

# Developing Diversity Scorecard: The Case of Larsen & Toubro, India

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*The purpose of this case study is to describe in detail the practical experiences and issues involved in developing diversity scorecard (DSC). While in the western countries, diversity initiatives have been rigorously emphasized, a developing country like India needs to go a long way in formalising the diversity management. Taking a case-based approach, the article focuses on how in one of the units (Vizag) of a large-sized Indian origin MNC, Larsen & Toubro (L&T), DSC was developed. Lessons learned from the exercise have been elaborated.*

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## Introduction

Successfully managing a diverse workforce is a cherished desire but one of the important challenges faced by business world today. It is worth taking up this challenge since a well-managed diversity confers an organization competitive edge (Cox & Blake, 1991; Robinson & Dechant, 1997), by (a) enabling to attract different types of customers, employees, suppliers, and other relevant stakeholders, (b) reducing turnover intentions of employees and (c) ensuring much needed organizational flexibility. Overall, managing diversity is also connected to employer branding.

Conceptualization of diversity varied across studies (Thomas, 1992; Lau, & Murnighan, 1998). ‘Diversity’ in the Diversity Scorecard (DSC) mentioned here includes following four interconnected and often overlapped areas as mentioned by Hubbard (2008): (a) workforce diversity (e.g., gender, age, socio-economic background etc.), (b) behavioral diversity (e.g., learning

styles, aspirations, values etc.), (c) structural diversity (e.g., organizational hierarchy, connections between different functional areas, and relationship between different businesses alliances etc.), and (d) business and global diversity (e.g., varied environments, both within domestic and global fronts within which organizations operate). Hubbard (2008)'s DSC is aligned with balanced scorecard concept of Kaplan and Norton (1992). While some organizations take a defensive approach and the primary reason for incorporating diversity initiatives became ensuring regulatory compliance by accommodating some minority members through affirmative action programs, others adopt a more proactive approach where diversity management is initiated to meet business objectives (Thomas & Ely, 2001; Ely & Thomas, 2001). The diversity initiative taken by Larsen and Toubro (L&T), Vizag as described in this paper gravitates towards the latter proactive approach, while keeping the eye on evolving regulatory environment.

Only very few academic researches have been done in the domain of DSC development. Bensimon (2004) reported that a DSC was developed in an educational institution based on Kaplan and Norton's (1992) balanced scorecard. Knouse and Stewart (2003) quoted a few critical areas of diversity measures pursued by companies like Ford, Xerox, DuPont, IBM, Motorola, Procter & Gamble, Eastman Kodak, Price water house Coopers (PwC), and American Express, etc. The challenges involved in the experience of DSC development had hardly been reported. The present paper

studies a particular case to highlight the experiences of developing a DSC.

### **What is Diversity Scorecard?**

DSC focuses on carefully selected set of objectives and measures connected to an organization's diversity management. DSC, as proposed by Hubbard (2008) tries to measure and monitor diversity management practices under six critical dimensions: (a) Workforce Climate/ Culture, (b) Workforce Profile, (c) Diversity Leadership Commitment, (d) Learning and Growth, (e) Diverse Customer/ Community Partnership, and (f) Financial Impact. Measures selected in the above six dimensions are an aid for leaders to communicate to customers, employees, suppliers and other key stakeholders the diversity objective and progress towards diversity management. Each organization, based on their unique situations, has complete flexibility to highlight only select dimensions of the DSC. Both qualitative and quantitative parameters need to be developed by organizations to measure and monitor the progress in the field of diversity management. Given the importance of diversity management, DSC becomes a vital tool to systematically monitor the progress of diversity management in critical controllable areas. This article shares the processes followed and the challenges faced while developing DSC for an Indian origin MNC, Larsen & Toubro (L&T). Taking it as a pilot project, in one of their units at Vizag, L&T aimed to implement the learnings of the DSC initiative across all their units in future.

## **Brief background of Larsen & Toubro, India**

Larsen & Toubro (L&T) was founded as a partnership firm in 1938 and later incorporated as a private limited company in 1946 and listed in Bombay Stock Exchange in 1948. It is a major Indian conglomerate with global presence and has diverse business verticals or independent companies (ICs) in the domain of manufacturing, engineering, construction, technology, financial services, defence, aerospace etc. The company is a market leader in most of its operational domains and among the largest and most respected corporations in India. A thrust on internationalization, particularly in Middle East, Africa and South East Asia, has seen its business grow in spite of challenges faced by the Indian economy. The DSC development process as described in this article took place at L&T Vizag that undertakes complex mission-critical projects with a focus on modular design and construction of Naval Platforms. L&T's strengths in this domain includes: (a) in-house design centers for warships and submarines, equipped with Industry 4.0 practices for digital design, simulation including a virtual reality studio, (b) design and development track record in indigenous development of platform-specific equipment and systems, (c) multi-location project management skills, and (d) financial stability.

## **Background of the Affirmative Action Programs in India**

Before L&T took up the DSC development initiative, at its Vizag unit in

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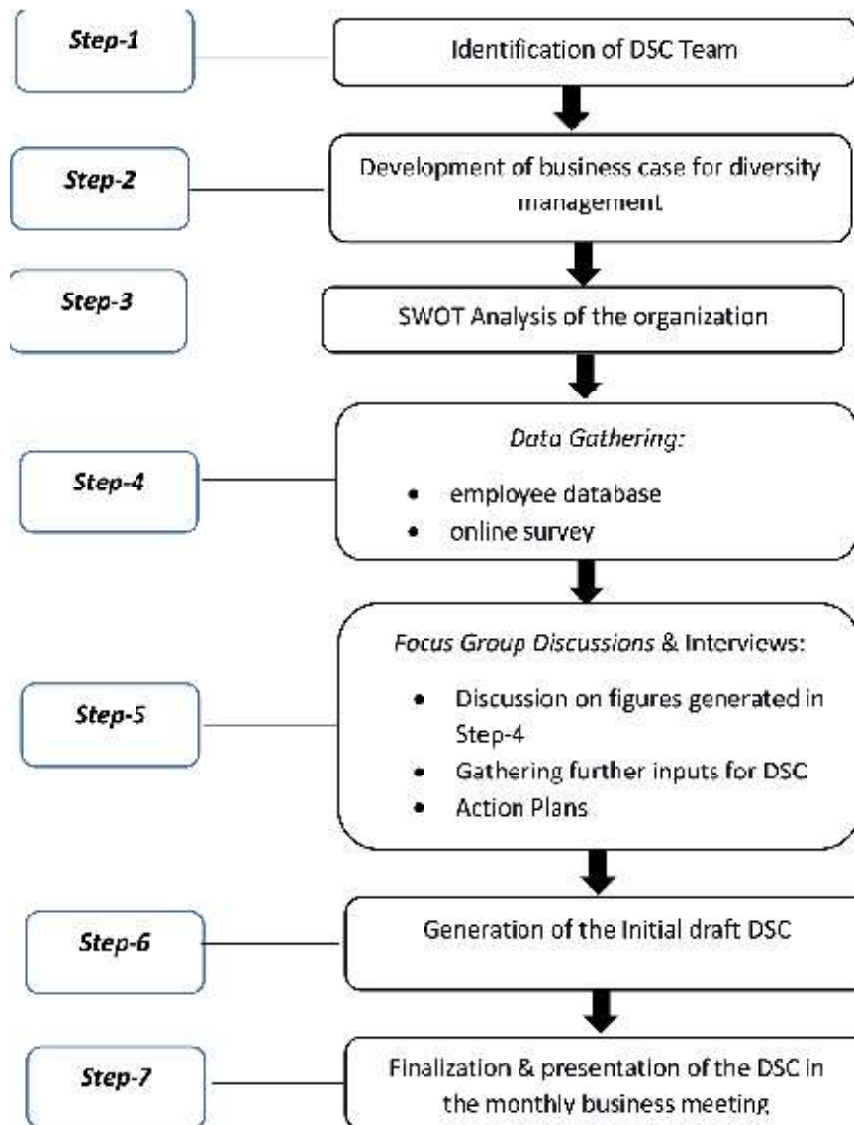
2018, several amendments had been made to the Indian legislation. As a result, it was mandatory for every organization to institute affirmative action programs, particularly focusing on the areas of gender and disability-related issues. For gender-related diversity, Securities and Exchange Board of India (SEBI) had issued guidelines in February 2015 asking companies to appoint at least one-woman director on their boards (SEBI website). The larger idea behind SEBI guideline was promoting inclusion of women across all levels of the organizations including leadership positions. The Maternity Benefit (Amendment) Act, 2017 was promulgated to encourage career continuity for women in the workplace (Ministry of Labor & Welfare, Government of India, 2019). For disability-related issues, Rights of Persons with Disabilities Act, 2016 was enacted, to encourage private sector organisations to include 5% disabled members in their workforce (Ministry of Social Justice and Empowerment, Government of India). Confederation of Indian Industries (CII), a business association in India had urged its member organizations to maintain at least 1% disabled employees in their entire employee base (Sarkar, 2016). With the scrapping of Section 377 of the Indian Constitution (Economic Times, Sep 07, 2018) which had criminalized same-sex relationships, the LGBTQ community was hopeful that

now organizations would take proactive actions in the diversity management field. Some of the MNCs operating in India had already made policy changes to accommodate members of LGBT community.

### Phases of DSC Development at L&T

The step-wise process followed by L&T, Vizag for developing the DSC is shown in Fig. 1 with each step further explained below.

Fig.1 Steps Followed in the Development of the DSC at L&T, Vizag



*Step1- Identification of DSC Team:* The unit leadership at L&T, Vizag, was well aware of the importance of diversity management. While the concept of generating DSC also came from the leadership, it was pursued and implemented by the Location HR Lead – a woman executive, pursuing MBA program at a leading management institute in India. The implementation was guided and supported by the Business Leadership, Heads of Departments and employees of the Unit. The unit also received support from Head HR and Head Office. One of the professors from the management institute was engaged in to guiding the entire journey of DSC development. Initially, a four members DSC team was constituted with three internal members and one expert from outside with a fixed three months' deadline to come up with a draft DSC. Except the unit head, all the other three members were Human Resource (HR) professionals.

*Step2- Development of Business Case for Diversity Management:* The team debated and documented the business needs for diversity management at L&T. There were multiple reasons for L&T's systematic focus on diversity management. *First*, L&T's management initiated sustainability goals pan L&T, which encouraged the organization to look beyond immediate profits. Under the sustainability objective (Sustainability Report, L&T, 2017), L&T identified the need for making the organization beyond just gender-inclusive. *Secondly*, given the significant changes in the Indian context, L&T, like any other responsible organizations in India, needed to align it-

self with affirmative goals that were mentioned earlier. *Thirdly*, though L&T Vizag primarily serves Indian Navy, variety of skills, attitude and knowledge are required to become end-to-end solution provider to the single customer. This entailed measuring diverse skill sets, processes and systems. In the years to come, L&T Vizag is likely to venture into new markets, both in India and abroad calling for different and new range of skillsets. *Finally*, in western countries, many organizations have undertaken diversity initiatives with utmost seriousness, thus creating a distinct image for themselves in the field of diversity management. In this context, L&T has come forward as this has huge scope for furthering diversity initiatives.

*Step3- Analysis of Strengths, Weakness, Opportunities, and Threats (SWOT) of the Organization:* With the inputs taken from few seniors, the DSC team developed a draft SWOT analysis for the Vizag unit. This SWOT analysis was further fine-tuned at a later stage when focus group discussions (FGD) happened by taking inputs from different hierarchical levels.

*Step4- Data Gathering:* Two types of data were gathered by the team. One was the secondary data on age, gender, religion, caste, disabilities, and skill-sets of employees, which HR personnel could provide readily. The second type of data was concerned with employees' feelings about the existing diversity climate prevalent in L&T, Vizag and their perception of existing systems and processes. After many rounds of meetings and

deliberations, the DSC team decided to measure employee-perceived data on a few key dimensions, using standard scales: (a) diversity mind-set, (b) diversity climate, (c) employee commitment, (d) ethical orientation, (e) distributive justice, (f) procedural justice, and (g) interactional justice. Given the exercise in hand, the intention to measure diversity mind-set and diversity climate were obvious choices. One member in the group suggested that she would like to capture the ethical orientation of employees, primarily for two reasons – *first*, this was connected to L&T’s value system and *secondly*, irrespective of different employee identities, this is one common factor that needs to be there among all the employees. The group searched the existing literature and found justification that diversity is connected to ethical climate (Stewart et al., 2011) and ethical orientation. Diversity management encourages development of innovative HR policies and practices (Foster & Harris, 2005), thus the DSC team tried to understand and capture the existing systems related to distributive justice, procedural justice and interactional justice perceptions which would help them scale up the HRM system in L&T. Management in L&T was also eager to know what would be the impact of diversity management on employee commitment. Literature (Triana et al., 2010; Mamman et al., 2012) suggests that employee commit-

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ment (particularly affective commitment) is connected to diversity management. Thus, this was also incorporated as an indicator which the group would want to measure and monitor in the future.

### Measures in the Survey

An online survey link was shared with an e-mail invitation to each employee across L&T Vizag to participate in the survey. Each of the constructs in the survey form was measured on a seven-point scale ranging from very strongly disagree to very strongly agree.

*Diversity Climate* was measured by using ten items of ‘Organizational Dimension’ of Diversity Perception scale developed by Mor Barak, Cherin & Berkman (1998). Sample item from the scale includes: ‘Managers here have track record of hiring and promoting employees objectively, regardless of their race, sex, religion, or age.’ 4-items of the scale were properly reverse-coded.

*Diversity mind-set* was measured by using 6-items of ‘Individual Dimension’ of Diversity Perception scale developed by Mor Barak, Cherin & Berkman (1998). Sample item from the scale includes: ‘I think that diverse viewpoints add value.’

*Commitment* was measured by using Allen and Meyer’s (1990) Affective Commitment scale. There were total eight items. Sample item includes: ‘I would be very happy to spend the rest of my career with this organization.’ 3-items of the scale were properly reverse coded.

*Distributive Justice* was measured using Niehoff & Moorman's (1993) scale ranging from very strongly disagree to very strongly agree. Sample item of the scale includes: 'My work schedule is fair.' The scale had total five items.

*Procedural Justice* was measured using the approach followed by McFarlin and Sweeney (1992). Respondents indicated the extent to which procedures used for determination of pay increases, communication of performance feedback, evaluation of performance, and promotability were fair. Sample scale item includes 'The way promotions are decided just and fair.' There were total 4-items in the scale.

*Interactional Justice* was measured by using Niehoff & Moorman's (1993) scale. Sample item of the scale includes: 'My work schedule is fair'. Instead of using the term 'general manager,' we made a small modification and used the term 'my supervisor'. The scale had total nine items.

*Ethical Orientation* was measured by ten items of Froelich and Kottke's (1991) scale. Sample item includes: 'It is okay for a supervisor to ask an employee to support someone else's incorrect viewpoint'. The reason for choosing Froelich and Kottke's measure was that the scale indicated applicability across industries and related to common ethical conflicts found to be prevalent in organizations. This measure also seems to be useful across different genders and socialization experiences. Consistent with the ideology of the scale

items were properly reverse to imply that higher scores reflect a greater ethical orientation.

### **Sample Characteristics**

Out of a total 228 employees, 116 employees responded to the survey. The team could gather 101 usable samples (thus 44% representations) which were used for further analysis. Out of 101 employees, 12 were female members, 84 were male members and 5 members did not specify their gender. Mean age of the sample respondents was 35 (SD=8.99), and the mean experience was 12 years (SD=7.64).

### **Survey Findings**

The survey findings are given in Table 1. Dimensional scores gave an overall understanding on employees' perception of the organizational system (distributive justice, procedural justice, interactional justice), diversity climate, and three attitudinal orientations—namely, diversity mind-set, employee commitment, and ethical orientation. To identify how to improve on the existing processes, systems, and mind-sets the survey was followed by two days' focus group interactions with three different groups of employees and interviews with five senior members of L&T.

*Step5- Focus Group Discussion & Interviews:* The DSC team initiated focus group discussions (FGDs) with various functional groups which included various departments viz. Finance, Design,

**Table 1: Online-Survey findings**

Dimensions	Definition/Interpretations	Mean(SD)
Diversity Climate	Diversity Climate has been defined as organizational environment where individuals from multiple backgrounds, mind-sets, different working and learning styles feel comfortable to work.	5.01(0.83)
Diversity Mind-set	Diversity Mind-set has been defined as individual's ability to appreciate the value of diversity in the workplace.	4.90(0.73)
Employee Commitment	Employee commitment can be defined as emotional attachment of the employees to the organization such that they strongly identify with and get involved in their organizations. Overall employees enjoy their associations with the organization.	4.98(0.94)
Distributive Justice	Distributive justice deals with the perceived fairness of the amount of compensation (or other outcomes) employees receive.	4.48(1.01)
Procedural Justice	Procedural justice deals with employee's concerns about the fairness of the decision making process used to determine outcomes (outcomes can be promotion, rewards etc.)	4.44(1.16)
Interactional Justice	Interactional Justice is concerned with the quality of interpersonal treatments received by the employees from their supervisors, during the enactment of organizational decision.	5.11(0.89)
Ethical Orientation	Ethical orientation, connected to an employee's personal values provide the basis for taking moral judgements.	5.34(0.94)

Future Opportunity Group and Quality Management Teams covering senior, mid-level and junior employees of L&T, Vizag. The key discussion format of the FGD is provided in the Appendix. Though the discussion format served as an overall guideline, the conversations went beyond the given structure.

In the three rounds of FGDs around 10-15 participants were present in each of the rounds. Each of the sessions with a particular group lasted for almost two hours. Before the beginning of the discussion, participants were handed over the FGD format to reflect and write down their own perspectives. After discussions in each session, the filled in forms were collected back from the participants. In every FGD two DSC members joined and took detailed notes of the deliberations.

**Many employees shared their thoughts where they equated diversity management with increasing the number of women in an organization.**

Given the Indian context, many employees shared their thoughts where they equated diversity management with increasing the number of women in an organization. Thus, DSC team members' first task was to elaborate different aspects of diversity, which touches upon diverse processes, diverse customers, suppliers, diverse thought processes, regions, religions, gender, sexual orientations, abilities, and competencies. Once this basic definition got clarified, almost all the participants in the discussion groups felt that there is a pressing need

to focus on diversity management at L&T.

Detailed survey results were shared with the participants by the DSC members, with an invitation to further discuss on ways to improve the scores and identify areas where L&T, Vizag could bring in improvements. Suggestions were made on improving the performance feedback system in the organization, focusing on important skill sets, better time management during meetings. Except for a handful of employees, most of the participants were enthusiastic about the entire exercise, and actively participated in the discussions. After the FGD, DSC members also conducted interviews with five senior executives. Three of these executives were located at L&T, Vizag, while the

other two were placed outside Vizag unit. Detailed notes were again taken during the interviews. Both FGD and interviews helped to fine-tune the SWOT analysis which was attempted previously (in step-3), identifying important action plans (Table 2), setting concrete targets for the DSC, and most importantly, establishing buy-in for diversity management initiatives in the organization.

*Step6- Generation of the initial draft DSC:* The DSC was established at L&T Vizag keeping L&T's vision, mission, and values at the core. They first decided to establish a diversity council to implement the diversity initiatives in line with the DSC. Primarily, the goals mentioned in the draft scorecard (fig. 2) were established based on its realistic attainability.

**Table 2: Examples of Diversity Initiatives Specified by L&T, Vizag**

Workforce Profile	Key Initiatives
<i>Gender Diversity</i>	Recruitment efforts focused on hiring/re-hiring high-potential women after their career breaks. Creating visible high potential women leaders through training/mentoring/fast-track promotions. Collaborating with engineering colleges to recruit talented women engineers. To check there is no reverse discrimination in male members, paternity leave policy of maximum 15 days can be introduced. To promote women empowerment outside L&T Vizag, initiating scholarship programs for talented female candidates in select schools/ colleges can be organized as part of CSR activity.
<i>Accommodating Different abilities and disabilities</i>	2% of jobs where disabled individuals can be accommodated may be identified. L&T already supports disability-based schools as part of CSR activity. Talented students from these schools, who can fit the requirement of certain jobs may be accommodated. Audit can be carried out to check whether the building, parking space etc. are accessible by all employees irrespective of their ability/ disability. The organization is already exploring the possibility of upgrading the seating arrangement, which can be further reinforced with universal design principal (RPwD, 2016 Act of Government of India also mentions about Universal Design).

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<i>Generational Diversity</i>	<p>The unit already had fresh/ young talent with 50% of its employees in the age brackets of not more than 30 years. Maintaining a healthy ratio of both seniors and juniors need to be ensured instead of only focusing on young employees or the senior employees. For this time to time, employee database checking is required.</p> <p>Employees should be encouraged to participate in gym, yoga, and pursue their hobbies outside their work time.</p> <p>Best buddy, best mentor-mentee pairs can be encouraged to take challenging assignments and recognized.</p> <p>Talented young employees should be given challenging visible projects which they can present in different important forums.</p> <p>Though client security issues are of utmost priority, wherever possible latest technology (Chabot) can be used to ensure free flow communication.</p> <p>Particular care needs to be taken to ensure that senior employees can keep themselves updated along with the young employees.</p>
<i>Workplace Climate/Culture</i>	<p>Key Initiatives</p>
<i>Performance Feedback</i>	<p>Instead of waiting for the completion of a performance cycle, continuous feedback needs to be provided. In case needed training sessions on “effective feedback giving” should to be conducted for the superiors.</p> <p>Career planning and growth need to be integrated for each employee.</p>
<i>Workplace Habits Feedback</i>	<p>Employees need to be sensitised about on-time starting and completion of meeting as a sign of professionalism. Unnecessary overstretching of meetings should be discouraged through posters/ e-mails/ face to face meetings.</p> <p>Apart from open forum for all, small groups based on their common interest areas, domain knowledge/ expertise should be encouraged. Some employees feel more comfortable in small groups, rather than in an open group set up.</p> <p>In case feasible flexi-timing/ alternative Saturday offs can be further explored.</p>
<i>Diversity Leadership Commitment</i>	<p>Key Initiatives</p>
<i>Diversity Council</i>	<p>Development of diversity policy guideline.</p> <p>L&amp;T website/advertisements should reflect the diversity initiatives undertaken by the organization.</p> <p>DSC and other initiatives need to be continuously upgraded and monitored.</p>
<i>Learning &amp; Growth</i>	<p>Key Initiatives</p> <p>Duration of job rotation at the induction level can be increased and made at least of 6 months duration</p> <p>After completion of a course, employees should be encouraged to take up a project of their own and they should be encouraged to share/ use their new-found knowledge</p> <p>Through various forums, e-mails, face to face meetings, and internal newsletters accomplished leaders should be requested to share their parts of the stories of how they handled a critical situation or lessons learned from the important assignments, etc.</p>

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Customer/Community Key Initiatives participation	
<i>Customer Delight</i>	Emphasis should be provided on documenting the deliverables to the customer with an achievable specified target date. This can also reduce the stress level of the employees. During FGD, it came up that there are gaps between customers' expectations and the current competency levels of L&T in certain situations. This gap needs to be addressed immediately.
<i>Supplier Diversity</i>	L&T has fixed supplies for major raw materials which are provided by the client. For minor supplies, the possibility of collaborating with minority-owned businesses (such as disabled run businesses/ veteran run small businesses) can be further looked into (in case feasible).
Financial Impact	Key Initiatives After systematically incorporating diversity initiatives the organization may explore diversity return on investment (DROI) At a much later stage, the organization may explore connecting diversity management as another competency area for all the employees.

Wherever possible quantitative targets were mentioned. According to practice, many of the goals specified were also qualitative, in nature. Though the unit scored reasonably well in the perceptual data, on the six dimensions of workplace climate or culture, the DSC team members set the final target scores based on their interactions with the senior leaders. The DSC team decided that within 60 days after the acceptance of the draft DSC, they would revisit the progress of its implementation.

*Step 7= Finalization & Presentation of the Diversity Scorecard:* The draft DSC got circulated across all the functional areas of the unit for further inputs. Except for a few questions, which the team members clarified, no major change was suggested. Thus, the DSC was finalized and presented in the monthly business review meeting. At L&T Vizag, the Diversity Council was also constituted, which is driving the implementation of the DSC goals.

Recently two of the diversity champions from L&T had participated in a HR conference organized by one of the defence sector government organizations. In this forum L&T had presented and promoted the ideas connected with the diversity management and DSC. Also taking note of the implementation of diversity initiatives at Vizag unit, L&T Construction, another business vertical of L&T had started to show keen interest on diversity initiatives. Thus, in the years to come the overall diversity initiatives at L&T are going to take a consolidated shape.

### **Reflection on the Diversity Scorecard Generation Exercise**

In the Indian context, where affirmative action-based diversity initiatives are common in the public sector organizations (Haq, 2012), L&T Vizag (in the private sector) took an innovative approach of involving the employees and jointly creating the Diversity Score Card (DSC).

Fig. 2: Diversity Scorecard of L&T, Vizag

Workplace Climate/Culture	Dimensions	Where we are today	Where we want to be	Diversity Leadership Commitment	Dimensions	Where we are today	Where we want to be
<i>To motivate our workforce, how will we sustain a productive, inclusive work climate?</i>	Inclusive Climate	5.01	Maintain or improve	<i>To achieve our vision, how will we sustain leadership</i>	Establishment of Diversity Council	---	Within 1 year we will establish a diversity council
	Diversity Mind-set	4.90	Minimum 5	<i>accountability for diversity?</i>	Identifying key diversity champions	---	5-6 members from each unit
	Employee Commitment	4.98	Minimum 5	Learning and Growth	Dimensions	Where we are today	Where we want to be
	Distributive Justice	4.48	Minimum 5	<i>To achieve our vision, how will we sustain our ability to change and improve?</i>	Mentoring system/ buddy system	Existing systems are there	every employee takes part
Workforce Profile	Procedural Justice	4.44	Minimum 5	Cross-learning from internal network		Systems are in place	Strengthening existing system through digitalisation
	Interactional Justice	5.11	Maintain or improve	Continuous learning		Online training, in-house training, collaboration with Engineering college	Employees can apply their acquired skills/ knowledge
	Ethical Orientation	5.34	Maintain or improve	Knowledge sharing sessions by L&T thought leaders	Diversity Management (DM) training	Select leaders share	Creating regular forums, using many channels DM as a competency can be linked to reward and recognition system

<i>To meet customer needs, what should our workforce reflect? How will we retain them?</i>	<i>Gender Diversity</i>	<i>Approx. 16% women in total employee base</i>	<i>20% women by next three years in all levels</i>	<i>Customer/Community Participation</i>	<i>Dimensions</i>	<i>Where we are today</i>	<i>Where we want to be</i>
	Accommodating Disability	—	2% disabled in total employee base	<i>To achieve our vision, how should we deliver products and services to our customer/community?</i>	Customer Delight	almost there	One stop solution for varied customer requirements. Customer satisfaction should be measured in future
	Generational Diversity	More than 50% of employees are less than 30 years of age	Maintaining the age mix		CSR Activity	Few employees take part in CSR activities	Each employee participates in at least one CSR activity/year
	Regional diversity	Mainly employees are from Southern India	Representations of all the regions		Supplier Diversity	—	L&T Vizag may procure 1% of its supplies from small/ mid-sized minority-run businesses in future
	Diversity in thought	Suggestion box scheme, online portals	100 suggestions per year				

Varied relevant Skill sets Work-life integration	Skill gap exists High-stress level	more skill upgradations Flexi timing, promoting healthy lifestyle
Financial Impact	Dimensions	Where we want to be
To succeed financially, how should we appear to our shareholders?	Measuring the impact of diversity initiatives on different stakeholder satisfaction	Where we are today Will be reviewed one year after initiating major diversity initiatives

However, it did not restrict itself solely to the number based affirmative action targets and also tried to incorporate the workplace culture, supplier diversity, skill upgradation, digitization and other employee and business-related issues. Some of the key lessons learned from the exercise include, the importance of: (a) leadership commitment, (b) establishment of business case for diversity management, (c) focusing on specific goal setting, (d) clarity on the process of DSC development, (e) change management related concerns, and (f) role of diversity champions.

### Leadership Commitment

Since the unit head of L&T Vizag, and other senior leaders were supportive from the very beginning of the project, the DSC development became feasible. In this particular case due to the fact that the unit head of L&T was actively involved in driving diversity initiatives, it became easier to take along other leaders in the journey of development of DSC. In order to enhance the role of leadership in diversity management field, sometimes executive coaching, and participation in diverse network groups can become effective tools to ensure leaders' awareness and effective participation in diversity management initiatives (Dreachslin, 2007; Tatli&Ozbilgin, 2009).

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### **Establishment of Business Case**

After coming to consensus on the term ‘diversity’, the top leaders need to develop the primary reasons for pursuing diversity management. In case possible, the business case for diversity management needs to be properly documented and shared among the team members, who are subsequently going to define the diversity goals.

### **Goal Setting**

Challenging, but realistic goal setting becomes an imperative for DSC development. All the goals may not be hardcore number-based targets. But at least specifying which goals to monitor in the future can become a good starting point for diversity management.

### **Clarity on the Process**

Problems in developing the DSC include that there are insufficient recommendations and available resources for developing the scorecard. This was also mentioned by Ahn (2001) in his experience of applying balanced scorecard in an organizational context. Due to lack of clarity on the process of development of DSC, in this particular case the members had to spend a lot of time and energy on figuring out how to proceed. Wondrak and Segert’s (2015) study of DSC with three organizations give some indications on the navigators of DSC development, based on Hubbard (2008)’s structure. However, more detailed processes are called for to fully reap the benefits of DSC. This is an area where academicians and practi-

tioners can join hands by sharing cases of successful and not-so-successful diversity goal setting exercises.

### **Change Management Related Concerns**

Diversity initiatives require change in the organizational systems, processes, functioning, and thoughts. Diversity related change has been described as systematic, multi-level and non-linear transformation process (Gonzalez, 2010). It is a systematic change since it involves change connected to both external and internal contexts of an organization. It is a multilevel issue since it touches upon, individual, group and organizational behavior, processes and outcomes. Since diversity related change may often involve spiraling up and down, thus it is non-linear by nature. Increased level of diverse group interactions may have unintended impact of increasing inter-group conflicts, prejudices etc. within an organization. Like any other change initiative diversity initiatives are also likely to bring forth uncertainty. Diversity related change can increase cynicism (Kossek & Zonia, 1993) or engagement, depending upon whether the organization is able to build up individually relevant programs and benefits. Organization needs to take care of the fact that change may create tremendous physical and mental issues (Foster & Harris, 2005) for both minority and majority members in the organization. The solution to this problem lies in the incorporation of a DSC

**Diversity related change can increase cynicism.**

development process that involves employees right from the beginning, not at the middle or fag end of the process. Most importantly listening to employees' voices and concerns helps build an organizationally relevant DSC for all. Senior leaders' involvement right from the initial phase becomes essential. Senior leaders are expected to participate in diversity education and subsequent processes of diversity planning. In those cases, where there is skepticism from some stakeholders, steadfastly moving ahead with the diversity agenda is possible provided the leaders themselves are aware of and are convinced about the business reasons for diversity management. DSC team members also help tremendously in moving forward with the diversity agenda, as was seen in this particular case.

### **Role of Diversity Champions**

In this particular case, DSC activity was primarily driven by the Human Resource Department. Ideally the DSC team's composition should have professionals from varied functional backgrounds, so that divergent thinking can take place. At a later stage, when FGDs took place, the company addressed this issue. It is important that after the initial employee buy-in for diversity management, each manager, irrespective of their own functional background, should be a co-partner towards development and monitoring of the DSC.

### **Limitations**

The current case study has a limited scope since it is restricted to a particular company's single unit. However, given

that diversity management related seriousness is in its initial phases in the Indian context, the case is located in a developing country context, where many of the 'diversity' related questions do not have any standard set of answers. The need for contextualizing diversity management initiatives has been emphasized (Holvino & Kamp, 2009). Each organization has to find its own way to effectively define, measure, and monitor the progress of diversity. The current case took perceptual surveys to set the benchmarks. Perceptual data may suffer from subjective biases, even though importance of perceived data has been emphasized by Hubbard (2008). In future, L&T Vizag may use different measures to capture and monitor the progress in diversity management area. As Dass and Parker (1999) mentioned, there is no one best way of managing diversity in the workplace, each organization based on its own contextual considerations need to set its own diversity goal. Constructively built DSC that takes note of different employees, customers, suppliers, and other relevant stakeholders – can go a long way towards building an inclusive work environment.

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## Appendix

### Focus Group Discussion Format

Greetings!

As you are aware, organizations are becoming keen on building an inclusive workplace and embracing different forms of diversities. Diversity takes us beyond gender, age, ethnicities. It also involves diversity of thoughts, and competencies, and diversity of customers, suppliers, processes, and systems that we deal with. We will try to have a relook on all the diversities that we are already dealing with, and will come up with ways to measure and monitor these diversities effectively. Questions that we need to ponder over include:

1. Do we have a gap between where we are and where we want to be in terms of the customer(s) that we serve?
2. Is this gap significant?
3. Are we all comfortably able to express our viewpoints, even when such views are unique?
4. Which diverse skill sets should L&T focus on? Can we think of measurability of such skills?
5. Are we able to integrate our junior members with the senior members adequately?
6. Do we have enough representations of female members in our organization? Apart from gender which other forms of diversity do we need to look into?
7. Do we need to have certain measures that will help us integrate work-life balance?
8. Do we need to look into supplier diversity?
9. What initiatives can we take to make our organization more inclusive in nature where each one of us will feel more committed, and engaged?

Together we will try to build up certain benchmarks for different diversity related issues and initiatives connected to our business. With your thoughts, suggestions, opinions, open discussions let us make L&T Vizag as a role model for diversity initiatives in India.