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Diverzita, rovnost a inkluze (DEI) a její vliv na firemní kulturu

Diversity, Equity, and Inclusion (DEI) and its Effects on Company Culture

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Study degree program: Economics and Management

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Pokyny pro vypracování:

Během několika poslední let se DEI stalo nepostradatelným požadavkem pro nástroje moderního managementu. Současná nízká míra nezaměstnanosti vytváří situaci, kde firmy potřebují být pro zaměstnance atraktivní, aby zajistily svůj kontinuální růst. Aby se společnosti staly atraktivními, zavádějí se speciální manažerské techniky a nástroje, jako je DEI, aby zůstaly relevantní a úspěšné v dnešní společnosti. Cílem práce je analyzovat, diskutovat a zhodnotit vliv DEI na firemní kulturu. Práce přinese návrhy k posílení pozitivních a zároveň eliminaci potenciálních negativních účinků DEI.

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Abstract

Over the last few years, DEI has become an essential requirement of modern management techniques. The current low degree of unemployment creates a situation where companies need to be attractive to employees for securing continuous growth. To become attractive, companies introduce special management techniques and tools, like DEI, to remain relevant and successful in today's society.

The bachelor thesis describes the importance of DEI in multicultural management. It also addresses minority groups and situations that may occur in a work setting.

The objective of the thesis is to analyze, discuss and evaluate DEI and its effects on company culture. It will develop suggestions on how to strengthen the positive while minimizing the potential negative effects of DEI.

To achieve the objective a series of research questions are answered: How can a company create a safe space for its minority groups? How do employees feel about DEI? What is the position of minority groups within a company? What is the position of majority groups within a company? Are PackagingGroup's DEI efforts just consequences of social pressure or are they the results of a company culture that focuses on creating a safe space for everybody, disregarding their background? What effects does DEI have on the performance of companies and their employees?

Answers to these questions are based upon the analysis of PackagingGroup's company culture from secondary data in the corporate documents, as well as primary data collected from interviews with PackagingGroup's employees in top management positions.

The thesis proves that companies can benefit from DEI and increase creativity, efficiency, and profitability if they manage to overcome the challenges that are accompanied by DEI implementation. To successfully implement DEI and prevent the risk of failure companies should follow these five elements: *Start small, Set targets, Stay fair to everybody, Communicate honestly and sufficiently, and Create a community.*

Keywords

Abstrakt

Během několika poslední let se DEI stalo nepostradatelným požadavkem pro nástroje moderního managementu. Současná nízká míra nezaměstnanosti vytváří situaci, kde firmy potřebují být pro zaměstnance atraktivní, aby zajistily svůj kontinuální růst. Aby se společnosti staly atraktivními, zavádějí se speciální manažerské techniky a nástroje, jako je DEI, aby zůstaly relevantní a úspěšné v dnešní společnosti.

Bakalářská práce popisuje význam DEI v multikulturním managementu. Zabývá se také menšinovými skupinami a situacemi, které mohou nastat v pracovním prostředí.

Cílem práce je analyzovat, diskutovat a zhodnotit vliv DEI na firemní kulturu. Práce přinese návrhy k posílení pozitivních a zároveň eliminaci potenciálních negativních účinků DEI.

K dosažení cíle je zodpovězena řada výzkumných otázek: Jak může podnik vytvořit bezpečný prostor pro své menšinové skupiny? Jak se zaměstnanci staví k DEI? Jaké je postavení menšinových skupin ve společnosti? Jaké je postavení většinových skupin ve společnosti? Jsou snahy společnosti PackagingGroup o DEI jen důsledkem společenského tlaku, nebo jsou výsledkem firemní kultury, která se zaměřuje na vytváření bezpečného prostoru pro všechny bez ohledu na jejich původ? Jaké dopady má DEI na výkonnost společnosti a jejích zaměstnanců?

Odpovědi na tyto otázky jsou založeny na analýze firemní kultury společnosti PackagingGroup ze sekundárních dat ve firemních dokumentech a také na primárních datech získaných z rozhovorů se zaměstnanci společnosti PackagingGroup na nejvyšších manažerských pozicích.

Práce dokazuje, že společnosti mohou benefitovat z DEI a zvýšit kreativitu, efektivitu a ziskovost, pokud se jim podaří překonat výzvy, které implementaci DEI provázejí. Pro úspěšné zavedení DEI a předcházení riziku neúspěchu by se společnosti měly řídit těmito pěti prvky: Začít v malém, Stanovit cíle, Zůstat spravedlivý ke všem, Komunikovat upřímně a dostatečně, Vytvořit komunitu.

Pro úspěšné zavedení DEI a zabránění riziku neúspěchu by se společnosti měly řídit těmito pěti prvky: *Začít v malém, Stanovit cíle, Zůstat spravedlivý ke všem, Komunikovat upřímně a dostačujícím způsobem, Vytvořit komunitu.*

Klíčová slova

Diverzita, rovnost, inkluze, firemní kultura, multikulturní management, menšinové skupiny, většinové skupiny, nevědomá zaujatost

Content

Introduction

Over the last few years Diversity, Equity, and Inclusion (DEI) have become an essential requirement of modern management techniques. Today companies face a business environment that increases the demand for a modern workspace. This workspace needs to be diverse in its nature, treat employees equally, offer them equitable opportunities, and stimulate the feeling of inclusion in the company culture.

Method of literal research is used throughout the theoretical part of the thesis to address the importance of DEI in today's business environment which is characterized by a low degree of unemployment, a steadily growing trend of globalization, and high company values as well as their effect on company culture.

The thesis touches on the importance of multicultural management and DEI initiatives, which are key to creating diverse, equitable, and inclusive company culture. To adequately introduce DEI and its impact on company culture the characteristics, attributes, attitudes, and behaviors of minority groups are described. This part also includes the effect that company culture can have on these individuals and situations that may occur in the absence of proper DEI management.

To summarize, embracing DEI offers new possibilities for management to create a modern, diverse, and inclusive company culture. This is crucial for companies to prosper in today's world. Globalization and a low degree of unemployment introduce new standards, that companies need to comply with, to stay relevant and successful in today's markets.

The objective of the thesis is to analyze, discuss and evaluate DEI and its effects on company culture. It will develop suggestions on how to strengthen the positive while minimizing the potential negative effects of DEI.

In order to achieve the goal of the thesis, a series of research questions must be answered: How can a company create a safe space for its minority groups? How do employees feel about DEI? What is the position of minority groups within a company? What is the position of majority groups within a company? Are PackagingGroup's DEI efforts just consequences of social pressure or are they the results of a company culture that focuses on creating a safe space for everybody, disregarding their background? What effects does DEI have on the performance of companies and their employees?

The practical part of the thesis focuses on the position of employees and management in relation to DEI in an international company in the packaging industry. To comply with the anonymization agreement, the company will be referred to as PackagingGroup Inc. It analyzes company culture through secondary data from corporate documents. Subsequently, it analyzes DEI practices, that are mentioned in these documents. Finally, primary data collected from interviews, which are held with Packaging's employees in management positions, are analyzed. The interviews are split into three sections, that examine awareness of DEI, its effects, and the personal experience of the respondents. The results of the interviews work as a base to understand the current situation at PackagingGroup and as answers to the noted research questions. Including the input of the practical part of the thesis, the overall conclusion will include suggestions for DEI management and improvement of DEI initiatives.

THEORETICAL PART

1 DEI in Multicultural Management

In recent decades most organizations are being influenced by globalization. This progressive trend of globalization increased the focus on diversity in the workspace. This puts pressure on companies that need to recognize the importance of top management. Businesses that want to compete successfully, need to acknowledge the importance of hiring and nurturing top managers with the qualities and abilities necessary to comprehend a more sophisticated international business environment and the dynamic of foreign markets. (Díaz-Fernández, 2018)

In international business diversity in teams is inevitable. The perspectives and attitudes differ. Team members might be group-oriented or individualistic, direct communicators or indirect, thereupon their attitudes might differ. In general, international, diverse teams are a complicated fusion of people with different personalities, abilities, cultural norms, and working methods. As today's corporate world is ruled by teams that oversee all business operations, it is essential to secure and enhance their efficiency. (Solomon & Schell, 2009)

The book *Cultures and Organizations: Software of the Mind* describes culture as *software of the mind*. This terminology refers to the nature of humans to obtain certain patterns of thinking, feeling, and potentially acting in their life. The programming of this software can be determined by many factors, one of the most predominant being the social environment in which they were raised. This process of programming begins in early childhood, where it is also most efficient, because of the strong ability to learn and assimilate. Children grow up, but the process of programming never stops, and the environment within which they are programmed changes with the next chapter of their lives. First, its family, then the neighborhood, school, youth groups, workspace, and society. However, the experience in programming is not the same in every part of the world. These mental programs are as diverse as the social environments where they were obtained (Hofstede, c2010)

As diverse as this software for individuals can be, even the term *culture* has a different meaning in different languages or subjects. The term culture is used in social anthropology as a description not only of the actions that shape our minds but also of ordinary routine activities like greeting, eating, drinking, showing or not showing feelings, and pursuing, or not pursuing beliefs and opinions. As much as these programmed attributes can differ, they can also be common with people who shared the same social environment in which they were programmed. "*It is the collective programming of the mind that distinguishes the members of one group or category of people from others.*" (Hofstede, c2010 p. 6) The operating system describes *human nature*. Human nature resembles human physical and psychological attributes to function and the human ability to have feelings like anger, happiness, sadness, fear, love, or hate. Nevertheless, the way these feelings are perceived or expressed is determined by culture (Hofstede, c2010)

Personality as the top of the *Three Levels of Uniqueness in Mental Programming* pyramid represents a set of mental programs that are partly inherited and partly influenced by collective programming or obtained from personal experiences. (Hofstede, c2010)
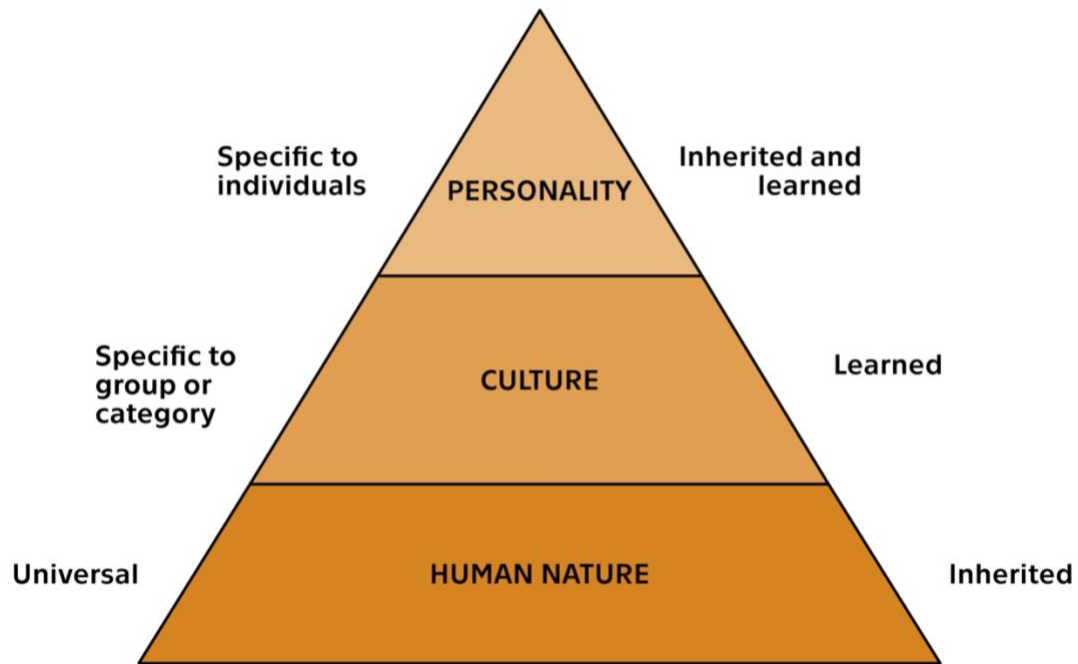
FIGURE 1 THREE LEVELS OF UNIQUENESS IN MENTAL PROGRAMMING

SOURCE: CUSTOM-MADE BASED ON HOFSTEDE, C2010 P. 6

Diversity is often defined as the admission, acceptance, understanding, and evaluation of differences among citizens based on age, race, civilization, genus, handicap, etc. Although it may seem obvious, diversity can also refer to differences in race, sex, ethnicity, age, temperament, academic ability, philosophy, institution, education, and community. Workplace diversity refers to the collection of individual differences among employees in a company. (Raewf, 2021)

Cultural diversity resembles the diversity in communities or cultures of particular groups, regions, or the entire world. In a sense of companies, we talk about cultural diversity in the workspace. (Raewf, 2021)

The difficulties that are brought by diversity need to be recognized and should not be underestimated. Cultures have distinct methods of doing things, etiquette, working styles, and ideas about what makes a good teammate. As was said earlier, globalization is one of the leading trends in the twenty-first century. Since companies employ and do business with people from all over the world, it is necessary to acknowledge and know how to efficiently work with cultural diversity (Solomon & Schell, 2009)

It is also important to understand that culture no matter how diverse it is has a certain degree of continuity. Humans will create communities and cultures within them without even realizing it. The book *Cultures and Organizations: Software of the Mind* uses as an example a group of passengers from all over the world that are unknown to each other and happened to be stranded on an uninhabited island. To survive, the group would create or adapt to a common language, shared rules, and behaviors. They would cooperate but also face conflicts that may or may not be resolved. Leaders would be established, and other roles based on attributes like age or gender would be given. The example resembles human nature for group survival where shared rules, attitudes, and roles are created without being written down to achieve the same goal: Survival. This group of people just created a new culture. They resemble the pioneer group that will influence the newborn children in the group that has a chance of inheriting from existing values, especially from the most prominent group members, like leaders. This will secure the reproduction of this newly created culture. (Hofstede, c2010)

It is safe to say that this example could easily be transmitted to cultural diversity in the workspace. A team's complementary abilities, shared goals, dedication, responsibility, and accountability are its

defining characteristics. A newly hired employee will need to adapt, learn their values, beliefs, and shared goals, and become part of this culture. Therefore, it is very important to create a diverse, inclusive company culture, where employees can develop, adopt new abilities, create relationships, build trust, and achieve common goals as equal members of the community.

Teams have the potential to be more productive than the individual efforts of each team member due to the sense of accountability that is evaluated on performance standards. Teams are successful if they follow these elements:

- Clear goals and objectives that are accepted by all the members.
- Rules, role definitions, and clear procedures
- Active participation of each team member
- Clear discipline and consequences
- Clear communication channels (Solomon & Schell, 2009)

In the sense of cultural diversity teams face certain challenges that might hinder them from maximizing their potential to become successful teams. These challenges are:

- Overcoming differences in language and culture
- Developing trust and relationships despite distance
- Overcoming logistical challenges
- Developing a common context for decision-making (Solomon & Schell, 2009)

Management of cultural diversity is necessary to overcome these challenges and create healthy diverse company culture with successful teams. Decision-making is probably the most important challenge as all the other mentioned challenges can precede the final decision. Senior vice president of ORC Global Ed Hannibal refers to a story of an exceptionally smart manager who was introducing a new process on a tight schedule. She used a variety of tools to make sure that the team feels unified.

- She allowed plenty of time for team members to develop trust with each other and to create a comfortable familiarity.
- She included social events during the business process. Group dinners following meetings and social receptions were held regularly.
- She got a commitment and buy-in from members of the team, where all team members agreed to its strategic and tactical importance.
- She solicited opinions from the less verbal members of the group, both publicly and privately.
- After announcing the aggressive timeline for the team project, she still encouraged team members to thoroughly express themselves, question, challenge, and perfect the plan.
- To accommodate the more high-context team members, each breakout group had note-takers who reported back to the entire team with detailed flip charts and conclusions. (Solomon & Schell, 2009)

Cultural competencies are developed to increase one's capacity to identify and interact with diverse people in their communities and to productively collaborate with them on problematic cultural values. Although it is important to consider the differences between individuals it is also important to develop new cultural values within those communities. (Raewf, 2021)

As in any other management also multicultural management leader plays a very important role. The expectations of leadership also differ across cutlers. To be an effective team leader and to have a successful diverse team in the global business scheme, it is essential to find a method how to bridge these gaps between different expectations. Leaders' intuitive management style needs to be compressed and the impact of their activities needs to be well known. Only then leaders can create their new management style that will be efficient across cultures. (Solomon & Schell, 2009)

2 Minority Groups in Company Culture

Over the last few years, many societies made considerable progress when it comes to accepting people the way they are. Nevertheless, the concept or idea of minority groups still exists and is still an issue society faces. In the 1980s "diversity" as a terminology that refers to changes in characteristics of a demographic nature in the workspace became very popular. Later, "diversity" evolved and introduced a more complex view, as it describes differences in a much wider range, without making anybody feel as less of a human being by being put in a "minority group" category. (Hays-Thomas, 2017)

Diversity in this definition does not describe generally assumed differences such as gender, ethnicity, nationality, sexual orientation, disability, religion, or age (Liswood, 2022), which were further enriched with other factors like education levels, geographic background, language, value system, and many other attributes. (Hays-Thomas, 2017)

Diversity in this definition is understood as a tool that describes any form of separation that is made between ourselves and others. In other words, we generally tend to have a more positive attitude, respect, or trust toward those who are like us and distance ourselves from those who are not like us. In a practical sense, the reasons why we differentiate ourselves are not complex at all. It doesn't always have to be ethnicity, cultural background, language barrier, or even race. These attributes that make us distance ourselves and, in some cases, even judge others can be as simple as height, weight, or any other attribute of physical appearance. *„Introverts think that extroverts talk too much and extroverts think that introverts have nothing to say. There are the Manchester United football fans and the Arsenal fans, both equally passionate and, in their minds, quite discerning. Parents and non-parents often live in different worlds from each other, and so too do those who have varying speaking styles."* *(*Liswood, 2022, p. 57)

The idea of a diverse, equitable, and inclusive space for their employees is actively aimed for by many companies. Unfortunately, the idea and the execution are often far away from the ideal or the expectations. Many managers ascribe to *Noah's Ark* theory of diversity, which has been created by Laura Liswood and was first mentioned in her book *The Loudest Duck* (2008). This theory is based on the legend of Noah's Ark, where the main act to save the world was to put two of each kind to secure the future life after a global fudge.

In Noah's situation, referring to animals, this might be successful, but this theory is not translatable to a company and its employees. There is much more complexity to humans than just their "kind". "*You can't just throw a team of corporate animals together and expect them to get along".* People have their own stories, backgrounds, and experiences that shape their personalities, attitudes, and characters. Many managers made the mistake of thinking that if you simply put two Asians, or two African Americans, that they have accomplished a diverse workspace. The way people, consciously or unconsciously, think of each other and perceive each other in the workspace is the main hurdle for implementing an artificial Noah's ark in the workspace and for it to work sufficiently without excluding certain groups or creating more conflicts than there already are. That's why companies and their leaders need to take action to integrate these groups and to develop a diverse environment where the company can benefit from these differences. (Liswood, 2008)

Diversity also developed into a label that is not always perceived as a positive change for the workspace and society. The drive and pressure that comes with creating a diverse place are not necessarily the reason for the bad reputation. The problem is mainly created by our unconscious beliefs and bias. Although we cannot change people, we can at least help them and guide them toward the goal of a diverse workspace, where everybody is equal, and everybody gets the same opportunity to play on a fair and level playing field. (Liswood, 2008)

2.1 The Danger of Unconscious Bias

In his book called *Blink*, Malcolm Gladwell explains that only 16% of men in the United States are 6 feet or taller, but 57% of Fortune 500 male CEOs are 6 feet or taller. This fact is very well translatable into the military phrase "large and in charge", which supports the idea of a perception of how leaders should look like, and that height will support or contradict the assumption of competencies. (Gladwell, 2005)

These often unwanted, unrecognized, and wrong actions of finding differences amongst people and distancing ourselves based on the pure fact that they are "not like us", are the danger of unconscious bias. (Liswood, 2022) Unconscious bias can be very damaging not only for the people that are being categorized and judged on their nature but also for companies, especially in the process of choosing the right candidates for different tasks, projects, or jobs. It becomes a true problem when different attributes create some sort of association that can be triggered just by simple words. (Gladwell, 2005)

Being part of a minority group in a workspace environment or company culture can have serious effects on the way that one's voice is heard even in the spirit of a diverse population. This idea of associating cultures and social norms, but also stereotypical behavior patterns that we were taught since childhood, can be found in the book by Laura Liswood, called *The Loudest Duck*.

Laura Liswood is an international, award-winning DEI speaker and Secretary General of the Council of Women World Leaders. She is sharing her insight into leadership, diversity, women in politics, and most importantly the effects of unconscious bias and why they matter. (Council of Women World Leaders)

The Loudest Duck describes different connections between diversity and one's voice. "The squeaky wheel gets the grace" is in some cultures taught as an approach to getting what you want. In other words, the one that speaks up gets their will. This pattern of behavior is commonly seen in American men, as culture and society shape them into thinking that this sort of behavior is the appropriate one. This behavior is referred to as the "Wheel". (Liswood, 2022)

The Wheel is unknown in the Japanese culture, as cultural patterns support the opposite behavior: The "Nail" refers to an approach where people are culturally and socially taught that "the nail that sticks out gets hit on the head". (Liswood, 2022)

 "Nice" refers to one of the most known cultural beliefs with the phrase "If you can't say anything nice, don't say anything at all". This phrase focuses on the position of women in mainly male-dominated cultures and societies, and the fact that women are expected to be unconfrontational, nurturing, unable or unwilling to exhibit anger, or in other words, they must be *nice*. (Liswood, 2022)

Another opposite to the Wheel is the "Duck", refereeing to the Chinese social norm that "the loudest duck gets shot". This saying often refers to societies and cultures where sharing one's political opinion is not expected, and having sympathies in opposition to those in power can even become dangerous. Another example of the Duck is in educational systems, where questioning the teacher or mentor can be perceived as questioning their abilities, rather than asking for further information or clarification. (Liswood, 2022)

Consequently, assuring a comfortable "playing field" within teams, offices, or whole companies so that everybody's voice is being heard is an important part of managing diverse groups within the company culture. (Liswood, 2022)

2.2 Classification of Minority Groups

In this chapter of the thesis, minority groups are classified by different attributes and characteristics. These characteristics are described and put in relation to diversity. Subsequently, different scenarios

and effects that minority groups are affected by are mentioned. The appropriate classification and acknowledgment are essential for taking the right approach to manage a diverse company culture.

2.2.1   National Origin, Culture, and Religion

in a sense, diversity might be perceived as a successful step in creating a diverse workspace within a company. In a true sense, we should not try to put as many people from different countries of origin in one place and count it as a successful diverse environment. As always it is a question of our beliefs and opinions about differences, which in this case we call nationality. This category is mainly focused on the way people think of each other based on the other's country of origin. (Liswood, 2008)

Religion can be used as a very good bonding element as we share the same values and beliefs with people of the same religion. This creates a comfortable feeling of understanding each other and finding similarities. People with different religious beliefs have often different values, rituals, and understandings. This can create a clash of unconscious understandings that can easily accrue in the workspace. (Liswood, 2010) Managing these clashes between different beliefs in the workspace can be accomplished by balancing the rights of employees in the workspace. With religion, which is most of the time a choice of individuals, we connect strong judgment of the correctness and wrongness in the opinions of those who associate themselves with certain beliefs. (Hays-Thomas, 2017)

We see these clashes in very ordinary settings for example a team bonding experience at the end of the week, that finishes with a few drinks with your co-workers and boss. Individuals who observe beliefs, that have restricting views on the consumption of alcohol, are automatically excluded from these bonding experiences and potentially other advantages, that they would normally receive if they would participate. This potential exclusion from group bonding experiences can also be seen in different holidays celebrated by people of different beliefs. It became popular for a lot of non-Christian people to celebrate a form of Christmas even though they do not know a lot about the traditions and cultural backgrounds of the holiday. In contradiction, many Christian societies do not acknowledge the holidays and traditions of their large Muslim population, like Ramadan.   (Liswood, 2010)

2.2.2   Age

Age is another dimension of diversity. All employees change during their career life. Different age means different life experience, presenting both challenges but also benefits. (Hays-Thomas, 2017) Age by itself can create some level of unconscious bias. The workers that established themselves and build their careers for many years might have very critical views on the 20-year-olds who just started working. This can create an issue for the future development of the 20-year-old individuals and the company itself, as we tend to think that the well-established and experienced older worker is not the issue. Young workers are in their career preparation stage where they must balance work with their education. This group is also particularly susceptible to sexual harassment due to their youth and lack of knowledge about their rights. In the category of people in their Twenties to Forties, challenges like dual career or partner hood can occur. That can be very crucial as employees in this category tend to focus on their career growth and advancement. The Mid-career or "sandwich generation" is generally put in a very difficult situation, as they face challenges of both aging parents and children. This category is one of the most common stages of job loss due to the lack of career growth and promotion. The final category is the older workers that face the social and financial issues of retirement. At the same time, the competition is rising which leads to a decrease in career opportunities. Subsequently, older workers tend to feel less motivated and their satisfaction with work decreases. (Hays-Thomas, 2017)

2.2.3   Gender, Sex, and Sexual Orientation

Sex is defined as a biological assignment of a person. Based on chromosomes and associated primary and secondary characteristics we identify the male and female sex. (Hays-Thomas, 2017)

Sexual orientation can be generally defined as an attraction to male and/or female people as romantic and sexual partners. In the heterosexual scheme, one kind of chromosomal anatomy, and overall appearance is connected to one person that is romantically attracted to a person of the opposite sex. Homosexual people represent those who are attracted to people of the same sex. Bisexuality describes sexual attraction to both males and females. Nonetheless, sexual orientation is more complex, and it does not build only on sexual attraction. It also includes emotional attraction, fantasy, and behavior as well as sexual identity. (Hays-Thomas, 2017)

Sexual identity interstates a label, that is connected and representative of one's sexual orientation. Some might be involved in sexual engagement with the same sex, but they might not identify themselves as homosexually oriented. The normative sexual orientation is heterosexual, homosexual, or bisexual. These sexualities come with certain labels that represent one's sexual identity. Gay is a term used to describe a person of a same-sex sexual attraction. Although the terminology *gay* is commonly used to describe a homosexual man, it is not contradicting to call homosexual females *gay* as well. Nevertheless, females are often excluded from *gay* terminology. A *Lesbian* describes a person that identifies as a woman and is attracted to the same sex. *Bisexuality* in a wider scheme refers to attraction towards both sexes. In most cases, society thinks of sexual orientation in these three main schemes. Evidence shows that this 3-dimensional perspective doesn't fully describe the multidimensional and diverse nature of sexual orientation and gender identity. (Hays-Thomas, 2017)

Gender identity is not interchangeable with sexual orientation as it operates on a completely different level. Gender identity is the person's psychological conscioues of his or herself as a man or woman. Most biologically assigned males and females harmonize with their given identity as a man or a woman. (99,7% according to Gates 2011). This group is categorized under the term *cisgender*. Transgender is a term used to describe people that have all the biological attributes of one sex, but whose psychological feelings, understanding, and self-consciousness are of different sex. They often describe this mental state as a "wrong body". This can create multiple psychological conditions like depression, anxiety, or even Gender dysphoria (Hays-Thomas, 2017). "*Gender dysphoria is a term that describes a sense of unease that a person may have because of a mismatch between their biological sex and their gender identity*." (The National Health Services, 2020)

The way we perceive these differences can vary based on our experiences, culture, society, or things that we were told by our parents and set the way we view sexual orientation and gender identity. The differences can also create clashes in understanding based on unconscious bias. Laura Liswood in her book *The Loudest Duck* gives an example: "*A male supervisor may have decided—as many men do—that his gay project manager will think he's hitting on him for suggesting the two get lunch to talk over some strategies for an upcoming presentation. Therefore, the supervisor falls back to relying on the person who is more like him, altogether missing out on hearing from those employees*." (Liswood, 2010, p. 11). She also describes a scenario of something as common as the casual post-weekend chitchat that can turn into a very uncomfortable situation for individuals that are not openly transparent about their sexual orientation. They consequently might be avoiding questions and conversations that would in a classic normative heterosexual exchange create an opportunity for bonding and building relationships in the workspace. (Liswood, 2010)

Sexual orientation and Gender identity therefore also create dimensions of diversity. Many of the stated dimensions of diversity can strongly affect job-related factors. Ethnicity might be associated with language issues. Different Religious beliefs may require special attire that could contradict certain critical job responsibilities. Even sex might be a factor that affects occupation choice. Sexual orientation or gender identity on the other hand is one of the diversity dimensions that alone has little or no particular effect on these job-related implications. In this specific dimension of diversity, we don't necessarily manage directly job-related procedures. We rather should manage aspects like workspace, benefits, attitudes, and behaviors of other workers and not the performed work of the person that differs from the others. (Hays-Thomas, 2017)

Sexual orientation is probably the most complex dimension of diversity. In many countries, there is still no legal protection against discrimination of sexual orientation in the workspace. In addition to that, sexual orientation, not like culture, national origin, race, or many other dimensions of diversity, stays invisible up to the point when one chooses to "come out". This fact exhibits the difficulty to verify estimates on sexual orientation. There might be as many LGBTQ+ persons in a workspace as there are of any other diversity dimension group. In addition, this group can experience something called hostile environment discrimination or harassment, even when they are not publicly open about their sexual orientation. This means that surrounding people may not hesitate to express their anti-gay views and opinions. The negative expressions are publicly shared, without knowing that those who associate themselves with LGBTQ+ are in the same room. The affected employees are put in a difficult situation where defending themselves can create an unwilling *coming out* or disclosure risk of the person's sexual orientation. These situations of unwanted disclosure have been found to hurt work experience. (Hays-Thomas, 2017)

2.2.4 Socioeconomics or Class

This dimension of diversity goes beyond any other dimension that was mentioned earlier, as this dimension plays an important role in separating people based on social and economic class. Social and economic class can affect the way we perceive people. At the same time, our perception of someone's looks or behavior can be affected by our unconscious. This leads to a situation, where we put people in different categories based on our perception of their social end economical classes, despite knowing if they truly belong there. Categorizing by class is the fastest way people can differentiate themselves from those who are "different", meaning lower or higher class. This dimension is very common when recruiting new employees. (Liswood, 2010).

An interview of two candidates from two completely different backgrounds, that generally and stereotypically divide them into two different classes, may give the advantage to the one that is in the most "like us", even when the candidates' competencies might be identical. This doesn't mean that always the rich one, that studied abroad and lives in a family of a higher class gets the position. If a recruiter associates themselves more with the one that went through difficult life challenges and is not necessarily considered a person of a higher class, the chances that the application will be accepted are significantly higher. (Liswood, 2010).

2.2.5 Marital Status, and Family

Marital status and family are common factors for unconscious bias, especially in combination with age and gender. For example, an older male, that is not married, may often be suspected to have a different than heterosexual orientation. In contrast, people speculate why the 20-plus-year-old woman is married and the older woman is not. Did she give preference to a career instead of family? And is that also the reason for her divorce? (Liswood, 2010) Family, same as work, is an essential part of the life of most people in this world. Keeping a balance between work and family is often a very difficult task and might mean that one or the other need to be sacrificed. This situation is called work-life conflict (WLC). Usually, the larger the conflict level is, the lower satisfaction from work or/and life is achieved. (Hays-Thomas, 2017)

WLC in connection to workspace and diversity creates another dimension in which we can differentiate ourselves from others. The question of current or potential children is a sensitive topic. With children, there is always a level of insecurity about an employee's work position and career situation. This may for example affect the decision when it comes to hiring new employees that are thinking about starting a family. (Liswood, 2010)

2.2.6 Physical Appearance and Ability

The dimension of physical appearance has few notable characteristics. One of them is the subjectiveness of opinions, judgments, and even fundamental categorization based on a person's physical appearance. Factors that further support the high level of subjectiveness are dimensions, which were already mentioned, such as age, sex, racial-ethnicity, and religion. (Hays-Thomas, 2017)

The way we think of people based on their traits, attributes, and overall appearance comes to us very naturally, disregarding the fact that our first impression might be fair or unfair towards these individuals. The different views, beliefs, and assumptions about physical appearances are proven by diversity consultant Kendall Wright and his technique of examining people's thoughts on different body sizes. His studies show that people of a bigger size ("heavier people") are not viewed favorably, even though some cultures might have an opinion of the opposite nature. (Liswood, 2010) Another example is the relationship between height and competency, which has been presented earlier. Perception is a highly influential characteristic of diversity. Based on the study about the relationship between leadership and height, a tall man may be perceived as a leader, and leader-worthy attributes that will support the perception are actively searched for. This may create the belief and acceptance in a person as a leader, that is not competent to acquire this position. In contrast, less tall people need to prove themselves, and they need to present leadership qualities before they are assigned the label of a leader. (Liswood, 2010) This "Implicit theory" is present in the book *Mistakes were made (But Not by Me)* by Carol Travis and Elliot Aronson. The implicit theory describes a situation where people create their perception of people that disregards or highlights certain attitudes or behaviors in favor to support their false perception of the individuals. (Liswood, 2010)

Ability is another unique dimension in its nature. When it comes to diversity management, attributes like race, sex, or religion don't actively affect the ability to perform a given job or task. On the other hand, physical or mental disability has a strong influence on the fact whether the person can successfully execute a given job or task. This dimension also represents the level of subjectiveness, because of the great spectrum among disabilities and essential job functions. The great spectrum also exhibits differences between disabilities and their characteristics, which are most of the time outside of the individual's control. The status of one's ability or disability can rapidly change. People may become disabled because of a disease or accident. One's disability might be temporary or permanent or it can even come in some cycles, where the effect of the condition is smaller or larger. Ability is put into the same category as physical appearance as certain disabilities are difficult to see just from physical attributes. (Hays-Thomas, 2017)

3 The Positive Aspect of DEI

Why did diversity become popular? Civil rights legislation which took part in the 1960s had a significant impact on the development of organizations' views on diversity. Companies started hiring more people from various demographic subgroups. Another driver for diversity has come with lawsuits for alleged discrimination, which became a scare factor for many employers, and introduced programs and processes that supported the idea of diversity to reduce the potential likelihood of lawsuits. (Hays-Thomas, 2017)

But why is it important to be heard and create a level playing field? The main reason why diversity is a very popular topic is the positive effect that it generates, as workforce diversity affects every HR function in the organization, as well as outcomes for employees. (Kossek & Lobel, 1996)

There are many fields where diversity can be a useful tool to be considered. In the job analysis, the list of tasks, essential functions, and KSAs (knowledge, skills, and abilities) are the main attributes being considered in the process of selection. Diversity should be one additional element in the selection process. By taking in mind the diversity of all listed attributes including KSAs in the selection process, useful attributes can be found making potential candidates more appropriate than somebody else who would normally be chosen without the introduction of diversity in the job analysis. *(*Hays-Thomas, 2017)

Another field where diversity leads to more effective work and better results is teamwork, group processes, and leadership. Diversified groups and teams tend to have different points of view and opinions, which can transform a decision-making process into a more creative process, where new and better results may occur. *(*Hays-Thomas, 2017) This is difficult to accomplish when employees of the same culture are requested to examine the same problem. (Martin, 2014). This applies also to leadership. Leadership is an influential factor for groups and other organizational settings. *"Effective leadership behavior may vary with follower characteristics, and the same leader behavior may be received differently when the leader is a member of a majority versus an underrepresented group"* (Hays-Thomas, 2017)

The knowledge of culturally diverse workers can be a useful tool in situations where concerned employees and managers can be provided with essential information about the culture of representatives of their employees. This information can be crucial to minimize or completely avoid the culture shock, that may arise when expanding over the borders and becoming international. As many modern companies globally expand, they encounter all kinds of risks and obstacles, that can be overcome with the help of individual employees in the diverse workforce and company culture. The provided information could be all kinds of restrictions, laws, insurances, requirements, and applicable tax regulations. Companies that don't have a diverse company culture, typically need to invest much more in collecting data and educating of their employees on the culture and business practices of foreign countries. These investments could be made in the manner of hiring trainers from the foreign country of origin or providing employees with resources like documentaries, books, and magazines to further broaden their knowledge and understanding of different cultures. By creating diverse workforce employees, themselves can substitute the role of trainers and can help to make any process of assimilation much easier and less expensive. (Martin, 2014).

Studies also show a correlation between profitability and gender diversity. In 2017 organizations were 21% more likely to achieve above-average profitability when they ranked in the top four for gender diversity on their executive teams than those that were placed on the bottom line of this ranking. This is a significant development compared to the results of 15% in 2015. Surprising is the decrease, in the category of ethnic/cultural diversity and EBIT margin. Research from 2014 showcases the 35% likelihood of an EBIT margin increase. 2017 findings present a surprising decrease of 2% in this value. (Hunt et al., 2018)

FIGURE 2: FINANCIAL PERFORMANCE ABOVE NATIONAL INDUSTRY MEDIAN BY DIVERSITY QUARTILE, EBIT MARGIN

SOURCE: MCKINSEY & COMPANY, DELIVERING THROUGH DIVERSITY, 2018

Not only that gender diversity enhances profitability, but studies also show correlations between gender diversity and value creation. Leading companies in gender diversity were 27% more likely to have industry-leading performance in terms of long-term value creation. (Hunt et al., 2018)
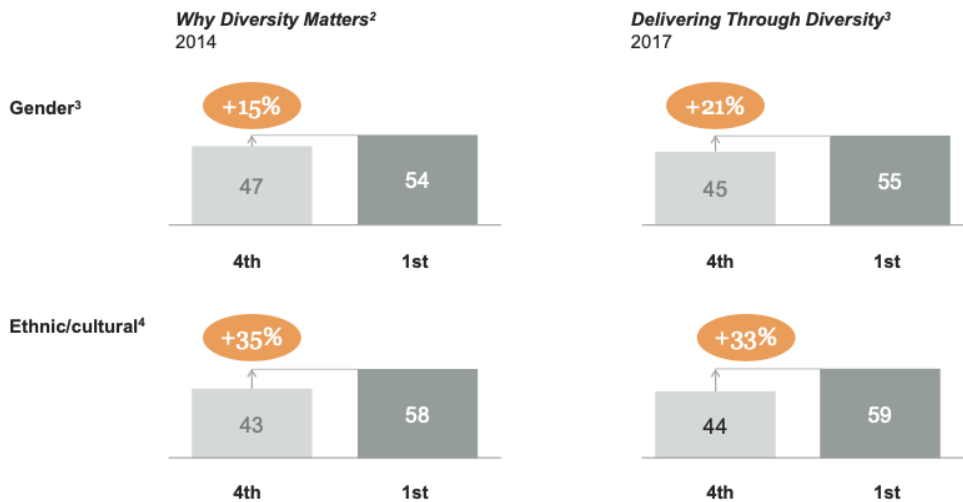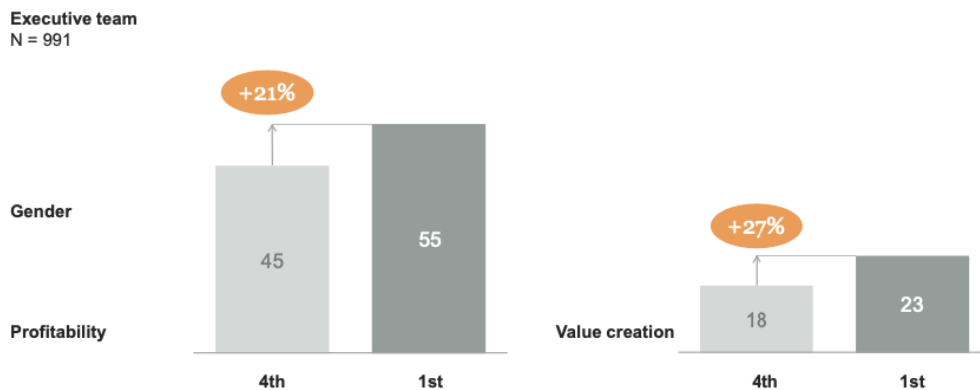

FIGURE 3: FINANCIAL PERFORMANCE ABOVE NATIONAL INDUSTRY MEDIAN BY DIVERSITY QUARTILE, VALUE CREATION

SOURCE: MCKINSEY & COMPANY, DELIVERING THROUGH DIVERSITY, 2018

4 The Negative Aspects of DEI

Media and literature most of the time embrace the positive aspects of DEI and a lot of the time the negative aspects are being overseen. This could be caused by the general view of today's society that is actively fighting and looking for solutions in the areas of discrimination, racism, homophobia, gender equality, and many more. (Martin, 2014) This creates a social pressure that makes any form of criticism against DEI problematic, as a society can view it not as a constructive criticism, that might help to improve these movements, but as a counterattack against these DEI initiatives, that are coming from a healthy place. (Martin, 2014)

Same as a culturally diverse workspace where employees have different opinions, thoughts, beliefs, norms, customs, values, trends, and traditions can enhance creativity and innovation due to the many different points of view, but it can also increase the tendency for interpersonal conflict in the workspace. These variations of viewpoint and other factors can prevent the creation of integrity and harmony when culturally varied workers are put in a group to accomplish a goal with mutual effort and collaboration. These conflicts can be as simple rivalry between two football fans that are reflecting on the football match between their favorite football teams. The common history of countries can create space for bonding but also tension, as individuals can have very different opinions on a very sensitive topic that is closely related to their country of origin. Any form of personal conflict that is brought into the workspace can have a major influence on productivity due to weakened teamwork and it can potentially create negative emotions between employees which creates unpleasant company culture which can be destructive to the organization itself (Martin, 2014)

Increasing diversity in teams might sometimes induce the occurrence of social comparison, categorization, and unconscious bias. Homogenous groups tend to bond easier as they share the same perceptions. Subsequently, They typically communicate with one another more frequently and in a wider range of ways, because of their similar point of view and common cultures. Homogeneity in teams also boosts the level of satisfaction and cooperation and decreases emotional conflict. Individualistic behaviors like solidarity among members of the same race or gender may be fostered by adding greater diversity to these homogenous teams, which could lead to conformance to group norms and discrimination towards outsiders. Consequently, subcultures are created in moderately heterogeneous groups and the potential for intergroup interaction and communication is decreased, while the potential for conflict is increased. Therefore, a certain degree of heterogeneity in groups can have a negative effect on group performance. In addition, to sufficiently diversify the company culture, companies need to invest a lot of money and time, which can negate the benefits that diversity can bring. This and the increased difficulty to agree on decisions can further contribute to conflicts, demotivation, and frustration. (Mazur, 2014)

PRACTICAL PART

5 Introduction to PackagingGroup Inc.

PackagingGroup Inc. is a global leader in the design and manufacturing of innovative dispensing, sealing, and active packaging solutions and services that help with the delivery of beauty, personal care, home care, food, and beverages but also prescription drugs, health care, and injectables. The origins of PackagingGroup lay in the 1940s in the US, France, and Germany, where new businesses for metal spray valves, metal components, and fragrance atomizers were founded. These were small businesses that were later noticed by the Pittway Corporation, which invested and brought these small companies together. Between 1950 – 1980, the company was focusing on Aerosol valves and spray pumps, which represented the base for PackagingGroup's businesses. Later they started creating their own molds for dispensing closures. They continued in the development of these closures and created innovative products that would improve the experience and satisfy the customer and consumer needs. The three companies from the US, France, and Germany were the foundation for PackagingGroup, which was born in 1993 as a spin-off from Pittway Corporation and got registered on the New York Stock Exchange. PackagingGroup developed into a global company that creates products that people use in their day-to-day lives. The innovation does not stop, as PackagingGroup focuses on adapting to new market trends and improved packaging solutions. PackagingGroup puts a lot of pride in its collaborative nature, even over the borders, which was one of the driving factors for creating PackagingGroup in the first place. Their ability to adapt is prevalent in their product and molding technologies, but also in all other areas. PackagingGroup focuses on maintaining long-term relationships with leading brands from all around the world. Diversity is prominent across the whole company, from the variety of end markets, through manufacturing facilities to their own employees. PackagingGroup operates in a variety of markets, including pharmaceutical, beauty, food, beverage, personal care, and home care. As a global company, they have manufacturing facilities in North America, Europe, Asia, and South America. Across 20 countries PackagingGroup is employing 13 500 employees.

6 Analysis of PackagingGroup's Company Culture

In this part of the thesis, I analyze and evaluate the company culture of PackagingGroup. The evaluation is based on the corporate documentation analysis. As part of the document analysis, I am finding answers to my research question: How can a company create a safe space for its minority groups? After the analysis and evaluation of PackagingGroup's company culture and DEI practices, they claim to create a safe workspace for their minority groups. These claims and efforts will be evaluated and compared with primary data collected from interviews with PackagingGroup's employees in management positions. These interviews will allow me to evaluate the following research questions: How do employees feel about DEI? What is the position of minorities within a company? What is the position of majorities within a company? Are PackagingGroup's DEI efforts just consequences of social pressure or are they the results of a company culture that focuses on creating a safe space for everybody, disregarding their background?

There are many reasons why I consider PackagingGroup as an interesting and compelling example for the practical part of the thesis. PackagingGroup focuses on more than its products and services.: "We are more than our products and services – We care. We care about our planet. We care about solid governance. We care about our people and the communities in which they live and work" As they have showcased over the many years in the industry, they present high standards and values regarding ecology, circular economy, sustainability, responsibility, diversity, equity, and inclusion. Due to this approach, they received impressive recognition from the most prestigious organizations. Some achievements which are worthy of mentioning are:

CPD Supplier Engagement Leader 2022 is a recognition by CPD (Carbon Disclosure Project), that PackagingGroup received for its initiatives and efforts to reduce carbon emissions and fight climate change. Continuing in the area of sustainability they achieved the Platinum rating as the top 1% of more than 90 000 companies rated by Eco Vadis which is the world's largest and most reliable provider of sustainability ratings of companies, within their network which includes over 100 000 rated enterprises worldwide. The last notable recognition that I would like to mention is Barron's 100 most sustainable companies, where PackagingGroup secured a spot for the fifth consecutive year.

I have decided to mention these recognitions for ecology and sustainability, as I believe that ESG (environment and social corporate governance) is an essential part of today's global business world. Society is very demanding regarding corporate responsibility; therefore, it is worth also mentioning the environmental efforts of PackagingGroup. Nevertheless, to stay relevant, companies can't do one or the other when it comes to corporate responsibility. They must focus on all aspects of ESG which include topics of environment and sustainability, but also women's equality and DEI. PackagingGroup received a ranking in Forbes World's Top Female Friendly Companies alongside companies leading the way for women in 2021 and 2022. The American Newsweek magazine placed PackagingGroup in the Top 15 of America's Most Responsible Companies of 2023.

These recognitions convinced me that PackagingGroup is the right candite for this thesis. Their efforts of pursuing a safer, healthier, and more sustainable future have built them a positive image in the corporate world as well as in the eyes of the general public.

6.1 Analysis of the Corporate Documents

In this part of the thesis, I analyze corporate documents, which are publicly accessible. Documents issued in this chapter are The Annual Reports 2012-2022 and The Corporate Sustainability Reports 2013-2021. These documents are used to create an analysis of PackagingGroup's company culture through different metrics and factors.

In the annual reports, I predominantly look at the strategic and financial statements through quantitative research and the development of PackagingGroup's company culture. These statements

are put in perspective to DEI, finding the relation between company culture, DEI, and profitability. In addition, I am comparing these Annual Reports, their strategic statements, and their content regarding Diversity, Equity, Inclusion, and ESG throughout the years.

The Corporate Sustainability Report works as a base for my qualitative research, focusing more on DEI statements, statistics, or any other content that is influential to the company culture of PackagingGroup Group.

6.1.1   Assessment Through the Annual Reports

The reports issued in this chapter of the thesis are the official Annual Reports of PackagingGroup, which are publicly accessible on their investor's website. The report consists of general business information, risk factors, results, financial statements, supplementary data, innovations, purpose, values, strategies, and other interesting data not only for the corporate world and potential investors but also for future employees and the general public.

In this assessment, I review and analyze the financial statements of PackagingGroup in relation to DEI and explain the correlation between them. There are a few important metrics that are calculated in order to evaluate the company's performance from 2012 to 2022. The two values used are Net Sales and EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) as the most commonly used parameters to evaluate a company's profitability.

For both values, I have analyzed their absolute development, as well as their overall growth rate based on their CAGR (Compound Annual Growth Rate). "

PackagingGroup inc. 2012-2017								
(All values in Mio $)	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**'17 vs '12**	**CAGR**
Net Sales	**2 331**	**2 520**	**2 598**	**2 317**	**2 331**	**2 469**	**138**	**1,2%**
Operating Expenses	-1 935	-2 086	-2 139	-1 854	-1 862	-1 993		
Depreciation	-137	-150	-152	-139	-155	-153		
Total Operating Income	**259**	**285**	**306**	**324**	**314**	**323**	**64**	**4,5%**
Other Expense	-2	-3	-4	-1	-1	6		
Interest Expense	-16	-17	-16	-29	-33	-35		
Income Tax	-79	-93	-95	-95	-75	-75		
Net Income	**162**	**172**	**192**	**199**	**206**	**220**	**57**	**6,2%**
EBITDA	**394**	**432**	**455**	**462**	**468**	**483**	**88**	**4,1%**

TABLE 1 FINANCIAL STATEMENT OF PACKAGINGGROUP INC. 2012-2017

CUSTOM-MADE BASED ON THE ANNUAL REPORTS

The first table represents the 6-year development of PackagingGroup from 2012 to 2017. The values listed in the table are taken from the annual reports of the individual years. To evaluate the company's profitability is needed to calculate CAGR and EBITDA, as they are sometimes mentioned only as "adjusted" or not even part of the annual report. The study period starts in 2012, as it is the first annual report publicly accessible on the website and it continues until 2017, which was the first year that PackagingGroup mentioned and introduced DEI as a part of their strategy.

The Sales CAGR for the years 2012 through 2017 is 1,2% and resembles a moderate Sales growth of the company. In absolute value, the Sales increased by $138 million. EBITDA CAGR reached 4,1% over the 6 years, showing an increased profit of $88 million since 2012.

Upon the analysis of the 2012 Annual report, there are no notable mentions of any DEI initiatives, goals or practices let alone any focus on employees and company culture. The only notable mention of any sort of company culture acknowledgment consisted in the chapter *International Business and Employee* and *Labor Relations*. The chapter titled *International Business* consists of data regarding the values and percentages of Sales in Europe, the United States, and other countries all over the world in which PackagingGroup operates. *Employee* and *Labor Relations* highlight values like the number of full-time employees, their location, and bargaining agreements. In 2012 PackagingGroup has approximately 6,700 full-time employees located in Europe, 3,100 located in Asia and South America, and 2,200 in North America, in total adding up to 12,000 and representing many different cultures. Nevertheless, there is very little acknowledgment of the diversity, that a company of 12,000 global employees must have.

In 2017 PackagingGroup for the first time introduced in their key strategy elements a focus on diversity and inclusion under the new CEO of PackagingGroup: "…*investing in international and diverse talent and creating a culture of inclusion with a focus on strong leadership and transparency at every level*."

As part of their 2018 annual report, they set themselves a new strategic priority under *Talent & Leadership (see figure below)*, which emphasizes inclusion & diversity. This focus is prevalent also in their vision and goals for the next years, which started with appointing a new well proven senior HR executive and a champion of diversity and inclusion, to the position of Chief Human Resources Officer and as a member of our Executive Committee. Subsequently, they implemented an Organizational Effectiveness Development campaign and launched a "Cultural Corner", which is an Intranet that promotes multicultural and diversity awareness. It is consequently fair to say that in 2017 & 2018 PackagingGroup started its official DEI program.

FIGURE 4 STRATEGIC PRIORITIES OF PACKAGINGGROUP INC.

SOURCE: PACKAGINGGROUP ANNUAL REPORT 2018

The annual report of 2019 is continuing to emphasize the importance of Environment, Social, and Governance (ESG). This year PackagingGroup was rewarded with two recognitions for their ESG efforts: America's Most Responsible Companies 2020 by Newsweek and ranking number 48 of the Top 100 Most Sustainable Companies in America by Barron's for 2020, which has been their second year on the list. This year they made further progress in areas of safety by implementing the behavior-based safety program. Consequently, reducing the Total Recordable Incident Rate (TRIR) by more than 25% and Lost Time Frequency Rate (LTFR) by almost 25% from year-end 2018. Further progress has been made also in areas of gender diversity and equality in the workspace. PackagingGroup has joined more than 60 other leading global companies in the Catalyst CEO Champions for Change, which is a movement that

focuses on encouraging gender diversity, equality, and inclusion in the workspace. In addition, they have become part of the SPDR® SSGA Gender Diversity Index ETF (SHE), which invests in U.S. large-capitalization companies that receive the highest ranking in their sector in terms of gender diversity within senior leadership positions. This report also includes quite significant and specific diversity goals: By 2025, 30% of the leadership team (VP level and above) will be women leaders. Additionally, PackagingGroup's Global Leadership Team, along with PackagingGroup's Executive Committee must complete Diversity and Inclusion training by the end of 2020. I believe that these goals pushed PackagingGroup even further in their development of diverse and inclusive company culture.

I have observed ongoing progress in ESG implementation in the annual report documents of 2020. The Total Recordable Incident Rate (TRIR) has been reduced by 27% and Lost Time Frequency Rate (LTFR) by 30% from year-end 2019. Another step in DEI has been made by PackagingGroup joining the Gender and Diversity KPI Alliance which supports the use of key performance indicators (KPIs) or high-level internal measurements to provide an overview of the diversity of the workforce. PackagingGroup has also announced an ongoing global partnership with CARE, an international global confederation that globally helps to fight poverty and social injustice, specifically focusing on women's empowerment. (CARE, 2023). PackagingGroup supports Care in many aspects for example education programs, women's economic empowerment, or sponsoring of Fast-Fair COVID-19 Vaccine, which was an honorable response to the COVID-19 pandemic. Women empowerment is also prevalent in the board of PackagingGroup which was in 2020 constructed of 40% women directors with all board comities chaired by women. Continuing in the gender balance and women empowerment in that year PackagingGroup launched PLIGN (PackagingGroup Leadership Inspire Grow Now), a new women's network, and established Future of Work, which is an initiative that helped to transition to a new work standard after the pandemic. In addition, PackagingGroup published new policies around Human Rights; Diversity; Equity, and Inclusion. Subsequently adding Community Engagement and Global Giving sections on their corporate website.

In my opinion, the 2021 Annual Report proves the further development of ESG in PackagingGroup. At the beginning of the year, PackagingGroup published new policies, in accordance with international standards, around human rights, diversity, equity, inclusion, community engagement, and global giving. This strong strive to become a responsible, diverse, equitable, and inclusive company secured PackagingGroup's notable recognition. PackagingGroup was among the top 50 companies on the 3BL Media list of the 100 Best Corporate Citizens of 2021. The contribution to society was made in many different areas. Many of PackagingGroup's innovative solutions and products helped in the fight against COVID-19. As part of the ongoing partnership with CARE, PackagingGroup supports CARE's Crisis Response Campaign for Ukraine. PackagingGroup and its Charitable Foundation have also provided monetary relief to those impacted by natural disasters. Safety continues to play a big role in PackagingGroup's company culture. In comparison to 2020 the Total Recordable Incident Rate (TRIR) was reduced by 19% and the Lost Time Frequency Rate (LTFR) by 15%. This means that PackagingGroup for the first time outperforms the world-class standard in the industry. PackagingGroup is proudly leading in diversity on its Executive Committee and Board of Directors, consequently having 40% of the Directors women and 30% that identify as persons of color. As a result, PackagingGroup was honored by the Women's Forum of New York for achieving 35% female representation on the Board of Directors. PackagingGroup is also continuing the partnership with Gender and Diversity KPI Alliance to use the provided overviews of diversity to its advantage. I believe that one of the bigger ongoing goals for diversity is the effort to make 30% of all PackagingGroup leaders at the VP level or above women in relation to 20% of women at the Vice President level or above in 2021. PackagingGroup has also launched two additional Employee Resource Groups (ERG), supporting women Black/African American and/or African descent employees (BOLD) as well as employees of the LGBTQ+ community (PRC). This was also the year when PackagingGroup held its first DEI week and International Women's Day celebration to foster additional conversation, development, and awareness around DEI. In this report, PackagingGroup is also mentioning the recruiting and retention challenges. Therefore, they put emphasis on implementing attractive incentive and reward programs or flexible work agreements.

The last available Annual Report is the one for 2022. After the analysis, it is fair to say that Safety remained one of the top priorities for PackagingGroup. As a result of PackagingGroup's Environmental, Health, and Safety (EHS) management system and Behavioral Based Safety (BBS) program, PackagingGroup has reduced its Total Recordable Incident Rate (TRIR) by 6% and Lost Time Frequency Rate (LTFR) by 7% from year-end 2021, again outperforming the industry standard for TRIR and LTFR. They have also officially introduced their three employee resource groups (ERGs) to further support the goal of creating diverse, equitable, and inclusive company culture. These resource groups are:

PackagingGroup, Lead Inspire Grow Now (PLIGN), which focuses on the development and upward progression of women.

Black Organization for Leadership, Diversity & Development (BOLD), which provides development, networking, and support opportunities.

PackagingGroup Rainbow Community (PRC), which supports the LGBTQ+ community and its allies.

As part of their initiatives, DEI Week, which was first introduced in 2021, will now become an ongoing event to open discussion and awareness around DEI. As for 2022, PackagingGroup has increased the diversity represented in the Executive Committee and Board of Directors up to 45% of female directors. Surprising is the decrease of 3% from the year 2021 reaching 27% of directors that identify as persons of color. With the ongoing goal to have 30% of women on VP level or higher by 2025, PackagingGroup has increased its representation of VP women leaders up to 25% for the year-end 2022. Resulting in receiving recognition by Forbes as "World's Top Female Friendly Company" in addition to an award from the sHERO organization in China for the "Best Companies for Female Executives."

Based on the significant effort that PackagingGroup did since 2017's first mention of DEI and the above-mentioned recognitions, we should also expect an overall improvement in PackagingGroup's financial performance.

For example, the French personal and home care services company Sodexo is one of the most known supporters of diversity. The global international services organization publicly announced the commitment to enhance five aspects of diversity: persons with disabilities, people of all ages, people from different cultures and backgrounds, and sexual orientation and gender identity. The starting point for Sodexo was also to strive for diversity and achieve gender balance. According to an internal study conducted by the organization, a higher representation of women in executive roles (between 40 and 60% women) was associated with exceptional performance in the areas of customer satisfaction and employee engagement. Therefore, the business committed to increasing the proportion of senior female executives to 40% by 2025. Sodexo is one of the most gender-diverse firms in its industry group and home country, with women presently making up half of the board, 32% of senior leaders, and close to 50% of the entire staff. Notably, Sodexo is also among the most financially successful companies in McKinsey & Company data collection, with value generation that is 13% higher than the industry standard. (Hunt et al., 2018)

Diversity drives innovation and innovation drives profitability. This puts HR in a position of a revenue generator, which is a very different view of HR, as they do not put ROI and HR into a strong relationship. HR plays an important role in recruiting a more diverse and innovative workforce that can lead to the enhancement of profitability. Desmund Adams, Founder & CEO of Focus & Find claims that a business structure that strives for higher levels of DEI can increase its EBITDA by 33%. (Adams, 2022)

To evaluate this, I have analyzed again the financial statements of PackagingGroup, but this time for the period from 2017 to 2022.

PackagingGroup inc. 2017–2022								
(All values in Million $)	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**'22 vs '17**	**CAGR**
Net Sales	**2 469**	**2 765**	**2 860**	**2 929**	**3 227**	**3 322**	**853**	**6,1%**
Operating Expenses	-1 993	-2 307	-2 293	-2 370	-2 645	-2 709		
Depreciation	-153	-172	-195	-220	-235	-234		
Total Operating Income	**323**	**286**	**372**	**339**	**347**	**379**	**56**	**3,3%**
Other Expense	6	5	2	-6	1	-1		
Interest Expense	-35	-26	-31	-32	-27	-44		
Income Tax	-75	-71	-100	-87	-78	-95		
Net Income	**220**	**195**	**242**	**214**	**244**	**240**	**20**	**1,8%**
EBITDA	**483**	**463**	**568**	**554**	**583**	**612**	**129**	**4,9%**

TABLE 2 FINANCIAL STATEMENT OF PACKAGINGGROUP INC. 2017-2022

CUSTOM-MADE BASED ON THE ANNUAL REPORTS

Since the DEI strategies and practices have been introduced in 2017 PackagingGroup clearly shows a significantly higher value creation with Net Sales reaching $3.332M (+$853M) and EBITDA of $612M (+$129M). More importantly, they have also increased their overall growth rate with a Net Sales CAGR of 6.1% and an EBITDA CAGR of 4.9%. This represents a very significant increase in their growth rate by 4.9 %P (Percentage Points) on Net Sales and 0.8 %P on EBITDA comparing the two five-year periods (2012-2017 and 2017-2022).

The significant increase in the second five-year period is very surprising, keeping in mind the general economic development which was strongly influenced by the COVID-19 pandemic and the Ukraine war.

I have questioned the VP of Finance of PackagingGroup–Closures, the Closures segment of PackagingGroup, on this development and wanted to get his opinion on how much of this substantial improvement in PackagingGroup's performance he would attribute to the DEI program started in 2017. While he did confirm that he believes that the DEI efforts had a positive impact on the overall performance, he found it difficult to estimate the specific effect. He also confirmed that the company does not keep any specific statistics or calculations to evaluate this effect.

Consequently, I will continue to study the effects of DEI on PackagingGroup's performance and its Company Culture in a more qualitative method in the interviews conducted with some top managers of the company.

6.1.2   Assessment Through the Corporate Sustainability Reports

Alongside Annual Reports, another corporate publicly accessible document is the Corporate Sustainability report. The document contains PackagingGroup's core values representing the importance of the *Planet, People*, and *Products*. It contains a lot of information that is already mentioned in the Annual Reports. Therefore, I will in this assessment focus predominantly on additional goals, efforts, practices, and recognitions that showcase the development of PackagingGroup in creating a safe, diverse, equitable, and inclusive space for their employees.

The first publicly accessible Corporate Sustainability report was published in 2013. The document contains three main topics: *Our Planet, Our People, and Our Products.* Although the document mentions people as one of the main topics, the coverage focuses mainly on training and education. Worldwide training is provided through the PackagingGroup Corporate Universe (ACU), which was

developed to provide education to people in areas of strategic thinking and customer value management. ACU also offers different programs in Global Leadership for executives, middle managers, and manufacturing and technical shift leaders. Another education center was introduced in 2013 in Brazil and the USA, which helps to educate, develop, and potentially nurture new employees at a very early stage in their careers. Even though diversity is strongly highlighted in the vision of 2030, this report did not include any mention of Diversity, Equity & Inclusion, let alone any practices, which would help to develop a safe working environment for employees of many different cultures.

Analyzing the 2014 Corporate Sustainability report, the strong emphasis on the education of employees remains the same. A big step was made in PackagingGroup's Human Resources team, which designed an employee engagement survey to offer a space for their employees to share their opinions. Based on these metrics, PackagingGroup is enabled to benchmark its progress, which is essential for the company's future development. The first remarks and recognition of PackagingGroup's efforts in diversity and inclusion in the workforce were also published within this report. PackagingGroup was recognized by Argentina's ManpowerGroup as a Partner for Social Inclusion for their commitment to diversity and inclusion in the workforce. "Great Places to Work" by the Great Place to Work® is a recognition that was awarded as a result of the 2014 Trust Index Survey and Cultural Audit Assessment for employees at PackagingGroup Chieti and PackagingGroup Pescara, which assessed the five dimensions of the internal environment and culture: equity, credibility, respect, camaraderie, and pride. A few more notable projects mentioned in this report are the PackagingGroup Charitable Foundation and PackagingGroup's support of HIV/AIDS organizations, as well as many additional training and education projects.

It is apparent that in 2015 the focus on employees and people, in general, has definitely increased: The section dedicated to *People* continues to spread, including topics such as Employee Training, Employee Retention, Safety, Employee Engagement, Communication, Volunteerism & Giving, workspace, as well as Diversity, which attained for the first time its own dedicated section. As part of PackagingGroup's training programs and the PackagingGroup corporate Universe, employees got the chance to partake in CASA leadership training for executive leaders, CAISTA training for middle managers, and LaFabbrica for Blue Collar workers, laboratory, and quality management leaders. E-learning modules were used by more than 9,000 employees, which further pushed PackagingGroup to introduce Digital platforms for career development and planning. As a result of the Employee Insight Survey from 2014, PackagingGroup acted on some of the nearly 6,000 comments, trying to further improve the workspace and company culture conditions for their employees. Nevertheless, the diversity portion of the report is mainly focused on the awards that PackagingGroup received. PackagingGroup received a Winning Company 2015 award from 2020 Women on Board, which is a nonprofit organization that strives to increase the percentage of women serving on company boards to at least 20 percent by 2020. This reward was given in recognition of PackagingGroup's increase of women on board to 18.8% by the year-end 2015, which is 14.6% higher than in 2011.

In 2016 PackagingGroup has launched the Global Reporting Initiative (GRI)-based sustainability scorecard as part of their Corporate Sustainability Report, which helps to measure and evaluate the development of sustainability in areas of employees, customers, shareholders, and communities. This year PackagingGroup continued to develop its global Environment, Health, and Safety (EHS) management system, which applies to all PackagingGroup sites worldwide, prioritizing a safe workplace for their employees. 2016 was also the year when PackagingGroup conducted its second global employee insight survey, which was translated into 12 different languages, resulting in impressive 72% participation of PackagingGroup's employees worldwide. The results displayed improvement in all 15 categories, compared to the first survey from 2014. I believe that these annual surveys, which focus on the employee's perception of the organization as a whole, are a very helpful tool. These Surveys help to receive nonbiased feedback from the employees that can result in stronger improvements in areas that are important for the employees, rather than blindly aiming for targets that employees consider irrelevant. A surprising finding is that despite these steps that were made to

better understand the employee's needs, there is an absence of any DEI section, that would promote practices that would contribute to achieving their vision of 2030: "*Diversity of our people is our strength. We live our core values*". In reflection, this could have had negative consequences on the company culture, as this contradicts their vision and actions to achieve goals, which were mentioned in previous years. Nevertheless, there is an improvement in the monitoring area, due to the implementation of GRI, which was pushed after the hiring of the new CEO. As part of the Corporate Sustainability Report PackagingGroup for the first time introduced many statistics regarding General, Economic, Environmental, and Social disclosure. Social disclosure provides statistics on Employee New Hire and Turnover Rates, Lost Time Frequency Rate, and Lost Time Days Per Incident.

The corporate sustainability report of 2017 puts the safety of their employees as a main priority. Thereupon finally launching their Global EHS Management System, which aims to set higher safety standards and protocols. This resulted in recognition for achieving safety milestones in many sites of PackagingGroup. As part of their Safety initiatives, PackagingGroup introduced software that would help with the process of employees reporting incidents and collecting metrics, and managing daily EHS activities. As far as DEI goes, the 2017 corporate responsibility report has nearly no coverage, although in the same year topics around Diversity, Equity, and Inclusion occurred for the first time in the Annual Report. Same as in the analysis of the Corporate Sustainability Report of 2016 this could have a negative effect on the development of diverse, equitable, and inclusive company culture. My assumption was proven by the results of the Leadership for Growth Employee Survey, which was launched in October 2017. This survey was conducted to discover how employees view PackagingGroup's performance and organizational effectiveness. The survey showed that employees of PackagingGroup long for more inspiring, supportive, and decisive leadership, a better understanding of corporate vision and strategy, true accountability and clear responsibilities and lastly fostering innovation and turning ideas into results. Questioning the VP of Finance of PackagingGroup Closures, he confirmed that this has been one of the reasons why PackagingGroup decided to include DEI as part of their 2017 Annual Report and strategy moving forward.

The focus on creating a diverse, equitable, and inclusive company culture is a big part of PackagingGroup's Corporate Sustainability Report of 2018. As part of their DEI initiatives, PackagingGroup appointed a proven leader and champion of diversity and inclusion to the position of Chief Human Resources Officer. As part of its sustainability strategy, PackagingGroup aims to align the framework set by the United Nation's Sustainability Development Goals (SDGs). Consequently, PackagingGroup has identified five strategic pillars and targets to align with the 2030 SDG targets. The strive for Safety continues with the further development of EHS. In the areas of DEI, the 2018 Corporate Sustainability Report dedicates a whole section to Women's initiatives. Part of this chapter also includes statements that highlight the awareness of PackagingGroup, that diversity requires focus beyond only gender, and that they are planning to further improve in the areas of DEI. I believe that the stronger focus on DEI was a necessary step to improve employee engagement and to take action on the employee's feedback from the 2017 Leadership for Growth Employee Survey. This survey was conducted also in 2018 to enable the evaluation of PackagingGroup's progress. Results show that 48% of PackagingGroup employees feel more engaged compared to 2017.

The feedback from the Leadership Growth Surveys continues to influence PackagingGroup's focus. In the 2019 Corporate Sustainability Report PackagingGroup mentions a stronger focus on supporting, mentoring, recruiting, and career planning for all people to ensure the feeling of inclusion. In 2019 they have joined more than 60 other leading global companies in the Catalyst CEO Champions for Change and their movement for gender equality, diversity, and inclusion in the workplace. That year they also set themselves new Targets and KPIs which were also part of the 2019 Annual Report, and for the first time, it has its own DEI section. DEI has consequently become one of five of PackagingGroup's strategic priorities. The short- and long-term goal is to increase diversity and inclusion in line with the company's capabilities. They mention the benefits that DEI can have on the attraction for talent and retention. The focus points are recruitment, governance and talent

development, and advancement in the representation of women and underrepresented groups in senior-level positions.

PackagingGroup's 2020 corporate sustainability report further expands the coverage for employee safety, engagement, empowerment, and DEI. In 2020 PackagingGroup makes additional steps to creating diverse, equitable, and inclusive company culture. Some of the steps were: joining the Gender and Diversity KPI Alliance, launching a new women's network and the first ERG (Employee Resource Group) called PLIGN, in addition to publishing new policies around Human Rights; Diversity, Equity, and Inclusion; Community Engagement, and Global Giving. In this report, some of the targets and KPIs remain the same: strive toward zero incidents and world-class safety culture and increase up to 30% in the ratio of women at the Vice President level and above by 2025. Two additional targets were added: A target for Diversity, which supports the celebration of differences, and one for Inclusion which strives to promote a sense of belonging. The partnership with the Gender and Diversity KPI Alliance (GDKA) supports the goal of creating a workspace and diverse, equitable, and inclusive company culture by providing essential data that can be used to measure progress year after year. PackagingGroup has also moved forward in the education of their employees, especially in the area of DEI, and consequently launched the 2020 "Unconscious Bias to Inclusive Leadership" training.

The 2021 Corporate Sustainability Report is the last publicly assessable report that PackagingGroup provides. This report has by far the largest coverage on topics regarding DEI, Employee Empowerment, Engagement, and Safety. DEI has truly become part of PackagingGroup's key priorities. As part of their DEI initiatives, PackagingGroup is introducing numerous events, training, and Employee Resource Groups, to spread awareness and open discussion about these topics. Some of these events mentioned in the Corporate Sustainability Report are:

- *DEI week* promotes PackagingGroup's inclusive culture and spreads respect for inclusiveness and diversity.
- *DEI in MY Coffee* is an open forum with employees who want to share their stories and exchange ideas to make the company's workspace more inclusive.
- *Women's Day Conference* is one of many events that PLIGN ambassadors held locally and virtually bond over topics related to gender equality.

Part of their DEI development is also training and surveys. As PackagingGroup claims, the Leadership for Growth Survey is one of the critical markers of organizational health across the globe. 2021 During the five years since the survey was first implemented, it has become an essential source of feedback on how PackagingGroup employees feel about many different topics like purpose or leadership. As part of the survey, PackagingGroup included questions also about DEI, sustainability, and health and employee safety. I think this is an important step for PackagingGroup as I believe that this survey is one of the key tools to measure progress not only in their DEI practices but also in creating a comfortable workspace for their employees and healthy company culture, where everybody feels included and treated equally with respect. The 2021 Corporate Sustainability Report highlights the focus that PackagingGroup has on DEI and on the GRI scorecards, which were first introduced in the Corporate Sustainability Report in 2016. The GRI scorecards of 2021 are much more complex with a strong focus on Diversity and inclusion in the presented data. In the previous reports, there were no statistics regarding ethnicity. This enables PackagingGroup to further measure these metrics and evaluate their progress over the year.

6.2 Analysis of PackagingGroup's DEI Practices with Focus on ERGs

Corporate sustainability is nowadays a highly discussed topic. The 2021 Corporate Sustainability report of PackagingGroup addresses many topics regarding sustainability but also DEI efforts, which are set

at a very high standard. In this part of the thesis, I will be analyzing and evaluating some of these efforts.

As a part of their DEI practices, PackagingGroup held the inaugural DEI Week to promote PackagingGroup's inclusive culture and spread the spirit of inclusiveness, respect, and diversity at all levels and regions of the organization. The event was hosted by 200 PLIGN (PackagingGroup Leadership Inspire Grow Now) Ambassadors and regional sponsors. During the week, a variety of regional and global events focused on improving diversity and inclusion. PLIGN and their DEI efforts did not stop there. In 2021 an additional two ERGs groups were launched. The *Black Organization for Leadership, Diversity & Development* (BOLD) and the *PackagingGroup Rainbow Community* (PRC) for members of the LGBTQ+ community members. These ERGs are sponsored by the Executive Committee, and they have at least one Chair member from PackagingGroup's Leadership team.

6.2.1 PLIGN

PackagingGroup Leadership Inspire Grow Now (PLIGN) The first Employee Resource Group (ERG) of PackagingGroup was created as a starting point for the first area that PackagingGroup wanted to focus on gender balance. This ERG was launched on International Women's Day and works as a forum for all employees to Impact PackagingGroup's Diversity & Inclusion. This launch strived to a real movement within the company to create a more diverse, equitable, and inclusive company culture. The PLIGN team also launched a Mentoring program for women initiative. Members of PLIGN's leadership team received special training and volunteered to mentor a group of 15 women. Although the program was just an experiment, PackagingGroup is already looking for ways how to permanently implement the program across PackagingGroup.

As PackagingGroup group is part of Forbes World's Top Female Friendly Companies it may be assumed that the efforts of employing more women, not only in executive roles, is a strategy which they can benefit from. Studies repeatedly show that diverse workspaces can positively affect financial metrics like profitability and value creation. (Adams, 2022)

6.2.2 BOLD

The main purpose of the BOLD (*Black Organization for Leadership, Diversity & Development*) ERG is to foster a culture of DEI at work. The goal is to support Black African Americans and African descent, particularly in the United States by spreading awareness across the workspace, providing opportunities, increasing visibility for career development, and providing internal networking opportunities.

Coqual study "*Being Black in Corporate America*" shows that just 0.8% of Fortune 500 CEOs are black and only 3.2% occupy senior leadership roles, despite the fact that black professionals tend to be more ambitious and aim for top positions. (Coqual, 2019)

Analyzing the GRI scorecards included in the Corporate Sustainability Report of 2021, PackagingGroup is employing 393 Black or African American in the US, from which only one employee is on the Senior Management level. This has been the case since 2019 when this statistic was recorded for the first time. There has been an increase of 3,4% in the total amount of black or African American employees, but also a decrease compared to 396 employees in 2020.

Diversity is not just about having employees of all different ethnicities, but it is also about creating an environment where employees feel equally treated and where everybody has the same opportunity for career development. This has been shown as an ongoing issue in the United States where up to 65% of black professionals feel that they need to work harder than their white counterparts to achieve promotion in their careers. (Coqual, 2019)

Representation matters; as a consequence, an ERG for Black African Americans and African descent is very important in creating a comfortable space where individuals can be heard, and everybody has the

same opportunity. I believe that launching BOLD was the right step in creating a safe space for People of Color in PackagingGroup. It is fair to assume that in the next years, the representation of People of Color in Senior Management positions might increase due to the implementation of BOLD, which will help to make this minority group feel more included and represented in the company culture of PackagingGroup.

6.2.3 PRC

PRC is a community that helps to ensure that LGBTQ+ members feel safe and comfortable in the company culture, so they can express their individuality and share their experiences without fearing any potential negative impacts on their careers, opportunities, or partnerships with others.

I have received access to a recorded interview with two PRC members that was broadcasted company-wide during the 2022 DEI week. I have analyzed the interview to evaluate how LGBTQ+ topics are communicated at PackagingGroup. In addition, I followed up with the VP of Finance of PackagingGroup Closures, who has been one of the interviewees, on the reaction he received after the video was shown.

The goal of the interview is to increase the visibility of gay management representatives. There is a strong emphasis on describing the evolution of PackagingGroup and its DEI initiatives. Stand-alone I think that openly and publicly talking about LGBTQ+ topics in this interview is proof of a very positive development for PackagingGroup. The video is also encouraging young professionals to be open about their sexual orientation, ensuring that there is nothing they need to be worried about, because PackagingGroup is a safe space for everybody. In the interview, there were also questions regarding the management styles and skills of managers, which associate themselves with the LGBTQ+ community. The VP of Finance believes that being part of a minority group can increase the openness to different perspectives and ideas. Looking outside the border of what is generally told as normative or correct, is a gift that can be turned into one of the keys to success. The second interviewee was the VP of Global Operations. She mentions her sensitives towards differences and her management style which focuses on creating balance dialogues and introducing different perspectives, as well as overcoming unconscious bias. As part of the interview, they also covered their "coming out" stories, by sharing their experience of overcoming their fear of judgment and discrimination in the workspace. A question regarding the different approaches toward DEI in different regions was widely covered, highlighting an understanding of the difficulties that occur in regions where non-heterosexual orientations are not accepted.

In a follow-up call with the VP of Finance, I wanted to know, if and what reactions he has gotten after the interview was broadcasted. He told me that he was overwhelmed with both the amount but also the sincerity of the calls, emails, and messages he has received from the organization. Many employees expressed how important this public display of LGBTQ+ topics from Top Management was, and that it encourages them to also be more open about themselves. Many stated what a great company PackagingGroup is and that they feel more motivated. There was also a lot of support and encouragement of not affected employees.

In conclusion, I think that the video is very representative of PackagingGroup's strong focus on DEI initiatives. It is spreading awareness and demonstrating the power that minority group representation in the top management position can have on the company culture. The video also functions as a very good promoting tool to invite new members into the LGBTQ+-oriented Employee Resource Group PRC.

Creating ERGs can be very beneficial in spreading awareness, addressing sensitive topics, and introducing crucial steps on how to implement changes in company culture, without fear of judgment or negative impact on the careers of those that feel encouraged to speak up.

7 Verification of DEI and Its Effects in PackagingGroup Inc.

Are PackagingGroup's DEI efforts just consequences of social pressure or are they the results of a company culture that focuses on creating a safe space for everybody, disregarding their background?

This question is closely examined based on the analysis of primary data collected through interviews that are held with six employees of PackagingGroup in management positions from diverse backgrounds.

The interview is structured in form of questions, that aim to gain insight not only into the personal beliefs and opinions of individuals but also into the collective understanding and view on DEI. The interview is constructed in three sections. The first section contains questions that focus on general awareness of DEI and DEI practices of the company. It is fair to assume that as employees in management positions, the respondents have an awareness and insight into some DEI practices implemented by PackagingGroup Group. I believe that awareness is one of the key elements of a successful DEI program and therefore it is important to evaluate this as a first factor.

The second section of the interview focuses on the effect of DEI as a whole. Metrics like profitability, creativity, and efficiency are put in relation to DEI. Respondents are asked about their opinions on why DEI could have a positive or negative effect on company culture and on other metrics that can be essential for the organization. The relationship between social pressure and DEI implementation is also examined.

In the third and last section of the interview, I focus on the personal experiences with DEI of the respondents. The interview gives me an insight into the perception of DEI, from the point of view of minority groups as well as majority groups. These personal experiences and the rest of the interview are analyzed and compared with PackagingGroup's claims, DEI efforts, and their description in corporate documents. The results of the interviews are used to answer the noted research questions: How do employees feel about DEI? What is the position of minority groups within a company? What is the position of majority groups within a company? Are PackagingGroup's DEI efforts just consequences of social pressure or are they the results of a company culture that focuses on creating a safe space for everybody, disregarding their background?

The respondents represent different groups within the company. Respondent A is the VP of Finance and a member of PRC, that also supervised me throughout the practical part of the thesis. Respondent B is a top manager, that identifies as a white heterosexual male. Respondent C is a female manager in a top management position and a member of PLIGN. Respondent D is a female manager and member of 2 ERGs: PLIGN and PRC. Respondent E identifies himself also as a white, heterosexual male manager in a top management position. Finally, Respondent F is an African American manager in a top management position and a member of BOLD

7.1 Evaluation of DEI Awareness

My general assumption within this section of the interview was, that the respondents, being all in top management positions, would have a certain level of awareness of some DEI practices. On this level, these topics should be discussed and probably also be driven by management regularly. Most of the respondents recognized at least one of the 3 ERGs, as well as some other practices, like DEI week, that were mentioned in the corporate document analysis, as PackagingGroup's DEI initiatives. As expected, Respondents A & B have certainly much higher awareness of DEI practices, as they are active ERG members. Nevertheless, for me very surprising was to receive a very specific and precise answer from Respondent B, that was clearly aware of PackagingGroup's target for 2025 to increase the representation of women in top management positions to 30%. He is also aware of specific goals

regarding the representation of disabled people in top-management positions, which are mainly present in the United States, as they are not possible in Europe, because of GDPR policies. Asking the respondents about some specific changes in the company, after the implementation of DEI practices, besides mentioning ERGs and long-term goals Respondent B also mentioned certain unofficial recruiting practices, which are putting certain disadvantages on male candidates. He believes that these unofficial practices were introduced to promote the long-term goal to increase the representation of women in top-management positions.

It Is safe to say that the awareness level of employees on PackagingGroup's DEI practices is at a very high level, even among employees that associate themselves with a majority group. Nevertheless, awareness is not enough to successfully implement DEI practices and to achieve diverse and inclusive company culture.

In my opinion, employees must feel that DEI can make a difference and that it is not only a marketing tool or a reaction to social pressure in order to stay relevant in today's society. If DEI comes from a place where companies do not truly believe in these initiatives, companies are convicted of failure rather than taking advantage of the positive aspects of DEI. It takes a whole company culture to make everybody convinced that DEI could make a difference. But it is not only about convincing but also about understanding.

This has been proven by Coqual's studies (2023) that show a correlation between the majority group's lack of understanding of issues that minority ethnic groups are facing in their day-to-day lives, including workspace, and the positive effects of DEI on the company culture. The results of the study are not insignificant. Less than half of the employees believe that D&I efforts have positive effects. This might be caused by a general mistrust in DEI initiatives due to a lack of understanding of majority groups towards minority groups. Results of the same study show that 34% of black professionals feel that the D&I efforts are effective, versus 41% of white professionals. This clearly shows the different perceptions of subgroups, because they are affected differently: The majority group may believe that the efforts made have a positive effect, but without confirming these effects with the minority groups, they could result in the mistrust of minority groups towards these efforts and maybe towards the company itself. Therefore, minority groups are put in a position, where it is difficult to imagine, that there is a solution to a diverse, equitable, and inclusive workspace if the majority group fails to even notice, address and accept that there is a problem in the first place.

PackagingGroup definitely presents a company culture that is well aware of these topics. Based on the corporate document assessment it is fair to say that they also put a lot of effort into communicating these DEI initiatives. This has been proven in the interviews. To have a Corporate Sustainability Report, a document that is focusing on many different issues, including DEI, is already a good example of a company culture that tries to spread awareness and information about DEI within the company, as well as to the public. To further evaluate whether these statements are translated into actions that truly promote DEI, the next portion of the interviews evaluates the true effects of DEI.

7.2 Evaluation of DEI Effects

The general opinion of this respondent group on the positive effects of DEI was one-sided. Everybody believes that DEI has a positive effect on the company's performance but also the company culture as a whole. Throughout the interviews, one aspect of DEI was mentioned numerous times. Quoting Respondent, A: "*Diverse groups make better decisions*". "*Heterogenic groups have the same opinions, same ideas, and same bases of working; therefore, they have a very one-sided point of view on things,*" says Respondent C. Variations of this answer occurred in all of the interviews. Respondent B further added: "*Diverse groups make better decisions, and they can often avoid expensive mistakes*" Which is touching on the effect that DEI has on the financial performance of the company. Respondents also agreed that DEI makes the company more attractive for future employees, especially for the younger generation, which sets a very high standard for DEI initiatives.

Numerous answers were also focusing on the moral aspect of DEI. Respondent E believes that DEI creates a very positive, open-minded atmosphere in the company, where people do not need to hide their true selves. He feels happy that his gay colleagues can talk openly with him, as they don't need to be worried about unsolicited coming out or discrimination. Respondent D also talked about the importance of creating a balanced dialogue. As she had mentioned, she used to work in a very heterogenic, white male-dominated environment, where she did not feel comfortable and heard. This changed when she started working at PackagingGroup.

Most of the respondents agreed that diversity increases creativity due to the wide range of ideas coming from diverse teams of different cultures and backgrounds. Quoting Respondent E: "Diverse teams combine the best knowledge of the world". Nevertheless, respondent C believes that creativity is also a question of individuals and their genetics, rather than claiming that some nationalities might be more creative than others. Consequently, teams can be diverse, but if they are full of uncreative people, it cannot be claimed that DEI promotes creativity, as there are many other factors that can influence creativity. On the other hand, Respondent A points out the higher probability of finding creative employees in diverse company cultures.

Respondents also agreed that diverse teams tend to be in the beginning less efficient than heterogenic teams. Quoting Respondent F: "*If you have a team, where everybody comes from the same background, with the same experiences you certainly will agree on more things than with colleagues that are very different from you. But that doesn't mean that the decisions are better*". As Respondent B already mentioned better ideas mean lower cost, higher profit, and therefore also higher efficiency in the long run. All of the respondents also agreed that DEI can increase profitability, predominantly because of the better decisions, that come from diverse teams.

Respondents also believe that majority groups can become more open-minded, that DEI helps them to work more efficiently with minority groups, and that this helps the company but also society as a whole.

Part of the interview also examines the negative side of DEI, which became a very frequent topic for discussion in PackagingGroup. This part of the interview was the most diverse in answers. Respondent F sees a problem in situations where a certain minority group is left out of the DEI initiatives, which can further decrease their feeling of belonging because regardless of the DEI efforts of the company, their culture is still being unseen. Respondent C thinks that by pushing these changes too quickly, the older generation might feel overwhelmed as they tend to be less adaptable to these changes. Respondent E sees a potential issue in using different abbreviations, as he is not always sure what they mean, and he does not want to offend anybody because of misinterpretation of a certain term. He would prefer if the company would go back to being more general. Quoting: "We *want to create a safe space for everybody and not feel like you need a Wikipedia to have an appropriate conversation*". Respondent D, as she claims, has a more critical view on this topic. She believes that the main issue that can occur is if people disconnect from the true purpose of DEI to pursue their own goals and abuse DEI for their advantage. There was also a clear correlation between the answers of Respondent A & B. Both of these managers see danger in a drastic shift of focusing only on minority groups, which can potentially make the majority groups feel left out or in some cases even discriminated. Respondent B believes that DEI itself is not the issue but the way how companies try to achieve DEI is the problem. Upon asking what the case in his company is, he gave a few examples regarding the hiring process. He was part of a discussion where employees felt that people were hired externally, because of their ethnicity or gender and it is questioned if they are truly qualified to be in that position. He also experienced situations where certain employees were not promoted, because they did not correlate with the KPIs and long-term goals that PackagingGroup has. "*If we achieve DEI of a minority group by taking it away from the majority group, we are no better*" quoting respondent B. Respondents A and B believe that this can demotivate people and it can lead to situations where they leave because of it.

The next portion of the interview was focused on factors that cause success or failure in DEI implementation. Most of the respondents agreed that the main reason why companies fail in DEI implementation is a lack of resources, communication, and honesty. Companies need to convince people that they believe in DEI initiatives and that it is not just a reaction to social pressure or just a marketing tool. People need to feel that the company is doing it with good intentions and not just fulfilling certain KPIs. Respondent A also thinks that companies should be careful with the implementation. Companies should start first with smaller projects in certain areas, to give people enough time to adjust and to find followers which would help to spread awareness and introduce these topics in an appropriate manner.

7.3 Evaluation of Employee's Personal Experience with DEI

(Maybe this part should be more the conclusion and suggestion part where I reflect on the company culture analysis and how they truly feel – I would not describe the last portion of the interview so much, but I would combine my suggestion with the stuff the managers were saying)

All the respondents agreed that the key to the successful implementation of DEI are recourses, communication, understanding, and making sure that people feel treated equally and that DEI initiatives are part of the core values of the company and not just a response to the social pressure or a marketing tool.

In this part of the interview, I evaluate the true effects that PackagingGroup's DEI initiatives have on its employees. "What does DEI mean to you?" That is the first question of this section. Most of the respondents agreed that those are the core values of PackagingGroup. "To me, DEI means an openness in the mindset," says respondent E. To most of the respondents, DEI means feeling safe, welcomed, and valued for their differences. In contrast, Respondent B has a different perspective on this question. To him on a corporate level, that focuses only on achieving certain KPIs DEI does not mean a lot. On his personal level, he was already open to the cultural differences of people, and he always looked at their qualities and not their sexual orientation or ethnicity. On a personal level, he believes that these DEI initiatives were for him a step backward but a step forward for the company. He feels that DEI could have more potential if the company would truly convince their employees and not just follow certain KPIs.

Some of the respondents associate themselves with certain minority groups. Upon questioning Respondent E if he associates himself with a certain minority group, in his opinion society should not sink into categories, because that is contractionary to the purpose of DEI. In his words: "Even I as a white heterosexual man can feel like a minority group because I enjoy classical music, which is very different to what most white heterosexual males enjoy". Respondent B had a similar reaction. As he explained he can also feel sometimes like a minority group, even as a heterosexual male, because he does not enjoy watching sports and he does not have children. Respondent F also associates himself with a minority group of African Americans within the company. To reflect on the representation of his minority group in the top management, he does not feel very well represented, although he believes that there will be a positive change due to BOLD and their practices, as people will start feeling more welcome and more included in the company culture.

Most of the respondents believe that PackagingGroup has a diverse company culture and that it always had, as it is a multinational entity, but there is still some space for improvement. Upon asking if they feel treated equally most of the respondents said yes. Nevertheless, Respondent D claims that the feeling of equality depends on the people whom she interacts with. Among her collogues in the top management group, she feels no discrimination. She has a different perception when it comes to the older generation. A significant difference in the answer was with respondent B that clearly feels discriminated against. He feels that the company is blocking the development of employees because of their gender and that unqualified people are put in certain positions to achieve certain KPIs.

7.4 Summary of PackagingGroup's Company Culture and DEI Practices

Based on the analysis of company culture and statements from the interviews it is fair to say that PackagingGroup is doing a very good job in spreading awareness and informing their employees about the topic of DEI. The company culture has seen significant development in the last 10 years. They have introduced numerous projects and events to support diversity, equity, and inclusion: PLIGN, BOLD, and PRC are actively working on promoting a safe space for their employees where everybody can bring their true authentic selves. DEI week became an ongoing event where people can openly discuss DEI topics and spread awareness. In addition, the Leadership for Growth Employee Survey continuously works as an important tool to get true feedback from PackagingGroup's employees, to further improve not only these DEI initiatives but also their leadership.

In combination with many other factors, these DEI initiates had a positive effect on the financial performance of PackagingGroup, despite the COVID-19 pandemic, Ukraine war, and economic crisis. Since PackagingGroup mentioned their DEI initiatives in 2017, their growth rate increased by 4.9 %P (Percentage Points) on Net Sales and 0.8 %P on EBITDA comparing the two six-year periods (2012-2017 and 2017-2022).
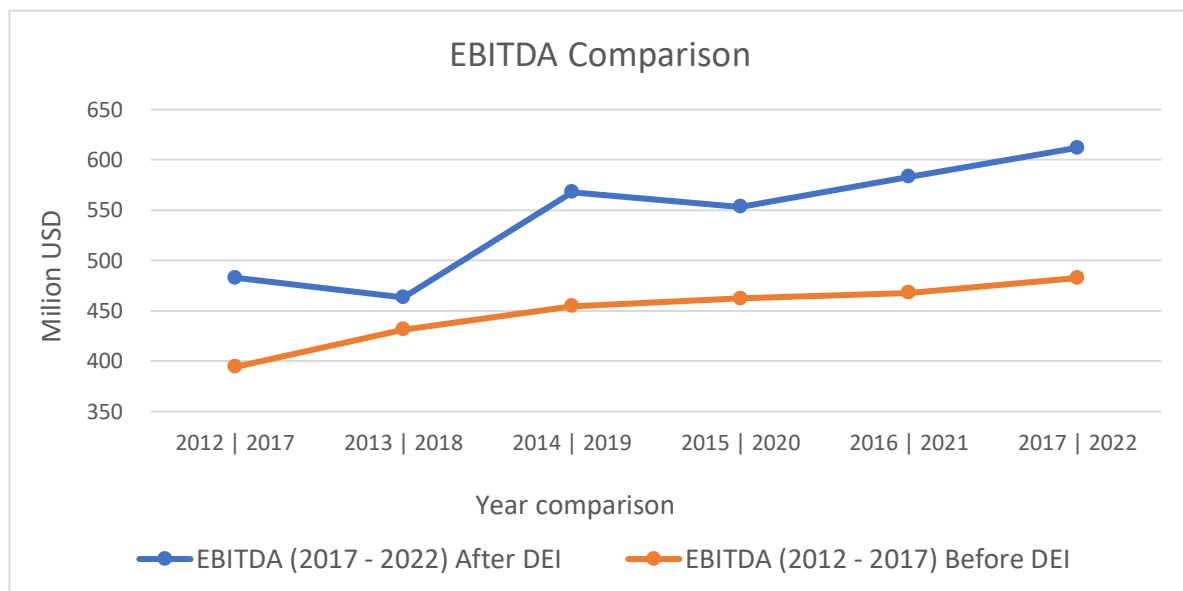
GRAPH 1 EBITDA COMPARISON OF PACKAGINGGROUP INC. IN TWO SIX-YEAR PERIODS BEFORE AND AFTER DEI CUSTOM-MADE

PackagingGroup is continually increasing the representation of women in VP and above positions to achieve its long-term goal to have 30% of women representatives at the VP level or above. PackagingGroup is also recognized for these efforts which create them very positive image in the corporate world but also the eyes of the public.

How do employees feel about DEI? The awareness of PackagingGroup's managers on DEI is at a very high level. Managers are aware of these practices, and they actively work to incorporate them into their management styles. They believe that DEI has a positive effect on the company culture. Creating diverse company culture brings a lot of benefits. People of different cultures come from different backgrounds and have very different points of view, opinions, and ideas. By being open to these diverse attributes, teams might be in the begging less efficient, as their opinions and ideas might contradict, but in the long run, they are more creative and come to a better decision, which would not be possible in heterogenic groups. On a personal level, employees feel safe and welcome to bring their

authentic selves. This can have a positive effect on the motivation and efficiency of these employees, as they don't need to waste energy on hiding and avoiding the potential risk of discrimination. Subsequently, DEI can build a company culture that is very attractive to future employees. By being open to all genders, ethnicities or even sexual orientations companies expand their reach and attract new talents.

Based on verifying the company culture of PackagingGroup and their DEI practices through the interviews, there were also statements regarding the negative aspects of DEI. The main issue of DEI is the fine line between the core values of the company and the social pressure accompanied by long-term targets and KPIs. It is clear from the interviews that PackagingGroup is doing a good job of creating a safe space for their employees, but sometimes they also cross this fine line. All respondents think that DEI is a combination of honest intentions and core values but also social pressure and marketing. By crossing this fine line, they make some employees feel treated unequally, excluding them from the company culture and making them doubt that they can be promoted, or even worse making them feel worried for their careers if they openly talk about concerns regarding DEI.

These factors certainly put minority groups in a fair position within the company. There is a strong focus to integrate them into the company culture and treat them equally, regardless of their gender, or ethnicity. At some points it can also bring them an advantage because the company is willing to take sacrifices by overlooking certain essential attributes, just to achieve their DEI targets and KPIs. This can put majority groups in an unfair position, as they might feel that their qualification is not enough if they are not part of a minority group or specific gender that the company is looking for.

8 Suggestions and Key Elements for DEI Implementation

Based on the literal research of the theory behind DEI and detailed analysis of company culture, that actively strives for diversity, equity, and inclusion, including financial analysis and interviews with professionals, I developed five key elements to successfully implement DEI in a company while minimizing the risk of failure:

Start small: companies that want to implement DEI need to take a slow, gentle, and careful approach. While introducing DEI topics, companies should decide what would be the most familiar topic that could be the starting point for DEI. In most cases, gender balance is a good starting point, as it is a topic that has been discussed for many years and people already have certain awareness and knowledge in this area.

Set targets: specific targets are very important for companies because they help them to orient themselves in areas that might not be so familiar. Targets also help to evaluate their development and progress.

Stay fair to everybody: By setting specific targets, to improve the representation of certain groups within the company, companies might increase diversity and benefit from it, but they can put themselves in danger if they do not remain fair also to the groups, that were once the majority in the company. The majority groups in these cases might feel discriminated against, which can lead to demotivation and potentially resignation.

Communicate honestly and sufficiently: communication is key to success. When it comes to introducing changes of a social nature, people tend to be more sensitive. There is a high chance that employees might develop mistrust towards DEI initiatives because they view them either as a pure reaction to social pressure or as a marketing tool. Therefore, it is important to invest time and resources to communicate these initiatives sufficiently and honestly.

Create a community: it is human nature to create communities and cultures. Therefore, it is important to build a space where people can bring their true authentic selves and feel safe and welcomed. Employee Resource Groups (ERG) are an efficient tool that helps to create a diverse, equitable, and inclusive environment within the company. These groups can organize certain events, workshops, or networking activities that can further spread awareness and support the foundation for a strong, diverse, equitable, and inclusive company culture.

Conclusion

This thesis was created to provide readers with knowledge and understanding of DEI in a multicultural environment and the benefits of a diverse workforce. Subsequently, it is stressing the importance of creating diverse, equitable, and inclusive spaces for employees in today's business environment that faces factors like the low degree of unemployment or globalization. It is providing the reader with a practical example of successful DEI implementation, as well as a potential risk that may occur in the process of implementation.

The theoretical part of the thesis first focuses on DEI in multicultural management and its importance in today's world. Globalization puts pressure on companies that need to have a diverse workforce to stay relevant in today's market. Companies that want to remain relevant in today's market need to acknowledge the importance of managers that obtain the right set of skills to deal with complex international business environments and the dynamic of foreign markets. Cultural diversity also brings particular challenges that need to be overcome to create a healthy company culture and safe workspace. To overcome these obstacles, cultural diversity management is essential.

Nevertheless, cultural diversity management is not sufficient. Employees, managers, organization but also the whole of society needs to be first aware of minority groups before trying to work with them in any way. People differ and their opinions, ideas, cultures, rituals, habits, and many other attributes need to be acknowledged. People need to be aware that we are different. In any scenario where these attributes do not correlate with the attributes that we obtain, there is a danger of uncurious bias. Unconscious bias is one of the biggest obstacles that accompany diversity. To overcome unconscious bias, companies need to put a lot of effort into creating a diverse, equitable, and inclusive workspace for their employees because only then companies can truly draw from the benefits that diverse company culture brings.

The practical part of the thesis analyzes the true effects of DEI on company culture. PackagingGroup is a company that was used as a practical example to demonstrate the changes in company cultures as well as the effects that DEI has on employees and the organization. The practical part analyses the company culture through an assessment of corporate documents and interviews held with top managers of PackagingGroup.

PackagingGroup demonstrates that there are many possible ways that companies can create a safe space for their employees. It has been verified through the interviews that Employee Resource Groups (ERG) are a very useful tool that can be implemented in companies to spread awareness and create a safe environment for all employees. At the same time, companies should be careful with the pace at which they introduce these changes. Companies need to introduce these DEI initiatives in small portions in areas that people are more familiar with like gender balance. By introducing these topics in a slow and gentle manner, the danger of overwhelming employees is reduced. Having succeeded on this first level, companies should set further targets that can help them to orient their efforts. At the same time, organizations need to communicate these targets efficiently to make sure that employees feel convinced that the company is trying to make a positive change and that they are not only striving for certain KPIs. Companies should also make sure that they stay inclusive to the majority groups, as there is a danger, that the feeling of discrimination and unequal treatment can turn around, making the majority groups feel treated unfairly. This could lead to a decrease in motivation and potential resignation from the company.

The thesis suggests the following five key elements to successfully implement DEI into the company culture: *Start small, Set targets, Stay fair to everybody, Communicate honestly and sufficiently, Create a community*

Overall, I believe it is fair to say, and proven by this thesis, that DEI, when introduced correctly, will help a company to attract a stronger employee foundation, improve its decision-making process, increase creativity, and as a result generate better financial results.

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List of Abbreviations

BBS   Behavioral-Based Safety
BOLD   Black Organization for Leadership, Diversity & Development
CAGR   Compound Annual Growth Rate
CEO   Chief Executive Officer
CPD   Carbon Disclosure Program
DEI   Diversity, Equity, Inclusion.
EBIT   Earnings Before Interest and Taxes
EBITDA   Earnings Before Interest, Taxes, Depreciation, and Amortization
EHS   Environmental, Health, and Safety
ERG   Employee Resource Group
ERG   Employee Recourse Group
ESG   Environment and Social Corporate Governance
GDKA   Gender and Diversity KPI Alliance
GDPR   General Data Protection Regulation
GRI   Global Reporting Initiative
KPI -   Key Performance Indicators
KSA   Knowledge, Skills, Abilities
LGBTQ+   Lesbian, Gay, Bisexual, Transgender, Queer
LTFR -   Lost Time Frequency Rate
PLIGN   PackagingGroup Leadership Inspire Grow Now
PRC   PackagingGroup Rainbow Community
SDG   Sustainability Development Goals
TRIR -   Total Recordable Incident Rate
WLC   Work-Life Conflict