

ETHNIC AND SOCIAL DIVERSITY AT WORK : A SOCIAL NECESSITY AND A GUARANTEE OF PERFORMANCE

JULY 2021



**BUSINESS AND
GOVERNMENT
WORKING HAND IN
HAND**



SUMMARY



1: OUR RECOMMENDATIONS FOR PUBLIC AUTHORITIES

RECOMMENDATION 1

P.5 Remove the taboos surrounding measuring ethnic diversity and provide volunteer companies with the means to take full advantage of the 'diversity index'

RECOMMENDATION 2

P.6 Build bridges between QPVs and recruiters through the '1 jeune, 1 solution' platform

RECOMMENDATION 3

P.7 Make higher education a key player in ensuring greater social diversity among future generations of workers

2: OUR RECOMMENDATIONS FOR COMPANIES

RECOMMENDATION 1

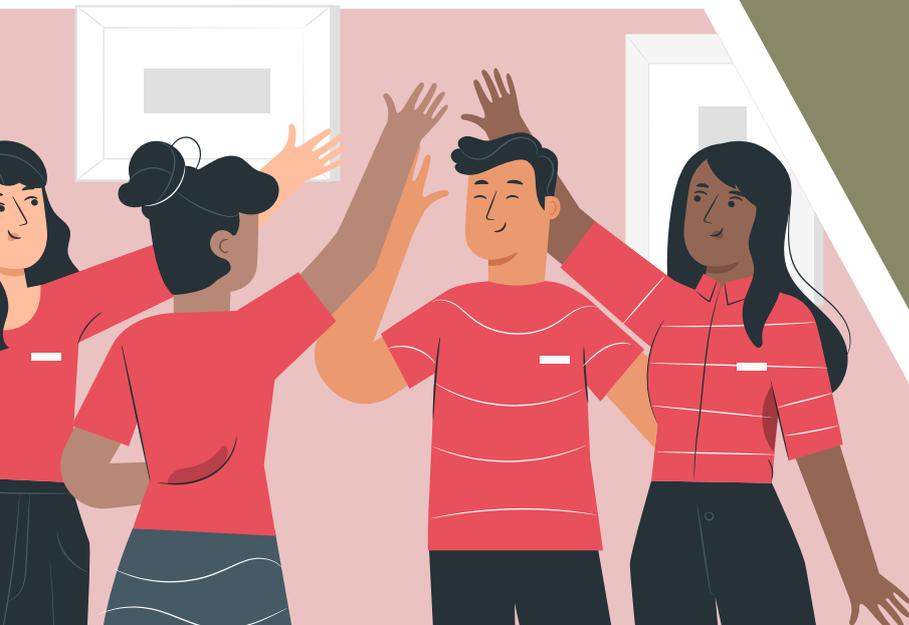
P.9 Let's get the discussion going: Employee Resource Groups and trainings open to all

RECOMMENDATION 2

P.10 Let's change our habits: new sourcing strategies and collaboration with local stakeholders

RECOMMENDATION 3

P.11 Let's empower top management to create an inclusive dynamic and allocate the necessary resources



FOREWORD

AmCham France is convinced that diversity and inclusion¹ are key issues on both sides of the Atlantic. Recent social movements (Black Lives Matter, #StopAsianHate) show **the growing will of citizens to fight against ethnic discrimination and to participate in the design of a fairer and more inclusive society**. Companies must seize this momentum and participate at their level in the development of this objective.

However, the French legal framework makes it difficult for companies established in France to support this societal change. The French universalist ideal, which appears to be a legacy of the Enlightenment, and which is justified in many respects with regard to French History, sometimes reveals its limits in the fight against discrimination. In the same way, the American model, which is opposed to the French model, also reaches its limits, as shown by the recent events that have made the headlines in the United States (police violence, racist attacks, etc.). Nevertheless, AmCham France is convinced that each model could benefit from the contributions of the other. Indeed, the French universalist vision implies that France is blind to the differences of each person and considers each citizen as equal, regardless of his or her unique characteristics. This invisibility prevents the identification and thus the recognition of certain difficulties that may affect some citizens and not others. For a company, this blindness generates a cost: the company cannot address the negative consequences of the lack of diversity, and it cannot emphasize the positive effects of diversity, although many studies show that companies benefit from being more diverse. Indeed, according to McKinsey, companies with high ethnic diversity are 36% more likely to achieve higher financial results than their competitors². **This approach can sometimes limit companies that want to promote ethnic diversity and inclusion. In doing so, they miss out on the guarantee of performance that diversity provides and therefore lose competitiveness in their market.**

This issue may also affect the attractiveness of France. French subsidiaries who are limited by this unprotective legal environment, might be less likely to receive investments from their foreign parent company if the latter considers that the possibility to implement a D&I policy in their subsidiary is a key criterion for investment. At the same time, however, **a large majority of French people (70%) declare they would be willing to reveal sensitive personal information** such as their ethnic origin or skin color in a national census or a nationally-representative survey for **anti-discrimination purposes**³.

Nevertheless, the research and various interviews we conducted with experts have shown us that **solutions and tools exist within the French legal framework**. Promoting them would allow to better support those companies who wish to implement inclusion policies, thus reinforcing France's attractiveness to foreign investors as well. This issue is all the more important as France is one of **the EU countries where the perception of discrimination is most acute: nearly 80% of French people believe that discrimination based on skin color, ethnic origin or religion is widespread, compared to 60% of Europeans**⁴.

AmCham France, supported by the American and the French companies that make it up its members, hereby formulates various recommendations addressed to the French public authorities and companies established in France in order to better address these issues. These recommendations, **which cover both ethnic and social diversity**, will help foster diversity of origin in all its forms and promote an inclusive work environment for all.

¹Diversity in the workplace is the set of differences between employees (geographical origin, socio-cultural, religious, age, gender, etc.). Inclusion takes into account this diversity to create a work environment that guarantees equity and equal access to opportunities and resources for all. For more information, see AmCham France's report on corporate inclusion.

²McKinsey & Company, "Diversity wins: How inclusion matters", 2020

³Eurobaromètre, 2019

⁴Ibid

1

OUR RECOMMENDATIONS FOR PUBLIC AUTHORITIES



RECOMMENDATION 1

Remove the taboos surrounding measuring ethnic diversity and provide volunteer companies with the means to take full advantage of the 'diversity index'

RECOMMENDATION 2

Build bridges between QPVs and recruiters through the "1 jeune, 1 solution" platform

RECOMMENDATION 3

Make higher education a key player in ensuring greater social diversity among future generations of workers



REMOVE THE TABOOS SURROUNDING MEASURING ETHNIC DIVERSITY* AND PROVIDE VOLUNTEER COMPANIES WITH THE MEANS TO TAKE FULL ADVANTAGE OF THE 'DIVERSITY INDEX'

In January 2021, the French government announced the implementation of an ethnic and socio-economic 'diversity index' that will allow volunteer companies to measure the place given to minority representation in their recruitment and human resources management. **AmCham France welcomes this ambitious initiative led by Minister Elisabeth Moreno, especially its incentivizing approach towards companies as opposed to a punitive approach.** Indeed, American companies are particularly committed to these issues and the establishment of this index will support the implementation of their diversity policies in their French subsidiaries. Nevertheless, even though this index is a major step forward, **risks remain as to its effective implementation by many companies that may be held back by the popular belief that, in France, measuring ethnic diversity is prohibited without exception.**

To overcome this bias and to ensure that companies take advantage of this index, AmCham France recommends that the government:

LAUNCH A LARGE COMMUNICATION CAMPAIGN TO REMOVE THE TABOOS SURROUNDING MEASURING ETHNIC DIVERSITY AND SET AN EXAMPLE

AmCham France welcomes the fact that companies will be invited to complete this index on a voluntary approach. However, in order to set an example and remove doubts and fears among companies on the legal use of this index, **AmCham France⁶ recommends that the French government strongly encourage public administrations to use it as well. This is all the more important that public administrations in France employ one out of five employees⁵.** Indeed, measuring ethnic diversity is authorized by the French legal framework, provided that the collection and analysis of data are well regulated. However, few companies seem to be aware of this possibility because of certain fears and taboos on the subject. **AmCham France is therefore calling for the launch of a major communication campaign to remove this taboo and disseminate clear and precise instructions on how to measure ethnic diversity in compliance with the law.**

*AmCham France has chosen not to use the controversial term 'ethnic statistics', as it is not representative of the issue at hand, namely that of improving representation and reducing discrimination.

This information has already been made public by the report "Mesurer pour progresser vers l'égalité des chances" published by the CNIL and the Défenseur des Droits⁶, which should be brought to the attention of companies. **Furthermore, we suggest that this campaign should be accompanied by a toolkit explaining precisely how to measure ethnic diversity in compliance with the law.** Making this information public seems to be essential for volunteer companies to take full advantage of the diversity index.

PREPARE FOR THE 'AFTERMATH': GIVING COMPANIES THE TOOLS TO ENSURE FOLLOW-UP ACTIONS.

This index is the first step in a long process for which it is essential to support volunteer companies. Indeed, they must be able to analyze their results and draw positive actions for more diversity. **AmCham France therefore recommends that the government publishes a list of associations and trusted third parties with which to collaborate.** In addition, a **guide to good practices** implemented by companies that have taken steps to promote ethnic diversity could be published so that, once the index has been completed, companies can act based on what is already being done successfully elsewhere.

PROVIDE A BENCHMARK FOR COMPANIES TO SET TARGETS AND COMPARE THEIR RESULTS.

AmCham France considers that it is crucial to determine the benchmark against which companies can compare their results in order to know where they stand in terms of representation and inclusion of ethnic minorities. **AmCham France calls on the government to share more widely the results of INSEE's Trajectoires et Origines (TEO) survey⁷.** This study is currently the only data collection on the representation of ethnic minorities in France and its second edition will be released in the coming months. **The government could also consider including social and ethnic origin in the national census** so that companies have a benchmark to compare themselves with, as it is already the case in the United Kingdom, for example.

⁵Ministry of Transformation and Public Service, Annual State of the Public Service Report, 2020

⁶"Mesurer pour progresser vers l'égalité des chances" CNIL, Défenseur des Droits

⁷Trajectoires et Origines de l'INSEE

BUILD BRIDGES BETWEEN QPVS AND RECRUITERS THROUGH THE '1 JEUNE, 1 SOLUTION' PLATFORM

In France, the universalist ideal prevents the implementation of public policies targeting ethnic minorities in particular. However, the QPV policy (Quartiers prioritaires de la ville, Priority Urban Neighborhoods) acts as a proxy for addressing these issues because of the intersectionality of discrimination related to social and ethnic origin in France. Efforts to ensure better social mobility for the inhabitants of the QPVs therefore automatically target ethnic minorities, which are often overrepresented in these urban areas⁸.

In this context, many companies are conducting recruitment programs specifically targeting the QPVs in order to diversify the socio-economic background of their talents. However, this approach is not easy for recruiters, who have to deal with a considerable number of actors in the QPVs working on talent detection, training and recruitment. Moreover, these stakeholders tend to be organized in silos (unemployment services, social insertion services, public interest associations working for social mobility in the QPVs and for the representation of minorities in companies, etc.). This plurality of stakeholders results in particularly high hiring costs and cumbersome processes, and discourages a large number of companies from offering their services.

However, local associations are key stakeholders in ensuring the long-term recruitment of young people from disadvantaged neighborhoods and socio-economic diversity. They complete the action led by the social insertion and unemployment services by offering dedicated training programs that are adapted to the needs of both companies and young talents. In this way, they help reduce the high turnover rate that characterizes these types of recruitments when they are carried out without specific support, and thus ultimately promote the inclusion, integration and retention of talent.

IN ORDER TO TAKE GREATER ADVANTAGE OF INITIATIVES CONDUCTED BY INSTITUTIONAL AND ASSOCIATIVE PLAYERS, AMCHAM FRANCE RECOMMENDS BETTER COORDINATING THEIR ACTIONS AND FACILITATING THE CONNECTION BETWEEN YOUNG TALENTS FROM THE QPVS AND RECRUITERS.

To achieve this, AmCham France welcomes the '1 jeune, 1 solution' (1 young talent, 1 solution) initiative launched by the Government in the Summer of 2020 and recommends that this platform be completed by the creation of an 'associations compass'.

In the same way as the "social assistance compass" already made available on the online platform, this new compass would provide an exhaustive overview of the network of associations that offer training and hiring programs, as well as their specific missions and target audiences. This compass could offer a portal for companies and a portal for youths. It would show companies and young people all the associations that can support them in their recruitment process or their job search, according to their specific needs. It will therefore create economies of scale and considerably reduce the costs of hiring young people in the QPVs by these companies while promoting the coordination of all players. The platform will thus constitute a real link between employers and talents and will allow employers to publish qualified job offers addressed to these young people.

⁸According to a study by Jean-Louis Pan Ké Shon (2011), based on TEO data, in 2009 only 36% of the inhabitants of sensitive urban zones in France that are also classified as urban tax-free zones, and defined by the authorities as high-priority targets for city policy, were part of the majority population (i.e. neither from French overseas departments, nor immigrants, nor children of immigrants). This suggests an over-concentration of minority populations in these neighborhoods.



MAKE HIGHER EDUCATION A KEY PLAYER IN ENSURING GREATER SOCIAL DIVERSITY AMONG FUTURE GENERATIONS OF WORKERS

In France, higher education is struggling to play its role as a social elevator. Indeed, **working-class children represent only 12% of students in higher education**, whereas working-class people represent nearly a quarter of the active population. Similarly, selective courses of study (preparatory classes, masters, doctorate) only account for very little students from modest backgrounds. Yet **France is fortunate to have an exceptional higher education system** with quality research⁹ and teaching, able to compete with the best universities in the world¹⁰. Moreover, the fact that France's public universities require no student fees make them all the more accessible to all.

Many renowned French schools, both public and private, have implemented various reforms of their entrance exams to ensure more social inclusion. Since 2001, Sciences Po Paris, for example, has been recruiting students from ZEP (priority education zone) high schools through a specific system¹¹. This is also the case for several business schools. Through its Equal Opportunity Center created in 2004, ESSEC Business School launched intensive programs in 2010 for students from disadvantaged backgrounds to increase their chances of admission. To improve the share of public-scholarship holders in its student body from 22% to 27% in three years from now, ESSEC will also be implementing a "double call for oral exams". In addition, HEC Paris recently announced measures in favor of public-scholarship holders (bonus points, free entrance exam) with the objective of increasing their share in the student body to 20% within 3 years¹².

AmCham France welcomes these efforts and encourages public authorities to make higher education a key player for promoting greater social diversity among future generations of workers. To do so, AmCham recommends:

REINFORCING THE QUOTAS OF SCHOLARSHIP HOLDERS IN HIGHER EDUCATION:

AmCham France welcomes the quotas already implemented in higher education as well as the decision to let the academy rectors decide on the level of quotas of scholarship holders to be integrated in the different programs.

Currently, the percentage of public-scholarship holders accepted in a program is set according to the percentage of public-scholarship holders among applicants, to which a minimum of 2% is added¹³. **AmCham France suggests to raise this additional percentage of public-scholarship holders to 5% in selective programs** (preparatory classes, dual courses and double university degrees) so that these programs better reflect social diversity.

ENCOURAGING WORK-STUDY PROGRAMS:

For many students, work-study programs are the sole condition to financing their studies. In this context, **AmCham France recommends that the government continue to support the hiring of work-study students in companies, while encouraging universities to offer those types of programs.** Indeed, work-study programs are a **real lever for social diversity in companies.** According to a survey conducted by the Conference of University Presidents and revealed by Les Echos, 73% of respondents declared that the guarantee of remuneration was their main reason for choosing a work-study program. Without apprenticeship training, 30% of the students that answered this survey even indicated that they would not have been able to continue their studies, whether they were in a master's or bachelor's program¹⁴. These programs, which combine traditional studies and an immersion into the employment world, also allow young people from disadvantaged backgrounds to adapt to business culture and develop the soft skills they need for their future professional life. **In order to make work-study programs a highly-regarded option, as they already are in other European countries¹⁵, AmCham France recommends improving their image among students and their parents (public communication campaign) as well as in schools, who, by offering more programs of the sort, will largely benefit from a more socially-diverse student body.**

⁹Ministry of Education, 2017 - 2018 data.

¹⁰Quacquarelli Symonds (QS) ranking

¹¹Les Echos, « Comment HEC veut atteindre 20 % de boursiers parmi ses élèves », 2021.

¹²Sciences Po Paris, Admission en bachelor pour les bacheliers des lycées français : Convention d'Education Prioritaire (CEP). Consulted in June 2020

¹³L'Etudiant, Hors-série « Parcoursup 2019-2020 », 2020.

¹⁴Les Echos, « A l'université, sans accès à l'alternance, 30 % des jeunes apprentis auraient stoppé leurs études », 2021.

¹⁵Senate, Information report « Le système d'apprentissage en Allemagne et en Autriche : un modèle à suivre ? », 2015.



OUR RECOMMENDATIONS FOR COMPANIES

RECOMMENDATION 1

Let's get the discussion going:
Employee Resource Groups
and trainings open
to all

RECOMMENDATION 2

Let's change our habits: new sourcing
strategies and collaboration with local
stakeholders

RECOMMENDATION 3

Let's empower top management to create
an inclusive dynamic and allocate the
necessary resources



LET'S GET THE DISCUSSION GOING: EMPLOYEE RESOURCE GROUPS AND TRAININGS OPEN TO ALL

AmCham France is convinced that engaging in discussions with its employees is one of the most effective ways to implement a successful D&I policy. Indeed, an individual persuasion of each employee is often necessary to **convince them of the merits of this policy and thus make the company culture evolve**. Engaging them in a discussion will also help remove taboos on these issues, while at the same time gathering a sense of inclusion and belonging.

Employees may also wish to discuss these topics among themselves, in a restricted group. Employee Resource Groups (ERGs) are made up of volunteer employees who share a common identity, characteristics or interests, as well as their allies¹⁶, to address certain issues together. ERGs can address a vast array of topics: ethnic or gender minorities, disabilities, ecology, etc. The creation of such groups allows for **the exchange and sharing of experiences between employees** and promotes the inclusion of all within the company. Furthermore, it should be noted that the creation of such groups in the area of ethnic minorities is perfectly authorized by French law and does not rely on the collection of sensitive data but rather on the voluntary identification of members.

In addition, **in order for D&I issues to be understood and grasped by employees, it seems necessary that they be fully trained and informed on these issues**. Indeed, the promotion of diversity and inclusion is much easier when employees understand the issues at stake and know what behaviors to adopt. Training is therefore an essential tool that must be open to as many employees as possible.

AmCham France invites companies to engage in discussions on ethnic and cultural diversity issues and recommends:

ENCOURAGING THE CREATION OF ERGS OPEN TO ALLIES.

These networks are among the successful initiatives that have been implemented to promote a culture of inclusion. In terms of diversity of background, **these groups appear to be beneficial to all**. For employees, the establishment of ERGs **improves their sense of inclusion, belonging and self-worth**. For companies, **these groups are real levers of performance¹⁷**. For instance, from a purely business point of view, they can allow the company to consult groups of employees who are representative of the markets it wishes to reach, while from a managerial point of view, these groups allow for a better retention of talent as well as an improvement of the employer brand. They **also stimulate innovation and creativity, and are performance drivers¹⁸**. AmCham France therefore recommends that companies set up such groups while guaranteeing access to all. Indeed, the presence of allies in ERGs plays a vital role in the implementation of the company's inclusive approach.

DEEPENING ANTI-DISCRIMINATION TRAININGS AND EXTENDING THEM TO ALL STAFF MEMBERS.

Since 2017, the Equality and Citizenship Law (loi Egalité et Citoyenneté) requires professionals in charge of hiring in companies to undergo anti-discrimination trainings. AmCham France recommends that companies extend staff training in several ways. First of all, it is in their interest **to train employees on non-discriminatory hiring, but also on non-discriminatory management**. Indeed, promoting diversity when hiring is a necessary but not sufficient first step to ensure that employees feel included throughout their whole career. **Generalizing anti-discrimination training to all managers** seems necessary so that they are fully capable of understanding the issues related to ethnic diversity in the company and invested in the D&I policy.

¹⁶An employee who does not necessarily share this common characteristic but who nevertheless wishes to get involved in supporting the cause of the ERG.

¹⁷Heidrick & Struggles, *Meeting the Inclusion Imperative Diversity & Inclusion Practice: How leaders can link diversity, inclusion, and accelerated performance*, 2020.

¹⁸Welbourne et al., *The case for employee resource groups: A review and social identity theory-based research agenda*, 2017.

LET'S CHANGE OUR HABITS: NEW SOURCING STRATEGIES AND COLLABORATION WITH LOCAL STAKEHOLDERS

A D&I policy permeates all of the company's HR and managerial processes: hiring, recruitment, internal promotions, performance evaluations, employee motivation, etc. However, changing all these processes implies deconstructing certain employee habits. Such a change in mindsets and practices will also necessarily take time.

In order to make this change in habits as smooth as possible, AmCham France recommends that companies:

DEEPLY MODIFY SOURCING STRATEGIES BY GOING BEYOND ESTABLISHED PROTOCOLS.

AmCham France invites companies to rethink their hiring strategy by **changing their talent pool**. In this respect, **recruiting more young people on work-study programs** helps promote social diversity. Companies can also train their employees in **new inclusive hiring methods**: writing inclusive ads, interview techniques designed to avoid prejudice, focusing on skills rather than experience, anonymous CVs, testing campaigns, etc. More generally, AmCham France calls on companies to hire their **9th-grade interns from REP or REP+ schools (priority schooling)** so that these young people, who often cannot be helped by their parents' connections, can have a meaningful first experience in a company.

COLLABORATE WITH ASSOCIATIONS.

Changing company and employee habits is not an easy task. AmCham France therefore recommends working with associations that work in the field of D&I. These external experts will be able to **support and guide companies** in changing their processes, conduct surveys on biases and prejudices, but also **train employees** in non-discriminatory recruiting methods.





LET'S EMPOWER TOP MANAGEMENT TO CREATE AN INCLUSIVE DYNAMIC AND ALLOCATE THE NECESSARY RESOURCES

While it is obviously important that all employees support the company's D&I policy, the responsibility and involvement of senior management seems particularly crucial to the success of an inclusion policy. This observation is shared by many, as proven by the work of the Harvard Law School Forum¹⁹, which emphasizes the importance of the role of senior management in these matters, particularly in creating an inclusive work environment. Indeed, inclusion implies changing behaviors, overcoming pushback, and fighting against the natural tendency of employees to conform. It is therefore necessary to have a strong and unquestionable will so that it permeates all levels of the company. This is also the case because the implementation of an inclusion policy is not a simple task and requires time and patience²⁰.

AmCham France is therefore convinced that top management has a key role to play in instilling a truly inclusive dynamic within the company. To do so, AmCham France recommends that managers:

LEAD BY EXAMPLE AND STRIVE FOR GREATER REPRESENTATIVENESS:

Senior managers must lead by example and **present themselves as allies of minorities within the company**, listening to them and speaking out for their full inclusion within the company. **As such, it is critical that leaders become involved in ERGs and put these employee networks under their umbrella as true supporters of the cause.** In this way, ERGs will be heard at the executive committee level and will benefit from the support of the entire senior-management body. In addition, just as executive committees will probably have to strive for greater gender parity after the Rixain-Castaner bill will be voted in by the French Parliament, **these governing bodies would also benefit from being more representative of different ethnic minorities.**

ALLOCATE THE NECESSARY TIME AND RESOURCES:

In order for employees to fully grasp these issues, it is necessary for senior management to give them the necessary resources (material, financial, time) to address these issues. This **requires integrating diversity issues into the company's strategy and devoting a part of the budget to D&I issues.** AmCham also recommends that managers **set specific D&I objectives for their teams and monitor the company's performance through KPIs adapted to these goals.** These objectives could be **integrated in managers' and executives' annual evaluations and attaining them could, for instance, determine part of their salary or bonuses.**

ENCOURAGE THE USE OF FAIR AND APPROPRIATE LANGUAGE TO PROMOTE ETHNIC DIVERSITY:

Leaders are not always comfortable talking about ethnic diversity and sometimes prefer to avoid the subject for fear of using offensive language. **Encouraging the use of fair, clear and appropriate language and establishing a "diversity language" that is specific to the company and its culture in a collaborative process, through consultation with those concerned (including ERGs), is a key step in creating a healthy and inclusive work environment within the company.** To overcome these language barriers, AmCham France encourages managers to **repeatedly and unequivocally address the relevant groups** when dealing with diversity issues and to **take advantage of internal communication networks for the different groups to express themselves using their preferred terminology for self-identification.**

¹⁹Harvard Law School Forum & David Mills, *Driving Diversity and Inclusion—the Role for Chairs and CEOs*, 2019.

²⁰AmCham France, *Corporate Inclusion : A social Imperative and a Measure of Success 2020*.



ABOUT AMCHAM IN FRANCE

AmCham France was founded in 1894 to promote economic exchanges between France and the United States. As an association, AmCham France offers a unique space for networking to foster exchange and promote constructive thinking, acting as a bridge between political, economic, and academic circles. Today, it brings together leading French and American companies, as well as numerous academic and economic partners, attached to fostering the transatlantic relationship.

Independent of any government and convinced that businesses have a crucial role to play in bringing new ideas to the public debate, AmCham France develops concrete proposals to meet the major societal, economic, and environmental challenges. As such, AmCham France is committed to strengthening France's attractiveness.

On behalf of its members, AmCham France works with public decision-makers to develop and consolidate a French environment that is favorable to international companies, particularly American companies, which are the leading foreign investors and employers in France.

CONTACTS

Business Development

Zahira Benabdallah

Zahira.Benabdallah@amchamfrance.org

Public Affairs

Mathilde Clauser

Mathilde.Clauser@amchamfrance.org

Press

Louise Moulié

Louise.Moulie@amchamfrance.org