

▶ Diversity and inclusion in the workplace

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A literature review of diversity and inclusion in the workplace: Key findings

Introduction

The International Labour Organization (ILO) is undertaking one of its most extensive global studies on enterprise approaches to diversity and inclusion (D&I). This study is taking place during a period of significant disruption and change for many enterprises as the global pandemic, COVID-19, brings new ways of working and social inequalities into sharp focus.

Whilst small and medium enterprises (SMEs) play a critical role in the global economy, to date, most studies and recommendations for good practice on diversity and inclusion has been directed at large enterprises, mainly in Western and high-income economies. This study will comprise an in-depth review of D&I literature and an online survey of 10,000 respondents across over 40 countries and various sectors from small and medium as well as large and multi-national enterprises with a focus on lower to middle middle-income economies. The study aims to create new understanding and insights to better support enterprises going forward in creating powerful and impactful change on D&I by examining:

- **The scope of diversity** – to understand the extent to which company policies and actions focus on promoting inclusion for different groups of people in the workplace - employees, line managers and senior leaders across age, gender, ethnicity/race, religion, and persons living within HIV
- **How inclusion works** – to identify the actions that make the most impact in creating inclusion amongst different groups of employees
- **Enterprise practice** – to understand how and the extent to which company approaches to D&I vary by size, geographic region and sector
- **The business case** – to assess how the business case for D&I is understood by companies, the extent to which it is influencing actions and its benefits are experienced in practice
- **Challenges** – to identify the barriers that continue to face companies in making progress on and reaping the rewards of D&I and recommendations to support further progress

This summary presents key findings from the literature review which have informed the global survey design.

No 'one-size fits all' solution

The principles of D&I, seeking to welcome and value employees from different backgrounds, resulting in benefits for employees, business, wider economies and societies, are applicable to all groups and enterprises everywhere. However, how D&I are understood, what motivates and drives action as well as priorities and challenges vary across countries and enterprises. This is influenced by the enterprises' operating context including, for example, national laws and cultures, sector and size. This means that there is no 'one size fits all' approach to creating change on D&I. Yet, most D&I company guides advocate a 'best practice' approach.

D&I drivers and benefits

Extensive research has shown the correlations between greater D&I and improvements in employee and enterprise performance. Promoting D&I has been shown to yield benefits for enterprises, society and economies in widening the demographic pool for attracting and retaining employeesⁱ. It can lower costs such as turnover and sickness absenceⁱⁱ and add value through higher levels of employee productivity, creativity and engagement as well as innovation and improved decision makingⁱⁱⁱ. As a result, several large-scale in-depth global studies demonstrate the relationship between diversity in management and leadership roles and the improved financial performance of enterprises^{iv}.

In addition to the business benefits driving action on D&I, there is also growing pressure from employees internally and externally, from investors and customers as well as national laws, policies and programmes. Increasingly, investors and portfolio managers are basing their decisions on data linked to the environmental, social and governance (ESG) performance of a company as well as financial performance. Promoting D&I as part of the core business approach, values and culture are key elements of this. However, what is less clear from the literature is the impact that different drivers have in practice on creating positive change on D&I.

Slow pace of change

Despite the well-documented benefits of D&I, the pace of change remains patchy and painfully slow across enterprises in all regions, sectors and size and more progress is being achieved in relation to some diversity groups compared with others.

Research suggests that most enterprise D&I action focus on gender, followed by ethnicity/race and sexual orientation^v. Inclusion for people with disabilities gets less attention within companies with very little attention on religion and belief, age – particularly in relation to older workers – and people living with HIV/AIDS. Unemployment amongst people with disabilities is as high as 80% in some countries with employers often assuming people with disabilities are unable to work. Even on gender, where there is most focus, progress is slow. Whilst the share of women in managerial positions globally is growing with a steady upwards trend since 2002, women hold fewer than 30% of entry-level management positions and in 60% of companies, fewer than 30% of senior managers and top executives are women^{vi}. Women remain more likely than men to be employed in low-skilled

occupations and face worse working conditions and be more exposed to informal employment. Globally, the gender wage gap remains at almost 20%^{vii}.

Challenges and opportunities for change

Whilst current research shows that leadership, a focus on behaviours and culture and the strategic positioning of D&I are all critical to achieving a positive impact on outcomes, it also suggests that much progress remains to be made in all three of these areas. In short, studies show that most companies have yet to take the approach to change and extent of actions required to achieve progress on and the benefits of D&I.

On leadership, there is often a lack of accountability for diversity and inclusion^{viii}. Senior leaders frequently remain unaware and out of touch with the barriers to inclusion experienced by diverse employees^{ix}. They often fail to prioritise or empower line managers to promote diversity and inclusion^x and not enough are measuring the impact of enterprise actions and tracking progress or learning from what is working well and less well. Often behaviours, particularly day-to-day harmful micro-behaviours that undermine D&I and can erode the wellbeing and confidence of diverse employees, remain unaddressed within enterprises.

However, the disruption brought about by the global COVID-19 pandemic has also brought enterprise approaches to D&I and what employees are looking for from their employers on D&I into sharper focus as existing social inequalities have become more exposed. Whilst it may be too early to conclude the overall impact of this global event, there are some signs that as well as challenges, it also brings opportunities for progress as many enterprises review their approach to work and their value proposition to employees, including D&I.

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