



Managing in Complex Environments: Strategies,
Insights and Solutions

Business Report on Aetna Investing in Diversity

Submitted by: Preethi Nageswaran

Student Number: 1805231

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Executive Summary

This report is on Aetna's Investing in Diversity. Aetna is one of a prominent health care benefits company in the United States. The report focuses on the diversity as a business initiative to enable the board of director to decide whether or not to continue the investment.

In the first section main concept of Diversity is explained which includes difference between the diversity management and equal opportunities. A table has been provided to understand the differences in a better way.

Next a little detail about the workforce diversity and inclusion concept is provided. In the next section Diversity at Aetna is discussed in a wider angle. In which the employee resource groups at Aetna and their benefits are explained in detail. The Aetna way, a new strategy for the employees has also been discussed.

In the next section, the main concept of Investing in Diversity is discussed where the two diversity concepts of age and gender diversity are discussed in depth. Employee statistics about age and gender diversity are depicted in this section.

In order to compare the diversity policies in a similar industry the next section discusses on the Diversity policies at AIG (American International group) another multinational insurance company in the United States.

The cost and benefit analysis of the investing in Diversity is analysed in the next section. This section also explains the evaluation framework for diversity for any industry.

Recommendations are provided for the board of directors to decide on investing in the age and gender diversity at Aetna.

Finally, conclusions are provided in support of the investment in diversity and a skeletal implementation plan is provided by which could be enrich the organisational performance.

This report is indented to assist Raymond Marcos, Chief Diversity officer at Aetna to be delivered to the Board of Directors

Introduction

The financial crisis during the year 2007 to 2008 was different from any other crisis in all these years. The crisis not only affected the Wall Street but also an economic threat to every market further than the Wall Street. There was a crash in stock market, companies ran out of business, there were lot of job cuts and also a massive decline in wealth. (Dullien et al., 2010)

However Aetna has been leading the industry in performance in spite of the turmoil because of the economic crisis. Aetna has shown excellent financial performance where it had added nearly 850,000 members and also has been in discussion at national level about the transformation in health care. There were challenges in the business environment like the ones faced by other companies. There was lower stock closure in the year 2008 when compared to the prior years. Hence in order to tackle the downfall in the economic environment and also implement austerity measures, Aetna is reviewing on the all business areas in which the costs can be cut down. Diversity is one such initiative in which Aetna invests majorly. (Aetna Inc. , 2008b)

Aetna is an organisation which values diversity as a belief fundamentally and also an advantage strategically. Diversity is considered to be the basis of strength at Aetna. The workforce and also the board always include people of colour and also women along with people who have different abilities and experiences in order to mould the manner in which Aetna runs its business. (Aetna Inc, 2008a)

The message from the CEO Ronald A. Williams according to Aetna (2008a, p.2) **“Embracing diversity at Aetna is part of our tradition, our history, and our values. It’s the right thing to do. It’s our strength”** (Aetna Inc, 2008a) proves the importance of diversity.

This report provides business case to the board of directors at Aetna to make a decision whether or not to invest in Diversity.

The concept of Diversity:

The United States being the nation of multi culture, the concept of diversity could give clarity to many definitions. I feel that it is different for each individual, each organisation and also for each author. According to Patrick & Kumar (2012, p.1) "Diversity is a set of conscious practices that involve understanding and appreciating interdependence of humanity, cultures, and the natural environment; practicing mutual respect for qualities and experiences that are different from our own; understanding that diversity includes not only ways of being but also ways of knowing; recognizing that personal, cultural, and institutionalized discrimination creates and sustains privileges for some while creating and sustaining disadvantages for others; and building alliances across differences so that we can work together to eradicate all forms of discrimination".(Patrick & Kumar, 2012, p.1)

It is also believed that due to the increase in globalization there is a need for communication within people who belong to the wide variety of diverse backgrounds. This includes culture, backgrounds and beliefs. I feel that people now belong to a global community and are no longer a part of the limited or rather secluded marketplace. And this encourages organisations to encompass diversity which makes them more innovative and embrace change. (Mazur & Białostocka, 2010, p.5)

According to SHRM (2009, p.5) "The concept of workforce Diversity is no longer an abstraction; it is part of everyday life in many countries in the developed world" (SHRM, 2009, p.5). This is the reason why most companies have the urge to balance the shortage of required talents and in order to keep the ball rolling in this competitive world organisations are now expanding their recruitment processes to groups that traditionally had an inadequate representation.

Maintaining a workforce that is diverse is not only a moral and common practice but it makes it an excellent business approach. Also in the current business trend it is seen that diversity management has set an example by increasing the effectiveness in organisations, thereby increasing their performances as well. (Kundu et al., 2015,p.16)

Diversity Management and Equal Opportunities:

In this section I would like to highlight the differences between the Diversity Management and Equal opportunities concept.

Although there is some information that the employers adopting the concept of equal opportunities have performed better than the less known companies a study conducted with top 100 firms in US confirmed that almost the same situation that diversity was less prominent than it should actually be. However it is seen that firms that are developing gradually saw an affirmative relationship between equal opportunity and diversity (CIPD, 2005, p.5).

Management of diversity is referred to a positive approach which is suited to control a varied labour force to ensure that the probable diversity advantages are exploited while its probable disadvantages are curtailed. (Kundu et al., 2015, p.116)

According to CIPD (2005, p.5) **"Diversity serves as a driving force, while equal opportunity is a regulating one"** (CIPD, 2005, p.5). Thus according to Aetna(2018) "Aetna is an employer with Equal Employment opportunity/ Affirmative action, the policies and programs become a part of our broader commitment to creating an inclusive workplace that supports and celebrates our diversity" (Aetna.com, 2018).

The below Table 1, helps us to understand the main characteristic of differences between the Equal opportunities and the Diversity management concepts

<u>Equal opportunities approach</u>	<u>Diversity management approach</u>
Externally driven	Internally driven
Operational	Strategic
Equality costs money	Diversity pays
Group-focused	Individual-focused
Process-focused	Outcome-focused
Ethical, moral and social case	Business case

Table1: Differences between equal opportunities and Diversity Management approaches (CIPD, 2005, p.6)

Workforce Diversity and Inclusion

Workforce diversity depicts the commonness and variation among the working group of individuals by means of gender, age, race, sexual orientation, cultural background. As we all know no two individuals are like to like. There are also differences in people's perspectives and intolerances. The workforce is assorted because of the diversity. Diversity firstly made its way from the United States towards the end of 1980s, but the last twenty years the country has seen diversity in the increasing trend and also a strategy for businesses to establish themselves in the competitive world (Shen, et.al, 2009, p.235). Globalisation, shift in labour markets ,different strategies in teamwork, drastic change from mergers to alliances and also to service companies from manufacturing units are some of the main reasons which answers the concern for diversity. Inculcating a workforce that is diverse is not only a societal or a moral idea but it always demonstrates a good approach to business practices. (Kundu et al., 2015, p.116).

Diversity at Aetna:

In this section the Diversity practices at Aetna and the milestones that the company has gone by adopting the Diversity practices are discussed.

Diversity is concept that is rooted in the values of Aetna. It is considered as of one of Aetna's milestone and is more essential to company's success. The Aetna management has been instrumental in assimilating the concept of diversity in all of Aetna's business areas especially to the employees, clients, suppliers, the healthcare professional network group and also in the products and services that are rendered as a part of the business . In my opinion the company is following the Aetna approach of doing the business in the right way. (Aetna, 2006, p.4)

Aetna always strives to build an inclusive work environment, in which every employee is respected; where all ideas and initiatives are always encouraged and given a value. It is also seen that at Aetna the employees are committed to provide their best every single day. It is always believed that this comprehensiveness is significant to the capability of being focussed on and keep hold of the best employees and excel in the business.(Aetna, 2006,p.2).

The pledge for Aetna's diversity not only belongs to an area or an individual; it is universal and to everybody. Thus the diverse force has made what Aetna is today. The employees are varied not only by gender, background and race, also by means of age, working styles and levels, education, sexual orientation, skills, perspective and other characteristics. (Aetna, 2006, p.2). The commitment to the concept of Diversity has been a on the increasing trend as it is seen there is a change in the market place and also there has been many changes in the population and it is always important for Aetna as a company to focus on these society oriented issues namely the ethnic and racial differences in the heath care sector and always urge to adopt much positive lifestyles. (Aetna, 2006, p.9)

In order to create relationships professionally within the employees Aetna has created the Employee Resource groups. These groups are recognised by the company which help to create a diverse and inclusive work environment for the employees in alignment with the company's mission, objectives, values, business procedures and practices. These Employee Resource groups (ERG) are formed by particular aspect of diversity such as Gender, age, ethnicity, disabilities, sexual orientation etc. Apart from this the ERGs provide prospects to employees to understand and value other employee's background which may be different

from theirs. The ERGs also help with opportunities to exhibit their talents whereby allow the senior management to share the points of view and also help in terms of building their skills in career building. By these initiatives the Employee resource group act as mediator between the employees and the company and assist to achieve the objectives where by helping the company in creation of efficient and effective products, approaches of marketing and also services. (Aetna, 2010,p.6) The fifteen Employee Resource groups at Aetna are shown in the list below.

Aetna Families Employee Resource Group	Caregivers Employee Resource Group	Aetna Hispanic Employee Resource Group	Aetna African American Employee Resource Group	Asian-American Employee Resource Group	Aetna Native-American Employee Resource Group	Aetna Women's Employee Resource Group
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Aetna Veterans Employee Resource Group	Employees with Disabilities Employee Resource Group	Christian Employee Resource Group	Boomers Employee Resource Group	Gen X Employee Resource Group	Gen Y Employee Resource Group	Tele work Community Employee Resource Group	Aetna Employee Resource Group of Gay, Lesbian, Bisexual and Transgender Employees
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Figure 1: Employee Resource Groups at Aetna (Aetna, 2010, p.7)

The Aetna Way:

At Aetna the employees follow the Aetna way core values. Due to poor economic performance and non positive coverage in the media around 2002, the company wanted a new strategic dimension. Hence the communication team within the company formulated the “Aetna Way” a pioneering approach with new strategy for its employees. (Melcrum Publishing , 2006) The Aetna way encompasses a sequence of small statements of four sections according to Melcrum Publishing (2006, p.75)

- Why we Exist, which defines the organisation’s mission
- What we Believe in, Which sets out Aetna’s core value
- What We’re trying to Achieve, Which defines Aetna’s goals and
- How we run our business, which explains the practices that Aetna uses to fulfil its mission, achieve its goal and profitable growth. (Melcrum Publishing , 2006,p.75)

The Aetna way, is aimed to be a part of the employees identities day by day. The successful implementation of the Aetna way resulted in Aetna receiving the award for “Best Business Turnaround – More Than 2,500 Employees” in the year 2004. The award was from the competition of American business awards recognising companies for their excellent leadership, innovation, perseverance, creativity, teamwork and integrity in business. This resulted in the share price going up to \$152 in 2005 from a meagre value of \$23 in 2001. (Melcrum Publishing , 2006,p.75)

Aetna – Investing in Diversity:

Aetna is a company which celebrates diversity. Age and Gender diversity are two of the most valued diversity throughout Aetna. The following sections will highlight the two diversity concepts in detail which will assist the board to decide in investing on the same.

Age Diversity / Generation Diversity

There have always been stereotypes when age diversity is considered. The stereotypes include issues that old people are mainly negative, and also there is a perspective that the old people are not up to the mark when productivity is considered. It also includes less flexibility, non- creative and also very hard to train. Another thought is that the older people are more sceptical when there is a change. (Kulik et al., 2000, p.700).

The percentage of the U.S. labour groups who are in the age group of fifty five years and more has increased from a mere 12% in the year 1992 to as much as 22% in the year 2012. And this percentage is expected to increase to 26% by the year 2022 (The U.S. Bureau of labor statistics, 2013).

There are questions that are been asked by the workgroup with regards to the factors that affect the workplace with diverse age which also arises to the question that how the diversity in age affect the performance of the employees. One common issue with that of the aging employee group is that the employees have team leaders or supervisors who are younger to them or are of the equal age group. (Yang & Matz-Costa,2018,p.165).

Through my research it has been found that the organisations do not take much care to increase the age diversity, however traditionally there has been pattern that is followed in organisation like those of hiring employees at a junior level and then retaining them throughout their working career in the same organisation. This trend in age being distributed evenly through the career of an employee were in line with the expectations socially which also maintained a definite pattern in the career progression of the employees and also had like age group people and an acceptable age differences between the junior staff and the managers. However in the last two decades there has been depletion in the pattern due to the raise in competitions and also the in growth of the global economy. By which the organisations have started to become more flat and leaner. These factors have given raise to the career progression that is very stringent which results in the effects of age diversity.

According to AARP (2015, p.1) “**Age is a number, not a credential**” AARP,2015,p.1). There are still stereotypes which influence awareness of age in the work environment. It is also seen that the qualification and the significance of the employee are shrunk by thoughts like the person is old to understand the computer technology and statements like the person is immature to lead a group. However it is always seen that in due course age leads to increase in knowledge and experience. Research confirms that the performance of organisation improves with the age diversity. HR initiatives have a greater influence on the organisation’s performance as they could decrease the employee attrition with enhanced age diversity. (AARP,2015,p.1).

At Aetna age diversity is of great importance. Each of the age group (Aetna, 2010a) has an Employee resource group (ERG) to assist them with the various day to day activities while working at Aetna. Boomers Employee Resource Group, Gen X Employee Resource Group, Gen Y Employee Resource Group.

The following figure 1 will show how Aetna encourages a diverse age group of working people.

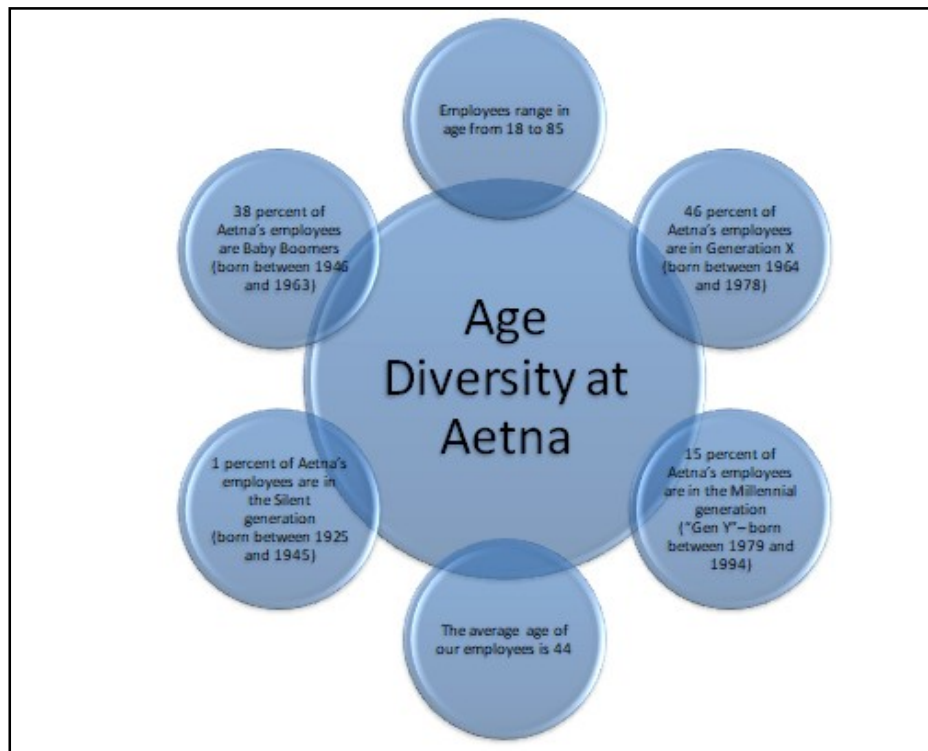


Figure 2 : Age Diversity at Aetna (Aetna, 2010a)

Gen Y group of employees reflect Aetna's original colour. For the young generation who are in confusion about starting their careers, the 150 year old history and the traditional brick built head quarters along with the complex business process could be disheartening. But the talent management team takes every step to ensure that the young talent are easily adaptable to new environment by providing them with excellent benefits, great opportunities and training along with a fabulous career progression path (Aetna, 2010a). The Gen Y Employee resource group (EnRGY) in the year 2010, helped the young job seekers to get a clear picture of Aetna by creating a video of the company by telling the stories of Aetna themselves. The talent recruitment team at Aetna shared their experiences and the exclusive career opportunities in front of the camera. The video created names "Building Careers at Aetna for Generation Y". The video seemed to be more instructive and energetic. This video is been used for campus recruitment for the company. (Aetna, 2010a).

Aetna is a company which encourages fresh talents. It offers job opportunities that are challenging which also enable them to grow and learn professionally. The internships and the job opportunities that will make young talents absorb themselves in a society where there is constant development with the motive of achievement in the health care sector. (Aetna Careers, 2018). Aetna always makes every effort in recruiting, increasing and retaining the talent workforce who are diverse in nature. The company has been partnering with institutions in order to arrange for the internship programs for high school students by means of graduate level school. Aetna in association with the Youth Employability Skills Academy, a summer program in Connecticut helps the students in high school with opportunities in career building, applying for internships and also an opportunity to get exposed to the corporate culture. Aetna's participation is made possible through the Connecticut's Capital region workforce program. It is very proud moment for Aetna to inform that some of the past participants are now a part of the Aetna Family. (Aetna, 2006).

The following table shows the head count in Aetna with respect to age and generation as of the year 2017

Age Breakdown		
Age Band	Count	% of Total
<30	4,994	10%
30-49	27,858	56%
50+	16,974	34%
Grand Total	49,826	100%

Generation (years of birth)		
Generation	Count	% of Total
Traditionalist 1925-1945	57	0%
Boomers 1946-1963	11,142	22%
Generation X 1964-1978	22,745	46%
Generation Y 1979-1994	15,491	31%
Generation Z 1995-2007	391	1%
Grand Total	49,826	100%

Figure 3: Age and Generation Head count in Aetna as of 2017 (Aetna, 2010a)

Gender Diversity:

Gender diversity is a diversity concept which aims at treating equally, accepting and promoting both males and females in any working environment. When gender diversity in work places is considered there needs to be concern, acknowledgment and endorsement of the various talents of men and women in any organisation. The gender diversity in any organisation can be achieved only when the entire workforce irrespective of their race, background, aptitude have the right to utilise and also gain from the opportunities and acknowledgements. In any organisation that has a gender diverse workforce there is a must that the organisation follows guidelines and procedures which meet the various requirements of the males and female employees. (Tinsley et al., 2017, p.162)

It is also seen that the organisations are in a need to raise the number of female employee on their boards of directors. In the US women contribute to around 47% of the working population and 51% in managerial positions however only 17% of the women comprises the board seats. (The U.S. Bureau of labor statistics, 2013)

Though many companies promote the concept of diversity in board, the diverse workforce still is on a less scale which raises the question as to how to increase the women percentage in the board of directors. Many organisations try to work on procedures like making an open vacancy in the board seat and the Chief executive officer recognise from the diverse group of candidates from the organisation rather than asking job consultancies to involve the diverse candidates externally. (Tinsley et al., 2017, p164).

As we all know that Aetna is a company which focuses in diversity in all aspects. And gender diversity is an important facet which Aetna focuses on. The Aetna Women's Employee Resource Group (WERG) always helps to focus on creating the New Aetna, by recruiting women talents offer them with the required skills and training, offer tools for development by overcoming the barriers relating to geographic and functional areas to enhance career

growth and develop leadership skills. (Vault , 2010) Aetna also supports the working mothers with the help of the Working Mothers Employee resource group. (MothERGroup) which focuses on development and support to working mothers. This enables the company in retaining talents (Vault , 2010).

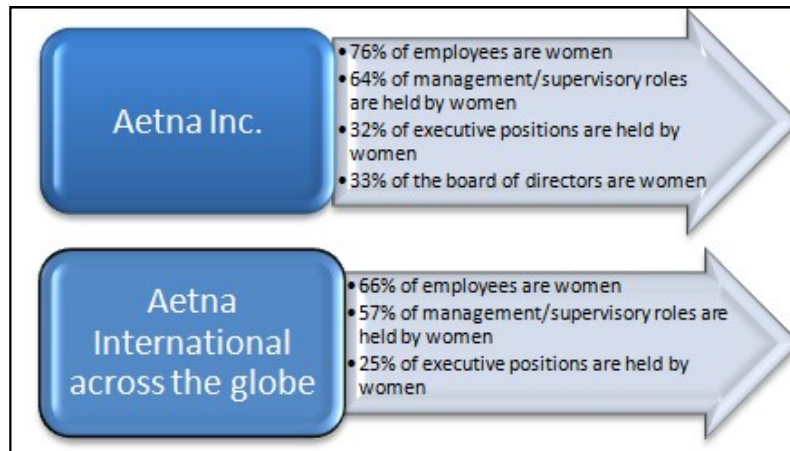


Figure 4: Women in Aetna (Aetna, 2010b)

A statement made by the President of Mr Richard Di Benedetto according to Aetna Inc (2018), **“One group of people who demonstrate the value of diversity on a daily basis is the women in our teams, who contribute so much to our success.”** (Aetna Inc., 2018) However it is also seen that the women are facing challenges and barriers on a day to day basis. One such important aspect the gender pay gap. According to Legislation of Gender pay it is a requirement of employers with more than 250 employees to account the legal calculations each year which shows the difference in the gap of salary or pay in-between the male and female employees. (Aetna Inc., 2018) Aetna always strives to provide equality in wages to male and female employees who are in same grade. But it is to be noted that the requirement of the Gender pay gap reporting is that all roles are considered in which there is variety in seniority in the same grade- this may cause a raise in the gender pay gap (Aetna Inc., 2018). Hence if there are more female than male in part time positions or in junior level roles there might be a significant increase in the Gender Pay Gap. Aetna is always proud to say that it is flexible to the employee, where mainly women consider choosing a part time and more flexible working pattern which in turn increases the gap in pay. In the United Kingdom about 93% of Aetna International's part time employees are women. (Aetna Inc., 2018).

Also Aetna Inc has been requested the annual report be submitted to the board of directors by the shareholders. This is to identity whether there is a gap in the gender pay within the

male and female workforce and in case if there is gap then policies or measures need to be implemented to ensure that there is no difference in pay between the male and female employees thus ensuring empowerment of women equally (Chamberlain, 2016). It is also seen through research that the women are paid around 78 cents for each dollar that is received by their male colleagues. There could be difference in terms of educational qualification, experience and also the age however Chamberlin (2016) confirms that “over 500,000 self-reported salary data points on its website shows that even after adjusting for these factors, there is an unexplained, statistically significant pay gap of 5.4% (the adjusted gender pay gap) between men and women in the US” (Chamberlain, 2016).

Even though there is a difference in the pay gap, 75% of the workforce in the Aetna Family are women and Aetna always feels great of having women in management positions. Women also are influential for almost 80% of the decision for purchasing . Aetna considers the women employees to be the largest workforce and also the consumers. Their thought about the services in the health care industry are essential for the company’s success. These are the main reason why the company always focuses on the development and the advancement of the women workfroce. (Aetna, 2018b)

Hence we have a wide range of Workplace diversity program for both the male and female employees . The program ensure the employees are winners, drivers, and promoters of change. The programs are international namely.

- *Women's Leadership Alliance*
- *Power of the Purse*
- *Strategies for Success Leadership Program*
- *Strategies for Success Sponsorship Program*
- *Men Advocating Real Change (MARC) Leaders Program*

(Aetna, 2018b)

The following table gives us the information of the male –female headcount in Aetna Inc as of 2017

Gender		
Gender	Count	% of Total
Men	12,401	25%
Women	37,425	75%
Grand Total	49,826	100%

Fig 5: Male and female employees head count of Aetna as of 2017 (Aetna, 2018b)

Diversity in AIG – A Comparison

In the previous sections two diversity areas in Aetna, the Age and the Gender diversity have been discussed. Now a further highlight on the diversity policy or practice that is followed by another insurance company AIG (American International Group) Inc is discussed.

AIG is a multinational finance and insurance company headquartered in the United States has its operations wide spread in about 80 countries and with an employee base of 56400 as of December 2016. AIG takes pride in having diversity of their workforce and they consider it to be an asset for the company (AIG Inc, 2017, p.6). The company in the year 2015 carried out a review on their procedures and policies which it was decided that the diversity and inclusion should be widened and also boosted by means of thought leadership through employees worldwide. The Global Inclusion and Cultural Agility (GICA), an initiative was launched in the beginning of the year 2016 focussing on five streams of work. The main aim of the initiative is incorporate the concept of diversity and inclusion into their core business areas and the processes of Human capital. (AIG Inc, 2017,p.5)

The following are the five streams of work according to the GICA initiative to promote diversity and inclusion at AIG.

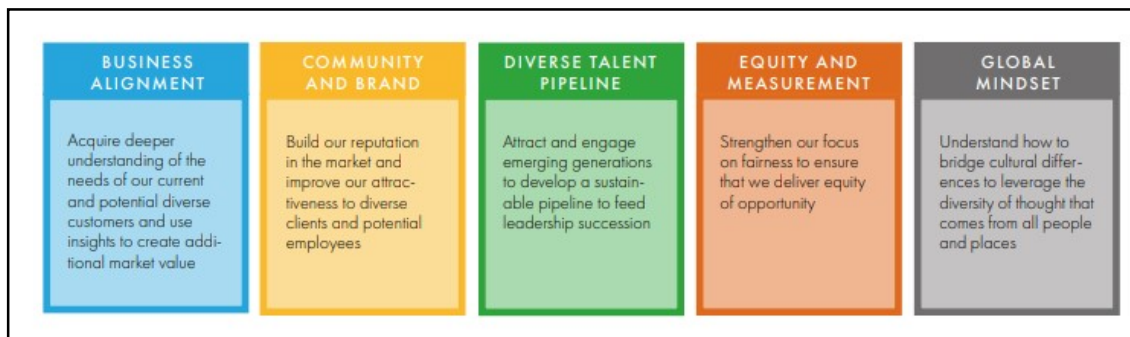


Figure 6: Five streams of work according to the GICA initiative (AIG Inc, 2017, p.5)

AIG also conducts diversity training program in order to create awareness and improve the ability to employ the objectives of diversity. Training sessions are live in order to assist team of management with the necessary tools to communicate the diversity strategies to their team of employees they manage. Apart from this all employees are required to complete an awareness program online. This is done to make them understand the issues pertaining to diversity and inclusion. (AIG Inc, 2017,p.9)

As of 2016, AIG has about 96 Employee resources groups worldwide which assist employees. Like in Aetna these groups work together in order to improve the respective diversity and inclusion area thereby strengthening AIGs commitment towards inclusion and diversity (AIG Inc, 2017,p.9)

Investing in Diversity – Cost & Benefit

Diversity Investments for cost-effective rationale are happening due to most significant transformation in: merchandise markets (to ensure the needs of end users are fulfilled); labour market (the accessibility, excellence, and values of existing and potential employees); investment markets (the vision of shareholders of satisfactory investment profits); government influence (rules and regulation , and political demands); and, wider communal values (the prospects of citizens as the way In which an organisation should function). (Centre for Strategy and Evaluation Services, 2003, p.4)

Major organisations always tend to evaluate the cost and benefits of investing in diversity of in organisation due to various reasons.

- Measuring the action for drive – “What is measured is what is done “.
- Excellent practice necessitates the evaluation of the costs and benefits in each and every investment that are tangible and intangible resources.
- The evaluation offers a rationalization for the continuous use of limited assets.
- The evaluation ensures managers to understand and learn for similar investments in the future. (Centre for Strategy and Evaluation Services, 2003, p.4)

Organisations use indicators which are already present for the cost and benefits. Majority of them are qualitative and hence showcase on cost and instantaneous outcomes which includes change in attitude of workforce and demographics. However it is said that there are no or less proof of quantitative measurements.

The following framework provides a schema for evaluating performance by means of estimating cost and benefits, also provides solution to processes and transitional outcomes. (Centre for Strategy and Evaluation Services, 2003, p.4)

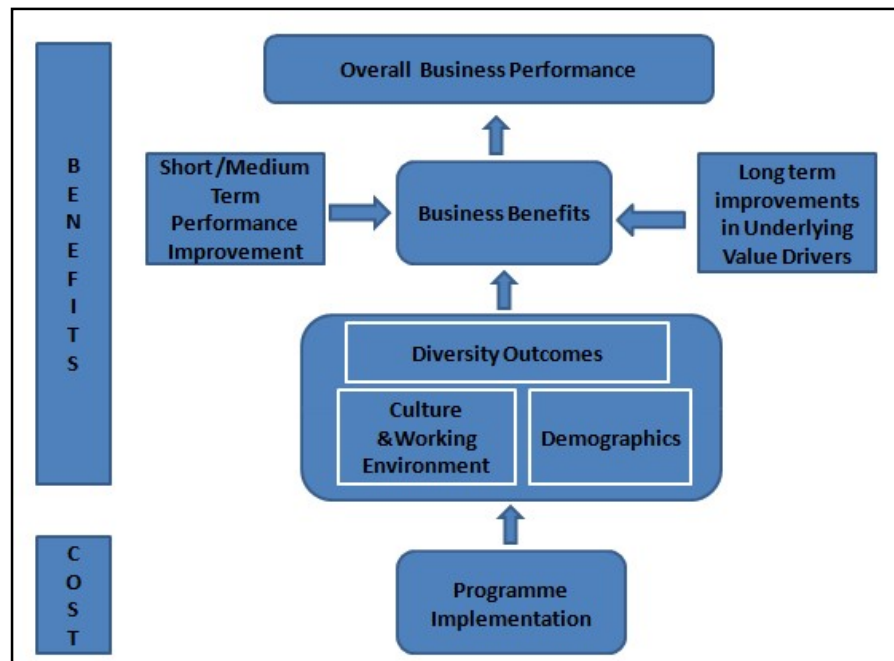


Figure 7: Evaluation Framework for Diversity (Centre for Strategy and Evaluation Services, 2003, p.5)

This approach is a model basis the current evaluation way, encompassing the proof of costs and benefits, and contemporary performance measurement technique. It focuses on the significance that quantifies investments in diversity programs and apparent differences between inputs and outcomes, by which organisations are forced to carefully consider the various sort of benefit and the way to measure them. Organisation of all size and sort can implement this structure. Surrounded by an ordinary arrangement, the precise methods and indicators of evaluation can be customized to meet the needs of each business or organisation. (Centre for Strategy and Evaluation Services, 2003, p.5)

Benefits of Investing in Diversity Policy:

The two main benefits economically that organisations tend to achieve are

- The business tends to be more competitive in the long term in terms of financial grounds and also in terms of stakeholder satisfaction. Diversity investments ensure that there is a value being created in the long run by means of a generating and sustaining an organisational and human capital. By which means organisations gain a competitive advantage along with knowledge capital as well. These ensure the organisation lead their area of business and create a value. (Centre for Strategy and Evaluation Services, 2003, p.10)

- Creating opportunities that are short term to progress in terms of financial growth e.g. by cost reduction, resolution to shortage in workforce, creating new markets, and performance improvement in the present market, these are collectively called the “return-on-investment” (ROI) benefits. Due to its nature the benefits tend to be more clear-cut in evaluating and have a direct connection to diversity investments which can in identified in some circumstances. However they are meticulous to the approach and market situation and are specific to each organisation. (Centre for Strategy and Evaluation Services, 2003, p.10)

Cost of Investing in Diversity Policy:

The following are the cost that the organisation faces when they invest in diversity.

- Legal and compliance costs – The prospective costs comprises of managing records, training employee and communication the new polices. However the costs mostly rely on the business specification which also includes the type of internal procedures and the present legislation requirements. (Centre for Strategy and Evaluation Services, 2003, p.10)
- Financial cost for diversity: The financial costs include dedicated team; training and development, conditions of work and remuneration, communication, policies of employment. The processes which involve the monitoring and reporting. A few of this cost are one time cost and for a short duration however most of them are for a long duration and persistent expenditures. (Centre for Strategy and Evaluation Services, 2003, p.10)
- Cost of opportunity due diversity – Cost of opportunity include benefits lost as scarcity in resources could not be utilised for other dynamic activities. This mainly comprises of senior management, functional team time diversion due to implementing the diversity policies. This also leads to short falls in productivity of the organisation.
- Risks in business due to Diversity – Implementing a new program may change the culture in the business as they consume more than expected time and cost for implementation which in certain cases could fail all together. This is called the risk in executing which are aware by the organisations. Diversity policy which are sustainable results in the success of change in any organisation

(Centre for Strategy and Evaluation Services, 2003, p.10)

Recommendations for Investing in Diversity:

The ICE Strategy (Integration, communication and education) is a distinct mix of values involving diversity and business strategies. The ICE strategy mainly comprises of the orientation of new hires with a general idea about the diversity strategies, a website for diversity internally which includes all information regarding data related to diversity and inclusion along with Aetna's mission and strategy which also publishes articles on diversity on a regular basis in the company's intranet. This also includes an audio series with all the diversity initiatives that are available to the entire workforce by means of live webcast. The strategy also allows lucidity of diversity initiatives and information at the managers meeting which is conducted quarterly and employee conferences. (Aetna, 2006)

✓ Recommendation for Age Diversity:

Age diversity has a positive effect on both the company and the employee. However in some instances it is seen that the age diversity instils a different thinking in the organisation especially when sharing of knowledge is concerned. Differences in approaches and opinions are experienced when there is a diversified generation working together. It is always seen that the younger group of workforce are spontaneous in their thinking and attitude towards work, on the other hand the older work force are seen often use their experiences and follow a systematic approach. The diverse knowledge are said to bring many view points and this can cause stress with the workforce and workplace where the employees may feel that their views are not taken into account. There are also chances that the diverse age group of employee do not look for similar things in their career. For instance a fresher may look the job as a stepping stone towards success however for the much older group it may be a career (CIPD, 2015, p.7)

The following are the recommendation that I would like to put forward to encourage a positive age diversity culture within Aetna.

➤ **Work from Home option and Job share for the older generation :**

Majority of employees in the age group 40 -65 are planning for their retirement more actively and they do not wish to work more than the age of 65. This is mainly because the employees do not find the companies doing anything to encourage them when they

are nearing the age of retirement and are still continuing to work. (CIPD, 2015, p.13). Hence in order to break this perspective in the minds of older generation and to encourage them to continue being a part of Aetna until they wish I would like to recommend that the board allots the work from home option only to the people who are at the age group 50 -65 years. Along with this people who wish to work on site should also be given an option for job share where in they can share the work between peers of the same age group. These are the flexible working options for the employees in the age group between 50 to 65 years. This will also help them to meet up with the increase in expectancy of life and manage the massive cost of living. Around 74% of the older Americans want flexibility in the work and hence work from home or the telecommuting is the best option to help the generation of employees along with the option for job share. By this they get less opportunity to work or interact with the younger generation. This method would help them to be more confident rather than feeling insecurity about their working atmosphere. This step will also give them a chance to visit for doctors for any checkups with regards to health thereby not creating any hindrance to working schedule.

Hence I would recommend that the work from home options are provided to the older employees. This will ensure that there will be an enhanced knowledge sharing process between the older and younger generations. There will be mutual involvement from both the generation when problem solving is considered. This in turn will improve the customer satisfaction throughout the company.

✓ *Recommendation for Gender diversity:*

In corporate America, women are still underrepresented even though they have excellent academic records than men. This has been the scenario for more and 30 years and still this is the situation. Women are in the pressure to manage work and personal commitments. In such cases it is the role of the organisation to assist them with comfortable work environment in order to manage their work life balance. According to the Women in work place 2017 by Krivkovich et al (2017) survey conducted by McKinsey & company , the main reasons for the slow progress in the gender diversity is that there are blind spots in the concept of diversity in organisations and it is very difficult to resolve the issues when the they are not visible.

Majority of the workforce feel that women representation when the leadership roles are considered are to a good extent however there are only less. And as they have become

comfortable with the existing state of affairs they don't feel the need for change. It is also seen that the male employees do not get to understand the hurdles that their female counterpart have to face at work. This results less or no commitment in gender diversity. And without the commitment of the male employees it is very difficult to achieve the mark. (Krivkovich et al., 2017)

Hence I would like to put forward the following recommendations to the board in support of the gender diversity.

- **Flexibility in hours of work**: Women should be given the advantage of flexi hour working which will be able to meet their demand of family and workplace.
- **Work Week compression**: In this scheme our female colleagues can work extended hours each day and in turn have an extra day week off in a payroll cycle.
- **Onsite Childcare facilities**: I put forward this option to the board to have an onsite crèche for the kids of the employees where in the kids can be taken care as and when there is a need.

Women workforces are the strength of Aetna and in addition to the above recommendation I have put forth to the board the other strategies that the management need to adapt to have a healthy gender diverse environment. The following are the strategies that could be implemented for the same.

1. **Documentation of present commitments and the policies pertaining to leadership** – in order to effectively frame the gender diversity the present existing policies regarding the gender diversity needs to be outlined by means of documentation.
2. **Conduct an analysis of the leadership functions**: In this stage it is necessary to conduct an analysis on the leadership functions within Aetna. This will helps us to obtain an idea of the gender diversity at each and every management level. Includes even the executive level groups.
3. **Employment data gender analysis**: At this stage I recommend that we analyse the job applicants data presented in the interview and also analyse who are applying for the position and also calculate the rate of success by the gender. In this stage we can analyse the data from the exit interview and other employee surveys that were conduct during the year. Apart from this the senior level management should be communicated regarding the gender diversity.

4. Conduct the analysis of Pay: This analysis would help us to gauge the gender pay gap. This will also assist us to check if the male and female employees are treated equally and also if the jobs that belong to the equal grade are treated with fairness. This would include all employees across all verticals that are enrolled for the payroll.

(McKinsey & Company, 2016)

Thus the above recommendations have been proposed to the board for further action.

Conclusions:

Diversity can be implemented through inclusion, by which means it is required that the employees of the organisation feel that they are valued and are always a part of the organisation. This also means that their differences are been taken care of and they are acknowledged. Diversity is solely based on treating everyone fairly. Hence an investment in diversity is a profit to any organisation not only economically also in terms of stronger commitment and a healthy working environment. Organizations have to promote mutual dependability in order to build steady association and harmony amongst the diverse workforces. Hence in my opinion I strongly believe that Aetna should keep the diversity as a prominent business initiative and try to enhance the Age and Gender Diversity irrespective of financial crisis and economic environment.

Based on the recommendation that has been provided a report can be submitted to board to have a clear idea on Investing in the two diversity concepts. The report will submitted by the Diversity team to the board team members upon the proposal being accepted. After submitting the report action plan for implementing the recommendation can be proposed.

Successful implementation of the action plan will benefit the company in terms of addressing the issues with respect to shortage in skills. This will also ensure that we recruit best talents for the company and also ensure that the best talents are retained. This in turn will reduce the attrition rate in the organisation. All these will enhance a better organisational performance at Aetna.

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