The Business of Diversity

*How organisations in the public and private sectors
are integrating equality and diversity to enhance
business performance*

By Sarah Rutherford and Sue Ollerearnshaw

SCHNEIDER~ROSS

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"My time as Chief Executive has proved to me that equality and diversity is not a "nice to have" but a significant part of the answer to our business challenges."

Matt Barrett, Group Chief Executive - Barclays

"The research is very encouraging. What it shows is that a couple of years of work on equality and diversity when it is a genuine business priority is worth decades of vague commitment. When there's the will, there's a way."

Robin Schneider, Managing Director - Schneider-Ross

"We have made diversity one of the core elements of our programme for the reform of the Civil Service. It is integral to the good management and the modernisation of the Service, and it goes very much with the grain of the Service's commitment to recruitment and career development on the basis of merit. It is therefore important that diversity becomes an integral part of business planning and the everyday responsibilities of managers".

Sir Richard Wilson GCB,

Secretary of the Cabinet and Head of the Home Civil Service

EXECUTIVE SUMMARY

This report is the result of a piece of qualitative and quantitative research, carried out through survey and interviews of 140 leading organisations across both private and public sectors. The aims of the research were to find out which organisations were making equality and diversity business priorities and what links they saw between this and their overall business performance. It also sought to identify the ways in which these organisations were using business processes to integrate diversity and equality into their businesses.

Overall the business case was the most often cited driver (71%) for diversity and equality initiatives and 80% of organisations said there was a link between good diversity practice and overall business performance. Examples are given in the text of improved productivity (Procter & Gamble), cost savings (BT), better service delivery (The Crown Prosecution Service) and better marketing through a more diverse team (Cadbury Schweppes). The case studies also illustrate how the business case has widened in recent years to include social and moral imperatives, in a climate of growing corporate social responsibility.

Encouragingly, perhaps, the research shows that it is not length of time of implementation of equality and diversity policies that produces successful outcomes, but their solid integration in business strategy.

The biggest group of respondents (33%) made diversity and equality a business priority only three-five years ago. This was regardless of how long they had been implementing equal opportunities (in some cases twenty years or more). It was this more recent focus on the business case which kickstarted most of the integration of diversity that was evident in the research. Of the private sector respondents, over half (52%) have made diversity a business priority in the past five years.

Once they had decided that equality and diversity were serious business priorities, organisations set about systematically integrating these values into their business culture and processes. A four stage process of integration emerged through the research:

a. Explicitly considering equality and diversity in overall objective setting and business planning;

b. Using existing business processes for integration;

c. Measurement;

d. Accountability.

The research shows that, despite reservations about terminology and fear of a "quota" mentality, the leading organisations felt that they needed to set some specific equality and diversity targets or goals.

Seventy-nine per cent of respondents explicitly consider diversity and equality in setting organisation wide objectives and many respondents had senior executive and board objectives on diversity.

Some parts of the public sector are ahead of the private sector in using processes to integrate equality and diversity. Processes such as Best Value, for example, provide a vehicle that can be used effectively by local authorities, as a foundation for integration and measurement. However the private sector is catching up by focusing on accountability, with an emphasis on individual responsibility. Diversity scorecards are becoming a popular measure of diversity and equality on both group and individual levels, particularly in the private sector.

Although 68% of respondents said they had the means to hold managers accountable, only 27% linked this to pay. Of the group of organisations that did make this link, 91% said they felt there was link between equality and diversity and their overall business performance. This supports the finding that it is not timing but the extent of integration which guarantees successful diversity outcomes.

There were several success factors which emerged as contributing to the successful integration of diversity and equality into organisations.

- Leadership was a key factor behind the initiation of policies for both sectors and was deemed critical to the ongoing implementation of policy;

- Corporate values were used as a vehicle to integrate diversity and equality across both sectors, either explicitly or indirectly;

- The role of diversity function was key to the success of some of our respondents' policies and an emerging trend is the increasing status and seniority of these roles;

- The importance of ongoing support – particularly training – in order to spread ownership and encourage responsibility for diversity and equality to all managers and staff;

- Full-scale integration and sustained attention to equality and diversity produce a better outcome - rather than piecemeal measures.

This research paints a picture of many common threads across the private and public sectors. Despite their very different structures and indeed business aims, the drivers for equality and diversity were remarkably similar. The public sector has embraced the business imperative and the private sector is now more comfortable with the moral and social imperative. The public sector can offer ways of measuring customer satisfaction and service delivery to an increasingly service-orientated private sector. The private sector can offer ways of increasing accountability at individual staff and manager levels.

The research shows that two years of a comprehensive approach to integration, leaving no area of the business uncovered, will have as much effect (or more) than twenty years of piecemeal change.

CHAPTER ONE - INTRODUCTION

1.1   THE CONTEXT FOR THIS RESEARCH

Since the introduction of much of the anti-discrimination legislation in the 1970s in the UK, there has been a steady shift away from minimal compliance with the legislation to a more proactive stance which positions equality and diversity as key enablers for business success.

The emergence in the 1990s of a number of strongly business-focused campaigns under the auspices of Business in the Community (Opportunity Now and Race for Opportunity), as well as the Employers' Forum on Disability and the Employers' Forum on Age, is an indicator of this transition.

In the private sector, equality of opportunity and diversity have been influenced by the overall economic cycle (and therefore the competition for talent) and changing labour market demographics – in particular the ageing population of the UK, and the increasing numbers of women and ethnic minorities.

More recently, there has been a shift in the focus of the business case – away from a concentration on employment towards a more holistic argument which embraces all aspects of organisational life and relationships with all stakeholders.

This has coincided with a similar shift in the public sector. Many Whitehall departments, public authorities and local councils have had equal opportunities policies for years. It is only more recently, however, encouraged by government policies, and awoken to the dangers of complacency by developments such as the Stephen Lawrence Inquiry, that there has been a greater emphasis on service delivery and community engagement.

So equality and diversity are now rising up the agenda in both the public and private sectors in the UK – there are many who realise the potential that making progress in this area has for attracting and retaining talent, encouraging creativity and improving service delivery.

Organisations are now starting to look at their core business processes for improving performance to see how they can be applied in the area of equality and diversity.

These developments pointed to the need for some research into the extent to which organisations were tying diversity and equality into their business processes - and if so, how they were doing so and with what consequences.

1.2   RESEARCH AIMS

Accordingly, there are two linked research aims:

(i)   To investigate which organisations in the UK are treating equality and diversity as business priorities, and what links they make with their overall business performance.

(ii)   To identify ways in which these organisations successfully use business planning processes and other steps to strengthen accountability and improve performance, with regard to equality and diversity.

The research sought to answer the following questions:

■ Was there a connection between diversity and equality performance and overall business performance?

■ How many leading UK organisations are using business planning processes to integrate diversity and introduce accountability into their organisations?

■ And of those which are, in what ways are they seeking to integrate diversity into business planning processes?

■ Can any links be shown between steps organisations are taking to integrate diversity and their performance on diversity?

■ What, if any, are the prerequisites that need to exist so that diversity can be effectively integrated?

■ Where organisations are seeking to integrate diversity, what appears to be working and why?

■ Are there any common threads across the organisations which may account for particular dimensions of their success?

It was a deliberate aspect of the design of the research to compare and contrast experiences across the sectors and to encourage shared learning. The two sectors are rarely put side by side in this way and the research provided an opportunity to explore to what extent (for instance) differences in key drivers for diversity may affect implementation.

1.3   METHODOLOGY

It was decided to carry out both quantitative and qualitative research. The purpose of the quantitative research was to carry out an initial survey across leading organisations in order to see the extent to which:

(i) they felt that they were linking their work on equality and diversity to their business performance and ;
(ii) they were integrating equality and diversity into their business planning processes.

The purpose of the qualitative research was then to have in-depth discussions with a range of organisations to understand how they were going about the task of integration, and what they felt was working. In the report that follows, the graphs and statistics are taken from the survey and the qualitative interviews have generated the case study materials. The survey was distributed in January 2002 and the qualitative discussions took place in February and March of the same year.

Sampling

At the outset, we had decided to try to keep a broad balance between the private and public sectors. The research aims are clearly limited to the UK, although it was recognised that the inclusion of a number of US-owned multinationals would enable us to draw on some of the US experience. Given the aims of the research, it was clear that we needed to identify organisations which were at the leading edge of practice – because they were likely to be the ones who were actively working on integration.

In the private sector we started with the FTSE 100 Index and cross matched with the FTSE4Good Index and also used the membership lists of the Business in the Community equality campaigns. Foreign organisations with only a quote over here and those we knew had done very little in the field were crossed off and we were left with seventy private sector organisations. There are obviously a great number of other companies, which might well be doing innovative work, that we have missed but inevitably time and cost prohibited a wider survey. There were also those we had specifically targeted which were unable to take part in the research.

In the public sector we also used the BiTC membership lists and tried to select a cross-section of organisations – local authorities, civil service, health and education, which were known to have established policies in this field.

Quantitative research: initial survey

The survey (see Appendix) was sent out to 140 organisations. The design of the survey was intended to focus on the business planning aspects of equality and diversity, and to be kept short enough for people to be prepared to complete it. It contained twenty-five questions, with three of them being open ended. The written answers to the open ended questions provided us with very useful additional qualitative data.

A total of eighty-four organisations responded to the survey, giving a 60% response rate (54% private and 66% public), which is excellent for a postal questionnaire. The data was then analysed in-house at Schneider~Ross.

Organisations were entitled to remain anonymous but in the event only two did and all were asked if they wanted to take part as a case study. Those that agreed, and looked interesting, were followed up.

Qualitative research: interviews and secondary analysis

A total of fourteen representatives from respondent organisations were interviewed either in person or by telephone. Three other organisations provided us with detailed information of their policies. None of these organisations would profess to having 'got there', but all are taking the task of integration seriously. The interviews took a semi-structured form, following the original questionnaire, but asking for more detail. These interviews provided the researchers with examples of particular equality and diversity measures, and also gave us the data required to understand the cultural conditions necessary for the successful integration of diversity and equality policies into mainstream business practices.

The interviews were written up as individual case studies and then analysed by themes, which had been emerging throughout the research. A selection of these have been used in the report in order to illustrate the general findings and are included in the relevant sections.

1.4   THE STRUCTURE OF THIS REPORT

The first part of this report is concerned with the first research aim. We have sought to locate the work currently being done by organisations on pursuing equality and diversity in its social, temporal and political context and elaborate on the development of the business case. We have then sought to identify the business benefits reported by respondents and illustrated this with examples from our interviews. The second part of the report concentrates on the specific modes of integration. We have sought to identify what organisations are doing, and summarised this in four stages. The third part of the report discusses the factors that seem to lead to successful integration.

CHAPTER TWO - THE BUSINESS CASE

2.1   SUMMARY OF KEY FINDINGS

- **The Business Case is key to the success of diversity and equality initiatives across both sectors.**

- **The public sector's business case includes an increasing focus on service delivery and has much to offer service-orientated private sector companies.**

- **The business case is expanding all the time and is no longer just about employment and particular groups of employees. It now reflects the emphasis on diversity and the social and moral, as well as the more obvious commercial business benefits.**

- **There is emerging evidence that organisations are increasingly including diversity and equality under the umbrella of wider corporate social responsibility.**

- **Each business case will be unique to the organisation it addresses and it will most likely vary from division to division within the same organisation.**

Seventy–one per cent of all respondents cited the business case as the main driver for equality and diversity initiatives in their organisations, making it the most cited of all drivers. Broken down by sector this represented 76% of all private sector respondents and 67% of all public sector respondents. In the public sector only personal leadership commitment was more highly cited at 74%.

Graph 1: Main drivers for equality & diversity initiatives
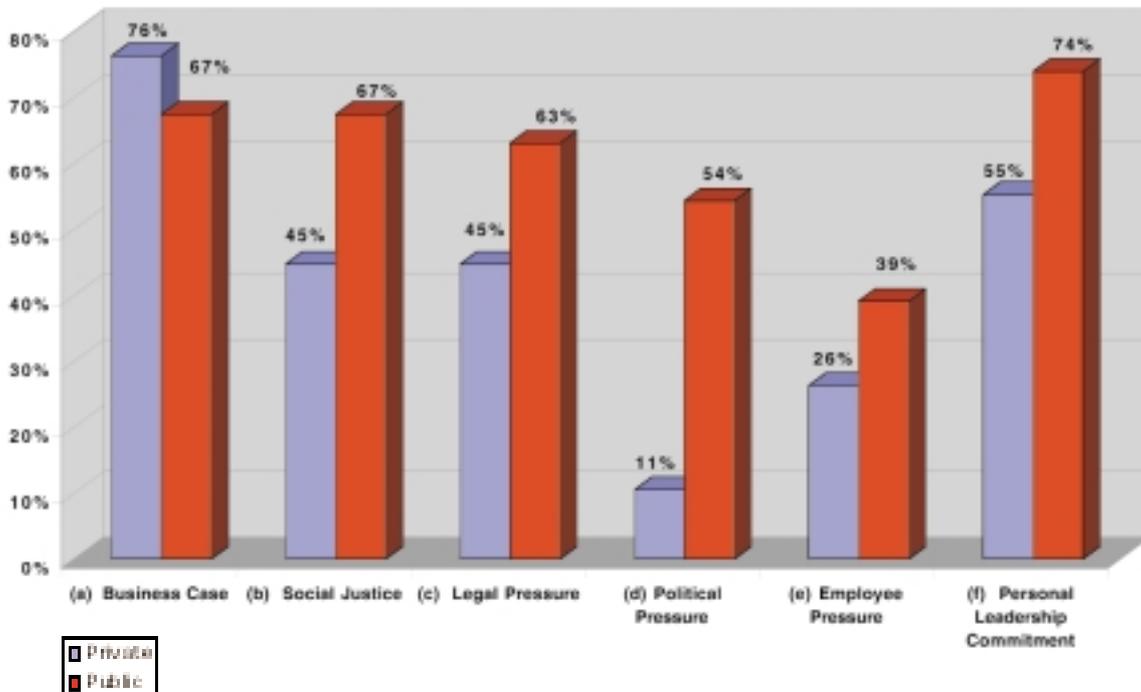
2.2   THE DEVELOPMENT OF THE BUSINESS CASE

The launch of Opportunity 2000 in 1991 (now Opportunity Now) highlighted the importance of the business case for equal opportunities. There was a shift in the Eighties away from the legalism of the equality legislation towards a recognition that it made business sense to look after women employees. So initially, it was the need to retain women, once recruited, that provided the kernel to the business case. It was recognised that costs of losing trained women and then having to replace them, could be hurting the bottom line. It was clear that in order to appeal to the business community, equal opportunities had to be linked to the bottom line.

"The business case will remain the most effective argument for equality in 1995" (Kamlesh Bahl, Chair EOC Report 1995).

The war for talent was also an argument that began in the late Eighties based on demographics, which showed that there would be proportionally fewer young job seekers, including graduates, over the next twenty-five years and that therefore employers needed to recruit from a wider pool than they had been doing.

Alongside this, there was the recognition that in many areas, ethnic minority school leavers formed an important section of the labour market – and one that many employers were not reaching. However the recession of the early to mid Nineties quietened the demographics argument for a few years, and many organisations cut their budgets for equal opportunities.

The following economic boom of the late Nineties revived the argument, with McKinsey's influential 'War for Talent' report (1997) showing that in the future, the best talent will be harder to find and more challenging to keep. An updated survey, War for Talent Two (2001), concludes that it is even more difficult to attract and retain talented people than it was three years ago. Many organisations are now saying that even in the event of a major downturn, a shortage of well-qualified young people will still mean that the war for talent argument will be relevant. The recent dot.com boom provided a major challenge to more traditional businesses in attracting talent, and many thought long and hard about the appeal of their own organisations. Some forward-thinking organisations are already recognising that drawing from a wider pool may have indirect business benefits. Lord Browne of BP has said that talent must be drawn from all sections of society, to access the widest most creative range of new ideas. (EOR No. 90 March 2000)

Opportunity Now began its campaign with an aim to tie in equal opportunities for women with the business case. Other agencies also promote the business case. The CRE, in launching its Standard for Employers – Racial Equality Means Business, outlined the business case linked to understanding customers' needs, operating internationally with success, and contributing to a healthy society - as well as becoming an employer of choice and using talents to the full.

The Employers Forum for Age recently launched their business case for age diversity. It argues that by abandoning their prejudices about what makes a 'younger' or 'older' worker, forward looking companies are gaining competitive advantage and financial benefit. They will have access to a wider labour pool, improve retention, get closer to customers needs as well as showing exemplary citizenship.

The Employers Forum on Disability state that tomorrow's sustainable companies are those which will build their capacity to employ disabled people, service the needs of disabled customers and their allies and thereby enhance their overall ability to compete in an increasingly complex and diverse marketplace.

Whilst these campaigns have been putting the business case argument to the private sector, a similar process has been underway in the public sector. Interestingly, the business case was the second most cited driver for the public sector. This clearly reflects the growing emphasis on ensuring that public services are adaptable and responsive to communities and delivered effectively and efficiently, (as in Modernising Government and Best Value approaches). If these objectives are to be achieved, public sector organisations need to understand the impact of their polices and programmes on all sections of the community and to identify ways of meeting particular needs among the diverse groups they serve.

"The Government wants a public service which values and uses the differences that people bring to it………The public sector must also be a part of the society it serves. It must reflect the full diversity of that society if it is to deliver the policies and services required" (Modernising Government 1999).

Our research shows that the business case is not static. It differs for every organisation depending on its history, culture, business, client base, its employee makeup, its location, size and business plans. It may differ for different divisions within the same organisation. Organisations now refer to the needs of other stakeholders, besides employees and clients, including investors, shareholders and a desire to promote a 'good' public image.

2.3   LINKING EQUALITY AND DIVERSITY WITH BUSINESS SUCCESS

Eighty per cent of all respondents believe that there is a link between equality and diversity performance and overall business performance.

Table 1: Link between diversity performance and overall business performance

Does the organisation believe there is a link between its diversity performance and its overall business performance?			
	(a) Yes	**(b) No**	**No response**
Private Sector	71%	21%	8%
Public Sector	87%	13%	0%

As illustrated in the development of the business case, organisations, across both sectors, have linked diversity and equality strategies with wider organisational objectives.

Statistically linking diversity performance with overall business performance is fraught with difficulties, and there will be further discussion of this in the section on measurement. On the other hand, organisations intuitively recognise its impact. *Procter & Gamble marketing executive Jesper Wiegandt says, 'We are absolutely convinced that it has impacted our business. Over the past five years productivity has increased by more than 30% - obviously there are other variables to take into account but one of the most consistent ones has been the active promotion of diversity. As an illustration of gender progress, in the past five years P&G has increased its percentage of female managers at group manager level from 25% to 42%'.*

Similarly, **HBOS (formerly the Halifax)** believes that its award-winning Fair's Fair programme for the active promotion of equal opportunities is responsible for its continued growth and success as a company. It has successfully increased its ethnic minority staff from 4% to 6.3%, particularly increasing the Asian representation in Bradford to reflect its customer base. It has also increased its percentage of women in senior management from 21% in 1998 to 26% in 2001.

BT has seen a productivity increase of between 15%–31% since it began its homeworking scheme. Its flexible working policy has resulted in a 96% return rate after maternity leave. The take up of homeworking has resulted in a savings of £220m in real estate costs.

Specific initiatives may be monitored and assessed, but it is still very early days for a more comprehensive type of measurement. However, our research shows that diversity and equality are important organisational issues and business enablers, and that 80% of our respondents believe that there is a link between diversity performance and overall business performance. Indeed, investment in equality and diversity appears to be sharply on the increase – and it would be surprising if organisations were not expecting a significant return on this investment.

In the following paragraphs of this section of the report, we offer illustrations of the range of business benefits that our case study organisations are reporting. We have grouped them into: (1) Better recruitment and retention, (2) Improved understanding of markets and communities, (3) Stimulating increased creativity and innovation, (4) Improved service delivery, (5) Corporate social responsibility and (6) No longer optional extras and (7) External expectations.

Better recruitment & retention

A number of organisations have seen that becoming a more "inclusive" employer – widening the sort of people who apply, join and subsequently stay with the organisation can have significant benefits. As with many organisations Procter & Gamble wanted to improve their numbers of women in senior management.

Procter & Gamble recruited male and female graduates in roughly similar numbers but lost a disproportionate share of women on the way up the corporate ladder. This was recognized primarily

as losing vital talent, but also to a degree that as a producer of consumer products, 90% of which are bought by women, P&G realized that the decision makers could better reflect their market, much more than it did. Jesper Wiegandt, a senior marketing executive who is responsible for much of the energy that has gone into the numerous diversity interventions at P&G says, '*We think of the "three R's of diversity": - recruitment, retention and reflection.*' Every organisation will have its own particular reasons for driving diversity and P&G's responds primarily to its practice of only promoting from within the company. You join at the bottom and work your way to the top. No one is recruited at senior levels from outside the organisation. This means that recruitment of the right calibre of person is absolutely paramount at P&G. It also means that a lot of effort goes into ensuring continued good treatment and development of all employees. In terms of tracking diversity, it makes it easier/transparent to see women leaving more than men and then to be able to ask why. The drawback in terms of outcomes for diversity, promotion from within means a slow wait whilst interventions at the lower levels work their way through to the higher levels.

Barclays is another example of a company that employs a high percentage (69%) of women, but did not feel that it was making the most of their potential contribution.

Matt Barrett, Chief Executive of **Barclays** stated on his arrival that it was Barclays intention to integrate diversity and equality into the business. For reasons of recruitment, retention and employee commitment, ensuring that the company culture and work flexibility arrangement meet the needs of their female workforce is a high priority. '*Levelling the playing field, ensuring that the best people are in the best jobs also makes for better business. When you are in a highly competitive service industry like banking, in a society where gender equality is fast becoming a core value, it makes absolute sense to pursue gender equality in the workplace. In a mature financial services market like ours it would be nothing short of dereliction of duty not to go after the fastest growing customer base*'.

Changing markets & communities

The business case widened as organisations recognised the changing profile of their customer bases.

"The case for making a strategic priority of the pursuit of equal opportunities grows year by year for business. A comprehensive approach widens not only the talent available to the business, but its understanding of the market place and its links with the community on which it depends". (Howard Davies, Director General CBI 1996)

In some organisations, they have deliberately leveraged the increasing diversity of their employees in order to better understand these diverse markets.

Ford Employee Resource Groups have been set up to focus on business opportunities e.g. the Ford Asian Association which looks at ways in which to market to the Asian community and GLOBE – gay, lesbian and bisexual employees doing the same. The emphasis on these resource groups, which

may set them apart from purely a network is that, as their title suggests, their agenda is very much business focused. Union involvement has been key to the success of the integration. A highly unionized company with a history of some industrial conflict, it was imperative that their support and involvement was there from the start and TU officials sit on every diversity council.

As Niccola Swan (Barclays' Equality and Diversity Director) argues, the increasing diversity of **Barclays'** customers has been a major driver for their work: *'We also recognize that we have a diverse customer base – there are now many women entrepreneurs, and we have high numbers of ethnic minority customers. We need to appeal to these clients and provide a good service to them. We can best do that by having a diverse workforce which reflects our clients. We also realized that there are six million disabled people that we may inadvertently be excluding. Also we need to ensure that we appeal to the gay population which has a high disposable income'.*

This same desire to reach out to a broad base of customers – and the need to align employee profiles more closely with this diversity - applies in the public sector. Higher education provides a very tangible example:

Middlesex University has 22,000 students, over half of which are from ethnic minority backgrounds, with a similar percentage of women. Ian Cheetham, Head of Human Resource Services, sees equal opportunities and diversity as critical to the continuing success of the University, whose Vision is of 'a University characterized by its commitment to, inter alia, promoting equality of opportunity, openness, freedom of expression and social responsibility'. Objectives for the coming year are to increase the percentage of international students and diversify income sources, so as to become less dependent on Government grants. With strong diversity among students, it is important to increase staffing diversity. Similarly, initiatives to widen the pool from which the University recruits, can benefit recruitment and retention for those jobs which are difficult to fill.

Stimulating increased creativity and innovation

A more recent development in the business case is the acknowledgement in certain areas that increasing the diversity of employees not only increases an organisation's ability to understand diverse markets, it also gives them a source of fresh ideas and creativity to improve business outcomes.

As Pat Samson, the **Inland Revenue's Head Equal Opportunities Project Team, HR Division** says: *'Diversity will increase our capability and innovation with the bringing in and bringing on of talent. People will bring new experiences, skills and ideas because of their diverse backgrounds and knowledge of different environments'.*

This realisation - that different people bring different (and new) perspectives to old problems applies across the sectors.

A specific business success has been directly attributed to a particular diversity initiative at **Cadbury Schweppes.** In the US the Cadburys' owned Motts company makes juices and other food products.

Knowing that the Hispanic population was the fastest growing segment of the US population, Motts deliberately recruited a higher percentage of Hispanic people into their marketing team for one of their drinks, Clamato (this is tomato juice with a whiff of clams). The drink had been around for some time but needed revitalizing. The marketing campaign has been a great success as a result of their greater diversity of creative team and sales have really taken off. It is now being used as a mixer for vodka – rather like Red Bull is in the UK.

Moreover, the benefits of being "inclusive" and reaching out to different people to generate new ideas, applies externally as well as internally. Diverse employees are in some ways simply surrogates for diverse communities.

The **Crown Prosecution Service** held a series of Equality and Diversity events in 2001, in which staff engaged with different agencies and voluntary sector groups working with local communities. The events covered disability, race (reviewing progress after the Stephen Lawrence Inquiry Report) and domestic and sexual violence and identified key recommendations for the CPS's future work – including support systems for disabled people, continuing community engagement and greater listening tools. Rohan Collier, Head of Equality and Diversity says that *'involving communities in the work of the CPS has radically changed the way we operate. It brings in expertise that can only be gained by being at the receiving end of the service. We have for example changed the way we deal with domestic violence as a result of a day long dialogue between CPS policy makers and representatives from women's groups. More recently, the CPS Race Equality Scheme was completely rewritten following dialogue between CPS representatives and minority ethnic groups representing victims, witnesses and defendants. Locally, the way racist incidents are dealt with has improved when prosecutors have met with community representatives'.*

Improved service delivery

These examples are about improved service delivery. Different ways of doing things have profound implications. It can be as simple as introducing new work patterns.

For instance, in the **Lord Chancellor's Department**, 33% of Court Service Bulk Centre staff work part-time. A technology-based approach has been used to calculate busy periods so that they can ensure staff are present. Following this, their data shows that they are consistently answering more than 90% of calls within 30 seconds.

Reaching out to a wider range of employees, and therefore getting closer to customers and better understanding their needs is, of course, what makes for improved service delivery. This is a message that the public sector has very much taken to heart. This virtuous circle is illustrated by the **Inland Revenue's** Diversity statement in its overall Medium Term Strategy, which states: *'Our aim is to be an organisation in which accepting and appreciating differences are just part of the way we think and act. Achieving this will give us a diverse workforce with a wide range of skills and experiences. This will enable us to deliver quality services to all our customers by understanding and meeting their needs'.*

The IR has a process of identifying and sharing both good practice and the positive outcomes such practice brings for the business. Regions have been asked to provide examples in a format that identifies:

- What we are doing;

- Why we are doing it;

- The benefits to:

    - The Inland Revenue

    - The local team

    - Individuals in the team

    - The community

One example is 'Encouraging alternative working arrangements' with reasons for action and linked benefits including:

- To attract and retain quality employees;

- To improve customer service by being available at times to meet their needs;

- Opportunities to find flexible business solutions;

- Building a positive image in the local community.

The same determination to improve service delivery drives the rigour of the measurement processes that the public sector have introduced (to a far greater extent than the private sector.) For instance, in the **Lord Chancellor's Department,** which includes the Court Service, the guidance for policy makers on incorporating diversity into policy making emphasises the business imperative for impact assessments in general and diversity assessments in particular, as a *'common sense prerequisite for effective policy making and business planning. Effective policies need to take full account of the needs and experiences of those affected by them and that requires us to understand the practical impact of these policies on society in general and as between different groups in society. To do so, we need to ensure that we have sufficient relevant and reliable information about the legal system and its users on which to base our assessments'.*

Corporate social responsibility

We have indicated a number of tangible business benefits that organisations are realising as a result of their work on diversity. At the same time, however, there is something of a move towards a more "in principle" support – without having to prove the return on investment in purely commercial terms.

Always a key driver for the public sector, social justice now features as a main driver for the private sector too. It could be argued that the rationale for the promotion of equality and diversity in organisations has come full circle, as many private sector leaders now actively espouse the moral imperative of doing so. Sixty-seven per cent of the public sector respondents cited social justice as a driver for diversity and equality and strikingly so did 45% of the private sector respondents.

The ability to speak about morals and ethics has undoubtedly been the product of the much publicised discourse on social/corporate responsibility. Values now embrace not only those which directly attribute to profit, but which encompass wider issues like community standing and service and public image. It takes years to build powerful brands, it takes rather less time for a misjudged act to trigger protests which can destroy them.

Matt Barrett of **Barclays** has never fought shy of talking about the social and moral case for equality. As Niccola Swan says, *'There is absolutely no moral justification for treating one group of people unequally from another or even one person unequally from another. The lack of women at the top of the organisation, given they make up 60% of the workforce looks ridiculous from any view'*.

Many now feel that the business case is no longer just a matter for the bottom line. It is more about doing (and being seen to do) the right thing.

GlaxoSmithKline is very conscious of its public image. Ian Brown, Head of Diversity, explains, *'After all, we are a healthcare company which looks after people's well being. We need to make sure we look after our own employees too'*. Brown feels that diversity sits well in the whole area of corporate responsibility, *'In the same way that we reassure shareholders that we do not exploit child labour and that we do not pollute the environment, I see diversity as becoming increasingly an area of social responsibility. You cannot divorce the moral and social imperative of treating all people fairly from the business case – the two go together. Increasingly it is the right thing to do, simple as that'*.

No longer optional extras

Equality and diversity have ceased to be optional extras for many leading organisations. They have become an integral aspect of corporate culture – for the bad times as well as the good. For these organisations, economic downturns or financial difficulties do not mean an end to the resources spent on this area of the business. As Claire McCarron, HR support leader at **Cummins** puts it: 'It is seen as a business enhancer whatever the economic conditions and money will continue to be spent on it.'

British Telecom, the telecommunications company with employees of over 100,000 worldwide, has been in the forefront of equal opportunities and diversity for many years, acting as a role model, and offering examples of good practice to many other organisations. It can now provide evidence that even in downturns in economic conditions, diversity still remains a corporate priority. Caroline Waters, Head of HR says that BT has already seen the competitive advantage of diversity. There has been a downturn in the whole telecommunications industry and *'although we have lost 40% of our share value, other European groups (apart from Telefonica) have lost 80% of their share value. In the past*

when times have got tough, HR programmes and particularly training and equal opportunities have been the first to be chopped. Because of BT's commitment to diversity and its entrenchment in the organisation, this has not happened to BT. It is still a core part of our work and remains a high priority regardless of other business conditions'.

External pressure

And whilst this process may start with large organisations it extends, through their chains of suppliers, well beyond them. A particular challenge to **Ford** are the dealerships, which are self owned. All the dealers have received booklets informing them of the business case for diversity and pilot work is going on to give them training in serving women customers. All the training throughout the organisation refers to the business case. Ford wants to accurately reflect its customer base. Diversity fits into the move away from product–based strategy to the customer–brand relationship strategy which has been developed over the past few years.

External pressure has also informed large companies' approach. For instance, at **Cummins:** *'As a global company we are subject to big customers, particularly American ones, which place an expectation on their suppliers who like us practice diversity'.*

This expectation or even insistence that suppliers and or clients are implementing some form of diversity and equality measures internally, is further development of the business case. **JP Morgan** is now holding workshops for their HR suppliers and recruitment agencies to show them what the bank's values are and to emphasise that JP Morgan expects these organisations to do some diversity work internally.

We see this external pressure, as organisations demand that their contractors/vendors and/or clients hold certain values around diversity, or even implement some initiatives, as a significant development of the business case.

2.4   CONCLUSION

Equality and diversity appear now to be positioned solidly as enablers for business success, in its widest sense.

Organisations are beginning to recognise that it is having clarity around the full range of the business case that is critical to getting real organisational understanding and hence commitment. **B & Q** cite their most successful strategy as being, *'To get all aspects of the business to understand the benefits of embracing diversity, from a business, moral and legal perspective'.*

CHAPTER THREE - TIMING

3.1 SUMMARY OF KEY FINDINGS

This chapter of the report will look at the timing of organisations' implementation of equality and diversity initiatives.

- **Equality and diversity outcomes are not determined by length of time that equality has been implemented in an organisation.**

- **The political, social and legal climate has led to the favourable conditions for the implementation of diversity and equality.**

- **The research shows that there has been a renewed activity in diversity and equality work over the past five years.**

- **Some of the organisations which have achieved most in terms of outcomes have started late but with strong focus on integration.**

- **Specific timing factors influence organisation's diversity work as well as general ones.**

Graph 2 – How long organisations have been implementing diversity and/or equality policies
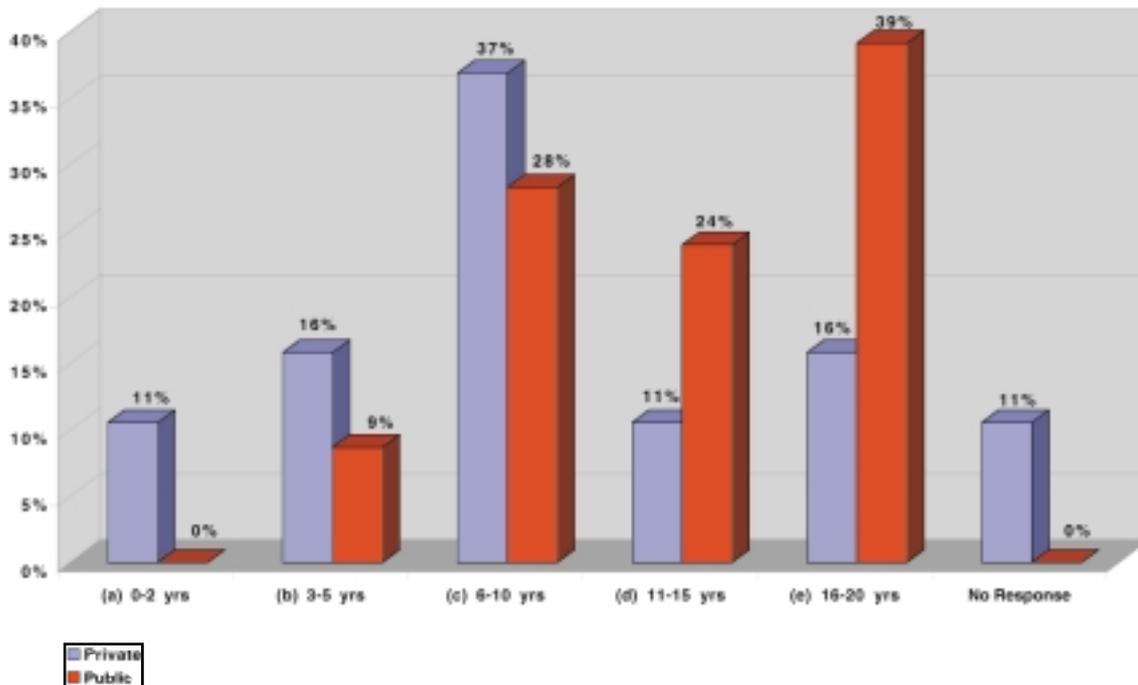
The biggest group of respondents (32%) reported that they had been implementing diversity equality policies in their organisations for between six and ten years. There was roughly the same proportion of private and public sector organisations. However, going back further to how many had been implementing them for between sixteen and twenty years, the public sector response was much higher proportionally than the private sector, illustrating the early political and social slant on equality.

Graph 3 – When initiatives became business priorities
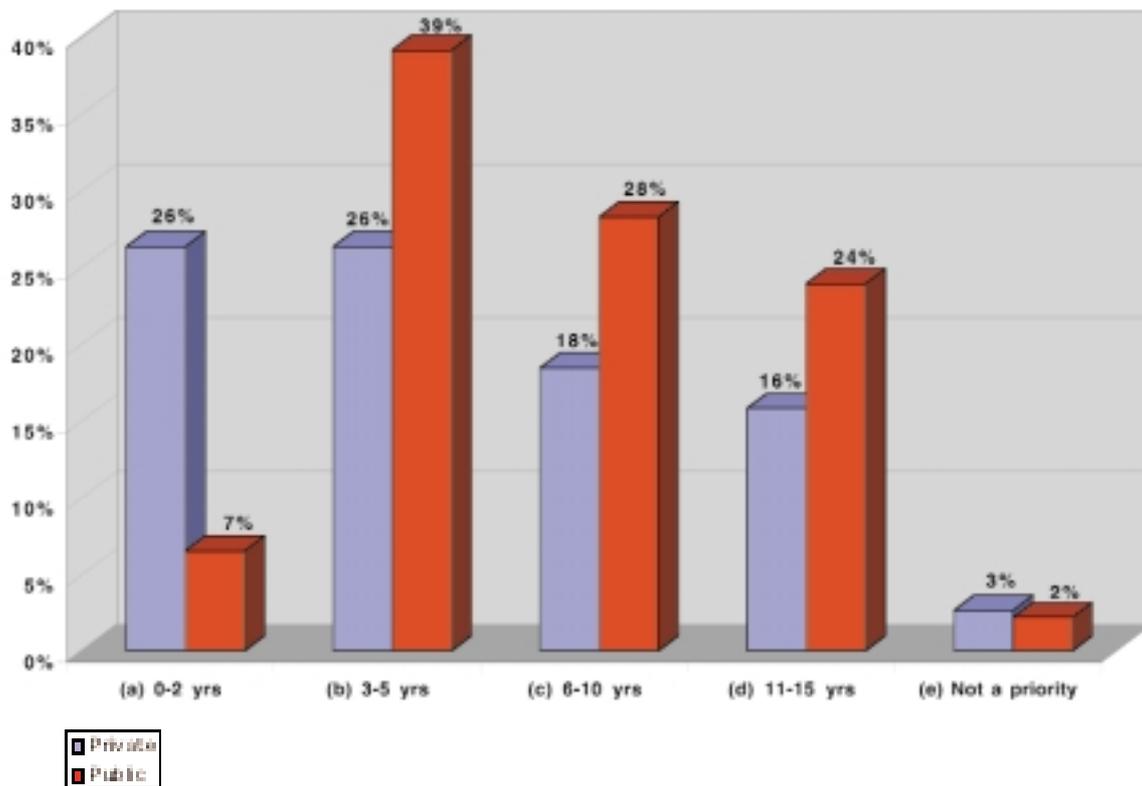
The highest proportion of respondents (33%) reported that equality and diversity had become business priorities between three-five years ago, with a further 15% stating that this had occurred in the past two years. This shows how recently diversity and equality work has really been taken seriously as a business issue. This decision seemed to be independent of how long they had been implementing equal opportunities.

3.2 MAKING EQUALITY AND DIVERSITY BUSINESS PRIORITIES

The trend across both public and private sectors is that whilst many organisations have been implementing some form of equal opportunities policies for a number of years, there has been a more recent refocus.

This refocusing has coincided with the widening of the discourse of equal opportunities to include diversity. Organisations have started to move away from a narrow interpretation of equal opportunities, which provided minimal policies to avoid breaking the law, to a more proactive implementation of policies designed to reach all sections of the community, redress previous barriers to minority groups and to recruit, retain and promote more people from excluded groups.

This more recent activity in diversity and equality has most popularly been tied in with corporate strategy and backed up by a business case. For example, in 1999, the **Inland Revenue** stated that it *'wanted to be the first major Government Department that systematically moves from an equal opportunities to a diversity approach. We now want to move on and change our culture so that all of us recognise that diversity is a strength to be harnessed and used to improve our service to customers'.*

And similar moves happened in the private sector as Claire McCarron, HR Support Leader, **Cummins** says *'What happened a couple or so years ago was that we moved from beyond the minimal attention we need to give equal opportunities to avoid breaking the law to actually building a business case for diversity.'* And Jesper Wiegandt, marketing executive **Procter & Gamble**, *'The company has always upheld the principle of equality of opportunity. But there was a discernable shift five years ago when the company moved from a position, where we upheld the principle but did little in practice apart from meeting the requirements, presented by law and common sense, to one of actively managing diversity in order to gain a business advantage. We started seeing diversity as a business enabler'.*

Moreover, the group of organisations which have made equality and diversity business priorities in the last three–five years, had nearly as high a percentage of organisations saying they had achieved measurable outcomes (86%), as the group which started taking equality and diversity as a business issue eleven-fifteen years ago (88%) and higher than those who started six-ten years ago (75%.) In other words, measurable outcomes do not depend simply on the length of time of implementation. What really matters is the length of time equality and diversity have been real business priorities.

Perhaps the most dramatic illustration of this in the UK is at Ford.

Although **Ford** of Britain has had various equal opportunity policies in place, including some excellent monitoring systems, for many years, there was no comprehensive policy tied in to the business case until eighteen months ago. Since 1995 there had been a big push for diversity in the US led by CEO Jacques Nasser. In the UK, however, Ford was facing a turbulent time as trade unions charged their management with racism. Incidents had occurred which workers felt were not being addressed properly culminating in a series of wildcat strikes, a legal action by Asian worker Sukhjit Parmar and the threat of further strikes. This crisis led Nasser to fly into Britain, amidst huge publicity, in October 1999 to answer criticisms of institutionalised racism in Ford of Britain. A formal investigation by the CRE (Commission for Racial Equality) hung over Ford and it was agreed that it would be postponed if certain action was taken. Surinder Sharma was headhunted from Littlewoods to mastermind the strategy. He says *'although we started from this external pressure, we have a very positive approach and want to make sure that we really are the best in the business'.*

In only eighteen months Ford has already begun implementation of a really comprehensive diversity strategy across Europe, and is a good example of how much can be achieved in a short period of time, even in the wake of difficult circumstances. It has begun to integrate diversity with a strong business focus into every aspect of the organisation at the same time.

3.3   EXTERNAL FACTORS INFLUENCING TIMING

So why is it that the past five years has seen private and public sector organisations refocusing their energies on diversity and making it a business priority? The next paragraphs will look at the influence of the political, legal and social climate - the external factors that will have influenced all organisations over the last few years.

Political climate

One development that coincides with the findings that a greater number of organisations across the private and public sector have started to prioritise diversity and equality as business issues over the past five years than in any other timeframe, is the change of government. The Government's stance on equality issues and the lead shown by a number of senior Ministers have had a significant influence on political and social climate.

Fifty-four per cent of public sector respondents and 11% of private sector respondents gave political pressure as a driver for diversity.

On a practical level the public sector has had to respond to a number of different government initiatives, details of which are laid out in the introduction. Diversity was made a priority in the Modernising Government agenda, launched in 1999 and the Civil Service Departments are required to include a section on promoting diversity in their Service Delivery Agreements. The inclusion of some equality indicators in reporting requirements and quality standards such as those that apply in Best Value for local authorities, have had some influence on the diversity and equality work that is taking place in the public sector. The Stephen Lawrence inquiry and the recent introduction of the public sector duty under the Race Relations Amendment Act have raised the profile of race equality in many of the public sector organisations.

Indeed, many national and local public sector organisations were stimulated by the Stephen Lawrence Inquiry report to carry out audits of their policies, practices and procedures to assess their impact on race equality or wider equality issues. Although these initiatives have mainly focused on the public sector, they may well have contributed, too, to a heightened awareness of the importance of diversity strategies across all sectors.

Certainly, as we have seen in the chapter on the business case, there has been an increasing recognition that equality and diversity are not 'stand alone' issues, but have a clear relationship with good management, service delivery to customers and communities and corporate social responsibility.

At **Birmingham City Council**, in its strategy for Gender Equality – 'Moving On' – it describes the transition as being one from equality issues seen by decision-makers *'as of marginal importance and separate from mainstream work, often concentrating on specialist provision rather than an integrated programme'* to a more strategic approach, with mainstreaming providing a framework in which equality legislation and other measures, such as positive action, can be placed.

'The challenge for the immediate future will be to develop commitment and action from this while ensuring that we build on the progress made through previous initiatives and approaches'.

Whilst only 11% of private sector respondents said that political pressure was a driver compared to the 54% of the public sector, the changing political and social climate has had more of an indirect influence on the business world. Ian Brown of **GlaxoSmithKline**, said the organisation had undoubtedly been influenced by the political climate as well as the raft of employment legislation from Europe.

Firstly, there is bound to be an enabling effect on all who want change when the ruling government wants it too. It makes it easier for lobbyists and agencies and internal change agents to be working with the grain rather than against it. There has been the increased promotional activity from the three Equality Commissions (the EOC, CRE and DRC) along with benchmarking and good practice initiatives from the main campaigns (EFD, EFA, Opportunity Now and RFO). Each of these has stressed the relationship between good performance on diversity and the overall effectiveness of an organisation, as part of the 'business case'. These bodies have influenced both public and private sector organisations. Alongside this influence from the national equality agencies, a number of initiatives at sector level have provided incentives for public sector organisations to promote equality and diversity.

A number of Government led initiatives such as the Work/Life Balance Task Force, its Equal Pay Task Force and the commissioning of the Kingsmill Review, have all ensured that equality issues remain a business as well as political priority.

Changing social awareness

Sixty-seven per cent of public sector and 45 % of private sector cited social justice as a main driver.

Organisations do not exist in a goldfish bowl. They usually mirror what is taking place in wider society and certainly need to reflect changing social values. The members of parliament elected in 1997 were noticeably more diverse than their predecessors.

Social expectations about the equality of women, ethnic minority groups and people with disabilities at work have increased. Girls are now achieving higher educational results at school and young women hold expectations about their future work life. Similarly, there are many ethnic minority graduates (the take up of higher education is higher amongst ethnic minorities than the average for the white population) with high educational results and they have legitimate expectations of fair treatment. At the same time, the medical model of disability is steadily being replaced by the social model – the emphasis is not on the nature of the disability, but what needs to be done to remove the barriers to full and equal citizenship. The National Disability Council has been replaced by the Disability Rights Commission.

There has been a steady increase in the extent to which community perceptions and pressure have influenced what both private and public sector organisations do. The work of Business in the Community has been significant here. Seventy-four per cent of all respondents explicitly considered equality and diversity strategies in their community involvement.

This shift in social discourse has undoubtedly made the introduction of equality and diversity initiatives in organisations much easier to embed over the past few years. Organisations that decide to make a priority of their work on equality and diversity are now "going with the flow" instead of swimming against the tide - and this may explain how some of them have been able to do so much so quickly.

Legislation

Sixty-three per cent of the public sector cited this as a driver for diversity compared to 45% of the private sector.

Following on from the political and social influences is the legal landscape. All three, of course, are intimately linked – with a complex interaction of cause and effect. Equality in its legal sense may not be the main driver for implementing equality and diversity issues, but its influence is still considerable. There is no doubt that this is having a profound influence on the business climate with regards to all its stakeholders.

The costs of litigation as well as the ensuing bad publicity have undoubtedly played a part in making employers take diversity and equality more seriously. The legal imperative for promoting diversity at work cannot be far from organisations' minds, particularly given the amounts that are now being paid out in the settlements of discrimination and harassment cases.

Cases of harassment or discrimination are reported in the newspapers, usually with quite a splash. For example, the City has become a recent focus of attention. The Julie Bowyer case, in which the former stockbroking firm Schroder Securities had to pay out more than £1.4m to an investment analyst, who had sued for sex discrimination, alarmed many organisations. Frank Howell from **JP Morgan**, says, *'We have seen similar firms to us going through public court cases and we certainly do not want to have to go through it'.* In May this year Merrill Lynch was sued by former fund manager Juliet Marber for sex discrimination. Quite apart from the cost, the damage to an organisation's reputation is considerable. New and complex legislation on different aspects of diversity and equality means that all organisations, public and private need to be kept well informed to ensure that they are not in any danger of breaking it.

There has been a steady flow of Directives and Regulations from Europe which clarify employers' responsibilities towards their employees – for instance, improved maternity benefits, the introduction of paternity leave, and increased rights of part time workers.

Indeed, the EU has given shape to the move towards diversity and a broadening of the scope of anti-discrimination legislation. As a result of the recent Employment Directive, member states are being required to introduce legislation to outlaw discrimination on the grounds of sexual orientation and religion (by December 2003) and age (by December 2006).

3.4   INTERNAL FACTORS

As well as the political, social and legal climate being conducive to the promotion of equality and diversity, there are often more specific factors which cause an organisation to start to take diversity seriously as a business issue.

Arrival of new Chief Executive

As illustrated in Graph No 1, the personal commitment of a leader is second only to the business case as a driver for work on equality and diversity.

Not surprisingly, therefore, the arrival of a new Chief Executive, who has a passion for diversity may be a big factor in the timing of an organisations' diversity initiatives. **Barclays** has been practicing equal opportunities for nearly twenty years but a considerable shift in focus has occurred more recently. In the Eighties, Barclays had put a lot of progressive equal opportunities policies in place and were subsequently considered one of the leaders in the field. But, *'they were not embedded in the organisation, because they did not come from the top and they did not address behaviours or culture'*, says Niccola Swan, Director of Diversity and Equality. By the end of the Nineties, shifts in internal priorities, changing legislation and progress made by competitors had eroded their former leadership. To remedy the situation, an Equality and Diversity Steering Group was set up, followed by the creation of employee volunteer task forces on gender, race and disability. But the arrival of a new dynamic Chief Executive, Matt Barrett, took the organisation onto a different level and kickstarted the Barclays campaign to become leaders in equality and diversity policies and practices. His role in that campaign will be looked at in a later section on leadership.

Mergers and restructuring

In the past, academics expressed concern that mergers and restructuring would provide opportunities to drop equality programmes and perhaps shed women employees without too much notice.

'Because organisational restructuring most commonly exhibits 'downsizing' and 'delayering' the underlying aim of Opportunity 2000 of 'rebalancing the workforce' is overshadowed by general concerns over who loses their job, and the nature of the new work roles' (Woodall, Edwards and Welchman 1997).

Our research, however, provides examples of organisations which have used the experience of restructuring or a merger situation to implement diversity as part of the 'new' culture. A merger may be a trigger for wider cultural change. More forward looking companies are realizing that a merger of two companies is a merger of two cultures and attention to the people aspect is being given more thought.

Indeed, the process of everything being in turmoil or up in the air may actually provide a good opportunity to introduce new ways of doing things. People are having to cope (however reluctantly) with change anyway and diversity can be positioned as an exciting and creative part of that change. The two examples below show this.

JP Morgan merger with Chase Manhatten. In 1996 Chemical Bank merged with Chase Manhatten in the US and diversity was given a high priority in forging a new joint culture. The initiative won a Catalyst award in 2001. (Using Diversity to Forge a New Culture: The Chase-Chemical Merger Experience). The key here was that the tone of the merger was set from day one. Diversity was built into it up front and not added in half way down the line. It was also linked into business issues straight away incorporating advertising, philanthropic contributions, promotion of new markets, as well as finding minority and women owned suppliers.

Then early in 2001, JP Morgan merged with Chase and it decided to continue to use diversity as a part of the wider cultural change initiative programme. In the UK, Chase Manhatten bought investment bank Robert Fleming in 2000 just before it merged with JP Morgan. Work that began in the US is being initiated in the UK under the banner of a united JP Morgan culture.

Similarly, the SmithKline Beecham and GlaxoWellcome merger (to form **GlaxoSmithKline**) provided the opportunity to develop a new culture and diversity is a key element of that. On a practical note Ian Brown commented that having to relocate thousands of employees to different parts of south east London provided all kinds of opportunities for new ways of flexible working.

Restructuring brings both challenges and opportunities for integrating diversity planning with overall business planning, and this includes the public sector too.

Birmingham City Council is currently undergoing a restructuring. In parallel with the restructuring process, the Equalities Division is working through the process of identifying how best to integrate Equality and Diversity into the new structure as it develops. The Council is likely to move from a structure incorporating a wide range of Departments to one with a smaller number of strategic Directorates, themselves built up of groupings of Departments. The question currently being debated is how to build mainstreaming principles into the new structure – in a way that will produce the best outcomes.

So when radical change happens to an organisation in the form of a restructuring, it may provide an appropriate opportunity to make diversity a key focus in the organisational culture change that will inevitably occur.

3.5   CONCLUSION

Our research indicates that it is not the length of time that equality and diversity have been on the agenda in the organisation which determines the success of equality and diversity outcomes, but that success is more likely to be determined by when equality and diversity initiatives became a business priority. By far the most activity has occurred in both sectors in the past five years regardless of how long organisations had actually been implementing equality initiatives.

CHAPTER 4 – INTEGRATION

This section of the report will look at to what extent the respondents are integrating diversity and equality into their businesses and will provide examples of some of the ways they are doing this.

4.1 SUMMARY OF KEY FINDINGS

- **48% of all respondents, 39% of private sector and 54% of public sector, said that they had an indication that their performance on diversity and equality was linked to their methods of integrating diversity policy into mainstream business processes.**

- **The more that organisations had integrated diversity into their businesses (with accountability being a key factor) the more likely they were in making this link.**

- **It is clear that the public sector has done more to use business processes to integrate diversity and equality - and for a lot longer.**

- **However, some private sector organisations have gained good ground in a short period of time by focusing on accountability.**

- **Private sector organisations are more likely to focus on individual accountability and public sector on divisional or group accountability.**

- **A higher percentage of private sector organisations were introducing accountability by pay, which was seen by those who did it as key to successful integration.**

- **All those who thought that there was a link between integration and diversity performance also thought there was a link between diversity performance and overall business performance.**

What do we mean by integration?

In one sense the whole of this report is about integration. What we mean by integration is the incorporation of the values of equality and diversity into the heart of an organisation, so that it has become part of its culture. It is much more than a few add-on policies "owned" by HR. For instance, **BT** refers to integration as being a process in which diversity and equality are included at every stage of the business – in BT Values, BT style, BT documents, recruiting, selecting, performance and rewards.

Similarly, this is the planning guidance for the Connexions Service, a national programme which brings together six Government Departments to provide a range of local services for young people, led by the **DFES:**

*'Extending opportunity and equality of opportunity is one of the eight key principles that underpin the new **Connexions Service.** It cannot be treated as a one off project or a series of activities that can*

be grafted onto the Connexions Service's function. It is something that must permeate the whole of the Service – that is, it must be part of each organisation's culture and core practice'.

Integration is about widening the scope of diversity work and entails having an understanding that all parts of the decision-making processes in a business have the potential for discrimination – not just the employment processes. Some organisations refer to this as mainstreaming, particularly in the public sector. Promoted strongly by the European Commission, mainstreaming moves beyond equal treatment and even positive action approaches to equal opportunities to: *"the incorporation of EO issues into all actions, programmes and policies from the outset"*(Rees 1998).

In its original meaning then, mainstreaming involves looking at how apparently neutral practices which appear to offer equal access to both men and women are in fact exclusionary. It seeks to redress the assumption, first revealed by Simone de Beauvoir that *"men are the norm, women are 'other'"* (The Second Sex 1949).

"The essence of the mainstreaming approach is to seek to identify those hidden unrecognized and unremarked ways in which systems and structures are biased in favour of men, and to redress the balance…" (Rees 1998 p189).

BT provide an example of undoing unintended bias within its appraisal system. On an individual level reviews appeared to be fair, but when they looked at the total, a trend emerged which showed that women were consistently scoring less in certain competencies - direction setting, strategy and analysis. And they saw a trend in which ethnic minorities scored less in team communication.

These results could have been attributable to the fact that women and ethnic minorities were: (1) indeed acting according to stereotype or (2) that they were merely being perceived to act in that stereotype by their managers. It is obviously hard to distinguish the two.

What did matter, however, was that these competencies in which they scored lowly were valued highly in the appraisal system. The discovery of these trends led BT to start looking at the values that were placed on certain skills as well as issuing much more focused guidance to managers who did appraisals.

Total integration or mainstreaming, not only puts systems in place and monitors the obvious and tangible outcomes of policy, but investigates neutral looking policies and practices themselves for bias towards one group of people. This theme is at the heart of the Race Relations Amendment Act, too, in which the public sector duty requires relevant authorities to assess the impact of their functions and policies (both current and proposed) on racial equality, and to make appropriate changes. It can be applied to reveal the unintended bias towards any non-dominant group in a seemingly neutral policy.

Integrating diversity into an organisation usually means major culture change - because of the background of prejudice, stereotyping and discrimination which has gone on over the years. In order to effect such change, organisations are putting in place systems and procedures to ensure that all

their workforce think about diversity and equality and/or specific aspects as they relate to their business. As well as developing systems and tools every organisation we involved in our qualitative discussions spoke of the need to educate and raise awareness as an important part of attempts at integration and of the ongoing awareness and training that is required in order to ensure that the workforce understand the implications of the change that is occurring. A later section will look at this 'support' work.

Four stages of integration emerged from the research.

Stage 1: Diversity and equality strategies explicitly considered in organisation wide business planning and objective setting – 79%

Stage 2: Existing business processes used to integrate diversity and equality – 71%

Stage 3: Measurement Systems – 85% have the means to measure diversity outcomes.

Stage 4: Accountability – 68% hold managers accountable for outcomes

This is not to say that these stages must necessarily be taken in order, or one at a time. There are crossovers in all the stages – e.g. one process may be used for both measurement and accountability but for the sake of easier reading we have selected the most commonly used processes to illustrate a particular stage of integration.

We shall now discuss each of these stages in detail.

4.2   STAGE 1: BUSINESS PLANNING AND OBJECTIVE SETTING

Seventy-nine per cent of respondents said they considered diversity and equality in their planning and objective setting - this was split, 61% of private sector and 93% of public sector respondents. Objectives can be made with regard to diversity at all organisational levels. Objectives held by senior management were considered to be one of the main elements of successful integration by respondents. Below is Table 2 which illustrates the areas in which the respondents explicitly considered equality and diversity.

Table 2: Areas in which diversity and equality strategies are explicity considered

Are diversity and equality strategies explicitly considered in the following?							
	(a) HR Strategy	**(b) Product development**	**(c) Service delivery**	**(d) Recruitment**	**(e) Marketing**	**(f) Community involvement**	**No response**
Private Sector	84%	34%	34%	82%	47%	58%	11%
Public Sector	100%	26%	78%	89%	57%	87%	0%

Many organisations realize that different areas of the business require different approaches and will have different needs. In fact there will be a separate business case for each main division of any large organisation. This will also apply geographically – a division located in an area where there is a high ethnic population may have different objectives and targets to another in a predominantly white area. The chart above shows that even among the leading organisations, integration is still in the early days. Although 93% of respondents explicitly considered diversity and equality in relation to HR strategy, only 30% did in relation to product development and 52% did in relation to marketing.

The high performing organisations in both sectors have specific objectives for all divisions of their business.

GlaxoSmithKline has an overarching diversity policy which states that they want an inclusive workforce where everyone is valued for their contribution. They have five main divisions, all very different with their own diversity needs. For instance, 50% of executives in sales and marketing are women, so gender is not considered a priority issue there. At the moment the organisation is focusing on flexible working. The Corporate Executive set objectives and then different divisions have their own separate priorities and timescales. Business leaders ask themselves: *'What does it look like in my bit?'* and then they ask the workforce what needs to be done.

Not all line managers may necessarily see the links and there is often a key role for equality and diversity professionals in working with line managers to help them develop sensible objectives.

Action plans and objectives can be put together with or without managers' involvement. **Wolverhampton University** offers a comprehensive approach. A biennial staff training conference leads to specific diversity projects. Three conferences have been held to date: the first on Equal Opportunities in the Curriculum, the second on disability/dyslexia and the third on the Race Relations Amendment Act Public Sector duty. The process includes an Action Planning session in which key staff and decision makers discuss projects in a 'peer review' format. This involves one or more Schools assessing other Schools' plans and initiatives. After the conference, participants take their Action Plans back for discussion within their Schools and modify them if necessary. Projects are monitored by the University's Equal Opportunities Advisory Committee, and progress fed back to the next biennial conference.

Many organisations which embark on diversity and equality work are quite ready to develop action plans and objectives but are not prepared to set themselves specific equality and diversity targets or goals.

Goals and targets

Some organisations use the term targets whilst others think it has negative connotations and prefer goals – but in both cases, what they are trying to do is prescribe an outcome of their equality and diversity policies. There is particularly some reluctance to set equality and diversity targets in the private sector. Claire McCarron from **Cummins**, which does set targets explains: *'there is a popular misconception that targets result in favouring the wrong person for the job because they happen to*

be female or from an ethnic grouping. Our primary focus is always, always, always that it must be the right person for the job. They must have the required skills set, experience etc. before being from a targeted group'.

In the end it is hard to implement diversity and equality policy without some kind of goals or targets in mind and many of our respondents do set goals:

- 79% of organisations said they had specific goals for diversity and equality for employee profile;

- 56% had goals for diversity and equality for employee perception;

- 51% of employees had goals for external perception.

Jesper Wiegandt at **Procter & Gamble** said, *'Targets are fraught with difficulty as they are linked with affirmative action in the US. But yes we do have them for each area of the business. We started high and adjusted down. They are not popular with everyone. For instance in the area of regretted losses where there were too many women leaving we have a target for that'.*

Barclays are also mindful of the connotations of the word 'targets' – which many survey respondents have also commented on - Barclays set themselves group goals. They have four year rolling goals which are decided at a group level and cascaded to individual businesses within the group to integrate into their plans. The objectives are to double the percentage of women in the most senior band of management from 11% to 22% by the end of 2005, and to increase the ethnic minority percentage at this level of senior management from 0.6% to 3% over the same period.

The public sector are more comfortable with the whole concept of targets and goals. All Civil Service Departments have goals or targets for employee profiles, and there are Service wide diversity targets for Senior Civil Service (SCS) grades. The SCS targets are for 35% of these grades to be women by 2005, from a baseline of 17.8% in 1998, with corresponding targets of 3.2% for ethnic minority staff (doubling from 1.6% in 1998) and 3% for those with disabilities.

By October 2001, the proportion of women in the Senior Civil Service had increased to 25.3% and women made up 21.2% of those in the very top posts. Comparable figures for ethnic minority staff are 2.3% (rising from 1.6% in 1998) and for disabled staff 1.8%, compared with 1.5% in 1998.

Reporting on progress in November 2001, Sir Richard Wilson said – *'These figures are very encouraging. They represent a continued improvement in the diversity of the Civil service to achieving its objectives on diversity. But we cannot slacken our efforts. There is still a long way to go'.*

These goals and targets are concerned with employee representation – and, as indicated by our survey respondents, this is the most popular area for setting goals. Some organisations are also setting other types of goals, for instance, employee and external customer satisfaction related targets.

For instance, **Barclays** is developing an equality and diversity scorecard. Within an employee attitudes survey which goes out to all employees and for which they received 52,000 responses, there are nineteen specific questions on diversity and equality. These questions are being used to create an index from which to track overall group performance at eighteen month intervals. Goals being set for this survey include the aim to achieve at least 70% satisfaction ratings – and that this should be at least at this level across all groups of employees (i.e. women, ethnic minorities, employees with disabilities as well as white men).

The public sector seems to have made more progress in setting goals for external perceptions. The DFES is developing specific targets for client participation and outcomes in some of their programmes, particularly those concerned with specific issues, for example reducing the achievement gap between school pupils of different ethnic groups.

In the **Crown Prosecution Service (CPS)**, in addition to staffing targets and employee perception targets, staff have performance indicators on service delivery (e.g. in relation to domestic violence, racist incidents, homophobic attacks and engaging with relevant communities) to address diversity objectives.

Some of our respondents recognized the importance of involving the workforce in the development of targets. In **Birmingham City Council,** for example, as part of developing the Gender Diversity Strategy, a 'scanning exercise' was carried out to develop the framework for actions needed, then discussions with the Chief Officers' Group to identify detailed actions and establish targets. It was seen to be crucial to have the Operational Departments involved in the process, rather than have targets imposed from outside, and the decision was then made that a more realistic route would be to establish 'operational direction and critical success factors' under six Corporate strands of activity, with key objectives under each, before establishing the targets themselves.

The six themes were established and confirmed through extensive consultation. The objectives cover both internal, employment related areas such as equal pay and flexible working practices as well as external services.

4.3   STAGE 2: USING EXISTING BUSINESS PROCESSES

When asked whether existing business processes are being used to integrate diversity and equality objectives, there was a further clear split between the public and private sector:

- Fifty per cent of private sector respondents used existing business processes to integrate diversity and equality objectives, compared to 89% of public sector respondents.

An open-ended question asking respondents which business processes they used provided the following answers:

For private sectors the most repeated responses were that equality and diversity were integrated into:

- Performance management systems;

- Key performance indicators;

- Senior management objectives;

- Annual performance objectives;

- Management planning targets;

- Inclusion of diversity and equality into all management training and induction training programmes;

- Customer service objectives.

For the public sector the answers included:

- Best value indicators;

- Service level agreements;

- Service planning;

- Funding agreements having equality within them such as disability access standards;

- All staff having diversity objectives;

- Public service agreements;

- Built into budgeting, spending review, departments have equality action plans and targets.

The tools used by the private sector point to a focus on accountability, particularly individual accountability, rather than a focus on business outcomes as in the public sector. We have already illustrated a number of these private sector objectives in the preceding paragraphs of this report – and we will revisit some of these again when we look at accountability.

Meanwhile, we will concentrate here on those public sector organisations that are taking a systematic approach to integrating their diversity planning and measurement into their wider business planning processes.

In Whitehall, the **DFES** provide an example of using many business processes for integration. The main routes are through business plans and annual reports, personal performance reporting, and spending reviews. The main linked processes are embedded in the overall annual review cycle. Each

Directorate has an Equal Opportunities objective in their Directorate Plan, and the Permanent Secretary holds mid–year reviews with each Director. All staff have a personal Equal Opportunities objective – which might include volunteering or carrying out local project work. There are regular progress reports to the Board from the Head of the Equality and Diversity Unit and all policy documents submitted to the Board and Ministers, whether advisory or for decision are required to include information about the impact of the policy on equality.

In the three yearly Spending Review cycle, Divisions must show how their bids will or are intended to impact on equality across all strands, that is by gender, ethnicity, disability, socio-economic group and so on. In addition, evaluation and appraisal is an internal cross-cutting review process, involving the thorough evaluation and review of each programme or policy. Teams are encouraged to build in equalities when they conduct these processes, so that they are considered alongside all other factors. Policy documents submitted to the Board and Ministers, whether advisory or for decision, are required to include information about the impact of the policy on equality.

In local government, the outcomes (as well as process) focused approach of Best Value is seen to have a useful influence on diversity strategies – particularly where Councils have added local diversity indicators to those required by the external auditing process.

Under the Local Government Act 1999, local authorities are required to secure continuous improvement in the exercise of their functions – with regard to economy, efficiency and effectiveness. At the heart of Best Value is a statutory performance management framework that provides for annual reporting by best value authorities, of a set of national performance indicators and standards. From 2002, the indicators include the level of the Equality Standard for Local Government that the council has reached.

At **Croydon Council**, the Head of Policy and the Executive Office states: *'Before the Best Value process came on stream, Croydon produced its own process of Equality Service Reviews, with a separate Committee for taking these forward. Although useful, the drawback of this was that it was 'additional' to staff's basic objectives and activities, rather than an integral part. With the introduction of Best Value, Croydon Council built the methodology for carrying out Equality Service reviews into the Best Value process. This helped to make it clear at a strategic level that equality and quality were regarded as synonymous'.*

Similarly, at **Birmingham City Council**, the introduction of Best Value processes has been seen to be useful in establishing the need for better consultation mechanisms with the community, as the basis for identifying priorities and needs. Also, where there are specific equality focused Performance Indicators, it has established and/or reinforced the principle of reporting on progress against specific targets.

However, writing equality and diversity into a business process does not, on its own secure, a successful outcome. Indeed it can result in box ticking if attention to outcomes is inadequate. As one local authority respondent put it, 'We are brilliant at putting up the process, but no good at seeing it through'. Measurement and accountability is key to ensuring that the desired changes really do take place.

4.4   STAGE 3: MEASUREMENT

"What is not measured is not valued in business and cannot be properly managed." (Kingsmill Review on Women's Employment and Pay. 2001, p8).

As Denise Kingsmill makes clear, having good measurement processes is core to managing any organisational change – and equality and diversity are no exceptions. Indeed, as a number of the respondents have noted it is vital that action plans and goals (see above) are based on robust data. As organisations become clearer about their business case and the goals and plans they need to put in place, so they tend to become more sophisticated in the measurement processes they put in place.

On one level, measuring diversity outcomes is not difficult - some of the employee-related data are relatively simple to collate. And for specific initiatives, costs of absenteeism, costs of training and replacement can to a certain extent be quantified. The less tangible ones, like increased creativity through a more diverse team, are harder to gauge but examples in our research show that this can be done too.

85% of all respondents said they had the means to measure diversity and equality outcomes. The graph below illustrates what sort of data and measurement processes organisations are using.

Graph 4 – Means of Measurement
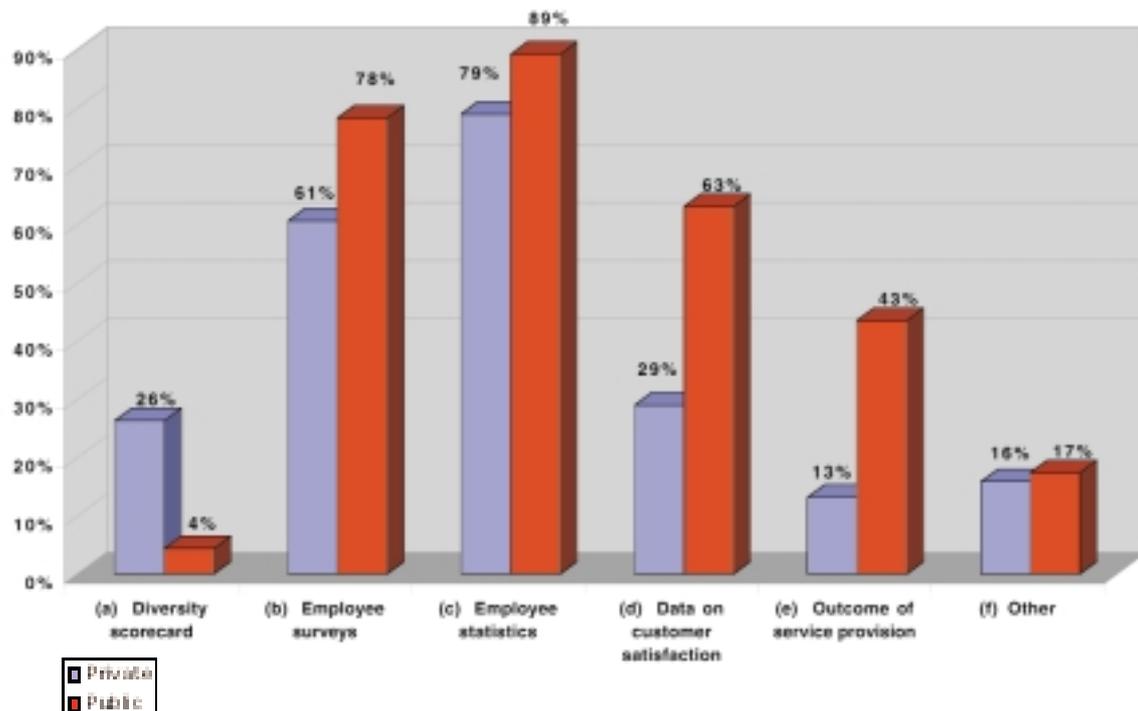
The responses on data on customer satisfaction and outcomes of service provision are noticeably higher amongst public sector respondents, which perhaps, reflects the greater maturity of the work there on integration.

Broadly five types of measurement for diversity and equality emerged from the research. These are external measuring, measuring outcomes, measuring attitudes, measuring behaviours and measuring business outcomes. The respondents used a number of the measurement tools in the above graph to capture them.

a. External measurement

One of the ways of measuring progress is by comparing your own data and approach with those in other organisations. Accordingly, 63% of respondents benchmark their progress externally.

Table 3: External measurement

Does your organisation use any external equality audit/benchmarking systems provided by equality agencies or other agencies?			
	(a) Yes	**(b) No**	**No response**
Private Sector	**53%**	**37%**	**11%**
Public Sector	**72%**	**26%**	**2%**

The various 'Business in the Community' campaigns have provided an important reference point in this regard for the private sector. Similarly, as noted above, progress against the CRE's Equality Standard for Local Government is now included in the Best Value review process for local authorities. The Equality Standard is itself a measurement framework for reviewing policies (including employment) and services, with five levels of development from 'commitment to a comprehensive equality policy' to 'achieving and reviewing outcomes'.

Several public sector organisations mentioned the Investors in People standard as one of the tools they used for integrating diversity within wider employment processes. A Diversity Model based on the European Quality Foundation Model (previously the Business Excellence Model) has been developed by the Civil Service College, and is being piloted in several Civil Service Departments.

Processes for monitoring and review are often quite detailed, as in **Croydon Council**. Along with other Councils, Croydon operates the Best Value Performance Planning and Review process, through which they are audited externally against a range of key performance indicators.

As part of this process, they carry out both Service Reviews, in which some performance indicators have a specific diversity component, and 'cross-cutting' Theme Based Reviews. Examples of diversity related recommendations and actions that have followed from Service Reviews include:

▪ Improving access to parks for people with disabilities, by investigating new signs and languages;

- Improving access to Asian language speaking women experiencing domestic violence by funding a specific worker;

- Recommendations to improve language and other support in a day center for people with learning difficulties, after the review showed Asian groups were not using it.

Cross-cutting, Theme Based reviews enable Departments to map progress on particular priorities across services. A different priority is selected each year. For the Equalities Unit these have been – Domestic Violence in 2000, Racist Incidents in 2001 and Disability in 2002.

b. Measuring outcomes

Most of our respondents used statistics on employee profiles to measure diversity outcomes. Forty-three per cent of the public sector also measured service provision outcomes. Table 4 below looks at the extent to which the leading organisations in our research are able to monitor and analyse their employee data. This data can be tracked over the years to see whether numbers of different groups are increasing in particular areas of the organisation. The table shows that the public sector have greater experience in this area – and with the impending legislation on religion and sexual orientation, it also shows the areas where attention will be needed in the future.

Table 4: Employee data.

Does your organisation have employee data available for the following?									
	(a) Gender	(b) Race/ ethnicity	(c) Disability	(d) Sexual orientation	(e) Age	(f) Religion	(g) Nationality	(h) Other	No Response
Private Sector	92%	84%	66%	5%	87%	5%	63%	13%	5%
Public Sector	100%	100%	89%	13%	70%	7%	43%	13%	0%

c. Measuring attitudes

Employee surveys (70%) were a popular method of measurement across both sectors and usually capture attitudes and feelings of satisfaction/dissatisfaction. Many organisations have annual attitude surveys and some are specifically adding in questions on diversity and equality. Customer and community satisfaction surveys are also included under this heading. This widens the scope from pure statistics and may give a broader reading of the diversity and equality climate.

d. Measuring behaviours

There is a big step from measuring outcomes and attitudes to behaviours and not many organisations are doing this yet. It comes under the realms of accountability (more on this below) and one of the reasons for reluctance to introduce measurement of behaviours is that an accountability system must be in place to follow up with the results. Some of these behaviours can be measured through appraisal systems and specific employee feedback like 360 degree feedback. This work on behaviours usually focuses around developing a set of competencies – some organisations have explicit diversity competencies – for others it is part of other more generic competencies.

The **Inland Revenue** has developed a set of comprehensive Management Standards, derived from the Management Charter Initiative standards. These cover Business Unit Heads, Team Leaders and Strategic Managers. They contain five 'Managing roles' – Self, Activities, Resources, People and Information – each with a set of personal attributes, performance criteria, knowledge and understanding areas and evidence requirements. Managing People includes: *'Promoting diversity and equality of opportunity'* – which requires managers to: *'have a good knowledge of your organisation's diversity and equal opportunity issues and produce, monitor and evaluate a local diversity and equal opportunity action plan, which is consistent with that of the department. You must ensure that team members are aware of their responsibilities and organise any necessary training'.*

Diversity Scorecards

Diversity scorecards are becoming increasingly popular, although only 14% of the respondents actually use one at this time. These were being used for both measurement of outcomes and increasingly for divisional and individual accountability. It is interesting that of this percentage it is the private sector which dominates – a total of 26% compared to only 4% of the public sector (two organisations).

This may well be because the public sector already has a host of processes and tools with which they can assess diversity and the private sector does not. Organisations have instead used a mixture of available data and performance measurements to create their own scorecards. Several respondents, all again from the private sector, indicated that they were in the process of developing a scorecard or wanted to know more about how to do it. Below are some examples of how scorecards may be devised.

GlaxoSmithKline's scorecard is made up of different components including employee statistics, diversity initiatives undertaken, feedback from employee surveys. Each scorecard is designed for a particular division according to its needs. These scorecards are reported directly to the Corporate Executive, which is the operating level just under the board. The diversity scorecards act then as a litmus paper test for how diversity is progressing within the different divisions of the organisation.

Despite its relatively late start in the field of equality and diversity, **JP Morgan** already has its own diversity scorecard. The scorecard, like others of its kind, is made up of different components drawn from a number of other measurement tools. JP Morgan has an annual climate survey of eighty-five

questions around communication issues, pay etc. and ten-eleven of these ask about work/life balance and other diversity topics so the results of these are extrapolated and put on a scorecard for each division. Other components are the quantitative – the employee statistics which, show the makeup of the workforce and any movements, and there is also input form what they are doing proactively to promote diversity within the division. This might be putting on seminars, devising specific equality programmes and initiatives. All these components are drawn up together and make up a matrix on which the division scores.

e. Measuring the impact on business performance

One final measurement that remains the most elusive is measuring the impact of diversity on business performance. Our examples in the chapter on the business case show that specific initiatives are already being measured in terms of the effect they have on reduced absenteeism rates, reduced costs of turnover, and the improved productivity that arises from homeworking. In the public sector specific improvements in service delivery can also be measured. The Opportunity Now report on Equality and Excellence (2001) has provided a model of cost/benefit analysis of retention through good equality practice.

Measuring diversity needs to be located in the wider discourse of measuring soft skills, of people management. It is not just about the cost savings of better retention, it must also encompass the positive impact – the greater use of people assets or human capital, increased creativity and of a more fulfilled and satisfied workforce.

Many consultancies and academics are now devising measurement tools to show how people policies make a difference to shareholders. Diversity measurement of this kind is running hard on its heels. In the US there is a whole industry around diversity metrics – tools for measuring the impact of diversity. One of the reasons it is still in its infancy here is the lack of data that is required to do it properly. (Kingsmill Review 2001). What is required, ideally, is a longitudinal study of one organisation over many years to see the impact of its internal diversity and equality policies. Improvements in productivity and employee satisfaction can be tracked and linked to the introduction and integration of its diversity strategies.

4.5 STAGE 4 - ACCOUNTABILITY

Sheila Wellington, President of Catalyst believes that accountability is crucial. Writing in Diversity Journal, she says, *"Even when top management is really walking the talk, results can lag. There's no quick fix, but one essential ingredient is too often overlooked: accountability. It's amazing what tying a raise, a bonus or a commendation to successful advancement of women can accomplish. A level of change occurs that a hundred memos and exhortations during Women's History Month will never accomplish".*

She argues that the beauty of accountability is that it deals with the problem of 'foot dragging' at the middle manager level. Very often an organisation has both buy-in from the top (who see the benefits in terms of business and image of diversity) and the demand from the bottom (who may benefit from policies.) It is often the middle of the organisation (often of course white, middle class men) who need the most convincing.

Wellington explains her stance gained from experience in the US, *"Accountability is one of the eight criteria that Catalyst uses during the annual Catalyst Award process, in which we spotlight companies with not only winning strategies but strategies that have already won. We have identified a trend among these companies: they are the ones that hold managers truly accountable. There are a number of ways to accomplish this. Some of the best results have to do with tying a percentage of managers' bonuses or salaries to results; promoting managers who are meeting their staff goals for diversity; and managing diversity a key element of performance reviews. In some cases, that performance is evaluated publicly in a team setting"* (Wellington 2000).

Sixty-eight per cent of our survey respondents say they have a means of holding managers accountable for diversity and equality outcomes.

Table 5: Holding managers accountable

Does your organisation have a means of holding managers accountable for diversity and equality outcomes?			
	(a) Yes	**(b) No**	**No response**
Private Sector	**55%**	**37%**	**8%**
Public Sector	**78%**	**20%**	**2%**

Accountability for performance on diversity applies at both organisational/business level and at individual level. For some organisations who responded yes to the above, accountability may only mean an informal chat between boss and subordinate, or for others it may involve an intervention only if there is negative behaviour or a problem arises. For others still, it is actively being used as a driver for better diversity and equality performance, and is linked to both the remuneration and promotion of individuals.

Graph 5 – Accountability Tools
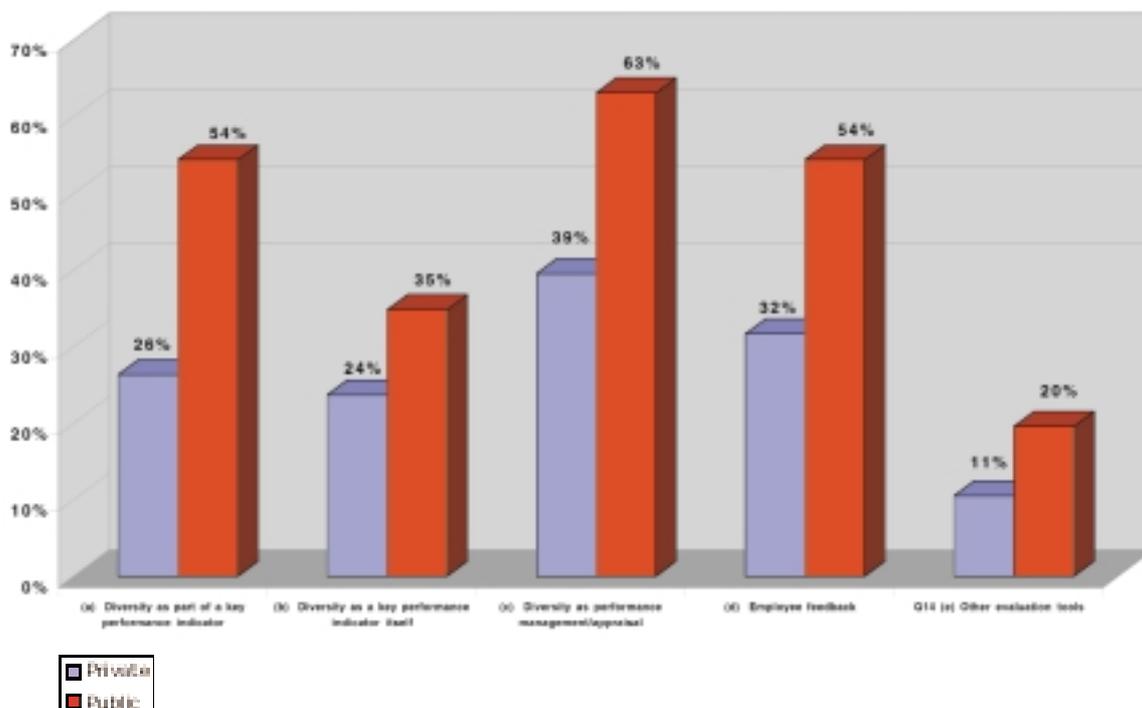
The most popular tool used for accountability for diversity was the appraisal system (52%), with 42% using diversity as part of a key performance indicator and 30% having diversity as a key performance indicator itself.

As seen in the section on measurement, the natural progression from measurement of diversity is towards accountability for diversity outcomes - and for that an organisation needs a wide range of good measurement systems. The next step for organisations is usually introducing accountability for personal behaviours (as well as diversity outcomes) through key performance indicators and appraisal systems.

How far is accountability actually being taken in these leading organisations?

- 68% of respondents said there was general accountability for diversity, whilst

- 48% of respondents said diversity performance would affect a managers promotion or progress and only,

- 27% of respondents said that performance would affect a manager's pay.

Organisational accountability

There are a number of examples of organisations (and parts of organisations) being held to account for progress.

As far as public sector organisations are concerned the extent to which individuals' performance is measured, as well as that of departments or parts of the organisation varies. In some, specific diversity competencies are being developed, for incorporation in the performance appraisal process. More widely, however, varying levels of equality objectives are established at organisation and department level, with progress measured through processes linked to the performance measurement systems.

Again the **DFES** led national programme, Connexions Partnership is required to demonstrate that it meets five broad equal opportunity principles. These will also inform the equal opportunities dimension of the Connexions quality standards for the OFSTED Inspection Framework and Quality Management Framework, against which each partnership will be inspected.

Bradford University's commitment to confronting inequality and celebrating diversity is set out in its Corporate Plan and put into practice *'through the actions at institutional and School/Planning Unit levels which are approved as part of the annual planning and budgeting process'*.

The University uses both the annual review planning process and a system of Equality Action Plans as the basis for planning and reviewing progress on equality and diversity.

A Review Group on Targeting Equality was then established under the Equal Opportunities Committee for overseeing implementation and review of the Action Plans. The Group's focus is on support and recommendations. Alongside this, the University's mid-year review planning process

includes questions on equality for all Schools, and requires managers to have equality objectives. In this way, equality is linked in to the annual planning and review process at institutional level, as well as to the three year cycle of Action Plan reviews.

The rigour with which diversity objectives and achievements are measured, as well as the extent of accountability, varies. One of the Kingsmill Review recommendations was for an identifiable element of public sector senior management's remuneration to be linked to their diversity objectives. And some public sector organisations that have processes for general accountability are starting to link this more directly to assessments of individuals' performance.

In the **Inland Revenue**, in addition to diversity objectives at Regional, Area and HQ Directorate level, every member of staff, including managers, has a diversity objective in their performance agreement. Diversity is one of eight Performance criteria for Regional Directors, with four levels of activity:

- Personal actions;

- Talking it up (linking into business direction);

- Responsibility for a clear strategy and action plan;

- Applying these criteria to the next management layer;

The end of year review process is used to assess managers' progress.

In the **CPS**, there is a Diversity Accountability Committee, whose remit is to ensure accountability on equality from the forty-two areas and Headquarters, to the Board. The Committee acts on behalf of the CPS Board and sets the performance indicators for the coming year, as well as summarizing progress. The indicators cover employment, service delivery and community engagement and may vary each year according to departmental priorities. It is in the process of developing diversity awards for the best performing areas. All staff have a yearly diversity objective. The CPS has a diversity competency within its performance management system, and staff are measured against this competency. New measures for performance related pay are being developed and 'will be used for rewarding achievement on equality'.

Accountability affecting promotion and pay

It is much more common for accountability to have individual consequences in the private sector.

In **Ford**, the company already uses a scorecard system, monitored by the European Operating Committee, which is made up of all the European Vice Presidents and diversity has been linked into that. So every European Vice President has to be accountable for diversity.

There are diversity councils in each UK plant – made up of HR, line management and union staff. This year each plant manager will be assessed on these objectives by the CEO of Europe asking them

what they have delivered and what they intend to deliver in the next year. This puts the responsibility for outcomes onto line managers along with their other performance objectives. Surinder Sharma, European Director of Diversity says *'My fundamental belief is that diversity needs to be line management responsibility'*.

Procter & Gamble operates a scorecard to which diversity has been added. It uses these scorecards together with employee feedback and annual reviews to assess managers' performance on diversity. Managers will have their own unique targets and expectations around diversity, as diversity needs and opportunities per definition differ, but the common factor is that all will be held accountable for them. Managers get ratings 1-4 (1 being the highest) and these affect pay and promotion. A poor record on diversity would make it impossible to get a 1 rating, which is required to reach a certain level of promotion.

As far as pay itself is concerned, only a minority have taken the step to link progress on equality and diversity with remuneration.

Table 6: Accountability of Pay

Would performance on diversity and equality affect a manager's pay?			
	(a) Yes	**(b) No**	**No response**
Private Sector	32%	58%	11%
Public Sector	24%	74%	2%

There was generally the feeling among private sector qualitative respondents that accountability is the key to integration. It is noticeable that the only part of integration that the private sector scored more highly on was pay. This reflects their more individual focus on accountability, and accords with the higher emphasis on financial performance and profitability that exists in the private sector. There were some other interesting differences amongst this group and the whole group.

They scored more highly than the average on all collection of data. Eighty-seven per cent of them cited the business case as a main driver (compared to the average 71%) and 91% said there was a link between diversity performance and business performance (compared to 80% average.) and 91% of this group used appraisal systems compared to 51% of the total group. In other words, they scored higher on all aspects of integration.

Accountability of behaviours

It was mentioned in the previous section on measurement that some organisations were beginning to assess behaviours in their goal for improved accountability.

With their equality and diversity goals and objectives, **Barclays** have set in motion a system of measurement and accountability to ensure that ownership of diversity and equality aims are embedded at every level of the organisation. As well as setting business objectives, behaviours are now measured for management appraisal. In other words its not just what you have achieved, it is how you have done it. The assessment uses a set of values, called Barclays Behaviours and they include clear references to diversity in these. These include *'Seek richer diversity in our employee mix; actively encourage and recognise contributions from everyone – consider their views and act on their insights'* and *'Be a role model to those around you; challenge, and be prepared to receive challenge about inappropriate behaviour.'* Everyone in the organisation will be assessed on these behaviours, and the outcome will affect his or her bonus.

Cummins introduced their new accountability system in late 2001. This marked a big change because it is no longer just about achieving some statistics but managers (and at the moment it is only managers) are now to be appraised on the behavioural aspects of diversity. These behavioural aspects of diversity now make up a managerial competency. This measure has not been introduced without its difficulties, partly because of the aggressive timetable. However the workforce were informed that it would be happening two years ago when the company undertook strong re-awareness training of their core values and vision and their meaning to the organisation.

Each business unit has diversity targets and as well as these, behaviours will be measured by 360 degree feedback. Senior leaders have target initiatives e.g. they are expected to have say, two women and one ethnic minority on their team. This is deemed important for role modeling. The performance management appraisal is assessed on the values of the company and so diversity is one factor of six, and will have an impact on their pay. Serious transgressors on any level of the organisation are not tolerated. Claire McCarron says that, *'We say yes, you can have your personal views, but your behaviours at work must express the company values. We are very, very tough and will sack anyone who transgresses these'*.

BT has a culture of measurement so diversity measurement and accountability have been readily accepted. BT has six core competencies and one of them is valuing differences. *'The competencies are assessed in our appraisal systems. Performance related pay means that if an individual is performing badly with regard to the valuing differences competence it will effect their pay. People may hit all their objectives but lose out because of the way they got there i.e. bullying people. People who transgress badly e.g. found to be harassers are sacked immediately'*.

In **GlaxoSmithKline** individuals are held accountable for their diversity management performance through a key performance indicator which measures people objectives. For one unit this may be to increase the numbers of women in bands C and D by 5%. It will also include the results of appraisals and 360 degree feedback. Inappropriate behaviours will not be tolerated. Ian Brown says, *'You cannot always take people's hearts and minds with you, but you can take their behaviours. We are saying to people you may have prejudices against certain groups of people but you have to park that stuff at the door of the office. You cannot bring it in here with you because we will not tolerate it'*.

For organisations without specific people performance appraisal systems, a different approach to accountability may be taken. They may seek to inspire the appropriate behaviours by offering examples of role model behaviours. Frank Howell at **JP Morgan** explains. *'Traditionally people management has not been a part of investment banking culture. People's appraisals are given on their financial results and not their people skills, so it is hard to suddenly introduce a diversity component to this. JP Morgan recognise the need to engage middle management, though, and are going about it another way. A global project called the 'Middle Management Engagement Project' is a survey of diversity champions in middle management throughout the business from which they pull out examples of good behaviours for others to model'.*

There has to be more than the threat if behaviours are going to be part of an accountability system. The real test, recognised by all these organisations is whether action is taken when one their best business performers behaves inappropriately.

4.6   CONCLUSION

Integration of diversity and equality does not evolve naturally. It happens because organisations take specific steps to ensue that it does. It involves widening ownership and getting all line managers "buying in" to setting themselves objectives and improvement plans. This is supported by organisations introducing specific equality and diversity goals (to provide a sense of direction) and measurement processes that will enable managers to manage.

An example of how the various aspects of integration support each other is provided by **Middlesex University**. An annual Statistical Digest is produced, including data on ethnicity, gender and disability in the different Schools. Each Department Head has responsibility for producing an Equality Action Plan covering equal opportunities in relation to students as well as staff, and for carrying out their own audits of progress. The HR Committee receives regular reports on equal opportunities, and considers progress against targets. The Board of Governors agrees an annual Corporate Plan, which includes equal opportunities staffing targets, with overall responsibility for progress resting with the Vice Chancellor.

Integrating diversity into the University's wider planning and measurement processes has helped to highlight issues and bring them to the attention of the Board and senior managers, as areas of important activity. This approach is seen to have contributed to progress, for example in increases in the percentage of women and ethnic minority staff at senior level.

Most important of all the factors, however, is accountability. Making managers accountable for diversity and equality outcomes in the same way as they may be accountable for other business objectives seems to be the most effective of making sure that this is a business priority.

Organisations which have started to do this (and in many cases this is quite recent) are the organisations which are most confident of the positive impact of equality and diversity on their business and the progress they are making.

CHAPTER 5 - SUCCESS FACTORS

There were a number of elements which emerged as key factors for the success of diversity and equality integration. They were: (1) Having committed leadership (2) Incorporating equality and diversity into organisational values (3) Having a specialist diversity function with strong business credibility and (4) Providing preparation for employees through training and providing support that will enable line managers to fulfill their responsibilities.

5.1   LEADERSHIP

- **Sixty-five per cent of all respondents cited personal leadership commitment as a main driver for the implementation of equality and diversity initiatives.**

- **High profile commitment and leadership were often cited in the open-ended question on successful strategies and lack of leadership support was cited as reasons why some initiatives had not worked, and everyone thought at least that strong endorsement by leadership was critical.**

If the Chief Executive of an organisation is not being seen to be taking diversity seriously as a business issue then there is no reason for the rest of the workforce to do so. Some leaders have become well known for their commitment to equality in their respective organisations, as well as contributing their influence to other campaign groups – Lord Marshall, Chairman of British Airways, the late Sir John Moores, former Chairman of Littlewoods, Lord Browne, CEO of BP, Howard Davies, Chairman of the Financial Services Authority Sir Nicholas Montagu, Inland Revenue Chairman and Sir Richard Wilson, Secretary of the Cabinet, to name a few.

Public sector organisations rated Leadership and CEO Commitment most highly among the main drivers for implementing diversity strategies, as well as among the conditions required to successfully integrate diversity into business processes. Comments included 'High profile commitment from leadership'; 'Leadership from the senior management team, and particularly the ownership and time put in by the Deputy Chief Executive'; (from a local council) 'A common message from the political and managerial leadership' and many others.

Sir Nicholas Montagu, Chairman of the **Inland Revenue** sees his Leadership role as essential, if the organisation is to make progress on Diversity and Equality. *'Leadership means unremitting insistence that diversity is part of whatever we are doing: it can never be off the agenda. People have to realise that diversity is a hard business imperative, as well as a moral one. A leader must be free to pester and check at any level of detail to satisfy herself or himself that diversity is truly embedded in all levels of both business and individual planning in the organisation.'*

Each Board member has a diversity objective, which the Chairman discusses with them. All staff, from Director downwards have diversity objectives and he stresses that 'these need to be really significant'. He also chairs a Diversity Advisory Group – made up of staff from all levels who

participate on a rolling basis. The IR's Diversity strategy identifies Leadership as one of the organisation's key diversity objectives, including the need for leaders to:

- 'Demonstrate though words and actions that diversity is an integral part of the culture change necessary to deliver IR goals';

- 'Encourage and support diversity within teams and through individual recognition';

- 'Compete to match and exceed the best standards elsewhere in dealing with a diverse workforce and different customers';

- 'Set an expectation of managers that they will deliver diversity action plans as part of their overall business plans'.

Matt Barrett's arrival as CEO of **Barclays** in October 1999 has already been noted as the point at which their campaign to become leaders in equality and diversity policies and practices really took off. He was already a committed advocate for equality, having a proven track record in this area as CEO of the Bank of Montreal. The bank won a Catalyst award for their workplace equality initiatives in 1994. On his arrival to Barclays in the UK he saw there was a lot to be done, indeed his first commitment to a public speaking engagement was on diversity. *'This sent out a strong message to everyone,'* says Niccola Swan.

Some respondents referred to the danger that losing a committed campaigner as leader may have on the impetus of the diversity strategy. They reported a decline in the priority of diversity once the leader had gone. This is particularly the case if a programme has been initiated by the leader and has not yet been fully integrated into the organisation. For a company like **BT**, however such was the extent of the integration that diversity and equality had become part of BT's personality and the arrival of new senior management was not going to change that. Although Sir Ian Vallance, former CEO, was the man who spearheaded the set of values for BT which incorporated diversity, his departure has in no way resulted in diversity losing its priority status. Caroline Waters stated that it was important that the incoming management shared the BT values *'Our values are core to all our recruitment and selection policy and this includes the very top people'*.

Leaders who proactively ask about diversity activities and progress both formally and informally are sending a strong message: 'this matters to me and I am going to hold you to account for your progress.'

5.2   VALUES AND VISION

- **Corporate values and principles have increased in importance for organisations across both sectors, partly reflecting the rise in the concept of corporate social responsibility.**

- **Some of our case studies found that having a strong set of values to start off with, makes it easier to incorporate equality and diversity, with those values acting as an umbrella for diversity and equality.**

- **Others have found it more helpful to have diversity as a separately stated value.**

Having a strong set of corporate values can help with the integration of diversity and equality into the business. Of all the highest performing organisations in diversity and equality which took part in our research, the majority had a clearly stated set of values. The growth in corporate social responsibility has led to many more private sector companies developing a coherent set of values with which they wish to be associated. Diversity is increasingly included either directly or indirectly (through a value like respect of the individual).

Increasingly, the statements that set out public sector organisations' mission, vision and values reflect their role in providing a quality service that reflects the needs and attributes of all sections of the community. Although in many cases, this kind of statement has been seen to provide an adequate message of 'inclusion', because of its reference to 'all parts of the community', a number of organisations now include diversity and inclusion more explicitly in their Vision and Values. This partly reflects a recognition that simply providing the same service for all will often be inadequate, if the diverse needs of different groups are to be met.

The **Lord Chancellor's Department** articulates its departmental values as: 'In pursuing our aims and objectives, we will respect and value each other and everyone we work for. We will achieve our aims by:

- Understanding the different needs of those who use our services;

- Working in partnership with other organisations;

- Promoting good leadership throughout the department'.

The Equality and Diversity Policy statement also includes the recognition that the department serves a diverse community: 'We recognise, respect and value that diversity and will strive in all we do to serve the interests of people from all sections of society'.

Equality of Opportunity can be made central to the achievement of objectives and values. **The Department for Education and Skills (DFES)** was established as a new Department in 2001, taking over the lifelong learning and education functions of the former DfEE. Its strategy for the first five years, up to 2006 states '… to build a fair and inclusive society everyone must have the opportunity to realise their potential'. The Department has adopted the existing DfEE Equal Opportunities strategy which stated that equality of opportunity was central to the achievement of its objectives and values. 'It is about the effectiveness of everything we do – how we manage ourselves, how we develop policy and how we deliver services'. A new Strategy statement is being developed, which will take account of both internal and external diversity policy.

Some of the private sector organisations used their wider values to encompass diversity. It may make it easier to use these as an umbrella for the values of equality and diversity but the organisation must actually believe in its values and they must be recognized and acknowledged by its employees – not just a list of nice statements in the company brochure.

Wider values

Procter and Gamble has strong principles and six core values which inform all its business practice, P&G People, Leadership, Ownership, Integrity, Passion for Winning and Trust. Jesper Wiegandt explains, *'At least once a week I will look personally at the principles and values to find an answer to a particular problem. They are the umbrella of all the work on diversity that we do.'* P & G believe that its employees' principles and values must be the same as the company's and it recruits in a way to ensure that this happens. Every recruit single is made aware of them.

Some organisations have gone as far as making diversity one of their core values. **JP Morgan** have just relaunched their values following the merger with Chase and took the opportunity to include the specific value of diversity. It is early days yet and there has not been enough time for these values to be really embedded in the organisation but leadership there is very much behind them.

In **Croydon Council**, their 'Core Values' include 'Promoting Equality and Valuing Diversity' and 'Putting the customer first' and the Council's Vision sets out six main priorities for action:

- Better and fairer access to services;

- Improving health and social care;

- Clean and green environment;

- Education and life long learning;

- Reducing crime;

- Regenerating the borough.

Under each of these priorities for action, there are specific actions that are relevant to equality and diversity.

Another example of revisiting and re committing to values is **Cummins,** which has strong corporate values: Integrity, Innovation, Delivering Superior Results, Corporate Responsibility, Diversity, Global Involvement. These values were revisited two years ago and focus group work examined what were important about their values and what were their purpose. During this revisiting process, diversity featured as one of the key values. This was rolled over into a training and awareness programme so that every employee in the global organisation was familiar with the vision and values of Cummins. This programme upped the profile of diversity and the Chairman identified it as one of the key initiatives to come out of the process.

5.3.   THE DIVERSITY FUNCTION

■ **There is no hard and fast rule as to where the diversity function sits but the trend is moving towards a role separate from HR.**

■ **Equality and diversity units consisting of several staff are more likely to be found in the public sector, although this is by no means always the case. The private sector is more informal with diversity councils and champions largely made up of committed volunteers.**

■ **One key factor emerged from the qualitative work was the importance of the energy and commitment that those in the diversity and equality roles play in embedding policies throughout the organisation. This is regardless of where the diversity function sits.**

■ **All the high performing organisations have some kind of high level steering group. This ties in top level commitment with widening ownership across the organisation.**

■ **Organisations taking diversity seriously have high powered senior people in the key diversity role.**

Getting diversity accepted as a business issue that is the concern of the whole organisation and not just for HR represented a major challenge for many of the survey respondents. Trying to embed responsibility and accountability for diversity involves getting all employees to take ownership, and not relying on the HR function to be the backstop all the time. For some respondents this has been easier than for others. Several respondents were in this process of trying to spread ownership of diversity from HR to throughout the organisation. Others had placed a diversity specialist outside of HR. Some advanced organisations were considering whether to reduce the specialist function in favour of devolved responsibility in areas or units.

Many of the comments from the open-ended questions on successful and unsuccessful strategies include those made about the role of HR. Some of these are:

■ Keeping it in HR was not successful;

■ The HBOS' Fair's Fair program was designed to bring equal opportunities out of the personnel department and into normal business planning;

■ When it was left in HR there was no clarity of targets at a business level;

■ It was ineffective to have specialist EO managers accountable for all areas, but it works now that line managers are accountable themselves.

To get responsibility and accountability for diversity and equality out of the HR department takes more than a dedicated HR manager. This is when the role of leadership is vital.

Spreading ownership

Public sector organisations are likely to have had equality managers, units and functions for longer than many of the private sector companies, many of which have only recently introduced a diversity specialist. In line with the focus on external, service delivery issues as well as internal employment good practice within their diversity strategies, Equality and Diversity Managers in the public sector are now increasingly located centrally, rather than in the HR function, although staff within other parts of the organisation, including HR may well have responsibility for diversity work, too.

At the **Inland Revenue**, the Head of Diversity is located in HR but priorities for the team are agreed in consultation with business streams. She also sits on one of the Regional Boards as a non-executive member, a dual role which she sees to be beneficial in informing both policy and how it can best be integrated with wider business planning. Pat Samson, Head of Diversity says *'Policy often provides the 'what' and the 'why'. However, culture change relies heavily on the 'how' to make it a success. Working closely with the business provides insights into the best ways of supporting people with 'how' to embed diversity'.*

Specific role within HR

Some organisations may think that when an equality specialist or unit ceases to exist, then mainstreaming has truly been accomplished. The ghettoisation of equality and diversity units is something that can happen if the unit has been in existence for many years and this can make it hard to widen ownership. However a specialism may still be necessary. For BT as a leader in the private sector and well ahead on the integration game, the role of HR diversity specialist is always going to be a very important one and different organisations will use HR in different ways.

At **BT** Caroline Waters sees the role of HR diversity specialist as being the external antennae, keeping up with all the latest legislation and with the exciting new research and best practices as well as to create policies and help with the process of developing programmes with line managers.

In **Croydon Council**, as well as initiatives to 'mainstream' diversity, they believe it has been important to keep the 'Equalities stream' as a specific function – through the Equalities Unit. Otherwise there is a danger of taking the mainstreaming route – and then not carrying it out. The Equalities Unit is located in the Executive Office.

A key question for **Birmingham City Council**, in its restructuring process, is the balance between mainstreaming Equality roles and tasks at Directorate/manager level and retaining a central specialist unit. There is a recognition that the work of the Equalities Division needs to be redefined, just as managers will need to act differently under the new structure. Current thinking sees a clear role for a specialist team acting partly as consultants and partly as the focus for strategic leadership, monitoring and evaluation.

Diversity function separate from HR

Other organisations have made it part of their strategy to keep the diversity function out of HR right from the start in order to spread ownership of diversity.

At **Procter and Gamble**, diversity and equality has never been a HR function – HR is a very small part of their business anyway. It was pushed out on to the line right from the word go. Jesper Wiegandt says as a joke *'this issue is far too important for HR! So always been owned by whole business'*. He himself is a marketing executive.

Similarly, **Barclays** specifically sought to place the diversity function outside HR in order to help integrate it into the mainstream business. It advertised internally for an executive to take up the challenging post of Equality and Diversity Director. Niccola Swan was at the time a senior line manager, who had on occasions, because of her high profile as senior woman in the bank, spoken on the issue of diversity/equality, but she would not in any way have called herself an expert. Her boss suggested she apply and she did and accepted, starting her position in November 2000. It is an unusual route, placing diversity and equality outside of the HR division with a separate budget and a non-HR trained executive. Niccola reports directly to the Board level champion of diversity. She says, *'In terms of selling the whole issue to line managers, I think my business background and knowledge of line management has been invaluable'*.

When Surinder Sharma was brought in to **Ford** from Littlewoods nearly eighteen months ago as European Director of Diversity, he insisted that he reported directly to the president/CEO of Ford of Europe, David Thursfield. They together report to the US President of Ford. Of a workforce of 120,000, Surinder is in the top fifty senior managers. Surinder has introduced a whole structure of diversity leaders throughout the business. There is the Ford of Britain National Diversity Council, made up of HR, line managers and trade union officials. There is a UK Manager for Diversity and a Diversity Head of Dagenham.

Ownership through diversity councils

JP Morgan has very high level diversity business councils, each chaired by the business head of a particular division. The bank sees these councils as key to success — because all the initiatives emanate from them and are not seen as an HR initiative. It was moved out right from the start. The diversity function consists of a small team of three. All the chairs of the Diversity Business Councils sit on the Leadership Council which is run by the CEO of the region (UK Europe, Middle East and Africa - with most employees being here in the UK). It was not hard to get people to sit on these councils. Some volunteered, some were invited, but basically because it is seen as a good thing to do, people will do it. Overall strategy is set but within their divisions they do have the freedom to initiate their own programmes, on which they report back to the Leadership Council.

It is interesting that more efforts are being made among City institutions to move the diversity function – or more likely set up the diversity function, out of HR - which traditionally has not enjoyed very high status in the City. It is suggested that organisations which have a history of valuing HR, are

less likely to insist on the diversity function moving out. It is not just about spreading ownership, it is about positioning diversity nearer the executive and enhancing its status. In cases where responsibility for diversity has been spread out among diversity councils or committees, again the seniority of the volunteer members is seen as key.

Resources

Although an intensive approach to integration is going to require resources in terms of investment and people, it is not necessary to have large numbers of people in the diversity team.

Ian Brown does not see diversity and equality as an HR process, more of a mainstream management process, another business skill that is needed. **GlaxoSmithKline** has a very small diversity team of three. He doesn't think you need a big team – it's too easy to be ghettoed. In terms of resources - the individual divisions need to find the business link between their own diversity initiatives and their performance and fund for it accordingly. Ian Brown says *'People don't value what they get for free. It is important that each division then sees the improvement and directly relates it to what they have spent'.*

5.4.   SUPPORT

- **Training to raise diversity awareness is a key factor in the success of integration.**

- **The training needs to be appropriate to the organisation – should be preceeded by good diagnosis.**

- **Training can take the form of preparation and ongoing support.**

- **Support needs to be on going particularly for middle management who conduct appraisals and are required to assess diversity performance.**

- **Ongoing staff feedback is important to develop the appropriate initiatives.**

In the US, the term 'readiness' is sometimes used to refer to whether or not an organisation will respond well to interventions on equality and diversity. One may suppose that having a history of equal opportunities would increase the 'readiness' of an organisation but our research shows that this is not necessarily the case. Most of our case studies have conducted in depth research of their culture and practices to diagnose particular employee concerns before implementing any major change. This makes sure that the initiatives are appropriate to the workforce.

One way of increasing readiness is to prepare the workforce for change. And, one key factor in the success of integration which came through strongly in the research was training of the workforce. Many respondents said in the open ended section, that good diversity awareness training was crucial for initiatives to be accepted, but it needed to be done well to be effective.

The readiness issue may explain why some initiatives happen quickly and get bedded in whereas others are seen as top led one-offs or HR one-offs which fail to change the culture in any way at all and fizzle out when key people leave the organisation.

Importance of training

Good training was regarded as key to preparation and support of the workforce. **Cummins** is a leader in its integration of diversity and along with Ford, it is a good example that diversity is a must for all kinds of organisations. For instance on the shopfloor it is more than 99% male. Cummins firmly believes that you have to really prepare the way for long term serious initiatives like measurement and accountability, by providing good quality awareness training to all staff, so that no employee is left in any doubt as to what the company is aspiring to. Secondly the focus on behaviours cuts through any argument on what people are really thinking. They accept that there will be resentment, ridicule and backlash but have made a company policy of not accepting any expression of it in the workplace.

They state that their most successful strategy to date to integrate diversity into their business has been the worldwide implementation of diversity training to provide the right environment for diversity business case to be embraced. This covers every employee at every level – approx. 28,000 people. *'If we hadn't done this work beforehand over the past couple of years in the UK, Cummins would not have been able to, say, recruit more ethnic minorities into the workforce because they would have been greeted with hostility'*. Recently they have been inviting people from Muslim communities into the factories to educate the staff on their religion and their needs.

As some of the organisations which are newer to the field said, their workforce was just not ready for some of the more forward measures like accountability.

The research also illustrated the importance for ongoing support and training, particularly for those who are expected to implement it in the form of management appraisals. The support of middle management is one of the key factors to success and we saw in a former section that accountability in terms of pay and promotion is one way of ensuring it. Another way is to try to convert middle management – one respondent said that one evangelistic middle manager was worth ten HR proponents of equality and diversity. Organisations that recognize this and put resources into it are more likely to see their initiatives taking root.

There may be more of an emphasis on guidance for the workforce particularly in the area of policy making. In **Croydon Council**, the Equality Team has drawn up guidance on Integrating Equalities into Best Value Reviews for 2001 –2, using a proforma as the basis for lead Departments to consider equalities issues. This includes questions on how the Service will contribute to the equalities policy, and how equalities will be addressed within the four basic Best Value competencies: Challenge; Consultation; Compare (performance) and Compete. The Equalities Unit also advises Departments on incorporating Equality issues in their cross-cutting reviews.

In order to implement good training it is important to understand exactly the needs of the workforce. In many cases this meant initial diagnosis was seen as key ahead of any initiatives.

Ford conducted an in depth diagnosis of all parts of its organisation before implementing any of its policies. There were different issues in different plants, Managers and all the workforce need to understand the business case well and how it applies to their part of the business. Surinder Sharma said, *'Every member of our workforce has to go through an awareness training day and managers do two days. There are lots of other more specific workshops on legislation or work/life balance as well as coaching and mentoring. This is not a one-off training – we aim to embed diversity from the cradle to the grave. It is for everybody and it affects everybody'.*

There are more and more creative ways of training or raising awareness. Many of them are now being developed internally.

Procter and Gamble developed their own in-house workshop called Sex@Work.Shop, which any employee can attend. The title was deliberately provocative to catch employee's attention and it did! It insists that the attendance split is 50-50 male/female and it has proved such a runaway success, that the company have decided to make it more available to other organisations by passing the usage rights to the material to Opportunity Now to allow them to use the workshop with a UK-wide audience. The workshop explores stereotypes of male and female behaviour, their 'invisible' role in the workplace and concludes by increasing awareness that differences should be not merely be tolerated but valued and how to harness them. As a result, awareness of diversity has cascaded throughout the whole organisation.

And the DFES has developed its own Special tool.

The **DFES** has developed an advisory Intranet Tool – entitled 'Fairway' - to help policy teams mainstream equality. This Tool advises staff on six aspects of mainstreaming, when developing a new policy/programme:

- Identifying the needs of all groups in the community (using consultation, research and available baseline data);

- Ensuring that there is nothing in policies, programmes and services that will have an adverse effect on any part of the community;

- Describing the actions needed to ensure that policies, programmes and services comply with the Department's principles of fairness;

- Explaining this to others;

- Checking on progress against targets and benchmarks;

- Assessing impact and looking for future development.

The Tool includes detailed guidance, facts and figures on DFES programmes and their impact on different groups, examples of good practice, the Department's Aim and Vision and advice on consultation. Vivienne Brown, Policy Adviser for Mainstreaming Equalities, says that although it is early days – and the advice contained in Fairway has to work its way through to outcomes of policies, some changes can already be seen to pilot programmes, where those that have built equalities in properly are now able to evaluate impacts and amend programmes when they are rolled out across the country.

In the **Inland Revenue**, all 8,000 managers have had Diversity Awareness training. Pat Samson, Head of Diversity describes the approach as one of working with staff to gain understanding and build confidence and support, rather than imposing measures on them. *'The emphasis on diversity rather than equality helps to get over the fear factor and remove the blame culture'*. Giving managers a role in communicating messages about diversity also helps in the culture change process and move ownership from the centre.

The aim now is to move staff from *'why should we do this?'* - to *'how should we do this?'* Organisations like the Inland Revenue can be hierarchical and compliance focused. In building progress it is important not to keep reinforcing the 'old culture'. Culture 2000 – a programme of staff development, is one of the current initiatives looking at cultural difference, team building and change management.

As part of the support process, the Diversity team is developing Diversity Proofing guidelines – for generic use across the business, as well as carrying out research to identify models for embedding the Proofing approach. This will include internal conferences, seminars etc to feed in practical examples of diversity proofing.

As well as good diagnosis at the start of any training initiative, ongoing two way communication is an important part of on going culture change.

One of the ways in which **BT** keeps in touch is to listen to its employees. Caroline Waters says, *'We talk a lot and it is good to talk, but it is really good to listen. We gather groups together and listen to what they have to say, what their ongoing concerns are. Once the forum is there it breaks any isolation of psychologising and individualising that can occur otherwise'*.

5.5 CONCLUSION

The research reinforces the findings of other research that ongoing leadership commitment is crucial to the success of any diversity and equality strategy. Any cultural change will need to be led from the top and if an organisation is serious about it, it needs building into its fundamental statements of beliefs and values. In order for integration to proceed successfully organisations need both a credible specialist function and ways of supporting line managers so that they are able to "buy in" to their responsibilities for change. All these factors are required if organisations wish to embrace the fundamental change that a diversity strategy entails. Piecemeal change does not appear to create real breakthroughs. It is only when the total organisation is involved that the potential of equality and diversity for business benefit is properly harnessed.

CHAPTER 6 - FINAL THOUGHTS

The strongest message that come through this piece of research is the importance of the business focus. All diversity and equality strategies need to be kept tied to the business needs. However organisations need to understand the wider implications of the business case that we have reported on in this research. No longer solely a question of better recruitment and retention and the ensuing cost savings, the business case now extends to customer satisfaction, client demands, supplier and shareholder expectations, corporate image and community standing. Leading private sector organisations on diversity believe it gives them a competitive edge. A key challenge for all our respondents now is sustainability.

The research points to the need for organisations to systematically track their progress on diversity and equality and measure it against other business outcomes like productivity increases and improved service delivery. This will involve designing a comprehensive longitudinal study in order to see the long term benefits of pursuing equality and diversity.

If organisations say they are serious about diversity as a business issue, they need to start treating it like one and not approach it in a half-hearted fashion. The research shows that a lot can be achieved in a short period of time – it is a matter of focus, energy and courage. All the processes in the world will not improve diversity performance unless the will and commitment from key people are there. Leadership, diversity specialists, steering groups, diversity councils and champions throughout an organisation provide the real force for change.

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APPENDIX

EQUALITY & DIVERSITY: ACHIEVING HIGH PERFORMANCE

Name: _____

Position: _____

Organisation: _____

Please indicate your response by ticking the appropriate box(es) (many of the questions allow for a multiple response).

1. How long has your organisation been implementing equality and diversity initiatives?

Years

a. 0-2 ❒

b. 3-5 ❒

c. 6-10 ❒

d. 11-15 ❒

e. 16-20 ❒

2. How long have equality and diversity initiatives been business priorities in your organisation?

Years

a. 0-2 ❒

b. 3-5 ❒

c. 6-10 ❒

d. 11-15 ❒

e. not a priority ❒

3. What have been the main drivers for the implementation of equality and diversity in your organisation?

a. Business Case ❒

b. Social Justice ❒

c. Legal Pressure ❒

d. Political Pressure ❒

e. Employee Pressure ❒

f. Personal Leadership Commitment ❒

4. Does your organisation have specific goals for diversity and equality for:

a. Employee Profile ❒

b. Employee Perception ❒

c. External Perception ❒

d. None of the above ❒

5. Does your organisation have employee data available for the following?

a. Gender ❒

b. Race/ethnicity ❒

c. Disability ❒

d. Sexual orientation ❒

e. Age ❒

f. Religion ❒

g. Nationality ❒

h. Other ❒

6. Are diversity and equality strategies explicitly considered in organisation wide business planning and objective setting process?

a. Yes ❒

b. No ❒

7. Are diversity and equality strategies explicitly considered in the following?

a. HR strategy   ❐

b. Product development   ❐

c. Service delivery   ❐

d. Recruitment   ❐

e. Marketing   ❐

f. Community involvement   ❐

8. Are existing business processes being used to integrate diversity and equality objectives? e.g. key performance indicators, service delivery agreements.

a. Yes   ❐

b. No   ❐

9. If yes to question 8, please state which ones -

10. Does the organisation have any means to measure diversity and equality outcomes?

a. Yes   ❐

b. No   ❐

11. Which of the following do the organisation use to measure diversity and equality outcomes?

a. Diversity scorecard   ❐

b. Employee surveys   ❐

c. Employee statistics   ❐

d. Data on customer satisfaction ❐

e. Outcome of service provision ❐

12. Does your organisation use any external equality audit/benchmarking systems provided by equality agencies or other agencies?

a. Yes   ❐

b. No   ❐

13. Does your organisation have a means of holding managers accountable for diversity and equality outcomes?

a. Yes   ❐

b. No   ❐

14. If yes please tick the type of accountability tools it may use:

a. Diversity as part of a key performance indicator ❐

b. Diversity as a key performance indicator itself ❐

c. Diversity as performance management/appraisal ❐

d. Employee feedback   ❐

15. Would performance on diversity and equality affect a manager' promotion or progress in the organisation?

a. Yes   ❐

b. No   ❐

16. Would performance on diversity and equality affect a manager's pay?

a. Yes ❑

b. No ❑

17. Has the organisation achieved measurable results from its diversity strategies to date?

a. Yes ❑

b. No ❑

18. If yes, please describe in space provided below:

19. Does the organisation have any indication that its performance on diversity and equality is linked to its methods of integrating diversity policy into mainstream business processes?

a. Yes ❑

b. No ❑

20. Does the organisation believe there is a link between its diversity performance and its overall business performance?

a. Yes ❑

b. No ❑

21. What, in your view, are the conditions required to successfully integrate diversity into business processes are:

a. Clear performance targets and measurement processes ❑

b. Good information and reporting systems ❑

c. CEO commitment ❑

d. Strong equality and diversity culture ❑

22. What steps has your organisation taken to integrate diversity that have not been effective and why?

23. What has been the most successful strategy in your organization to integrate diversity into the business?

24. Would you be willing to be considered as a case study for this research project?

a. Yes ❑

b. No ❑

25. Are you willing to have any details of this questionnaire attributed to your organization?

a. Yes ❑

b. No ❑

Thank you for your time and thought.