

AXIOM RESEARCH

European Workforce Diversity: Promising Trends, Thorny Challenges

By Marc Timmerman & Isabelle Van Cauwenberge



Many European organizations should be commended for the progress made in promoting diversity and inclusion. Many, but certainly not all. Furthermore, some new challenges are being added to the list of traditional barriers to greater diversity and inclusion. These challenges are difficult, but certainly not insurmountable.

A deeper understanding of best practices and dynamic trends can help executives make informed decisions about where to invest their time and effort in promoting diversity and inclusion within their own workforce. Given the overwhelming evidence of the value of diversity and inclusion (D&I) initiatives, this isn't just about compliance or good corporate citizenship. It is about improved performance and a better workplace and life for all employees.

PROGRESS

1. Women's Career Advancement

In Belgium, for example, the Belgian Institute for the Equality of Women and Men has compiled a valuable database of gender diversity best practices. Twenty-five of the 61 documented practices focus on women's career advancement into positions with greater decision-making responsibility. Recognition programs, such as the Wo.Men@Work Award and the Employer of the Year 2014 Diversity Award also acknowledge that leading companies are making significant progress in this area.

The most effective actions to support women's career advancements are talent management policies focusing on multiple steps of the career ladder, in order not to lose female talent at every level. Women are not only hindered when trying to make it to the top. Multiple obstacles block them every time they move up the corporate ladder.

2. Pay Equality

Equal pay practices are becoming common in Northern and Western Europe, but receive limited attention in Southern Europe, and barely any in Eastern Europe. While companies and organizations in Germany, Sweden and Switzerland have all come up with interesting equal pay monitoring and calculation tools, equal pay in countries such as Bulgaria, the Czech Republic, Croatia, Hungary, and Romania lags far behind the leaders.

Best in class HR processes and policies to prevent unequal pay include installing gender-neutral compensation systems (e.g. function classification and weights), monitoring the real outcome of salary

negotiations and holding management responsible for equality-based outcomes.

3. Beyond Gender Diversity

Companies, particularly multinationals, are addressing diversity in a larger context, where gender is important but not the only issue. Cultural and generational diversity are also being addressed. Cisco, Microsoft, Coca-Cola and Novartis are among the leaders in taking a broader perspective.

4. Enhanced Measurement; More Follow-Up

It's often said that what gets measured, gets done. Specific gender diversity target numbers, and building key performance indicators into diversity action plans are evidence that organizations are moving beyond the talking stage and getting serious about achieving diversity goals. Belgian government-owned companies and agencies are among the leaders in this area.

The successful implementation of gender diversity practices depends on the use of ambitious but feasible targets, which have to be differentiated for various functions and departments (and not using company wide so-called killer targets that are often impossible to reach).

5. Family-friendly Practices

In analyzing the more than 100 practices collected in the *European Toolkit for Gender Equality in Practice** it is clear that work-life balance, maternity support and other family friendly practices get a lot of attention. Work-life balance appears to be a particular focus in German-speaking European countries.

“THE SUCCESSFUL IMPLEMENTATION OF GENDER DIVERSITY PRACTICES DEPENDS ON THE USE OF AMBITIOUS BUT FEASIBLE TARGETS...”

Maternity friendliness is a consistent priority in Eastern and Southern countries.

Some companies are connecting their work-life balance best practices to the concept of new ways of working. For example, a governmental agency operating in the Belgian health services sector has invested in a “*New World of Work*” program that brings together various best practices including teleworking/homeworking and setting up dynamic, mobile offices.

It should be noted, however, that family-friendly practices sometimes perpetuate inequality. Part-time and work-at-home arrangements can be a convenient rationale for not helping women advance in their careers.

6. New Champions

Highly inspiring leaders are making a real difference in creating a better gender balanced and diverse workplace.

In 2014 we examined the role of “diversity champion”—typically the CEO or top HR executive—in more than 50 different organizations and came to a consistent categorization of certain exemplary behaviors. These professionals take on the responsibility for fostering diversity, fueling and supporting new diversity initiatives, overseeing the execution of diversity action plans, and setting a personal example for accountability and commitment.

The strongest “diversity champions” amongst these leaders exhibit five specific behaviors.

- **They have understood.** An executive who can make a real change is fully convinced of the “Why”—the importance of greater workplace gender equality. These leaders

recognize the current and future benefits of diversity and inclusion. As strong believers they are credible and they inspire others to strive for gender balance in their companies.

- **They are unwavering.** They deliver a coherent message over and over again, until they are sure that it becomes a learned reflex amongst the people in their organization. Many start influencing and sponsoring at an external level, for example by visiting schools to encourage girls and young women to pursue careers in science, technology and engineering.
- **They walk the talk.** These leaders practice what they preach and do what they say continuously and persistently. They show the other layers of management the right way to act and serve as role models, demonstrating what “good” looks like.
- **They actively mentor.** The exemplary executive acts as an active mentor and coach towards female talent, raising their self-confidence to fight the stereotyping or “sticky floor” effect while actively coaching and challenging those women, having an authentic belief in their potential.
- **They are highly self-aware.** Extremely strong executives demonstrate the most unique quality of all. They educate and coach men and women to fight their biases. They share their personal experiences and the lessons they’ve learned, so that others do not have to fight the same battles. It takes a very high degree of self-awareness to detach oneself of ancient stereotypes, belief systems and conditioned reflexes. Those executives have become charismatic inspirers as they have reached an extraordinary level of intellectual honesty.

CHALLENGES

1. Diversity Fatigue

Fatigue takes two forms. The first is exhibited by the organizational majority who come to believe that too much attention is being paid to diversity issues. In that case, fatigue can evolve into resistance. Fatigue also occurs among the people tasked with leading and promoting diversity initiatives when their work is not taken seriously or fails to have the expected results.

In other situations, fatigue can lapse into inattentiveness. Sectors that have a workforce with a significant percentage of women, healthcare and services, for example, may be at risk of resting on their laurels. Progress in gender-neutral hiring and other practices is a positive trend. But there is room for improvement, particularly in promoting women to decision-making functions. Organizations that take their foot off the gas will find themselves falling behind in terms of diversity and inclusion and ultimately talent management in general.

Solution: Companies and diversity officers must be proactive in keeping CEOs and other top managers involved and visible as diversity champions. **The value of diversity in the workforce should be recognized and conceptualized as a business strategy from top-down.** In addition, companies should actively promote opportunities where managers and employees can exchange candid thoughts about diversity and inclusion, from the bottom-up. Get issues and concerns out in the open so they don't fester. And one should not forget to involve the so-called "dominant coalition" of white males to address possible advantages for them of having better gender equality at the

workplace (and at the same time reveal their concerns).

2. Stereotypes and Bias

Women and minorities at work have to deal with traditional mindsets about their capabilities, but are also being hindered by a phenomenon called implicit bias. Research has shown that implicit bias and stereotyping often play a role during selection and recruitment processes.

Humans also seem to possess a so-called "unconscious gender schema" that makes us think that men are more capable of being leaders than women, which not only has a significant impact during recruiting but also affects our case for promoting men versus women. Beyond the obvious inequalities, there is an additional damaging downside: people that are often stereotyped will follow self-created fulfilling prophecies, for instance by performing worse at work simply because they are expected to do so.

Solution: Addressing explicit stereotypes at work is difficult enough, as we saw in the IGVM and Toolkit projects, so we can imagine how hard it must be for companies to address unconscious biases as well. We would nonetheless advise companies to start paying more attention to this issue by not only investing in informational training and educational sessions about the impact stereotypes and implicit bias have at work, but also by proactively organizing separate training sessions for the employees and managers that are responsible for recruitment and promotion. Another solution might also lie in anonymous recruitment procedures—although these are often still seen as controversial. A "cultural audit," including gender equality indicators, will also help to detect

"HUMANS SEEM TO POSSESS A SO-CALLED 'UNCONSCIOUS GENDER SCHEMA ...'"

assumptions and barriers that are at play in a company's culture.

3. Multi-Generational Gaps

Today's workforce is comprised of three distinct cohorts: Baby Boomers, Gen Xers and Generation Y, the last commonly referred to as Millennials. There are important differences in their attitudes towards work, which creates real management challenges but also new opportunities.

Baby Boomer managers, already challenged by Gen Xers who introduced the idea of work-life balance, are being pushed even further by Millennials who expect their bosses to be as flexible as they are.

Millennials in both Europe and the U.S. are more ethnically diverse than past generations and more likely to be open-minded about diversity and multiculturalism. They are not afraid to share their opinions with their workplace superiors. They also tend to be team players and focus on competition and achievement as long as they can keep a balance between their personal and professional lives.

Solution: Learn to accept that there is no one ideal way to lead various generations, multi-generational leadership is key. The biggest injustice is the equal treatment of people who are not the same. Recognize that Millennials will be setting more and more the tone at work for the years to come; they will comprise the majority of the workforce until about 2020. Listen to them and use their management skills, as diversity will most likely hold fewer secrets to them.

4. Creating Real Opportunities

Mentorship alone, while well-meaning, has not unleashed the potential of female and minority employees.

Solution: Active sponsorship that puts forth female and minority candidates for new roles and take on more authority can help them get off the "sticky floor" or break through glass ceilings. In the best cases, sponsorship relationships are reciprocal. Protégées advance in their careers and in return give the sponsor valuable feedback so that the sponsor can develop even greater leadership potential.

5. Glocalization

Companies that operate across borders are struggling to balance the expectations of stakeholders in various countries with local realities about the pace of improving diversity practices.

Solution: A global Diversity and Inclusion framework can be extremely useful in guiding organizations towards greater equality, serving as an overall comprehensive diversity "ecosystem." Designing a glocalized D&I program that is both global and attentive to local sensitivities is the best approach.

Credits:

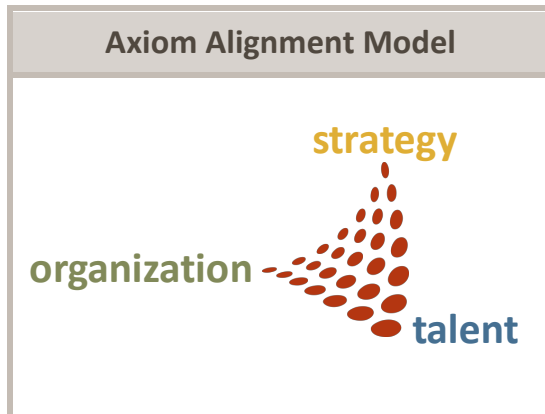
Axiom Europe has been involved since 2010 as an expert to the jury for the “WoMen@Work” award, which each year is attributed to an exemplary executive. The winners include executives working at Danone, IBM, Deloitte, Novartis and Quintiles.

In 2013 and 2014 Axiom Europe conducted the analysis and evaluation of more than 250 EU Best practices on behalf of the social partner organizations of the European Union, resulting in the European Toolkit for Gender Equality in practice.

Axiom Europe was also commissioned in 2013 by the Belgian Institute for the Equality of Women and Men to document 70 existing best practices in the profit, non-profit and public sector.

The post-analysis of both projects was done in cooperation with Evelien Geerts, UCSC PhD student.

About Axiom Consulting Partners



At Axiom Consulting Partners we work side-by-side with leaders to deliver pragmatic solutions that drive results. Our services help clients clarify strategy, focus on the highest priority sources of value and align their capabilities, processes and people to deliver sustainable, profitable growth. We always look at a client's challenges through the lenses of business strategy, organization design and talent management—it's why they choose us over firms that operate in just one of these disciplines.

To learn more visit www.axiomcp.com

About the Authors

Marc Timmerman, who leads Axiom Consulting Partners' European practice, has more than 20 years of executive and consulting experience. He combines deep insight with real-world operational experience to develop practical yet high-impact HR and talent management solutions. Since 2008 he has deepened his expertise in diversity management, resulting in him being nominated as the first male chairman for the 2010 Jump Women Leadership Conference in Brussels and as the expert for the nomination of the annual Wo/Men@Work Award. In 2007, he was the author of the book "High Potentials: the Competitive Edge within your Company". Since then, he has published multiple articles on talent management issues in the European press, including The Irish Times, HR Magazine, and Le Figaro.

To reach Marc by phone call + 32.496.291.383 or via email to mtimmerman@axiomcp.com.

Isabelle Van Cauwenberge has 15 years of experience across Europe in management consultancy and HR consultancy for large-scale organizations at senior management levels. She provides Axiom's clients with proven organization and management development insights and experience, both on a structural and process level as well as towards individuals, striving for results and change through people and their talents. She is passionate about analyzing and solving problems and helping leaders and their co-workers address the real issues in order to come to the best possible solutions.

To reach Isabelle by phone call + 32 490 421 019 or via email to ivancauwenberge@axiomcp.com.