

Diversity and Inclusion Creates Value

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Diversity is increasingly seen as an asset to organisations and is linked to a positive working environment and better performance¹. Financial institutions which are fair, open and accommodating to both customers and employees generate a culture of mutual respect, equality and intercultural understanding. This may provide firms with an edge over their competitors. Incorporating different perspectives into the mainstream will contribute positively to the on-going learning, growth and renewal of an organisation.

Diversity and Inclusion has been a central priority for the Central Bank of Ireland for a number of years and there is a regulatory expectation that financial services firms are embedding and considering Diversity and Inclusion at all levels throughout the organisation.

“ The Central Bank considers that Diversity and Inclusion in all their forms are important components of well-managed, financially resilient, strategically-minded firms, and therefore pertinent to the Central Bank’s mandate². ”

The legal environment is multi-layered including items such as:

- Article 40 of the Irish Constitution
- Employment Equality Acts 1998 -2015
- Equal Status Acts 2000 - 2015
- Irish Human Rights and Equality Commission Act 2014
- European Union Charter of Fundamental Rights
- Directive 2019/1158 on work-life balance for parents and carers
- Environmental, Social and Governance (ESG) EU Sustainability Reporting Directive

The fact-based business case for Diversity and Inclusion recognises the different needs of clients, colleagues and stakeholders. The value of Diversity and Inclusion has been well-documented, and research shows that diverse groups display the following positive traits.

- More balanced decision-making and less likelihood of groupthink³
- Better business performance including the ability to innovate, responsiveness to changing customer needs and team collaboration⁴
- Improved business reputation which aids attracting and retaining top talent⁵
- Better place to work with high employee engagement and performance and where people can bring their authentic self to work.

More recently, the Covid-19 pandemic has certainly shone a light on “the old normal” and how that status quo was designed for the privileged and it perpetuated the privilege of being able to work. For

example, consider how much easier it would be to work from home if an employee with physical mobility challenges didn't need to commute on a daily basis. Similarly, some individuals with hidden disabilities such as neurodiversity, may also find the daily commute and noise in the office to be particularly stressful. Whilst Covid-19 has presented extremely challenging circumstances for both individuals and organisations alike, it has also been a great equalizer in the workforce. No matter who you are in an organisation, on a work call, you still have the same size square on the Zoom screen as everybody else.

There is a three-pronged approach to the business case for Diversity and Inclusion in organisational settings which spans the legal requirements, ethical case and the business value which can be achieved.

The promotion of Diversity and Inclusion should not be considered in isolation. It is not exclusively a legal, HR or compliance issue, rather it intersects all areas in an organisation and should be considered holistically. The embracing of Diversity and Inclusion by organisations facilitates a much wider social change campaign, a campaign of permanent inclusion and equality.

Watch This Space: In Ireland, the Balance for Better Business Report (2019), sets out gender targets for certain companies. There is a target set of 33% female representation on boards of ISEQ 20 companies by 2023 and 25% for other listed companies.

In November 2022 an EU directive was agreed that will require companies listed in one or more EU member states to have gender-balanced boards. Under the directive, a minimum of 40% of non-executive director positions in listed companies must be held by individuals of the underrepresented gender by 2026.



REFERENCES

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- 3 Central Bank of Ireland (2018) Behaviour and Culture of the Irish Retail Banks Ireland
- 4 Deloitte Australia (2013)
- 5 May, 2019 Business for change report International Labour organisation
- 6 Directive 2022/2381