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Diversity and Business Performance

"It may be that the business case rhetoric has run its course. Diversity professionals might do better to recognise that diversity is a labour-market imperative, societal expectation and value."

Kochan et al: The Effects of Diversity on Business Performance, 2003.

Report sponsored by SpeechlyBircham

EXECUTIVE SUMMARY

1. For many organisations, diversity has become a front page issue. Greater expectations and pressures - individual/group, business, legal, regulatory, market, customers, societal, etc - continue to ensure this, as demands also increase for organisations to be more inclusive, fair, representative, transparent, balanced and moral.

2. From many interpretations, we accept the definition of diversity as 'aiming to create an inclusive culture that values and uses the talents of all would-be members'. Beyond that, however, are many minority, geographic or under-represented groups. Diversity priorities, therefore, have become organisation and context specific in having to reflect the realities of an organisation's circumstances and its workforce.

3. While many examples of useful thinking and practice for diverse groups are provided, the emphasis of this report is on gender issues, especially the under-representation of women at senior levels in organisations. The reasons for this, the pitfalls and the ways forward are discussed in detail.

4. A combination of research and expert views has led us to identify seven distinct 'opportunities' to help focus or renew the diversity efforts of members - market, stakeholder, talent, financial, reputational, legal and regulatory. Work in each, we argue, can produce a range of business benefits.

5. However, the jury is out as to whether diversity, generally, leads to better organisational performance. Research is often contradictory without clear conclusions. Virtually no studies can demonstrate causation - connection, yes, but not a provable link between diversity effort and outcomes.

6. Diversity is a naturally complex area of role conflicts, deeply-rooted assumptions and paradoxes. For example, we show how organisations have to make judgements on the potential gains from diversity work but also, at the same time, trade off process losses and unintended consequences. It is difficult work for the ill-prepared.

7. We have identified barriers that hinder diverse practice and results. They include lagging career paths, traditional structures, dated management, unsupportive cultures, stereotyping, communications - and an inability of some people to navigate an organisation's politics and networks. Sometimes a lack of individual confidence is key.

8. Many approaches and tools are offered in this report - ranging from a new CRF model of the diverse organisation with five levels of organisational achievement, to a chapter focused entirely on practical actions that members can use for seven aspects of diversity provision, and another chapter with three tools.

9. Valuable practices, challenges and key messages are also to be gleaned from reporting long-term diversity efforts at American Express, BBC, Credit Suisse, Deutsche Bank, Egon Zehnder International, Ernst & Young, Nestlé, Thomson Reuters and Transport for London.

10. For us, the critical success factor emerging from all our research is for organisations to try to create an inclusive culture where difference is valued with committed leaders and inclusive management styles. We believe these triple edges can begin to open the way to diversity being a sustainable source of competitive advantage.

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