



The ISS Diversity Assessment Tool

Rating diversity in management and identifying strategies and initiatives that make diversity a competitive advantage

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Preface

Dear reader,

Thank you for showing an interest in the ISS Diversity Assessment Tool. This tool has been developed by combining and translating two existing diversity assessment methodologies, ISS and Proacteur's Diversity in Management Rating as well as The Association New Dane's Diversity Deep Dive. The project has been financed and supported by The Council of Europe – Intercultural Cities Programme (ICC). The ICC Programme supports cities in reviewing their policies through an intercultural lens and developing comprehensive intercultural strategies to help them manage diversity positively and realise the diversity advantage.

The project received funds from the Intercultural Cities restricted call for experts on *Business Innovation through Diversity*. The call supports projects which can help cities develop know-how and specific actions to promote the positive potential of diversity in the business field, e.g. developing methodologies for making enterprises aware of the potential interest for their bottom-line of diversifying staff and/or empowering diverse employees to influence business processes, products and service development.

The report *A diverse leadership yields higher earnings¹*, based on the The ISS and Proacteur Diversity in management rating of more the 300 large companies, showed that companies with the most diverse management teams have an operating profit margin of 12.6 percentage points more than the companies with the least diverse management teams. We hope that this research will inspire Intercultural Cities coordinators and other diversity stakeholders around Europe to perform Diversity in management ratings, highlighting and promoting the companies with the most diversified management.

We also hope that Diversity Deep Dives will be performed in these companies to identify and describe which diversity strategies and initiatives these companies have implemented in order to tap into the existing diversity, making it a competitive advantage. Our hope is that these diversity strategies and initiatives can be used to inspire other companies wishing to benefit from the diversity in their own organisation.

We wish you the best of luck with your local diversity assessment.



FORENINGEN
NYDANSKER
ERHVERVSLIVETS FORETRUKNE
MANGFOLDIGHEDSPARTNER

¹ [A diverse leadership yields higher earnings](#), ISS and Proacteur, 2016.

Project objectives

The objective of the project is to enable diversity partners in intercultural cities to identify and rate the most diverse organisations within their region. The intention is to uncover and share knowledge of successful diversity initiatives and practices with organisations that have a lower level of workforce diversity or that lack inspiration as to which diversity programmes and initiatives to launch in order to successfully tap into untapped commercial potential. The short-term goal is to develop a model that measures diversity at management levels within organisations located in or around Intercultural Cities. The long-term goal is to describe, understand and support diversity management and diversity on all levels within European organisations.

Theory of change

The project aims to translate the ISS Diversity Assessment Tool, making it possible for ICC coordinators and other diversity stakeholders to rate and identify the most diverse² and successful companies in and around intercultural cities in Europe. The project also aims at enabling diversity partners in Intercultural Cities, to uncover which strategies and practical initiatives that enable these companies to successfully harvest the benefits of a diverse management as well as a diverse employee group, and furthermore, to share these strategies and initiatives with others companies.

The goal is that diversity partners in three to five intercultural cities will actively use the tool, either to conduct the Diversity in Management Rating on local companies based on their diversity in management, or to conduct Diversity Deep Dives in a number of local organisations, or both. The cities can either already be working with diversity charters and thus have structured collaborations with local companies on the subject of managing diversity, or they can be cities that want to use the assessment tool and survey methods to identify the most diverse companies, e.g. in order to help initiating the start-up of a local diversity charter collaboration.

The tool

The ISS diversity Assessment Tool focuses on enabling ICC coordinators and other diversity stakeholders in Europe to conduct *Diversity in Management Ratings* as well as *Diversity Deep Dives* in local private and public companies (from now on referred to as organisations). The project presents a combined tool focusing on identifying diversity on two different levels:

- 1. Rating diversity in management within organisations in the intercultural city region.**

Based on the rating, the ICC coordinator or diversity stakeholder will be able to identify the most and the least diverse organisations when it comes to diversity in management.

- 2. Performing Diversity Deep Dives in the most diverse organisations.**

The Diversity Deep Dive will enable the ICC coordinators or diversity stakeholders to describe best practice examples of diversity management initiatives and practices. These may afterwards be shared with other companies and organisations wanting to tap into their own commercial diversity potential.

For each diversity level there is a step-by-step guide to the methodology and analysis practice. The first step-by-step guide is for *Diversity in Management Rating*, the second for the *Diversity Deep Dive*.

² When referring to the most diverse companies, we mean companies with the highest level of diversity in management, when it comes to the categories; gender, ethnicity, age and seniority.

Diversity in management rating

Introduction

The *Diversity in management rating* is a unique qualitative study, developed by ISS and Proacteur to rank Danish companies according to the level of diversity in their management teams on the four diversity criteria: gender, ethnicity, age and seniority. The purpose of the study was to establish the degree of diversity that exists among large and medium-sized Danish companies, and to examine whether a financial advantage may be derived from ensuring diversity in the composition of company management.

The survey resulted in the report *A diverse leadership yields higher earnings* that concluded:

- That companies with a high level of diversity within their management team achieve a significantly better bottom line than companies with low-level diversity in the same line of business. The benefits of having a diverse management are significant. Businesses with the most diverse management have an operating profit margin of an average of 12.6 percentage points more than companies with the least diverse management. In addition, the most diverse companies have an operating budget margin on an average of 5.7 percentage points more than their competitors
- That diversity is an effective mean of achieving commercial success
- That there is still a huge untapped commercial potential in making Danish management teams much more diverse

Why do Diversity in Management Rating?

The Diversity in Management Rating allows ICC coordinators or other diversity stakeholders to benchmark local, regional or national companies against each other when it comes to the level of diversity in management. This will allow ICC coordinators or other diversity stakeholders to rank companies, identifying the most diverse companies when it comes to diversity in management. The raking can be used to highlight the most diverse companies, using these frontrunners on diversity in management to promote diversity on all company levels and in general.

How to do it – Step-by-step

To be able to conduct the Diversity in Management Rating, Proacteur developed a diversity measurement tool and related manuals. The Diversity Measurement Tool was originally used in a qualitative study by ISS and Proacteur and was developed to rank Danish companies' level of diversity based on gender, ethnicity, age and tenure. The Diversity Measurement Tool combines and builds on the methods and processes used by ISS and Proacteur. It is intended to provide diversity partners with a tool to statistically measure diversity within management in organisations.

Selecting companies

The purpose of the Danish study was to establish the degree of diversity that exists among large and medium-sized Danish companies, and to examine whether a financial advantage may be derived from ensuring diversity in the composition of company management. Large and medium-sized Danish companies are defined as businesses with 130 employees or more and annual turnover exceeding 500 million DKK or approximately 65 million €.

In selecting companies for your diversity in management rating, you should consider if you want to use the same definition or another relevant local definition. You could also consider limiting the diversity assessment to companies within certain industries. When deciding on this, you should take local diversity policies and focus areas, other local conditions or interests as well as the amount of resources you have available for the diversity assessment process into consideration.

Estimated time frame

The time frame for the Diversity in management rating varies, especially depending on the availability of data, the number of organisations included in the rating as well as the average number of management profiles pr. organisation. In addition, you should calculate between two and five hours to get familiar with the manuals and the excel tool.

Collecting and applying data for one organisation with an average of 10 management profiles is estimated to about 1 effective hour. Hence, it would take one project assistant approx. 15 workdays to collect and apply data from 100 organisations.

The manuals

The diversity measurement tool has three manuals to guide you through using the tool. The manuals focus on:

- **Collecting data** providing information on how to search for profiles on LinkedIn and how to obtain the relevant data
- **Applying data** providing step-by-step guidance on how to enter data into the excel tool
- **The Excel tool** is a separate manual in Excel providing detailed guidance on the Excel related steps.

The manuals will provide you with specific instructions on how to use the diversity measurement tool, information regarding the methodology and will guide you through the different steps of the process. You find the Diversity measurement tool manuals for collecting and applying data as well as the Excel tool manual on the ISS Diversity Assessment Tool USB. The manuals include very specific instructions to help you through the Diversity in management rating process.

Diversity Deep Dive

Introduction

The Diversity Deep Dive builds on the experience of *M+*, *Diversity in 35 Danish companies*, which The Association New Dane executed in 2011-2013 with funds from the former Danish Ministry of Integration. In the *M+* project, Diversity Deep Dives were made in 35 Danish companies and organisations, including IBM Denmark, McDonald's Denmark, DSB, Arriva and IDA (the Danish engineer union).

The 35 companies also participated in networking activities, focusing on sharing the knowledge and best practice examples of strategic and practical diversity management initiatives from the participating companies and organisations. Copenhagen Business School also did a parallel Sense Maker Suite study on the change in employee diversity narratives within the participating companies during the project period. The study showed a change towards a more positive and constructive diversity discourse as the project evolved.

The Diversity Deep Dive was based on a qualitative analysis of each of the participating companies based on two data collecting methods: (1) Desktop studies of the companies' formal diversity policies and strategies, and (2) focus group on management level and individual interviews with selected employees. The analysis focused on describing the diversity history of the company, their current diversity discourse, practical diversity management initiatives, communication and branding related to diversity as well as recruitment and diversity in external relations.

Based on the experience from the *M+ Project*, as well as a more recent Diversity Deep Dive in the Employment and Social Services Administration in the municipality of Odense (Denmark), we have translated the methodology and the related help tools into English. Thus, ICC coordinators and other European diversity stakeholders will be able to conduct similar investigations in local organisations.

Why do Diversity Deep Dives?

One of the challenges of diversity management is that it has been very hard to document the direct effects of diversity within organisations. This means that diversity has been seen more as a goal in itself, rather than as a means to improve competitiveness and the bottom line in private companies or making public organisations work more efficiently and be more innovative when it comes to developing their core services.

The *Diversity in Management Rating* described in the previous chapter, identifies the most diverse companies and organisations when it comes to diversity in management and identifies the companies that have successfully turned diversity in management into a competitive advantage, raising their operation profit margin. The *Diversity Deep Dive* focuses on uncovering and describing how and what these organisations do to tap into and benefit from the existing diversity - not only on management levels but on all levels within the organisation.

The Diversity Deep Dive uncovers and describes the organisations' diversity history, its official goals and strategies for diversity, as well as its practical diversity initiatives on recruitment and retention, communication and PR, talent

development, innovation platforms and other formal and informal diversity arenas. These descriptions can be used to attract attention to areas where the organisation performs both very well and not as well as expected.

Both ICC coordinators and other diversity stakeholders of the organisations can perform the Diversity Deep Dives, using the examples of successful strategic and practical diversity management initiatives to promote diversity in local organisations as well as organisations across Europe.

How to do it – Step-by-step

The Diversity Deep Dive is an investigation into *formal* and *informal* diversity practices of a specific organisation. The Diversity Deep Dive consists of a desktop study of the organisation's formal policies and documents and accessible communication channels e.g. official webpages, newsletters and local and national press coverage on diversity. The Diversity Deep Dive also includes a focus group interview with central management representatives as well as semi-structured interviews on middle management and employee levels.

Diversity Deep Dive process

The Diversity Deep Dive process contains three different phases:

1. The Desktop study
2. The Interview process
3. Writing the Diversity Deep Dive report



For each of these phases there are two accompanying help tools. The tools are briefly introduced in the section below.

Estimated time frame

The diversity deep dive process is estimated to take between 50 and 80 hours including the data collecting process and writing the final diversity assessment report. The amount of time spent depends on the number of interviews, and accessibility of materials.

Methodological tools

To support ICC coordinators or other diversity stakeholders in performing Diversity Deep Dives, we have created and translated methodological help tools for the desktop study, for the focus group and individual interviews, as well as a Diversity Deep Dive report template. The tools are inspirational and should be seen as our recommendation on how to conduct the Diversity Deep Dive most efficiently. The tools can be found on the Diversity Assessment Tool USB and contain individual introductions to how and when they are used in the Diversity Deep Dive process.

Focus areas

When uncovering and describing the organisation's attitude towards diversity as well as its diversity management strategies and initiatives, the following diversity themes or parameters will be the focus of the Diversity Deep Dive process:

- The diversity history of the organisation
- The measurable diversity on different organisational levels (compared to the *70% rule*)
- Official values on diversity
- External communication about diversity
- Internal communication about diversity
- Diversity in external relations
- Internal focus on diversity
- Recruitment and staff retention
- Talent development
- Formal and informal arenas supporting knowledge sharing and innovation

These themes will also appear as chapter titles in the Diversity Deep Dive report template. Under each chapter title, you will find a short paragraph describing the relevance of the specific theme in regards to the Diversity Deep Dive. The questions and focus areas of the methodological tools reflect the themes as well. Therefore, we recommend that you keep the themes in mind during all three phases of the Diversity Deep Dive process. The following pages will describe the three phases of the Diversity Deep Dive process more thoroughly.

The desktop study

The Diversity Deep Dive starts with a desktop study of all documents etc. that formally or informally describe or communicate the organisation's attitude towards diversity and diversity management. The aim is to get an overview of the organisation's prior diversity history, as well as to describe and evaluate the organisation's current performance on the different diversity parameters. To help collect as much relevant desktop material as possible, we have made an inspirational *desktop document checklist*, which you can also find on the Diversity Assessment Tool USB.

Performing the desktop study

When all the relevant desktop material has been collected, you start the desktop study by opening the *Desktop Guide*, found on the Diversity Assessment Tool USB.

The guide contains an introduction, guiding you through describing the diversity history of the organisation, the official policy and strategy on diversity (if there is one) as well as the formalised external and internal channels of communication about diversity and branding hereof, in connection with the organisation. The goal is to help you describe the organisation on the following *diversity parameters*:

- The diversity history of the organisation
- The measurable diversity on different organisational levels (compared to the *70% rule*)
- Official values on diversity
- External communication about diversity
- Internal communication about diversity

Depending on the results from the desktop study, you will transfer the relevant findings to the Diversity Assessment Report template under the headlines matching the *diversity parameters* mentioned above. The desktop study might not enable you to fill out all of these sections, and you might want to add relevant findings after conducting the focus group interview and the individual interviews. Do not hesitate to do so.

If performing Diversity Deep Dives in multiple organisations, you will most likely experience that some organisations have been working with diversity on a strategic level for many years, while others are very diverse without ever formally having discussed or decided on a formal diversity strategy or policy. This means that the desktop study will help you describe some organisations on all *diversity parameters*, others on several parameters, and some organisations on very few or none.

Questions about strategy etc. that you will not be able to answer based on the desktop study of documents should be asked directly during the focus group with senior management representatives. If the management cannot answer these questions, you should make them reflect on why this is the case. This reflection should start a process creating awareness on the fact that the organisation has not formally discussed diversity strategy/diversity management, and that it might be wise to do so.

The interview process

The interview process contains two types of interviews: A focus group with senior management representatives as well as a number of individual interviews with employees and, in larger organisations, middle management representatives. The goals of the interview process are:

1. Through a focus group, to have senior management representatives describe and discuss the organisation's values regarding diversity, the diversity strategy and policy of the organisation, as well as questions left unanswered in the desktop study.
2. Through individual interviews, to test if employees and middle management representatives share the organisation's official values on and understanding of the diversity concept. The interviews also focus on testing the informant's knowledge of official diversity strategies and initiatives within the organisation as well as the informant's experience of the organisation as being diverse or not.

After performing the focus group as well as the individual interviews on middle management and employee levels – in addition to complementing the diversity themes describes in the desktop study - the ICC coordinator or diversity stakeholder should be able describe the remaining diversity themes, listed in the Diversity Deep Dives report template. These are:

- Diversity in external relations
- Internal focus on diversity
- Recruitment and staff retention
- Talent development
- Formal and informal arenas supporting knowledge sharing and innovation

If after the interview process there are themes that have not been described, consider if you should do an extra interview or have senior management or employee representatives answer one or two written follow-up questions related to the missing information. If this is not possible, a reflection on why the theme is not mentioned in any formal documents or by any of the interviewed representatives should be included. The fact that there is no focus on a specific diversity theme is also valuable knowledge for the organisation.

Facilitating the focus group

The focus group is performed with senior management representatives or other individuals related to the organisation's diversity policy and strategy, e.g. HR staff members in charge of implementing diversity initiatives, CSR consultants, (employee) union representatives etc.

The representatives will usually be selected by the organisation, but if you have the possibility to influence the selection, make sure to be aware of internal hierarchies and that every member should be able to speak as freely as possible during the focus group.

Furthermore, make sure that the number of persons in the focus group corresponds with the time reserved for the focus group. You should calculate 20-30 minutes per person in the focus group to ensure that everybody gets a chance to speak and present their perspective on the different diversity topics.

We have made a Focus group guide to support you in this part of the interview process. The guide is inspirational and you can use it to the extent that you find it relevant. You will find the guide together with the other methodological help tools on the ISS Diversity Assessment Tool USB.

Performing the individual interviews

The individual interviews are conducted with individual employees or middle management representatives depending on the size of the organisation. Again, depending on the size of the organisation and the time you have at your disposal for this part of the process, we recommend you do from three and up.

The reason for conducting these interviews is to 'reality check' the information gathered during the focus group. Senior management and HR might be quite certain that the company's official values and policies regarding diversity are known throughout the organisation, and that all employees share the same understanding of diversity. However, this is rarely the case. The understanding of diversity in general will often vary from employee to employee, from team to team and from section to section. The interviews can also be used to check if different central diversity initiatives are known within the organisation, and if these are known and understood as diversity initiatives or as something else.

The individual interviewee should be chosen from different areas of the organisation and should represent the diversity of the organisation. If you have received data on staff, which shows that staff composition varies within different teams or sections of the company, choose at least one representative from the teams or sections that vary the most from the others. This could e.g. be the team with the most men; the team with the most diversity when it comes to ethnicity; or the team with the largest or smallest number of senior employees. You should also consider choosing representatives with different functions within the organisation, e.g. representatives from production, sales, HR, or maintenance. Focus should be on getting interviews with different people, with different skills and backgrounds, from different parts of the organisation.

Each interview is estimated to take between 30 and 60 minutes. Follow the interview guide found on the ISS Diversity Assessment Tool USB or use the interview guide as an inspiration, adding your own questions. The answers from the interviews will be relevant for various sections within the final Diversity Deep Dive report, as described in the next section.

Writing the report

When you have conducted the desktop study along with the focus group and the individual interviews, all the qualitative data is collected, and it is time to start writing the diversity report. To help you structure the report, we have developed a Diversity Assessment Report Template, which you can find on the tool USB.

A diversity assessment report should be 12 to 15 pages and should aim to cover the diversity themes mentioned in the previous sections. To sum up that means:

- The diversity history of the organisation
 - The measurable diversity on different organisational levels (compared to the *70% rule*)
 - Official values on diversity
 - Internal focus on diversity
 - External focus on diversity
- Diversity management in practice
 - Formal and informal arenas supporting knowledge sharing and innovation

- Recruitment and staff retention
- Talent development
- Communication and PR
 - External communication about diversity
 - Internal communication about diversity
 - Diversity in external relations
- The current diversity narrative

The relevance of each diversity theme is described at the start of each section in the *Diversity Assessment Report template*, along with the different focus areas we recommend that you are especially aware of. The report template is to be found on the ISS Diversity Assessment Tool USB along with the other help tools. The report template will also state which questions and answers from the desktop study, the focus group and interview guides that will be relevant for the respective sections.

Focus on the unique

When going through the qualitative data collected, make sure to do short summaries of the general findings under each diversity theme. Furthermore, ensure that you highlight the uniqueness of the specific organisation, focusing on what the company does that makes it stand out compared to other companies. This can be difficult at first, but will get easier the more Diversity Deep Dives you perform, as you will be able to compare different companies and their diversity strategies, policies and initiatives. We recommend that you focus on new strategies and initiatives, especially types you have encountered before, e.g. new ways of communicating about diversity internally and externally, alternative recruitment strategies, unique ways of facilitating knowledge sharing processes within the company across sections, teams and employee and management groups, different formal and informal innovation arenas etc. When you do your very first Diversity Deep Dive, you can look to the list of proposed recommendations. The list will give you an idea of which strategies and initiatives to look for. The list is found on the ISS Diversity Assessment Tool USB.

Exceptional new strategies and ground breaking initiatives are not the only think that makes an organisation unique. Potential missing links in an organisations diversity strategy can be just as interesting. It is for example quite interesting, if an organisation with a diverse management has a very homogeneous group of employees, if central management has launched diversity initiatives that employees know nothing about etc. These findings are also important and will usually fuel internal dialogues in management or HR, that will help qualify the organisations ongoing work with diversity.

Recommendations

Because we know that the first Diversity Deep Dive will be challenging, especially for people with limited experience in doing qualitative diversity analysis, we have collected a list of the most common recommendations for organisations working with, or wanting to work with, diversity management on a strategic and practical level. The recommendations are on a general level and based on results of the M+ project as well as other individual Diversity Deep Dives performed by the Association New Danes during the last four years. The list includes some of the most basic and some more advanced diversity initiatives, and is meant as an inspiration to ICC coordinators and other diversity stakeholders

performing Diversity Deep Dives for the first time. Thus, the list should be used to supplement and not to limit your own recommendations on the next wave of diversity initiatives within the specific company.

