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Managing Diversity: Case Study of Rabobank Nederland

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CHAPTER 1 - INTRODUCTION

1.1   Managing Diversity^1 – a New Look at a Workforce Composition

Management views concerning the composition of a workforce vary considerably. One interesting issue related to the subject is the level of heterogeneity of employees. In contrast with the traditional view of organisations as a "homogeneous group which should be managed with the accent on conformity – standardised job practices, employment packages, standardised reward systems and so on (Lawler, 1996: 163)", nowadays many organizations diversify their workforces. This trend is reinforced by individualization of society and globalisation as the latter exposes organizations to more and more heterogeneous and high competition markets (Pfrunder, 1998).

Corresponding literature and case examples suggest that diversity has been rather narrowly defined by both theorists and practitioners as only multicultural, ethnic or racial and, to a lesser extent, as a gender dimension of human resources. More and more academics call for much broader, all-inclusive understanding of diversity, which takes any difference between individuals as an important source of team performance related improvements. As it will be suggested in chapter two, theoretical debates around the issue have not matured yet. Lack of systematic knowledge in the area seems to be the main hindering factor for companies to manage diversity successfully in the workplace and in this way gain a competitive advantage.

This research aims to gain insights into the relatively new area of Diversity Management. For this, it offers detailed overview of relevant theoretical debates, as well as case study of a company, which has applied Managing Diversity concept into its management practices.

1.2   What Motives Do Organisations Have for Managing Diversity?

The motive for dealing with diversity can affect diversity practises (Wolfs, 2003). These motives are reflected in diversity theories. The traditional approach

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^{1} In this paper, terms 'Managing Diversity' and 'Diversity Management' will be used interchangeably. Both refer to the same theoretical concept, on which this research is based. To stress the centrality of the concept, they will be written in upper case.

advocates the idea that the diversity issue must be used as a tool to reduce inequality of certain groups of people, mainly with recognisable differences such as, colour of skin, ethnicity, sex, sexual orientation, etc. – frequently referred to as primary characteristics. In contrast, other theories argue that Managing Diversity is not just a tool for restoring justice in organisations, but it is a Human Resources Management (HRM) strategy that gives organisations a competitive advantage. According to those theories, diversity has positive effects on teamwork, facilitates innovation and improves general problem-solving abilities. It can help in marketing as well. Therefore, these theories argue that diversity should be defined much more broadly, including all possible differences between people (life style, professional and academic background, tenure to the position, etc.). The debate between the approaches, presented in detail in Chapter 2, sheds light on different motives organisations may choose to deal with diversity.

1.3   Introduction into the Case of Rabobank Nederland

To gain in-depth insights on the application of Managing Diversity in practice, decision was made to conduct a case study. In the selection of the case study, two main considerations were taken into account: 1) presence of explicit Managing Diversity practices, and 2) access to information. The latter was gained relatively easy as I have close relationship with the manager of Rabobank's Diversity Office. During initial discussions with him about the research, I was assured that I would get access to key informants and documentation. The same discussions, as well as number of publications (newspaper articles; proceedings of various diversity-related conferences, where Rabobank had participated) and a research conducted by Wolfs (2003) made it clear for me that Rabobank had a comprehensive Managing Diversity programme, which could serve as a case study for this research.

Rabobank Nederland is a co-operative bank and has 349 local Rabobanks in the Netherlands. These banks have their own board of management and enjoy rather big autonomy from the central office, compared to other banks. The headquarters is located in one of the four large cities of the Netherlands – Utrecht.

Rabobank Nederland started to incorporate Managing Diversity into its management strategy in 1999. First, Diversity Office was established, which is responsible for studying diversity-related issues and making recommendations about

their application in various parts of the organisation. At the same time, Diversity Network was created which includes employees from throughout the entire bank, who believe that diversity is important for the organisation. In addition, Rabobank is a signatory of the 'Frame Agreement with Large Companies' proposed by the Dutch Government to big companies (employing more than 500 employees) which encourages the practice of employing representatives of ethnic minorities living in the Netherlands (Wolfs, 2003). This agreement, signed voluntarily, along with the Employment of Minorities Promotion Act ('SAMEN Act') forms legislative environment in which Rabobank implements its diversity policies.

Four years of experience with Managing Diversity allows drawing important lessons that can be useful for both, practitioners and theorists of Diversity Management.

1.4   Research Objective and Questions

As indicated in section 1.1, the main objective of this research is to gain in-depth insights into Managing Diversity, as a relatively new research domain within HRM. Bearing the main objective in mind, literature review and initial study of the selected company led to three specific questions.

First, **what is the motive of Rabobank Nederland to diversify its workforce?** Literature review indicates that main motives of Managing Diversity are economic and moral ones. Legal requirements, as one of the reasons of engaging into Diversity Management, should not be underestimated either. The case study should draw a clear picture of how the decision to diversify its workforce was made by Rabobank and what was the exact meaning of diversity.

Second, the case study will examine **how are the Managing Diversity practices influenced by the initial motives.**

Third question derives from the specific structure of Rabobank. Local Rabobanks are relatively autonomous banks with their own boards of management. Logically, the question arises: **Is the Managing Diversity approach identical in all local Rabobanks?** The case study will look whether local banks within Rabobank have different Managing Diversity approaches/practices and results.

It is a hope that the findings of this research will answer above questions and serve as a useful contribution to the debate surrounding Managing Diversity concept.

1.5　Research Framework and Methodology

1.5.1 Research Framework

The case study was undertaken in two phases. First, the focus was made on Managing Diversity policies and practices at the central level – the headquarters of Rabobank Nederland. This phase included documentation analysis and several interviews, namely with the manager of Rabobank Diversity Office, a Board Member of Rabobank Diversity Office and a senior manager of the Personnel Directorate.

The focus of the second phase was put on the local level. The aim was to identify and study Managing Diversity practises in detail. However, choice of a local bank for the case study was limited due to the fact that not all local Rabobanks have been implementing and managing diversity programmes. For this research, the case of the Schilderswijk branch of Rabobank Den Haag has been selected. It should be noted that the Schilderswijk branch is mentioned as the best case of Managing Diversity in almost all company publications related to the diversity issue. In addition, all interviewees at the central level used the example of this branch to demonstrate some positive effects of diversity in the organisation. The mere fact that the company promoted the Schilderswijk branch as the best success story limits any generalisation of the findings. However, the same fact could mean that the management of the bank wishes to have the same picture, as in Schilderswijk, throughout the whole organisation. In this sense, the decision to study in detail only one branch is justifiable as it gives a better understanding of how ideally Rabobank would like to implement Diversity Management in other parts of the organisation.

1.5.2 Methodology

In the literature, various strategies for doing a research project can be distinguished. Each strategy consists of a specific mixture of key decisions. According to Verschuren & Doorewaard (1999) the key decisions relate to choices between breadth vs. depth; quantification vs. qualification; and empirical vs. desk research.

A case study, the strategy that I chose for my research, gives preference to the in-depth, qualitative and empirical approach. Data obtained was qualitative which is

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essential for an in-depth analysis. The data was mostly gathered 'in the field'. This means that I collected data in Rabobank. For this I used a qualitative research method, namely open-ended face-to-face interviews. In addition to interviews, relevant company documentation was also studied.

In the second phase of my research, that is when I held interviews with the employees of the Schilderswijk branch of Rabobank Den Haag, I had an opportunity to use observation method as well. Several times, while I was waiting to my respondents to start an interview, I used the opportunity to make unstructured, yet very useful observations on how customers were served or work was organised in general.

As the interviews were the main source of data, the following paragraph gives a short description on the way they were conducted and makes an overview of the main areas that were covered during interviewing eight respondents. The list the interviewees, as well as full list of documentation studied is provided in annexes #1 and #2.

Interviews

Most of the data was obtained by interviewing individual people around Diversity Management practices at Rabobank. The interviews were face-to-face and they had a limited degree of pre-structuring. This means that I had a list of questions and subjects in mind, but also the option to interact with the interviewees more freely was selected. By doing so, room was left for elaboration of questions and answers and a flexible order in questions.

I chose for more informal and open-ended interviews because of its advantages in the context of this research: diversity and dealing with it is a controversial topic, which has a political character. Topics associated with diversity, like domination, exclusion, discrimination, and such alike are often taboo, so people have difficulty talking about them. In the interest of my research, it was necessary for me to get people to talk. Informal and loosely structured interviewing allowed overcoming these difficulties.

As I expected, in some cases interviewees tended to give socially desirable answers to sensitive questions. With face-to-face interviews, I could elaborate questions in order to get a person's opinion, not the socially desirable one. Also the expression on the face of the interviewee and other body language could be observed.

This non-verbal communication supplied additional information, which could be used for further interaction with the interviewee.

All interviews were tape-recorded and then transcribed to allow data-analysis. All interviews except one were conducted in the English language. The exception was an interview with the manager of the Diversity Office, which was conducted in Georgian, the native language for both the respondent and me.

Interviews contained questions pertaining to the company's Diversity Management and generally, HRM policies and practices. My objective was to get both types of answers: facts about various diversity-related topics and personal opinions on the same issues. The areas covered include:

- The motives of Diversity Management at Rabobank, how and why the organisation started to think about it
- Policy on diversity and measures taken and planned to implement it, how it has evolved
- Legal issues related to diversity, its influence on the company practices
- Corporate Social Responsibility (CSR) of Rabobank, the place of diversity in it
- HRM practices (recruitment and selection, training and development, appraisal and reward system, promotion) and their relation to Managing Diversity
- Discrimination and Rabobank's policy on it
- Marketing, implications of demographic changes on it
- The Diversity Office and its tools to promote diversity: role, structure, mandate, approach, support from the top management
- Similarities and differences between local banks in relation to Diversity Management and HRM
- Benefits of diversity

The list of questions and the questions themselves were tailored to each interviewee reflecting his/her specific position in the organisation. This was especially the case during the second phase of the research when all interviews were conducted in the Schilderswijk branch. But also interviews with three senior managers were partially different from each other. For instance, during the interview with the board member of the Diversity Office, who at the same time is the CEO of local bank

(Rabobank Heerhugowaard), I had an opportunity to ask more questions about Diversity Management practices at local level.

1.6   Scope and Limitations of the Research

This study examines the Managing Diversity practices in Rabobank Nederland from the period of 1999, when the discussions about diversity were initiated in the company. The case study approach allows making detailed and in-depth research into the selected company. However, by the very fact that it was undertaken in a single company, the main limitation is that the research does not allow generalisation from the findings. It is also out of the scope of this research to make a systematic comparison of Rabobank Diversity Management routines with the best international practices suggested by the literature. Nevertheless, it might give the reader a useful account on Diversity Management practices in a single case, which is the main goal of this research.

1.7   Organisation of the Paper

After the introduction, Chapter 2 introduces the concept of Managing Diversity and ends with the current debate around it. The case study of Rabobank Nederland is presented in Chapter 3. Chapter 4 offers discussion of the case study based on the theoretical framework outlined in Chapter 2. Lastly, Chapter 5 summarises the main findings and draws overall conclusions.

CHAPTER 2 - THEORETICAL BACKGROUND

Managing Diversity seems to be considered one of the most popular HRM strategies of the 1990's, and has become widely accepted as both an important and powerful management tool (Litvin, 1997). Literature on diversity emphasises its two-fold purpose. The first purpose is to identify discriminatory practices in the workplace. Several studies have examined the working experiences of minority groups, focusing on phenomena such as the glass-ceiling effect (e.g. Cox & Nkomo, 1990; Wirth, 2001), wage differences (e.g. Avery, 2003; Blau & Beller, 1988; Harris, Michael & Sunday, 2002) and segregation (e.g. Anker, 1998). The second purpose in dealing with diversity issues is to gain a competitive advantage through positive effects of diversity on a team/organisation performance. For instance, several studies have examined the relationship between value diversity and conflict, or between cognitive heterogeneity and problem-solving capabilities (e.g. Bunderson & Sutcliffe, 2000; Mello & Ruckes, 2001; Polzer et al., 2002; Swann et al., 2002; Swann et al., 2003). Consequently, research in the field has mainly focused on the effects of diversity in both areas: discrimination and organisational performance.

2.1   From Affirmative Action to Managing Diversity

Affirmative Action and Managing Diversity represent two specific and distinct concepts. Both have emerged at different points in time in the U.S. and are built on different assumptions (Bellard & Rüling, 2001). The spread of Affirmative Action practices to European countries has been relatively limited, whereas nowadays more and more large European companies claim diversity as a core value and, in many cases, have launched particular diversity programs (Egan & Bendick, 2001; Bellard & Rüling, 2001).

Authors typically make a clear distinction between these two perspectives. In order to reveal the theoretical assumptions, on which the Managing Diversity perspective is based, first I will compare and contrast it with Affirmative Action along several criteria, frequently highlighted in the literature. Those include the context in which Affirmative Action and Managing Diversity perspectives have emerged and which gave the two different justifications; rhetoric characteristic to each of them, which makes it clear what drives organizations to engage in any of the two

perspectives; time orientation of and mechanisms used by Affirmative Action and Managing Diversity, which further clarifies the distinctive nature of the two; and finally, probably the most important one, a definition of diversity used by Affirmative Action and Managing Diversity perspectives. Main points of differences are summarized in table 1 at the end of this chapter.

Context

Affirmative Action and Equal Employment Opportunities (EEO) regulations were set up by the U.S. government in the late 1960s. These regulations placed strong pressure on organizations to increase diversity by increasing the workforce share of clearly defined minority groups, such as women, people with disabilities, Blacks, Hispanics, Native Americans and Asians. The principal reason for the Affirmative Action and EEO regulation was the recognition of unequal treatment at work of particular groups within the United States. The overall objective of this initiative was to reduce injustice at work.

Affirmative Action and EEO legislation are still in place, but the nature of emphasis on diversity has radically changed. Specifically, Affirmative Action and EEO programmes have made organizations more diverse in terms of race, gender and national origin. As well, they have increased overall awareness and encouraged studies on issues such as discrimination, ethnic and racial diversity, and the changing composition of the labor force. The latter is exemplified by a famous study of Johnston and Packer conducted in 1987 which showed that the 21st century would be characterized by a demographic shift in the U.S. labor force towards a higher share of women, immigrants, and people of color (Bellard & Rüling, 2001). This made it clear that workforce diversity was a social and organizational reality being continuously reinforced by the internationalisation of the economy. The consideration of the changing composition of the labor force has led to a radical shift in the argument that the diversity issue is demanded because of injustices committed in the past, rather, it is demanded now, because of changes in the global environment, such as the globalisation of markets, world-wide mergers and alliances, ongoing demographic change (Cascio, 1995).

Rhetoric

Besides different justifications behind Affirmative Action and Managing Diversity, the two are characterized by different rhetoric (Kersten, 2000). Managing

Diversity positively values difference and thus provides a radically new approach to the question of the 'different' at work. Traditionally, on the contrary the relation with the 'different' in the work environment was mostly shaped from the perspective of prejudices, stereotypes, racism, and in most cases was determined from outside pressure. Managing Diversity seems to be a proactive strategy with the aim to maximize the utilization of employees' potential. Many companies, both in the United States and Europe state today that Managing Diversity gives them a competitive advantage (Bellard & Rüling, 2001). A substantial share of literature on Diversity Management suggests several economic advantages of diversifying the workforce (Cox & Blake, 1991; Mello & Ruckes, 2001; O'Flynn et al., 2001; Polzer et al., 2002; Swann et al., 2002; Swann et al., 2003). Those advantages, to name some of them, include a better understanding of local market and customers by a company, increased ability to attract and to retain the best people, greater creativity, better problem solving and greater flexibility. Another argument is that valuing differences enhances people's impression that they are valued for what they are, which in turn leads to higher productivity (Bellard & Rüling, 2001). These examples show that the diversity perspective justifies the integration of minority groups more with economic than with legal or social reasons (opposite to Affirmative Action and EEO).

Time orientation and mechanisms

Under the Affirmative Action perspective, the understanding of differences is used to serve as a means for compensating for past and present injustices. On the contrary, the diversity management perspective makes that understanding an end and a value in itself. Managing Diversity programmes aim to change an individual behavior, and to transform the organization and its culture (Kersten, 2000). In this sense, Managing Diversity becomes a responsibility of the whole organization, while the Affirmative Action was or is essentially the personnel or HRM department's function through 'proper' recruitment and selection processes (Ross and Schneider, 1992). According to Rosenzweig (1998), the statistically oriented understanding of diversity – that is, Affirmative Action – is replaced by the understanding of diversity management at the team level because teamwork facilitates the expression of difference.

Who is defined as diverse?

One more distinction between the two perspectives is the different target people in organizations. The Affirmative Action perspective focuses on particular minority

groups that are demographically different in terms of age, ethnicity, gender, physical abilities, race and sexual orientation. In other words, focus is on certain social groups rather than on individuals. Managing Diversity, on the contrary, is based on a more inclusive and broad definition of diversity (Kersten, 2000; Polzer et al., 2002; Rosenzweig, 1998). A good example of this kind of definition of diversity is one of Hewlett Packard: "diversity is the existence of many unique individuals in the workplace, marketplace and community that includes men and women from different nations, cultures, ethnic groups, lifestyles, generations, backgrounds, skills and abilities" (Hewlett Packard, 2001). This definition of diversity is broad as it is based on a variety of possible differences at the individual level. On the one hand, it explicitly mentions some particular types of differences; on the other hand, it does not mention any particular social groups (such as African Americans, for example). Moreover, Hewlett Packard's definition is broad also because it includes both, primary and secondary attributes, primary ones referring to characteristics that are visible (mostly reflected in the physical features of individuals), mostly unchangeable and not related to any particular aspect of job; and secondary attributes referring to ones that are typically less visible, changeable, job-related, and generally more psychological in nature (Bellard & Rüling, 2001). As it was already mentioned, Affirmative Action programmes target certain social groups defined only by primary characteristics.

Table 1 summarizes the changes in perspective from Affirmative Action to Managing Diversity. In general, we could conclude that the shift from Affirmative Action to Managing Diversity is about replacing a focus on rules and regulations (of recruitment) as a basis for managing differences by a focus on more general values. While Affirmative Action draws clear boundaries between specific groups in organizations, Managing Diversity focuses on managing individual differences (ideally of any kind) mainly through teamwork in order to benefit from them.

Table 1: *Differences between Affirmative Action and Managing Diversity highlighted in the literature.* [2]

Aspect	Affirmative Action	Managing Diversity	Authors highlighting the point
Reasons of diversity activity	Unequal treatment at the social level	Environmental and organizational reality	Cascio, 1995; Bellard & Rüling, 2001
Purpose •	Reduce discrimination	Maximal utilization of employee potential	Kersten, 2000; Bellard & Rüling, 2001; Bunderson & Sutcliffe, 2000; Mello & Ruckes, 2001; Polzer et al., 2002; Swann et al., 2002/2003
Case argued	Moral and ethical	Improve profitability	
Approach	Legally driven	Strategically driven	All
Time orientation	Past-oriented	Present and future-oriented	Ross and Schneider, 1992
Action orientation	Reactive	Proactive	
Focus	Specific groups	All employees	Kersten, 2000 Rosenzweig, 1998
Kind of differences	Racial, gender and disabled persons	From demographic to individual differences	
Management activity concerned	Recruitment	Recruitment Teamwork	Rosenzweig, 1998
Measures to be taken	Changing rules, systems and practices (of recruitment)	Changing culture and values	Kersten, 2000

2.2   Current Debate

Contrasting Affirmative Action and Managing Diversity perspectives defines the concept of the latter more or less clearly. However, there is an ongoing debate among scholars on a number of important issues. One of them is related to traditional debate between narrow and broad definitions, which I addressed partially in a previous discussion[3]; another important debate is around the claims of Managing Diversity theorists that heterogeneity of the team or workforce has positive effects on bottom-line as, among other things, it improves creativity of the team and enhances innovation in the organisation. These debates help to identify some of the significant problems of the theory of diversity management.

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[2] This table represents updated version of similar table from Bellard & Rüling's work (2001: 5)

[3] The debate between narrow and broad definition of diversity stems from the debate between scholars favouring Affirmative Action and those who follow the Managing Diversity ideas.

Narrow versus broad definition of diversity

The question whether diversity should be narrowly or broadly defined seems to be central in the diversity literature (Janssens & Steyaert, 2000). Authors favouring a narrow definition argue that the object of diversity research should be limited to specific socio-cultural categories such as race and gender (e.g. Cross et al., 1994; Morrison, 1992; Nkomo, 1995). Those who prefer a broad definition (e.g. Jackson, May & Whitney, 1995; Thomas, 1996) argue that diversity covers all the possible ways people can differ. Individuals differ not only because of their demographic categories such as gender, race, age, etc. but also because of their values, abilities, personality characteristics or organisational function, tenure, etc. The main argument behind the narrow definition is that diversity based upon race, ethnicity and gender cannot be understood in the same way as diversity based upon organisational functions, abilities or cognitive characteristics. Differences due to organisational function or gender have different effects and therefore, they need to be differentiated (Nkomo, 1995). Some authors go further and claim that the key issues in diversity are those that arise as a result of discrimination and exclusion of cultural groups from traditional organisations (Cross et al., 1994; Morrison, 1992). They argue that the broad definition of diversity, which is inclusive to all individuals, will make it very difficult to identify discrimination practices. The main concern of this perspective is that a broad definition may imply that all differences among people are more or less of the same importance. Diversity studies would then only reach the conclusion that everyone is different and, if this conclusion is accepted, the concept of diversity may become a meaningless concept. The risk of the narrow approach, however, is that research usually focuses only on one dimension at a time (race or gender) and thus fails to recognise the interactions with other dimensions (Janssens & Steyaert, 2000). In practice, this approach leads to phrases such as 'the diverse group' or 'the diverse person', implying that the condition of diversity is inherent only to members of oppressed groups (Nkomo, 1992; Ely, 1995): "only people of colour have a race, only women have a gender, and only gay, lesbian and bisexual people have a sexual orientation" (Janssens & Steyaert, 2000:15).

Those favouring a broad definition argue that an individual has more than one identity and that these identities cannot be isolated in an organisational setting. Individuals bring not only their race and gender but also their particular knowledge, personality, and cognitive style to the work setting. If we want to understand the dynamics of a heterogeneous workforce, we need to study the interaction between

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different dimensions of diversity and its effects. Defining diversity broadly also helps to prevent the field of diversity research from falling apart into separate sub-fields (Janssens & Steyaert, 2000). Another argument favouring a broad definition refers to its potential positive effect on diversity programs. It is expected that diversity management will become more acceptable if it is oriented not only towards specific groups of employees but when it is inclusive to all employees (Thomas, 1996).

Critics of Managing Diversity Theory

One of the most important claims of Diversity Management that has been criticised by some scholars is the assumption that diversity management brings benefits to the organisation and its employees in terms of the increased productivity or creativity of diverse work groups. Williams and O'Reilly (1998) came to the conclusion that this rhetoric is overstated. They conducted a large literature review and found that most of the research, which supports the claim that diversity is beneficial for teams, had been conducted in classroom or a laboratory environment. They argue that such studies neglect some important variables, for example, time and research made in groups with a short life span cannot be a good foundation to judge the effects of diversity in a real organisational environment. The literature review of Williams and O'Reilly identifies a smaller number of studies conducted in a real organisational context. Findings of those studies were summarised as less optimistic to diversity management as they evidenced increased number of conflicts and stereotyping within groups as a result of diversifying the workforce. Another review of the literature came up with a similar conclusion: "empirical evidence about the consequences of diversity in work organizations is limited, and many of the existing studies present conflicting and inconclusive findings" (Wise & Tschirhart, 2000). This review critically examined 106 empirical findings from 33 studies of the outcomes of diversity. Wise and Tschirhart found that the generalisability of many of the findings was limited due to the use of students as research subjects. Generalisability was also limited by the fact that, in most cases, the interpersonal interaction that was studied was artificially constructed. They argue:

> Artificial scenarios ... cannot duplicate ... critical factors such as organisational size, structure, technology, and organisational communication mechanisms. In addition, artificial scenarios lack the historical, political, instrumental, and emo-

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tional contexts that real managing-for-diversity programs must address. The simulations have no real consequences for personal well-being and do not put at risk an individual's personal need fulfilment.

Wise & Tschirhart, 2000 (P.391)

Another criticism of diversity management refers to an erroneous belief of practitioners and scholars that the results for one dimension of workforce diversity can be generalised to other dimensions. Yet many studies reviewed by Wise & Tschirhart made such a generalisation. For example, effects of sex diversity on performance ratings were easily generalised to racial diversity (Wise & Tschirhart, 2000).

Besides methodological problems of Managing Diversity research, critiques focus also on theoretical assumptions of diversity management. Audretsch and Thurik (2000) challenge the assumption that diversity in a workforce is beneficial for all organisations in all circumstances. They argue that in certain circumstances homogeneity might be advantageous. In homogeneous groups, the costs of communication are minimised and "knowledge spilling over" across the members within the group is maximised. It is argued that homogeneity promotes diffusion. However, Audretsch and Thurik see a disadvantage to homogeneity as well. They argue that though in homogeneous groups communication is less difficult, it is less likely also that these groups will produce innovation compared to heterogeneous ones. Therefore, it is concluded that homogeneity is more conducive to routine economic activity, whereas diversity is more favourable to knowledge-based innovative activity.

Yet another set of critiques refers to the argument that managing diversity ideas are promoted to undermine efforts directed towards equal opportunities in the world of work. This kind of critique is voiced sometimes by trade unions. For example, Wrench (2000) describes the reactions from the British trade union federation (TUC) on the trend that many British companies were replacing their equal opportunities policies and procedures with those of managing diversity. At the 1997 TUC conference the following motion was passed:

[Managing diversity] stresses the perspective of the individual within the employing organisation, rather than focussing on the promotion of equal opportunities strategies, or on challenging discriminatory practices and outcomes.

Proceedings of TUC 1997 conference, quoted by Wrench, 2000 (P. 9)

An argument, frequently put forward by some trade unionists is that by shifting to Managing Diversity, management tries to avoid what union sees as important: while trade unions call for racial equality, employers are calling just for recognition of diversity and a reduction of the issue to a management problem. By doing so, management does not challenge the basis of racial discrimination, it "merely suggests that recognition of diversity and an improved ability of managers to factor this into decisions and actions will provide improved service outcomes" (Wrench, 2000:9).

Findings of a survey on anti-discrimination training, carried out under the co-ordination of ILO, voices similar criticisms of diversity management from trade unions (Taylor, Powell & Wrench, 1997). Trade unionist trainees were more sceptical towards diversity management training and they preferred the type of training that tries to focus specifically on removing or altering the discriminatory behaviour. For some radical unionists, diversity management was "just a new way of masking exploitation" (Taylor, Powell & Wrench, 1997:62).

Some scholars and activists seem to be suspicious of the spread of Diversity Management because they think it complicates and undermines the attempts for stronger legal measures against racism and discrimination both at national and the EU level. In support of this argument, they point to examples from other parts of the world, especially North America and New Zealand where many companies, in order to avoid the introduction of stronger anti-discrimination legislation, implemented so called voluntary policies of Diversity Management (Jones et al., 2000)[4].

This kind of policy is referred to by critiques as a 'soft' option. It is argued, that "diversity management might be used to prioritise 'soft' rather than 'hard' equal opportunities practices. The problem is that diversity management in practice can mean many things. It can be little more than a desire to celebrate cultural diversity, or it can incorporate the full range of previous equal employment opportunities and affirmative action measures" (Wrench, 2000:10). By adopting the Diversity Management policies, employers maintain the freedom of action. For example, it is argued, employers might be more open to the provision of cultural awareness training

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[4] Similar voluntarist strategy for avoiding stronger legal provisions has been observed in Europe in relation to different management practices. For example, in order to avoid the introduction of EU wide directive on European Works Councils, many multinational companies voluntarily established such councils and argued that there was no need any more for legal provisions. For details see Streeck & Vitols, 1995.

and less enthusiastic to affirmative action measures such as targets and anti-discrimination training.

The notion of 'soft' version of equal opportunities brings into the dissuasion the issue of Corporate Social Responsibility (CSR). CSR is a broad concept and for the purpose of this paper I shall focus only on its main characteristics. First, CSR is a "a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment" (European Commission, 2001); second, according to Business In The Community's definition, it covers workplace issues (such as equal opportunities), human rights, the business' impact on the community, reputation, branding and marketing, ethical investment, environment, ethics and corporate governance (BITC, 2003). In relation to Managing Diversity, CSR's relevance cannot be underestimated: on one hand, diversity initiatives of companies can be seen as an attempt to improve relations with the community in which they operate by recognising demographic changes and pursuing positive action for underprivileged groups like minorities, disabled, etc; and on the other hand, it can be seen as an effort to promote equality in their human resources practices. In both cases, companies are likely to gain at least a reputation of a good employer and a socially responsible actor. This, according to many surveys reported by Article 13, reduces labour costs and also translates into consumer loyalty (Article 13, 2002). So it seems CSR is not just the good will of companies, but there is a business case for it as well. Another possible motivation for such a voluntary practice is very similar to the motivation of 'soft' equal opportunities practices described by Wrench (see P. 16). CSR, as a self-regulation mechanism (in contrast to government regulations) tries to minimise the need for strict legal provisions against discrimination at the workplace. In this respect, Managing Diversity could be seen as a sub-domain of Corporate Social Responsibility. Indeed, many companies present their Managing Diversity programs as part of their CSR. Some NGOs and business associations also started to promote diversity in the framework of CSR. For instance, Swedish organisation named *Partnership for the Development of Diversity in Swedish Industry* states: "We link the strength of having a diverse workforce to the question of corporate social responsibility (CSR). This is an important area of development throughout Europe…

We are now going one step further and are developing diversity issues in the context of CSR[5]".

2.3 Summary

This chapter has made a theoretical overview of one of the most popular HRM concepts of 90s – Managing Diversity. Contrasting Managing Diversity with the more traditional approach of Affirmative Action helps to understand what it is about. A general conclusion could be that the shift from Affirmative Action to Diversity Management is about replacing a focus on rules and regulations (of recruitment) as a basis for managing differences by a focus on more general values that tolerate individual differences. Moreover, while Affirmative Action draws clear boundaries between specific groups in organizations, Managing Diversity focuses on managing individual differences (ideally of any kind) mainly through teamwork in order to benefit from them.

Managing Diversity, as a research domain is characterized by debates over the definition of diversity. On the one hand, there is discussion whether the notion of diversity should be limited to certain groups (blacks, women, sexual minorities, ethnic and cultural minorities, etc.) or be defined more broadly on the basis of any differences people may have and thus include all employees of an organization. The broad definition seems to have more popularity among scholars who look at Managing Diversity as a strategy giving organizations a competitive advantage through improving the performance on a team level. For those, who promote Managing Diversity as a tool for restoring a social justice, narrow definition is more acceptable.

Diversity Management, as a theory has been criticized because of its poor 'academic record': it has been demonstrated that research in the area lacks validity and reliability. On the other hand, Managing Diversity became a subject of criticism for some trade unions and labor relation's scholars. It has been argued that Managing Diversity could be a voluntary 'self-regulation' strategy, objective of which is to undermine strict anti-discrimination legislation.

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[5] Quote from the *Partnership for the Development of Diversity in Swedish Industry* web-site http://www.ivf.se, accessed at 11.11.2003.

The above discussion shows that Managing Diversity is an immature research area (as opposed to Affirmative Action) as there is still a debate on basic terms, such as diversity, identity, as well as on its limits (narrow vs. all-inclusive definition). Less has been written on how it is/should be implemented in practice[6]. Many questions arise also from the arguments put forward by the opponents. To answer these questions, I recommend for more descriptive and exploratory research in companies who claim that they are pursuing Managing Diversity ideas in their HRM practices. The next chapter presents a case study from such a company - Rabobank Nederland.

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[6] Most of the empirical works in the area have studied the relationship between Managing Diversity practices and various aspects of team/organisation performance.

CHAPTER 3 – DIVERSITY AT RABOBANK

Organisation

Rabobank Nederland forms the central part of Rabobank Group, which is the largest financial service provider in the Dutch market. It comprises 349 local co-operative Rabobanks in the Netherlands, the central Rabobank Nederland organisation and a large number of specialised subsidiaries. The huge network of more than 1,500 branches of local banks throughout the country, as well as a variety of specialised subsidiaries allows the bank to offer its customers all possible financial products and services – strategy, internally referred to as "All Finanz". Rabobank has the biggest shares of the domestic market in residential mortgage business - 23 %, savings deposits - 40 %, among small and medium businesses banking with Rabobank - 34 % and loans to domestic agribusiness companies and farmers - 87 %. Compared to ABN AMRO and ING Bank, after which Rabobank Group is the third largest Dutch financial institution, the international activities of the group are rather limited. However, in recent years several important acquisitions took place. In 2002, Rabobank operated in 34 countries outside the Netherlands and had 169 offices abroad. The same year, international rating agencies Moody's and Standard & Poor's awarded the group with the highest credit rating (Triple A), which makes Rabobank the only private bank in the world with this status.

The co-operative structure of Rabobank makes it different from other banks. The organisation has no shareholders expecting a dividend on their investment. All customers have the right to become a member. Members of a local bank appoint a board from their own ranks. As a result, local Rabobanks enjoy considerable autonomy from the central office. As the CEO of one of the local Rabobanks (Heerhugowaard) put it, "The headquarters is in fact an inverse holding in contrast to a central bank with branches. The 350 local banks and their over 1,700 offices, the branches own the co-operative central bank". The headquarters is located in one of the four large cities of the Netherlands – Utrecht.

The boards of the local banks determine most policy issues. The role of the central Rabobank Nederland organisation is to facilitate realisation of these broad policies. For this purpose, it sets operational standards throughout the whole bank. In

certain areas of management, its function is to operate common, centralised services to local banks. One of such management functions is human resources management.

The central office and local banks together occupy almost 41,000 employees throughout the country. HRM is administered by the Personnel Directorate. All relevant activities, from recruitment to exit interviews involve specialists from various departments of the directorate. However, this does not mean that managers from local Rabobanks do not participate in the process. The following quote from the manager of the Schilderswijk branch (Rabobank Den Haag) sheds light on how this co-operation during recruitment process between local managers and the Personnel Directorate at the central level can takes place:

> In reality, the first [thing] I'll do is I will ask [the] HRM department that I want actually this kind of guy. They have to suggest somebody who fits my requirements and I also take part in final decision.
>
> (Interview data)

Almost all aspects of HRM are centralised and common to every local bank. What seems to be the only responsibility of local banks is to define what kind of personnel is needed. An important implication of the latter on Diversity Management practices will be discussed later.

Why did Rabobank start to think about diversity?

Ethnic diversity of the workforce became an issue for the bank several years ago, when one of the senior directors got interested in possible implications of the changing demography on the company's life. The demographic situation in the Netherlands, indeed, has changed dramatically in last decades. According to the Social and Cultural Planning Office of The Netherlands (SCP, 2003), almost 20 % of the population of over 16 million comprise non-Dutch ethnic groups who are labelled 'ethnic minorities' in view of their immigrant backgrounds in combination with their marginal position in Dutch society[7]. The largest categories among them are: the Surinamese and Antilleans/Arubans from the former Dutch colonies, who immigrated in large numbers from 1980 onward; Turks and Moroccans, who were recruited to the Netherlands as 'guestworkers' in the 1960s in order to respond to labour shortages, and asylum seekers and refugees. The growth amongst ethnic minority groups has

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[7] The terms 'ethnic minorities', 'ethnic groups' and 'immigrants' will be used in this paper interchangeably.

been spectacular and it is set to continue over the coming decades. The latest prognosis is that in 2050 more than one-third of the Dutch population will consist of first and second-generation ethnic groups. In the big cities in the western parts of the country, this percentage will rise to 45% even sooner. It should be noted that ethnic minorities tend to live in fairly close concentrations, particularly in the large and medium-sized cities. Just over half of the immigrants live in one of the four large cities (Amsterdam, Rotterdam, The Hague and Utrecht).

As these changes in the demography were discussed within the organisation, top management felt the bank had to do something. Firstly it had more of a social responsibility character. The manager of the Diversity Office, himself being a naturalised immigrant from Georgia, recalls:

> Our bank is [a] co-operative of local, community owned banks. Therefore, we pay special attention to developments at [the] local level. Rabobank saw that the demographic situation of local communities was changing and conducted a kind of research to get more detailed information.

The results of the research led to more 'substantial' questions:

> ...we were interested in what implications it could have on the bank – new customers, new personnel, maybe there is a need for new products... if we wanted to maintain our market position, we couldn't close [our] eyes to these demographic changes.
>
> (Interview data)

The Diversity Office and its tools to promote cultural diversity

The bank decided that the 'ethnic' part of the society was an interesting market to work in. It was interesting because it was growing fast, with more incomes than their previous generations and better educated. A decision was made to start a project that would attract those groups to Rabobank. However, further discussions around this issue led to the conclusion that this approach would be a success only in the short term, and if Rabobank were to work with ethnic minorities in the long run, a more systematic way had to be elaborated. Preference towards a long-term approach translated in 1999 into the creation of a special organisational unit, which was responsible for developing a Rabobank strategy on ethnic minorities. This unit was named the Diversity Office.

Thus, both ethic and economic motives determined the initial agenda of the office. On one hand, the Rabobank philosophy of being a community bank was enhancing the social responsibility rhetoric; on the other hand, according to the manager of the office, some commercially interesting arguments were also discussed:

> Their [top management's] position was that we are a socially responsible bank and therefore we have to help these [ethnic minority] groups. I didn't agree with them. That's why I named this initiative diversity. I told them that first of all this is profitable for our company, for our achievements, for the quality of our work.
>
> (Interview data)

The most important argument was the possibility to enter into the untapped market of ethnic minority groups. Another concern was the bank's human resources. It was felt that soon Rabobank would encounter serious problems of finding suitable and qualified personnel if special attention was not paid to ethnic minority groups residing in the country. A board member of the Diversity Office, who at the same time is CEO of Rabobank Heerhugowaard and a well-known specialist of ethnic marketing in the country, tells us:

> ...if you aren't working with ethnic people, you have a problem. In large cities, if we talk about younger generations, about one third of the population who is willing to work is ethnic. So if you have no ethnic human resource management, they won't come to you. So you have problems finding people to work for you. It's quite simple.
>
> (Interview data)

The mandate of the Diversity Office is rather limited to studying diversity-related issues and making recommendations about their application in various parts of the organisation. Structurally, it is not a part of any functional department[8]. While the isolation from the HRM department could be considered a structural weakness, it is commonly believed that the very fact that the Office does not belong to any functional department makes the horizon wider and allows it to reach any part of the organisation. The lack of decision-making power is compensated by a comfortable position of the Office on the hierarchy line. The Office is considered as a knowledge

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[8] A recent study by Debbie Wolfs focusing on intercultural management issues in large companies in the Netherlands showed that the diversity management function is in most cases incorporated into HRM departments: in eight cases out of 10 companies studied 'diversity managers' were part of the HRM department (Wolfs, 2003).

centre and advisory body and is located right under the board of directors of the bank. The board member of the Diversity Office comments:

> ...as an advisory group it is easier to [talk] to the whole Rabobank. If you are part of human resource management, you make decisions inside the department, not in marketing or sales, so it's better to have [this] place that we have at this very moment.
>
> (Interview data)

In addition, the Office has its own board that consists of a few senior managers, among them CEOs of various local Rabobanks and others from different departments of the central office, like the Personnel Directorate, Marketing Department and Communications Directorate. Functional diversity of the board is considered to be a strong side of the Office, as it makes it easier for the Office to make its voice heard throughout the whole organisation and get different projects implemented which sometimes require co-operation of different departments. The structural set-up of the Diversity Office is consistent with its diversity philosophy, which does not see Diversity Management exclusively as one of the HRM aspects. On the contrary, according to the manager of the Diversity Office, HRM is considered as one of the four major elements of diversity management:

> If we want to make serious business out of it, we have to look at four different aspects: commercial, communication, HRM and social responsibility. These four [aspects] form a harmonious whole. Taking one of them out would be a mistake. For example, imagine you have a great marketing plan with new products, you have the right communication strategy but you don't change anything inside your organization. Next day comes your customer and talks to a Dutch advisor who is not aware of cultural differences. As a result you get miscommunication and the customer doesn't come any more. That's why you cannot separate these four from each other.
>
> (Interview data)

Soon after it was established, the Office created Diversity Network which includes employees from throughout the entire bank, who believe that diversity is important for the organisation. Members of the network, internally referred to as *Ambassadors of Diversity*, gather twice a year to discuss problems, achievements, ongoing projects and future plans related to diversity. In its first years the network was quite small - combining just 35 people. This figure now is over 300. The Office feeds the members of the network with electronic newsletters and training seminars. The Office thinks that the network is an important tool to spread information about diversity and to raise awareness in the organisation. This is well achieved because it combines people from different local banks and departments, different hierarchy

levels and different ethnic backgrounds. In short, the network is believed to be representative of the whole organisation. Besides serving as a catalyst for the changes related to diversity, the network seems to be one of the most important sources of information to the Diversity Office. Members of the network can use an electronic, intranet-based forum to exchange practical information around the issue. Though everybody is allowed and encouraged to join the network, the following quote of the manager of the Diversity Office clearly indicates that priority is given to top and middle managers:

> On lower levels, the schedule of employees is more inflexible. They can't work much for it [diversity]. Therefore, it's more important to have people who have more time to contribute, [people who] can take responsibility. And these are middle and top managers.
>
> (Interview data)

Indeed, none of the four employees (out of which three are from ethnic minority groups) of the Schilderswijk branch of Rabobank Den Haag knew about the network or the office at all. This is more surprising as the Schilderswijk branch is widely considered by the management as the best case of Diversity Management in the organisation.

Official policy on diversity
On the Corporate Rabobank Intranet all employees of the bank can find the special site dedicated to diversity. It informs readers about Rabobank's diversity policy, new developments and planed activities in the area. One of the important documents offered by the site is called *Intercultureel Management* (Intercultural Management). This three-page document basically tells the employees why Rabobank pursues the ideas of intercultural management. Several reasons are outlined: the possibility of bigger market share takes one of the leading places. It is argued that with intercultural management, Rabobank becomes more recognisable and accessible for the ethnic minority groups and that is very interesting as the share of ethnic minority groups in the population and their purchasing power has been growing over last several decades; other than marketing, HRM related motives seem to be also important. The document talks about the necessity for the bank to respond to the demographic changes in the labour market; then it moves to added value of diversity – the so called "synergy-effect", which means that people from different ethnic

backgrounds have higher potential in terms of creativity, flexibility and productivity. This is said to be a result of a diversity of knowledge and cultural values brought into the organisation by employees of various ethnic backgrounds. Moreover, the bank believes that valuing diversity, removing discrimination, applying the right HRM instruments and investing into more open organisational culture could lead to a better work climate and increase the motivation of its employees. The latter is considered to be a very important aspect as it could reduce labour costs for the bank. The argument to support this statement is quite straightforward: more motivated staff translates into higher productivity and reduction in number of sick leaves; special career programmes and training opportunities facilitate growth of internal talent and thus save costs needed for recruitment and orientation of external candidates.

Some other motives of intercultural management mentioned in the document are related to legislation and social responsibility. Rabobank is signatory of the 'Framework Agreement with Large Companies' proposed by the Dutch government to big companies (employing more than 500 employees) that encourages the practice of employing representatives of ethnic minorities living in the Netherlands (Wolfs, 2003). This agreement, signed voluntarily, along with the Employment of Minorities Promotion Act ('SAMEN Act') and some other anti-discrimination regulations forms a legislative environment in which Rabobank implements its diversity policies[9].

As to social responsibility motives, the document explicitly states that the representatives of ethnic minority groups and Dutch employees should be treated equally and be given equal chances. If not, Rabobank would be responsible for social costs of unsuccessful integration of minority groups into the Dutch labour market.

While this document is only for internal use, the *Policy on Cultural Diversity* is an official company publication and is available in both Dutch and English languages. It is less elaborate as to why Rabobank follows diversity management practices. However, in general the rhetoric is the same. It states that the policy on cultural diversity derives from the vision of the Rabobank Group:

> The Rabobank Group views the multi-cultural society as a logical consequence of historic and current developments. It wishes to contribute to this cultural diversity by naturally adopting it into its customer and membership base, in its personnel policy, in its products and services, in its community activities and the profile it presents to the public.
>
> Policy on Cultural Diversity, Rabobank Group

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[9] Here it should be noted that managers interviewed do not consider this legalisation serious enough. They argue that it is very weak, as it does not punish those companies who do not comply. The attitude is that Rabobank can do everything that is necessary about diversity even without legislation

For the most part, this document is in agreement with the above-discussed internal document - *Intercultural Management* and the diversity management approach described by the manager of the office. Specifically, it discusses the cultural diversity through various perspectives such as marketing, HRM and corporate social responsibility. Again, emphasis is put on the necessity of new, customised products and services and special communication methods for ethnic minority groups. With respect to human resources, several policy measures are mentioned. These include the promotion of ethnic minorities from lower to higher job groups and improvement of contacts with ethnic students and youth organisations to facilitate easier intake of young ethnic minority employees into the organisation.

The diversity theme appears in a couple of other company publications as well, namely in Rabobank Group Code of Conducts approved in 1999 and Rabobank Group Social Responsibility Report of 1999. The Code of Conduct shortly states that the bank should work "towards a wide representation of society in the workplace [as] diversity leads to a higher quality of service." The social responsibility report gives more space to the issue. However, it does not offer anything different from already discussed documents. An interesting observation, however, is that diversity has never been included in Rabobank's general yearly reports, which has a special section about the bank's human resources management.

How diverse is Rabobank?

It is interesting to look at what has actually been achieved since the issue of diversity became important for the bank. The manager of the Diversity Office seems confident with the statement that, so far, at least one major task of bringing in ethnic minority employees has been successfully achieved. Apart from general awareness raising activities, this was done by taking a number of measures: targeted labour market campaigns (publicity in 'ethnic' media, sponsorship of Turkish, Moroccan and Surinamese community projects), training programmes for Rabobank recruitment specialists and the introduction of new, 'culture-free' tests for selection and promotion purposes. The senior manager from the personnel directorate believes that there is no need for targeted labour market campaigns anymore. According to him, people with ethnic backgrounds initially did not even consider the possibility to apply for Rabobank jobs, as they had no hope of getting there. Now the situation seems to be much different. The manager of the Diversity Office has the same opinion:

They [ethnic people] understood that Rabobank is not a bank only for Dutch people and that they can also work here. So we receive now a lot of applications from them.

<div align="right">(Interview data)</div>

Making ethnic minority representatives interested in Rabobank as a potential employer was not enough. It became clear that internal discriminatory practices had to be stopped as well and, as a result, two major changes have taken place. First, recruitment and selection specialists, i.e. people who review applications and conduct job interviews have been trained. This training mainly focused on cultural sensitivity. The objective was to reduce the weight of cultural factors in the decision making process; second, new screening and appraisal tests have been introduced. Now candidates can choose between traditional and 'culture-free' tests and this choice has no influence on the bank's decision to hire or promote the person.

These changes, it is believed, have brought into the organisation employees from ethnic minority groups. Detailed statistics could not be collected. However, reports of the Personnel Directorate to the Ministry of Social Affairs and Employment (2000-2002) provide some data:

Table 2: *Share of ethnic minority employees in Rabobank.*

	2000		2001		2002	
	Number of employees	Number and share of ethnic minorities	Number of employees	Number and share of ethnic minorities	Number of employees	Number and share of ethnic minorities
Central Rabobank Nederland	4618	405 **8.8 %**	4932	446 **9 %**	4840	424 **8.8 %**
Local Rabobanks	38492	1221 **3.2 %**	37661	1283 **3.4 %**	35850	1207 **3.4 %**
Total	43110	1626 **3,77%**	42593	1729 **4,06%**	40690	1631 **4,01%**

Source: Rabobank Personnel Directorate reports "jaarverslag Wet Samen" for years 2000, 2001 and "verslag Wet Samen over 2002: Interne nota" for the year 2002.

Unfortunately, the Personnel Directorate started to keep data about the number of ethnic minorities employed by the bank only from 2000. Existing data does not show that from 2000 to 2002 there was any significant change in terms of numbers. On the contrary, in 2002 the share of ethnic minorities declined slightly.

Table 3 shows a big difference between the shares of ethnic minority employees in the central office and local Rabobanks. The office explains this difference by the co-operative structure of the bank. It seems that a big number of local banks are not willing to diversify their workforces. In these cases, the centre (the office or the Personnel Directorate) cannot do much to influence local banks as the latter have considerable autonomy. Most of the ethnic minority employees employed by Rabobank work in the large cities of the country, which is natural as the majority of ethnic population also live in four biggest cities. However, closer look at numbers reveals that the bank employs ethnic minorities disproportionately across the country. For instance, according to the manager of the Schilderswijk branch, the share of the ethnic minorities in Rabobank Den Haag is more than 24 %. The senior manager from the Personnel Directorate confirmed that the situation is similar in Amsterdam, Utrecht, Rotterdam and some other middle-size cities. Knowing that the average share of ethnic employees in all local banks is as low as 3.4 % makes it obvious that ethnic minorities are underrepresented in most of the local banks.

The senior manager from the Personnel Directorate does not look at this issue as a problem:

> Local banks in big cities like Amsterdam or The Hague feel and see the opportunity of diversifying their employees. In other areas you don't have [an] organic, natural necessity to pay big attention to this issue.
>
> (Interview data)

In support of this, the following quote of the CEO of Rabobank Heerhugowaard points out that it might be not so important to have ethnic minority employees in smaller cities:

> ...if you have a diverse group, the group will have more contacts with [a] population that is also ethnic... that is not important specifically here [Heerhugowaard], but generally in larger cities.
>
> (Interview data)

Moreover, the bank sometimes relocates its ethnic minority employees from the local bank of the small city to one, which is located in one of the large cities of the country, where the need for non-Dutch employees is much stronger. The manager of the Diversity Office supports this initiative of the Personnel Directorate:

> ... important is quality – where can an employee give maximum to the
> organisation and its own professional growth? In Dutch we say "iauste person op
> iauste plek" [right person at the right place]. This should be a slogan. Because of
> this policy our market share in ethnic population has increased so much that we are
> now in the top three. That is what matters.
>
> <div align="right">(Interview data)</div>

"The right person at the right place" approach leads to the question – how much are ethnic minority employees needed in management positions? The rationale, most often heard from managers is that Turkish, Moroccan, Surinamese etc. employees attract customers from their own communities and are able to communicate with them better than their Dutch colleagues. People in management positions do not have direct contact with customers – does this mean that ethnic minority employees are not needed in these positions? Again, statistics prove to be helpful. At the end of 2001, employees with ethnic background amounted to 18.8 % of lower job groups. The same figure for the higher job groups was 6.6 %. The situation has not changed much in the following years. It should be mentioned that this issue is quite openly discussed in the bank. Moreover, Rabobank's official policy paper *Policy on Cultural Diversity* puts "the promotion of ethnic minorities in the higher job groups" as one of the top priorities.

However, things are not as simple. It seems to be common thinking among managers that promoting ethnic minorities to the managerial positions is a tricky business, even if they qualify in terms of education and experience. Discussing this issue with managers of the bank, one can occasionally come across the argument, that, for instance, Turkish managers are not able to deal with the pressure caused by their compatriots asking for confidential information or the bank's financial services in favourable terms. Therefore, it is argued, Rabobank should be very careful when promoting ethnic employees to high positions which require assuming decision-making responsibilities.

The senior manager from the Personnel Directorate believes that there is no difference between Dutch and non-Dutch managers in terms of work and management style. He thinks that there are two main reasons why Rabobank does not have enough ethnic managers. First, he says, it has to do with too many stereotypes Dutch managers and people in general have towards minorities; second, he is convinced that most of the ethnic employees in the bank lack ambition and desire to get promotion, to build their careers. When asked whether the last point also was not a stereotype, he

<div align="right">30</div>

answered that the rate of participation from ethnic employees in the Management Development Circle programme has always been too low. This programme, according to him, prepares managers from talented employees working on lower positions through coaching and various training and education possibilities.

Is it true that non-Dutch employees of Rabobank lack ambition and are satisfied with their positions in the organisation? To get answers on this and other diversity-related issues, I visited the Schilderswijk branch of Rabobank Den Haag several times.

Schilderswijk branch in The Hague

Schilderswijk is a small neighbourhood in the south-west part of The Hague, the capital city of the Netherlands. Over the last few decades it became one of the many popular living areas of the country for people immigrating from Turkey, Morocco, Surinam, Netherlands Antilles, Aruba, etc., so that immigrants, frequently referred to as ethnic minorities, form the majority of residents of the neighbourhood. Rabobank Den Haag has its small branch on Kempstraat, a narrow but one of the busiest streets of the area. Indeed, a vocational training centre, nearby market and big number of small shops keep the street crowded until late evening. Since three years ago Rabobank is the only bank offering financial services to the residents of Schilderswijk.

The office of the branch is located on the ground floor of a residential building. It is quite small, containing one relatively big room, where clients are served, and two smaller rooms – one for the manager of the branch and another serving as a kitchen and the storage for the stationary. The branch has six employees – four advisors, i.e. those who explain and sell financial products to customers; a floor manager, who is the first contact person for clients; and finally the branch manager. Ethnically, the office is very diverse – two Surinamese (floor manager and advisor), one South African (advisor), one Moroccan (advisor), and two Dutch (advisor and the branch manager). Both Dutch are males. The four other employees are females. The Dutch advisor, in addition to his direct responsibilities, fulfils the duties of Manager Assistant.

Despite the clear division of responsibilities, the employees of the Schilderswijk branch think that in their office everybody is doing everything. Indeed, every Tuesday and Thursday, when the floor manager sits at the advisors' desk as part of

her on-the-job training to become an advisor, one can see other colleagues, including the branch manager sitting on the front desk and meeting the clients. Likewise, when the manager is absent, the Dutch advisor takes over his duties, or if the latter is busy, any other advisor can replace him. Advisors help each other especially when a customer does not speak or understand Dutch well. If the Surinamese advisor gets an Arab speaking client, she might ask the help of the Moroccan advisor. One needs to visit the branch several times to witness that the above described arrangement of work is more a norm rather than an exception.

Teamwork, as described above, was absent in the same branch until three years ago when the branch underwent a major change process. In those days, Rabobank Den Haag wanted to close down the Schilderswijk branch, as it was not profitable any more. The employees recall that the situation then was totally different: clients used the bank only for money transactions; other products, like insurance or mortgages were not sold. As there was a lot of cash going in and out every day, the branch office used to have an extremely high level of security, including two guards standing all day at the entrance and bullet-proof counters; only two clients could enter the office at a time and others in the queue had to wait outside; violence and aggression from customers was not an exception. As the situation was no longer acceptable, the decision was made to either close down the branch or implement a major change, which would turn it into a profitable and safe branch. With the help of the Diversity Office, several measures were taken. First, in order to bring down the number of people entering the office for money transactions, four ATMs[10] and two deposit machines were installed, which could operate not only in Dutch and English, but also in Turkish and Arabic. During several months, clients were intensively instructed by bank employees on how to use those machines; in the office, the bullet-proof windows were removed and the layout was changed, so that advisors could receive their customers at separate desks. To increase the number of customers buying mortgages and insurance products, or asking for business loans and other services, information brochures were published in Arabic and Turkish. On top of that, advisors were given the right to communicate with the client in his/her own language if the latter could not speak or understand Dutch well.

Soon after these changes were introduced, the branch became a profitable one. More and more people started to buy different financial products and after a year,

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[10] Automatic Teller Machines

financial turnover of the branch increased already by more than 100 %. At the time of writing, the Schilderswijk branch is considered one of the best selling ones in The Hague.

The manager of the branch believes that the success is the result of the openness of the bank. The changes and multicultural staff brought customers closer and improved the communication between them and the bank:

> We want to be a mirror of our people, so here we have people from Surinam, Moroccan background, and I myself am Dutch... the clients have to see the mirror of the community when they come here. That's the way you get trust and you show respect... important is that workers know how to communicate with clients because they come from the same culture. People from the same background understand each other better. That's the most important issue. It's a two-way communication.
>
> (Interview data)

All other employees also agree that the multicultural team is very important for the bank: "...yes, it's really good because we can explain to clients our products" – says the Moroccan advisor. The Dutch advisor acknowledges the fact that the ethnic composition of the population has changed and therefore he believes that having a multicultural team is "more real", as a Dutch team would not be able to communicate with clients successfully. For the Surinamese floor manager, the multicultural team has more advantages:

> ...we can learn from each other. It's true that sometimes it's difficult to communicate, but we are colleagues, friends, we are a team and we can learn from [the] different cultures we represent.
>
> (Interview data)

More than that, it seems that the employees from ethnic minorities in the Schilderswijk branch feel very secure as most of their colleagues are also from minority groups. The Surinamese advisor thinks that it would be very difficult for her to work in a Dutch team, as she is not sure how Dutch colleagues would look at her as the only one who is different. Similarly, the Moroccan advisor feels that the situation in the Schilderswijk branch is truly multicultural:

> ...in other branches, where there are one or two non-Dutch people working, the situation is different. My friend is working in Scheveningen [branch], and she does not like it. She has to do everything like her Dutch colleagues. Here we have truly a multinational team. Only two Dutch and everybody from different background. And we talk sometimes about it, we respect each other's cultures.
>
> (Interview data)

Despite all the positive sides of the diversity of cultures, employees sometimes experience difficulties too. Almost all of them mentioned that communication among the team members was somewhat difficult. The Dutch advisor was more specific. He thinks that colleagues from other cultures have different styles of work and different attitudes towards timing:

> ... for example, their timing. You have appointment at 10, they would come at 11 and they take it very easy. They think "ok, it didn't work today, we can do it tomorrow". They really take everything very easy; they do things very slow, they don't like to stress themselves.

This, he continues, in addition to making internal communication and co-ordination of work difficult, could be a barrier for their promotion:

> ... this mentality might be a barrier for [their] promotion. With that of course you cannot get a promotion. And of course, the bank cannot afford to adjust its systems to these kinds of things. It will lose a lot of time, and time is money.
>
> (Interview data)

The branch manager, too, thinks that one of the reasons why ethnic employees do not get promoted is their cultural differences. However, unlike his Dutch subordinate who talks mostly about different style of work, the branch manager focuses on lack of ambition among ethnic minority employees.[11]

The employees themselves think that cultural differences do not necessarily explain their lack of promotions. The South African advisor says what one needs to get promoted, is better education: "... you need right papers [diplomas, degrees]. You have to go to school, study and more you study, more promotion you can get". The floor manager does not need to go to school to get a promotion. She gets on-the-job-training: "... two days a week, Thursdays and Tuesdays I sit at the advisors desk, and I'm learning now and I hope to be an advisor one day." The Moroccan advisor is more outspoken. She explains why she does not want to get a promotion:

> ... in general it [promotion] is possible for everybody; you need to have a good education. But I don't want to do that. They [management] have different lifestyle, which I don't like. Sometimes we have big meetings where people from top management come, and I listen to their jokes, stories. Sometimes they tell each other a joke about a Turkish or Moroccan client. It's not that they discriminate. They also say there has to be people from ethnic background, but then you have to

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[11] Similar opinion was expressed by the senior manager from the Personnel Directorate. See page 30.

be very "Dutch". Even in other branches, where there are one or two non-Dutch people working, situation is like this.

<div align="right">(Interview data)</div>

The branch manager also sees the other side to the problem. Apart from lack of ambition from ethnic employees, top and middle management also is not doing much to promote ethnic employees:

> It is difficult for ethnic workers to get promoted. [The whole] management is [like an] 'old boys network'. If they want [a] manager they get him from their sources, some private banker. They get him from another bank. You don't find [an] advertisement [that they are] looking [for] a manager now. That makes it hard to get promoted. Actually there is no chance for them [ethnic employees] to get promoted. You can become a specialist in, say, insurance, but you cannot move on hierarchy line to get more responsibility... it's true that The Hague is the local bank with biggest percentage of workers from other background, but it's only in the offices. If you go [a] couple of layers up, in the management they are all Dutch.

<div align="right">(Interview data)</div>

When asked about the Management Development Circle programme administered by the Personnel Directorate, he said that this programme was only for people from ninth and higher salary levels while all his subordinates had fourth or fifth level salaries. Therefore he stressed several times that there is a 'glass ceiling' for ethnic employees and practically zero chance to get a promotion.

Talking about this issue, the branch manager suggested a solution. He believes that if Rabobank Den Haag wants to be truly multicultural, its membership base[12] should reflect the demography of the population, i.e. it has to have considerable number of ethnic members. This, according to him, would really change the attitude of top management or at least would create more pressure on the management from the board. Without ethnic people in the top, there is no genuine interest to the issue: "they don't put much attention to it at all. Only those in [the] diversity network are interested".

Despite the fact that the branch manager supports the idea of promoting ethnic employees to managerial positions, he still thinks that in the Schilderswijk branch it is much better to keep a Dutch manager. He argues that because of cultural characteristics of Turkish, Moroccan and Surinamese people, who form the biggest

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[12] As explained on the page 20, management boards of local Rabobanks are selected by members of that local bank. Any client can become a member of a local Rabobank.

ethnic groups in Schilderswijk, a Dutch person is more capable to fulfil the duties of the branch manager:

> I don't think that it is important where the branch manager comes from. There is no difference. On the other hand, I understand how important it is if some of my workers could work on my place... but I notice[d] that many clients have different views on hierarchy and quite often, when there is a little problem they want to talk to me, they think they have to get to the manager to solve their problems. And maybe in this context, I will be more neutral than a non-Dutch manager.
>
> (Interview data)

It should be observed that this quote is similar to the opinion expressed by one of the senior managers that ethnic employees, if they were promoted to managerial positions would have a lot of pressure from their compatriots and therefore Rabobank should be careful in appointing people with an ethnic background on such positions. Despite this doubt in ethnic minorities' ability to manage, Rabobank's general philosophy and diversity policy encourages multiculturalism and expression of cultural images. For instance, the Diversity Site of Rabobank's Intranet contains a special section about different religions. It tells employees what a particular religion, for example Islam is about, how is it different from Christianity, what to expect from Muslims, what the Ramadan is, and the like. The main goal for the Diversity Office in this case is to increase tolerance for cultural and religious differences. If a Dutch employee sees these differences and accepts them, it is argued, he/she will have no objections to working with Muslim colleagues, and this is of course important for the organisation.

To express its respect for religious diversity, Rabobank supported the trade union's desire to give employees an opportunity to take a day-off on special religious events. In 2000, this was incorporated into a new collective agreement (CAO 2000) and was proudly announced by the bank. However, it seems not many employees have been informed about it. At least none of the employees at the Schilderswijk branch knew they could take a day-off during major Islamic celebrations.

Another way to express religious images is clothing, especially for female employees from a Turkish, Moroccan or other Islamic countries' backgrounds where it is important to wear headscarves. The Moroccan advisor shares her opinion on this issue:

> I think everybody should be able to wear what she or he wants, but it's not allowed here. Well, this is a Dutch bank and you cannot do what you want. We had a discussion about it and decided not to do that. Maybe here [at the Schilderswijk branch] it was not a big problem, since most of our clients also come from a

> Turkish and Moroccan background, but then people would demand the same in other branches as well and that's why we couldn't do it. I think they [management] are scared that image of the Bank will change. This bank has a western, European image and maybe [it] doesn't want to change it.
>
> (Interview data)

The floor manager, who is also Muslim, wears a headscarf in her personal life, but she is not allowed to do the same at work. She thinks it is not right:

> I want to try it, I told Alard [branch manager] that maybe we can do it and see how people react. Maybe they'll like it because here we have a lot of Turkish and Moroccans. But he said maybe other Rabobanks wouldn't allow that.
>
> (Interview data)

The branch manager understands that it is a sensitive issue because it is related to religion, but there is very little he can do. Moreover, he believes that it is wrong to allow wearing headscarves as they represent religion, which has nothing to do with Rabobank. The Dutch advisor has the same opinion: "We are a Dutch bank and religion shouldn't be associated with it. We took a decision once not to wear headscarves and this issue shouldn't be discussed again." Though Muslim employees would prefer to be allowed to wear headscarves, they have never demanded it from the management, as they do not see it as their right. The floor manager thinks that it is the bank's prerogative to take decisions on such matters because this bank is a private bank: "… if it is a public organisation, one can demand [to be allowed to wear headscarves]". Moreover, she says, she could choose to move to another bank, where headscarves are allowed, but as this is the only negative side of her work, she would not make the decision to leave.

One observation, shared by the manager of the Diversity Office, seems very interesting in this context:

> To bring ethnic people in the organisation is not enough. Often, managers don't know much about diversity, which leads to conflicts: sometimes they are not satisfied with ethnic workers, because they don't understand all the cultural differences; sometimes a [ethnic] worker is not happy with management style. As a result, ethnic workers leave the organisation very soon, sometimes in less then 6 months, in some cases even voluntarily.
>
> (Interview data)

Future Plans

It is a common belief of the management that Rabobank should and can get more benefits out of Managing Diversity. The senior manager from the Personnel Directorate thinks that, so far, the bank has benefited from diversity only in marketing and selling its products to ethnic groups of the population. As this objective is achieved, according to him, the bank should go beyond recruiting ethnic people as it can enhance innovation, problem-solving ability and teamwork in general:

> ... and on this level, all kind of differences should be discussed. Only some managers see and use this opportunity, because the majority of them do not see the economic advantage of it. But this is the healthy way of doing the business – you have to see the benefit of it. Therefore we put some pieces of diversity issues in the curricula at the academy to change the mindset of people. Of course it cannot happen over one or two days.
>
> (Interview data)

The manager of the Diversity Office too thinks that diversity should be defined much more broadly: "... our priority so far was ethnic diversity, but now we have to talk on diversity as an all-inclusive concept". One benefit of such an approach would be enhanced teamwork: "maybe we cannot benefit from it [diversity] in the fiscal department, as there you need people with technical skills, in other words, you need good calculators, but we will certainly see the benefits of diversity in all other departments were we need teamwork and innovation". Another potential benefit of Managing Diversity, according to him, is related to the co-operative structure of the bank:

> We have about 350 local banks, and all of them are very different. If they want to work together under the co-operative structure, we have to be able to be open to different values and objectives that these banks have. Indeed, we have some big local banks, but also a lot of small banks, besides they are spread in all regions of the Netherlands. Of course these factors create a diversity of values, objectives and management style. We cannot dictate to them how to do business. The only thing we can do is to establish a culture, in which the concept of diversity is a central element.
>
> (Interview data)

However, the question remains - will the constructors of this culture listen to ethnically diverse employees, such as those at Schilderswijk who want to wear headscarves at work?

CHAPTER 4 - DISCUSSION

The case study of Rabobank Nederland presented above allows for the making of several important observations on Managing Diversity practices. The case demonstrated a multifaceted diversity initiative, which does not fit smoothly into the hypothesis - that diversity improves creativity, innovation and productivity, and thus competitive advantage of organisations – set out by many academics and practitioners.

The first observation is that diversity, in accordance with the Managing Diversity theory discussed in Chapter 2, has indeed positively affected competitive advantage of Rabobank. Namely, it helped the bank to increase the market share among the ethnic population of the country. This is especially true in the case of local Rabobanks in four large and a number of middle-size cities, where most of the immigrants tend to live. However, the fact that Rabobank made progress in terms of performance cannot convince the reader that Managing Diversity is a valid theory. Even though the diversity initiative paid off for the bank, the reasons for it do not exactly coincide with those proposed by the theory.

As outlined in Chapter 2, according to Diversity Management theory, diversity adds to the bottomline because it makes teams more innovative and flexible and in this way increases their productivity, which is reflected in overall organisational performance (e.g. Cox & Blake, 1991; Mello & Ruckes, 2001; O'Flynn et al., 2001; Polzer et al., 2002; Swann et al., 2002; Swann et al., 2003). The case study at Rabobank failed to find any such effect of diversity. The central point of the case was not teamwork or HRM in general, but a well-designed marketing strategy, which successfully worked to attract special groups in society – in this case, immigrants, to increase the selling of profitable products of the bank, like mortgages and insurance. Indeed, the case study showed that the diversity initiative was designed for and implemented mostly in those local banks that operated in the large cities where there was a big enough ethnic market from which the bank could benefit. If diversity can improve teamwork, why was it not put on the agenda of other local Rabobanks? Or, how can we explain the transfer of employees with ethnic background from small to large cities? Does diversity not work in small cities and rural areas? The answer is simple – it was untapped ethnic markets of large cities that determined the main

motivation for the bank, not the possible improvements at the teamwork level. The same explanation is valid for the fact that Rabobank's definition of diversity does not go beyond ethnic or cultural heterogeneity, while the theory suggests that any kind of differences among the employees can be a source for improved team performance.

The above discussion makes it clear that the main motivation for Rabobank to embrace Diversity Management was economic benefit from entering into the new market created by the ethnic population of the country. It is also obvious that this economic motivation was rather different from the economic motivation suggested by the theory of Managing Diversity. The case study also revealed that the economic motive was not the only drive for the bank. Next to it, moral considerations were also in place. In support of this statement, the story can be recalled on how Rabobank came to the decision to react to the fast changing demographic situation in the Netherlands. Because of its co-operative structure, Rabobank traditionally paid big attention to the developments in local communities to help its local banks adjust to the changing environment. As the bank saw that the share of immigrants in some areas of the country was significant and it was growing fast, the need to support ethnic groups was strongly felt at the top management level. This led to the inclusion of the diversity issue into the company's Codes of Conduct and Corporate Social Responsibility agenda with the objective to eliminate discrimination in the labour market and in the company's HRM practices.

A number of authors would agree that this is the correct way of managing diversity as it improves the position of unprivileged immigrant groups in society (e.g. Cross et al., 1994; Morrison, 1992; Nkomo, 1995). However, we did not see in the case study that injustice and discrimination against ethnic employees was entirely abolished: on one hand, employees with immigrant backgrounds were mostly recruited for lower positions, where they could be seen by customers and it was shown that promotion for them was very difficult, if not impossible even after recruitment and selection specialists were trained on cultural differences and old screening and appraisal tests were replaced by a new, 'culture-free' one; on the other hand, even at lower positions, some of the ethnic employees felt that they had to behave like the "Dutch" at work to be accepted by colleagues. As well, in branches where ethnic minorities formed the majority of employees (Schilderswijk), female Muslim employees were not allowed to wear headscarves with the explanation that religion had nothing to do with the Dutch bank.

In short, Rabobank claims to be a socially responsible bank, which is sensitive to demographic changes in the society and tries to be open to multiculturalism, but, at the same time, ethnic employees seem to be segregated into lower positions and not allowed to openly express their culture and religion[13]. This leads to the impression that Rabobank's CSR, in relation to workplace issues, is used only just enough to convey the message to society that the bank is socially responsible, but in reality it does little to improve ethnic employees' position within the organisation.

Having said this, in the case of Rabobank, the findings cannot be interpreted as an intentional discrimination against immigrant employees. On the contrary, accepted opinion among the managers is that ethnic employees should be promoted and all kinds of discriminatory practices removed. For this, the bank has taken various measures, mostly towards the end of replacing old recruitment systems with new, non-discriminatory one and raising awareness of the bank employees about issues like cultural diversity and discrimination. Despite all these efforts, the situation has not changed significantly apart from the fact that for minorities it is now much easier to get hired at the bank, but only at lower positions.

How can we explain ethnic employees' current situation? Why has Corporate Social Responsibility of the bank not worked to the full extent to enable upward mobility of ethnic employees? The answer, based on the case study, seems to be found in the *dominance of economic motives and objectives over moral purposes* behind Managing Diversity. Indeed, initial willingness of the top management to give a helping hand to unprivileged ethnic groups was overshadowed by a strong belief at a later stage that employing ethic minority representatives, along with other marketing tools, would be the best way to attract ethnic communities to Rabobank's profitable products and services. In support of this argument, we can recall the quote of the Diversity Office manager when he talks about the 'right person at the right place' approach. Seemingly, the best place for the bank to have its ethnic employees is in the lower level positions of advisors and floor managers where employees have direct contact with customers.

The conclusion that economic considerations for the adoption of Diversity Management dominated over moral motives can be reinforced by the study of

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[13] While it is acknowledged that bank employees were given the right to give advice to ethnic minorities in their native language if it was necessary, this cannot be interpreted as a freedom to express one's culture, of which language is an integral part, because employees can use their native language only in certain situations (for instance, two Turkish employees are not allowed to communicate between each other in Turkish).

Managing Diversity practices in the Netherlands conducted by Glastra et al. (2000), which found that Managing Diversity has opened the gates of many companies for ethnic minorities, but only to a certain extent:

> "...there are signs that, for instance, in retail, banking and insurance this awareness is growing fast and has created job opportunities for ethnic minorities. However diversity management can only bring as much social justice as the corporate interest will allow."
>
> (Glastra et al. 2000:714)

Lack of ethnic employees in managerial positions cannot be attributed only to the ethnic marketing strategy of the bank. It seems that reasons for the glass ceiling are rooted also in stereotypes of Dutch managers. Indeed, the case study showed that some managers blamed ethnic minority employees for their unprivileged situation. For instance, it is believed that Turkish managers are not able to deal with the pressure caused by their compatriots asking for the bank's financial services in favourable terms. This clearly indicates that the attempt of the Diversity Office to bring stereotypical thinking to an end was not a big success. Another 'cultural attribute', named as a disadvantage of ethnic employees was their lack of ambition and willingness to achieve professional growth and advancement on the career ladder. The latter even was used as an explanation as to why ethnic employees do not participate in one of the managers' development programmes, even though that particular programme was designed for middle managers, while the most of the bank's ethnic employees are in much lower positions. Notwithstanding the extent to which above mentioned beliefs are true, they are used by managers as a justification for not promoting ethnic employees, while the rhetoric of the same managers and the official diversity policy sets ethnic employees' graduation on higher, managerial positions as a number one priority. One could ask a simple question – why Rabobank does not recruit well-educated and ambitious people with ethnic backgrounds for its managerial positions from outside?

To summarise the chapter, I shall go back to the questions asked in the beginning of this research and offer an answer for each of them based on the above discussion.

In regards to the first question – what are the motives of Rabobank for adopting Diversity Management practises – the most correct answer would be that it was a mix of moral and economic motives which determined the bank's policy and practices.

However, as we saw, the balance in this mix was on the side of economic motives. In the beginning it was an ethical consideration that gave an impetus to discussions around the issue and that broadened the Bank's Social Responsibility agenda to include Managing Diversity. At a later stage, economic motives gained momentum when the opportunity to acquire shares in the untapped market of the immigrant population was identified. It should be emphasised that the nature of economic motivation in the case of Rabobank is rather different from what is suggested by the theory of Managing Diversity.

To answer the next two questions, that is, how are the Managing Diversity practices influenced by the motives of the bank and whether these practices are identical in all local Rabobanks, we have to bear in mind Rabobank's main motivation and objective as described in the previous paragraph. The case study showed that the bank favoured an approach in which Diversity Management was a part of the special marketing strategy. The main implication of this was that ethnic employees were recruited or maintained only on lower level jobs where they could be used for attracting new customers from their own ethnic communities. 'Right person at the right place' recipe was coupled with stereotyping which made it very difficult, if not impossible for ethnic employees to get promoted or recruited from outside for higher positions.

As to differences and similarities between Managing Diversity practices of various local Rabobanks, the only observation is that Diversity Management was implemented only in four large and some middle size cities where there was a significant ethnic market. Even in the big cities, emphasis was put on some branches located in districts where significant parts of the population were ethnic. This was the case in Schilderswijk branch, where majority of employees had non-Dutch background. This had a very positive effect on their own perception of not being excluded. It seems that ethnic employees felt more at ease in a multicultural team. However, this benefit of multiculturalism was not utilized in other places, where there was no "natural necessity to pay big attention to this issue[14]."

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[14] Quote - senior manager of Personnel Directorate.

CHAPTER 5 – SUMMARY AND OVERALL CONCLUSIONS

Globalisation, the blurring of national borders and increased migration, the spread of multinational companies, the changing ethnic and cultural composition of national workforces in many regions of the world have contributed into discussions among management theorists and practitioners about the heterogeneity of the workforce. In the 1990s, these discussions gave birth to a new management concept and research area - Diversity Management. The aim of this study was to gain an insight into this relatively new concept. This chapter summarises the main results of the research and draws overall conclusions.

A literature review revealed that Managing Diversity has developed from traditional anti-discriminatory practices, such as Affirmative Action and Equal Employment Opportunities. However, there is a clear difference between the two: while Affirmative Action was based on legislation requiring organisations to employ a certain number of minority groups, Managing Diversity appears to be a voluntary organisational strategy with the ultimate goal to gain a competitive advantage for a company. This is achieved through enhancing innovation and flexibility of working teams as a result of the heterogeneity of ideas, perspectives and experiences brought into the organisation by a heterogeneous workforce. As simple as this hypothesis or theory might seem, many debates surround it. The debates can be grouped in two main categories. First, there is a debate within the theory itself. The issues involved are the definition of diversity, or methodological aspects of the corresponding research. Another debate involves scholars from other areas of interest, namely labour relations (those concerned with discrimination at the workplace) and corporate social responsibility. Some trade unions have also raised their voice, asking whether Diversity Management is a management practice which genuinely values diversity at all levels of the organisation and strives to reap benefits from the heterogeneity of workforce, or is it a 'self-regulatory', voluntary strategy designed to undermine strict anti-discrimination legislation and pressure from governments.

The case study at Rabobank Nederland, the biggest bank in the Dutch market, provided the empirical foundation of this research. A literature review and initial study of the company's Diversity Management practices led to the formulation of three main questions: what is the main motive of Rabobank to diversify its workforce, how do these motives influence the actual practices, and are these practices identical

in different local Rabobanks. Research at the company involved study of the relevant documentation, such as various annual reports, policy papers, Codes of Conducts, etc. The main method of obtaining information was face-to-face, open-ended interviews. During two months time, eight interviews were held. During the first stage, key individuals were interviewed from the management. In the second stage, focus was shifted to the local level and interviews were held in the Schilderswijk branch of Rabobank Den Haag with four employees and the branch manager. At this stage, observation as an additional method for obtaining the data was also employed.

The results of the case study, that is, a description of how Managing Diversity was implemented in Rabobank, and the opinions of key respondents, including the Schilderswijk branch employees on related issues, gave an interesting picture of the bank's multifaceted Diversity Management practices. Though the nature of heterogeneity was rather narrow focusing only on ethnic minorities, the overall diversity approach in the case of Rabobank was quite broad in the sense that it was not considered just a recruitment or HRM exercise, but was tied with a specific business objective which involved other area of management as well, such as marketing.

In relation to the questions raised at the outset of this research, discussion led to the conclusion that Rabobank's motivation of taking on Diversity Management was rather a mix of economic and moral considerations, than solely one of them. However, I argue that because Rabobank saw clear opportunity to gain shares in the untapped market of the ethnic population of the country, economic stimulus prevailed over ethical motivation. Here it should be noted that the economic motivation observed was different from what was suggested by the theory.

On the side of implementation, the case study found that Diversity Management in fact was adopted only in local Rabobanks of big cities, where the share of ethnic population, i.e. potential new market, was significant. Repertoire of specific measures included reforming the recruitment system by training its specialists on cultural differences and updating screening tests to make them 'culture-free', and general awareness raising about the issues of diversity and discrimination through various methods such as the Diversity Network and company intranet. A positive result of these measures is that it is now much easier for an immigrant person to get into the company, however it was also demonstrated by the case study that there is a glass ceiling for ethnic employees. Reasons of the glass ceiling are rooted on the one hand

in stereotypes of Dutch managers, and on the other hand in the philosophy of Diversity Management itself. I argue that as the main objective of the diversity initiative was to gain market shares in ethnic population, the bank established a 'right person at the right place' approach which defined that the best place for the bank to keep its ethnic employees was the low level positions of advisors and floor managers, as the latter are the ones who have direct contact with customers. Added value of having ethnic employees was believed to be their ability to better communicate with ethnic customers. As a general conclusion, I argue that the CSR initiatives of Rabobank, of which the diversity issues became a part in the beginning, did not work to the full extent to enable upward mobility of ethnic employees and freedom of expressing their own culture. Market-driven economic considerations have limited the CSR agenda only to enhancing company's image.

The main lesson we can learn from this analysis is that it is the specific objective of Managing Diversity which determines its impact on employees. The marketing-related objective created the glass ceiling in the company. An interesting question is what kind of impact can Diversity Management have on employees if its objectives are genuinely moral or based on the theory of Managing Diversity, which, to repeat, suggests that heterogeneity of any kind at all levels of an organisation can bring performance related benefits to teams and organisations?

The 'owners' of Diversity Management at Rabobank say that their next priority is to make diversity an all-inclusive concept which would actually enable those benefits suggested above. Thus, in order to find an answer to my question, I suggest the bank be revisited in several years to see what developments, if any, have taken place.

ANNEXES

1 – List of Documents

Company Documents:

1. **Policy of Cultural Diversity, 2002** - Communications Directorate, Rabobank Nederland

2. **Rabobank Group Annual Report, 1999** - Rabobank Group

3. **Rabobank Group Annual Report, 2002** - Rabobank Group

4. **Jaarverslag Wet SAMEN over het jaar 2000** - Directoraat Personeel, Rabobank Nederland

5. **Jaarverslag Wet SAMEN over het jaar 2001** - Directoraat Personeel, Rabobank Nederland

6. **verslag Wet Samen over 2002 (Interne nota)** - Directoraat Personeel, Rabobank Nederland

7. **Geef je ambitie toekomst, 2003** - Corporate Recruitment, Rabobank Nederland

8. **Annual Responsibility and Sustainability Report, 2001** - Rabobank Group

9. **The Human Rights Statement for Rabobank as elaboration of the Code of Conduct, 2003** - Rabobank Nederland

10. **Code of Conduct of the Rabobank Group, 2002** - Rabobank Group

Independent/non-official publications/papers/presentations:

11. **100 Years of Rabobank** (speech on Anniversary Ceremony on June 11th, 1998) - Wim Meijer, President of the Administrative Council of Rabobank Nederland

12. **Side by side: Rabobank Heerhugowaard/Netherlands** published in *Profiles in Diversity Journal,* Summer 2001 by Martin Hofstede, CEO of Rabobank Heerhugowaard and Diversity Office Board Member

13. **Marketing Ethnic groups in The Netherlands: Rabobank, The Netherlands** published in *A casebook: Diversity in Action Series*, Petuluma, California: Global Insight Publishing by Martin Hofstede, CEO of Rabobank Heerhugowaard and Diversity Office Board Member

14. **Return on Investments: Ethnic marketing**. Draft version of PowerPoint presentation to be presented on Amsterdam ASTD International ROI Network Conference, October 6-8, 2003 by Martin Hofstede, CEO of Rabobank Heerhugowaard and Diversity Office Board Member

2 – List of Interviewees

1ˢᵗ Phase – central level

1. Manager of the Diversity Office	Interview held on 18.08.2003
2. Board Member, Diversity Office; CEO Rabobank Heerhugowaard	Interview held on 20.08.2003
3. Senior Manager, Personnel Directorate	Interview held on 02.09.2003

2ⁿᵈ stage – the Schilderswijk branch, Den Haag

4. Manager of the Schilderswijk branch	Interview held on 03.10.2003
5. Floor Manager (Surinamese)	Interview held on 10.10.2003
6. Advisor (South African)	Interview held on 10.10.2003
7. Advisor (Moroccan)	Interview held on 13.10.2003
8. Advisor; Management Assistant	Interview held on 13.10.2003

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