# The business case for diversity or for discrimination?

## Labour market shortages, diversity policies, and ethnic minority representation in Dutch organisations

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# Contents

**Abstract**

The so-called 'business case for diversity' is one of the central issues in the literature on diversity policies or 'employment equity policies' (EEPs), especially managing diversity. The concept is relevant for both public and private sector organisations – in that sense it would perhaps be more accurate to call it the 'organisation case for diversity'. In the literature, there seem to be two camps. On the one hand, there is the dominant, enthusiastic perspective according to which the business case for diversity is relatively simple and uniform: organisations with an ethnically diverse workforce are more creative/innovative/productive, ethnic marketing/targeting based on the 'ethnic capital' of employees increases the demand for products and services, 'irrational' employers will be punished by the market if they base recruitment decisions on prejudices and refuse to hire ethnic minorities, and 'ethnosiastic' employees will be attracted to organisations that seem to value individual differences, including ethnic differences. On the other hand, there is the critical perspective according to which business case arguments are fundamentally problematic or even dangerous, mainly because they supposedly hamper the social justice case for workplace diversity.

This article takes a middle stance or 'sceptical' perspective. By looking at the literature on ethnic or racial discrimination and anti-discrimination in particular, it becomes clear that the economic/rational model can be questioned in its own terms. Somewhat provokingly, this paper poses the question, whether there also exists a 'business case for discrimination': after all, concepts like employee discrimination, customer discrimination, statistical discrimination, and indirect or 'structural' discrimination have a long history. Theoretically, the review suggests that the earlier mentioned 'positive' arguments are particularly relevant for skilled work, whereas the 'negative' arguments seem to apply to unskilled work first and foremost.

Empirically, the analysis focuses on one of the most important and often mentioned contextual factors in the literature on economic rationality and ethnic diversity: the impact of labour market shortages on ethnic minority representation and on the effectiveness of diversity policies aimed at this group. If labour markets are tight, opportunities for ethnic minorities supposedly improve – except if there is no willingness to consider them as employees at all, which may depend on the kind of work. When looking at skilled labour market shortages, the business case for diversity seems to be confirmed, as shortages on this level are associated with higher levels of ethnic minority representation. When looking at unskilled labour market shortages, the simple, uniform business case for diversity is questioned, as shortages on this level are not associated with higher levels of ethnic minority representation (when controlling for the impact of skilled labour market shortages). The paper examines the effectiveness of three types of diversity policies: policies designed to analyse the current situation with regard to ethnic minority representation within the organisation, policies designed to improve the influx of ethnic minorities, and managing diversity instruments designed to improve the management of a diverse workforce in organisations. Even though the last type of diversity policies focuses on the inner workings of organisations, previous research showed that it can also lead to higher ethnic minority representation in the short run (Groeneveld & Verbeek, 2010). Diversity policy effectiveness is unaffected by either unskilled labour market shortage or skilled labour market shortage. The paper briefly discusses the implications of the findings. Even though the analysis has several limitations, a sceptical view on the 'business case for diversity' seems warranted.

The paper uses a unique integrated dataset, with two sources: the Central Database *Wet SAMEN* (CDWS) and the *Centrum voor Werk en Inkomen* (CWI). The CDWS material consists of thousands of annual reports that were filed in the context of the Dutch *Act Stimulation Labour Market Participation of Ethnic Minorities* (*Wet SAMEN* 1998-2003). These reports contain information on the representation of ethnic minorities in work organisations, information on organisational policies aimed at this group, and contextual information (sector, region, etc). Using a lagged dependent variable (LDV) model, a robust analysis of the effectiveness of different policies is possible, including interactions with labour market shortages. The CWI material contains information on the number of job seekers, including their qualifications, and vacancies at different job levels at the regional labour market. These detailed figures are used to construct indicators for labour market shortages at the unskilled and skilled level.

**Keywords**

The business case for diversity, diversity policies, labour market shortages, ethnic minority representation, ethnic or racial discrimination, managing diversity, unskilled or elementary work

**Word count**
10,354 (main text)

**Introduction**

In the 1960s and early 1970s, many Dutch employers recruited foreign workers to meet their demand for labour. This pattern was common to most Western European countries, even though some countries (like the United Kingdom) did not use official recruitment schemes. In the Netherlands, most of these so-called *gastarbeiders* – at first mainly from southern European countries, later also from Turkey and Morocco – were offered unskilled manual jobs in the industrial sector. In fact, a low level of education was seen as a positive individual characteristic of the potential recruit, because it supposedly made it more likely that he – most of the recruits were men – would return home. During and after the recession of the mid-1970s, however, times changed. A number of 'guestworkers' decided to stay after all, even though their chances of success in the labour market deteriorated dramatically as the shortage of unskilled labour disappeared. From the early 1980s onwards, some of these immigrants, in particular those suffering from ethnic or racial discrimination, were subsequently officially recognized as *minderheden* in need of public assistance to ensure their equitable or 'equivalent' participation in various societal domains, including the labour market (Jonkers, 2003: 42). Around the turn of the century, European immigration laws converged around two pillars: a so-called 'green card' policy to encourage the influx of high skilled immigrants and an opposing policy to discourage low skilled immigrants. In the Netherlands, the newly inaugurated cabinet even declared that "putting a stop to the large-scale influx of *kansarme* immigrants" will be one of the spearheads of its policy (Prime Minister Rutte, NOS Journaal, 14-10-2010).[i]

To what extent is elementary work still being done in the Netherlands at all? What kind of unskilled jobs are left, given the transferral of many manual jobs to low-wage countries in the process of international outsourcing? In his study of the Dutch labour market during the last quarter of the 20th-century, De Beer (2001: 300-302) concluded that the volume of employment at the lowest job levels remained remarkably stable.[ii] Employment growth is concentrated at the highest functions, where jobs involve many social interactions and offer full scope to the worker to develop his or her talents. 'Dirty work', however, and work that offers very limited opportunities are still here. According to Sassen`s polarisation thesis (2001, see Van der Waal, 2010: 6), the clustering of advanced producer services in cities generates high labour demand for not only the highest, but also the lowest occupational strata. In the producer service sector itself, the lawyers, accountants, consultants, financial specialists et cetera are being supported by cleaners, security workers, and couriers. Apart from that, these high-paid professionals generate a demand for consumer services that involve unskilled work (for example in the hotel and catering industry) and other, sometimes more informal services (for example childcare and housekeeping). Van der Waal (2010: 216-270) indeed finds evidence for this kind of polarisation in those Dutch cities with the highest share of employment in the advanced producer services. It should be noted, though, that the shift to a post-industrial urban labour market is only to a very small extent attributable to the 'global' character of these cities (i.e. to outward foreign direct investments): according to Van der Waal (2010: 215) the decline of industrial employment is mainly caused by productivity enhancing technological changes like automation and the growth of the service sector is mainly caused by changing national demand for goods and services, including the commodification of care.[iii]

The rising popularity of managing diversity as a business-friendly approach to workplace inequities should be understood against the background of this large scale, long term "quest

for efficiency" (Van der Waal, 2010: 143). One of the central elements of the managing diversity paradigm is the so-called 'business case for diversity', together with the norm of 'individual recognition' (Verbeek, forthcoming; Verbeek & Penninx, 2009) and the idea that organisations should manage their organisational culture in order to improve their effectiveness (Groeneveld & Van de Walle, 2010; Kirton & Greene, 2005; Wrench, 2007). In his seminal article in Harvard Business Review, Roosevelt Thomas (1990: 109) argued that managing diversity moves beyond affirmative action policies, because these are unable to develop the full potential of a diverse workforce:

> "Affirmative action gets the new fuel into the tank, the new people through the front door. Something else has to get them to the driver's seat. That something else consists of enabling people, in this case minorities and women, to perform to their potential. This is what we now call managing diversity. […] Just managing diversity in such a way as to get from a heterogeneous work force the same productivity, commitment, quality, and profit that we got from the old homogeneous work force."

Hence, in its original formulations managing diversity focuses on the inner workings of organisations. In recent years, however, the concept of the business case for diversity has also been used to promote the idea that organisations should hire more ethnic minorities in the first place: the fact that many organisations still employ a relatively modest share of ethnic minorities or no ethnic minority employees at all is interpreted as 'bad for business'. Many politicians and government-funded institutes in particular are eager to stimulate work organisations to increase the ethnic diversity of their workforce (Div, 2010; de Vries *et al.*, 2005). Of course, relatively high unemployment figures among ethnic minorities and worries about the 'integration problem' in countries such as the Netherlands form the background of this eagerness. This paper is about the second, newer meaning of the business case for diversity, which is defined as: *an economic motivation based on the rational self-interest of organisations in favour of hiring both ethnic minority and ethnic majority workers*. It investigates the relationship between specific economic circumstances, the aggregate representation of ethnic minorities within organisations, and diversity policies, posing the question: what is the impact of skilled and unskilled labour market shortages on ethnic minority representation and diversity policy effectiveness? Theoretically, the analysis is informed by the broader concept of organisational motivation or the "underlying rationale" of diversity and diversity policies (Kirton & Greene, 2005: 214; Wrench, 2007: 123; see Deem, 2007; Jewson & Mason, 1987) (see Figure 1).


**Theory**

***Underlying motivation, the business case, and labour market shortage***
In the literature on the main drivers for (aiming at) ethnic diversity in work organisations, three kinds of motivation are usually distinguished (Verbeek & Groeneveld, 2010; see Bendick, *et al.*, 2010; Dickens, 1999; Kirton & Greene, 2005). The first motivation is 'moral' and implies that an organisation formulates diversity policies on the basis of the conviction that fighting ethnic or racial discrimination and promoting diversity are part and parcel of being a good 'corporate citizen'. Put simply: hiring both ethnic minority and ethnic majority workers is seen as 'the right thing to do' by the management of the organisation. The second motivation is 'political' or 'legal' and implies that steps are taken in response to perceived pressure of other organisations, usually the national government. Even though diversity and policies aiming at diversity may be supported normatively, the primary motivation in this case

is 'conventional', i.e. aimed at legal compliance and societal legitimacy rather than at the promotion of certain principles of justice (see Trevino, 1992; Van Tulder, 2006; Verbeek, forthcoming). Under the *Wet SAMEN*, for example, Dutch work organisations had a legal obligation to promote equal opportunities for ethnic minorities. Somewhat paradoxically, in recent years the Dutch government provides a stimulus to diversity (and diversity policies) by emphasizing the rational self-interest organisations, rather than their social (and legal) responsibility not to discriminate (Div, 2010). Companies with a ethnically mixed workforce supposedly have a competitive advantage, for four main reasons (see theoretical section): organisations with an ethnically diverse workforce are more creative/innovative/productive, ethnic marketing/targeting based on the 'ethnic capital' of employees increases the demand for products and services, 'irrational' employers will be punished by the market if they base recruitment decisions on prejudices and refuse to hire ethnic minorities, and 'ethnosiastic' employees will be attracted to organisations that seem to value individual differences, including ethnic differences.

According to some authors, 'proactive' organisations should be capable of effectively combining morally and politically acceptable choices with the rational self-interest (Kirton and Greene, 2005; Liff and Dickens, 2000). Others are more skeptical about such a 'win-win-win' situation (see Verbeek & Groeneveld, 2010). The analysis in this paper is based on the theoretical notion that the underlying motivation of organisations to hire both ethnic minority and ethnic majority workers depends on the kind of work involved. On the one hand, there are good reasons to assume that the four main economic advantages of hiring both ethnic minority and ethnic majority workers are stronger for skilled work. On the other hand, the literature on the long-standing concepts of employee discrimination, customer discrimination, statistical discrimination and indirect/structural discrimination suggests that hiring an ethnically mixed workforce can be disadvantageous as well and, crucially, that these disadvantages may be stronger at the level of unskilled work. The next sections elaborate on the contrasts between the business case for diversity and what may be called the 'business case for discrimination' (see Table 1).

Unfortunately, the empirical material is void of direct information on the drivers of organisations. The analysis employs several strategies to deal with this limitation. With regard to the different kinds of motivations, i.e. the balance between moral (justice-oriented) arguments, conventional (compliance-oriented) arguments and rational (business-oriented) arguments, the analysis simply assumes that the last arguments are stronger than the other two, because they are usually less controversial (Kirton & Greene, 2005).[iv] This assumption is consistent with the general phenomenon that business related arguments are often used in a 'last but not least'-fashion: the willingness to hire both ethnic majority and ethnic minority workers is not only morally right and required by anti-discrimination laws, but also in the self-interest of organisations. At the same time, it is acknowledged that the weight of the three motivations may depend on other contextual factors and therefore the statistical analysis controls for relevant circumstances like size, economic sector, location, average job level et cetera. Public sector organisations, for example, can be expected to experience more political/public pressure to comply with (the spirit of) the law than private sector organisations (Groeneveld & Verbeek, 2010). Finally, the empirical analysis does not focus on the underlying motivation of organisations directly, but instead zooms in on one of the most important and often mentioned *contextual* elements in the literature: labour market shortage (European Commission, 2005; Nievers & Andriessen, 2010).

According to the simple, enthusiastic view labour market shortage has a uniform, positive impact on ethnic minority representation and on the effectiveness of diversity policies aimed at this group. If a labour market is tight, there are relatively few jobseekers compared to the number of vacancies. This means that employers have fewer options. Employment opportunities for ethnic minorities supposedly improve, because employers experience difficulties in finding suitable ethnic majority job candidates. Interestingly, then, this view presupposes the existence of some degree of ethnic discrimination at the labour market. According to the complex, sceptical view the impact of labour market shortage on ethnic minority representation and diversity policy effectiveness depends on the underlying motivation of employers to hire ethnic minority workers *at all* (see Figure 1). In the case of skilled work, the four 'rational' arguments associated with the business case for diversity suggest that this underlying motivation is quite strong. In such a situation, skilled labour market shortage indeed can be expected to have a positive impact. In the case of unskilled work, however, opposing 'rational' arguments (associated with employee discrimination, customer discrimination, statistical discrimination and indirect/structural discrimination) suggest that the underlying motivation to hire ethnic minorities at all is quite weak, if not absent. It would therefore be surprising if unskilled labour market shortage has a similar positive impact as skilled labour market shortage. In fact, it can be hypothesised that unskilled labour market shortage has no positive impact on ethnic minority representation and diversity policy effectiveness, because for 'rational' employers hiring unskilled ethnic minority employees is out of the question. Of course, in extreme circumstances – more vacancies than jobseekers – employers may have no choice. At the level of unskilled work, however, these circumstances are nowadays very unlikely, whereas there can be shortage of high skilled specialised workers even in a time of recession (Jewson & Mason, 1994: 607). Hence, by distinguishing between skilled and unskilled labour market shortages the business case for diversity can be studied *indirectly*.

### *Ethnic diversity and the labour process: more creativity or more conflict?*
The first element of the business case for diversity is primarily concerned with the labour process, i.e. the cooperation between employees at the workplace. It entails the idea that organisations that employ a diverse workforce are more creative and innovative, because problems will be viewed from different angles. In homogeneous work teams the range of solutions will be smaller compared to diverse work teams (Bassett-Jones, 2005).

At the same time, it is often acknowledged that ethnic diversity may lead to more conflict at the workplace and this is one of the most important reasons why diversity at work is seen as a 'mixed blessing' by some observers (Williams & O'Reilly, 1998, in Carson *et al.*, 2004: 124). These conflicts may be the result of inter-ethnic misunderstandings, feelings of ethnic threat (see Schaafsma, 2006: 54-55), or employee discrimination (Jain *et al.*, 2003: 59; Kirschenman & Neckermann, 1991). If different (groups of) employees do not get along very well the effectiveness of the organisation may suffer. If, as Anderson (1980, in Kirschenman & Neckerman, 1991: 206; see Kimenyi, 1995: 212) holds, productivity is in the final instance a *social* phenomenon rather than an individual characteristic, business case reasoning may motivate organisations to opt for homogeneous work teams. "[W]hat begins as irrational practice based on prejudice or mistaken beliefs may end up being rational, profitmaximizing behavior" (Kirschenman & Neckerman, 1991: 206).

Of course, the most important solution to this dilemma suggested in the managing diversity literature and advocated by consultants is the nourishment of an open, diversity-friendly

organisational culture, but this strategy assumes that the organisation is already characterised by ethnic diversity. This analysis draws attention to another factor: the level of skill required for the work at hand. On the one hand, it is likely that the element of creativity is more relevant for skilled work than for unskilled work. In the latter case, the work is mostly characterised by routine rather than creativity (Jenkins, 1986). On the other hand, the element of conflict may be more relevant for unskilled work than for skilled work (Jenkins, 1986; Jewson & Mason, 1987). Hence, at the elementary level the weight of this specific economic argument in favour of ethnic diversity is not as heavy in the first place. On the basis of this reasoning, it can be hypothesised that labour market shortage at the level of skilled work has a positive impact on ethnic minority representation and diversity policy effectiveness. Labour market shortage at the level of unskilled work may be largely irrelevant, because employers do not want to hire unskilled ethnic minority workers at all.

***Ethnic diversity and the goods or services: ethnomarketing or customer discrimination?***
The second element of the business case for diversity is primarily concerned with the market for the products or services of the organisation. It is sometimes referred to as 'ethnomarketing' (Verheggen *et al.*, 2001) or 'ethnotargeting' and entails the idea that it is in the rational self-interest of organisations to take advantage of the diverse needs of their (potential) customers. Concretely, organisations are sometimes motivated to employ workers with specific ethnic backgrounds in order to target comparable clients – the practice of 'matching' (Bendick, *et al., 2010*).

At the same time, the number of jobs for which 'ethnic capital' is a requirement is limited in general (Dagevos, 1998). In many respects, ethnomarketing is a PR instrument rather than an HRM instrument and appealing to an ethnically diverse clientele may only partly depend on the actual diversification of the workforce. Furthermore, if ethnomarketing is an ethnically neutral concept serving a predominantly 'white' market may imply that a predominantly 'white' workforce is needed. In the literature, this phenomenon is often referred to as 'customer discrimination' (Jain *et al*., 2003: 67; Kirschenman & Neckermann, 1991) and research conducted by the ILO in the 1990s suggests that it is an important factor in explaining employers` lack of motivation to hire both ethnic majority and ethnic minority employees (Zegers de Beijl, 1999: 75).

Again, this paper suggests that the positive aspect is more relevant for the level of skilled work, whereas the negative aspect is more relevant for the level of unskilled work. If an organisation wants to 'tap' ethnically specific knowledge, these workers should probably have a level of education beyond the elementary level. Conversely, customer discrimination may be stronger with regards to the kind of services offered by unskilled employees. In catering and retail, for example, elementary workers partly serve as the frontpiece of the organisation at large. This kind of visibility could be an important factor in analysing ethnic diversity at the workplace (Janssens & Zanoni, 2005). When it comes to the market for the products or services of the organisation, the business case for diversity seems stronger at the level of skilled work than at a level of unskilled work. Due to the opposing 'business case for discrimination', the underlying motivation to hire unskilled ethnic minority workers is probably weak. It is therefore hypothesised that unskilled labour market shortage has no positive impact on ethnic minority representation and diversity policy effectiveness.

***Ethnic diversity and the demand for labour: irrational 'pure' discrimination or statistical discrimination?***

The third element of the business case for diversity is directly related to the labour market, emphasising the perspective of employers in particular. It is based on Gary Becker's theory of 'taste-based' discrimination (see Kimenyi, 1995; Veenman, 2003). Based on neo-classical economic reasoning, this theory suggests that 'pure' discrimination – based on a "desire to maintain physical or social distance" (Akerlof & Kranton, 2010: 98) – is irrational in a free labour market. In the long run, the competitiveness of discriminating employers will suffer, because discriminated groups will sell their labour power to other organisations at lower rates. If these groups are as productive as other groups on average, non-discriminating employers will have an advantage.

Even within the neo-classical paradigm, however, competing theories of discrimination exist. One of the most prominent is Kenneth Arrow`s theory of statistical discrimination. According to this theory, discrimination may be rational in the process of screening job candidates (see Groeneveld, 2002: 27-29). In recruitment, the information available to employers about potential employees is usually limited and the costs involved in assessing each candidate individually are usually high. In order to save time and money, employers estimate the productivity of candidates on the basis of perceived group membership and group characteristics. In the Netherlands, for example, many employers believe that ethnic minority workers have more problems mastering the Dutch language and take longer holidays on average (Nievers & Andriessen, 2010). If these believes are correct, excluding this group from job opportunities altogether can be seen as a rational exercise in risk management.

The importance of these economic theories of discrimination is of course context-dependent. This study focuses on the difference between skilled and unskilled work. Again, it can be argued that the economic argument against discrimination, i.e. in favour of hiring both ethnic minority and ethnic majority employees, is particularly relevant for employers with an educated workforce, whereas the economic argument for discrimination is particularly relevant for employers with an uneducated workforce. On the one hand, even though wages in the Netherlands mostly depend on collective agreements rather than individual negotiations, it is likely that wage flexibility is the lowest at the bottom end of the job hierarchy – assuming, of course, that employers respect the minimum wage. In the context of the Dutch welfare state, furthermore, many jobseekers would probably prefer receiving social benefits over working below the minimum wage. Hence, when it comes to unskilled work it is unlikely that discriminated groups will sell their labour power to other organisations at lower rates. At higher job levels, 'pure' discrimination has higher potential costs and may therefore be more irrational in the first place.

On the other hand, it can be argued that statistical discrimination is probably more common at lower job levels, for three reasons. First, by definition, the suitability of unskilled workers cannot be assessed by looking at their formal qualifications. Employers therefore resort to other 'signals', including easily identifiable markers such as perceived group membership. Second, and probably more importantly, suitability criteria may hardly play a role in the recruitment of unskilled workers at all, as almost anybody can do the job or may acquire the necessary, minimal skills very easily. In these circumstances, employers may be simply concerned with providing "a sufficient supply of labour units" (Jewson & Mason, 1986: 46). Hence, according to Jewson and Mason (1986), the nature of recruitment to many occupations is at odds with the ideal drawn from a view of recruitment for academic, professional, and

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upper managerial occupations. In practice, much of the recruitment for low-level jobs may not involve any significant individual selectivity. Third, at the level of unskilled employment, much of what occurs in recruitment is routinely informal – with respect to recruitment channels, recruitment procedures, selection interviews, and selection criteria (Jenkins, 1986: 237). There is very little sense in which (line) managers have to justify their decisions and, according to Jenkins (1986: 237), this lack of accountability is perhaps one of the most important preconditions for ethnic or racial discrimination at the bottom of the labour market.

***Ethnic diversity and the supply of labour: 'ethnosiasm' or structural discrimination?***
The fourth and last element of the business case for diversity is also primarily concerned with the labour market, though it focuses on the perspective of (potential) employees. It simply states that jobseekers are attracted to organisations that seem to value diversity (Ng & Burke, 2005). As in the case of ethnomarketing, this attraction is of course partly based on public relations, i.e. building a diversity-friendly public image. Still, really existing diversity in the workforce is a strong signal in itself. Put differently: a 'lilywhite' organisation claiming to promote diversity has a credibility problem. The simple fact that an organisation already employs both ethnic minority and ethnic majority employees may make an organisation more attractive as a future employer. Of particular importance is the question whether the organisation is ethnically diverse across its different layers, as this supposedly exemplifies equal opportunity for upward mobility. It should be emphasised that this element is relevant for both ethnic minority and ethnic majority jobseekers, as both groups allegedly prefer to work in a non-homogeneous environment that respects individual differences between employees.

The social scientific literature on the 'structural' nature of discrimination contrasts with this last element of the business case for diversity, because it suggests that homogeneity rather than 'ethnosiasm' is the norm. According to Williams (2000: 64), 'structural' or 'systemic' discrimination "comprises those sources of group-patterned disadvantage and inequality that are neither a consequence of the voluntary choices of individual members of the disadvantaged group nor a product of particular social agents` bias against the group". One of the most important sources of structural discrimination is 'indirect discrimination' (see Wrench, 2007) and the terms are sometimes used interchangeably (see Simon, 2005; Verbeek, forthcoming). Indirect discrimination refers to apparently 'neutral' recruitment practices or work routines that in practice discriminate against members of an ethnic group (Wrench, 2007: 119). Most notably, for the current discussion, many organisations use 'word of mouth' search as a highly informal, but economic and efficient means of minimising the costs of recruitment (Jenkins, 1986). 'Established workers' and their contacts benefit from the widespread use of 'word of mouth' recruitment, as this form of indirect discrimination is a two edged sword. On the one hand, employers are able to save costs and increase the likelihood of finding 'acceptable' employees, i.e. employees who are not seen as problematic by the existing workforce, do not endanger the communication between management and workers, and are "'properly' motivated, self-disciplined and habituated" (Jenkins, 1986: 235). On the other hand, new recruits do not seem to mind being recruited through their own, relatively homogeneous ('like knows like') social networks. Apparently, one is inclined to conclude, the – conscious or unconscious – desire to work with the Other is not as widespread as suggested by this element of the business case for diversity.

Again, these contrasting arguments on the economic rationality of (striving for) diversity are better understood if the kind of work is taken into consideration. In general, it should be

noted, individualised HRM – apart from being expensive (Kirton & Greene, 2005: 131) – may only be relevant for the happy few: highly educated professionals and upper management (Legge, 1998). At the bottom of the job hierarchy, workers have fewer options to choose from and the 'desire to be able to be oneself' may therefore not play as big a role in the screening of potential employers. Equal opportunities for upward mobility are only a relevant criterion for workers eligible for upward mobility in the first place. In the context of a 'battle for brains', i.e. a shortage on the labour market for highly talented workers, organisations try to be as attractive as possible to the 'creative class' (Florida, 2004) with its cosmopolitan members. But it is questionable whether celebrating diversity works as well for 'low-fliers' as it supposedly does for 'ethnosiastic' high-fliers. At the bottom of the job hierarchy, in manual and routine non-manual occupations (Jenkins, 1982, in Jewson & Mason, 1987: 136; see Jenkins, 1986), acceptability criteria are of much more salience for recruitment decisions than suitability criteria and such a situation facilitates racial (and sexual) discrimination (Jenkins, 1986). This discrimination is not necessarily of the direct, intentional kind, though one may expect that the acceptability of ethnic minority employees is lower at the lower job levels, because the lower educated are more ethnocentric on average (Van der Waal, 2010).[v] At the level of unskilled work, the recruit should be acceptable to the team and the team should be acceptable to the recruit.

*Hypotheses*
This paper focuses on a 'politicised' version of the business case for diversity, according to which it is in the rational self-interest organisations to employ both ethnic minority and ethnic majority workers and to turn policies with this goal into a success. Hence, even though organisations may be economically motivated to formulate policies, this paper does not analyse their incidence per se. Furthermore, given the absence of direct information on the underlying motivation of organisations, the analysis can only yield an indirect estimation of the relevance of the business case for actual ethnic minority representation and diversity policy effectiveness. Finally, the statistical analyses do not engage with the issue of 'reverse causality', i.e. the possibility that diversity policies and ethnic minority representation influence each other (see on this issue Hoque & Noon, 2004; Naff & Kellough, 2003; Meerman & Scholten, 2003; Verbeek & Groeneveld, 2010). Empirically, the primary focus of this paper is the impact of specific economic circumstances on ethnic minority representation and diversity policy effectiveness, as described in the following four hypotheses (and visualised in Figure 2):

Hypothesis 1: skilled labour market shortage impacts ethnic minority representation positively
Hypothesis 2: unskilled labour market shortage does not impact ethnic minority representation positively
Hypothesis 3: skilled labour market shortage impacts diversity policy effectiveness positively
Hypothesis 4: unskilled labour market shortage does not impact diversity policy effectiveness positively


**Methodology**

*Data*
The research material consists of thousands of annual reports that were filed in the context of the Dutch Act Stimulation Labour Market Participation of Ethnic Minorities (*Wet SAMEN* 1998-2003).[vi] Under the *Wet SAMEN*, organisations employing 35 or more employees had to

supply government on a yearly basis with information on the number of ethnic minorities employed on different job levels and with information on diversity policies in the organisation. Even though the authorities published detailed figures on the supply of ethnic minorities on regional labour markets, the law merely required organisations to monitor the ethnic composition of the workforce and to *strive for* proportional representation. Furthermore, the law did not stipulate serious sanctions, but relied on a kind of 'reputation mechanism' (see Van Tulder, 2006): using the information on compliance made available by the authorities, civil society organisations like anti-discrimination bureaus could seek publicity in order to convince organisations of the usefulness of the law.

The data used in this article were imported from the original Central Database *Wet SAMEN* (CDWS), which was created by the different authorities involved in the implementation of the law, using information supplied by individual employers. The purpose of the database was bureaucratic as well as informational: government officials and other interested parties could keep track of the performance of individual organisations more easily using the database. Unfortunately, the law was not perfectly complied with. In many reports, information is missing and in many others, different pieces of information contradict each other. In order to create a dataset as reliable as possible, an intensive filtering process was undertaken. In each annual report, for example, we checked whether the total number of employees equaled the number of employees working at the different functional levels, whether the ethnic minority employees did not outnumber the total number of employees, whether the number of full-time employees made sense compared with the total number of employees, etc. All reports that were judged inconsistent in their own terms were removed from the analysis.

For the analysis reported in this article, some further reductions of the dataset were necessary. The main reason for this is theoretical: it was decided to focus on a single year, *in casu* 2001, to hold constant the broader societal context and because the general level of unemployment in the Netherlands was lowest in 2001, due to the economic boom that started in the mid-1990s. In 2002, in the aftermath of 9/11 and the American attack on Afghanistan, the economic situation deteriorated. Of course, in a technically advanced, high-value-added economy there can be shortages of professionally trained people with skills and managerial capacities even in a time of recession (Jewson & Mason, 1994: 607). Shortage of unskilled labour, however, is likely to disappear during an economic downturn.[vii] The CDWS information on organisational policies in 2001 is not compatible with earlier years, as the list of pre-formulated policy actions (as in a closed survey) was changed in 2001. The primary sector (agriculture, fishing, minerals, utilities) was deleted from the analysis in its entirety, because the percentage of primary sector organisations in the dataset was only about two percent (creating a problem of 'uneven split', see Tabachnick & Fidell, 2007: 73).[viii] Finally, in preparation of the regression analysis a number of outliers had to be removed, even though the transformation of some of the variables led to a significant reduction of the number of outliers. Cases with absolute Z-scores equal to or greater than 3.29 were removed from the analysis, implying that scores with a probability lower than .001 are outliers. Visual inspection of all univariate distributions showed that most outliers identified in this way were also detached from the other cases, which is another relevant criterion (Cohen *et al.*, 2003). After the transformations and removal of outliers, all continuous variables were either normally distributed or close to normality.

Had the law been perfectly complied with, then the total number of *Wet SAMEN* reports in 2001 would have been 15,834. In reality, only 11,065 of these reports were actually filed and

for the reasons outlined above, 6,937 reports were removed from the analysis. Hence, the final dataset contains 4,128 reports (26,1%).

Even though it is impossible to determine exactly, it is reasonable to assume that the final dataset is a fairly accurate representation of Dutch organisations employing 35 employees or more. There is no comparable dataset – in fact, gathering information on the organisational level was one of the goals of the law and for a number of years, the database itself was used as a benchmark. With respect to the dependent variable, ethnic minority representation, the percentages found in the dataset are similar to other datasets (see for example the data on large organisations in Meerman and Scholten, 2003). With regard to the policy variables, a comparison between consistent reports and inconsistent reports showed that the latter group was slightly less likely to report diversity policies. This indicates that the organisations in the final dataset may be considered 'most likely cases' to a certain extent: if diversity policies are ineffective in these organisations, it is highly unlikely that they were implemented successfully in the other organisations, who reported inconsistently or never even bothered to file a report at all.

### *Method*
This study is based on a Lagged Dependent Variable (LDV) model, which is a good option in situations with many cases, few waves, *and* a presumed need to take into account the initial ('pre-test') score on the dependent variable (Menard, 2002; Van der Kamp & Bijleveld, 1998, pp. 37-40; see Naff & Kellough, 2003). The LDV model is fairly simple: it just means adding a pre-test score on the dependent variable as a control variable into the regression analysis. The reasoning behind this is elegant, as it allows each case to serve as its own control (Hedeker & Gibbons, 2006: xiv). The idea is that all previous influences on the dependent variable are crystallized at the beginning of the study – the 'pre-treatment' score in experimental terms. Subsequently, groups of cases receive various treatments. This design enables strong causal inferences, as differential post-treatment scores can be related more reliably to the treatment.[ix] See Table 2 for the descriptive statistics of the variables used.

### *Measurement of the dependent variable*
The dependent variable in this study is 'end of year ethnic minority representation'. It is based on the proportion of ethnic minority workers employed by the organisation at the 31st of December of the reporting year. In this dataset, the distribution of the dependent variable strongly deviated from normality. In order to meet one of the assumptions of the statistical model and to improve the potential generalisability of the findings, it was transformed using the logit function, i.e. by calculating odds instead of proportions and then taking the natural logarithm of these odds. Odds are defined as the proportion of ethnic minority employees divided by the proportion not from that group (proportion/(1 – proportion)).[x] it should be noted that this operationalisation implies that the effect of the business case for diversity is a matter of degree rather than dichotomous. Concomitantly, the 'business case for discrimination' should be interpreted as an economic motivation to hire a relatively homogeneous workforce rather than a completely homogeneous one.

### *Measurement of the control variables*
The control variables are all based on the official *Wet SAMEN* reports, unless stated otherwise.

- Commercial services and non-commercial services: two sector dummy variables to control for the differences between the major economic sectors. The reference group is the industrial ('secondary') sector. Non-commercial services (the public sector) include government, education, and care. The commercial services (the 'tertiary' sector) include (almost) all other economic activities: construction, cultural/recreational/other services, retail trade, financial institutions, wholesale trade, hotel/catering, transport/storage/communication, and business services.
- Major city: a dummy variable to control for a possible pro-diversity climate in the four largest cities in the Netherlands: Amsterdam, Rotterdam, The Hague, and Utrecht. All other Dutch municipalities together form the reference group.
- Ethnic minority representation on the regional labour market: a continuous variable to control for the supply-side on the regional labour market. This measurement is based on the official percentages published each year, to support the implementation of the *Wet SAMEN*. The proportions were transformed using the logit function (see dependent variable); substitutions were not required.
- Average job level: a continuous variable to control for the average job level in organisations (on a scale from 1 to 4).
- Size: a continuous variable to control for the organisation size, as measured by the total number of employees at the end of the year. This measurement was transformed by taking the natural logarithm (compare Kalev *et al.*, 2006). Still, some reports of very large organisations (more than 1,221 employees) had to be removed. The results reported here may therefore not generalise to very large organisations.
- Full-time/part-time ratio: a continuous variable to control for the share of full-time and part-time jobs in an organisation. This measurement was transformed using the logit function. Some substitutions were necessary for cases with no full-time jobs or only full-time jobs (see dependent variable).
- Growth: a continuous variable to control for the general health of an organisation, as measured by its growth rate, i.e. the difference between the total number of employees at the beginning of the year and the total number of employees at the end of the year (in percentages). Taking the natural logarithm greatly improved the shape of the distribution.
- Beginning of year ethnic minority representation: a continuous variable to control for the share of ethnic minority workers at the beginning of the year. This variable was calculated in the same way as the dependent variable, except of course for the fact that it expresses the situation a year earlier, using the information on the inflow and outflow of ethnic minority employees and other employees.

*Measurement of diversity policies*
The measurement of diversity policies in this study is based on the original *Wet SAMEN* database, which contains information on a high number of policy actions reported by the organisations that were subject to the law. In 2001, employers were sent a detailed manual with instructions on how to comply with the law. The booklet as well as the floppy disk contained a form with 29 policy actions (as in a closed survey) and ample space for the employer to report additional measures. On receipt, regulators would interpret and categorize the latter items before adding the official report to the database. Hence, the total number of policy items in the dataset is even higher (55, see Table 5). Some policy actions, however, are mentioned far more often than others. The three most frequently occurring items are mentioned by more than one third of organisations. 16 policy actions are reported by at least 10% of organisations and 33 out of 55 policy actions are mentioned by at least 1% of

organisations. The remaining 22 items are very uncommon; most of these items were not pre-formulated in the manual.

By clustering the high number of items in three policy types, it was possible to use all available policy-relevant information. The process of clustering was informed by both theoretical and empirical concerns, i.e. the opportunities and constraints of the data. As it turned out, the vast majority of policy items (44) could be categorized on the basis of the theoretical distinction between affirmative action/equal opportunity approaches on the one hand and managing diversity approaches on the other hand.

Consistent with the general aim of the *Wet SAMEN*, most policy actions mentioned in the database (30) are designed to improve the influx of ethnic minorities in work organisations. In fact, the most popular policy action in the dataset is in the domain of 'inflow, recruitment, and selection': 'making available internships (also) for ethnic minorities'. Other popular policy actions aimed at increasing aggregate participation rates of ethnic minorities in work organisations include 'preferring ethnic minorities over other job applicants, if they are equally qualified', 'formulating target figures for inflow of ethnic minorities', 'using subsidized jobs (also) for ethnic minorities', 'using specialized recruitment and selection agency', and 'using media channels aimed at ethnic minorities'. Just like traditional EO/AA approaches these policy actions are primarily aimed at *increasing* diversity and characterized by an emphasis on quantitative goals, a focus on (target) groups rather than individuals, and a high degree of formality.

The second largest group consists of 14 policy actions that are commonly categorized as managing diversity instruments. These policy actions are not primarily designed to increase the diversity of the organisational workforce, but rather to *manage and retain* the diversity that is already there. This typically involves creating and nourishing a diversity-friendly organisational culture that values intercultural and interethnic differences between employees. In such an anti-discriminatory work environment, individual career development is a central issue. Concomitantly, talented ethnic minority employees should experience no difficulties in reaching the higher echelons of the organisation. In the dataset, this type of policy is measured most frequently by policy items on labour relations and career development: 'developing code of conduct against discrimination and sexual harassment', 'appointing a confidential adviser or a confidential advisory committee', 'education of employees (also) from ethnic minority groups', and 'offering (job-related) language courses'. In the domain of 'communication and support', this type of policy may for example also involve 'multicultural personnel policy training for managers, personnel specialists and/or members of the works council'. Generally speaking, managing diversity approaches are not only characterized by a 'qualitative' focus on the existing workforce, but also by a concern with effectively reconciling organisational interests with the interests of individual employees.

After creating the first two clusters, 11 policy items remained. Two of them could not be categorized because their content was either unknown or unspecific (policy items number 14 and number 32 in Table 5). The remaining nine policy actions could all be categorized as policies designed to *analyse* the situation with regard to ethnic diversity in the organisation. With this type of policy, work organisations aim at gaining insight into the representation of ethnic minorities and possible explanations for their underrepresentation. The presence of these policy items in the manual for employers is not surprising, since one of the central aims of the law was to raise awareness in Dutch work organisations of the inequitable labour

market participation of ethnic minorities. Furthermore, the fact that several policy actions aimed at analysis and research were reported by the organisations in the dataset shows that in these years, organisations were indeed starting to explore the issue. One of the most popular policy actions in this cluster is 'having exit conversations with employees (also) from ethnic minority groups' (mentioned in 35% of the *Wet SAMEN* reports). Intuitively, asking why people leave seems an effective and efficient way of gaining knowledge about inter-ethnic relations at the shop floor and perceived obstacles for the equitable participation of minorities. 'Comparing experiences with other organisations' is also part of the third cluster, as well as 'using the Helpdesk Minorities/*Wet SAMEN'*. Some organisations reported a so-called 'diversity audit': 'to determine the starting point (to what extent are (ethnic) diversity and multicultural personnel policy already a reality)'.

To test the hypotheses, the multivariate analysis is based on the question whether an organisation reported a certain type of policy (at least once) or not. Hence, in the OLS regression models the three types of policy are entered as dummy variables. Given some deviations from normality in the original constructs, this strategy increased the robustness of the multivariate analysis. See Table 2 for the descriptives of these dummies.

### *Measurement of unskilled and skilled labour market shortages*
In its original form, the variable 'unskilled labour market shortage' was calculated with the formula $D1/(S1+S2)$, where $D1$ is the number of vacancies at the unskilled job level (i.e. demand), $S1$ is the number of registered jobseekers without qualifications, and $S2$ is the number of registered jobseekers with low qualifications (i.e. supply). All these numbers refer to the total number of registrations in the regional labour market in the course of the year. Similarly, the variable 'skilled labour market shortage' was calculated with the formula $(D2+D3)/(S2+S3+S4)$, where $D2$ is number of vacancies at the second lowest job level, $D3$ is the number of vacancies at the intermediate job level, $S3$ is the number of jobseekers with intermediate qualifications, and $S4$ is the number of jobseekers with high qualifications. These operationalisations take into account the phenomenon of 'job displacement', i.e. jobseekers with (slightly) higher qualifications ousting jobseekers with lower qualifications on the labour market. In the Netherlands, social security regulations also oblige claimants to accept job offers at a lower level, if necessary. Furthermore, CWI´s figures with regard to job demand at the highest level (potentially referred to as $D4$) are limited, because relatively few of these vacancies are reported to CWI, and therefore disregarded. In order to save all outliers for the analysis, both measures were transformed by taking the natural logarithm. Higher scores on these variables reflect tighter labour market conditions.

It should be noted that, due to these operationalisations, the analysis may not generalise well beyond the intermediate level of qualification. Methodologically, this is not much of a problem, because the theoretical section is mainly concerned with the difference between unskilled and skilled work. Furthermore, the empirical analysis of ethnic minority representation at the top level of Dutch work organisations was (and probably is) problematic, because so few ethnic minority employees make it to the top. Future research should perhaps try to include also the difference between the intermediate level of qualification and the top level. It may be, for example, that informal, 'word-to-mouth' recruitment is more important for the top level than for the intermediate level (due to the 'old boys network').

It is another issue whether labour market shortages should be operationalised at the sectoral level rather than the regional level. In the media, it is sometimes reported that specific sectors

experience shortages. To a certain extent, this is a methodological non-issue, because of the concentration of certain economic sectors in certain regions, in the Netherlands (Zorlu, 2002) as well as in the world at large (see Dicken, 2007 on clustering). As far as the demand for labour is concerned, sectoral differences could be easily quantified. As far as the supply is concerned, however, difficulties arise: to what extent do jobseekers seek jobs in specific sectors? (Informal communication from CWI) At the top level, inter-sectoral mobility is relatively low – top executives in both the private (profit and non-profit) and the public sector usually work in these sectors for their entire working lives (van Tulder, 2006). At the intermediate and lowest level, one may wonder whether jobseekers are as reluctant to change sector. For one thing, research has established that the higher educated are prepared to travel longer distances to work compared to the lower educated (Zorlu, 2002: 165) (not surprisingly, given the costs of transportation). At the lowest job levels, jobseekers usually do not look for vacancies outside of their own region (Informal communication from CWI; Van der Waal, 2010).

## Results

The results from the analysis of the impact of unskilled and skilled labour market shortages on ethnic minority representation and diversity policy effectiveness are presented in Table 4. The dependent variable is ethnic minority representation by the end of the year in logit form (a transformed variable with a mean of -3,047 and a standard deviation of 1,236). See Table 2 for the descriptives of the variables used and Table 3 for the correlation matrix (excluding the interaction terms).

All six models are significant ($p<.001$). The F Changes from one model to the next are also significant ($p<.001$), with the exception of the last F Change. On its own, unskilled labour market shortage accounts for 0.3% of the variation with respect to ethnic minority representation (Model 1). In the second model, skilled labour market shortage is adopted as well and this model accounts for 1.8% of the variation. This indicates that skilled labour market shortage can better predict ethnic minority representation than unskilled labour market shortage. Of course, it should be noted that this difference is probably partly the result of the fact that the number of elementary jobs in organisations is usually smaller than the number of skilled jobs (see further). The control variables are entered in the third model, which accounts for 19.7% of the variation. In the fourth model the representation of ethnic minorities at the beginning of the year – the Lagged Dependent Variable – is added. This model accounts for 92.5% of the variation with respect to the dependent variable. The fifth model also includes the effects of three types of diversity policies and entails a highly significant ($p<.001$) improvement to the fourth, even though it also accounts for 92.5% of the variation. The sixth model includes interaction terms to estimate the impact of the market shortages on diversity policy effectiveness, but these terms do not improve the statistical model. Hence, the third hypothesis is not supported by the results, as neither type of labour market shortage significantly impacts diversity policy effectiveness. The fourth hypothesis is confirmed.

To test the first and second hypothesis, the regression coefficients for unskilled and skilled labour market shortages have to be examined in detail. It is interesting to see the difference between the first and the second model. In the first model, unskilled labour market shortage is positively associated with ethnic minority representation (Beta 0,051, $p<.001$), suggesting that, contrary to the expectations formulated earlier, the business case for diversity also

'works' for elementary professions: labour markets that are relatively tight offer better opportunities for ethnic minorities to find work. However, the regression coefficients in the second model suggest that the positive association in the first model is a 'spill over' effect of the other variable. In the second model, skilled labour market shortage has a much stronger impact on ethnic minority representation (Beta 0,189, p<.001) and the coefficient of unskilled labour market shortage is negative instead of positive (Beta -0,090, p<.001). This finding is to a certain extent surprising: the expectation with regard to skilled labour market shortage (the first hypothesis) is confirmed, but the expectation with regard to unskilled labour market shortage is 'surpassed'. Rather than being irrelevant, i.e. insignificant, the latter economic condition has a *negative* impact on ethnic minority representation (when controlling for the impact of skilled labour market shortage). As mentioned earlier, differential effects on aggregate ethnic minority representation are to be expected when unskilled work is distinguished from skilled work. This may not explain, however, why unskilled labour market shortage has a negative impact on the dependent variable. In any case, this result suggests that unskilled labour market shortage does not impact ethnic minority representation positively, as formulated in the second hypothesis.

In order to generate more reliable estimates of the effects of unskilled and skilled labour market shortage on ethnic minority representation, the next model introduces a number of control variables. In the third model, the regression coefficients of all control variables are significant, the variable 'growth' being the only exception. Ethnic minority representation is highest in the industrial sector, followed by the commercial services sector (public sector organisations, i.e. non-commercial services, form the reference group). Ethnic minority representation is also higher in the four major Dutch cities, in regions with relatively many ethnic minority workers, and in large organisations. Fewer ethnic minorities are employed in organisations with a high average job level and in organisations with a relatively large share of full-time jobs. In the third model, the impact of labour market shortage is similar to the second model: skilled labour market shortage has a positive effect and unskilled labour market shortage has a negative effect. Again, the first finding seems to confirm the business case for diversity, whereas the simple, uniform model is questioned by the second finding. In line with the second hypothesis, unskilled labour market shortage does not have a positive impact on ethnic minority representation. The negative relationship, however, is puzzling in the light of the theoretical section.

The fourth model investigates whether unskilled and skilled labour market shortages impact ethnic minority representation in the course of a year. The findings suggest that this is not the case, as the addition of the variable 'beginning of year ethnic minority representation' (the Lagged Dependent Variable) renders both regression coefficients insignificant. Perhaps both relationships (between skilled labour market shortage and ethnic minority representation and between unskilled labour market shortage and ethnic minority representation) are too weak to be measured in this short timespan. In contrast, almost all control variables are still significant, the variable 'average job level' being the only exception in the fourth model. The variable 'growth' is negatively associated with the short-term development in ethnic minority representation. Apparently, in 2001 ethnic minorities were underrepresented in the net inflow of workers (while controlling for the effects of other variables).

In the fifth model, three types of diversity policies are entered into the regression analysis as dummy variables. In line with previous findings (Groeneveld & Verbeek, 2010), the only policy that impacts ethnic minority representation in the short run is the policy aimed at

existing diversity, i.e. the policy aimed at managing and retaining an already ethnically diverse workforce (B 0,043, p<.01). Adding unskilled and skilled labour market shortages as control variables does not influence the effectiveness of this type of policy. Conversely, the addition of the policy dummies does not change the regression coefficients of the other variables, with one exception: the variable 'size' is no longer significant in the fifth model. Given the fact that larger organisations are more likely to formulate policies, in particular managing diversity policies (see correlation matrix), this finding suggests that larger organisations employ relatively more ethnic minority workers partly because they have successful diversity policies.


## Conclusion and discussion

In this paper, an attempt was made to make a theoretical and empirical contribution to the important debate on the so-called 'business case for diversity', focusing on labour market shortages, diversity policies, and ethnic minority representation in Dutch organisations.

In the introduction, it was argued that labour market migration to the Netherlands in the 1960s and early 1970s should be understood in the context of unskilled labour market shortages in the industrial sector particular. Even though there still exists a demand for unskilled labour in contemporary 'post-industrial' society, these shortages are a phenomenon of the past. In the 1990s, 'managing diversity' became a popular business-friendly approach to workplace inequities, including ethnic inequality. In the wake of this development, many politicians in particular enthusiastically started to promote a specific version of the business case for diversity: the idea that hiring both ethnic minority and ethnic majority workers is not only the right thing to do, but also in the rational self-interest of organisations. Still, worries about of the high unemployment figures of ethnic minorities did not disappear from the political agenda. As Rubenstein noted some time ago (1987, in Wrench, 1999: 248): if equal treatment is good for business, why is it that ethnic minority representation in work organisations remains so unequal?

Of course, the critical literature on this issue (see Cavanaugh, 1997; Noon, 2007) argues that there is something fundamentally problematic or even dangerous about the business case for diversity and some of its themes will be picked up in the discussion section below. As an alternative approach, this paper took a middle stance or 'sceptical' perspective. By looking at the literature on ethnic or racial discrimination and anti-discrimination in particular, it was argued that the four main economic/rational arguments in favour of ethnic diversity at work each have a counterpart. Together, these four elements (commonly described as employee discrimination, customer discrimination, statistical discrimination, and indirect or 'structural' discrimination) make up a potential 'business case for discrimination'. Furthermore, the theoretical analysis of both business cases suggested that the economic advantages of hiring an ethnically mixed workforce are stronger at the level of skilled work, whereas the disadvantages are stronger at the level of unskilled work. Unfortunately, the available empirical material was void of direct information on the drivers of organisations. By distinguishing between unskilled and skilled labour market shortages, however, the statistical analysis could analyse the impact of both opposing underlying motivations indirectly.

The results section described how three out of four hypotheses were supported by the analysis. In line with first and second hypothesis, the findings suggested that skilled labour

market shortage impacts ethnic minority representation positively, whereas unskilled labour market shortage has no positive impact. This confirmed the theoretical expectation that the business case for diversity 'works' at the level of skilled employment, because at this level there exists an underlying economic motivation to hire both ethnic minority and ethnic majority workers. In contrast, unskilled labour markets that are relatively tight do not necessarily offer better opportunities for ethnic minorities to find work, because at this level work organisations are not very eager to employ an ethnically diverse workforce in the first place. Instead, the 'rational' arguments associated with the 'business case for discrimination' motivate organisations not to consider ethnic minority workers at all. This interpretation could explain the absence of a positive association between unskilled labour market shortage and ethnic minority representation. The only hypothesis that was not supported by the statistical analysis was the third, as neither unskilled labour market shortage nor skilled labour market shortage had an effect on diversity policy effectiveness. Perhaps the relationship between skilled labour market shortage and diversity policy effectiveness is too weak to be detected under the very strict conditions of the Lagged Dependent Variable model (with a timespan of only one year).

Together, these results seem to underline the importance of adopting a sceptical perspective on the business case: the relationship between economic rationality and ethnic diversity is very complex and the enthusiasm of some politicians – according to which ethnic minority unemployment could be fought by appealing to the rational self-interest of organisations – should be dampened. At the level of skilled work, the positive expectations stemming from the four main 'rational' arguments are confirmed, but only partly. At the level of unskilled work, the negative expectations stemming from the literature on ethnic or racial discrimination seem warranted. Surprisingly, unskilled labour market shortage even had a negative impact on ethnic minority representation (when controlling for skilled labour market shortage). Below, one possible explanation for this finding is discussed.

There are several limitations to the analysis. First of all, the measurement of unskilled and skilled labour market shortages was limited, because it was purely cross-sectional (rather than longitudinal) and because it was based on 'objective' indicators rather than the 'subjective' experiences of work organisations themselves. Future research could focus on the impact of changes in labour market shortages on ethnic minority representation and diversity policy effectiveness, preferably in a timespan longer than just one year. Secondly, the generalisability of the findings may be limited due to the specificity of the main empirical material: 4,128 reports of Dutch work organisations employing 35 or more employees with information on diversity policies and ethnic minority representation in 2001. In the Netherlands, the category of 'ethnic minorities' includes both migrants and their children. Future research could try and distinguish between both groups, also including the role played by 'illegal' immigration and recent major historical developments like the enlargement of the European Union. After all, authors like Sassen (2001) have argued that new, 'informal' immigrants take the place of the already residing population in order to meet the post-industrial demand for unskilled labour. Also with regard to the time, the year 2001 is a good case because it was characterised by relatively low unemployment figures (implying that labour market shortages are really shortages), but it was of course also the year in which feelings of ethnic threat grew throughout society, including the world of work, after 9/11. Thirdly, as mentioned earlier, the empirical material was void of direct information on the underlying motivations for (aiming at) ethnic diversity.

A fundamentally critical perspective also highlights the need for more research into the inner workings of organisations, but it does not simplify matters. On the one hand, it could help explaining the negative relationship between unskilled labour market shortage and ethnic minority representation found in this paper, by focusing on "intra-organisational power struggles" (Jewson & Mason, 1987: 134) and conflict at work in general. As Jenkins (1986: 235) noted, employers cannot take the compliance of workers for granted, in particular at the bottom of the job hierarchy. Employers can always respond to labour shortages in different ways (Evans & Kelley, 1991: 749; Jenkins, 1986: 21): hire groups that were previously excluded, have the existing workforce work harder, or introduce technology to raise efficiency. To avoid problems with the existing workforce, the third option may be preferred. According to Miles (1987: 3), this type of 'rationalisation' is the dominant form of capitalist reorganisation in the long run. When labour markets are tight, the relative power of the existing workforce increases and the desire to prevent unrest becomes more acute. Perhaps then, contrary to the conceptual model (see Figure 1), the underlying motivation of organisations mediates rather than moderates the relationship between labour market shortage and ethnic minority representation (see Baron & Kenny, 1986).

On the other hand, a fundamentally critical perspective could make the negative relationship between unskilled labour market shortage and ethnic minority representation even more puzzling, by focusing on the paradoxical – both exclusionary and inclusionary (Verbeek, 2010, see Roscigno *et al.*, 2009) – nature of employment discrimination. As Wrench (2007) noted, discrimination in employment is sometimes "opportunist":

> "Opportunist discrimination ... is differential treatment, and possible exploitation, based not necessarily on the racism or prejudice of the employer, but on the knowledge that the minority ethnic group is in a weak position in society and in the labour market ... and therefore can safely be given inferior working conditions, paid lower wages, etc. ... This type of discrimination does not apply to exclusion at the recruitment stage, as some employers are only too willing to recruit such exploitable workers in this category" (Wrench, 2007: 120).

In other words, the 'business case for diversity' could – cynically – be defined as the rational motivation to benefit from the 'exploitability' of ethnic minorities in society at large. This kind of reasoning may also motivate organisations to employ both ethnic minority and ethnic majority workers and to that extent, it further complicates the discussion about the relationship between ethnic diversity and economic rationality. Future research could try and investigate the organisational drivers for diversity and diversity policies in more detail.

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**Figures and tables**

**Figure 1: theoretical model**

```
                    labour market shortage

                         ||      ||                    underlying
                         ||      ||              ←     motivation
                         V       V

          diversity policies    =>    ethnic minority representation
```

**Figure 2: hypotheses**

```
              unskilled labour market shortage /
              skilled labour market shortage

                         ||      ||
                         ||      ||
                         V       V

          diversity policies    =>    ethnic minority representation
```
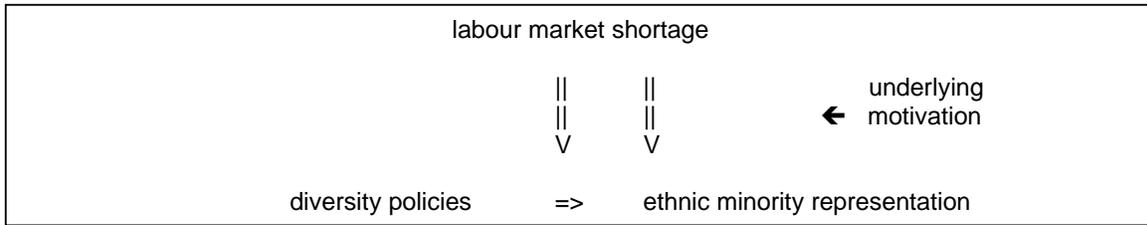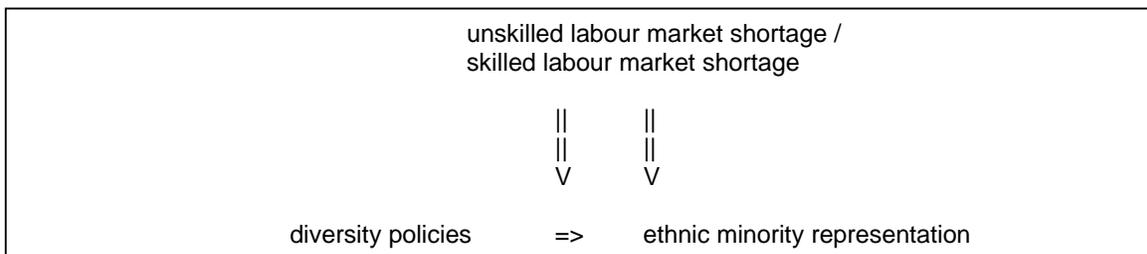
**Table 1: some contrasting arguments on ethnic diversity and economic rationality**

| The 'business case for diversity' | The 'business case for discrimination' |
|---|---|
| Open productive organisational culture | Employees` taste for discrimination |
| Ethnic targeting/marketing | Customers` taste for discrimination |
| No 'irrational' employer`s taste for discrimination | Statistical discrimination |
| Attracting 'ethnosiastic' workers | Indirect or 'structural' discrimination |

**Table 2: descriptive statistics of the variables used (excluding the interaction terms)**

| | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|
| End of year ethnic minority representation* | 0,000 | 0,712 | 0,077 | 0,092 |
| Unskilled labour market shortage** | 0,023 | 0,169 | 0,075 | 0,051 |
| Skilled labour market shortage** | 0,023 | 0,128 | 0,069 | 0,032 |
| Industry (dummy) | 0,000 | 1,000 | 0,257 | 0,437 |
| Commercial services (dummy) | 0,000 | 1,000 | 0,573 | 0,495 |
| Major city (dummy) | 0,000 | 1,000 | 0,110 | 0,313 |
| Regional labour market ethnic minority representation** | 0,030 | 0,170 | 0,094 | 0,040 |
| Average job level*** | 1,003 | 4,000 | 2,598 | 0,623 |
| Size** | 35 | 1.221 | 134,406 | 149,687 |
| Full-time/part-time ratio** | 0,000 | 1,000 | 0,695 | 0,288 |
| Growth** | -0,302 | 0,444 | 0,028 | 0,102 |
| Beginning of year ethnic minority representation** | 0,000 | 0,720 | 0,073 | 0,091 |
| Policy aimed at analysis (dummy) | 0,000 | 1,000 | 0,490 | 0,500 |
| Policy aimed at increasing diversity (dummy) | 0,000 | 1,000 | 0,687 | 0,464 |
| Policy aimed at existing diversity (dummy) | 0,000 | 1,000 | 0,540 | 0,498 |

N=4,128

*This continuous variable was transformed before being entered into the regression analysis.

**These continuous variables were transformed and standardised before being entered into the regression analysis.

***This continuous variable was standardised before being entered into the regression analysis.

**Table 3: correlation matrix (excluding the interaction terms)**

|  |  | End of year ethnic minority representation | Unskilled labour market shortage | Skilled labour market shortage | Industry | Commercial services | Major city | Regional labour market ethnic minority repres. | Average job level | Size | Fulltime/parttime ratio | Growth | Beginning of year ethnic minority representation | Policy aimed at analysis | Policy aimed at increasing diversity | Policy aimed at existing diversity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| End of year ethnic minority representation |  | 1,000 | 0,051 | 0,122 | 0,215 | -0,088 | 0,241 | 0,258 | -0,134 | 0,086 | 0,035 | -0,012 | 0,961 | 0,118 | -0,021 | 0,133 |
|  | Sign. | . | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,012 | 0,227 | 0,000 | 0,000 | 0,086 | 0,000 |
| Unskilled labour market shortage |  | 0,051 | 1,000 | 0,747 | -0,040 | 0,037 | 0,153 | 0,132 | 0,104 | -0,009 | -0,035 | -0,001 | 0,054 | 0,010 | -0,005 | 0,029 |
|  | Sign. | 0,000 | . | 0,000 | 0,005 | 0,008 | 0,000 | 0,000 | 0,000 | 0,290 | 0,012 | 0,487 | 0,000 | 0,250 | 0,381 | 0,031 |
| Skilled labour market shortage |  | 0,122 | 0,747 | 1,000 | -0,069 | 0,069 | 0,240 | 0,243 | 0,108 | -0,010 | -0,021 | -0,002 | 0,123 | 0,024 | -0,003 | 0,051 |
|  | Sign. | 0,000 | 0,000 | . | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,265 | 0,094 | 0,452 | 0,000 | 0,061 | 0,425 | 0,000 |
| Industry |  | 0,215 | -0,040 | -0,069 | 1,000 | -0,681 | -0,120 | -0,092 | -0,156 | 0,017 | 0,330 | -0,112 | 0,221 | -0,004 | -0,040 | 0,013 |
|  | Sign. | 0,000 | 0,005 | 0,000 | . | 0,000 | 0,000 | 0,000 | 0,000 | 0,135 | 0,000 | 0,000 | 0,000 | 0,403 | 0,005 | 0,209 |
| Commercial services |  | -0,088 | 0,037 | 0,069 | -0,681 | 1,000 | 0,104 | 0,100 | -0,080 | -0,195 | 0,058 | 0,000 | -0,100 | -0,009 | 0,002 | -0,049 |
|  | Sign. | 0,000 | 0,008 | 0,000 | 0,000 | . | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,490 | 0,000 | 0,288 | 0,444 | 0,001 |
| Major city |  | 0,241 | 0,153 | 0,240 | -0,120 | 0,104 | 1,000 | 0,399 | 0,155 | 0,042 | -0,003 | -0,013 | 0,230 | 0,033 | -0,001 | 0,024 |
|  | Sign. | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | . | 0,000 | 0,000 | 0,003 | 0,420 | 0,209 | 0,000 | 0,017 | 0,481 | 0,061 |
| Regional labour market ethnic minority representation |  | 0,258 | 0,132 | 0,243 | -0,092 | 0,100 | 0,399 | 1,000 | 0,089 | 0,007 | 0,038 | 0,002 | 0,249 | 0,074 | 0,007 | 0,050 |
|  | Sign. | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | . | 0,000 | 0,328 | 0,008 | 0,445 | 0,000 | 0,000 | 0,337 | 0,001 |

| | End of year ethnic minority representation | Unskilled labour market shortage | Skilled labour market shortage | Industry | Commercial services | Major city | Regional labour market ethnic minority repres. | Average job level | Size | Fulltime/parttime ratio | Growth | Beginning of year ethnic minority representation | Policy aimed at analysis | Policy aimed at increasing diversity | Policy aimed at existing diversity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average job level | -0,134 | 0,104 | 0,108 | -0,156 | -0,080 | 0,155 | 0,089 | 1,000 | 0,093 | -0,118 | 0,085 | -0,133 | 0,068 | 0,056 | 0,105 |
| Sign. | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | . | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 |
| Size | 0,086 | -0,009 | -0,010 | 0,017 | -0,195 | 0,042 | 0,007 | 0,093 | 1,000 | -0,119 | 0,050 | 0,084 | 0,114 | 0,084 | 0,133 |
| Sign. | 0,000 | 0,290 | 0,265 | 0,135 | 0,000 | 0,003 | 0,328 | 0,000 | . | 0,000 | 0,001 | 0,000 | 0,000 | 0,000 | 0,000 |
| Full-time/part-time ratio | 0,035 | -0,035 | -0,021 | 0,330 | 0,058 | -0,003 | 0,038 | -0,118 | -0,119 | 1,000 | -0,171 | 0,042 | 0,009 | -0,035 | -0,002 |
| Sign. | 0,012 | 0,012 | 0,094 | 0,000 | 0,000 | 0,420 | 0,008 | 0,000 | 0,000 | . | 0,000 | 0,004 | 0,285 | 0,011 | 0,450 |
| Growth | -0,012 | -0,001 | -0,002 | -0,112 | 0,000 | -0,013 | 0,002 | 0,085 | 0,050 | -0,171 | 1,000 | 0,001 | -0,004 | 0,005 | -0,002 |
| Sign. | 0,227 | 0,487 | 0,452 | 0,000 | 0,490 | 0,209 | 0,445 | 0,000 | 0,001 | 0,000 | . | 0,475 | 0,388 | 0,381 | 0,460 |
| Beginning of year ethnic minority representation | 0,961 | 0,054 | 0,123 | 0,221 | -0,100 | 0,230 | 0,249 | -0,133 | 0,084 | 0,042 | 0,001 | 1,000 | 0,107 | -0,029 | 0,121 |
| Sign. | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 | 0,004 | 0,475 | . | 0,000 | 0,033 | 0,000 |
| Policy aimed at analysis | 0,118 | 0,010 | 0,024 | -0,004 | -0,009 | 0,033 | 0,074 | 0,068 | 0,114 | 0,009 | -0,004 | 0,107 | 1,000 | 0,414 | 0,596 |
| Sign. | 0,000 | 0,250 | 0,061 | 0,403 | 0,288 | 0,017 | 0,000 | 0,000 | 0,000 | 0,285 | 0,388 | 0,000 | . | 0,000 | 0,000 |
| Policy aimed at increasing diversity | -0,021 | -0,005 | -0,003 | -0,040 | 0,002 | -0,001 | 0,007 | 0,056 | 0,084 | -0,035 | 0,005 | -0,029 | 0,414 | 1,000 | 0,463 |
| Sign. | 0,086 | 0,381 | 0,425 | 0,005 | 0,444 | 0,481 | 0,337 | 0,000 | 0,000 | 0,011 | 0,381 | 0,033 | 0,000 | . | 0,000 |
| Policy aimed at existing diversity | 0,133 | 0,029 | 0,051 | 0,013 | -0,049 | 0,024 | 0,050 | 0,105 | 0,133 | -0,002 | -0,002 | 0,121 | 0,596 | 0,463 | 1,000 |
| Sign. | 0,000 | 0,031 | 0,000 | 0,209 | 0,001 | 0,061 | 0,001 | 0,000 | 0,000 | 0,450 | 0,460 | 0,000 | 0,000 | 0,000 | . |

N=4,128, Pearson correlation coefficients (sign. 1-tailed)

**Table 4: effects of unskilled and skilled labour market shortages on ethnic minority representation and on effectiveness of diversity policies (OLS regression analysis)**

| | | Unstand. Coeff. | | Stand. Coeff. | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | -3,047 | 0,019 | | -158,536 | 0,000 |
| | Unskilled labour market shortage | 0,063 | 0,019 | 0,051 | 3,299 | 0,001 |
| 2 | (Constant) | -3,047 | 0,019 | | -159,766 | 0,000 |
| | Unskilled labour market shortage | -0,112 | 0,029 | -0,090 | -3,883 | 0,000 |
| | Skilled labour market shortage | 0,234 | 0,029 | 0,189 | 8,152 | 0,000 |
| 3 | (Constant) | -3,552 | 0,049 | | -72,318 | 0,000 |
| | Unskilled labour market shortage | -0,072 | 0,026 | -0,058 | -2,743 | 0,006 |
| | Skilled labour market shortage | 0,124 | 0,027 | 0,101 | 4,631 | 0,000 |
| | Industry | 0,998 | 0,066 | 0,353 | 15,222 | 0,000 |
| | Commercial services | 0,299 | 0,055 | 0,120 | 5,405 | 0,000 |
| | Major city | 0,766 | 0,062 | 0,194 | 12,404 | 0,000 |
| | Regional labour market ethnic minority representation | 0,247 | 0,019 | 0,200 | 12,876 | 0,000 |
| | Average job level | -0,179 | 0,018 | -0,144 | -9,682 | 0,000 |
| | Size | 0,123 | 0,019 | 0,095 | 6,561 | 0,000 |
| | Full-time/part-time ratio | -0,121 | 0,020 | -0,097 | -5,925 | 0,000 |
| | Growth | 0,029 | 0,020 | 0,021 | 1,464 | 0,143 |
| 4 | (Constant) | -3,099 | 0,015 | | -204,247 | 0,000 |
| | Unskilled labour market shortage | -0,006 | 0,008 | -0,005 | -0,743 | 0,458 |
| | Skilled labour market shortage | 0,001 | 0,008 | 0,001 | 0,165 | 0,869 |
| | Industry | 0,084 | 0,021 | 0,030 | 4,070 | 0,000 |
| | Commercial services | 0,064 | 0,017 | 0,026 | 3,805 | 0,000 |
| | Major city | 0,072 | 0,019 | 0,018 | 3,758 | 0,000 |
| | Regional labour market ethnic minority representation | 0,020 | 0,006 | 0,016 | 3,294 | 0,001 |
| | Average job level | -0,009 | 0,006 | -0,007 | -1,533 | 0,125 |
| | Size | 0,011 | 0,006 | 0,009 | 1,962 | 0,050 |
| | Full-time/part-time ratio | -0,022 | 0,006 | -0,018 | -3,565 | 0,000 |
| | Growth | -0,017 | 0,006 | -0,012 | -2,751 | 0,006 |
| | Beginning of year ethnic minority representation | 1,181 | 0,006 | 0,948 | 200,045 | 0,000 |
| 5 | (Constant) | -3,123 | 0,017 | | -179,995 | 0,000 |
| | Unskilled labour market shortage | -0,006 | 0,008 | -0,005 | -0,706 | 0,480 |
| | Skilled labour market shortage | 0,000 | 0,008 | 0,000 | 0,055 | 0,956 |
| | Industry | 0,085 | 0,020 | 0,030 | 4,158 | 0,000 |
| | Commercial services | 0,065 | 0,017 | 0,026 | 3,871 | 0,000 |
| | Major city | 0,076 | 0,019 | 0,019 | 3,948 | 0,000 |
| | Regional labour market ethnic minority representation | 0,019 | 0,006 | 0,015 | 3,190 | 0,001 |

| | B | Std. Error | Beta | t | Sig. |
|---|---|---|---|---|---|
| Average job level | -0,012 | 0,006 | -0,009 | -2,017 | 0,044 |
| Size | 0,008 | 0,006 | 0,006 | 1,435 | 0,151 |
| Full-time/part-time ratio | -0,023 | 0,006 | -0,019 | -3,720 | 0,000 |
| Growth | -0,016 | 0,006 | -0,012 | -2,679 | 0,007 |
| Beginning of year ethnic minority representation | 1,177 | 0,006 | 0,945 | 197,382 | 0,000 |
| Policy aimed at analysis | 0,018 | 0,013 | 0,007 | 1,338 | 0,181 |
| Policy aimed at increasing diversity | -0,013 | 0,013 | -0,005 | -0,974 | 0,330 |
| Policy aimed at existing diversity | 0,043 | 0,014 | 0,017 | 3,052 | 0,002 |
| 6 (Constant) | -3,095 | 0,049 | | -62,789 | 0,000 |
| Unskilled labour market shortage | -0,008 | 0,015 | -0,007 | -0,552 | 0,581 |
| Skilled labour market shortage | 0,007 | 0,015 | 0,005 | 0,450 | 0,653 |
| Industry | 0,084 | 0,021 | 0,030 | 4,107 | 0,000 |
| Commercial services | 0,065 | 0,017 | 0,026 | 3,866 | 0,000 |
| Major city | 0,076 | 0,019 | 0,019 | 3,961 | 0,000 |
| Regional labour market ethnic minority representation | 0,019 | 0,006 | 0,015 | 3,181 | 0,001 |
| Average job level | -0,012 | 0,006 | -0,009 | -2,031 | 0,042 |
| Size | 0,008 | 0,006 | 0,006 | 1,407 | 0,160 |
| Full-time/part-time ratio | -0,023 | 0,006 | -0,019 | -3,732 | 0,000 |
| Growth | -0,017 | 0,006 | -0,012 | -2,739 | 0,006 |
| Beginning of year ethnic minority representation | 1,177 | 0,006 | 0,945 | 197,058 | 0,000 |
| Policy aimed at analysis | 0,041 | 0,077 | 0,017 | 0,529 | 0,597 |
| Policy aimed at increasing diversity | -0,020 | 0,075 | -0,007 | -0,260 | 0,795 |
| Policy aimed at existing diversity | -0,021 | 0,079 | -0,008 | -0,265 | 0,791 |
| Unskilled labour market shortage x policy aimed at analysis | 0,031 | 0,043 | 0,025 | 0,733 | 0,463 |
| Skilled labour market shortage x policy aimed at analysis | -0,018 | 0,058 | -0,015 | -0,321 | 0,748 |
| Unskilled labour market shortage x policy aimed at increasing diversity | 0,026 | 0,044 | 0,021 | 0,588 | 0,557 |
| Skilled labour market shortage x policy aimed at increasing diversity | -0,057 | 0,059 | -0,046 | -0,973 | 0,331 |
| Unskilled labour market shortage x policy aimed at existing diversity | -0,033 | 0,040 | -0,026 | -0,812 | 0,417 |
| Skilled labour market shortage x policy aimed at existing diversity | 0,028 | 0,054 | 0,023 | 0,521 | 0,603 |

N=4,128, R Square Model 1: ,003, R Square Model 2: ,018, R Square Model 3: ,197, R Square Model 4: ,925, R Square Model 5: ,925, R Square Model 6: ,926 (F Changes Model 1-5 p< ,001; F Change Model 6 not significant)

**Table 5: popularity of policy items**

(1) policies designed to analyze ethnic minority representation
(2) policies designed to improve the influx of ethnic minorities in organisations
(3) managing diversity instruments designed to improve the management of a diverse workforce in organisations

| Item no. | Policy action | Policy type | Sum | Mean |
|---|---|---|---|---|
| 1 | Current policy action inflow, recruitment, and selection: making available internships (also) for ethnic minorities | 2 | 1.494 | 0,36 |
| 2 | Current policy action outflow: having exit conversations with employees (also) from ethnic minority groups | 1 | 1.452 | 0,35 |
| 3 | Current career policy action: education of employees (also) from ethnic minority groups | 3 | 1.370 | 0,33 |
| 4 | Current labour relations policy action: developing code of conduct against discrimination and sexual harassment | 3 | 1.170 | 0,28 |
| 5 | Current labour relations policy action: appointing a confidential adviser or a confidential advisory committee | 3 | 1.156 | 0,28 |
| 6 | Current policy action analysis/research: turnover employees | 1 | 1.026 | 0,25 |
| 7 | Current policy action inflow, recruitment, and selection: preferring ethnic minorities over other job applicants, if they are equally qualified | 2 | 1.017 | 0,25 |
| 8 | Current policy action inflow, recruitment, and selection: formulating target figures for inflow of ethnic minorities | 2 | 860 | 0,21 |
| 9 | Current career policy action: offering (job-related) language courses | 3 | 767 | 0,19 |
| 10 | Current policy action inflow, recruitment, and selection: using subsidised jobs (also) for ethnic minorities | 2 | 651 | 0,16 |
| 11 | Selection policy aimed at quality | 2 | 642 | 0,16 |
| 12 | Current policy action inflow, recruitment, and selection: appointing mentors for coaching new employees (also) from ethnic minority groups | 2 | 621 | 0,15 |
| 13 | Current policy action: comparing experiences with other companies | 1 | 559 | 0,14 |
| 14 | Alternative current policy action [content unknown, SV] | n/a | 492 | 0,12 |
| 15 | Current policy action analysis/research: obstacles inflow and promotion policy (also) for ethnic minorities | 1 | 439 | 0,11 |
| 16 | Current policy action inflow, recruitment, and selection: trainee programme (also) for ethnic minorities | 2 | 413 | 0,10 |
| 17 | Current policy action inflow, recruitment, and selection: using specialised recruitment and selection agency | 2 | 367 | 0,09 |
| 18 | Current career policy action: developing/implementing objective performance and assessment systems | 3 | 345 | 0,08 |
| 19 | Current policy action communication and support: assigning responsibility for the implementation of multicultural personnel policy | 3 | 338 | 0,08 |
| 20 | Current policy action: using the Helpdesk Minorities/*Wet SAMEN* | 1 | 224 | 0,05 |

| 21 | Current policy action inflow, recruitment, and selection: using media channels aimed at ethnic minorities | 2 | 186 | 0,05 |
|----|------|---|-----|------|
| 22 | Current policy action analysis/research: diversity audit to determine the starting point (to what extent are (ethnic) diversity and multicultural personnel policy already a reality) | 1 | 167 | 0,04 |
| 23 | Current policy action communication and support: (implementation of) multicultural personnel policy as standard item on the agenda | 3 | 157 | 0,04 |
| 24 | Recruitment using temp agency | 2 | 156 | 0,04 |
| 25 | Current policy action communication and support: formulating plan/strategy for multicultural personnel policy | 3 | 153 | 0,04 |
| 26 | Current career policy action: formulating target figures for promotion of ethnic minorities to higher functions | 3 | 126 | 0,03 |
| 27 | Current policy action communication and support: multicultural personnel policy training for managers, personnel specialists and/or members of the works council | 3 | 124 | 0,03 |
| 28 | Current policy action inflow, recruitment, and selection: being present on job fairs for ethnic minorities | 2 | 105 | 0,03 |
| 29 | Employment Office contacts | 2 | 105 | 0,03 |
| 30 | Current policy action: calling in Corporate Minority Consultants of the Employment Offices | 1 | 99 | 0,02 |
| 31 | Aiming at equitable participation rates | 2 | 58 | 0,01 |
| 32 | Taking notice of the *Wet SAMEN* | n/a | 47 | 0,01 |
| 33 | Current policy action inflow, recruitment, and selection: using tests that have been specially developed for estimating the capacities of job applicants from ethnic minority groups | 2 | 45 | 0,01 |
| 34 | Current policy action inflow, recruitment, and selection: screening tests for effects of cultural aspects | 2 | 41 | 0,01 |
| 35 | Current policy action inflow, recruitment, and selection: building a network with students` unions of ethnic minorities | 2 | 36 | 0,01 |
| 36 | Target figure retaining ethnic minorities | 2 | 27 | 0,01 |
| 37 | Network current workforce | 2 | 26 | 0,01 |
| 38 | Job advertisement aimed at target group | 2 | 20 | 0,00 |
| 39 | Selecting [the ethnic minority candidate, SV] if equally qualified | 2 | 19 | 0,00 |
| 40 | Hiring employees target group | 2 | 16 | 0,00 |
| 41 | Additional training possibilities | 3 | 12 | 0,00 |
| 42 | Open information meetings | 2 | 9 | 0,00 |
| 43 | Trainee posts policy more ethnic minorities | 2 | 9 | 0,00 |
| 44 | Special projects | 2 | 7 | 0,00 |
| 45 | Career planning | 3 | 8 | 0,00 |
| 46 | Work experience jobs | 2 | 6 | 0,00 |
| 47 | Formulating target figure | 2 | 6 | 0,00 |
| 48 | Calling in Helpdesk *Wet SAMEN* and Corporate Minority Consultants of the Employment Offices | 1 | 4 | 0,00 |
| 49 | Analysing supply and demand labour market | 1 | 4 | 0,00 |
| 50 | Incorporating the topic of intercultural management in all internal training | 3 | 2 | 0,00 |
| 51 | Employment project Working Together | 2 | 2 | 0,00 |

| 52 | Preferential treatment minorities | 2 | 2 | 0,00 |
| 53 | Employment project *I/D* jobs | 2 | 2 | 0,00 |
| 54 | Workshop intercultural management | 3 | 1 | 0,00 |
| 55 | Specialised recruitment | 2 | 1 | 0,00 |

N=4,128

**Table 6: elementaire beroepen volgens CBS en CWI**

| CBS | CWI |
|---|---|
| animeermeisje, callgirl, prostituée | Prostituee |
| assistent onderhoudsmedewerker (schilder-, metsel-, timmerwerk, eigen gebouw; elementair) | Klusjesman |
| bewaker, wachter (element) | Bioscoopportier |
| | Matroos veerdienst |
| | Servicemedewerker bioscoop, theater |
| | Voetbalsteward |
| bezorger, koerier | Bezorger |
| | Koerier brommer |
| | Koerier fiets |
| | Postbezorger |
| colporteur kranten, tijdschriften, folders, wasgoed | Bezorger kranten, folders, tijdschriften |
| | Colporteur wasgoed |
| constructieschilder, aardewerkspuiter, dompelaar, wegmarkeerder | Constructieschilder |
| | Medewerker lakkerij |
| | Spuiter |
| | Wegmarkeerder |
| glazenwasser, interieurverzorger, keukenknecht, medewerker huishoudelijke dienst | Afwasser |
| | Glazenwasser |
| | Huishoudelijk medewerker (hotel, instelling) |
| | Hulp in de huishouding |
| | Hulp in de particuliere huishouding |
| | Keukenhulp instelling |
| | Ouvreuse |
| | Saunamedewerker |
| | Schoonmaker |
| | Schoonmaker (interieur autobus, trein, vliegtuig) |
| | Schoonmaker (interieur bedrijven, instellingen) |
| | Schoonmaker gebouwen/kantoren |
| | Schoonmaker-opruimer |
| | Toiletbediende |
| | Toiletmedewerker |
| griendwerker, rietwerker | Rietwerker |
| hulparbeider tuinbouw | Agrarisch seizoenskracht |
| | Agrarisch seizoenskracht bloemen en planten |
| | Agrarisch seizoenskracht groente en fruit |
| hulparbeider wegenbouw, grondwerk | Begraafplaatsmedewerker |
| | Grafdelver |
| | Hulparbeider grondwerk |
| | Hulparbeider weg- en waterbouw |
| | Opperman grond-, weg- en waterbouw (gww) |
| inpakker handmatig | Inpakker handmatig |
| | Kassahulp |
| kantoorhulp (kopiëren, bezorgen interne post ed) | Kantoorassistent |
| lader, losser, pakhuis-, magazijnknecht, verhuizer | Bijrijder |
| | Expeditiemedewerker |
| | Lader/losser spoor-, weg- en luchtvracht |

| | |
|---|---|
| | Medewerker voederfabriek |
| | Orderpicker |
| | Veilinghulp |
| | Verhuizer |
| oliebollen-, poffertjesbakker, snackbarbediende (frituur) | Medewerker cafétaria |
| | Medewerker cafetaria, counter |
| | Oliebollen-, poffertjesbakker |
| | Snackbarbediende |
| opruimer-schoonmaker | Lokaalassistent |
| | Zalenzetter banqueting |
| postsorteerder ptt, grondstof-, produktensorteerder, meteropnemer water-, energiebedrijf | Kwaliteitscontroleur procesindustrie (hoger) |
| | Meteropnemer gas, water, elektriciteit |
| | Postsorteerder |
| | Recyclingmedewerker |
| | Sorteerder grondstoffen en producten |
| produktiemedewerker industrie (eenvoudige machine bedienen) | Aan-/afvoermedewerker (productie) |
| | Afwerker grafische industrie |
| | Inpakker machinaal (productie) |
| | Preparateur dieren |
| | Productiemedewerker |
| produktiemedewerker industrie (samenstellen; geen houtwaren, plastic-, rubberartikelen) | Assemblagemedewerker (productie) |
| | Assemblagemedewerker kunststof/rubber |
| | Printplaatmonteur |
| reinigingsdienstarbeider, dekpersoneel binnenvaart | Betonningsmedewerker |
| | Dekknecht |
| | Leerling-matroos |
| | Lichtmatroos binnenvaart, waterbouw |
| | Matroos binnenvaart |
| | Matroos binnenvaart, waterbouw |
| | Reinigingsarbeider |
| | Reinigingsmedewerker |
| | Rioolontstopper |
| | Rioolreiniger |
| | Roeier |
| | Roustabout |
| | Vletter (binnenvaart) |
| schapenscheerder | Schapenscheerder |
| schoonmaker labouratoriummateriaal en -glaswerk | Schoonmaker cleanrooms |
| | Schoonmaker labouratoriummateriaal en -glaswerk |
| schoonmaker machines, gebouwen, installaties, produkten (geen walserij-, gieterij-produkten) | Autopoetser |
| | Classificeerder |
| | Drukreiniger |
| | Gevelreiniger |
| | Materieelwasser |
| | Materieelwasser spoorwegen |
| | Medewerker autowasstraat |

| | Productreiniger industrie |
|---|---|
| | Schoonmaker (calamiteiten) |
| | Schoonmaker (industrieel) |
| | Schoonmaker machines/apparaten |
| | Schoorsteenveger |
| | Straler |
| | Tapwacht |
| | Zandstraler |
| sjouwer, opperman | Bagagist |
| | Bouwvakhulp |
| | Caddie |
| | Dokwerker |
| | Hondenuitlater |
| | Opperman bouw |
| | Opperman metselwerk |
| | Opperman steigermaker |
| | Orgelman |
| | Sandwichman |
| | Sjouwer |
| | Toneelknecht |
| sloper van gebouwen | Asbestverwijderaar |
| | Sloper bouw |
| | Springmeester gebouwen |
| | Springmeester/sloper |
| | Voorman sloopwerken |
| textielproduktenmaker (excl textielproduktiemachines bedienen) | Textielproductenmaker (ambachtelijk) |
| trekkerchauffeur intern transport (excl landbouw), bouwliftbediener | Tractorchauffeur |
| vakkenvuller winkel, garderobejuffrouw | Garderobemedewerker |
| | Winkelassistent |

Let op: deze lijst bevat ook enkele beroepen die voornamelijk in de primaire sector (landbouw, visserij, delfstoffen en nutsbedrijven) voorkomen, maar organisaties uit deze sector komen zoals gezegd niet in de uiteindelijke dataset voor.

## Acknowledgements

## Endnotes

[i] Literally, according to the *Van Dale*, 'kansarm' means 'underprivileged or 'deprived'. Surely, the term will not be defined officially by the government, but from its contexts it can be derived that *kansarme* immigrants are immigrants with a small chance of success at the labour market and a high chance of receiving social benefits. According to Entzinger (2010), it should be noted that in the period 2000-2007, family- and asylum-related immigration decreased substantively, whereas high-skilled immigration increased. Furthermore, it has become more difficult for immigrants to enter welfare state arrangements.

[ii] 'Remarkably', because the labour market as a whole changed considerably from the 'old' industrial labour market to the new situation, for which different labels coexist: 'post-industrial', 'information', 'knowledge', or 'post-modern' (De Beer, 2001: 301). Notwithstanding the overall nature of the transformation, several – related – empirical trends are uncontested, most notably the rise of the service sector, female workers, and part-time employment (ibid.).

[iii] See Table 6 for an overview of jobs classified as 'elementary' by CBS and CWI respectively (in Dutch).

[iv] It should be noted that Kirton and Greene (2005) suggest that business arguments in favour of diversity and diversity policies are usually less controversial. It is an open question whether the same holds for the business case for discrimination.

[v] According to Van der Waal (2010), the main reason for this is their lack of cultural capital. Conversely, according to the so-called 'ethnic competition theory' the main reason for this is the more intense competition for jobs between ethnic minority workers and ethnic majority workers at the lower job levels (ibid.). According to Brücker *et al.* (2001), there is a strong correlation between the level of education of European citizens and attitude towards immigrants: respondents with lower level of education have more negative attitudes.

[vi] The *Wet SAMEN* came into force on the first of January 1998 and ended on the first of January 2004. Pending its abrogation, very few annual reports from the year 2003 were entered into the Central *Wet SAMEN* Database.

[vii] There was another, practical reason for removing all *Wet SAMEN* reports filed in 2002 from the analysis: in this particular year, CWI figures on skilled and unskilled labour market shortages correlated too strongly (see Field, 2005 on multicollinearity).

[viii] The variability in a dummy variable is maximized when cases are evenly split (50-50) between the two categories and minimized when cases are unevenly split (Hardy, 1993: 12). Hence, a dummy variable with a mean (very) close to 1 is useless. Following Rummel (1970, in Tabachnick and Fidell, 2007: 73), in this study all variables with very uneven split (about 90-10 or worse) are ignored, because their regression coefficients are unreliable. It is likely that the number of primary sector organisations was relatively small due to the fact that the law only applied to organisations with 35 or more employees. In agriculture and fishing, most organisations are probably smaller. Conversely, the fields of minerals and utilities are the domain of a small number of very large organisations.

[ix] Statistically, there are other optional models to analyze the effects of independent variables on a single continuous dependent variable ($Y_t$) over a single unit of time. For example: regressing $Y_t$ on $X_{t-1}$ or using Change Scores as dependent variables ($Y_t$ minus $Y_{t-1}$). Change Scores, however, are typically less reliable than the scores of the variables from which they are calculated (Cronbach and Furby, 1970, in Menard, 2002: 71).

[x] At proportions of 0 or 1 (no ethnic minority employees or only ethnic minority employees), the logit transformation does not work. Following Kalev *et al.* (2006: 598), 0 was substituted with $1/2v$ and 1 with $1-1/2v$, where $v$ is the denominator of the counted fraction (see Cohen *et al.*, 2003: 243 for comparable solutions). This is arbitrary to some extent, but from a normative perspective perhaps not completely. In larger groups, zero participation of ethnic minorities yields 'worse' scores and conversely, larger groups that completely consist of ethnic minority employees (proportion: 1) yield 'better' scores.