

# DIVERSITY MANAGEMENT AS ONE OF SOLUTIONS FOR PROBLEMS CAUSED BY DEMOGRAPHIC AND SOCIAL DEVELOPMENT IN EUROPEAN UNION (WITH FOCUS ON SLOVAK REPUBLIC)

## GESTÃO DA DIVERSIDADE – UMA DAS SOLUÇÕES A PROBLEMAS CAUSADOS PELO DESENVOLVIMENTO DEMOGRÁFICO E SOCIAL NA UNIÃO EUROPEIA (COM FOCO NA REPÚBLICA DA ESLOVAQUIA)

**RESUMO** Este artigo refere-se à problemática dos aspectos demográficos e desenvolvimento social na União Europeia com enfoque na República Eslováquia.

As conclusões dos temas analisados são utilizadas como uma base para a análise da situação no mercado de trabalho. A última parte do artigo trata da gestão diversificada como uma das soluções possíveis no presente bem como no futuro do mercado de trabalho.

**ABSTRACT** Article refers to the problemacy of the chosen aspects of demographic and social development in European Union with focus on development in Slovak Republic. Conclusions of above listed themes are used as a base for brief analysis of the situation at the labour market. The last part of the article deals with diversity management as one of the possible solutions of present as well as future labour market situation.

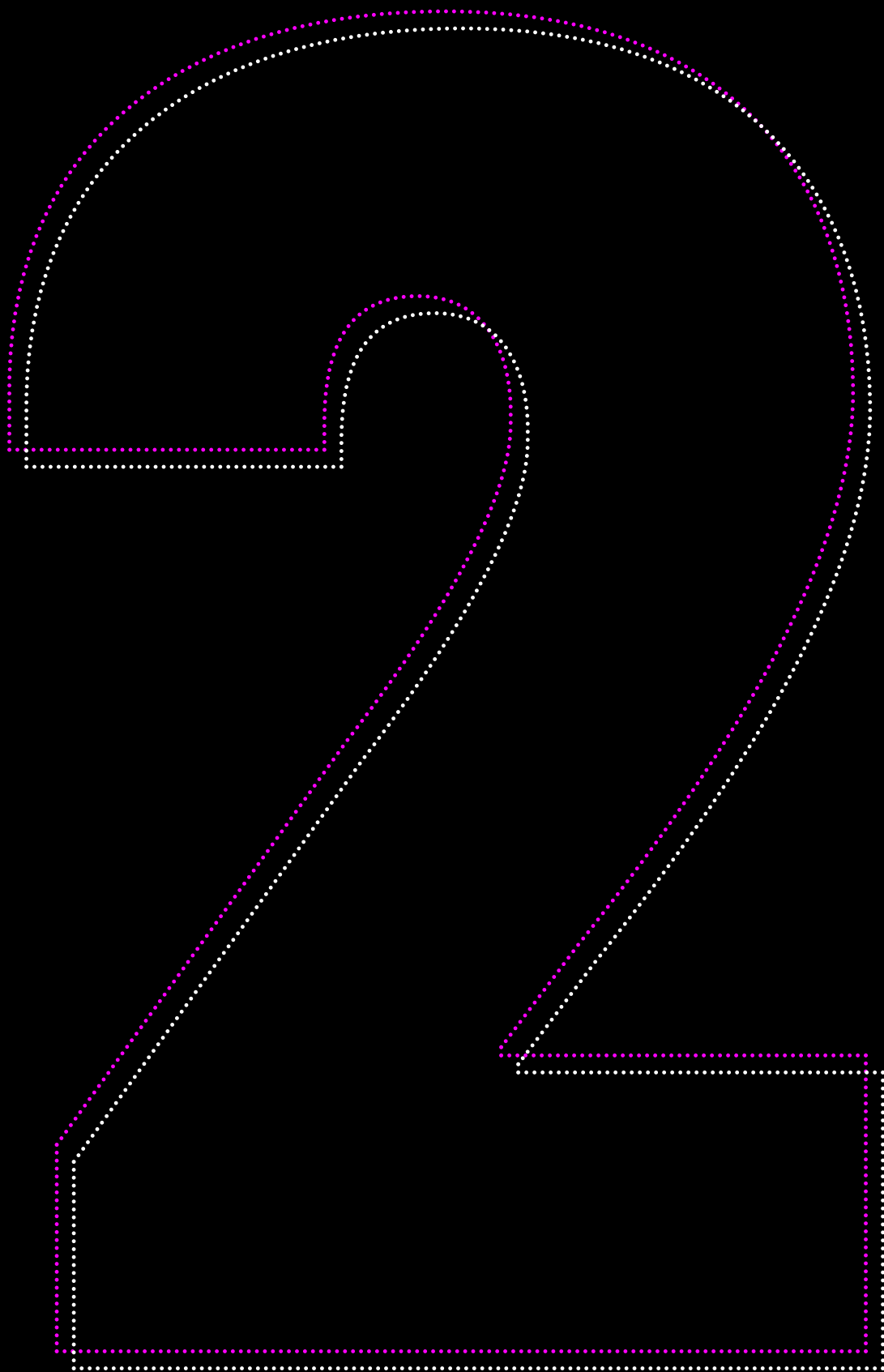
### **PALAVRAS-CHAVE**

União Europeia, República Eslováquia, Desenvolvimento Social e Demográfico, Mercado de Trabalho, Implementação de Gestão Diversificada

### **KEYWORDS**

European Union, Slovak Republic, Demographic and Social Development, Labour Market, Diversity Management, Implementation

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# INTRODUCTION

In the current context of demographic change and economic downturn, Europa cannot afford to waste the potential of older workers, persons with disabilities, people of ethnic minority background or any other disadvantaged group. Accepting diversity and managing it well is a necessary precondition for guaranteeing equal opportunities of the people concerned. For them, it is quite simply a matter of full access to their human rights and human dignity. However, well-managed diversity is also a key to success in the global economy. It may require adaptations such as the development of inter-cultural skills, removal of barriers and increased flexibility on the part of employers; but it is worthwhile both in ethical and in practical terms.

# 1. CHOSEN ASPECTS OF DEMOGRAPHIC AND SOCIAL DEVELOPMENT IN EU AND SLO- VAK REPUBLIC

In the initial part of the article we will deal with the chosen aspects of demographic and social development in EU. According to the aims of the article, we decided to shrink the immensely rich content of the theme a little bit and we will focus on its aspects linked with the sources of diversity. Where possible we include the Portugal statistics for the sake of comparison as well. In the European context, diversity can be defined from a policy and legal perspective across at least six clear 'strands':

- gender,
- age,
- race and ethnic origin,
- sexual orientation,
- religion and belief,
- disability.

## 1.1 SOURCES OF DIVERSITY – GENDER

The first (and by many viewed as a main one) source of diversity in any society is gender. According to Eurostat the ratio males/females in European Union is as follows:

TABLE 1. POPULATION BY SEX (in thousands)

| GEO/TIME                      | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| EUROPEAN UNION (27 COUNTRIES) | 488    | 491    | 493    | 495    | 497    | 499    | 501    | 502    |
|                               | 797    | 134    | 210    | 291    | 686    | 705    | 125    | 519    |
| Males                         | 238    | 239    | 240    | 241    | 242    | 243    | 244    | x      |
|                               | 194    | 413    | 508    | 631    | 874    | 930    | 638    |        |
| in %                          | 48,73  | 48,75  | 48,76  | 48,79  | 48,80  | 48,81  | 48,82  | x      |
| Females                       | 250    | 251    | 252    | 253    | 254    | 255    | 256    | x      |
|                               | 603    | 721    | 701    | 660    | 811    | 775    | 487    |        |
| in %                          | 51,27  | 51,25  | 51,24  | 51,21  | 51,20  | 51,19  | 51,18  | x      |
| SLOVAKIA                      | 5 380  | 5 384  | 5 389  | 5 393  | 5 400  | 5 412  | 5 424  | 5 435  |
| Males                         | 2 611  | 2 613  | 2 615  | 2 618  | 2 623  | 2 629  | 2 636  | 2 642  |
| in %                          | 48,53  | 48,53  | 48,54  | 48,54  | 48,57  | 48,59  | 48,61  | 48,61  |
| Females                       | 2 768  | 2 771  | 2 773  | 2 775  | 2 777  | 2 782  | 2 787  | 2 793  |
| in %                          | 51,47  | 51,47  | 51,46  | 51,46  | 51,43  | 51,41  | 51,39  | 51,39  |
| PORTUGAL                      | 10 474 | 10 529 | 10 569 | 10 599 | 10 617 | 10 627 | 10 637 | 10 636 |
| Males                         | 5 066  | 5 094  | 5 115  | 5 129  | 5 138  | 5 142  | 5 148  | 5 146  |
| in %                          | 48,37  | 48,38  | 48,40  | 48,40  | 48,40  | 48,39  | 48,40  | 48,38  |
| Females                       | 5 408  | 5 434  | 5 453  | 5 469  | 5 478  | 5 484  | 5 489  | 5 490  |
| in %                          | 51,63  | 51,62  | 51,60  | 51,60  | 51,60  | 51,61  | 51,60  | 51,62  |

(Source: Eurostat, own calculations)

Equality between women and men is (or at least should be) a fundamental value of every society. This said, there are still some smaller or larger disproportions. There is an employment gender gap of 15% in the EU. In Slovakia the situation is even worse. The pay gap is more or less 25% and in some age categories (35-44 years of age) the pay gap reached almost 35%. Women's employment rates have increased more than men's, but not all Member States appear to be likely to reach the target of 60% for women's labour market participation by 2010. Without boosting female employment rates the 70% target for overall employment as set out by EU leaders as part of the Union's wider economic and social objectives in the framework of the Lisbon process cannot be achieved. Occupational and sectorial gender segregation is high and tends to increase in the EU (sectorial: 25.4%, occupational: 18.1%).

Significantly fewer women than men have jobs with supervisory responsibilities. Only 30% of the entrepreneurs in the EU are women. Within enterprises, women account for only 32% of managers. In Slovak Republic is situation very similar, there is only one woman for every two men working at managerial position. Furthermore women are largely under-represented in positions of authority and responsibility: only 10% of board members and 3% of CEOs of the larger EU companies are women.

Paradox is that Women are today better educated than men, they represent the majority of graduates in the EU. Although there is a trend that women are increasingly breaking into male domains, such as mathematics, science and civil engineering, on average, female study choices still show traditional gender stereotyped patterns, and are often neglecting the chances of more future-oriented studies in science or ICT. Another fact is

that women still carry the bulk of all care responsibilities and (unpaid) work at home. Time use surveys comparing the number of hours spent by women and men on activities related to work, family duties and leisure reveal that on average, if the total time of gainful employment and domestic tasks is considered, women's work days are longer than men's.

## 1.2 SOURCES OF DIVERSITY – AGE

Another very important source of diversity is age. There is more old people and fewer youngsters in EU. The number of young people in age 0-14 is getting alertly low. In total

it decreased by more than 3.2 million in nine years (2002-2010) and it is getting lower still. At the other hand the number of seniors is increasing. This development seems to be, at least for now, irreversible. There will be no significant change of this trend in the near future as well. In 1990, the EU-27 population aged 65 and over corresponded to 20.6 % of what is considered to be the working age population (15-64 years). In 2010, this old age dependency ratio rose to nearly 33 %. All Member States are expected to see an increase in this ratio, although the extent of the rise will vary considerably from one country to another. In the long run, the old age dependency ratio in the EU-27 is expected to rise to 53.5 % in 2060.

**TABLE 2. CHOSEN AGE CATEGORIES** (in thousands)

| AGE          | REGION   | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011  |
|--------------|----------|---------|---------|---------|---------|---------|---------|---------|-------|
| 0-14         | EU 27    | 79 993  | 79 333  | 78 659  | 78 252  | 78 074  | 78 142  | 78 272  |       |
|              | in %     | 16,37   | 16,15   | 15,95   | 15,80   | 15,69   | 15,64   | 15,62   | x     |
|              | SLOVAKIA | 944     | 919     | 894     | 871     | 851     | 836     | 831     | 830   |
|              | in %     | 17,55   | 17,06   | 16,59   | 16,14   | 15,76   | 15,45   | 15,32   | 15,28 |
|              | PORTUGAL | 1 649   | 1 647   | 1 644   | 1 638   | 1 629   | 1 623   | 1 617   | 1 608 |
|              | in %     | 15,74   | 15,65   | 15,56   | 15,45   | 15,34   | 15,27   | 15,20   | 15,11 |
| 15-64        | EU 27    | 328 775 | 330 338 | 331 774 | 333 127 | 334 718 | 335 601 | 335 759 |       |
|              | in %     | 67,26   | 67,26   | 67,27   | 67,26   | 67,25   | 67,16   | 67,00   |       |
|              | SLOVAKIA | 3 815   | 3 840   | 3 862   | 3 883   | 3 903   | 3 922   | 3 928   | 3 932 |
|              | in %     | 70,92   | 71,31   | 71,67   | 72,00   | 72,27   | 72,46   | 72,42   | 72,34 |
|              | PORTUGAL | 7 064   | 7 091   | 7 115   | 7 133   | 7 139   | 7 130   | 7 120   | 7 098 |
|              | in %     | 67,44   | 67,35   | 67,32   | 67,30   | 67,24   | 67,09   | 66,93   | 66,73 |
| 65 AND OLDER | EU 27    | 98 997  | 101 166 | 103 216 | 105 117 | 106 798 | 108 604 | 110 434 |       |
|              | in %     | 20,25   | 20,60   | 20,93   | 21,22   | 21,46   | 21,73   | 22,04   |       |
|              | SLOVAKIA | 742     | 753     | 764     | 775     | 786     | 798     | 813     | 824   |
|              | in %     | 13,79   | 13,99   | 14,17   | 14,37   | 14,56   | 14,74   | 14,98   | 15,15 |
|              | PORTUGAL | 2 146   | 2 192   | 2 225   | 2 261   | 2 296   | 2 336   | 2 376   | 2 425 |
|              | in %     | 20,48   | 20,81   | 21,05   | 21,34   | 21,63   | 21,98   | 22,34   | 22,79 |

(Source: Eurostat, own calculations)

The life expectancy of men and women in Slovak Republic in general is steadily increasing (71.92 males, 79.93 females in 2010) but still it is somewhat smaller than in EU. The EU average life expectancy of men is 75.87 years and that of women it is 82.13. Average age of Slovak males was 36.84, average age of Slovak females was 40.05 in 2009.

### 1.3 SOURCES OF DIVERSITY – ETHNIC

The third source of diversity we will deal with is ethnic. Ethnic development in EU is influenced by immigration. In a flexible labour market, a high degree of labour mobility is desirable to help employment adjust favourably to changing demand conditions. An inefficient allocation of labour resources may negatively affect the longer-term level and growth rate of potential output and, in the short run, limits the pace at which an economy can grow. Despite the background of a generally low level of labour mobility within the EU-15, and the recognition of the possible benefits of increasing labour mobility, the expansion of the EU to 25 Member States in May 2004 was accompanied by concerns over the possibility of a wave of migration – particularly of the low-skilled – from the ten new Member States to the EU-15. The major concerns for receiving countries included a potentially negative impact on wages and employment of the native population and the increased use of social security systems, particularly by migrants. In response, most EU-15 Member States (with the exception of the United Kingdom, Ireland and Sweden) took the decision to maintain restrictions on the cross-border mobility of labour from the EU-8 (Malta and Cyprus were excluded from these restrictions), which delayed the migrant flow between the EU-8 and EU-15 Member States for up to seven years. These restrictions are about to drop and as we are aware now, they were not necessary. The restrictions led to an increase in illegal undeclared work, bogus claims of self-employment, contract work and service provision. According to analysis the annual mi-

gration rate from east and middle European countries was around 350 000 up to the total of 2.1 million people (3% of population).

**TABLE 3. SHARE OF THE FOREIGN-BORN IN TOTAL POPULATION (in %)**

| SHARE IN THE TOTAL POPULATION |      |      |
|-------------------------------|------|------|
|                               | 2002 | 2006 |
| Austria                       | 13.2 | 17.0 |
| Belgium                       | 12.4 | 13.5 |
| Czech Republic                | 2.0  | 2.0  |
| Denmark                       | 6.7  | 7.1  |
| Finland                       | 2.5  | 3.3  |
| France                        | 12.4 | 12.5 |
| Germany                       | 8.9  | 8.8  |
| Greece                        | 6.4  | 7.6  |
| Hungary                       | 1.3  | 1.7  |
| Ireland                       | 9.3  | 13.1 |
| Italy                         | 4.1  | 7.6  |
| Luxembourg                    | 37.7 | 40.4 |
| Netherlands                   | 13.1 | 12.8 |
| Norway                        | 7.0  | 8.5  |
| Portugal                      | 5.8  | 7.4  |
| Slovakia                      |      | 0.7  |
| Spain                         | 6.8  | 13.6 |
| Sweden                        | 14.0 | 14.9 |
| Switzerland                   |      | 26.1 |
| UK                            | 14.8 | 15.6 |

(Source: European Union Labour Force Survey (data provided by Eurostat))

The majority of immigrants to Slovak Republic in 2009 were men (68%). Almost 90% of immigrants are from the states of European Union. Not all of them are the legal ones (only 62%). In 2007 Romania became the leading immigrants providing country. In 2008 the number of foreign employees was 4 times higher in comparison with 2004 (the share of foreign employees on the total number of employees increased from 0.15% to 0.6%).

The vast majority of population of Slovakia is Slovak (85.7%). The biggest minority are Hungarians, who are

heavily concentrated in southern border areas (10.6%). Romas (Gypsies) are reported to make up 1.6% of the populace. Czechs form 1%, Ruthenians account for 0.3%, Ugrians for another 0.3%, Germans for 0.1%, Poles for an additional 0.1% and various other groups account for the remaining 0.3%. The Gypsy population in eastern Slovakia is underreported but estimated to be sizeable. Czechs have the option of dual citizenship.

## 1.4 SOURCES OF DIVERSITY – – SEXUAL ORIENTATION

In the European Union Article 13 of the EC Treaty prohibits any discrimination based on sexual orientation and the EU's Charter of Fundamental Rights is the first international human rights charter to explicitly include the term "sexual orientation".

The social situation, however, is worrying. In recent years a series of events in EU Member States, such as the banning of Pride marches, hate speech from politicians and intolerant statements by religious leaders, have sent alarming signals and sparked a new debate about the extent of homophobia and discrimination against lesbian, gay, bisexual, transsexual and transgender (LGBT) persons in the European Union.

Lesbians, gay men, bisexuals, transsexual and transgender persons experience discrimination, bullying and harassment across the EU. This often takes the form of demeaning statements, name calling and insults or the use of abusive language, and also, more worryingly, verbal and physical attacks. As the results of the July 2008 Eurobarometer Discrimination Survey showed, on average over half of EU citizens consider that discrimination on grounds of sexual orientation is widespread in their country.

The actual statistics concerning sexual orientation are hard to obtain (almost none of the surveys deals with the representative share of population) so it is being estimated somewhere between 2% and 10% of population.

## 1.5 SOURCES OF DIVERSITY – RELIGION

The majority of EU countries can be divided into three groups: traditionally Catholic countries, traditionally Protestant countries and mixed religion countries. They can also be classified from most to least religious; for the Catholic countries: Ireland, Portugal, Italy, Spain, Austria, Belgium, France; for the mixed religion countries: Germany, the United Kingdom, the Netherlands; for the Protestant countries: Finland, Denmark, Sweden.

Ireland's strong religious devotion is the legacy of the association between Catholicism and the defence of Irish identity in the face of Protestant England's domination. It is in the Netherlands, where moral liberalisation is most advanced, that religious affiliation is the weakest, but it is also there that religiosity outside of institutions is most developed. It is no coincidence that out of the Catholic countries, France and Belgium, which have both developed strong secular system, are today among those that are less religious; a result of a history filled with much conflict. In Germany, the rivalry between Catholicism and Protestantism has put the strong Lutheran-based social status of the Churches to use in favour of a certain religious vitality in the West, while the East became the least religious area in all of Europe. In the Lutheran countries of the North, religious affiliation is still very high. However, the status of State religion has led to an internal religious hollowness, especially in Sweden where practice and beliefs are the lowest in Western Europe. As for the United Kingdom, it is among the least religious, much like the other European countries that have been industrialised the longest. The research realized in 2005 identified some principal tendencies linked with religion in EU. The first being that there is seemingly a move away from religion in its traditional form - "I believe there is a God" – which seems to affect the Protestant countries, such as the Netherlands, Denmark and Sweden, as well as countries with a strong secular tradition such as France and Belgium. At the same time there is an affirmation of traditional religious

beliefs in countries where the Church or Religious Institutions have been historically strong, notably, Greece, Cyprus, Portugal and Ireland. In certain Eastern European countries, in spite of 40 or 50 years of communism, a strong attachment to religion emerges in Catholic countries such as Poland, Croatia and Slovakia. The third tendency is the development of a new kind of religion characterised by the belief that "there is some sort of spirit or life force". This new religion or spirituality is more marked in certain Protestant countries, such as Sweden or Denmark as well as in the Czech Republic and Estonia. Out of about 5.4 million inhabitants of Slovakia, more than two thirds declared their affiliation to the Roman-Catholic Church. 13% are churchless, but this number is much smaller than the 59% in the neighbouring Czech Republic.

**TABLE 4. RELIGION STRUCTURE IN SLOVAK REPUBLIC (in %)**

|  |      |
|--|------|
| Roman-Catholic Church                    | 68,9 |
| Evangelic Church of Augsburg Affiliation | 6,9  |
| Greek-Catholic Church                    | 4,1  |
| Reformed Christian Church                | 2,0  |
| Orthodox Church                          | 0,9  |
| Other (Jewish, Islam etc.)               | 1,1  |
| Unknown                                  | 3,0  |
| Without religious affiliation            | 13,0 |

(Source: Slovstat)

## 1.6 SOURCES OF DIVERSITY – DISABILITY

About 80 million people living in the EU have a mild to severe disability. The physical obstacles they face, like gaining access to a school or work place, leave them vulnerable to social exclusion. Lower employment and education levels mean the poverty rate for those with disabilities is 70% higher than the average.

Employment shares among people with disabilities are the highest in Austria (54%) and Slovakia (42%). Inac-

tivity status ranges from 21% in Austria to 78% in the United Kingdom, the Czech Republic, France, Ireland and Sweden. In addition, in these countries, the unemployment share is 5% or below. In contrast, in Austria, while the unemployment share is above 20%, the inactivity share is relatively low. This reflects that whether someone is recorded as unemployed or inactive may partly be a consequence of national procedures in recording data in the administrative registers.

Statistics from administrative registers show that in most countries, the employment of people with disabilities has increased, though this was not the case in two Eastern European countries: Poland and the Czech Republic. At the same time, unemployment declined in a number of countries (the Czech Republic, Germany, France, Austria, Poland, Slovakia and the United Kingdom) but rose in Belgium, Ireland, Spain, Latvia, Lithuania, Malta and Sweden. Inactivity increased in the Czech Republic, Ireland, Austria and Slovakia, as a counterpart of the decline in employment, and fell in Poland, Sweden and the United Kingdom.

In Luxembourg, employment rose markedly as it did in France, primarily because of sheltered employment schemes. In Luxembourg, the rehabilitation programme for people with disabilities consists of training courses, and granting a monthly allowance, which covers preparation for return to work. Disabled workers are entitled to an extra six days of annual paid leave financed by the State. Self-employed workers who meet the conditions are entitled to a reduction in social security contributions. In the United Kingdom, there has been an increase in employment and a decline in both unemployment and inactivity (of respectively +12%, -14% and -4%). Hence, the UK is a country with a satisfactory scenario concerning the integration of people with disabilities into the labour market. In Sweden, though inactivity fell (by 6%), unemployment increased (by 14%), as did employment (by only 1%). In Slovakia, there was a significant increase in employment (of 45%), but a bigger rise in inactivity (53%). In Poland, employment (-35%), unem-



ployment (-20%) and inactivity (-5%) all fell, reflecting a reduction in the number of people recorded as being disabled.

## 2. SITUATION AT THE LABOUR MARKET

In the second part of article we will deal with integration of diversity “strands” into the labour market. We will maintain the same order of diversity sources as in the previous part of the article.

### 2.1 LABOUR MARKET – GENDER

The debate on the root causes of gender segregation in employment dates back to the 1970s, but it remains the point of reference to date despite the fact that so much has changed since then. After decades of research, most scholars would agree that there can be no single-factor explanation for such segregation, and that the latter may lead to pay discrimination.

Key factors identified in the voluminous literature on segregation are, in no particular order, comparative biological advantages, under-investment in human capital (schooling or training), differential income roles, preferences and prejudices, socialisation and stereotypes, entry barriers and organisational practices.

Given widespread enforcement of equality legislation over the past years, impressive advances of women in education, progressive loss of importance of physical attributes for productivity, change in family roles and, last but not least, successful challenging of gender norms

by feminism, current research has both narrowed down the list of potentially relevant factors identified in the early debate and nuanced the original explanations. Attention to the implications of gender-based segregation in research and policy circles has traditionally gone to wage inequality (see 1.1), including undervaluation of female work and discrimination. Whilst pay remains central, other working conditions such as employment security, health risks or provisions for reconciling work and family life are important components of the overall quality of jobs, and, because of segregation, may accrue differently to female and male employees. Recently, segregation has been questioned also because it threatens to exacerbate labour and skill shortages.

### 2.2 LABOUR MARKET – AGE

Demographic developments have a considerable impact on the size of various age groups, including populations at working age. As a consequence demographic trends – together with labour market trends and labour force participation rates – determine the size of future work force. In Europe, low fertility and increasing life expectancy both reverse the age pyramid, leading to a shrinking number of younger people, an aging and eventually shrinking work force, and an increasing number and share of older people. In the age group 0-14 the quantitative decline is already taking place today. In Western and Central Europe<sup>22</sup> the size of the working age population (EU25+ age group 15-64 in 2005: 317 million) will start to decline after the year 2015 reaching 302 million (-15 million or -5%) in 2025 and 261 million in 2050 (-66 million or -18%; Table 3).<sup>23</sup> Within this group the momentum will shift from younger to older people at employable age. The number of younger Europeans entering the labour market (age group 15-24) is already shrinking in a number of EU member states and will decline in EU25 as a whole over the next 45 years (2005-2050: -25%). On the other hand, as a result of increasing life expectancy and the aging of the baby boom genera-

tion the age group 65+ (2005: 79 million) will grow to 107 million in 2025 (+28 million or +35%) and to 133 million in 2050 (+54 million or +68%). Within this age group the largest increase is to be expected for people over 80 years of age (2005: 19 million, 2050: 51 million; +22 million or +180%).

In many countries of EU there are two main groups based on age for which finding job is difficult. The first of them is the group consisting of young people who recently finished their education; the second one integrates the older people (55+) short before retirement. In this context it is no surprise the Slovaks as a whole think that discrimination based on age is the most common form of discrimination in our country. Considering the current economic crisis, this perception around age found an ominously strong expression in views about discrimination in the labour market. The majority (around 40%) of the total number of unemployed are young people in age 29 and less. Another relevant group are people in age of 55 and older. Together they create more than 60% of unemployed in Slovak Republic.

## 2.3 LABOUR MARKET – ETHNIC

An intense political and intellectual debate is taking place in Europe around migration issues. This debate has been particularly intense after the series of violent disturbances in various cities and towns in England (e.g. Oldham, Leeds, Burnley, Bradford) in the spring and early summer of 2001, involving young British Asian men, and the riots in Paris' suburbs in November 2005 where most of the rioters were the French-born children of immigrants from African countries. Though a range of potential explanations were proposed, two received considerable attention in political circles and also in the media. The first explanation put forward the lack of a shared civic *identity* that could bring together diverse communities. The second one was the *adverse labour market outcomes* of the ethnic groups, which experienced very high levels of unemployment.

In 2006, persons born abroad represented a significant portion of the workforce and of the employed population in European countries. There were however some important variations among host countries, reflecting differences in terms of immigration in general (Table 1). In Finland, and in the countries of Central and Eastern Europe, immigrants account for less than 3% of total employment. In Switzerland, by contrast, this figure is as high as 26%, and it is nearly 44% in Luxembourg. In most European countries, immigrants represented a larger share of employment in 2006 than in 2002. The increase was particularly notable in Spain (more than seven percentage points), and also in Ireland and Italy (3.5 to 4.5 percentage points), and to a lesser extent in Austria, the United Kingdom and Luxembourg (about 2.5 percentage points). The Netherlands is an exception here: it was the only European country to see the immigrant employment share decline between 2002 and 2006 (down by 1.5 percentage points). Thus, while about 11% of that country's jobs were held by foreignborn workers in 2002, this figure was only 10.3% in 2006.

In all European countries, immigrants find it hard to enter the labour market. The labour market in itself is decisive for how individuals who have immigrated are integrated in their new countries. Immigrants generally have a weaker position on the labour market than natives. In all countries, with the exception of Hungary, unemployment is larger among individuals who have immigrated than for the native population. There are large differences between countries, however. In the Nordic countries and in Austria, Belgium and Switzerland, immigrants are over-represented among the unemployed by a factor of at least two compared to their share in the labor force (in other words, their unemployment rate is at least twice that of the native-born). In France, in Germany and even in the United Kingdom, those born abroad also suffer a notably higher rate of unemployment. On the other hand, in recent immigration countries (especially Greece and Portugal), place of birth makes little difference to the unemployment rate.

**TABLE 5. SHARE OF THE FOREIGN-BORN IN TOTAL POPULATION, LABOUR FORCE AND EMPLOYMENT (15 - 64 years old)**

|                | SHARE IN THE<br>TOTAL LOBOUR<br>FORCE |      | SHARE IN THE<br>TOTAL<br>EMPLYEMENT |      |
|----------------|---------------------------------------|------|-------------------------------------|------|
|                | 2002                                  | 2006 | 2002                                | 2006 |
| Austria        | 13.2                                  | 16.2 | 12.7                                | 15.4 |
| Belgium        | 11.3                                  | 12.3 | 10.1                                | 11.1 |
| Czech Republic | 1.9                                   | 1.9  | 1.8                                 | 1.8  |
| Denmark        | 5.7                                   | 6.0  | 5.5                                 | 5.8  |
| Finland        | 2.4                                   | 3.1  | 2.2                                 | 2.8  |
| France         | 11.7                                  | 12.0 | 11.0                                | 11.2 |
| Germany        | 8.6                                   | 8.7  | 8.3                                 | 8.5  |
| Greece         | 7.4                                   | 8.3  | 7.2                                 | 8.3  |
| Hungary        | 1.3                                   | 1.7  | 1.4                                 | 1.8  |
| Ireland        | 9.5                                   | 13.9 | 9.4                                 | 13.7 |
| Italy          | 5.1                                   | 8.6  | 5.0                                 | 8.5  |
| Luxembourg     | 41.4                                  | 44.6 | 41.1                                | 43.8 |
| Netherlands    | 11.3                                  | 11.0 | 11.0                                | 10.3 |
| Norway         | 6.5                                   | 7.8  | 6.2                                 | 7.4  |
| Portugal       | 6.3                                   | 7.9  | 6.2                                 | 7.8  |
| Slovakia       |                                       | 0.7  |                                     | 0.7  |
| Spain          | 7.8                                   | 15.1 | 7.6                                 | 14.6 |
| Sweden         | 12.4                                  | 13.5 | 11.7                                | 12.5 |
| Switzerland    |                                       | 25.4 |                                     | 24.4 |
| UK             | 14.7                                  | 15.7 | 14.6                                | 15.8 |

(Source: European Union Labour Force Survey (data provided by Eurostat))

## 2.4 LABOUR MARKET – – SEXUAL ORIENTATION

The Employment Equality Directive prohibits both direct and indirect discrimination, as well as harassment, on grounds of sexual orientation in both the private and public sectors in work and employment. This prohibition applies in relation to conditions for access to employment, to self-employment or to occupation, access to vocational guidance or vocational training, employment and working conditions, and membership of, and involvement in, organisations of workers or employers. The di-

rective was to be implemented by most EU Member States by 2 December 2003, subject to exceptions relating to age and disability discrimination. Yet implementation has varied across the Member States.

The stakeholder e-survey included questions on the opportunities for obtaining employment as an openly LGBT (lesbian, gay, bisexual and transgender) person compared to a heterosexual person. 43% of respondents said they thought that openly LGB persons would have 'unequal' or 'somewhat unequal' opportunities compared to heterosexuals. 51% thought that they would have 'moderately equal opportunities' or 'fairly equal opportunities', but only 6% said that an openly LGB person would have equal opportunities. Regarding opportunities for obtaining employment as an openly transgender person, however, 71% of the respondents consider that they would have 'unequal' or 'somewhat unequal' opportunities in getting a job.

The results from the e-survey and fieldwork interviews correlate with research findings in several Member States, for example Belgium, Germany, Sweden, Slovakia, Ireland, Denmark, Hungary, Finland. In summary, these research studies show that LGBT persons experience discrimination and homophobia in the workplace through direct and indirect discrimination (access to employment, dismissal and lack of promotion); unequal treatment in the areas of appreciation, performance pressure, advancement, training, earnings, and/or holiday; harassment in the form of demeaning or derogatory statements, name-calling or insults, use of abusive language by colleagues, mocking, ridicule, gossip or rumours; sexually explicit remarks; and social isolation.

## 2.5 LABOUR MARKET – RELIGION

Discrimination based on religion is another issue that is affecting many countries. In the EU, the issue of the "Islamic veil" or hijab has highlighted the different perceptions prevailing among European countries regarding secularism and religious freedom and has revealed some inconsistencies. For instance, in 2003, the Federal Con-

stitutional Court of Germany ruled in favour of a teacher who wanted to wear an Islamic scarf to school; but at least four German states have banned teachers from wearing scarves, and in one state the ban applies to all civil servants.

Muslims are not integrated into the mainstream labour market. They face higher unemployment rates and higher poverty rates than the general population. Those who are employed are often in marginal and low-paid jobs, this carries a greater risk of unemployment. Low-paid jobs also lead to segregated or parallel working lives. Human capital accounts for some of this disadvantage in employment. Other factors include the lack of social networks, knowledge about the labour market, and language fluency.

## 2.6 LABOUR MARKET – DISABILITY

People with disabilities can be employed in regular or subsidised employment, in the context of a quota scheme or in a sheltered environment.

Concerning sheltered employment the highest share is found in Belgium and Italy. Most people with disabilities therefore participate in the open labour market and work in normal jobs. A number of people, however, are employed under quota schemes, which vary across countries in terms of the approach adopted. In some Member States, schemes apply only in the public sector, in others, they are also extended to the private sector, and in yet others, they are not applied at all.

The countries with the highest share of people with disabilities in ordinary employment are Slovakia, the Czech Republic, Austria and Germany, while those showing the largest increases are France, Ireland, Belgium and Slovakia. By contrast, ordinary employment declined in Poland and Portugal. Some of these differences seem to be explicable in terms of the labour market measures applied in different Member States.

# 3. DIVERSITY MANAGEMENT – A SOLUTION AT HAND

All European countries have undergone (and are still undergoing) dramatic change in their populations and this affects the kind of people we employ; those to whom the products and services are delivered; and those from whom we buy goods and services.

In order to understand the significance of diversity for business, however, it is also important to go 'under the surface' of the strand-specific approach and to consider the 'learnt' aspects of difference — such as the attributes of individuals and even communities' different types of knowledge acquisition, communication styles, personal skills, professional abilities and leadership expertise.

Through the twin processes of globalisation and localisation, the business horizons of European companies continue to shift and expand beyond national boundaries. Although the vast majority of European small and medium-sized enterprises (SMEs) operate at the local level, the opportunities and challenges they face are inextricably linked to processes taking place across regions, countries and continents. Regardless of whether a company operates at global or local level, a more diversified society, customer base, market structure and workforce is becoming an increasingly central aspect of doing business.

### 3.1 WHY? – BUSINESS BENEFITS OF DIVERSITY MANAGEMENT

The main question is how a company can actively and strategically deal with Diversity. To be more concrete, what activities need to be placed into motion, in order to implement effectively a company strategy which integrates diversity as an asset into its identity? What are the benefits of managing diversity effectively? Diversity management strategies can help to create a link between the internal and external aspects of the work of an organisation. Whilst each organisation needs to work out its own priorities, these benefits can include:

- attracting, recruiting and retaining people from a wide “talent” base,
- reducing the costs of labour turnover and absenteeism,
- contributing to employee flexibility and responsiveness,
- building employee commitment, morale and “discretionary effort”,
- *enhancing creativity and innovation*,
- improving knowledge of how to operate in different cultures,
- improving the understanding of the needs of current customers or clients,
- assisting in the development of new products, services and marketing strategies,
- creating opportunities for disadvantaged groups and building social cohesion.

One of the most important benefits associated with diversity is increased potential of innovations. Innovation is a multidimensional term, displaying both 'subjective' and 'objective' traits. Subjective traits of innovation include the processes of creativity and original thinking, the communication of creative and original thinking to others, and the uptake of those ideas by others. Here, thinking relates to all areas of company activity, including everyday operations and problems through to the re-

search and development of new or existing products, and the sourcing of new suppliers and expansion into new markets. Objective traits of innovation include the structures within which such ideas are thought about, transmitted to, and taken up by others, and the output and outcome in terms of definable benefits.

The ability of diverse individuals to communicate creative and original thinking to others, and the willingness of those others to listen and respond to such ideas, might be constrained by institutional and non-institutional forms of discrimination. These could include the degree to which the company has a culture of 'inclusion' and the objective organisational structures within which creative and innovative thinking takes place. As such, any attempt at encouraging 'latent' creativity and innovation within and through diverse workforces must be linked with wider management processes and practices of the businesses themselves. Another research identified need for cognition as an important personality trait that broadens understanding of when and how the performance potential of diverse teams can be unlocked and what organizational and team leaders must pay attention to when assembling and managing diverse teams. Findings suggest that the mean need for cognition in a team is an important determinant of the degree to which a team stands to benefit from age and educational diversity.

### 3.2 HOW? – IMPLEMENTATION PROCESS OF DIVERSITY MANAGEMENT (BRIEF SUMMARY)

Once the focus of a company is on recognizing relevant differences and similarities within the company and in its environment, the next question is how to manage all of this. “Sensitivity” to differences is necessary but by itself not sufficient to make positive things happen. Consequently, Diversity Management is all about integrating the ideas and practice of diversity into the day-to-day managerial and learning processes of a company and its environment. In an atmosphere of trust, acceptance and appreciation, business decisions need to be taken. Man-

agers need to get results. They are normally not interested in aesthetically pleasing grand theory. In order to achieve their objectives and gain advantage over their competitors, managers need to understand their external environments, including the market, and the company's mission, vision, strategy and culture.

According to the methodology of Synetz the implementation consists of following steps:

#### STEP 1 DIVERSITY STEERING COMMITTEE

Since most companies have a mono-cultural background, there is a risk that analysis of the environment will be conducted in a restrictive manner and the requirements for any change viewed through a narrow perspective. In order to overcome these limitations a project team (Diversity Steering Committee) of committed people with diverse backgrounds could be formed by top management to widen this perspective.

#### STEP 2 SCENARIOS OF THE FUTURE

Together with top management, key stakeholders and representatives of various departments of the company the Diversity Steering Committee should organise a so-called Scenario Building Workshop. As a rule of thumb three different scenarios of how the business world would look like (externally and internally) 10-20 years hence should be created – with an emphasis on the impacts and effects of diversity factors.

#### STEP 3 VISION AND STRATEGY

The next step should be to formulate a vision and mission of the company from the scenario selected previously. This exercise should involve top management and key stakeholders. It should focus on the strengths, weaknesses, opportunities and threats for the company emanating from the scenario. In the end, vision and mission statements should be formulated. The next step is to formulate the company's strategy emphasizing the way Diversity Management is to be implemented. A clear strategy will allow the company to move forward. Once a vision, mission and

strategy have been formulated the company should now go back to the present situation and identify its current status quo. This requires a Diversity Audit.

#### STEP 4 DIVERSITY AUDIT

The Diversity Audit is a useful tool to analyse the company's current situation. Questions to be asked include: What is the attitude of top management and its workforce regarding diversity? What is the company's culture today? How "inclusive" are the structures and processes? The Diversity Audit is conducted through semi-structured, personal interviews with all stakeholder groups and may be accompanied by a standardized questionnaire to explore attitudes toward Diversity.

#### STEP 5 COMPANY GOALS

As a next step, Management together with the Diversity Steering Committee should define the company overall goals for implementation of Diversity Management. These goals should be clearly related to the previously formulated overall strategy and ensure participation of all relevant divisions and departments. Each of these should be invited to adjust these goals to its own context and define clear measurable criteria for achieving them.

#### STEP 6 DIVERSITY MANAGEMENT IMPLEMENTATION

During the implementation process the Steering committee plays a crucial role: it oversees, steers and accompanies the various activities. It serves as a central intersection of communication.

## CONCLUSION

Diversity is the agenda of European Union policy for the last 10 – 15 years. Undisputedly there are some successes (at least on the official level). The new reality of EU legislation banning discrimination on grounds of

racial or ethnic origin, gender, religion, disability, age and sexual orientation has had a major impact on businesses across the EU. But the diversity has got more dimensions, not just the business one. Demographical development and the ageing of population leave a lot of space for future immigration. Our children will face a reality of different European Union. For sure there will be more Muslims. For sure there will be a lot of elders. Can we manage? Are we tolerant enough to accept the increasing number of workers from former Eastern Europe? Are we ready to deal with our differences and turn them to our advantage? Are the employers able to deal with the diversity of employees, buyers and competitors? One of the possible ways is to implement the diversity management and to profit from its benefits. It is not a simple choice. Sometimes the differences are far too great to deal with them quickly, it takes some time. But we have to try our best. Tolerance is the key. To create a tolerant society we must start from the beginning – education and media.

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