



EQUALITY, DIVERSITY & INCLUSION

Companies that believe in creating a diverse and inclusive workforce, invest on the basis that it is 'the right thing to do'. However, there may be times when ED&I initiatives are competing for funding against commercially driven activities, particularly in the economic climate we are currently experiencing.

To broaden influencing strategies and to strengthen the ED&I business case, it might be beneficial to express the benefits in commercial terms.

So, what are the key drivers for ED&I?

- Social value, social care and inclusion
- A desire that the workforce is representative of the customers/clients they serve (especially in customer facing roles) – creating a symbiotic relationship internally and externally
- Increased innovation (diversity of thought)
- External research demonstrating that a diverse (leadership) team generates better outcomes
- Employee attraction and retention
- Regulatory compliance
- Brand awareness and equity

How do companies currently measure success? And how could they approach it differently?

- Only a small minority of the companies we have talked to have created, or were actively delivering against, a business case. The few that had an initial business case, rarely, if ever, refer to it
- None were planning to assess the changes they had made/were making on a commercial basis
- Internally, most companies had a qualitative view of progress, through employee (engagement) surveys, e.g. Do you have a voice? Can you bring your whole self to work? None of the companies were currently able to assess the benefits quantitatively (based on business performance metrics)
- Although companies could hypothesise, it was difficult to isolate the contribution from ED&I initiatives versus other business improvements. However, as discussions continued, direct links to commercial benefits became increasingly easier to identify, raising the question should ED&I do more to isolate representative examples to develop a network of tangible links to commercial outcomes?
- Expectations on respecting differences and minorities have moved on in the last 15 - 20 years, a phenomenon that will become an even more decisive factor for employees and customers as younger generations gain power and influence
- Some companies can look at employee attraction and retention rates for some segments/characteristics (e.g. gender, ethnicity). But even this is problematic for other segments (e.g. sexual orientation, disability) and, in some countries, several classifications are completely forbidden



Should ED&I focus on identifying and filling gaps in specific capabilities, skills and knowledge, such as language and cultural understanding?

- Engaging with the company on a strategic level would enable ED&I to be at the forefront of initiatives, such as major change projects, which require a different mindset or attitude
- This approach has the advantage of identifying and fulfilling business needs with commercial outcomes
- Pay gap reporting may also be an indicator, but, again, it is currently hard to isolate how ED&I itself may contribute to these results

Should ED&I own the planning, execution and P&L for this type of core equity development?

- Employee well-being is also tracked through measuring things, such as sickness rates, but the ability to link this to ED&I is currently limited. One company was piloting the use of Whoop Bands to monitor employees' health (currently employees choose whether or not to opt into this scheme)

Should ED&I learn from leadership initiatives that frequently claim the commercial benefits of employee wellbeing and increased effectiveness?

- Externally, the benefits of ED&I are even more opaque. Companies will hypothesise that ED&I will make a positive contribution to customer experience. However, examples such as women home alone preferring women visiting them should be easy to quantify if companies and regulators see this as priority
- The positive effects of empathy and contextual knowledge can be identified in repeat sales, retention and complaints reduction. Working with CX insight teams could provide evidence to commercial outcomes
- The Gallop 'Great Places to Work' demonstrates that ED&I disciplines correlate strongly to overall 'Great Place to Work' metrics
- Great Places to Work has a full cost analysis available. How much does ED&I claim? Does Great Places to Work give guidance?
- Some companies were actively using ED&I as part of their assessment of potential new suppliers/partners
- Companies spend significant money on winning contracts, and in these contracts the ED&I contribution should be recognised in commercial terms in the same way other contributors are
- Companies are increasingly asked to prove their commitment to ED&I, with one quoting twenty points available for provable ED&I activity
- ED&I may be 'the right thing to do' but in this case it is a commercial priority, plain and simple.



SUMMARY

‘Doing the right thing’, often backed by senior executive sponsorship, is frequently seen as trumping the need for a business case. The unintended consequence can be to leave ED&I vulnerable to commercial scrutiny.

At first sight, quantifying the size of the commercial benefits of ED&I is difficult. Isolating the contribution of ED&I from other business improvements is highly problematic. A more in-depth study quickly links ED&I to winning sizable contract bids, partnership deals and profoundly impacts employee recruitment and retention.

Having a business case would broaden the influence of EDI and would help it gain greater traction and investment. However, as it stands, the moral and ethical stance of ‘doing the right thing’ is justification alone.

How should we expand the description of ED&I ‘doing the right thing for our people and our company’?

Or should we resist the description completely, and replace it with ‘growth through diversity’?

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