Jasmin Petroff

# From Organisational Awareness to Integration: Embedding DEI into Strategic HRM in a Multinational Context

Case Kalmar Finland Oyj

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**Author:** Jasmin Petroff
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**ABSTRACT:**

Global organisations are increasingly expected to create diverse, equitable, and inclusive workplaces. However, many DEI initiatives remain isolated, limithing their long-term effectiveness. This master's thesis examines how DEI principles can be moved from standalone initiatives to become an integrated part of Strategic Human Resource Management (SHRM) and core HR practices.

The theoretical foundation of the thesis is built on three key theoretical concepts: Strategic Human Resource Management (SHRM), Core HR Practices, and Diversity, Equity, and Inclusion (DEI). These concepts are explored to explain how DEI is embedded into HR strategy and reinforced through the core HR practices of recruitment, resourcing, learning and development, performance management, and compensation and recognition. This theoretical overview clarifies the rationale for positioning DEI as a strategic imperative, demonstrating its potential to strengthen organisational value.

The empirical part of the research was conducted as a qualitative holistic single-case study in collaboration with Kalmar Oyj, a global heavy machinery company operating in a traditionally male-dominated industry. The primary data was collected through semi-structured interviews with HR professionals and business managers. The data was analysed using thematic analysis to identify the current state of DEI integration, key enablers and barriers impacting the process as well as the perceived impact of DEI intergration.

The results indicate that the case organisation is currently in a transitional phase, defined by a "push and pull" dynamic. Progress is enabled by strong executive sponsorship, data trancparency and targeted inclusive leadership training, which are driving awareness and practical implications. However, significant barriers remain. The study identifies a structural scarcity of diverse talent in the industry, often compounded by a conflict between operational speed and diversity goals; managers frequently feel pressured to prioritise filling vacancies quickly over building diverse candidate pools. Additionally, the lack of a unified company-wide DEI strategy has led to inconsistent practices across divisions. Furthermore, the analysis demonstrates that the "People Case" for DEI, especially for the creation of psychological safety and belonging is not simply an ethical preference but the essential prerequisite for unlocking the "Business Case" of innovation and performance.

**KEYWORDS:** HR, DEI, SHRM, Core HR Practices, Talent Management, Employee lifecycle, Organisational culture, Diversity, Equity, Inclusion

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# 1 Introduction

## 1.1 Background

In today's globalised and rapidly evolving work environment, organisations face increasing pressure to not only remain competitive but to do so in ways that are inclusive, equitable, and socially responsible (Bersin & Enderes, 2021, p. 32–34). Having a diverse workforce is a driver of innovation, productivity, employee engagement, improved decision making and overall business success (Kaur, 2025, p. 2834). Diversity, Equity, and Inclusion (DEI) has thus emerged as strategic imperative rather than an isolated compliance effort or ethical consideration. Organisations that actively embed DEI into their HR strategies and operations are better positioned to attract top talent, foster innovation, and reflect the values of a diverse and demanding stakeholder base (Bersin & Enderes, 2021, p. 32–34). HR plays an important role in shaping policies, procedures, culture and values beyond legal requirements and is becoming a strategic partner in embedding DEI into the practices of the employees. Even though many organisations recognize the importance of this, they still face many challenges in putting the plans into real life practice. These challenges include for example resistance to change, unconscious biases and lack of measurable performance outcomes (Kaur, 2025, p. 2834). Based on Harvard Business Review Analytic Services survey (2025) only 67% of the research respondents said that their organisation has been, at best, only somewhat successful at creating a workplace that is diverse, equitable and inclusive. This work is not possible without the CEO and senior leadership support; they need to be involved and be a role model.

The key theoretical elements of this present study are Strategic Human Resource Management (SHRM), Core Human Resource Practices and Diversity, Equity and Inclusion (DEI). Strategic human resource management connects strategic management and human resource management with a proactive and future-focused approach (Bjorkman & Fan, 2002 and Akhtar & Ding, 2008). SHRM has increasingly been characterised by its emphasis on the alignment of people management with business

objectives, organisational culture, and core values as well as perceiving employees as strategic asset (Storey, Ulrich & Wright, 2019). Core human resource practices are the central and long-term HR activities, such as recruitment, development, performance management, and compensation that form the foundation of an organisation's HR system. They are consistently applied and strategically significant, as they directly influence how people are attracted, developed, and retained to achieve organisational goals (Guest, 2025; Boxall & Purcell, 2016).

Diversity, Equity and Inclusion (DEI) is focusing to ensure fair treatment, access, and belonging for all. Diversity refers to the presence of differences in people for example, race, gender, age and sexual orientation. Equity involves ensuring fair treatment and opportunities for all and inclusion is about creating an environment where people feel welcomed, respected, and valued (Roberson, 2006, p. 212-218).

Companies are changing how they approach Diversity, Equity, and Inclusion (DEI). Instead of just being a set of separate programs, DEI is now becoming a core part of their main business plan. This is happening because society demands it, the workforce is becoming more diverse, and employees want to work for companies that share their own values. Particularly in multinational companies operating in traditionally male-dominated or industrial sectors, DEI integration presents both unique challenges and powerful opportunities. As research shows, DEI efforts that are embedded across the entire employee lifecycle like recruitment, development, retention, and transition have a more sustained impact on organisational performance and culture (Sosa, 2023, p. 1).

This thesis explores how DEI can be embedded into strategic human resource management and core human resource practices. While many organisations have launched DEI programs, these efforts often remain disconnected from the broader HR infrastructure and strategic priorities. This lack of integration may result in superficial change or "diversity fatigue," when these efforts don't lead to any real, noticeable improvements in inclusion or equity. On the other hand, embedding DEI into strategic

HRM ensures that inclusive values are reinforced through everyday practices from how talent is acquired and developed, to how performance is evaluated and recognised (Bourke & Dillon, 2018, p. 88).

The complexity of embedding DEI lies in the two-faced nature of HR practices: they must fulfil both administrative requirements and enable strategic transformation. As Ulrich et al. (2019) argue, HR's value lies in its ability to connect people strategy with business outcomes. Therefore, DEI should not be siloed into standalone programs or managed solely by a dedicated DEI officer. Rather, it must be systemically embedded into core HR practices such as resourcing, learning and development, performance management, and recognition (Kramar, 2014, p. 1075).

The maturity of DEI practices varies across organisations and countries. Cultural, institutional, and political contexts influence how DEI is interpreted, implemented, and prioritised. A word "glocal" is often used meaning global strategy with local adaptation. This concept is relevant especially now for those multinationals who are based in the US with the present US anti-DEI preasure and somewhat negative atmosphere towards DEI (Frankel, 2023). According to Gravity Research (2025) organisations are rebranding their DEI language to more "neutral" such as "belonging", "diverse perspectives" and "equal treatment". McEvoy (2025) also highlights that some companies especially in regions facing political DEI backlash have scaled down or rebranded their efforts, while others are doubling down on DEI by aligning it more directly with business goals and leadership accountability. The growing consensus, however, is that sustainable DEI outcomes depend on integration rather than separation. Research by Catalyst and NYU School of Law's Meltzer Center for Diversity, Inclusion and Belonging (2025) revealed that 86% of Gen Z employees are more likely to stay with a company that supports DEI and 61% of them would never apply to a company that does not support DEI.

Despite the rising attention to DEI, academic literature suggests that many efforts remain under-evaluated and insufficiently aligned with strategic HRM (Triguero-Sánchez, Peña-

Vinces and Guillen, 2018). As a result, more research is needed to understand how DEI can be integrated into the core HR practices that shape employee experience and organisational culture. This thesis is conducted in collaboration with Kalmar Oyj, a global heavy machinery company specialising in cargo handling solutions. Kalmar operates in a traditionally male-dominated industrial sector and is currently in the developmental phase of its DEI journey. As part of its broader transformation and last year listing on the Nasdaq Helsinki, Kalmar has recognised the necessity of integrating DEI into HR strategies to support innovation, strengthen talent pipelines, and enhance employee engagement across all levels of the organisation. This context offers a valuable and timely case for examining how DEI can be embedded into HR practices that are understood and used by managers. As the journey in building a workplace that is diverse, equitable and inclusive is ongoing, this thesis aims to bring insights on the present situation, possible challenges as well as recommendations for the next steps on the journey. This thesis aims to bring a larger and somewhat new approach to the topic by including managers' view on the topic. They need to understand what DEI is and what it means in their day-to-day work with their teams. At the end they are key people in executing any people related policies into practice. HR can create "cool" and excellent policies but if they are not understood and properly used, they will not bring the value that was intended.

The study remains open to the challenges and contradictions that may arise in practice, including resistance, resource limitations, or misalignment with leadership priorities. Understanding these dynamics is key to building HR strategies that are not only inclusive in principle but also in action.

## 1.2 Objectives

This thesis falls within the field of Human Resource Management, with a specific focus on the strategic integration of Diversity, Equity, and Inclusion (DEI) into HR strategy and core HR practices. Instead of treating DEI as a standalone initiative, this research adopts

a systemic approach to examine how DEI can be embedded into the HR strategy to create long-term value and better employee experiences.

The primary objective of this study is to examine the integration of Diversity, Equity, and Inclusion (DEI) into Strategic Human Resource Management (SHRM) within a multinational context. Using a case study of Kalmar Oyj, the thesis analyses the enablers and barriers of this process and its perceived impact on Kalmar's employees through the eyes of the research interviewees.

Key stakeholders of this research include HR professionals, people leaders, and organisational decision-makers aiming to enhance business performance and workplace culture through authentic, integrated DEI practices. Ultimately, this study seeks to contribute to academic discussions and provide practical frameworks and recommendations for advancing DEI in strategic HRM.

To achieve this, the research addresses the following questions:

1. *How can organisations integrate DEI principles into Strategic Human Resource Management?*
2. *What are the key enablers and barriers in embedding DEI into HR practices?*
3. *How do managers and HR professionals perceive the impact of integrated DEI practices?*

## 1.3 Structure of the Research

The thesis is structured into three main parts following the introduction. The Figure 1 demonstrates the structure of this thesis. The first part of this thesis presents the conceptual foundation and literature review of the main theoretical elements which are: Strategic Human Resource Management (SHRM), Core Human Resource Practices and Diversity, Equity and Inclusion (DEI). These theoretical elements will be used to explain

how DEI can be embedded into HR strategy and core human resource practices. All the main concepts are defined and explored using academic sources. This theoretical overview establishes why DEI should be positioned as a strategic imperative and not treated as a separate initiative within SHRM.

The second part of the thesis discusses the methodological approach and research design. A qualitative method will be used, utilizing semi-structured interviews with HR professionals, senior leaders and line managers at Kalmar Oyj, the case company for this study. The selection of participants is based on their active roles in HR or people management. The data will be analysed using thematic analysis to identify key patterns and practices related to DEI integration, enablers and barriers for it as well as how people at Kalmar feel about the integration of DEI.

The final part of the thesis presents the research's empirical findings and analysis of the results. Drawing directly from the interview data, this chapter analyses the current state of DEI integration at Kalmar. It is structured to mirror the research objectives: first exploring the transition from awareness to integration, then identifying the critical enablers and barriers, such as executive sponsorship versus talent pipeline constraints and finally examining the perceived strategic value of DEI. This narrative is driven by the voices of the participants, offering a rich, "strong description" of the organisational reality.

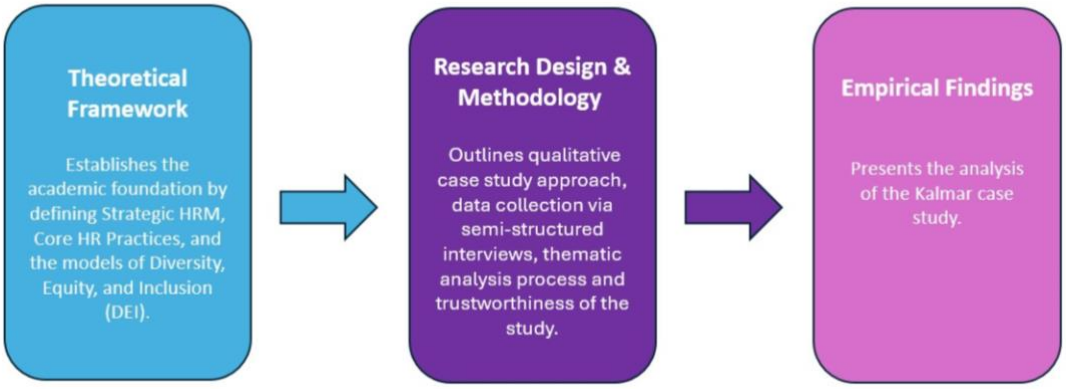


**Figure 1.** The structure of the thesis.

# 2 Strategic Human Resource Management

> *"Strategic human resource management (SHRM) provides a framework linking people management and development practices to long-term business goals and outcomes. It focuses on longer-term resourcing issues and other HR strategies, such as reward or performance, determining how they are integrated into the overall business strategy" (CIPD, 2023).*

According to Storey, Ulrich and Wright (2019), strategic human resource management usually emphasizes the strategic approach of people and organisation management containing for example, long-term focus, link with business strategy and goals as well as culture and values. Storey, et al. (2019) also bring up the development of SHRM over the past 30 years with one of the biggest changes in thinking being how employees are seen as "assets" rather than "costs". In addition, they claim that the actions or "package" as they call it, have evolved over time and how new approaches have been taken and must be taken due to the changing environment we are living in.

Similar kinds of arguments were also brought up by Adams (2023) by challenging the traditional SHRM definitions and work as being too bureaucratic and not considering the disrupted world, we are living in. According to Adams (2023), HR's focus should be on creating a collaborative and innovative culture and environment where people can thrive and be productive.

Bjorkman and Fan (2002) and Akhtar and Ding (2008) define strategic human resource management as a connection between strategic management and human resource management. They emphasize that in a strategic role HR needs to be proactive and future-focused with the long-term approach linking business strategy to the strategic workforce planning both in numbers as well as in competencies.

Van Vulpen (2023) explains SHRM in his blog as a bridge between an organisation's business goals and the people who will execute them. With the right structural, personnel and cultural techniques based on a business strategy the organisation can achieve a competitive advantage in the market. Storey et al. (2019) and Van Vulpen (2023) emphasize that there is no one specific SHRM approach that would fit all organisations and ensure success. Every organisation must create their strategy and priorities linked to their business strategy and goals. They also must keep in mind the already mentioned ever-changing environment and the need for the agile approach.

Many organisations for example, Microsoft (2021), Starbucks (2021) and Unilever (2020) have stated in their annual reports that "people are their most important assets, and their people make the difference". These kinds of statements are common in annual reports and do not objectively tell the truth but can give an indication of the importance of people. Storey, et al. (2019, p.10-11) support this by making a point that other resources than people are easily available and purchasable and thus, might not create a similar kind of competitive advantage than human resources can. In addition to competitive advantage van Vulpen (2023) sees that SHRM can add value also to an organisation's capability to adapt to change, connect employees with the organisation's strategy, improve employee performance, drive business growth and improve operational efficiency.

## 2.1 Core HR Practices

Strategic Human Resource Management (SHRM) focuses on aligning HR practices with the long-term objectives of the organisation. It provides the overarching direction for integrating HR with business strategy. However, this strategic vision is operationalized through core HR practices, which serve as the primary mechanisms for implementing HR strategy. As Ulrich et al. (2019) note, the strategic impact of HR depends on the strength and coherence of the practices that support business outcomes.

The concept of core HR practices refers to the set of essential activities that make up the operational and strategic responsibilities of HR professionals. These typically include recruitment and selection, learning and development, performance management, and compensation and recognition (Armstrong & Taylor, 2014, p. 60–65). According to Van Vulpen (2024) Core HR practices refer to the key activities performed by HR professionals that support the employment relationship and serve as the foundation for broader HR strategies.

Ulrich et al. (2019) emphasize that HR must deliver both administrative efficiency and strategic contribution through these practices. The administrative role ensures compliance and smooth operations, while the strategic role aligns HR practices with long-term organisational goals. Similarly, Boxall and Purcell (2022) describe core HR practices as “the infrastructure of people management” that facilitates workforce planning, employee performance, engagement, and legal compliance.

Schuler and Jackson (2007) argue that although the terminology may vary across contexts, core HR practices remain the operational backbone of the HR profession, supporting both employee experience and organisational effectiveness. These practices also adapt to broader trends such as globalization, digital transformation, and diversity management.

In modern HRM, the talent management of core practices has expanded to include a stronger emphasis on inclusion, analytics, and employee wellbeing. As Kramar (2014) notes, HR practices must now operate with a dual focus: ensuring transactional efficiency while promoting ethical, inclusive, and responsive people management practices.

Together, these definitions and viewpoints show that core HR practices are more than routine tasks. They are dynamic, strategic enablers that shape workforce capability and organisational culture. Organisations have their own approach and definitions to HR

practices and the list of these is continuously evolving. In this thesis the focus will be around the HR practices that are typically seen as core practices: resourcing and recruitment, learning and development, performance management, and compensation and recognition.

### 2.1.1 Resourcing and Recruitment

Resourcing and recruitment refer to the strategic and operational activities involved in attracting, selecting, and appointing the right individuals to meet current and future organisational needs. This function is central to strategic human resource management (SHRM), as it directly affects the organisation's talent pipeline and its ability to achieve competitive advantage (Boxall and Purcell, 2022). It involves workforce planning, employer branding, job design, advertising, selection methods, onboarding, and succession planning.

Workforce planning focuses on forecasting the organisation's future staffing needs by analysing current workforce capabilities, predicting future skill requirements, and identifying potential gaps (Armstrong and Taylor, 2023). It enables organisations to plan proactively rather than reactively, ensuring that they have the right people in place to support business objectives. Employer branding refers to building and communicating an organisation's reputation as an attractive place to work. A strong employer brand helps differentiate the organisation in the labour market and attract high-quality candidates who align with its culture and values (Backhaus and Tikoo, 2004).

Job design involves defining the tasks, responsibilities, and relationships that make up a particular role, ensuring that jobs are structured to promote efficiency, motivation, and development (Hernaus, Dragičević, Hauf, 2024). Once roles are clearly defined, organisations engage in advertising, which includes promoting job opportunities through appropriate channels such as career sites, social media, or professional networks to reach suitable candidates (CIPD, 2022).

The next step involves selection methods, which are systematic processes used to evaluate candidates' suitability for the role. These can include application screening, psychometric testing, structured interviews, and assessment centres which each designed to assess both technical skills and behavioural fit (Armstrong and Taylor, 2023). Once a candidate is selected, onboarding becomes crucial for integrating new employees into the organisation's culture, clarifying expectations, and supporting early engagement and performance (Bauer, 2010). Finally, succession planning ensures continuity in key positions by identifying and developing internal talent to step into critical roles in the future (Rothwell, 2016).

Strategic resourcing goes beyond merely filling vacancies; it aligns hiring decisions with long-term business goals and organisational values. As Brewster, Chung and Sparrow (2020) note, resourcing should be integrated into the strategic planning process to ensure the organisation attracts talent capable of driving innovation, adaptability, and growth. This includes both internal and external recruitment strategies, and increasingly, the use of data analytics to predict future skill needs.

Recruitment, by contrast, represents the operational implementation of the broader resourcing strategy. It is the process of identifying, attracting, and selecting suitable candidates to fill specific roles within the organisation (Armstrong and Taylor, 2023). Recruitment begins with defining job requirements and person specifications, followed by sourcing candidates through internal or external channels, assessing their suitability, and ultimately making selection decisions. Van Woerkom, Bauwens, Gürbüz and Brouwers (2024) describe recruitment as a decision-making process that seeks to match individual abilities and motivations with organisational needs, thereby ensuring an effective fit between person and job.

Although recruitment may appear as a short-term, procedural activity, it carries strategic significance. Each hiring decision shapes the organisation's future capability, culture, and performance potential (Brewster et al., 2020). Well-planned recruitment contributes to

building a strong employer brand, attracting high-quality applicants, and ensuring that the organisation remains competitive in the labour market (CIPD, 2022). Moreover, effective recruitment systems establish the foundation for later stages of the employee lifecycle, such as onboarding, development, and retention. Moreover, organisations must therefore design recruitment systems that mitigate bias, widen outreach, and ensure all candidates are assessed equitably. This includes inclusive job descriptions, structured interviews, and diverse hiring panels (Kramar, 2014, p. 1075).

### 2.1.2 Learning and Development

Learning and development (L&D) refer to the processes through which employees acquire and improve knowledge, skills, and behaviours needed for both current and future roles. It is a strategic HR function that supports individual growth and organisational performance. L&D ensures that the organisation has a knowledgeable, skilled, and engaged workforce by supporting learning through formal programs, coaching, and self-directed activities. (Armstrong & Taylor, 2014, p. 283).

When aligned with business goals, L&D fosters adaptability, innovation, and employee engagement. Effective learning systems are most successful when they connect continuous employee development with organisational performance goals and talent strategies. Training should not stand alone but be part of a broader approach to talent management. Research by van der Merwe, Nel and Hoole (2024) shows that the way organisations carry out talent management practices, including learning and development, strongly influences employees' career experiences. In the same way, Kaliannan, Darmalinggam, Dorasamy and Abraham (2023) argue that talent development needs to be linked to organisational strategy and made inclusive, so that development opportunities lead to fair and sustainable career growth. These studies highlight that learning works best when it is tied directly to performance objectives and talent planning.

At the same time, organisations are increasingly embedding diversity, equity, and inclusion (DEI) into their training to build inclusive mindsets and support fair career development. Wang, Gomes, Rosa, Copeland and Santana (2024), in their review of DEI training outcomes, found that DEI training is more effective when it is part of the organisation's main learning system, instead of a separate, one-time activity. Their findings show that inclusive training can help change mindsets, encourage equal participation, and reduce barriers to advancement. Similarly, Kaliannan et al. (2023) stress that inclusive talent development makes sure all employees, regardless of background, have equal access to career opportunities.

Organisations are also responding to changes in their wider environment. For example, Hill et al. (2023) note that companies are now linking DEI more directly to talent management to create fairer career opportunities. This shift also connects to legal requirements, such as the EU Pay Transparency Directive (Directive (EU) 2023/970), which will require employers to ensure equal pay and transparent career opportunities by 2026. As Kramar (2014, p. 1076) notes, inclusive learning opportunities contribute to sustainable Human Resource Management by reducing inequality and enhancing access to growth for all employees, regardless of background.

In the context of learning and development, diversity training represents a key mechanism for embedding DEI principles into organisational practice. Alhejji, Garavan, Carbery, O'Brien and McGuire (2016) define diversity training as programs aimed at enhancing skills, knowledge, and motivation to interact effectively with diverse others. Their systematic review shows that such training is increasingly being integrated into wider talent management processes, with evidence from the UK suggesting that four-fifths of organisations embed diversity training within talent initiatives (Alhejji et al., 2016). This integration highlights that L&D is not only a means of enhancing performance capabilities but also a strategic tool for fostering inclusive mindsets and equitable career development. Furthermore, Alhejji et al. (2016) emphasise that diversity training outcomes can be understood through three perspectives: business case, social justice,

and learning. This demonstrates that L&D interventions can simultaneously contribute to organisational performance, compliance and fairness, and the development of inclusive competencies, making them essential for embedding DEI into HR strategy.

### 2.1.3 Performance Management

Performance management is a strategic HR process that involves setting objectives, monitoring progress, providing feedback, and evaluating employee performance to align individual contributions with organisational goals (Armstrong & Taylor, 2014, p. 334). Beyond its role in driving productivity, performance management also has a strong influence on shaping organisational culture, values, and perceptions of fairness in the workplace. It communicates what behaviours are rewarded and which practices are discouraged, thereby reinforcing cultural norms and organisational priorities. Effective performance management is therefore not only a technical process but also a cultural mechanism that signals to employees what behaviours are valued and rewarded (DeNisi and Murphy, 2017, p. 425).

Recent research has highlighted the importance of embedding diversity-related behaviours into performance evaluation systems. Williams, Loyd, Boginsky and Armas-Edwards (2021) argue that incorporating inclusive leadership, cross-cultural collaboration, and bias mitigation into performance criteria ensures that employees are assessed not only on business outcomes but also on their contributions to building an inclusive workplace. Such integration reflects a growing recognition that equitable and transparent evaluation systems enhance both trust and employee motivation. Practices such as clear evaluation criteria, continuous developmental feedback, and the use of diverse review panels have been shown to strengthen perceptions of fairness and reduce bias in performance systems (Devine and Ash, 2022, p. 415). When these practices are embedded, performance management can serve as a vehicle for cultural transformation, encouraging leaders and employees to internalise inclusive behaviours as part of everyday performance expectations.

Furthermore, performance management is increasingly seen as part of a broader talent management system rather than a stand-alone practice. Van der Merwe, Barkhuizen and Schutte (2024) found that the way organisations execute talent management, including performance processes, strongly influences employees' career experiences and their sense of equitable opportunity. This suggests that performance management should not only measure past contributions but also act as a forward-looking tool that supports career growth, leadership development, and continuous learning. Linking performance outcomes with development opportunities, such as mentoring, coaching, or targeted training, strengthens the alignment between individual aspirations and organisational strategy.

This developmental orientation is especially important in embedding diversity, equity, and inclusion (DEI) into HR strategy. Research on diversity training outcomes shows that employees are more likely to internalize inclusive values when performance systems reinforce them (Alhejji et al., 2016). By combining measurement of results with recognition of inclusive behaviours, organisations create more holistic systems that reward both "what" employees achieve and "how" they achieve it. In this way, performance management becomes not only a driver of organisational performance but also a mechanism for ensuring equitable treatment, fostering inclusive mindsets, and enabling sustainable talent development.

### 2.1.4 Compensation and Recognition

Compensation and recognition are central components of human resource management that significantly influence employee motivation, engagement, and perceptions of fairness. Compensation refers to the structured provision of financial rewards, including salary, benefits, and performance-based incentives, which are designed to attract, retain, and motivate employees (Armstrong & Taylor, 2014, p. 350). Recognition, in contrast, extends beyond financial rewards and encompasses both formal and informal practices of acknowledging individual or team contributions. It can include public praise, symbolic awards, career development opportunities, or expressions of appreciation from

managers and peers. Recognition is often defined as “the timely, informal or formal acknowledgement of a person’s or team’s behaviour, effort, or business result that supports the organisation’s goals and values” (Brun and Dugas, 2008, p. 719). While compensation addresses extrinsic motivators, recognition is strongly tied to intrinsic motivators, fostering a sense of belonging, value, and purpose among employees (Deci, Olafsen and Ryan, 2017, p. 21).

A critical link exists between performance management and compensation systems. When goals are clearly defined and performance metrics are transparent, employees are more likely to perceive rewards as fair and justified. Conversely, when performance expectations are vague or inconsistently applied, recognition and compensation decisions may appear arbitrary or biased, particularly to employees from underrepresented groups (Nishii, 2013). This becomes especially complex in multinational corporations, where variations in cultural norms and regulatory contexts further influence perceptions of fairness.

Research shows that recognition practices contribute to employees’ perceptions of organisational justice and inclusivity. When recognition is distributed fairly and transparently, it can strengthen employees’ trust in the organisation and reduce perceptions of bias (Mullin, Coe, Gooden, Tunde-Byass and Wiley, 2021). Importantly, recognition systems can be either formal (such as structured reward programs or performance-based awards) or informal (such as day-to-day feedback, verbal thanks, or peer-to-peer appreciation). Both forms are essential, as formal systems provide structure and equity, while informal practices enhance immediacy and authenticity (Brun and Dugas, 2008, p. 722). Embedding DEI principles into recognition practices ensures that achievements of underrepresented groups are visible and valued, helping to counteract systemic inequities in career advancement (Shore et al., 2018, p. 183).

# 3 Diversity, Equity and Inclusion

Diversity, Equity, and Inclusion (DEI) is a topic that has increased in importance and has evolved into one of the main areas in HR and organisational culture. Diversity refers to the presence of differences within a given setting, encompassing race, gender, age, sexual orientation, and other attributes. Equity involves ensuring fair treatment, compensation, access, and opportunity for all individuals, while inclusion is about creating environments where all individuals feel welcomed, respected, and valued (Roberson, 2006, p. 212-218).

*Diversity*

Diversity in the workplace refers to the variety of differences among people based on attributes such as gender, race, age, cultural background, and physical or mental abilities. It covers the full spectrum of human attributes, experiences and perspectives. Roberson (2006, p. 214) defines diversity as the distribution of differences among people with respect to common attributes, such as demographic characteristics or professional background. Shen, Chanda, D'Netto and Monga (2009, p. 235) on the other hand emphasize the organisational aspect of diversity referring to policies and practices that aim to include people who are considered, in some way, different from traditional employees. Konrad (2003, p. 5-8) further broadens this understanding by highlighting that diversity is not just demographic, but also cognitive and experiential. The differences she mentioned include race, gender, religion, sexual orientation, ethnicity, nationality as well as mental and physical conditions.

*Equity*

In general, equity refers to the fair treatment and opportunity for all individuals, while acknowledging that different people can have different challenges and may require differentiated support. Mor Barak (2015, p. 84) states that equity is fairness and justice in processes and outcomes and that recognizing different people may require different approches to achieve comparable outcomes.

According to Shore et al. (2018, p. 177) equity means that organisational decisions and systems are impartial and inclusive and that diverse employee needs are considered in a fair manner. Ferdman and Deane (2013, p. 131) mention that having equity at workplace needs processes that can correct historical and structural disadvantages, ensuring that all employees can have same growth and success opportunities within the organisation.

*Inclusion*

Inclusion is making people feeling as being part of a group and creating belonging. Ausaf & Khan (2023) define inclusion being an atmosphere where everyone feels appreciated, valued and empowered. According to Moore, Xiong, Bhattacharya, Bustamante, and Calvert (2020) inclusion is valuing and using diversity by accepting, respecting and engaging people in a way that they feel that they can fully participate in organisation's activities and decision-making processes as well as have equal development opportunities, regardless of their identity. As Ferdman and Deane (2013) emphasizes, diversity without inclusion risks reinforcing existing inequities, and inclusion without equity maintains the status quo. A truly inclusive workplace must not only welcome diverse individuals but also dismantle systemic barriers and create fair access to opportunities across all levels.

Explaining DEI often requires rather long definitions to understand the meaning of the different elements in it. Therefore, simplifying it by a clear picture can help people to understand the differences between diversity, equity and inclusion as illustrated in the below picture by University of Virginia.


**Figure 2. Visualization of DEI**

The development of diversity, equity, and inclusion (DEI) within organisational contexts has been shaped by both the influence of social justice movements and a growing recognition of its strategic value. As highlighted Shore et al. (2018, p.180), organisations are increasingly acknowledging that fostering inclusive workplaces can create meaningful benefits, such as enhanced employee engagement, improved team collaboration, and greater organisational performance. Rather than viewing diversity solely as a compliance requirement, there is a growing shift toward leveraging inclusion as a source of insight, innovation, and competitive advantage. Understanding that DEI is both the right thing to do and good for business is now at the core of how organisations approach it.

Although diversity, equity, and inclusion are often defined as separate concepts, they are closely connected and work best when approached together. Diversity brings different backgrounds and perspectives into the organisation, but without inclusion, those differences may not be valued or integrated or might not bring the added value for the organisation that is the objective. Similarly, without equity, inclusion efforts may still leave unequal systems of power in place. As Shore et al. (2018, p. 180) point out, when organisations focus on diversity without also promoting inclusion, they may unintentionally create more social division and conflict instead of unity and progress.

In practice, effective DEI requires aligning organisational values, systems, and leadership behaviours with all three principles. For example, recruiting a diverse workforce

(diversity) must be supported by equitable development opportunities (equity) and an inclusive culture (inclusion) to result in meaningful change (Nishii & Mayer, 2009, p. 1414). Thus, DEI is not a collection of isolated programs but a comprehensive framework for transforming how organisations think about and manage people, power, and potential.

## 3.1 Legal Requirements for Diversity

Legal requirements for diversity are the basis in setting the minimum standards for fairness and equality in the workplace. These laws can vary widely depending on the country or region, but they all aim to prevent discrimination and promote equal treatment and opportunities in the workplace regardless of gender, age, race, disability, religion, or other characteristics. They provide the foundation on which many organisations build their diversity, equity, and inclusion (DEI) efforts.

In the European Union (EU), equality in the workplace is guided by shared directives that apply to all member states. The EU Employment Equality Directive (2000/78/EC) bans discrimination based on religion or belief, disability, age, or sexual orientation, while the Equal Treatment Directive (2006/54/EC) focuses on gender equality in employment. A more recent development is the EU Pay Transparency Directive (Directive (EU) 2023/970), which aims to close the gender pay gap and strengthen pay fairness across the EU. This new directive, which must be implemented by June 2026, requires employers to provide salary ranges in job postings, ban questions about a candidate's previous salary, and ensure that pay and promotion criteria are gender-neutral and transparent. Employees will have the right to know the average pay levels for colleagues doing the same or equal-value work, broken down by gender. Companies with over 100 employees will be required to regularly report their gender pay gap, and if a pay difference of 5 percent or more cannot be justified, they must carry out a joint pay assessment. The directive also shifts the burden of proof in discrimination cases, meaning employers must show that pay differences are lawful and based on objective factors. By improving transparency, it

aims to build greater trust and accountability in pay practices (European Commission, 2023).

The United States takes a slightly different approach. Instead of having EU-style directives, the U.S. relies more on individual laws and legal enforcement. The Civil Rights Act of 1964 (Title VII) prohibits discrimination based on race, colour, religion, sex, or national origin. The Americans with Disabilities Act of 1990 (ADA) protects people with disabilities, and the Age Discrimination in Employment Act of 1967 (ADEA) protects older workers. These laws are enforced by the Equal Employment Opportunity Commission (EEOC), which handles complaints and ensures that organisations follow the rules (EEOC, 2021). Compared to the EU, where the goal is to prevent discrimination before it occurs through proactive legislation and policy alignment, the U.S. system focuses more on responding to issues after they arise, often through individual investigations, settlements, or court cases. This means that while the U.S. framework can provide strong legal remedies for discrimination, it relies heavily on employees to report violations, rather than on organisations to prevent them in advance.

These frameworks guide how organisations design HR policies, manage recruitment, performance, and pay systems, and ensure non-discriminatory practices. However, legal compliance alone does not guarantee inclusion. As Konrad and Linnehan (1995, p. 846) note, companies that only follow the legal minimum does not achieve genuine cultural inclusion. The most effective organisations move beyond compliance, aligning DEI with their values and strategy to build long-term equity and fairness.

We can say that legal requirements play a key role in ensuring minimum diversity approach and preventing discrimination. They ensure a baseline level of fairness but are most effective when integrated into strategic and values-driven DEI actions in organisations.

## 3.2 Integrating DEI into HR strategy

The integration of Diversity, Equity, and Inclusion (DEI) into Human Resource (HR) strategy is no longer a matter of organisational ethics alone but it is becoming a strategic imperative that contributes to innovation, sustainability, and long-term competitive advantage. Recent scholarship and industry research consistently emphasize that organisations embedding DEI within HR functions perform better across key business metrics and foster inclusive cultures that support systemic change.

Rather than positioning DEI as a separate program or a separate initiative, contemporary HR frameworks advocate embedding DEI into the very architecture of HR strategy. Bersin and Enderes (2021, p.32-34) underscore that meaningful DEI progress come from integrating DEI principles across organisational systems rather than isolated interventions. This means aligning recruitment, onboarding, performance management, leadership development, and retention strategies with equity and inclusion principles. According to Bersin and Enderes (2021, p. 26), organisations that view DEI as part of their core design, what they call "systemic equity" outperform those that treat it as a compliance obligation.

Sosa (2023) emphasizes the need for a lifecycle-based approach to DEI integration. This involves embedding DEI principles at each stage of the employee journey: recruitment, onboarding, development, retention, and transition. This comprehensive approach ensures that inclusive values are not isolated to hiring efforts alone but continue through performance reviews, promotions, leadership pipelines, and even exit processes. Sosa (2023) highlights that such lifecycle integration leads to increased engagement, lower turnover, and stronger organisational loyalty, particularly among underrepresented groups.

Deloitte’s Diversity and Inclusion Maturity Model supports this systemic view. Bourke and Dillon (2018) argue that the highest level of DEI maturity is achieved when inclusion is embedded into leadership accountability, HR processes, and day-to-day business

practices. At this level, DEI is no longer the only responsibility of HR or a Chief Diversity Officer but is instead co-owned by all leaders. Bourke and Dillon (2018, p. 84-94) report that organisations at this level are six times more likely to be innovative and twice as likely to meet or exceed financial targets.

In recent years, organisations have made visible progress in integrating DEI into HR strategy, but the path forward is increasingly shaped by shifting societal and political dynamics. McEvoy (2025) highlight the growing "DEI backlash," particularly in the United States, where policy changes and political resistance have led some organisations to pull back or rebrand their diversity efforts. However, McEvoy (2025) argues that retreating from DEI is not a neutral act, but it sends a message to employees, consumers, and stakeholders that inclusion and equity are no longer priorities. This shift carries considerable risks, especially in a globally connected economy where younger generations, diverse talent pools, and value-driven consumers increasingly expect organisations to stand by inclusive values.

McEvoy (2025) emphasizes that successful companies are not abandoning DEI, but rather reframing and reinforcing it through clearer business alignment. The article recommends positioning DEI as a core business strategy by integrating it into leadership accountability, strategic communications, and measurable business outcomes. This includes embedding DEI metrics into performance reviews, succession planning, and customer-facing initiatives. For example, the article references research from Oxford Saïd Business School showing that inclusive advertising can increase short-term sales by 3.5% and long-term revenue by up to 16%. Similarly, a Kantar survey found that 75% of consumers are influenced by a company's DEI reputation when making purchasing decisions. These findings reinforce the strategic value of DEI as a business growth lever, not merely a compliance or ethical exercise.

This perspective complements academic views that advocate for systemic and lifecycle-based integration of DEI into HR processes (Bersin and Enderes, 2021; Sosa, 2023). By

embedding DEI into all stages of the employee journey, recruitment, development, retention, and leadership, organisations can better navigate complexity and respond to evolving expectations. Furthermore, as the McEvoy (2025) underscores, the role of leadership is critical. DEI cannot be the sole responsibility of HR but must be co-owned by senior leaders, integrated into organisational decision-making, and supported by transparent internal communication. Taken together, these insights strengthen the argument that a resilient, business-aligned DEI strategy is essential for organisational legitimacy, performance, and talent sustainability in the post-backlash era. Similarly, Chugh (2024, p.18) in her study on HR management affirms that organisations integrating DEI into their HR strategies create environments that are more attractive to top talent. She notes that such organisations are better equipped to navigate global competition, especially as younger generations prioritize inclusivity and social responsibility in their employment choices.

Seramount (2023, p.18) illustrates how leading organisations are aligning DEI with broader business objectives. This alignment involves integrating DEI into organisational scorecards, leadership evaluations, and performance targets. By doing so, DEI becomes a business growth lever rather than a separate initiative. According to Seramount (2023, p. 14&18), companies with mature DEI strategies are embedding diversity metrics into talent reviews and using these insights to drive inclusive succession planning.

Moreover, Deloitte's 2023 Global Human Capital Trends survey found that 86% of leaders view integrating DEI into day-to-day teaming as critical, though only 25% feel prepared to act (Deloitte, 2023, p.57). This gap between aspiration and readiness suggests the need for practical tools, leadership training, and accountability mechanisms that tie DEI outcomes to strategic planning and execution.

Emerging digital tools are increasingly used to support DEI in HR practices. Rukmini (2024) highlights that AI-powered recruitment platforms, inclusive job description tools, and analytics dashboards help identify bias, track representation, and adjust hiring practices

in real time. While these tools can enhance transparency and compliance, they are not without risks. For example, Workday is currently facing class action lawsuits in both the US and Australia for alleged algorithmic bias in its hiring systems, accused of discriminating against Black, disabled, and older applicants (Dopkin, 2024; O'Neill, 2025). These cases show that without strong oversight, AI tools can unintentionally reinforce inequalities rather than reduce them.

## 3.3 Embedding DEI into Core HR Practices

The integration of diversity, equity, and inclusion (DEI) into core human resource (HR) practices has shifted from being a discretionary effort to a strategic imperative essential for organisational success. As organisations increasingly operate in globally diverse environments, the need to embed DEI systematically across HR practices is critical for ensuring inclusive employee experiences and achieving long-term business sustainability (Kramar, 2014, p. 1071). Rather than treating DEI as an adjunct policy, research suggests that its effectiveness lies in its embeddedness throughout the entire employee lifecycle including recruitment, learning and development, performance management, and compensation.

*Resourcing and Recruitment*

Each stage of the resourcing and recruitment process from workforce planning and employer branding to job design, advertising, selection, onboarding, and succession planning offers meaningful opportunities to advance diversity, equity, and inclusion (DEI). Integrating DEI principles across these areas allows organisations to develop fairer, more transparent, and representative people practices that strengthen both capability and culture (Kramar, 2014; Mor Barak, 2022).

In workforce planning, embedding DEI means moving beyond headcount forecasting to actively analyse representation, inclusion, and access to opportunities. According to CIPD (2022), inclusive workforce planning involves examining demographic data such as gender, ethnicity, age, and disability representation to identify gaps and set measurable

inclusion goals. This ensures that workforce strategies address not only future skill requirements but also systemic inequities in talent development and progression.

Employer branding plays a central role in communicating an organisation's commitment to inclusion. An inclusive brand demonstrates fairness, respect, and belonging through authentic messages, diverse imagery, and visible representation in recruitment materials. Bourke and Dillon (2018, p. 84) highlight that inclusive branding enhances reputation and attracts candidates who value diversity, thereby expanding the organisation's talent pool. Practical actions may include showcasing employee stories, highlight flexible work practices, and feature inclusive leadership values that reflect real employee experiences.

Embedding DEI into job design ensures that roles are accessible, meaningful, and fair to individuals with varied needs and backgrounds. Inclusive job design involves reviewing physical, cognitive, and scheduling requirements to remove unnecessary barriers and to enable broader participation (Armstrong and Taylor, 2023). Offering flexible work arrangements, clear responsibilities, and autonomy can make jobs more equitable and appealing to a wider range of candidates, ensuring that diverse talent can succeed once hired.

In advertising, inclusion should be evident in the language, visuals, and communication channels used. Gaucher, Friesen and Kay (2011) demonstrate that gendered or biased wording in job advertisements can discourage certain groups from applying. Therefore, organisations should employ neutral and inclusive language, use accessible formats, and promote roles through diverse channels such as community networks and minority professional associations (CIPD, 2022). These actions help broaden outreach and ensure that all qualified candidates have equal visibility of opportunities.

Ensuring inclusion within selection methods requires systematic fairness at every stage of evaluation. Structured interviews, standardized scoring rubrics, and anonymized CV screening have been shown to minimize unconscious bias (Bersin et al., 2021, pp. 33–

34). Moreover, forming diverse interview panels enhances decision-making transparency and reduces the risk of homogeneity in hiring outcomes (Mor Barak, 2022). Such structured, objective approaches build credibility and trust in the fairness of recruitment decisions.

Inclusive onboarding focuses on ensuring that all new employees feel welcomed, respected, and supported as they integrate into the organisation. Nishii (2013) emphasises that cultivating psychological safety during onboarding increases engagement and retention, particularly among employees from underrepresented groups. Organisations can support inclusivity through mentorship programs, cultural awareness sessions, and accessible communication materials that help all newcomers feel valued and prepared to contribute.

Finally, succession planning can embed DEI by ensuring that future leadership pipelines reflect organisational diversity and equity goals. Rothwell (2016) argues that transparent criteria for identifying and developing potential leaders, combined with programs that support underrepresented groups, help build more balanced succession pools. This not only promotes fairness but also ensures that leadership reflects the diversity of the broader workforce.

Embedding DEI into recruitment requires a proactive and systematic approach to addressing structural inequities. Inclusive recruitment goes beyond meeting diversity targets; it involves redesigning hiring systems to ensure consistency, fairness, and equal access to opportunities. Research indicates that practices such as removing unnecessary degree requirements, conducting structured interviews, and anonymizing CVs help reduce bias (Bourke and Dillon, 2018, p. 84; Bersin et al., 2021, pp. 33–34). Furthermore, organisations that deliberately require diverse candidate slates and source talent from a wider range of institutions are more likely to build equitable and high-performing pipelines (Seramount, 2024, p. 14). Such practices not only enhance workforce diversity

but also contribute to higher levels of innovation, creativity, and team performance (Shen et al., 2009, p. 241).

Within today's HR practices, DEI has become a defining feature of effective resourcing and recruitment strategies. As Kramar (2014, p. 1075) asserts, embedding DEI within recruitment strengthens organisational legitimacy, creativity, and social responsibility. Similarly, Nishii (2013) highlights that inclusive recruitment climates foster belonging and psychological safety, both essential for engagement and innovation. From a strategic standpoint, DEI-oriented recruitment enhances fairness perceptions, broadens access to diverse talent, and supports organisational adaptability in dynamic markets.

Practically, inclusive recruitment is achieved through the deliberate design of fair and bias-resistant systems. According to Armstrong and Taylor (2023), transparent selection procedures, structured interviews, and competency-based criteria ensure consistency and equity in evaluation. The use of inclusive job advertisements and diverse hiring panels further reduces bias and reinforces openness (Mor Barak, 2022). In doing so, organisations signal that equity and fairness are integral to their values, strengthening their employer brand and positioning them as forward-thinking employers (CIPD, 2022).

*Learning and Development*

Embedding Diversity, Equity, and Inclusion (DEI) into learning and development (L&D) is vital for creating an organisational culture that fosters continuous learning, belonging, and fairness. As Shore, Cleveland and Sanchez (2018, p. 180) emphasise, inclusion is grounded in two interrelated psychological needs: belongingness, the sense of being accepted as a valued member of the organisation, and uniqueness, the recognition and appreciation of one's distinct perspectives and experiences. When both needs are met, employees experience higher levels of engagement, creativity, and commitment, outcomes that are central to effective learning cultures. Applying this framework to L&D highlights that inclusive learning environments must simultaneously make people feel that they belong and that their individual differences add value to collective growth.

In practice, inclusive L&D means ensuring that all employees regardless of gender, ethnicity, nationality, or other identity characteristics have equitable access to development opportunities, career progression, and leadership programs. Shore et al. (2018) argue that inclusive organisations operationalize these principles through systemic practices such as equitable access to information, involvement in decision-making, and fair distribution of learning resources. This means moving beyond token initiatives and embedding inclusion into the very design of developmental systems by integrating diverse case studies into training content, encouraging cross-cultural learning, and providing mentoring and sponsorship programs for underrepresented groups. Such initiatives not only address historical inequities but also leverage diversity as a driver of innovation and organisational learning.

According to Kramar (2014, p. 1075), inclusive learning and development strengthens organisational legitimacy by aligning developmental activities with broader sustainability and social responsibility goals. It ensures that development programs support fairness and transparency in career growth rather than reinforcing existing power structures. In turn, leadership development programs that emphasise cultural intelligence, empathy, and inclusive communication contribute to the creation of climates where individuals feel safe to share ideas and learn from one another. As Nishii (2018) demonstrates, climates for inclusion enhance psychological safety and engagement, which are prerequisites for knowledge sharing and innovation. In inclusive learning systems, mistakes are treated as opportunities for growth, feedback is constructive and bias-aware, and development pathways are transparent and equitable.

Shore et al. (2018) further argue that inclusion must be embedded across all organisational levels within leadership behaviours, HR systems, and workgroup climates to achieve sustainable impact. This aligns closely with the idea that learning is not an isolated HR activity, but an organisational process shaped by everyday interactions and power dynamics. Inclusive leadership, therefore, becomes a key enabler of equitable

learning by modelling curiosity, openness, and authenticity. Leaders who demonstrate inclusiveness through active listening and equitable treatment cultivate psychological safety that enables deeper learning and collaboration. Deloitte (2023, p. 58) reinforces this by noting that organisations that embed DEI within learning ecosystems through leadership accountability and measurable inclusion outcomes achieve more sustained behavioural change than those relying on isolated bias or awareness training.

Ultimately, embedding DEI into L&D transforms learning from a transactional process into a strategic lever for inclusion and organisational renewal. Inclusive L&D ensures that diverse voices are represented not only in participation but also in content creation and facilitation. It calls for systematic monitoring of access and outcomes across demographic groups, continuous feedback loops, and clear communication about how learning contributes to advancement and recognition. When integrated effectively, learning and development become a means of institutionalizing inclusion, empowering individuals to reach their potential while ensuring that organisational growth is rooted in equity, respect, and shared learning.

*Performance Management*

Performance management is another critical area where DEI must be integrated. Research indicates that traditional performance evaluation systems often reproduce existing biases, disadvantaging marginalized groups in ratings and advancement (Roberson, 2006, p. 225). Organisations that implement diverse review panels, train managers to identify bias, and evaluate equity outcomes in talent reviews demonstrate more inclusive evaluation cultures (Shore et al., 2018, p. 182). As Bersin et al. (2021) point out, embedding inclusion into team dynamics and manager expectations enhances both belonging and performance accountability. Performance management represents one of the most influential mechanisms through which organisational values of diversity, equity, and inclusion (DEI) are translated into daily practices. Rather than being a one-time evaluative event, it is a continuous and strategically aligned system of dialogue, goal setting, and feedback that communicates what the organisation values and rewards

(Schleicher et al., 2019; DeNisi & Murphy, 2017). As Shore et al. (2018) note, inclusive HR systems operationalize fairness and belonging, allowing DEI principles to be enacted through everyday managerial practices. Similarly, Bersin et al. (2021) emphasise that embedding inclusive behaviours into performance management ensures that organisational values are not only stated but actively reinforced through recognition and accountability.

Embedding diversity, equity, and inclusion (DEI) within performance management also aligns with wider institutional expectations. For example, the EU Pay Transparency Directive (Directive (EU) 2023/970) requires organisations across member states to ensure equal pay for equal work or work of equal value and to make evaluation criteria transparent and accessible. This legislative framework reinforces the importance of designing performance systems that are not only developmental but also equitable, transparent, and free from bias.

*Compensation and Recognition*

Compensation is one of the most visible expressions of equity in the workplace. Mullin et al. (2021) argues that inclusive compensation systems not only support equitable outcomes but also signal an organisation's commitment to fairness. This includes conducting regular pay equity audits, removing salary history inquiries, and linking compensation with DEI metrics such as inclusive leadership behaviour or progress toward workforce diversity targets. These practices are also being reinforced by regulatory change. The EU Pay Transparency Directive (Directive (EU) 2023/970) mandates that all EU member states implement legislation to strengthen pay transparency by June 2026. It requires employers to disclose salary ranges in job postings, prohibits questions about applicants' salary history, and obliges organisations to provide employees with gender-disaggregated pay data for comparable roles. The directive is intended to close the gender pay gap and promote equal pay for equal work or work of equal value (Eurlex, 2023). By doing so, it places compensation and recognition within the wider DEI agenda, underscoring the need for organisations to design systems that

are transparent, equitable, and aligned with principles of fairness. These regulatory shifts reinforce also the academic consensus that DEI cannot remain performative but must shape compensation strategy at the structural level (Kramar, 2014, p. 1084).

At the same time, organisations are increasingly embedding DEI metrics directly into compensation and incentive programs. Tay and O'Toole (2021) found that roughly 20% of Fortune 200 companies now use DEI indicators in executive incentive plans, often as part of a broader scorecard approach. Companies such as Nike, Starbucks, and Microsoft have tied executive pay to DEI targets, while Uber has gone further by linking long-term equity incentives to improvements in the representation of women and underrepresented employees. Linking DEI to pay strengthens accountability, signals strategic commitment, and elevates DEI to the same level of importance as financial and operational results. However, the report also cautions that poorly designed DEI metrics risk unintended consequences, making it essential to align compensation structures with a clear DEI strategy and long-term goals.

While compensation often receives more attention as a measure of equity, recognition is an equally important dimension of reward systems. Recognition refers to the formal and informal acknowledgement of individuals' or teams' behaviours, contributions, or achievements that support organisational goals and values (Brun and Dugas, 2008, p. 719). Unlike compensation, which primarily provides extrinsic motivation through financial rewards, recognition emphasises intrinsic motivation by reinforcing employees' sense of belonging, value, and purpose (Deci, Olafsen and Ryan, 2017, p. 21). Integrating DEI into recognition systems ensures that achievements of employees from diverse backgrounds are made visible and valued equally.

Embedding DEI into core HR practices represents a shift from programmatic interventions to systemic transformation. As Shore et al. (2018) emphasise, only when inclusion is integrated into recruitment, development, performance, and compensation can organisations foster a truly equitable culture. The sustainable HRM framework,

which explicitly recognizes social and human outcomes alongside financial performance, offers a conceptual foundation for aligning DEI with strategic HR objectives (Kramar, 2014, p. 1076). Ultimately, the challenge lies not in introducing new DEI programs, but in redesigning HR systems to ensure all individuals can thrive.

# 4 Research Design and Methods

As outlined in the introduction, the purpose of this thesis is to explore how Diversity, Equity, and Inclusion (DEI) principles can be embedded into Human Resource (HR) strategy and practices, rather than being treated as stand-alone initiatives. This study seeks to contribute to the growing but still underdeveloped field of integrated DEI and Strategic Human Resource Management (SHRM). Although many organisations are actively implementing DEI programs, these efforts often remain isolated from core HR practices and broader business strategies, which limits their long-term impact. By focusing on the case of Kalmar Oyj, a multinational company operating in a traditionally male-dominated industry, this research aims to find out the present situation of DEI at Kalmar, the enablers, and barriers in embedding DEI into HR strategy and core HR practises as well as discuss the perceived value of DEI. The case will be done through qualitative analysis of managers' and HR professionals' views and experiences.

The Research Design and Methods chapter includes the methodological design of the thesis. In this part the case company is introduced as well as the description given on the overview of the research design and methods used and how the data was collected and analysed. The study method is a descriptive qualitative research approach with a holistic single-case design method (Yin, 2018, p.84).

## 4.1 Research approach

In this thesis a descriptive qualitative research approach was used as in this type of case study it is the best in building the understanding and narrative on the topic, especially with the interview questions focusing on what and how. The "what" question typically refers to an inquiry into the characteristics, attributes, qualities, or elements of a phenomenon or topic being studied. This approach aims to provide a rich and detailed description of the subject matter, often without trying to establish causality or relationships between variables. The "how" question uncovers the details of the processes, procedures, strategies, or methods that characterize the phenomenon of

interest (McCombes, 2023). At its core, qualitative research focuses on understanding the meanings and interpretations individuals assign to research questions. For instance, when participants are interviewed, the emphasis is placed on their subjective perspectives rather than on controlled or measurable variables. Qualitative research belongs to naturalistic inquiry, as it typically takes place in real-life settings rather than in laboratories or under artificially controlled conditions. Data is usually gathered through interviews, observations, or open-ended surveys, making it more straightforward than experimental methods that require specific equipment or settings (Creswell, 2023, p. 193). These characteristics also provide the rationale for adopting a qualitative approach in this study, as it enables the exploration of participants' views in a natural and flexible manner.

In line with this natural setting, the researcher serves as the primary instrument of data collection. Rather than relying on pre-prepared questionnaires developed by others, qualitative research often involves the researcher directly designing and conducting the interviews. During this process, the researcher not only records participants' responses but also observes their behaviour, tone, and non-verbal cues, all of which contribute to the interpretation of data. These subtle details create additional layers of insight that extend beyond the literal words expressed. Qualitative studies commonly draw on multiple data sources, such as interviews, documents, and even social media, to enhance richness and credibility (Creswell, 2023, p. 193). In this research, interview responses will form the central source of data, offering insights into how individuals interpret the interview questions and, in turn, the broader research objectives.

Given the nature of the research questions, a qualitative approach was considered the most suitable and effective. Both the substance of participants' responses and the way they articulate their perspectives will be analysed. It is also typical in qualitative research for questions to evolve during the study. Accordingly, the interview protocol may be adapted based on participants' input, allowing the researcher to probe into themes or examples that emerge organically. This flexibility reflects the dynamic character of

qualitative inquiry, where dialogue can shift and questions may transform in response to the interaction between researcher and participant (Creswell, 2023, p. 194).

Finally, reflexivity plays a critical role in this research. Participants' responses are shaped by factors such as gender, education, professional background, cultural context, and socio-economic status. These characteristics may influence how they interpret and respond to the questions. Equally, the researcher's own background and perspectives can affect the interpretation of the collected data, potentially introducing bias. Recognising these influences is essential for transparency. Therefore, the connections between participants' characteristics, the research questions, and the researcher's interpretations will be explicitly outlined before presenting the data analysis (Creswell, 2023, p. 194).

The qualitative research method in this thesis is a holistic single-case design. Overall, a holistic single-case design offers a detailed and comprehensive approach to studying a single case and it is particularly beneficial for the author to gain a deep understanding of a unique and complex phenomenon (Yin, 2018, p.84). It is used as follows:

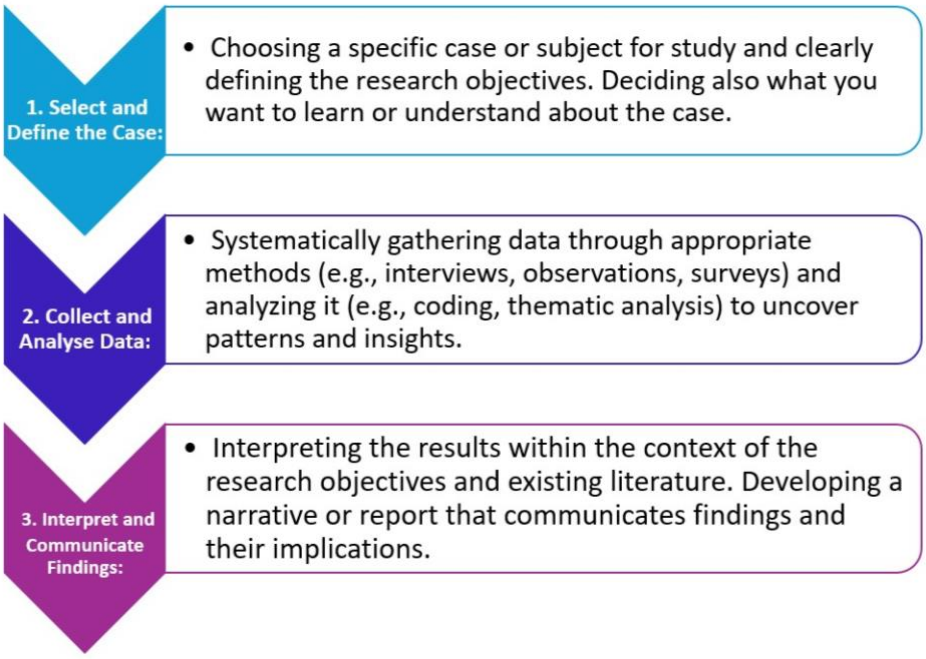


**Figure 3:** Holistic single-case study approach.

## 4.2 Case Company

Kalmar Corporation brings together nearly a century of innovation in material handling, with roots in Finland, Sweden, and the United States. The company's journey began in the 1940s with the introduction of the first industrial straddle carrier in Finland, followed by early forklift production in Sweden in 1949 and the launch of the world's first terminal tractor in Kansas in 1958. Kalmar has since evolved through several mergers and acquisitions during the 1990s and 2000s, consolidating its global heritage into a unified brand. In 2005, Kalmar became part of Cargotec Corporation, significantly advancing its automation capabilities and expanding into electric and hybrid equipment. Between 2021 and 2023, Kalmar introduced fully electric product lines and robotics. Most recently, in July 2024, Kalmar was independently listed on the Nasdaq Helsinki stock exchange.

Today, Kalmar provides sustainable, digitally enabled cargo and material handling solutions to terminals and logistics hubs worldwide, supported by a broad service network. The company employs approximately 5,000 people across 120 countries. As a traditionally male-dominated industry, Kalmar's workforce is composed of approximately 80% men and 20% women. The average employee age is 40, and the company proudly represents a diverse workforce with 64 different nationalities.

At Kalmar, the Human Resources function is organized into three key pillars: the HR Center of Excellence (CoE), Business HR, and HR Services. The CoE drives the overall HR strategy and serves as the content owner for strategic areas such as talent and leadership development, rewards and benefits, global mobility, legal aspects and people analytics. Business HR acts as a strategic partner to the business, advising and coaching leaders on people-related decisions and ensuring alignment between business goals and HR practices locally. HR Services manages day-to-day HR operations, including recruitment, payroll, and employee support. Together, these three pillars work in close collaboration to deliver comprehensive and consistent HR services across the organisation.

Kalmar is still in the early phase of its DEI journey, currently focused on creating the foundational structures, strategies, and awareness needed to embed diversity, equity, and inclusion into its organisational culture and core human resource practices. The company is developing internal capabilities, piloting initiatives, and establishing governance mechanisms to support long-term DEI integration across its global operations. This developmental stage is also the reason why this thesis is being conducted in collaboration with Kalmar. The organisation seeks to gain a clearer understanding of its current state, identify key enablers and barriers, and determine the strategic steps necessary to build a sustainable DEI approach. One element of this is the DEI Dashboard where Kalmar is leading DEI with data. The DEI Dashboard is built around three main diversity elements, gender, age and nationality. By examining how DEI can be embedded into HR strategy and practices, this research aims to generate insights and recommendations that will help Kalmar establish a long-lasting DEI strategy and inclusive culture.

## 4.3 Data Collection Method

To fulfil the objectives of this thesis and provide comprehensive responses to the research questions, "*How can organisations integrate DEI principles into Strategic Human Resource Management?", " What are the key enablers and barriers in embedding DEI into HR practices?" and "How do managers and HR professionals perceive the impact of integrated DEI practices?"* the author has adopted a qualitative holistic single-case study approach that incorporates both secondary and primary data sources. This case study method uses a variety of tools to collect empirical materials to ensure the most thorough examination of the research questions. When the aim is to gain a comprehensive understanding of specific real-life events, the case study methodology proves to be an appropriate choice (Yin, 2018). It enables a comprehensive exploration of the subject matter by leveraging a wide range of information sources and seeks to achieve an in-depth comprehension of the phenomenon under investigation.

In this thesis, semi-structured interviews were used as a primary data collection method.

This methodological approach was chosen due to its inherent advantages, notably the propensity of participants to willingly engage and invest in responding to the posed questions. Semi-structured interviews offer an effective means to elicit valuable insights from participants, enhancing the quality and depth of the data obtained for the study. Deeper conversations can be achieved when there are fewer questions structured in advance and when there are possibilities for other questions to occur during the interview. It also allows the interviewee to answer open-ended questions with their own words and perspectives. In semi-structured interviews, some questions can also be left out, added, reframed or reordered on the go (Marshall and Rossman, 2015; George, 2023).

To understand better the case company in this study, the author used both public and private data. Public data used were the case company's annual reports, internet sites and different posts on social media platforms. The private company-specific data was acquired from the organisation where the author works. This data was, for example, internal HR policy data, DEI-related action plans, HR strategy presentations, engagement surveys and training or onboarding content related to diversity, equity, and inclusion. Secondary data supports the interviewees' answers and gives a deeper understanding. According to Bryman, Bell and Harley (2019), secondary data allows the researcher to obtain and collect information from different databases with a time-efficient and often rather easy manner. It also gives data from sources that can be more reliable than the one collected by the author and what she might not otherwise have access to or resources to do herself.

For the interviews there were ten pre-planned questions related to the concepts and the research questions as well as room for any unpredicted discussions around the topics. The interview questions can be found in Appendix 1. The interviews took place either face-to-face in the Kalmar's headquarter in Helsinki, Ruoholahti, Finland or via Google meet and they lasted around 30-45 minutes per interview. The interviews were booked beforehand by sending emails to the participants and they took place between August

2025 and September 2025. All the interviewees were informed about the topic and purpose of the thesis. The author introduced herself and explained to interviewees what the main concepts of the thesis are and how the case company information would be used. The author also briefly introduced the semi-structured interview approach for the interviewees. The interviews were recorded with the approval of each participant and handwritten notes were taken to track the conversation and to raise any possible points to be discussed further. The interviewees were informed about the confidentiality, privacy and anonymity of their responses to build trust between the author and the interviewees. It was agreed with Kalmar that all the names would remain anonymous. The study has been conducted responsibly and respectfully, which protects the rights and welfare of all participants involved.

A total of twelve individuals were interviewed at Kalmar. The group comprised the senior leader and the HR business partner from each of the company's five divisions, as well as two specialists from the Human Resource Development team. The objective was to get the interviewees' views and thoughts around the research topics. According to Hennink, Hutter and Bailey (2011), individual interviews are considered as suitable method to collect data when the aim is to examine personal experience. In the semi-structured interviews building trust with the interviewees is important. To make the interview situation smooth and fluent, the author conducted the interviews in Finnish and English. This approach enabled the use of terminology and facilitated discussions a seamlessly without any language barrier potentially impeding the exchange of crucial information. Speaking in their language enabled a more open and unrestricted atmosphere during the interviews.

### 4.3.1 Sampling Method

In this thesis, the author uses a non-probability sampling method where the author uses non-random criteria in choosing the target group for finding answers to the research questions. As the author works in the case company, she has the knowledge of the HR organisation and relevant people in it, she was able to choose the most suitable people

to be interviewed (McCombes, 2023). This approach is a sub-technique for non-probability sampling called purposive sampling. In purposive sampling the selection is done “on purpose” as the interviewees have the needed characteristics, or the best information needed to achieve the research objectives. This is also a common method when the author needs to make the most out of limited resources (Patton, 2015).

### 4.3.2 Participants of the interview

In this section, the criteria for selecting participants for the research interviews are outlined. All participants were invited to voluntarily take part in the study, and they are all employees of the company for which this research is conducted. The selection was based on their current roles and the relevance of their experiences to the research topic. The aim was to include participants with diverse profiles to capture a wide range of perspectives. At the same time, it is expected that certain shared viewpoints may emerge despite differences in participants’ professional or personal backgrounds.

Although participants will remain anonymous, the researcher has compiled and presented information that was permitted to be shared and is essential for understanding the context of the interview analysis. This information provides valuable insight into the composition of the interview pool. The participants are listed in random order, and the sequence has no connection to the research outcomes. For instance, the participants’ geographical location is included, with their consent, alongside their current role, as location may influence perspectives through cultural or political contexts. This detail therefore enriches the interpretation of the findings.

| Participant | Role | Location |
|---|---|---|
| A | Vice President, HR, Services | Netherlands |
| B | HR Director, Horizontal Transportation | Finland |
| C | Vice President, HR, Counter Balanced | Finland |
| D | President, Horizontal Transportation | Finland |

| | | |
|---|---|---|
| E | HR Director, Terminal Tractors | US |
| F | Director, Global Talent Acquisition | Finland |
| G | Director, Digital Services Business | Germany |
| H | HR Director, Bromma | Singapore |
| I | President, Bromma | Singapore |
| J | Vice President, Counter Balanced | Singapore |
| K | Manager, People & Culture Development | Finland |
| L | Sales Development Lead, Terminal Tractors | Finland |

**Table 1:** The participants of the research interviews.

## 4.4 Data Analysis

The analysis of the empirical material followed the principles of thematic analysis, which provides a systematic yet flexible approach to identifying, analysing, and reporting patterns of meaning across qualitative data (Braun & Clarke, 2008, p. 79). The process was conducted in several stages to ensure transparency, consistency, and analytical thinking. Importantly, analysis began only after all interviews had been completed. This method was chosen to guarantee that the categorisation and interpretation of responses would be based on the entire dataset, thereby ensuring fairness and comparability across participants. This approach was chosen because it allows the researcher to explore how people describe and experience a topic in their own words while keeping the analysis systematic and transparent. Thematic analysis helps organize complex and often unstructured qualitative data into a coherent and insightful form where similarities between different interview data are easier to distinguish (Braun & Clarke, 2008).

The first stage included the preparation of the data. All interviews were transcribed word by word using the automated transcription tool in Google Meet. To ensure accuracy, each transcript was reviewed and corrected against the audio recordings. Minor corrections were made to remove technical errors, while participants' original words and phrasing were retained to preserve authenticity of their experience and words. At this stage, transcripts were also anonymised by removing any identifying details.

After transcription, the researcher read each transcript several times to become deeply familiar with the material. During this stage, early notes were made about interesting points, recurring ideas, and first impressions. Also, when analysing the answers, the main topics would be coloured with highlights to make them stand out of the dense text materials. Colour coding helps researchers analyse data by using different colours to categorize patterns and relationships. It's especially useful for analysing large datasets (Fisher 2010). This helped to form an overall understanding of the data and guided the following steps of the analysis. It also made it easier to identify and shape the main themes that would be explored in the analysis.

Once all materials have been reviewed, the findings were organized into larger themes. This thematic approach ensures a consistent analysis and allows for clear comparisons. Following this, the categorized findings will be evaluated against existing literature. This process will ultimately provide the research summary and the answers to the research questions.

## 4.5 Trustworthiness

To ensure the quality and accuracy of this qualitative study, the criteria of trustworthiness which are credibility, transferability, dependability, and confirmability were adopted as outlined by Nowell et al. (2017). This framework was selected because it provides specific guidance on establishing accuracy within the process of thematic analysis.

Credibility, which addresses the "fit" between respondents' views and the researcher’s representation of them, was established through data triangulation. By combining primary data from twelve semi-structured interviews with secondary internal documents such as HR strategies and engagement surveys, the study ensured a multifaceted view of the phenomenon. Additionally, the researcher’s position as an employee at Kalmar facilitated engagement with the organisation, providing a deep

contextual understanding that an external researcher might lack. To reduce the risk of "insider bias," the researcher maintained a disciplined, neutral stance during interviews, prioritizing the participants' voices over personal assumptions.

Transferability refers to the size to which findings can be applied to other contexts. Although this is a single-case study specific to Kalmar, transferability was enhanced through the purposeful selection of a diverse participant pool. By interviewing individuals across different geographic regions, as well as spanning various hierarchical levels from senior leadership to operational management, the study captured a broad range of perspectives. This variety allows other researchers to assess how well these findings might map onto their own diverse or multinational organisational settings.

Dependability and confirmability were ensured through a transparent and logical research process. Following the recommendations of Nowell et al. (2017), a clear audit trail was maintained throughout the study. This involved recording and transcribing all interviews to ensure accuracy and documenting the theoretical and analytical decision-making processes. The use of thematic analysis allowed for findings to be systematically taken directly from the data. Furthermore, participant anonymity was strictly preserved to encourage honest responses and reduce social desirability bias, ensuring that the conclusions represent the participants' true experiences rather than what they felt they "should" say.

# 5 Results

This chapter presents the research findings in a structure that follows the research questions. Each result is reported in alignment with these questions to ensure a clear and coherent connection between the data and the study's aim. The aim is to explore how diversity, equity and inclusion (DEI) are embedded into Kalmar's HR strategy, what enables or prevents this integration, and how it is perceived by those working within the organisation.

Because the interviews were built around pre-structured questions, the analysis in this chapter is organised according to the key themes that emerged from those questions. Structuring the chapter around these themes ensures that the findings are clearly guided by the study's objectives and makes it easier to identify both common patterns and divergent perspectives among participants.

Research interviews have played an important role in this study, as the researcher considers that the main themes require open discussion and reflection rather than purely quantitative measurement. The results cannot be numerically evaluated because they are based on individuals' experiences, interpretations, and professional backgrounds. The interviewees represent a range of positions, nationalities, and years of experience within Kalmar, which naturally influences how they understand and interpret their answers.

In the analysis of responses, the main themes that emerged from the interviews are highlighted and discussed in detail. Alongside these dominant patterns, particular attention is also given to exceptional or unexpected findings that may provide fresh insights into the research problem. Throughout the chapter, illustrative quotations have been included to reflect authentic participant voices and to demonstrate how their lived experiences inform the analytical findings presented below.

## 5.1 A Journey from Awareness to Integration

This chapter examines Kalmar's present state of Diversity, Equity and Inclusion (DEI) integration within its strategic human resource management context. The purpose of this section is to establish an initial understanding of how DEI is currently perceived, understood and experienced across the organisation. This baseline is necessary for assessing how DEI principles can be embedded into HR strategy and HR core practices. By focusing on participants' awareness and interpretations of DEI, this chapter provides the foundation upon which the later analysis of enablers, barriers and future integration will be build.

The answers showed that most participants were aware of Kalmar's DEI directions at a general level. The level of awareness seemed to vary depending on their role, regional exposure, which division their work and how closely they had been involved in HR-led initiatives.

> *"I'd say I'm quite familiar, but I'm not entirely sure we actively refer DEI to in our daily operations. "*

Others characterised Kalmar as being in the early stages of development, emphasising the need for further progress.

> *"I would say we are still at the starting point and lots to do to improve."*

Some participants were familiar with certain organisational initiatives, such as leadership training, but lacked clarity on the broader range of DEI activities taking place.

> *"I have read about the targets on the intranet, and I know we have leadership training related to inclusion, but I would not say I know all the specific actions that are ongoing."*

Participants whose roles were more closely connected to HR-related work tended to demonstrate a deeper understanding of DEI and its organisational relevance. Few participants summarised this perspective by explaining.

> *"I follow the topic quite closely because it relates to my role. We have made progress, especially in awareness, but for many people DEI still mostly means gender balance."*

> *"People recognise the word, but not everyone fully understands what DEI includes. Some think it's only about women and men, not about different perspectives, race or cultures."*

> *"I would say that we have reached a decent level of awareness in the business regarding this topic, even if we don't always use the same terminology. "*

Together, these thoughts suggest that while DEI has become part of Kalmar's organisational language, the level of understanding and visibility varies notably across divisions and roles. Awareness does not align strictly with position or function; rather, it depends on how actively DEI has been communicated and contextualised within each business area. In some divisions, leadership teams are closely familiar with DEI objectives because their HR business partners have integrated the topic into ongoing dialogue and local initiatives, whereas in others, DEI remains less visible in everyday work. This variation also reflects the fact that Kalmar does not yet have a single, company-wide DEI strategy or framework and it has not yet embedded to the overall HR strategy. As a result, divisions interpret and prioritise the topic in slightly different ways.

Overall, these findings suggest that Kalmar is currently in a transitional phase. The organisation has developed an initial level of awareness, and DEI has begun to appear in leadership conversations, HR practices and selected training initiatives. Kalmar's

direction is moving from conceptual awareness toward more systematic and consistent integration across the organisation.

### 5.1.1 Embedding DEI: Sustainable Integration or Temporary Program?

While the previous section illustrated how DEI is currently understood and experienced across Kalmar, the interviews also pointed strongly toward the organisation's future direction. When participants were asked whether Diversity, Equity and Inclusion (DEI) should exist as a separate initiative or be embedded into the overall HR strategy, the response was overwhelmingly in favour of integration. This aligns closely with the principles of Strategic Human Resource Management (SHRM), which emphasises the alignment of people management with organisational objectives to drive long-term business value (Storey, Ulrich & Wright, 2019). Participants saw integration not merely as a preferred option, but as a strategic necessity. This shows a clear future goal from today's situation, where awareness varies between divisions, to towards a more consistent, strategic, and organisation-wide approach.

> *"I would lean toward embedding rather than keeping DEI as a standalone program. The key is to integrate it into the way we do business, into culture, values, and every-day practices. So that it is sustainable over the long term. In that way, it becomes part of how we operate rather than a separate initiative that risks being seen as temporary or politically driven."*

> *"It should be formal, integrated into the overall HR strategy."*

This direction reflects the literature that calls for a move beyond isolated, short-term interventions which often are the first to be deprioritised during organisational change to towards systemic equity, where inclusion becomes embedded in the everyday operations (Bersin & Enderes, 2021). Participants' comments also strongly emphasised

the idea of embedding DEI throughout the entire employee lifecycle, from recruitment and development to performance and recognition (Sosa, 2023).

However, several participants introduced a wider view, suggesting that embedding DEI should be seen as a phased process rather than a yes or no decision. While long-term sustainability requires integration, some emphasised that a temporary, standalone DEI program can be valuable in the early stages to build awareness, define strategy, and create initial motivation.

> *"I would say both... it is very valuable to have a leader or a dedicated person driving DEI forward in the beginning. However, once the strategy is defined and the goals are clear, DEI must be embedded into everyday practices."*

> *"Ultimately DEI should be part of the overall strategy. At the same time, to create the right level of awareness, we still need to place some additional focus on it. That means that, at least for a few years, DEI may need to be treated as a separate initiative to give it visibility and momentum."*

Both viewpoints suggest a maturity model of DEI integration, where organisations first rely on visible, top-down initiatives to establish creditability and awareness, but progressively evolve toward full integration into business strategy and culture (Bourke & Dillon, 2018). Over time, the goal is for DEI to become self-sustaining, a natural part of how the organisation operates, rather than a program requiring continuous external push.

A participant added that for DEI efforts to last, employees need to be genuinely engaged. They noted that the strongest impact comes when people feel empowered to "take ownership" and start their own initiatives, rather than feeling forced to participate. This balance between top-down structure and bottom-up ownership represents a mature

stage of cultural integration and aligns with inclusive leadership literature advocating shared accountability for DEI outcomes (Nishii, 2018).

This objective guides Kalmar's next actions. Key priorities include creating a company-wide DEI strategy, aligning HR practices with DEI, and developing the cultural and leadership competencies needed for long-term success.

The patterns identified in these chapters reveal that Kalmar has reached an important early stage in its DEI development: awareness is present, the terminology is becoming familiar, people understand the necessity of integration and selected initiatives. These are beginning to create shared understanding in parts of the organisation. However, the uneven visibility, differing interpretations and the absence of a unified organisational framework indicate that DEI has not yet been fully embedded into HR strategy or everyday practices.

To understand how Kalmar can move from this transitional phase toward deeper, more consistent integration, it is essential to examine the organisational conditions that either enable or hinder progress. The following chapter explore the enablers and barriers which supports meaningful DEI integration at Kalmar and what currently stands in the way of achieving it.

## 5.2 Enablers and Barriers in Embedding DEI

Embedding Diversity, Equity and Inclusion (DEI) into human resource management strategy and HR core practices is a complex and multilayered process shaped by both supportive and constraining factors. While the previous chapter presented participants' overall perceptions of DEI and what the future can bring, this section examines what enables and what prevents the integration of DEI in practice. Understanding these dynamics is essential, as existing research shows that sustainable DEI progress requires the alignment of structural, cultural, and leadership conditions (Shore et al., 2011; Nishii, 2013; Storey et al., 2019). These main themes came up from the interviews and together,

these insights offer a nuanced picture of the organisational realities that shape DEI implementation at Kalmar.

| *Category* | *Theme* | *Description* |
|---|---|---|
| **Enablers** | **Executive Sponsorship** | Visible and active support from senior leadership, particularly the CEO, is identified as the most critical factor for enable DEI efforts, driving accountability, and providing motivation. |
| | **Awareness Building and Leadership in Action** | Investment in formal training programs, especially for inclusive leadership, to equip managers with the necessary skills, self-awareness, and a shared language to lead diverse teams effectively. |
| | **Data-Driven Accountability** | The use of formal metrics, KPIs (primarily gender-focused), and dashboards to monitor progress, create visibility, and hold leaders accountable for results. |
| **Barriers** | **Talent Pipeline Limitations** | A structural scarcity of diverse candidates in the external labour market, stemming from educational demographics and the male-dominated nature of the heavy industry sector. |
| | **Cultural Resistance** | Scepticism, doubt, and concerns about fairness and reverse discrimination from employees in traditionally homogenous, male-dominated environments. |
| | **Operational Pressures** | The organisational imperative for speed and efficiency, particularly in recruitment for a lean organisation, which directly conflicts with the time-intensive process of building diverse candidate pools. |
| | **Geopolitical Climate** | Caution and renaming to adopt a strong external DEI stance (e.g., supporting Pride Month) due to perceived political and social risks in conservative key markets, notably the USA. |
| | **Lack of unified DEI Strategy** | The absence of a company-wide DEI strategy within the HR framework leads to fragmented efforts across divisions. Without a coherent strategic direction or clearly defined objectives, DEI initiatives depend |

| | | |
|---|---|---|
| | | largely on local HR or leadership commitment, resulting in uneven implementation, varying levels of awareness, and limited long-term accountability. |

**Table 2:** A Thematic Matrix of Key Enablers and Barriers to DEI Integration.

Several key factors were identified as critical enablers of progress on the DEI agenda. These elements provide the necessary motivation, accountability, and capability for change to take root. These enablers are discussed in more detail in this chapter and the barriers in chapter 5.3.

### 5.2.1 The Strength of Executive Sponsorship

The single most powerful enabler cited across multiple interviews is the visible and unwavering support from the highest levels of leadership. The active sponsorship of the CEO and senior leadership is seen as a game-changer that provides accountability and importance to the DEI agenda.

> *"Strong sponsorship has come for this topic at Kalmar from our CEO which makes things much easier"*

> *"Our CEO is playing a huge role in pushing gender diversity"*

> *"We can already see some concrete results from that approach"*

This support makes a big difference when working in a challenging environment. The push from the top is seen as both effective and brave. It turns DEI from something optional into a real business priority, motivating leaders to act and take responsibility for progress. This finding aligns with previous research emphasising that lasting DEI progress depends on visible and consistent commitment from senior leadership. According to Kramar (2014, p. 1072) and Mor Barak (2022, p. 119), strategic DEI efforts are only

sustainable when top leaders actively sponsor and model inclusive behaviour, embedding diversity goals into the organisation's long-term strategy.

However, some reflected that the impact depends on whether middle managers actively reinforce these values in their teams.

> *"The message from the top is strong, but we still need to make sure it reaches the everyday level. Otherwise, it stays as words."*

### 5.2.2 Awareness Building Through Training

One division at Kalmar has already launched the Inclusive Leadership Programme, where participants translate organisational values into practical behaviours. The programme was described as a meaningful step toward fostering inclusion, helping leaders develop shared expectations of respect, openness, and empathy.

> *"The training helped me see how small choices matter—listening, giving feedback, involving people. Those things shape the culture."*

A key enabler identified in the interviews is the organisation's investment in formal training aimed at strengthening leaders' awareness and skills to foster an inclusive culture. Several participants highlighted the value of dedicating resources to such initiatives, noting that inclusive leadership training has also reached managers and members of the Board of Directors. The programme's impact was often linked to its practical and reflective approach.

> *"The program was not only theoretical but also practical, creating space for managers to openly discuss these topics and reflect on what inclusive leadership means in their own context."*

This investment in developing inclusive leadership capabilities is essential for equipping managers to lead diverse teams effectively. Shore et al. (2018, p. 180) emphasise that inclusive workplaces are built through continuous learning processes that enhance leaders' awareness, empathy, and ability to value individual differences. Kalmar's initiative aligns with this view by translating inclusion into concrete leadership practices rather than abstract concepts. Furthermore, the training's emphasis on openness and empathy directly supports Kalmar's Experiment which is one of the core behaviours. This core behaviour encourages leaders to respect differing perspectives and foster an environment where team members feel comfortable sharing their ideas as a clear reflection of the inclusive culture that the leadership training seeks to foster.

However, as only one division has so far implemented the programme, there remains a clear inconsistency across the organisation. Several managers reported having received little to no formal training, relying instead on their "own experience" or on materials "borrowed from other departments, like a slide deck from our sustainability team." This disparity underscores the importance of structured, organisation-wide training initiatives as a key enabler for building inclusion competence consistently across all levels of leadership.

### 5.2.3 Inclusive Leadership in Practice: From Awareness to Action

A strong theme that emerged when discussing the enablers of DEI integration was the organisation's targeted approach to developing inclusive leadership. Even though only one division has so far launched the formal inclusive leadership development programme, its awareness was already visible across other divisions. Participants from other divisions, who had not yet taken part reported that they were aware of the programme and genuinely interested in joining if it becomes available more broadly. This reflects the programme's perceived value and relevance for everyday leadership work. The following section summarises the experiences and reflections shared by interviewees. When defining inclusive leadership, participants largely moved away from

abstract theory and focused on practical, behavioural expressions. Their views converged around two dimensions:

1. Creating the right environment — fostering psychological safety and valuing every voice.
2. Demonstrating personal responsibility — through conscious effort, reflection, and bias awareness.

*Creating the Environment: Giving Every Voice Value*

The most frequently mentioned quality of inclusive leadership was the ability to create an atmosphere where everyone feels empowered to contribute and respected for their perspective. Kalmar has several regular employee surveys, annual Compass survey and quarterly Echo surveys. Through these surveys Kalmar enhances the culture of listening its employees, giving them a voice which is a starting point. The real impact comes when team leaders openly discuss the results with their team members, celebrating the strengths as well as agreeing what to do with the development areas.

> *"Inclusion means creating an environment where everyone is encouraged to speak their mind and share opinions—and where those opinions are treated as equally valuable."*

> *"Inclusion in leadership is when differences are respected, and while you have many differences in the team, you ask for and discuss different opinions respectfully."*

This practical understanding mirrors the academic definitions of inclusion as the dual experience of belongingness and uniqueness (Shore et al., 2018; Nishii, 2018). It shows that inclusive leadership at Kalmar is viewed less as a concept and more as a daily practice of enabling voices and valuing difference.

*The Leader's Personal Responsibility: Conscious Effort and Debiasing*

Participants also emphasised that inclusion does not happen organically, it requires intentional effort and continuous self-reflection from leaders. The new annual Compass engagement survey has questions related to DEI, giving the leaders feedback from their teams for reflection and actions needed.

> *"At the most basic level—almost to the point of sounding obvious—we want everyone to feel like they are part of the team, regardless of their background, race, or gender. That means our leaders have a responsibility to lead in an inclusive way and to ensure that everyone has the same opportunities."*

> *"Making sure our documents and guidelines are available in English helps ensure nationality is not a barrier. In meetings, everyone should have the chance to speak and feel included. The same applies to recruitment — all applicants need to be considered fairly and without unconscious bias, focusing on their skills rather than assumptions."*

> *"Inclusiveness is not something that happens automatically; it requires conscious effort and practice. The reality is that all of us are biased in one way or another, which is why inclusiveness needs deliberate attention."*

> *"Unconscious bias is real: people tend to gravitate toward those who are similar. Addressing it directly in training helps leaders and recruiters check those tendencies and make more deliberate, fair decisions."*

This emphasis on self-awareness and "debiasing" aligns with research on inclusive performance management (Williams et al., 2021) and diversity training (Alhejji et al., 2016), both of which highlight that awareness must be translated into tangible, behavioural change. At Kalmar, this was seen in concrete examples such as ensuring all

recruitment documents are accessible in English to prevent nationality bias, or ensuring all applicants are evaluated fairly and consistently.

Together, these findings illustrate a progressive view of inclusion as a continuous leadership responsibility, requiring both individual reflection and structural reinforcement. Leaders are expected not only to understand DEI but to model it through every-day actions that shape culture, trust, and belonging.

### 5.2.4 Data Driven Transparency

Finally, several participants highlighted data transparency as an emerging and increasingly powerful enabler of DEI progress. Kalmar's internal DEI dashboard, which provides real-time visibility into workforce composition, gender balance, nationality and other inclusion metrics, was viewed as a concrete step toward accountability. By allowing business units to track their own progress and link diversity data with performance indicators, the dashboard transforms DEI from an abstract concept into measurable business outcomes.

> *"Once you see the numbers, you can't ignore them anymore. They make people take ownership and ask the right questions."*

This reflects a broader shift, where transparency not only increases awareness but also drives behavioural change among leaders. When data is openly shared, it becomes harder to overlook disparities, and leaders are encouraged to act rather than assume that DEI is "already happening." In this sense, Kalmar's use of transparent data reporting fosters both ownership and cultural accountability, positioning data as a strategic tool for sustaining long-term DEI integration. This approach also closely aligns with Kalmar's core behaviour of Extreme Ownership, which emphasises taking full responsibility for one's actions and proactively identifying and solving problems. By enabling leaders to see and respond to data-driven insights, the DEI dashboard reinforces this behaviour in

practice encouraging individuals to take accountability, act on findings, and continuously seek improvement in their teams' inclusiveness and performance.

From a theoretical perspective, this dynamic resonates with Shore et al. (2018), who argue that inclusive climates are fostered through systems that reinforce accountability and shared ownership of inclusion outcomes. Similarly, Nishii (2018) highlights that when DEI metrics are integrated into organisational performance systems, they strengthen perceptions of fairness and commitment to inclusion. Therefore, Kalmar's approach exemplifies how internal transparency mechanisms can operationalise core behaviours like Extreme Ownership, transforming DEI principles into measurable, sustained organisational practice.

## 5.3 Barriers to Overcome

The path to DEI integration is challenged with some important barriers. These obstacles are structural, cultural, and operational, and they collectively can create a powerful resistance to change.

### 5.3.1 The Talent Pipeline Constraint

The most frequently and consistently cited barrier is the structural lack of diverse talent in the external labour market from which the company recruits. This is particularly common regarding gender diversity in the technical and industrial fields that form the core of the business. This is the most challenging matter for the company especially for critical roles like service technicians. Two participants stated that:

> *"There just isn't much diversity in our candidate pools, to relate a recent recruitment for three sales roles in Europe where we received only one female applicant, who subsequently withdrew before an interview."*

*"Current labour market does not provide a 50/50 candidate pipeline, and the industry has its own stereotypes to not seen as a cool one."*

This issue is traced back to its roots in the educational system, with another participant describing it as the "main issue and a direct mirror of the imbalance in education pipelines for technical fields." This constraint is further compounded by the non-"glamorous" nature of the heavy industry sector. This pipeline problem presents a fundamental, structural impediment to achieving diversity goals.

### 5.3.2 Balancing DEI Goals with Operational Demands

A closely related issue to the talent pipeline challenge is the everyday operational tension between finding diverse candidates and filling roles quickly. In a lean organisation, where every person plays a critical role, an open position is not just a future opportunity, it's an immediate "gap in productivity."

*"In recruitment there is often a dilemma: should we wait and push the recruitment team... to provide a wider and more diverse candidate pool, or should we focus on filling the vacancy as quickly as possible? Because we run a very lean organisation, every open position creates a gap in productivity."*

This statement captures the practical reality many managers face. When time pressure is high, the focus often shifts from long-term DEI objectives to short-term operational needs. As one participant explained, it can feel more realistic to prioritise speed over diversity targets that seem difficult to reach:

*"For me, my focus is more on practical aspects like how quickly we are able to close a vacancy. Speed of recruitment feels like a higher priority, especially given our operational needs. I also don't think it helps to chase people over targets that may sometimes feel like a 'mission impossible.'"*

This highlights a recurring conflict between strategic and operational priorities. From a theoretical perspective, this tension reflects what Storey, Ulrich and Wright (2019) describe as one of the core challenges in Strategic Human Resource Management (SHRM), aligning long-term people strategies with immediate business demands. Similarly, Boxall and Purcell (2016) note that HR strategies often operate within “dynamic trade-offs” between efficiency and employee outcomes.

In this case, the need for operational continuity can unintentionally limit the organisation’s ability to build a more diverse workforce. When recruitment decisions are driven mainly by urgency, DEI objectives risk becoming secondary, turning an intended strategic priority into a practical compromise.

### 5.3.3 Scepticism and Hesitation

A third major barrier is the cultural resistance and scepticism that exists within the traditionally homogenous, male-dominated segments of the organisation. One participant described his team as being made up of "middle-aged men, very experienced, and a bit set in their ways", and openly admitted that he, too, sometimes questions how effective DEI initiatives really are. He explained that if the DEI agenda is pushed too strongly or communicated "in a very direct way", it can easily trigger a defensive reaction that slows progress. At the same time, many participants noted that because current efforts are still focused mainly on gender diversity, this can unintentionally create narrow perceptions of what DEI means. When diversity is seen only through the lens of gender, it risks reinforcing misunderstandings and fuelling scepticism, rather than promoting a broader sense of DEI.

### 5.3.4 External Pressures and Geopolitical Sensitivities

A fourth, and increasingly relevant, factor influencing the company’s DEI approach is the external geopolitical climate. Operating across multiple regions requires the organisation to navigate diverse social and political contexts. The evolving discussions around DEI in

certain key markets, particularly in the United States have encouraged a more cautious communication style. One participant explained that the company's shift toward using the more neutral phrase "equal treatment and opportunity for all" was partly shaped by the growing sensitivity around DEI-related terminology in the U.S., where "a bold, outward-facing DEI statement… would likely not be well received."

This cautious positioning highlights the tension between maintaining a consistent global identity and responding to local realities. As one participant reflected:

> *"I do think we need to be careful about how external influences shape our approach. For example, in the U.S. there has been a growing debate about the use of the term DEI, with some voices saying it should not be used anymore. My question is—should we really let such statements dictate how we act? Should one perspective from one market define what we do globally? At the same time, I recognize that we must remain sensitive to the markets we operate in, to our business environment, and to the opportunities available. It's about finding the balance between staying true to our values and adapting thoughtfully to different contexts without losing sight of what matters most."*

This reflection summarizes the broader dilemma faced by multinational organisation, how to uphold inclusive values while adapting to diverging sociopolitical climates. As research such as Shore et al. (2018) and Roberson (2019) emphasise, the institutional environment deeply shapes how DEI is accepted and communicated across contexts. The need to balance global consistency with local responsiveness reflects a classic challenge of strategic human resource management (Boxall & Purcell, 2016): aligning values and practices with both organisational purpose and external pressures. From this perspective, Kalmar's approach can be seen as an effort to protect its values and ensure alignment with varied external conditions, while continuing to promote fairness and inclusion within the organisation.

### 5.3.5 Lack of uniform DEI Strategy

A final and one of the most frequently mentioned barriers to embedding DEI across Kalmar's HR practices is the absence of a single, company-wide DEI strategy. While the topic has gained visibility and is often discussed, the lack of overall framework is missing so the practices differ between divisions and lack consistency. As one participant explains, "we don't really have one decided DEI strategy, every HRBP does it a bit differently".

Several interviewees pointed out that without a unified strategic direction, it becomes difficult to align DEI actions with other HR priorities such as recruitment, learning, or performance management. This incoherency can also make it challenging to measure progress and communicate consistent messages globally. As another participant put it, "we have good intentions and many activities, but not one clear path that ties them all together". The lack of a clear, formal strategy therefore limits the organisation's ability to fully integrate DEI into its HR practices and culture.

This finding supports the SHRM perspective, which stresses that HR practices must be strategically aligned and guided by a coherent framework (Storey, Ulrich & Wright, 2019; Boxall & Purcell, 2016). Similarly, Kramar (2014) argues that diversity, equity and inclusion goals should be embedded within HR strategy and practices rather than implemented as separate initiatives. Without such integration, DEI efforts remain fragmented and fail to drive sustainable change across the organisation.

## 5.4 Outcomes of DEI Actions: The Strategic Value and the People Value

This chapter and theme address the objective linked to the third research question to understand how the interviewees perceive the impact of DEI within the organisation. The interviews showed that participants do not view DEI as a standalone effort but as something that creates value on multiple levels. Their reflections revealed two complementary dimensions through which the outcomes of DEI are experienced and understood.

1. The Business Case — emphasising innovation, talent, and performance outcomes.
2. The People Case — focusing on psychological safety, belonging, and organisational pride.

These perspectives show that DEI at Kalmar is seen more than a compliance requirement or symbolic gesture. Instead, it is viewed as a source of tangible strategic and human value. The following subsections will elaborate on these dimensions and present the key findings.

### 5.4.1 The Business Case: Innovation, Talent, and Retention

Participants clearly emphasised that DEI delivers tangible business value. They described diversity as a driver of innovation, faster problem-solving, and improved decision-making, findings that support prior research identifying diversity as a source of competitive advantage (Kaur, 2025). When different ideas and approaches are openly taken into consideration when creating new products and services or for example solving customer problems, the outcomes are usually better.

> *"Different perspectives challenge our usual way of thinking. It pushes us to see problems from angles we wouldn't have considered otherwise."*

> *"Having different viewpoints actually accelerates the process of finding solutions and moving forward. It brings faster innovation and troubleshooting, adding real value to our work."*

> *"When you have people who think differently, you end up with better solutions. It takes more time sometimes, but the outcome is stronger."*

DEI was also strongly connected to employer attractiveness and retention. Participants viewed inclusive practices as essential for competing in the global “war for talent”, both by expanding access to diverse candidate pools and by meeting the values of younger generations who expect their employers to stand for equity and inclusion.

> *“For those under 30, DEI is not only an important topic but also a factor influencing their decision to stay in a company. Younger generations expect organisations to take DEI seriously. By showing that we are committed to DEI, we strengthen our attractiveness as an employer overall.”*

This generational expectation resonates with recent findings by Catalyst (2025), which report that Gen Z employees are more likely to leave organisations that fail to demonstrate meaningful DEI commitment. Thus, DEI is perceived as not merely an ethical or reputational concern but a strategic necessity for talent competitiveness. This is important also at Kalmar as employees under 30 years of age now form the biggest age group with 16,3% of all employees and 18,5% of non-managers.

### 5.4.2 The People Case: Psychological Safety, Belonging, and Pride

Beyond measurable outcomes, participants consistently described DEI’s people and emotional impact, how it shapes workplace culture, interpersonal trust, and a sense of belonging. Central to this was the notion of psychological safety, which aligns with Shore et al.’s (2018) framework defining inclusion as the coexistence of belongingness and uniqueness. These topics are measured at Kalmar through annual and quarterly engagement surveys and now in general these results are at the good level.

> *“Having a diverse team—a real mixture of people—plays an important role in creating psychological safety. When people see that they can be themselves, respected, and treated equally, it builds trust and makes them feel they belong.”*

> *“People should feel that all differences are included and that we actually celebrate the strength of diversity.”*

> *“Embedding these ideas into employees’ mindsets is therefore a gradual process... By continuously reminding, communicating, and encouraging people to embrace inclusiveness and diversity, we can eventually make it a natural part of our culture. It will definitely help us in the long run, but it requires patience, consistency, and a shared commitment across the organisation.”*

This sense of inclusion was often connected to pride and emotional engagement. Participants noted that when employees see their company genuinely investing in DEI, it strengthens emotional commitment, motivation, and shared purpose.

> *“Many employees deeply believe in the values behind DEI, and when they see the company taking it seriously, it creates a sense of pride and shared mission. This emotional connection strengthens engagement, loyalty, and motivation.”*

In summary, participants linked DEI’s human impact to organisational culture transformation, where inclusion becomes not just a value but an everyday lived experience. This supports growing evidence that inclusive cultures are associated with higher engagement and reduced turnover, bridging the human and business cases into a single, mutually reinforcing argument for integration.

# 6 Conclusions

This thesis studied how Diversity, Equity and Inclusion (DEI) can be seen either as a separate initiative or to become a more comprehensive and long-lasting integrated part of HR strategy and core HR practices. The study focused on the main factors that enable or prevent the before mentioned integration, as well as the outcomes people feel DEI can create when it is built directly into Strategic Human Resource Management (SHRM) and core HR practices. To explore this in a real setting, a qualitative holistic single-case study was carried out with Kalmar Oyj, a global company in a male-dominated industry that is still at the beginning of its DEI journey.

This final chapter brings together what the research has brought up from the theoretical perspective and from the case study. It first discusses the main findings in relation to the research questions and links them to the theories presented earlier. After this, it explains what new knowledge this study offers to both theory and practice. The chapter also shows the limitations of the study and suggests topics for future research. It ends with a personal reflection on the thesis process and on the wider meaning of the DEI topic.

## 6.1 Summary and Discussion of Main Results

The analysis shows that the company is in an “in-between phase”, a point where the goal of fully embedded DEI meets the everyday challenges of current work practices and culture. The findings for the three research questions are closely connected, and together they describe the organisation’s ongoing transition towards deeper DEI integration.

The first research question, which examined how DEI can be integrated into Strategic Human Resource Management (SHRM) and core HR practices, revealed a strong and shared ambition among participants. Nearly everyone agreed that DEI should not be seen as a separate initiative, but it should be embedded into the overall HR strategy. This

aligns with the “building in fairness” approach described by Bersin and Enderes (2021), who argue that the most mature organisations embed DEI into every stage of the employee lifecycle rather than treating it as alone. It is also consistent with Sosa (2023), who emphasises that DEI must be in the employee life cycle throughout their entire journey, from recruitment and development to performance, progression, and daily cultural interactions.

However, this clear strategic ambition quickly confronted a major obstacle, the absence of a unified DEI strategy. This gap stands out as one of the central findings of the thesis. While the intent to integrate DEI is strong, the formal structures needed to support this integration are not yet in place. SHRM literature stresses that strategic objectives must be secured in clear frameworks, defined responsibilities, and aligned processes (Storey, Ulrich & Wright, 2019). In Kalmar’s case, the lack of a shared strategy means that efforts remain unclear and inefficient. Awareness may increase, but it does not regularly translate into action. As a result, DEI practices vary across business units, producing uneven outcomes and making it difficult to monitor progress or build a cohesive organisational direction.

This finding highlights an important insight that the gap between intention and execution is not caused by a lack of willingness, but by a missing strategic foundation. Without a unified DEI strategy, the organisation cannot fully realise the alignment, structure, and long-term perspective that SHRM principles require.

The second research question, which examined the enablers and barriers of DEI integration, revealed the “push and pull” dynamics that define Kalmar’s current in-between phase. On the “push” side, several strong factors actively support progress and create the conditions for long-term embedded DEI approach. Executive sponsorship emerged as one of the most influential drivers for this. Participants repeatedly emphasised how visible commitment from senior leaders signals that DEI is not an optional but an organisational priority. This aligns closely with Bourke and Dillon’s (2018)

argument that leadership commitment is the single strongest predictor of meaningful DEI progress, as it sets expectations, allocates resources, and helps cultural change.

A second enabler is the company's investment in training and awareness building. Participants described the structured learning opportunities they have had, for example the Inclusive Leadership Programme, which was seen very positive. This finding is consistent with the research showing that education and skill-building are essential for reducing bias, supporting inclusive behaviours, and strengthening psychological safety across teams (Alhejji et al., 2016; Shore et al., 2018). In Kalmar's case, these programmes also help to translate the organisation's values into everyday actions, narrowing the gap between intention and practice.

The growing use of data and transparent reporting forms a third major enabler. Participants noted that having access to engagement scores, representation data, and inclusion metrics makes DEI achievements and challenges more visible and less abstract. This is in line with the literature emphasising evidence-based HR, which argues that metrics help organisations move from intuition to informed decision-making (Armstrong & Taylor, 2014). Data also enables accountability, once DEI outcomes can be measured leaders are more likely to recognise gaps, monitor progress, and take corrective action. At Kalmar, this transparency appears to make the need for DEI both tangible and difficult to ignore, functioning as a powerful motivator for change.

However, these enablers are met by equally significant "pull" factors that slow the pace of change and keep the organisation in its current transitional state. One of the most persistent barriers is the limited talent pipeline, which restricts access to diverse candidates and makes a long-term progress structurally challenging. This reflects broader labour market dynamics described in DEI research, where organisations especially in traditionally male-dominated industries struggle with rooted demographic patterns that cannot be solved by recruitment efforts alone (Nishii, 2013; Shore et al., 2018). In Kalmar's case, participants repeatedly emphasised that the available candidate

pool shapes what is realistically achievable, highlighting how DEI progress depends not only on the internal will but also on the external labour market conditions.

Alongside this constraint is the daily operational pressure to fill roles quickly. This creates the familiar “speed versus diversity” dilemma, where managers must choose between meeting the immediate business needs or investing the extra time required to search for a diverse set of candidates. This tension between the long-term strategic objectives and the short-term operational demands is commonly known (Storey et al., 2019), and at Kalmar it frequently results in prioritising speed, particularly in a lean organisational structure where vacancies directly affect productivity. Participants described this as a practical challenge rather than an ideological one: even when leaders value DEI, the urgency of day-to-day operations often wins.

Another important barrier is the absence of a unified, company-wide DEI strategy. Without a shared framework to guide decision-making, divisions interpret DEI differently. This leads to inconsistent practices, uneven levels of engagement, and uncertainty about who is responsible for what. This echoes findings in DEI research suggesting that fragmented or unclear strategies weaken implementation and increase the risk that DEI is seen as optional or secondary (Shore et al., 2011; Bersin & Enderes, 2021). In Kalmar’s case, the lack of a common direction also makes it harder to communicate the expectations and to measure progress across the organisation.

Cultural scepticism further pulls the organisation back. Some interviewees question whether DEI is necessary or relevant to their everyday work, reflecting what Nishii (2013) describes as the “perceived legitimacy gap” in DEI initiatives. When the purpose is not fully understood, DEI can be viewed as a trend, an external pressure, or a symbolic exercise, rather than a meaningful part of organisational improvement. This scepticism slows motivation and reinforces the idea that DEI is something separate from the “real work.”

Finally, wider geopolitical sensitivities introduce another layer of complexity. As McEvoy (2025) notes, global organisations must navigate political climates that vary significantly in their attitudes toward diversity and human rights. Participants recognised this challenge, explaining that upholding company values becomes more difficult and sometimes more sensitive when operating across regions with conflicting norms or legal frameworks. This external pressure can constrain how boldly the organisation can act or communicate about DEI in certain markets.

Together, these factors illustrate why DEI integration remains challenging: while the organisation has strong motivation and clear intentions, progress must continually contend with practical constraints, cultural hesitation, and external pressures that create an uneven path forward.

Finally, the third research question on the perceived impact on integrated DEI practices gives the crucial motivation to fix this conflict. The findings strongly support a "two-part" direction for DEI. The "Business Case" was clearly explained by the participants, who linked diversity to real results like innovation and talent attraction, especially linked to Gen Z, was also mentioned by Kaur, (2025) and study made by Catalyst, (2025). This gives the logical reason for overcoming the barriers. At the same time, the "People Case" showed up just as strongly, as participants described DEI's impact on psychological safety, belonging, and pride. This finding is perhaps the most important, as it confirms with real-world evidence that the ideas about inclusion like "belonging and uniqueness" (Shore et al., 2018) and an inclusive environment (Nishii, 2013) are not just theories but those are something what employees deeply need.

Pulling these points together shows that the "People Case" is the way to unlock the "Business Case". By creating a culture of psychological safety, Kalmar can get the innovation and keep the employees it wants and needs. This realization provides the "why" to fight through the barriers (RQ2) and the critical push to build the missing strategic framework (RQ1). Kalmar is not at the beginning of its journey, but at a key

turning point. It has all the right elements for success with the leadership buy-in, growing overall awareness, and the clear motivation but not yet the formal plan and strategy to embed them all together.

## 6.2 Theoretical Contributions

This study offers fresh insights to the academic discussion on DEI and Strategic HRM by showing how well-known theories and concepts play out in the everyday realities of a lean, industrial organisation. While previous literatures often present the challenge of SHRM as one of achieving alignment, this thesis adds a new layer by identifying the structural tension between recruitment speed and diversity goals. The findings show that in lean organisations, the pressure to fill roles quickly functions as a built-in barrier to diversifying candidate pipelines. This moves the discussion forward by illustrating that resistance to DEI is not only cultural or attitudinal, as commonly argued (e.g., Shore et al., 2011; Nishii, 2013), but also operational. The study therefore extends existing theory by highlighting how business efficiency models can directly compete with inclusion efforts as an aspect that has received limited attention in current DEI scholarship.

The research also provides timely evidence on how global political dynamics shape organisational DEI strategies. Much of the existing literature assumes that DEI develops along a broadly progressive trajectory. However, this study shows that multinational companies now need to adjust their DEI language across regions due to increasing political polarisation. Participants described how certain terms must be softened or avoided entirely in some countries, while being fully embraced in others. This introduces an emerging perspective to the international HRM: DEI is no longer only about internal culture-building but also about navigating external geopolitical risks and maintaining organisational coherence across diverse contexts.

Finally, the thesis deepens the understanding of how employees perceive the relationship between the “business case” and the “people case” for DEI. Rather than treating them as separate or competing, participants described them as interconnected

and sequential. The findings demonstrate that psychological safety and belonging are the human and relational elements that form the necessary foundation for the innovation, problem-solving capacity, and performance outcomes highlighted in the business case. This refines existing models of inclusion (Shore et al., 2018; Nishii, 2013) by showing that the so-called “soft” values are in fact the mechanisms that enable the “hard” organisational benefits. In this way, the study provides a more integrated understanding of how DEI creates value in practice.

## 6.3 Practical Implications

For HR professionals and business leaders, especially those working in engineering and industrial environments, this study provides practical guidance that moves beyond generic best-practice recommendations. A key implication is that meaningful DEI progress cannot rely only on enthusiastic individuals or small superficial efforts. One of the most important factors for DEI is the continuous support from senior leadership. Without this visible executive sponsorship, DEI risks being labelled as an HR responsibility rather than recognised as a strategic business priority. This finding reinforces the literature on strategic HRM, which emphasises that alignment between leadership commitment and organisational goals is essential for long-term success (Storey, Ulrich & Wright, 2019).

A second critical implication addresses the practical tension between operational speed and diversity goals. The study reveals that well-intentioned diversity targets can fail when they collide with the daily pressures to fill vacancies quickly. For business leaders, the lesson is that strategic intent must be matched by operational incentives. It is not enough to ask managers to "hire more women or more diverse candidates" if their primary performance metric is "time-to-fill". Therefore, organisations must realign their incentive structures. This implies that leaders need to explicitly authorize longer recruitment timelines for critical roles or introduce "diversity of candidate list" as a KPI that carries equal weight to operational speed. Without this structural adjustment, operational urgency will almost always override strategic diversity goals.

Finally, the study shows that in data-driven engineering contexts, ambiguity can easily stall DEI progress. To become credible, influential, and sustainable, DEI must be translated into measurable indicators that hold the same legitimacy as operational or financial metrics. Tools such as Kalmar's DEI dashboard demonstrate how visibility of data can shift discussions from subjective perceptions to objective evidence. When leaders see inclusion indicators presented alongside with other performance measures, accountability becomes clearer and expectations more consistent. The findings further highlight, however, that the potential of this dashboard remains largely untapped. At present, it is primarily known and used within HR, limiting its impact. For the metrics to truly strengthen DEI integration, the dashboard needs far broader visibility, especially among line managers, who shape the everyday team environment and are accountable for people leadership. Promoting the dashboard more actively and embedding its indicators into managers' regular KPI discussions would help position DEI as an operational priority rather than an HR-driven initiative. In this way, the transparency provided by the dashboard and the daily use of measurable DEI indicators can become two sides of the same mechanism: together, they build consistent accountability and support the long-term institutionalisation of inclusive practices.

## 6.4 Limitations and Suggestions for Future Research

The insights gathered in this thesis must be understood within the boundaries of its research design. As a single-case study focused on Kalmar Oyj, the findings are deeply rooted in the specific context of a one company operating in a heavy industrial sector. While this approach allowed for a rich, detailed exploration of internal dynamics, it inherently limits how broadly these conclusions can be applied to other industries or organisational cultures. What works or fails in this specific environment may not directly translate to other sectors.

Furthermore, the study relies primarily on qualitative data acquired from the insights and experiences of managers and HR professionals. While this successfully captures the "lived reality" and opinions regarding DEI, it does not provide a quantitative

measurement of impact. The research does not statistically correspond the implementation of DEI practices with business metrics, such as changes in employee turnover rates, promotion speed for underrepresented groups, or financial performance.

These limitations, however, open clear pathways for future studies. To build upon the qualitative foundation laid here, future research would benefit from a quantitative approach. A follow-up study could track the organisation over several years to measure the statistical impact of the newly implemented DEI strategy. Specifically, assessing how the introduction of inclusive leadership training correlates with tangible outcomes would provide the "hard data".

Additionally, expanding the scope beyond a single case would offer valuable comparative insights. Future studies could contrast the experience of Kalmar with other organisations in similarly male-dominated sectors, such as construction, energy, or automotive manufacturing. Such a comparison would help to distinguish which challenges are unique to Kalmar and which are issues inherent to heavy industry, thereby helping to build a strongger theoretical framework for DEI in technical sectors. Finally, given the persistent challenge of the "talent pipeline constraint" identified in this study, further research is needed to explore effective, long-term solutions for widening the pool of technical talent.

## 6.5 Personal Reflection

This thesis process has been a deep learning experience. It began with an academic interest in a "business topic" linked to diversity and turned into a deep look into the complex, human side of organisational change. I learned that DEI is not a "fuzzy" topic or a simple checklist of "nice-to-have" programs. It is one of the most difficult strategic challenges a company can take on, as it is deeply tangled up with day-to-day realities (like the "speed vs. diversity" dilemma), external political pressures, and, most importantly, the basic human need to be seen, valued, and having a sense of belonging.

My final thought on the DEI discussion is that it is often split into two opposite sides: either it is a "business case" of performance and innovation, or it is a "social justice case" of morals and ethics. This research has shown me that this is the wrong way to look at it and this topic is not either-or but needs rather a both-and approach to be as effective as possible. The two do not cancel each other out; they support each other. The "People Case" creating a culture of psychological safety and belonging is the way to unlock the "Business Case." Employees who feel safe, valued, and respected are the ones who innovate, collaborate, and fully support the company's success. The challenge, as seen at Kalmar, is not in achieving initial awareness. The real, difficult, and necessary work is in building these ideas into the very fabric of the company, moving from "talking about it" to making it "just the way we do things here".

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# Appendices

## Appendix 1. Interview Questions for HR professionals and Managers

1.How would you describe Kalmar's DEI and the current level of DEI in your HR practices or team?

2.To what extent are DEI principles (e.g., fairness, inclusivity, equity) considered in your core HR practices like recruitment, learning, performance management, or compensation?

3.What enablers (tools, people, policies, etc.) have helped to embed DEI into your daily HR work?

4.What are some of the challenges or barriers you've experienced when trying to align DEI with HR practices?

5.How does your HR team measure or assess progress related to DEI? Are there any metrics, feedback loops, or reporting mechanisms in place?

6.To what extent do you feel that DEI is embedded into the overall HR strategy, rather than existing as a separate initiative or program?

7.How do you see digital tools or technology (e.g., AI recruiting platforms, analytics dashboards) supporting or hindering DEI in HR?

8.How do you think embedded DEI practices impact employee experience and organisational culture?

Optional Follow-up Prompts:

Can you give an example of when DEI was clearly visible in an HR decision or policy?

How do you collaborate with business leaders to align DEI with wider organisational strategy?

How do you balance fairness with business demands when embedding DEI in these areas?

Which of the core HR practices (recruitment, L&D, performance, compensation) do you think has the most potential for DEI impact?

Are there any DEI indicators that have been especially useful—or difficult—to track?

Do you think current HR systems capture DEI progress accurately?

What kinds of resistance (if any) have you encountered—from leaders, employees, or even systems?

How do you deal with skepticism or pushback when introducing DEI initiatives?

1.How familiar are you with your company's DEI objectives or HR initiatives related to diversity, inclusion and equity?

2.In your view, how well is DEI aligned with business strategy or performance goals in your team or function?

3.Can you describe how DEI shows up in your daily leadership practices, such as team development, performance feedback, or hiring?

4.What kind of support or tools have you received to foster inclusion and equity in your team?

5.What challenges do you face in promoting inclusion or equity within your team or projects?

6.How do you ensure that recruitment or development opportunities in your team are inclusive and fair?

7.Do you feel that DEI principles are embedded in performance evaluation or recognition processes in your team? Why or why not?

8.From your perspective, how do inclusive practices affect your team's engagement, collaboration, or performance?

Optional Follow-up Prompts:

How do you personally define inclusion in leadership?

Are there any business outcomes you've seen improve because of more inclusive practices?

How do you balance fairness with business demands when embedding DEI in these areas?

Which of the core HR practises (recruitment, L&D, performance, compensation) do you think has the most potential for DEI impact?

Are there any DEI indicators that have been especially useful—or difficult—to track?

How do you deal with skepticism or pushback when introducing DEI initiatives?