

Leidar Insight: Communicating Diversity

An integral part of business strategy?

LEADERSHIP NAVIGATION





Why diversity?

Many politicians, NGOs, media, corporations, and executives talk about the importance of diversity for the prosperity of businesses and the economy at large. Many organizations are keen to talk about the diversity of their workforce, viewing it or presenting it as a corporate asset. Business scholars regard diversity to have a threefold effect on organizations by: increasing productivity, attracting new talents and achieving outcomes of R&D activities.

The World Economic Forum clearly supports diversity and other intangible assets as a means of building corporate value and gaining competitive advantage:

"Capital is no longer the only decisive factor of production in the global economy: a business's or an economy's competitive advantage is increasingly determined by innovative ideas or non-material services, and is less dependent on tangible assets." (source WEF website)

Many declarations about the importance of diversity have been published. But how often does the corporate interpretation of diversity limit it to issues of gender and parity? Is diversity rhetoric even being used by some companies to cover up a lack of equality and inclusion in the structures of their organizations?

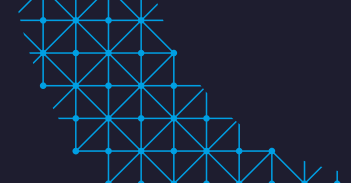
Leidar has taken a closer look at diversity in the corporate world, carrying out research to expose the practices and realities behind the diversity rhetoric. Are business practices really changing in recognition of the value of diversity in the workforce?

First, we looked at the communications aspect of diversity. We analyzed how 120 internationally-operating companies communicate about diversity, with a focus on how they selected related themes and featured actions in their communications.

Initial results – tendencies, or rather a lack thereof?

Our review of these companies' communications channels provided some interesting observations and results:

- **Diversity is high on the corporate agenda.** The vast majority of the companies surveyed communicate about diversity in their corporate channels (over 90%). It is a clear trend across all geographies and industries.
- **Gender is the most prevalent issue within diversity.** Most of the companies associated diversity with gender, concentrating their communications activities on gender parity and female empowerment.
- **Ethnicity and race** are the second most prevalent aspects of diversity, with around half of the companies analyzed discussing it.

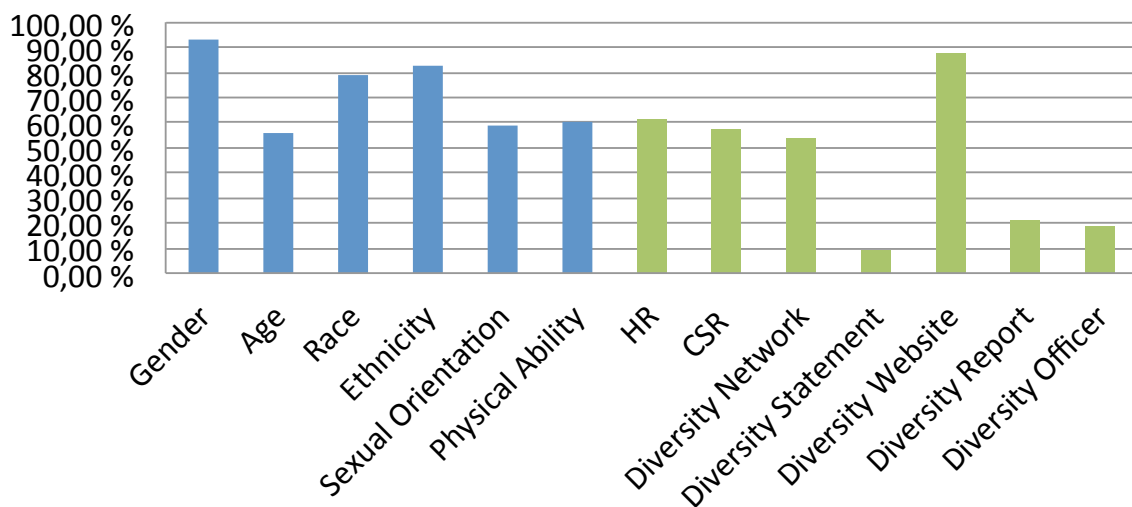


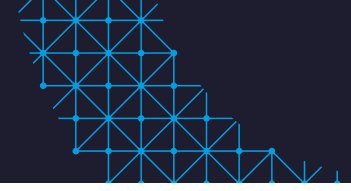
- **Few of the companies include diversity** as a part of their vision/mission/value statements. As such, it seems diversity is still not a feature of the core corporate agenda.
- **Industry matters less than the end consumer.** We saw the most communication about diversity coming from service-oriented companies. Those which directly address the end-consumer tend to communicate more about the diversity of their staff than those in a purely B2B environment. However, some of the FMCG companies (especially tobacco) had surprisingly low levels of thematic focus.
- **Regional tendencies.** Unexpectedly, there is not much difference in the communications patterns of US based companies vs. non-US based ones. In contrary, France and UK based companies quote physical ability in their diversity statements at the same level as the race and ethnicity. Those are the highest results among the whole of the sample.
- **Traditionally "Male-centric" industries are behind.** The automotive, manufacturing, telecommunications, and engineering industries communicate much less about diversity. It seems that companies from these sectors avoid the subjects of sexual orientation and physical ability in particular.

The graphic below presents an overview of the total results from our survey. The results in blue show each diversity parameter and the percentage of companies which declare it as an important part of their diversity. In green, we have the concrete actions taken in relation to diversity and the percentage of companies carrying out each one.

While over 80% of the surveyed companies have a diversity website or at least a section dedicated to it on their website, less than 10% had a binding diversity statement and just over 20% issue a Diversity Report or employ a Diversity Officer.

Overview of the results

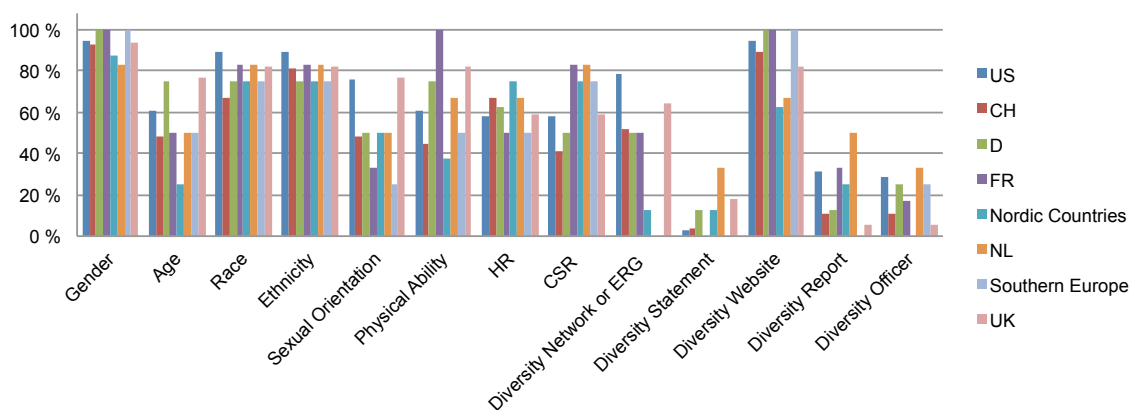




Companies clearly state that diversity is important for them; however very few can give details about the concrete actions they've taken. Further, declarations made on corporate websites are often fluid in quantitative terms.

It seems companies are reluctant to introduce binding statements or objectives in relations to performance indicators. Instead, companies prefer to talk about the benefits of diversity in general terms without relating those benefits to any respective actions.

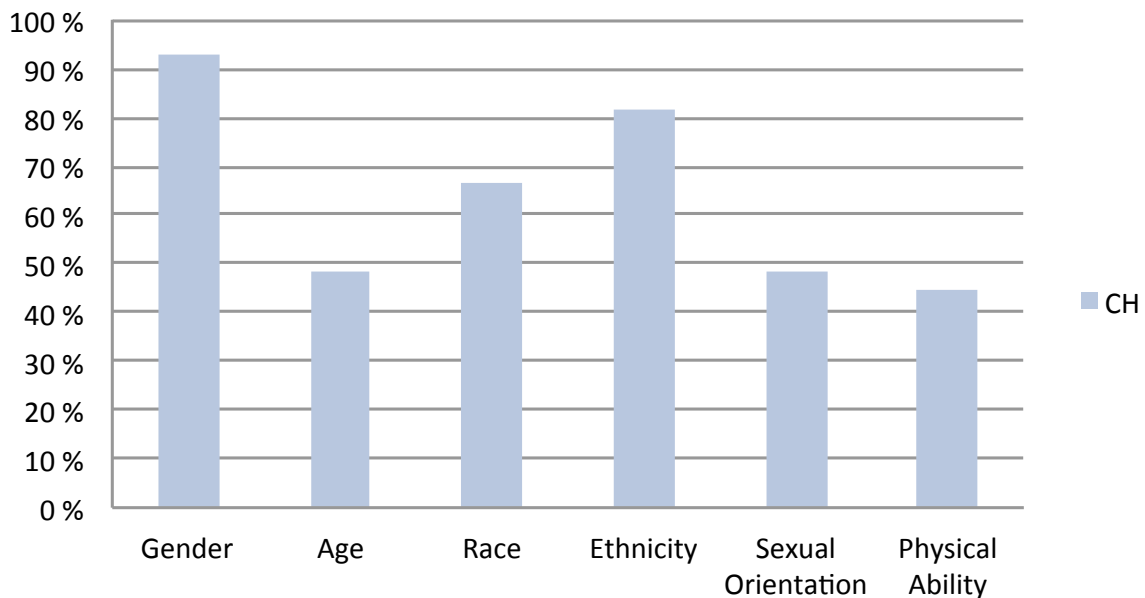
Country overview



Swiss model? – following global patterns

Swiss companies in our sample (27 of 120) tend to fall in line with global trends, focusing mainly on gender diversity of staff (over 90%) followed by race and ethnicity. Other diversity-linked subjects such as age, sexual orientation and/or physical disability are quoted far less frequently in the diversity statements.

Switzerland





Bold opportunity to stand out

The results of our research show that, undoubtedly, there is room for a different approach to corporate profiling and positioning in relation to diversity. Especially when evidence of concrete action can be incorporated. Most of the companies analyzed communicate that they do “something”. However, that “something” is yet to be clearly defined. The concentration of diversity communications which focus on gender issues means diversity has become almost synonymous with gender equality. There is a huge opportunity for companies to define and own diversity.

Several recent scientific studies highlight that diversity and inclusion can deliver tangible business benefits by attracting the best talent and improving operational performance. In addition, companies shouldn’t neglect the intangible benefits like better corporate reputation and brand perception. But in order to make best use of these assets, businesses need to embed diversity into their corporate strategy and communicate exactly what they’re doing which goes beyond the gender equality.

According to our research, even the companies that carry out concrete activities in relation to diversity don’t seem to exploit the full potential. Societal expectations, the business impact of diversity and the current trend for superficial communications all point towards a great opportunity for a company to seize the initiative and establish itself as a thought leader.

In order to benefit from this opportunity companies and their leadership teams need to:

1. Define diversity within their workforce beyond the most obvious aspects like gender equality.
2. Communicate diversity to all levels of the organization and include diversity as a permanent thematic focus in corporate communications, internal communications, social media engagement, CSR communications, and all external relations.
3. Embed diversity into their corporate essence (mission, vision, values).
4. Develop clear messaging about diversity within their organization, using facts as the foundation and adding human angles to build stories.
5. Conduct internal training programs around diversity so that internal attitudes to diversity can be communicated in all employee advocacy.

Focusing on these five points will elevate diversity within the workplace, leveraging its potential and establishing it as a true asset- no more to be considered as a box-ticking communications exercise.



Research – what’s next? Interviews with corporate experts

Since we’ve made these observations about diversity in international corporations based on secondary research, Leidar is now interviewing representatives of the selected companies from our initial sample of 120 international corporations to better understand what is being done internally in terms of diversity programs and concrete activities. We will publish our findings with another paper to be published in May 2015.

We will then benchmark the analysis included in this paper against the findings of the expert survey and publish a final report from the study during summer 2015.

Dr. Lukasz M. Bochenek

We would like to thank Sofia Ferreira for her support during the development of this study and the data management.

For more information about this study and Leidar’s research projects, please contact (Dr. Lukasz M. Bochenek) at Lukasz.Bochenek@leidar.com

Summary of the results per industry (N=120)

	Gender	Age	Race	Ethnicity	Sexual Orientation	Physical Ability	HR statement	CSR statement	Diversity Network or ERG	Diversity Statement	Diversity Website	Diversity Report	Diversity Officer
Automotive Industry	100%	67%	100%	100%	67%	33%	100%	33%	67%	33%	100%	0%	33%
Banking and Financial Services	95%	63%	84%	84%	68%	74%	74%	58%	63%	11%	89%	32%	21%
Chemicals	100%	100%	75%	100%	75%	75%	75%	75%	50%	25%	75%	0%	0%
Computer Hardware & Software	100%	100%	100%	100%	100%	100%	67%	33%	33%	0%	100%	33%	33%
Consulting	100%	78%	89%	89%	78%	67%	56%	44%	67%	0%	100%	44%	33%
Engineering	89%	33%	44%	67%	22%	44%	78%	67%	33%	22%	89%	22%	0%
Food & Beverage	78%	33%	67%	67%	44%	56%	0%	89%	44%	0%	78%	22%	22%
Insurance	100%	40%	100%	100%	60%	60%	60%	40%	100%	0%	100%	0%	60%
Law	100%	33%	100%	67%	100%	67%	33%	100%	33%	100%	100%	67%	67%
Manufacturing	83%	83%	67%	67%	50%	50%	67%	50%	17%	0%	83%	0%	0%
Mining	100%	67%	100%	100%	67%	33%	100%	33%	33%	67%	67%	0%	33%
Oil & Gas	100%	40%	100%	100%	40%	60%	60%	60%	40%	0%	80%	40%	0%
Pharmaceuticals	100%	33%	89%	89%	44%	56%	67%	56%	56%	11%	100%	33%	22%
Telecommunications	100%	67%	67%	78%	22%	67%	78%	33%	44%	0%	89%	0%	0%
Tobacco	67%	33%	67%	67%	67%	33%	100%	0%	0%	0%	67%	0%	33%
Average per diversity topic	94%	58%	83%	85%	60%	58%	68%	51%	50%	13%	88%	20%	24%



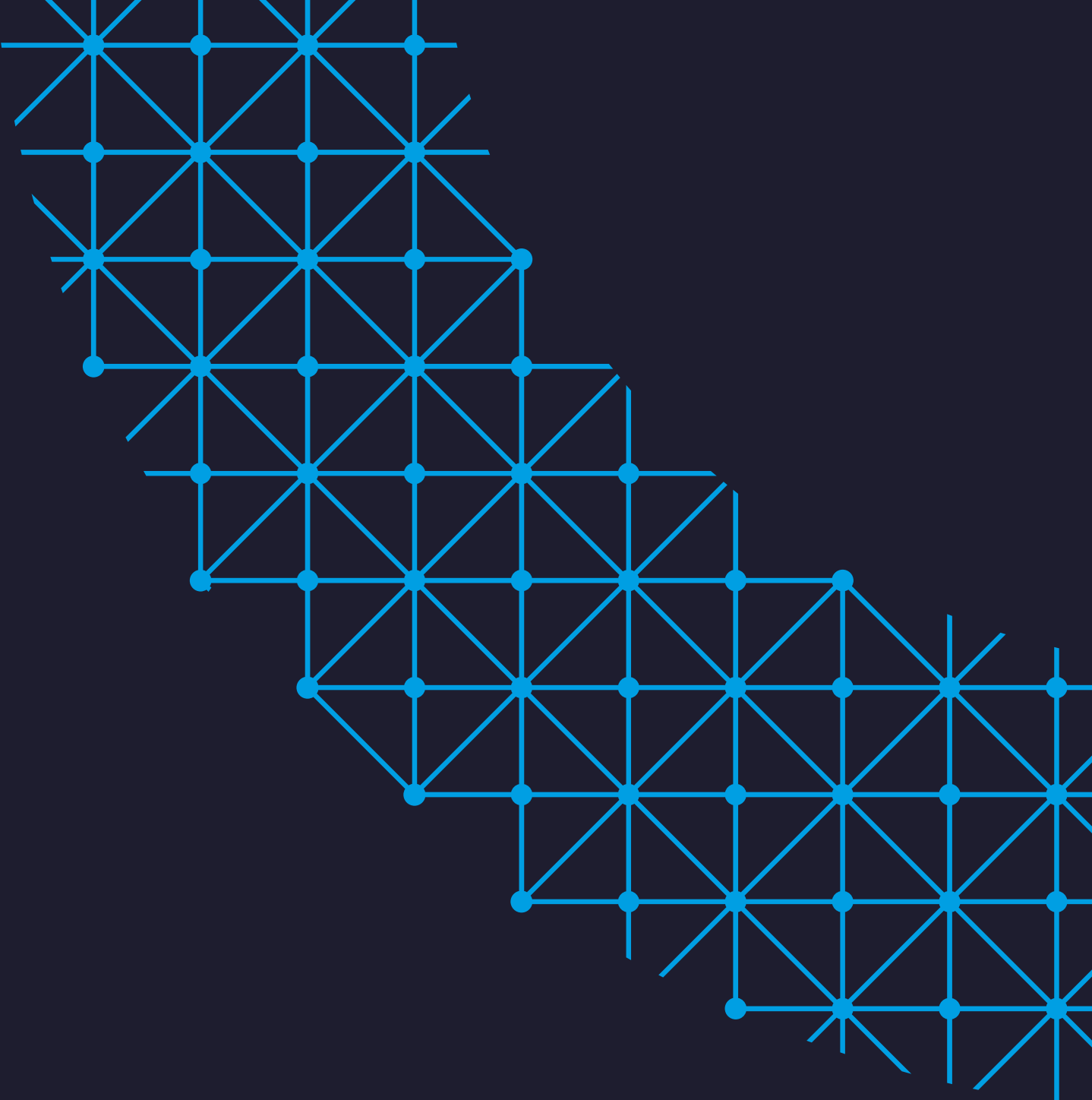
Methodology of the study

This study is based on an extensive research of secondary sources (corporate websites, Annual and CSR reports). We analyzed 120 companies that have their HQ (at least EMEA) offices based in Europe. We selected companies using purposive sampling to represent various regions and industries. We clustered the companies into the following categories:

- Industry sector
- HQ country
- Customer type (b2b/b2c).

We developed an observation guide in order to analyze the companies in terms of their communications activities within the subject of diversity. We looked at the prominence of the subject of diversity in corporation's corporate, HR and CSR communications. We analyzed the thematic focus of the diversity discourse to identify trends (gender, race, ethnicity, physical ability, age).

Several of the companies had been randomly sampled and analyzed by two researchers to ensure the accuracy of the data.



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