address the economic, environmental and social sustainability of their businesses and to engage in constructive dialogue with their stakeholders to ensure open and active communication to help fulfil these commitments. Sixty-six member companies of *worldsteel* have even signed the sustainable development charter (*worldsteel*).¹

Steel is a modern material that is versatile, continually evolving and that accompanies us every day. The material is used in almost all major industrial sectors: construction, electrical equipment, mechanical machinery, energy and environmental engineering, automotive, transportation, packaging, etc. The amount of steel produced and the way it is used in a specific country or region depends on the evolution of the population and also on the technical and economic development. The world crude steel production rose from 40 million tonnes in 1900 to more than 1.6 billion tonnes in 2014. China produces 47 % of the world's steelmaking it the largest producer in the world. Eight million people work for the steel industry worldwide, which is equivalent to the Swiss population. Steel has a high potential for innovation and offers solutions for megatrends like urbanisation and mobility as well as for sustainability. The global population is estimated to reach 9.7 billion by 2050, and steel is therefore vital for the sustainable infrastructure that will be needed for growing populations. With the increasing demand of steel, it is obvious that the steel producers have to cut energy consumption and carbon emissions (*worldsteel 2015a, b, c*).

The resource and energy efficiency of the steel production increased steadily, and this material can now be produced significantly more eco-friendly than 50 years ago. In this period of time the steel industry has reduced its energy consumption per

¹<http://www.worldsteel.org/steel-by-topic/sustainable-steel.html>, accessed: 15.10.2015.

tonne of steel by 60 % (*worldsteel* 2015a, b, c). The steel industry consumes a large amount of energy, and programmes to improve energy efficiency together with cost reduction are consequently necessary. The steel industry has set specific targets for environmental improvements and is monitoring and publishing them in annual CSR reports. Steel products will also have greater longevity in the future as they are increasingly reused and recycled. Instead of being thrown away at the end of their life, products or their components will be dismantled for reuse and recycling. Preventing accidents and health damage caused by working in steel factories has an important relevance for the steel industry, and corresponding efforts are monitored through lost time injury frequency rates. The lost time injury rate has improved significantly in the last 10 years. Furthermore, even though the steel industry has historically been a male-dominated sector, the number of women working in the industry has been growing over the last decade. More women are interested in the field, and more female engineers have been recruited, leading to more women being prepared for advancement and promotion in the steel industry. In some steel companies, diversity is part of the indicators and measures that have been defined as important. Generally speaking, sustainability management in the steel industry ensures the ecological, economic and social balance for a long-term working environment.

In 2002 the members of *worldsteel* established a sustainable development charter based on seven commitments. Additionally some steel companies support and propagate the principles of the United Nations Global Compact. The UN Global Compact is an organisation that works under the umbrella of the UN, specialising in promoting sustainable development and the participation of corporations in the fight for sustainability. The organisation was founded to resolve a number of global issues through fulfilling corporate social responsibility, and it works to encourage corporations to align their operations with ten universally accepted principles in the areas of human rights, environment, labour law and anti-corruption.

Comparing the *worldsteel* sustainable policy charter with the UN Global Compact's ten principles (2015b), it is evident that there is some overlapping. The principles operate in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, safety and health, stakeholder engagement, environment and anti-corruption (Table 1).

In addition to *worldsteel* and UN Global Compact, another important organisation in the context of CSR and the steel industry is the Global Reporting Initiative (GRI). GRI is an international organisation that provides a comprehensive and standard sustainability report framework, which is mainly used by the steel companies to provide quantified measures.

The following section will explore how the different initiatives are visible and influence the CSR implementation within different steel companies. The steel companies belong to the top 20 steel producers and represent a wide range of countries.

Table 1 Comparison between worldsteel and UN Global Compact

The seven commitments of the <i>worldsteel</i> sustainable development charter	The ten principles of the UN Global Compact
<ul style="list-style-type: none"> • Safety and health: Foster the well-being of employees in the steel industry and provide them with a safe and healthy working environment • Local communities: Demonstrate social responsibility by promoting values and initiatives that show respect for the people and communities associated with our business • Ethical standards: Conduct our business with high ethical standards in our dealings with employees, customers, suppliers and the community • Stakeholder engagement: Engage our stakeholders and independent third parties in constructive dialogue to help fulfil our sustainable development commitments. • Disclosure and transparency: Build our knowledge of sustainability and willingly share it with others. We will be open and active in our communications and help steel companies and organisations in the supply chain to implement sustainable practices • Value for stakeholders: Operate our businesses in an efficient way in order to supply steel products and solutions that satisfy our customers’ needs and provide value to our shareholders • Environmental protection: Optimise the eco-efficiency of our products through the product life cycle, including increased resource and energy efficiency in the production of steel and during the use of steel products. We are committed to the promotion of the recovery, reuse and recycling of steel 	<p><i>Human rights</i></p> <p>Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights and</p> <p>Principle 2 Make sure that they are not complicit in human rights abuses</p> <p><i>Labour</i></p> <p>Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4 The elimination of all forms of forced and compulsory labour</p> <p>Principle 5 The effective abolition of child labour and</p> <p>Principle 6 The elimination of discrimination in respect of employment and occupation</p> <p><i>Environment</i></p> <p>Principle 7 Businesses should support a precautionary approach to environmental challenges</p> <p>Principle 8 Undertake initiatives to promote greater environmental responsibility and</p> <p>Principle 9 Encourage the development and diffusion of environmentally friendly technologies</p> <p><i>Anti-corruption</i></p> <p>Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery</p>

Source: *worldsteel*, sustainable steel, policy and indicators 2014, Fig. 1, steel industry sustainable development policy, p. 4 and www.unglobalcompact.org/what-is-gc/mission/principles (2015a), accessed: 01.10.2015

3 CSR Implementation in the Individual Steel Companies

This section will explore how individual steel companies are implementing the CSR principles in their operative business. In particular, this section comments on what steel companies are doing in terms of their CSR and diversity policies. The analyses of the top steel producers in the world show both similarities as well as differences in relation to CSR actions and measures.

It is apparent that the analysed steel companies either consider CSR and sustainability to be on the same level or they consider CSR to be part of sustainability. Some of them have already targeted diversity separately or as part of CSR. The top 20 steel producers represent 39 % of total steel production. Ten steel producers are headquartered in China. The other ten steel companies are headquartered in Luxembourg, Japan, South Korea, India, the USA, Brazil and Germany, which reflect a broad range of intercultural characteristics. Six of the Chinese steel producers do not have an English website or do not have a website at all. It is possible that multinational Chinese companies are more likely to adopt CSR than those companies operating solely in their home country. All the other companies have a weblink to their CSR strategy and cover the commitments established in the *worldsteel* sustainable development charter and the ten principles of the UN Global Compact. Of course they have different elements but all have as their main focus on environment, safety and health. Most of them also have measurable targets and show their development (Table 2).

4 Examples of Individual Companies

This section provides a more in-depth discussion of the CSR approaches of some of the top 20 steel producers. There is a cross section of continents (e.g. Asia, Europe, Americas) illustrating different focuses. The chosen examples show a relevant extract of numerous CSR measures of each individual steel company.

4.1 ArcelorMittal

ArcelorMittal is the world's leading steel and mining company with an annual achievable production capacity of approximately 115 million tonnes of crude steel employing 222,000 employees across 60 countries. ArcelorMittal has implemented initiatives in their CSR policy, which they call outcomes. ArcelorMittal has established these outcomes across all of their operations, whilst at the same time giving each country the flexibility to make the outcomes relevant to their local circumstances. The 10 sustainable development outcomes are the following (ArcelorMittal 2014):

- Safe, healthy, quality working lives for our people
- Products that accelerate more sustainable lifestyles
- Products that create sustainable infrastructure
- Efficient use of resources and high recycling rates
- Trusted user of air, land and water
- Responsible energy user that helps create a lower carbon future
- Supply chains that our customers trust
- Active and welcomed member of the community

Table 2 Overview and evaluation of the top 20 steel producers

Company ^a	Headquarter ^a	Million tonnes crude steel production in 2014 ^a	In % from total world production ^b	Seven commitments sustainable development charter—worldsteel ^b	Ten principles of the UN Global Compact ^b	Diversity ^b	Set measurable goals ^b	CSR committee/ management team implemented ^b	Comments ^b
ArcelorMittal	Luxembourg	98,088	6 %	x	x	x	x	x	
Nippon Steel and Sumitomo Metal Corporation	Japan	49,300	3 %	x	x	x	x	x	
Hebei Steel Group	China	47,094	3 %						No CSR on website
Baosteel Group	China	43,347	3 %	x	x	x	x	x	
POSCO	South Korea	41,428	2 %	x	x	x	x	x	
Shagang Group	China	35,332	2 %						No CSR on website
Ansteel Group	China	34,348	2 %	x	x				CSR reports till 2011
Wuhan Steel Group	China	33,053	2 %	x	x	x	x	x	
JFE Steel Group	Japan	31,406	2 %	x	x	x	x	x	
Shougang Group	China	30,777	2 %						No English website
Tata Steel Group	India	26,202	2 %	x	x	x	x	x	

(continued)

Table 2 (continued)

Company ^a	Headquarter ^a	Million tonnes crude steel production in 2014 ^a	In % from total world production ^b	Seven commitments sustainable development charter—worldsteel ^b	Ten principles of the UN Global Compact ^b	Diversity ^b	Set measurable goals ^b	CSR committee/ management team implemented ^b	Comments ^b
Shandong Steel Group	China	23.336	1 %						No English website
Nucor Corporation	USA	21.411	1 %	x	x	x	x	x	
Hyundai Steel Company	South Korea	20.576	1 %	x	x				CSR reports till 2012
United States Steel Corporation	USA	19.732	1 %	x	x	x			No CSR report
Gerdau	Brazil	19.001	1 %	x	x	x	x	x	
Maanshan Steel	China	18.903	1 %						No CSR on website
Tianjin Bohai Steel	China	18.488	1 %						
ThyssenKrupp	Germany	16.271	1 %	x	x	x	x	x	
Benxi Steel	China	16.261	1 %						No CSR on website
Total		644.354	39 %						
Total world production		1.665.000							

Source: ^aworldsteel, top steel-producing companies 2014; ^bown evaluation Oct 2015

- Pipeline of talented scientists and engineers for tomorrow
- Our contribution to society measured, shared and valued

ArcelorMittal has produced an annual CSR report for the past 8 years. Safety is their number one priority, and they have put in place programmes to be more energy-efficient, thereby also reducing costs. They operate transparent supply chains and have implemented a responsible sourcing programme throughout their company. ArcelorMittal values the relationships with stakeholders and tries to maintain regular two-way dialogues with them.

Following is an extract of their report regarding their outcome No. 1: *safe, healthy, quality working lives for our people*. In particular, the extract includes an update on the steps they highlighted they would focus on in the 2013 report. They have structured these under ten new sustainability outcomes. Over the next years, they set out to monitor and revise the commitments as their framework develops (ArcelorMittal 2014; Table 3).

It is also evident that ArcelorMittal takes active steps trying to provide a safe, secure, fair and diverse workplace. The results are tracked in an annual report, and each outcome described above can be followed on a more detailed report under the respective chapter, which is shown for diversity and inclusion (Table 4).

It is clear from the analysis made that ArcelorMittal has both CSR and diversity and inclusion high on their agenda.

4.2 Nippon Steel and Sumitomo Metal Corporation

Nippon Steel and Sumitomo Metal Corporation (NSSMC) is a holding company for five businesses: steelmaking, engineering, chemicals, new materials and system solutions. The NSSMC group employs approximately 84,000 persons. They make a wide range of value-added steel products, in more than 15 countries as well as at 13 steelworks in Japan. The company has a commitment to the three ecos and innovative technological development:

Through three ‘ecos’ of eco process, eco products® and eco solutions and the development of innovative technologies, NSSMC will continue to be actively involved various environmental issues from the local community level to the global scale. These areas encompass measures to address global warming and the maintenance and improvement of good living environments as well as the promotion of reduction and recycling of waste and the maintenance and improvement of biological diversity. (Kosei Shindo, Representative Director and President)

NSSMC has a very detailed report on targets and achievements in their sustainability report. Additionally, they have added a chapter for third-party opinion. Subsequently a third-party comment on the NSSMC sustainability report (Table 5).





NSSMC communicates numerous environmental activities, efforts towards health and safety management and internal controls and risk management systems to various stakeholders as citizens and investors as well as operating communities

Table 3 Extract of outcome no. 1: Safe, healthy, quality working lives for our people

	Existing commitment	Progress in 2014	Status
Safety	A workplace free of injuries and fatalities	Regrettably we did not prevent further accidents in 2014, and despite our efforts, 23 colleagues lost their lives at work—an unacceptable turn of events	✗
		Our lost time injury rate improved in the second half of the year but overall did not decline	✗
		KPI LTIFR*: 0.85 (2013, 0.85)	○
		KPI: operations certified OHSAS 18001 by end of 2014, 97 % (2013, 95)	
Health	Health programmes in all business units, adapted to local needs	We supported sites to share and implement good practice across our sites on stress	●
		KPI: absenteeism rate 2.17 (2013, 2.30)	○
Employee relations and engagement	Open and constructive dialogue with employees	Due to our regional reorganisation, we are unable to report on employee relations metrics for 2014	NA
	A committed and highly motivated workforce	As planned, we have rolled out an action plan for each segment to address the feedback from our climate survey at the end of 2013	●
		KPI number of consultations with the European Works Council: 15	
Diversity and inclusion	A thriving workforce where everybody is treated equally and respected for the contribution they make	We began our planned roll-out of women in leadership programmes in ArcelorMittal Americas and also ran further training in Europe	●
		We said we would improve awareness of gender and inclusion among male employees, and in 2014 we designed our Valuing Differences training which we will roll out in 2015	●
Employee development	A flexible, trained workforce	We expanded the network of regional campuses of the ArcelorMittal University to Ukraine with a new campus opening in 2014	●
		KPI: No. of hours of training per employee, 50 (2013, 47)	○

(continued)

Table 3 (continued)

	Existing commitment	Progress in 2014	Status
Met target: 	Partially met target: 	Did not meet target: 	No target but progress made: 

Source: <http://corporate.arcelormittal.com/sustainability/2014-report/people>, accessed: 04.10.2015

Table 4 Detailed report of the chapter diversity and inclusion

Performance—Diversity and Inclusion:

We have robust policies covering diversity, human rights and conditions of employment. We believe that individuals feel welcome and respected here, and that this is an environment where people can realise their full potential regardless of race, colour, gender, sexual orientation, age, religion, ethnic or national origin or disability. We ensure that older workers are valued and support them in their planning for retirement. We have an extraordinarily diverse workforce, with operations in more than 60 countries and employees from many more. We believe that a diverse workforce is more creative and more innovative, and we both need and value these fresh ideas and different perspectives. That said, we would like to ensure a better gender balance in the business, and we have set a goal of increasing the number of women directors on our Board from two to three by the end of 2015, based on a board of 11 members.

What we did in 2014 Global: Performance and progress. With a management population of some 1700 people, a small number of women joining or leaving the company can have a significant impact on our statistics. This was the case in 2014: 10% of our managers were female, down from 13% in 2013, but this was accounted for by a small number of individuals leaving. We are determined to see more women in our management population in the future. Several initiatives have already been launched to that end, both at the global and local level, with more to come in 2015.

Global: Women in Leadership programme. In 2014, we again ran the Women in Leadership programme on our corporate ArcelorMittal University campus in Luxembourg, as well as three regional sessions of our Women Emerging in Leadership programme in Poland, Chicago, USA and Luxembourg. These provided opportunities for talented female employees to network and learn and to meet members of our leadership team. In total, 153 women took part, and they were both inspired and energised by the experience. We have further sessions planned in Europe and the Americas during 2015.

USA: Encouraging women into steelmaking. Looking to our future talent pipeline, our US operations ran a special programme to encourage more young women to consider a career in the steel industry, and many of our successful female managers took part. You can read more about this in outcome 9.

Global: Valuing differences. In 2015 we will launch Valuing Differences, a series of interactive workshops to provide employees with a deeper understanding of the impact of unconscious bias on decision-making and on how we behave in the workplace

Source: <http://corporate.arcelormittal.com/sustainability/2014-report/people/diversity-and-inclusion>, accessed: 04.10.2015

Table 5 Third-party comment on the sustainability report of NSSMC*Two key points of Sustainability Report*

Many work-related sustainability reports and CSR reports reach my office. Recently, all reports have been ingeniously designed and many are unique. Sometimes there are also reports that I find fascinating. So, what kind of features does the Sustainability Report of Nippon Steel and Sumitomo Metal Corporation (NSSMC) display? Two key points come to my mind. The first is the fact that the report has a solid structure and I can rapidly grasp its contents, and the second is that systematic ideas have been spelled out

“Three ecos” that form the core of ecological management

Let us start by discussing the first point. The core of NSSMC’s ecological management is the three “ecos”, namely, eco process, eco products® and eco solutions. Environmental and energy-related initiatives are systematically explained by focusing on the three ecos. I can clearly understand the underlying way of thinking regarding why and how the company has saved energy or promoted the recycling of resources. In the first place, the facts that NSSMC itself generates 84 % of the electricity it consumes and that it supplies 43 % of the electricity produced to society are important. The fact that the company has controlled the rusting of steel and prolonged its life by four times is also marvellous. The recycling of waste plastic is a specialty of NSSMC and I always find it astounding. However, if these matters were explained as merely an accumulation of individual facts, their appeal would be reduced by half. It is precisely because they are supported by a certain “philosophy”, that is, the three ecos, that they display great force and appeal to the reader in a persuasive way. They also raise great expectations of further development into the future

“Total verification” that incorporates individual elemental technologies

The second point is the fact that the systematic ideas are clear. This feature is best expressed in the part of the report that explains the “strong points of steel”. The greatest strong point of steel is the fact that unlimited recycling is possible. Certainly, if we consider fuel economy alone, the reduction of car body weight has the effect of reducing CO₂ emissions. However, if we take into account the total process from manufacturing to material recycling, high-tensile-strength car bodies are more effective in reducing CO₂ emissions than car bodies made of other lightweight materials. A way of thinking that is based on the overall system rather than thinking based on small individual points is often good for the environment. This is liable to be forgotten but it is an important point. The same concept is also apparent in the development of innovative manufacturing technologies. The concept of COURSE50, which is to control CO₂ emissions from blast furnaces more efficiently by carrying out a “total verification” that incorporates individual elemental technologies, is novel. It is a technique that has been enabled precisely because of the existence of a systematic concept.

At present, steelmaking is not only a key industry of the economy but also a leader in environmental conservation and energy saving, and we can see such assurance in this report. This point is put forward clearly and with confidence precisely because NSSMC has a “philosophy” called the three ecos

Eiji Hosoda, Professor, Faculty of Economics, Keio University, Major: Environmental economics and theoretical economics

Source: Nippon Steel and Sumitomo Metal, Sustainability Report 2014, page 38

and employees. NSSMC is promoting the respect for human rights and diversity, but the company is not clearly underlining the establishment of a good working environment or promotion for women.

Table 6 Extract of the environmental performance of Baosteel

“The indicator for the emission of major pollutants of Baosteel was satisfied exceeding the planned requirements and that for energy consumption was met as indicated by the annual plan. Throughout the year, Baosteel emitted 24,391 tons of SO₂, had chemical oxygen demand of 1261 tons and 51,807 tons of NO_x, down by 13.9, 18.2 and 17.8 % respectively in comparison with those in 2013, and by 64, 62 and 37 % in comparison with those in 2010, indicating that the Corporation had accomplished the emission reduction targets set up in the ‘Twelfth Five-Year Plan’ all round. At Baosteel, the comprehensive energy consumption per ton of steel was 607 kg standard coals/ton, dropping by 0.6 % in comparison with that in 2013; the comprehensive energy consumption per RMB 10,000 output value (comparable price) was 0.92 ton standard coal/RMB 10,000 Yuan, dropping by 2.3 % in comparison with that in 2013.

By the end of 2013, the 18 enterprises under Baosteel that participated in ‘Low Carbon and Energy Conserving Campaign of 10,000 Enterprises’ had saved 4.08 million tons of standard coals during the first three years of the ‘Twelfth Five-Year Plan’, reaching 105.1 % of the overall target of energy conservation. On December 3, 2014, the National Development and Reform Commission released the No. 20 Announcement of Year 2014, declaring that all the enterprises under Baosteel that participated in the ‘Low Carbon and Energy Conserving Campaign of 10,000 Enterprises’ had fulfilled or exceeded the target of energy conservation for examination set up for 2013”.

Source: Baosteel Corporate Responsibility Report 2014, page 37

4.3 Baosteel Group Corporation

Baosteel Group Corporation has grown into one of the most competitive iron and steel companies with the highest level of modernisation in China. By the end of 2014, Baosteel had a workforce of 130,000 spread all over the globe. The 2014 Baosteel CSR report is divided into three parts. Part one contains the messages from the top executives, the company profile and the social responsibility management. Part two contains honest business (corporate governance, anti-corruption), value creation and environment management. In part three employee performance, social performance and supply chain performance are discussed. Table 6 shows an extract of the environmental performance of Baosteel (Table 6).

In all business units of Baosteel, together there was a drop of 13.9 % in the emission of SO₂, a drop of 18.2 % in chemical oxygen demand and a drop of 17.8 % in the emission of NO_x compared from 2014 to 2013. Baosteel as a global player is a positive role model for taking environmental responsibility in the Chinese steel business as it is known that a number of Chinese steel companies are producing in disregard of environmental and working safety standards. The company does have diversity on its agenda, but besides the increased number of female employees and the more or less stable ratio of females in management positions, there is an obvious lack of further measures.

4.4 POSCO

POSCO was established in 1968 in South Korea, and there are 17,877 employees working globally for the company. In 2013, POSCO has launched a Corporate Sustainability Management Team to combine economic profitability, environmental soundness and social responsibility. The CSR committee, the environmental management committee, the shared growth committee and the fair trade compliance committee set CSR goals, point CSR directions and make operational suggestions. These sustainability management-related working committees report directly to the board of directors. They are in a continuous exchange about gathering opinions, identifying and discussing CSR issues with the execution and operation of sustainability management's working-level functions as corporate audit department, environmental and social contribution office, fair trade support group, value management office, shared growth group, global safety and health group.

POSCO states that: "Since 2011, POSCO has been collaborating with POSRI (POSCO Research Institute) for the assessment of POSCO Subsidiaries's CSR capabilities to enhance their CSR capabilities and for managing non-financial risks such as the environment and society. The assessment checklist adheres to the global sustainability guidelines such as ISO 26000, SAM-DJSI evaluation criteria and GRI guideline, while reflecting the characteristics of each Family company. It is upgraded every year to reflect the CSR trends and changes in the Family companies' business status.

The assessment checklist is comprised of 10 categories (such as CSR leadership, CSR vision and policies, CSR system/culture, customers, investors, and environment) and 61 criteria, and the special criteria that reflect the nature of that particular company's business. The process involves self-assessment and expert inspection & feedback, which are used for each company's improvement activities. The assessment results are reported at the CEOs' meeting" (Posco 2014).

It is also evident that the company focuses on the topic of non-discrimination and diversity. Within these fields, it is especially the improvement of the work environment that is seen as a crucial factor, and the initiatives for women are divided in childcare programmes and women leadership programmes (Table 7).

Although it is still a low ratio of women in the organisation, it is remarkable to see the continuous progress of female employees in management positions and to see the data on the increased focus on strategies related to childcare and nursing care leaves.

4.5 Tata Steel Group

The Tata Steel Group headquartered in India has operations in 26 countries, commercial presence in over 50 countries and 80,000 employees across five continents. Tata Steel is guided by the approach that wealth created by the company

Table 7 Development of female employees in management positions and childcare programmes in POSCO

		2012	2013	2014
Female employees	Ratio (%)	3.98	4.4	4.5
	Ratio of female employees in manager (G10) positions and above (%)	21	21	35
	Number of female employees in manager (G10) positions and above (persons)	146	166	199
Maternity	Employees who used maternity leave (persons)	56	55	67
	Average length of maternity leave that was used (days/person)	71.3	61.7	61.6
	Return ratio after maternity leave (%)	100	100	100
	Employees who used parental leave (persons)	61	77	81
	Male			12
	Female			69
	Return ratio after parental leave (%)	86	98	98
	Employees who used spouse paternity leave (persons)	532	518	499

Source: POSCO Report 2014, Integrated Report of Economic, Environmental and Social Sustainability, page 59

must be continuously returned to society. The responsibility to combine the three elements of society—social, environmental and economic—is of utmost importance to the way of life at Tata Steel. In the view of Tata Steel, it is the combination of these three elements that ensures that business is sustainable for all stakeholders. The CSR report of Tata Steel shows that the amount of CSR spending has increased steadily over the last 2 years by 45 %, and the largest proportion was for infrastructure development (Table 8).

Diversity has also a certain importance. The vision statement of Tata Steel makes this obvious: “Diversity enriches any large organisation and enhances its collective capabilities. A clear, shared vision is a key requisite for successful diversity management”. This statement underlines clearly the importance of diversity for the company, and the key performance indicators show a steady increase in diversity-related projects.

4.6 Nucor

In 2014, Nucor’s 200 operating facilities produced more than 21.1 million tonnes of steel that went into many different of applications. Nucor is the largest manufacturer of steel products in North America. Over 100 environmental professionals completed over 9525 environmental compliance tasks in 2013.

Nucor points out their environmental strength and comments on it as follows:

“As the largest recycling company in the Western Hemisphere, Nucor recognizes our role in protecting the environment. We value the environment of the communities in which we

Table 8 Extract of spending's for infrastructure development in Tata Steel

Benefit sharing with the community			
Against the 2 % mandated by the Government of India, Tata Steel spent 3.31 % of its PAT on the community, having substantially enhanced the corpus for several schemes. As the company's sales saw a 14 % increase and Revenues grew from Rs 4,43,600 million in 2012–2013 to Rs 4,85,011 million in 2013–2014, Tata Steel's CSR spend soared from Rs 171 crores in 2012–2013 to Rs 213 crores in 2013–2014. To evaluate the impact of its initiatives, HDI was measured in 230 villages around Jamshedpur, Noamundi, Jharia and West Bokaro			
In Rs crores	2011–2012	2012–2013	2013–2014
Revenue	37,028	42,889	46,749
PAT	6696	5063	6412
CSR spend	146.64	170.62	212.72

Tata Steel's Sustainable Livelihood initiatives, Infrastructure Development and Employability Training programmes also grew during the year. The largest proportion of the CSR spend was allocated to infrastructure development at 38.5 %

Initiatives for agriculture development covered 5032 acres, supported by the creation of 92 ponds and 400 tube wells, 123 borewells, 152 irrigation structures and 4 rainwater harvesting structures being installed. Since 2005–2006, Tata Steel has under the National Wasteland Development Mission converted 13,000 acres into productive land. In 2013–2014 about 200 metric tonnes of cashew grown by the farmers earned them Rs 1.2 crores

Installation of solar lights also saw a wider reach with 2357 additional lights illuminating 600 villages in 2013–2014. Skill Development Centres were set up for IT, hospitality, textile, cosmetology, etc. with partner organisations

An important focus area for the company is education, where the number of Jyoti Scholarships for meritorious students from economically and socially challenged families continued to be scaled up in 2013–2014 accounting for 3169 scholarships awarded in the reporting year against 2477 in 2012–2013. The reach of pre-matric coaching classes was also expanded to cover 10,372 students in 2013–2014 from 5006 students in 2012–2013

Source: Tata Steel, Excellence for Common Good, 14th Sustainability Report 2013–2014, page 10

operate and recognize its importance to our teammates, their families, and our continued welfare. Protecting the environment is critical to our operations and the company's long-term success. To this end, we endorse these principles to demonstrate our commitment to the environment" (Nucor 2013).

In order to reach these goals, Nucor encourages its teammates to take ownership of the entire process of making steel by taking personal responsibility for their environmental stewardship. This is broken down to each single facility illustrated in the following example, which shows the results in criteria pollutants in comparison to the national US steel industry (Table 9).

Nucor outlines the environmental aspect in their CSR strategy but also health and safety performance, employee relations, community relations, customer relations and governance. Nucor has also programmes in place to recruit minorities and women. Additionally, Nucor is a sponsor of the National Society of Black Engineers, the Society of Women Engineers, the Women Engineering Proactive Network, Association of Women in the Metal Industries and the National Association of Multicultural Engineering Program Advocates. It is evident that Nucor has both CSR and diversity on its agenda.

Table 9 Results in criteria pollutants of Nucor in comparison to the US steel industry

Lbs per tonne	Particulate matter	Sulphur oxides	Nitrogen oxides	Carbon monoxide	Volatile organic compounds
Recycling minimill (Nucor)	0.30	0.7	0.1	4.0	0.4
Blast furnace (national industry average)	39.8	5.0	0.5	44.0	1.4

Source: Nucor, Sustainability Report 2013, page 33

4.7 Gerdau

Gerdau headquartered in Brazil has operations in 14 countries and industrial units in the Americas, Europe and Asia. It has more than 45,000 employees and an installed capacity of over 25 million tonnes of steel per year. Gerdau divides environment management action and social responsibility. The company has a strong commitment to sustainable development of the society. In the 1960s, the company created the Gerdau Foundation, whose goal included benefits to Gerdau employees and their families whilst offering continuity in supporting community social projects. This evolved into the Gerdau Institute, which has developed more than 900 social responsibility initiatives in over 174 communities across 14 countries. In each location where Gerdau operates, the company seeks to create value for communities, the business chain and society as a whole. Leaders and local teams, organised into Gerdau Institute Committees, run several initiatives that are supported by thousands of employee volunteers (Gerdau 2015).

Gerdau is outlining the social responsibility as partnership between the Gerdau family and the company. Gerdau promotes community development as well as environmental development, but diversity is not clearly established in their CSR policy.

4.8 ThyssenKrupp

ThyssenKrupp is a diversified industrial group headquartered in Germany with traditional strengths in steel and a growing share of capital goods and services businesses. Over 155,000 employees work in nearly 80 countries. ThyssenKrupp has a sustainability reporting which is fully integrated into their website and where the status of progress can be followed online (ThyssenKrupp 2012–2013). In table 10 it is shown an example regarding the development of the share of representation of women, sickness absence rate and accidents followed by a report on diversity (Table 10).

Diversity has a certain importance within the ThyssenKrupp Group (ThyssenKrupp 2015). The company has, among others, codified it in their mission statement and showed their concern by signing the “Charter of Diversity”. ThyssenKrupp has already put numerous HR initiatives and tools in place to

Table 10 Development of HR indicators

Additional group HR indicators	2011/2012	2012/2013
Personnel expense (million €)	9.083	8.491
Female representation (%)	13.8	14.4
Sickness absence rate (%)	3.1	3.2
Accidents (per 1 million hours worked)	7.2	5.9

Source: http://www.thyssenkrupp.com/financial-reports/12_13/en/non-financial.html

directly or indirectly promote diversity. The diversity and inclusion management system implemented in 2014 consolidates all of their existing measures. At present women make up 14.5 % of their total workforce. The share of females in management positions rose from 6.9 % in 2013 to 8.8 % in 2014. ThyssenKrupps' goal is to increase the share of women in management positions worldwide to 15 % by fiscal year 2019/2020. ThyssenKrupp has an average share of women of 14.5 % working in its workforce. Europe without Germany has the strongest share with 16.1 % followed by North/Central America with 15.7 %; followed by Asia, Australia and Oceania with 15.2 %; followed by Germany with 14.5 %; and followed with lower shares by South America (10.5 %) and Africa (10.2 %) (ThyssenKrupp 2015). It is clear from the measures and figures above that ThyssenKrupp has both CSR and diversity high on their agenda.

Summarising findings from the steel companies analysed above, we can see that most of the companies support and propagate the principles of the United Nations Global Compact and the commitments of the sustainable development charter of *worldsteel*. Most often the quantified measures in their CSR reports are provided to the indicators of the GRI Guidelines. The companies followed the principles to select focused areas, they have set measurable goals where possible, they conduct cost-benefit analyses and they address their stakeholders. Most of the steel companies have set clear, quantifiable goals with a long-term orientation and communicated those goals. The way that steel companies implement CSR into their operative business shows that CSR measures became part of their operative key performance indicators. CSR reports of the steel companies are often combined with annual reports or even replacing annual reports.

5 Conclusion

It is obvious that the concept of CSR is firmly rooted on the global steel business agenda. Nevertheless, it is difficult to evaluate how deeply CSR is implemented in the operative organisations of the steel companies. The examples presented above showed that the steel companies implemented reliable indicators of progress in the field of CSR and diversity, along with the dissemination of CSR strategies. Nevertheless, we also noted significant differences between the companies in relation to the focus on CSR and diversity. This might be explained by regional differences in

relation to CSR and diversity. Moreover a sustainability report should explain core issues of the company, not simply list them in department store style. Furthermore the companies have to be careful not to use the CSR report as a promotion tool trying to make stakeholders believe they care about these issues when, in fact, they only do so for the sake of a modern or “green” image. The future will show the development of the implemented CSR measures in the steel industry. A further investigation should take into account smaller steel-producing companies and explore the question if CSR strategies carried out in family-owned companies differ from those implemented by listed steel companies.

References

- ArcelorMittal (2014) Sustainability. <http://corporate.arcelormittal.com/sustainability/2014-report/people>. Accessed 04 Oct 2015
- Baosteel (2014) Baosteel Corporate Responsibility Report 2014. http://tv.baosteel.com/web/plc/csr/2014CSR_E.pdf. Accessed 06 Oct 2015
- Gerdau (2015) Gerdau Social Responsibility Report. http://www.gerdau.com/en/environmentandsociety/Documents/social_responsibility_report.pdf. Accessed 06 Oct 2015
- Global Reporting Initiative (2015) Benefits of reporting. <https://www.globalreporting.org/information/sustainability-reporting/Pages/reporting-benefits.aspx>. Accessed 01 Oct 2015
- Hansen K (ed) (2014) CSR und diversity management. Springer, Berlin
- Nippon Steel and Sumitomo Metal Corporation (NSSMC) (2014) Sustainability Report 2014. http://www.nssmc.com/en/csr/report/nssmc/pdf/report2014_all.pdf. Accessed 29 Sept 2015
- Nucor (2013) Nucor, Sustainability Report 2013. http://www.nucor.com/sustainability/2013/download/Nucor_SustainabilityReport13.pdf. Accessed 02 Oct 2015
- Posco (2014) Posco Report 2014, integrated report of economic, environmental and social sustainability. http://www.posco.com/homepage/docs/eng5/dn/sustain/customer/poscoreport_2014_eng_web.pdf. Accessed 02 Oct 2015
- Tata Steel (2013–2014) Tata Steel, excellence for common good, 14th Sustainability Report 2013–14. <http://www.tatasteelindia.com/corporate-citizen/pdf/csr-13-14.pdf>. Accessed 03 Oct 2015
- ThyssenKrupp (2012–2013) ThyssenKrupp Annual Report 2012/2013. http://www.thyssenkrupp.com/financial-reports/12_13/en/non-financial.html. Accessed 07 Oct 2015
- ThyssenKrupp (2015) Sustainability. <https://www.thyssenkrupp.com/en/nachhaltigkeit/diversity.html>. Accessed 07 Oct 2015
- United Nations Global Compact (2015a) The ten principles of the UN Global Compact. <http://www.unglobalcompact.org/what-is-gc/mission/principles>. Accessed 01 Oct 2015
- United Nations Global Compact (2015b) Guide to corporate sustainability. https://www.unglobalcompact.org/docs/publications/UN_Global_Compact_Guide_to_Corporate_Sustainability.pdf. Accessed 03 Oct 2015
- Van Marrewijk M (2003) Concepts and definitions of CSR and corporate sustainability: between agency and communion. *J Bus Ethics* 44:95–105
- World Steel Association (2014) Top steel-producing companies 2014. <http://www.worldsteel.org/dms/internetDocumentList/downloads/statistics/Extended-listing-2014/document/Extended%20listing%202014.pdf>. Accessed 01 Oct 2015
- World Steel Association (2015a) Sustainability, Brussels. <http://www.worldsteel.org/steel-by-topic/sustainable-steel.html>. Accessed 15 Oct 2015

- World Steel Association (2015b) Steel in the circular economy: a life cycle perspective. http://www.worldsteel.org/dms/internetDocumentList/bookshop/2015/Steel-in-the-circular-economy---A-life-cycle-perspective_vfinal/document/Steel%20in%20the%20circular%20economy%20-%20A%20life%20cycle%20perspective.pdf. Accessed 01 Oct 2015
- World Steel Association (2015c) Sustainable steel, policy and indicators 2015. <http://www.worldsteel.org/dms/internetDocumentList/bookshop/2015/Sustainability-Steel-2015/document/Sustainable%20Steel%3A%20Policy%20and%20Indicators%202015.PDF>. Accessed 20 Oct 2015

Adding Value Through Appreciation: Reflecting the Case of Henkel

Astrid Bosten

Abstract This chapter is all about the consideration of diversity and inclusion from the perspective of a practitioner within an internationally leading corporation in brands and technology. Starting with a conceptual view on the diversity and inclusion model in a business context, the second section is about an evolutionary development of the diversity and inclusion concept after its introduction to the company. The final sections focus on hands-on experiences from Henkel practicing diversity and inclusion and the introduction of the unconscious bias concept as a decisive complement of the inclusion aspect.

The twenty-first century has brought a wide range of changes to the labor market. This includes the globalization of markets, the increasing importance of the emerging countries, digitalization and connectivity, four working generations who bring their different value systems to work, and converging self-conceptions of female and male gender roles in profession and society. These are only some of the reinforcing factors which accelerated the rise of the concept of workforce diversity. Caught between these global megatrends, the strategic diversity and inclusion management has been introduced to Europe and its economy. The concept of diversity in companies finally reached Germany in the beginning of the new millennium.¹ In 2007, an international survey² highlighted the need for German companies to catch up with their diversity initiatives. By 2013, the world was an entirely different one. In just 3 years, the amount of DAX 30 companies with an

This chapter is based on the German case study “Wertschöpfung durch Wertschätzung.” The author summarizes this publication of hers and comments on it from a today’s perspective (see Bosten 2014).

¹See Hansen (2014).

²See Synergie Consult (2010)/Diversity Management in Deutschland: Ein Benchmark unter den DAX 30-Unternehmen.

A. Bosten (✉)

OOO Henkel RUS, Kolokolnikov Pereleuk 11, Moscow, Russia

e-mail: astrid.bosten@henkel.com

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,

DOI 10.1007/978-3-319-43564-0_13

229

implemented diversity management rose from around 50 to 83 %.³ By 2014, there were already 25 dedicated diversity responsables established in DAX 30 companies in Germany.⁴

Nowadays, diversity has become an integral part of everyday life in Germany, giving the country a new look and feel. It has become an equally important concept for the economy, society, and politics. A good example for this is the German “Diversity Charter,” an initiative of originally only four German companies, committing themselves to the principles of appreciation and inclusion of diversity aspects.⁵ By 2013 another 1600 companies and institutions had signed it. Today more than 2100 organizations among 29 of the 30 DAX 30 companies committed themselves to the charter’s principles.⁶ It seems as if following the ideas of diversity and inclusion is more than ever *en vogue*. Hardly any large German institution, local authority, or company appears without an official diversity statement. Diversity has become part of the game in Germany.

I will comment on this from the perspective of an internationally active corporation in which I have been working in the “diversity and inclusion” unit for years. First, I will present my comments as a practitioner on the concept of diversity and inclusion. Second, I will discuss how the management of a diverse workforce and diversity management has become important for Henkel which represents an interesting case of an innovative Germany-based corporation. Third, I will focus on experiences from Henkel practicing diversity and inclusion. Finally, I close full circle by bringing the different aspects to one conceptual entity.

1 The Diversity and Inclusion Concept

Diversity is not only just existing but has found its position in society, politics, and the economy. In the European context, the concept has emancipated from an initially sociopolitical concept in the USA to a concept of market reflection and legitimization. In Germany, diversity is meant to be a holistic concept that includes both internal and personal dimensions, thus unchangeable personality traits as well as external and variable dimensions, such as marital status, level of education, or lifestyle.⁷

Unfortunately to this day, the diversity concept is very often still considered as one-dimensional. It is either linked with the subject of “migration” or the

³See Synergie Consult (2012)/Diversity Management in Deutschland: Ein Benchmark unter den DAX 30-Unternehmen.

⁴See Synergie Consult (2014)/Diversity Management in Deutschland: Benchmark 2014. Strategie oder Alibi?

⁵See “The Charta der Vielfalt: Assuming Responsibility for Diversity” by von Hardenberg and Tote.

⁶See Charta der Vielfalt (2013)/Faktenpapier der Charta der Vielfalt.

⁷See the overview given in Aretz and Hansen (2003), p. 15.

extensively discussed quota for women in leadership positions. This is not only unfortunate but cuts the real potential of this holistic concept to a significant extent. Of course, diversity is the individual view on people and their personality: But this can only be a first step when talking about the real diversity potential.

Recently, in business practice, the term “diversity” concept was complemented with a second term: “inclusion.” As the term “diversity” primarily and by definition relates more to the individual aspects which makes a person or a group of people diverse, the “inclusion” term rather refers to the conscious utilization of this potential. “Inclusion” describes an autonomous concept which is equal to the diversity idea, namely, the concept of appreciation. Inclusion is the necessary counterpart to the basic diversity idea.

The importance of a broader view beyond specific diversity dimensions was quickly recognized in Europe and led to the commonly used departmental name “diversity and inclusion” or “diversity and inclusiveness” in companies. One real challenge, especially in Germany, is to find the adequate translation of the term “inclusion.” Henkel, e.g., rendered an award to find an appropriate German translation of the term “inclusion”—so far without success. Especially in the German-speaking countries, the instant translation of “inclusion” to the German word “Inklusion” carries the risk of misinterpretation. “Inklusion” in a common German understanding characterizes the inclusion of disabled people, especially children, in the scholastic or educational context.⁸ The English word “inclusion” as the supplement to “diversity” however refers to a fundamental attitude of appreciation and valuation, independent from abilities or disabilities to perform or act.

The concepts of inclusion and diversity are seen as mutually dependent and equivalent concepts. While the creation of a diverse mix of a group is the first step, the inclusion aspect is the second and even more important step: the step toward a conscious utilization of this mix.

Although the diversity model claims to have its own concept idea, it is “only” a very extensive change management project in its pure aspect. But contrary to the common opinion, in corporations as Henkel, subject to the change is not the redistribution of specific majorities and minorities in particular diversity dimensions (e.g., like the equal distribution of women and men in leadership positions) but rather the corporate culture of a company which means all shared values, norms, preferences, and behavior which all employees within a corporation share and shape.

⁸As shown in the nonscientific but in day-to-day terminology in Germany strongly used source Wikipedia: [http://de.wikipedia.org/wiki/Inklusion_\(PProzentC3ProzentA4dagogik\)](http://de.wikipedia.org/wiki/Inklusion_(PProzentC3ProzentA4dagogik))

2 Diversity and Inclusion at Henkel

Henkel's vision is to become a global leader in brands and technologies. Looking back on nearly 140 years of success, Henkel holds today a globally leading market positions both in the consumer and industrial sector and is well known for brands such as Persil, Schwarzkopf, and Loctite. The company is organized into three globally operating business units: Laundry & Home Care, Beauty Care, and Adhesive Technologies. The DAX 30 company is headquartered in Düsseldorf, Germany, and proud of its almost 50,000 employees worldwide.

In Henkel's headquarters in Düsseldorf, employees from 64 different countries are working together hand in hand. From a global perspective, this number rises to 125 nationalities in more than 75 countries. Over 80 % of Henkel's employees work outside Germany, more than half in emerging markets. In 2015, 658 Henkel employees were on an international job rotation. Four working generations are working together in a nearly equipartition for turning the company's strategy into action. And, in the end of 2015, 33.6 % of all Henkel employees were women; 33.1 % are women in leadership positions.⁹

Even the executive committees at Henkel reflect the importance of the diversity concept within Henkel: The chairwoman of the supervisory board, Dr. Simone Bagel-Trah who is a family member of the Henkel family, was appointed to Henkel's supervisory board already in 2009 and thereby was the first chairwoman of a supervisory board of a DAX 30 company ever.¹⁰ Additionally, the six male and female members of Henkel's executive board were born in three different countries and bring with them very different individual backgrounds, experiences, and cultural imprinting to the very top leadership level.

From 2008 until 2015, Henkel's CEO was Kasper Rorsted (from Denmark). He was the one who brought the diversity idea to the company. Even as deputy chairman of the board (1 year before he became CEO), Rorsted named one person responsible for the global diversity and inclusion implementation. Since then, diversity has been an explicit part of Henkel's corporate strategy and still is after the change of Rorsted to Adidas.¹¹

Today, diversity and inclusion is firmly anchored in Henkel's corporate culture. It is not only an approach to meet the needs of increasingly diverse markets and stakeholders through providing creative and innovative products, services, and solutions, but it is also a company commitment to support an inclusive culture and management practice to leverage Henkel's full potential. For the company, it is crucial that leaders know and understand the commitment to diversity and inclusion as well as what is expected of them. This is why Henkel puts particular emphasis on strengthening inclusive leadership.

⁹See *Online-Sustainability-report Henkel AG & Co. KGaA 2015*.

¹⁰See http://www.henkel.de/de/content_data/244939_Lebenslauf_Simone_Bagel_d.pdf.

¹¹See <http://www.henkel.de/unternehmen/unternehmenskultur/diversity-and-inclusion>.

How widely spread, Henkel's diversity strategy is also based on the idea of market reflection and legitimization. As diverse as the Henkel products are, and as diverse the markets are of the 125 different countries Henkel is operating in, as important it is to reflect these markets in the company's employee structure.

Henkel follows a holistic diversity and inclusion approach which takes all changeable and unchangeable diversity dimension into consideration. A special focus in measuring diversity key figures is on the dimensions of culture, gender and seniority/generations. Their weighting and relevance in the different regions depend on the specific market and environmental conditions.

The primary goal, however, is not to achieve a specific quantity of key diversity figures (they are more important to quantify target-oriented measures) but rather the continuous development of the company culture toward an increasingly open and respectful corporate culture.

Henkel's diversity management is structured in a global matrix organization. A central diversity and inclusion department is in charge of the global steering and controlling process. In the beginning, this department directly reported to the CEO. This was a very clear and unequivocal sign to all employees worldwide and stressed the importance and seriousness of the approach: The fact that in 2008 the new CEO Rorsted introduced this concept right from the beginning of his career at Henkel left no doubt about the importance and relevance of this idea. After 3 years, the reporting line was moved and became part of the human resources area.

So-called diversity and inclusion experts are taking care for cascading the global diversity and inclusion strategy and for the realization of target-oriented, yet tailor-made regional and local diversity and inclusion initiatives. On a basic level and across countries and division borders, Henkel has a variety of employee networks, for example, women in leadership networks, parent's network, and affinity and multiplier groups, which ensure a corresponding participatory implementation of the diversity concept at all levels.

This matrix organization ensures an involvement of all important diversity stakeholders within the company and enables both a top-down and bottom-up implementation at the same time.

Why is a corporation like Henkel so strongly and sustainably committed to diversity and inclusion? One key factor in understanding the relevance of the diversity concept for any corporation is considering its general economic significance. With its diversity management, Henkel pursues different economic goals, including the creation of comparative competitive advantages through a better anticipation of market trends and needs, the improvement of innovation and problem-solving skills, as well as the realization of talent recruitment and retention goals.

One example for this can be seen in Henkel's Strategy 2016. It foresees an expansion in the emerging markets, such as China. Following the diversity idea of market reflection and legitimization, it is crucial for Henkel to reflect the Chinese market conditions in the employee structure. At the same time, it is very important for any company to be perceived as an attractive employer, which, in most cases, means offering attractive salaries as the main incentive for new hires. In 2012,

Henkel introduced the global Work-Life Flexibility Charter, which allows employees to agree on time- and place-independent work arrangements with their respective line managers. Thereby Henkel succeeded in introducing an innovative and rather unusual incentive to the Chinese labor market: a better work-life balance.

3 Diversity and CSR

Since Henkel's foundation, CSR is an integral part of Henkel and an expression of the company's image and its understanding about a responsible behavior. The CSR contents are firmly anchored in both our corporate values and the sustainability strategy. Together with employees and retirees, customers, consumers, and non-profit organizations, Henkel is worldwide engaged in the areas of promoting employee engagement, corporate and brand partnerships for the common good, as well as emergency aids in cases of disaster.

In contrary to the CSR approach, Henkel very strictly and univocally follows an exclusively economic approach since the introduction of diversity and inclusion to the company. The diversity concept is directly linked to the company's strategy. This economic anchoring is crucial for the recognition, the positioning, the acceptance, and the success of the concept within the company—especially within top management. Thereby the business case, which is the economic explanation of the relevance for the company, is the central statement of the accompanying change in communication.

But CSR and diversity do not only differentiate through positioning within the company but also through the causal direction of actions. Diversity responsables are change managers and have the goal to further improve the corporate culture, HR processes, etc. within the company. Corporate social responsibility initiatives, however, are well-chosen projects with primarily external focus. They are often positioned in charitable contexts, for example, for disadvantaged groups or environmentally oriented measures. The focus on economic goals in the diversity area and the philanthropic approach to CSR activities strictly require a systematic separation and positioning of both concepts to avoid irritation and misinterpretation.

4 Inclusion as an Independent Concept: Experiences from Henkel

At Henkel, inclusion means the valuation and appreciation of all visible and invisible diversity factors of the employees in order to create a highly performing organization in which all employees have the same opportunities. Henkel employees should work in an environment in which they feel valued and respected

which in turn allows them to freely leverage their potential, their knowledge, and skills regardless of their origin, lifestyles, and attitudes.

However, an appreciative and open corporate culture cannot be outlined or prescribed on a drawing board. It needs to grow in the head, heart, and hand of—in Henkel's case—more than 50,000 employees worldwide. And this is the real diversity challenge.

Looking at the historical development of the concept, we understand that inclusion—as the complement part of a holistic diversity approach—is more challenging. In the beginning, it was considered sufficient to ensure a balance between minorities and majorities in a given environment to positively change the cultural components of a company, but it turned out that although diversity—in the sense of a diverse workforce—is comparatively easy to influence, it would only lead to a colorful bunch of individuals whose attitudes and value systems could remain completely untouched. Only the conscious utilization and conscious inclusion of diversity aspects bring the hidden diversity potential to reality.

This can be illustrated by a simple example. Consider a department in which there has not been a change in personnel for years. All team members have grown up in the same cultural environment and speak the same language. Procedures within the team run smoothly—somehow there is a “blind understanding.” Now, a colleague from abroad has been sent from a foreign branch to this team. Right from the beginning, it is obvious that there is one major challenge for all: the language. So far, the team was able to communicate with each other in their shared language, but now, the “old” team members have to switch to English. Not only them but also the new colleague needs to switch to English as an alternative language. Furthermore, the new colleague comes from a culture which is subject to a different worldview and value system. Add a different religion into the equation, and things will become even more complicated. Although all team members work hard on integrating the new member, all of a sudden daily working life is not that easy anymore. The team members of course continue to treat each other with respect, but procedures are not running as smoothly as before, and the atmosphere is tense. The “old” team members start to wonder about the different kinds of behavior and the different forms of communication the new colleague has. And all of a sudden, a large proportion of the informal communication is about this strange, new colleague.

This simple but striking example illustrates what special challenges go hand in hand with diversity. Diversity confronts us with challenges which do not only need to be recognized but need to be managed in a corporate context. And although mutual respect and valuation seem to be so natural and self-evident, these very human attitudes are those which cannot be generated consciously.

It does not seem to be sufficient to just add the inclusion aspect to the diversity concept to derive the desired cultural shift in companies because both elements address people on a rational basis. Thus, the question arises: What is lacking to finally leverage the real diversity potential?

To find an answer, Henkel's diversity experts considered the following thesis: An attitude of appreciation and involvement can only be consciously controlled to a

certain, very limited extent. The majority of human decisions are taking place unconsciously and are based on a variety of personal experiences. During our socialization process as an individual, we develop perception filters. We use these filters in complex and overstimulated situations to assess and make decisions. To break the chain of unconscious assumptions and filtered decision, however, you first need to be aware of the necessity to adjust your unconscious judgment, and you need to internalize and then reevaluate. Core is to, first, stop the automatic judging process; second, to make precise what exactly irritates you; and third, analyze the individual and situative conditions, thereby reflect on your own and others' cultural standards, finally finding adequate solutions.¹²

The good news is: Each of us has individual perception filters, and each of us makes unconscious decisions. And it's good that we do so! Because if perception filters did not exist, we would need to consciously decide about every single information and all peripheral impressions. And one more good news: Very often our unconscious assumptions lead us to the right decisions—quite automatically without any conscious involvement. If you, for example, hear a noise in the trees during your vacation in the desert, it could be a wise decision to take to your heels and flee by assuming it could be a lion.

But there are also cases in which our unconscious assumptions unintentionally block desirable changes. And here we come full circle to the inclusion concept. Of course, hardly anyone would be against the inclusion of colleagues from abroad, homosexuals, people of different faiths, with limited physical or mental abilities, or even against women in leadership positions. But unconsciously it could of course come to a deferred exclude of a certain group of people or an employee group because of our experiences and perception filters built up in our individual socialization processes.

Another example: Imagine you are a manager in a company (whether a male or female manager is not important). In the recurring annual performance review process for employees, your task is to evaluate and decide on next career steps for your direct reports. There are two candidates within your team—a male and a female colleague—with whom you are equally happy, who both do an excellent job and who deliver more or less the same performance. A possible next career step for them both would be an international job rotation. Both employees are married and do have children. From an objective perspective, both employees are in a similar situation. Subjectively, however, this situation is subject to unconscious assumptions which are based on experiences that you make or made in your nearer surroundings. If your mother, for example, took care for her children and was at home during your own childhood, or if you are married to a woman who takes up this role, there is a great chance that you hesitate to propose the female talent for the job rotation just because of her family situation and the associations you have with it. By the way, those women who have already had a working mom or who are married to a working mom are less likely to draw the same stereotypical

¹²See Thomas (2006).

conclusions. And unfortunately according to a similar unconscious evaluation system, very often part-time-working fathers or fathers who take parental leave are also assessed as less performing than full-time dads. Or did you have a dad at home who took care for kids and the household?

This example illustrates why it is not enough to add the inclusion part to the initial diversity concept but that it is crucial to create awareness about the existence of unconscious biases which filter and even make our (pre)decisions without any conscious involvement and against better will. If these circumstances have been acknowledged, and employees are aware of the existence of perceptual filters, at least there is a chance that in specific and crucial situations, these perception filters are more permeable than before.

The first step is: Awareness! For each of us it is important to become aware of our own and individual perception filters. There is a variety of different options of how to take this first step, such as online tests or training and workshops inside and outside the company.

A simple but catchy and constantly available opportunity to deal with our own subconscious preconceptions is the Implicit Association Test initiated by the Harvard Business School. The project “implicit” and with it the Implicit Association Test was introduced as a sociopsychological initiative in the scientific literature in 1998 for the first time and considers the relationship between people’s mental images of concepts and their decisions.

Based on the assumption that people not only do not always state “their opinion” but very often not even “know their opinion”, an interdisciplinary project group developed 14 different tests on various issues such as religion, sexuality, race, age, disability, and the interdependence of gender and career development. Are you interested in doing the test by yourself? Here we go: <https://implicit.harvard.edu>.

Henkel also focused on the additional sensitization of decision-makers and managers, in order to leverage the full potential of an increasingly diverse workforce. Thus, in 2012, a global “unconscious bias” training was introduced for them. The goal of this offer is to create awareness of the overarching idea of unconscious assumptions among participants in general and especially in situations in which these presuppositions especially tend to influence decisions. Within these workshops, there is a special focus on recurring situations such as the hiring of new employees, personnel development talks, promotion decisions, and the allocation of project responsibilities to employees. Often, it is sufficient to create awareness regarding the existence of perception filters to reduce the impact of unconscious biases in crucial situations and to help individuals to take as objective and fair decisions as possible. In the annual employee review and performance assessment process of the Henkel, the “unconscious bias” theme, for example, is an integral part of the leadership communication.

Henkel is now, after the stage of creating awareness, and the stage of enablement, in the stage of integration into “normal business practice”. The diversity concept has arrived at and is established in the company. Now and in the future, it is all about constant communication, about knowledge transfer into tangible actions, and finally about a change of mindset and adaption of behavior.

5 Conclusion: The Interaction of Awareness and Commitment

As already mentioned, the diversity concept in its initial consideration is just an extensive and long-term change management project. As in all change management activities, a consistent and transparent communication to stakeholders to raise awareness is one of the major first and important steps you need to take for a successful implementation.

The desired change in corporate culture, which is considered as an overarching goal of the diversity concept, however, is based on the transformation of personal attitudes and values of all employees within a company. Here, the inclusion part in combination with the unconscious bias knowledge plays the second and decisive role by enabling employees and decision-makers competently to act and decide inclusively on their own. Only when the consciousness matures to an understanding, and this understanding is manifested in tangible actions and attitudes of each individual, the potential of a diverse workforce can be fully leveraged.

References

- Aretz HJ, Hansen K (2003) Erfolgreiches Management von Diversity. Die multikulturelle Organisation als Strategie zur Verbesserung einer nachhaltigen Wettbewerbsfähigkeit. *Zeitschrift für Personalforschung* 17(1):9–36
- Bosten A (2014) Wertschöpfung durch Wertschätzung. In: Hansen K (ed) *CSR und diversity management*. Springer, Berlin, pp 217–228
- Hansen K (2014) *CSR und diversity*. In: Hansen K (ed) *2014 CSR und diversity management*. Springer, Berlin, pp 1–52
- Thomas A (2006) Interkulturelle Handlungskomponenten—Schlüsselkompetenz für die moderne Arbeitswelt. *ARBEIT* 15(2):114–125

Corporate Diversity Consulting: Reflections from a Practitioner

Hans W. Jablonski

Abstract In the recent years, consulting services for introduction and implementation of diversity management have widely developed in Germany as well as in other European countries. Many companies have recognised the potential of diversity management as well as the opportunities it offers them.

With the perspective of the demographic development and continuously proceeding globalisation, it is expected that the topic of diversity and inclusion will remain an important concern for companies. Programmes for an efficient utilisation of diversity and an appreciative conduct concerning this resource will continue to influence how competitive and successful companies are.

This article will reflect, based on personal experiences, on the role of both expert and process consulting with regard to diversity management strategies, in particular, on the meaning of diversity management in the German context, the role of diversity consultants, as well as the process of consultation.

1 Introduction

Consulting means providing external support for companies on specific areas. It is demanded when knowledge, expertise or resources are needed, but are not (yet) found within the company. It can also be necessary, if support is needed for implementation of specific projects/strategies. Therefore, consulting can be related to both the allocation and application of expert knowledge (expert consulting) or to the support during the implementation (process consulting). This chapter will reflect, based on personal experiences, on the role of diversity consulting, both expert and process consulting of diversity management strategies. In particular, this chapter will comment on the meaning of diversity management in the German context, the role of diversity consultants, as well as the process of consultation.

H.W. Jablonski (✉)
JBD Business Diversity, Cologne, Germany
e-mail: jablonski@business-diversity.biz

2 What Is Meant by Diversity Consulting?

In the recent years, consulting services for introduction and implementation of diversity management have widely developed in Germany as well as in other European countries. When the issue concepts of ‘diversity’ were only known to experts a few years ago, it was often seen as a ‘fashionable’ topic. Consultancies were claimed to merely making a big fuss in order to develop a new and profitable consulting and product field. This is not in question nowadays. Many companies have recognised the potential of diversity management as well as the opportunities it offers them. Many companies therefore use diversity management consulting services. As diversity can be seen as a cross-divisional function, the opportunities are manifold. Consulting can be strategic consulting for introduction or implementation of either a national or global diversity management to consulting with regard to the implementation of single programmes. Factors such as the internal company knowledge of diversity, the business field, the corporate strategy and goals as well as the economic situation determine the form of the consulting.

3 Consulting Companies

Diversity consultants were rare to find in Germany as well as the rest of Europe going back more than a decade. Throughout the last decade on the other hand, the number of consultants has increased, on a national level as well as international and even global level. On the one hand, big established consultancy firms have started to deal with the topic of diversity (and later inclusion). They have conducted studies on the need, effects and benefits of diversity management, e.g. McKinsey & Company, Deloitte, Boston Consulting Group, and Roland Berger Strategy Consultants. On the other hand, also many small- and medium-sized consultancy companies, which have been dealing with diversity-related topics, now offer diversity-enriched consulting services or have added diversity to their existing portfolio. This is particularly the case for consulting services, which were originally specialised on intercultural topics. This is also the case for consulting services that specialised on equal opportunity programmes and have later expanded their focus to diversity management. Furthermore, it appears that the amount of consultations, which exclusively focus on diversity management, is increasing. Consequently, companies, which act in the national as well as in the international market, can choose from a large variety of consultancy companies varying in focus, size, expertise and experiences.

4 Consulting Fields of Diversity

Amongst companies the understanding and approach on diversity could be different. Hence the level and fields of consulting vary according to the customers' request. This might depend on the specific need of the company and its own background and understanding for an introduction or implementation of diversity. Consulting demands are depending on the respective development or level of knowledge and might therefore vary considerably. Some examples demonstrate that companies are asking for diversity consulting to get an anti-discrimination system or equal opportunity strategies implemented, or it is requested to support implementing activities to fulfil quota for women or people with disability.

4.1 *Anti-discrimination*

Some companies thought that it would be enough to focus on anti-discrimination, regardless of the broad diversity approach. Especially during the years, when many European countries were implementing anti-discrimination directives, securing non-discrimination was a much-demanded topic of consulting.¹

In this case, some companies aimed to comply with the principles set out in the directives of the General Equal Treatment Act. By doing so, they wanted to minimise the risk of an infringement of the law and resulting consequences such as penalty payments or damage to their image. The consulting therefore mainly focused on the duties of employers and on reviews of personnel instruments, processes and structures with regard to discrimination. A well-known example is the review of job postings, which now had to be gender-neutral and without any preference with regard to certain age groups. Additionally, companies were supported in the establishment of a complaint body. Furthermore, it had to be ensured that persons allocated to these bodies were qualified and processes for handling incidents were precisely defined.

After the anti-discrimination activities, diversity management came stronger in the focus of companies and consulting agencies. While the topics remained the same, there was a change of perspective. On basis of the freedom from discrimination, the focus was on the idle potentials of the companies. They had still been unrecognised or even ignored, yet proved to be promising action fields as substantial contributions to economic success. Using diversity management as a holistic approach shifted priorities to the corporate potentials and the resulting chances of a sustainable alignment of the companies.

¹In Germany, the EU anti-discrimination regulations were implemented in 2006 by the AGG (General Equal Treatment Act). Many other European countries have implemented these regulations in their national law before. However, the sincerity and willingness of implementation varied. https://en.wikipedia.org/wiki/Employment_discrimination_law_in_the_European_Union

It was not and it is not easy for consulting to show the differences of anti-discrimination activities, equal opportunity and diversity management. The understanding of diversity management is for most companies more centred around the business impact. There is still the existing belief of some companies today that diversity management is introduced due to social and altruistic reasons of equal opportunity. The insight that diversity management has mainly economic significance for companies and that steering of diversity can be used as a strategic instrument is the result of the work of consulting agencies in the last years. Today, diversity is recognised as a factor of success. However, the production factor is not diversity itself, but the handling of diversity, inclusion. Only a corporate culture, which appreciates the factor diversity, can profit from the potential of diversity. Consequently, diversity needs good management to be valuable.

5 Diversity Management as a Management Tool

Diversity management is a management tool and not a collection of activities. It is a complex and long-term approach. Therefore, it is the first step of consulting to impart the above-mentioned insights to the top management of a company and make them clear. After all, the conviction of the management is the basis of a successful investment in the factor diversity. It needs to realise that diversity management is no support programme of minorities, but a strategic instrument, which is meant to support the corporate strategy. Accordingly, the design of a diversity management strategy is challenging. On the one hand, it should be a cross-divisional function for all departments and should therefore deal with the diversity of suppliers (supplier diversity), human resources politics and development as well as product design and a diverse clientele.

Consequently, the communication of diversity management is challenging as it is not only focusing on anti-discrimination and social objectives but is rather a valuable investment in the sustainability of a company.

Reliable studies have repeatedly emphasised the benefits and necessity of diversity management. Many studies were conducted in the USA, yet studies with similar results for European countries are increasingly available. Some of the most well-known studies are the series ‘women/diversity matter’ by McKinsey & Company 2007–2015 or studies from Catalyst,² a non-profit organisation working globally and based in the USA. Results show a positive contribution to the business results, costs, reputation, creativity and innovativeness for the employer image as well as for investors. There are high demands for a proof of benefits as well as high expectations on the often-quoted *business case* for diversity. It should be measurable with concrete numbers. In contrast to technical investments, which show and influence investments with relatively simple measured values, investments in

²<http://www.catalyst.org/knowledge/browse-knowledge-center>

intangibles or 'soft' factors are difficult to measure. It raises the questions, if and—if so—how these factors can be recorded and which indicators are able to show a desired development. In the view of the above, the proof of benefits is not only a challenge in the special context of diversity. Soft factors such as human resources and corporate culture (personnel development, manager training, team development) and their contribution to the business success are difficult to measure in numbers in general. Ongoing debates in companies on the measurement of the factor human capital and human capital management (knowledge, habits, attributes, creativity, etc.) prove this fact.

6 Implementation of Diversity Management from a Practitioner's Perspective

Besides corporate approaches, there are other aspects that support an introduction of diversity management. Social and political expectations, for example, can be other reasons with which companies are increasingly confronted nowadays. The introduction of a quota for women for companies could be one concrete example. In some European countries such as Norway, France, Spain, Germany, Belgium, the Netherlands, Italy and Iceland, quotas for women have been introduced. In other countries as Austria, Sweden and Finland, the implementation of quotas for women is discussed. In such cases, this cannot be considered as a voluntary implementation of diversity management. In contrast, the external pressure is starting a rather forced discussion of the topic diversity. Accordingly, the consultation and implementation of the topic leads to a difficult basis in the company. If the management is convinced of the diversity advantages and takes a unified position on the other hand, the focus of the consulting demands is the introduction and implementation of diversity management.

A top-down approach ensures the company-wide introduction of a consistent diversity management. From a practical perspective, the commitment and support of the senior management is a critical success factor to be successful in implementing diversity management. General statements are needed in order to do so: How does the company understand diversity and inclusion (appreciation)? Why is diversity management introduced? How is the topic put into practice? Consulting services often support companies with the development of an individual diversity vision, mission, a practicable definition and an objective. A common consulting field in this phase is the support in the determination of the status quo. The analysis of the current situation during the implementation of diversity management supports the setting of focuses for concrete intervention. Furthermore, it helps to monitor the subsequent desired development based on specific parameters. The determination of the status quo is based on quantitative and qualitative data. Below is a discussion of relevant data for the consulting process.

6.1 *Quantitative Data*

Representative data are collected according to the diversity dimensions such as gender, age and internationality. The measurable dimensions such as gender distribution, internationality and age demographics represent a standard of collected diversity data today.

Even though the total numbers of companies often show that diversity is represented, there is often an unequal distribution of gender starting at a certain level of the hierarchy. In many service companies in Germany, such as banks or insurances, for example, there is an overall female share of 50%. However, this share decreases with increasing level of hierarchy leading to an underrepresentation of female employees in the level of management or executive board. There is a level of hierarchy in most companies, where the majority group (here, share of men) increases significantly. This is not only the case for women but also for other minority group representatives as well.

Consultancy firms can support companies in analysing the quantitative data and identify weak spots of the processes and present suggestions for improvement as well as good ‘best practice’ examples from other companies.

6.2 *Qualitative Data*

Qualitative data from interviews, focus groups and surveys are also often collected in addition to the quantitative data in the consulting process. Qualitative data is used to support the descriptive quantitative data in order to understand the experience and perspective of diverse groups within the organisation. It offers helpful insights to find reasons for the possible imbalances of certain groups within the company. For example, men and women are surveyed separately in focus groups on their views of career possibilities within the company, work-life balance, leadership, payment and the like. If there are differences in their views on the mentioned factors, companies need to identify the underlying causes and to ensure that men as well as women feel valued the same way by their company.

Also data about the ethnicity and cultural background of employees within the companies is helpful to raise awareness. Results may show which ethnic or cultural group does not feel represented or who might feel that their performance does receive few or no attention—and are therefore less included.

Interviews with customers reveal how open the company is perceived. These interviews provide feedback for companies and their perception and raise cross-cultural awareness. Surprisingly to many companies, their customers describe the company as ‘nationally dominated’ (‘too German’ or ‘too British’), while they perceive their own corporate culture as ‘very international’.

Besides focus groups and interviews, many companies use employee surveys to evaluate the status of the corporate culture and the personnel ‘climate’. Especially,

the knowledge from groups with different backgrounds in terms of age, gender or cultural background is crucial. Qualitative data delivers insights on the corporate culture from different, diverse perspectives and can lead to new insights and knowledge.

Likewise, personal mindset, values and the awareness of diversity can be evaluated during interviews. During the consultation process, data from employees as well as managers is collected. The attitude of managers towards diversity management is especially relevant. They fill corporate key functions when it comes to the implementation of diversity in the company. Interviews with managers can reveal if they have understood the topic and its economic impact and can therefore act in an appreciative way towards their employees. Since their behaviour with regard to the implementation of diversity management is crucial, companies have defined terms such as ‘appreciative leadership’ or ‘inclusive leadership’ as mandatory competencies for managers.

Consulting services play a special role in the analysis of qualitative data. First, an external perspective is often linked to neutrality of investigations. The reflections of an external point of view are also perceived as a valued contribution to avoid organisational blindness. In addition, external consulting services are also able to guarantee that the responses of the surveyed are not used to their disadvantage in the company. Surveys of customers are guaranteed to be anonymous as well—both in the direction of customers and in the direction of the company.

As mentioned above, the collected data of the status quo analysis is used to compare to the defined goals, identify the gap and develop areas for action. In some cases companies describe these areas in a *diversity score card* that aligns itself with their individual *business score card* or *balanced score card*. The development of this diversity score card is often done in companies that take advantage of external support by means of consulting services.

According to experience, companies have a high demand for further consulting services to define focal areas in regard to content and moreover develop a successful strategy for implementation. The binding commitment to such a strategy in the company is a central building block for a successful implementation of diversity management. In many cases, companies use SWOT analyses to identify strengths, weaknesses, opportunities and threats.

The strategy of implementation includes also a plan that describes the activities and their chronology for the full course of action. Some companies document this plan in a *diversity roadmap*. This document defines in chronological order the main dimensions of diversity for which have been designated specific goals and activities. Even when companies choose a broad definition of diversity, central activities mostly address the diversity dimensions of gender, age, interculturalism and the area of ‘work life’. The topic of disability only sporadically attracts interest in many companies and is rather subsumed under efforts concentrating on the performance management of an ageing workforce. The dimensions of sexual orientation and gender identity and religion attract least attention in diversity efforts. Differences from country to country need to be recognised.

7 Activities of Diversity Management

From the practical perspective, companies have the largest demand for consulting services on a central aspect of diversity management strategies: the development and implementation of a convincing communication strategy. Due to the complexity of the topic and its already described diverse backgrounds, the explanation of the reasons for the introduction of diversity management is as important as the message what diversity means for the company. It is to be clearly presented how the implementation is to take place and what is expected of each individual person in the company.

7.1 *Communication*

A convincing communication strategy should focus on drawing broad attention to the topic of diversity and ensuring that especially managers have understood the commercial benefit of diversity management. Even more than with other projects that are introduced in the company, reservations by employees are to be expected, as well as overt or covert resistance. The communication strategy should therefore address reservations early and use concerted communication to promote understanding and motivation for the topic of diversity.

Practice demonstrates that successful communication strategies are characterised by the following aspects:

- Recurring communication with uniform messages through diverse channels. Especially in internal conferences or meetings, the topic of diversity should be communicated top-down as a permanent fixture of the agenda and demonstrated to the participants in practical work situations.
- Clear presentation of the benefits of diversity for the company.
- Designation of the most important sponsors with convincing arguments.
- Presentation of insights into successful implementation (good practical examples) and exemplary conduct, especially by managers.
- Creation of opportunities for dialogue and discussion, including contrary arguments on diversity.

It is crucial for the introduction of global or international diversity management to consider global messages on diversity and inclusion on the one hand and regional, national or local audiences on the other.

Other than communications, a functioning structure that assigns roles and responsibilities to everybody involved is necessary to successfully consolidate diversity management in a company. Consultations support companies in the establishment of an infrastructure with such elements as a diversity office, diversity managers or diversity councils. Due to their extraordinary and complex tasks, company officers and other leadership need expert consulting. They are coached

on the content and structure of their work. The infrastructure for a functioning diversity management is all the more significant when concerned with an international or global implementation of a diversity management approach. Accordingly, roles and responsibilities have to be introduced and communicated clearly and bindingly in all business locations.

7.2 *Human Resources*

The function human resources (HR) especially the HR business partner and practitioners plays a strategically prominent role for diversity management. Especially HR business partners have the responsibility to inform and advise the departments on its necessity and implementation. Moreover, they have to point to the challenges during implementation and strengthen diversity skills of managers. HR business partners or the entire HR division should be required to possess the necessary skills to support the implementation of diversity management proactively. There are suitable qualification programmes for the HR community being offered.

7.3 *Learning*

To initiate and steer the HR development process for different target audiences with specific training needs and preferences, specific learning interventions are initiated or made obligatory with the cooperation of the HR division (mandatory seminars). This also includes e-learning offerings. Even though there are multiple e-learning programmes to teach diversity content, they tend to limit themselves to cognitive engagement with the topic. As a result, workshops assume an indispensable role in a deeper engagement and discussion of diversity as well as grappling with personal attitude, values and behaviour modifications. Successful interventions offered in companies include:

- Workshops or coaching for managers to increase awareness of diversity
- *Lunch-and-learn* events for managers to allow exchange across hierarchies
- Mentoring and reverse mentoring as an opportunity to learn for all participants
- Awareness training/workshops focusing on gender, interculturalism or age or other diversity dimensions in order to sensitise participants to these topics and create the capacity to act
- Introduction of diversity content into the manager curriculum

7.4 *Networks*

Another integral part of diversity management infrastructure is diversity networks or diversity resource groups. During the introduction of diversity management in companies, representatives of hitherto informal networks often come forward and seek official recognition of themselves and their work. These networks constitute a significant part of the bottom-up approach to diversity. In order to regulate efforts of the networks, companies cooperate with consulting services to design a framework of guidelines and requirements that enables these networks to integrate their activities.

The company can profit from the multiplicity of perspectives in these networks, if their members provide the company with hitherto unknown or unconsidered perspectives and insights. Practice shows that this approach is proven to be especially valuable when addressing diverse talents of potential new hires or groups of customers. Personnel consultants and headhunters report that, in their contracts for personnel selection, companies place great emphasis on considering varied talents concerning gender and interculturalism and create binding specifications for this.

7.5 *Flexible Work*

In the context of diversity, flexible work is linked to the goal of designing the provision of professional services to be independent of place and preferably time while taking into account the individual phase of life. Available offerings to allow for this include telecommuting, part time, job sharing as well as childcare, domestic services and provisions of health care. Specialised external agencies support companies in arranging for childcare services or care facilities for family members. These opportunities are available in many companies; however, employees hardly ever ask about them. Research has shown that the reasons for this limited use can be found in a restrictive corporate culture that rewards availability and physical presence while disfavouring flexible work or presenting it as a last resort. A wide range of consulting services show companies how to overcome challenges of introducing flexible work and also acquire certifications for particularly family-friendly policies.

7.6 *Corporate Responsibility*

If diversity management finds professional and strategic implementation, it is integrated as a holistic enterprise into all divisions and operations—amongst others including efforts to develop corporate responsibility (CR) and corporate social responsibility (CSR). One opportunity for civic involvement is commonly referred

to as ‘corporate volunteering’: companies actively support their employees’ voluntary community service. This not only benefits society, but the benefits for the involved company have also been proven. Taking on social responsibility often provides insight into other working and living environments as well as immediate positive feedback that increases the motivation of employees and brings the team closer together. This sense of identity provided by volunteering demonstrably results in more motivation and higher productivity.

Ideally, diversity management is economically as well as socially successful and beneficial: it connects social commitment with economic success. For example, the professional training of young people with poor access to education not only increases their prospects. It also benefits the company as it can access talented personnel in the future. Numerous for-profit and non-profit institutions as well as companies advertise civic involvement to their employees and stand by for the implementation of programmes.

7.7 Controlling

Other than the already mentioned diversity score card that shows intermediate to long-term developments, companies also use the so-called diversity cockpits or diversity dashboard to record the success of diversity measures.

A diversity cockpit or dashboard provides a clear overview of the most important controlling components of diversity management in companies. This mostly includes the display of various qualitative as well as quantitative indicators with their current status. Often the display is colour coded in ‘red’, ‘yellow’ or ‘green’ sectors that specify the status of implementation towards completion. Typical indicators in diversity cockpits are, for example, the amount (share?) of women and men in leadership positions, talent pools and career paths, international talents, survey results or implementation of measures such as the participation in diversity workshops for managers.

Diversity cockpits or score cards show managers current data and their development on several levels as well as at regular intervals so that interventions are able to address divergence quickly. These systems of controlling are often configured in cooperation with external consulting services and then established in companies. Comparability of data to other companies (benchmarking) also provides orientation and useful practical examples.

7.8 Challenges of an International Diversity Management

All the activities described above need to recognise the diversity of an international organisation itself. Although companies would like to implement global standards

on their diversity and inclusion approach, national, regional or even local differences need to be taken into consideration.

An example from a global company demonstrates the global diversity management implementation of a 'D&I awareness' programme. A global basic programme has been developed and adapted to different countries. Consulting demands were along the development of a global framework for a training programme. Further international external experts in each country ensured that this programme is translated in language and culture and also updated with national external data to demonstrate the business impact. These external trainers were qualified in train-the-trainer sessions, which ensured on the one hand the 'global standard' and on the other hand the local adaptation and delivery in the local language.

8 Finding Suitable Diversity Consulting

Which diversity consulting service is the best for which company? Before developing individual selection criteria, the profile of qualification and the objectives for the consulting service should be clearly defined. Suitable support can be found on the basis of defined performance requirements. The selection of consulting services can occur internally or externally and entails a classical analysis for a make or buy decision. Factors to be considered and evaluated include:

- Does the necessary expertise and competence for the topic of diversity exist in the company?
- Are potential internal resources available for the introduction and implementation of diversity management? This applies both to national and international or global implementations of a diversity project.
- Assessing internal resources for the topic of diversity: how convincing are they?
- Which flexibility and sustainability in the implementation of diversity management is to be expected for the particular decision?
- What costs are generated for the particular decision (internal vs. external)?

After this analysis, it is possible to differentiate which services internal or external resources should provide.

The identification of suitable external consulting services proves to be complex. Assessment of the expertise and experience of the consulting company may include the following criteria:

- Which other companies were hitherto consulted on which contents?
- How long does the company consult on diversity management?
- In which national or international environment was the company's previous work?
- Are their positive references from other companies?

- Has the consulting company itself taken successful steps towards the implementation of diversity management, such as signing the *Charta der Vielfalt* in Germany or other European countries.³
- How authoritative is the company in their own diversity management? Is the topic of diversity reflected in the products of the consulting company?
- Has the consulting company the capacity and resources to fulfil the offered services in the specified time frame?

9 Summary and Outlook

Will the area of consulting on diversity management be exhausted soon, or will the demand for consulting in companies continue? With the perspective of the demographic development and continuously proceeding globalisation, it is expected that the topic of diversity and inclusion will remain an important concern for companies. Programmes for an efficient utilisation of diversity and an appreciative conduct concerning this resource will continue to influence how competitive and successful companies are. Accordingly, the demand for consulting on diversity management will certainly not decrease, but rather increase.

³<http://www.charta-der-vielfalt.de/eu-charta.html>

Part IV

CSR and Diversity: Practical Implications for Learning

Introduction

In the part “CSR and Diversity: Practical Implications for Learning and Communication,” we present contributions from experts in the field of science, teaching, and communication. The chapter starts with a contribution from Russia. The author, Olga Kovbasyuk, is currently living and teaching in Kaliningrad. She has been teaching and doing research all over the world, working in various networks and studying intercultural communication. The article explores cultural diversity in Russia by using the “Cultural Dimensions of Learning Framework (CDLF).” The author illustrates the spectrum of dimensions’ variability as they might influence the way students and teachers interact, and she discusses historical roots of such interaction. Kovbasyuk presents the cultural context in Russia, drawing connections to CSR on the different dimensions used to understand the influence of Russian culture. The article addresses the challenges of developing CSR-oriented diversity in the context of education and suggests that these challenges can be reduced by applying a meaning-centered concept of learning, “which aims at developing personal responsibility for own deeds and increases awareness of own cultural heritage,” as she formulates in her abstract. Her approach is very close to the sense-making model we initially used to better understand CSR and diversity.

Olga Kovbasyuk provides examples of creating “educational ecology” aimed at developing CSR: “In our personal view, it is social relationships in the realm of equality and authority that impacts CSR development to a great extent. CSR is viewed here via the impact social relationships produce on the way people display responsibility towards each other and the environment they function in”. Core of her approach is to expose students to concrete experience, initiating active learning through direct experience.

The aim of the paper is to “help understand cultural behavior of Russians, in relation to education and CSR, to both international and Russian people, as it addresses the dimensions of social relationships and epistemological beliefs, which constitute a major part of why the Russians say, think and do the way they

say, think and do” (p. 265). Thus, this chapter can perfectly be related to the Bazu and Palazzo model we initially introduced with its leading questions: “What firms say?” “What firms think?” “How firms tend to behave?” (see introduction, p. 22).

The first contribution raises a range of important questions to be discussed not only among teachers but as well among practitioners and politicians, “the answers to which may help provide additional understanding and guidance for the utilization of meaning-centered approach along with other educational approaches to cope with the dynamism of convergence and divergence occurring in the global world, and in education specifically” (p. 265).

The second contribution draws from long-term international experiences in “ThirdPlaceLearning (TPL)”. The authors, Glyn Rimmington and Mara Alagic, are currently centered in the USA, teaching students and practitioners in the field of cross-cultural communication. They present the *ThirdPlaceLearning* (TPL) framework “. . . for achieving this systematic communication strategy to learning and absorbing stakeholders’ perspectives, which in turn adds value to communication” (p. 270). They define TPL “as dialogic, reflective inquiry within a diverse communication environment, which takes into account contexts and relational criteria that are needed to resolve or avoid misunderstandings by negotiating and constructing new meanings” (p. 279). TPL in their sense involves six dialogic processes: active listening, dialectic flow of thinking, intercultural sensitivity, critical co-reflection, conscientization, and bodymindfulness. The concept of conscientization, which is established as one key feature of TPL, shall be specifically highlighted in this context. It “is about critical awareness of power positions, relations and differences between stakeholders or groups of stakeholders, potentially negative consequences of such relationships and the actions needed to redress large power differences associated with privilege and oppression” (p. 280). We consider this concept as an important link between diversity and CSR.

Based on the definition of CSR as a “proactive response to global and local stakeholders’ concerns about the effects of each stage of a corporation’s product life cycle on environmental, social and economic sustainability (. . .)” (p. 271), Rimmington and Alagic postulate “. . . a paradigm shift toward absorbing stakeholder and contextual complexity. This paradigm shift underpins complexification of business structures and processes, skilful management of diversity, and improvement of financial performance, as well as ensuring social and environmental sustainability. Together, these attributes can help businesses nurture proactive CSR, which in turn can help successfully avoid or respond to crises” (p. 269). They propose a logic connection between CSR and diversity management, the latter one following “a twofold purpose: to eliminate discriminatory practices and to help a company gain a competitive advantage from the positive effects of diversity on the team collaboration and innovation” (p. 277).

The authors are following a multilevel and multi-perspective approach which fits nicely with the model presented in the introduction. They present the TPL framework “as a tool for absorbing stakeholder perspectives, as a prerequisite for better stakeholder communication, complexifying diversity management structures and processes and implementing adaptive governance” (p. 271). According to

Rimington and Alagic, CSR and diversity management are connected with strong ties in a rather complex pattern through TLP in action.

Both contributions are elaborated from an educational perspective. Anyhow, they should be discussed and used not only by teachers but contain valuable insights and suggestions to be used by corporate HRM officers and persons in charge of corporate communication, too: “Central to proactive corporate social responsibility and the stakeholder approach is an ongoing, TPL-grounded dialog that aims to have internal and external diverse stakeholders learn about and absorb each other’s perspectives as well as gain new insights into their own perspectives” (p. 285). Moreover, politicians might consider some aspects as worthwhile to shape educational systems and build multi-perspective communication strategies: “Awareness of these absorbed perspectives, [...], then adds value to the ongoing dialog, negotiations, conflict resolution and collaboration. TPL facilitates absorption and management of the complexity of diverse perspectives in a complexified, adaptive management system” (p. 285).

Cultural Diversity in Russia: Addressing the Challenges of CSR-Related Diversity in Education

Olga Kovbasyuk

Abstract Cultural diversity in education is growing, globally. The tendency is represented in Russian education as well. It makes critical for students and teachers to understand their own cultural dimensions to be able to appreciate cultural diversity of the world. The article explores cultural diversity in Russia via the dimensions of learning framework (CDLF), including cultural varieties regarding social relationships and epistemological beliefs. We illustrate the spectrum of dimensions' variability as they might influence the way students and teachers interact in Russia and draw to historical roots of such interaction. The article addresses the challenges of CSR-related diversity in the context of education and suggests that these challenges can be reduced by applying a meaning-centered approach, which aims at developing personal responsibility for one's own deeds and increases awareness of one's own cultural heritage. We provide examples of creating educational ecology with collaborative and dialogic pedagogy, aimed at developing CSR-related diversity by supporting the innate capacity of an individual to create an authentic project of her or his life.

Keywords Cultural diversity • Meaning-centered education • Teaching and learning • Pedagogy • Educational ecology

1 Introduction

In Russia, as in the current global world, numerous factors are converging that make teaching and learning multicultural more commonplace. Flattening the world, increasing students' mobility and distance learning approaches (Berge 2007), telecommunications and videoconferences, and advances in Internet technologies create a natural environment for teaching and learning across cultures.

Additionally, many of the current challenging issues are related to the fact that modern Russia itself is a conglomerate of significantly contradictory cultural

O. Kovbasyuk (✉)

Immanuel Kant Baltic Federal University, Kaliningrad, Russia

e-mail: OVKovbasiuk@kantiana.ru

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,

DOI 10.1007/978-3-319-43564-0_15

257

patterns. One of the main contradictions here exists between traditional Russian cultures, the one inherited from the Soviet system and Westernized patterns of cultural models, related to the younger generation. What makes it different from, say, the multiculturalism of the USA is lack of legacy: neither historically nor de jure was multiculturalism acclaimed in the context of education in Russia.

However, cultural diversity in Russia remains apparent among learners and teachers owing to inherited cultural values and learned modes of thinking and behavior. Therefore, the demand for culturally sensitive learning and teaching experiences in the country is huge. It is even increasing as the individual enters into professional education in a multicultural context, because the “professional self” struggles to maintain both a connection to the local culture and to the multicultural education environment. Additionally, the way people speak international English in various countries differs from British or American English because it is culturally loaded. For example, the syntax and the choice of English words represent linguistic and cultural identity of Russian (Proshina 2014), which goes in line with the theory of World Englishes (Crystal 1997). And finally, as education is a social process (Schwier et al. 2004), it cannot but foster or defer the development of students’ and teachers’ sense of responsibility toward selves, each other, and the community and environment they function in. We hold that social responsibility interrelate with personal responsibility and gets manifested in corporate social responsibility. We consider that CSR emerges as a product of society and education functioning as one; therefore, the CSR-related diversity in education is important to address to, in order for the students and teachers to cognize and embrace the culture in which they are embedded, and to make efforts to raise the sense of responsibility toward selves within the community they function in. In this respect, we view corporate social responsibility as one important aspect of meaningful teaching and learning. The article addresses this challenge, too.

2 Levels of Culture: What We Teach

Human thinking and behavior can be seen via such sources of influence as human nature, culture, and personality (Hofstede and Hofstede 2005). In education, like in other contexts, people demonstrate diverse levels of similarities and differences. Hofstede’s seminal work presents these levels of culture, personality, and human nature as a pyramid, with human nature as the base all people share and personality as the peak, being unique to the individual. Culture constitutes the middle part of the pyramid, reflecting its multiple layers of interactions between local and national communities.

While human nature is inherited and comprises the assumed commonalities all humans share, as they belong to *Homo sapiens* type of species, culture is learned and taught. Lewis reveals the phenomenological substance of culture by defining cultural behavior as “product of millennia of collected wisdom, filtered and passed down through hundreds of generations and translated into hardened, undisguisable

core beliefs, values, notions and persistent action patterns. As such, it can not be depicted satisfactorily at random or evaluated according to impressions or recent observations. It is a largely finite, predictable and enduring phenomenon—the essential key to survival for a nation or cultural group” (Lewis 2006: 7).

According to many interculturalists (Hofstede, Trompenaars, Lewis, etc.), humans are highly social creatures with strong needs to fit within the groups. There are many layers of culture, such as family, region, work, gender, and age, based on shared heritage and language. Unlike human nature and culture, personality is both learned and inherited. Personality cuts across cultures, as she/he is unique and reflects the natural variability of human nature. Culture and human nature influence personality, but people, like microcosms, can transcend their natural and cultural inclinations.

Fundamentally, when we teach and learn, we convey culturally loaded attitudes, knowledge, and skills. In fact, we teach culture. Teaching and learning are cultural transmission in action. Therefore, it is critical for teachers and learners to be cognizant of this and take full responsibility to help each other in self-cognition and acculturating in multicultural settings to avoid cultural bias that could impede educational goals. In the upcoming sections of the article, potential approaches to this challenge are suggested.

Researches of cross-cultural and related issues from cultural anthropology generally agree about the relevance of basic cultural values that reflect a culture’s worldview. Basic cultural values are often reflected in certain “key words” and key concepts of a given culture (Shmeliov 2012). To illustrate this, in Anna Wierzbicka’s highly influential book on cross-cultural pragmatics (Wierzbicka 1992), the following generalizations about the basic values of Russian culture are made.

Emotionality: expressing the way you feel (both good and bad feelings) and attention to what other people say about their feelings is considered good in a variety of contexts, including education. From this follows that relationships are part of the shared reality in the construction of culture and are more important than results. Friendship in Russia is deep interpersonal connection that implies both obligation and expectation of mutual support, and interpersonal reality stands for external in many contexts. As sincerity and depth of emotions are valued over impersonal objectivity, one cannot rely on objective methods of analysis and causality.

No-control-over-the-world attitude: the realm of uncontrollable and, thus, unconceivable is broader than expected by an individual from a Western culture, and it makes direct opposition to pragmatism. The realm of uncontrollable and, thus, unconceivable is broad. The course of events is beyond individual control. Things may get worse or go wrong at any moment

Irrationality of the world: one thinks and acts as if not able to always rely on objective methods of analysis and logic. This is related to fatalism and opposed to positivism.

Inclination toward judgmental attitudes: a tendency toward and importance of making ethical evaluation.

These generalizations help to understand the Russian cultural values and thus are represented to a certain extent in the dimensions we will discuss next. The cultural dimensions we interpret in the next section relate to developing social responsibility in context of education.

3 Cultural Diversity in Russia: Challenges Addressing CSR

The cultural dimensions of learning framework (CDLF), adapted from the work of Hofstede and Hofstede (2005), Nisbett (2003), Levine (1997), and Lewis (2006), help to interpret the generalized values, described by Wierzbicka (1992) via the spectrum of cultural differences that impact teaching and learning. Where individuals fall along these dimensions impacts both how teachers see themselves in their roles of carrying out instruction and how students view their own roles and behaviors. Research shows that cultural differences can be usefully described along these dimensions but that within any culture individuals will differ in how strongly they display these tendencies.

In presenting this model of cultural dimensions, Hofstede and Hofstede (2005) discuss the difference between values and practices as layers of culture. In their terms, cultural values are acquired early in life and are the deepest aspects of culture. Cultural practices, on the other hand, are the superficial rituals and norms that are more easily observed. While practices may be reflections of cultural values, they are more subject to change. Frequently though, new and even contradictory looking behaviors may result from the same core values.

In this framework, the following eight cultural dimensions represent values: equality and authority, individualism and collectivism, nature and challenge, stability seeking and uncertainty acceptance, logic argumentation and being reasonable, causality and complex systems, and temporal perceptions. However, in this chapter, we will focus on the categories of social relationships and epistemological beliefs as they relate more closely to a sense of responsibility and, thus, to CSR. We believe that the manifested learning and teaching behaviors described are more than superficial practices. Instead, they are direct reflections of values, and challenging them may conflict with the underlying values.

We hold that those involved in creating new educational ecology may find it useful to prepare for the potential differences they might encounter among learners, belonging to a certain national culture. It may also be useful for teachers to recognize their own beliefs and behaviors to help increase flexibility in teaching design and create stronger empathy for learners. However, unanticipated differences may likely occur, as well.

The cultural dimensions of learning framework describes *social relationships* in the realm of equality and authority, individualism and collectivism, and nature and challenge. It describes the *epistemological beliefs* in the realm of stability and

uncertainty acceptance, logic argumentation and being reasonable, and analysis and holism. We will interpret these dimensions within the Russian culture with reference to developing CSR in the context of education.

In our personal view, it is social relationships in the realm of equality and authority that impact CSR development to a great extent. CSR is viewed here via the impact social relationships produce on the way people display responsibility toward each other and the environment they function in. For example, according to the Russian pedagogical tradition, a teacher has higher status than a student (Sternina 2003). This tradition of treating teachers as having unchallenged authority dates back to several centuries in Russian history and mirrors the way the hierarchical system generally functioned in the Soviet times. “*Sistema* is an open secret in Russia that has a powerful grip over the society. It represents common, yet not articulated, perceptions of power. . .” (Ledeneva 2013: 67).

Educators, if treated as authority figures, are perceived to have a significant effect on the learners’ beliefs, values, and assumptions. In the language of a critical social theory, intergenerational propagation of beliefs, values, and assumptions constitutes a negative feedback loop that maintains the stability of a system. The education system preserves the existing good narrative (Mishra 2005), the prevailing power difference of power difference or cultural hegemony between educators and professors—high power—and students—low power. Those within such a system have no other frame of reference nor the vocabulary to articulate views contrary to the prevailing system (Foucault 1980). Paolo Freire identifies this type of education as a system of oppression (Freire 1970).

As a consequence of being raised in such a social system, where the unchallenged authority creates “the culture of privileges, which is resistant to regulation,” a lack of trust and tolerance occurs among the people. Such a society, as a rule, is characterized by nontransparency and manipulation of rules. As Harrison states, “the syndrome of trust, tolerance and participatory values tapped by the survival/self-expression dimension seems particularly crucial in context of CSR” (Harrison 2003).

We consider that this challenge of developing students’ and teachers’ individual and social responsibility can be addressed by developing trust and tolerance in the frames of a meaning-centered approach in education, which “aims at minimizing unnecessary and arbitrary power distance between students and instructors because it rests on claims of validity and merit, not on unquestioned power and claims of privilege” (Kovbasyuk and Blessinger 2013: 14). According to Leontiev, meaning-based regulation of human behavior entails free choice, responsibility, and self-determination, which are vital to the full development of personality (Leontiev 2007). Meaning-centered education aims at supporting the full development of a personality, so meaning-based regulation of behavior becomes a key task for everybody involved in such education. We believe that authentic contexts in education are critical, and these contexts usually take the form of complex full-scale problems representative of real world tasks. For example, action-based Model United Nations simulations, Imagine Peace projects, and learning-by-doing

programs engage learners in “sensemaking” about issues important to society and important to themselves.

Another example, which the author applied in her teaching is the Meaningful Life Orientation Model, based on Psychology of Meaning (Leontiev 2007) to facilitate developing self-regulation and goal orientation, which proved to raise the locus of students’ individual responsibility over one’s own life and social responsibility, as a consequence (Kovbasyuk 2009). The model is a recent adaptation of the “Purpose in Life” program (Carver and Scheier 1998) designed on the basis of Frankl’s theory of “meaning in life.” The major outcome of the meaningful education is the learner’s “awakened” ability to self-evolve as a mature personality, capable of self-determining the direction and quality of her or his life. “This outcome is less accessible in a traditional way as it is pervasive and involves experiencing a deep structural shift in the basic premises of thought, feelings and actions. It is a shift of consciousness that dramatically and permanently alters our way of being in the world” (Nagata 2006: 12).

Individual’s being in the world is also influenced by the evolution of the global education ecosystem at the end of the twentieth and the beginning of the twenty-first century, which makes it less constrained by geographical proximity than in the past. The emergence of global communication technologies provides both opportunities and challenges for education. Opportunities lie within the potential to break down informational and pedagogical oppression by providing dynamism and shared ownership of information (Kovbasyuk and Rimington 2012).

The next dimension we refer to within the social relationships realm is the collectivistic nature of Russian culture, which is represented in loyalty to groups people belong to. This feature is historically conditioned and deeply ingrained in the mentality of the Russians. The notion of communal space, for example, is a well-known one, which resulted drastically in the mentality of people, namely, in their skeptical attitude to privacy. The loyal attitude to the communal space seems hard for understanding to anyone who has never lived through such an experience. This is how an American teacher reflected visiting a well-known historical place in Irkutsk, Siberia, which was turned into communal apartments:

“I am the only visitor to the Volkonsky House, now a museum, quite an elegant wooden structure with high ceilings and grand dining room. It was the house of Count Sergey Volkonsky, one of the Decembrists, revolutionaries, exiled to Siberia after trying to topple the czar in 1825. . . During Soviet times, the docent explains, this house was turned into communal apartments. I wonder, how many people were squeezed into these rooms. Did they hang sheets between the families who shared the dining room? Did they stroke the enormous wood stoves? Was there a scramble to live closer to the stove?” (Leskes 2011: 55).

However, the recent research shows that the younger generation is rapidly developing individualistic attitudes (Moskvina and Kovbasyuk 2015). Cooperation in education is common, although competition is currently facilitated and advancement is praised. Earlier, in the Soviet times, average was used as the norm, so sticking out was not common, and individual achievement was not praised or recognized. The typology of cultural factors influencing the progress in the

development (Harrison 2003) confirms that “the way a culture views the value of the individual has an important influence on the degree of trust. The favorable culture respects and has faith in the individual, a faith on which egalitarianism and decentralization are based. The resistant culture is suspicious of the individual, and suspicion breeds mistrust, authoritarianism and centralization” (Harrison 2003).

It is my personal observation as an educator with more than 30 years’ experience that the younger generation is shifting their attitudes regarding individual achievements and becomes more self-reliant and self-responsible.

To illustrate this further, a case from Russia, the USA, and Sweden is used (Kovbasyuk and Rimmington 2012). A group of educators from these countries has been attempting to answer a critical educational need: the development and implementation of a curriculum designed to foster developing students’ intercultural competence. The need of such a curriculum emerged from a very practical goal: how to best prepare global graduates for the twenty-first century. The results of this collaboration went far beyond creating the curriculum.

To make possible cross-cultural connections, we focused on innovative use of collaborative digital technologies together with colleagues from Stanford (USA) and Orebro (Sweden) universities. Through pedagogical activities implemented via videoconferencing, we challenged each other to explore multiple perspectives on leadership and educational environments that embody cultural values, such as individualism vs collectivism, explicitness vs implicitness, and formality vs informality. The findings can be illustrated by the following blog of a Russian student (Katya Vlasenko):

It took me a while to understand how important it is to develop trust to each other when one works in a team. It only happened after regular meetings, discussions, reflections, when we, students and teachers, managed to join our efforts to accomplish the assigned research in rhetoric and intercultural communication. My own discovery—I am able to rely on self and trust others, and I can take full charge of my own actions in life. . . .

The second dimension we refer to, in the frames of cultural diversity and CSR in Russia, is epistemological beliefs. This dimension is related to stability, which was manifested in Russian education by structured learning activities and a focus on getting the right answers. We again draw back to the Russian history, when “after the Soviet regime has fallen, people feared the uncertainties of the market and yearned for for the safe tedium of state employment” (Harrison and Huntington 2000: 68).

The fear of uncertainty is still dominating in the Russian society. As a consequence, being right is more important than achieving practical and socially acceptable outcomes in Russian schools. “Debates traditionally play a great role in Russian communication, Russians easily express their opinion on every issue, they tend to clear up who is right and who is wrong, but often the logic is missing” (Sternina 2003). Consensus is desired but often avoided because it leads to compromise, which the Russian culture is “considered unworthy, and a manifestation of absence of a guiding principle” (Sternina 2003).

As we draw to the organizational culture of academic institutions, analyzed by HETL members using the Human Synergetic International (HSI) and Organizational Culture Inventory (OCI) surveys (Zeine 2014), some studies have shown that organizations can lose their vitality and begin to age as they remain unable or unwilling to evolve and change. Sticking to the “right” or “wrong” position removes many more options from consideration and thus, can lead to social and personal rigidity.

We hold that learning through direct experience opens up rich variability of the world and prevents rigidity in students’ thinking and doing (Potosky et al. 2013). These direct experiences include games, simulations, and activities that directly engage students in ways that enable them to experience and construct information first hand. Active learning through direct experience includes case-oriented methods, such as problem-based learning (PBL), in which students collaboratively solve problems and reflect on experiences. Teachers may work as facilitators in a staged learning activity. The process of inquiry begins with an experience of not knowing what to do next and leads to finding answers through collaborative inquiry with fellow learners. This activity is a profound shift from dependence on available expertise and pride in self-learning to learning with and from others, disclosing doubts and admitting ignorance.

An example of experiential learning we can refer to is the innovative graduate program, called Kraus Lab, within the European business school, I. Kant Baltic Federal University, where the author teaches. In fact, it is a community of students, teachers, and entrepreneurs. Learning-by-doing is its guiding principle. The program aims at developing students’ professional competences such as teampreneurship, design thinking, intrapreneurship, and intercultural competence, which are in demand on the global market. In order to foster the development of such competences, we apply practical projects and cases from existing companies all over the world, along with funding own start-ups, providing customer service, making research in learning sets and big deals, providing trainings and seminars in the community, producing essays, and constructing dialogues, etc. Students choose and take charge on their individual study tracks, while mentors from real business facilitate developing their business competences. Thus, students, teachers, and professionals from business create meaningful space for all to grow personally and professionally and bring positive changes to society.

We are open to the world and learn together with experts, business people, and scholars from the local/global community. In partnership with our international partners, we launched the Design Thinking School, Intercultural Communication School, Social Entrepreneurship School, and Business Training School, which operate on the principles of meaning-centered education.

As Wlodkowsky (1999) noted, experience can lead to miseducative experiences, in which experiences do not produce learning or in which students learn the wrong thing from an experience. In our graduate program, we involve a conscious choice in learning, along with all the skills needed to exploit the experience, including analytical, observational, reflective, decision-making, and problem-making skills. It is too early to announce the results of such learning, although students

demonstrate high personal involvement and responsibility for the projects they initiate in the local community, like prototyping a botanic garden. They are able to reflect well in the essays they write on the valuable experiences they gain. Additionally, they created Learning Sets to do research in various aspects of cross-cultural management, to be better prepared for the global market. They clearly do not have fear of uncertainty; they are ready to embrace it and create new contexts in their lives.

4 Remaining Questions and Conclusion

Cultural diversity presents both rich opportunities and many challenges. Opportunities lie in the realm of developing students' cultural sensitivity and intercultural competence for them to be able to succeed in the global market. Challenges relate to cultural self-discovery and the way we unconsciously transmit our cultural values in teaching/learning. In fact, research is also culturally bound, by the situation in which it is performed, the availability of participants, by the chosen research questions, and what is considered acceptable as evidence. This makes it critical for educators to help each other in self-cognition and acculturating in multicultural settings to avoid cultural bias that could impede educational goals.

We hope this article will help understand cultural behavior of Russians, in relation to education and CSR, to both international and Russian people, as it addresses the dimensions of social relationships and epistemological beliefs, which constitute a major part of why the Russians say, think and do the way they say, think and do.

We also hope that the examples we provided in the context of meaning-centered education will serve to facilitate rethinking of whether educational approach may influence cultural values, inherited in the mentality and if it can, then how to employ it, with respect to the cultural heritage and sensitivity to the diversity we deal with.

Many questions remain; the answers to which may help provide additional understanding and guidance for the utilization of meaning-centered approach along with other educational approaches to cope with the dynamism of convergence and divergence occurring in the global world and in education specifically.

- Which cultural dimensions are most important to consider in relation to CSR?
- Which cultural values provide the most difficulty for adaptation to the multicultural teaching/learning environment?
- What roles do these cultural dimensions (and others not identified here) play in the choice of educational strategies?
- How might meaning-centered education be adapted to fit a multicultural context?
- What cultural values are impacted when applying meaning-centered approach and how do we measure this impact?

- How do generational differences of both students and educators affect their location along the dimensions? What role does the age of students play in determining the cultural rootedness of the values they demonstrate?

References

- Berge Z (2007) Training in the corporate sector. In: Moore MG (ed) Handbook of distance education, 2nd edn. Lawrence Erlbaum, Mahwah, NJ
- Carver C, Scheier M (1998) On the self-regulation of behavior. Cambridge University Press, New York
- Crystal D (1997) English as a global language. Cambridge University Press, New York
- Foucault (1980) Power/knowledge: selected interviews and other writings, 1972–1977. Pantheon, New York
- Freire P (1970) Pedagogy of the oppressed. Continuum, New York
- Harrison L (2003) Who prospers: how cultural values shape economic and political success. Basic Books, New York
- Harrison L, Huntington S (2000) Culture matters: how values shape human progress. Basic Books, New York
- Hofstede G, Hofstede GJ (2005) Cultures and organizations: software of the mind, 2nd edn. McGraw-Hill, New York
- Kovbasyuk O (2009) The role of meaning in raising personality. Selected scholarly publications on communication and culture. MGU, Moscow
- Kovbasyuk O, Blessinger P (eds) (2013) Meaning-centered education: international perspectives and explorations in higher education. Routledge, Abingdon
- Kovbasyuk O, Rimmington G (2012) The changing environment in higher education. In: Kazeroony H (ed) The strategic management in higher education. Business Expert Press, New York
- Ledeneva A (2013) Can Russia modernize? Sistema power networks and informal governance. Cambridge University Press, New York
- Leontiev D (2007) Psychology of meaning. Smysl, Moscow
- Leskes V (2011) Lost in Siberia. Izvestiya, Irkutsk
- Levine R (1997) A geography of time. Basic Books, New York
- Lewis R (2006) When cultures collide: learning across cultures, 3rd edn. Nicholas Brealey International, Boston
- Mishra V (2005) What is multiculturalism? Portal J Multidiscip Int Stud 2(2):2–47
- Moskvina N, Kovbasyuk O (2015) Modernization of Russian higher education: progress and opportunities. In: Blessinger P, Anchan J (eds) Democratizing higher education. International comparative perspectives. Routledge, New York
- Nagata A (2006) Transformative learning in intercultural education. Rikkyo Int Commer Rev 4:39–60
- Nisbett R (2003) The geography of thought. How Asians and westerners think differently. . . And why. Free Press, New York
- Potosky D, Spaulding J, Juzbasich J (2013) Meaning-centered experiential learning. In: Kovbasyuk O, Blessinger P (eds) Meaning-centered education: international perspectives and explorations. Routledge, Abingdon
- Proshina Z (2014) Russian English: pride or prejudice? In Communication Issues. Selected Scholarly Papers. MGU, Moscow
- Schwier R, Campbell K, Kenny R (2004) Instructional designer's observation about identity. Communities of practice and change agency. Australas J Educ Technol 20(4):69–100

- Shmeliyov A (2012) Russkaya jazykovaja model mira: Materialiy k slovarju. Yazyki slavyanskoi kulturi, Moskva
- Sternina M (2003) Russian and American communicative behavior. Istoki, Voronezh
- Wierzbicka A (1992) Semantics, culture, and cognition: universal human concepts in culture-specific configurations. Oxford University Press, New York
- Wlodkowski R (1999) Enhancing adult motivation to learn: a comprehensive guide for teaching all adults. Jossey-Bass, San Francisco, CA
- Zeine R (2014) Organizational culture in higher education. *Appl Res Higher Educ* (6):34–50

Corporate Social Responsibility: ThirdPlaceLearning for Absorbing Diverse Perspectives

Glyn M. Rimmington and Mara Alagic

Abstract In this chapter, we consider the stakeholder approach to proactive corporate social responsibility (CSR), which hinges on company executives and managers absorbing diverse stakeholder perspectives and vice versa, so that communication and decision-making can be meaningful. The ThirdPlaceLearning (TPL) framework, with associated relational criteria, facilitates systematically learning and absorbing the diversity of stakeholder perspectives. Application of TPL in this way represents a paradigm shift toward absorbing stakeholder and contextual complexity. This paradigm shift underpins complexification of business structures and processes, skillful management of diversity, and improvement of financial performance, as well as ensuring social and environmental sustainability. Together, these attributes can help businesses nurture proactive CSR, which in turn can help successfully avoid or respond to crises.

1 Introduction

For the purpose of this chapter, *corporate social responsibility* (CSR) is defined as the proactive response to global and local stakeholders' concerns about the effects of a corporation's production life cycles on environmental, social, and economic sustainability (Van Marrewijk 2003). CSR will almost always be *global* in nature (Dahlsrud 2008), since few businesses will have no effect upon citizens and the environment in other parts of the world. Proactive, stakeholder-based, global CSR can add value to financial performance, sustainability, and crisis response and preparedness. The latter can prevent significant losses or bankruptcy for companies

G.M. Rimmington (✉)

Fairmount School of Liberal Arts & Sciences, Wichita State University, Wichita, KS 67260-0142, USA

e-mail: glyn.rimmington@wichita.edu

M. Alagic

College of Education, Wichita State University, Wichita, KS 67260-0028, USA

© Springer International Publishing Switzerland 2017

K. Hansen, C. Seierstad (eds.), *Corporate Social Responsibility and Diversity Management*, CSR, Sustainability, Ethics & Governance,

DOI 10.1007/978-3-319-43564-0_16

(Kash and Darling 1998). Crises can also expose CSR being used as a veneer to obscure lack of genuine commitment (Janssen et al. 2015). Proactive social responsibility involves actively seeking, responding to, collaborating with, and empowering a diverse array of stakeholders. This proactive approach requires ongoing conversations with the stakeholders, internal and external, local and global. *Actively listening* to all stakeholders, learning, understanding, and absorbing their multiple perspectives, coupled with neutralizing the negative effects of *power differences* between internal (company representatives) and external stakeholders will lead to a broader, more diverse, and adaptive governance structure.

The quest for managing diverse perspectives and their integration into high-level decision-making requires positive *intercultural sensitivity* that respects and even celebrates those diverse perspectives, which can add value to the business (Torugsa et al. 2012). To achieve increased stakeholder participation in decision-making, executives and stakeholders need to move beyond binary positions through systematic inclusion of a *dialectic flow of thinking* into conversations between stakeholders (Wong 2006; Wood and Petriglieri 2005). Consistent with the real-life situations, the global context is more *complex* than just *complicated* due to the expansion of the diverse stakeholder base with inherent diverse perspectives, and success is more likely if management structures and processes are complexified (Kurtz and Snowden 2003). The challenge remains to recognize and implement appropriate diversity management strategies in such a complex context.

The systematic management, by absorption of diverse stakeholders' perspectives and translation from these into decisions that avoid adverse effects, is needed for proactive, stakeholder-based, global strategies to work. The associated communication strategy necessitates learning the perspectives of others and self, perspective-sharing and perspective-taking (Alagic 2009; Rimmington and Alagic 2008, 2010). A *ThirdPlaceLearning* (TPL) framework is presented here for achieving this systematic communication strategy to learning and absorbing stakeholders' perspectives, which in turn adds value to communication. TPL is based on the notion of moving one's vantage point away from self or other, to a third place (or space) (Bhabha 1994) from which each others' and one's own perspectives can be viewed critically. A third-place vantage point can be achieved through a *dialogic* approach of questioning, sharing, reflecting, learning, and *absorbing perspectives*.

For the purposes of this discussion, to *absorb* another person's perspective enables you to step into that individual's perspective and to see the world the way he/she sees it, to wear his/her shoes, or to look through his/her eyes. Awareness of others' perspectives can improve negotiations, conflict resolution, and collaboration between stakeholders. TPL employs certain conditions and processes that increase the likelihood of successfully absorbing the perspectives of stakeholders. *Conscientization*, or being aware of where one is in the power position matrix (Freire [1968] 1970), and how it affects each stakeholder, also significantly influences the learning and absorption of other stakeholders' perspectives. In addition to conscientization, additional TPL relational criteria—*critical co-reflection*, *active*

listening, dialectic thinking, intercultural sensitivity, and bodymindfulness—can catalyze absorption of perspectives (Alagic 2009).

In the first part of this chapter, we consider the value of absorbing the complexity of diverse stakeholders' perspectives as part of company's CSR activities and decision-making, particularly during times of crisis. Then in the second part, we expand on the TPL framework as a tool for absorbing stakeholder perspectives, as a prerequisite for better stakeholder communication, complexifying diversity management structures and processes and implementing adaptive governance.

2 Part I: Absorbing Complex Stakeholder Perspectives for CSR

2.1 Proactive Stakeholder-Based Global CSR

Dahlsrud (2008) presents an analysis of 37 different CSR definitions from the literature. The definitions of CSR have evolved (Madrakhimova 2013) and continue to vary according to context. However, for the purpose of this chapter, *corporate social responsibility* (CSR) is defined as the proactive response to global and local stakeholders' concerns about the effects of each stage of a corporation's product life cycle on environmental, social, and economic sustainability (Van Marrewijk 2003). CSR will almost always be *global* in nature (Dahlsrud 2008), since few if any businesses can claim to have no effect upon citizens and the environment in other parts of the world. Almost without exception, business enterprises, large and small, are operating with global links to suppliers, customers, or people, who can be adversely affected by the business's operations. For example, TEPCO, the company in Japan that operated the Fukushima Daiichi nuclear reactors, lacked adequate contingency plans to handle disasters of the magnitude of the March 11, 2011, Tohoku earthquake and subsequent tsunami. It was unable to deal adequately with the meltdown and leak of radioactive isotopes, such as iodine-131, some of which reached the Eastern Pacific Ocean (Thakur et al. 2012).

Sustainable development also focuses on how to achieve the integration of economic, environmental, and social imperatives into company management. Further, Van Marrewijk (2003) contends that social and environmental concerns need to be considered within operations and during interactions between stakeholders. *Product lifecycle management* (PLM) is the process of managing the entire lifecycle of a product from its inception, through design and manufacturing, to service, and finally disposal or recycling of manufactured products that can no longer serve their intended purpose (Karniel and Reich 2011). Traditionally, *shareholders* have been the sole *stakeholders*, and the company has focused exclusively on economic growth and improved profitability. With increasing attention on CSR, the concept of stakeholder has been broadened to include customers, employees, financiers, regulators, community, and supply chain members both upstream and

downstream from the company under consideration (Freeman 1984). The broader stakeholder approach tends to have a long-range planning horizon (Branco and Rodrigues 2006; Hess et al. 2002; Porter and Kramer 2002). A proactive approach to stakeholder-based corporate governance tends to support social cohesion and equity and workplace health and safety and encourage internal stakeholders to become involved, proactive, and engaged citizens, which strengthens relationships with all stakeholders and society in general (Torugsa et al. 2013). Additionally, companies with a proactive approach to CSR tend to value environmental integrity and protection and encourage eco-efficiency, minimize pollution, and develop ecological leadership. There is empirical evidence for improved financial performance for companies, which pursue proactive CSR (*Ibid.*). Further, Torugso et al.'s (2013) study provided some insight into the contextual *complexity* of CSR relative to a substantial number of variables and inherent tensions between concepts behind these variables, which further demonstrates the need for effective ways for managing the complexity of real world contexts and stakeholder relationships.

2.2 *Contextual and Stakeholder Relations: Complexity Absorption*

Complex systems such as CSR contexts, with multifaceted and intricate relationships among diverse stakeholders and their particular perspectives, interests, concerns, and beliefs, will exhibit behaviors that cannot be predicted or analyzed using a traditional reductionist approach that tends to assume first-order, linear, cause-and-effect relations. In other words, there are no simple models that can capture this complexity for developing appropriate management strategies. Further, making the simple model more complicated does not necessarily improve predictability either (Kurtz and Snowden 2003).

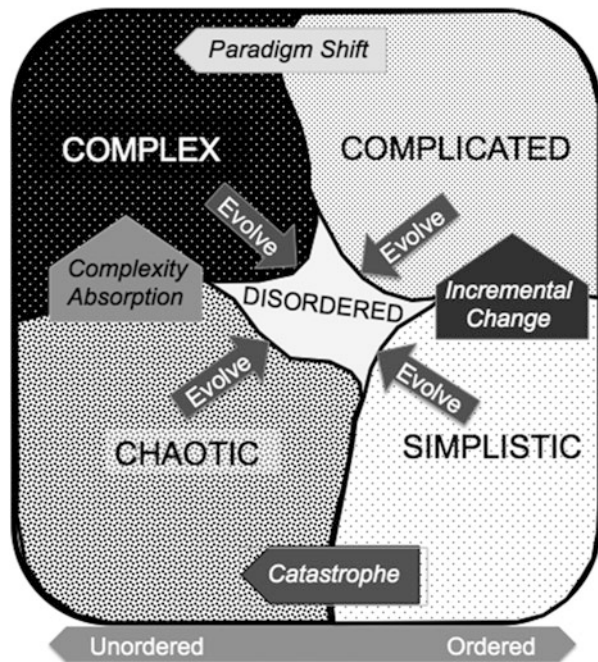
Reductionist approaches are of limited value when trying to determine how underlying micro-level structures, processes, or responses can explain macro-level behaviors, since complex systems exhibit *crypticity* or *irreducibility* (Gell-man 1995). An important regularity within complex systems is *self-organization*, rather like bees in a beehive. Each bee has a limited set of behaviors and responses to the behaviors of other bees, but these simple behaviors collectively lead to complex structures such as the honeycomb of beehives or processes such as finding and harvesting available pollen. So too, component parts of large organizations interact according to simple or complicated protocols, and from these, overall organizational behavior emerges. At different scales, complex systems may also exhibit *self-similarity* or similarity of patterns within patterns as seen in stock market fluctuations (Mandelbrot 1999). Finally, an emergent regularity of many complex systems is *chaotic* macro-level behavior that can result from sensitivity to initial conditions, tendency for the system state to suddenly diverge from quasiperiodic pattern or island of stability (dense periodic orbits), and tendency for widely distributed

system states to suddenly converge (topological mixing). For example, within a supply network, variations in demand for specific components of some assembled product by an upstream manufacturer can result in chaotic variation in production of those components by a diversity of downstream suppliers if they respond to demand changes in a simplistic fashion (Helbing 2003, 59).

Success for businesses operating in a complex, unpredictable, and evolving *context* arises most often from having deliberately *absorbed* the contextual complexity into a complex adaptive system (CAS) for achieving *optimality* among multiple, contextual structures, processes, responses, and relationships. It is important to realize that a business is not an isolated CAS operating in a vacuum, but rather is itself operating within a context, which is a collection of CASs and therefore is *coevolving* along with other contextual CASs (Boisot and Child 1999; Gell-man 1995). A relevant example here is the coevolution of diversity management strategies and policy in relation to diversity within the business and more broadly within society as a whole. As a society becomes more diverse, then governments will make policies (legislation) to prevent discrimination or inequity. In response, businesses will need to absorb these and adopt appropriate, adaptive diversity management strategies.

As we focus on stakeholder approach to CSR and consider governance of businesses in the face of complexity generated by local and global stakeholders' relationships and their various perspectives, it may be helpful to apply ideas associated with the *Cynefin* framework (Fig. 1), described by Kurtz and Snowden (2003, 470), which deals with how "...people perceive and make sense of situations

Fig. 1 The generalized Cynefin framework.
Adapted from Kurtz and Snowden (2003, 468)



in order to make decisions. ...” The framework provides an alternative to traditional decision-making models that depend on *order*, *rational choice*, and *intentional capability* (O’Neil 2004). In the Cynefin framework, there is a domain called *simplistic*, (also called *obvious* or *known*), which is based on past practice and regarded as appropriate for the future. It relies on a first-order, linear, cause and effect, the “right” way of operating, the way it has always been done. The simplistic domain (Fig. 1) borders on another domain, named *chaotic*, and this border represents a transition that will occur if a business continues with past practice, even when external conditions change unexpectedly and suddenly. The result is that the business descends into crisis management to deal with unpredictable system behaviors using the old cause-and-effect models.

Given a less orderly future, the rationale for decision-making based on past assumptions has less value. There is a realization that more attention needs to be focused on contextual factors, individuals’ perspectives, and the application of dialectic thinking and other TPL relational criteria. The simplistic domain, with its traditional decision-making, is limited to existing capabilities rather than the development of new, context-sensitive, and adaptive strategies that are based on absorption of multiple perspectives. In addition to the simplistic and chaotic domains, the Cynefin framework includes the *disordered*, *complicated*, and *complex* domains (Fig. 1) (Kurtz and Snowden 2003). The two domains on the right in Fig. 1 are named *ordered*, while the two domains on the left are named *unordered* according to Kurtz and Snowden’s (2003) nomenclature. The boundaries (Fig. 1) between these domains are dynamic and context sensitive and may change in shape, as illustrated in the figure: *paradigm shift*, *incremental change*, *complexity absorption*, and *catastrophe*. Figure 2a captures the transition from the *stereotypical* and *dimensional* domains to *ThirdPlaceLearning* through a *paradigm shift* away from

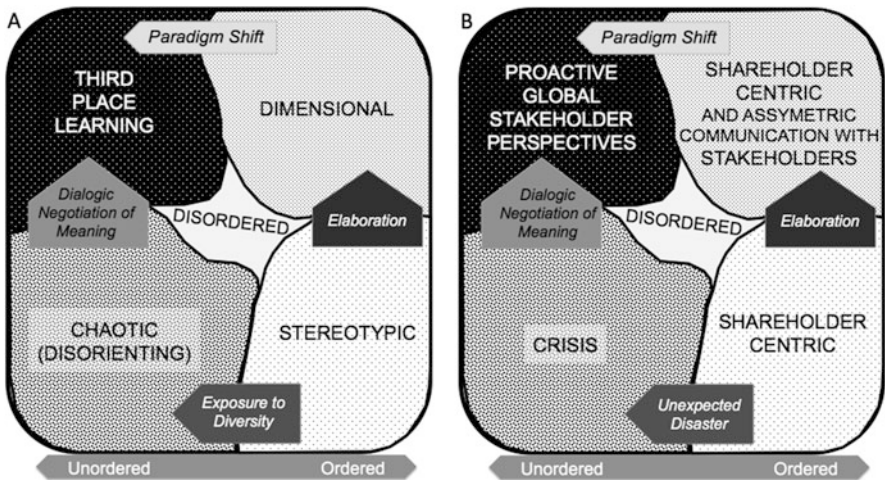


Fig. 2 Cynefin framework applied to (a) intercultural communication and (b) CSR implementation

the *ordered* domains. The new paradigm uses *dialogic negotiation of meaning* to absorb the complexity of multiple stakeholder perspectives to emerge from the chaos of *disorientation*. In the case of CSR (Fig. 2b), incremental improvement is sought by transition from *shareholder-centric management strategies* to the addition of *asymmetric communication with stakeholders*. This is merely increased complication of management and communication within the ordered (right-hand) domains within the old paradigm. The new global, stakeholder-based context is more complex than complicated, because cause and effect is the exception more than the rule; reductionism fails since past behavior at the micro level of the system does not reveal any useful information about macro-level system behaviors and decision-makers need to absorb diverse stakeholder perspectives.

A business may slide over the edge from the ordered domains into the chaotic domain, particularly during an unexpected crisis, when its managers are ill-prepared with a stereotyped stakeholder approach (Fig. 2a) and shareholder-centric management approach (Fig. 2b).

The paradigm shift toward two-way communication with, and empowerment of, stakeholders works in parallel with absorbing stakeholder perspectives (Fig. 2a, b). This new paradigm will result in an organic, complexified internal structure (Walters and Bhuian 2004; Wilding 1998) that reflects the new more complex context faced by the business. Absorption of multiple stakeholder perspectives is catalyzed by TPL relational criteria (see Fig. 4), such as dialectic thinking along with continual evolution of adaptive strategies. *Complexity absorption* contrasts with the less relevant and less useful strategy of complexity reduction (Dominici and Roblek 2015; Wilding 1998), which is limited to the ordered domains.

Examples of companies that operated predominantly in the ordered domains and consequently fell over the edge into the chaotic domain include BP, which had to deal with the consequences of the Deepwater Horizon blowout and leak in 2010 (Cherry and Sneirson 2011; Flournoy 2011) and/or Nike, which was faced with adverse publicity associated with having outsourced some parts of its business to locations that used child labor (Grattan et al. 2011). Without realizing it, both were operating in new, emerging, complex contexts (Dominici and Roblek 2015), but unfortunately, they had persisted with a focus on economic performance, without taking advantage of the value of input from a diverse and expanded stakeholder base. A myriad of stakeholders came into play unexpectedly and unfavorably for BP. Oyster farmers, fishermen, tourist operators, environmentalists, and many others were adversely affected by the explosion, fire, and leak (Cherry and Sneirson 2011; Flournoy 2011). Adding to the difficulties, this played out while being watched in real time on the world media by millions of people. In the case of Nike, communities associated with the outsourced workers, the child laborers, and human rights activists became new stakeholders that had an effect, which could dominate the bottom line. These and many other businesses cannot prosper in the long term if they continue with an exclusive focus on profit and shareholder value. To deal with future calamity, it will be an advantage for companies to increase the number and diversity of stakeholders and to integrate their input into the company's governance structure and process. Irrespective of the sincerity of CSR

implementation in BP or Nike, exposure in the mass media of the shortcomings described above rendered any perceived CSR marketing as an insubstantial veneer.

2.3 CSR Rhetoric and Action Before and During a Crisis

A corporation's CSR rhetoric and actions communicate to stakeholders the values and culture of a corporation relative to societal and environmental challenges and illustrate organization's willingness to engage in activities beyond its primary function and contribute to the social and environmental well-being of a society. Corporate CSR rhetoric may or may not match the CSR actions. Among different beliefs about the role of CSR during a crisis, it seems that one is, "...insulating the firm from the negative impacts of a crisis..." (Janssen et al. 2015, 183). Janssen et al.'s (2015) research focused on stakeholder reactions to a company's behavior during a crisis given different levels of CSR rhetoric and action. They used a response strategy during crises and formulated a framework to facilitate not only understanding the value of CSR rhetoric and action during a crisis but also provide insight into *crisis management* as it (i) increases stakeholders' attention to crises, (ii) affects blame attributions, (iii) raises expectations, and (iv) changes stakeholders' evaluations of corporate crises. The degree of insulation from the negative impacts of a crisis that CSR provides for a company will depend on how well its actions match its rhetoric. A key characteristic of a company is whether its underlying motives match its prior CSR rhetoric. In turn, rhetoric prior to a crisis can build stakeholder *expectations* and even influence how well stakeholders will *identify* with the company. Janssen et al. (2015) view crises in terms of their type, severity, and blame. The crisis itself may relate to a CSR issue, such as ethics or to some other non-CSR problem. Some crises may be severe and others not. A company may accept an appropriate level of blame or it may become defensive and deny any blame. *Severe* crises that involve a *lapse of CSR* and for which a company *accepts no blame* would constitute the worst-case scenario and generate the most negative response among stakeholders. A *minor* crisis, *not related to CSR*, for which the company *accepts blame* and takes responsibility to remedy, may generate little or no response from stakeholders. In the worst-case scenario, if the company has *no motivation* to pursue CSR and its rhetoric has led stakeholders to have *low expectations*, then stakeholders' reactions to crisis may be relatively benign. If, however, prior rhetoric claims in effect that the company is motivated by CSR and it falsely raises stakeholder expectations and strong identification with the company, the stakeholder's response to a worst-case scenario could flip from being supportive to being strongly negative. In other words, prior rhetoric on CSR could insulate the company up to a point, and then past that, it would amplify negative connotations of the crisis. Therefore it is important for companies to seriously consider integrating CSR into their structure and governance through a robust network of stakeholders. Rhetoric concerning CSR should not be overstated so as to deceive stakeholders, whose expectations and degree of identification with

the company will be falsely raised. Rhetoric should match reality. To build an extensive network of relationships with stakeholders, company decision-makers need to systematically absorb the perspectives of a diverse array of stakeholders. In the next part of the chapter, we describe the role of TPL in a more systematic approach to working with diverse stakeholders.

3 Part II: Absorbing Diverse Stakeholders' Perspectives

Institutional diversity is reflective of institutional logics, "...socially-constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality..." (Thornton and Ocasio 2008, 804). The interdependence between corporations and economic systems, ecosystems, and society is reflective of multiple institutional logics and their management, resulting in a unique institutional culture inclusive of an institution's CSR. In this context, Mazur (2013) explores multiple, pluralistic institutional logics of CSR: *economic, social, ethical, and environmental*. She concludes that particular actions taken by companies in the CSR framework have been usually presented in a way that it was not linked with the overall institutional objectives and coexisting logics that can be conflicting and reinforcing, depending on how they are facilitated and combined in daily practices. Rather, the economic dimension of CSR and related sustainability should relate to all aspects of the effects that a business's operations have on the surrounding community and on the stakeholders. Tensions between economic and social/environmental logics are inherent to the CSR context. Balancing these logics within an institutional culture will be essential for developing meaningful CSR. Mazur (2013, 39) contends that, "[W]hen ethics are framed as means to economic ends, some social responsibilities have a tendency to be disregarded in practice."

Stakeholder diversity, if well managed, is considered to be a source of creativity and innovation, which can confer a competitive advantage. Poor diversity management, on the other hand, may lead to workplace misunderstandings and conflict and consequent decline in competitiveness. The challenge of managing an apparent paradox may emerge from the interplay of advantages and disadvantages of workforce diversity. In the context of multiple, pluralistic institutional logics of CSR and resulting institutional culture, managing diversity as a social logic facilitated with consistent implementation of the TPL relational criteria within a company has a twofold purpose: to eliminate discriminatory practices and to help a company gain a competitive advantage from the positive effects of diversity on the team collaboration and innovation. This advantage can, in turn, improve organizational performance (Cox and Blake 1991; Mazur 2013; Yang and Konrad 2011). The transition from a traditional organization structured as functional silos to a team-based, cross-functional, diverse, globally distributed organization may serve as a useful template (Bassett-Jones 2005).

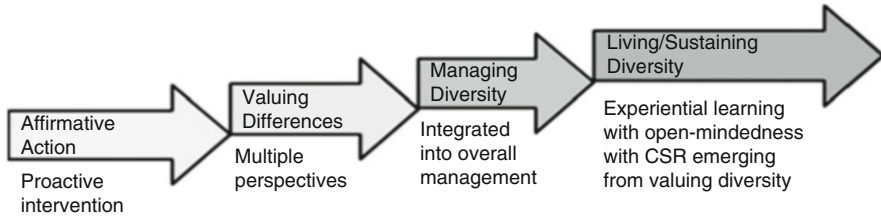


Fig. 3 Diversity timeline: from affirmative action toward living and sustained diversity. Adapted from Rosado (2006, 10)

In the quest for effective diversity management, characteristics that foster and value cultural differences, by providing for all voices to be heard, including all members of the organization as equals, in an ongoing acculturation process, are essential (Cox 2001; Thomas and Woodruff 1999). Stated another way, the goal is to develop a heterogeneous, pluralistic organizational culture respectful of different value systems by nurturing equality in the work environment. Achieving social justice by creating an organizational environment in which individuals are neither privileged nor disadvantaged on the basis of individual differences may lead to increases in productivity and profitability. Diversity management may be characterized by *voluntariness*, *broadness of diversity*, and the goal of *providing tangible benefits to the company* (Barak 2013).

The foundation of effective diversity management resides in the heterogeneity of the organization's stakeholders, sensitivity to their needs, integration of their contributions, and empowerment of all stakeholders and their subgroups. Rosado (2006) refers to these imperatives as the dynamics of affirmative action, valuing differences, managing diversity, and living/sustaining diversity, along the timeline starting in the 1960s (Fig. 3). This type of change toward living and sustaining diversity requires proactive reconceptualization of diversity management for which TPL relational criteria and their application provide a guiding framework.

A stakeholder approach to an effective diversity management, as part of proactive individual social responsibility, requires an effort by company decision-makers to absorb the perspectives of stakeholders. This is the focus and purpose of the TPL relational criteria, which are in turn defined as certain conditions and processes necessary to facilitate the co-construction of meaning needed to share and absorb stakeholders' perspectives as part of individual social responsibility.

3.1 *ThirdPlaceLearning Relational Criteria*

Learning and absorbing multiple stakeholders' perspectives is essential for avoiding miscommunication and misunderstandings when communicating, collaborating, and negotiating. The path to absorbing another stakeholder's perspective is paved with intensive, ongoing dialog that takes stakeholders toward knowing a

great deal about how his/her cultural and professional background; life experience and context have shaped that perspective. The dialog comprises sharing, asking, answering from the other's perspective, and eventually asking questions of the other stakeholder from that person's perspective. The goal is to position one's vantage point or perspective outside of one's self and the other—a third place. From that third place, it becomes easier to absorb and take the perspective of another stakeholder, while accounting for the distortion due to one's own perspective. In addition, being in the third place allows one to appreciate, afresh, one's own perspective from a new angle. We named that type of learning, *ThirdPlaceLearning* (TPL) (Rimington and Alagic 2008). This challenging style of learning and dialog can be facilitated or catalyzed by certain conditions and processes, termed *relational criteria* (Alagic 2009; Rimington and Alagic 2010).

Often dialog leading to TPL is prompted by a disparity between another stakeholder's behavior or response and one's expectations. Our expectations depend on prior experience in familiar contexts within our own cultural and professional background. This disparity can be small or large. In the latter case, it may be termed a *culture shock* or *disorientation*. Instead of avoiding disorientation, which is our tendency, it is in fact more productive to treat it as an opportunity to learn something new about the other stakeholder and about oneself. Being able to handle disorientation and absorb another stakeholder's perspective is a challenging task, and for this reason, a systematic approach—ThirdPlaceLearning—was developed (Alagic 2009; Rimington and Alagic 2008, 2010).

TPL (Fig. 4) may be defined as dialogic, reflective inquiry within a diverse communication environment, which takes into account contexts and relational criteria that are needed to resolve or avoid misunderstandings by negotiating and constructing new meanings (Alagic 2009; Rimington and Alagic 2008, 2010). The *TPL context* comprises spatial, temporal, relational, and historical milieu, each of which may help to clarify each stakeholder's perspective. The *TPL relational criteria* comprise conditions that support and ultimately determine or redefine TPL dialogic processes: *active listening* (AL), *dialectic flow of thinking* (DFT), *intercultural sensitivity* (ICS), *critical co-reflection* (CCR), *conscientization* (power relations, PR), and *bodymindfulness* (BMF) (Fig. 4). In other words, stakeholders carry on a dialog with a view to understanding and eventually absorbing each other's perspective. The purpose of this dialog may be to clarify a misunderstanding or resolve a disorienting dilemma. A *disorienting dilemma* occurs when an individual encounters an unexpected response to what he/she regards as *normal* behavior (from his/her perspective).

In the case of a CEO interacting with external stakeholders, fruitful negotiations may depend on the CEO's mindfulness regarding power distance and willingness to adapt by giving an equal or more substantive voice to stakeholders and then to seek to understand and absorb the perspective of each stakeholder. Consideration of power position or conscientization is one of the key relational criteria within the ThirdPlaceLearning (TPL) framework for intercultural communication. It can have profound effects on whether one stakeholder will be able to understand or absorb the perspective of another stakeholder. Initially, two stakeholders may *share* their

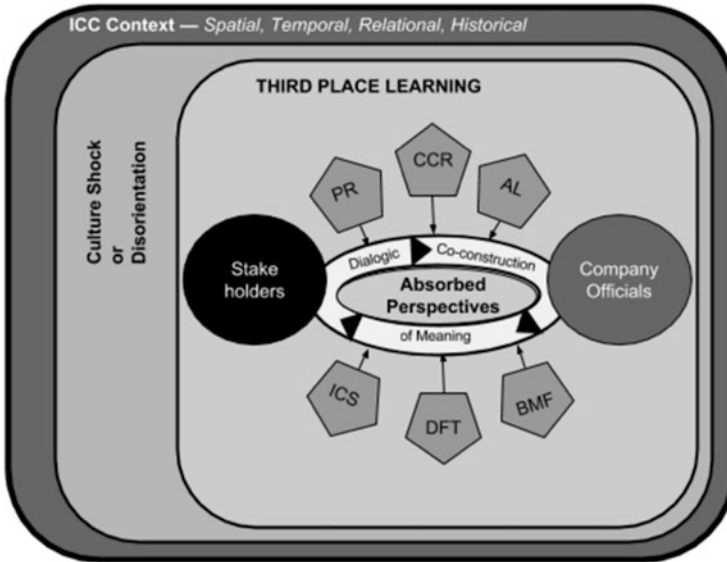


Fig. 4 The ThirdPlaceLearning framework (Alagic 2009; Rimmington and Alagic 2010)

own perspective and ask each other to share perspectives. The dialog continues with a view toward learning and absorbing the basis of each other stakeholder's perspective. Having absorbed stakeholders' perspectives, a CEO can *shift* from one perspective to another, at will. For example, the CEO of a mining exploration company could switch from the perspectives of local community leaders to environmental advocates, to customers, to shareholders, or to wildlife managers, as needed.

Conscientization is about critical awareness of power positions, relations, and differences between stakeholders or groups of stakeholders, potentially negative consequences of such relationships and the actions needed to redress large power differences associated with privilege and oppression (Freire [1968] 1970). The critically conscious stakeholder realizes that the maintenance of power differences in society is associated with restrictions placed on social discourse, as well as the design of education, religious beliefs, laws, and mass media. At the societal and/or global level, each of these may be used for the good of society and individuals within it, or they may be associated with maintenance of an oligarchy. In socially responsible corporations, those in a decision-making position need to be critically conscious of their individual power relative to personal, organizational, or societal discourse and proactively negotiate the effects of their privilege/disadvantage in order to productively communicate, collaborate, and negotiate with a diverse array of stakeholders. The effectiveness of each of the other relational criteria depends on conscientization.

Critical co-reflection occurs when we identify and challenge the criteria that define how things should be problematized, when we learn how certain socially valued conventions came to constitute the accepted standard or norm. Reflection, on its own, as a rigorous way of thinking (Schön 1983) has its roots in scientific inquiry, but is not necessarily *critical*. Critical reflection is a deeper, more intense, probing form of reflection that focuses on power relationships and power distance during co-reflection (Mezirow 1998). A traditional decision-maker, such as a CEO or board director, can empower other stakeholders in the decision-making process by co-critically reflecting with them about their concerns and perspectives, as well as the actual power relations. If wind energy-generating company representatives invested the time to discuss and reflect on previous wind turbine installations with community leaders at the planning stage, they could avoid costly relocation of the turbines as a result of legal action against noise and visual pollution. Critical co-reflection on this matter will reveal to the company officials that it is worth consulting with community stakeholders to seek their opinion before proceeding with construction plans. The explication of stakeholders' reflections enables them to negotiate their own identity and perspective as well as to gain insights into others' identities and perspectives. Sharing critical reflections and pondering to fully understand the meaning of each other's messages in their respective contexts require active listening. This sharing helps the corporate decision-maker to verify that his/her interpretations of messages and perspectives from stakeholders indeed carry the meaning intended by those stakeholders. The origins of critical reflection stem from the Frankfurt School of Critical Social Theory (Giroux 2003; Horkheimer 1982) and are closely related to Freire's ([1968] 1970) consideration of power relationships and pedagogy of the oppressed.

Active listening has been modeled using the concept of Enryo-Sasshi (Fig. 5) (Ishii 1984) in which the focus is on applying our understanding of the other's perspective, when interpreting (Sasshi) what the other has written or said and then processing the derived interpretation to then shape (Enryo) a response that we hope the other will interpret as we intend (Fig. 5). Such active listening can be used to achieve a deeper understanding of stakeholders' perspectives. It involves iteratively improving approximations when interpreting and shaping messages. Sometimes, it may lead to reshaping of the company official or stakeholder's perspective with respect to the topic of conversation. Pauses during communication are due to the processing time needed for Sasshi and then Enryo before responding in a dialog. The silence is merely a by-product of the active listening processes. Depending on the context and level of familiarity of the stakeholders, different amounts of Enryo-Sasshi may be needed.

This differentiation in the level of Enryo-Sasshi involves the application of meta-Sasshi (Fig. 5) as part of an overarching Amae model (Miike 2003). As two stakeholders improve their understanding of each other's perspective, the pauses between their contributions to a discussion may shorten unless they are moving into some new topic area or context. Although the concepts Enryo, Sasshi, and Amae appear to be rooted in traditional Japanese culture, they are applicable in any communication context and provide appropriate terminology for conceptualizing

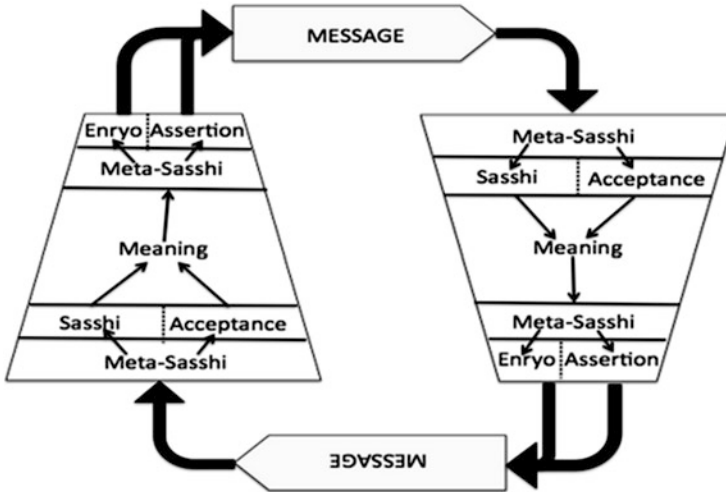


Fig. 5 The Enryo-Sasshi model of active listening. Adapted from Ishii (1984), Rimmington and Alagic (2010)

active listening as well as sensemaking and sensegiving, especially during the flow of dialectic thinking.

Dialectic flow of thinking can help in overcoming stalled discussions resulting from opposing positions between different stakeholders or groups of stakeholders. Such differences in positions may be regarded as binary, black or white, and right or wrong. A decrease in the effects of power difference combined with active listening may help in moving from binary positions to the consideration of other options, or middle ground, through the process of dialectic flow of thinking (Rimmington and Alagic 2008). Rather than thinking in binary terms with only two possibilities, consideration of multiple perspectives might yield other acceptable choices. Once negotiation efforts by stakeholders are freed from the restrictions of binary thinking, opportunities for creatively arriving at a win-win solution may emerge.

Sometimes binary positions are constructed to counter a perceived threat that takes the form of dialectic thinking. An example of this is Rachel Carson's book (Carson 2002), *Silent Spring*, in which she suggests that new pesticides, like DDT, should be tested to ensure that they are safe before release for widespread use. The reaction of chemical companies was to turn this into a negative binary and paint Carson as a villain, by equating her suggestion into a demand to stop using chemical pesticides, then linking that to the threat of malaria, and blaming her for deaths due to mosquito-borne diseases. This gave the positive side of the binary to the chemical companies, presenting them as saviors for eliminating disease. The irony of this situation was that DDT had begun to lose its effectiveness by the time *Silent Spring* was published and was ineffective as a pesticide before it was finally banned.

Making use of different perspectives on a particular issue is like photographing an object from different angles. No single angle provides all the information, but

photographing from different angles allows a more comprehensive understanding of the object. In the dialectical approach to complexities and dynamics of CSR, similarly as in the studies of ICC, (Martin and Nakayama 1999, 2008) there are two points of reference—*context and power*—relative to which we need to recognize multiple, contradictory viewpoints in the *domains of culture and communication*. Martin and Nakayama (1999) offered six dialectics of intercultural communication practice: *cultural-individual*, *personal-contextual*, *differences-similarities*, *static-dynamic*, *history/past*, *present/future*, and *privilege-disadvantage*. These dialectic pairs in the flow of dialectic thinking can help facilitate more effective dialog in the CSR context. Furthermore, we think these dialectic pairs together with TPL relational criteria can guide and contribute to the future CSR research.

Bodymindfulness reveals an additional element in business interactions; emotion plays a significant part in communication, either implicitly or extrinsically. Continuation of productive communication or negotiation can be impeded when one or both parties become highly emotional about the topic of conversation. When a stakeholder become frustrated with the inability of the other stakeholder to understand his/her perspective, he/she may become angry and agitated, which can adversely affect the ongoing conversation between them. If the discussion drifts into the area of religion or politics, one party may become upset with the views or beliefs of the other party. It is possible for a person to sense his/her somatic-emotional state (SES) and possibly to work on his/her SES to calm down in a specific instance, or in general, to avoid emotional behaviors that adversely affect communication. Some people, such as charismatic leaders, are able to achieve resonance with others' SES, and further, they may be able to intentionally influence the SES of others using their own SES (Alagic et al. 2009). This approach to becoming aware of and adjusting our inner SES in interacting with other people is captured by the term *bodymindfulness* where *bodymind* signifies system nature of our experiences (Nagata 2002). For a stakeholder, being able to at least sense his/her own SES or ideally being able to use his/her own SES to better communicate with other stakeholders or with company representatives is a desirable attribute for successful communication. The following range of concepts may describe these processes and their effect on thought and communication behavior: *overlooking* SES and its effect on communication, *attending* to inner states by sensing one's own SES in response to a stakeholder's communication, *attuning* one's self and doing the necessary inner work using awareness of the likely effect of one's SES on one's own communication with a stakeholder, *aligning* actions with one's intention to communicate skillfully, and *resonating* to foster emotional harmony and effective communication between company officials and stakeholders (Alagic et al. 2009; Nagata 2002, 2007).

Bodymindfulness adds the dimension of somatic-emotional state (SES) to stakeholders' understanding of each other's perspectives and to some degree being able to respond to each other's SES and achieve resonance and harmony necessary for meaningful involvement in stakeholder approach to CSR processes and complexity absorption. Practicing bodymindfulness is an additional way to reflect contextual complexity and the tensions inherent to different stakeholders' roles, views, and

beliefs and can help deal with highly emotional topics during stakeholder interactions in diverse and interculturally complex contexts.

Intercultural sensitivity is critical for effective communication within and outside the corporate context due to the increasing of diversity both locally and globally. Quality of communication is directly dependent on individual company official’s intercultural knowledge and sensitivity. Intercultural sensitivity (ICS) is “. . .the affective dimension of intercultural communication competence. . .” (Chen and Starosta 2000, 4) and refers to feelings and attitudes in our relationships and communication with stakeholders from other cultural groups, being careful to not identify culture directly with nation per se.

We think of culture in terms of what makes each stakeholder unique in his/her own right, complex construct of attitudes, and habits and beliefs grounded in the stakeholder’s family ethnic background and shaped through educational, social, and professional experiences. This indicates the depth of challenges related to diversity management in the context of corporate social responsibility, but at the same time points to the significance of considering the intercultural sensitivities of stakeholders during interactions, negotiations, and complexity absorption. All stakeholders, including company representatives, will exhibit a range of sensitivities to intercultural differences (Fig. 6). Two key factors that affect intercultural sensitivity of an individual include an individual’s childhood and the current environment or context.

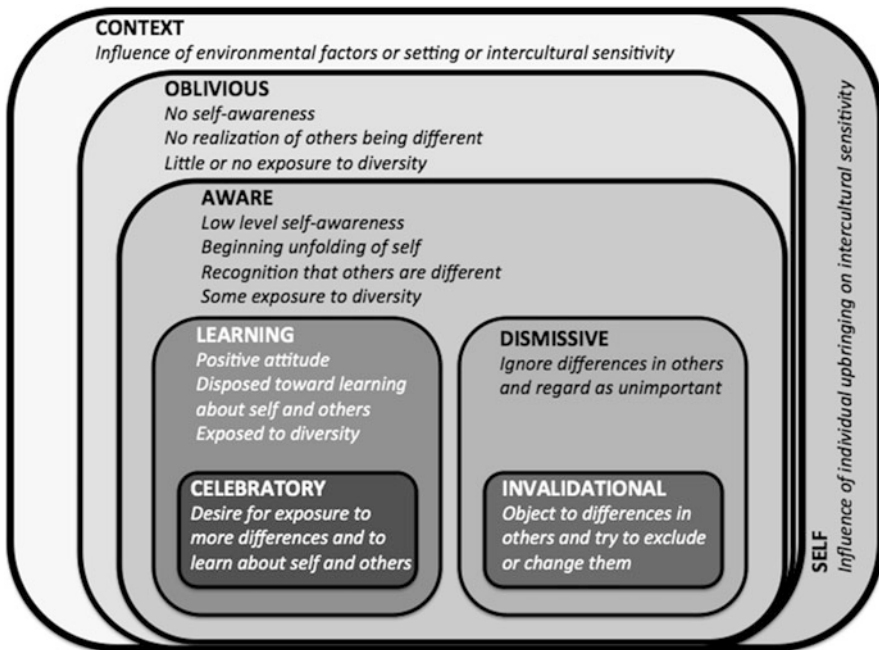


Fig. 6 Model of intercultural sensitivity. Adapted from Rimmington and Alagic (2010)

When a company representative or another stakeholder has had limited exposure to diversity, he/she may be *oblivious* to differences, but this is rare in the modern business world. Usually, company representatives and other stakeholders are aware of differences because of exposure to diversity in the work environment and outside. Depending on whether the individual is positively or negatively disposed toward diversity, he/she may on the one hand see such exposure as an opportunity for *learning*, or on the other hand he/she may be *dismissive* of differences. In the positive case, the individual willingly learns about and absorbs characteristics of new business contacts, who are different to him/her. Stakeholders are more likely to be of positive disposition toward differences as a matter of survival. In the negative case, a stakeholder may be intolerant of the new business contacts, who speak a different language or have different customs and will expect them to assimilate the local norms. Taken a step further, those with a learning mindset may seek out more diverse stakeholders in a quest to *celebrate* absorbing a wide variety of perspectives. On the other end of the spectrum, there are those who will work to *invalidate* the characteristics of anyone, who is different to himself/herself. The latter behavior is antithetical to what is needed for corporate social responsibility in modern globally diverse businesses.

4 Conclusion

Central to proactive corporate social responsibility and the stakeholder approach is an ongoing TPL-grounded dialog that aims to have internal and external diverse stakeholders learn about and absorb each others' perspectives as well as gain new insights into their own perspectives. Awareness of these absorbed perspectives, a

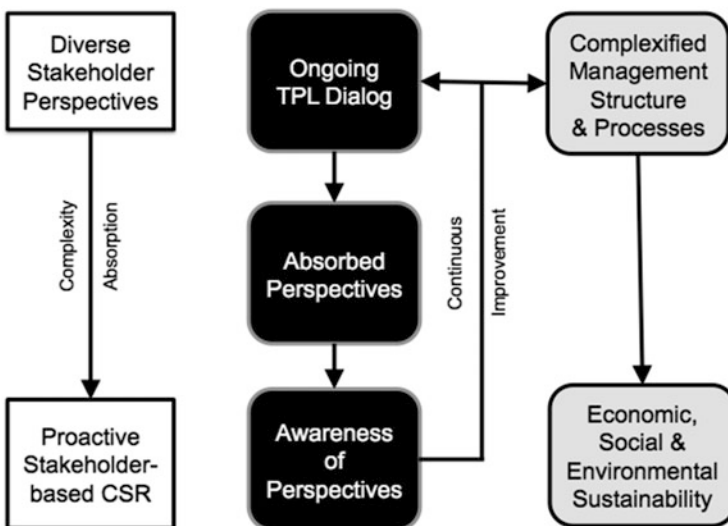


Fig. 7 The role of TPL in absorption of diverse stakeholder perspectives

characteristic of TPL in action, then adds value to the ongoing dialog, negotiations, conflict resolution, and collaboration. TPL facilitates absorption and management of the complexity of diverse perspectives in a complexified, adaptive management system (Fig. 7).

References

- Alagic M (2009) Third Place Learning: relational criteria for developing intercultural capital. In: Academy of Management Annual Meeting-Professional Development Workshop: Teaching and Learning in Different Cultures
- Alagic M, Nagata AL, Rimmington GM (2009) Improving intercultural communication competence: fostering bodymindful cage painting. *J Intercult Commun* 12:39–55
- Barak MEM (2013) *Managing diversity: toward a globally inclusive workplace*. Sage, Thousand Oaks, CA
- Bassett-Jones N (2005) The paradox of diversity management, creativity and innovation. *Creat Innov Manag* 14(2):169–175
- Bhabha HK (1994) *The location of culture*. Routledge, London
- Boisot M, Child J (1999) Organizations as adaptive systems in complex environments: the case of China. *Org Sci* 10(3):237–252
- Branco MC, Rodrigues LL (2006) Positioning stakeholder theory within the debate on corporate social responsibility. *Electron J Bus Ethics Org Stud* 12(1):5–15
- Carson R (2002) *Silent spring*. Houghton Mifflin: Harcourt, Boston
- Chen GM, Starosta WJ (2000) The development and validation of the intercultural sensitivity scale. *Hum Commun* 3:1–15
- Cherry MA, Sneirson JF (2011) Beyond profit: rethinking corporate social responsibility and greenwashing after the BP oil disaster. *Tulane Law Rev* 85(4):983–1037
- Cox TH (2001) *Creating the multicultural organization*. Jossey-Bass, San Francisco, CA
- Cox T, Blake S (1991) Managing cultural diversity: implications for organizational competitiveness. *Acad Manag Exec* 3(5):45–56
- Dahlsrud A (2008) How corporate social responsibility is defined: an analysis of 37 definitions. *Corp Soc Respons Environ Manag* 15(1):1–14
- Dominici G, Roblek V (2015) Complexity theory for a new managerial paradigm: a research framework. In: Raguž IR, Podrug N, Jelenc L (eds) *Neostrategic management, contributions to management science*. Springer, Switzerland, pp 223–241
- Flournoy AC (2011) Three meta-lessons government and industry should learn from the BP Deepwater Horizon disaster and why they will not. *Boston Coll Environ Aff Law Rev* 38:281–303
- Freeman RE (1984) *Strategic management: a stakeholder approach*. Pitman, Boston
- Freire P ([1968] 1970) *Pedagogy of the oppressed*. Continuum International, New York
- Gell-Man M (1995) What is complexity? *Complexity* 1(1):1–9
- Giroux HA (2003) Critical theory and educational practice. In: Darder A, Baltodano M, Torres RD (eds) *The critical pedagogy reader*. Routledge Falmer, New York, pp 27–56
- Grattan LM, Roberts S, Mahan WT, McLaughlin PK, Otwell W, Morris J (2011) The early psychological impacts of the Deepwater Horizon oil spill on Florida and Alabama communities. *Environ Health Perspect* 119(6):838–843
- Helbing D (2003) Modelling supply networks and business cycles as unstable transport phenomena. *New J Phys* 5(1):90
- Hess D, Rogovsky N, Dunfee TW (2002) The next wave of corporate community involvement: corporate social initiatives. *Calif Manag Rev* 44(2):110–125
- Horkheimer M (1982) *Critical theory*. Seabury Press, New York

- Ishii S (1984) Enryo-sasshi communication: a key to understanding Japanese interpersonal relations. *Cross Curr* 11(1):49–58
- Janssen C, Sen S, Bhattacharya CB (2015) Corporate crises in the age of corporate social responsibility. *Bus Horiz* 58(2):183–192
- Karniel A, Reich Y (2011) Managing the dynamic of new product development processes. A new product lifecycle management paradigm. Springer, London
- Kash TJ, Darling JR (1998) Crisis management: prevention, diagnosis and intervention. *Leader Org Dev J* 19(4):179–186
- Kurtz CF, Snowden DJ (2003) The new dynamics of strategy: sense-making in a complex and complicated world. *IBM Syst J* 42(3):462–483
- Madrakhimova FS (2013) Evolution of the concept and definition of corporate social responsibility. In: *Global Conference on Business & Finance Proceedings 8.2*. Institute for Business & Finance Research, Hilo, HI, pp 113–118
- Mandelbrot B (1999) A multifractal walk down Wall Street. The geometry that describes the shape of coastlines and the patterns of galaxies also elucidates how stock prices soar and plummet. *Sci Am* 280(2):70–73
- Martin JN, Nakayama TK (1999) Thinking dialectically about culture and communication. *Commun Theor* 9:1–25
- Martin JN, Nakayama TK (2008) Thinking dialectically about culture and communication. In: Asante MK, Miike Y, Yin J (eds) *The global intercultural communication reader*. Routledge, New York, NY, pp 73–91
- Mazur B (2013) Linking diversity management and corporate social responsibility. *J Intercult Manag* 5(3):39–47
- Mezirow J (1998) On critical reflection. *Adult Educ Q* 48(3):185–198
- Miike Y (2003) Japanese Enryo-Sasshi communication and the psychology of Amae: reconsideration and reconceptualization. *Keio Commun Rev* 25:93–115
- Nagata AL (2002) Somatic mindfulness and energetic presence in intercultural communication: a phenomenological/hermeneutic exploration of bodymindset and emotional resonance. *Diss Abstr Int* 62(12):5999B
- Nagata AL (2007) Bodymindfulness for skillful communication. *Intercult Commun Rev* 5:61–76
- O’Neil L-J (2004) Faith and decision-making in the Bush presidency: the God elephant in the middle of America’s living-room. *ECO Int Transdiscip J Compl Soc Syst* 6(1,2):149–156
- Porter ME, Kramer MR (2002) The competitive advantage of corporate philanthropy. *Harv Bus Rev* 80(12):56–69
- Rimmington GM, Alagic M (2008) Third place learning. Reflective inquiry into intercultural and global cage painting. *Information Age*, Charlotte, NC
- Rimmington GM, Alagic M (2010, October). Creating a Third Place Learning Criteria for the 21st Century Globalizing Economy. In: Keynote. Proceedings of International Conference on the Innovational Teacher & Innovational Economy, Khabarovsk, Russia, October 26–28, pp 1–20
- Rosado C (2006) What do we mean by “managing diversity”. *Workforce Divers* 3:1–15
- Schön DA (1983) *The reflective practitioner: how professionals think in action*. Basic Books, New York
- Thakur P, Ballard S, Nelson R (2012) Radioactive fallout in the United States due to the Fukushima nuclear plant accident. *J Environ Monit* 14(5):1317–1324
- Thomas RR, Woodruff MI (1999) Building a house for diversity: how a fable about a giraffe & elephant offers new strategies for today’s workforce, Vol 461. *PublicAffairs*.
- Thornton PH, Ocasio W (2008) Institutional logics. In: Greenwood R, Oliver C, Sahlin K, Suddaby R (eds) *Handbook of organizational institutionalism*. Sage, Thousand Oaks, CA
- Torugsa NA, O’Donohue W, Hecker R (2012) Capabilities, proactive CSR and financial performance in SMEs: empirical evidence from an Australian manufacturing industry sector. *J Bus Ethics* 109(4):483–500

- Torugsa NA, O'Donohue W, Hecker R (2013) Proactive CSR: an empirical analysis of the role of its economic, social and environmental dimensions on the association between capabilities and performance. *J Bus Ethics* 115(2):383–402
- Van Marrewijk M (2003) Concepts and definitions of CSR and corporate sustainability: between agency and communion. *J Bus Ethics* 44(2–3):95–105
- Walters BA, Bhuiyan SN (2004) Complexity absorption and performance: a structural analysis of acute-care hospitals. *J Manag* 30(1):97–121
- Wilding RD (1998) Chaos theory: implications for supply chain management. *Int J Logist Manag* 9(1):43–56
- Wong WC (2006) Understanding dialectical thinking from a cultural-historical perspective. *Philos Psychol* 19(2):239–260
- Wood JD, Petriglieri G (2005) Transcending polarization: beyond binary thinking. *Trans Anal J* 35(1):31–39
- Yang Y, Konrad AM (2011) Understanding diversity management practices: implications of institutional theory and resource-based theory. *Group Org Manag* 36(1):6–38