



Master Thesis

Diversity and its Impact on the Performance of an International Organization

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Master Thesis Assignment Form

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- ARMSTRONG, Michael and Stephen TAYLOR, 2020. *Armstrong's Handbook of Human Resource Management Practices*. 15th ed. London: KoganPage. ISBN 987-0-7494-9827-6.
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Anotace

Tato diplomová práce se zabývá diverzitou a jejím vlivem na výkonnost podniku se zaměřením na Illinois Tool Works Inc. (ITW). Diplomová práce využívá smíšené metody, které kombinují dotazník a regresní analýzu ke zjištění, zda existuje spojitost mezi genderovou diverzitou a návratností kapitálu. Diplomová práce se také zabývá dopadem přítomnosti skupin zaměstnanců zaměřené na minoritní skupiny na výkonnost podniku. Dotazník zkoumá podporu vedoucích, povědomí zaměstnanců a jejich zapojení v rámci těchto skupin. Vztah mezi podílem žen na 1000 nejlepších pozicích v ITW a návratností kapitálu ITW je analyzován pomocí regresní analýzy s desetiletými finančními údaji, od roku 2013–2022. Výsledky vykazují významnou pozitivní korelaci mezi těmito proměnnými. Je však nutné si uvědomit také limitace této diplomové práce, včetně jejího zaměření pouze na jednu organizaci. Celkově tato práce přispívá k pochopení role diverzity při zvyšování výkonnosti podniku a poskytuje návrhy jednotlivcům, kteří chtějí zavést efektivní iniciativy v oblasti diverzity.

Klíčová slova

Management diverzity, diverzita, výkonnost podniku, genderová diverzita, dotazník, regresní analýza, vysoká výkonnost, pracovní prostředí

Annotation

This diploma thesis examines the impact of diversity management on organizational performance, focusing on the context of Illinois Tool Works Inc. (ITW). The thesis uses a mixed-methods approach, combining a questionnaire and regression analysis, to analyse the correlation between gender diversity and ITW's Return on Equity (ROE), as well as demonstrate the impact of the presence of Employee Resource Groups (ERGs) within an organisation. The questionnaire examines leaders' support for ERGs and employee awareness of and engagement within ERGs. The association between the proportion of women in top 1000 positions within ITW and its ROE is analysed using regression analysis with ten years of financial data (2013-2022). The outcomes demonstrate a significant positive correlation between these variables. However, it is essential to recognize the limitations of this diploma thesis, including its focus on a single organization only. Overall, this thesis contributes to understanding diversity management's role in increasing organizational performance and provides suggestions to individuals who want to implement effective diversity initiatives into operation.

Key words

Diversity management, Diversity, organisational performance, Employee Resource Groups, gender diversity, questionnaire, regression analysis, high-performance culture, workplace environment

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List of Abbreviations

AAN – African American Network
APEN – Asian Professionals Engagement Network
B – billion
CEE – Central and Eastern Europe
CEO – Chief Executive Officer
CZ – Czech Republic
D&I – Diversity and Inclusion
DEI – Diversity, Equity, Inclusion
ERG – Employee Resource Group
EU – European Union
GDP – Gross Domestic Product
HR – Human Resource
ITW – Illinois Tool Works
IWN – ITW Women's Network
LGBTQ – Lesbian, Gay, Bisexual, Transgender, Queer
LHN – Latino Hispanic Network
OE – Original Equipment
OEM – Original Equipment Manufacturers
ROE – Return on Equity
s r.o. – company with limited liability
SEE – Standard Error of the Estimate
SVP – Senior Vice President
US – United States
VP – Vice President
YPN – Young Professional Network

Introduction

Diversity management has become essential to organisational performance in today's business environment. Understanding the value that diversity contributes to teams and overall performance, organisations increasingly focus on building effective diversity management strategies. The main goal of this diploma thesis is to analyse diversity and its impact on the performance of an international organisation, with a particular focus on gender diversity within the context of Illinois Tool Works Inc. - ITW PRONOVIA, s r.o. (ITW). In addition to the main goal, the diploma thesis has several additional goals. In general, it will provide a better understanding of diversity. So, firstly addressing the core principles of diversity management by examining the topic's evolution from old to new rules, focusing on the changing perspectives and methods. Furthermore, to identify best practices in diversity management, explore the significance of building a high-performance culture within organisations. Moreover, workplace diversity is recognized to have challenges for management, so diversity needs to be effectively managed (Machado, 2017). So, the thesis will investigate some of the challenges that diversity presents for managers and address the challenges they may face in creating effective diversity, and evaluate its potential impact on performance. The distinctions between Diversity, Equity, and Inclusion (DEI) will be examined, focusing on the growing importance of initiatives related to DEI. Additionally, address the critical role of Employee Resource Groups (ERGs) in promoting diversity, because ERGs have become more crucial when organisations try to improve their diversity (Catalino et al., 2022). However, this thesis mainly focuses on gender diversity, so gender diversity within organisation will be examined. Moreover, gender stereotypes that affect leadership roles and women's representation in organisations will be also examined. Another part of the thesis focuses on the challenges and opportunities associated with diversity. It investigates the presumptions and bias patterns organisations face while implementing effective diversity initiatives and the potential benefits of adopting diversity. The second part is focused on investigating ITW's business strategy, diversity, and inclusion framework, as well as its commitment to promoting a diverse workplace. This thesis will analyse ITW to provide practical insights into diversity management in a real-world context. The role of Employee Resource Groups (ERGs) within ITW will be examined, and using qualitative tools – a questionnaire focused on ERGs at ITW will be provided. Furthermore, the thesis will determine the findings of the employee experience across ITW.

Furthermore, gender diversity within ITW will be examined, with women's representation compared to the average industry representation, and evaluating ITW's fulfilment in increasing gender diversity. Moreover, the thesis will analyse the impact of diversity, particularly gender diversity, on ITW's performance. The thesis will use also quantitative tools – the implementation of regression analysis. The diploma thesis will analyse whether there is a relationship between variables. In the case of the regression analysis, the SPSS program will be used to analyse the correlation between the proportion of women in ITW and the organisation's ROE (return on equity). By achieving these objectives and goals, this diploma thesis aims to contribute to existing knowledge on diversity management, identify the potential benefits and challenges associated with diversity, and provide practical insights and a deeper understanding of diversity's role in driving an organisation's growth.

1. Diversity management

Diversity refers to how humans differ from one another. It means that individuals are different from each other (Friday & Friday, 2003). According to Kandola and Fullerton, diversity consists of visible and invisible differences (Kandola and Fullerton, 1994). This idea has been widely accepted and applied in the field of diversity management. Visible differences refer to characteristics that are immediately noticeable, such as race, gender, age, and physical (dis)ability. Invisible differences, on the other hand, refer to characteristics that are not immediately visible. By acknowledging and valuing both visible and invisible differences, organisations can create a more inclusive and diverse workplace (Kandola and Fullerton, 1994). However, several categories of diversity are provided by other authors. Robbins and Judge distinguish between two categories of diversity: surface-level and deep-level diversity (Robbins, Judge, 2011). Surface-level diversity refers to characteristics that are easy to recognize, such as age, gender, race, ethnicity, culture, and disability, which can lead to certain presumptions in others, even if they do not accurately reflect individual's mental, emotional, and behavioural characteristics. Deep-level diversity includes differences in values, perceptions, and attitudes that are not necessarily visible but can have a significant impact on other's behaviour and interactions (Robbins, Judge, 2011).

1.1. Old rules and new rules of diversity management

There has been a significant shift in how companies approach diversity in the workplace in recent years. The old rules, characterised by limited perspectives and compliance-driven goals, have given way to new rules emphasising. The key differences between the old and new rules of diversity describe following Table 1:

OLD RULES	NEW RULES
Diversity is seen as a reporting goal influenced by brand and compliance priorities.	Diversity and inclusion are prioritised at the CEO level and are considered critical at all levels of management.
Work-life balance is recognized as being difficult for employees, with organisations offering many forms of support.	Family, individual well-being, and work-life balance are elements of the overall employee experience.

OLD RULES	NEW RULES
Differences in gender, race, and demographic background make up the definition of diversity.	A deeper definition of diversity considers ideas like "diversity of thought," which also takes into account people with other differences.
A pure focus on "merit" will determine whether or not leaders are promoted.	Leaders are promoted based on their ability to lead inclusively; the concept of "merit" is analysed to uncover built-in biases.
Programs for diversity and inclusion are limited to discussions, training, and education.	Beyond education, diversity and inclusion prioritise debiasing organisational processes and holding executives responsible for their inclusive activities.
Organisations regularly report on and track diversity-related progress.	Companies measure managers to one another and hold them responsible for promoting an inclusive workplace.

Table 1: Old rules and new rules of diversity. Source: Bersin, 2017. Modified by author.

- **Diversity as a reporting goal vs. CEO-level priority**

Under the old rules, diversity was often seen as a just reporting goal driven by compliance and brand priorities. In contrast, the new rules prioritise diversity and inclusion at the CEO level. It is recognized as a critical aspect of business strategy, and managers actively promote diversity and lead inclusively at all levels of management (Bersin et al., 2017).

- **Work-life balance challenge vs. overall well-being**

Old rules viewed work-life balance as challenging for employees to manage, with limited organisational support. However, the new rules recognize that work-life balance is important for employee well-being and satisfaction. Organisations provide comprehensive support programs that prioritise the well-being of their employees, including work-life balance, family support, and individual satisfaction (Bersin et al., 2017).

- **Limited definition of diversity vs. broader perspectives**

The old rules limited diversity to factors such as gender, race, age, and nationality. It was primarily focused on gathering demographic data on designated groups. In contrast, the new rules reflect a broader definition of diversity. It includes the concept of "diversity of thought," which recognizes the value of different perspectives, experiences, and differences. This broader viewpoint promotes a more inclusive and diverse work environment (Bersin et al., 2017).

- **Merit-based promotion vs. inclusive leadership**

Under the old rules, leaders were primarily promoted based on perceived merit and experience without considering potential biases. However, the new rules shift the focus to inclusive leadership. Managers are evaluated and promoted based on their capacity to lead inclusively and their commitment to diversity, equity, and inclusion (Bersin et al., 2017).

- **Education and discussion vs. action and responsibility**

Old rules often addressed diversity and inclusion as programs of education, training, and discussion. While these efforts are valuable, the new rules go beyond education to encourage action and responsibility. Organisations understand the need to remove bias from business procedures, such as recruitment, promotion, and talent management, and hold managers responsible for creating an inclusive workplace environment (Bersin et al., 2017).

- **Reporting progress vs. measuring and comparing**

Under the old rules, companies mainly reported progress on diversity measures without sufficient focus on responsibility. In contrast, the new rules prioritise measurement and comparison. Companies actively monitor inclusion, diversity, and the lack of bias. Organisations can compare managers' performance and ensure responsibility in creating an inclusive work environment (Bersin et al., 2017).

The shift from the old rules to the new ones signifies a transformative approach to a diversity and inclusion workplace. The new rules prioritise inclusivity at the highest levels of leadership, place emphasis on comprehensive well-being, promote a broader definition of diversity, support inclusive leadership, encourage action and responsibility, and measure

progress. By adopting these new rules, organisations can create a more inclusive, equitable, and innovative workplace for all employees (Bersin et al., 2017). Actively promoting diversity in the workforce is essential for organisations to reflect the communities they operate in and provide diverse customer service. Differences between individuals, whether biological or acquired, are conducted in the concept of diversity. Nevertheless, these inequalities might result in bias, exclusion, and discrimination in today's marketplaces for employment. Risks of presumptions can be associated with factors including age, gender, sexual orientation, abilities, health, personality characteristics, race, ethnicity, religion, language, nationality, place of residence, social origin, parental history, income, education, socioeconomic status, and appearance (World Economic Forum, 2020).

Organisations can build an inclusive environment that respects and values individuals' different backgrounds and experiences by recognizing and taking into account these factors. Supporting diversity opens the potential for innovation, creativity, and better performance, among other benefits of promoting fairness and equality in the workplace. In order to build a workplace environment that promotes psychological safety, where employees feel safe to be themselves without worrying about being judged, a sense of belonging must be created. It means establishing an environment where people may openly express their thoughts and opinions while also feeling valued and respected for their own unique points of view and contributions (World Economic Forum, 2020).

1.2. Best practices of diversity management

This section is focused on the importance of having appropriate opinions and attributions when managing employees with different backgrounds (diverse workplace). Organisations have to effectively manage diversity in order to make fair and ethical judgments, achieve high performance, and get an advantage over their competitors (George, Jones, 2018). Regardless of how it is defined, diversity is a broad and complex concept that impacts each and every individual. Moreover, workplace diversity is recognized to have challenges for management, so diversity needs to be effectively managed (Machado, 2017).

Researchers identify important actions that organisations could involve to successfully lead a diverse workforce:

- **Obtaining top-level management commitment to diversity**

A crucial step towards effectively managing diversity in an organisation is for top-level management to clearly communicate and demonstrate a vision of diversity that is promoted at all levels of the organisation (Kreitz, 2008). Top managers have a high degree of authority, power, and status within organisations, and when they prioritise diversity, it inspires other individuals in the organisation to do something similar. Top managers who are committed to diversity make sure that their organisations allocate resources to effective diversity management, and their dedication contributes to supporting projects related to diversity. Top management's commitment to diversity guarantees that top managers see all of the actions of their team members with as much accuracy as possible and that they recognize and accept individual for who they truly are (George, Jones, 2018).

- **Diversity training**

Diversity training can help managers lead employees with different backgrounds. There are numerous diversity training courses with various goals. The goals, however, are to make evident and eliminate employee's presumptions that result in incorrect judgments; to make members recognize various kinds of backgrounds, experiences, and values; to show employees how to proceed effectively with differences-related conflicts and disagreements. Furthermore, to improve members' understanding of each other (George, Jones, 2018). Management and employees must be informed and educated on the organisational benefits of diversity (Kreitz, 2008).

- **Recruitment**

Organisations must be proactive in attracting and recruiting qualified individuals from a variety of backgrounds in order to build a diverse workforce. Additionally, organisations should seek out and develop partnerships with various professional organisations, educational institutions, and community-based organisations to increase their applicant pool. Underrepresented groups, such as women and minorities, should be identified and targeted in recruitment strategies (Kreitz, 2008).

- **Connect diversity and performance**

Organisations that value diversity have discovered that supporting a diverse workforce can lead to higher productivity and enhanced individual and organisational performance. Employees that are respected and appreciated for their unique characteristics are more engaged, motivated, and dedicated to their work, resulting in increased job satisfaction. Furthermore, organisations that emphasise diversity better understand how to recognize and respond to their diverse customer's requirements and preferences (Kreitz, 2008).

- **Mentoring**

It is a method when a more knowledgeable member of an organisation (the mentor) recommends and guides less-experienced members. Mentor also assists the less-experienced individual in understanding how everything works and then performing the right things for him/her to succeed in the organisation (George, Jones, 2018).

- **Education**

In certain circumstances, in order to properly manage diversity, employees of an organisation are required to get some extra education to connect and collaborate with diverse team members more effectively (George, Jones, 2018).

1.3. Developing a high-performance culture

Each organisation has a fundamental obligation to its stakeholders, and achieving high performance depends significantly on the quality, dedication, enthusiasm, expertise, and abilities of its employees at all levels. So according to Armstrong (2020), strong performance can be achieved through the individuals in the organisation. A high-performance culture has the following characteristics:

- **Clear performance expectations**

Management specifies performance improvements, establishes goals, and monitors performance to ensure goal achievement. Employees should understand their goals and responsibility, allowing them to better coordinate their efforts (Armstrong, 2020).

- **Alternative work practices**

Implementing alternative work practices, such as job redesign, autonomous work teams, improvement groups, team briefing, and flexible working arrangements, supports workplace creativity, collaboration, and flexibility (Armstrong, 2020).

- **Job satisfaction**

Employees appreciate their jobs and recognize a strong alignment between their abilities and the tasks they are allocated. This increases employee satisfaction and allows them to achieve high performance (Armstrong, 2020).

- **Empowerment**

Individuals are encouraged to maximise their contributions by being given autonomy, decision-making authority, and the resources they require to succeed in their positions (Armstrong, 2020).

- **Strong leadership**

Effective leadership promotes a widespread belief in the importance of continuous improvement, developing a workplace environment of excellence, and a performance-driven mindset (Armstrong, 2020).

- **Positive attitudes and engagement**

The organisation should promote positive attitudes encouraging an active, committed, and motivated employee. This can be achieved through initiatives recognizing and rewarding employee contributions, building growth opportunities, and promoting a positive work environment (Armstrong, 2020).

- **Continuous education and development**

The organisation invests in its employees' capacities through providing learning opportunities at all levels. This boosts performance improvements and encourages individuals to fully utilise their skills, abilities, and potential (Armstrong, 2020).

- **Reward and recognition**

Individuals are appreciated and rewarded for their contributions, which increases a sense of appreciation and motivation to be successful (Armstrong, 2020).

- **Employee involvement**

Employees participate in developing and improving high-performance practices, collaboration, and a sense of shared responsibility (Armstrong, 2020).

- **Teamwork and trust**

An environment of trust and teamwork is promoted to deliver customers exceptional and outstanding service. All levels of the organisation encourage open communication, teamwork, and cooperation (Armstrong, 2020).

Overall, these characteristics contribute to developing a high-performance culture that encourages excellence, boosts innovation, and supports the organization's achievement of sustainable success.

1.4. Diversity management as a challenge for managers

Managing diversity can be challenging for managers due to the various challenges that organisations encounter. This includes acknowledging diversity, raising awareness of its importance, and developing an effective and successful diversity management strategy. However, achieving this requires a more in-depth understanding of diversity and inclusion. The journey of diversity management is a constant exploration of individuals and their contributions, as well as the value they bring to an organisation and society as a whole (Gross-Gołacka, 2018). Diversity is a multidimensional concept. It is determined by a combination of characteristics, including age, gender, disability, race, ethnicity, and religion, as well as factors such as education level, family structure, position, geographical location, style, and values, both visible and invisible. Diversity refers to the differences that individuals contribute to an organisation or community. Age, gender, disability, race, ethnicity, religion, and values, perceptions, and attitudes are all examples of variations. As a result, diversity should be studied as a broad concept that requires recognizing, understanding, accepting, and appreciating individual differences (Gross-Gołacka, 2018).

Despite employees appearing similar based on certain characteristics such as age or gender, each individual is unique and may respond differently to various management styles (O'Donovan, 2010). Treating every employee in the same way, may not be effective, and managers must recognize and respond to these individual differences (Machado, 2017). Creating a safe and trusting workplace is crucial for managers. Many white managers find it challenging to respond to and support people from minority groups who may feel excluded or undervalued. However, it should allow managers to start discussions encouraging learning and connection. Managers can create a safe environment for their teams to share their experiences. Managers need to be willing to listen with openness and neutrality, even if they do not have all the answers (Ely, Thomas, 2020). When managers have already built trust, removed discrimination, and come to appreciate diversity within a team, it is more likely to happen that team members will benefit from cultural differences (Ely, Thomas, 2020). On the other hand, a counter-argument to diversity is that a diverse board may include individuals with opposing points of view or different opinions, resulting in delays in decision-making. This delay can be expensive, especially in situations of competition. As a result, board diversity may not always boost performance and may even have negative consequences in certain situations (Smith et al., 2006).

1.5. Impact of diversity on team performance

According to Figure 1, when managed well, diverse and inclusive teams contribute to a broader spectrum of knowledge and abilities, improve problem-solving, and gain a competitive advantage when entering new markets and expanding market share (World Economic Forum, 2020). Moreover, every team member contributes their unique knowledge and experiences, resulting in a higher collective intelligence than that of teams with homogeneous members. Due to their members' different backgrounds and abilities, diverse teams may benefit from a larger pool of talent. They are then more equipped to deal with challenging issues and take advantage of the potential that homogeneous teams would pass over. The team's wide range of skills and knowledge provides a deeper comprehension of many different aspects of the problem or project, delivering more complex and broad-minded outcomes (World Economic Forum, 2020).

Impact of diversity on team performance

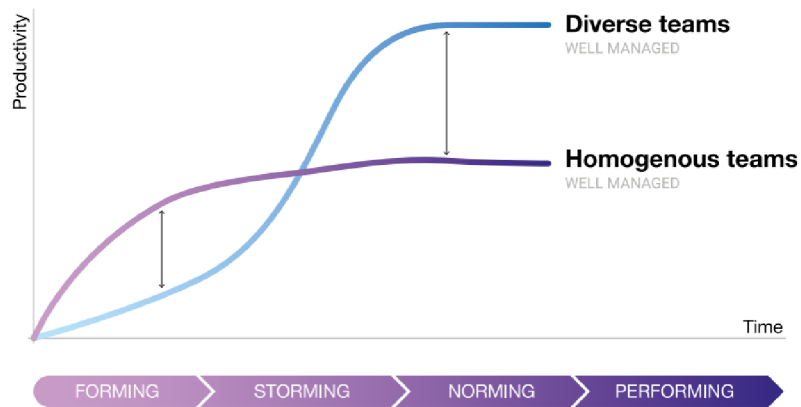


Figure 1: Impact of diversity on team performance. Source: World Economic Forum, 2020.

Organisations are very quickly discovering the enormous impact of diversity on their overall success in today's dynamic and competitive business environment. It requires more than just following rules and meeting community expectations. It involves maximising the capacity of a diverse workforce and creating an environment where everyone can achieve success. Other important reasons organisations should focus on in case of diversity are profitability, innovation, and effective decision-making.

- **Profitability**

One area where diversity is believed to be making a real difference is profitability. According to research, organisations prioritising diversity have a 25%–36% higher chance of outperforming their competitors in terms of profitability. These organisations can gain from broad spectrum of points of view, experiences, and ideas that boost innovation and support growth by promoting diversity in all forms and granting equitable chances to everyone. Diversity can drive innovation, encourage creative problem-solving, and allow organisations to respond quickly to ever-changing customer demands (Dixon-Fyle, 2020).

- **Innovation**

Diversity have also been found to be strongly connected with innovation. Compared to their fewer-diversified competitors, organisations that create inclusive workplaces

report up to 20% higher rates of innovation. These organisations uncover the full potential of their workforce, enabling them to produce innovative ideas and solutions by adopting different points of view and building a welcoming environment. These innovative organisations not only define the norm in their respective industries but also benefit from 19% higher innovation revenues, giving them an advantage over competitors (Bourke, 2018). Furthermore, organisations with higher levels of team diversity produced above-average innovation revenue and did much better than those with below-average leadership diversity. In particular, 45% of the total income of these diverse organisations came from products and services introduced in the past three years, in contrast to just 26% for less diversified organisations. This statement highlights how important diversity is for driving innovation (Lipman, 2018).

- **Effective decision-making**

Another area where diversity is crucial is effective decision-making. It has been demonstrated that organisations that promote their efforts towards diversity are up to 30% more effective at recognizing and reducing risks to the organisation. Diverse team members with different points of view and backgrounds contribute to a more comprehensive evaluation of potential risks and a greater variety of insights. In an environment where organisational decisions are becoming more and more challenging, an effective decision-making process helps organisations handle risks, take opportunities, and support sustainable growth (Lorenzo, Reeves, 2018).



Figure 2: Profitability, Innovation and Decision-making increase. Source: World Economic Forum, 2020. Modified by author.

1.6. Understanding the differences between Diversity, Equity, and Inclusion

Because of their interconnected nature, diversity, equity, and inclusion are frequently addressed together, and their combined impact is significant. Some organisations may also include the concept of belonging in their DEI (diversity, equity, and inclusion) strategies (McKinsey, 2022). However, understanding the different meanings of all of them is crucial:

- **Diversity**

Diversity refers to the representation of different identities in the workplace. It represents factors such as gender diversity (the balance of men and women), age diversity (the mix of generations), ethnic diversity (representation of different cultural backgrounds), or physical (dis)ability (considering the perspectives of individuals with disabilities) (McKinsey, 2022).

- **Equity**

Refers to guaranteeing equal treatment for all individuals, where norms, practices, and policies minimise the predictability of opportunities or outcomes based on an individual's identity. It varies from equality since equity recognizes the various circumstances of individuals and adapts treatment accordingly in order to achieve equality in the end (McKinsey, 2022).

- **Inclusion**

Is focuses on employees' experience within a workplace and how organisations encourage and motivate all individuals to contribute effectively. To maximise the benefits of a diverse workforce, organisations must create an inclusive culture in which every person feels respected, valued and accepted, as this is critical for talent retention and unlocking the potential of diversity (McKinsey, 2022).

1.6.1. Growing importance of DEI

Diversity, equality, and inclusion (DEI) have gained significant importance in recent years. Recognizing and respecting diversity is not only ethically critical but also beneficial for

organizations. DEI are becoming even more crucial to organisations in today's business environment for three imperative reasons:

- **Moral imperative**

The basic principle of DEI is giving everyone access to the same opportunities and resources within fair and equal conditions. Organisations that promote diversity confirm that fairness and equal opportunity are essential to their corporate values and codes of conduct, strongly rejecting any forms of discriminatory activities (World Economic Forum, 2020).

- **Legal imperative**

To end discrimination in the workplace, the International Labour Organization has implemented several types of agreements. Most countries have signed these agreements, making them the framework for national laws promoting equality of opportunity and treatment in the workplace. The rights and entitlements granted to potential employees by local laws must be considered by international organisations operating in different legal environments (World Economic Forum, 2020).

- **Economic imperative**

Organisations might need initial learning efforts for everyone in the organisation in order to optimise the competitive advantages of diversity, equity, and inclusion. Lots of research has shown that well-managed diverse teams outperform homogeneous ones in the long term. Organisations must focus more on building a secure, welcoming, and inclusive workplace that encourages a sense of belonging for all employees rather than focusing just on diversity for representation (World Economic Forum, 2020).

1.6.2. Approaches to DEI across industries

Diversity, equity, and inclusion (DEI) initiatives require industry-specific approaches considering the unique workforce compositions within different sectors. In technical industries, there is a pressing need to address the "broken rung" phenomenon that makes women's career advancement. To tackle this, organisations should implement measures to repair the broken rung on the career ladder for women in technical roles. This includes

mentorship programs, advocating for equal opportunities, and promoting an inclusive work culture to support women's professional growth. While progress has been made, women continue to face underrepresentation in senior leadership positions within healthcare and life sciences (McKinsey, 2022). By empowering women to pursue executive roles, the industry aims to achieve greater gender diversity at all levels. The mining industry is witnessing a departure of women from its workforce, leading to imbalanced gender dynamics. Recognizing the importance of diversity, mining companies are taking steps to attract and retain women employees. These measures include implementing family-friendly policies, inclusive recruitment practices, and a supportive environment encouraging women's participation and growth in traditionally male-dominated roles (McKinsey, 2022). Diversity, equity, and inclusion are approached differently across industries, acknowledging the unique challenges and opportunities they face. By addressing the broken rung in technical industries, promoting gender diversity in healthcare and life sciences, and mitigating the female workforce in mining, organisations can foster inclusive workplaces that empower individuals from all backgrounds (McKinsey, 2022). Diversity is a centuries-old element in society since no two individuals are precisely the same, even if they appear similar at first sight. As a result, it is appropriate to conclude that diversity has long existed (O'Donovan, 2015).

1.7. ERG - Employee Resource Groups

Employee resource groups (ERGs) have become more crucial when organisations try to improve their diversity, equity, and inclusion (DEI) strategies. ERGs are internal communities of employees with similar identities and interests. ERG leaders and members control whether these groups genuinely meet employees' needs while seeking ways to provide the support that team members require (Catalino et al., 2022). However, ERGs goal only sometimes matches the workforce's expectations. Employees may experience less of a feeling of inclusion in the workplace when there is a disconnect between what ERGs provide and what employees require. On the other hand, ERG members who feel supported report feeling a greater sense of belonging. According to research, employees who believe their ERGs are highly effective and are much more likely to express experiences of inclusion than employees who think their ERGs are ineffective (Catalino et al., 2022). Therefore, company leaders are responsible for ensuring that ERGs meet employee expectations and the organisation's DEI objectives. This aim can be completed by emphasising key aspects, such

as effectively expressing the purpose and goals of ERGs, coordinating their activities with corporate DEI strategies, and providing ERG leader's appropriate support. ERGs are necessary for developing initiatives related to DEI within organisations in several ways. A key element is supporting inclusion which involves making the workplace welcoming and equitable for every employee. ERGs promote inclusiveness by boosting people's feelings of community and belonging, especially by dealing with the experience of being the lone representative of a specific identity within the organisation (Catalino et al., 2022). Employees that are part of an ERG might additionally be authentic at work and feel a stronger sense of purpose in their positions. ERG processes and infrastructure improve community, equity, and acceptance among various groups while also increasing awareness of underrepresented groups within the organisation. By participating in talent attraction activities like recruiting events, they support recruitment efforts by showing a friendly workplace culture. In order to more effectively meet the needs of underrepresented group, ERGs collaborate with HR and leaders (Catalino et al., 2022). Additionally, ERGs have an impact outside of the organisation's boundaries. ERGs enable organisations to better understand their customers and target underrepresented groups with products or services. Therefore, organisational leaders can use ERGs to advance their DEI activities. Organisations can create more inclusive and equitable environment by recognizing and promoting the significant role of ERGs (Catalino et al., 2022).

1.7.1. How to increase the efficiency of the ERGs

The following chapter will determine that having ERGs in place is necessary to develop diversity, equity, and inclusion. The most effective ERGs respect the following four key principles:

- **Define a clear purpose to avoid misunderstanding within ERGs**

Effective organisations guarantee that DEI teams discuss their strategies with ERGs to prevent conflicts between ERGs and corporate DEI teams. Sometimes ERGs plan activities like, for example, unconscious bias training, and the organisational DEI team introduces conscious-inclusion training. So, they duplicated the ERG's activities. As a result, the groups can coordinate their efforts and also share their financial resources to support the broader DEI plan. Great ERGs prioritise strategic alignment and a clear purpose by defining their objectives, missions, and connections

to the business DEI strategy. They build annual plans with activities to advance the strategic agenda, develop charters specifying strategic objectives, allocate responsibility for these projects, and encourage ERG members to support them (Catalino et al., 2022).

- **Organisational support of ERGs leaders**

ERG leaders are frequently given extra unpaid tasks in addition to their usual responsibilities. Successful organisations deal with this by compensating ERG leaders, recognizing and rewarding them for their work, and including ERG responsibilities in their formal positions and performance evaluations. ERG leaders are given the time they require to complete their responsibilities because participation and involvement in ERGs benefit both employees and the organisation (Catalino et al., 2022).

- **Have detailed communications to bridge expectation gaps**

Employees may expect and hope for more when they enter the organisation. For example, discovering a sense of community, getting access to unique projects, getting support and sponsorship from senior leaders, and getting more opportunities for advancement. Nevertheless, they can be disappointed after some time because most of their hopes are not fulfilled. So, it is crucial to communicate the ERG's purpose and goals extensively and prevent such disappointments. Give an in-depth overview of each ERG's objectives, targeted groups, and employee engagement opportunities (Catalino et al., 2022).

- **Track progress and report key metrics**

Effective ERGs also keep tabs on the outcomes of their work and report to leaders and members. Metrics which include general membership, event attendance, member experience and behaviours, and intersectional demographics, should be frequently tracked by these groups (Catalino et al., 2022).

Companies may improve the effectiveness of their ERGs, promote inclusion, and advance their overall diversity, equity, and inclusion goals by putting these practices into practice.

1.8. Gender diversity

The gender composition of the workforce has been changing dramatically during the last few decades. For example, in the United States, the proportion of women aged 25 to 54 who have employment has risen from 50% in 1970 to 75% in 2005 (Mencel, Lester, 2014). The increase in employment can be associated with various factors, including customer and competitor pressure and the desire to gain an advantage over others by hiring the most qualified, skilled, and knowledgeable individuals (Bukhari, Sharma, 2014). As a result, organisations aiming to succeed in today's business environment must understand the value of gender diversity. Researchers reported that gender diversity in decision-making leads to increased social sensitivity, which can ultimately result in higher organisational performance. A study by Solakoglu (2013) and also other studies such as from Perryman et al. (2016) and Li and Chen (2018) have also found a positive relationship between gender diversity and organisational performance. The benefits of gender diversity in the workplace go beyond higher performance. A diverse workforce can also bring unique perspectives, improved problem-solving abilities, and more creativity to an organisation. Therefore, organisations need to recognize the value of gender diversity and take steps to ensure that their workforce is inclusive and representative of a diverse range of individuals (Solakoglu, 2013; Perryman et al., 2016; Li and Chen, 2018)

1.8.1. Gender stereotypes and leadership roles

Gender stereotypes continue to influence society's expectations and presumptions, particularly in the context of leadership roles. These stereotypes connect specific characteristics and attributes to masculinity and femininity, which leads to an assumed connection between gender and leadership potential. For the development of inclusive and prosperous leadership, it is essential to confront and eliminate these presumptions and stereotypes (Heilman, 2012; Hentschel, 2015).

- **Masculine stereotypes and leadership**

Masculine stereotypes typically connect leadership with agentic qualities, referring to the agency, assertive, and independence traits. Competitiveness, adventurousness, determination, courage, and dominance are all traits associated with the masculine gender. These stereotypes support the belief that these characteristics are more naturally connected to leadership positions. However, it is essential to understand

that effective leadership does not have to be limited to these traits only (Heilman, 2012; Hentschel, 2015).

- **Feminine stereotypes and leadership**

On the other hand, feminine stereotypes tend to be associated with communal qualities that refer to relationships, empathy, and cooperation. Women can sometimes be seen as being less ideally suited to traditional leadership roles. Empathy, social competence, helpfulness, friendliness, warmth, and communication skills are all frequently associated with femininity (Heilman, 2012; Hentschel, 2015).

Effective leadership requires a wide variety of qualities that are not limited to one gender. Leadership should be based on a broad set of traits, experiences, and talents that allow individuals to inspire, motivate, and guide others toward shared goals. The perceptions of leadership are still influenced by gender stereotypes, referring to specific traits of both masculinity and femininity. It is necessary to create an environment that allows individuals to lead based on their diverse qualities and abilities by rejecting these presumptions and supporting an inclusive perspective on leadership (Heilman, 2012; Hentschel, 2015).

According to other psychological studies, there are two types of sexist ideologies: benevolent sexism, which sees gender differences as complementing and believes women should be protected, and hostile sexism, which feels women are inferior to men (Abramson, 2018). These ideologies are based on stereotypical expectations of women's behaviour from all cultures. Women who are seen to be self-promoting or breaking from gender norms, for instance, are judged, face social rejection and receive fewer employment recommendations (Abramson, 2018).

Several unfavourable and alarming stereotypes continue to exist, including:

- **Women's work behaviour**

The stereotype indicates that women are fundamentally different and too "soft" to handle challenging managerial decisions. It assumes that women need to be more aggressive and lacking in the competitive edge necessary to achieve success (Abramson, 2018).

- **Overcompensation in male environments**

When women display male-typical behaviours, they are frequently seen as overcompensating. This can lead to a perception that they are too masculine in their management style, distancing employees and intimidating customers (Abramson, 2018).

- **Perceived lack of skills:**

Women are stereotyped as lacking quantitative skills, making them inappropriate for technical positions or understanding the financial aspects of a profit-and-loss environment. Instead, they are regarded as having "soft" qualities like working together and collaborating (Abramson, 2018).

Identifying and overcoming culturally incorrect presumptions about women leaders is critical because they limit women's opportunity to demonstrate their true abilities and contribution to unequal gender treatment in leadership positions.

1.8.2. Women representation (women in a pipeline)

Despite women accounting for 60 percent of all college graduates, their representation in the workforce accounted for only 45 percent (Iszkowska et al., 2021). Several countries, such as Germany, Norway, Italy, Spain, and France have implemented quotas requiring gender diversity on company boards. A minimum of 30% of women must be represented on the boards of companies publicly listed under regulations adopted in these countries. These regulations aim to advance gender equality and boost the proportion of women in leadership roles. By implementing such rules, these countries are proactively addressing the gender gap. These initiatives emphasise the value of women's opinions and contributions (Lipman, 2018). On the other hand, it is not recommended to focus primarily on diversity at the board level. However, it is essential to note that having better gender representation, which means more women in an organisation at the board level, is not enough. It should be accompanied by a higher representation of women also in lower levels of the employment hierarchy. Women in higher positions within an organisation may be more inclined to work with people who share similar backgrounds and experiences (Smith et al., 2006).

Over the years since 2016, there has been a noticeable growth in women's representation within the organisational pipeline. This refers to the progression of women starting from entry-level positions and advancing towards leadership roles in the C-suite. However, despite these positive trends, it remains evident that women, especially women of colour, still face significant underrepresentation in leadership positions (McKinsey, 2022). Furthermore, many companies are facing some issues that are barriers to achieving gender equality within the organisations. The first step toward a managerial job appears to be a significant challenge for women. This issue sometimes called the "broken rung," prevents women from moving up the organisational hierarchy. Only 87 women achieve the same promotion from entry-level positions to managerial levels for every 100 males and even fewer, only 82 women of colour, achieve managerial roles. As a result, there is a significant gender gap at the managerial level, making it extremely challenging for women to move up and promote to senior leadership positions (Thomas et al., 2022).

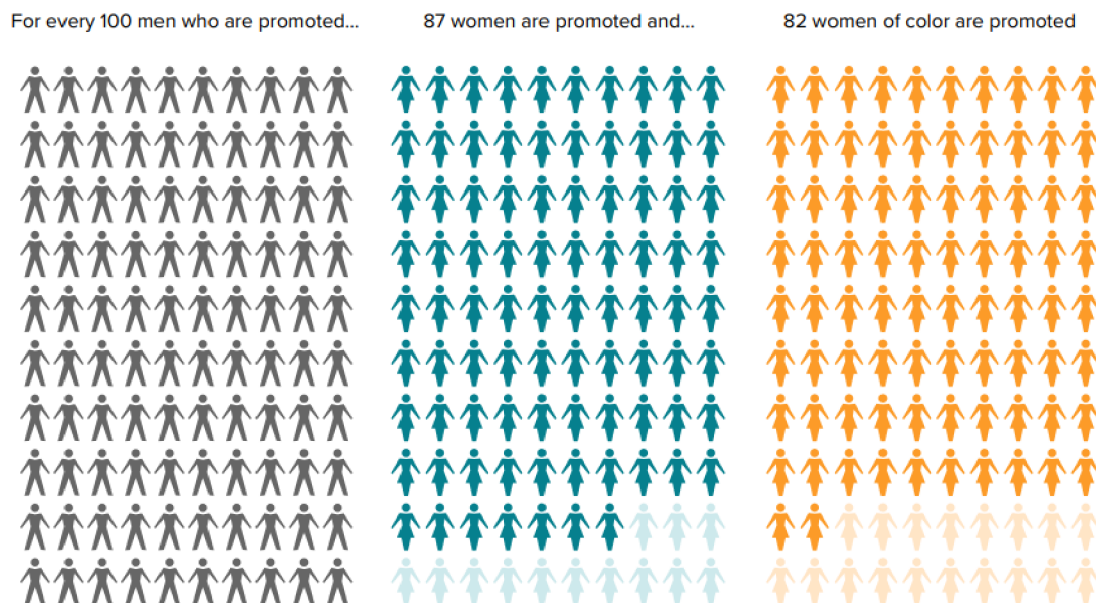


Figure 3: Promoted men, women and women of colour. Source: Thomas et al., 2022.

Moreover, it can be much worse. According to a study, women's earnings are affected by height, with taller women potentially earning up to 8 percent more than shorter women. Furthermore, according to another study, blonde women make 7 percent more than brunettes. Additionally, the research indicates that women who use makeup may be more likely to find better employment chances and advance more quickly in their careers. These findings highlight the widespread existence of appearance-based biases in the workplace that may

affect women's career opportunities and earnings (Lipman, 2018). The results of another study discovered that a significant proportion of female senators and CEOs, respectively 48 percent of senators and 35 percent of CEOs, have blonde hair. This statistic is intriguing because just 5 percent of the white population is naturally blond (Lipman, 2018).

Another challenge is that an increasing number of women leaders are departing from their organisations. The rate at which female executives leave their organisations is at the highest level ever and is more significant than in previous years. Furthermore, the gap between women's departure rates and men's managerial positions is the widest it has ever been. To simplify the problem, two female executives choose to quit their organisations for each woman at the director level who receives a promotion to the next level. So, organisations need to identify and deal with the factors contributing to the attrition of women executives (Thomas et al., 2022).

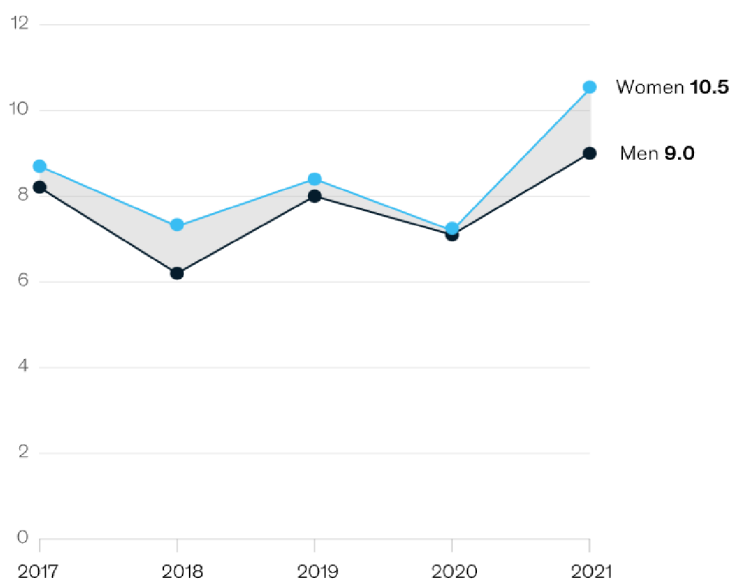


Figure 4: Voluntary attrition of leaders by gender, in %. Source: Thomas et al., 2022.

In general, on a global scale, efforts to boost gender diversity on board levels are getting more critical. By the end of June 2026, publicly traded organisations in the European Union (EU) must have 30% of their board members and 40% of their non-executive directors be women. The target follows the "landmark" legislation that the European Parliament adopted in November 2022, highlighting its commitment to gender equality on boards of directors. Similar regulation improvements have been made in the US, where two women

have been required to be present on five-person boards since 2019, and three must be present on seven-person boards since 2021 to increase women's representation on boards (Thomas et al., 2022).

1.8.3. Gender diversity in Central and Eastern Europe

Following the transition to a market economy three decades ago, Central and Eastern Europe (CEE) experienced a significant period of economic growth often referred to as a "golden age." Between 2004 and 2019, the region had a remarkable increase in per capita Gross Domestic Product (GDP) by approximately 110 percent. However, the drivers of this growth, such as lower labour cost and strong traditional industries, are now losing their power. In order to remain competitive, CEE must explore new opportunities (Iszkowska et al., 2021). In CEE countries, women constitute more than 60 percent of college graduates; however, their representation at senior leadership levels is significantly lower. Only 8 percent of CEOs and 19 percent of corporate executives are women. Approximately 44 percent of companies lack female representation on their boards (Iszkowska et al., 2021). Women in business leadership positions are significantly underrepresented in the seven CEE countries analysed, namely Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Ukraine. According to research, CEE has the potential to unlock an annual GDP growth of up to €146 billion by 2030 by boosting up efforts to bridge the gender gap. This amount is approximately similar to the economies of Slovakia and Croatia altogether. Embracing the enormous potential for gender equality might successfully put the region back on a dynamic growth path (Iszkowska et al., 2021).

Also, the European Union (EU) motto, "United in diversity," highlights the EU's commitment to unity and collaboration among its member states and represents its core values and principles. The motto recognizes and values the continent's rich diversity of cultures, traditions, and languages. It symbolises the EU's belief in the strength and benefits of encouraging collaboration and understanding across diverse states and peoples (Europa, 2000).

2. Challenges and opportunities of diversity

Diversity in the workplace presents a variety of opportunities as well as challenges. By promoting diversity in the workplace, organisations may create an environment full of skills, knowledge, and perspectives that may increase creativity, innovation, and competitive advantage. Different perspectives and experiences can provide new concepts and ways of solving problems, allowing organisations to adapt to a constantly changing market. However, managing diversity has a specific variety of challenges. Bridge language or cultural differences could require extra effort in communication and teamwork, and also different points of view and biases can arise, which can result in disagreements and conflict within teams. The following chapter will determine opportunities and challenges in case of diversity in a workplace.

2.1. Challenges associated with diversity

The significance of top management's continuous support and commitment to diversity cannot be underlined (Monks, 2007). Without it, challenges may arise as management's lack of commitment can undermine diversity initiatives' success. To ensure the success of diversity, top management must embrace the values of diversity and express their support for it. Diversity programs are less likely to succeed if top management is unwilling to acknowledge and discuss diversity (Espinoza, 2007). Therefore, it is crucial for top management to recognize the importance of diversity and actively promote its value within the organisation (Machado, 2017). Furthermore, white men are being overlooked in organisations' efforts to promote diversity. Therefore, it is essential to include white males in the vision for diversity and provide a clear understanding of their role in achieving this goal. To address this challenge, organisations must clearly communicate their diversity objectives and ensure that all employees feel valued and supported, regardless of gender, race, or ethnicity (Machado, 2017).

Another weakness of the conventional argument for diversity in organisation is the presumption that a team with diverse members will automatically lead to more constructive discussions and improved decision-making. Nevertheless, the mere presence of individuals from different minority groups does not necessarily guarantee beneficial outcomes. Indeed, diversity can sometimes lead to tensions and conflicts (Ely, Thomas, 2020).

Implementing quota systems designed to ensure the inclusion of diverse candidates in recruitment and selection processes can also present challenges to managing diversity in organisations. While such systems may be necessary for organisations with little tolerance for diversity, they may not always be in the organisation's best interests as a whole (Machado, 2017). Additionally, quotas can lead to perceptions of reverse discrimination against white men, further complicating the management of diversity in the organisation. As the organisation's diversity grows, there may also be concerns about the perceived qualifications of new hires, leading to defensive attitudes and questioning of their capabilities among both new and existing employees (Machado, 2017). However, without a supportive environment that encourages equality and learning, diversity may have no relationship to or may even limit team effectiveness (Ely, Thomas, 2020).

2.1.1. Bias patterns

One of the negative impacts of diversity is the potential for conflict and bias, especially if team members hold different points of view, beliefs, or values. If not managed properly, this can lead to stress and lower performance (George, Jones, 1996). Catalyst, a non-profit group focused on working women, discovered through a survey that an astonishing 51 percent of men confirmed a lack of awareness about the struggles that women experience. It is unsurprising that nearly 30% of women suffer from workplace bias (Lipman, 2018). Another survey of minority female scientists conducted in 2014 found that an unbelievable 100 percent reported bias (Lipman, 2018).

According to Joan C. Williams (TEDxMileHigh, 2021), the following Table 2 illustrates and explains the most typical bias patterns:

Bias	White Woman	Men of Colour	Women of Colour
1. Prove it again	Having to constantly prove their qualifications and abilities due to their gender and race	Being doubted and needing to prove their worth due to their race	Needing to prove themselves more than others due to their race and gender

Bias	White Women	Men of Colour	Women of Colour
2. The tightrope	Having to balance between being authoritative and unqualified	Facing negative stereotypes and expectations based on their race and gender	Walking a tightrope between being authoritative and unqualified while also facing racial stereotypes
3. The tug-of-war	Competing with other women for limited opportunities	Competing with other men of colour for limited opportunities	Competing with other women of colour for limited opportunities
4. The maternal wall	Being assumed to be less committed due to pregnancy and motherhood	/	Being subject to presumptions of being less committed due to being pregnant or a mother
5. Racial stereotypes	/	Being viewed as lacking in leadership potential despite technical skills and perceived as angry or untrustworthy when assertive	Being subjected to negative racial stereotypes and presumptions that affect their perceived abilities and potential

Table 2: The most typical bias patterns. Source: Joan C. Williams (TEDxMileHigh, 2021). Modified by author.

- **Prove it again**

This bias refers to the idea that some groups have to provide more evidence of their competence than others based on their race, gender, age, disability, or other factors. This can lead to unequal opportunities and a need for individuals to constantly demonstrate their abilities, even when they have the same qualifications as others (Williams, 2021). One study's results demonstrated that women are more effective

at work than men because it is widely believed that women are less capable. Due to this general belief, women must put more effort into proving their competence and outperforming male colleagues (Lipman, 2018).

- **The tightrope**

Highlights the fact that specific particular categories of white men only need to be authoritative and ambitious to achieve success. In contrast, women walk a tightrope where they may be perceived as abrasive (irritating) if they exhibit authority or unqualified or weak if they do not. Individuals of colour who act assertively are frequently dismissed as furious if they are black, as hot-headed if they are Latinx, and as untrustworthy if they are Asian-American (Williams, 2021).

- **The tug-of-war**

Bias The Tug-of-War refers to the conflict that can arise between members of a group when there are limited opportunities or resources available. (For example, if there is only one place for woman/individual of colour). This can lead to competition and tension within the group, even among those who should be working together. Because women will compete with other women, and individuals from minority groups will be competitive with other individuals from this group (Williams, 2021).

- **The maternal wall**

This bias is a form of gender bias that presumes that women who are pregnant or have children are less committed to their careers. This can lead to a need for mothers to constantly prove themselves and face challenges when returning from maternity leave (Williams, 2021).

- **Racial stereotypes**

Bias involves presumptions and stereotypes based on race that can impact an individual's opportunities and experiences. For instance, Asian-Americans are often viewed as having excellent abilities in technology but lacking leadership potential. Meanwhile, white men are often stereotyped as having a career-enhancing love for business (Williams, 2021).

The Table 2 shows that the biases listed earlier can have severe negative consequences, such as reducing opportunities for certain groups, causing stress and anxiety, and negatively impacting their personal and professional lives. It is necessary to recognize and address these biases to build a more equitable and inclusive environment. According to research, white women report experiencing bias in four patterns, labelled as 1 ("Prove it again"), 2 ("The tightrope"), 3 ("The tug-of-war"), and 4 ("The maternal wall"). Men of colour similarly experience bias in four patterns, labelled as 1, 2, 3, and 5 ("Racial stereotypes"). In contrast, women of colour report experiencing bias in all five patterns, labelled as 1, 2, 3, 4, and 5. However, it is essential to understand that the descriptions provided are brief and do not fully capture the experiences of each group. The biases they face are complex, and they can significantly negatively impact personal and professional lives (Williams, 2021).

Alarming is that according to research, 51 percent of males admit they are unaware of women's specific challenges. The ongoing existence of bias and discrimination against women in the workplace results from this lack of awareness (Lipman, 2018). Unsurprisingly, nearly 30% of women report experiencing continuous bias at work, showing the need for higher awareness and action. Promoting details, having conversations, and putting diversity programs in motion could all help support empathy and produce inclusive environments. A safe and equitable workplace for all employees requires establishing clear policies and procedures for dealing with bias and discrimination (Lipman, 2018).

2.2. Opportunities associated with diversity

As noted by several authors, taking advantage of workforce diversity is becoming increasingly recognized as a strategic resource for competitive advantage.

- **Market understanding and business growth**

Another reason to manage diversity is to drive business growth. Driving business growth depends on how organisations manage diversity to benefit from a broad range of potential opportunities. The first opportunity could be for organisations to use workplace diversity to understand better the market in which they operate.

Moreover, suppliers and customers are gradually becoming diverse, as is the business environment as an entire (Machado, 2017).

- **Performance enhancement**

Several studies examined the question of why more diverse organisations perform better. More than one of them found a beneficial relationship between diversity and organisational performance. Although the studies did not provide a conclusive answer to this question, it did provide insights into the factors that may contribute to the better performance of organisations with diverse teams and boards. Other studies suggested that key drivers of this performance advantage include the ability to attract the best talent, a stronger focus on the needs of customers, higher levels of employee satisfaction, and more effective decision-making (Hunt, Layton, Prince, 2015).

- **Increasing talent pool**

A strong focus on women and ethnic minorities can help organisations increase the talent pool, which is a significant issue in Europe, where skill shortages are a top reason for entry-level job vacancies. In addition, diversity can lead to higher employee satisfaction and reduced conflicts between groups, leading to improved cooperation and commitment. So, diversity management can provide various benefits for organisations, such as winning the war for talent, boosting customer orientation, increasing employee satisfaction, and improving decision-making (Hunt, Layton, Prince, 2015).

- **Creativity and innovation**

A further opportunity is greater creativity and innovation. A diverse workforce brings together individuals with different points of view, unique perspectives, experiences, and ideas. This diversity of thought can lead to more creative problem-solving, innovation, and new approaches to challenges. Organisations can use the entire range of their employees' talents and abilities by embracing diversity, resulting in a more dynamic and innovative working environment (Machado, 2017). Furthermore, diversity encourages innovation and creativity by providing a variety of problem-solving methods, perspectives, and ideas (Hunt, Layton, Prince, 2015). According to data, diversity increases creativity by 20% (Bourke, 2018).

Figure 5 demonstrates the potential of analysing not only individual creative employees or groups but also an organisation's creative structures and processes. Internal collaboration across these aspects is critical for a creative organisation because it encourages the realisation of value from using creativity (Sokół, 2015). This means that having a diverse team with different backgrounds, perspectives, and experiences can lead to more creative and innovative solutions (Bourke, 2016).

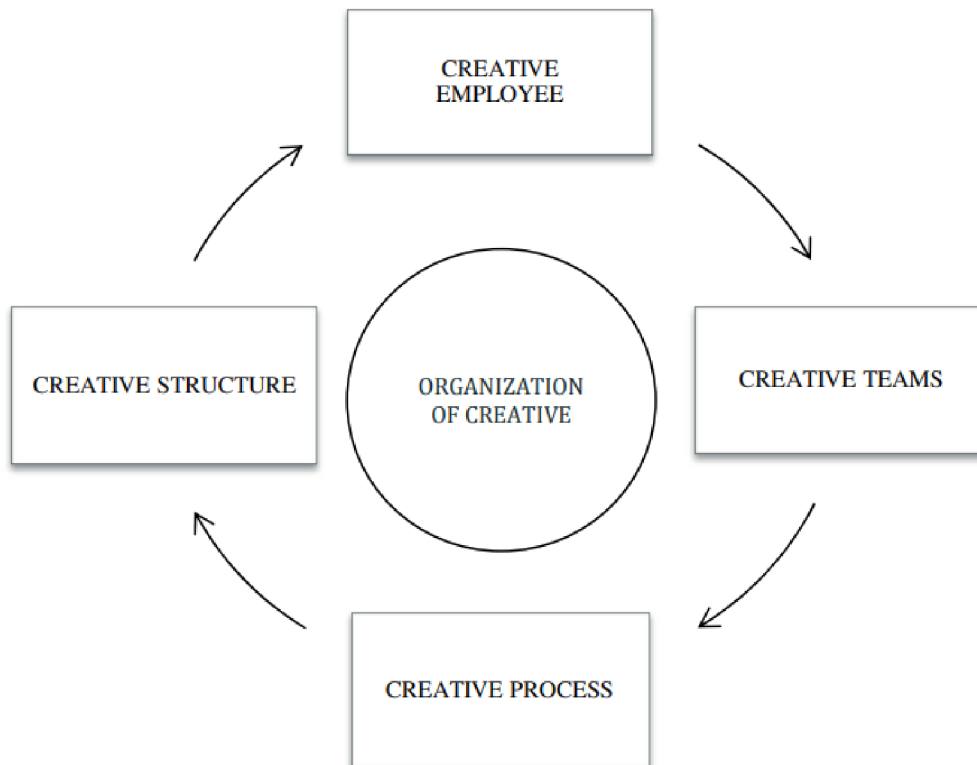


Figure 5: Diversity and creativity. Source: Sokół, 2015

- **Forecasting and adaptability**

Moreover, diverse teams have a greater ability to forecast and adapt to market changes, offering them a competitive advantage in today's rapidly changing business environment (Monks, 2007). Effective diversity management can lead to appreciation and encouragement among employees (Machado, 2017).

- **Improved decision-making**

Furthermore, diversity within teams can improve problem-solving capabilities, as individuals with different backgrounds and experiences can bring various

perspectives to the table, leading to more effective decision-making processes (van Knippenberg, 2007). Management can also make better and more informed decisions if they consider the varying approaches, views, or opinions (Espinoza, 2007). This is due to the fact that a diverse workforce may provide a wide range of insights and approaches to handling complex issues or complicated situations, thereby increasing the probability of finding the best solution (Machado, 2017).

Moreover, diversity management can improve an organisation's image, which is becoming increasingly important as social responsibility becomes a greater priority (Hunt, Layton, Prince, 2015). Although diversity management has been beneficial in many cases, it is essential to note that several potential challenges may arise from a diverse workplace. Organisations need to recognize and address these challenges. The aim is to maximise diversity's benefits while avoiding potential negative impact (Machado, 2017).

3. Methodology

This diploma thesis methodology contained two essential parts: a questionnaire and regression analysis. These methodologies were used to collect data and analyse the relationship between gender diversity and ITW's performance. The questionnaire was the data collecting instrument, intending to gather data regarding employees' awareness and engagement with Employee Resource Groups within the organisation, with a particular emphasis on ITW. The questionnaire was designed to collect information about several aspects of ERG involvement. The questionnaire began by examining participants' familiarity with ERGs, questioning whether they had heard of specific ERGs within an ITW. Afterward, participants were asked to mark the specific ERGs they were aware of within ITW. Furthermore, the questionnaire examined participants' awareness of ERG membership opportunities. The questionnaire also aimed to determine the level to which individuals were informed about ERG activities. Participants were also asked if they received information about ERGs' events, conferences, or training. The questionnaire explored further the participants' personal involvement with ERGs. Participants were asked if they had previously attended any ERG events. In addition, participants were given various ERG-related goals and asked to choose one or more that matched their understanding. This questionnaire aimed to examine participants' opinions and the impact of ERGs within the organisation's context. The second essential part of the thesis implemented regression analysis to determine if there is a statistically significant correlation between gender diversity and ITW's ROE (Returns on Equity). The analysis provided an extensive evaluation of the impact of gender diversity on ITW's financial performance by examining potential trends and patterns over ten years (2013-2022). The regression analysis outcomes provided valuable insight into the potential benefits and opportunities of developing gender diversity within the organisation. In the case of the regression analysis, the SPSS program was used to analyse the correlation between the proportion of women in ITW and the organisation's ROE (return on equity). The analysis aimed to determine whether there were significant correlations between these variables. This diploma thesis used regression analysis to give proof that gender diversity, as reflected by the proportion of women, can have a positive influence on performance, as demonstrated by ITW's ROE, whether or not.

4. Illinois Tool Works Inc. - ITW PRONOVIA, s r.o.

The international company ITW (Illinois Tool Works Inc.) has a long history that dates back to its founding in Chicago in 1912 and ITW PRONOVIA, s r.o. is proud to be a part of this organisation. ITW is a key player in the sector, with operations in 57 countries and a workforce of over 49 000 people. Their goods and services are widely used worldwide in various industries. PRONOVIA, s r.o. was established in 1992, primarily focusing on manufacturing plastic products. Since becoming part of the ITW family in 2000, they have concentrated on manufacturing products for the automotive industry. Their partnerships with leading automobile manufacturers like BMW, Daimler, VW, Audi, Ford, Renault, Jaguar Land Rover, Nissan, and others demonstrate their dedication to innovation. They collaborate to create innovative solutions that improve automotive technology. They can produce high-quality goods and services because they are part of ITW, which allows them to take advantage of the company's global resources and knowledge. ITW is a well-known global industrial company that has built its reputation using a distinctive and exclusive business approach. Utilising its seven market-leading areas, ITW leverages its unique business model to generate significant growth with excellent margins and returns. These achievements stand out in sectors that demand extremely creative and client-focused solutions. The goods the organisation produces and the solutions it creates are everywhere, from dishwashers, ovens, and refrigerators found in restaurants and hotels to automotive components built into vehicles all around the world. The ITW test and measurement solutions play a crucial role in guaranteeing the quality and safety of millions of products. At the same time, their construction and welding equipment contributes to creating the structures humans live in and work in. ITW promotes the entrepreneurial spirit and decentralisation worldwide, which contributes to dedicated employees achieving success.

4.1. ITW business model

The company deeply understands the ITW Business Model and effectively utilises it to provide services with excellent performance and value to customers. The ITW business model is a powerful tool for achieving an advantage over competitors. For more than three decades, the ITW business model has been developed and improved within the organisation, encompassing strategic, operational, and cultural principles. It is what gives ITW a competitive advantage and motivates them to add value across all their divisions.

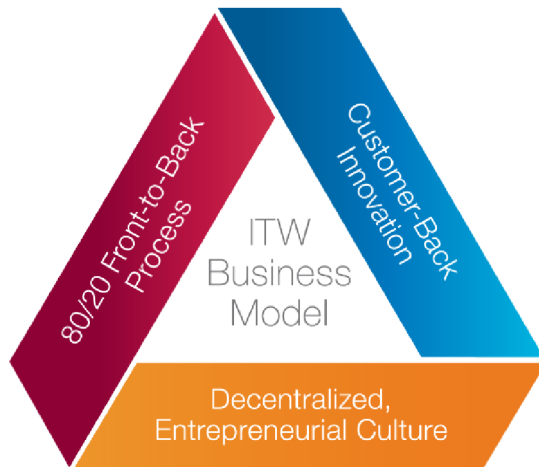


Figure 6: ITW business model. Source: ITW.com (2023)

According to Figure 6, the ITW Business Model sets the way for success by combining three essential elements: the 80/20 Front-to-Back Process, Customer-Back Innovation, and our Decentralised, Entrepreneurial Culture.

- **Operational strategy: 80/20 Front-to-back process**

The divisions utilise a proprietary set of tools and methodologies known as the 80/20 Front-to-back process. It enables them to manage and operate their divisions, focusing on increasing performance, execution, and value for their most crucial and profitable customers while avoiding the expenses, complexity, and complications associated with serving smaller customers. The divisions frequently deliver outstanding customer-facing execution through this process, which also encourages high-quality organic growth and contributes to improved profitability and returns on capital.

- **Approach to innovation: Customer-back innovation**

At ITW, innovation comes not just from their research and development centre but also from a customer-centric perspective. The divisions cooperate closely with important customers to develop innovative solutions that handle challenging technological challenges and improve business performance. The portfolio of around 19 200 granted and pending patents, which includes more than 1 700 brand-new patent applications submitted in 2022, demonstrates the creativity and skill of their team members.

- **Execution Philosophy: Decentralised, entrepreneurial culture**

The company culture at ITW encourages people to think and behave like owners. Clear expectations on our business model, strategy, and values direct their employees. Within this framework, business teams have the flexibility to decide on their own path of action and modify it as necessary to make the ITW business model as relevant and impactful to their specific customers and target markets as possible. Because of ITW's culture of "flexibility within the framework," team members prosper, expressing an entrepreneurial spirit, embracing responsibility, and continuously producing results.

ITW has been consistently focused on implementing a plan designed to maximise the excellent performance potential of the ITW business model across the whole organisation. The ITW business model, because of their continuous efforts, has gained even more strength, and their team members have improved their application abilities beyond anything they have ever achieved. The goals when ITW began developing the company's strategy were simple: to achieve strong growth with unparalleled margins and returns. ITW has come a long way since establishment in terms of achieving its objectives. Furthermore, their long-term objective is to build the company as a top performer in the industrial sector, generating exceptional results throughout any five-year period, regardless of the current business environment, through the diligent execution of their enterprise strategy.

4.2. ITW segment overview

In any market environment, ITW's portfolio offers differentiated performance and operational margins. Seven market-leading business segments operating in sectors where customer satisfaction is strongly connected with product performance and the most optimal solution always wins represent ITW's diversified business portfolio. Their divisions operate globally, enabling them to stay close to their customers. The ITW Company operates across a wide range of industry sectors. These include Test & Measurement and Electronics, Automotive OEM, Construction Products, Food Equipment, Polymers & Fluids, Specialty Products, and Welding. Each segment focuses on a particular industry and provides specialised products and solutions adapted to the market's requirements. With this extensive portfolio, ITW Company maintains a strong presence across several industries while providing innovative solutions in every market sector.

- **Automotive OEM**

Top-tier original equipment manufacturers (OEMs) and their suppliers are the primary interest of ITW's Automotive OEM segment. For the world's top automobile and light truck manufacturers, this segment is dedicated to designing and producing innovative products like fasteners, interior and exterior components, and powertrain components. With a focus on collaboration, the Automotive OEM segment keeps close partnerships with customers, building connections that drive innovation. ITW actively supports their customers' efforts to improve their vehicles' overall quality, safety, and fuel efficiency through these partnerships. The Automotive OEM segment is excellent in solving innovative solutions for OEMs and tiers through their strong partnerships with customers, broad application knowledge, and advanced manufacturing capabilities. In this regard, the efforts to develop next-generation charge ports demonstrate their dedication to fulfilling the changing requirements of OEMs and customers in the rapidly expanding electric vehicle sector.

- **Construction products**

In both residential and commercial construction projects, the Construction products segment of ITW is a leading provider of premium engineered fastening solutions that boost productivity and improve building quality. This segment provides a broad spectrum of products suited for applications combining wood, engineered lumber, concrete, and steel. These products consist of innovative fastening solutions, complementary fasteners and accessories, and also software for engineering and construction. With an essential role in the residential, commercial, and renovation areas, ITW is at the leading edge of producing high-quality products that adapt to customers' requirements. The market-leading brands use ITW's innovative technology to boost efficiency, deliver superior quality, and uphold strict safety regulations, especially in construction projects. ITW Construction operates in a variety of end-use markets and applications. It is committed to designing innovative products and solutions that meet the varying demands of customers worldwide.

- **Food equipment**

Serving institutional, industrial, restaurant, and retail customers globally is ITW's Food equipment segment. A wide variety of food equipment products are designed, manufactured, and sold by ITW Food equipment, known for its expertise in these

areas. Advanced wash systems, cooking supplies, refrigeration, food processing, and integrated service solutions are all part of the organisation's portfolio. Well-known brands using ITW's products are unique at the market thanks to their comprehensive service solutions and extraordinary innovations. ITW provides top priority to dealing with the important challenges worldwide customers are concerned about, like sustainability, usability, performance, total cost of ownership, and food safety. ITW Food equipment continues to lead the industry by providing outstanding products and solutions that meet the constantly changing requirements of the foodservice and hospitality sectors worldwide. ITW Food equipment is strongly committed to fulfilling its customers' requirements.

- **Polymers and fluids**

A global leader in innovation, ITW's Polymers and fluids segment focuses on developing additives, lubricants, adhesives, and vehicle care products. This market sector offers a wide range of branded products to different end markets while strongly emphasising quality and innovation. Businesses in the Polymers and fluids segment support customers in the general industry, the automotive aftermarket, aerospace, energy, and original equipment manufacturers (OE) of automobiles. Engineered adhesives, sealants, coatings, lubricants, additives, automotive wiper blades, and cleaners are all included in the product portfolio. ITW distinguishes itself from rivals in the Polymers and fluids market due to its dominant market positions, advanced technology, and innovative solutions. The market segment specialises in niche opportunities, providing solutions to clients looking for high-performance and distinctive features with value-added and differentiated product solutions. The ITW Polymers and fluids segment continues to satisfy the changing needs of many industries and establish itself as a reliable partner in offering customised solutions by constantly delivering high-quality products and remaining at the leading edge of technology and innovation.

- **Specialty products**

The Specialty products segment, which consists of various businesses, utilises its differentiating technologies to serve customers with specific solution requirements. They provide specialised goods and services and operate in a variety of industries. Resealable zippers, six-pack rings, specific products for the medical device industry,

and aircraft ground and support equipment are just a few examples of specialty products. ITW's Specialty products businesses, which operate in highly lucrative, specialist markets around the world, give their customers a competitive advantage through innovative technology and complex application knowledge. ITW provides solutions that precisely meet every requirement of their customers by recognizing the unique demands of these markets, enabling them to achieve their goals and succeed in the businesses they operate in.

- **Test, measurement and electronics**

The ITW Electronics segment is a well-known global supplier primarily delivering production and laboratory testing and assembly equipment, accessories, and aftermarket parts and services. Many experts work in regulated and demanding environments, including research scientists, engineers, and quality managers. They are dedicated to innovation and provide innovative technology that accommodates the specific needs of their diverse customer base. They are able to offer value-added test and measuring solutions due to the strength of their brand positions, their technical expertise, and their in-depth market understanding. They provide comprehensive support through effective service and capabilities, ensuring their customers have the tools to improve their processes. ITW's Electronics segment professionally delivers market-leading equipment for diverse electronic assembly applications. ITW additionally provides consumables and maintenance, repair, and operations services to the automotive, as well as semiconductor, life sciences, general industrial, and electronics. Their products are supported by strong market capabilities built on decades of technological know-how. This guarantees their customers comprehensive, solid options that meet their ever-changing requirements.

- **Welding**

As a market leader in the welding sector, ITW is known for producing innovative, solution-focused products suitable for various welding applications. Their products are used frequently in many areas, including manufacturing, construction, agriculture, and motorsports, where weld quality is crucial. The broad range of products ITW offers includes innovative welding equipment, and safety solutions. Even in the most demanding situations, their solutions are created to increase

productivity and promote a safer welding environment. Additionally, ITW Welding is a leader in solving crucial industry challenges like welder health and safety. Customers looking for the best welding solutions continue to turn to ITW's Welding segment because it consistently pushes the limits of innovation and finds answers to market issues. They are recognised as a leader in the welding industry due to their dedication to high standards, reliability, and solving immediate challenges.

4.3. ITW revenue by segment in 2022

In 2022, ITW demonstrated its diverse market presence and commitment to delivering exceptional performance through its total revenue distribution across various segments. The total revenue for the year 2022 amounted to \$15,9 billion. Figure 7 demonstrates total ITW revenue by segment in 2022.

Total ITW revenue by segment in 2022

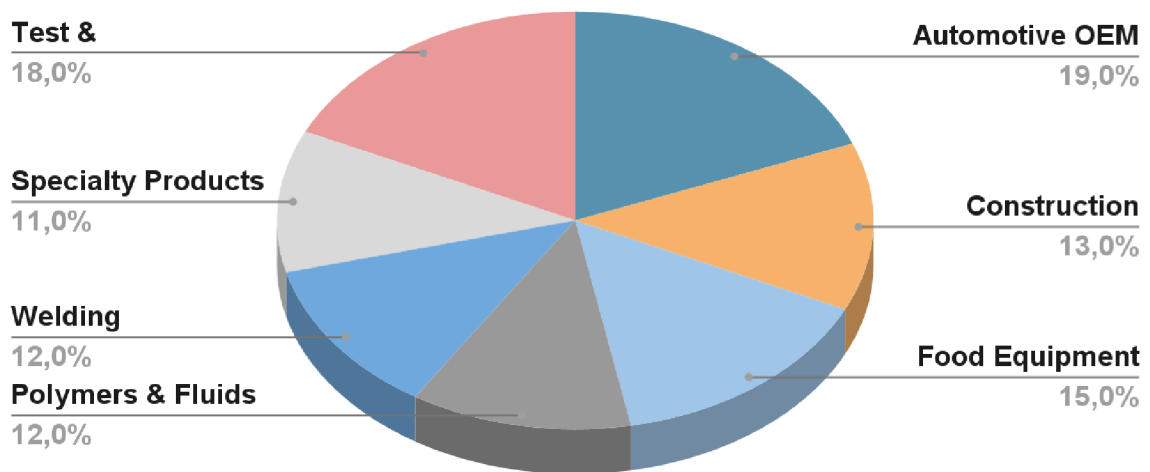


Figure 7: ITW revenue by segment in 2022. Source: ITW's internal data. Modified by author.

ITW's Automobile OEM segment contributed 19 percent of the total revenue, confirming its position as a supplier to automobile original equipment manufacturers by strategically focusing on industries where product performance is essential. By delivering specialised items, the Construction products segment, which contributed 13 percent of the total revenue, demonstrated its importance in the construction sector. 15 percent of the total revenue came from ITW's Food equipment segment, illustrating the organisation's commitment to the

sector by providing specialised equipment solutions. With 12 percent of the total revenue, the Polymers and fluids segment offered innovative solutions for many different sectors. With specific solutions, ITW's Specialty products segment met unique customer demands, accounting for 11 percent of overall revenue. The Test, measurement and electronics segment, which accounted for 18 percent of total revenue, guaranteed accuracy and reliability across industries. Last but not least, the Welding segment represented 12 percent of the total revenue, demonstrating its skill in connecting structures. Through these segments, ITW organisation continues to excel as a market leader in providing performance different from competitors and driving market expansion.

4.4. Diversity in ITW

The ITW Diversity and Inclusion Council, composed of executive leaders committed to leading and managing their diversity initiatives, is an essential element of their diversity and inclusion framework. This council ensures that ITW's divisions have the equipment, materials, and support to develop a multicultural workforce and promote inclusive work environments. Since ITW realise that effort to diversity requires time, they have been persistent in their commitment to diversity and inclusion for more than ten years. They are pleased with their ongoing improvements in building a more inclusive workplace and a more diverse workforce. Based on core principles of respect and integrity, ITW emphasised treating each employee fairly and with respect while giving equal growth opportunities (ITW, 2022).

4.4.1. ITW's diversity and inclusion framework

The ITW diversity and inclusion framework represents the base for their commitment to encourage diversity and inclusion across the organisation. This framework includes all aspects of the organisation's operations and is completely integrated into the organisation's talent strategy.

The following Figure 8 determines four key areas of attention for the ITW diversity and inclusion framework:



Figure 8: ITW diversity & inclusion framework. Source: ITW.com (2023).

- **Leadership commitment and accountability**

At ITW, leaders are expected to embody organisational values while demonstrating in-depth respect and understanding for different cultures. They must try to achieve the organisation's diversity goals and act as ambassadors of DEI efforts. So, leaders are responsible for creating an inclusive and equitable workplace.

- **Global, diverse talent**

ITW understand that people with different backgrounds and viewpoints may contribute to innovation and organic growth = two important goals of ITW's business strategy. ITW continue to be committed to attracting and retaining top talent from various communities to compete in a global market. They put themselves in a better position to fully understand and adapt to customer's ever-changing requirements and needs.

- **Inclusive workplace**

The success of the ITW depends on building a diverse workplace where each team member is valued and treated with respect. They actively support employee resource

groups (ERGs), establish a culture that respects diverse perspectives, and encourage the development of their employees. These groups are essential to developing relationships, advancing cultural understanding, and making sure that every individual's opinion is heard and appreciated. They are promoting an inclusive culture, and they can fully use the talents provided by their diverse workforce and achieve success collectively.

- **Great employer**

As an organisation, ITW would like to be a great employer by constantly working to uphold and develop ITW's different and unique organisational identity. They have committed themselves to actively communicating internally and externally how they are working towards promoting diversity and inclusion. They frequently collaborate with key professional associations, academic institutions, and local organisations that share their DEI goals. Together, they may improve open discussion about diversity and inclusion, gain knowledge from one another, and affect positive change in communities.

4.4.2. ITW's commitment to diversity and inclusion

Global leaders at ITW are essential in promoting inclusive and diverse workplaces. ITW establish the standard by promoting inclusiveness within their teams and demonstrating inclusive behaviours. The leaders of ITW have actively participated in the inclusive leader program as part of the organisation's commitment to diversity. They understand bias, implementing methods to minimise its negative effects and giving leaders the resources to lead under the principles of ITW's culture and values. They have also created new initiatives and learning projects to support specific positions and promote inclusive behaviours. For instance, hiring teams and interviewers have received inclusive recruiting training to improve their talent attraction and selection abilities. These processes are essential in attracting and keeping the most talented individuals and creating inclusive workplaces where each individual is encouraged to succeed and reach their full potential.

4.5. ITW Employee resource groups (ERGs)

ITW place significant importance on the participation of employees from different communities. Employee Resource Groups (ERGs) at ITW are essential in promoting this participation among their international divisions. These groups, directed by employees, connect many different types of individuals and their allies to provide a place for sharing experiences and generating innovative thoughts that contribute to helping their team reach its full potential. The ERGs focus on promoting cultural diversity. The ERGs at ITW include a variety of diverse groups, such as:

- **African American Network (AAN)**

The African-American Network (AAN) at ITW supports employees who identify as Black, African American, West Indian, or African. AAN focuses on building a community of leaders through developing networking activities, leadership opportunities, and training workshops.

- **Asian Professionals Engagement Network (APEN)**

By creating an environment that encourages a feeling of belonging and self-worth for individuals who identify as Asian, Native Hawaiian, or other Pacific Islander, the Asian Professionals Engagement Network (APEN) is committed to promoting ITW's commitment to diversity and inclusion. An inclusive and welcoming environment is what APEN aims to create within ITW. The network actively encourages cultural competence by highlighting the unique contributions of fellow employees and accepting Asian backgrounds and cultures at the workplace.

- **ITW Women's Network (IWN)**

The ITW Women's Network (IWN) aims to support the recruitment, professional growth, and retention of women talent and leaders within ITW. The IWN is essential for creating an inclusive work environment across the divisions. IWN actively engages women employees in networking opportunities and leadership development initiatives, helping women grow and contribute to ITW's success.

- **Latino Hispanic Network (LHN)**

The Latino Hispanic Network (LHN) is an ITW employee resource group committed to representing and supporting the Latino and Hispanic communities. LHN aims to attract and retain top talent while promoting a supportive and inclusive environment for Latino and Hispanic professionals by boosting recruitment efforts, offering career development experiences, facilitating networking opportunities, and encouraging membership among ITW employees.

- **Pride at ITW**

An employee resource group titled Pride at ITW is committed to empowering LGBTQ+ employees and allies. The group's primary goals are to promote shared respect and awareness of issues affecting LGBTQ+ individuals within the company while supporting a sense of belonging and engagement. Pride at ITW aims to boost ITW's commitment to diversity and inclusion by providing networking and internship opportunities, career development and advancement potential, and support for the LGBTQ+ community.

- **Young Professional Network (YPN)**

Young Professionals Network (YPN) is a group for employees with a strong focus on supporting early-career professionals across ITW. Its main goal is to develop a community that encourages and supports the next generation of ITW leaders. YPN successfully achieves this through social media platforms, organising networking events, and giving its members valuable opportunities for professional growth.

4.6. A QUESTIONNAIRE: Employee Resource Groups at ITW

Another part of this diploma thesis includes the questionnaire, which explored employees' perceptions and experiences regarding Employee Resource Groups (ERGs) within the ITW organisation. A questionnaire was designed to gather valuable insights from employees regarding their awareness, participation, and perceptions of ERGs. The questionnaire covered various aspects, including employees' knowledge of available ERGs, their level of engagement with ERG activities, and the aims of ERGs. This chapter presents the results

derived from the analysis of the questionnaire data, providing a comprehensive overview of employees' perspectives on ERGs. The chapter will discuss and interpret the results in-depth, including several figures. The responses from this questionnaire were collected between January 15th and February 13th, 2023. Participants were encouraged to complete the questionnaire and provide responses during this period. The questionnaire was processed and distributed for about a month, allowing for appropriate data gathering and participant involvement. The timeframe was established to balance providing participants enough time to answer while also completing data collection for evaluation.

Have you ever heard about ERGs? (like IWN, YPN, Pride..)

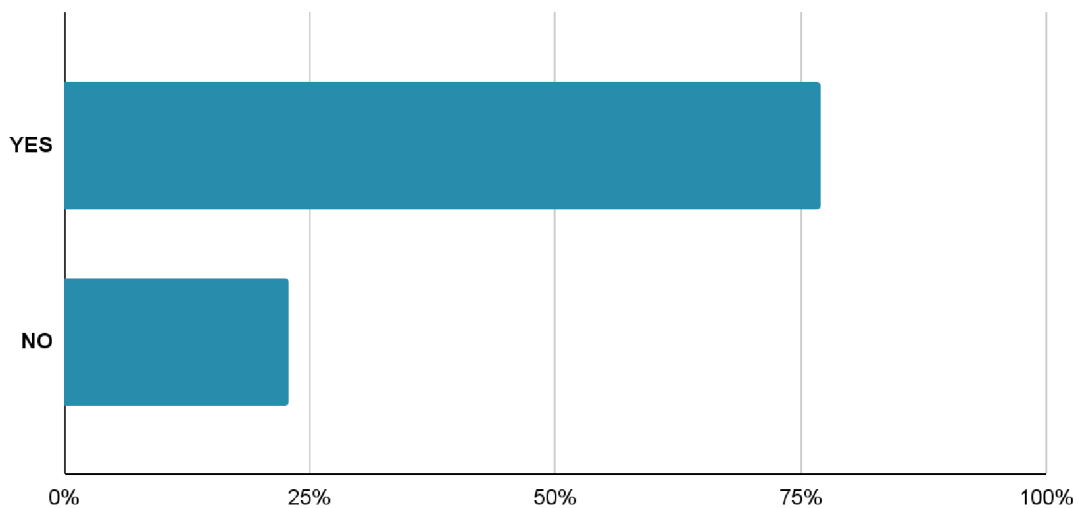


Figure 9: Results of Q1: Have you ever heard about ERGs? (like IWN, YPN, Pride..)

Q1: Have you ever heard about ERGs? (like IWN, YPN, Pride..)

Participants were asked, "Have you ever heard about Employee Resource Groups (ERGs) such as IWN, YPN, Pride, and others?" in question number one (Q1) of the questionnaire. Of the 61 respondents to this question, 47 respondents (77,05%) indicated they were familiar with ERGs, whereas 14 individuals (22,95%) responded "no," indicating that they had never heard of ERGs. The distribution of responses offers initial details regarding employees' knowledge of ERGs within the ITW.

"Mark" the ERG you know...

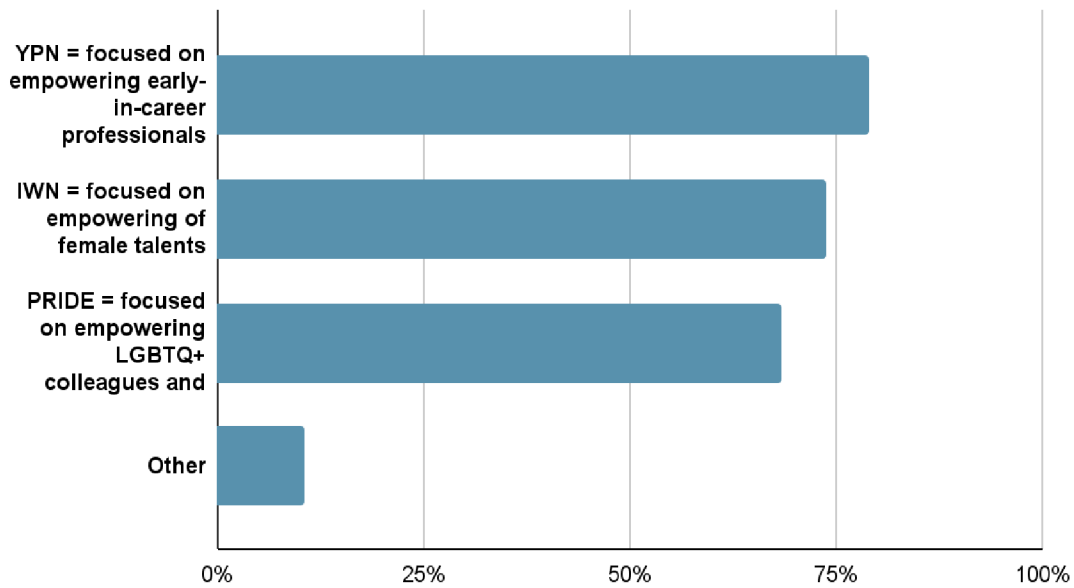


Figure 10: Results of Q2: "Mark" the ERG you know ...

Q2: "Mark" the ERG you know ...

In question two (Q2) of the questionnaire, participants were asked to "mark" the ERG they were already familiar with from an answer choice. Out of the 61 people that responded to this questionnaire, 57 people provided their response, while four respondents chose to skip the question. The Young Professionals Network (YPN), which aims to empower early-career professionals, was selected by 45 respondents (78,95%) who gave the response. The Initiative for Women's Network (IWN), which makes an effort to empower female talents within the organisation, was also mentioned by 42 respondents (73,68%). Additionally, 39 individuals (68,42%) were familiar with the PRIDE at ITW, which aims to strengthen relationships between allies and LGBTQ+ employees. Lastly, six respondents (10,53%) proposed additional ERGs that were not explicitly defined, such as AAN, APEN, LHN, and others. It demonstrates a wide range of ERGs the employees are aware of besides the listed options. This distribution of answers shows data on how familiar people are with certain ERGs and highlights the most well-known ERGs within the organisation.

Did you know, that ANY of the ITW Employee can become member of ERG?

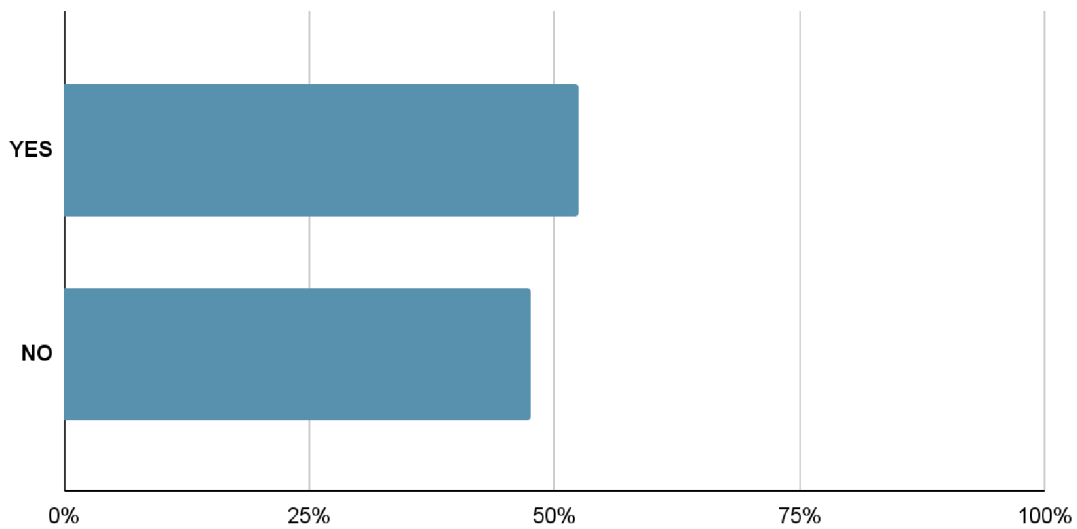


Figure 11: Results of Q3: Did You know that ANY of the ITW Employee can become a member of ERG?

Q3: Did You know that ANY of the ITW Employee can become a member of ERG?

"Did you know that any of the ITW employees can become a member of an ERG?" was the third question (Q3) that participants were asked to respond to. Thirty-two respondents (52,46%) out of the 61 respondents demonstrated that any ITW employee could participate in an ERG by choosing "yes." However, 29 participants (47,54%) selected the "no" response, indicating they were unaware of this inclusive policy. These responses provide insight into how well-informed employees are about the accessibility of ERGs within ITW and demonstrate the need for more awareness and communication of this possibility for inclusive membership.

Are you receiving information about activities organised by any of ERG? (events, conferences, training..)

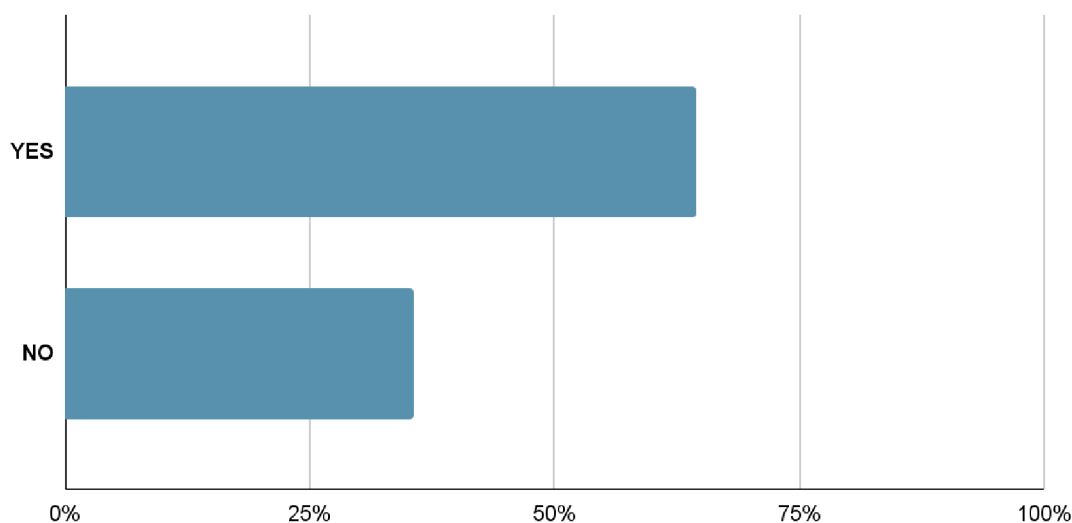


Figure 12: Results of Q4: Are you receiving information about activities organised by any of ERG? (events, conferences, training..)

Q4: Are you receiving information about activities organised by any of ERG? (events, conferences, training..)

Participants were asked to respond to the following question (Q4): "Are you receiving information about activities organised by any of the ERGs, such as events, conferences, or training?" There were 61 participants in total, and 59 of them answered this question, while two others decided to skip it. Of the participants who responded, 38 individuals (64,41%) said they had received information regarding ERG activities, while 21 individuals (35,59%) said they were not. These responses reflect which employees are well-informed of the various activities and initiatives organised by ERGs in ITW. According to the findings, there is an opportunity for improvement in communication and ensuring employees are informed about ERG events, which might lead to higher participation and engagement within the ERG communities.

Have you already participated in some ERG events?

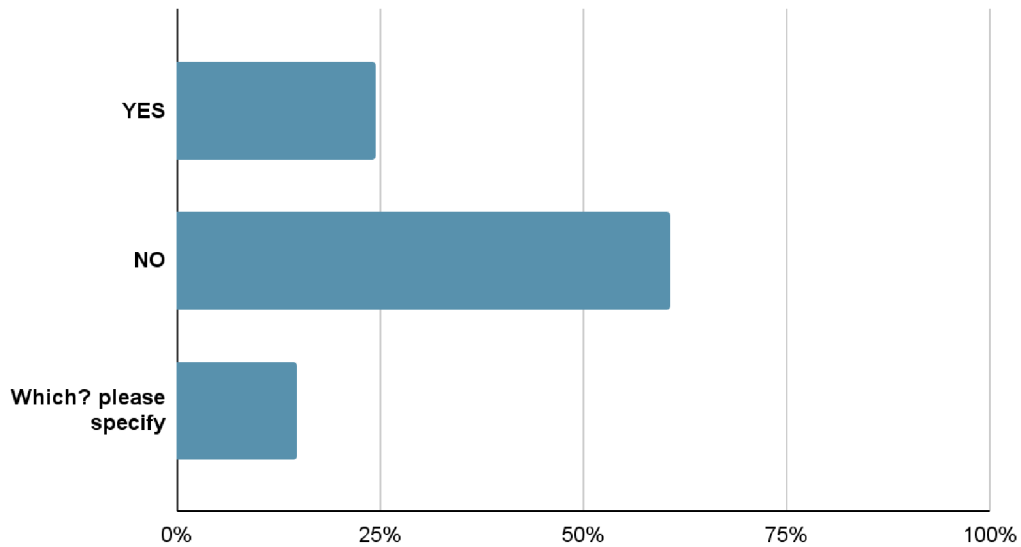


Figure 13: Results of Q5: Have you already participated in some ERG events?

Q5: Have you already participated in some ERG events?

"Have you already participated in some ERG events?" was the fifth (Q5) question that participants were asked to answer. This question got responses from all 61 participants. Fifteen individuals (24,59%) responded "yes", suggesting they had previously participated in ERG events. On the other hand, 37 participants (60,66%) responded "no", indicating that they had not yet taken part in any ERG events. Additionally, nine individuals (14,75%) included information about the specific ERG events they had attended in the "which? please specify" response. YPN in Lisbon, ITW PRIDE in Barcelona, the IWN Global Meeting, IWN training (financial), and the YPN German Chapter were the events that were mentioned. These responses demonstrate both the present participation rates and offer insightful information about the degree of participation and engagement of ITW employees in ERG events.

What is the AIM of ERGs - please choose 1 or more:

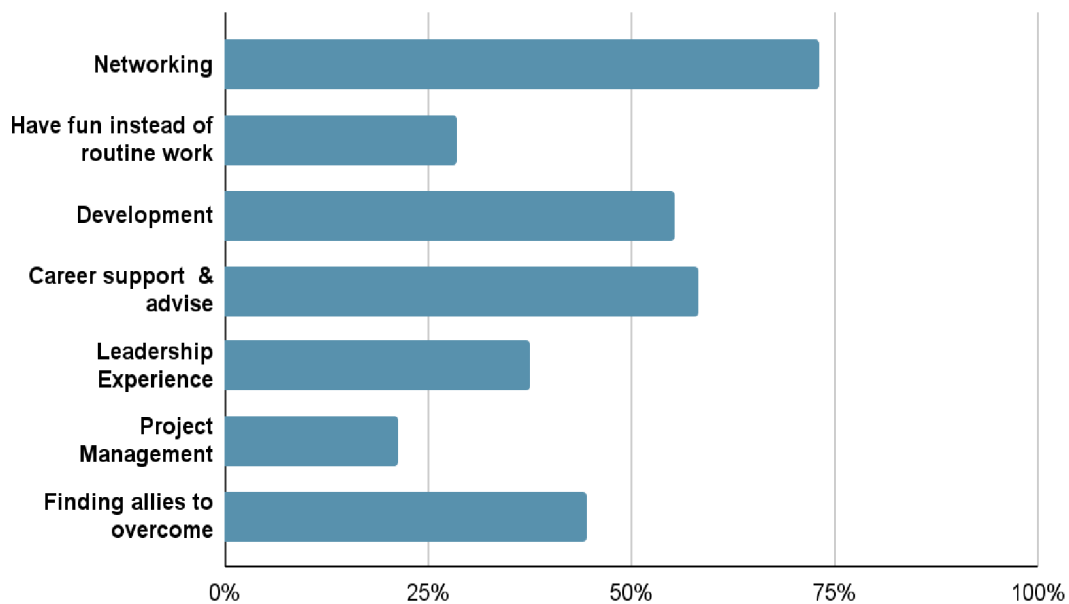


Figure 14: Results of Q6: What is the AIM of ERGs - please choose 1 or more:

Q6: What is the AIM of ERGs - please choose 1 or more:

In response to question number six (Q6) of the questionnaire, respondents were asked to choose one or more aims of ERGs that they believed were appropriate. Out of the 61 total participants, 56 provided their answers to this question, while five decided not to answer it. The findings showed that participants connected ERGs with a wide range of aims. Forty-one participants (73,21%) recognized the aim of ERGs for building professional relationships and growing their network. Additionally, 16 participants (28,57%) reported that they viewed ERGs as an opportunity to take a break from regular work and participate in enjoyable activities, so they embraced ERGs as an opportunity to have fun rather than routine work. According to 31 respondents (55,36%), the idea of development was an aim of ERGs. They recognized ERGs as a place for professional and personal development, providing opportunities for developing skills, education, and self-improvement. Thirty-three individuals (58,93%) also identified ERGs as a source of career advice and support. Some participants, specifically 21 individuals (37,50%), expressed interest in using ERGs to gain leadership experience. Furthermore, 12 participants (21,43%) identified the opportunity to gain knowledge about project management through planning and carrying out ERG projects. Lastly, 25 participants (44,64%) highlighted the aim of ERGs in finding allies to overcome professional challenges.

How is your manager supporting your ERG involvement?

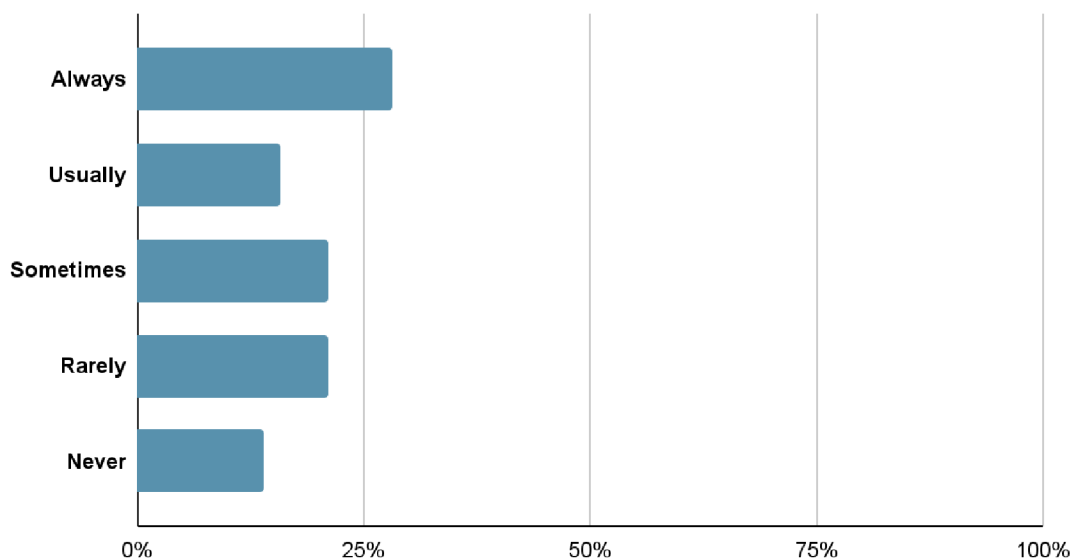


Figure 15: Results of Q7: How is your manager supporting your ERG involvement?

Q7: How is your manager supporting your ERG involvement?

Participants were also allowed to evaluate their manager's support for their involvement in ERGs in response to question number seven (Q7) of the questionnaire. Fifty-seven out of the 61 participants responded to this question, while four chose not to answer. Regarding the frequency of support the employees receive from their managers, the participants were given various answers, from "always" to "never." Sixteen individuals (28,07%) responded that they have "always" received support from their managers. Nine participants (15,79%) said that they "usually" get support from their managers. This indicates that although the level of support may change depending on the circumstances, managers generally acknowledge and encourage participation in ERGs. Twelve participants (21,05%) reported they received manager support "sometimes." On the other hand, twelve participants (21,05%) stated that they had "rarely" received support from their managers. This suggests that their bosses only rarely or inadequately support them and consistently fail to acknowledge or promote their participation in ERGs. In addition, a smaller group of eight participants (14,04%) reported that their managers "never" provided them with any support.

The questionnaire, conducted from January 15th to February 13th, 2023, was designed to gather information about employees' knowledge and involvement in Employee Resource Groups (ERGs). A total of 61 individuals completed the questionnaire. The questions included various aspects related to ERGs, such as awareness, specific ERGs known to participants, inclusive membership policies, information about ERG activities, previous participation in ERG events, ERG aims, and management support for ERG involvement. The questionnaire results provided essential insights into the respondent's understanding and engagement with ERGs within the ITW. Most respondents reported being aware of ERGs, with different levels of familiarity with specific ERGs. The responses also demonstrated participants' understanding of ERGs' inclusive membership policy, which states that any ITW employee may become a member. Regarding ERG activity communication, many participants reported receiving information about ERG-organised events, conferences, and training. However, many of them stated that they do not receive such information. Furthermore, individuals' previous involvement in ERG events differed, with some mentioning their attendance at specific events and others reporting no previous involvement. The questionnaire examined the aims of ERGs, with participants choosing numerous answer choices. Career support and advice, leadership experience, and development appeared to be common aims. These findings give insight into the different expectations and motivations of employees who participate in ERGs. The questionnaire also evaluated the participants' managers' level of support for their ERG involvement. Some participants reported unchanged and strong support from their managers, whereas others reported limited or no support from their upper management. Overall, the questionnaire gave an in-depth look at participants' awareness, involvement, and perceptions of ERGs within the ITW. This may contribute to building an inclusive and supportive workplace environment that recognizes the value and importance of ERGs in promoting diversity.

4.7. Findings across ITW – Employee experience

- **ITW: A highly recommended workplace**

In the of the year 2020 employees of ITW, a well-known organisation with activities across many different sectors, have characterised the organisation as one of the best places to work. An astonishing 84% of ITW employees responded positively as a "great place to work." Within the organisation, this opinion was shared by every racial and ethnic group, including white women (85%), women of colour (79%),

white males (84%), and men of colour (87%). In 2021 an astonishing 85% of all employees recommended ITW as a fantastic workplace. This demonstrates a continuously positive trend and underlines ITW's commitment to building an environment where all employees feel valued and supported. Many recommendations reflected well on the positive workplace and culture that ITW has promoted. Furthermore, this welcoming environment boosts collaboration, innovation, and general satisfaction. The positive feedback from employees demonstrates ITW's commitment to building an inclusive workplace culture as well as providing equal chances. By appreciating and valuing the skills and abilities of employees from all backgrounds, ITW has built a dynamic diverse workforce. As long as ITW prioritises diversity, inclusivity, and employee satisfaction, it will continue to be a top choice for all individuals who are seeking a fulfilling professional life and a place to work that is truly special.

- **ITW is believed to be committed to improving DEI**

Diversity, equality, and inclusion (DEI) are still key priorities at ITW as the organisation continues to create a work environment that respects and values people from all backgrounds. The majority of ITW employees, both women, and men, believe that ITW and other divisions are committed to improving DEI within the organisation. ITW encourages cooperation, involvement, and the sharing of ideas among employees through ongoing projects and activities. Employees from different backgrounds have begun to pay attention to ITW's commitment to creating a work environment that promotes diversity and boosts equitable practices. The organisation understands that its diverse workforce gives a wide range of ideas that improve decision-making, innovation, performance, and success in general.

- **DEI was described as priority for ITW**

The importance of DEI has demonstrated significant growth at ITW, shown by the growing employee agreement. DEI was described as a "top" or "very important" aim by 58% of ITW employees in 2020. The proportion significantly increased, reaching a record high of 66% in 2021, confirming the organisation's growing focus on and recognition of DEI. Enhanced awareness and understanding of the benefits of a diverse and inclusive workplace on organisational success is shown in the higher proportion of employees prioritising DEI.

- **ITW's recognition of employee efforts towards DEI**

Furthermore, there is strong agreement among ITW employees about the importance of their work toward promoting DEI. According to 67% of employees in 2020, senior leaders at ITW value the time and effort that is done to support DEI. The exact number (67%) still shared this opinion in 2021, respecting senior leaders' appreciation and recognition for their contributions to promoting DEI programs. The organisation aims to create an environment where everyone can reach their full potential, regardless of background or identity. Moreover, ITW is dedicated to growing its DEI projects and improving the working environment for all human resources.

- **ITW's growing importance of DEI**

The perspectives of ITW employees, both male, and female, provide valuable insight on how the DEI priorities are changing. Working for an organisation that prioritises DEI, according to an enormous majority of ITW women (87%) and a significant proportion of ITW men (75%), is "more important" than it was two years ago. This shows that everyone understands the enormous impact and importance when organisations actively address DEI challenges. Furthermore, ITW is committed to supporting an atmosphere where each person can grow, contribute their unique skills and abilities, and have a strong sense of belonging by addressing diversity, equity, and inclusion.

4.8. Gender diversity in ITW

In today's business environment, gender diversity is a critical. ITW promotes diversity and works on building an equitable workplace. The following chapter will focus on the representation of women at various levels of the organisation's pipeline, illustrating how ITW is progressing toward reaching gender balance.

ITW overall representation in the workplace in 2021

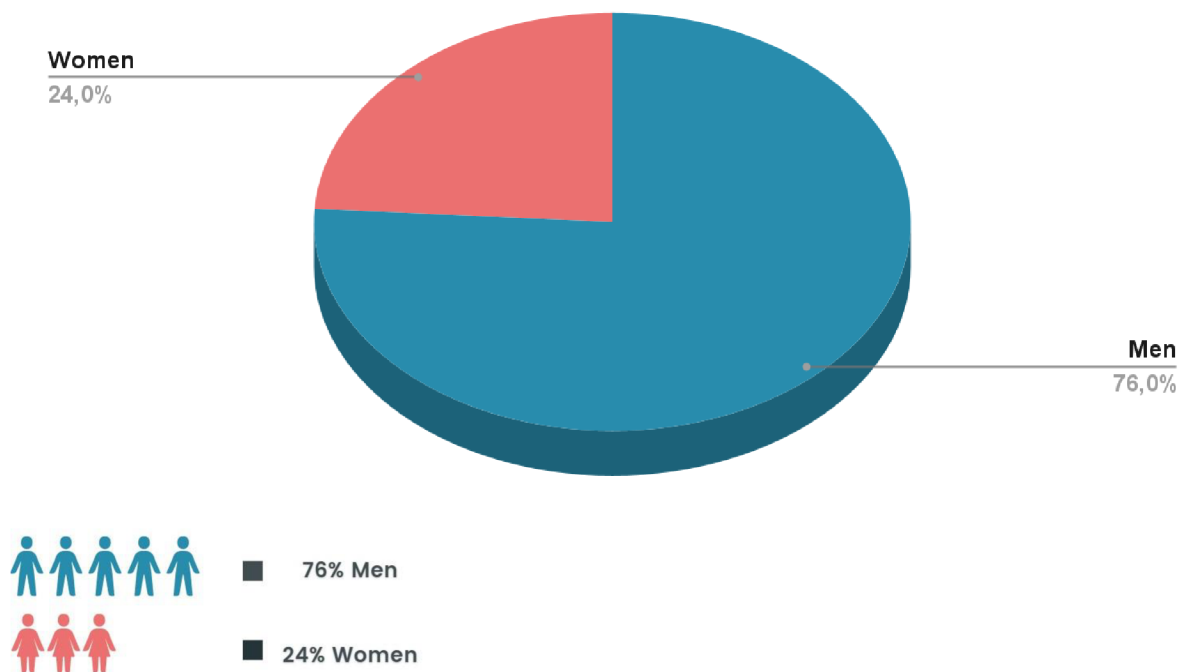


Figure 16: ITW overall representation in the workplace in 2021. Source: ITW's internal data. Modified by author.

Examining the overall representation of men and women in ITW, Figure 16 demonstrates that men hold the majority of positions at 76%, while women comprise 24% of the workforce by the end of the year 2021.

- **Entry level**

At ITW women comprise 31% of the workforce at entry-level positions, with men making up the remaining 69%. More effort needs to be made to close the gender gap and promote more women representation at this stage.

- **Managerial roles**

Women still have a low representation when they move to managerial positions. Women hold just 21% of managerial positions, while men have the majority (79%). ITW understands the value of developing female talent and giving them tools they need to succeed in managerial positions, resulting in a more diverse and inclusive management team.

- **Senior manager**

According to data, men held 70% of senior manager positions compared to 30% of women in the same positions. According to this gender imbalance, men were more likely to hold senior management roles within the ITW organisation in 2021.



Figure 17: ITW entry level, manager and senior manager positions, 2021. Source: ITW's internal data. Modified by author.

- **Vice President level**

Women hold 27% of positions at the Vice President level. However, men still dominate, with a representation of 73%. ITW recognizes the importance of creating a welcoming workplace and encouraging more women to rise to higher leadership roles.

- **Senior Vice President**

According to the data, women hold 35% of positions at the Senior Vice President level at ITW, indicating a minor improvement in their representation. However, men comprise the remaining 65%. This information underlines the urgency of putting policies that support gender equality and offer equal chances for career growth.

- **C-Suite**

In the C-Suite, which consists of senior executive positions, there are still challenges concerning the representation of women. Currently, men occupy the majority (56%) of these leadership roles, with women holding 44%. ITW understands the value of gender diversity and works to put more women in these powerful positions.

- **Board**

In terms of board-level positions, ITW shows significant advancements toward achieving gender balance. At the highest level of governance, the organisation is committed to diversity, as seen by the astounding 20% of board seats held by women and 80% by men.

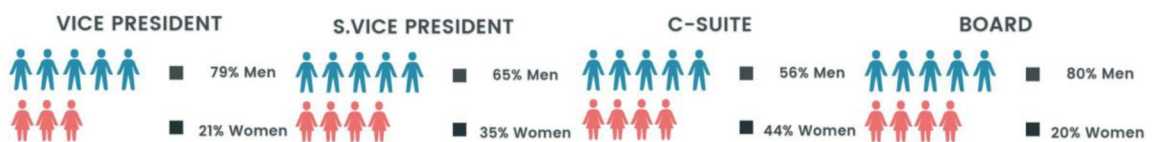


Figure 18: ITW Vice President, S.Vice president, C-Suite and Board representation, 2021. Source: ITW's internal data. Modified by author.

ITW understands the value of encouraging a diverse and inclusive workplace and is committed to building the representation of women at all levels of the organisation's pipeline. Although there has been significant improvement, more has to be done to close the gender gap, especially in leadership positions. ITW wants to establish a workplace where women are encouraged to grow and also contribute to the organisation's success.

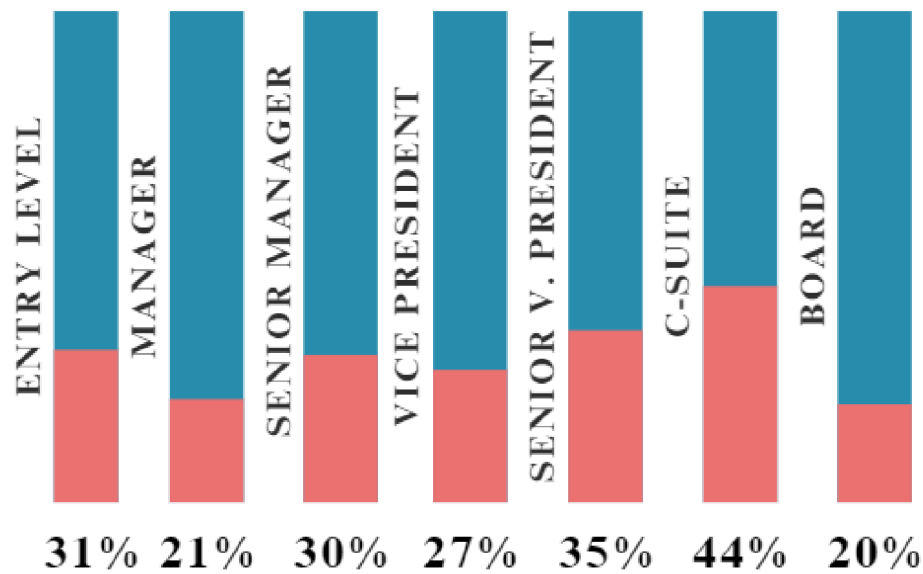


Figure 19: ITW women's representation in the workplace in 2021. Source: ITW's internal data. Modified by author.

4.8.1. ITW women's representation in 2020 and 2021

Increasing the representation of women at all organisational levels has always been a priority for ITW. Progress in attracting diverse talent can be seen in the increased representation of women in entry-level positions. Even if there were little modifications in managerial positions and senior management, the focus should be on creating an environment encouraging women to grow in their careers. A decline in the proportion of women in vice president and senior vice president positions demonstrates the need for concentrated efforts to eliminate gaps in gender representation in these critical positions of leadership. However, the significant improvement in the proportion of women in the C-Suite highlights ITW's dedication to gender equality in executive leadership. Furthermore, since 2020 ITW has kept a consistent representation of women on the board of directors. The following Table 3 compares ITW women's representation in 2020 and 2021 more in detail.

¹	Entry level	Manager	Senior Manager	VP	SVP	C-Suite	Board
2021	31%	21%	30%	27%	35%	44%	20%
2020	24%	22%	28%	28%	43%	30%	20%

Table 3: ITW women's representation in 2020 and 2021. Source: ITW's internal data. Modified by author.

The Table 3 demonstrates the proportion of women in different levels, including entry-level, manager, senior manager, VP, SVP, C-Suite, and board-level positions. The worse results in 2021 are highlighted in red, indicating lower representation, while the better results are highlighted in green to emphasize the higher representation of women in 2021. According to Table 3, women's representation increased at the entry level from 24% in 2020 to 31% in 2021, which is marked in a green highlight. This increased trend shows improvement in attracting and hiring women in ITW early in their careers. From 22% in 2020 to 21% in 2021, the proportion of women in managerial roles slightly decreased, denoted by a green highlight. At the senior manager level, women comprised 30% of the workforce in 2021, an increase from the 28% reported in 2020. This growth is a significant trend in giving women in ITW an opportunity to take on more challenging leadership roles. There are, however, some areas that need more attention and development. For instance, the representation of women in a vice president function decreased from 28% in 2020 to 27% in 2021 and women in a senior vice president function represented 43% in 2020, and by 2021 that number had decreased to 35%. Both highlighted in red colour. This suggests that it may be challenging for ITW to maintain equal representation for men and women at this top leadership level. The proportion of women in the C-suite increased from 30% in 2020 to 44% in 2021, which is highlighted in green. And in both 2020 and 2021, the proportion of women on the board of directors remained unchanged at 20%. The table clearly distinguishes between areas that require more attention and improvement (red colour) and those where progress has been made (green highlight). However, to ensure diversity, ITW should keep focusing on efforts to support women representation at any level.

¹ In Table 3 the worse results are highlighted in red, indicating lower representation of women, while the better results are highlighted in green colour.

4.8.2. ITW's women representation vs. average industry representation in 2021

Women's equality and the promotion of gender diversity have become top priorities for organisations in all sectors, and ITW has made significant progress in achieving a balanced workforce. However, ITW is a major engineering and industrial manufacturing player. The following chapter will evaluate how many women are represented at different stages in ITW's pipeline in 2021 by comparing that with the averages for the engineering and industrial manufacturing sectors in the same year. Table 4 shows the proportion of women at different levels within ITW for the year 2021. It includes positions at the Entry level, Manager, Senior Manager, VP, SVP, C-Suite, and Board level positions. Colour highlights are used in the table to represent the data visually. When compared to the Engineering and Industrial manufacturing sector, worse ITW's results in 2021 are highlighted in red, demonstrating lower representation, while dark red highlight the worst result. In contrast, better results in 2021 are highlighted in green, indicating a higher representation of women in ITW. Table 4 also includes a blue-highlighted row for the average proportion of women working in the engineering and industrial manufacturing sectors in 2021. This average is used as a benchmark for comparing the representation of ITW in each level position.

²	Entry level	Manager	Senior Manager	VP	SVP	C-Suite	Board
2021 ITW	31%	21%	30%	27%	35%	44%	20%
2021 Industry average	33%	25%	25%	23%	21%	23%	31%
Percentage difference	-2%	-4%	+5%	+4%	+14%	+22%	-11%

Table 4: ITW women's representation in 2021 and comparison to Engineering and Industrial manufacturing. Source: ITW's internal data. Modified by author.

² In Table 4 the worse results are highlighted in red, while the better results are highlighted in green colour.

According to Table 4, in the first stage, the entry-level, women comprise about 31% of ITW's workforce. This demonstrates ITW's commitment to attracting and developing women's talent at the earliest stages of their careers, even though it is slightly below the industry average of 33%. So, there is a two percent difference, marked by a red highlight. Advancing to managerial positions, ITW demonstrates 21% participation of women in managing roles, slightly below the industry average of 25%. This represents a four percent difference, denoted by a red highlight. Nevertheless, ITW is trying to promote diversity and give women growth opportunities. Move up the organisational ladder to senior managerial positions, ITW matches the industry average with a significant 30% representation of women. This shows that ITW is creating pathways for women to advance into higher leadership roles in respect of their outstanding achievements and skills. The average for engineering and industrial manufacturing is 25%. ITW stands out from the industry average of 23% in vice president positions by representing women at 27%. This demonstrates the organisation's commitment to gender diversity in top management and its trust in women to succeed in important positions. With an impressive 35% participation of women in senior vice president positions, ITW continues to break through boundaries. This is higher than the 21% industry average, reflecting ITW's commitment to giving women the chance to succeed in leadership positions and participate in strategic decision-making. And with an astonishing 44% presence of women in the C-Suite, ITW substantially improves above the industry average of 23%. At the SVP and C-Suite levels, ITW's representation is significantly higher than the sector average, with a +14% and +22% difference, respectively. Both of them are highlighted in green. This demonstrates ITW's focus on gender diversity at the highest levels of leadership. Although ITW has made significant progress toward gender diversity across its pipeline, there is still more to be done at the board level. Currently, 20% of board positions are held by women. So, reflected by the dark red (-11%) highlight, ITW women's participation on the Board is lower than the sector average. Nevertheless, there remain possibilities for improvement in women representation, in any case.

5. Potential impact of diversity on the ITW's performance

This diploma thesis aims to examine the potential impact of diversity on the performance of an international organisation. So, the potential correlation between ITW Return on Equity and the proportion of Women in the top 1000 positions across ITW. The analysis aims to identify whether the proportion of women impacts the ROE generated by the organisation. An analysis will be performed using the SPSS program to examine the potential correlation between these variables. The findings will contribute to further developing awareness of the importance of gender diversity in organisational performance and will provide helpful insights to organisations that are trying to create inclusive workplaces and increase their profitability in general.

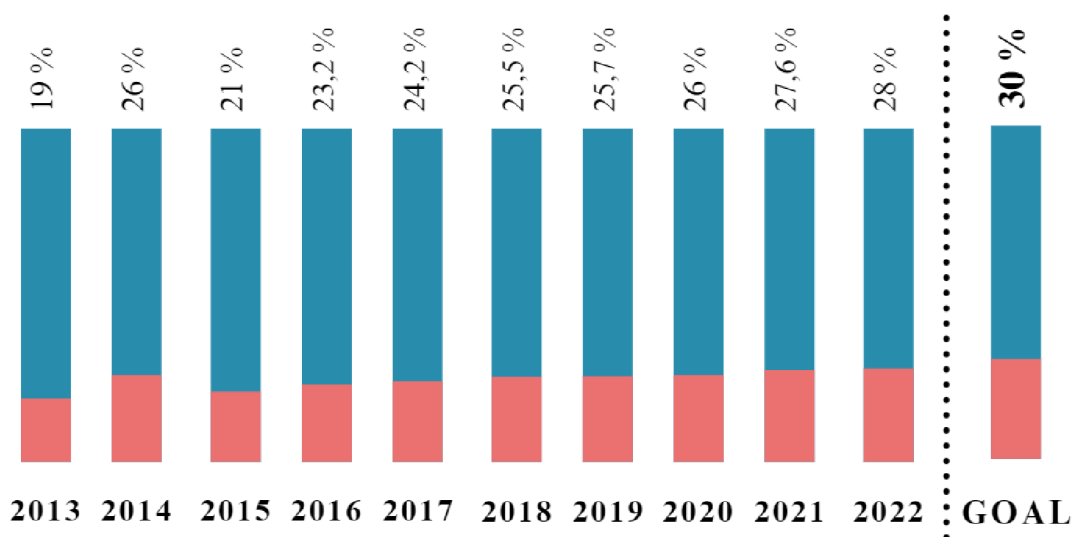


Figure 20: ITW's proportion of women across the top 1000 positions. Source: ITW's internal data. Modified by author.

The Figure 20 illustrates the proportion of women across the top 1000 positions at ITW during a period of ten years, from 2013 to 2022. The Y-axis represents the proportion of women, while the X-axis represents the years. It shows the proportion of women increasing gradually over time. The percentage was 19 percent in 2013, then increased to 20 percent in 2014, 21 percent in 2015, and 23,2% in 2016. With proportions of 24,2% in 2017, 25,5% in 2018, and 25,7% in 2019, the increasing trend is still visible. The proportion reached 26 percent in 2020, and then increased to 27,6% in 2021 and 28,1% in 2022.

However, evaluating a company's financial performance is a complex and broad task. Numerous indications can be evaluated. It is crucial to consider the information from all areas of an organisation's financial operations to evaluate its overall performance fully. Nevertheless, it is recognised that not all organisations pursue profitability and growth in the same manner. Numerous studies use accounting financial measures, such as Return on equity (ROE), to evaluate the financial performance of an organisation (such as Rugman, Lecraw, Booth, 1985; Buhner, 1987; Luo and Peng, 1999). So, the following chapter will cover the topic of ITW's financial performance in detail. Moreover, it will focus on evaluating the performance, measured by ROE (Return on Equity), since it is one of the most frequently used measure of organisational financial performance.

Return on Equity (ROE) is a financial indicator that measures an organisation's profitability and efficiency in generating profits from its shareholders' equity. It provides details regarding how effectively an organisation operates with its equity capital to generate returns for its shareholders. ROE is measured as a percentage by dividing an organisation's net income by its average shareholders' equity. A higher ROE indicates better profitability and more efficient equity use (Walsh, 2003).

$$ROE = \frac{\text{Net income}}{\text{Shareholders' equity}}$$

ROE = Net Income / Shareholders' Equity

Higher share price and greater accessibility to additional capital are also benefits of a higher ROE. With new funds, an organisation can expand, especially under favourable market conditions, increasing profitability and driving further growth, while upholding shareholders' wealth (Walsh, 2003).

ITW ROE (2013-2022):

<u>Year</u>	<u>Net Income</u>	<u>Shareholder's Equity</u>	<u>Return on Equity</u>
2013	\$1,68B	\$9,71B	16,51%
2014	\$2,95B	\$6,82B	37,24%
2015	\$1,90B	\$5,23B	36,86%
2016	\$2,04B	\$4,26B	42,34%
2017	\$1,69B	\$4,59B	35,73%
2018	\$2,56B	\$3,26B	69,48%
2019	\$2,52B	\$3,03B	82,02%
2020	\$2,11B	\$3,18B	80,18%
2021	\$2,69B	\$3,63B	77,44%
2022	\$3,03B	\$3,09B	92,90%

Table 5: ITW ROE (2013-2022). Source: ITW's internal data

The Table 5 provides financial data for the years 2013 to 2022, including net income, shareholder's equity, and return on equity (ROE) for each year.

- **year** = this is the year for which the financial data is reported
- **net income** = the amount of profit the organisation generates after deducting all expenses, taxes, and interest
- **shareholder's equity** = the value of the organisation's assets owned by its shareholders after deducting all the liabilities
- **return on equity (ROE)** = is calculated by dividing net income by shareholder equity and expressing the resulting number as a percentage (Walsh, 2003).

5.1. SPSS – REGRESSION ANALYSIS

To examine data from the last ten years (since 2013 - 2022) Regression analysis will be used to determine if there is a statistically significant correlation between ITW's Return on equity (ROE) and the proportion of women in its top 1000. The descriptive statistics for the variables "ITW ROE (%)" and "Proportion of women in top 1000 across ITW" based on the SPSS output are as following Figure 21 demonstrates:

	N	Minimum	Maximum	Mean	Std. Deviation
Proportion of women in Top 1000 across ITW	10	19,0	28,1	24,030	3,1549
ITW ROE (%)	10	16,51	92,90	57,0700	26,09483
Valid N (listwise)	10				

Figure 21: Descriptive Statistics (SPSS output). Modified by author.

The analysis of the ITW ROE (%) showed an average ROE (Mean) of 57,07% with a standard deviation of 26,09483 percent throughout the ten years of data analysis. The average proportion of women in the top 1000 positions across ITW in ten years was 24,03%, with a standard deviation of 3,1549 percentage points. Both measurements have been determined based on a sample size of 10 variables.

Model	Variables Entered	Variables Removed	Method
1	ITW Number of Employees, Proportion of women in Top 1000 across ITW ^b	.	Enter

a. Dependent Variable: ITW ROE (%)

b. All requested variables entered.

Figure 22: Variables Entered/Removed (SPSS output). Modified by author.

The "Variables Entered/Removed" (Figure 22) specifies the variables added to or excluded from the regression analysis. In this particular case, there is one model with two predictors (independent) variables: the proportion of women in the top 1000 ITW positions

and the number of ITW employees. The Figure 22 also demonstrates that the proportion of women in the top 1000 positions across ITW as well as the number of ITW employees, were both entered as predictor (independent) variables in the regression analysis. No variables were removed from the model. The dependent variable is ITW ROE (%), and other requested variables were included using the "Enter" technique. "Enter" is the method for entering the variables into the model. The Figure 22 indicates that not a single variable was removed from the regression model's predictor variables, including both predictors, the ITW Number of employees and the proportion of women in the top 1000 across ITW. It demonstrates that the regression analysis was performed without special selection criteria or procedures to include both predictor (independent) variables simultaneously. The regression model aims to project ROE based on the two predictor variables.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,962 ^a	,925	,904	8,08681

a. Predictors: (Constant), ITW Number of Employees, Proportion of women in Top 1000 across ITW

Figure 23: Model Summary (SPSS output). Modified by author.

The Model summary table (Figure 23) gives an overview of the regression model's performance and goodness-of-fit metrics. The dependent variable and the predictor (independent) variables indicated a moderate positive correlation, demonstrated by the R value. The R value represents the correlation coefficient. The strength and direction of the linear relationship between the predictors (independent variables) and the dependent variable are shown by this value, which ranges from 0 to 1. A higher R value gives a stronger correlation. So, the R value of 0,962 indicates a good level of prediction.

The R square value, also known as the coefficient of determination, indicates the model's predictive power. R square ranges from 0 to 1, with higher values indicating a better fit of the model and the data. The R square value of 0,925 represents the proportion of variance in the dependent variable that can be explained by the predictor (independent) variables. So, the predictors account for approximately 92,5% of the variance in the dependent variable, indicating a high level of explanation.

The adjusted R square adjusts the R square value by considering the number of predictors in the model and the sample size. It takes into consideration the potential R square inflation based on the addition of more predictors. The model's explanatory power is frequently estimated using the adjusted R square, which has been assumed to be more conservative. The adjusted R square value of 0,904 is high, indicating that including the predictor variables does significantly improve the model's explanatory power.

The Std. error of the estimate (SEE) is displayed as well in the table. These statistics indicate the average amount of error or deviation between the predicted values of the dependent variable. A lower SEE demonstrates a better fit of the model to the data. A standard error of the estimate of 8,08681 can be considered as a low in this particular case, where the dependent variable is ITW ROE (%).

In general, the Figure 23 shows a positive correlation between the dependent variable ITW ROE (%) and the predictor (independent) variables (ITW Number of Employees and Proportion of Women in the Top 1000 across ITW). So, as demonstrated by the R square value, the model's overall explanatory power is high. The adjusted R square value indicates that including predictors will significantly improve the model. And the SEE estimates the model's average prediction error, demonstrating how accurately the model can predict the dependent variable using the provided predictors. And lower SEE in this case demonstrates a better fit of the model to the data.

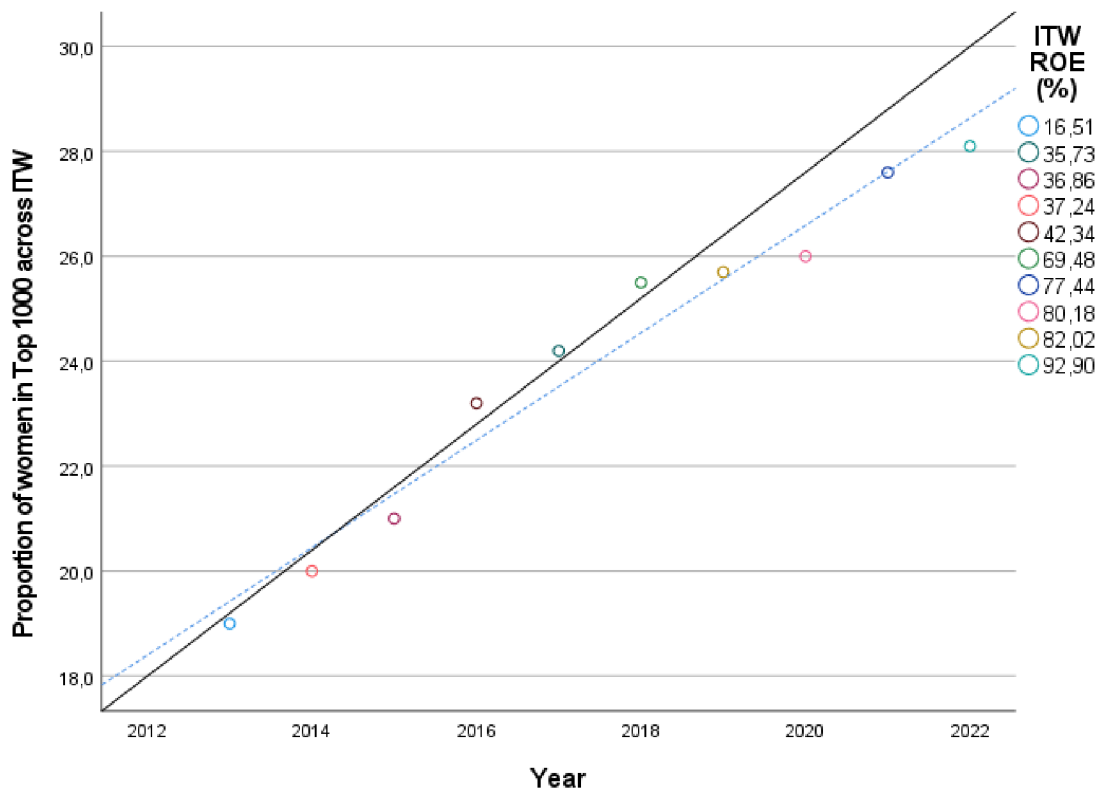


Figure 24: Scatter plot (SPSS output). Modified by author.

The Figure 24, the scatter plot shows the correlation between the ITW ROE (%) and the Proportion of Women in the Top 1000 Across ITW over time. The proportion of women in the top 1000 across ITW is represented on the Y-axis. The year, which ranges from 2013 to 2022, is displayed on the X-axis. Moreover, each data point on the plot is marked based on the relevant ITW ROE (%). The markers' (data points) position represents the return on equity and the corresponding proportion of women for each year. The scatter plot illustrates a pattern where the proportion of women across the top 1000 positions at ITW has increased over time. The proportion was 19% in 2013 and increased to 28,1% in 2022. The scatter plot's data points show each year's exact proportion of women. Data points that demonstrate the ITW ROE (%) for each corresponding year, expressed in percentage points, are also included in the scatter plot. For example, ROE in 2013 was 16,51%, and in 2022 it was 92,90%. These data points' position on the scatter plot illustrates the correlation between the proportion of women and ITW ROE (%). Other patterns or trends in the data can be identified by examining the scatter plot. In this case, the data points show an upward trend. As a visual representation of the data, the scatter plot provides initial observations and relationship analysis between the variables.

In addition, the scatter plot is improved by two extra lines: a reference line from the equation (black line) and a fit line that represents a straight line that is fitted to the scatter plot data points (blue line), so it makes it easier to understand the correlation between the variables more effectively. The reference line, which is shown in black, is an equation-based line obtained from the regression analysis. This (black) line fits the data points as a reference point for comparison. The regression analysis results represent the estimated correlation between the proportion of women among the top 1000 ITW performers and the ITW ROE (%). The reference line serves as a guide for making projections based on the given data and determines the direction and strength of the relationship between the variables.

The regression analysis demonstrated a positive correlation between the proportion of women in ITW and the ROE of ITW. This outcome indicates that as the proportion of women in the organization increased, ITW's financial performance, as measured by ROE, also increased. This apparent correlation underlines the potential impact of gender diversity on the organization's performance.

Limitations and suggestion for future research

Although the diploma thesis provided valuable insights and analysis, it is essential to be aware of its limitations. These limitations may impact the generalizability and reliability of the findings and should be considered when interpreting the outcomes. For instance, the thesis primarily focused on one organisation, Illinois Tool Works Inc. (ITW), which limits the findings' ability to be general. Since every organisation has specific characteristics and factors of context that influence diversity management and its impact on performance, the findings obtained from this thesis may not apply to other organisations in different industries or nations. Another limitation relates to the data that was used for the regression analysis. The thesis analysed the correlation between the proportion of women in ITW and the organisation's Return on Equity (ROE) with financial data from 2013 to 2022. While this information provides insights into long-term performance trends, it does not consider potential changes in the organisation's strategies, goals, or external factors that may have influenced the outcomes. Furthermore, the analysis was limited to gender diversity and did not consider other aspects of diversity that may impact performance. Furthermore, the questionnaire used to gather information regarding ITW Employee Resource Groups (ERGs) may also have limitations. The sample size and representativeness of the participating individuals may impact the findings' generalizability.

Considering the thesis' limitations, many potential areas for future research could improve the understanding of diversity and its impact on organisational performance. However, including many organisations from different industries and areas would provide a broader perspective. This would enable comparisons and generalisations to be determined regardless of Illinois Tool Works Inc. (ITW) context. Furthermore, while this thesis is focused on gender diversity, future research could examine the impact of other aspects of diversity, such as race, ethnicity, age, and cultural background. Understanding the different challenges and opportunities associated with various diversity aspects would contribute to a more comprehensive understanding of the effects of diversity management on organisational performance. Implementing mixed methods would also provide a deeper understanding of the topic. Combining quantitative tools, such as regression analysis, with qualitative methods like interviews or case studies would allow for a more comprehensive examination that determines performance outcomes.

Conclusion

In conclusion, this diploma thesis analysed diversity management, focusing on its impact on organisational performance, mainly on gender diversity at Illinois Tool Works Inc. (ITW). However, if an organisation is not supportive of women, it is possible that even with efforts to improve gender representation within the workforce, the organisation's performance may not improve (Oldford et al., 2020). So, the study highlighted the importance of diversity management and a supportive environment in today's business environment. Since different people have different views on diversity, organisations must align all those points of view with their organisational values. Understanding that diversity cannot be handled as isolated campaigns or sporadic initiatives is crucial. Instead, promoting workplace diversity needs continuous monitoring and attention (Eswaran, 2019). The diploma thesis also provided an understanding of the various challenges and opportunities connected with diversity management and the critical role of creating a supportive and inclusive work environment. The methodology used in this diploma thesis included the implementation of a questionnaire to collect data on Employee Resource Group (ERG) knowledge and participation among ITW employees. A questionnaire survey was designed from January 15th to February 13th of 2023 to gather relevant data. A total of 61 individuals completed the questionnaire and contributed with their valuable responses. The questionnaire included questions about the participants' knowledge of specific ERGs, the inclusiveness of membership, awareness of ERG activities, previous participation in ERG events, their understanding of the goals of ERGs, and their level of management support for ERG involvement. Overall, the questionnaire gave an in-depth look at participants' awareness, involvement, and perceptions of ERGs within the ITW. According to the outcomes, ERGs are critical in promoting diversity, employee engagement, and developing a high-performance organisational culture. Furthermore, regression analysis with the SPSS program was used to examine the correlation between the proportion of women in ITW and the Return of Equity (ROE) of ITW over ten years. The analysis of the ITW ROE (%) showed an average ROE (Mean) of 57,07% with a standard deviation of 26,09 percent throughout the ten years of data analysis. The average proportion of women in the top 1000 positions across ITW in ten years was 24,03%, with a standard deviation of 3,15 percentage points. The SPSS regression analysis provided practical evidence of a positive correlation between the proportion of women in ITW and ITW's ROE. In addition, scatter plot is also provided, which illustrates a pattern where the proportion of women across the top 1000 positions at ITW has increased over

time. For instance, the proportion was 19% in 2013 and increased to 28,1% in 2022. The scatter plot's data points show each year's exact proportion of women and the ITW ROE (%) for each corresponding year, expressed in percentage points. In this case, the data points show an upward trend. So, as visual representation of the data, the scatter plot provides the correlation between the variables. The outcomes confirmed that diversity, especially gender diversity, may positively influence organisational success and should be accepted as an organisational advantage. So, organisational performance and gender diversity are positively correlated. In general, comparatively to organisations with lower levels of gender diversity, organisations with higher representation of women are more likely to outperform their competitors. For instance, organisations with a higher proportion of women over 30% tend to outperform those with a lower proportion (between 10% and 30% of women). These results highlight the importance of promoting gender diversity as a competitive advantage for organisations (Dixon-Fyle, 2020). Based on the outcomes, it would be appropriate to conclude that diversity management, particularly the development of gender diversity, plays an essential role for organisations that want to gain long-term competitive advantage. Organisations can operate with diverse workforce's unique abilities, perspectives, and experiences to drive innovation, improve decision-making processes, and boost overall organisational performance by promoting an inclusive workplace environment, utilising the potential of ERGs, and developing a high-performance culture. This diploma thesis has contributed to the existing knowledge of diversity management, especially in the context of ITW. The findings of this thesis provide valuable insights and practical information for all individuals, especially managers, human resources specialists, and organisational leaders. However, it is essential to be aware of the limitations of this diploma thesis, such as its focus on a single organisation and the specific context of gender diversity within ITW. Future research should examine the impact of diversity in other industries, geographical regions, and organisational contexts to understand its implications better. Overall, this diploma thesis demonstrates the significance of diversity management and gender diversity as essential factors for organisational performance. So, diploma thesis highlights the need for organisations to create inclusive and supportive workplace environments that encourage employees and appreciate their different points of view and skills.

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