

Managing diversity: making it core business

This *Briefing* explores why diversity in the broadest sense is critical to the core business of how the NHS operates. It outlines the value that creative diversity management can bring to organisations and its role in helping to deliver the NHS vision of implementing personalised care and quality based on “safe care, effective care and patient experience.”

Key points

Managing diversity is critical to:

- promote the corporate reputation of the NHS as an employer of choice
- recruit a diverse workforce that meets capacity and service delivery needs
- increase productivity through maximising individual contributions to provide better patient care
- protect trusts from financial detriment or corporate embarrassment as a result of litigation.

Background

The evidence to support the argument that diversity should be part of the core business of NHS organisations continues to grow. Both within the NHS and in other sectors, the business benefits of diversity are seen to enhance an organisation’s reputation, improve recruitment and

retention, increase productivity and mitigate risks in terms of legal compliance.

Alongside serving an incredibly diverse population, the NHS has the added challenge of responding to changing demographics, such as a maturing UK population, and attitudes, such as the

expectations of Generation Y.

The global economic downturn and required efficiencies also present a challenge, making it even more important to ensure that the diversity agenda is not forced to take a back seat to other priorities.

The Equality Bill aims to promote fairness and equality of opportunity, tackle disadvantage and discrimination, and strengthen the law on equality and diversity in the public sector.

In addition, Professor Lord Darzi’s report, *High quality care for all*, highlights the importance of quality of care, focusing on the patient’s complete NHS experience, to ensure that they get personalised care and are treated with compassion, dignity and respect.

The NHS Constitution, published

in January 2009, is expected to help realise this vision. It highlights clear aspirations for equality and diversity, which include a “comprehensive service for all” and “equal access, dignity and respect for patients and staff.”

In addition, a recent report from the learning and skills task group of the Public Services Forum (PSF), is encouraging public services to play a key role in upholding the principles of fairness and public value in tough times, providing practical support for people and helping the country to prepare for recovery.

These need to be seen in the broader context of the wider UK workforce and economic challenges for employers.¹ Skills gaps currently affect 16 per cent of employers. By 2020, it is predicted that the UK economy will need a further five million skilled workers beyond the current nine million.²

Staff who work in the NHS are at the heart of delivering high-quality personalised care to patients. The experience and outcomes of the people who use the NHS are almost entirely due to their interactions with staff. Recruiting, developing and retaining a diverse workforce that mirrors the population an organisation serves is therefore essential. On this basis, diversity management must be seen as a key enabler of business strategy.

Why diversity must be part of core business

The four main drivers for diversity are:

- organisational reputation
- recruitment and retention
- productivity
- risk mitigation.

These are outlined below.

Organisational reputation

Actively engaging an increasingly diverse society can enhance an organisation’s reputation and enable it to attract and retain employees and develop appropriate services.

There is also growing evidence that staff want to be valued and respected, be involved in decision-making, work in teams and undertake meaningful work with responsibilities.³

Having a good reputation as an employer means trusts will be able to attract talent from a range of communities, choose the best person for the job and meet recruitment and retention needs.

Conversely, an organisation that does not value diversity, will increasingly be seen as out of touch. It is bad for an organisation’s image, reputation and business.

Corporate social responsibility (CSR) is very closely linked to diversity and the business case. CSR measures may include:

- employing people who are representative of the local community
- supporting other initiatives designed to stimulate economies and employment, both locally and nationally.

Many aspects of CSR will be a critical part of trust governance, particularly for foundation trusts. CSR is an important psychological contract between an NHS trust and the communities it serves. It is important to remember that it is staff, patients and local communities who will judge whether a trust is genuinely valuing diversity. The task therefore not only needs to be done, but seen to be done.

Recruitment and retention

Recruiting and retaining skilled staff remains a vital challenge for the NHS, even when economic circumstances make the public sector a more attractive employment option. While recruitment shortages may have been drivers of diversity in the past, the NHS still needs to attract, employ and develop the best individuals to meet the needs of its diverse communities.

This needs to be viewed against the backdrop of a maturing UK population and fewer school leavers, which will create a more competitive labour market for all employers in the future. Employers need to plan ahead, considering who could fill future gaps and how this might influence recruitment practices.

Demographics

The share of people from ethnic minority backgrounds has risen from 7.3 per cent of the total population in 2000 to 10.3 per cent at the end of 2007. Given that ethnic minority pupils make up a fifth of pupils in state-funded primary and secondary schools, and 17 per cent of UK undergraduates,⁴ this is expected to increase further.

Attention is also focusing on Generation Y, as those born between 1978 and 1995 enter the workforce to fill vacancies, including those created over the next decade as 'baby boomers' retire. Regarded as the best educated and the most technologically savvy generation ever, Generation Y employees are predicted to transform the workplace and usher in the highest level of flexible working over space, time and organisational boundaries to achieve the lifestyle they want.

The ageing workforce also

Case study: London Ambulance Service – equality impact assessment for the 2012 Olympics

The London Ambulance Service has carried out an equality impact assessment (EqIA) as part of its preparations for the 2012 Olympics. The EqIA identified a number of areas that are now informing the trust's planning:

- **cultural training** – the need to identify requirements for training in cultural differences, gestures, religion or belief, considering both spectators and athletes
- **paralympians** – determine whether staff need additional skills/training in this area
- **disease** – consider additional training requirements for non-UK diseases
- **human rights** – identify additional training requirements such as political asylum and staff under personal protection officers.

As a result of the EqIA, the trust's preparations now include developing new training for staff, a code of conduct for volunteers and a memorandum of understanding for visiting organisations.

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dominates current thinking as one of the most significant trends for business and society over the next 25 years. If nothing is done to promote better, more flexible employment opportunities for older workers, the number of retirees per worker in the Organisation for Economic Co-operation and Development (OECD) countries will double

over the next five decades.⁵

These factors are crucial for the NHS as one of the major employers and providers of health and social care in the world. If NHS organisations are to grow, they will need to use every aspect of the labour market to make up much of the net addition to the workforce.

In terms of the value of a diverse

workforce, the civil service has found positive links between workforce representation, service delivery and customer knowledge.⁶ Providing a service based on understanding the differing needs of users is a lot easier if the organisation has a workforce trained in good diversity practice that reflects and mirrors the people it serves.

An 'employer of choice' recruits from the widest and most diverse pool. These recruits offer knowledge and insights on providing the best personalised care (including preventive care) and this should, in turn, lead to a more effective service that ultimately saves costs.

Productivity

Emerging evidence suggests that individual differences are essential ingredients for high productivity, creativity, innovation and competitive advantage.⁷

People perform better and are more productive when they can be themselves and share their individuality for the benefit of an organisation that is committed to their well-being. The NHS Constitution and its commitment to employee welfare recognise the crucial role of managing differences among staff. This gets the best from employees in terms of productivity, as well as reducing the cost of stress and

sickness absence.

There is a wealth of evidence to show that organisations adopting good diversity practices can achieve productivity gains:

- Absence levels are an indicator of overall organisational health. Promoting staff well-being and accommodating differences, for example through flexible working, creates a culture of high attendance, achieving targets and efficiency gains.⁸ Research shows a typical increase in productivity of up to 20 per cent, with some services reporting gains of up to 50 per cent.⁹
- When the London Borough of Camden introduced a work-life balance strategy, it experienced a 2.5 per cent reduction in the cost of sickness absence in the first year.¹⁰
- Research by Stonewall clearly identifies a number of key drivers that have motivated gay staff. Almost universally, the participants identified a positive correlation between workplace climate and their own productivity and performance.¹¹
- The Healthcare Commission's (2008) research shows a strong correlation between high staff satisfaction and high patient satisfaction.

- McKinsey researched the top performing European companies in 2007 and found that those with the highest level of gender diversity in top-level posts, outperformed their sector in terms of investment returns.¹²

Conversely, not adopting good diversity practices, can incur significant costs:

- The CIPD estimates that losing just one member of staff can cost anything up to £18,000 in replacement and lost productivity costs.¹³
- A Department of Health report estimated the cost of bullying and harassment to be in the region of £325 million a year.¹⁴ The 2008 NHS staff survey recorded higher levels of reporting of bullying and harassment involving disabled and black and minority ethnic staff (BME).¹⁵

It is widely recognised that effective healthcare is efficient healthcare. The NHS must demonstrate that it is making the most effective use of public money to deliver quality healthcare services.

Risk mitigation

The scope of discrimination legislation continues to expand, as does the growing awareness of the unacceptability of unfair treatment in the workplace.

Case study: University College London (UCL) – scenario for diversity planning

UCL has used the following scenario as the basis for its business case for workforce diversity. Take a classic NHS employer with 3,000 staff and a turnover of £150 million, treating 500,000 patients a year. What would the business case look like if it were to become an exemplary employer? How much would it save?

A reputation that discourages applicants and negative staff experiences means that staff leave at a faster rate than elsewhere, incurring the following costs:

- high turnover and recruitment difficulties – £1 million in lost productivity, extra advertising and agency costs
- legal action taken out by staff who have evidence

of discrimination (say ten per year) – £0.3 million in legal fees and compensation payments

- the quality of patient care deteriorates, patients choose other providers and revenue drops – affects 5 per cent of patients and costs £2 million
- low morale and reduced productivity; inefficient teamwork – increases unit labour costs by £5 million.

At this unsuspecting trust – if it knew it could do something about it – the business case for equality and diversity would save £3.8 million a year.

As a result of the scenario planning, the trust has adopted a more robust approach to managing diversity, including flexible working, staff networks and confidential support.

This has led to:

- 40 per cent of the workforce is now from a BME background (up 3 per cent) which, according to the 2001 UK Census, exceeds the profile of the local population
- 71 per cent of the workforce is female, compared to the NHS national average of 80 per cent
- other changes include a multi-faith chaplaincy service for staff and patients, a language line interpreting service and diverse patient representation on trust committees.

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An increase in legal challenges and the rising costs of awards where complaints are upheld, means that ignoring equality and diversity is expensive and potentially detrimental to the reputation of the NHS.

The latest employment tribunal

report for 2006/07 shows:

- 3,117 claims of race discrimination, with an average payout of £14,049 and the maximum payout of £123,898
- 4,345 claims of disability discrimination, with an average

payout of £15,059 and the maximum payout of £138,648

- 18,909 claims of sex discrimination, with an average payout of £10,052 and the maximum payout of £64,862
- the number of age

discrimination claims being lodged at employment tribunals has more than tripled in a year – figures released by the Tribunal Service show that claims rose from 962 in 2006 to 2,940 in 2007.

An organisation with an effective approach to diversity is likely to be more risk resilient, both in avoidance and mitigation, in any industrial relations issue that leads to an employment tribunal. Equality impact assessments can act as a crucial risk assessment process to help organisations develop and enhance a culture that views difference as an asset.

Legislation sets minimum standards that must be upheld. However, NHS organisations are encouraged to go beyond this and recognise the compelling business case for diversity.

NHS Employers viewpoint

The business case for managing and promoting workforce diversity is the business case for delivering high-quality healthcare. Good diversity management is good business. It goes beyond equal opportunities as described in law. It can make a positive and strategic contribution to the successful operation of NHS organisations and the quality of patient care.

Demographic trends and societal changes mean that the NHS must maintain an 'edge' in both developing and delivering services, as well as recruiting and retaining the best staff. Having a good reputation as an employer and having creative recruitment and retention strategies with

diversity management at the centre, will motivate people to join the NHS and stay in, or come back to a career, in the NHS. It will also mean a more productive workforce. These significant factors will also protect the organisation from legal challenges.

The caring context of the NHS and the role of diversity are intertwined with the value-based NHS Constitution, the vision of personalised care, and the shared definition of quality based on safe and effective care and patient experience. The challenge for NHS trusts is to ensure that the thread of diversity runs through everything it does.

For more information on the issues covered in this *Briefing*, contact **mohamed.jogi@nhsemployers.org**

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NHS Employers

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NHS Employers represents trusts in England on workforce issues and helps employers to ensure the NHS is a place where people want to work. The NHS workforce is at the heart of quality patient care and we believe that employers must drive the workforce agenda. We work with employers to reflect their views and act on their behalf in four priority areas:

- pay and negotiations
- recruitment and planning the workforce
- healthy and productive workplaces
- employment policy and practice.

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Contact us

For more information on how to become involved in our work, email getinvolved@nhsemployers.org

www.nhsemployers.org
enquiries@nhsemployers.org

NHS Employers
29 Bressenden Place
London
SW1E 5DD

2 Brewery Wharf
Kendell Street
Leeds LS10 1JR

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