Diversity adds millions to the ISS bottom line
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Dear reader,

Diversity pays. I have been completely convinced of that since the first time I entered the doors of ISS. And now it has been proved in black and white.

A brand new survey carried out by PwC and INNOVERSITY on behalf of ISS concludes that earnings are higher in teams consisting of employees from different cultural backgrounds and of different age and gender. It is that simple.

This does not go to say that diversity is always an advantage. The survey also shows that it is important that we look at our individual differences, strengths and competences – and that we know how to use them. If we are good at that, our employees function better. And that is reflected in the bottom line.

The survey is ground-breaking in its own right, as there is no-one else in Denmark – nor abroad, apparently – who has actually measured whether diversity is good for the bottom line.

Personally, the survey has given me food for thought, as it makes it perfectly clear that a combination of business and diversity creates a huge potential. My hope is that this survey will be a source of inspiration for many other business leaders in Denmark when employing staff or composing teams.

Happy reading!

Best regards

Maarten van Engeland, CEO
ISS Facility Services A/S
Main conclusions

Diverse teams at ISS produce 3.7 percentage point higher earnings.

Measurements carried out by the PwC consultancy firm show that diverse teams generate 3.7 percentage point more income for the company than non-diverse teams. For a company like ISS, this means that there is a huge potential for increased earnings.

The reason why diverse teams generally produce higher earnings has to do with both absence due to illness and employee satisfaction. Of the 3.7 percentage point higher earnings, approximately 2.5 percentage point is directly related to reduced absence due to illness and a higher degree of employee satisfaction in the diverse teams.

Good management, a high degree of satisfaction in the team and a good introduction to the work are the main factors that drive the results. These three factors generate higher earnings in all teams, but the survey clearly shows that the potential and the earnings are significantly higher in diverse teams.

The results are independent of important factors such as business area, geography, team size and seniority.

- ISS is one of Denmark’s most diverse workplaces.
- 10,000 employees
- 60 per cent women and 40 per cent men
- More than 4,500 employees are immigrants who come from more than 130 different countries.
- There is an equal age distribution between generations Y, X and baby boomers.
Background for survey

Diversity is a fundamental requirement in a company like ISS. However, is the diversity among our many employees really good business? Is there a future potential in promoting diversity? We decided to investigate these questions.

A number of surveys indicate that diversity promotes innovation – especially in knowledge-heavy companies. However, no-one has previously focused on the benefit for a company like ISS, and no-one else in Denmark – or abroad, apparently – has actually measured whether diversity is good for the bottom line.

The survey was carried out in collaboration with PwC, which took the actual measurements. Diversity expert and PhD Susanne Justesen from INNOVERSITY also contributed to the survey – partly by defining the concept of diversity and partly by undertaking case studies.

In order to talk about diversity in a team, the group must necessarily be of a certain size. In this survey, we looked at teams with a minimum of five employees. Inspired by American research in this field, diversity was defined as a team of employees in which:

- Max. 70% are from the same group of countries
- Max. 70% are of the same gender
- Max. 70% are from the same generation (X, Y and baby boomers)

**Facts about the measurements in the survey**

- 7,261 employees out of 10,000 were included in the measurements
- 469 teams were included in the survey
- Measurements were taken in all ISS business areas: Cleaning, Catering, Support Services, Property Management, Security and Facility Management.
PwC’s measurements show that diverse teams generate 3.7 percentage point more income for the company than non-diverse teams.

Today, about a quarter of all teams in ISS are diverse, and these teams generate 3.7 percentage point higher earnings on average. Right here and now, the implication for ISS is that there is a huge potential for increased earnings in making all teams diverse and utilising this diversity.

In addition, there are fewer teams with negative earnings among the diverse teams than among the non-diverse teams. The survey shows that only 5 per cent of the diverse teams have negative earnings, whereas 12 per cent of the non-diverse teams have negative earnings.

If you divide ISS employees into three categories – diverse, medium diverse and non-diverse – instead of just diverse and non-diverse, the difference in earnings becomes even more apparent. In this case, the difference in earnings between the non-diverse and the diverse teams turns out to be as much as 4.1 percentage point.

The survey shows that to achieve the high earnings, all three factors, gender, age and ethnicity, must be present. If you remove gender as a diversity factor, for example, and only look at age and ethnicity, the difference in earnings is reduced from 3.7 percentage point to 1.5 percentage point.
Absence due to illness and employee satisfaction

According to PwC’s measurements, absence due to illness and employee satisfaction are the main reasons why diverse teams generally generate higher earnings.

Of the higher earnings of 3.7 percentage point in diverse teams, 2.5 percentage point are directly related to reduced absence due to illness and a higher degree of employee satisfaction.

The absence due to illness in diverse teams is up to 1 percentage point lower than in non-diverse teams. This corresponds to a reduction in wages of 2 percentage point. In ISS, this is equivalent to approximately 1.5 percentage point higher earnings.

The degree of satisfaction is generally higher in diverse teams than in non-diverse teams. The difference between the degree of satisfaction in diverse and in non-diverse teams is 0.13 per cent overall, corresponding to approximately 1 percentage point higher earnings.
Three important factors

PwC’s measurements show that a high degree of satisfaction in the team, good management and a good introduction to the work are important reasons why diverse teams do better on the bottom line.

A high degree of satisfaction in the team increases earnings; this applies to both diverse and non-diverse teams, but the degree of satisfaction is much higher in diverse teams. The measurements show that earnings in diverse teams with a high degree of satisfaction is 3.9 percentage point higher than in diverse teams with a low degree of satisfaction.

The same applies if you look at the extent to which the employees are satisfied with their manager. In the diverse teams, the degree of satisfaction with the manager is higher, and the financial result is better. Diverse teams with a high degree of satisfaction generate 4.7 percentage point higher earnings than diverse teams with a low degree of satisfaction. In the non-diverse teams, the difference is only 2.3 percentage point.

A good introduction to the work also turns out to be important for high earnings. Earnings are 4.9 percentage point higher in diverse teams where a minimum of one out of four employees have attended an introductory course than in diverse teams where less than one out of four have received the same introduction. In the non-diverse teams, the difference is only 2.3 percentage point.

<table>
<thead>
<tr>
<th>Earnings</th>
<th>Non-diverse teams</th>
<th>Diverse teams</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low degree of satisfaction in the team</td>
<td>13.7%</td>
<td>17.1%</td>
<td>14.5%</td>
</tr>
<tr>
<td>High degree of satisfaction in the team</td>
<td>18.8%</td>
<td>21.0%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Total</td>
<td>16.0%</td>
<td>19.2%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings</th>
<th>Non-diverse teams</th>
<th>Diverse teams</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low degree of satisfaction with manager</td>
<td>15.1%</td>
<td>17.6%</td>
<td>15.7%</td>
</tr>
<tr>
<td>High degree of satisfaction with manager</td>
<td>17.4%</td>
<td>22.3%</td>
<td>18.8%</td>
</tr>
<tr>
<td>Total</td>
<td>15.8%</td>
<td>19.2%</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings</th>
<th>Non-diverse teams</th>
<th>Diverse teams</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25% at introductory course</td>
<td>14.2%</td>
<td>16.8%</td>
<td>14.8%</td>
</tr>
<tr>
<td>More than 25% at introductory course</td>
<td>16.5%</td>
<td>21.7%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Total</td>
<td>14.8%</td>
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<td>15.7%</td>
</tr>
</tbody>
</table>
The good diversity manager

The case studies carried out by INNOVERSITY show that the daily manager plays a key role in the diverse teams that do well on the bottom line.

The case studies lead to several conclusions. One of the main conclusions involves diversity management. All cases show that competent – if not even excellent – diversity management involves managers who are:

• **Caring**
  A manager who pays more attention to the wellbeing of his employees – in the form of so-called mothering, i.e. motherly care of both a private and a personal nature, but also through so-called actualisation care, i.e. the manager is ambitious on behalf of his employees and wishes to help them realise their potential as much as possible.

• **Heroic**
  A manager who is not afraid to take the lead and show the way and take any blows on behalf of his employees, and who at the same time is well liked and a respected role model for them.

• **Communicative**
  A manager who knows how to communicate a lot, all the time and in several different languages. A manager who masters and understands the meaning of body language and the need to check that information has been understood, and who, in particular, has a creative and patient style of communication.

• **Detail-oriented**
  A manager who ‘zooms in’ and for whom no detail is too small or too uninteresting, and who can create the right balance between a lot of planning and control and a high degree of flexibility.

• **Business-oriented**
  A manager who focuses on creating financial results (compliance with budgets), and increasing sales (selling additional services or extending existing contracts) while at the same time creating value for the customer (ensuring good service and a customer-oriented team).
Diverse teams

The case studies carried out by INNOVERSITY show that common practices and a sense of community play an important role in diverse teams that do well on the bottom line.

A sense of community is important in diverse teams. This was reflected in the case studies – both in terms of the social relationships between the employees and their shared sense of responsibility and obligations; between employees and in relation to the customer. A diverse team that does well is characterised by:

- **A family of colleagues**
  A team in which the members feel committed to each other and experience each other as important relations in their daily lives, both socially and as colleagues.

- **Shared responsibility**
  A team in which the individual has a high sense of responsibility towards his colleagues, the customer, the manager and the job itself.

- **The customer-oriented team**
  A team that is concerned not only about giving the extra bit of service that gives the customer a good service experience, but which is also a reliable team with a high sense of obligation, loyalty and responsibility for guaranteeing the customer daily service and quality.
The project has been monitored by a steering group consisting of:

- Finn Vestergaard, HR Director of ISS
- Torben Møller Hansen, Director of the Association for Integration of New Danes on the Labor Market
- Helle Aaen, Special Consultant in the Danish Ministry of Refugee, Immigration and Integration Affairs
- Morten Kamp Andersen, CEO of Aspector
- Bjørn Rothaus, Senior Manager in PwC
- Susanne Justesen, PhD and diversity expert, INNOVERSITY
- Maria Bøge, Manager of the Centre of Diversity at ISS

For further information about the survey, please contact Lotte Hjortlund Andersen: lotte.andersen@dk.issworld.com

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