



**Understanding the current situation in Europe with regard to
workforce diversity and recruitment**

Deliverable 5.4: Research report

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Deliverable 5.4

Understanding the current situation in Europe with regard to workforce diversity and recruitment

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EXECUTIVE SUMMARY

This report describes the main findings of a research project into cultural diversity recruitment practices within European companies. To obtain in-depth insights, data were collected through three channels. 1) Survey data on the strategic importance of cultural diversity collected by the CRF Institute were combined with survey data on diversity practices distributed to the network of the project's partners. 2) Interviews were conducted with HR professionals in the partner countries to validate the survey results and obtain deeper insights into the best practices. 3) Three panels of HR professionals and academics were organized to facilitate further discussion and validation of the results.

For approximately three-quarters of the companies in our European samples, diversity is a strategic priority. However, looking at the actual practice, there seems to be no coherent system within Europe to address the challenge of cultural diversity. At the European level, some countries that address this challenge very well, particularly those countries with a history of having immigrants become part of their workforce. Overall, the strongest focus in Europe seems to be on fair HR practices in general without explicit attention to diversity within recruitment.

The results show that for a diversity programme to succeed, it needs to be an integral part of the company strategy. The commitment of top management is essential. To succeed, diversity needs to be part of a change management approach with a clear vision that is apparent to everyone. It is clear that HR professionals throughout Europe have a positive and supportive attitude toward building a more culturally diverse organization. They perceive the costs of diversity as being low and the potential benefits as being high. However, it should be acknowledged that relative to other aspects of the business, cultural diversity is relatively low on the priority ladder; the apparent strategic importance is only to a limited extent translated into specific practice. An HR department that aims to make diversity more important within its organization should pay attention to the bottom line. HR needs to be able to argue that it makes sense business-wise to prioritize diversity in terms of money earned or money saved.

Cultural diversity seems to be an integral part of high-performance HR practices. Companies with HP-HRM practices in place are also more open to cultural diversity. Fairness in all aspects of running a business comes to the forefront as a key element. In two-thirds of the companies, international applicants are welcome, and companies strive to treat them as fairly as possible to ensure that the best person for the job is hired regardless of cultural background.

Language plays a key role in cultural diversity. A common language is an essential element for culturally diverse organizations. In all cases, English became the official language when organizations chose to become international throughout their operation. Employees who work in companies with an international character need to be at least bilingual, speaking the native language of the country in which the company is located and being proficient in English.

As a final point, it is important to note that diversity and inclusion are perceived as two sides of the same coin. Inclusion means creating an organizational culture in which differences are valued, where everyone has the same opportunity to develop their skills and talents regardless of background. Diversity and inclusion are defined as interrelated, and to achieve aspirations as an organization, it is essential to maintain a focus on both concepts and integrate them into the organizational values and business objectives.

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1. CONTEXT

The forces of globalization and the instruments (e.g., Erasmus, Europass, etc.) created by the EU are slowly but surely driving the growth of workforce mobility across Europe. The European Union (EU) is a union of 27 countries that share an economic and political partnership and cover much of the European continent. Country members of the European Union enjoy the benefits of common regulations as part of a single market. Among those benefits and one of the basic principles of the EU is the free movement of workers across the borders of its Member States (European Foundation for the Improvement of Living and Working Conditions, 2011). Free movement for workers (laid out in article 45 TFEU) means that every EU national has the right to look for a job in another member state, work in another member state, reside there for that purpose, remain there and receive equal treatment in terms of access to employment, working conditions and all other advantages that could help facilitate the worker's integration into the host Member State (www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/freemovementofworkers.htm, 2011).

A series of instruments, organizations, institutions and rules in the EU facilitate the movement of the workforce within the Member States. According to the European Trade Union Confederation (ETUC, Workplace Europe) and the European Foundation for the Improvement of Living and Working Conditions (2007), labour migration and workforce mobility is currently a major issue on the political agenda of the EU and its Member States. In particular, after the 2004 enlargement of the EU to include 10 new Member States, workforce mobility began to draw greater attention. Workforce mobility, which naturally induces workforce diversity, is in fact a key element of the European employment strategy, as delineated in the Europe 2020 document, with aims for sustainable and inclusive growth.

1.1 THE PARADOX OF WORKFORCE MOBILITY & DIVERSITY

In general, workforce mobility and diversity are positive aspects for competitiveness. For example, at a macro-level, workforce mobility allows economies to adjust to new external market demands, inducing competitiveness. At a micro-level, companies can in theory benefit greatly from a diverse workforce (qualified resources, innovation and adaptability). However, as pointed out by several researchers and the European Monitor for Change, workforce mobility and diversity does not come without challenges and should be considered carefully. For example, at a macro-level, countries or regions can suffer from “brain drain”, while at a micro-level, the opportunity costs and risks associated with diversity can be significant (e.g., costs of poor employee integration). This challenge of cultural workforce diversity for European companies is the main focus of this Project.

To cope with the impact of cultural diversity, companies should have a clear diversity strategy, which should permeate all key organizational processes. However, it is not clear how European companies are adopting workforce diversity in their strategies. The European Monitor for Change emphasizes the importance of a proper recruitment process to address the challenges of workforce diversity.

1.2 SCOPE OF WP5

The REDIVE project in general aims at improving the multi-cultural recruitment processes in European companies to increase the effectiveness of workforce diversity. The specific aim of Work Package 5 – Research (WP5) is to further understand the current situation in Europe with regard to workforce diversity and recruitment.

The goals of WP5 are to

1. Understand the extent to which cultural workforce diversity is incorporated in the strategy of European companies.
2. Evaluate and map the differences in recruitment practices across different European cultures.
3. Identify best practices in terms of multi-cultural recruitment and extract main lessons.

To achieve these objectives, data were collected through three channels. First, an extensive survey on cross-cultural diversity was distributed among the network of partners. The insights obtained from this survey were combined with data from the CRF Institute to together provide quantitative insights into the current situation in Europe. Second, interviews were conducted with HR professionals in the partner countries. This step provided a validation of the survey results and deeper insights into best practices. Third, panels were organized with HR professionals and academics to further discuss and validate the results.

This deliverable has two functions: to provide an overview of the key findings of the WP milestones and to identify and highlight best practices in cultural workforce diversity to be used as input for the development of the training programme in WP6.

We will provide the results in three chapters focused on the survey, interviews and panels individually. The final chapter will provide the main conclusions.

2. CULTURAL DIVERSITY PRACTICES, A QUANTITATIVE OVERVIEW

2.1 BACKGROUND, A SHORT OVERVIEW OF PREVIOUS STUDIES

Most companies commit to diversity to various degrees. Managing diversity in the broadest sense includes a process of creating and maintaining an environment that naturally allows all individuals to reach their full potential in pursuit of organizational objectives. As such, diversity and equality management may be composed of multiple aspects ranging from written policies on diversity and equality management at the strategic level to HR policies focused on recruitment, training, promotion and salary. Within most companies, these diversity policies focus on gender, age and/or ethnic origin.

Previous research into diversity practices has provided some useful insights. For example, Armstrong et al. (2010) showed that in the Irish labour market, diversity and equality management can provide measurable benefits to organizations. Among some of the best practices are having a diversity champion at the organization, usually by having staff or a department dedicated exclusively to dealing with diversity, providing training, incorporating diversity into the company's overall strategy and monitoring recruitment, promotion and pay at all levels. Their research emphasized the importance of managing diversity effectively and fairly at all levels for organizations to fully benefit from diversity. It should be not considered solely an issue of legal compliance.

Another recent study that demonstrated some of the best practices that companies use to manage diversity is that of Kalev et al. (2006). Kalev et al. (2006) examined the efficacy of three popular approaches to diversity: the assignment of responsibility through the organizational structure, training and feedback, and networking and mentoring. The first approach includes practices aiming at organizational change by assigning responsibility for achieving diversity goals to specific persons, offices or groups. Among these practices are responsibility and affirmative action plans and monitoring through committees and departments. Practices that belong to the second approach may lead to behavioural change by reducing bias and stereotyping. Companies must provide training to both employees and managers and must also provide feedback through performance evaluations. Finally, the last approach, networking and mentoring, aims to decrease social isolation. Social networks provide support and informal coaching and enhance trust. Mentoring provides career counselling and informal advice. The study revealed that these approaches differ in terms of efficacy. The practices that establish organizational responsibility are the most effective, followed by mentoring and networking practices. Despite being among the most popular and frequently used, training and education practices were found to be the least effective.

Shen et al. (2009) reviewed the literature on managing diversity through human resource management and provide good insight into what organizations do, which HR practices are most frequently used and what needs to be developed. The first finding of their study is that inequality and discrimination still exist and that for many companies, diversity management means compliance with Equal Employment Opportunity (EEO) and Affirmative Action (AA) requirements. Consequently, less attention is given to appreciating diversity and making real use of it. Through their theoretical framework, they propose that diversity management should be implemented at

three levels: the strategic, tactical and operational levels. First, managing diversity should be a part of the organizational culture. Top management commitment is required and should be reflected in the organizational mission and strategy. Formalised HR practices are essential, and diversity should be measured and audited. At a tactical level, a variety of diversity policies regarding staffing, training and development, appraisal and remuneration could be used to support the diversity culture. Additionally, at this level, organizations can measure employees' perceptions of the HRM diversity practices to monitor their expectations and further develop their practices. Lastly, at an operational level, organizations should focus on such practices as employee education, networking, communication, flexible employment and work-life support. Shen et al. (2009) also emphasized the importance of line managers at all levels of diversity management.

Samnani et al. (2012) recognized the importance of cultural diversity and proposed a theoretical framework to explore how and why individuals who work in another country may experience and realize various outcomes depending on their acculturation strategy and cultural identity salience (CIS). Their study constitutes a valuable tool for HRM practitioners to realize how cultural sensitivity affects individuals' decisions and behaviour and how they can use HRM strategies and policies to "leverage their cultural values in a way that increases diverse thought and creativity". More specifically, they suggested that practitioners integrate diversity sensitivity into their recruitment and hiring processes by displaying openness to diverse cultural backgrounds. For example, during the interview process, recruiters should minimize candidates' notion that they must display a strong fit with the organizational culture, in other words, that they must assimilate, to be selected. They also proposed that organizations should create a climate in which diversity is promoted and where individuals can bring their own cultures and thoughts without having to separate or marginalize themselves. They also emphasized the importance of training and socialization processes. They suggested that HR practitioners should discourage individuals from different backgrounds from assimilating or separating themselves to prevent both individuals and the organization from losing the benefits of diversity in thought and action.

Overall, previous studies have identified some of the best practices to manage cultural diversity. Organizations can benefit from diversity if they create an environment that attracts people from diverse backgrounds. This means that they have to recruit the best people regardless of their cultural background. Organizations that are open to diversity recruit from a diverse pool of talent at the entry level, which also ensures a diverse pool of talent for promotions (Netto and Sohal, 1999). In summary, the practices that appear in recent studies to be the most frequently used are staff or a department responsible for diversity issues specifically, recruitment monitoring, cultural training for both employees and managers, socialization processes such as networking and mentoring for people coming from a culturally diverse background. Last but not least, most of the studies emphasize the importance of the commitment of top management as well as the creation of a diversity culture and the incorporation of diversity into the overall strategy.

Concerning ways to increase diversity through recruitment practices, Tipper (2004) provided some useful suggestions, including that organizations should know their labour market and the available talents to recruit effectively from groups from different cultures and countries. Second, he emphasized the importance of convincing those who will be most closely working with new people and who will make the final hiring decisions, the managers, of the advantages of diversity. Furthermore, organizations are advised to use a variety of communication channels to reach their candidates. Lastly, according to Tipper (2004), it is important to not only recruit a diverse workforce but also integrate and retain it.

2.2 METHODS

The quantitative research in this study consisted of surveys administered to two different samples. The first sample was made available to the REDIVE project by the CRF Institute (Amsterdam, the Netherlands). Its main aim was to provide a general overview of the importance of diversity in the strategy of European companies (thereby addressing goal 1 of WP5). The CRF Institute's mission is to identify top performers in human resources. It was founded in 1991 with the objective of offering independent HR assessment and acknowledgement. Each year, a greater number of companies throughout the world have their HRM policies assessed by the CRF Institute. Companies participate in the CRF Institute's audit to become certified as a TOP EMPLOYER.

The CRF Institute provided data to the REDIVE project on the extent to which 1) diversity was documented and treated as a key priority, 2) a staff member had diversity promotion as his/her job responsibility and 3) companies benchmarked their diversity policies as well as 4) which aspects of diversity were targeted and whether a formal report was sent to top management.

The second survey builds on these insights using more in-depth questions on the actual practices and the availability of cultural diversity practices specifically and HRM practices in general. This survey was specifically developed for the REDIVE project using scientifically validated and reliable measures. It consisted of six parts: 1) background information on the respondent and the organization, 2) diversity HRM practices in general, 3) cross-cultural diversity recruitment practices, 4) newcomer practices, 5) challenges and opportunities related to cultural diversity and 6) high-performance HRM practices.

In both samples, HR professionals participated voluntarily. Additionally, the number of companies in some countries was limited. Thus, the quantitative results can only be differentiated among the individual countries with caution.

2.2.1 SAMPLE 1

The CRF Institute allowed us to report data collected in 2010 and 2011. For more information on the full dataset and its background, see the CRF Institute website (www.topemployers.eu).

The sample consisted of 628 companies based in the following countries: the Netherlands (72), Germany (217), Belgium (55), Switzerland (27), Italy (43), Spain (49), Poland (38), Great Britain (82) and France (45). The companies were active in the following industries: automotive (9.1%), banking (6.2%), chemicals (5.0%), consumer goods & services (6.7%), construction (3.0%), electronics (5.8%), energy (7.45%), engineering (6.7%), financial services (4.6%), food & beverage (3.7%), healthcare (4.2%), insurance (2.6%), IT (11.0%), manufacturing (4.6%), media/advertising (2.3%), mining (0.4%), pharmaceuticals (4.4%), professional services (5.1%), public sector (2.07%), real estate (.3%), recruitment (1.3%), retail (3.6%), telecommunications (5.6%), transport & logistics (2.6%), utilities (2.0%) and an "other" category for companies that did not fit into one of the above categories (31.1%). The average number of employees within the country was 6071 (SD

= 17281), with a range from 14 to 248,637. The majority of the sample (77.8%) was part of a multinational entity, whereas the remaining companies were nationally based.

2.2.2 SAMPLE 2

To obtain more in-depth insights, the REDIVE partners' network of HR professionals was contacted and asked to participate. The survey was set up as an online survey with easy access. Approximately 500 persons clicked on the link and opened the first page of the survey. Of these, 144 professionals filled out the majority of the survey; their answers were used to provide deeper insights into cultural diversity practices.

The countries of origin represented in this sample included the Netherlands (34), Portugal (30), Poland (46), Spain (16) and other countries (14, mainly Germany). These companies are active in a broad range of sectors, particularly manufacturing (26), retail trade (14), services (25), transportation, communication, electric services (19), ICT (13), finances (9) and wholesale trade (9).

The survey consisted of six parts: 1) background information on the respondent and the organization, 2) diversity HRM practices in general (based on Armstrong et al. 2010), 3) cross-cultural diversity recruitment practices (based on D'Netto & Sohal, 1999), 4) newcomer practices, 5) challenges and opportunities related to cultural diversity (based on D'Netto & Sohal, 1999) and 6) high-performance HRM practices (based on Datta et al., 2005).

2.3 CULTURAL DIVERSITY ON A STRATEGIC LEVEL

The combined results of samples 1 and 2 provide good insight into the strategic importance of diversity. In sample 2 (n = 144), four questions targeted this aspect. The data showed that for 81% of the participating companies, equality and diversity are integrated into the overall corporate strategy. In addition, 61% have a formal policy concerning equal opportunities, 46% have a formal written policy on cross-cultural diversity and 37% have a senior manager who is responsible for diversity within the organization.

Sample 1 (n = 628) allowed for a differentiation among European countries with similar questions as in sample 2. Table 2.1 shows that in this sample, 71% of the companies have made diversity a strategic priority, 70% have employees in staff positions with diversity as a specific job responsibility and 28% participate in some form of external benchmarking.

These numbers seem quite positive; however, two additional questions specifically focused on the top five priorities for the business strategy and the top five priorities for HR policies. With regard to business priorities, diversity was only mentioned by 8% of the companies. Other business aspects were of more importance, including winning and retaining customers (56%), innovation (46%), sustainability (30%), quality improvement (23%) and strategic repositioning (13%). Interestingly

with regard to HR priority, diversity was only mentioned by 17% of the companies. The top five HR aspects in terms of importance were talent management (67%), learning and development (66%), leadership development (54%), employee engagement (51%) and recruitment and staffing in general (42%).

Table 2.1 Cultural diversity as a strategic priority (sample 1, n = 628)

	Strategic priority	Staff	External benchmarking
Netherlands	60%	64%	35%
Belgium	76%	67%	29%
Switzerland	78%	62%	22%
France	82%	63%	22%
Italy	63%	61%	34%
Poland	58%	40%	13%
Germany	71%	78%	35%
Great Britain	67%	68%	43%
Spain	92%	92%	64%
Overall	71%	70%	28%

Next, we were interested in how cultural diversity was viewed in organizations in terms of both its potential negative and its positive influence. Taking their answers together (see table 2.2), the respondents perceive only limited negative influence; on average, only 9.0% of the respondents indicated potential detrimental effects in terms of increased absenteeism, conflicts, problems or costs.

Overall, HR professionals clearly expect a positive influence of diversity, most notably in terms of the competitive advantage that diversity may bring by providing more diverse opinions and thus potentially more innovation. Diversity is also expected to positively affect employee motivation.

It is noteworthy that the estimates of negative and positive influences are completely independent of each other.

In conclusion, it seems that for approximately three-quarters of the companies in our European samples, diversity is a strategic priority. Additionally, the costs of diversity are perceived as being relatively low and the potential benefits as being relatively high. This may seem to be a positive conclusion and in favour of diversity. However, when diving deeper into the matter, we must also conclude that this apparent strategic importance is only translated into actual practice to a limited extent. As a case in point, based on sample 1, we might conclude that approximately 70% of companies have a staff member focused on diversity; however, sample 2 suggests that only 37% have a member of the top management team who has diversity as an explicit responsibility. It is also clear that compared to other policy aspects regarding both the business strategy in general and HR topics specifically, diversity is low on the priority ladder.

Table 2.2 Estimated potential influence of diversity (sample 2, n = 144)

	No	Neutral	Yes
1. Increased absenteeism	70%	20%	10%
2. Increase in conflicts	67%	28%	5%
3. Increase in communication problems	39%	51%	10%
4. Increase in cross-cultural problems in general	45%	47%	8%
5. Problems with complying with European legislation	46%	45%	9%
6. Increase in training costs	38%	51%	12%
Overall potential costs	51%	40%	9%
	No	Neutral	Yes
7. Competitive advantage	6%	4%	59%
8. Fuller participation of all individuals in the organization	7%	47%	47%
9. More innovative solutions	10%	41%	49%
10. More motivated employees	6%	43%	51%
11. Higher productivity	7%	52%	42%
12. More diverse opinions in decision-making	10%	26%	65%
13. Higher morale	7%	50%	43%
14. More job satisfaction	13%	43%	45%
15. Less internal conflict	23%	54%	23%
16. Lower turnover	48%	38%	15%
Overall potential benefits	14%	40%	44%

2.4 DIVERSITY PRACTICES

Diversity practices can focus on different aspects of diversity. We compared attention to culture to a focus on gender and on age. In sample 1, a general question focused on the extent that these different aspects were being reported in official reports to top management. The most attention was given to gender (62%), followed by age (53%) and ethnic background (24%). In sample 2, we focused on HR diversity practices more specifically. Again, gender was the most important focus (40%), followed by age (37%) and country of origin (34%). Comparing the different HR practices, the results showed that most of the attention paid to diversity is found within recruitment and selection (48%), followed by promotions (33%) and pay rates (30%).

Next, we focused on HR practices that targeted (potential) international employees specifically. Table 2.3 provides the most frequently used practices from high to low. Most noteworthy is the finding that the most frequently used practices do not specifically focus on encouraging the hiring of more international employees in the organization; instead, they focus on the importance of having fair and just procedures. Priority seems to be given to ensuring that the recruitment and selection process focuses on giving everyone the same chance regardless of cultural background or country of origin. These practices score 60% or higher, indicating that approximately two-thirds of the companies studied have such a policy.

Less attention is paid to specifically promoting the international character of an organization by active policies in terms of targeted recruitment, cross-cultural management and educational programs. Although they are still offered in approximately 30 to 40% of the companies, the majority have no official programmes in place.

We also checked whether there were differences in the use of recruitment practices for native versus foreign applicants, including application forms (used by 72% of the companies), medical examination (used by 46%), ability tests (used by 51%), psychological testing (used by 34%) and employment interviews (used by 89%). No differences between native versus foreign applicants were found. When it came to specific newcomer practices, most companies provided a formal onsite orientation (72%), with far fewer providing offsite residential training (31%). After starting the job, integration was primarily dependent on the newcomer's direct colleagues (77%) and/or supervisor (60%).

This finding likely indicates that in approximately 60% of the companies, international applicants are welcome to apply, with the goal of treating these applicants as fairly as possible and hiring the best person for the job. It is then the hiree's own responsibility to address potential cross-cultural challenges.

Table 2.3 HR practices focused on international employees (sample 2, n = 144).

	Yes
1. Objective and fair practices are available for everyone.	75%
2. Top management supports the recruitment of new personnel from other countries.	71%
3. The cultural background of the appraiser does not influence the performance ratings of the appraisee.	68%
4. International employees do not need to perform better than native employees to get promoted.	68%
5. Employees from different countries are involved in the selection process.	66%
6. Current job descriptions reflect an international character.	61%
7. Our selection processes reflect the needs of international applicants.	56%
8. Several international employees are at the top of the organization.	55%
9. Job advertisements appear in outlets that are accessible by potential international applicants.	54%
10. Culturally diverse employees are included in appraisal panels.	52%
11. We offer native language courses for international employees.	45%
12. The HRM department staff reflects a culturally diverse workforce.	44%
13. The organization has policies aimed to attract employees from other countries.	43%
14. Top management directly intervenes to ensure that culturally diverse goals are met.	41%
15. Our organization has a career management programme that takes into account the needs of international employees.	41%
16. Our training and development programmes aim at developing skills for working in a multi-cultural environment.	41%
17. We have special programmes that aim to recruit international employees.	37%
18. We have education programmes to reduce cross-cultural stereotyping.	35%
19. More consideration for employees from other countries has been introduced.	33%

An essential diversity practice is the official language used in companies. We asked the respondents what the official language was and whether there was a second language.

Table 2.4 Official language in companies

Netherlands	English 62%	Dutch 27%	Other 11%
Portugal	Portuguese 84%	English 14%	Other 2%
Poland	Polish 79%	English 20%	Other 1%
Other Europe	English 64%	German 36%	Other 1%
Spain	Spanish 56%	English 38%	Other 6%

Table 2.5 Secondary languages used in companies

Netherlands	English 33%	Dutch 30%	Other 18%	None 18%
Portugal	English 57%	Portuguese 13%	Other 2%	None 27%
Poland	English 37%	German 17%	Other 26%	None 21%
Other Europe	English 40%	German 20%	Other 14%	None 26%
Spain	Spanish 38%	English 38%	Other 12%	None 12%

As seen in Tables 2.4 and 2.5, the official language in most countries is still the native language. Additionally, English is either the first or second language. This suggests that working in companies with an international character requires employees to speak at least two languages: the native language of the country in which the company is based and English.

In the last part of the survey (sample 2), we asked the respondents about their High-performance HR practices. The results showed that companies that had HP-HRM practices in place were also more open to cultural diversity, especially with regard to fair practices. Cultural diversity may well be an integral part of high-performance HRM.

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3. DEEPER INSIGHTS INTO CULTURAL DIVERSITY PRACTICES

3.1 INTERVIEW BACKGROUND

The qualitative part of this research consisted of topic-focused, semi-structured in-depth interviews. Following recommendations by Yin (2003), these direct face-to-face encounters were adopted to obtain the necessary details of “what”, “how”, and “why”. The interviews allowed us to obtain deeper insights into diversity practices and build directly on the insights gained from the surveys reported in chapter 2.

Each partner was responsible for finding, contacting and interviewing HRM professionals within a company or organization in their respective home country. It is to be expected that cultural diversity will exist sparsely in organizations. As such, we targeted those organizations that already had such a practice. Our original aim was to obtain at least 15 interviews from within the co-participating partners. We interviewed 23 HR professionals across five countries.

Netherlands: Philips, Philip Morris, Sabic, VOPAK, APL, HYVA, GEODIS Wilson, General Electrics, Shell, Ernst & Young

Poland: Pratt & Whitney, Info Project, Browar

Portugal: Yeatman Hotel, Casa da Música, Grohe, BA Vidro, Auto Sueco

Spain: Unilever, IESE, Lucibel, Amgen

Belgium: DEME

Data from the interviews were analysed using content analysis, whereby the researchers examined the answers and identified common “thematic units”. We report the major themes and findings below.

3.2 DEFINING DIVERSITY

“Diversity is the mix of our employees, including differences in gender, ethnicity, national culture, sub-culture within a country, sexual orientation, disability, generation, religion or belief.”

“Diversity means, from an HR perspective, trying to become as diverse in our population as possible.”

“We are looking at diversity in all kind of things. We believe in diversity in creating more effective teams and populations, we see diversity in gender, political opinions, religion and physical health; we take into account all these different aspect[s].”

“The company is committed to promoting and maintaining an inclusive, high-performing culture where all team members embrace and leverage each other’s talents and backgrounds, nourish innovative thinking, achieve their full potential and contribute to the company’s success. Our commitment to diversity is articulated in our core values and reflected in every part of our organization. Diversity is embedded in our culture. We understand diversity as all kind[s] of diversity with no limitation in the definition. Mostly geographic but also gender, religion, etc.”

Within most organizations, diversity is mostly defined in terms of gender and cultural diversity. Additionally, diversity in terms of religion, sexuality, beliefs and disability is also frequently mentioned. For most companies, diversity is a way to gain access to different markets and a broader range of customers; having a diverse workforce means easier access to current or potential markets that reflect that diversity. The main reasons to pay attention to diversity are 1) the attraction and retention of top talent, 2) productivity increases and 3) a strong customer/market focus.

Companies that champion diversity policies acknowledge that we as humans are all different. These differences can be found with regard to directly visible aspects, such as age, gender, ethnicity and physical appearance, as well as underlying differences, such as our thinking styles, religion, nationality, sexual orientation and education. These companies mostly consider diversity and inclusion together. Inclusion refers to creating an organizational culture in which differences are valued, where everyone has the same opportunity to develop their skills and talents regardless of background. Diversity and inclusion are defined as interrelated, and to achieve aspirations as an organization, it is essential to maintain a focus on both concepts and to integrate them into organizational values and business objectives. For some organizations, diversity is even part of their global people management strategy. They create diversity within their organization by promoting internal mobility and hire locally to add additional diversity to their international organization while gaining local knowledge.

3.3 CULTURAL DIVERSITY

“Cultural diversity means many nationalities working together, on-board in the same subsidiary or at the same level. It is a natural essence of the organization, as it is an extremely multicultural company. Eight different nationalities are represented on our Board (Global). There is no specific policy; it is a natural way of hiring and working.”

Most international organizations mentioned cultural diversity as a natural result of the international character of the companies. Interestingly, this may mean that although organizations are open to people from all nationalities, cultural diversity and practices connected to it may not be high on their agendas relative to, for example, practices connected to gender diversity. Thus, the pursuit of cultural diversity may be considered as being of relatively low importance compared to other business aspects, as mentioned in context. If cultural diversity is an integral part of the company culture, less specific attention is needed.

For most companies, issues of cultural diversity are connected to the internal mobility of employees within the different countries in which they operate. It has a definite purpose in their expatriate and talent management programs. People are moved around for personal and professional development, as part of their career plan and/or for strategic growth.

It is also worth mentioning that in almost all of the organizations that we interviewed, finding a common language was an essential element towards building a culturally diverse organization. Their international character made English the official language for their operation in all cases. The consistent use of English clearly improves organizations' capacity to be culturally diverse.

The only downside may be that language can be a barrier for international hires moving to countries where they do not speak the local language if the local language is primarily used on the shop floor within an organization.

3.4 CULTURAL DIVERSITY AND RECRUITMENT

“We look at diversity not only in terms of nationality or background but also in terms of experience.”

“There is no explicit policy with respect to cultural diversity; we want the right person in the right place.”

“Cultural diversity is not an explicit part of recruitment; the focus is on experience, not on background.”

The main focus of the REDIVE project is on diversity recruitment and how companies approach building a culturally diverse workforce. However, even within the companies that we selected for our interviews, there were rarely explicit recruitment practices. The focus was on hiring the best people; if organization felt that it needed to recruit internationally to do so, then international recruitment was adopted. These international companies are mainly looking for the best people to fill in a position regardless of their cultural background. They recruit and select new employees based on knowledge, experience and potential.

Even without explicit focus on cultural diversity, companies often implicitly promote cultural diversity through their recruitment and selection process. For example, the HR manager of one company in the Netherlands told us that cultural diversity is not a top priority in recruitment, but if it happens, it is a good thing. Based on the interviews, we could extrapolate the following strategies used for recruitment that encourage cultural diversity:

- Posting vacancies in different languages.
- Use of the company website to post vacancies.
- Using both local recruitment agencies and agencies that operate at a European scale. Local agencies know their countries. There is need for a presence in countries of interest, both virtual and local.
- Contacts with career services within universities. HR can more easily find the right people around the globe by allying with key universities and local agencies that know their countries.
- The use of social media and especially LinkedIn as a tool to find and approach candidates all over the world at low cost.
- Recruitment agencies, which were mostly used for specialized or more senior positions.
- Job boards.
- Internal networks. Quite a few companies first look within their internal network, only recruiting externally if that does not work out.
- Centre of Excellence for recruitment. Such a centre combines the recruitment processes of all its businesses in one group and strengthens its internal network. In this way, a database of candidates is created, and these candidates can be moved between different sections. In

this respect, this strategy may lead to less use of outside recruitment companies and an increased focus on more in-house recruitment.

“Because we do it in house, we see a wider variety of things, and recruitment agencies often think too much ... you see more resumes and more letters, and you may invite someone with not exactly the right picture but [who] has a very good cover letter.”

The involvement of the HR department in the recruitment process was often to support the manager by creating a list of candidates that is as diverse as possible. HR may try to present managers with a diverse list of candidates and advise them to think about diversity more when making their decisions. However, the final decision of who is going to fill a position is made by the line manager.

3.5 DIVERSITY & OTHER HR PRACTICES

“We have a clear focus on international mobility, which helps people from all kinds of different cultures enter the organization; thus, a (middle) manager can work in countries different from his/her home country at different times in his/her career.”

Several HR practices were mentioned as being potentially useful for enhancing cultural diversity. However, it should be noted that most diversity practices currently active within companies were more focused on gender diversity than cultural diversity.

Cultural training can be targeted at employees, managers or recruiters. These training programmes were offered in person as well as through e-learning programmes. Training and development can be important for giving employees the skills needed to be productive assets for the company. Such training can have different aims. One is to make participants aware of biases towards people from another culture to become more open to them. This form of training can facilitate the development of cross-cultural skills to address how culture shapes perceptions, norms and thinking patterns, which in turn will encourage participants to adapt their behaviour to specific cultural contexts. It equips leaders with the skills to develop and engage diverse teams across the company. As such, it can improve collaboration in an organization by allowing employees to work more effectively with others from different cultures within a team.

When we asked companies about cultural diversity, how they perceive it or what they do about it, we often received answers about internal mobility and issues of cultural diversity related to it. It was quickly obvious that cultural diversity and mobility are closely related; companies deal with diversity more when they move people internally between their operations countries and less when they hire new people externally. Expat programmes or international assignments are quite common among international organizations. People often join international companies because they expect to gain international experience. Companies move their talents and senior-level employees to other countries to develop them and facilitate their global strategy. These exchange programmes help professionals learn the company’s business throughout the world. It encourages open-mindedness, a sense of curiosity and adaptability concerning working with different cultures.

Networking was mentioned as a way to encourage the integration of people from different countries and collaboration between different cultures. Some organizations explicitly sponsor so-

called affinity groups where people with the same background can meet. Examples of network events are lunch and learns, which are short face-to-face sessions on various D&I-related topics for all employees.

Along a similar line is the potential role of mentoring, which is currently used mainly for women who enter senior-level positions.

One company measures inclusion and diversity through an annual survey called the Diversity and Inclusion Indicator, which includes five core statements, which respondents rate in terms of their agreement:

- Where I work, we are treated with respect.
- I am free to speak my mind without fear of negative consequences.
- My organization has a working environment that is free from harassment and discrimination.
- My organization has a working environment in which different views and perspectives are valued.
- The decisions leaders in my organization make concerning employees are fair.

3.6 SUPPORTING THE INTERNATIONAL TRANSFER OF EMPLOYEES

“Training plays an important role in international assignments; it is based on the gap between the actual level of knowledge and the level needed in that country. In particular, this gap includes language and technical skills, which can differ from country to country and from function to function. If an employee needs to improve the identified skills, he or she participates in a specific training programme before starting the international assignment.”

We guide them through everything. The support is very extensive because it then allows the person can to focus on his job, and if the family is happy, the employee is generally happy.”

Companies that move their employees to different countries around the world provide support for these employees. This support usually includes the cost of moving, help with housing and relocation within the new country, language courses or cultural training and information on the new country.

From a practical perspective, the procedure of moving people is relatively easy, especially when it involves moving people within the EU. It is a matter of finding your way once and creating a set procedure. Issues with immigration procedures may arise for people from outside the EU who come to work here or people from the EU who start working in elsewhere in the world. Here too companies provide help. Some companies also have relocation services that take care of these procedures.

The amount of help that companies provide often depends on the level and position of the person transferring. People with a more senior position usually receive more help and support. It also depends on the company and whether there are packages and expat programmes already in place or whether the transfer is an individual case where the company has less experience.

Companies often provide support with relocation through cultural training and information on the country. Companies referred to education on the behaviours and habits of a specific country, information on each country and newsletters. Trainings were provided before or after the move to the new location.

It should be noted that there is a distinction between the support that companies offer to employees who move internally and that provided to people from a different country who are hired externally. The support described above refers mostly to the former category.

We asked companies whether they have any newcomer programmes or provide special support for people with culturally diverse backgrounds that join their organizations. Most organizations have no newcomer programmes or have programmes that are applied generally to all newcomers regardless of their cultural background. Some provide language courses and help with adaptation to the new country.

3.7 DIFFERENCES BETWEEN COUNTRIES

The interviews took place in four countries. Some aspects were addressed in a country-specific way.

Poland: Companies in Poland seem to approach diversity through non-discrimination policies. Companies in Poland appear to accept diversity but do not actively promote it. Thus, it is their policy to treat all people equally regardless of background; however, there is no specific promotion of diversity within the organization. It seems that there may even be an ignorance of differences. Consequently, there are neither specific practices dedicated to diversity nor cross-cultural recruitment policies. Such practices “would contradict the policy of non-discrimination,” as one of the participants stated.

It is also worth mentioning that Poland is a very homogeneous country, with no large migration flows. For example, 95% of the workforce is of Polish origin. To the extent that these companies employ individuals from other countries, it is primarily from Central Europe, which has a similar Slavic culture; these are countries with which they have many cultural commonalities and no major differences. Thus, it seems that Poland’s homogeneity has thus far prevented any need for explicit diversity practices beyond compliance with legal issues and non-discrimination policies.

Portugal: It was quite difficult to draw a conclusion and identify common patterns based on the interviews in Portugal. This is mainly because of the different industries in which these companies operate, which led to very different cases. However, some themes will be presented below.

For many years, international trading for Portuguese companies was focused on Portuguese-speaking countries (e.g., Angola, Mozambique, Brazil, etc.) because of their strategic leverage. Given their common language, most companies spent little time developing further internationalization processes. However, this situation is currently changing. This internationalization process was initially based on recruiting (internally or externally) the best-fit candidates to represent the company abroad, which led to internationalization strategies based on high benefits for the expatriates. In the past several years, companies have begun to realize that this was not the most strategic approach and became aware of the need to create real international mobility processes,

especially those who managed to grow abroad. Nevertheless, mobility does not appear to be a very common process in Portugal. As far as foreign candidates are concerned, it is important that they speak Portuguese and have work experience in Portugal. Based on the above examples, we could cautiously conclude that the Portuguese language is essential for foreigners as well and that international mobility is still nascent in Portugal.

Spain: Again, generalizations should be made with caution. All of the participant companies in Spain operate internationally. Only one of them has a diversity and inclusion program, while diversity is based on their international character for the others.

For Spain, the regional diversity described during interviews is interesting. Spain is unique in that it has different languages and cultures within its borders. This affects recruitment and management for some specific positions, such as sales positions, especially when there is a need to cover regional differences. Nevertheless, one of the companies did express the intention to recruit more foreigners, not Spaniards, as the company is growing globally; they are interested in people with different backgrounds who are able to tackle diverse cultural environments.

Netherlands: In the Netherlands, we were able to interview more people; thus, it was possible to draw some conclusions and recognize common themes. We visited international companies, all of which (except for one) use English as their official language and may require the Dutch language only for certain positions. Thus, they naturally attract a more diverse workforce. Although not all companies have explicit recruitment policies for cultural diversity, they use sources that allow them to reach a broader pool of candidates. Furthermore, in comparison with the other participant countries, companies within the Netherlands provide more training on cultural awareness, and more companies appeared to have diversity and inclusion policies and practices that promote and embrace diversity throughout the whole organization. We can conclude that there has been a focus on gender diversity in recent years, with many practices focused on that issue; however, companies have now recognized the importance of cultural diversity and are moving towards the development of practices targeting cultural diversity specifically.

3.8 BUILDING A CULTURAL DIVERSITY PROGRAMME

“Internally, it has to be well organized. It’s about bringing together different people to manage them effectively; you want people who accelerate in their performance. The best way to accelerate as a team is when you have diverse people. Everyone needs to be happy. As a company, you have to make a decision for yourself about whether you want to change your values and your setting. There needs to be a strategy to approaching a diverse workforce, which we don’t have yet. We only have such a strategy for gender. It asks for commitment throughout the organization; everyone needs to be aware of it and supportive of the change.”

“A course that would apply to cultural diversity should focus on basic principles: what is allowed and what is not allowed in professional relationships with people of other cultures. I think that in some cases, it would also be worthwhile to explain how such rules were created and what they mean in the context of another culture.”

This research is interested in identifying best practices; thus, we asked companies to provide examples of practices that they have tried or used and that are successful as well as examples of

practices that may not have worked out as expected. Additionally, we asked for their suggestions about what to include in a training programme to help other companies build a culturally diverse culture in their organizations.

The interviews clearly indicate that for a diversity programme to succeed, it needs to be part of the company strategy, a legacy in the organization. Top management commitment is essential. There needs to be a readiness combined with the necessary technical skills to see diversity as a large project. To succeed, diversity needs to be part of a management change with a clear vision that is apparent to everyone.

In addition to the elements already mentioned in the previous sections, some new elements were identified, such as creating the possibility of explicitly using virtual teams. In virtual teams, people from different parts of the world can work together. Some companies even have the manager of such a team working from another country. Virtual teams encourage working globally. Nevertheless, it is still important to meet physically once a year. For the remainder, using e-communication can work well. It is also cost-effective in that it saves travel time and money. For teams in general, it may be useful to develop a tool that allows everyone within the team to assess their preferences in working together with colleagues and managers.

Built networks are similar to the women's networks that are already in place in several companies. Building networks that encourage more integration is an extensive process. It helps if such networks have activities that take place in a regular cycle, such as events that are repeated every year. In this way, people will incorporate these events in their agendas and begin to recognize the programme and its purpose.

Personal profile analysis can be applied before moving people to other countries to test whether they are ready and able to maintain a good level of performance and continued development. Flexibility and agility are important success factors for diversity practices.

With respect to the training itself, it was suggested that it not be too long and preferably take place online. In addition, the importance of interactive training was emphasized. Elements that could be included are a questionnaire that provides one's cultural profile and adaptability and a checklist for HR professionals about the things that should be considered and arranged before moving people to other countries. It was also mentioned that even with the current e-learning possibilities, classroom training is still important.

As a final point, most HR professionals whom we interviewed emphasized that it was important not to emphasize the differences between people. Thus, companies often call their diversity policy 'Diversity and Inclusion', which emphasizes the similarities instead.

4. PUTTING EVERYTHING INTO PERSPECTIVE

4.1 INTERNATIONAL EXPERT PANELS

The expert panels provided us with deeper insights into the main results as presented in the previous chapters. The goal of organizing these panels was to validate and deepen our insights. Three expert panels were organized, consisting of senior HR professionals, recruiters and academics. The international character was guaranteed by organizing separate panels in the Netherlands (hosted by RSM/Leaders2be), Spain (hosted by EISE) and Poland (hosted by Danmar) individually. Excluding the REDIVE partners who facilitated the meetings, 14 experts participated, who either held managerial positions in HR departments or had academic experience in the recruitment field.

The three panels used the same PowerPoint presentation to provide a general overview of the findings of the surveys and the interviews. Next, a list of 10 questions was used to structure and deepen the discussion. The main conclusions of the discussions among the members of the panels of experts are provided below. We will first focus on the main results across the three countries. At the end of this chapter, we will also highlight some of specific insights for each country.

4.2 GENERAL INSIGHTS

The experts agreed that the collected results were in line with their expectations overall, especially with respect to the interview data. These data seem to have provided the most recognizable results and an accurate reflection of the actual practice and challenges. Although our experts were not aware of all relationships between the concepts in our research or some of the individual opinions, the main message as described in the previous chapters is consistent with their experience.

Based on the feedback of the experts, we have already focused on the quantitative results for Europe in general in this report, without differentiating between countries. We feel confident that the overall conclusions reflect the daily practices.

It is essential that companies have a document (strategy, policy) describing the rules of conduct in the recruitment process, the goals set by management and the means of achieving them in the context of cultural diversity. It is challenging to incorporate diversity as part of the company culture. Successful changes start with the company's top management. The most effective approach is for the management to be aware of the problem of cultural diversity and determined to apply it in the company. Therefore, it is very important to carry out training to emphasize the importance of cultural diversity and to highlight the benefits resulting from this approach.

The major challenge for companies is to translate diversity policies as defined by top management into the daily practice of the line managers. It is one thing to have an official diversity statement that is part of the HR strategy and another for the HR department to have real influence on recruitment decisions and encouraging diversity. It is important to realize that the final recruitment decisions rest with line management. Line managers will not apply diversity objectives if there are no incentives for it. They tend to follow other criteria to make their decisions, with the bottom line

being performance and reaching their targets. As such, the HR department should focus on conveying the relevance of diversity for the bottom line. The key issue is that for the line manager, following diversity recommendations is a question of incentives. For diversity policies to have a far-reaching impact in the organization, HR needs to be able to argue that it makes sense business-wise and thus in terms of money earned or money saved.

At the European level, there are countries that address this challenge very well, such as the Netherlands, Germany and the United Kingdom. This is mainly due to the large number of immigrants who have come to these countries over long periods. Authorities learned not only how to implement effective programmes to assimilate newcomers but also how to prepare society to accept people from other countries. Looking at Europe as a whole, there seems to be no coherent system for addressing the challenge of cultural diversity. As such, experts have acknowledged that the REDIVE project is definitely a step in the right direction.

Without knowledge of at least one common language, there is no possibility of achieving proper cooperation in any environment. It should be noted that the English language has become an increasingly well-known language among many inhabitants of Europe. In addition, it has been a compulsory foreign language at almost all schools in the European Union for over a decade. Therefore, our experts expect that English-speaking employees who want to work abroad will have the best opportunities and should be able to communicate well with other people within the European Union.

Nevertheless, within companies that work primarily on a national level, the local language is still the most important means of communication. Being able to speak English becomes more relevant as one moves up in the hierarchy.

One issue that arose was that a training programme and an organizational change process towards more diversity and inclusion starts with the HR managers and executives. They should be first trained to understand the specifics of their own culture relative to others.

Mandatory training for staff and management should show the beneficial influence of attention for cultural diversity in hiring and selection and in approaching the local labour markets. Leaders of a company should show the same attention to diversity in their decisions. Board and management team members are “diversity role models”. It is essential to acknowledge this top-down effect. They could do so by explicitly dedicating a budget to it: “show me the money”. This makes it a priority for the whole company.

4.3 COUNTRY-SPECIFIC INSIGHTS

The panels were organized in three different countries, each in a different part of Europe with its own national and company culture. This allows us to gain some additional insights into specific situations in those parts of Europe.

Poland: Experts have noted a higher rate of monitoring and control procedures applied by the representatives of Polish companies in comparison to other countries. The main reasons for this difference are remnants of the work culture from the communist era, large disparities in regional

development, the need to compete with wealthier foreign entities, a governance model based on control and the overwhelming lack of incentive systems and quality monitoring.

Managers of enterprises and the persons responsible for recruiting are very often people who still remember the times of the previous communist era. This affects the company's management style and recruitment principles. Otherness or separateness is seen as an undesirable aspect and often as worse than the well-known Polish traditional standards. In this context, a very positive aspect is the generational change currently underway among the management within Polish companies. Young people are better educated than their predecessors, more likely to travel, more open to various innovations and above all have a greater sense of the possibilities of the virtual world. This provides hope for a change in mind-set within the decision-makers in companies.

It should also be acknowledged that there is very little cultural diversity within Poland. Poland is a homogeneous country, with only approximately 5% of its population being foreigners. It is slowly changing, but there is currently no trend of employing foreigners in domestic companies. As a consequence, cultural diversity can be observed in a very small percentage of companies.

Spain: The challenge of cultural diversity begins with the word 'diversity,' which means something different for a Catholic Spanish man in his 50s than a Dutch lesbian aged 25. The Spanish experts find diversity to be a difficult concept to work with. A challenge in Spain is the low average knowledge of English, which affects mobility in two ways: 1) foreigners are not inclined to relocate to Spain and 2) locals are not competitive enough to leave Spain and apply for jobs in other European countries. Within Spain, the first priority seems to be gender diversity, which is still an issue. For example, men's salaries are 20% higher on average than women's salaries for the same job.

Netherlands: Three aspects that are already in place in The Netherlands stood out as encouraging cultural diversity. First, some of the larger companies have made diversity an explicit part of their career development strategy. Second, English is the common language in companies working internationally. English has been taught in high schools for the last several decades. As such, Dutch people switch to English as soon as a foreigner enters the room. However, even here, it is important to be able to speak and understand Dutch if the responsibilities of the job require interactions with people outside the company. Third, there is already a large amount of experience with programmes focused on gender diversity. Some of these programmes could be translated into cultural diversity programmes.

5. CONCLUSION

Our study on cultural diversity within recruitment practices in four European countries began as an explorative investigation with the aim of providing better insight into its actual practice. Our findings indicate that for most companies, cultural diversity is recognized as being of strategic importance. However, explicit attention is only given when companies see diversity as a way to gain access to different markets and customers. When this occurs, a multi-cultural workforce may be a competitive advantage. From this perspective, attention to diversity is given to ensure that the company attracts and retains top talent, with a focus on staying ahead and continuing to increase performance and productivity. Diversity policies are strongly driven by the customer and/or market focus of a company.

Interestingly, companies with a successful diversity policy consider diversity and inclusion together. Diversity and inclusion are defined as being interrelated. It is essential to maintain a focus on both concepts and to incorporate them into the organizational values and business objectives. Such a diversity and inclusion programme needs to be part of the company strategy, whereby top management commitment is essential. For this to succeed, it may be necessary to make diversity and inclusion the explicit responsibility of an HR professional. Although we are aware of the sensitivities within Europe with regard to the native languages that we all speak, we have found that building a culturally diverse organization may require the explicit decision to choose English as the common language for all formal communication and meetings.

Despite the clear strategic importance given to diversity within companies throughout Europe, it seems to be far less important in daily practices than other business aspects and HR policies. Several explanations can be given for this finding. First, cultural diversity is an integral part of high-performance-HRM. Therefore, companies who have high-quality HRM practices in place almost automatically focus implicit attention on diversity. Second, cultural diversity is often translated into an emphasis on fair practices. No positive discrimination practices were mentioned, and a focus on targets was discouraged. For most of the organizations in our study, it was more important to ensure that the best person was hired regardless of cultural background. Therefore, more attention was given to avoiding prejudices in the hiring and recruitment process. Third, positive business results are the primary goal of a company. Real attention for cultural diversity is probably only given if it is shown to improve the bottom line.

Organizations that want to pay more attention to cultural diversity need to realize that diversity should be an integral part of the organizational culture and that top management commitment is essential. This process starts with integrating diversity into the organizational mission and strategy. Furthermore, it asks for the explicit involvement of the HR department (or a Recruitment Centre) within the recruitment process. Formalized HR practices in which line managers and HR recruiters work together would be very beneficial. Of course, a variety of staffing, training and development, appraisal and remuneration practices can be supportive of a culturally diverse culture. Line managers need to be able to rely on their HR department to take care of the practical side of hiring people from other countries.