Diversity and Inclusion Practices as a Booster for Firm Sustainability: Evidence from the Czech Automotive Sector

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Abstract: The paper investigates implemented diversity and inclusion practices' effect on firm sustainability. The study covers a sample of small and middle-sized automotive firms in Czechia, where diversity and inclusion practices have been implemented in relation to firm sustainability. The paper's methodology is based on theoretical models of diversity management and firm sustainability in the automotive sector. The paper provides evidence that a low number of firms in the Czech Republic in the automotive sector have been rolling out any diversity and inclusion measures but at the same time, the majority of the selected firms have been considering the development and implementation of human resource management practices in the area of diversity and inclusion as a vital part of attracting more investors and aligning with the global sustainable goals of the United Nations. Moreover, the paper brings evidence that the automotive firms in the Czech Republic are following global and regional trends on diversity and inclusion as an important step for a sustainable strategic development.

Introduction

Nowadays in the business world, diversity dimensions are becoming more and more atypical, especially personal traits, leadership skills, international experience, identity, sexual orientation, political views and other key features of each company. Also, diversity and inclusion measures taken by companies on mental health, and employees' well-being are indirectly or directly affecting the behaviour and the strategic decision-making approaches across executives within the boards (Agnihotri & Bhattacharya, 2020). Thus, a company becomes more aware of the social importance not only for its shareholders but for its stakeholders, including the communities as well. This stems from the fact that in the recent years, companies are conducting business but at the same time shifting towards behaving as more sustainable and accountable in front of their shareholders, stakeholders and potential investors as it is inevitable, especially during the COVID period (Velinov et al., 2020).

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Previous studies shed light on the interconnection among the discourses, practices, policies, reality, perceptions, antecedents, correlations and the consequences of diversity and inclusion in different business settings. However, the vast majority of the work on diversity management has been conducted either in local settings, with minor attention to diversity management in a global framework, or focused on single-level analysis, focusing either on management or trade union aspects of diversity. This paper examines contemporary diversity management approaches in international automotive firms in Czechia, which have headquarters all over the world. The paper explores key drivers for launching diversity approaches at the national human resource management offices level. The study includes a modern approach to studying diversity, inclusion and corporate social responsibility aspects across automotive firms in Czechia, involving secondary data collection from available firms' websites, reports and structured interviews with diversity managers, trade unions and employers associations specialists and practitioners who study different aspects of diversity in Czech contexts, as well as a documentary analysis of practices and regulations. Within the study, the paper provides answers to three key questions: 1. Which diversity management practices have been applied by car manufacturing and original equipment suppliers in the Czech Republic? 2. Why and how do automotive firms in Czechia develop their 'local' and global diversity management practices and what is their impact on firm sustainability? 3. What are the diversity and inclusion influences and drivers in acquiring and diffusing diversity management approaches in automotive firms in Czechia?

Globalisation and internationalisation of domestic companies affect the way societies perceive and experience diversity, with increased exposure to international cultures and values (Engle et al., 2020). Additionally, due to the globalisation of management practices and the increasing focus on competition for human resources, multinational enterprises from the former Eastern Bloc are putting efforts into westernising their business practises, partially emulating the US and Western European companies, where diversity management is an integral part of human resource management (Latukha and Malko, 2019). With these supposedly progressive Western approaches, MNEs hope to attract investors, global customers, and employees (Carrillo Arciniega, 2021).

The majority of studies on diversity management have been executed in North American or Western European contexts and only a few exist for companies from the emerging markets (for a review, see Shore et al., 2018). Notable exceptions are Daya (2014), Kulkarni et al. (2016), and Saeed et al. (2016), who have been focusing on diversity management in emerging markets while neglecting the changing landscape in Central and Eastern Europe (CEE), especially how the institutional context shapes diversity management. The paper follows Beji et al.'s (2021) call to explore the potential of diversity management practices in selected automotive firms beyond the Western context, pointing to the unused potential in CEE. Another somewhat related driver behind the interest in emerging markets has been the idea that the Western concept of diversity as it has been shown concerning corporate social responsibility is not by its definition directly applicable elsewhere, and needs a separate investigation.

It is important to note that while some practitioners and scholars have made efforts to incorporate social and structural equality concerns into diversity management literature, they have not necessarily done so in a comprehensive manner. Furthermore, some may view the entirety of diversity management literature as a uniform management discourse,

rather than recognizing its diversity and complexity.The diversity management discourse that has emerged as a management discourse and practice in the USA after the end of the twenty-first century now obtains better reception even in more critical aspects, due to the development of its discourse in the stream that comprises of polarized perceptions. While diversity management was offered in the beginning as an alternative approach to equal opportunities (Kandola and Fullerton 1994), later it was reshaped as a complementary approach to equality of opportunity in labour which included the initiatives that have tried to eliminate discrimination and inequalities in the second half of the 20th century. Other studies on diversity management have also indicated concerns over different views of diversity and equality practices, suggesting that diversity management discourse can be developed to tackle equality (Pani 2021) and ethical issues (Tamunomiebi & Ehior, 2019).

Furthermore, recently there have been attempts at developing the definition of diversity management through the critical prism of management and organizational relations scholarship. For instance, Lorbiecki and Jack (2000) propose changes in the diversity discourse, identifying a need for more critical perspectives. The post-colonial literature argues that there is a critical perspective for the diversity management discourse only in the case that conceptualization of domination is integrated into political and historical research of diversity management aspects. Denissen et al. (2020) argue that there are limitations to the scattered focus of diversity management in referring to the inequalities that represent themselves at a collective level, and they suggest that diversity management issues could be converted to take a more critical stance. Analogically, Koellen (2021) urges for a more inclusive perception of diversity management. This requires intertwining diversities at the level of the local, national and global societies to firm diversity. The offered conceptual framework in the paper draws on a sustainable approach and it gives evidence for the advantages of increased diversity for a sustainable business.

At the same time, companies are promoting diversity, especially in the upper echelons in order to give examples to their employees and to the respective industries where they are operating (Huang et al.,2020).

Firm sustainability, also known as corporate sustainability, is the ability of a company to meet its economic, social, and environmental responsibilities while ensuring its long-term viability. According to recent studies, firm sustainability is a multi-dimensional concept that goes beyond traditional financial performance measures.

Carroll (1991) defines firm sustainability as "the ability of a company to create and maintain value over the long term by balancing economic, social, and environmental considerations". Another study suggests that firm sustainability is "the ability of a company to create and maintain value over time by balancing economic, social and environmental considerations, while addressing the needs of multiple stakeholders" (Elkington, 1997).

Recent studies have emphasized the importance of considering the environmental and social aspects of sustainability, in addition to the traditional economic focus. This includes reducing the company's environmental footprint, promoting ethical business practices, and addressing social issues such as diversity, equity, and inclusion.

Additionally, recent studies show that firms that prioritize sustainability tend to perform better financially in the long run. They tend to have more engaged employees, better reputation, and improved relationships with customers and other stakeholders (Christensen, Hail, & Leuz, 2021).

Therefore, the need to study explicitly the relationship between diversity and inclusion practices and firm sustainability in the Czech automotive sector through the diversity and inclusion measures is essential for explaining the phenomena in management and business (Agullera Guerrero-Villegas et al., 2018). The paper sheds light on the impact of the best emerging diversity and inclusion practices across automotive firms in Czechia on their sustainability, through the investigation from a quantitate perspective. The motivation behind writing this paper stems from the fact that diversity, equality and inclusion research is still scarce, especially for the strategically important automotive sector in Czechia, which generates roughly around 15 percent of the gross domestic product of the country and employs over fifty thousand people.

1. Literature Review

Diversity management research has emerged exploring the gaps between the rhetoric and reality, and perceptions, the policies and practices of diversity management. For instance, Allen et al. (2008) map out the differences between perceived and real diversity. Their research suggests that social interaction and time are vital for moderating the impact of going through the negative consequences of perceived and real diversity and forming cohesion and improving firm performance. In spite of the evidence of set up policies statements and theoretical and conceptual constructs of diversity management, the evidence argues that the best practices and implementation of diversity management exist in a few forms of inclusiveness or obtaining effectiveness (Mor Barak et al., 1999) which is sufficient to generate the desired results.

Managing diversity in organizations is supposed to promote inclusion. McCarroll (2018) suggests that the issue of diversity is addressed in single dimensions, where what is mandatory is a multidimensional approach to designing jobs where employees trust and respect each other (regardless of gender, race, age, education, or sexual orientation). Taking an approach to growing inclusivity will not guarantee diversity benefits (McCarroll, 2018). Bourke and Wakefield (2014) support the idea by stating that improvement is needed in triggering the culture of diversity and inclusiveness in organizations (Bourke & Wakefield, 2014).

According to a study by Plummer et al. (2020), inclusion creates conditions that leverage differences—race, gender, education, age, job level, personality traits, thoughts and expression, and any other human and social differences. Plummer's research resulted in 8 inclusion factors: shared purpose, trust, appreciation of individual attributes, sense of belonging, access to opportunity, equitable reward and recognition, cultural competence of the organization, and respect.

Studies by Booysen (2007) and Moleke (2006) view inclusive culture as an organization that values diversity, supports employment practices, creates an integrated human resource development and employee retention strategy, and identifies and tackles capable talent. Viljoen-Terblanche (2008) positioned inclusivity as a drastical transformational

methodology with the aim to reveal the benefits of engagement, and implied cognitive diversity. This systemic methodology aims at ensuring that everyone in the organization takes part in the company strategy and is engaged in situations where individuals and groups are able to contribute their different gifts, talents, and thoughts. However, in many companies, inclusivity within the diversity domain is not taken into account, especially when a shift or transformation has to occur (O'Riordan et al., 2014). Managers often act exclusively, pushing their thoughts or a linear change process forward and thereby causing confusion, anxiety, and disengagement. Therefore, exclusivity is inherently the opposite of inclusivity.

Diversity Management Practices

All the aspects of diversity management at the local level have been widely studied. However, the same cannot be stated for the global diversity management, although a growing number of international, multinational and global automotive firms now have subsidiaries and departments which focus on global diversity management. These departments possess a different function when compared to their local diversity management branches. While the former is looking for dealing with the global diversity management policies and coordinates international and global business operations with an aim to strengthen the company culture and structures that are vital to effective operation of diverse groups, the local diversity management role has a more traditional nature of building national policies and supporting effective implementation of the policy in a given country. The difference between global and local diversity management activities is particularly visible in the case of North American and Western European international firms, where the practice of global diversity management has preceded its theoretical development.

Diversity Management in the Czech Automotive Sector

Diversity management practices in the automotive sector can be understood through several diversity management theories.

One theory is the diversity climate theory, which suggests that a positive diversity climate can lead to better outcomes for underrepresented groups. In the automotive sector, this could manifest in a variety of ways, such as creating the culture that values different perspectives, providing training and resources for employees from underrepresented groups, and implementing policies and procedures to address discrimination and bias.

Recent studies also exist on the contact hypothesis theory, which suggests that a direct contact between individuals from different backgrounds can lead to greater understanding and reduced prejudice. In the automotive sector, this could include initiatives such as mentoring programs, diversity and inclusion committees, and cross-functional teams that bring together employees from different backgrounds (Paluck, Green, & Green, 2019).

Additionally, the intersectionality theory can be applied in the automotive sector, as it highlights that individuals may experience discrimination or privilege based on multiple identities such as race, gender, sexual orientation, and disability. This can be reflected in the sector by creating policies and initiatives that are inclusive of all employees, regardless of their intersectional identities (Dennissen, Benschop & van den Brink, 2020).

The theories suggest that a diverse and inclusive culture, a direct contact between employees from different backgrounds, and policies that consider intersectionality can improve the outcomes for underrepresented groups in the automotive sector.

The case of the automotive sector in Czechia is very different from the case of automotive sectors in the US, Germany, China and Japan, even though the automotive firms in Czechia have been employing diversity management specialists within their human resource departments and these offices are domestic in nature. They handle local diversity management concerns. In terms of managing global diversity and inclusion practices, senior managers of human resource management are identified as the potential overseers of such a coordination of activities. Even though most automotive firms now possess local specialists in diversity management, none of the automotive sector companies possesses stipulated 'global' diversity management offices. Apparently, this role is assumed by the chief human resource managers.

Diversity Practices as Part of Corporate Social Responsibility

Diversity practices can be seen as a component of corporate social responsibility (CSR), which refers to a company's commitment to operating in an ethical and responsible manner. CSR encompasses a wide range of topics, including environmental sustainability, community engagement, and ethical business practices; and diversity practices can be considered as part of it.

Diversity practices refer to the actions and strategies that organizations use to create and maintain a diverse workforce, as well as to foster an inclusive and equitable work environment. These practices can include implementing policies and procedures to address discrimination and bias, providing training and resources for employees from underrepresented groups, and creating a culture that values different perspectives (Maier & Ravazzani, 2019).

By promoting diversity and inclusion, firms can demonstrate their commitment to social responsibility and ethical business practices. It can improve their relationships with stakeholders such as customers, employees, and investors and also it can increase creativity, problem-solving, and decision-making capabilities.

Diversity practices can be seen as a component of corporate social responsibility, as they reflect a company's commitment to operating in an ethical and responsible manner, valuing the diversity of its employees, and fostering an inclusive and equitable work environment.

Age diversity management across organizations has been discussed widely in the literature. The majority of studies show that age diversity is negatively connected to firm performance and firm prosperity (Tanikawa et al., 2017). Furthermore, age diversity management has emerged especially throughout the COVID era in the firms as four different generations were working in the multinationals (Bengtsson et al., 2020).

According to the resource dependence theory, companies with internationally experienced board members can introduce and encourage international business policies better, including corporate social responsibility (CSR) practices. CSR maintains better stakeholder engagement and offers companies a form of a competitive advantage over

their rivals, which leads to reducing the cost of capital, strengthening their market position and enhancing profitability (Shahbaz et al., 2020).

Corporate social responsibility (CSR) is a complex concept that comprises business activities which respond to the expectations and inquiries of various stakeholders such as institutions, financial authorities, society and the environment (Wickert & Risi, 2019). CSR has become a crucial driver for sustainable business (Carroll et al., 2018), and its framework has obtained huge attention from academics, managers and policy makers (Mehedi & Jalaludin, 2020). CSR practices implementation is a possible approach of SMEs how to benefit while being responsible for their impact on society and the environment caused by conducting business in multiple markets. The World Business Council argues that the term CSR has connotations of a ceaseless commitment to act ethically and devote to economic development and corporates' efforts to enrich employees' working and living standards as well as the quality of the local society and community in general. CSR is increasingly growing its importance to the sustainable development of firms by ameliorating the corporate reputation, boosting innovation and fostering customer trust for achieving both customer loyalty and continuous support (Mishra et al., 2010). Those are the major challenges that influence the firm performance in many ways. Focusing on CSR practices in SMEs is motivated also by the differences in the CSR approach between SMEs and large organisations (Aras-Beger et al., 2021).

SMEs represent the majority of organisations in Czechia and are an important driver of the national economies across the globe. A lot of interest has been placed on the examination of SMEs in various contexts, ranging from their competitiveness, innovativeness, creativity, internationalisation, as well as performance (Ng, Kee, and Ramayah, 2020).

Viewed through the prism of current topics that appear within the business sciences, in recent years the CSR, which is often studied in the context of its implementation in organisations, has also gained significant importance. It is clear that the main focus is on the study of larger organisations that have clearly established systems for the implementation of CSR. However, viewed through the prism of the implementation of CSR practices in SMEs, a large deficit can be detected in this area, both in literature and in practice, confirming the role of the organisational size in the business ethics of organisations.

Businesses worldwide are increasingly aware of the impact of their business activities on society. They also admit that the world they live in presents a growing set of demands, challenges and risks that are not signalled through markets or traditional political processes on which they have relied for a very long time. Therefore, many medium-sized enterprises have implemented into their operation the CSR practices that aim to balance their operations with the concerns of internal and external stakeholders such as employees, customers, suppliers and business partners, labour unions, local communities, non-governmental organisations and governments. Abundant research indicates that SMEs are lagging behind larger organisation in the adoption of CSR practices (Brammer et al., 2012;). Regarding this topic, a recent report from the European Commission (EC) clearly highlights this difference between SMEs and larger companies. Given that SMEs play an important role in most European economies, which are in turn committed to sustainable development (Klewitz and Hansen, 2014), it is of critical importance to

understand SMEs' drivers for adopting a sustainable approach to business. The proponents of CSR argue that CSR leads to enhanced brand image and reputation, increased sales and customer loyalty, and increased productivity and quality (Mishra and Suar, 2010). CSR in the context of large multinational firms means the firm's configuration of social responsibility and social responsiveness, policies, and programs that can promote their relationship with the local society (Luo, 2006). Considering the economic prominence of SMEs and their increasing importance, this research project intends to shed light on the CSR strategies implementation of Czech and Slovenian SMEs, their extent of CSR program adoption, organisational structure and models of management. We start with the notion that every society has certain expectations as to what are adequate business practices and behaviours. Apart from business instincts for profit-making and maximisation, we argue that the satisfaction of society's expectations is particularly crucial for SMEs. CSR is not only important as a strategy, but also signifies an organisational task that SMEs should meet ethical, social, environmental, and economic demands from local stakeholders in all the economies where they operate. This positive image and broad stakeholder support can be a valuable extension of SMEs' resource base that can be used to compete against larger firms that are less resource-limited and ultimately influence the SMEs' performance.

There has been a wide spectrum of research done in the field of CSR both in direct and indirect ways; however, previous studies on how CSR influences SMEs' financial performance are still scarce and the level of social responsibility across SMEs is mostly unclear (Madueno et al., 2016). Thus, this joint research project sheds light on addressing that critical gap by incorporating legal requirements for CSR implementation and key stakeholders' expectations on CSR variables into the relationship between CSR and SMEs' financial performance in emerging economies such as Czechia.

There are numerous entities that maintain a "critical eye" on CSR. Those whose relationships are crucial for the organisation to realise its mission in producing goods or services are often referred to as primary stakeholders and include: (1) consumers, (2) managers and employees, (3) government, (4) suppliers, and (5) investors. Secondary stakeholders are social and political actors functioning as supporters of the mission by providing their tacit approval of the SME's activities, thereby making them acceptable and giving the business credibility.

Foreign directors can bring their cultural values and perspectives on the company's role in society and stakeholders' view of business into board communication. Foreign board members are also more focused on shaping visions and more CSR-oriented businesses (Harjoto et al., 2018). This foreign board members' presence brings new different views, experiences, or access to networks (Beji et al., 2021). Harjoto et al. (2018) published one of the few studies focused on the link between national diversity and inclusion practice. They find that board nationality diversity is positively related to diversity practices (Ozbilgin, 2019).

There are a few studies focused on the link between board members and their educational level. Beji et al. (2020) found a significant association between CSR overall score and the percentage of highly educated chairpersons. Directors with higher educational levels are more sensitive to ethical issues required by some stakeholders and compliance with

regulations. A lot of studies have found that more educated managers are more interested in environmental issues (e.g. Zhou et al., 2022).

The results of the previous studies indicate that chief executive officers (CEOs) with shorter tenure are more willing to undertake socially responsible activities such as the implementation of various diversity & inclusion practices (Yuan et al., 2019). In harmony with the revealed arguments by Miller (1991), we present a hypothesis that CEOs that have shorter tenures are more likely to report CSR information to reduce pressure from the stakeholders (Khan et al., 2020).

2. Data Sample and Method

Using an explorative approach, this study examines the diversity management approaches of 44 Czech automotive firms on the territory of the Czech Republic. A mixed-method design was applied for this exploration: In the first phase, secondary data were collected by referring to historical research to trace the shifts in the configuration of social, political and economic infrastructures across the political regimes in Czechia. This included firms' annual reports, diversity reports, corporate governance reports, companies' social media account activities, and big four consulting firms' reports on diversity and inclusion for the automotive sector in Czechia. In the second phase, we collected secondary data both on financial figures and on the implementation of DM of the selected automotive firms stated in their annual reports and on websites.

The paper covers 44 automotive companies from the Czech Republic which were selected based on their volume of sales and turnover for the year 2021. The data were collected from the companies' websites and an online quantitative survey, which took place in the period of June–December 2021. Furthermore, we collected data from Albertina, LinkedIn and consultancy group reports on human resource management, diversity, equality and inclusion. The availability of diversity practices was checked through the firms' websites, annual reports and social media activity, which helped the authors emphasize the data reliability (see Table 1 below). In order to clarify how the stated diversity, equality and inclusion practices have been collected and interpreted, we have indicated with the symbol X the availability of such a practice either in the annual report, official corporate website, social media account or sustainability reports of the respective company. The missing X symbol in the table below explicitly states that the respective company does not implement diversity, equality and inclusion practices.

Table 1: List of automotive companies – data collection on diversity, equity and inclusion

Firm name	Diversity Practices	Equity and Inclusion Practices
SKODA AUTO	X	X
Hyundai Nosovice	X	X
DENSO	X	X
TPCA Kolin	X	X
Irisbus Iveco	X	X

SOR Libchavy		
TATRA Koprivnice		
Avia and Ashok Leyland Motors	X	
Benteler	X	
Continental	X	X
MAGNA	X	X
KOITO	X	X
MOTORPAL		X
Saint-Gobain	X	X
SungWoo Hitech		
TRW	X	
Faurecia	X	X
Robert Bosch	X	X
Hella Autotechnik	X	X
Kovovyroba Hoffmann	X	
Klein&Blažek	X	
Mann+Hummel	X	X
ZF Plsen	X	X
Hayes Lemmerz Alukola	X	
Ronal	X	X
Mitas	X	
Johnson Controls	X	X
Panasonic Automotive Systems	X	X
Toyoda Gosei	X	X
TI Automotive	X	
Motorpal	X	
Kautex -Textron	X	X
Cooper-Standard Automotive	X	X
Brano Group	X	
Defend	X	
Witte	X	X
EuWe Eugen Wexler	X	
ITG Automotive Safety	X	X
ABB	X	
FILSON	X	
TVM		
Furukawa		
Mitsubishi Electric	X	X

Note: According to Czech labour law, employees with disabilities are considered within a separate paragraph from other underrepresented groups (https://www.mpsv.cz/web/en/disability#dp).
Source: own elaboration

The research model is based on study by Ozbilgin, 2016 on global and regional diversity management practices, which suggests that local SMEs rather adapt their diversity and inclusion practices to the local standards, but still implement some features from the global diversity management approach in order to stay competitive and attractive to the stakeholders.

Based on the Ozbilgin's research model from 2016, the study sheds light on investigating why and how the automotive firms in Czechia develop their 'global' diversity management approaches. This question was proposed with the hope that automotive firms in Czechia would imply global diversity management practices.

3. Results

After administering two rounds of online questionnaires among the SMEs in the automotive sector in Czechia, the paper results reveal that the majority of respondents are rather conservative and careful in providing answers on diversity and inclusion practices which have been implemented across the firms. The tables below show that the majority of the selected firms have implemented an ethical codex, which reflects mainly the gender, sex and age dimensions of diversity. Also, the companies are reflecting inclusive human resource practices on the ethnic, religious and educational backgrounds (see Table 2 and Table 3 below).

Table 2: The top three diversity dimensions which have been reflected in SMEs' ethical codex

Diversity Dimension	Gender	Age	Ethnical background
% out of 100	83.33		
% out of 100		66.67	
% out of 100			50.00

n=44
Source: own elaboration

Table 3: Top three diversity and inclusion practices across the selected automotive firms

Diversity Dimension	Percentage out of 100		
Women	83.33		
LGBTIQ		33.33	
Minority groups			33.33

n=44
Source: own elaboration

The majority of the selected automotive firms are focusing on counseling and mentoring their employees, as they offer consultations on social aspects and implement social policies supporting minority groups. Furthermore, the firms are still lagging behind in comparison with their counterparts from Western countries on the implementation of adequate diversity and inclusion practices such as part-time jobs, veteran support, religious and ethnic resource groups and practices on equity.

In terms of media activities reflecting diversity, inclusion and social corporate responsibility, the automotive firms in Czechia have been posting news, newsletters and posters with different events such as diversity days, employee days, days with families, open-air activities with business partners and other social events by engaging the top management, employees, and other stakeholders. However, these activities have been more connected with public relations (PR) activities in order to attract potential investors and build up business networks with other stakeholders. Furthermore, the selected automotive firms from the Czech market are not publicly listed and there is no mandatory requirement for them to publish diversity and corporate social responsibilities reports under the Global Reporting Initiative scheme. Another notable result from the conducted online questionaries has been the fact that the selected firms do not possess special initiatives or programs for employees returning from maternity or paternity leave, such as part-time job opportunities, flexible working time and other working regimes aiming at balancing the working and personal life of the employees. This social policy is still lagging behind in comparison to the western counterparts.

The study results revealed that indeed the automotive firms in Czechia have diffused rather than coordinated management of their diversity management activities in their global headquarters.

The automotive firms in Czechia find the multinational model by Ozbilgin more appropriate, possibly for two reasons. Their headquarter employees and top managers in their subsidiaries are still drawn from homogenous pools of men, only very few women and even fewer minority ethnic workers or third-country staff are employed in these jobs. The sole use of English or German languages in the headquarters of Czech firms presents a natural barrier to the employment of foreign nationalities. The homogeneity of the labour workforce within the automotive firms in Czechia is also coupled with the fact that there is a fundamental preference for Czech work practices and their team leaders over alternative forms of organization. This perception contradicts the principles of diversity, that is, allowing difference. Czech automotive firms' management approach does not yet allow for 'global' diversity offices to be established. On the other hand, the international talent pool is rather small and international firms have to compete for recruiting the most suitable staff. In these turbulent times of constant change, the hassle between the old ways and the new ones is very likely to emerge into the benefit of the new. International automotive firms in Czechia are under pressure to increase their productivity and stay sustainable. It is very unlikely that the automotive firms in Czechia will ignore the substantial empirical evidence that comes from North America and Western Europe.

4. Discussion

There are various theories that can be used to explain the relationship between diversity management practices and firm sustainability. The vast majority of studies examining the

relationship between CSR practices and diversity management practices are limited to the examination of only selected factors of diversity management aspects.

One theory is the social identity theory, which posits that individuals have multiple identities based on their membership in different social groups. When organizations promote diversity and inclusion, it can lead to more positive social identity for employees from underrepresented groups, which in turn can improve their engagement and productivity (Hogg, 2016).

Another theory is the resource-based view, which suggests that firm's resources and capabilities can give it a competitive advantage. Diversity in the workforce can be seen as a valuable resource, as it can lead to increased creativity, problem-solving, and decision-making capabilities (Collins, 2021).

Additionally, the stakeholder theory highlights the fact that firm's success is dependent on its ability to balance the interests of its various stakeholders. By promoting diversity and inclusion, firms can demonstrate their commitment to social responsibility, which can improve their relationships with stakeholders such as customers, employees, and investors (Schaltegger, Hörisch, & Freeman, 2019).

Accordingly, the paper suggests that diversity and inclusion practices promoting women leadership designed for female managers have been prevailing among the automotive firms in Czechia. Also, the paper shows that gender diversity has been covered throughout the data sample, which is similar to the findings of previous studies on diversity and inclusion (see tables 2 and 3 above).

The CEE automotive industry has been found to report more actions on western diversity than reports on the industry and the region may suggest at a first glance. However, very little success, e.g., concerning gender equality has been found. Nevertheless, actions regarding gender which have been reported in the entire sample of automotive firms might bring diversity-led changes in the not-far future. Since none of the companies has reported any actions on this topic, we may assume that sexuality is still taboo in Central and Eastern Europe, despite international exposure at some of the automotive firms' headquarters.

Previous studies by Park et al. (2019) of women remaining underrepresented could be supported particularly for the Central Eastern European region. Other studies by Williams et al. (2014) found that tokenism cannot be supported in the CEE corporate communication, whilst the overall representation is quite low. Furthermore, CEE automotive firms are not only promoting themselves through diversity but are also implementing diversity, inclusion and sustainability, especially when acting in developed markets or by being exposed to high cultural-cognitive pressures. We found studies by Abdullah et al. (2016) on contextual influences of diversity management in emerging markets.

However, as in Forstenlechner et al.'s (2012) study, national policies and regulations have not been decisive in promoting diversity and inclusion. Moreover, contrary to Woodhams and Corby's (2007) findings, regulative influence has not been a major factor of DM in Central and Eastern Europe. The multinational activity of CEE automotive companies has a positive impact on DM actions. CEE international automotive firms with established presence in the global north are westernising their business practises, while CEE

automotive companies with purely local operations are not following diversity management etic approaches.

Contrary to the findings by Tang et al. (2015) in China, Central and Eastern European firms share the Western definition of diversity, as it has been observed in the dimensions of diversity stated in their communication, which coincide with the Western dimensions which we applied rather than with the local CEE diversity aspects. Similarly to Asian companies, CEE automotive firms adopt global approaches to DM with very little adaptation to the local context (Donnelly, 2015). This supports the dominant effects (Chang et al., 2009) of global ethic best practices and the reverse diffusion of diversity concepts from the host countries in the global north to the home countries in CEE as stated by Thory (2007).

5. Conclusion

The paper results show that the majority of firms from the data sample consider implementing diversity and inclusion practices, but still have not done so due to different priorities in their business strategies. Furthermore, the study shows that the importance of diversity, equality and inclusion for small and medium-sized enterprises in the automotive sector in Czechia has already picked up higher speed, which makes different stakeholders pay higher attention to diversity and engage firms' top management in adapting more and more often the best practices on equity and inclusion in order to make the companies more attractive for the potential investors and to comply with the global trends and standards on diversity and inclusion. Furthermore, the paper outlines very important examples and insightful contributions to the diversity and inclusion development in businesses as it remains one of the emerging issues for many firms, which are operating on the international level. Also, the paper shows that there is still a long way to go in front of the Czech automotive firms in terms of the development and implementation of adequate and effective diversity management practices which would increase employee and customer engagement and firm sustainability. Diversity management practices have a positive impact on firm sustainability in Czechia. By valuing and leveraging the diversity of its workforce, a company can improve its decision making, creativity, and innovation, which can lead to improved performance and competitiveness. Additionally, diversity management can help firms better understand and serve their diverse customer base, which can also contribute to its sustainability. Furthermore, promoting diversity and inclusion can also help to attract and retain top talents, which is critical for long-term success. Overall, diversity management can be an important factor in promoting sustainability and long-term success for firms in Czechia.

Limitations

The gathered data on companies' diversity management is based on the official corporate communication and it is treated as a brushed-up version of a company's diversity management practice, assuming that automotive companies express an interest in reporting on diversity, inclusion and CSR to attract shareholders and meet stakeholders' expectations. Moreover, the study assumes that the selected companies see a benefit in publishing data on diversity management practises as an employer branding tool or a part of corporate social responsibility activities. The presentation of diversity and inclusion in

corporate communication does not necessarily indicates the implementation and development of diversity management practices. It is possible that in certain contexts where diversity management practices and policies are not widely embraced, automotive companies may choose not to publicly disclose them due to concerns about potential political or social repercussions.

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