SHRM™

SOCIETY FOR HUMAN RESOURCE MANAGEMENT

Global Diversity and Inclusion

Perceptions, Practices and Attitudes

Economist Intelligence Unit

The Economist

Global Diversity and Inclusion:

Perceptions, Practices and Attitudes

A Study for the Society for Human Resource Management (SHRM)
Conducted by the Economist Intelligence Unit

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Background

More than ever, businesses, governments, non-profits and other organizations are finding it necessary to adopt a global mindset in order to remain viable and relevant in today's global marketplace. As organizations recognize the importance of developing greater cross-cultural competence, Diversity and Inclusion practitioners are often at the forefront of this work. This makes sense, as these professionals have long been engaged in helping individuals and organizations manage and leverage difference in ways that allow people from all backgrounds to hear and be heard, understand and be understood, and work together productively. And some will suggest that one's national culture is the most powerful differentiator there is, greater than ethnicity, gender or language.

And yet, Diversity and Inclusion practitioners are often caught in the same conundrum as those they serve, because—like every other facet of business—the concepts of "Diversity" and "Inclusion" themselves often mean very different things in different countries around the world.

In 2008, the Society for Human Resource Management (SHRM) commissioned the Economist Intelligence Unit (EIU), a subsidiary of The Economist Group, to conduct an International Study on Diversity and Inclusion. The study was launched to provide a deeper understanding of Diversity and Inclusion issues on a global scale, and to offer insight into Diversity and Inclusion best practices worldwide. This groundbreaking study included surveying over 500 executives and interviewing 40 of them. In addition, the Economist Intelligence Unit researched the diversity readiness of 47 different countries to create the Global Diversity Readiness Index (see Appendix II for more information). This report details the findings of both the research and this groundbreaking new tool.

Following the publication of this research, SHRM will release the Global Diversity Readiness Index as an online tool at shrm.org/diversity; incorporate the findings into future programming, including the SHRM Diversity and Inclusion Strategic Leadership Program; and use the knowledge gained to inform its global business strategy moving forward.

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Introduction

More than half a century ago, author Sloan Wilson described a world of corporate conformity in a popular novel, *The Man in the Gray Flannel Suit*. A collection of empire-builders and yes-men—all with similar backgrounds and ways of thinking—created a dreary culture of sameness that nearly led to a disastrous decision in the executive suite.

That world, increasingly, is disappearing. Today, just as national boundaries are eroding in the "global village," so are cultural and gender barriers weakening in the global workforce. The concept of workforce Diversity is no longer an abstraction; it is part of everyday life in many countries in the developed world. Driven by a need to compensate for talent shortages—and compete in an increasingly diverse marketplace—companies are extending their recruiting and promotion efforts to groups that traditionally were under-represented or not present at all.

Yet in many ways the journey has only begun. Even in countries with diverse workforces, the members of demographically dominant groups tend to have more influence and face fewer barriers to recruitment and advancement than the newcomers. There are still countries in which the idea of workforce Diversity has made few inroads, either because of cultural barriers or the lack of a critical mass of representatives of diverse groups. Companies have come to understand that different demographic groups think and communicate differently, and that these cultural differences must be understood by all concerned before newcomers from diverse backgrounds can be truly integrated and included in a company's workforce.

Global Diversity and Inclusion looks at the advantages that Diversity and Inclusion bring to a company, as well as the challenges inherent in creating and managing an integrated workforce. Since the nature of the journey—and the degree of progress to date—differ in each region, the study focuses on regional and cultural differences to managing and valuing Diversity, as well as the best practices that tend to promote Diversity and Inclusion everywhere.

The study is based on a quantitative online survey of 546 senior executives of companies worldwide, which was conducted in July 2008 by the Economist Intelligence Unit on behalf of the Society for Human Resource Management (SHRM). The conclusions also draw on more than 40 in-depth interviews with senior executives in North America, Europe, Asia and Latin America.

Executive Summary

Workforce Diversity and Inclusion is a concept that appears to have taken hold in companies worldwide. According to a survey conducted by SHRM, 55% of respondents say their organizations "strongly promote" Diversity and Inclusion. However, the interpretations of the phrase and the methods used to achieve this goal vary widely among companies and regions. In companies with the most successful Diversity programs, the impetus and tone emanate from the most senior ranks of the organization. Sixty percent of respondents to the survey say the main advocates for Diversity and Inclusion in their organizations are the CEO and top management, followed by heads of HR (42%). Most companies recognize that "Diversity" and "Inclusion" are closely linked; Inclusion helps to ensure that employees from diverse backgrounds are able to contribute, remain with the company and flourish.

Considering differing regional interpretations of Diversity and the variety of cultural sensibilities involved, multinationals tend to leave much of the implementation of Diversity programs to managers at the local and national levels. The degree of decentralization tends to vary with the parent company's nationality. For example, North American companies take a more centralized approach, whereas Western European and Asian firms tend toward a more laissez-faire attitude in Diversity-related matters.

In most parts of the world, the main focus of Diversity efforts is on hiring and promoting women. The major reason for this is that women, who make up 50% of the population, represent a large, untapped (or under-tapped) resource, which companies will need in the future as Baby Boomers begin to retire. Women are also comparatively easy to integrate into organizations, since—gender issues aside—they typically have grown up in the same country as their male colleagues, and hence tend to share the prevailing cultural norms. Employees from minority ethnic, national or religious groups may present more complex issues such as cultural background and styles of thought. Again, the survey findings back this up: when asked to name up to three groups that should be better represented in the company, a whopping 79% of survey respondents cite women, followed by 46% naming people over 50 years of age and 39% ethnic minorities.

The arguments for greater Diversity range from complying with equal-opportunity laws to obeying moral imperatives to serving the company's financial interests. The latter argument—the business case for Diversity—has several main components. A majority of survey respondents say the business rationale for Diversity-related initiatives is tapping into a broader range of backgrounds and skill sets (53%). This is followed by fairness and morality (47%) and tapping new sources of talent to understand customers better and increase sales (43%).

Among the challenges facing Diversity advocates are the dearth of data on workforce composition, particularly in countries where such data collection is not allowed, and the absence of a strong empirical link between greater Diversity and an improved bottom line. Advocates of Diversity programs also struggle with taboos against the use of quotas, which raise uncomfortable questions of so-called "reverse discrimination" against people from mainstream groups. Nearly one-half of survey respondents (46%) say it is difficult to change Diversity-related recruitment, employee development, promotion, retention and evaluation practices.

Who Took the Survey?

A total of 546 senior executives participated in the "Diversity and Inclusion in the Workforce" survey, which was conducted in July 2008. Of those who responded, 257 were C-level executives, such as CEOs, CFOs, CIOs and CDOs, and the balance consisted of senior vice presidents, heads of business units and other senior managers. One hundred and ten of our respondents were from the human resources (HR) function. Many of the firms for which they work are mid-size to large: 269 respondents hailed from companies having annual revenues of at least US$500m. For more details on the survey sample and results, see Appendix I of this study.

Part I: Opportunities from Diversity

A. Workforce Diversity and Inclusion in multinationals: Facts and trends

A concept that has taken hold

While companies may disagree about the best ways to achieve, manage and value Diversity, one thing is clear: Companies worldwide now recognize that Diversity and Inclusion are beneficial. In the quantitative survey, more than half (55%) of respondents say they have policies that promote Diversity and Inclusion either "strongly" or "very strongly," and another 31% promote Diversity and Inclusion "moderately." Only 3% do not promote Diversity and Inclusion at all. More than one-half of respondents from North America (59%) and Asia-Pacific and Western Europe (55% each) promote Diversity and Inclusion "strongly" or "very strongly." Thirty-one percent of respondents from Asia-Pacific and North America and 28% from Western Europe promote Diversity and Inclusion "moderately" (see Chart 1).

Moreover, the survey reveals that increasing workforce Diversity is a top-level initiative. At 60% of companies surveyed, the main advocates of workplace Diversity and Inclusion are the CEO and top management or the board of directors. A large minority of respondents (42%) also cite the head of human resources (HR) as a main champion of Diversity (see Chart 2, next page).

Companies' reasons for embracing the goals of Diversity and Inclusion vary. In the main, companies say that encouraging Diversity is a business imperative (more on this in the next section). For others, promoting Diversity is a matter of fairness and justice. Legal compliance plays a surprisingly large role: 67% of companies surveyed—80% from Western Europe, 66% from Asia-Pacific and 58% from North America—say they track legislative developments that could affect workplace Diversity either closely or occasionally, while only 21% fail to follow such developments actively (see Chart 3, next page).

Similarly, 58% of respondents say that Corporate Social Responsibility (CSR) considerations drive Diversity and Inclusion efforts (see Chart 4, page 11).

HR leads the effort, but implementation tends to be decentralized

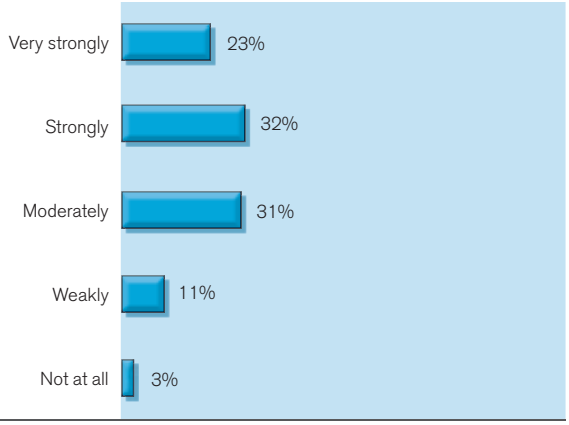
The point person for Diversity efforts is usually the head of HR or one of his or her direct reports. This was the case in 59% of companies surveyed; a further 6% of companies named the Chief Diversity Officer. In a significant minority (26%) of companies surveyed, the point person for Diversity and Inclusion is a direct report of the CEO (see Chart 5, page 11, and Chart 6, page 12).

The HR function's official ownership of the Diversity portfolio tells only half the story, however. Participants in the Economist Intelligence Unit's in-depth interviews emphasize that Diversity programs work best if implemented through a line manager, rather than imposed from a central headquarters office. Ursula Schwarzenbart, Director of the Global Diversity Office at German auto manufacturer Daimler, expresses a commonly held view that successful Diversity depends on successful networking with business units:

"The chief lesson I have learned is to look for allies in the ranks and try to involve them. Nothing is more convincing than having line managers talking to other line managers. Similarly, don't give white Caucasians the idea that Diversity is something for them to avoid; make them your allies instead. As a German company, we have a lot of managers who are traditionally oriented. They must put Diversity glasses on, and if they buy into the idea, then they make others understand it as well."

A corollary of this decentralized approach is that most companies are reluctant to

Chart 1 How strongly does your organisation promote workplace Diversity and Inclusion, in your view?



Source: Global Diversity and Inclusion, the Society for Human Resource Management

impose one-size-fits-all systems for measuring results. For example, only 14% of survey respondents say that middle managers are evaluated on a combination of performance results and adherence to principles of Inclusion and fairness on their teams, and another 35% say middle managers are evaluated mainly on bottom-line results (see Chart 7, page 12).

How Diverse Is Your Country? Unveiling the Global Diversity Readiness Index

To help corporate executives understand the Diversity and Inclusion challenges in countries around the globe, the Economist Intelligence Unit compiled a Global Diversity Readiness Index. This benchmarking model assesses five areas of Diversity and Inclusion in 47 countries: the heterogeneity of a country's general population; levels of Diversity and attitudes in the workplace; societal attitudes towards minorities; Diversity and Inclusion among publicly elected officials; and the existence and enforcement of equal-rights laws. These themes have been aggregated into a single composite indicator. The Economist Intelligence Unit developed the methodology behind the index, collected the data and scored the countries. Many of the indicators used to generate the index are based on quantitative data and have been drawn from national and international statistical sources. The others are qualitative in nature and have been produced by the Economist Intelligence Unit. For more information, see details of the index in Appendix II.

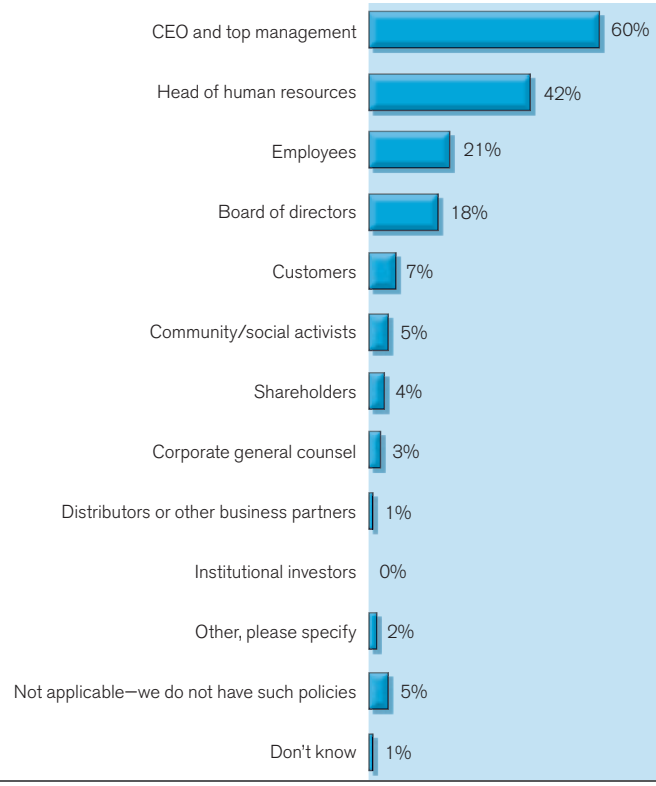
Women are the main focus of Diversity efforts

While Diversity is often discussed as a general concept—that is, fostering the broadest possible heterogeneity in the company—in practice it is typically understood to mean a single-minded focus on hiring, retaining and promoting women. This conclusion is confirmed by the survey results, as well as in-depth interviews. Forty-five percent of survey respondents say their organisation's Diversity and Inclusion efforts are most strongly directed to women. The next-largest target for diverse employees is ethnic minorities, with 19% citing this group (see Chart 8, page 13).

Similarly, when asked to name up to three groups that should be better represented in the company, 79% of survey respondents cite women, followed by 46% naming people over 50 years of age and 39% ethnic minorities (see Chart 9, page 13).

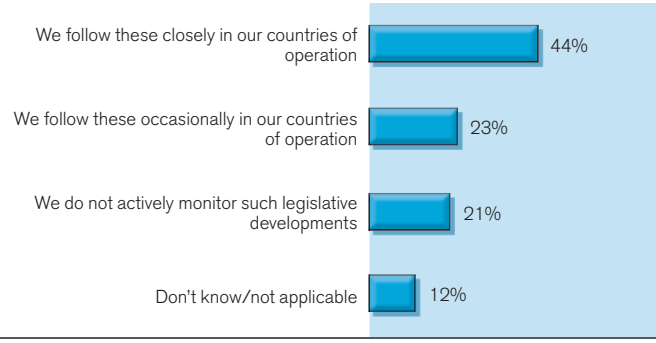
Companies focus on women because they represent the largest under-utilized human resource, and gender representation is common across all of a company's geographies and business units. Many companies interviewed for this study say they intend to move on to other target groups once they have brought female representation—including in management ranks—to desired levels.

Chart 2 Who are the main advocates of workplace Diversity and Inclusion policies in your organisation? Select up to two.



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Chart 3 To what extent does your organisation monitor legislative developments that could affect workplace Diversity practices?



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Some companies cite equal-opportunity laws as the reason for their focus on women, as well as looming talent shortages and an increasingly diverse marketplace; others say simply that women make a desirable addition to their talent pool. Michael Haradom, Chief Executive Officer of Brazilian fertilizer and agricultural products manufacturer Fersol, offers this view:

"We are fighting corruption [in Brazil] and we believe the [anticorruption] idea is held more profoundly by women than by men. We have also seen that women have less of a tendency than men to jump from one branch to another. They are also cleaner and more organized. In other words, women are really fantastic human beings to work with."

Considering the widespread focus on recruiting and promoting women, it comes as no surprise that corporate Diversity policies tend to focus on traditional female concerns. For example, 46% of survey respondents say their companies have adopted policies aimed at improving work/life balance, such as flexible hours and work-at-home opportunities (see Chart 10, page 14).

While flexible working arrangements benefit men as well, companies have found this to be a key recruitment and retention tool for women. So is awareness that men and women do not think in identical ways. Allen Thomas, Chief Diversity Officer at Deloitte, the global accountancy, expresses this view:

"The key issue was flexibility. Even more broadly, it was whether we could create an environment where people had some flexible work arrangement. We created such arrangements fairly early on, in the 1990s, and made them available to everyone. The other major change we made was to talk about things in the workplace that are viewed differently by men and women, and to change our behavior to make sure we are more inclusive. We ran a course on this, called 'Men and Women as Colleagues.' The course was required of all managers, and it was eye-opening. It changed the culture of the organization."

Nonetheless, the survey also reveals that the so-called "glass ceiling" that bars women from top positions is still firmly in place. Only 35% of respondents say women are present in top management in the same or larger proportions (see Chart 11, page 15).

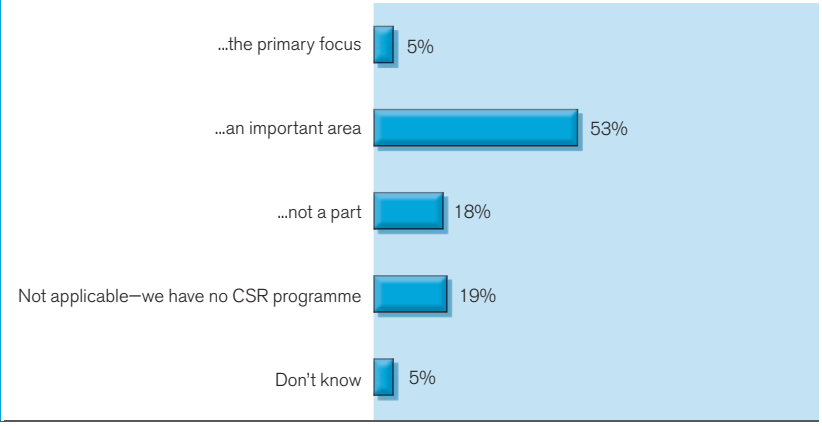
Most companies interviewed for this study are trying to increase the proportion of women in senior management. Many of them say their emphasis is on developing female talent throughout the organization, to ensure that there are suitable female candidates for promotion. For example, Monika Ruehl, Director of Change Management and Diversity at Lufthansa, described the German airline's efforts:

"At Lufthansa 15% of our senior management jobs are filled by women, whereas 42% of our employees are women. On the other hand, if we look at all levels of management rather than just senior management, women fill 38% of the jobs, which is not too bad compared with the rest of industry. Many of those jobs are junior management positions, but it is a start."

Other non-mainstream groups are under-represented

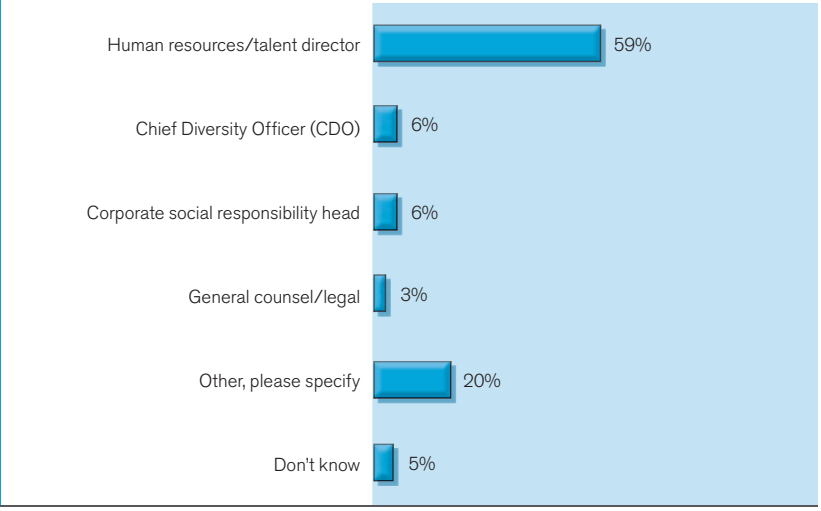
Although Diversity programs have featured in the corporate landscape for decades,

Chart 4 To what extent are workplace Diversity and Inclusion a focus of your organisation's corporate social responsibility (CSR) efforts? Within our CSR programme, Diversity and Inclusion are...



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Chart 5 Who has primary responsibility for Diversity and Inclusion in your organisation?



Source: Global Diversity and Inclusion, the Society for Human Resource Management

most companies say they have a large gap to fill when it comes to mirroring the share of minorities, older workers and other such groups in the general population. The survey reveals a systematic under-representation of three kinds of workers: those over 50 years of age, religious and ethnic minorities, and individuals with disabilities (see Chart 12, page 15).

Of these groups, only people over 50 do comparatively well in terms of their representation in top management. Sixty-three percent of survey respondents say the presence of individuals over the age of 50 in top management positions is either the same as or greater than it is in the general population (see Chart 11, page 15).

A notable exception to the general rule of under-representation of minorities is Verizon, the New York-based telecommunications company. Magda Yrizarry, Vice President of Workplace Culture, Diversity and Compliance, says that 36% of employees at Verizon are ethnic minorities, and that they are distributed fairly evenly across the company's divisions. "Right now, ethnic minorities are about 27% of the US labor force and 38% of key markets, and so, with about 36%, we are mirroring the labor force and our marketplace," she says.

Key findings from the Global Diversity Readiness Index: Top countries

Four Scandinavian countries and five English-speaking countries finish among the top ten in the Global Diversity Readiness Index. The only non-Scandinavian, non-English-speaking country is Switzerland, which ranks ninth. All ten countries are open, fully developed economies with inclusive workplaces, governments and laws. The index reaffirms that Diversity and Inclusion do not necessarily go hand in hand. Countries that are more diverse struggle to be more inclusive; countries that are less diverse are not necessarily less inclusive. For more information, see details of the index in Appendix II.

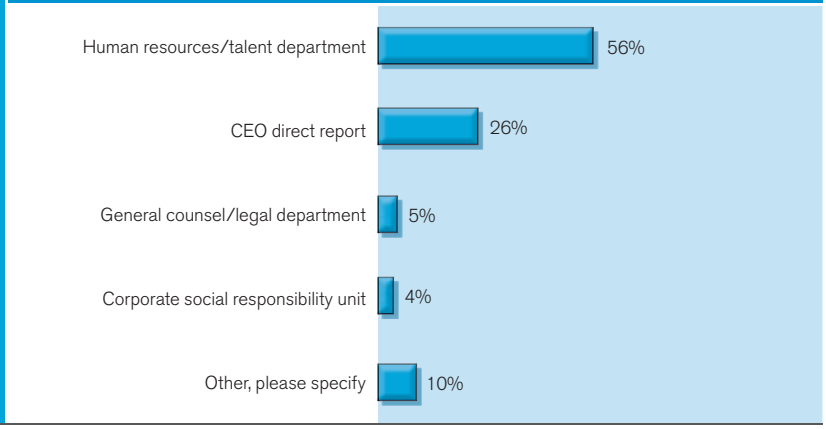
Inclusion is inseparable from Diversity

Companies generally consider Inclusion to be an integral part of Diversity efforts, since Inclusion improves rates of retention of employees who are "different." The views of Hugh Mitchell, HR Director of Royal Dutch Shell, a multinational oil company, are representative:

"If this is about having the right team photo, then that is not very hard. I can get diverse people in the door, and declare success. But without a focus on Inclusion, five years later many of those people will have gone, and the team photo will look the same as ten years ago. Inclusion is about making sure people can make the contribution they were brought in to make. If I hire someone because he or she is different, and then I don't draw that difference into my business thinking, then what is the point? So, for example, if I hire a Nigerian to work here in the Netherlands, he or she should not be expected to think and act the same as an engineer from Delft."

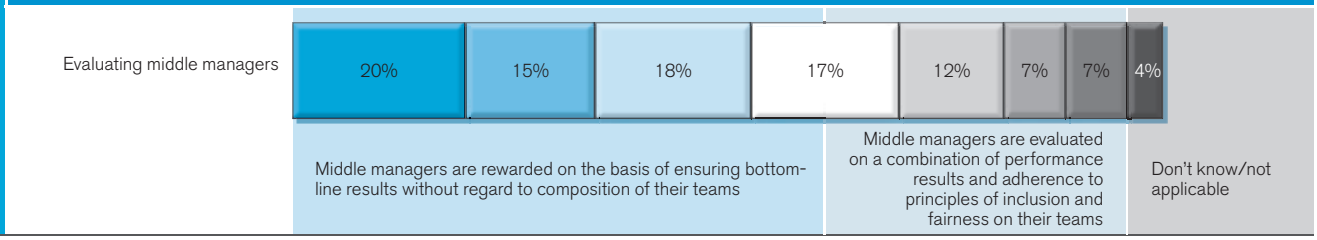
A related reason for merging Diversity and Inclusion efforts is to create an environment in which employees from diverse groups and cultures can perform to the best of their ability. "If employees feel part of a team, they are more engaged and productive," says Dave Tarbox, HR Development and Diversity Manager for

Chart 6 If an individual has responsibility for Diversity and Inclusion, where is he or she positioned within your organisation?



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Chart 7 How does your organisation value the following ways of working? (Respondents chose points along a sliding scale.)



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Europe at Air Products, a manufacturer of industrial gases and specialty chemicals based in the UK. "We have European and global clients who expect us to work together internally with minimal friction among individuals and among departments. We think our Inclusion efforts help us to achieve that."

B. The business case for Diversity

The drivers of Diversity fall into four main categories. For a minority of companies, Diversity is mainly about fairness and justice—ensuring an equal chance for members of disadvantaged groups. For others—and these are the majority—increasing Diversity is a way to guarantee a large enough talent pool in the future. Still other firms are interested in mirroring the customer base and thereby improving understanding of customers, and delivering decisions that are based on a broader palette of considerations. A fourth group cites legal compliance. Naturally, these categories are not mutually exclusive; companies typically have multiple reasons for promoting Diversity and Inclusion.

The moral argument

While it might be unfashionable to base corporate policies explicitly on moral rather than business considerations, nearly half (47%) of survey respondents say fairness and morality is one of the business rationales for Diversity initiatives (see Chart 13, page 16).

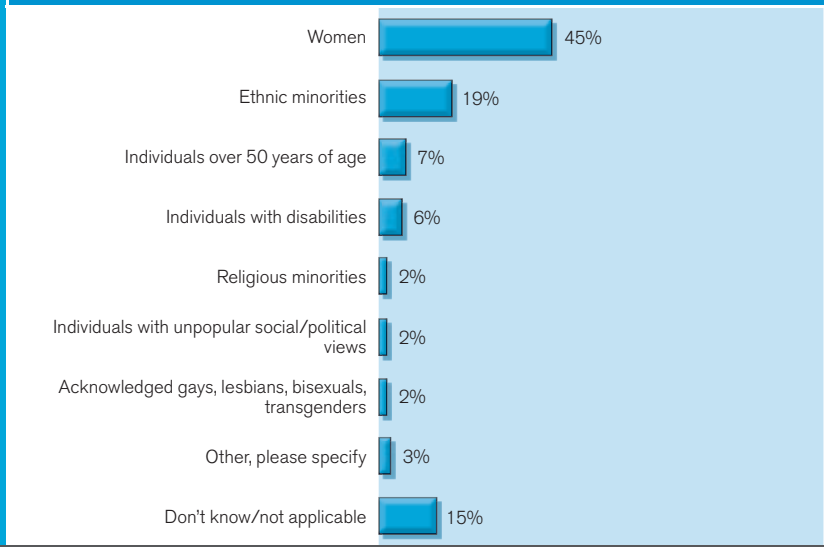
This argument tends to be mentioned most explicitly by executives in developing countries. For example, Maria Gurgel, HR Planning and Compensation Director at Brazil-based mining company Vale, says people with disabilities are employed throughout the organization, not just in administrative jobs, because the company sees this as a moral imperative:

"The law requires us only to employ a certain percentage of people with disabilities, and we could have chosen the easiest path and employed them all in administrative jobs. We chose, however, a more challenging path and made it possible for disabled people to work in operations as technicians, welders, etc. For us this is like 'walking the talk' of our values. Having other staffers working with people with disabilities reinforces our values of respecting lives and respecting Diversity. We have chosen a more complicated path, but it is the right path."

The talent-pool argument

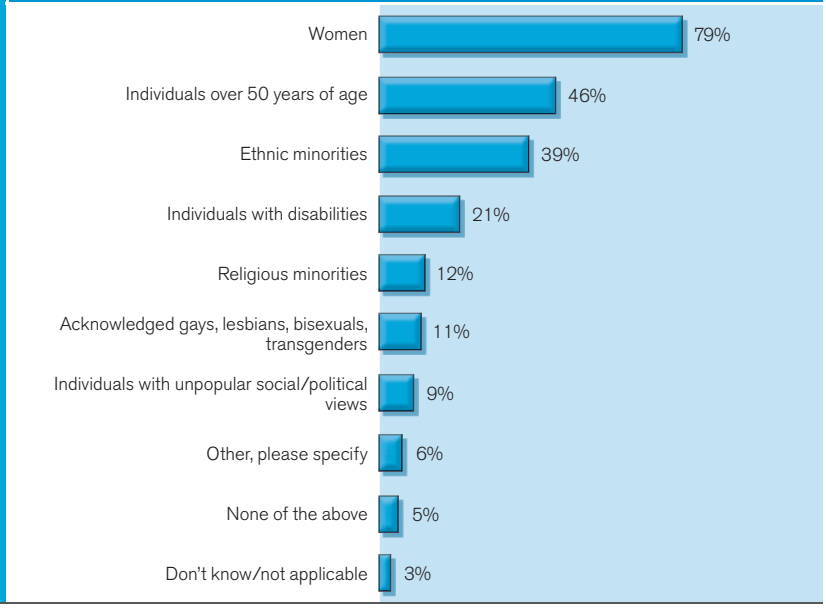
The most common reason by far for adopting Diversity programs is to broaden the talent pool available to a company, both currently and in the future. Demographic trends—in particular the Baby Bust that followed the post-war Baby Boom—point toward difficulties in this area. Accordingly, 53% of survey respondents say that tapping a broader range of skills to promote efficiency is a business rationale for their Diversity programs, and 43% say the rationale is to tap new talent sources

Chart 8 To which groups are your organisation's Diversity and Inclusion efforts most strongly directed?



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Chart 9 In your view, which categories of Diversity are most important to have in your organisation's talent pool? Select up to three.



Source: Global Diversity and Inclusion, the Society for Human Resource Management

to understand customers and increase sales (see Chart 13, page 16).

Broadening the talent pool also implies making other changes in personnel management. Lufthansa's Monika Ruehl describes some of those considerations:

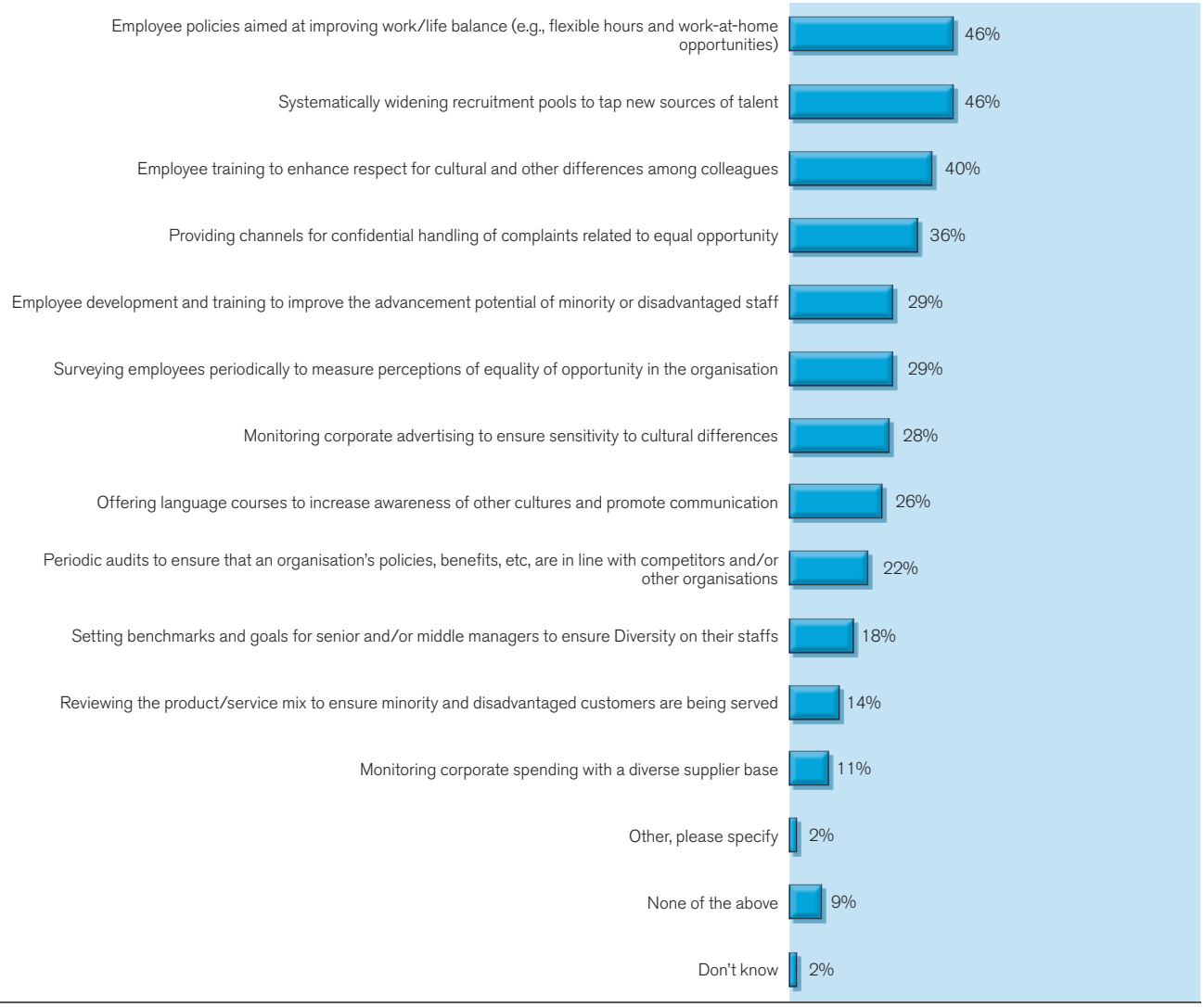
"What is driving this to a large extent is a shortage of people, of talent. In Western Europe…populations are ageing and shrinking. In Germany, our fertility rate is about 1.4 per woman, meaning the population is actually decreasing and by the same token ageing. To remain competitive, we have to learn to manage an older workforce. That implies developing certain programs, such as lifelong learning and better health management, as well as revisiting certain salary issues and pension schemes. Within a corporation, somebody should keep track of the actions taken with regard to the demographic fitness of the organization."

Indeed, the combination of Germany's low birth rate together with increasing immigration from Northern Africa and the Middle East presents major business and social challenges for the country's culture and heritage. These changes portend a country that may look far different in 20 years.

In particular, companies are focusing on Diversity as a way to address looming talent shortages in information technology (IT) and engineering. Hugh Mitchell of Royal Dutch Shell says finding and developing such talent is a competitive necessity:

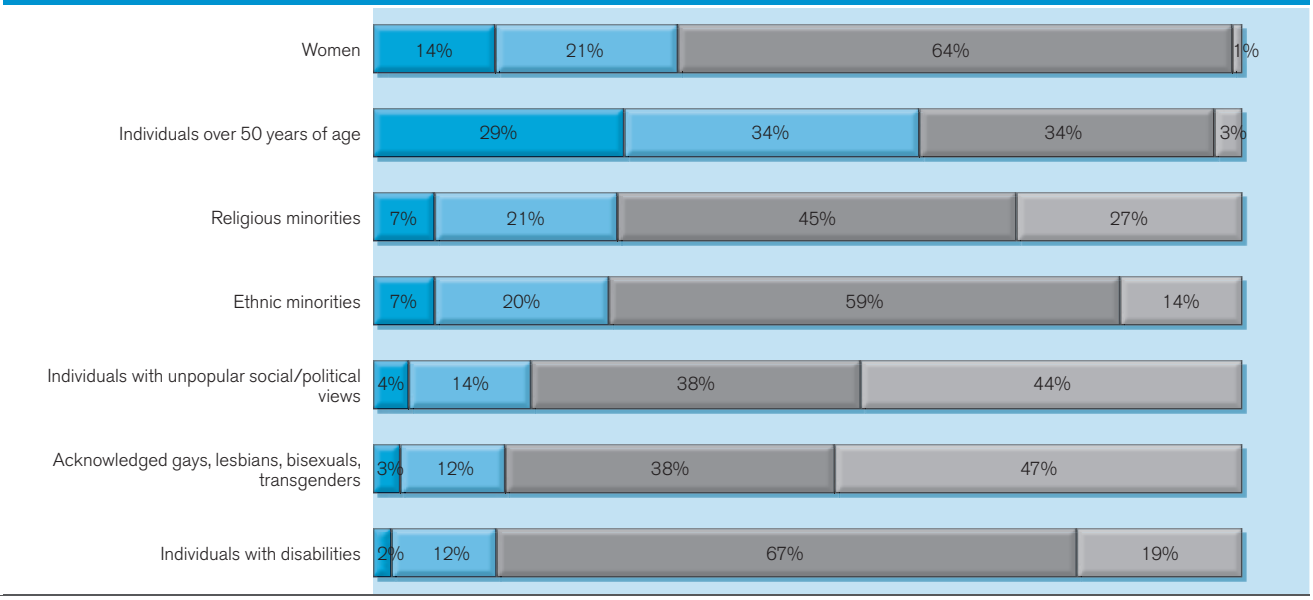
"Diversity and Inclusion efforts are needed in part because we are not accessing huge parts of the available workforce. A company like ours needs very large numbers of highly qualified technical people. By failing to access female technical people,

Chart 10 **Which of the following measures, if any, does your organisation use to promote and monitor Diversity and Inclusion? Select all that apply.**



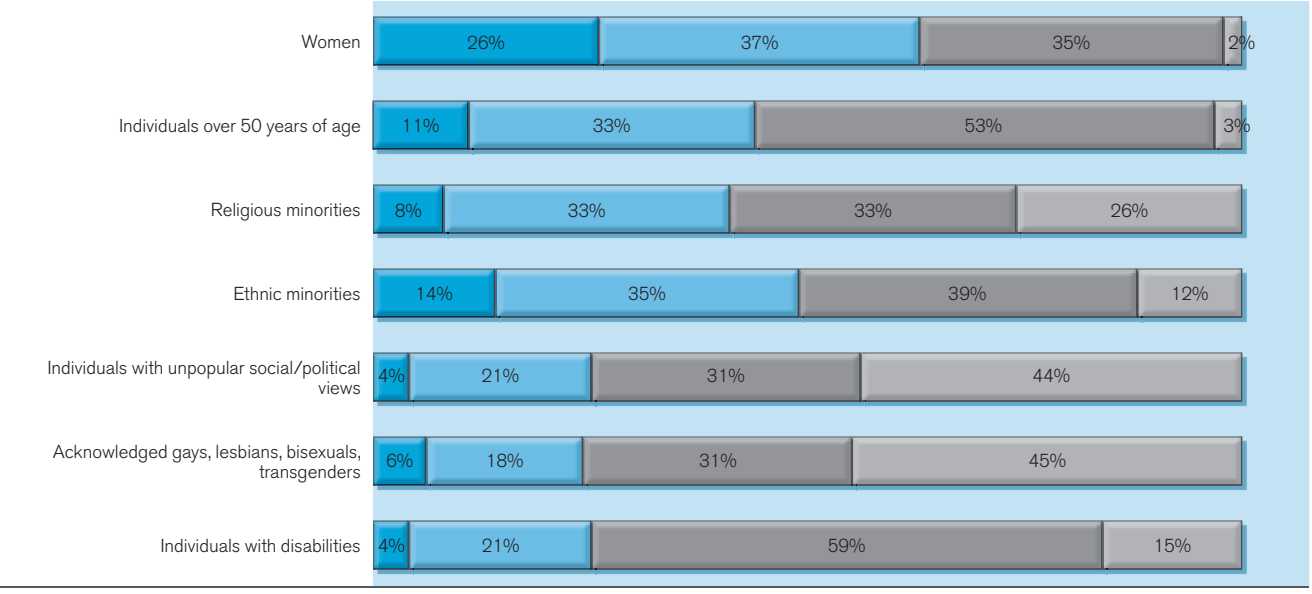
Source: Global Diversity and Inclusion, the Society for Human Resource Management

Chart 11 To what extent do the following groups in your organisation's top management represent the general population in your country?



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Chart 12 To what extent do the following groups in your organisation's workforce represent the general population in your country?



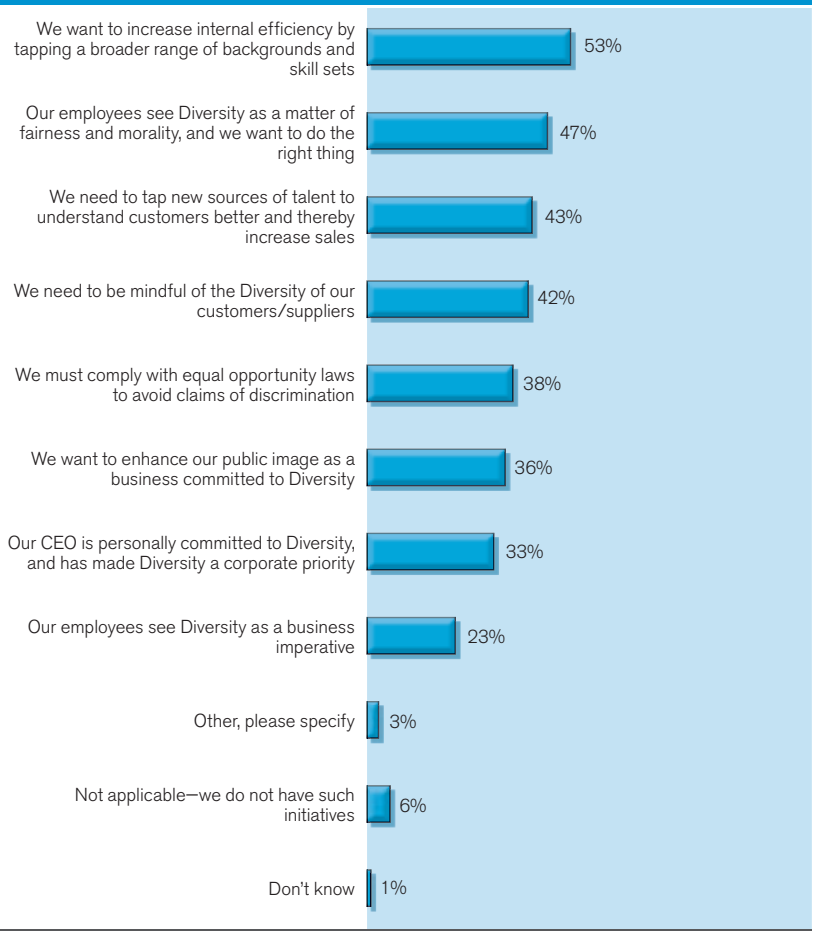
Source: Global Diversity and Inclusion, the Society for Human Resource Management

we put ourselves at a disadvantage. So the first element of the business case is that Diversity helps us to recruit the people we need. It is part of the war for talent."

The business outcomes argument

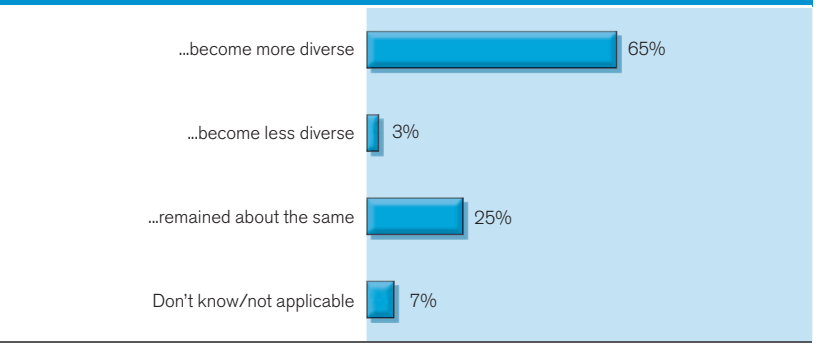
The business case for Diversity goes further, focusing on improvements to business outcomes when workforces are diverse.

Chart 13 Which of the following are business rationales for the Diversity-related initiatives at your organisation? Select all that apply.



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Chart 14 Which statement about your organisation's end-users (clients, customers, etc) do you most agree with? In terms of gender, age, religion, ethnic group, sexual orientation, disability and socioeconomic background, over the past ten years our end-users have…



Source: Global Diversity and Inclusion, the Society for Human Resource Management

The improvements fall into the following categories: Diversity produces better decisions because a broader range of factors and backgrounds are brought to bear in the decision-making process, and Diversity improves a company's image in the marketplace. Moreover, more than half of our survey respondents say that their customer base has become more diverse.

Many companies hire employees from different backgrounds because they personally represent the tastes, sensibilities and interests of a broad range of customer segments. As populations become more diverse, through immigration and cultural changes, this factor becomes increasingly important. Sixty-five percent of survey respondents say their customer base has become more diverse in the past ten years. Only 3% say customers have become less diverse (see Chart 14).

Representing this range of tastes and sensibilities in product development teams, for example, does not necessarily simplify decision-making. However, according to Donna Wilson, Vice President of Global Diversity and Inclusion at American Express, a global diversified financial services company headquartered in New York City, the results are worth the effort:

"If employees share the same background, they are more likely to hold the same views. A Diversity of backgrounds gives us a far better chance to achieve Diversity of thought. It follows, too, that if a particular team generates ten different views on a particular business question, then the work results will be more innovative than if they had all shared the same view from the start."

Some companies point to specific product improvements that resulted from diversifying their product development teams. For example, in developing a family car, a global automaker took into account the perspective of women with children. Such women had mentioned that they preferred cars with two seats in the back and the space between those seats free, so that children's bicycles could extend up from the trunk into that space.

Employee Diversity improves the corporate image, not just for specific products. Indeed, some companies have made employee Diversity an integral part of their brand, highlighting this in their marketing. Rohini Anand, Senior Vice President and Global Chief Diversity Officer at Sodexo, a French-based food and facilities services multinational, says the company's Diversity and Inclusion efforts are now a core part of the brand:

"Over time, people came to know us through our Diversity leadership, although at the outset we were actually aiming to achieve a cultural change within the company. Now, the positive image associated with our Diversity and Inclusion efforts has become the business case for those efforts. We have already seen an impact on employee retention and engagement. And as we started to tell our story externally, that has had positive consequences as well. White male managers started to see the benefits of Diversity. It became core to the brand, and we have been able to leverage this for business growth."

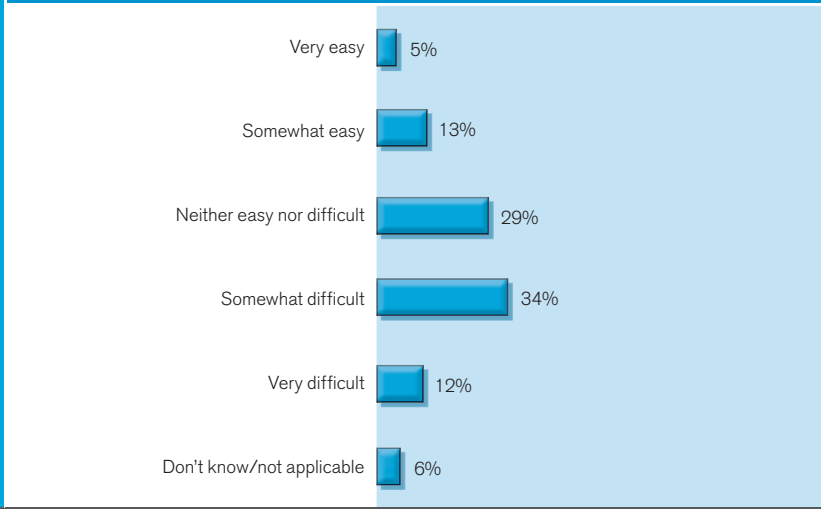
The regulatory compliance argument

Legal requirements to avoid discrimination play a part as well. While this factor provided the initial impetus for many firms' Diversity efforts, over time it has receded in importance, as business-enhancement arguments have become more important. Thirty-eight percent of survey respondents say that one of the business rationales for promoting Diversity is to ensure compliance with equal-opportunity laws and avoid claims of discrimination (see Chart 13, page 16).

Indeed, companies must keep a sharp eye out for national regulations that aim to minimize discrimination and exclusion in the workplace. Aida Sabo, Vice President of Employee Diversity and Inclusion at Cardinal Health, a US-based medical supplies and services company, gives an example:

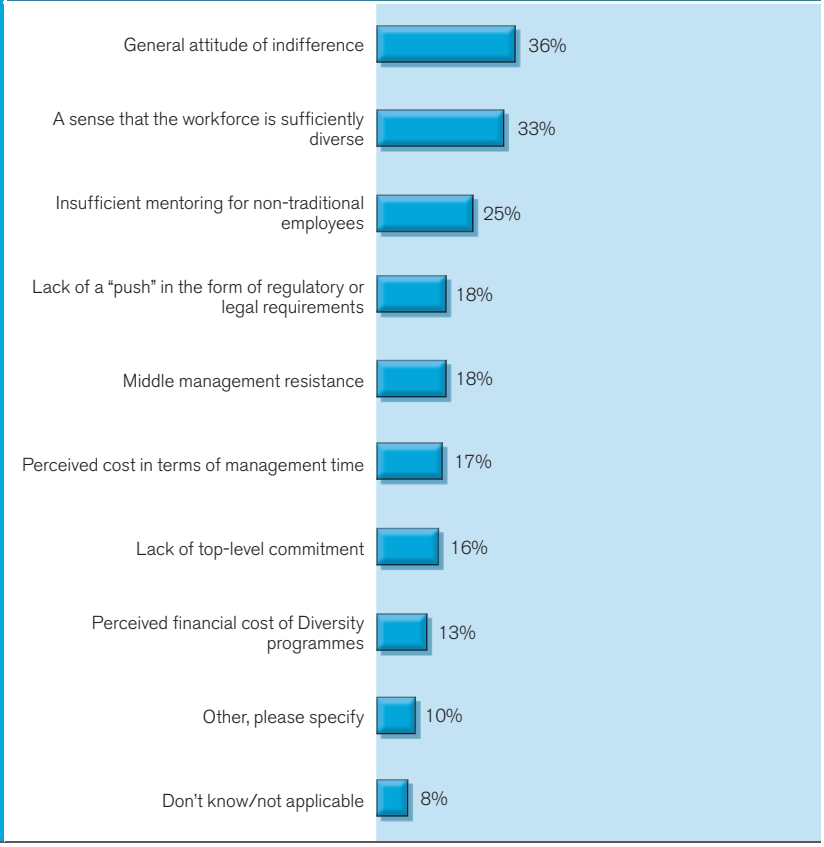
"We have to understand each legal system's challenges related to women, gays and other key groups. For example, in Mexico, nursing mothers must be allowed to nurse babies at work at least twice a day. We have to have a place in our facility to address that regulation."

Chart 15 How would you assess the task of changing recruitment, employee development, promotion, retention and evaluation practices in your organisation to increase the representation of traditionally disadvantaged employee groups?



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Chart 16 In your view, which of the following represent the greatest barriers to increasing Diversity in your organisation's workforce? Select up to three.



Source: Global Diversity and Inclusion, the Society for Human Resource Management

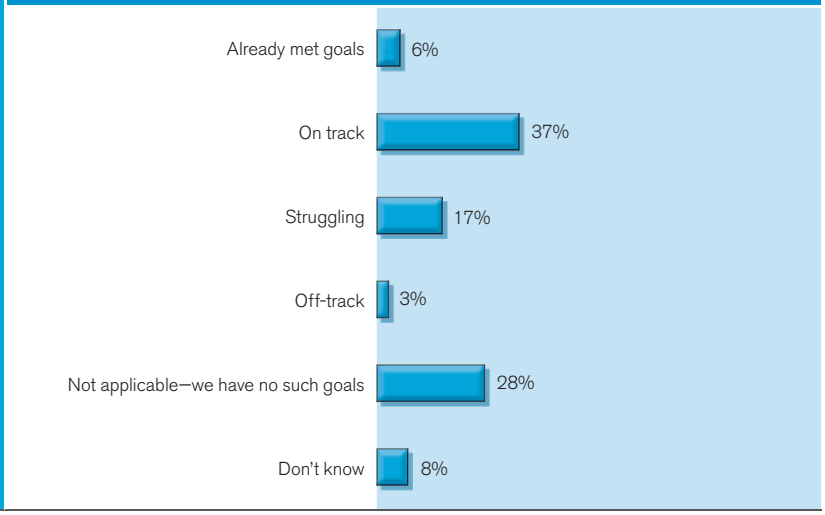
C. Supplier Diversity: The next frontier

At a handful of companies, Diversity efforts extend to the supplier base. The reasons for this are similar to those for guaranteeing Diversity among employees: Expanding the range of potential suppliers increases competition among them, as well as improves the buying company's access to new technologies and products.

Chart 17 In your view, which of the following represent the greatest barriers to increasing Diversity in your organisation's top management? Select up to three.

Source: Global Diversity and Inclusion, the Society for Human Resource Management

Chart 18 How far along is your organisation in meeting its medium-term goals (e.g., three- or five-year) for Diversity and Inclusion?



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Beyond that, nurturing a diverse supplier base—including coaching minority-, veteran- and women-led enterprises on ways to improve their offers—enhances the buying company's image. It can also foster economic strength, as many of these companies tend to hire from within their communities.

Cardinal Health has gone to great lengths to increase supplier Diversity. The original impetus for the program was a desire to do more business with the government, which requires contractors to source 23% of their government business with small firms. The drive to comply with that requirement has since broadened to include minority-, veteran- and women-owned businesses. This is not required by law, but is simply good business practice, says Cathy Mock, Vice President of Supplier Diversity at Cardinal:

"Our customers—hospitals, doctors and the government—value supplier Diversity. Because of changing demographics, the country itself—and our customer base in particular—is becoming more diverse. Cardinal Health is committed to reflecting that Diversity. Moreover, many of our customers have their own Diversity-sourcing programs in place, and our supplier Diversity efforts help them to meet their own Diversity objectives. Beyond that, supplier Diversity allows for innovation in our supply chain. Many of the small businesses we source from are more nimble and innovative than the norm. They bring competition to the supply chain, driving savings for Cardinal Health and, ultimately, our customers."

Global Diversity Readiness Index Country List

Overall score Countries ranked 1-47	
1. Sweden	73.0
2. Norway	72.2
3. New Zealand	71.5
4. Canada	70.1
5. Finland	69.4
6. Denmark	67.2
=7. United Kingdom	66.9
=7. Australia	66.9
9. Switzerland	65.2
10. Ireland	64.3
11. Germany	63.9
12. Singapore	63.5
13. Netherlands	62.0
14. United States	61.5
15. Spain	60.8
16. Italy	59.2
17. Austria	59.0
18. Belgium	58.3
19. Portugal	56.4
20. Czech Republic	54.8
21. France	53.5
22. South Korea	52.9
=23. Slovakia	51.6
=23. Hungary	51.6
25. South Africa	51.5
26. Israel	49.5
27. Botswana	48.9
=28. Chile	48.2
=28. Argentina	48.2
30. Poland	47.3
31. Japan	47.0
32. Greece	46.5
33. Brazil	44.6
34. UAE	42.2
35. Ghana	40.0
36. Mexico	39.7
37. Romaina	39.4
38. Malaysia	38.8
39. Turkey	36.8
40. Thailand	36.5
41. India	35.8
42. Philippines	35.5
43. Russia	35.1
44. China	31.8
45. Nigeria	31.3
46. Indonesia	30.8
47. Saudi Arabia	22.7

Source: Global Diversity and Inclusion, the Society for Human Resource Management

For more information, please see Appendix II.

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FE 22456151 A
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LG73569F
日本銀行
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五千円
日本銀行
20

Part II: Challenges of Diversity

A. Divergent paths taken to reach the same goal

Although companies worldwide tend to agree on the goal of greater Diversity, their overall commitment—and their methods of achieving it—cover a broad spectrum. Beyond a nearly universal interest in attracting and promoting female employees, companies vary in their choice of target groups. To some extent their preferences follow regional patterns. For example, US companies tend to seek racial and ethnic balance, while European and Canadian companies pay closer attention to immigration and nationality.

Companies also vary in how firmly they enforce specific Diversity goals, with US companies tending more toward the prescriptive and European and Asian companies leaning more toward a decentralized, laissez-faire approach. (Note: The major regional differences and patterns are discussed in Part IV of this study, Regional Characteristics, which looks at survey results broken down by geography. Methods that companies have used to best effect are described in Part III, Best Practices.)

Regional differences present tricky problems for multinational corporations. On the one hand, multinationals strive for consistency in their HR policies across geographies; on the other hand, they strive for policies that respect local cultures and traditions. The way multinationals resolve this issue tends to follow regional lines as well. European-based companies tend to tolerate a wider degree of local interpretation of corporate directives and aims, while US multinationals tend more toward centralized approaches.

The specific issues that are addressed under the rubric of "Diversity and Inclusion" are closely tied to each country's history and culture. For example, race can be a significant aspect of Diversity programs in US companies, whereas in Germany companies are not allowed to collect racial data on employees and racial discussions tend to be avoided. In France the series of race riots and clashes in October-November 2005, which were staged by Muslim youths, led to a debate over the need to collect racial data, also forbidden in the country. Such differences in culture and history have a decisive impact on the shape of Diversity initiatives. Pia Hook, Diversity Manager for Volvo Group, an auto manufacturer based in Sweden, describes the company's approach:

"The Diversity work needs to be adjusted to the local context. Apart from gender, which seems to be a universal issue, we need to find the Diversity dimensions that are important and relevant in each specific country. There may be an age-Diversity issue, or we may need teams with mixed nationalities in some locations. The local Diversity need becomes the point of departure for discussions within our Diversity and inclusiveness training for managers. Gradually, we can then add other dimensions and thereby broaden the scope."

Global consultancy Accenture's vision of Diversity is to act locally and coordinate globally, so the company's leadership teams in each country choose what aspect of Diversity to emphasize. Celine Ricoce, a Paris-based member of the company's global Diversity and Inclusion team, expresses this view:

"We do not force our country managers to implement specific initiatives, and we do not take their space. We try to give an impulse, and to lobby and to influence. We think the national and regional leaders know best what needs to be done. I am now on the corporate-level Diversity team but previously I was for three years responsible for the Diversity program in France, and I can tell you that no one in the company knew better what should be done to promote Diversity and Inclusion in France. We do provide strategic guidance globally (for example, we measure progress and we have certain targets), but mainly what we do is support our countries' efforts and lobby when needed, for initiatives that are across countries."

Then, too, companies differ in their interpretations of what it means to "promote" Diversity. European companies generally emphasize setting up mechanisms to ensure that under-represented groups are considered for hiring and promotion; that is, their focus tends to be on procedure. In the US, in contrast, there is a greater emphasis on results, with Diversity programs more likely to tie management incentives to reaching certain goals. The Asian approach tends to be more European, with a preference for letting Diversity evolve naturally.

Aletta Graefin von Hardenberg, Director of Culture and Diversity at Deutsche Bank, an international universal bank headquartered in Frankfurt, describes the company's view on the best way to promote Diversity:

"We do not set quotas, and we do not promote people based on their gender, sexual orientation, age or other demographic characteristics. Deutsche Bank has a meritocratic culture, and therefore our promotions are based on performance. However, we ensure that our promotion processes are fair. For example, we question if there are only a few women on the promotion list and in that case encourage

that the promotees and promotion criteria are reviewed. Let me make another general point regarding fostering Diversity at Deutsche Bank. We have a global Diversity strategy that we implement locally; we respect the different cultures in which we do our business. Our two key factors for success in implementing Diversity are an open-minded work environment and the way we embrace the Diversity of our employees and customers. In the US, Diversity management is—due to legal requirements—mainly legally driven and, second, based on the business case. The German approach is—by achieving regional legal requirements—very much driven by the business case. We are convinced that Diversity management is a key success factor for us."

Maurice Cox, Vice President of Corporate Development and Diversity at PepsiCo, the world's second-largest soft-drinks company, takes a different approach:

"Our hiring objectives are sometimes general, sometimes specific. In the US, we take a number of factors into consideration, including age, gender, race and national origin. We look for balance—balance in line and staff functions and balance by level. Clearly, some of the targets are based on affirmative-action principles and the available pool of under-represented groups. But we also look at how we can build high-performing teams of people with different perspectives. We believe we can produce improved outcomes, a philosophy that has been supported by our experience with special leadership development and mentoring programs. In no cases do we compromise our standards of performance. We are thrilled with the quality Diversity yields for us."

US-based pharmaceuticals giant Merck also leans toward a set of quantitative goals, according to Chief Diversity Officer Deborah Dagit:

"We look for meaningful and practical metrics to measure the success of each of our Diversity initiatives. For example, we have goals for representation of women by 2012, as well as succession plan goals, and flexibility goals that include measures of satisfaction with work arrangements. The metrics are set by global Diversity teams."

Asian companies, however, prefer to let Diversity evolve naturally after receiving guidance from central Diversity teams. Says Santrupt Misra, Director Human Resources and IT for Aditya Birla, a $28 billion conglomerate based in India:

"India is not a homogenous country. There is a tremendous amount of natural Diversity, in language, in ethnicity and in other ways. That has contributed to a tremendous Diversity in our workforce. We are all Indian passport holders, but when it comes to language, food, lifestyles and attitudes, we are widely different. The company has never created a formal Diversity program, because we believe that Diversity cannot be forced within the organization. It has to evolve naturally."

B. Internal resistance to Diversity efforts

Diversity is a cultural issue within companies

Beyond the complex task of defining objectives and methods to achieve Diversity, managements face a variety of internal barriers to implementing such programs. By its nature, hiring, promoting and integrating a critical mass of employees from diverse backgrounds changes the nature of the interactions within a company. If that Diversity effort is to succeed—that is, if the newcomers are to be successfully integrated—the company's culture must itself undergo fundamental changes.

The survey confirms that the main barrier to Diversity and Inclusion is cultural resistance from within the company itself. Nearly half (46%) of respondents say the task of changing HR practices and policies to encourage Diversity is either "somewhat difficult" or "very difficult." Only 18% rate the task as either "very easy" or "somewhat easy" (Chart 15, page 17).

Participants in in-depth interviews agree that Diversity programs must focus primarily on changing the company's own culture to make employees receptive to differences of background and view. Air Products' Dave Tarbox expresses this view:

"The focus of Diversity efforts here is on training rather than strictly on recruitment. The training aims to improve understanding of each other, and improve the way we work together. In Europe we rarely try to change the composition of the workforce through affirmative action. In many European countries this is legally very restricted. We focus instead on Inclusion: making sure employees who are different from the mainstream are made to feel part of the group. That is an important contributor to productivity, and it ensures that we don't become stale and ingrown. It helps us remain fresh and innovative."

Several of our interviewees note, however, that companies can only go so far in encouraging a mindset of Diversity among their employees. When Diversity of thought—due to differences in cultural or educational background, or to individual psychological make-up—exceeds a certain range of acceptability, Diversity becomes counter-productive. For the continued ability of a company to function, some degree of cultural conformity is necessary.

Hugh Mitchell of Royal Dutch Shell explains:

"The main issue is to ensure that differences remain within a certain bandwidth. If you look at the most successful companies, they have very powerful identities and strong corporate cultures. There is a 'GE way' and an 'IBM way,' and that implies a certain bandwidth within which things get done. This is part of what enabled them to be successful: A very large company can exercise control through governance and processes more easily if there is a common belief system and common norms and behaviors. There is a huge cultural element to their success. If, at the opposite end of the spectrum, you take Diversity to extremes, you corrupt that cultural model and you end up with a dysfunctional organization, and little can get done. So, for example, in our company there is a focus on doing things in a calm and reasoned and logical way. If you are the type who is highly emotional and given to outbursts and shouting, then you are unlikely to have a great career here."

The main barriers are in middle management

Perhaps because Diversity, especially in its early stages, can complicate the completion of tasks, the biggest barrier is found in middle management, where departmental or team projects are carried out. Thirty-six percent of survey respondents say one of the main impediments to increasing Diversity is a general attitude of indifference, and 33% say the obstacle is a sense that the workforce is sufficiently diverse (Chart 16, page 17).

Similarly, at senior levels of the organization, the greatest barriers to Diversity are a lack of top-level commitment (22%), a general attitude of indifference (33%) and a sense that management is sufficiently diverse (25%) (see Chart 19).

Clay Osborne, Vice President of Human Resources at US-based pharmaceuticals and optics specialist Bausch & Lomb, offers a good example of middle management resistance:

"We started to develop employee networks, but many managers discouraged their employees from attending. In fact, some employees said that their managers dinged them on their performance evaluation as a result. I think some of that may have been more perception than reality. But in many areas in the company there was no visible support for participating in anything that was part of the Diversity initiative. We had many, many discussions. We started Diversity awareness training, and the CEO asked his direct reports to be involved. They would go out and participate in activities, in some cases, jawbone the managers around supporting this. Basically, the message was that, even if you don't agree with the sales plan or the marketing plan, if you work for Bausch & Lomb then you will support it. We tried to treat the Diversity initiative the same way, which is that this is a business imperative, and the expectation is that you will support it. But truly holding people accountable and getting managers to support it remained a challenge for a very long time. About three to four years into the program we started to see results, in terms of selection of diverse people."

Data difficulties

One of the barriers to implementing Diversity programs is legal complexity surrounding the collection of data on recruitment and promotion. National laws differ on what data may be collected. In some European countries, assembling racial and ethnic data on employees is expressly forbidden, as it raises painful memories of wartime persecution. US law, however, sees nothing wrong with collecting such information.

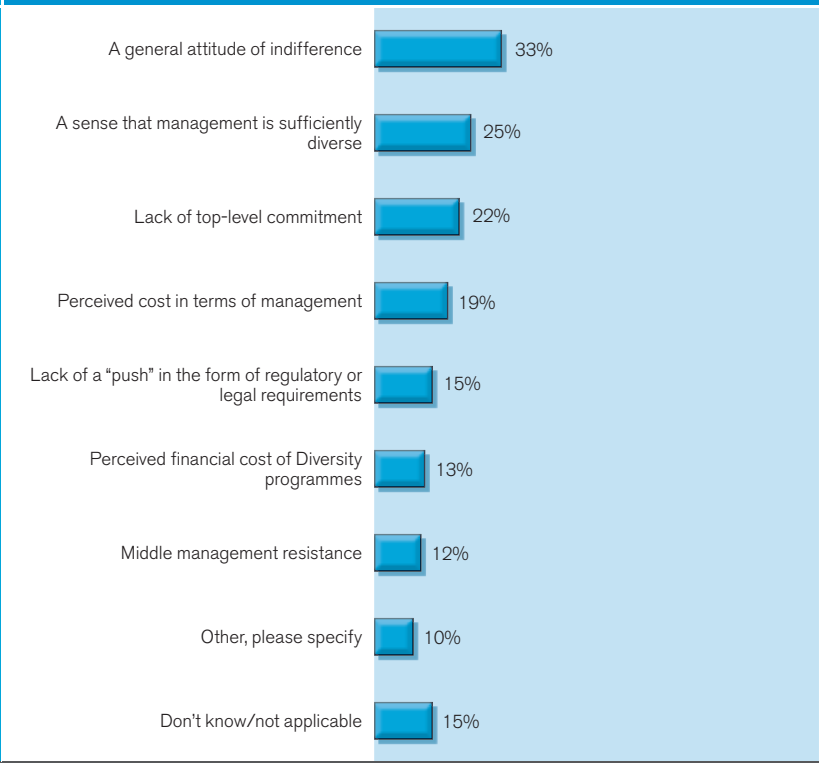
The dearth of data—together with sensitivities about the fairness implications of setting quotas and practicing what some view as "reverse discrimination" (more on this below)—has complicated the process of defining Diversity aims and tracking results. Nearly one-third of survey respondents (28%) say they have no medium-term goals for Diversity and Inclusion (see Chart 18, page 18).

Most companies, meanwhile, regardless of where they are located, have difficulty making a quantitative business case for Diversity—that is, documenting the link between greater Diversity and an improved bottom line. Brazilian fertilizer manufacturer Fersol, which sees Diversity as a moral imperative, does not worry about the lack of a direct link between Diversity and a specific improvement in the bottom line, says CEO Michael Haradom:

"There are many things we cannot measure. For example, how do you measure trust and confidence in the operation, or a sense of partnership among employees? That is as important as revenues to a company's solid foundations."

Halfway around the world, in India, the executive of high-tech company HCL expresses a similar view, namely, that the measures of success are qualitative. "Productivity has gone up, attrition has gone down, it's working," says D.K. Srivastava, Senior Vice President of Corporate Human Resources, referring to the company's Diversity and Inclusion efforts. "The passion is coming back and people feel good about it."

Chart 19 In your view, which of the following represent the greatest barriers to increasing Diversity in your organisation's top management? Select up to three.



Source: Global Diversity and Inclusion, the Society for Human Resource Management

US and European companies also believe that a direct impact on the bottom line is hard to assess. "It is very difficult to measure results of Diversity efforts," says Alice Leong, Vice President and Global Head of Diversity for software giant SAP, headquartered in Walldorf, Germany. "We can get qualitative feedback, such as that a diverse team produced a more comprehensive solution than one run with a homogeneous team. But, in general, topics like improving understanding are difficult to measure."

Finally, there is confusion over levels of analysis when discussing a company's degree of Diversity. Some interpret the question to mean Diversity at the overall corporate level—where, in a large multinational, Diversity goals can be readily achieved due to the large size and scope. Yet such a company can represent a patchwork of national subsidiaries that are anything but diverse.

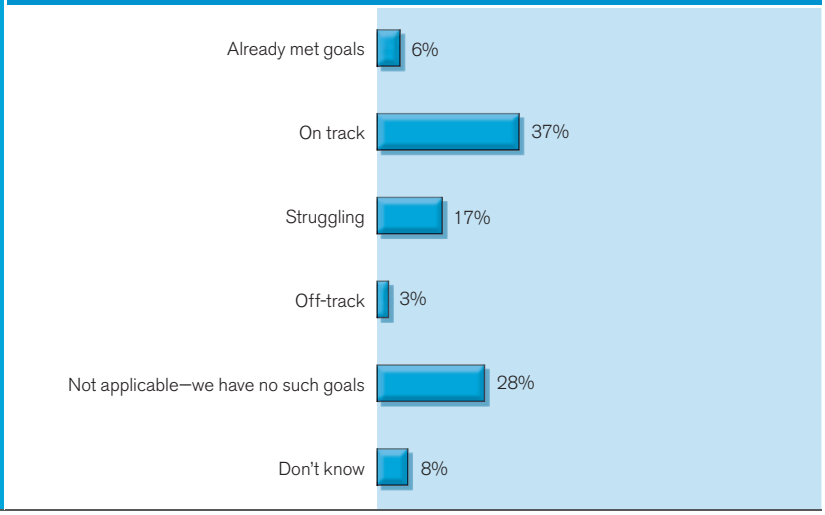
Others interpret Diversity more rigorously, to mean variation in the workforce at each national subsidiary or business unit. This goal is, of course, much more difficult to achieve, but is a more meaningful measure of a company's openness to integrating diverse backgrounds and points of view. At global accountancy and consulting firm Ernst & Young, for example, this amounts to setting goals for Diversity in each of 33 regions—a complex task, says Global Diversity and Inclusiveness Leader Pierre Hurstel:

"I have to set goals in each region mirroring each culture. So that means we have to define 33 sets of goals. We do not set one Diversity goal globally, because the issues are different in each region. In France it might be critical to have more Muslim partners, whereas in the Arab Middle East they are all Muslim already. If we look at our company from a very high level, we see all sorts of national and cultural differences present. But if we look in detail, I am not sure we have a good mix in each and every country."

It is easy to see why companies would be tempted to take the more global view of Diversity. Managing diverse teams can be challenging, with many opportunities for miscommunication and conflict. As Deborah Elam, Chief Diversity Officer of General Electric, a multinational US technology and services conglomerate, says:

"Diversity does not necessarily enable speed. When people are alike, they will reach the same conclusions more quickly. Diversity, in contrast, is like having 360-degree vision. It may take a little longer to reach a decision, but the company will have a better and more robust solution as a result of including diverse views."

Chart 20 How far along is your organisation in meeting its medium-term goals (e.g., three- or five-year) for Diversity and Inclusion?



Source: Global Diversity and Inclusion, the Society for Human Resource Management

C. The quota issue

One of the thorniest Diversity issues is the extent to which companies define quantitative goals. In part the confusion stems from ambiguity over the exact point at which affirmative action—reversing the effects of past discrimination—shades over into so-called "reverse discrimination" and the (mostly illegal) setting of quotas. The difficulties are reflected in the euphemisms that companies use, such as "targets," "goals," "guidelines" and the even more refined "aspirational targets" to avoid "the Q word." Even companies that insist on quantitative measures of success for their Diversity programs tend to shy away from discussing their projects in terms of reaching quotas.

Bob Ellis, Chief Inclusion & Diversity Officer for ITT, a global diversified manufacturing company, says the main issue is attracting and hiring qualified, mid-level and senior executives who are people of color and/or ethnic minorities, and that this can be done within the context of quantitative Diversity goals:

"We set specific goals in terms of increasing representation of women, people of color and people from emerging countries throughout the organization. We have outreach programs, and we include women and minorities in these programs to accelerate their development and to give them the visibility needed to improve their chances for bigger jobs within ITT.

"Concerning reverse discrimination, there is always that element. But the fact remains that most opportunities are filled by members of the majority group. Representation of women and minorities in higher positions is a fraction of their proportion of the population in general. The bottom line is that the person hired for the job has the qualifications. Diversity and Inclusion is about identifying and engaging talent based on a person's experience and potential. We look at how we can grow that potential so that, over time, the individual can achieve his or her full potential within our organization."

Some European companies are less squeamish about saying outright that they have quantitative Diversity goals. Ursula

Schwarzenbart of Daimler says her company is not worried about having a quantitative goal:

"By 2020 we want to have 20% of executive positions filled by women. We also are developing 'aspirational guidelines' for people with an international background for our management team. I don't worry about using 'the Q word.' So many people are against quotas, but if you have a better idea how to measure progress toward achieving Diversity, feel free to share it with me. If we are ready to say what our aim is for the presence of women or people with international backgrounds, that shows we are serious about achieving Diversity in those areas."

Key findings from the Global Diversity Readiness Index: Top regions

Scandinavia, North America and Western Europe demonstrate the best regional performance for Diversity and Inclusion (listed in order of finish). They outrank the world average; Asia, Eastern Europe, South America, Africa, the Middle East and South Asia (listed in order of best to worst) score below the world average. This does not mean that Scandinavian, European or North American countries have fulfilled their potential for Diversity and Inclusion—the best regional score is still only 70 out of 100, and the world score of 52 out of 100 suggests that much work is left to be done on Diversity and Inclusion globally. For more information, see details of the index in Appendix II.

Desert
Harahotun
Pekin
Tsinan
Chaomain
Pil iotai
Tayven
Kyman
Caifon
Nankin
Sigan
Lintao
Tchinctu
Nantchan
Futcheon
G. de Petcheli
Kinkitao
Konker
Chinyang
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Part III: Best Practices

Over the years, companies have developed a set of methods and practices aimed at broadening their talent bases. These include setting clear goals, ensuring top management backing, appointing a point person to ensure accountability, insisting that succession planning at all levels takes Diversity into account, and putting in place appropriate incentives and performance measures to ensure that all this occurs.

Successful Diversity programs also must be continual rather than one-off efforts. Ongoing training and communication help to create and maintain a corporate culture that welcomes Diversity. The search for new, diverse talent pools should also be ongoing, to meet evolving staffing needs. Many companies have found that internal employee networks help to keep the Diversity discussion alive, and to pinpoint areas where further work is needed to diversify teams and departments.

Effective management of Diversity encompasses a wide range of policies, including flexible working arrangements, counseling employees when Inclusion-related problems arise and continual talent development. Most large companies already have such programs within their HR departments. The challenge facing many companies, however, is to add a Diversity and Inclusion dimension to all current HR activities, and to communicate Diversity goals and methods in a transparent way.

The following is a list of best practices that has emerged from interviews with senior Diversity and Inclusion executives in 40 companies worldwide, along with examples from companies that have put these strategies in place:

Management Structures

Lead the effort from the top.

Many interviewees say that the impetus for their Diversity and Inclusion programs came from the CEO and/or the board of directors. Our survey results confirm this finding. Clay Osborne of Bausch & Lomb tells a typical story:

"The origin of our Diversity program was when our CEO, Dan Gill, asked me if I would be interested in taking on the role, in addition to my job as director of employee relations. The story goes around that when Dan Gill's daughter went into the workplace and experienced some of the issues that women encounter in the workplace, he became more focused on this issue, got feedback from some of the women managers at Bausch & Lomb and decided to do something. He became very proactive on this issue, and that is how we started on this journey."

Make Diversity a core value.

A corollary to CEO and board commitment is to articulate Diversity and Inclusion as core corporate values. Anise Wiley-Little, Chief Diversity Officer of insurer Allstate, says her company took this route with good results:

"We were very deliberate in spelling out Diversity as one of the company's values. We call it 'inclusive Diversity.' Classifying it as a corporate value is really where it belongs, because that means it is part of who we are and how we work. Values drive behaviors, behaviors drive performance, and performance drives results. That's the way we look at it. When we define 'inclusive Diversity' as a core value, it touches every part of our business."

Build an infrastructure to support Diversity.

Companies that build successful Diversity initiatives create a management infrastructure to support them. This consists of both the existing hierarchy and permanent, dedicated groups such as employee networks with top-level backing. Many companies appoint "Diversity councils" to collect and respond to the views of specific Diversity groups such as women or minorities. Clyde Jones, Vice President and Chief Diversity Officer of ADP, a global provider of business outsourcing solutions, describes a typical arrangement:

"We have an executive Diversity council, which is made up of the business unit presidents and is chaired by our chief operating officer. The council also includes the heads of major functions such as human resources, finance and accounting. Business unit presidents head up specific Diversity groups, and a senior-level task force helps to design specific initiatives for promoting Diversity. That top-level commitment is critical to success."

Focus on Diversity in the entire talent pipeline.

Large companies that want to ensure a supply of qualified, diverse candidates for senior-level jobs must start at the bottom of the pyramid by grooming promising employees. Often this extends to recruiting for internship and trainee programs, and in some cases goes back even farther, to outreach programs in schools. For example, Siemens, Europe's engineering conglomerate, has instituted a program called "Promoting Diversity" (Prodi). In Germany, Prodi aims to get more women into leadership careers. This includes getting girls and women in schools and universities interested in careers in science and/or engineering. One of the main

focuses is to support women at universities in studying technology. Siemens offers female students support in a network of technology, called Young Ladies Network of Technology (Yolante). It also sponsors a "researchers box" for distribution in kindergartens, giving boys and girls simple electro-mechanical toys to play with, thereby sparking an interest in engineering.

At Vale, a large Brazilian mining company, the effort is focused on bringing in diverse trainees. Maria Gurgel describes the program:

"We have a huge challenge in terms of recruiting people for the next five years. We need to recruit 32,000 of our own employees plus 30,000 contractors. We created a program, known by the Portuguese word for 'portal,' and one of the initiatives there is a global trainee program. This has been quite a success; we received 6,000 applications from 48 different nationalities for 30 vacancies."

Network intensively with business-unit managers.

Executives interviewed for this study emphasize that business unit managers must be involved if Diversity efforts are to succeed. They also say this networking must be a two-way street—that is, central headquarters executives setting up Diversity programs should listen to business unit managers' concerns and incorporate those into Diversity efforts. Clyde Jones of ADP describes the process:

"What worked particularly well was going out to visit with all our business unit presidents, sitting in on their leadership meetings with Diversity and Inclusion on the agenda, and hearing what they felt worked well and what they felt we needed to focus on. We assembled all that information, and identified where we had some common trends across the organization, both in terms of things that worked well and things that needed a different approach. We also listened to focus groups of employees, and ran employee engagement surveys, which gave us valuable information that helped to drive engagement."

Leave room for national variation in implementation.

Although workplace Diversity received its first impulses in the US, it is not a concept that can be exported wholesale. National cultural differences play a major role in determining whether Diversity programs take hold, and the programs must be tailored with those differences in mind. Says Accenture's Celine Ricoce:

"Each country's culture is different. For example, when it comes to promoting Inclusion of gays and lesbians, we can discuss this freely in the UK, and in fact gays and lesbians in our offices there have set up an employee network, and speak up at meetings on issues affecting them. In India, in contrast, it is against the law to be gay, so of course no one discusses this at all. This is perhaps an extreme example of why implementation has to vary at the national or local level."

Revise business processes to support Diversity.

Particularly in Europe, companies stress the importance of taking a close look at business processes to ensure that diverse candidates have a fair chance at hiring and promotion. Peter Heck, former leader of Siemens' "Promoting Diversity in Germany" project, describes this approach:

"We don't use quotas in recruitment, since we believe that it is performance that counts. No one wants to be promoted as a result of quotas. Whenever there is a hiring or promotion decision to be made, we ask ourselves whether there are female candidates. Since 80% of our employees are male, there will be a lot of male candidates for any given promotion. We promote on the basis of qualifications and performance, but we do say that there must be female candidates for each promotion decision."

Metrics and Rewards

Set clear Diversity targets.

Although companies usually shun the word "quota," those with successful Diversity programs tend to set numerical targets. While a target is a "softer" goal than a quota, it amounts to setting a numerical goal and tends to achieve a similar result. Target-setting is needed to focus attention, says Maurice Cox at PepsiCo:

"We compare the make-up of the workforce with that of the surrounding population. Such comparisons are helpful in indicating emerging trends or early shifts. If data suggest that a change is needed in our recruiting and hiring approach, we respond accordingly. We have a fundamental belief that what gets measured gets done."

Establish metrics and track progress.

A corollary of setting targets is measuring progress toward that target. The targets can be overall corporate figures for different Diversity target groups, or they can be set at the level of specific country subsidiaries or business divisions. Norma Tombari, Senior Manager for HR, Workplace and Diversity at the Royal Bank of Canada, says her organization pays close attention to tracking progress toward Diversity goals:

"We track these figures on a quarterly basis, including data on representation, promotion and termination rates. We also conduct employee surveys globally every 6-12 months to get feedback on the corporate culture, employees' views of the company's leadership, and their views about career development potential. Some internal surveys can be quite specific. In addition to surveys, we conduct focus groups and employee resource groups to deal with specific issues."

Offer appropriate management incentives.

In addition to tracking progress and sharing those data company-wide, successful companies try to encourage managers to contribute individually to the results. US companies are more likely than non-US ones to establish a direct quantitative link between managers' compensation and their Diversity recruitment and promotion results. One such US company is telecommunications giant Verizon. Magda Yrizarry describes the arrangement:

"We have set goals for Diversity, and we have set a short-term incentive bonus of 5% related to those goals. The incentive is for Diversity in both the workforce and the supplier base."

The European approach to incentives tends to be more qualitative. Ursula Schwarzenbart of Daimler describes the company's program:

"We have integrated qualitative Diversity goals in performance evaluations. This is now part of the human resources process. We look at the quality of leadership and at how managers value Diversity, and at what they have done to increase Diversity."

Internal Communications and Training

Make Diversity training a way of life.

Companies participating in both our online survey and in the interview program emphasize that, to be successful, training to encourage Diversity must be ongoing. Dave Tarbox of Air Products says training is continuing:

"In our main training program, we try to get across five concepts:

- Observation skills, noticing what is going on and taking action to improve things
- Understanding the impact of prejudice, and how it is self-reinforcing
- How organizations prefer certain types of people, to the detriment of others
- How our own characteristics affect the way we perceive and react to others
- The accumulated stress on people based on the way they are treated."

Use training programs to learn from employees.

Interviewees note that conducting training programs gives central HR functions valuable input from the field. Daimler's Ursula Schwarzenbart describes such a case:

"We offer Diversity awareness training at all levels, right down to the assembly line. In the process, we get a lot of good information on how to manage differences. For example, we found out that there was a network of employees whose members were not committed to contributing to our continuous improvement processes, because they thought that continuous improvement could do away with their jobs. This group had a leader who told them not to offer any ideas for improving quality or efficiency. The first step toward turning this around was a Diversity awareness workshop in which the team supervisor became aware of this, and figured out how to break up this network."

Emphasize mentoring and coaching, including through employee networks.

Companies trying to fill their talent pipelines with diverse candidates focus on nurturing talent through ongoing mentoring and coaching programs. In some cases this is done with the help of employee networks focusing on particular demographic groups. Peter Heck of Siemens describes the process:

"We start with mentoring and coaching female employees. Among other things, we have developed several networks of women within the company, and established training programs for women, for example, to resolve the differences in leadership culture. Our program is called 'Frauen und Ihr Weg im Unternehmen,' or 'Women and their path within the company.' Within these networks and training programs, women can talk about their own capabilities and leadership prospects. In addition, we encourage young women to study technology by mentoring them throughout their study; that is, we provide them with a Siemens mentor in the course of their study. This program is called Young Ladies Network of Technology (Yolante)."

Allocate resources to team-building exercises.

A related practice is to encourage better communication within mixed groups, to ensure that individuals of diverse backgrounds can work efficiently together. Alice Leong at SAP says team-building efforts for diverse teams are essential:

"SAP has grown rapidly, both in size and in Diversity, and therefore team-building exercises are more important than ever. In the German offices alone, SAP has more than 75 nationalities represented in its workforce. If that Diversity is not managed properly, the workplace could become a Tower of Babel. We move at the speed of light on many projects, and that means that teams sometimes start working before a team-building discussion has taken place. This can lead to miscommunication, particularly when groups are working internationally or virtually. As a result, some groups have lost time, and this is not a problem that is unique to SAP."

Pay attention to Diversity of thought, not only to demographic Diversity.

In team-building exercises, differences in culture and ways of thinking—not to mention language barriers—can be stumbling blocks. Alice Leong of SAP points to the importance of raising awareness of different ways of thinking:

"As the organization evolves, there is an increasing emphasis on efficient global teaming. We focus on how people deal with different cultural cues. At SAP, our definition of culture is broader than the common concept, which limits culture to national boundaries. We review Diversity from multiple facets, including, for example, departmental culture, gender and age. Our main focus is on Inclusion, and this is where training our workforce to have a broader awareness of Diversity of thought plays a major role in the ongoing success of SAP.

Focus on the business case for Diversity.

Successful Diversity programs are built on persuasion—in particular, persuasion of middle managers. In most companies, the decisive selling point is the business case for Diversity. Rodney Tyson, Director of Business Development for financial services firm R.W. Baird, describes how this works in his company:

"There's a whole group of people out there who think, 'oh my god, here come the HR do-gooders, and they are going to impose quotas on us and make us do all this stuff.' What these managers want to know is, 'what is the business case, and what does this mean to me? How are our lives going to improve?' When you sit down with them and you say, 'OK, here is the business case,' and it actually holds water, you have their attention. And when you have their attention, you can drive a truck through it and accomplish a lot, but you have to get their attention."

External Outreach

Cast a wide recruiting net.

Companies emphasize several external communications measures that are needed for successful Diversity programs. One is to cast a wide net when recruiting, and to continue expanding the range of sources of diverse employees. Magda Yrizarry at Verizon provides a good example:

"We have leveraged our scholarship programs, such as those with the United Negro College Fund and the Hispanic College Fund, to support our recruiting efforts. Not that the students are required to come to work for us, but we do hope to establish a deeper relationship with the students in whom we are investing through our scholarships."

Partner with outside organizations to broaden recruitment efforts.

Several companies interviewed partner with outside organizations to broaden systematically their recruitment efforts. Clyde Jones of ADP says such outreach is a key part of his company's Diversity effort:

"We've identified organizations that could help us tap into additional resources, whether those are Hispanic, Asian, African American, women's or men's organizations. We work closely with organizations like the National Sales Network at both their national and local levels. We have also created relationships with schools that have historically focused on ethnic minorities, both for our entry-level positions and our MBA training programs."

Use employee networks to support external outreach

A few companies find their employee affinity groups a valuable resource in making contact with external organizations that can bolster diverse recruiting efforts. One such company is Cardinal Health, says Aida Sabo:

"We have formed employee constituency groups of women, Hispanics, African Americans, Asians, GLBTs (gays, lesbians, bisexuals and transgenders) and the differently abled. Each of these employee resource groups has a sponsor at the executive VP level and above. These groups not only help us keep our finger on the 'pulse' of each particular constituency internally, but have helped us to engage with external organizations too. Among others we have partnered with Catalyst, *Working Mother* magazine, the Executive Leadership Council, the Human Rights Campaign, National Black MBA, Hispanic MBA and others."

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Part IV: Regional Characteristics

The online survey and interview program reveal distinct regional patterns in how Diversity is defined and how companies achieve greater heterogeneity in their employee bases. SHRM's Global Diversity Readiness Index (provided in Appendix II) also illustrates significant differences in openness to Diversity both within and across regions.

The overall sample results may be influenced by the fact that most respondents (58%) are based in English-speaking countries. Of these, half are in North America and the other half are in the UK and Commonwealth countries except Canada (see Table 1, next page).

To correct for the heavy weighting of respondents in North America and the British Commonwealth in the overall results, and to provide a clearer picture of how Diversity and Inclusion are viewed in different regions, this section considers the data from each region separately.

A. North America: Embracing change

North American companies are more receptive than the norm to organizational changes that promote Diversity. Forty-two percent of North American survey respondents say changing organizational practices is either "somewhat" or "very difficult," compared with 49% of Western European companies and 50% of Asian firms (see Chart 15, page 17).

Similarly, North American companies are more open to the idea that strong Diversity measures are needed. A "general attitude of indifference" creates barriers in 32% of North American companies, compared with 41% of Western European and 35% of Asian companies. Also, "middle management resistance" creates barriers in only 16% of North American companies, compared with 21% of Western European and 19% of Asian companies (see Chart 16, page 17).

North American companies' managements are also more attuned to the need to increase Diversity in the very senior ranks. Twenty-eight percent of North American companies report a "general attitude of indifference" toward Diversity at the top ranks, compared with 36% in Asia/Pacific and 32% in Western Europe (see Chart 17, page 18).

Moreover, North American companies have a broader reach to their Diversity efforts, rather than a single-minded focus on hiring and promoting women. Only 29% of North American respondents say their Diversity efforts are directed most strongly to women, compared with 52% in Asia, 53% in Eastern Europe, 51% in Western Europe, 52% in Latin America and 46% in Middle East/Africa. Instead, North American companies pay more attention to the presence of racial minorities (in the US) and ethnic minorities and immigrants (Canada) (see Chart 8, page 13).

The Royal Bank of Canada (RBC) provides a good example of the broad reach of Diversity initiatives in North America. Norma Tombari at RBC explains her bank's perspective:

"In the US, 'minorities' tends to refer to Afro-Americans and Latinos, whereas in Canada, we use the term 'visible minorities' to refer to immigrants from Asia, aboriginals and any other visibly different person. Toronto is a clear example of the demographic shift in Canada. Nearly half—48%—of its population consists of 'visible minorities.' Statistics Canada predicts that by 2017 more than 50% of Toronto will be 'visible minorities,' which suggests, of course, that it may not be correct to refer to them as 'minorities.' "

In general, having a workforce that mirrors the customer base is comparatively more important in North America than elsewhere. Twelve percent of North American respondents say they strive for a workforce that mirrors the customer base, compared with 8% in Western Europe and 9% in Asia (Chart 21, page 36).

B. Western Europe: Ladies first

Overall, Western Europeans are highly engaged in promoting Diversity and Inclusion. Thirty-seven percent of Western European respondents "strongly" promote Diversity, compared with 30% in Asia and 34% in North America. (The global average for strongly promoting Diversity is 32%) (see Chart 1, page 9).

In keeping with their high level of interest, Western European CEOs are more likely to take a hands-on approach to Diversity than CEOs in other regions. When asked who has responsibility for Diversity and Inclusion, 30% of respondents in Western Europe named a CEO direct report, compared with 21% of respondents in North America and 25% in Asia (see Chart 6, page 12).

In addition, complying with equal-opportunity laws is a more powerful business rationale for Diversity initiatives in Western Europe than elsewhere. Half (50%) of Western European respondents say legal compliance is the major business rationale, compared with 33% of Asian respondents and 37% of North American respondents.

That said, Western European companies tend to have a fairly narrow approach to Diversity, interpreting the task

mainly as one involving women. Barbara David, Head of Diversity at Germany's Commerzbank, describes her company's approach to Diversity and Inclusion:

"At the end of the 1980s we started looking into equal opportunity, in particular at the issues of 'family and career' and 'women in leadership roles.' Diversity has been part of our corporate strategy since 2002. Our current focus is on fairness in the workplace, work-life balance (including family and career), women in leadership positions, cross-generational cooperation, sexual orientation and cultural Diversity. We are creating a solid framework (for example, mentoring programs for female employees, child care, support for the care of relatives and a series of events called 'forum Diversity') for both male and female employees. We also sponsor employee networks, such as our women's network 'Courage,' the gay and lesbian network 'arco,' and a network for fathers, which help to integrate our workforce."

Table 1 In which country are you personally based?

United States of America			23 %
India	10 %	Bangladesh	0 %
United Kingdom	8 %	Brazil	0 %
Canada	6 %	Croatia	0 %
Australia	4 %	Guatemala	0 %
Singapore	4 %	Hungary	0 %
Hong Kong	3 %	Malta	0 %
Germany	3 %	Norway	0 %
Italy	3 %	Romania	0 %
Spain	2 %	South Korea	0 %
Netherlands	2 %	Ukraine	0 %
China	1 %	Uruguay	0 %
Mexico	1 %	Vietnam	0 %
Poland	1 %	Angola	0 %
Switzerland	1 %	Belize	0 %
United Arab Emirates	1 %	Bolivia	0 %
Japan	1 %	Bulgaria	0 %
Malaysia	1 %	Colombia	0 %
New Zealand	1 %	Cyprus	0 %
Nigeria	1 %	Denmark	0 %
Belgium	1 %	El Salvador	0 %
Finland	1 %	Ethiopia	0 %
France	1 %	Ghana	0 %
Indonesia	1 %	Iran	0 %
Russia	1 %	Jordan	0 %
South Africa	1 %	Kazakhstan	0 %
Chile	1 %	Lebanon	0 %
Israel	1 %	Oman	0 %
Kenya	1 %	Peru	0 %
Pakistan	1 %	Puerto Rico	0 %
Sweden	1 %	Slovakia	0 %
Austria	1 %	Slovenia	0 %
Czech Republic	1 %	Sri Lanka	0 %
Greece	1 %	Tanzania	0 %
Ireland	1 %	Turkey	0 %
Philippines	1 %	Uzbekistan	0 %
Thailand	1 %	Zambia	0 %

Source: Global Diversity and Inclusion, the Society for Human Resource Management

There is a strong European perception that there are not enough women in the workforce. Forty-seven percent of Western European survey respondents say that women are under-represented, compared with 28% in North America and 33% in Asia-Pacific (see Table 2).

In keeping with their emphasis on gender Diversity, Western European companies focus their Diversity programs on work-life balance issues. Fifty-four percent of Western European respondents say that they focus on such measures, compared with 42% of North American and 48% of Asian respondents (see Table 3).

In contrast to their heavy emphasis on gender, Western European companies have only a weak interest in other non-traditional groups. Yet Western European companies are aware that they lack Diversity in dimensions besides gender. Workers over the age of 50, for example, have a more difficult time gaining a foothold in Western European companies than elsewhere. The survey shows that 56% of Western Europeans believe that older workers are under-represented, compared with 41% of North American respondents (see Table 4, page 36).

Similarly, Western European companies fall short when it comes to including ethnic minorities in their ranks. In our survey, 49% of Western Europeans say ethnic minorities are under-represented in the work-force, compared with 34% of Asians and 36% of North Americans (see Table 5, page 37).

C. Asia/Pacific: Diversity the natural way

The survey reveals that, at least in their own estimation, Asian companies are

already diverse, with a broad representation of ethnic, religious and caste minorities. A hallmark of the Asian approach is to use the heterogeneity of the larger population to allow Diversity to grow within the organization organically, rather than forcing Diversity measures through management programs, incentives, measurement and the like. Santrupt Misra of Aditya Birla expresses his company's approach:

"There has been a movement in India to talk about affirmative action for members of the lower castes. I carried out a quiet internal survey of my own, and was pleasantly surprised that, by following a policy of meritocracy, we included 11% of people in this category in management. We have been such a naturally diverse employer that we never felt the need to run specific programs. The organization's purpose is to serve a set of customers. We create value for shareholders, and the issue of which class or background a person comes from is irrelevant."

Similarly, at the Asian subsidiary of Canadian insurer Manulife, Diversity is seen as a naturally occurring process. Clifford Davis, Senior Vice President of Human Resources for Asia and Japan Division, expresses the view as follows:

Table 2 — To what extent do the following groups in your organisation's workforce represent the general population in your country? - Women (1)

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
Representation is greater than general population	26.1%	27.8%	22.7%	29.6%	52.9%	20.7%	15.4%
Representation is about the same as general population	36.7%	38.9%	59.1%	39%	23.5%	29.7%	35.9%
Representation is smaller than general population	35.3%	32.7%	18.2%	27.7%	23.5%	46.9%	48.7%
Don't know	2%	0.6%	0%	3.8%	0%	2.8%	0%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

Table 3 — Which of the following measures, if any, does your organisation use to promote and monitor diversity and inclusion? Select all that apply.

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
Employee development and training to improve the advancement potential of minority or disadvantaged staff	29.1%	34%	13%	31.4%	5.9%	24.1%	38.5%
Employee training to enhance respect for cultural and other differences among colleagues	40.1%	44.4%	30.4%	42.8%	5.9%	40.7%	28.2%
Employee policies aimed at improving work/life balance (e.g., flexible hours and work-at-home opportunities)	46.2%	48.1%	26.1%	42.1%	29.4%	53.8%	46.2%
Surveying employees periodically to measure perceptions of equality of opportunity in the organisation	28.8%	29%	21.7%	27.7%	29.4%	31%	25.6%
Offering language courses to increase awareness of other cultures and promote communication	25.6%	24.1%	30.4%	19.5%	64.7%	33.1%	10.3%
Providing channels for confidential handling of complaints related to equal opportunity	35.5%	34.6%	17.4%	40.3%	41.2%	37.9%	20.5%
Setting benchmarks and goals for senior and/or middle managers to ensure diversity on their staffs	17.6%	16.7%	8.7%	18.9%	0%	15.9%	35.9%
Systematically widening recruitment pools to tap new sources of talent	46.2%	51.2%	26.1%	43.4%	47.1%	45.5%	51.3%
Reviewing the product/service mix to ensure minority and disadvantaged customers are being served	14.1%	14.8%	0%	15.7%	5.9%	15.9%	10.3%
Monitoring corporate advertising to ensure sensitivity to cultural differences	27.7%	28.4%	13%	30.8%	5.9%	29%	23.1%
Monitoring corporate spending with a diverse supplier base	10.8%	8%	4.3%	15.1%	0%	10.3%	15.4%
Periodic audits to ensure that an organisation's policies, benefits, etc, are in line with competitors and/or other organisations	22.2%	17.3%	13%	23.9%	23.5%	26.9%	23.1%
Other, please specify	2.4%	3.1%	0%	1.3%	5.9%	3.4%	0%
None of the above	8.6%	5.6%	26.1%	6.3%	5.9%	11.7%	10.3%
Don't know	1.8%	1.9%	4.3%	2.5%	0%	0.7%	2.6%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

"Asia brings in people from all walks of life, particularly Hong Kong. It is like a melting pot. We probably have representation of just about every nationality in our workforce. So in terms of trying to attract people from different walks of life, I would say that is very easy. We don't have to try for national Diversity, because it is just there. We have a Chinese senior vice president, and an Indonesian vice president and British vice presidents, as well as Australians, Vietnamese, Filipinos and Japanese. That is why my focus has been more on increasing representation of women."

Asian survey respondents say that this naturally occurring Diversity in the population makes Diversity-promotion programs a tough sell internally (see Table 6).

Asian companies are nonetheless systematically widening their recruitment pools—not necessarily because they feel they are insufficiently diverse, but because they expect to need more workers in the future. More than half (51%) of Asian survey respondents say they use widening recruitment pools to promote Diversity, compared with 43% in North America and 46% in Western Europe (see Table 3, page 35).

Perhaps for the same reason—that is, the need to counter staff shortages—Asian Diversity managers are comparatively more focused on pay. Among other techniques, Asian companies are more likely to measure wages against similar organizations: 42% of Asian companies benchmark salaries, compared with 36% in North America and 38% in Western Europe (see Table 7).

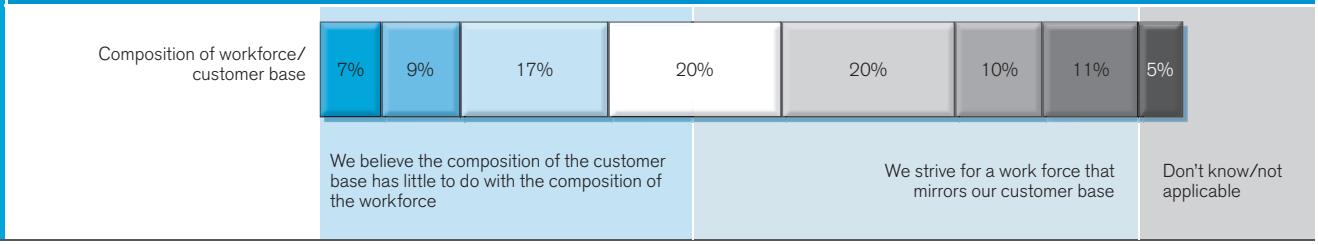
Similarly, Asian companies are more likely to review job titles and responsibilities to ensure comparable pay for comparable work. More than one-third (34%) of Asian companies conduct such reviews, compared with 28% of Western European companies (see Table 7).

The comparatively stronger Asian focus on recruitment and equal pay may stem from the rapid growth in the Diversity of the Asian customer base. Seventy percent of Asian respondents say that the customer base has become more diverse in the past ten years, compared with 58% in North America and 64% in Western Europe (see Table 8, page 38).

That said, being "different" inside the company is not necessarily rewarded in Asia. Persons with disabilities, for example, fare worse in Asia than elsewhere. Nearly two-thirds (64%) of Asian respondents say disabled people are under-represented at their organization, compared with 52% in North America and 56% in Western Europe. There has been some progress, however. In South Korea, the Employment Promotion and Vocational Rehabilitation for Disabled Persons Act requires that public organizations and private companies with more than 50 employees have disabled people on staff, accounting for at least 2% of the workforce. This is being increased to 3% in 2009. Companies with more than 100 employees that don't comply with this legislation are subject to a fine. In addition, the Labor Ministry has declared that organizations that set up an affiliate company to hire severely disabled people will be entitled to 1 billion won in subsidies (see Table 9, page 38).

Similarly, individuals holding unpopular social/political views face stiffer resistance in Asia than elsewhere. According to the survey, 37% of Asians say such people are

Chart 21 How does your organisation value the following ways of working? (Respondents chose points along a sliding scale.)



Source: Global Diversity and Inclusion, the Society for Human Resource Management

Table 4 To what extent do the following groups in your organisation's workforce represent the general population in your country? - Individuals over 50 years of age (2)

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
Representation is greater than general population	10.5%	7.5%	9.1%	15.2%	5.9%	8.3%	15.4%
Representation is about the same as general population	33.4%	33.5%	36.4%	39.9%	29.4%	29.9%	20.5%
Representation is smaller than general population	52.8%	57.8%	54.5%	40.5%	64.7%	56.3%	64.1%
Don't know	3.3%	1.2%	0%	4.4%	0%	5.6%	0%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

under-represented, compared with 25% of North Americans and 28% of Western Europeans (see Table 10, page 38).

In some Asian countries, Diversity managers are working to change such attitudes. Diana Cross, HR Manager for engineering firm Arup Australasia, focuses on making working arrangements more flexible, to accommodate minority workers:

"If we want to have a diverse organization, we have to change our behaviors. Not all

Table 5 To what extent do the following groups in your organisation's workforce represent the general population in your country? - Ethnic minorities (4)

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
Representation is greater than general population	14%	11.2%	4.8%	23.9%	11.8%	7.7%	15.4%
Representation is about the same as general population	35.1%	39.8%	47.6%	35.2%	47.1%	25.9%	38.5%
Representation is smaller than general population	38.6%	33.5%	47.6%	35.8%	17.6%	49%	38.5%
Don't know	12.2%	15.5%	0%	5%	23.5%	17.5%	7.7%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

Table 6 In your view, which of the following represent the greatest barriers to increasing diversity in your organisation's workforce? Select up to three.

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
Lack of top-level commitment	16.3%	16%	8.7%	21.4%	5.9%	12.4%	20.5%
General attitude of indifference	36.4%	35.2%	39.1%	32.1%	29.4%	40.7%	43.6%
Perceived financial cost of diversity programmes	13.4%	11.1%	17.4%	18.9%	5.9%	7.6%	23.1%
Perceived cost in terms of management time	17.2%	17.3%	26.1%	16.4%	29.4%	16.6%	12.8%
Middle management resistance	17.9%	19.1%	8.7%	16.4%	29.4%	16.6%	12.8%
Insufficient mentoring for non-traditional employees	25.5%	31.5%	17.4%	22.6%	23.5%	24.1%	23.1%
Lack of a "push" in the form of regulatory or legal requirements	18.5%	23.5%	30.4%	10.7%	11.8%	18.6%	25.6%
A sense that the workforce is sufficiently diverse	33%	36.4%	34.8%	33.3%	35.3%	33.1%	15.4%
Other, please specify	9.7%	7.4%	4.3%	11.9%	0%	12.4%	7.7%
Don't know/not applicable	8.4%	11.1%	17.4%	6.9%	23.5%	4.8%	5.1%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

Table 7 What steps is your organisation taking to ensure compensation equity?

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
Conducting annual salary audits	11%	7.4%	4.3%	10.7%	17.6%	12.4%	23.1%
Benchmarking salaries against similar organisations	38.6%	42%	21.7%	35.8%	58.8%	37.9%	38.5%
Reviewing job titles and responsibilities to ensure comparable pay for comparable work	31.3%	34%	39.1%	32.7%	23.5%	27.6%	28.2%
Not applicable—we do not take any formal steps	12.1%	12.3%	26.1%	11.3%	0%	13.8%	5.1%
Don't know	5.3%	2.5%	4.3%	8.2%	0%	7.6%	0%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

Table 8 Which statement about your organisation's end-users (clients, customers, etc) do you most agree with? In terms of gender, age, religion, ethnic group, sexual orientation, disability and socioeconomic background, over the past ten years our end-users have...

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
...become more diverse	64.6%	70.2%	60.9%	57.9%	58.8%	64.1%	74.4%
...become less diverse	3.5%	1.9%	0%	6.3%	0%	2.8%	5.1%
...remained about the same	24.8%	19.9%	30.4%	27.7%	35.3%	26.9%	17.9%
Don't know/not applicable	7.2%	8.1%	8.7%	8.2%	5.9%	6.2%	2.6%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

Table 9 To what extent do the following groups in your organisation's workforce represent the general population in your country? - Individuals with disabilities (7)

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
Representation is greater than general population	4.4%	3.7%	0%	4.4%	0%	7.6%	0%
Representation is about the same as general population	21%	18.5%	27.3%	22.8%	11.8%	23.4%	15.4%
Representation is smaller than general population	59.4%	64.2%	72.7%	51.9%	64.7%	55.9%	74.4%
Don't know	15.3%	13.6%	0%	20.9%	23.5%	13.1%	10.3%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

Table 10 To what extent do the following groups in your organisation's workforce represent the general population in your country? - Individuals with unpopular social/political views (5)

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
Representation is greater than general population	3.7%	3.7%	4.5%	4.4%	0%	3.5%	2.6%
Representation is about the same as general population	21.1%	16.1%	31.8%	23.4%	35.3%	19.6%	25.6%
Representation is smaller than general population	31.1%	37.3%	50%	25.3%	17.6%	28%	35.9%
Don't know	44.2%	42.9%	13.6%	46.8%	47.1%	49%	35.9%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

Table 11 How far along is your organisation in meeting its medium-term goals (eg, three- or five-year) for diversity and inclusion?

	Total	Asia-Pacific	Latin America	North America	Eastern Europe	Western Europe	Middle East and Africa
Already met goals	6.3%	8.1%	0%	10.1%	0%	2.8%	2.6%
On track	37.4%	39.8%	21.7%	36.1%	47.1%	36.1%	41%
Struggling	17.5%	18.6%	17.4%	17.7%	17.6%	16%	17.9%
Off-track	2.8%	1.9%	4.3%	2.5%	0%	4.2%	2.6%
Not applicable—we have no such goals	28.4%	27.3%	43.5%	23.4%	29.4%	30.6%	35.9%
Don't know	7.7%	4.3%	13%	10.1%	5.9%	10.4%	0%

Source: Global Diversity and Inclusion, the Society for Human Resource Management

engineers are conservative, but as a generalization, they are quite conservative, and there is a view that 'we work as a team, so the whole team has to be in the office at the same time, doing the same work.' However, work flexibility is important for recruiting people from different backgrounds. If you've got, for example, people of the Muslim faith, many of them do not want to work on Fridays, but our office hours are Monday through Friday. How can we overcome that?"

D. Middle East: Local talent

In the Middle East, Diversity by nationality is at the top of the agenda, but not for the same reasons as elsewhere. Particularly in oil-rich Arab nations, the focus is on hiring more local nationals to replace expatriate workers, with the aim of avoiding a type of cultural colonization by guest workers. In other regions, in contrast, the focus is on hiring more immigrants and foreigners.

In keeping with the drive to take more of the economy back into local hands, 19% of survey respondents in the Middle East say they strive for a workforce that mirrors the customer base, compared with a global average of 10%.

Similarly, companies in the Middle East are more likely than the average to track the composition of their workforce demographics and compare those to the local population's demographics. Nearly one-fifth (19%) of companies in the region say they perform such comparisons, compared with the global average of 7%.

Nonetheless, in view of the difficulties inherent in finding sufficient numbers of qualified nationals for many jobs, companies in the Middle East are reluctant to set firm goals for Diversity. More than one-third (36%) of Middle Eastern companies say they have no medium-term Diversity goals, compared with 23% in North America, 31% in Western Europe and 28% worldwide (see Table 11).

Conclusion

Diversity and Inclusion have come to be accepted worldwide as a collective business topic. The major drivers are looming talent shortages and a diverse marketplace. The reasons vary from moral considerations to profitability. A leading business reason worldwide is that expanded talent pools will be needed to meet the needs of corporate growth. In most companies worldwide, HR leads the effort to increase Diversity and to promote Inclusion. The target groups for Diversity efforts vary in different geographies, but most regions—particularly in Western Europe and North America—have a strong emphasis on attracting, retaining and promoting women.

There are distinct regional patterns to Diversity and Inclusion efforts. North American companies are likelier to take a hands-on approach, set quantitative goals for Diversity and use management incentives to reach their goals. European firms are more likely to rely on internal persuasion and lobbying, and Asian companies take an even more laissez-faire approach, with many believing that Diversity is a process that evolves naturally. Regional and national differences in data availability on employee demographics compound the difficulty of managing Diversity programs internationally. Most multinationals, in any case, believe that Diversity initiatives must be tailored and adapted to fit local laws, traditions and sensibilities.

The set of best practices that have evolved in the Diversity field are therefore culturally determined. However, several approaches seem common to all regions. These include setting the tone at the top of the organization, conducting ongoing training to promote better understanding among employees with different backgrounds and creating opportunities for employees in minority groups (including women, if they are a minority within a company) to network with each other.

A regional analysis of the survey data shows that different regions have unique Diversity-related profiles. The primary feature of North American companies is to embrace change that involves greater Diversity. The modus operandi of Western European corporations tends to be less centrally prescriptive than that of North American companies. In Western Europe, too, there is a stronger focus on creating better conditions for attracting and retaining female employees, with less emphasis on other minority groups.

In Asia, companies believe they are already sufficiently diverse, at least along the lines of nationality, but that some Diversity measures would be useful to ensure sufficient numbers of employees for future growth. The emphasis of Asian companies seems be on improving conditions for female employees to increase their numbers and retention rates. In the Arab Middle East, however, Diversity is often understood to mean ensuring that local nationals, who often are under-represented in the management ranks in their own countries, have sufficient access to employment and promotion opportunities.

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Chart and Table Index

In July 2008 the Economist Intelligence Unit conducted a survey of 546 executives of companies from around the world. Our sincere thanks go to all those who took part in the survey. Please note that not all answers add up to 100%, because of rounding or because respondents were able to provide multiple answers to some questions.

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Appendix I – Global Diversity Readiness Index:
Methodology, Results and Findings

Executive Summary

Globalization has been the most far-reaching economic and social force of the last 50 years. Multinational corporations have both driven this trend and been forced to respond to it to survive in the global marketplace. Today, multinational firms embody a wide variety of characteristics; large and small, young and old, they are based in both developed countries and emerging markets, and they offer a nearly limitless array of goods and services. Sourcing human capital—the perpetual search for talent—is a critically important task and one that has become relentlessly international as businesses recruit talent from other countries and send key executives abroad for temporary assignments.

Despite the global nature of the economy, most companies struggle to manage foreign operations—and the workers who staff them—effectively. The social dynamics of the workplace can be difficult to navigate because they are inextricably linked to Diversity, Inclusion and cultural issues in everyday life. Understanding these issues is never easy.

To help corporate executives understand the Diversity and Inclusion challenges in countries around the world, the Society for Human Resource Management (SHRM) commissioned the Economist Intelligence Unit to compile a Global Diversity Readiness Index (DRI) that ranks and scores 47 countries on these two issues. The Economist Intelligence Unit developed the methodology behind the index, collected the data and scored the countries. Many of the indicators used to generate the index are based on quantitative data and have been drawn from national and international statistical sources. The others are qualitative in nature and have been produced by the Economist Intelligence Unit.

The Economist Intelligence Unit bears responsibility for the Global Diversity Readiness Index and for this report. No data have been sourced from SHRM.

Methodology and Data Sources

The overall index

The Diversity readiness model assesses five areas of Diversity and Inclusion: the heterogeneity of a country's general population; levels of Diversity and attitudes in the workplace; societal attitudes towards minorities; Diversity and Inclusion among publicly elected officials, and the existence and enforcement of equal-rights laws. These themes have been aggregated into a single composite indicator—a Global Diversity Readiness Index (DRI).

Country choice

The 47 countries assessed in the model were chosen on the basis of economic size and regional economic importance. This includes developed economies as well as a broad sampling of countries from less developed regions of the world. We have made an effort to include as wide a geographic sample as possible; however, our choice of countries in some cases has been restricted by data availability.

A list of the countries assessed in this model is provided later in this Appendix.

The indicators

The Global Diversity Readiness Index comprises 39 indicators, of which 23 are qualitative and 16 quantitative.

Data for the quantitative indicators are drawn from national and international statistical sources for the latest available year. Gaps in quantitative data sets have been filled with estimates from the Economist Intelligence Unit.

The qualitative data have been drawn from a range of reports and data sources, then adjusted by the Economist Intelligence Unit.

The main sources used in the index are the International Labor Organization (ILO); the United Nations; the Organization for Economic Co-operation and Development (OECD); the US State Department; the World Economic Forum; the United Nations Development Program; the World Bank; national statistical offices, and the Economist Intelligence Unit's Risk Briefing service and team of country experts.

The categories and their associated indicators are as follows:

1. National Diversity

1.1 Male/female population ratio

1.2 Immigrants as a percentage of total population

1.3 Religious Diversity

1.4 Ethnic and racial Diversity

1.5 Percentage of the population over 65 years of age

1.6 Income inequality, as measured by the Gini coefficient

1.7 Number of official or major languages

2. Workplace Inclusion

2.1 Existence of "glass ceilings" for minorities in the workplace (here, minorities are defined by ethnicity/race, religion, age/disability and sexual orientation)

2.2 Social elitism in the workplace

2.3 Ease of hiring foreign nationals

2.4 Women's access to leadership

2.5 Female wage equality for similar work

2.6 Female labor force participation

2.7 Meritocratic remuneration in the workplace

2.8 Corporate ethics

3. Social Inclusion

3.1 Tension between religious groups

3.2 Perceptions of ethnic or racial tension

3.3 Cultural openness towards migrants

3.4 Openness to gays and lesbians

3.5 Social ills, kidnapping and extortion

3.6 Female/male university enrollment ratio

3.7 Educational attainment of minorities (here, minorities are defined by ethnicity/race, religion and disability)

3.8 Public education spending as a percentage of gross domestic product

3.9 Importance of religion in country politics

4. Government Inclusion

4.1 Political participation of minorities (here, minorities are defined by ethnicity/race, religion, disability and sexual orientation)

4.2 Hostility to foreigners/private property

4.3 Years of female head of state

4.4 Female representation in legislature

4.5 Years of minority president or prime minister (here, minorities are defined by ethnicity/race and religion)

4.6 Corruption in government

4.7 Respect for human rights

5. Legal Framework

5.1 Anti-discrimination laws protecting minorities (here, minorities are defined by ethnicity/race, religion, disability and sexual orientation)

5.2 Anti-discrimination laws protecting women

5.3 Laws ensuring paid maternity leave

5.4 Laws protecting immigrants

5.5 Policies towards immigration

5.6 Quality of judiciary

5.7 Enforceability of contracts

5.8 Civil liberties

A detailed explanation of each indicator and the sources used are given in Appendix II.

Indicator selection

A brief note on data issues

Indicators that may have enhanced the index but that exist for only a small number of the 47 countries have not been included. Although we occasionally estimate missing data points when quantitative data are not available on a comprehensive basis, this is only done when gaps are infrequent and the quality of estimations will meet project standards.

We generally included data without regard to the year in which the information was collected. This is especially true of population breakdowns by ethnicity/race and religion and for the Gini coefficient. Yet population breakdowns vary to a limited degree over a ten-year period, and Gini coefficients have been calculated by the World Bank's Development Data Group on a standardized basis. We estimate that any changes that have occurred in these data points due to the passage of time will have insignificant effects on model results. Moreover, given the general nature of the research, we believe the data year does not diminish comparability. The index is a valuable tool for analyzing Diversity and Inclusion around the globe, but such an exercise can never be perfect and should be used in conjunction with other assessments.

National Diversity

Population Diversity measurements often focus on religion, gender, ethnicity and race. We included three indicators to this effect in the national Diversity category: the male/female population ratio, religious Diversity and ethnic/racial Diversity. The first of these, the male/female population ratio, refers to the number of men vs. women in the entire population. Although studies of gender imbalance often focus on birth rates, this indicator is meant to express population ratios experienced in the workplace, government and society. Thus, we focus on overall population figures. Religious and ethnic/racial Diversity are measured by collecting data on population representation for each minority group. We then score this data breakout by performing a Simpson calculation to assess the relative importance of each group, as well as the number of minority groups. For example, a country with a 50% Christian, 50% Muslim population breakdown will appear more diverse according to the index than one that is 90% Christian and 10% Muslim, even though both have the same number of distinct religious groups (i.e., two).

The national Diversity category also considers age Diversity, nationality, language and economic inequality. Although nationality and ethnicity/race often overlap, in many cases they do not; for example, in Europe some nationalities share the same racial or ethnic group but are still visibly distinct from the native population due to observable religious, linguistic and cultural differences.

Linguistic Diversity is measured as the number of official/major languages because some countries (such as the United States) do not have an official language. In this case, the major language(s) of instruction in schools, business and everyday life guided indicator scoring.

Finally, we include income inequality as measured by the Gini coefficient to provide a measure of country income equality. This indicator is most relevant for developing countries, where economic inequalities often cause large social divides and segregation. This is especially true in Latin America and Africa.

Workplace Inclusion

The workplace Inclusion category examines the extent to which minorities are excluded from managerial positions. The best way to measure this is by using quantitative data on the percentage of managers from different minority groups, but such

data are not available for all 47 countries. Moreover, quantitative figures do not capture attitudes towards promoting minorities, which are often just as important as minority groups' presence in management. Thus, we have asked our team of country experts to perform qualitative assessments to score this indicator. For a similar reason, our country analysts also qualitatively assessed the degree of "social elitism in the workplace" to measure the barriers resulting from "old boys' clubs" or "lifetime employment" cultures. Such traditions can exclude women and/or may block those from underprivileged social and economic classes from promotion, despite equal qualifications.

Figures related to women's representation in the workforce were readily available for all 47 countries and were featured in this category to indicate general economic Inclusion (as opposed to focusing solely on managerial levels). This is the only indicator in this category that measures representation rather than attitudes of Inclusion.

We purposefully included an evaluation of the ease of hiring (rather than promoting) foreign nationals in this category. This is because the difficulty of hiring foreign nationals is often a more pressing and immediate obstacle to workplace Inclusion than promotion; frequently, employers who would otherwise hire foreign nationals refrain because of the difficulties involved.

Equal pay for equal work and meritocratic remuneration assess the extent to which pay is the same for minorities and women relative to the majority group. Like most indicators in this category, they are a measure of Inclusion in the workplace rather than Diversity.

Social Inclusion

The social Inclusion category examines attitudes towards minority groups in daily life, as well as barriers to educational attainment for minorities. We include this second focus to evaluate indirectly the extent to which educational attainment gaps may influence minorities' under representation and exclusion in the workplace and government. Government spending as a percent of gross domestic product indicates how much the country government spends on education, thereby indicating the level of priority placed on publicly accessible schooling.

Most indicators in the category have been qualitatively scored, again reflecting the intangible nature of this issue as well as the scarcity of data on this topic for countries in this study. The indicator for religious tension is a qualitative scoring of the Religious Freedom reports published by the US State Department each year, whereas the perception of religious tension is based on a survey conducted in 2002 by the Pew Foundation that asked respondents about the extent to which they felt tribal/ethnic conflict was a problem in their country. Due to the fact that not all countries in this study were surveyed by the foundation, we reused the survey framework and answers as a benchmark for estimating all 47 country scores for 2008.

We included the indicator "social ills, kidnapping and extortion" to indicate the extent to which tension exists between the poor and rich in society. This is often a bigger concern in emerging and poor economies than in developed nations.

Finally, the indicator "importance of religion in country politics," though relevant for both the social Inclusion and government Inclusion categories, was used here to communicate the intensity of religious beliefs in society. When religious views are strong enough to feed into country politics, this can create a different social dynamic than in countries in which religion remains within the personal sphere.

Government Inclusion

This category measures the level of Diversity among officials elected to public office and officials' attitudes towards peer Diversity and the country population.

Three indicators in the government Inclusion category measure levels of Diversity directly, and they are quantitative. These are female representation in the legislature and the years that a woman or a minority served as president or prime minister.

Political participation of minorities is an indicator qualitatively scored by Economist Intelligence Unit analysts; it evaluates barriers to election to public office for minority groups. We include "government corruption" because corruption leads to the creation of exclusive networks and clubs, making newcomers and thus minorities less able to access positions of influence and decision-making. The "respect for human rights" indicator looks at government attitudes towards equality for all citizens, suggesting attitudes among elected officials.

The "hostility to foreigners/property" indicator assesses the extent to which the government and society have negative attitudes towards the wealthy or towards foreign investment in the country.

Legal framework

The legal framework category measures laws and regulations intended to protect minorities, as well as the country's ability to enforce these laws. Indicators meant to analyze a country's law enforcement come from the Economist Intelligence Unit's Risk Briefing service; these indicators are "quality of judiciary" and "enforceability of contracts."

The assessment of anti-discrimination laws protecting women and minorities is based on a qualitative scoring of the US State Department's annual human rights reports. These reports provide in-depth information about the state of minority relations, rights, laws and women's issues. Scoring for laws protecting minorities is done on a two-part basis, where both the existence of a law as well as its strength/enforcement count towards the total indicator score. Thus, if a country has a law mandating access to buildings for people with disabilities but has not provided funds for firms to do this and has not persecuted non-compliance, only half credit is awarded. A similar method is applied for evaluating women's legal rights. In the case of this indicator, however, equal rights for employment and treatment are combined with an evaluation of women's property rights and protection against sexual harassment. This is because sexual harassment can significantly affect women's participation in the workplace. Property rights affect women's ability to own their own business and to be economically independent. Laws ensuring paid maternity leave

are evaluated on a quantitative basis because they are deemed relevant to women's continued economic participation as well.

Laws protecting immigrants and policies towards immigration measure different aspects of foreigners' rights and participation in society. The "policies towards immigration" indicator looks at whether countries are open to increasing the number of immigrants or if they intend to reduce their presence. The "laws protecting immigrants" indicator examines the extent to which laws and government policies promote discrimination through biased property rights, worker treatment, and social Inclusion laws and policies.

The civil liberties indicator provides a comprehensive view of how free society is. It provides a broad sense of equality and nationwide legal rights.

Calculating the Global Diversity Readiness Index: Data Modelling

Indicator scores are normalized and then aggregated across categories to allow for a comparison of broader concepts across countries. Normalization rebases the raw indicator data to a common unit so that it can be aggregated.

Indicators of quantitative data where a higher value indicates greater Diversity and Inclusion—such as Immigrants as % of population—have been normalized on the basis of:

$$x = (x - \text{Min}(x)) / (\text{Max}(x) - \text{Min}(x))$$

where Min(x) and Max(x) are, respectively, the lowest and highest values in the 47 countries for any given indicator. The normalized value is then transformed from a 0-1 value to a 0-100 score to make it directly comparable with other indicators. This effectively means that the country with the highest raw data value will score 100, while the lowest will score 0.

For quantitative indicators where a high value indicates low Diversity or Inclusion—such as social ills, kidnapping and extortion—the normalization function takes the form of:

$$x = (x - \text{Max}(x)) / (\text{Max}(x) - \text{Min}(x))$$

where Min(x) and Max(x) are, respectively, the lowest and highest values in the 47 countries for any given indicator. The normalized value is then transformed into a positive number on a scale of 0-100 to make it directly comparable with other indicators.

Modelling and weighting the indicators and categories in the model results in scores of 0-100 for each country, where 100 represents the highest level of Diversity and Inclusion, and 0 the lowest. The 47 countries assessed can then be ranked according to these indices.

Qualitative data

Most of the qualitative indicators have been "banded" on a scale of 1-5 (where 5 is best and 1 is worst) or 0-4 (where 0 is best and 4 is worst) and scored by the Economist Intelligence Unit's team of country analysts. The scores are then transformed to a 0-100 score to make them comparable with the quantitative indicators.

One of the indicators, "government policy towards migration," has been banded on a scale of 1-3; another indicator, "anti-discrimination laws: minorities," has been banded on a scale of 1-8. Two indicators taken from the World Economic Forum's survey ("women's access to leadership" and "female wage equality; similar work") were scored from 1-7 and 0-1, respectively. In all cases, higher numbers represent a better performance. All have been converted to a 0-100 score to enable comparisons across indicators.

Weighting the Index

At the conclusion of the international Diversity research exercise, the Economist Intelligence Unit selected a series of default weights deemed appropriate for the overall index calculation. These weights are not meant to represent a final judgment on relative indicator importance. Higher weights were placed on indicators that directly measured minority group Inclusion or representation, and lower weights were placed on broader indicators of Inclusion (for example, "government corruption"). Lower weights were also occasionally employed when more than one indicator attempted to measure different issues related to a single minority group.

In the National Diversity category, two indicators ("male/female population ratio" and "official/major languages") were given relatively low importance for technical data distribution reasons. These data were very skewed and would have overly influenced the model results had low weights not been applied.

We note here that weights may be changed by users at will—for example, one could create a model that almost exclusively rates and ranks Diversity and Inclusion issues for women, or that only combines national Diversity and Inclusion in the workplace for the overall index.

The default indicator and category weights are given further down in this appendix.

Analysis of the Results

Global Diversity Readiness Index

Four Scandinavian countries and five English speaking-countries place in the top ten spots in the index. The only non-Scandinavian, non-English speaking country is Switzerland, which ranks ninth. All ten countries are open, fully developed economies, with inclusive workplaces, governments and laws. Yet a key finding of this index is that Diversity and Inclusion do not necessarily go hand in hand. Countries that are more diverse are not usually more inclusive; countries that are less diverse are not necessarily less inclusive. For example, among the top ten countries, Switzerland is the most diverse, placing fourth in the National Diversity category. New Zealand follows behind Switzerland at ninth place, and Sweden ranks eleventh. But Ireland, though placing in the top ten overall, ranks a mere 33rd for National Diversity.

The bottom ten countries are a mixture of Asian, Middle Eastern and African nations. The one exception, Russia, is in Eastern Europe. Nigeria, ranking 45th overall, places unusually high for the National Diversity category and has one of the five most diverse populations in this model. But it places in the bottom half of countries for all remaining categories because of poor workplace Inclusion, a weak legal framework, and government and social exclusivity.

Overall, countries struggle most with issues of government Inclusion. Twenty out of 47 countries score less than 40 (out of 100) in this category. This is more than two times the number of countries scoring below this level for their legal framework (eight). Indeed, only four to six countries score below 40 for societal or workplace Inclusion. One could take this to mean that countries tend to have strong laws and good law enforcement but exclusive governments; this is not necessarily the case, however, because the model demonstrates a high, positive correlation (0.85 out of 1.00) between government Inclusion and the quality of the legal framework. The biggest exceptions to this are South Korea and the UAE, the first because its legal framework is far better than government attitudes, culture and practices, the second because its government is more inclusive than its laws would suggest.

A third major finding is that the best score for National Diversity does not surpass 58 out of 100. This is because of the category's comprehensive definition of Diversity, which makes it nearly impossible for any country to be diverse in every way. For example, large immigrant populations imply more youthful populations, thus resulting in a lack of age Diversity. Immigrant-friendly nations also often have gender imbalances in favor of men, especially if immigration is of a temporary nature. Interestingly, ethnic Diversity and religious Diversity do not seem to be related to each other. Linguistic Diversity is also dissociated from other types of Diversity, at least when counting official and schooling languages.

Finally, countries' index scores show a strong correlation (0.82 out of 1.0) with country wealth. This means that wealthier countries score better on the index than poor countries. Not surprisingly, three individual Inclusion categories—society, government and laws—correlate closely with country wealth as well, demonstrating a coefficient of 0.7 or above. Workplace Inclusion appears to be moderately correlated with national wealth, with a coefficient of 0.65. It is worth noting that National Diversity does not strongly correlate with country wealth, as does Inclusion.

Overview of regional trends

Scandinavia, North America and Western Europe have the best regional performance for Diversity and Inclusion (listed in order of performance). They outrank the world average, while Asia, Eastern Europe, South America, Africa, the Middle East and South Asia (listed in order of best to worst) perform worse than the world average. This does not mean that Scandinavian, European or North American countries have fulfilled their potential for Diversity and Inclusion—the best regional score is still only 70 out of 100, and the world score of 52 out of 100 suggests that much work is left to be done on Diversity and Inclusion globally.

Asia's higher regional score relative to Eastern Europe and South America can be attributed in large part to Australia, New Zealand and Singapore. Australia and New Zealand place in the top ten overall, and Singapore places 12th. These three countries compensate for the modest performance of South Korea, the mediocre showing of Japan and dismal results for Malaysia, Thailand, India, the Philippines, China and Indonesia.

Overall, the Czech Republic performs best among the Eastern European nations in this model. Romania, Turkey and Russia score and rank significantly lower than the rest of their neighbors, with Russia placing last regionally.

South American countries rank and score similarly, with little national Diversity across the board and moderate levels of Inclusion. Although Chile and Argentina tie for overall index score, Brazil and

Mexico trail behind by fewer than ten points.

The least diverse nations in the African regional group based on population—South Africa and Botswana—perform best overall in the index. This is because of much higher scores for workplace, social and government/legal Inclusion than, say, Ghana and Nigeria. These last two countries place below 30th in the overall index, whereas South Africa and Botswana finish a modest 25th and 27th respectively, overall.

Israel and the UAE lead the Middle East in Diversity and workplace and social Inclusion, but the region overall fares poorly. Israel and Turkey clearly outperform the two Arab nations for their legal framework protecting minorities. Levels of government Inclusion are equally mediocre (between 30 and 36 out of 100) for three of the four countries, with Saudi Arabia's highly exclusive government hitting bottom at a score of five out of a possible 100 (the worst score for all countries in this model).

Due to the fact that South Asia includes only one country (India) we cannot draw any conclusions about trends for this region.

Interesting conclusions can be drawn from a focus on category ranks and scores. We include an analysis of these here.

National Diversity

The ten most diverse countries are spread apart geographically. They are located in four regions: the United Arab Emirates and Israel in the Middle East; Switzerland, Belgium, France, Germany and the Netherlands in Europe; Singapore and New Zealand in Asia; and Nigeria in Africa. These countries are diverse for different reasons. As the most diverse country in the index, the UAE has a large immigrant population (71.4% of the total in 2005), is very diverse in religious and ethnic/racial terms, and enjoys a fair level of socio-economic equality. It has the youngest population of the entire country sample (thus lacking age Diversity) and has an overwhelmingly male population (thanks to the number of temporary immigrants). Arabic is the only national language. Israel also has a high number of immigrants, moderately high religious and ethnic/racial Diversity (in the top 12 for both indicators) and two national languages. Although 40% of the country's population is foreign, the male/female population ratio remains within the normal range, the population is fairly young, and noticeable socio-economic inequalities exist. Singapore, which ranked second for national Diversity between the UAE and Israel, has slightly more immigrants (43%) than Israel but less socio-economic equality. Singapore is another country with a young population with relatively high religious and ethnic/racial Diversity (ranking first and 13th, respectively). Second only to South Africa's 11 national languages and India's 16, Singapore has four languages and ties with Switzerland for this category.

Most of the countries that score in the top ten for national Diversity (excepting New Zealand, Switzerland, Germany and the Netherlands) do not score and rank in the top ten for any of the categories that assess Inclusion. Indeed, the most diverse countries—the United Arab Emirates and Israel—score and rank in the middle-low range for the Inclusion and legal framework categories.

Of the least diverse countries in this index, only South Africa places in the top ten for any of the other categories. It places ninth for government Inclusion, though its legal framework lags behind at 22nd place. It also scores best in the overall index out of the ten most homogeneous countries, ranking 25th overall. Both Botswana and South Africa, the two most homogeneous nations, have moderately small immigrant populations, a young population and extremely high levels of socio-economic inequality. Each country has a modest level of religious and ethnic/racial Diversity, though Botswana has slightly more of both (it ranks below tenth for each indicator compared with South Africa's rank of 20th or below for both).

The US ranks 24th in this category, with Canada placing higher at 13th. Fewer immigrants, a younger population, high socio-economic inequality and fewer national languages set the United States behind Canada in this category.

India and China can be considered fairly homogeneous, ranking 36th and 41st, respectively. Despite India's high number of official languages (16), there are too many males in the adult population, few immigrants and only moderate levels of socio-economic equality. Ethnic/racial Diversity and religious Diversity is moderate. India has one of the ten most youthful populations. We note here that religious Diversity in India, though of a lower level than ethnic Diversity, continues to be a much larger driver of discrimination and exclusion in society.

Similar conclusions regarding the male/female ratio, immigrant populations and the ageing population can be drawn for China, though socio-economic inequality is more dramatic than in India, religious Diversity is higher than ethnic Diversity and the country has the lowest possible score for linguistic Diversity (its only national language is Mandarin).

Workplace Inclusion

The most inclusive workplaces are found in English-speaking, Western countries or in Scandinavian and German-speaking countries. Once beyond the top ten, however, countries from all regions appear in the 11th to 20th spots.

Only North American and Western European countries score at least a four out of five for the " 'glass ceilings' for minorities" indicator. Yet of these countries, only three—Australia, Canada and Germany—are open to hiring immigrants (scoring four out of five for the "ease of hiring immigrants" indicator). The remaining countries score a more modest three out of five, including New Zealand, the Netherlands, France, Switzerland and Portugal. Thus, openness to promoting minorities does not necessarily mean a workplace is open to foreigners. Indeed, the only country that scores perfectly for hiring immigrants, the UAE, scores a modest three out of five for minority glass ceilings.

Social elitism appears to be most problematic for a handful of Asian countries,

notably the Philippines and Indonesia. Their regional peers follow closely behind, however; China, Japan and Thailand score a two out of five for this indicator and are on par with the workplace elitism exhibited in Brazil, Ghana, Mexico, Russia, Saudi Arabia and the UAE. Thus, though social elitism can be considered strongest in Asia, it still creates real problems in other regions of the world.

Surprisingly, women surveyed in Asian and African countries said they had the most access to leadership in the workplace. A similar trend emerges for female wage equality for similar work, though this contrasts strongly with the indicator that measures the extent to which increases in pay are related to improvements in performance for these same countries (meritocratic remuneration). The top ranks for this latter remuneration indicator are dominated by mostly North American and Western European nations as well as select countries from other regions (i.e., Australia, China, Chile and Israel).

Women's access to leadership and equal pay for equal work is most problematic in Western and Eastern Europe, the Middle East and South America. All four South American countries in this model (Brazil, Argentina, Mexico and Chile) place at the bottom in these two areas, though Mexico is the worst in its region. The performance of Western and European countries for these two indicators varies on the exact indicator of "women's work equality," though females seem to have more trouble in southern continental Europe and Eastern Europe than in Scandinavia or Germanic Europe. Surprisingly, Western nations place no higher than eighth for women's access to leadership and 11th for wage equality. However, women have the most trouble accessing corporate leadership in Saudi Arabia, where workplaces are known for being male/female segregated and women's roles are heavily circumscribed by traditional and Islamic mores.

Whereas the United States and Canada score high for workplace Inclusion, India and China lag behind. The United States is weakest when hiring foreign nationals, paying women equal wages for equal work and upholding corporate ethics. The country's corporate sector generally promotes minorities, pays people fairly for their work, allows those outside wealthy or "old boy" networks to move up the corporate ladder and gives women access to leadership. Similar things can be said for Canada, though the country struggles a bit more when promoting minorities and pay increases are not as directly related to increases in worker productivity, although the country is more open to hiring foreign workers than the US. Canada also includes women slightly more in the workplace, scoring higher for women's access to leadership and equal pay.

Whereas China shows room for improvement in the workplace Inclusion category, India has a dismal performance, ranking 45th. India's minorities encounter barriers to promotion and the female population participates minimally in the labor force. Wage increases are not directly linked to worker productivity increases, and corporate ethics are weak. Like India, China struggles with corporate ethics issues, although its women participate significantly in the workforce (69%), second only to Ghana (70%). Unfortunately, social elitism is a significant problem and barriers to minority promotion are common. These combined factors lead to a rank of 22nd for China.

Social Inclusion

The most socially inclusive countries only partially overlap with the most inclusive workplaces. Seven of the most socially inclusive countries, Sweden, New Zealand, Finland, Canada, Norway, Australia and Denmark, appear in the top ten countries for workplace Inclusion. Canada, for example, struggles most with religious tension in society. It could afford to be more open to immigrants and to encourage more minority access to education, though it scores a respectable four out of five for both indicators. The country maintains a secular government and society exhibits low levels of ethnic/racial tension. Different socioeconomic classes also manage to coexist in peace.

The United States is a good example of a disconnect between social Inclusion and other types of Inclusion; it ranks a relatively weak 25th for social Inclusion but first for workplace Inclusion. This can be explained by the strong influence of individuals' religious beliefs on politics, tension between religious groups and low public spending on education.

Conversely, other countries rank surprisingly high for social Inclusion. The Czech Republic, Portugal and Botswana place sixth, seventh and tenth, respectively, despite lower ranks of 27th, 23rd and 14th for workplace Inclusion. They also generally rank in the mid-range (19th place or lower) for government Inclusion and their legal framework. The best ranked of these, the Czech Republic, shows a lower female university enrollment rate than its peers and spends less on public education as a percentage of GDP. However, the country's religious groups are on fairly good terms with each other, as are ethnic/racial groups; citizens have an open attitude towards immigrants and gays/lesbians; and religion does not overly permeate country politics. Minorities also generally enjoy equal access to education. Similar comments can be made about Portugal, though minorities struggle slightly more to access education. Botswana, though it trails close behind, paints a slightly different picture. The country is only moderately open to immigration and gays/lesbians, and religion influences country politics to a noticeable degree. Tension between religious, ethnic/racial and social groups is low, however, and public access to and government spending on public education is better than its global peers.

Nigeria ranks last for social Inclusion. High levels of religious tension, ethnic and tribal conflict, unrest among different socio-economic classes and restricted access to education make this an extremely exclusive society. Religion penetrates political life on a regular basis, females are underrepresented in universities, and gays/lesbians are subject to discrimination and victimization. Other African countries assessed in this model, such as South Africa and Ghana, also place low, suggesting that Botswana's good performance in this category is a regional exception. The remainder of the ten most socially exclusive countries, with the exception of Russia, are all located in Asia and the Middle East.

In China, socio-economic and ethnic/racial tensions are low. The government is also highly secular. Yet this does not prevent high levels of religious tension within the general population. Chinese society is culturally closed to immigrants, minorities cannot easily access education and the government spends little on public education relative to GDP. Gays/lesbians are not accepted in society and fewer women enroll in universities than men. India experiences similar problems, though minorities have slightly more access to education and the culture is a bit more open to migrants. Yet India's government is far less secular than China's and religious tensions between Hindus and Muslims are high, often resulting in violence.

Government Inclusion and legal framework

Governments in Scandinavia, Canada, Ireland, New Zealand and the Netherlands are very inclusive and most also have the best laws protecting minority groups. These countries show a high degree of similarity in their forms of government Inclusion. The barriers to minorities seeking public election are low, governments welcome foreign investment and property ownership, and they have high levels of female participation in the legislature. Canada and Ireland are the only exceptions, with only about 20% and 10% of legislative seats held by women, respectively. Government corruption is low among the top ten countries and respect for human rights is strong. South Africa is the one exception to this, as corruption is a concern and human rights are not always respected.

Given its less than stellar performance in the remaining categories, South Africa unexpectedly appears among the top ten for government Inclusion. The country shows high levels of female representation in politics and has had diverse government leadership on an ethnic/racial level. The country's 36 years of white presidential rule, albeit for the wrong reasons, gives it the top score for minority leadership. There has not been a female head of state in the past 50 years. The country's legal framework is not as good as its level of government Inclusion, however. The country lacks the necessary capacity to enforce minority protections and equality laws.

Placing 11th for government Inclusion, Spain also scores well for its minority protection laws, despite its middling performance in the national Diversity, workplace Inclusion and social Inclusion categories. The country provides moderately lengthy paid maternity leave to women and does not take a discouraging policy stance towards immigration. The government also demonstrates robust law enforcement capacity and a comprehensive legal framework to prohibit discrimination against minorities and women.

Countries in Asia and the Middle East (as well as Russia) lack comprehensive, strong laws and suffer from government exclusivity. South Korea is of special note. Its government shows an unusually high level of exclusivity compared with society, the workplace and its legal framework; this is because it discourages minorities from being elected to public office, has low female political representation and has a history of moderately corrupt government. Attitudes in South Korea are not always welcoming to foreign investment and property ownership. A reasonable performance in the legal framework category partially compensates for South Korea's government exclusion, scoring 80 out of 100 for a rank of 16th. Though not far from acceptable levels, its most consistent weakness is a lag in legal enforcement capacity, the short length of paid maternity leave for female employees and its modest legal protection for immigrants.

Saudi Arabia ranks at the bottom for both government Inclusion and its legal framework. Structured and run as a traditional Islamic society, minority and gender equality is a low priority. The country is also a royal kingdom, rendering outsider (much less minority) political participation impossible. Though the UAE exhibits similar governance structures, with a federation of emirates in place, government Inclusion is slightly better than Saudi Arabia. This is because more women participate in politics, government corruption is lower and the government is more open to foreign investment. However, though the practice of politics in the UAE is more inclusive than among its regional peers, its official legal code also seeks to establish a traditional Islamic society. Thus, the UAE ranks 46th for its legal framework and scores a ten out of a possible 100.

Other countries that struggle with government exclusivity and poor minority protection laws include Thailand, China, Indonesia, Russia, Nigeria, Malaysia, Turkey and Ghana. Companies with operations in these countries should be aware of the few laws and government efforts in place to protect minorities. For example, many bottom-ranking countries outlaw sodomy and lack the laws necessary to protect women from sexual harassment or to ensure their property rights. Or countries may have laws on paper but do not enforce them properly. Laws ensuring equal access and opportunities to people with disabilities are another aspect of the legal framework rarely enforced and often under funded.

Although countries in Asia and the Middle East appear in the bottom ten for these categories, South American and Eastern European nations have much room for improvement as well.

The United States ranks 18th for both its level of government Inclusion and its legal framework. Although there are relatively few barriers to minorities' election to public office and the government is open to foreign investment, female representation in the legislature and as head of state is low.

Generally, the United States has a comprehensive legal framework that protects the rights and opportunities of women, ethnic/racial groups, religious organizations and the disabled. However, protection of gay people varies by state; national laws ensuring equality for gays and lesbians lags behind those of European countries, and there is no nationally mandated pay rate for women who take maternity leave. The United States and Australia are the only two countries of the entire 47-country group that have nationally mandated maternity leave without wage requirements. The US has a strong law enforcement capacity; corruption is low and respect for human rights is high. Finally, although country laws protect immigrants, policies towards immigration are not as open as they could be.

Similar to its performance in the national Diversity and social Inclusion categories, China has an exclusive government and a poorly enforced legal framework. Although the government is open to foreign investment and laws protecting immigrants exist, female representation in the legislature is moderate and policies towards immigrants are not especially welcoming. Minorities are regularly excluded from participation in public office; corruption is high, and respect for human rights is low. The country's minority protection laws, whether for women or other types of minorities, are weak and poorly upheld by a low-quality judicial system.

India ranks 30th for government Inclusion, tying with Mexico. This is due largely to the fact that India had a woman as head of state for 15 years (second only to Ireland). The country also ranks a respectable seventh for the number of years that a minority religious or ethnic/racial president/prime minister was in office and the country is open to foreign investment. Unfortunately, laws meant to ensure immigrants' legal rights and minorities' legal rights need to be improved, as does the judicial capacity in place to uphold them. Though laws protect women's equality, the government has difficulty enforcing them. Discriminating against people with disabilities is not directly prohibited (though affirmative action laws are in place); indeed, this group suffers major setbacks in education and the workforce. Homosexuality is illegal. Although ethnic strife is minimal or nonexistent, religious violence is not uncommon and it affects the public arena quite profoundly.

Country List

The table below provides a list of countries assessed in the Global Diversity Readiness Index:

Western Europe
Austria
Belgium
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Netherlands
Norway
Portugal
Spain
Sweden
Switzerland
United Kingdom

Eastern Europe
Czech Republic
Hungary
Poland
Romania
Russian Federation
Slovakia

North America
Canada
United States

Latin America
Argentina
Brazil
Chile
Mexico

Asia
Australia
China
India
Indonesia
Japan
Malaysia
New Zealand
The Philippines
Singapore
South Korea
Thailand

Middle-East
Israel
Saudi Arabia
Turkey
United Arab Emirates

Sub-Saharan Africa
Botswana
Ghana
Nigeria
South Africa

Sources and Definitions of the Global Diversity Readiness Index

1. National Diversity				
	Indicator	**Central Source**	**Year**	**Definition/Coding**
1	Male/female population ratio	United Nations Gender Info Database	2005	Number of men per woman in the total population
2	Immigrants as % of population	World Bank Migration and Remittances Fact Book	2005	Percent of total population
3	Religious Diversity	US State Department; CIA Fact Book; Minority Rights Group International; Pew Research Center. All sources draw at least in part from Country Census data	2000-2008	This indicator is a Simpson Index calculation. It is the inverse of the sum of squares of each religious group's share of the total population. The higher the index score, the more diverse the population. The lowest possible value, 1.00, indicates complete homogeneity
4	Ethnic/racial Diversity	US State Department; CIA Fact Book; Minority Rights Group International. All sources draw at least in part from Country Census data	2000-2008	This indicator is a Simpson Index calculation
5	Population over 65 years of age	World Development Indicators Report 2008	2006	Percent of total population
6	Income inequality; Gini coefficient	World Bank World Development Indicators Report 2008	Data year varies	Data for the United Arab Emirates and Saudi Arabia are estimated
7	Official/major languages	United Nations; Economist Intelligence Unit country profiles	2008	Major languages are used only when a country does not have official languages. These are defined by major languages of schooling and business

2. Workplace Inclusion				
	Indicator	**Central Source**	**Year**	**Definition/Coding**
1	"Glass ceilings" for minorities	Economist Intelligence Unit country analyst scoring	2008	Qualitative assessment of discriminatory barriers when promoting or filling managerial positions due to ethnicity/ race, religion, age/disability or sexual orientation
2	Social elitism in the workplace	Economist Intelligence Unit country analyst scoring	2008	Qualitative assessment of the importance of social class, family ties and other networks in the workplace
3	Ease of hiring foreign nationals	Economist Intelligence Unit country analyst scoring	2007	Qualitative assessment of official and unofficial migration barriers and rules on employment of local nationals
4	Women's access to leadership	World Economist Forum Executive Opinion Survey	2007	The survey asked the following question: "In your country, do businesses provide women the same opportunities as men to rise to positions of leadership?"
5	Female wage equality for similar work	World Economist Forum Executive Opinion Survey	2007	Responses to the survey were produced on a 0-1 scale
6	Female labor force participation	United Nations and International Labor Organization Gender Info Database	2006	The female labour force participation rate equals the number of women in the labour force (i.e., women employed and women seeking employment) as a share of the total female population over the age of 15
7	Meritocratic remuneration	Economist Intelligence Unit Risk Briefing	2008	Assesses the extent to which increases in wages are directly related to productivity increases
8	Corporate ethics	World Bank Corporate Ethics Index	2004	This is an aggregated index that measures the % of firms in the country giving a satisfactory rating to questions concerning corporate ethics

3. Social Inclusion				
	Indicator	**Central Source**	**Year**	**Definition/Coding**
1	Tension between religious groups	Economist Intelligence Unit country analysts; US State Department	2007	Qualitative evaluation of violence and harassment among religious groups, anti-Semitism, incidence of forced conversions and government neutrality
2	Perceptions of ethnic/racial tension	Economist Intelligence Unit country analysts	2008	Qualitative estimation of the share of the population believing that ethnic, tribal or racial conflict is a very big problem in their country
3	Cultural openness to migrants	Economist Intelligence Unit country analysts	2007	Assesses public attitudes towards migrants
4	Openness to gays and lesbians	Economist Intelligence Unit country analysts	2008	Qualitative assessment of social attitudes and the frequency of violence towards gays and lesbians
5	Social ills: kidnapping and extortion	Economist Intelligence Unit Risk Briefing	2008	Assesses the risk of kidnapping and/or extortion faced by government and business
6	Female/male university enrollment	World Bank	2005, or latest available year	Measured as the number of females enrolled in tertiary institutions divided by the number of enrolled males
7	Educational attainment of minorities	Economist Intelligence Unit country analysts	2008	Assesses the extent to which systematic educational disparities exist among ethnic/racial minorities, religious minorities or people with disabilities
8	Public education spending as a % of GDP	United Nations Human Development Report	2007/2008	Uses nominal expenditure and GDP figures
9	Importance of religion in country politics	Economist Intelligence Unit Democracy Index	2008	Qualitative assessment of how much religion influences political life and whether the government is secular

4. Government Inclusion				
	Indicator	**Central Source**	**Year**	**Definition/Coding**
1	Political participation of minorities	Economist Intelligence Unit country analysts	2008	Qualitative assessment of political participation and representation of minority religious and ethnic/racial groups, people with disabilities and gays and lesbians
2	Hostility to foreigners/property	Economist Intelligence Unit Risk Briefing	2008	Assesses the extent to which a party in armed conflict or demonstrations/civil unrest has specifically shown hostility to foreigners or private ownership of property
3	Years of female head of state	World Economic Forum Gender Gap Index	In the past 50 years, until 2007	
4	Female representation in legislature	Interparliamentary Union	2008	Percent of total upper and lower house seats occupied by women
5	Years of minority president/PM	Economist Intelligence Unit country analysts	2008	Years that a person from a minority ethnic/racial or religious group served as president or prime minister
6	Corruption in government	Economist Intelligence Unit Risk Briefing	2008	Assess the pervasiveness of corruption within the public sector
7	Respect for Human Rights	Economist Intelligence Unit Risk Briefing	2008	Assesses the risk that this country could be accused of serious human rights abuses

5. Legal Framework				
	Indicator	**Central Source**	**Year**	**Definition/Coding**
1	Anti-discrimination laws: minorities	Economist Intelligence Unit country analysts; US State Department	2007	This indicator considers the laws protecting religious and ethnic/racial minorities, people with disabilities and gays and lesbians, as well as efforts by public officials to enforce them
2	Anti-discrimination laws: women	Economist Intelligence Unit country analysts; US State Department	2007	Identifies laws protecting female property ownership, equal employment and freedom from sexual harassment rights
3	Laws ensuring paid maternity leave	World Economic Forum	2007	Product of leave time and wages paid
4	Laws protecting immigrants	Economist Intelligence Unit	2007	Assesses whether there are laws in place to protect migrants and whether they are observed in practice
5	Policies towards immigration	United Nations	2007	Qualitative assessment of government policy towards migration
6	Quality of judiciary	Economist Intelligence Unit Risk Briefing	2008	Assesses the extent to which the legal process and the courts can be interfered with or distorted to serve particular interests
7	Enforceability of contracts	Economist Intelligence Unit Risk Briefing	2008	Assesses the risk that contract rights will not be enforced
8	Civil liberties	Economist Intelligence Unit Democracy Index	2008	Civil liberties captures the principle of the protection of basic human rights, such as freedom of speech, expression and the press; freedom of religion; freedom of assembly and association; and the right to due judicial process.

Category and indicator weights:

Category	Weight %
National Diversity	17.9%
Workplace Inclusion	21.4%
Social Inclusion	21.4%
Government Inclusion	17.9%
Legal framework	21.4%

Indicator	Weight %
National Diversity	
Male/female population ratio	1.4%
Immigrants as % of population	21.1%
Religious Diversity	21.1%
Ethnic/racial Diversity	21.1%
Population over 65 yrs of age	14.1%
Income inequality; Gini coefficient	16.9%
Official/major languages	4.2%
Workplace Inclusion	
"Glass ceilings" for minorities	17.9%
Social elitism in the workplace	17.9%
Ease of hiring foreign nationals	11.9%
Women's access to leadership	11.9%
Female wage equality; similar work	14.3%
Female labor force participation	6.0%
Meritocratic remuneration	14.3%
Corporate ethics	6.0%
Social Inclusion	
Tension between religious groups	13.3%
Perceptions of ethnic/racial tension	13.3%
Cultural openness to migrants	13.3%
Openness to gays and lesbians	13.3%
Social ills: kidnapping and extortion	6.7%
Female/male university enrollment	6.7%
Educational attainment of minorities	13.3%
Public education spending; % GDP	6.7%
Importance of religion in politics	13.3%
Government Inclusion	
Political participation of minorities	20.0%
Hostility to foreigners/property	10.0%
Years of female head of state	10.0%
Female representation in legislature	20.0%
Years of minority president/PM	20.0%
Corruption in government	10.0%
Respect for Human Rights	10.0%
Legal framework	
Anti-discrimination laws: minorities	19.6%
Anti-discrimination laws: women	19.6%
Laws ensuring paid maternity leave	9.8%
Laws protecting immigrants	9.8%
Policies towards immigration	9.8%
Quality of judiciary	9.8%
Enforceability of contracts	9.8%
Civil liberties	11.8%

Appendix II — Participants in Qualitative Interviews

SHRM and the Economist Intelligence Unit would like to thank the following executives for their participation in the interview program.

North America

- ADP — Clyde Jones, Vice President and Chief Diversity Officer
- Allstate — Anise Wiley-Little, Chief Diversity Officer
- American Express — Donna Wilson, Vice President, Global Diversity and Inclusion
- Baird — Rodney Tyson, SVP and Director, Business Development; Leslie Dixon, Chief Human Resources Officer; Paul Purcell, CEO
- Bausch & Lomb — Clay Osborne, VP Human Resources
- Cardinal Health — Aida Sabo, Vice President Employee Diversity and Inclusion; and Cathy Mock, Vice President Supplier Diversity
- Deloitte — Allen Thomas, Chief Diversity Officer
- General Electric — Deborah Elam, Chief Diversity Officer
- Interpublic — Heide Gardner, Senior Vice President and Chief Diversity and Inclusion Officer
- ITT — Bob Ellis, Chief Inclusion & Diversity Officer
- Merck — Deborah Dagit, Executive Director, Diversity and Work Environment
- Northwestern University — Katherine Phillips, Co-Director, Center for the Science of Diversity, Kellogg School of Management
- Pepsi — Maurice Cox, VP Corporate Development and Diversity
- Royal Bank of Canada (Canada) — Norma Tombari, Senior Manager, Human Resources, Workplace & Diversity
- Ryder System — Amparo Bared, Vice President of Human Resources and Talent Management
- University of Michigan — Scott Page, Professor of Complex Systems, Political Science, and Economics
- Verizon — Magda Yrizarry, Vice President of Workplace Culture, Diversity and Compliance

Europe

- Accenture-(France) — Celine Ricoce, Global Inclusion & Diversity Team
- Air Products Europe (UK) — Dave Tarbox, HR Development & Diversity Manager
- Commerzbank (Germany) — Barbara David, Director, Head of Diversity
- Daimler (Germany) — Ursula Schwarzenbart, Director, Global Diversity Office
- Deutsche Bank (Germany) — Aletta Graefin von Hardenberg, Director, Culture and Diversity, Organizational Development (Global)
- Ernst & Young (UK) — Pierre Hurstel, Global Diversity and Inclusiveness Leader
- KPMG Europe — Sarah Bond, Director of Diversity
- Lufthansa (Germany) — Monika Ruehl, Director, Change Management & Diversity
- Royal Dutch Shell (Netherlands) — Hugh Mitchell, HR Director
- SAP (Germany) — Alice Leong, Vice President and Global Head of Diversity
- Siemens (Germany) — Peter Heck, Former Leader, Promoting Diversity in Germany
- Sodexo (France) — Dr. Rohini Anand, Senior Vice President and Global Chief Diversity Officer
- Volvo (Sweden) — Pia Hook, Diversity Manager

Asia

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