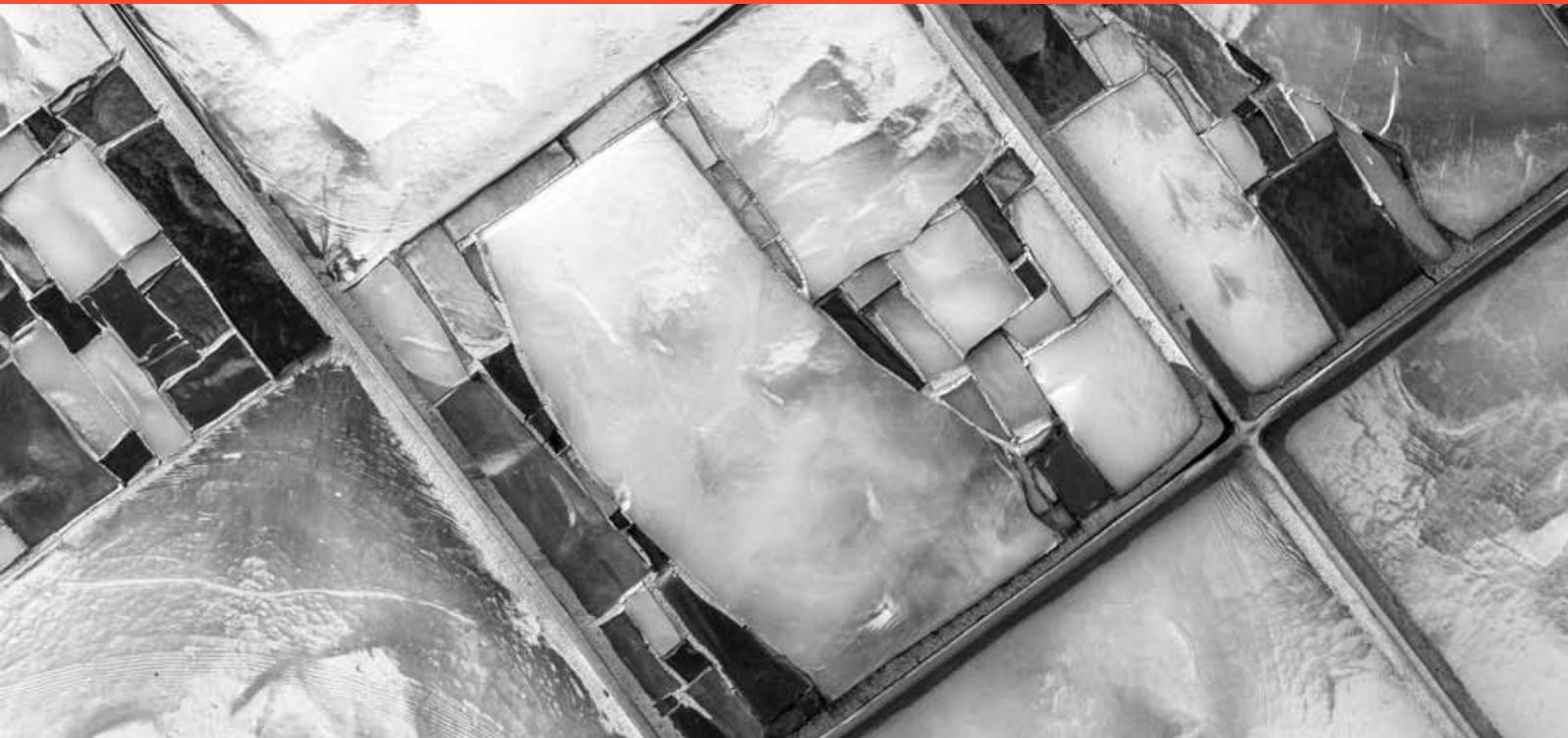




The business case for diversity management



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ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of consistent global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We work to open up the profession to people of all backgrounds and remove artificial barriers to entry, ensuring that our qualifications and their delivery meet the diverse needs of trainee professionals and their employers.

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The Economic and Social Research Council (ESRC) is the UK's largest organisation for funding research on economic and social issues. It supports independent, high-quality research which has an impact on business, the public sector and the third sector. The ESRC's total budget for 2010/11 is £218 million. At any one time it supports over 4,000 researchers and postgraduate students in academic institutions and independent research institutes.

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This paper presents research commissioned by ACCA and ESRC into the limitations of current diversity management and at what could be done to help organisations benefit from greater diversity and inclusive cultures.

In particular, it considers the role of the finance function in helping gather relevant financial and non-financial data and developing and implementing diversity strategies, policies and procedures.

# The business case for diversity management

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## Executive summary

There is a need for refreshed enthusiasm to fuel effective diversity management and inclusion in global organisations. This report responds to this challenge and presents ways in which organisations can build the business case for speeding up progress towards diversity and inclusion. There is no quick fix for this. Instead, organisations should develop customised business cases that engage their stakeholders.

### BACKGROUND TO THE STUDY

Making a robust business case continues to be the first step in organisational commitment to diversity management. Yet the evidence for the organisational outcomes of achieving workforce diversity is mixed, demonstrating both positive and negative consequences. This is because it is the effective management of diversity that enables improvements in performance (Tatli and Özbilgin 2012). Drawing on interviews with diversity or finance leaders in 22 globally significant organisations, the report explains how to make a strong business case for diversity management.

### KEY FINDINGS

There are five key findings from this study.

- The business case for diversity is expanding its focus. This expansion has been from shareholder value to stakeholder value, regulatory context and global value chain.
- There is growing need to develop an evidence-based approach to the business case, to suit the needs of organisations in different locations and sectors that need to approach diversity in different ways.
- Organisations should reflect on their stakeholders, the demands of their business environment and the maturity of their diversity management programme when crafting their business case. It is important to ask whose benefit the business case promotes. Answers to this question can reveal the varying impact that diversity policies may have on different groups at work.
- The finance function, with its ability to account for strategic resources of organisations – one of which is the workforce, can play an important role in crafting the business case for diversity.
- Organisations are increasingly moving from best practices to customised practices, in recognition of the fact that diversity requirements are contingent upon a range of organisational idiosyncrasies.

### THE BUSINESS CASE

The business case for diversity is an organisational discourse that connects workforce diversity with a set of organisational outcomes. The business case for diversity management operates at four levels. At each level, there are different sets of justifications for adopting diversity management practices.

- **Shareholder value:** at the shareholder-value level, business case arguments focus on 'single bottom line' arguments. In this approach, organisations typically measure the contribution of diversity to profitability, return on investment, effective management of budget and other resources at work.
- **Stakeholder value:** while the shareholder-value approach focuses on the 'single bottom line', the stakeholder approach focuses on the 'triple bottom line' of profits, people, planet. In this approach, organisations typically measure the contribution of effective management of diversity to profitability, turnover rates, satisfaction at work and among consumers and to the well-being and sustainability of the wider social, political and ecological environment.
- **Regulatory context:** at the regulatory-context level, organisations recognise the links between effective regulation and accruing positive benefits from diversity. Regulation may, however, take multiple forms for organisations, including self-regulation, industry-regulation, legal regulation, economic regulation. In this approach, organisations typically measure their compliance with regulations.
- **Global value chain:** at this level, the business case argument connects the management of diversity to transnational and international differences. Organisations typically measure the impact of the parity between different national implementations of diversity policy. The organisation at this level does not simply localise its practices but enhances cross-national learning.

## RECOMMENDATIONS

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### **Broaden the business case**

Organisations need to develop a sound understanding of the business case for diversity, including the economic necessity for widening their talent pool, tackling inequality and non-meritocratic practices, and establishing inclusive work places. Return on investment measures may be particularly useful for involving line managers. An effective business case needs to account for shareholder value, stakeholder value, legal context, and global value chain, capturing the organisational, sectoral, institutional, social and environmental impact. Business case arguments should advocate not only diversity but also a culture of inclusion. The business case should move beyond a narrow concept of short-term returns because the benefits of diversity are often accrued in the medium and longer terms.

### **Build the evidence base**

Organisations need to engage in data gathering, monitoring and analysing activities in a systematic way to demonstrate the business case for diversity management in their specific circumstances. Organisations should identify their available data and their new data needs. Building the evidence base requires a creative flair in relating the strategic priorities of the organisation to the possible and actual contributions of diversity. Collecting qualitative and quantitative evidence is essential for building a robust business case for an effective diversity management plan. Organisational diversity approaches should be sensitive to local contexts while meeting national challenges and drawing on transnational and cross-national learning, which may be garnered through corporate communication strategies that target sharing of good practice.

### **Master the business case**

The business case should be systemic rather than 'bolted on' so that diversity management becomes 'business as usual'. This requires a focus on the long-term gains rather than quick-fix solutions. The business case arguments should engage with the existing projects in the organisation and stretch the imagination and understanding of the project

managers. The business case for diversity should be promoted through engagement. A complex set of internal and external stakeholders drive organisations to build business case arguments. In developing a business case, it is important to focus on the multiple stakeholders, business environment and the stage of development of the diversity programme. If the conditions in the external business environment are supportive, stakeholders are vocal with their diversity demands and the diversity programme is mature, the organisation can move towards developing more sophisticated business case arguments.

### **Engage the finance function**

Diversity management should be seen as everyone's responsibility. Hence the finance function, alongside all other functions, should play a role in the design and implementation of diversity-management policies. The finance function needs to play a proactive and central role in managing diversity processes, including data collection, analysis and reporting. Finance professionals' expertise may offer an invaluable resource for the diversity office in developing tools for measuring the phenomena that will support the business case. Organisations often have a wealth of employee data. The finance function can offer its expertise to in mining the existing workforce data so as to link diversity and performance. Diversity function and the finance function can together explore what the current data reveal about diversity and identify future data needs.

### **Move from best practices to customised practices**

To be effective, diversity management policies and programmes need organisation-wide support and commitment. A strong business case is crucial in convincing all organisational actors about the importance of diversity management. Developing a business case for diversity is about creating a sense of relevance, urgency and immediacy in order to gain legitimacy and achieve buy-in from senior executives and line managers. All these require the organisation to move from the pursuit of best practices to the development of customised practices that are sensitive to the circumstances of the organisation.

### **ACTION POINTS FOR CRAFTING A BUSINESS CASE FOR DIVERSITY MANAGEMENT**

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- Define what diversity means for your organisation.
- Identify the strategic priorities.
- Know your organisation's data sources and needs so as to align diversity policy with organisational priorities.
- Take stock of current and new data.
- Gather data, build trust and demonstrate integrity in the use of data.
- Develop a business case by linking diversity data with business outcomes.
- Achieve commitment for the business case from stakeholders.
- Craft diversity strategies that are informed by the business case.
- Share the responsibility for management of diversity across the organisation.
- Monitor the effectiveness of the business case.

# 1. Introduction

Building a robust business case is the first step in organisational commitment to diversity management. The evidence shows that effective management of diversity is a success factor for organisations (King et al., 2012; Özbilgin and Tatli, 2008). There exists a well-developed literature on the effects of diversity on the organisational performance. Earlier studies explored the link between different diversity dimensions (eg race/ethnicity, gender, age, nationality, tenure, functional background, education) and organisational outcomes (eg innovation, team performance and effectiveness, decision making quality, internationalisation, corporate reputation, and financial performance). Yet the results are inconclusive, with research demonstrating conflicting diversity outcomes (see Urwin et al. 2013). It is the effective management of diversity that is crucial. Drawing on 22 case studies in globally significant organisations, the present report outlines the state-of-the-art practices in creating the business case for diversity management. .

## AIMS OF THE RESEARCH

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The report answers five critical questions.

Two of these relate to broadening the business case.

- What is the existing evidence base on workplace diversity and its impact on business performance and innovation?
- What motivates business diversity policy?

A third relates to building the evidence base.

- Through what means does the evidence suggest that increased diversity can result in improved business performance? How is this manifested?

The fourth is concerned with mastering the business case.

- How do organisations understand the business case, plan diversity into their strategies, and implement and monitor diversity policy in line with their business case?

Lastly, there is the question of moving from best practice to customised practice.

- What does 'customised practice' in policy and implementation look like?

## METHODOLOGY

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The study involved a literature review and interviews with organisational leaders, and generated 22 interviews with case study organisations and one focus group with SMEs. In selecting organisations for inclusion in the research, the sector, size, country of origin and diversity sophistication level were taken into account. Through the case studies, the report presents the complexity of the business case for diversity management around the world. In the selected organisations, interviewees were either a senior diversity practitioner or a senior finance leader.

## 2. The finance function and the business case for diversity

Diversity management has traditionally been associated with human resource management and therefore the role of the finance function in managing diversity has not been examined previously. In order to fill this gap, we explore the role that the finance function plays in managing diversity and mastering the business case.

The finance function plays different roles in different organisations. In some organisations it plays a strategic role, in others it can provide a service to other strategic departments. The relationship between the finance function and diversity management has been similarly varied. The finance function is not considered a natural home for diversity management. Yet it is important for the finance function and diversity management to form an effective partnership in the organisation. This leaves a wide scope for developing business case arguments for integrating diversity considerations into finance function operations.

The finance function can help gather evidence on the financial impact of diversity management. Finance staff can develop diversity indicators and indices for return on investment, impacts on internal and external stakeholders, compliance with sectoral and legal regulation, and transnational parity in global operations. The finance function serves a role in accounting for the strategic assets of organisations. Diversity is a key strategic asset (Alcázar et al. 2013) and the finance function has a role in monitoring effective management of diversity as one of the capitals in the organisation. 'The capitals are stocks of value that are increased, decreased or transformed through the activities and outputs of the organization. They are categorized in the International Integrated Reporting Council's (IIRC) Framework as financial, manufactured, intellectual, human, social and relationship, and natural capital' (IIRC 2014: 4). In the finance function, the value of non-financial capital, such as human capital, is increasingly recognised as a strategic resource. Effective use of human capital, and of diversity as a key component of that, facilitates the partnership of the finance function and diversity management.

The finance function may also help by looking deeply into the information that the organisation already has for leveraging diversity. This can be done through accounting for direct costs and hidden costs when considering ways in which diversity is managed.

In one organisation, the finance function has developed its own diversity metric and priorities. Supported by the global finance leaders of the company, the function designed a

'diversity and inclusion' scorecard for finance in order to monitor the effects of gender diversity across processes of talent acquisition and career management. This system helped to link diversity to the business priorities for finance.

In other organisations, the finance function does not appear to play a prominent enough role in leading diversity management, although there is some awareness of its possible significance for the finance function. In the organisations studied, diversity management was often something that happened to the finance function.

One of the challenges that the finance function experiences is skewed representation in the function and in senior positions and leadership in these departments as the function itself is lacking in diversity among its staff. To develop a robust business case to address this problem, employee data are needed.

### HIGHLIGHTS FROM ACCA/IMA GLOBAL ECONOMIC CONDITIONS SURVEY

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The finance function has the potential to play a distinct role both in advancing diversity management and in collecting and analysing the evidence on the business case for diversity management. The ACCA/IMA Global Economic Conditions Survey that was conducted in the first quarter of 2013 included four questions on diversity. The results based on the responses from 1,299 ACCA and 644 IMA Members are presented in Table 2.1.

The majority of the participants in the survey considered workforce diversity to be an important issue (61%). This figure demonstrates an increasing awareness of diversity among finance professionals. Even so, one-fifth of the participants did not consider diversity to be an important issue, suggesting that there is work to be done to raise awareness across finance functions about the role that they may play in workforce diversity policy.

The workforce diversity data that organisations collected are often limited to that on gender and a few other categories. The data show that gender diversity is often lacking within the finance function itself, particularly in relation to gender representation in higher echelons of the function. The perception of diversity differs, however, according to the survey, which shows that 70% of the participants believe that there is sufficient gender diversity. More than half of the participants also note age and educational background as categories across which they find their organisations to be

diverse. Participants report much lower levels of diversity across categories of political affiliation, sexual orientation and disability in their organisations. These findings are similar to those in an earlier national study in the UK (Tatli et al. 2008).

**Table 2.1: Diversity in the finance function**

**Under which of the following criteria do you consider your finance and accounting department to be diverse?**

Diversity category	Proportion of participants
Gender	70%
Age	69%
Educational background	56%
Marital status	45%
Socio-economic background	45%
Ethnicity	44%
Family responsibilities	40%
Nationality	36%
Languages spoken	35%
Religious beliefs	31%
Cross-cultural skills	27%
Political affiliation	19%
Sexual orientation	13%
Disability	9%
Other – please specify	2%

When asked about the effectiveness of a range of workplace diversity activities, participants reported the following activities as most effective: (a) a competency framework that defines the knowledge, skills, and attributes needed by employees (45%), (b) targeted recruitment and retention (38%), (c) flexible working (40%). This picture is in line with arguments that a balanced approach to workplace diversity should consider merit and diversity as complementary rather than competing ideas (Tatli et al. 2013). Targeted recruitment and retention strategies are also considered to be effective alongside flexible working arrangements. Furthermore, it is important to put a caveat here that merit itself is not a concept that is free from biases. Merit should also be considered from a wider perspective. Narrow and biased definitions of merit should be avoided.

Workforce diversity interventions received variable ratings for their contribution to aspects of core business concerns. Diversity management is considered to contribute most to

the creativity and innovation in organisations, followed by business performance and problem-solving and decision-making outcomes. These findings are not surprising considering that many organisations have been interested in the evidence of the relationship between workplace diversity and performance and innovation.

Diversity should be built into the objectives of all operational areas, not just finance alone. In this way, the business case may be tailored according to the specific needs and priorities of each functional area in the organisation. Developing such specific functional business cases can help eliminate possible backlash or resistance.

The case study below gives an example of good practice through proactive involvement of the finance function in managing diversity.

## CASE STUDY

### Shell: Finance function driving the diversity agenda

Shell is a global group of energy and petrochemicals companies. Shell reports promoting diversity and inclusion to give all its employees the opportunity to develop their skills and talents in line with corporate values and objectives. Shell General Business Principles identify one of the corporate aims as creating an inclusive work environment with equal opportunities.

An interview with the vice president of finance showed that the finance function, with the assistance of a global steering committee, focuses closely on diversity management. Global finance leaders of the company have a strong commitment to diversity and they actively promote diversity in the finance functions. This senior leadership support has helped inculcate a positive cultural shift in the finance function towards recognising the value of diversity. The diversity leaders in the finance function believe that 'winning hearts and minds' is not enough alone; structures, targets and processes are needed to produce significant improvements in outcomes and to initiate a culture change. Currently, the function has a global emphasis on gender diversity. In addition, the need to go beyond gender is recognised and there is a significant effort to increase ethnic diversity, with a particular attention to Asian talent, given Shell's customer base and capital investment.

### 3. Broadening the business case

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## What is the evidence base for workplace diversity and its impact on business performance and innovation? What motivates business diversity policy?

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There is not a single perfect formula for building the business case for diversity. Instead, the business case for each organisation will depend on organisational priorities, accounting for the multiplicity of interests among stakeholders. The business case for diversity management is a set of evidence and arguments that together suggest that leveraging diversity in organisations can contribute to the attainment of organisational priorities. In order to understand the business case, the type of diversity that is relevant to business performance and innovation must be determined. Academic research focuses on three distinct clusters of diversity categories:

1. those based on social demography, such as gender, ethnicity/race, disability, sexual orientation, religion and belief, age, and socio-economic background
2. those based on job-related characteristics, including education and tenure, and job function and expertise
3. idiosyncratic diversity categories, which originate from local settings, such as accent, appearance, political ideology, nationality.

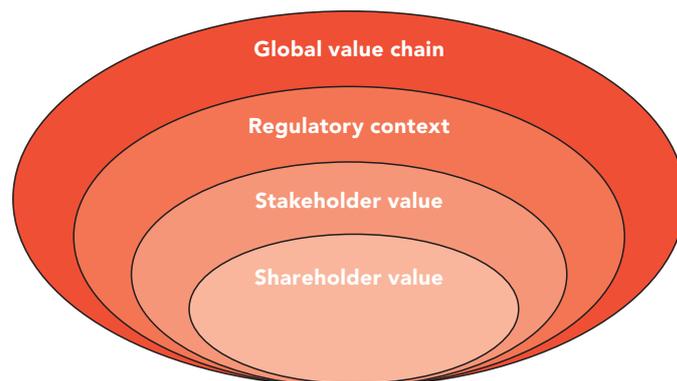
Across these diversity types the business case has been studied at three levels: individual level, team level and organisational level. At the individual level, diversity has positive outcomes such as higher levels of job satisfaction, commitment and productivity, higher perceptions of fairness, and lower levels of turnover intention (Leslie and Gelfand 2008; Gonzalez and Denisi 2009;). At the team level, diversity reportedly leads to greater creativity, and more effective decision making and communication (Boone and Hendriks 2009; Nakata and Im 2010;). At the organisational level, workplace diversity drives improvements in performance and innovation as well as stakeholder engagement and corporate reputation (Ostergaard et al. 2011; Galia and Zenou 2012; Rivas 2012).

Nonetheless, research also identifies that workforce diversity may have negative consequences at each of these three levels: communication problems, lack of bonding among staff, lower levels of job embeddedness, disharmony and conflict (Stahl et al. 2010; Wolff et al. 2010; Gong et al. 2011; Mahadeo et al. 2012).

A key conclusion from these mixed findings is that having a diverse workforce alone is insufficient to reap the potential benefits of diversity. Organisations should move away from assuming a simple link between workforce diversity and organisational performance but rather pursue a culture of inclusion through effective management of diversity. This transforms workforce diversity policy into a system of inclusion and a set of positive performance outcomes.

If what matters is the effective management of diversity, then the focus on the business case should reflect this. Identification of drivers is important in gaining commitment from organisational leaders and stakeholders. What drives diversity management and the business case depends on the characteristics of the business as well as the local setting. The business case for diversity should connect with the strategic priorities of the business. The present research shows that there are four different approaches to the business case among global organisations (see Figure 3.1).

Figure 3.1: Broadening the business case



There are multiple factors that motivate organisations to embark on diversity management practices (Tatli et al. 2008). Business case arguments are increasingly seen as a panacea (Guillaume et al. 2013) even though such arguments have shifted from single bottom line to triple bottom line concerns (Brabet 2011; Klarsfeld et al., 2012; Jonsen et al. 2013). Depending on the particularities of their business environment, strategic priorities, stakeholder expectations, regulatory concerns and the nature of their value chain, organisations adopt a particular focus for crafting their business case arguments:

- shareholder value: profitability, return on investment
- stakeholder value: profits, people, planet
- regulatory context: self-regulation, sectoral, legal and economic regulation
- global value chain: transnational parity and responsible globalisation.

## SHAREHOLDER VALUE

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All organisations care about effective use of their resources. Some organisations focus on the impact of workforce diversity on the shareholder value by considering the single bottom line, ie profits, return on investment and value for money. Shareholder value is connected to competitive and strategic aspects of the business, such as performance management and talent acquisition. Primarily in the private sector, profitability and return on investment are two immediate considerations that practitioners reflect on when they try to achieve commitment for diversity management in their organisations. The same concern for effective use of resources may manifest as budgetary considerations and value for money in the public and third-sector organisations.

## STAKEHOLDER VALUE

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It is possible to consider the value of diversity for a wider range of stakeholders such as the shareholders, employees, customers and clients, and the environment. This approach is also called the triple bottom line, which focuses on the impact of diversity on profits (eg return on investment), people (eg job satisfaction, turnover rates, customer satisfaction) and the planet (eg the impact on communities and ecological considerations) together. A desire to develop a positive reputation, to become the employer of choice and to be considered an ethical employer are some of the drivers that shape the business case from a stakeholder-impact perspective. There is complementarity between corporate social responsibility (CSR) and the stakeholder-value approach to the business case (Bjerregaard and Lauring 2013). Therefore, CSR reporting techniques can be used in assessing the benefits of diversity.

Listening to different stakeholder interests does not, in practice, mean that all diverse interests will be catered for. Instead, powerful actors and stakeholders have the best chance of being heard in the stakeholder approach. The focus on the regulatory context, as below, helps organisations to serve a wider range of stakeholder interests.

### CASE STUDY

#### **Sodexo: Promoting stakeholder value**

Sodexo is a leading global company in the catering and hospitality sector. Sodexo's understanding of the business case for diversity is characterised by an integrated approach, which combines triple bottom line with diversity. Sodexo presents a case where the organisation has branched out from a focus solely on shareholder value to recognition of the significant role that a wider range of stakeholders may play in shaping the business case for workforce diversity.

Through partnerships, awareness and development initiatives such as mentoring and employee networks, Sodexo promotes an inclusive culture. Women represent 54% of Sodexo's workforce and the company undertakes many new initiatives to promote gender equality, including training, mentoring, creating women's networks and raising awareness about diversity-related issues. The company launched Sodexo Women's International Forum for Talent (SWIFT) in 2009. Sodexo also encourages senior leaders to act as diversity champions and disseminates professional development programmes through channels such as employee networks. The chief finance officer (CFO) is one of the leaders in the SWIFT programme.

The interest in diversity in Sodexo is primarily connected with strategic business priorities. The most remarkable aspect of this approach is Sodexo's ability to link the business case for diversity with its internal and external stakeholders. For example, by emphasising its diversity policies, the company won one of the largest contracts for catering in the London 2012 Olympics.

'In the Olympics last year in London, we were the provider and there was no way you could get any piece of business with the Olympics without showing a clear commitment, concrete action on diversity and inclusion.'

## THE REGULATORY CONTEXT

Regulation can come in many forms. This can be self-regulation, which is widely used, but it can also be coercive legal regulation or economic regulation (Ozbilgin and Tatli 2011). There are numerous regulatory pressures introduced by diversity networks, national agencies and national and international regulators that can be mobilised to support the business case for diversity. Legal enforcement is a strong motivator for organisations to collect data, write policy and monitor diversity.

Organisations focus on the regulatory context in order to link diversity management with the demands of the local and national business environment. The shareholder and stakeholder value approaches are underpinned by market regulation, which mainly uses voluntary measures. In addition, some organisations in this study report that they also reflect on the wider regulatory context. In some cases, voluntarism encourages organisations to be creative with their policy choices and practices. Nonetheless, complex and difficult issues such as diversity based on social class, which is not covered by protective legislation, remain a significant challenge in organisations. The present study demonstrates that in the absence of strong legal regulations, many practitioners find it hard to achieve commitment for diversity interventions. Legal regulation can move diversity up the list of strategic business priorities but the law is a blunt instrument and over-reliance on law in shaping the direction of organisational diversity strategy may lead to a culture of compliance and the conflation of diversity with headcounts alone. In such a rigid system of compliance, creating a culture of inclusion may become challenging. The business case for diversity depends not only on changing the numbers but also on promoting inclusion. In order to reap the benefits of a diverse workforce, organisations need to go beyond legal compliance and use creativity and innovation in crafting their business cases.

In fact, global organisations draw on both voluntary and coercive aspects of diversity regulations when formulating their business case arguments. In terms of voluntary measures, the International Integrated Reporting Framework (IIRC 2014) can help organisations identify ways to consider and report on diversity as a resource and a strategic capital, in crafting their voluntary strategies for diversity management. One of the most debated forms of coercive regulation is the quota system. Diversity quotas can be used to promote meritocracy and a culture of high performance at work (Tatli et al. 2013) as illustrated by the case below.

### CASE STUDY

#### **Norwegian Institute of Directors: Regulation makes a strong business case**

Norway offers an interesting example for understanding the importance of the regulatory context for the business case. The case of the Norwegian Institute of Directors illustrates how a progressive and advanced approach to the business case can capture the demands of the business environment. The Norwegian Institute of Directors was established in 2009. The institute's key partners include PWC, Korn Ferry, DNB Markets, the Norwegian Ministry of Trade and Fishery, Innovation Norway, and the Oslo Stock Exchange. The Institute aims to improve the value creation of sponsoring companies through good corporate governance, through creating a forum where members exchange their experience and knowledge of practical board work. The institute's approach to diversity focuses on converting their diversity philosophy into robust and effective governance.

The managing director of the Norwegian Institute of Directors, Turid Elisabeth Solvang explained that the gender quotas enabled organisations in Norway to address gender imbalances at the board level. The quotas are now accepted in Norway as good business practice. The key business case arguments for gender diversity on boards include maximising use of talent having a diverse pool of competence on boards and avoiding gender-specific behavioural patterns related to risk aversion and independence. The Norwegian case of women on boards highlights that although female talent is available, it would not be possible to reach the current levels of female representation on boards in the absence of strong regulation such as quotas. See Seierstad (2011) for a full discussion of how gender quota applications have engendered greater access to women in the profession, and how this has not jeopardised meritocratic practice of talent acquisition in these roles in Scandinavia.

## THE GLOBAL VALUE CHAIN

Global value chain refers to the interconnected activities at global scale ranging from product design and development to production and service delivery. Brand value, reputation and access to the global talent pool and consumer markets are business imperatives for global corporations. In the global environment, diversity can be even more significant for business success than it is in local settings. Organisations with an understanding of diversity issues as they pertain to their global value chain, can gain exceptional competitive advantage in accessing untapped talent pools and consumer markets. Furthermore, the business case for diversity needs to address the uneven development of diversity management across national borders (Brabet 2011). The global value chain emphasises the role of diversity management in serving the common good globally. Global value chain organisations do not abandon pursuit of profitability or return on investment but seek to create a transnational parity in diversity management. This is done by monitoring diversity across the global value chain, identifying problem regions, processes and functions, and transferring learning across the value chain. The International Integrated Reporting (IR) Framework (IIRC 2014) is one way in which the financial and non-financial dimensions of the strategic value generated by diversity can be captured. Thus, the use of integrated reporting allows diversity management to be positioned together with other strategic areas in order to assess the short-, medium- and long-term value creation in the organisation.

Diversity management efforts that are locked into local shareholder, stakeholder and regulatory approaches are not sufficient to capture the transnational opportunities of diversity management. Responsible governance is seen as a key component of the business case for diversity management. Global organisations promote the business case for diversity in terms of gaining market share, building reputation, developing brand value and accessing and attracting talent pools in the global context. This must be done in tandem with fostering a culture of responsible governance. Institutions such as the World Economic Forum, the International Labour Organisation and the European Union set significant standards of conduct for equality and diversity at work. Transnational and international regulation is important in helping global businesses to develop a robust business case for diversity. The global value chain approach, like other approaches, requires a focus on long-term gain, rather than 'quick-fix' solutions. The case below illustrates how organisations can connect diversity management with the global value chain.

## CASE STUDY

### **KPMG: The role of external global drivers**

The KPMG case study is an example of engagement with the global value chain in global discourse and considerations on diversity. KPMG is a professional services firm that specialises in audit, tax and advisory services. KPMG in the UK has a dedicated diversity and inclusion team and board-level sponsors. KPMG supports its employees by offering access to networks, mentoring opportunities and development programmes. Corporate role models seek to inspire employees from under-represented backgrounds to move up in the organisational hierarchy.

KPMG views legal measures such as quotas as potentially effective ways of promoting diversity. The company does not only advocate the use of hard measures such as return on investment to support the business case but also emphasises the importance of soft measures. Soft measures include improvements in the satisfaction and well-being of employees, clients and communities as well as the equity across transnational operations that comes from good diversity management. KPMG International's global head of citizenship highlighted how the World Economic Forum's emphasis on responsible capitalism is helping to develop the agenda for diversity within the organisation.

'Since 2008–2009 there is a new language out there being traded by chief executives, being traded by business schools about what is the role of market capitalism to deliver sustainable growth and stakeholder value? As compared to what is the function of corporations to maximise short-term returns, which was one dimension of capitalism and the longer-term more sustainable community-focused dimension of capitalism is now taking precedence'.

## 4. Building the evidence base

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### How does the evidence suggest that diversity can result in improved business performance? How is this manifested?

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Developing a business case for diversity is about creating a sense of relevance, urgency and immediacy for taking action (Herring 2009). Hence many forms of evidence need to be collated to explore the connection between diversity management and improved business performance. Having data is important for building a robust business case as data can help organisations to plan and manage diversity. There are six main factors in collecting evidence for the business case.

**Table 4.1: Six factors and corresponding recommendations for building the evidence base**

	<b>Factors in building the evidence base</b>	<b>Practical recommendations</b>
1	The business case requires a robust evidence base.	A combination of hard and soft evidence should be collected.
2	Data on the business case are always partial.	Organisations need to identify and prioritise their data needs.
3	The business case draws heavily on representation issues.	Although representation is important, the business case should also consider diversity in relation to inclusion, organisational standards, procedures and cultures.
4	The business case operates at multiple levels.	The business case should combine data on individual, team, organisational, sectoral, national and transnational levels
5	The business case connects with business priorities.	The business case should be tailored according to the contextual needs, demands and priorities of the organisation.
6	The business case increasingly focuses on impact.	The business case should not be based on behaviours, processes or context alone, but should also focus on outcomes of diversity management.

## THE BUSINESS CASE REQUIRES A ROBUST EVIDENCE BASE

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Gathering data is essential for establishing a business case argument for diversity management. The field of diversity and inclusion is crowded with metric and non-metric measures that consultancies have been developing and marketing. Despite this, finding the relevant measures to support the business case for workforce diversity remains a challenge. Organisations may collect hard data (eg headcounts and return on investment) and soft data (eg anecdotes, employee and customer feedback) from within and outside the organisation to formulate their business case arguments. There is an organisational choice about the kinds of evidence required for the business case. For data and evidence needs, practitioners often turn to core business issues and extract relevant diversity measures from them. Some organisations are driven by financial motives and would therefore prefer financial evidence. Others prefer a combination of hard and soft measures.

### CASE STUDY

#### **Rio Tinto: A global strategy built around local data**

Rio Tinto is a global metal and mining corporation. The company recruits primarily from the local labour markets with the goal of having a workforce representative of the countries and communities in which it operates. The board and the executive committee reportedly support diversity and inclusion at the highest levels in the Group. A Diversity & Inclusion Council, involving members from senior leaders across their business, guides the strategy of the group in this area. The current focus is on improving the representation of women and of people from nationalities that are under-represented in the workforce and on continuing to build an inclusive culture in which all talent can thrive. Therefore, the company monitors gender representation. The level of progress is annually evaluated by the executive committee and the company includes in each annual report progress against its measurable objectives.

An interview with the principal adviser for diversity and inclusion highlighted that Rio Tinto develops local diversity and inclusion plans for each of its major operational sites. These plans are business led and functionally supported and are built around the specific local needs for recruiting, developing and retaining diverse talent and creating a culture of inclusion. Some common tools are used during this planning process, including a consistent scorecard. All the plans include an analysis and some targeted actions for gender diversity to align with the overall group goals in this area. The approach of Rio Tinto is evidence driven and built around diversity data on strategic priorities.

## DATA ON THE BUSINESS CASE IS ALWAYS PARTIAL

Although evidence is important in formulating an effective business case, data are always partial. Organisations in this study collect data to analyse diversity at work but there is considerable divergence on the choice of diversity categories that organisations choose to emphasise when they are building business-case arguments. Organisations choose to focus on different aspects of diversity, using different measures, which in turn makes reporting and sharing insights more challenging.

### CASE STUDY

#### **Linklaters: Choice of diversity categories**

Linklaters LLP is a global law firm headquartered in London. For Linklaters, creating a diverse and inclusive culture is a key business priority. The firm's espoused diversity policy requires it to go beyond legal compliance to drive diversity more proactively. The key learning from Linklaters is that the diversity categories that an organisation uses depend on the particularities of the sector and business in which the organisation is located. Categories of diversity that are covered by legislation, such as gender, can be supported by a stronger business case argument, whereas categories that are not protected by legislation, such as social class, require a proactive approach and rely on voluntary business case arguments.

In Linklaters global diversity efforts focus on gender and in particular on increasing female representation at partner level. Some aspects of diversity, such as social class, are considered harder to tackle because they are not supported by the equality legislation. Yet class presents an important diversity issue in Linklaters. Therefore, the diversity team attempts to tackle the lack of diversity in social-class background by engaging with organisational leaders and pursuing commitment in the absence of supportive legislation.

Gender diversity is the single most significant category on which data are commonly collected by all organisations in the present study (see Table 2.1). Data on other types of diversity remain partial or absent. Collecting and analysing data on some diversity categories, such as ethnicity, is a challenge for global organisations owing to difficulties in generating meaningful cross-national comparisons. Furthermore, there is an absence of data on forms of diversity such as social class and cognitive ability. Organisations need to identify and prioritise their data needs. The organisational approach to workforce diversity and the particularities of the local setting will shape the availability of data.

## **THE BUSINESS CASE DRAWS HEAVILY ON REPRESENTATION ISSUES**

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Data on numerical representation, such as numbers of women and men, minority and majority ethnic people and people with disabilities, are often collected as evidence of diversity. Although headcount evidence is helpful for identifying representation gaps, this approach underplays the cultural and social aspects of workforce diversity.

The challenge for the business case based on headcounts is that diversity issues will not be considered unless the representation of different groups can be seen to be skewed. Where numbers alone are considered, equal representation can dissuade organisations from considering diversity issues, encouraging them to ignore the cultural and structural issues beyond mere representation. A mixture of qualitative and quantitative data should be considered in order for the approach to diversity to move beyond simple head counts towards a deeper understanding of the treatment of inclusion and differences at work. The business case should consider diversity in relation to organisational standards, procedures and cultures.

## **THE BUSINESS CASE OPERATES AT MULTIPLE LEVELS**

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Organisations in this study use individual, team, organisational, sectoral, national and transnational level data to build their unique business cases for diversity. The level at which diversity data are collected is not fortuitous, but is shaped by the legacy of the organisation, its sectoral position and its strategic priorities. Individual level data are collected if the organisation focuses on managing the performance of individual employees. Data collection at the team level is becoming common as organisations are moving on to measuring team performance. Similar data can be collected at the organisational level of performance. An effective business case needs to bring together the external and internal workforce data in order to align the diversity priorities of the organisation with the competitive business environment.

## **THE BUSINESS CASE CONNECTS WITH BUSINESS PRIORITIES**

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When it comes to building a business case, one size does not fit all. Business case arguments gain shape according to local demands that requires certain forms of evidence. While some organisations in this study demand evidence to be in the form of a causal relationship between diversity categories and performance, other organisations work with models based on local priorities. Some organisations are interested in the strategic aspects of the business case. It is important to understand the unique priorities and conventions of data in a business in order to appreciate the unique evidence demands for the business case.

The business case for workforce diversity is an institutionally specific set of arguments and evidence presented to demonstrate the benefits of diversity to the core business. As the definition and substance of the 'core business' varies from organisation to organisation, a new and unique business case should be identified in each organisational setting, tailored according to the contextual needs, demands and priorities of the organisation.

## **THE BUSINESS CASE INCREASINGLY FOCUSES ON IMPACT**

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There is an increasing pressure by organisations on diversity officers to account for the impact of their proposed diversity activities as part of their business case arguments. Impact is monitored in varied ways. In the main, when considering the impact, there is a tendency in organisations to focus on feedback from diversity training programmes (Özbilgin and Tatli, 2008). This presents a challenge to the development of a robust business case for diversity, as impact is a much wider construct than feedback from training participants. The impacts of diversity training, diversity, and diversity management should be differentiated and the economic, social and environmental impact of workforce diversity should be considered.

A wide range of outcomes can be scanned, including the financial and non-financial impact of workforce diversity on the organisation, its people, its profitability and its environment. The business case should not be based on perceptions, traits and processes alone, but should focus on the outcomes of diversity management.

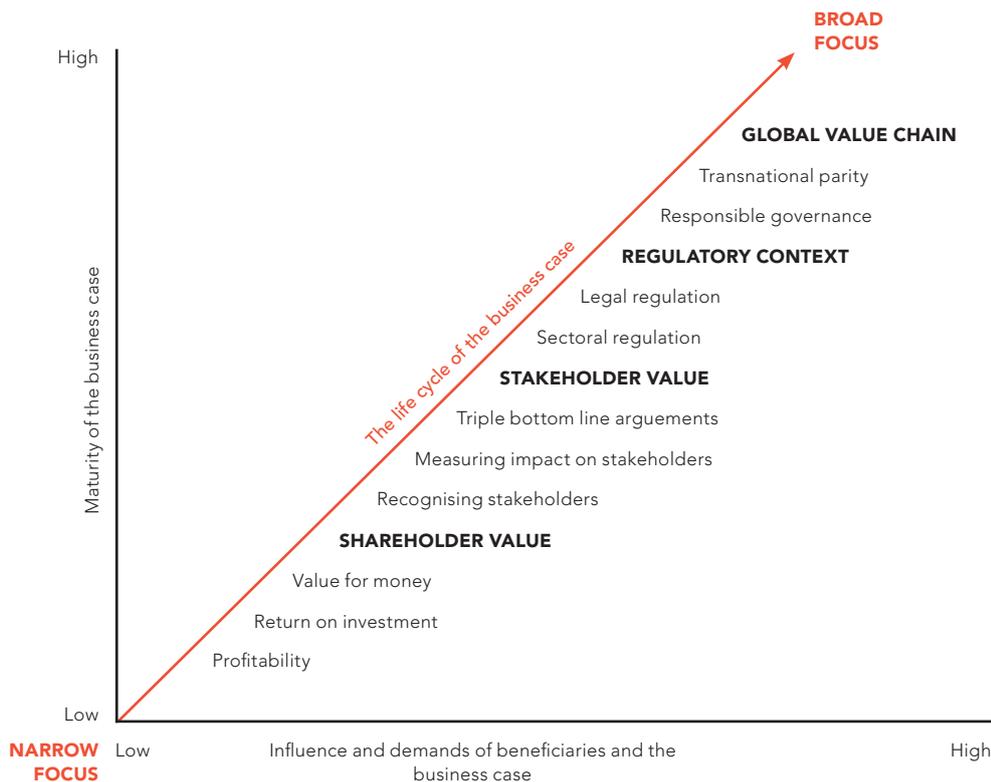
## 5. Mastering the business case

How do organisations understand the business case, plan diversity into their strategies, and implement and monitor diversity policy in accordance with the business case?

It is important to consider the business case as an active learning tool (Fujimoto 2013) that organisations can refresh as they learn their own context, conditions and new challenges of diversity. This section explains how organisations may dynamically connect the business case with (a) their business environment, (b) their beneficiaries and (c) the stage of development and maturity of their diversity programmes. These three factors shape the way each organisation chooses its particular approach to creating a business case.

Organisations face varied levels of opportunities and challenges depending on the intensity of these factors. If an organisation's business environment provides a strong driver, if its beneficiaries assert strong demands for effective management of diversity and if its diversity programme is mature, it can progress from narrow to broad approaches to the business case. Conversely, if the business environment is unsupportive, beneficiaries are disengaged and the diversity programme is recent, the business case can remain limited.

Figure 5.1: The business case for diversity in global organisations



## CASE STUDY

### **EY (Ernst & Young): Capturing the business environment**

EY is a global company. In EY, diversity and inclusion are seen as key components of the organisational culture. This is based on a belief that diverse teams encourage innovation and problem solving. The company aims to have a diverse mix of employees and to ensure that the differences are celebrated and all employees have opportunities to develop their careers.

An interview with the director of diversity and inclusive leadership who is leading diversity for Europe, the Middle East, India and Africa (EMEIA) emphasised the company's attention to tailoring the management of diversity and inclusion in order to capture the dynamism in the business environment. At senior level there is a strong commitment to the business case for engagement and talent so there is less demand for tangible evidence to support the business case. Diversity and inclusion (D&I) targets are set locally in line with specific cultural and legal contexts. Currently gender is the main category the company addresses with a relatively standard international approach, particularly for increasing female representation at partner level. The flagship diversity programme is the Inclusive Leadership programme, which has top management support. There is a commitment for diversity at senior level, and partners are involved in promoting D&I at regional level. At EY, the business environment shapes the business case needs at local and global levels.

## THE BUSINESS ENVIRONMENT

The business environment is an important factor in crafting a business case and identifying local priorities. Workforce diversity issues need to be understood in their unique local context because direct transfer and comparison of diversity interventions present challenges (Syed and Özbilgin 2009; Yang and Konrad 2011; Tatli et al. 2012). In addition, the environment should not be taken as static and fixed.

Most global organisations today have global diversity strategies but diversity policy is often implemented locally in ways that reflect the needs of the local business environment. The possibility of a truly global approach to the business case is limited. Legal requirements and business needs are always geographically specific. There is no universally agreed legal approach to regulation of diversity; neither is there a globally unified business need that compels organisations to take up diversity policy. Location dictates the kind of data that organisations are permitted or able to collect. National laws, as well as cultures, dictate the diversity criteria on which monitoring efforts focus.

Not all branches of a global organisation necessarily have the same priorities. There is a process of reconciliation in which organisations weigh demands for localisation against their global stance (Lauring, 2013). The local environment shapes the rationale and priorities of the business case. If an organisation allows all diversity policies to be locally determined, however, there can be wide discrepancies and disparities between the local settings across which it operates. Despite demands placed by the local context, some global organisations seek to move beyond demands of the local environment to cross-fertilise ideas between branches in their global network.

We have female managers in our Saudi practice... I think if I remember right at the moment, we have three, which is three more than anybody else. We've actively promoted public conferences in Saudi, which have both men and women on the platform together. Everybody knows that when you're dealing with us as a global entity, you're dealing with an organisation that comprehensively believes in open transparent human rights for all, irrespective of gender and irrespective of geography.

## THE BENEFICIARIES

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It is important to ask whose benefit the business case promotes. Answers to this question can reveal the differential impact that diversity policies may have on different groups at work. The business case argument can focus on a narrow or broad range of beneficiaries (Özbilgin and Tatli 2011). The variety and strength of this group have an influence on how the business case is formulated (Jonsen et al. 2013).

Beneficiaries of diversity management have been expanding in recent years. Organisations are considering a wider range of beneficiaries such as shareholders, employees, communities, customers, and the general public. The interests of these groups are often specific to the operations and strategic priorities of the organisation.

The types of beneficiary that the business case takes into account have a number of consequences. The fact that different groups of beneficiaries have different, and sometimes conflicting, sets of interests illustrates the way formulating a business case may be a balancing act that may cause disagreement if business strategies are not clear or clearly communicated.

The number of childcare places was limited and so there were big decisions to be made about, well, who should get a place. Should it be a junior woman who wouldn't be able to work if she didn't have that childcare and who might eventually grow through? Or should it be a middle-level manager who was in the target group that we were trying to retain but obviously they had more money and actually they were getting a really cheap childcare deal out of the office. So it seemed like a remedy but when you then get into the detail of it, unless those decisions are made really strategically, it can be more of a turn off than a remedy.

It is the role of the diversity leaders to serve as conduits between different beneficiaries of diversity management, so as to align the whole organisation towards common diversity goals and to reconcile different and divergent needs and interests. The goal is the effective alignment of different and divergent interests, so that both diversity and inclusion are achieved among stakeholders and everyone may feel that their views matter.

## THE MATURITY

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The maturity and history of the diversity management programme affect the way business case arguments are framed in organisations. It is important to recognise that organisations are at different points in their trajectories of managing diversity (Özbilgin and Tatli 2008). Those organisations that are new starters and those that have a mature diversity management programme do not have the same level of depth or formality in their business case arguments.

As many benefits of diversity are accrued in the medium and long-term, those making the business case for diversity management need to look ahead. Organisations that frame workforce diversity as a key strategic priority adopt a more future-oriented approach to their business case arguments and adopt a long-term vision. Workforce diversity policy as a long-term consideration connects the past of the organisation with its present and future. Some organisations in the present study considered diversity to be an important ingredient in their preparation for future challenges. Organisations that are starting to think about their workforce diversity face a number of unique challenges that organisations with mature diversity policies do not share. The key challenge for the new starters is to identify the business case, which is specific to organisational priorities. Organisations with mature diversity management policies, however, face the challenge of keeping up the momentum and remaining relevant in the fast-changing business environment. The case study below illustrates that SMEs have diversity approaches and challenges unique to their own business environment, shaped by lack of formalisation and attention to emergent needs.

## CASE STUDY

### **The Association of Convenience Stores: Diversity as an emergent business need in the SME context**

The Association of Convenience Stores (ACS) represents over 33,500 local shops in the UK. The ACS lobbies the government on issues concerning local shops, and provides networking opportunities. The ACS membership includes a diverse range of convenience store retailers, from stand-alone family-run independent stores to chains of multiple convenience stores.

The focus group has been attended by the ACS board members. The participants identified many emergent diversity categories that were closely linked to the day-to-day business needs of the convenience stores. For example, in addition to traditional diversity categories such as gender, age, ethnicity, disability there was diversity across life styles, occupations, marital and parental status.

In recruitment and selection decisions, store managers consider what is good for business and diversity is often a natural outcome. A mixed workforce is generally seen as beneficial for sales and customer relations. Participants linked diversity to the ability to reflect the customer profile, the ability to increase flexibility, to help support the local economy, and enhanced reputation within the community. Unlike the large firms that operate on an international scale, the convenience stores did not have formal diversity management policies and strategies. Instead, diversity is seen as an organic part of the business that allows them to fill the gaps in the business through offering flexibility as well as increased capacity to meet the customer demands and expectations that fluctuates during the working day. An example of this is the arrangement of shift work according to the needs of business as well as flexibility demands of the employees. The participants talked about using a mix of male and female workforce in a way that would deal with potential conflicts during the night shift. Management of diversity is seen in that sense as a process that balances the local demand and supply of labour. For instance, the recruitment profile mirrors the local community in terms of ethnicity and reflects the different work-life-balance needs of women and men. Therefore, diversity is perceived as beneficial and positive among SMEs in the retail trade.

## 6. From 'best practices' to 'customised practices'

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### What does 'customised practice' in policy and implementation look like?

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Best practices are often very specific to a company or a business setting. Hence they are not easily transferred. Instead, in this report the term 'customised practices' is used to highlight the necessity of tailoring the business case according to the priorities, challenges and the circumstances of each organisation.

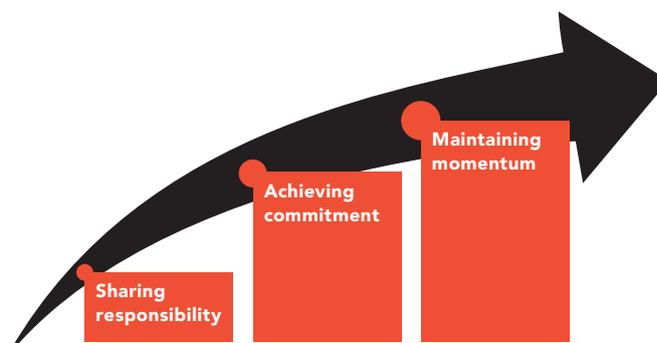
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Actually, I go beyond best practices. Best practices are known practices within the industry, within the country or outside the country, where performance has tremendously improved by following those practices. Now, for each organisation, they should not follow [the] best practice line blindly, they must rationalise and look at the next practices.

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There are three key issues in drafting customised practices of business case for diversity management.

Figure 6.1: Considerations for customised practices for building the business case



## SHARING RESPONSIBILITY

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Workforce diversity policies are intended to allow better integration of atypical workers in organisations. An atypical workforce is sometimes associated with business risk as the staff's merit, performance and job attitudes come under scrutiny owing to their socio-demographic differences from the dominant groups at work. In this way, workforce diversity is sometimes presented as a challenge, a risk for organisations. A strong business case needs to demonstrate the risk-reducing benefits of workforce diversity, rendering it everyone's responsibility to share the benefits and combat risks of difference at work. It is interesting to note that homogeneity in organisations rather than diversity reportedly increases commercial risk (Herman, 2010; Meier-Pesti and Penz, 2008). The business case should start with identification of responsibility and risk. The business case should explain how diversity can be managed as a shared responsibility across the organisation, in order to dilute business risk, lower risk-taking behaviour and 'future proof' the organisation, because the global business environment will become increasingly diverse (Jonsen et al. 2013). Therefore everybody has to accept their responsibility for achieving diversity. In particular, it is important for managers to create intersectional solidarity, which is a common willingness among champions of different diversity strands, such as gender, ethnicity, sexual orientation, age and religion, with a view to easing tensions among them and to building a stronger and more coherent drive towards inclusion in the workplace. Organisations may gather data on what they have done, what the outcomes are and what they have learned in order to improve the ownership and a sense of shared responsibility for diversity across stakeholders.

## ACHIEVING COMMITMENT

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One of the challenges that face diversity leaders is to secure commitment from key stakeholders of the organisation for effective implementation of diversity policies. Diversity leaders can engage organisational stakeholders by asking: what can diversity do for your department? The answers allow diversity leaders to pursue diversity plans that cater for the specific needs of each section of the organisation. This approach can help the various parts of the organisation to commit to a unified diversity policy.

A robust business case is one of the key tools the diversity leaders use to secure organisation-wide commitment to diversity. If they lack data and evidence to support business case arguments, many of the decisions on diversity-related matters will be left to intuition, biases, stereotypes and individual opinions about the internal and external labour markets. A strong business case has to be based on evidence but there are diverse interests within organisations and externally. To be successful the argument must satisfy these divergent interests and organisational priorities. Diversity leaders need to encourage dialogue in which different stakeholders can express their expectations of diversity management, and can collaborate. This is an important means of achieving commitment. In many organisations, diversity councils help to promote diversity and achieve widespread commitment.

Commitment issues can be particularly complex in fast-changing environments, and organisations with devolved structures, where lines of management are blurred or multi-layered. In such cases, promoting dialogue between all parts of the organisations on diversity issues is particularly essential for achieving commitment and maintaining momentum on diversity aims.

## MAINTAINING MOMENTUM

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If a workforce diversity policy succeeds, it will attract further commitment and support for a future policy. If the policy fails or is considered ineffective, however, this may diminish the reputation of diversity management and undermine the plausibility of the business case. The political context is also important here: it may engender both support and hostility to different aspects of diversity.

In order to maintain momentum, the business case should respond to the short-, medium- and long-term successes of diversity management. Diversity leaders should identify forms of resistance and create strategies to prepare the diversity programme for the future. In fast-changing business environments, maintaining momentum may require diversity leaders to identify new business drivers and translate these into relevant diversity activities or to leverage diversity in order to address emergent business challenges.

### CASE STUDY

#### **The National Health Service (NHS): Maintaining momentum in times of change**

The NHS is the national health services provider in the UK. The core principle of the NHS is to provide a health service that is free for all at the point of delivery and financed entirely from taxation. As set out in the NHS Constitution, the NHS has clear values and principles about equality and fairness for both patients and staff. As a public body, the NHS is bound by the Equality Act 2010 and Public Sector Equality Duty to work towards eliminating discrimination and reducing inequalities in care. NHS organisations are required to give fair treatment to everyone regardless of their background or circumstances and to take full regard of individual differences. The specific diversity categories include those identified in the Equality Act 2010: age, gender, disability, ethnicity and race, gender reassignment, marriage and civil partnership status, caring responsibilities, sexual orientation, and pregnancy and maternity.

The degree of public interest and scrutiny, the organisation's size and scale, and its rapid pace of change are key considerations in the NHS diversity policy. In a complex and devolved system, which is made up of almost 500 organisations, it is difficult to attain consistency in the management of diversity across trusts, which have relative autonomy. An interview with the head of equality, diversity and human rights uncovered a major political shift in the language of diversity and its impact on the NHS. Leadership in the NHS needs to maintain momentum as new structures and systems are being imposed. Newly formed senior committees need to reconsider their demographic representativeness constantly to ensure that the right people are in the right place at the right time. A range of legal and voluntary measures is used in the NHS to promote equality, fairness and diversity. However, a recent trend has been a shift in resourcing away from diversity to other areas in the organisation. To maintain the momentum in a changing political environment, equality and diversity leaders in the NHS will need to adapt to this new political discourse. This entails engaging stakeholders, using social media and other means, to mobilise 'bottom-up' support

## 7. Practical recommendations

To be effective and to contribute to the performance of the organisation, diversity management policies and programmes need organisation-wide support and commitment. In practice, diversity policies may meet with resistance, lack of understanding and commitment, particularly at the day-to-day business level. Presenting a strong business case is key to convincing organisational actors at all levels about the importance of diversity management. Therefore, organisations need to develop a sound understanding of the business case for diversity, including the economic necessity for widening their talent pool, tackling inequality and non-meritocratic practices, and establishing inclusive workplaces.

An effective business case needs to account for shareholder value, stakeholder value, regulatory context, and the global value chain. Return on investment measures may be particularly useful in getting line managers' commitment. Organisations need to engage in systematic data gathering, monitoring and analysing activities in order to formulate the specific business case for diversity management. This evidence then needs to be used in the design of innovative, dynamic and forward-looking diversity management policies and practices.

In developing a business case, it is important to focus on priorities and to collect multiple forms of data at multiple levels, ie individual, team, organisational, sectoral and national levels. The business case needs to capture the organisational, sectoral, social and environmental impact. The present study shows that the business case draws heavily on representational issues. Representation is important but not sufficient. Piecemeal and narrow diversity practices are unable to produce the full business benefits of a diverse and inclusive workplace. Organisational diversity approaches need to be informed by a comprehensive framework of change management that takes into account organisational structures and culture.

The business case for diversity management needs to be informed by short, medium, and long-term visions. Short-termist approaches potentially lead to ineffective use of the performance benefits of workforce diversity, failing to recognise the medium and long-term benefits associated with an inclusive organisational environment, employee well-being and flexibility.

Diversity champions and diversity role models at senior management levels are effective in promoting diversity and spreading support and commitment across different levels and functions of the organisation. In addition, training

programmes are important ways of dispelling myths about workforce diversity, tackling unconscious bias and overcoming stereotypical beliefs held by employees and managers. To achieve this, the content, style, format, technologies and presentation of the training need to take account of the characteristics of the trainees, organisational circumstances, and the sectoral and national context.

In order to achieve genuine commitment to diversity, organisations also need to promote a dialogue between diverse employees, and engage employees in the design and implementations of diversity policies, ensuring open and informative communication channels rather than dictating diversity practices as top-down measures. Similarly, diversity programmes need to be designed in consultation with different functional areas rather than being the sole responsibility of the HR function.

The present research shows that for most organisations the finance function currently plays a minimal role in the design and implementation of diversity management policies. The finance function needs to play a proactive and central role in managing diversity processes, including in data collection, analysis and reporting. Finance professionals' expertise may be invaluable to the diversity office when developing tools for measuring the business case for workforce diversity and diversity management.

Inter-firm, intra-firm, cross-sectoral and cross-national learning and knowledge transfer are important for sharing good practices. Nonetheless, the organisation should remember that the transfer of good practice is not straightforward. Workforce diversity and its management have their own culture, tradition and history in each local context. Organisational diversity policies and programmes need to be designed with an understanding of the local opportunities and constraints, although this does not mean that they should treat context as destiny. Organisational diversity approaches should be sensitive to local context but at the same time address local challenges, drawing on transnational and cross-national learning.

The business case should be informed by the awareness that there cannot be any quick fixes for effective management of diversity. Ground work needs to be done to understand the value and relevance of diversity to all operational areas and all stakeholders, and across the value chain.

Ten action points may help organisations to develop their business case for diversity management.

- Define what diversity means for your organisation.
- Identify the strategic priorities.
- Know your organisation's data sources and needs so as to align diversity policy with organisational priorities.
- Take stock of current data and new data.
- Gather data, build trust, and demonstrate integrity in the use of data.
- Develop a business case by linking diversity data with business outcomes.
- Achieve commitment for the business case from those stakeholders.
- Craft diversity strategies that are informed by the business case.
- Share the responsibility for management of diversity across the organisation.
- Monitor the effectiveness of the business case.

## 8. Conclusions

The case studies in this report have provided a number of original insights on the business case for diversity management in globally significant organisations. The business case for diversity in global organisations must take account of historical factors as well as changing circumstances. There is continuity and change in crafting the business case for diversity in global organisations. There is continuing interest in the business case for diversity. The popularity of studies on the business case for workforce diversity has consistently grown since the early 1990s. Similarly, present research shows that there is need for refreshed enthusiasm to maintain momentum and widen perspectives for developing business case arguments from 'single bottom line' approaches towards wider considerations of the value chain. The value chain approach provides an innovative take on the business case, as it allows for widening the scope, impact of the business case.

The interviews have revealed that diversity management practices in global firms remain mainly focused on local concerns such as shareholder value and regulation. There is a need for the business case to be broadened to reflect the dynamism of the global business environment. Furthermore, diversity leaders should consider diversity as a shared responsibility, and they should seek to achieve commitment from stakeholders and maintain the momentum for greater diversity and inclusion.

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