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Effects of diversity in senior management teams on corporate sustainability of South African publicly listed companies

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A research report submitted to the Faculty of Commerce, Law and Management, University of Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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ABSTRACT

This study examines the effects of diversity within senior management teams on corporate sustainability of South African publicly listed companies. While earlier research has examined the effects of diversity on organisational performance, limited research has focused on the link between diversity in senior management teams and corporate sustainability outcomes in the South African context. A sequential mixed-methods approach was employed. First, quantitative data was collected using secondary data from publicly available sources, especially the integrated annual reports. Key indicators of diversity within senior management teams, including gender, race, and age were examined alongside corporate sustainability outcomes. Secondly, qualitative data was collected through interviews conducted with senior managers to gain insights into their perceptions of diversity and its influences on sustainability outcomes. The quantitative elements exploring the influence of diversity in senior management on corporate sustainability within the top 40 JSE listed companies uncovers a statistically significant relationship between White executive demographic composition and firm sustainability practices, but a positive correlation and statistically partially significant relationship between ESG Score and Black demographic executives. With regards to age, executives in the 50-59 Age group exhibit moderately positive correlations with ESG Score and statistically significant results while the 40-49 Age group exhibit low negative correlations with ESG Score and statistically partially significant results. Notably, executive members gender shows no correlation with ESG Score. Insights from interviews with 12 managers reveal consensus on the positive impact of diversity within organisations. Managers highlighted that diversity contributes significantly to organizational growth, foresters' innovation and enhances environmental, social and governance practices. These results provide useful insights to organisations, policymakers, and stakeholders on the potential benefits of diverse leadership teams in driving sustainability performance.

Keywords

Diversity; Workplace Diversity; Senior Management; Corporate Sustainability; Sustainable Development; South African Companies

DECLARATION

I Busisiwe Matshwane, declare that this research article is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of Witwatersrand, Johannesburg. It has not been submitted before by any degree or examination in this or any other university.

Busisiwe Matshwane

Signed at.....Sandton.....on the.....27th.....day of.....February....2024....

DEDICATION

This research article is affectionately dedicated to my husband, Kgosietsile Matshwane, and our sons, Tshiamelo and Tshetledi. Kgosietsile, your steadfast support, encouragement, and unwavering belief in my capabilities have been the driving force propelling me on this journey. Your sacrifices and understanding during the late nights and weekends dedicated to this research article form the solid foundation upon which this work stands. To my beloved sons, my cheerleaders, "the Matshwane brothers," this paper symbolises the strength within me and serves as a testament that hard work and dreams can indeed come true. I hope that one day you can walk a similar path of achievement. I extend my heartfelt gratitude to each of you for being my pillars of strength throughout this meaningful journey.

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I would like to thank all the participants who contributed to this study. Your valuable time and willingness to engage in my research project are truly appreciated. Thank you for your invaluable contributions. I also want to convey special thanks to my family, specifically my mother, my younger sisters, and friends for their continual encouragement and support during the course of this project.

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Chapter 1: Introduction

1.1 Statement of Purpose

This study employed a mixed-method approach to examine how diversity in senior management teams affects corporate sustainability of South African public listed companies. The study attempts to contribute to the body of knowledge in this area through examining the link between senior management team diversity and corporate sustainability in a sample of South African businesses.

1.2 Background of the Study

South Africa is a country with a history of deep racial and cultural divisions that have persisted for generations (Seekings, 2008) courtesy of colonial government's introduction of racially segregated development and later apartheid regime's (1948-1994) reinforcement of the same leaving behind an enduring legacy of injustice (Gilbert, 2010). To this day, South Africa remains one of the most unequal countries globally, marked by huge disparities in economic status among different race groups (Díaz Pabón, Leibbrandt, Ranchhod & Savage 2021). Given this history of apartheid and continued social and economic inequality, the issues of diversity in the workplace and especially in top management teams in business remains crucially important.

The value of accepting identity differences such as race, ethnicity, religion, education, age, gender, sexuality and individuality characteristics has been recognised by businesses and communities in recent years, leading to an increase in the discussion of diversity (Herring, 2009). Following suit, businesses operating in South Africa are becoming more aware of the need to address inequality and the lack of diversity in the workplace, both for reasons of legal compliance and corporate responsibility. Leaders in South African businesses can help to overcome historical imbalances and support sustainable development in the country by encouraging organisational change (Nkomo & Kriek, 2011).

Indeed, workplace diversity in South Africa has undergone significant transformation efforts aimed at addressing historical inequalities, fostering inclusion, and complying with legal frameworks promoting diversity management such as the Employment Equity Act (EEA) of 1999. However, it is evident that the implementation of the EEA as a diversity management programme has been lacking among employers (Booysen & Nkomo, 2010). This is because employers have perceived diversity management as a form of affirmative action that prioritises one group over another. In this regard,

Bleijenbergh, Peter and Poutsma (2010) for example, contend that diversity management can be viewed as a modern version of traditional affirmative action or equal opportunity programmes that focus on particular social groups based on sex, ethnicity/race, and age, rather than on merit alone. We contend that this perception of diversity management as preferential treatment on social grouping's has posed a significant barrier to the promotion of diversity initiatives and the establishment of "an organisational culture that genuinely values diversity" (Booysen & Nkomo, 2010, p. 51), but can also act as a hindrance to sustainability of South African business organisation.

Sustainable development is explained by Shrivastava and Hart (1995) as "the capacity to fulfil present needs without jeopardising the capacity of future generations to meet their own requirements". When the World Commission on Environment and Development (WCED) first used the term in their report in 1987, they acknowledged that sustainable development could not be left to government regulators and policymakers alone. WCED recognised that industry had an important role to play for sustainability to be achieved. This conception gave rise to the concept of "corporate sustainability" (Pazienza et al., 2022) to refer to business strategy that pursues social, environmental and economical responsibility of an organisation (Beattie, 2023). Since then, businesses all around the world have become increasingly concerned with corporate sustainability (Dyllick & Hockerts, 2002), due to its impact on business performance and social responsibility.

The role of senior leadership in corporate sustainability is a key concern for corporate organisation development scholars. This is because, as Fisk (2021) notes, embracing diversity in an organisation's leadership structure is a key strategy for achieving corporate sustainability. In this regard, among others, Kiesnere and Baumgartner (2020), Fallah, Shayan, Mohabbati-Kalejahi, Alavi, and Zahed (2022) argue that senior managers are decision-makers with regards to corporate sustainability as they have the power to influence and shape corporate strategies and practices. Zhang, Zeng, Liang, Xue and Cao (2023) similarly argue that an organisational culture that values sustainability and innovation, positively influences senior management decision-making regarding corporate sustainability. Jardon and Martínez-Cobas (2019) earlier noted that a supportive organisational culture and leadership are critical in promoting sustainability. Further, Genkova & Schreiber (2022) show that senior managers' attitudes and beliefs about workplace diversity can directly influence the integration of diverse policies and practices that may be proposed for implementation in an organisation. Therefore, of importance to the current study, understanding senior managers' attitudes towards diversity was essential for identification of potential barriers or facilitators to promoting diversity in decision-making and ensuring inclusive practices (Duchek et al., 2020).

Moreover, as senior managers act as role models within organisations, their attitudes and behaviours towards workplace diversity can influence the attitudes and behaviours of their subordinates (Gächter & Renner, 2018). Investigating their (senior managers) beliefs and behaviours provides insights into how they perceive and value diversity, which can impact the overall diversity climate within the organisation. Attitudes and beliefs about workplace diversity among senior managers and their subordinates contributes to shaping the organisational culture (Turi et al., 2022). Hofhuis et al. (2016) argue that a positive diversity climate supports inclusivity, job satisfaction, and employee engagement, all of which are critical for corporate sustainability. By investigating these attitudes, the study identifies potential gaps in the organisational culture that may hinder or promote diversity and sustainability initiatives.

Attitudes and beliefs shape how individuals perceive and interpret information, events, and behaviours (Qiong, 2017). According to Qiong (2017) perception is a complex concept that encompasses the cognitive processes through which individuals understand and make meaning of sensory information from their environment. Lawrenz & Pedersen (2022) say that perception involves both bottom-up processing, where sensory information is evaluated and organised in the brain, and top-down processing, where past knowledge, expectations, and context influence perception. Perception therefore, is an active and subjective process, where individuals actively construct their perception of reality based on their cognitive and perceptual experiences (Wang, Hahm & Hammer, 2022).

In the context of senior management teams, the perception of diversity plays a crucial role. Individual differences such as personality, ethnicity, and background can influence how people perceive and interpret information. Social and cultural factors also shape perception (Qiong, 2017). Thus, by delving into their perspectives, the study sought to understand how senior management teams and their subordinates perceive diversity, its potential benefits, and its relationship with corporate sustainability. The investigation therefore explored whether diversity is perceived as a strategic asset that promotes corporate sustainability decisions to improve the overall performance and competitiveness of South African publicly listed companies.

South Africa's history of apartheid and the subsequent transformation processes have created an environment where diversity and inclusion are of significant importance. Both government and corporates recognise the need to understand the challenges and barriers that businesses face in implementing effective diversity management practices. Recognising these factors can address the

obstacles that hinder the successful implementation of diversity management practices (Cletus et al., 2018). By examining challenges and barriers, the study sought to shed light on areas where current diversity management practices may be ineffective or insufficient. This information can allow policymakers and organisations to pinpoint specific issues that may impede progress in achieving diversity in senior management teams. This knowledge can then be used to develop targeted policies, strategies, and interventions to overcome these challenges.

Scholars who have explored the effects of various forms of diversity-cultural, ethnic, gender, age, on corporate sustainability outcomes record a positive correlation between the two (cf. Cui & Hang, 2023; Safeei et al., 2019). Overall, these studies also indicate a positive association between corporate sustainability and diversity in senior management teams (Scholtz & Kieviet, 2018). However, there are uncertainties on the processes that underlie how this relationship obtains especially in the limited South African studies.

The study applied social identity theory because of its postulation that people get some of their identity from belonging to certain social groupings, such as those based on gender, race, or ethnicity (Scheepers & Ellemers, 2019). By extension, this theory contends that a senior management team that is diverse can contribute a greater range of viewpoints and experiences to decision-making, improving outcomes for the business (Lee & Kim, 2019). In the context of studying the effects of diversity in senior management teams, social identity theory assisted with contextual understanding of how team members' social identities influence their perceptions, attitudes, and behaviours towards diversity (Roberson, 2019) and especially how these identities may affect team dynamics and decision-making processes (Scheepers & Ellemers, 2019). By recognising the relationship between diversity and corporate sustainability, businesses can enhance their sustainability policies and foster more inclusive work cultures. The study therefore contributes to a better understanding of how diversity promotes sustainability and hopes to offer valuable insights for businesses seeking to improve their sustainability performance.

1.3 Research problem

While workplace diversity in South African businesses has improved, concerns around gender and ethnicity bias, discrimination, and exclusion persist (Setati et al., 2019). This is due to the fact that organisational leaders frequently see diversity as a way to comply with the law rather than as a way to promote corporate sustainability, development and profitability (Leboho 2017 as cited in Setati et al., 2019) and a fundamental means to redressing the legacy of apartheid and ongoing societal

injustices (Díaz Pabón et al., 2021; Wärnich et al., 2018). Therefore, it is imperative to understand the attitudes and beliefs leaders have towards workplace diversity, as these relate to their perceptions. These perceptions can influence decisions made by senior managers when implementing diversity strategies and policies.

Additionally, while globally, the importance of diversity in senior management teams is increasingly recognised in business as an important strategy in promoting corporate sustainability (Barsade, Ward, Turner & Sonnenfield, 2000), it is unclear how much it contributes to the sustainability of South African companies. Therefore, this study aimed at determining the effects of diversity in senior management teams on corporate sustainability, by investigating their attitudes and beliefs towards workplace diversity, and how diversity management is prioritised and implemented in South Africa's publicly listed companies. By including the perceptions of senior managers, the study provides a holistic understanding of diversity-related challenges and opportunities within these organisations.

1.4 Research objectives

These research objectives of this study were:

i) To investigate the effects of diversity in senior management teams on corporate sustainability outcomes in South African publicly listed companies.
ii) To investigate attitudes and beliefs of senior managers and their subordinates on workplace diversity and its influence on corporate sustainability.
iii) To examine the challenges and key barriers faced by businesses in achieving and implementing effective diversity management practices in senior management teams.

<u>Research Questions</u>

i) What are the effects of diversity in senior management on corporate sustainability in South African publicly listed companies?
ii) What are the investigate attitudes and beliefs of senior managers of South African publicly listed companies regarding the impact of diversity on corporate sustainability?
iii) What are the challenges and key barriers faced by South African publicly listed companies in their effort to achieving and implementing diversity in their senior management?

1.5 Rationale

Research on the effects of diversity in senior management teams on business sustainability is both critical and timely (Reimer, Van Doorn & Heyden, 2018). Scholars have revealed that organisations with more diverse leadership teams have enhanced performance financially, progress innovatively, and have stronger stakeholder connections (see for example, Fine, Sojo & Lawford-Smith, 2020). However, the specific process through which diversity contributes to these outcomes remains elusive. This has operational implications for businesses operating in South Africa who have a responsibility to promote societal progress and environmental sustainability. By researching the effects of diversity in senior management teams on business sustainability outcomes, this study contributes to the development of policies and practices that support more sustainable and inclusive economic systems.

1.6 Delimitations of the study

The focus of this study was on the relationship between diversity in senior management teams and corporate sustainability in businesses operating in South Africa. Grant (2007) showed that diversity has various characteristics, including gender, race, sexual orientation, ethnicity, education, physical ability, and age. This study investigated three characteristics of diversity, namely, gender, race, and age – these were selected for ease of data collection and feasibility as they are relatively straightforward to measure and often readily available in company records. The study used a mixed-method approach which included qualitative interviews with senior managers and subordinates, and a quantitative analysis of sustainability performance data from the organisation's annual reports. The study applied social identity theory to help frame how a person's self-concept is partially derived from their affiliation with particular social groupings, like ones based on "gender, race, or age".

1.7 Operational definitions:

For the purposes of this study, the following definitions apply:

1.7.1 Diversity

Depending on their perspective, focus, and context, many authors define diversity in different ways. For example, diversity is defined by Wärnich, Carrell, Elbert and Hatfield (2018) as any grouping of differences, similarities, and associated tensions and complexity. Diversity was characterised by Grant (2007) as variations in many traits, including "race, ethnicity, gender, age, sexual orientation, and physical ability". Diversity is defined in this study as the existence of people who differ in terms of their gender, race, and age.

1.7.2 Corporate sustainability

According to Pazienza et al. (2022), corporate sustainability has no conventional definition. Scholars have drawn its meaning from the concept of sustainable development. This concept was first popularised in 1987 by the World Commission for Environment and Development (WCED) in a report titled *Our Common Future* (Pazienza, de Jong & Schoenmaker, 2022, p.7838), where sustainable development was described as “development that meets the needs of current generations without compromising future generations' ability to fulfil their own needs.” Since then, many business leaders and corporations have come forward to show their support for the principles of sustainable development, thus the term corporate sustainability came into effect (Paziena et al., 2022). According to the Brundtland report, businesses play a critical role in managing the impact of population on ecosystems, resources, food security, and sustainable economies in order to reduce the pressure society places on the environment (WCED, 1987). Sphera’s Editorial Team (2020) defines corporate sustainability as a long-term growth strategy that works in harmony with people and the environment.

Beattie (2023) says, "corporate sustainability" refers to a business strategy that provides long-term shareholder, employee, customer, and societal value by pursuing responsible environmental, social, and economic (or governance) policies. Additionally, Dyllick and Hockerts (2002) say corporate sustainability is managing the “triple bottom line”, it is a company's capacity to conduct business in a manner that is long-term economically, socially, and environmentally sustainable. Armstrong (2020) described corporate sustainability slightly different when noting that sustainability of a business is the implementation of the “environmental”, “social”, and “governance” (ESG) concepts that is necessary for the global economy and society to flourish sustainably. Drawing from the different definitions, in this study, corporate sustainability is construed to mean a company's capacity to conduct business in a manner that is profitable without compromising on its environmental, social and governance responsibility.

1.7.3 Senior management team

According to the South African *Basic Conditions of Employment Act no.75* of 1997, a "senior managerial employee" is "someone who has the authority to discipline, and dismiss employees and to represent the employer internally and externally". Daft and Marcic (2022) describe top management teams as the top level of management in a company, which consists of the president and other important executives who create organisational strategies. *The Oxford Research Encyclopaedia of Business and Management* indicates that top manager, senior managers, and executive managers

are a group of people at the top-level of the organisational structure who are in charge of making major decisions and are accountable for the organisation's performance as a whole. Therefore, in this study, the term senior management team refers to a group of people that hold top executive-level roles in a company.

1.7.4 South African publicly listed companies

Regardless of their ownership structure or industrial sector, for the purposes of this study, all businesses that are lawfully registered and listed in the Johannesburg Stock Exchange (JSE) that conduct business inside the borders of South Africa are referred to as South African publicly listed companies.

1.8 Assumptions

This research assumed that social, environmental, governance and financial initiatives implemented by businesses are consequences of decisions made by senior management. The study suggests that looking at senior management attitudes, beliefs and perception regarding diversity and corporate sustainability might provide additional insight into the relationship between senior management diversity and corporate sustainability.

1.9 Outline of the report

The research report is organised into five chapters. Chapter two which follows, is a critical literature review that explores research from different scholars on the topic of diversity and corporate sustainability. The objective is to surface research gaps that examined in the current study. Included in Chapter two is the research framework which explains the relationship between diversity as a concept and its contribution to corporate sustainability. Further a theoretical foundation based on social identity theory is created that forms part of the critical analysis of the literature. Chapter three is the research methodology which explains the procedure and techniques used to identify, select, process, and analyse the data collected for the study. Chapter four focuses on an analysis of data and its interpretation followed by Chapter 5 a discussion on the insights gained from the results and how these affect management practices and policies. Chapter six concludes the study, offering recommendations on how diversity can be used in businesses operating in South Africa for corporate sustainability.

Chapter 2: Literature Review

2.1 Introduction

This chapter provides an overview of studies on the concept of diversity in senior management and its impact on corporate sustainability, with a specific focus on the South African business environment. The chapter begins by introducing the key concepts of diversity and corporate sustainability and their relevance to the study. It emphasizes the recognition of diversity as a crucial element in promoting sustainable business practices (Fisk, 2021). The review explores empirical research that establishes a correlation between diversity in senior management teams and corporate sustainability. It highlights studies providing the beneficial effects of diversity on sustainability outcomes. Additionally, the chapter examines policy initiatives in South Africa that aim to promote diversity in senior management and analyses their influence on sustainability outcomes.

The chapter also identifies the challenges and limitations associated with managing diversity in senior management teams, including unconscious prejudice, limited career opportunities, and lack of support and mentoring. It emphasizes the importance of understanding the attitudes, beliefs, and perceptions of senior managers and their subordinates towards diversity. It also presents the theoretical underpinnings of diversity and sustainability, which form the foundation of the proposed research.

The motivation for this study is rooted in existing research that highlights the need to investigate the effects of diversity in senior management teams on corporate sustainability in South African businesses. Wärnich et al. (2018), for example, suggest that diversity in South African businesses is often seen as legislative rather than strategic. This study builds on their work by exploring how organisations can transform their approach to diversity when they recognise the benefits it brings to corporate sustainability outcomes.

By analysing the literature on this topic, the review seeks to provide a comprehensive understanding of the significance of diversity in advancing sustainable business methods in South African organisations. The intention is to contribute to the existing knowledge base and identify the gaps filled by this study.

2.2 Empirical Review

The important concepts that are being discussed in this study are diversity and corporate sustainability.

2.2.1 Diversity in the workplace

Diversity in the workplace encompasses the presence of employees from different backgrounds, cultures, genders, ages, races, ethnicities, and abilities in an organisation (Cox, 1991). The concept of diversity in the workplace emerged in the United States in the 1960s as a response to the Civil Rights Movement and the push for equal opportunity employment (Dobbin & Kalev, 2018). Since, then the value of workplace diversity is widely recognised as a means of improving organisational performance (Gomez & Bernet, 2019).

Diversity is defined in various ways. Strydom & Erwee (1998) describe it as the existence of distinct elements within and between people and social systems, while Grant (2007) expands this definition to include variations in traits such as race, ethnicity, gender, age, sexual orientation, and physical ability. Wärnich et al. (2018) define diversity as any grouping of differences, similarities, tensions, and complexity. Additionally, Ely and Thomas (2020) describe diversity in senior management as the presence of people from diverse backgrounds and identities in leadership roles. In the South African context, due to the apartheid legacy, race dominates discussions of workplace diversity (Carrim, 2019). Mazibuko and Govender (2017, as cited in Mafongosi, 2019) emphasise that diversity should not be reduced to a binary conflict, but rather viewed as a multifaceted concept that values the distinct characteristics of individuals.

In the context of senior management teams, diversity can manifest in various forms. Fernández-Temprano & Tejerina-Gaite (2020) distinguish demographic, functional, and cognitive diversity. These scholars show that demographic diversity encompasses visible and invisible traits such as age, gender, race, ethnicity, nationality, and socioeconomic status. Functional diversity refers to the range of expertise and functional backgrounds represented in senior management, while cognitive diversity relates to different thinking styles and problem-solving approaches. Each type of diversity can significantly impact a company's financial, environmental, and social sustainability (Cucari, Esposito de Falco & Orlando, 2018).

This study focuses on diversity in senior management, which involves the representation of individuals from various backgrounds, including race, gender, and age in senior leadership positions. The idea that different viewpoints and experiences may improve decision-making, creativity, and innovation—which in turn leads to better financial performance and organizational sustainability—is the basis of the business case for diversity in senior management (Cox and Blake, 1991).

South Africa's history of institutionalised racism and inequality has resulted in a highly divided society and workforce (Díaz Pabón et al., 2021). Despite efforts to promote diversity and inclusion through policies and legislation (Mazibuko & Govender, 2017), there remains significant underrepresentation of black people, women, and individuals with disabilities in senior management roles (Williams, 2022). This lack of representation not only perpetuates historical exclusion but also hinders the potential benefits of diversity in senior management teams and the workplace (Mazibuko & Govender, 2017).

2.2.2 Corporate sustainability

The term "sustainable development" emerged in the 1980s and gained prominence in the 1990s in response to growing concerns about climate change, resource depletion, and social inequality (Fukuda-Parr & Muchhala, 2020). Corporate sustainability, which has become a mainstream business practice, arose as a response to the imperative for businesses to promote sustainable development (Bini & Bellucci, 2020). Corporate sustainability involves integrating sustainability principles into business strategies, operations, and reporting, with the United Nations Global Compact playing a significant role in driving this initiative (Podrecca, Sartor & Nassimbeni, 2021).

According to Dyllick & Hockerts (2002) the definition of corporate sustainability includes the ability of a company to conduct business in a manner that ensures sustainability economically, socially, and environmentally. It encompasses an organisation's capacity to meet its financial, environmental, social, and governance obligations in a responsible and long-term manner (Taliento, Favino & Netti, 2019). Armstrong (2020) says that corporate sustainability requires businesses to strike a balance between promoting sustainable practices that benefit society and the environment, while also maximising profitability. In this context, environmental outcomes are a crucial component of corporate sustainability, encompassing a company's use of natural resources, waste management practices, and efforts to reduce emissions (Stobierski, 2021).

Another component of corporate sustainability encompasses social responsibility, which refers to how a business affects society, including its treatment of customers, workers, and communities. Social sustainability practices include promoting diversity and inclusion, fair labour practices, and engaging in charitable endeavours (Ajmal, Khan, Hussain & Helo, 2018). Governance outcomes pertain to a company's internal policies, procedures, and ethical standards, ensuring accountability, transparency, and oversight (Flammer, Hong & Minor, 2019). Based on the various definitions presented in this paper, corporate sustainability refers to a company's ability to carry out its operations in a way that is economically viable in the long run, while also fulfilling its environmental, social, and governance obligations.

In the South African context, corporate sustainability is of particular importance due to the country's social and environmental challenges, such as poverty, inequality, and climate change (Millington & Scheba, 2021). Consequently, South African businesses face scrutiny regarding their accounting practices, ethics, and governance, with notable corporate fraud scandals like the "Steinhoff saga" highlighting the need for responsible practices (Naude, Hamilton, Ungerer, Malan & De Klerk, 2018). As such, corporate sustainability in South Africa requires a comprehensive approach that addresses social and environmental issues and considers the perspectives of diverse stakeholders (Moyo, Duffett & Knott 2020). More than ever, companies are required to ensure that they meet their environmental, social, and governance responsibilities (Naude et al., 2018).

2.3 Effect of diversity in senior management and corporate sustainability

This study examined whether the presence of a diverse senior management team contributes to improved business sustainability by exploring the correlation or potential causal relationship between these two variables. In what follows, this is explored by reviewing literature on this matter.

2.3.1 Importance of Diversity in Senior Management

In today's global corporate environment, the importance of diversity in senior management teams cannot be overstated (Ponomareva, Uman, Bodolica & Wennberg, 2022). As businesses expand across borders and cultures, the need for diverse viewpoints and experiences becomes increasingly crucial (Stahl & Maznevski, 2021). According to Page (2019) a diverse management team may offer unique and innovative solutions to problems because they represent a diversity of viewpoints and life

experiences. This diversity leads to better decision-making, as multiple viewpoints are considered, potential blind spots are identified, and assumptions are tested (Triana, Richard & Su, 2019).

Furthermore, Roberts and Mayo (2019) add that organisations that prioritise diversity in senior leadership demonstrate their value and appreciation for all employees, leading to higher staff morale and retention rates. A diverse senior management team also enhances customer interactions, as they can better relate to and understand a broader range of client groups (Triana et al., 2019). Due to their ability to appeal to a wider range of stakeholders and customers, companies that prioritize diversity and inclusion may see a rise in market share and revenue.

Furthermore, research by Creary et al. (2020) demonstrates how a company's reputation for social responsibility may be improved by emphasizing diversity in the workplace. This is crucial for corporate sustainability. In South Africa, where diversity legislation such as the Employment Equity Act no 55 of 1998 is in place, businesses are not only required to comply with these regulations but also demonstrate their commitment to diversity and inclusion (Wärnich et al., 2018).

2.3.2 Importance of Corporate Sustainability in Business

Corporate sustainability is a vital aspect of modern business operations, encompassing environmental responsibility, social accountability, governance compliance, and economic viability (Armstrong, 2020). Stakeholders, including customers, investors, and regulators, increasingly prioritise corporate social responsibility and environmental stewardship, making sustainability a crucial strategic focus for firms (Miralles-Quirós, Miralles-Quirós & Redondo-Hernández, 2019). Failing to meet stakeholder expectations in terms of socially and ecologically responsible practices can harm a company's reputation and have adverse financial consequences. By adopting sustainable practices, organisations can achieve cost savings through resource conservation, energy efficiency, and waste reduction (Bello, 2020).

In South Africa, legislation (Environment, Social, Governance Law of South Africa, 2023) regarding environmental, social, and governance standards is becoming more stringent, compelling companies to adhere to these standards (Wärnich et al., 2018). Laws such as the Employment Equity Act 55 of 1998 and the Broad-Based Black Economic Empowerment (BBBEE) Act 53 of 2003 aim to promote equity in the workplace and address past economic inequalities. Organisations are required to meet specific criteria to conduct business successfully (Wärnich et al., 2018). Additionally, the King IV

report on corporate governance sets out principles that publicly listed companies must apply for compliance in their annual integrated reports (Esser & Delport, 2018).

Investors are increasingly drawn to businesses that prioritise sustainability, as they believe these companies will perform better in the long run (Miralles-Quirós et al., 2019). Emphasising sustainability can enhance brand equity, reputation, and customer loyalty (Mademmlis & Werneberg, 2019). Moreover, corporate sustainability reduces business risk by mitigating financial, reputational, and social risks associated with environmental, social, and governance challenges (Taliento et al., 2019).

2.3.3 Barriers to diversity in senior management

The "value in diversity" perspective has been questioned by Knight, Willeam et al., and O'rielly et al., who argue that diverse groups are more prone to conflicts, turnover, communication barriers, and cohesion issues compared to homogeneous groups (Bassett-Jones, 2005). Anderson and Metcalf (2003) highlight that the implementation of diverse teams can result in poor communication, conflicts among team members, and increased management costs. Diverse teams may struggle to reach consensus or understand each other's perspectives, leading to breakdowns in communication and tense situations that reduce cohesion. Dobbin and Kalev (2018) highlight that the implementation of diversity strategies can be problematic, as certain methods may be perceived as unfair or discriminatory, leading to disputes and opposition.

2.3.4 Diversity in Senior Management and its Relationship with Sustainability

Increased globalisation has led to the growing prevalence of diversity across various areas of human performance such as sustainability, the labour market, and work teams (Urbancová et al., 2020). Businesses that promote diversity in their top management teams are more likely to adopt sustainable practices and positively impact the environment and society (Clementino & Perkins, 2021). Diverse senior management teams excel in identifying sustainability opportunities, addressing challenges, and meeting stakeholder requirements Fine et al., 2020)

Various studies around the world provide evidence supporting the positive relationship between diversity and sustainability practices in different contexts. For example, Li, Cui and Haung (2023) found that regional cultural diversity in executive teams in China had a significant positive impact on

corporate environmental investment, indicating that culturally diverse senior managers promoted environmentally friendly practices. In their study, Safeei et al. (2019) explored diversity of board of directors in Malaysian chemical companies and discovered that factors such as board size, age diversity, and women representation, enhanced the disclosure of environmental, social, and governance (ESG) information, highlighting the value in diversity that enhances ESG practices. In Romania, Croitoru et al. (2022) revealed that workplace diversity significantly influenced variables such as motivation, innovation/creativity, leadership, and social responsibility practices. In France, Beji et al. (2021) investigated the relationship between board diversity and corporate social responsibility (CSR) performance in listed firms. Their findings indicated a positive correlation between board diversity and CSR performance, with gender diversity linked to human rights and corporate governance, and age diversity associated with corporate governance, human resources, human rights, and environmental activities.

Closer to home, a study by Kabara et al. (2022) examined the impact of gender and educational diversity on the performance of non-financial firms in Nigeria. Their results demonstrated a significant positive relationship between senior management diversity and company performance, highlighting the association between diversity and social responsibility outcomes. In South Africa, two studies confirm these findings. For example, a study by Setati et al. (2019) focusing on higher education institutions and found a positive relationship between ethnic and gender diversity and employee performance. Another study by Nel, Schotz and Engelbrecht (2022) which investigated the influence of board composition on corporate governance transparency in South African companies reported that gender and age played significant roles. Specifically, a higher proportion of female directors and directors aged over 50 were associated with better disclosure of corporate governance and transparency-related information, indicating a value placed on effective governance practices and a propensity to embrace innovation and technology.

2.3.5 Hypothesis

From the discussion above, we hypothesise that increased diversity in senior management teams positively influences corporate sustainability by promoting a more responsible approach to considering the environmental, social, and governance effects of business operations.

Thus, the following hypotheses are examined:

- H1 - There is a significant relationship between executive members race and corporate sustainability.

- H2 - There is a significant relationship between executive members gender and corporate sustainability.

- H3 - There is a significant relationship between executive members age and corporate sustainability.

2.4 Attitudes, Beliefs, and perception of diversity

Attitudes, beliefs, and perceptions play a significant role in shaping individuals' understanding and response to diversity.

2.4.1 Attitude

Allport (1935 as cited in Fazio, 2007) says attitude refers to an individual's mental and neural state of readiness, influenced by experiences, that directs their response to various objects and situations. Attitudes encompass cognitive, affective, and behavioural components, representing a person's thoughts, emotions, and intentions towards a subject (Olufemi, 2012). Positive or negative attitudes towards diversity can significantly influence behaviour and decision-making processes (Jhangiani & Tarry, 2022).

2.4.2 Belief

Beliefs are organised systems of thought shared by social groups, guiding their behaviour, and understanding of the world (Usó-Doménech & Nescolarde-Selva, 2016). They represent personal judgments about the likelihood of outcomes or events based on past experiences and information (Yu & Lagnado, 2012). Beliefs range from information to values, morality, and religious concepts, deeply ingrained and influencing thoughts, behaviours, and decision-making (Pennycook et al., 2020). Beliefs provide meaning, structure, and guidance, but they can also lead to biases and resistance to change, hindering open-mindedness (Cohen, 2011).

2.4.3 Perception

Perception involves cognitive processes through which individuals understand, organize, and make meaning of sensory information from their surroundings (Qiong, 2017). It combines bottom-up processing, evaluating, and organizing sensory information, with top-down processing, incorporating past knowledge, expectations, and context (Lawrenz & Pedersen, 2022). Perception is an active process where individuals actively construct their reality based on cognitive and perceptual experiences (Wang et al., 2022).

2.4.4 Impact of Attitude, Belief, and Perception on Diversity

Individual differences, including personality, cognitive style, and background, influence how people perceive and interpret sensory information (Jhangiani & Tarry, 2022). Social and cultural factors also shape perception (Chentsova-Dutton & Ryder, 2019). Attitudes, beliefs, and perceptions have a profound impact on diversity-related outcomes in organisations. Positive attitudes towards diversity contribute to improved work satisfaction and organisational commitment (Turi et al., 2022). Diversity training programs have been found to improve managers' attitudes, beliefs, and behaviours towards diversity (Ehrke, Berthold & Steffens 2014; Sarkar, 2021). Managers who view diversity as contributing to corporate success are more likely to support diversity efforts (Mansoor, Tran & Ali, 2020). Bendick, Jackson & Reinoso (2019) shows that identity characteristics, such as race, gender, and education level, can influence perceptions of the impact of diversity on sustainability outcomes. Employees who perceive a positive diversity climate are more likely to engage in organisational citizenship behaviour (Liu & Qi, 2022). Top managers who perceive diversity as valuable are more likely to engage in sustainable business practices (Stansbury & Sonenshein, 2021).

2.4.5 Proposition 1

From the discussion above, we propose that attitudes, beliefs, and perception of diversity among senior management and employees, impacts organisational culture.

2.5 Effects of current diversity policies and initiatives in promoting diversity in senior management in South African businesses

Diversity policies and initiatives play a significant role in promoting diversity in senior management and improving corporate sustainability in enterprises operating in South Africa. According to a study by Dover, Kaiser and Major (2020), these programmes are designed to improve organisational equity and encourage inclusion, employment, retention, and advancement of disadvantaged groups. Due to South Africa's complicated history of racial segregation, diversity and inclusion are important challenges for companies doing business in the country (Setati et al., 2019). In response, the government has established legislation to ensure diversity and inclusion in the workplace (Wärnich et al., 2018).

2.5.1 Current legislation and diversity

The Employment Equality Act (EEA) of 1998 mandates businesses to take proactive measures to end unjustified discrimination and promote equality in the workplace (Bowmaker-Falconer, Horwitz, Jain & Taggar, 1998; Wärnich et al., 2018). In addition, the Broad-Based Black Economic Empowerment (B-BBEE) policy has been established by the South African government to encourage economic change and address historical injustices. The policy seeks to enable marginalized individuals and communities to participate in the economy (Wärnich et al., 2018; Chauke, 2020). However, scholars have differing opinions on the effectiveness of both the EEA and B-BBEE policies.

Some scholars argue that these policies have been successful in fostering economic change and providing opportunities for historically underrepresented groups. They point to data indicating increased black ownership and management in various industries, as well as improved access to education and skill development for black South Africans (Govenden & Chiumbu, 2020). On the other hand, critics such as Mhlanga (2017) and Jeffery (2019), contend that the B-BBEE program has primarily benefited a small elite group while failing to significantly impact the economic prospects of the larger black community. Negative unintended consequences, including increased corruption, cronyism, and the displacement of skilled white workers, have also been identified by MISTRA (2020), raising concerns about human rights and international investment. Kruger, (2014) also states that the strategy has hurt South Africa's standing as a business-friendly nation by discouraging international investment. Furthermore, organisations' perspectives on these policies vary. Some

perceive them as mere compliance exercises with no strategic contribution to diversity (Wärnich et al., 2018).

2.5.2 Diversity Initiatives

In addition to legislative measures, South African businesses employ various initiatives to promote diversity and inclusion. These include diversity training, mentorship programs, and employee resource groups (Wärnich et al., 2018). However, scholars have differing opinions on the effectiveness of these efforts. Dover et al. (2020) for example, argue that diversity programmes help identify and address structural obstacles while raising awareness and support for diversity and inclusion globally. However, Dobbin and Kalev (2018) highlight that the success of diversity training depends on appropriate program design and integration into an organisation's change strategy. The effectiveness of diversity initiatives can vary depending on the specific context and implementation practices.

According to Wärnich et al. (2018), to ensure the desired impact on diversity in senior management and corporate sustainability, businesses in South Africa must evaluate the implementation of diversity initiatives. Continuous monitoring and adjustment of efforts are crucial. Diversity management should be recognised as a strategic component fundamental to driving organisations forward and gaining a competitive edge, rather than being perceived as a mere compliance measure to meet equity legislation requirements (Wärnich et al., 2018).

2.5.3 Proposition 2

From the discussion above, we propose that the establishment and implementation of diversity policies and initiatives leads to increased diversity in senior management teams, resulting in improved corporate sustainability.

2.6 Challenges to diversity in senior management

The process of achieving diversity in senior management can be difficult and complicated (Hunt et al., 2018). The following are some of the main obstacles and difficulties to establishing diversity in senior management:

2.6.1 Unconscious Prejudice

Unconscious prejudice and bias refers to the automatic and unintentional associations we make between different qualities such as gender, race, and culture, without our conscious awareness (Byyny, 2017). This can lead to a natural preference or affinity towards those who are similar to us in terms of these qualities, which can be detrimental to workplace diversity and inclusivity (Omilion-Hodges & Ptacek, 2021). Unconscious prejudice has been shown to have a significant impact on the workplace, affecting hiring, promotion, and performance evaluations. Unconscious prejudice can create barriers to diversity in senior management (Foley & Williamson, 2019). Research by Parakala (2021) shows that people tend to hire and promote individuals who are similar to themselves, creating a lack of diversity in leadership positions. Unconscious prejudice can also lead to stereotyping, resulting in assumptions about individuals based on their gender, race, ethnicity, or other characteristics. This can lead to discrimination and a lack of opportunities for underrepresented groups in senior management (Parakala, 2021).

2.6.2 Restricted Career Pipeline

A restricted career pipeline occurs when certain groups of people are underrepresented in entry-level positions that lead to senior management roles. This can be due to a variety of factors, such as biased hiring, lack of access to education and training, and limited networking opportunities (McGee, 2018). A restricted career pipeline can create a lack of diversity in senior management, as individuals from underrepresented groups are less likely to be considered for promotion (Formanek, 2021; Parakala, 2021). Research has shown that women and people of colour are often underrepresented in entry-level positions in industries such as finance and technology (Weis et al., 2022; McGee, 2018). This can lead to a lack of diversity in the pool of candidates for senior management positions. In addition, individuals from underrepresented groups may face bias and discrimination when they do apply for senior management roles, which can further limit their opportunities (Byyny, 2017).

2.6.3 Lack of Support and Mentoring

A lack of support and mentoring can occur when individuals from underrepresented groups do not have access to the same level of support and guidance as their peers. This can be due to a variety of factors, such as biased performance evaluations, limited access to informal networks, and a lack of

role models (Chanland & Murphy, 2018). A lack of support and mentoring can create a lack of diversity in senior management, as individuals from underrepresented groups may not have the same opportunities to develop the skills and knowledge necessary for leadership positions (Blanchard & Blanchard, 2020). Blanchard and Blanchard (2020) show that underrepresented groups are often less likely to receive mentoring and sponsorship opportunities compared to their peers. This can limit their opportunities for career advancement and can contribute to a lack of diversity in senior management (Chanland & Murphy, 2018). In addition, a lack of support and mentoring can create a hostile work environment, which can lead to higher turnover rates among individuals from underrepresented groups (Formanek, 2021).

2.6.4 Proposition 3

Based on the discussion above, we can propose that unconscious prejudice, restricted career pipelines, and lack of support and mentoring collectively contribute to the challenges faced by South African businesses in achieving diversity within their senior management teams.

2.7 Analytical framework

The theoretical underpinnings of diversity and corporate sustainability involve several concepts and frameworks from different fields, including management, sociology, and environmental studies (Ashrafi, Magnan, Adams & Walker, 2020).

In management, the organisational behaviour theory, as advocated by Forsyth (2022), promotes diversity and business sustainability by creating a diverse workplace culture, stakeholder engagement, ethical leadership, and corporate social responsibility. Social identity theory, according to Harwood (2020), underpins diversity and corporate social responsibility in sociology by emphasising the recognition and valuing of differences, and the elimination of discrimination and inequality. In environmental studies, environmental justice theory, as highlighted by Banzhaf et al. (2019), supports diversity and corporate sustainability by addressing the interconnectedness of social and environmental issues and advocating for environmental equity and justice for all.

In this study, the focus is on the sociological social identity theory as it highlights that people's attitudes and behaviours are influenced by how they describe themselves and others in relation to their social group membership (Harwood, 2020). Diversity at work may enhance organisational

results by decreasing the influence of groupthink and encouraging innovation and creativity through a variety of viewpoints (Harwood, 2020).

2.7.1 Social identity theory

Social Identity Theory (SIT) in social psychology, developed by Tajfel (1978) and expanded by Tajfel and Turner (1979), explains how individuals form and maintain social identities influencing thoughts, emotions, and behaviours within groups (Scheepers & Ellemers, 2019).

In this study SIT was applied to understand the diversity in senior management and its effects on corporate sustainability outcomes. The theory is applied in this study, to provide insights into how social identities like race and gender impact diversity dynamics in organisations (Stahl & Maznevski, 2021). It explains how senior management perceives and responds to diversity, influencing organisational outcomes, including sustainability (Roberson, 2019b). SIT emphasises the role of perceptions in diversifying senior management and underscores the importance of social identity (Yadav & Lenka, 2020).

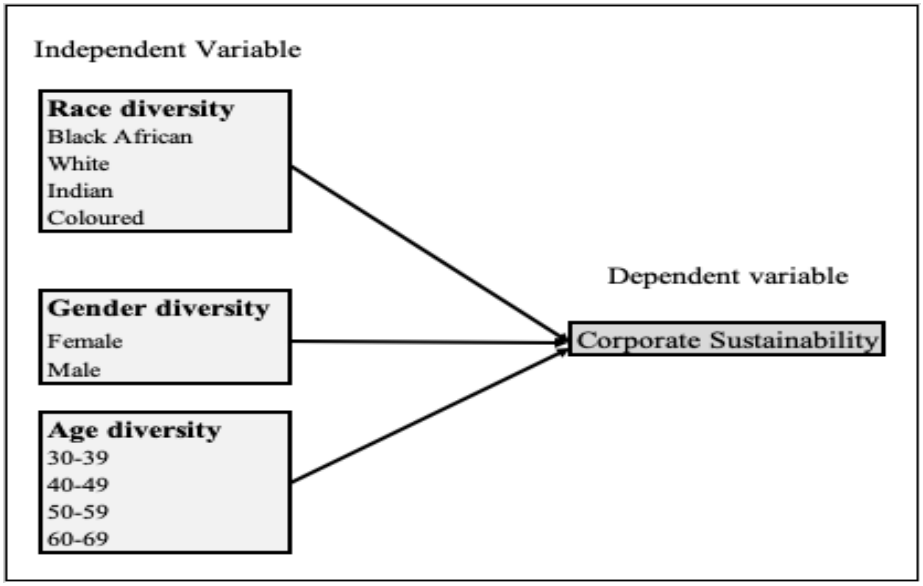
SIT posits that self-concept and self-esteem derive from social group membership, impacting perceptions and behaviours towards in-group and out-group members (Turner et al., 1979; Yadav & Lenka, 2020). In-group bias leads to favourable views of one's group, influencing resource allocation and contributing to prejudice (Abbink & Harris, 2019). Social categorisation shapes perceptions and behaviour based on similarities and differences, influencing judgments through stereotypes (Trepte & Loy, 2017). Social comparison impacts self-esteem as individuals strive to elevate their group's status, potentially leading to competitive behaviour (Trepte & Loy, 2017). SIT also suggests that employees align with corporate strategy, identifying with sustainability policies and portraying support for environmental and social responsibility (Das et al., 2019).

2.8 Conceptual Proposition

This study examined the effects of diversity in senior management on corporate sustainability in South African publicly listed firms. The independent variable, encompassed gender, race, and age diversity, the dependent variable was corporate sustainability represented by sustainability index. The construction of the model is grounded in a comprehensive literature review resulting in the

development of hypotheses on the relationship between diversity and sustainability index (a proxy for corporate sustainability). The model hypothesises that increased diversity positively influences the sustainability index, representing corporate sustainability. Arrows connect each diversity variable to corporate sustainability, illustrating the hypothesized positive influence. The model aims to explore how these facets of diversity contribute to a more responsible approach, encompassing environmental, social, and governance considerations in business operations. The model, as depicted in figure 1 below, provides a visual framework for understanding the intricate relationships between senior management diversity and the pursuit of corporate sustainability in the context of South.

Figure 1 : Model illustration of the conceptual framework.



Source: Author developed from various literature

2.9 Conclusion

This chapter has provided an overview of the literature on the relationship between diversity in senior management and corporate sustainability. Research indicates that diversity in senior management teams plays a crucial role in promoting sustainable business practices. The effectiveness of diversity policies in fostering diversity in senior management teams was examined, and challenges related to managing diversity in this context were identified. The social identity theory and diversity management framework were introduced as analytical frameworks for this study.

Chapter 3 Research Methodology

3.1 Introduction

This chapter describes the research methodology that was used to investigate the effects of diversity in senior management on corporate sustainability in South African businesses. The chapter begins by outlining the research approach and design, followed by a description of the sampling strategy and data collection methods. Finally, the data analysis techniques and ethical considerations are discussed.

3.2 Research approach

The study used a sequential mixed-method approach, combining both quantitative and qualitative research methods to collect and analyse data (Asenahabi, 2019). This approach is useful for studying complex phenomena such as the effects of diversity in senior management on corporate sustainability outcomes, as it allows for a comprehensive and nuanced understanding of the research topic. This is because while the quantitative element of it provided insights into patterns and trends, qualitative research provided rich contextual information and perspectives of individuals (Bougie & Sekaran, 2019).

The study was conducted in two phases. In the first phase, quantitative data was gathered through document analysis of annual integrated reports from South African businesses listed on the Johannesburg Stock Exchange (JSE) for insights into companies' sustainability performance (Kele & Makhetha, 2022). The second phase involved qualitative interviews conducted with employees in the selected South African businesses. These interviews aimed at assessing perceptions of diversity and corporate sustainability.

3.3 Research Paradigm

The pragmatic paradigm was adopted for the study due to its ability to integrate quantitative and qualitative methods (Mitchell, 2018), which allowed for a comprehensive understanding of the topic. Its focus on practical problem-solving and real-world application (Kaushik & Walsh, 2019) was deemed to be well-aligned with the investigation of barriers and challenges faced by organisations in implementing diversity. The flexibility of the pragmatism approach enabled the adaptation of research methods to suit the specific research objectives (Simpson, 2017), while its suitability for applied

research ensured that the findings can directly influence diversity practices and sustainability outcomes.

3.4 Research design

The main objective of this study was to examine the relationship between diversity and corporate sustainability outcomes. To achieve this, the research design included both quantitative analysis with a view to establishing the relationship between variables and qualitative research to provide justifications for this relationship. Further, as the study aimed to answer both the "what" and "how" aspects of the fundamental research questions, it employed an explanatory research design (Marlow, 2023).

The explanatory research design was deemed to be best suited for establishing a causal relationship between variables, allowing for a more in-depth understanding of complicated events. This is because the method for analysing events was systematic, making it simpler to study phenomena and hypotheses (Boru, 2018; Grønmo, 2019). In the context of the effects of diversity in senior management on corporate sustainability in South African businesses, the explanatory research design was also seen as appropriate for examining relevant theories and establishing a causal link between diversity measures and sustainability outcomes.

Although explanatory research design is helpful, it can have its disadvantages as it can be costly and time-consuming. To demonstrate a causal association, large sample sizes and long-term research may be required (Boru, 2018). In addition, this design cannot be utilised to investigate all research problems, particularly those involving ethical or legal difficulties. Biases and confounding factors may be present, reducing the study's validity. Circumstances of the experiment may not necessarily match real-world settings, making it difficult to generalize results to real-world situations. Isolating all important factors and establishing a clear cause-and-effect link between them can be difficult, resulting in erroneous or inconclusive conclusions (George, 2021). Regardless of the disadvantages explanatory research design adds context to prior findings. It was able to fill gaps in previous studies and gives insight on reasons behind phenomena.

3.5 Data collection

This study employed two data collection methods: documentation analysis and semi-structured interviews. Document analysis is valuable for data collection due to its non-intrusive nature, cost-

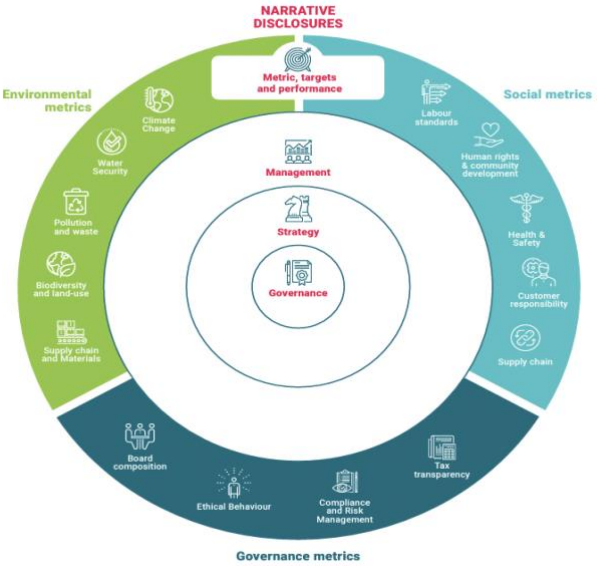
effectiveness, and ability to provide historical context. It offers a diverse range of existing information, reducing bias, and complementing other data sources (Cheng & Phillips, 2014). In this study, annual integrated reports of the companies readily accessible to the public were obtained.

In addition, semi-structured interviews were used to gather date from employees of JSE listed companies to gather insights on the perceptions of senior managers regarding diversity and sustainability practises within organisations. Scholars have found that semi-structured interviews are effective tools as they are easy to follow for collecting data on people's opinions (Fylan, 2005). In this study, these interviews gave insight on the perception of diversity and sustainability practices in organisations.

3.5.1 Quantitative approach

Quantitative data on companies' sustainability performance was collected through document analysis of annual integrated reports from websites of companies listed at the Johannesburg Stock Exchange (JSE). Johannesburg Stock Exchange listed companies are obligated to provide comprehensive Annual integrated reports on various aspects including governance metrics, social metrics, and environmental metrics that are combined to give a sustainability index score Mazibuko & Govender, 2017; Johnson et al., 2019). This requirement is in accordance with the guidelines depicted in Figure 2. Key information in this data includes senior management representation of diversity (gender, age and race), sustainability index score (Johnson et al., 2019). The data collected was presented as shown in Table 2.

Figure 2: The JSE sustainability disclosure guidance.



Source: Retrieved June 10, 2023, from https://www.jse.co.za

3.5.1.1 FSTE Russell Agency

The ESG rating data utilised in this study was received from the FSTE Russel agency, and specifically, the latest available dataset as of 11 September 2023. FTSE Russell collaborates with the Johannesburg Stock Exchange to develop FTSE/JSE indices, serving as benchmarks for South African equities and fixed income. Integrating Environmental, Social, and Governance (ESG) considerations, the indices provide a comprehensive view of companies' sustainability practices. With expertise in ESG data, FTSE Russell's scores across 7,200 securities in 47 markets assess ESG risk and performance through Pillar and Theme Exposures. Over 300 indicators offer nuanced insights, aligning with the growing global interest in socially responsible investing and emphasizing the significance of ESG factors in evaluating South African companies on a global scale.

3.5.1.2 Sustainability Index

The ESG rating, or sustainability index, employs a scale ranging from 2 to 5 to assess companies on their environmental, social, and governance (ESG) practices. This scale is determined by evaluating factors like carbon emissions and water usage (environmental), labour practices and diversity (social), and board composition and ethics (governance). The

JSE, leveraging FTSE4Good, mandates a minimum ESG rating of 2 for listed companies. A rating of "2" suggests a minimum ESG performance, indicating adherence to certain sustainability standards with potential for improvement. The scale guides investors, governments, and businesses towards comprehensive sustainability practices, influencing responsible decision-making and operational conduct.

3.5.2 Qualitative approach

Interviews were conducted with employees of South African companies listed on the Johannesburg Stock Exchange (JSE) to capture information on the perception of diversity from senior managers and employees, and the sustainability practices of the business. Interviews were conducted in person, and online through video conferencing on MS Teams, depending on the availability and preference of the participants. Interviews were recorded with the consent of the participants. Interviews are used to collect more in-depth data from senior management team members and, employees (Fylan, 2005; Roberts, 2020).

Convenience sampling was used, as it is cost effective, efficient and simple to implement (Jager et al., 2017). The 12 Participants received email invitations containing information about the study's purpose, the importance of their participation, and data protection measures. Multiple recruitment strategies were employed, these include direct contact with participants who are friends, family, and colleagues, and leveraging professional networks such as LinkedIn. The use of online platforms for data collection allows for convenient access and increased response rates. It also facilitates efficient data management and analysis (Grønmo, 2019).

3.5.3 Population

The study was conducted in South Africa on the top 40 JSE listed companies by market capitalization from different industries. The consideration of the top 40 JSE-listed companies by market capitalization offered a representative and influential sample, providing insights into sustainability practices across diverse industries, reflecting market dynamics, investor preferences, these companies are major players in the South African economy and business landscape (Dzingai & Fakoya, 2017). The population includes 40 JSE listed corporate annual integrated reports on the diversity of the business and environmental, social and governance performance indices found from the FSTE4Good sustainability report. The second targeted population was 12 senior managers from JSE listed

companies. The participants were selected based on their accessibility and willingness to participate in the study.

3.5.4 Sample and sampling method

3.5.4.1 Qualitative approach

The qualitative research used the convenient sampling method. The target population in this study was senior managers in various corporations who met the following description:

- Willing to participate.
- Member of a senior management team
- Subordinate under senior managers
- Any race, gender, age, and educational background

The ensuing sample included a diverse range of senior managers with varying levels of diversity in terms of gender, race, and age as shown in Table 1.

Table 1: Demographic representation of the interviewed participants

Interview date	**Participant ID**	**Race**	**Gender**	**Age**	**Designation**	**Sector**
6 September 2023	Participant 1	African Black	Female	30-49	Senior Project Manager	Banking
12 September 2023	Participant 2	African Black	Male	40-49	Executive Manager IT	Banking
19 September 2023	Participant 3	African Black	Male	30-49	Marketing Manager	Telecommunications
28 September 2023	Participant 4	African Black	Male	40-49	Senior Manager Sales	Telecommunications
4 October 2023	Participant 5	African Black	Female	50-59	Senior Operations Manager	Industrials
9 October 2023	Participant 6	White	Male	40-49	Senior Manager IT	Industrials
23 October 2023	Participant 7	African Black	Female	30-39	Product Manager	Banking
5 October 2023	Participant 8	Indian	Male	30-39	Executive Manager Finance	Consumer Goods
24 October 2023	Participant 9	White	Male	50-59	Senior Manager Data Architect	Industrials
10 October2023	Participant 10	Coloured	Female	40-49	Executive Manager Sales	Pharmaceutical
31 October 2023	Participant 11	Indian	Female	40-49	Executive Manager	Health care

					Doctor	
8 December 2023	Participant 12	White	Female	40-49	Executive Manager Customer care	Banking

3.5.4.2. Quantitative approach

The quantitative research strategy used was criterion sampling on 40 JSE listed companies with documents that fit the predetermined criteria. This approach ensured that the chosen documents are directly relevant to the research objectives and questions, enhanced the quality and validity of the analysis (Palinkas et al., 2015).

The criteria for inclusion the companies were as follows:

- The study focused on the top 40 JSE listed companies by market capitalization from different industries, from the 2022 financial year.
- The organisations were considered large corporations, based on being listed on the JSE.
- Businesses operating in South Africa with head offices located in different provinces.
- Companies with different types of ownership structures.
- Companies that had established metrics for measuring diversity in senior management teams, such as gender, race and, age, with this information available in the annual integrated report.
- Companies that had established metrics for measuring corporate sustainability, ESG disclosure available.

3.5.5 Sample Size

The recommended sample size of 12 to 30 participants for a study involving a heterogeneous population, as suggested by Saunders, Lewis, Thornhill and Bristow (2019), ensures a balance between achieving meaningful insights and maintaining feasibility in data collection and analysis. In this study, the requirement was met as data was gathered from 12 interviews.

The sample for analysing sustainability reports consisted of the 40 JSE listed companies by market capitalization on the Johannesburg Stock Exchange (JSE) during the 2022/2023 financial year. This sample size was deemed adequate for examining the effects of diversity in senior management on corporate sustainability outcomes. In a previous study by van Zyl (2013) on sustainability and integrated reporting in the South African corporate sector, 23 companies were analysed. Similarly,

Dzingai and Fakoya (2017) investigated the effect of corporate governance structure on the financial performance of Johannesburg Stock Exchange (JSE)-listed mining firms by analysis a sample of 10 companies.

3.5.6 Development of instrument

Two research instruments were used: an interview guide, and documentation analysis. Roberts (2020), emphasises the importance of creating an interview guide that includes the topics to be discussed and corresponding questions to facilitate meaningful conversations. In this study a similar approach was employed, as a research guide was developed. The guide identified the key topics, which align with the main research questions, and provided related questions to guide the interview discussions.

Documentary analysis was a useful tool that involves examining documents on diversity and corporate sustainability (Madondo, 2021). The secondary data of the 40 Johannesburg Stock Exchange (JSE) listed company sustainability reports were used. Sustainability index score and the diversity of senior management (age, gender and race) were measured and reported. (Johnson et al., 2019).

3.6 Data analysis strategies and interpretation

3.6.1 Quantitative approach

After the data was collected, it was organised into an excel spreadsheet for analysis. Data from the sustainability and integrated annual reports which included, the sustainability index (ESG rating) the gender, age and race of senior managers was analysed by hypothesis testing. The analysis also included inferential analysis, specifically, correlation and multiple linear regression to examine relationships between variables (Mahbobi & Tiemann, 2015), in this case, the relationship between diversity in senior management teams and corporate sustainability. The study employed the IBM Statistical Package for Social Sciences (SPSS) to conduct this analysis as it is designed for manipulating and analysing data, including measures of variance, mean, mode, and standard deviation (Garth, 2008).

In testing the hypothesis, three diversity variables were used namely, gender, race, and age as the independent variables. The sustainability index (ESG rating) was used as the proxy for corporate sustainability, which served as the dependent variable as indicated in the conceptual framework on figure 1.

3.6.2 Qualitative approach

A themed approach to analysing the data collected from the interviews was used (Vaughn & Turner, 2016). The interviews were transcribed into written text manually. It was then read again and manually checked for accuracy, and the data was coded using thematic coding to identify recurring themes. The data was then reduced and organised manually, by selecting key quotes and organising them in a tabular form (Vaughn & Turner, 2016). In total, 18 themes emerged from the 12 document transcripts, contributing to the comprehensive analysis of the data as seen in Appendix B. The analysis phase entailed exploring patterns, relationships, and connections within the coded data. The findings were then interpreted by making sense of the patterns and themes, considering the context, and relating them back to the research objectives.

3.6.3 Reliability and validity

Saunders et al. (2019) note that qualitative research is often deemed subjective due to potential biases like interviewer, interpreter, and response bias. To uphold study integrity, the researcher prioritised confidentiality, aiming to enhance participants' openness without compromising the impact of their contributions. Emphasising the exploratory nature, the researcher assured no right or wrong answers, encouraging unfiltered responses. To ensure the reliability and validity of recorded data, measures such as highlighting the importance of confidentiality were implemented during interviews to minimize biases. The secondary data for this study, sourced from annual reports and the FTSE Russell sustainability index, was trustworthy and accurate. The reports consistently adhere to established standards and undergo external verification. The sustainability index maintains a uniform methodology and holds external recognition. It attains validity by aligning with recognised sustainability guidelines, offering transparent data collection methods, and relevance to my research scope. These factors collectively ensured the reliability and validity of the data, providing a robust foundation for my thesis research.

3.7 Ethical considerations

To ensure ethical compliance, permission was obtained from relevant authorities, including the Research Ethics Committee and FSTE Russel agency. Adherence to regulations and guidelines was maintained throughout the study, establishing trust among participants. Informed consent was sought from participants, emphasising their understanding of the study's purpose, associated risks and benefits, and the right to withdraw at any time. Participants received comprehensive information and opportunities to ask questions, with an attached informed consent letter detailing these commitments.

Voluntary participation was guaranteed. Participants were explicitly informed of their right to withdraw without consequences. Confidentiality and anonymity were prioritised to protect participant privacy. Personally identifiable information was not collected, and data was securely stored in password-protected electronic files. Proper data management was implemented to protect data integrity. Data was used solely for the study's purpose, adhering to data protection regulations. Secure storage measures and precautions against data breaches were taken.

Chapter 4: Presentation of Results

4.1 Introduction

Chapter 3 concentrated on the methodology applied in undertaking this research. This chapter unveils the outcomes derived from an in-depth analysis of both qualitative and quantitative data. The quantitative approach utilised the available data, and performed a correlational examination of the ESG ratings, used as the proxy for corporate sustainability in this study, and the three diversity variables: race, gender, and age of senior management. This approach aimed to pinpoint which of the three diversity components exhibits a significant correlational association with the overall ESG scores within the top 40 JSE-listed companies. The qualitative analysis relied on transcript of 12 participants, who are senior managers in the JSE listed companies, with the aim of getting an understanding on their perceptions, beliefs, and opinion on the effects of diversity in senior management teams. This analysis was in harmony with the study, which explores the effects of diversity in senior management teams on corporate sustainability of publicly listed companies in South Africa.

4.2 Quantitative Results and interpretation

4.2.1 Data set

Table 2 displays data collected from integrated annual reports of 40 JSE-listed companies. Company names were replaced with numerical identifiers to ensure confidentiality. The collected data encompasses various aspects, such as the number of executive team members, ESG scores, race diversity percentages (Black African, White, Indian/Asian, Coloured), gender distribution percentages (Female, Male), and the age diversity distribution within specified ranges (30-39, 40-49, 50-59, 60-69) where the average age of the members was recorded. The percentages reflect the representation of the different diversity elements within the executive team, providing insights into the organisation's demographic composition of age, race, and gender.

The dataset includes companies from distinct sectors in the top 40 JSE listed companies: Banking (3), Healthcare (4), Basic Materials (4), Mining (6), Financial (4), Consumer Goods (8), Industrials (4), Technology (3), and Consumer Services (4). This diverse representation across sectors provides a comprehensive overview of the top 40 JSE listed companies, showcasing the multifaceted nature of the South African market.

Table 2: Data from annual reports

Company	Members	ESG_Score	Race_Diversity				Gender_Diversity		Age_Diversity				
			Black African	White	Indian/Asian	Cololured	Female	Male	Average age	30-39	40-49	50-59	60-69
1	14	4	0,36	0,36	0,21	0,07	0,21	0,79	50,86	0,00	0,43	0,57	0,00
2	13	2	0,23	0,62	0,15	0,00	0,23	0,77	54,69	0,00	0,38	0,38	0,23
3	7	3,4	0,14	0,43	0,29	0,14	0,43	0,57	50,00	0,00	0,43	0,57	0,00
4	8	3,9	0,00	0,88	0,13	0,00	0,38	0,63	51,88	0,00	0,38	0,50	0,13
5	10	3,6	0,10	0,70	0,00	0,20	0,30	0,70	53,40	0,10	0,20	0,60	0,10
6	10	2,8	0,00	1,00	0,00	0,00	0,30	0,70	54,80	0,00	0,30	0,40	0,30
7	8	3,8	0,63	0,13	0,13	0,13	0,50	0,50	52,13	0,00	0,38	0,50	0,13
8	12	3,3	0,42	0,50	0,00	0,08	0,42	0,58	52,25	0,00	0,33	0,50	0,17
9	9	2,6	0,11	0,89	0,00	0,00	0,22	0,78	51,33	0,11	0,22	0,56	0,11
10	4	4	0,25	0,25	0,25	0,25	0,25	0,75	53,25	0,00	0,00	1,00	0,00
11	10	3,2	0,20	0,70	0,10	0,00	0,20	0,80	50,80	0,00	0,50	0,40	0,10
12	10	3,8	0,50	0,40	0,10	0,00	0,30	0,70	52,60	0,00	0,20	0,80	0,00
13	12	3,9	0,17	0,58	0,17	0,08	0,33	0,67	52,25	0,00	0,33	0,58	0,08
14	13	4,4	0,23	0,62	0,08	0,08	0,23	0,77	52,54	0,00	0,23	0,62	0,15
15	12	3,5	0,17	0,75	0,00	0,08	0,08	0,92	52,83	0,00	0,25	0,50	0,25
16	12	4,1	0,42	0,50	0,08	0,00	0,42	0,58	49,58	0,08	0,50	0,33	0,08
17	8	3,4	0,00	0,75	0,13	0,13	0,25	0,75	48,75	0,00	0,50	0,38	0,13
18	11	3,7	0,27	0,64	0,09	0,00	0,18	0,82	52,18	0,00	0,36	0,45	0,18
19	13	3,4	0,31	0,54	0,08	0,08	0,23	0,77	50,46	0,08	0,38	0,38	0,15
20	16	4,3	0,69	0,13	0,13	0,06	0,25	0,75	50,63	0,00	0,44	0,50	0,06
21	8	3,7	0,25	0,50	0,25	0,00	0,50	0,50	50,25	0,00	0,38	0,63	0,00
22	13	3,4	0,23	0,69	0,08	0,00	0,31	0,69	50,85	0,08	0,38	0,31	0,23
23	12	3,2	0,42	0,33	0,17	0,08	0,42	0,58	49,67	0,00	0,50	0,50	0,00
24	14	3,1	0,21	0,50	0,14	0,14	0,36	0,64	48,07	0,00	0,64	0,36	0,00
25	13	2,5	0,15	0,46	0,31	0,08	0,31	0,69	47,77	0,08	0,54	0,38	0,00
26	7	3,6	0,00	0,71	0,29	0,00	0,14	0,86	53,14	0,00	0,14	0,86	0,00
27	7	3,4	0,43	0,57	0,00	0,00	0,57	0,43	45,86	0,29	0,29	0,43	0,00
28	7	2,5	0,00	0,71	0,29	0,00	0,29	0,71	49,71	0,00	0,43	0,43	0,14
29	16	4,2	0,00	0,81	0,13	0,06	0,19	0,81	55,25	0,00	0,13	0,69	0,19
30	13	4	0,54	0,38	0,08	0,00	0,15	0,85	49,77	0,08	0,46	0,31	0,15
31	8	3,3	0,50	0,50	0,00	0,00	0,25	0,75	55,00	0,00	0,25	0,50	0,25
32	19	4	0,21	0,68	0,11	0,00	0,11	0,89	52,58	0,00	0,42	0,32	0,26
33	17	2,9	0,06	0,71	0,06	0,18	0,12	0,88	53,94	0,00	0,24	0,53	0,24
34	11	2,9	0,27	0,45	0,18	0,09	0,27	0,73	51,09	0,09	0,18	0,73	0,00
35	7	4	0,14	0,71	0,14	0,00	0,57	0,43	51,43	0,00	0,29	0,71	0,00
36	7	3	0,33	0,67	0,00	0,00	0,22	0,78	51,11	0,00	0,44	0,44	0,11
37	9	3,5	0,27	0,45	0,27	0,00	0,27	0,73	52,64	0,00	0,36	0,45	0,18
38	11	3,9	0,71	0,14	0,00	0,14	0,14	0,86	51,71	0,00	0,29	0,57	0,14
39	12	3,3	0,50	0,25	0,17	0,08	0,17	0,83	49,83	0,00	0,50	0,42	0,08
40	9	4,4	0,11	0,33	0,44	0,11	0,44	0,56	53,00	0,11	0,11	0,78	0,00

Source: Authors own research

4.2.2 Normality Test

The assessment of normality in this study involved the utilisation of both the Kolmogorov-Smirnov Test and the Shapiro-Wilk Test. The Kolmogorov-Smirnov (KS) test is a non-parametric method comparing the sample's cumulative distribution function to the expected normal distribution. The test statistic, determined by the maximum vertical distance, indicates deviation from normality. A p-value below 0.05 rejects the null hypothesis of normal distribution. The Shapiro-Wilk test is a parametric method for small to moderately sized samples, evaluating normality. Using covariance, it gauges how

well the data aligns with expected values assuming normality. A p-value below 0.05 rejects the null hypothesis of normal distribution (Mishra et al., 2019). The outcomes of these tests are detailed in Table 3.

Table 3: Normality of data

Variable	Kolmogorov-Smirnov[a]			Shapiro-Wilk			Percentage
	Statistic	df	Sig.	Statistic	df	Sig.	
Black African	0,349	3	0,000	0,832	3	0,194	42%
White	0,285	3	0,000	0,932	3	0,497	71%
Indian/Asian	0,321	3	0,000	0,881	3	0,328	29%
Coloured	0,232	3	0,000	0,980	3	0,726	14%
Female	0,349	3	0,000	0,832	3	0,194	42%
Male	0,211	3	0,000	0,991	3	0,817	77%
Average Age	0,000	0	0,000	0,260	2	0,000	52%
30-39	0,298	4	0,000	0,926	4	0,572	8%
40-49	0,219	3	0,000	0,987	3	0,780	43%
50-59	0,328	3	0,000	0,871	3	0,298	57%
60-69	0,219	3	0,000	0,987	3	0,780	15%

Source: Authors own research

Table 3 above provides information on the normality of the data based on the results obtained from both the Kolmogorov-Smirnov Test and the Shapiro-Wilk Test. In the context of this study, the Shapiro-Wilk Test is deemed more suitable for small sample sizes. It is a commonly employed test for sample sizes as small as (N<50), but is also capable of handling larger sample sizes, reaching up to 2000 samples (Mishra et al., 2019). Therefore, the Shapiro-Wilk test serves as the chosen method for numerically assessing normality. The outcomes of the normality test are presented in Table 4:

Table 4: Results of Normality test

Variable	Sig.	Decision Rule	Conclusion
Black African	0,194	T>0.,050	The distribution is normal
White	0,497	T>0.,050	The distribution is normal
Indian/Asian	0,328	T>0.,050	The distribution is normal
Coloured	0,726	T>0.,050	The distribution is normal
Female	0,194	T>0.,050	The distribution is normal
Male	0,817	T>0.,050	The distribution is normal
Average age	0,000	T<0.,050	The distribution is not normal
30-39	0,572	T>0.,050	The distribution is normal

40-49	0,780	T>0.,050	The distribution is normal
50-59	0,298	T>0.,050	The distribution is normal
60-69	0,780	T>0.,050	The distribution is normal

Source: Authors own research

According to the results of the Shapiro-Wilk test for normality, all the variables exhibit a normal distribution, as all the obtained values above 0.05. In statistical terms, a p-value greater than 0.05 suggests that there is not enough evidence to reject the null hypothesis, which posits that the data follows a normal distribution (Mishra et al., 2019).

4.2.3 Multiple linear regression

Multiple linear regression seeks to describe the connection between two or more explanatory variables and a response variable by establishing a linear equation that best fits the observed data. Each specific value of the independent variable, denoted as x, is linked to a corresponding value of the dependent variable, y (Bevans, 2020).

Table 5: Model summary

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	0,228	0,028	0,55020	0,228	1,142	8	31	0,364

Source: Authors own research

Table 5, the model summary reveals insights into the performance of the developed regression model. The correlation coefficient (R) is 0.477, signifying a moderate association between independent and dependent variables. The R Square value of 0.228 indicates that 22.8% of the variability in the dependent variable is explained by the model. Adjusted for predictors, the Adjusted R Square is 0.028, providing a conservative measure of explanatory power. The standard error of the estimate (0.55020) represents the average deviation between observed and predicted values. Change statistics, including R Square Change (0.228) and F Change (1.142, p = 0.364), suggest limited improvement with the addition of predictors. The p-value, being less than the significance level (0.05), indicates the model's significance (Andrade, 2019). Variables such as age groups, ethnic categories, gender, and average age contribute to the understanding of the dependent variable.

Therefore, the multiple linear regression equation model is presented as below:

$\hat{y} = \beta 0\hat{} + \beta 1\hat{}x1 + \beta 2\hat{}x2 + \beta 3\hat{}x3 + \beta 4\hat{}x4 + \beta 5\hat{}x5 + \beta 6\hat{}x6 + \beta 7\hat{}x7 + \beta 8\hat{}x8 + \beta 9\hat{}x9 + \beta 10\hat{}x10 + \beta 11\hat{}x11$

Where:

Y = ESG Score

$x1$ = Black African

$x2$ = Indian/Asian

$x3$ = Coloured

$x4$ = Male

$x5$ = Average Age

$x6$ = 30-39

$x7$ = 40-49

$x8$ = 60-69

$x9$ = White

$x10$ = Female

$x11$ = 50-59

Table 6: Model coefficients for multiple linear equation

Coefficients[a]			
Dependent variable	Independent variable	Beta	Sig.
ESG_Score	(Constant)	6,735	0,280
	Black African	0,339	0,063
	Indian/Asian	0,089	0,677
	Coloured	-0,001	0,996
	Male	-0,107	0,581
	Average age	-0,174	0,670
	30-39	-0,252	0,332
	40-49	-0,480	0,155
	60-69	-0,023	0,939

a. Dependent Variable: ESG_Score

Excluded Variables[a]					
Model	Beta In	t	Sig.		Collinearity Statistics

					Partial Correlation	Tolerance
1	White	.[b]				0,000
	Female	.[b]				0,000
	50-59	.[b]				0,000

a. Dependent Variable: ESG_Score

b. Predictors in the Model: (Constant), 60-69, 40-49, Black African, 30-39, Coloured, Male, Indian/Asian, Average age

ESG_Score=6.735+0.339×Black_African+0.089×Indian/Asian−0.001×Coloured−0.107×Male−0.174×Average_age−0.252×30−39−0.480×40−49−0.023×60−69+0.0×White+0.0×Female+0.0×50−59

None of the model paths were found to be significant as presented in Table 6 (p-values > 0.05), indicating that the results of the current study are limited to correlation results, discussed below.

4.2.4. Correlation

Correlation is a bivariate examination that measures the intensity of the connection between two variables and the orientation of the relationship. The correlation coefficient, ranging from +1 to -1, signifies the strength of the association. A value of ± 1 represents a perfect association, while values approaching 0 indicate a weaker relationship. The sign of the coefficient denotes the direction: a positive sign signifies a positive relationship, while a negative sign indicates a negative relationship. In this study the Pearson correlation was used. The Pearson correlation stands as the predominant correlation statistic, extensively employed to quantify the extent of the relationship between variables that exhibit a linear association (Faridi, 2019). The results of the correlation are shown in Table 7 below.

Table 7: Correlations

Correlations[c]

		ESG Score	Black African	White	Indian/ Asian	Coloured	Female	Male	Average age	30-39	40-49	50-59	60-69
ESG_Score	Pearson Corr	1											
	Sig. (1-tailed)												
	N	40											
Black African	Pearson Corr	0,250	1										
	Sig. (1-tailed)	0,060											
	N	40	40										
White	Pearson Corr	-.315*	-.789**	1									
	Sig. (1-tailed)	0,024	0,000										
	N	40	40	40									
Indian/ Asian	Pearson Corr	0,086	-.268*	-.297*	1								
	Sig. (1-tailed)	0,298	0,047	0,031									
	N	40	40	40	40								
Cololured	Pearson Corr	0,131	0,006	-.385**	0,124	1							
	Sig. (1-tailed)	0,210	0,486	0,007	0,223								
	N	40	40	40	40	40							
Female	Pearson Corr	0,096	0,061	-0,149	0,210	-0,040	1						
	Sig. (1-tailed)	0,279	0,355	0,179	0,097	0,404							
	N	40	40	40	40	40	40						
Male	Pearson Corr	-0,096	-0,061	0,149	-0,210	0,040	-1.000**	1					
	Sig. (1-tailed)	0,279	0,355	0,179	0,097	0,404	0,000						
	N	40	40	40	40	40	40	40					
Average age	Pearson Corr	0,110	-0,202	0,233	-0,121	0,045	-.363*	.363*	1				
	Sig. (1-tailed)	0,250	0,106	0,074	0,229	0,392	0,011	0,011					
	N	40	40	40	40	40	40	40	40				
30-39	Pearson Corr	-0,060	0,057	0,031	-0,115	-0,079	.329*	-.329*	-.447**	1			
	Sig. (1-tailed)	0,356	0,364	0,425	0,240	0,315	0,019	0,019	0,002				
	N	40	40	40	40	40	40	40	40	40			
40-49	Pearson Corr	-0,261	0,197	-0,108	-0,007	-0,221	0,087	-0,087	-.626**	-0,135	1		
	Sig. (1-tailed)	0,052	0,112	0,253	0,483	0,085	0,297	0,297	0,000	0,202			
	N	40	40	40	40	40	40	40	40	40	40		
50-59	Pearson Corr	.350*	-0,129	-0,170	.355*	.347*	0,094	-0,094	.388**	-0,107	-.795**	1	
	Sig. (1-tailed)	0,014	0,214	0,147	0,012	0,014	0,281	0,281	0,007	0,256	0,000		
	N	40	40	40	40	40	40	40	40	40	40	40	
60-69	Pearson Corr	-0,180	-0,102	.431**	-.527**	-0,223	-.491**	.491**	.527**	-0,232	-0,019	-.484**	1
	Sig. (1-tailed)	0,133	0,265	0,003	0,000	0,083	0,001	0,001	0,000	0,075	0,453	0,001	
	N	40	40	40	40	40	40	40	40	40	40	40	40

*. Correlation is significant at the 0.05 level (1-tailed).

**. Correlation is significant at the 0.01 level (1-tailed).

c. Some or all bootstrap sample results are missing, so no bootstrap estimation has been performed for this table.

Table 7 presents the results of Pearson's Correlation analysis for all variables in this study. The correlation between dependent and independent variables indicates a moderately negative and statistically significant relationship between ESG Score and White demographic executives (r = -0.315, p-value = 0.024), suggesting a connection between executive demographic composition and firm sustainability practices. A low positive correlation and statistically partially significant relationship are observed between ESG Score and Black demographic executives (r = 0.250, p-value = 0.060). Executive members in the Age group 50-59 (r = 0.359, p-value = 0.014) exhibit moderately positive correlations with ESG Score and statistically significant results. On the other hand, Executive members in the Age group 40-49 (r = -0.261, p-value = 0.052) exhibit low negative correlations with ESG Score and statistically partially significant results. Notably, executive members gender shows

no correlation with ESG Score. In summary, the hypothesis developed for this study find support in the correlation results presented in Table 8 and figure 3 below.

The significance of the correlation results above can be established as follows:

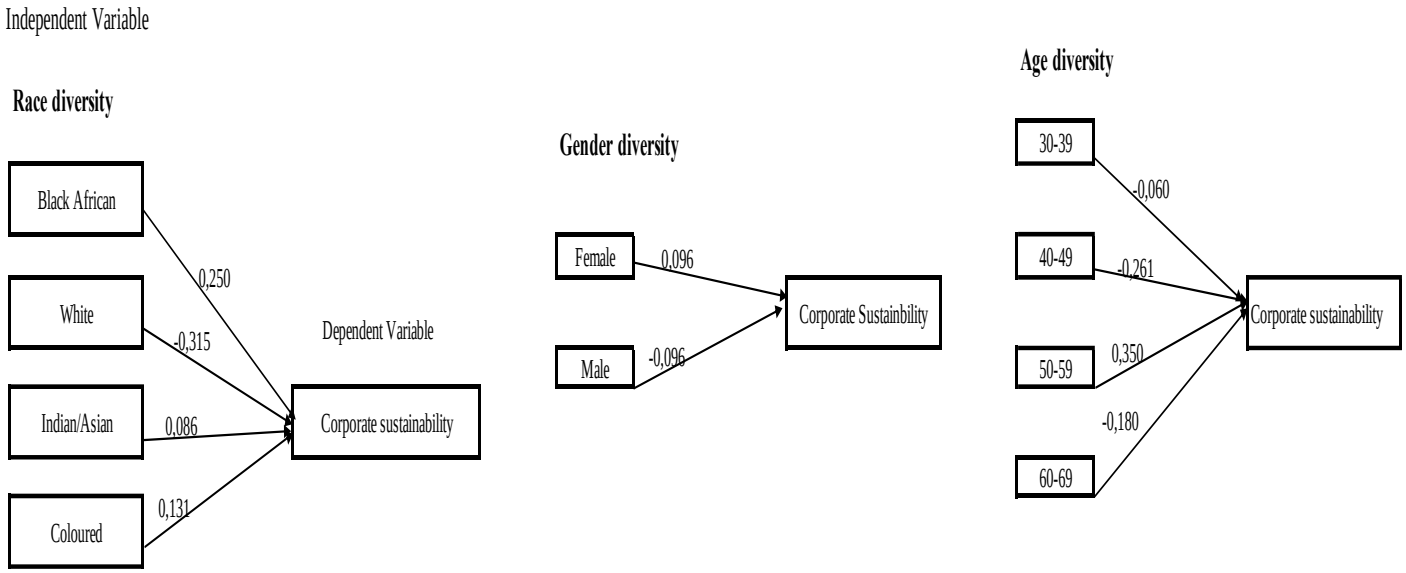
- For every increase in the percentage of White executive member, the ESG_Score will decrease by 32%.
- For every increase in the percentage of an executive member in the ages 50-59, the ESG_Score will increase by 35%

Table 8: Hypothesis results

No	Hypothesis	Results
H1	There is a significant relationship between executive members race and corporate sustainability	Supported
H1a	42% Black	Supported
H1b	71% White	Supported
H1c	29% Indian/Asian	Not supported
H1d	14% Coloured	Not supported
H2	There is a significant relationship between executive members gender and corporate sustainability	Not supported
H2a	Female	Not supported
H2b	Male	Not supported
H3	There is a significant relationship between executive members age and corporate sustainability	Supported
H3a	30-39	Not supported
H3b	40-49	Supported
H3c	50-59	Supported
H3d	60-69	Not supported

Source: Authors own research

Figure 3: Correlation results model



Source: Authors own research

4.2.5 Conclusion on Quantitative research

The investigation into the effects of diversity in senior management on corporate sustainability in top 40 JSE listed companies reveals nuanced relationships. The quantitative analysis, employing ESG scores as a proxy for corporate sustainability, indicates significant associations with race and age diversity but not with gender diversity. Specifically, a higher percentage of Black executives correlates positively with sustainability, while a higher percentage of White executives correlates negatively. Additionally, the age group 50-59 shows a positive correlation, while the age group 40-49 demonstrates a negative correlation.

4.3 Qualitative results and discussion

Insights from interviews with 12 managers illuminate the nuanced landscape of diversity's impact on senior management in South African publicly listed companies. Addressing three pivotal research questions, examined are the effects of diversity on corporate sustainability, and the perceptions of senior managers, thus unravelling the key barriers hindering successful diversity implementation. These discoveries add to a comprehensive understanding of the intricate dynamics surrounding diversity in senior management, providing valuable insights for fostering inclusive and sustainable organisational practices in the South African context.

4.3.1 Diversity defined

Diversity is a multifaceted concept, encompassing various dimensions that shape the composition of individuals within a team or organisation. When asked to define diversity, the managers responses revealed a range of perspectives, emphasising the intersectionality of race, age, gender, and other factors. Traditionally, diversity in the workplace has been synonymous with race, gender, and age, as these are fundamental attributes that differentiate individuals. When an African black female Project Manager in her thirties was asked to define diversity in the context of a senior management team, she succinctly encapsulates this traditional view by stating that by "diversity, I am referring to race, age, and gender" (Participant 1, Interview, 6 September 2023). The emphasis on these three dimensions is reflective of historical diversity initiatives that primarily targeted demographic imbalances. This echoes a traditional perspective that certain demographic attributes continue to play a pivotal role, particularly in leadership positions as illustrated by the excerpt from an African black female product manager working in the banking sector: "In a senior management team, I would look at age, race, and gender they are very critical" (Participant 7, Interview, 23 October 2023).

An African black, female Senior Operations Manager working in the industrial sector injects a cultural and belief dimension into the discussion, broadening the scope of diversity to include religious and cultural affiliations, as well as acknowledging the presence of the LGBTQ community within teams: "I would describe it as a team that has got different races, different genders, different religions and beliefs, so diversity is the aspect of different peoples inside the teams, being black, coloured or white, males, female and the LGBT Club and so forth" (Participant 5, Interview, 4 October 2023).

However, this traditional perspective is expanded upon by considering the idea that diversity could encompass various aspects, including experiences, disabilities, and differences in how individuals approach life. This broader interpretation suggests a shift towards recognising diversity beyond visible characteristics, acknowledging the unique backgrounds that shape individuals. This is illustrated by an African black male IT executive in the banking sector who stated: "Diversity, for me, will be people that come from different backgrounds, people that do things differently and could be, for example, diversity could be race and how we experience life, could be disabled people, many different aspects" (Participant 2, Interview,12 September 2023).

While others have viewed diversity as characteristic in nature, other managers have added a strategic dimension to the definition, emphasising the leveraging of differences to build inclusive and representative teams. This viewpoint aligns with contemporary organisational strategies that value diversity not merely for the sake of representation but as a means to harness varied perspectives for optimal outcomes, as illustrated by an African Black male who is a marketing manager at a telecommunications company who indicated: “my understanding of diversity is leveraging the differences in people to build an inclusive and representative team or organisation within an organisation so that we get the best outcomes from different views and out of people’s perspective” (Participant 3, Interview, 19 September 2023). Similar sentiment is echoed by an African black male Senior Sales manager in Telecommunications, who brings in the element of skill levels as part of diversity, emphasising the importance of a diverse skill set within a senior management team saying: “In the context of a Senior Management team, diversity would encompass race, gender, and skill levels. Diversity brings different perspectives and skills into play” (Participant 4, Interview, 28 September 2023).

Interestingly, delving into the unspoken aspects of diversity, the experiences of life and backgrounds that are not explicitly documented are considered by some managers. This is illustrated by a white male Senior Manager in IT who works in the industrial sector who stated: "I would add to and say the experiences of life, where you come from race, age and gender. That is the diversity that is not written on a paper" (Participant 6, Interview, 9 October 2023). This introspective viewpoint challenges the conventional understanding of diversity as a set of predefined categories, highlighting the complexity of individuality and the potential impact of personal histories on workplace dynamics.

On the other hand, a unique perspective is introduced by a Senior Manager in the data space who works for a bank, associating diversity with caste levels when he said: “diversity goes down to difference than identity... For me, diversity is purely the caste levels being a person from low and high caste levels and then how can they flourish or grow if they think that way." (Participant 9, Interview: 24 October 2023). This viewpoint reflects the broader social context in which diversity is understood, demonstrating that interpretations can vary based on cultural and contextual factors. Similarly, a coloured female Executive Manager in sales working at a pharmaceutical company says, "diversity is not just about race or gender balance; it's also about differences in thinking, experiences, and backgrounds" (Participant 10, Interview,10 October 2023).

These viewpoints expand the definition by emphasising diversity in thinking, experiences, and backgrounds, going beyond demographic categories. This conceptualisation aligns with contemporary discussions on cognitive diversity, highlighting the importance of varied perspectives in problem-solving and decision-making. This inclusive perspective broadens the traditional understanding of diversity, reinforcing the idea that a diverse environment encompasses a multitude of factors, that includes the way we process information. This is clearly captured by a white female Executive Manager leading the customer cares division at a bank indicating: "Diversity, to me, is based on age, race, gender, where you come from, where you were born, perspectives, experiences, and how you process information" (Participant 12, Interview, 8 December 2023).

4.3.2 Current levels of diversity in senior management

Managers were asked about the current state of diversity in the senior management teams of their organisations. Assessing workplace diversity through senior managers' perspectives reveals shared sentiments and distinct viewpoints, exposing a notable gap in executive representation. Challenges persist in sectors like banking, and the impact of diversity initiatives varies. Legal mandates and societal representation intertwine, with cautionary notes on guideline efficiency. Gender disparities persist, despite industry shifts. While some note improvements, the consensus highlights the ongoing need for nuanced efforts in achieving genuine workplace inclusivity.

A Black female Product Manager at a bank highlights persistent gender disparities and recent female CEO demotions, suggesting diversity efforts may fall short: "So, to be very honest in our senior management team we really are not as diverse as we should be. Two years ago, they were promoting female CEOs but now they are demoting those females and changing their titles" (Participant 7, Interview, 23 October 2023). Another white female manager working for the banking sector laments male dominance in senior roles, echoing concerns about the cyclical challenges in sustaining diversity initiatives in banking: “The senior management team is largely male dominated, with an average age of around 40. There are few females, and overall, it is not diverse” (Participant 12, Interview, 8 December 2023).

It is crucial to emphasize that diversity management must be an ongoing commitment rather than a temporary phase or a one-time exercise. However, an African female Senior Manager in Operations working in the Industrials sector provides a positive note by highlighting the strategic appointment

of a female Senior Executive, demonstrating a proactive approach to diversity: "In my opinion, it is very diverse as we employ more black females, women, but males are there, and they are the top levels within our organisation... recently they appointed a female Senior Executive…." (Participant 5, Interview, 4 October 2023).

Yet, a cautionary perspective emerges, when one manager a white male IT manager in the industrials sector notes that adherence to government guidelines does not guarantee genuine engagement with diversity. Specifically, Government guidelines outline provisions related to promoting equal opportunities and fair treatment in employment, with a focus on eliminating discrimination and implementing affirmative action measures to address historical imbalances are not always adhered to: "I think based on guidelines set forth by government it is diverse... Some organisations tend to hire people that stay in their lane and don't want to get involved." (Participant 6, Interview, 9 October 2024). This statement suggests that some people hired in these senior positions are expected to focus solely on their specific roles or functions and not engage in activities beyond those boundaries.

A black male Marketing Manager working in the banking sector and a male Indian Finance manager working in the consumer goods sector acknowledge the dual impact of legal imperative and societal representation in driving diversity, revealing the intricate motivations behind organisational diversity efforts when they observed:

> "Currently, the organisation emphasizes diversity, particularly in advocating for women and age diversity. In my current position, diversity is evident, impacting decision-making positively" (Participant 3, Interview, 19 September 2023).
>
> "Previously it was predominantly white only now it's a mix between, white, African, and Indian" (Participant 8, Interview, 5 October 2023).

4.3.3 Perception on relationship between diversity and corporate sustainability

The question posed to Managers to gain insights into their perceptive on relationship between diversity and corporate sustainability was: "Do you believe there is a relationship between diversity and corporate sustainability?" Data from the interviews with various managers unanimously points to diversity's positive impact on senior management and corporate sustainability, citing growth opportunities, innovation, and mitigating blind spots. They align on diversity as crucial for ethical labour practices. While one Manager emphasizes team collaboration over diversity for sustainability,

the overall view underscores diversity as a dynamic force challenging the status quo and enriching decision-making with varied perspectives, contributing significantly to corporate sustainability.

When asked if there is a relationship between diversity in senior management teams and corporate sustainability outcomes, one manager an African male in the banking sector answered: “Yes absolutely. I will make a very classic example, and this is also my strong opinion; where there is diversity there is growth and the more diversified the more innovative you become” (Participant 2, Interview, 12 September 2023). He asserts that diversity is not just a marker of growth but a catalyst for innovation. He contends that a diverse workforce fosters an environment where varied perspectives lead to innovative solutions. Another manager in the banking sector an African female, highlights the symbiotic connection between diversity and employee retention, positing that lack of diversity signals limited growth opportunities, prompting talent to seek environments conducive to personal and professional advancement: “Corporate sustainability yes its important, because when you see an organisation is not diverse enough, people tend to leave, because people think there is no room for growth” (Participant 1, Interview, 6 September 2023).

The idea of mitigating blind spots is also introduced, with arguments that diverse backgrounds counter institutional bias, enriching decision-making and enhancing adaptability in a complex business landscape. This is reflected in the words of an African male Marketing manager in telecommunications: "Absolutely diversity is a big part of organisational growth. Getting a broad set of views, experiences of data sets of the very complex country that we live in, it also helps to ensure that any blind spots that the entity might have is accounted for" (Participant 3, Interview, 19 September 2023). Another Senior Manager in Sales in the telecommunications sector intertwines diversity with governance and pay equity, emphasizing its potential to rectify biases and promote fair compensation. For this manager, the commitment to deliberately hiring females reflects dedication to gender diversity, highlighting positive impacts on decision-making: “I believe that diversity in leadership contributes to corporate sustainability. There is a level of biasness when it comes to governance with the company leadership, so when it comes to pay its not equal” (Participant 4, Interview, 28 September 2023).

In contrast, a white male Senior Manager in the industrial sector challenges the assumed link between diversity and sustainability, positing that sustainability relies more on collaborative team dynamics and effective communication than workforce diversity: "I don’t think diversity is adding to sustainability because your codes of conduct or way of engaging with people may be very ratchet.

For me, the key factors it is how collaborative the team is and not how diverse it is" (Participant 6, Interview, 9 October 2023).

The response from a majority of the managers reflects a shared understanding of the profound impact that diversity in senior management has on corporate sustainability. The consensus is that diversity fosters organisational growth, enhances career development, and eliminates side-lining within the company. For example, an African black female project manager in the banking sector indicated:

> The positive aspects of diversity include the company's overall growth, advancement in our career paths, and the absence of side lining within the organization. Benefits such as enhanced trust and access to diverse target markets emerge. It is crucial for organizations to diversify groups to incorporate individuals from different races and age groups, thereby expanding our target markets (Participant 1, Interview, 6 September 2023).

Similarly, a male African black bank manager indicated: “Yes, diversity has a direct impact on corporate sustainability. The more diverse we are as a business, the more the business grows. We also tender to get business, so if we are not compliant, we don’t qualify for new business and for renewal of our licenses” (Participant 2, Interview, 12 September 2023). A third participant, a marketing manager in telecommunications also indicated: “The more diverse an organisation likely is, the more likely it is to understand the markets environment, its consumers, how to present itself, how it makes it more in its processes and relevant into its markets and those things all convert into better performance” (Participant 3, Interview, 19 September 2023).

Several managers share similar perspectives on the interconnectedness of diversity and corporate sustainability. A bank Product Manager who participated in this study sees corporate sustainability as a blend of ethical, social, environmental, cultural, and governance elements, emphasizing longevity for employees within the organisation: "If I can go back to defining corporate sustainability, it would then be, your ethical, social, environmental, cultural, and governance, way of doing your business to ensure that employees stay in the company for longer" (Participant 7, Interview, 23 October 2023). An Executive Manager in Finance in the customer goods sector concurs, linking diversity with life experiences and asserting its enriching impact on organisational life: "Absolutely, as I think it contributes to your life experiences where people come in with different experiences... the older you are the more experience you will be in the workspace" (Participant 8, Interview, 5 October 2023). Another executive manager in sales at a pharmaceutical company echoes this sentiment, highlighting the role of diverse perspectives in addressing complex ESG challenges reinforcing the positive influence of diversity on problem-solving: "Yes, diversity contributes to different perspectives and

outcomes. An example is the company's focus on the environment, where individuals from different roles bring unique viewpoints" (Participant 10, Interview, 10 October 2023). Yet still another Executive manager who is also a doctor at the health care sector points to these benefits of diversity: "Diversity adds more to situations and problem-solving rather than taking away. It helps in understanding issues better within the organisation" (Participant 11, Interview, 31 October 2023).

4.3.4 Diversity and Addressing Social and Environmental Issues

When questioned on how diversity in management can address social and environment issues, most managers unanimously recognize the role of diverse leadership's transformative potential in addressing social and environmental issues, especially in view of South Africa's historical Apartheid context. They emphasize the imperative to redress imbalances and cultivate diversified companies. Decision-making at the senior management level is seen as deeply influenced by personal backgrounds and experiences. This collective understanding underscores the ongoing commitment needed to integrate diversity meaningfully, fostering a more inclusive and socially responsible approach in the business landscape. This is reflected in the words an African female Project Manager working in the banking sector who argued: “I think from where we are as a country in terms of Apartheid, we are trying to balance our scale and ensure we have racial diversified companies” (Participant 1, Interview, 6 September 2023). Similarly, an African male manager in the banking sector stated: "Any decision any Individual takes is based on many years of your personal backgrounds and experiences. If senior management reflects diverse backgrounds, it is more likely to understand and contribute positively to social and environmental issues in South Africa" (Participant 2, Interview, 12 September 2023).

Managers unanimously emphasize personal experiences as transformative in understanding and addressing social and environmental issues, particularly in South Africa's diverse context. In this regard, one manager an Indian Male finance manager working in the consumer goods sector argued:

> If someone was born in a township without access to water, this relates to the issues of environment of social sustainability... If you grew up in a farm and you experience the loss of all your cattle because of a disease, you will relate to this scenario if you're in business. This experience will influence how you make environmental decisions in business (Participant 8, Interview, 5 October 2023).

Collectively, such responses advocate for embedding environmental, social, and governance (ESG) initiatives across the organisational fabric. A Marketing Manager in telecommunications critiques the common relegation of ESG initiatives to specific teams, calling for a pervasive approach: "In organisations, we start foundations for ESG, but then it becomes something for that team to drive. It's something that can be driven to the fabric of the organisation in every department – our products, and services" (Participant 3, Interview, 19 September 2023).

Responses stress diverse representation in shaping effective social responsibility plans. An Executive Manager in Pharmaceuticals notes diversity's role in enhancing plan relevance and efficacy. A common thread highlights diversity fostering learning, empathy, and a radical approach to social and environmental issues. For example, Participant 10 (Interview, 10 October 2023) a coloured female Executive Manager in sales working at a pharmaceutical company stated: "Diversity helps in creating more effective social responsibility plans. Those with lived experiences can provide insights that challenge and improve plans, ensuring they are better suited to address real needs." Thus, diversity, as indicated by an Executive in customer care working for a bank contributes to a positive shift in sustainability perception: "Diversity fosters learning and empathy, contributing to addressing social or environmental issues. It notes a positive shift in sustainability perception, moving beyond a tick-box exercise to a more radical strategy" (Participant 12, Interview, 8 December 2023).

4.3.5. Challenges and drawbacks associated with promoting diversity.

When Managers were asked if they have experienced challenges or drawbacks associated with promoting diversity, the responses show both commonalities and differences in the challenges and drawbacks linked with promoting diversity in senior management. A recurring theme is the perception that diversity initiatives can be perceived as mere tick-box exercises. This sentiment is echoed by manages, who noted challenges in hiring decisions where candidates may not meet specific diversity criteria, highlighting a tension between merit-based selection and diversity goals. For example, a Marketing Manager in telecommunications stated the following in response to the question on the challenges that organisation face in promoting diversity in senior roles: "The one that immediately comes to mind is that people see diversity as a tick box exercise rather than an opportunity to authentically reflect back to society for an aware organisation" (Participant 3, Interview, 19 September 2023). Another respondent an African female Project Manager in the banking sector state the following response to the same question: "Currently yes, I think majority

people raise these matters within their groups and HR is now trying to diversify...when hiring, we found a good candidate for the role, but he doesn't meet the diversity criteria" (Participant 1, Interview, 6 September 2023).

There are inherent difficulties in integrating individuals from diverse backgrounds. This relates to challenges in understanding one another and establishing social expectations and boundaries. Additionally, historical resistance to diversity initiatives is revealed, particularly in organisations with strong union affiliations, where mandates for specific demographic hires might face opposition. This is reflected in the words of a white male Senior Manage in the IT division working in the industrials sector:

> Yes, so the fact that you bring people that are different together can be very challenging, specifically coming from different backgrounds, one of the things that I noted Especially in the beginning stages it becomes difficult to understand where we are as people, and it Is difficult socially to also to set those expectations and boundaries (Participant 6, Interview, 9 October 2023).

Another respondent an African Male Sales Manager in telecommunications stated the following in response to the same question:

> Yes, I have seen people trying to stop diversity. It fortunate where I am currently, governance is no. 1 because it's a public listed entity, unlike the previous telecoms company I was at. Those people belonged to unions and a major role that comes to play is that we need to hire black people, we need to hire females (Participant 4, Interview, 28 September 2023).

These responses also touch upon individual preferences and biases. A Product Manager at a bank suggests that senior managers may exhibit preference for working with familiar individuals, potentially hindering the inclusion of diverse talents. Also highlighted is the difficulty of balancing diversity with policies such as Broad-Based Black Economic Empowerment (BBBEE), demonstrating how certain individuals may experience feelings of exclusion or disadvantage stemming from factors beyond their control, rooted in the legacy of apartheid. Other challenges highlighted include difficulty for women to be represented in senior levels, a lack of voice for the younger generation, and shortages in diverse skills, underscoring persistent barriers despite evolving corporate landscapes: An African female Product Manager at a bank stated: "I wouldn't necessarily say they are challenges that the senior manager have habits that are associated with different genders and races therefor they will much rather work with people they know... I would say its preference" (Participant 1, Interview, 6 September 2023). Another respondent a white male Manager in IT

working for a company in the industrials sector: "If I have to define challenges in this context, diversity against BBBEE, it's a difficult point because I am a white male and am 43 years old so I cannot apply for any job... I am for the person that can do the job and can deliver, I am not interested in the BEE factor etc." (Participant 6, Interview, 9 October 2023).

A white female in the banking sector leading the customer care division points to the challenges faced by women: "Yes, challenges include difficulty for women to be represented in senior levels, a lack of voice for the younger generation, and a shortage of diverse skills. Balancing family responsibilities with work, organisational culture, and burnout are additional hurdles" (Participant 12, Interview, 8 Dec 2023). However, not all participants perceive challenges in promoting diversity. An Executive Manager in the health care sector who is also a doctor, for instance, notes a positive inclination among people in companies to learn and embrace new things, indicating a potential shift in attitudes: "No, I haven't observed challenges or drawbacks…. People seem interested in learning and embracing new things in companies" (Participant 11, Interview, 31 October 2023).

4.3.6 Resistance and opposition to diversity initiatives and programs

Participants were asked if they had observed any resistance and opposition to diversity initiatives and programs in the workplace. Responses reveal diverse perceptions and resistance to organisational diversity initiatives. Common threads include acknowledgment of historical issues, cultural factors, and stereotypes as sources of opposition. Trust issues and historical recruitment practices contribute to resistance. Additionally, there's a perceived contrast: some view diversity initiatives as beneficial but challenging, while others see them as legal requirements or compliance exercises. This is reflected in the words of an African black male Executive in the banking sector: "Resistance may stem from historical issues or cultural factors. For example, certain divisions within the organisation might have been traditionally less diverse, some divisions are also slower at implementing" (Participant 2, Interview, 12 September 2023). Another respondent an African black male Marketing manager in telecommunications says: "I think I have two extremes, a school of thought where its tidies its hard work because of the benefits it brings, because of the relevance advantages, but I have also seen people at best seeing it as a compliance exercise, at best seeing it a legal requirement" (Participant 3, Interview, 19 September 2023).

One African black female Senior Manager in Operations in the industrials sector identifies gender stereotypes as a past source of resistance in companies: “In our organisation I have not seen resistance but in previous companies I worked for it is stereotypes and most of the time it’s stereotypical males that think females cannot lead or females are too soft or too emotional” (Participant 5, Interview, 4 October 2023). However, another manager a white male Manager working for the industrials sector personally questions the value of diversity programs, emphasizing a focus on merit and job competence: “I am for the person that can do the job and can deliver. I am not interested in the diversity factor and diversity programs” (Participant 6, Interview, 9 October 2023).

Others are facing evident resistance in their organisation; the emphasis is on the impact of prevailing racial dynamics. Trust issues within teams are identified as a potential barrier, suggesting that a lack of trust may engender negative emotions regarding diversity initiatives. In this regard, a Product Manager working at the bank notes: “Yes, in my organisation I have seen resistance and its very evident... this organisation Is really run by a certain race” (Participant 7, Interview, 23 October 2023). Similarly, a Senior Manager who is a data architect in the industrials sector points to trust being a barrier: “... the challenge was that I wasn’t sure if there was trust within our team, and that in itself would evoke those negative emotions” (Participant 9, Interview, 24 October 2023).

On a positive note, some managers report minimal resistance, with individuals eager to learn, share perspectives, and positively receive diversity initiatives. However, it is noted that even without significant resistance, change takes time due to ingrained culture and mindsets within the organisation. As a coloured female Executive Manger in sales working for a pharmaceutical company observed: "To be honest, it's passively accepted and welcomed. There is a sense of inclusion, and individuals are seen as part of the team" (Participant 10, Interview, 10 October 2023). Yet another participant an Indian female Executive Manager in the health care sector noted: "I haven't seen any resistance; people are eager to learn and share different points of view. The diversity initiatives have been received positively" (Participant 11, Interview, 31 October 2023). In a similar vein, a white female manager who leads the customer care division at the bank noted: "Not significant resistance, but change takes longer due to ingrained culture and mindsets within the organisation" (Participant 12, Interview, 8 Dec 2023).

4.3.7 Strategies for overcoming challenges in promoting diversity – Effectiveness of government legislation.

When Managers were asked about the strategies they recommend for organizations to promote diversity and the effectiveness of government legislation. Diverse perspectives on the efficacy of government legislation, specifically the Employment Equity (EE) Act and Broad-Based Black Economic Empowerment (BBEE) Act, in promoting workplace diversity unveil a spectrum of opinions. An African female Project Manager at a bank underscores the value of exit interviews to reveal genuine diversity perceptions as a strategy in overcoming challenges, emphasizing the necessity for authentic implementation of policies like BEE and EE. She argues that policies are often superficially followed, and true diversity requires a cultural shift within organisations: "The strategies that can help are when we started doing those exit interviews because when people leave, they start telling you the truth... BEE, EE, however, there are companies that follow them on paper but not actually" (Participant 1, Interview, 6 September 2023).

Advocating for an integration of diversity into organisational culture, another participant an African black male Executive Manager in IT working in the banking sector highlights the transformative power of individuals realizing the benefits and becoming champions of diversity. He stresses that policies alone are insufficient: "Instead of implementing new policies, making diversity part of our culture... nothing as powerful as people realizing the benefits of diversity and becoming champions of diversity themselves" (Participant 2, Interview, 12 September 2023).

Conversely, an African male Marketing Manager in telecommunications underscores the symbolic importance of diverse senior leadership, viewing its absence as a signal of an organisation's lack of seriousness and authenticity in commitment to diversity. Scepticism about the effectiveness of government legislation, particularly BBEE, is expressed by one manager who cites governance problems in South Africa: "Not having diverse senior leadership signals a lack of seriousness and authenticity... Legislation is not as effective as it should be; people look for loopholes or apply them as far as they can and no more" (Participant 3, Interview, 19 September 2023).

While an African black female Operations Manager working in the industrials sector proposes employing highly qualified individuals to address promotion challenges related to BEE and gender issues: "There is quite a few that I can tell you, but the strategy they can use is to employ very qualified

people... so that when they want to promote, it doesn't bring the issue of BEE and gender..." (Participant 5, Interview: 4 October 2023).

A white male Senior Manager working in the IT division in the industrials sector criticizes the current legislative approach and suggests a holistic solution addressing root causes like education and racism. Another participant questions the effectiveness of BEE and EE, framing them as mere tick-box exercises within organisations. Emphasizing the importance of leadership embracing diversity not just for legal compliance but out of genuine willpower: "I don't think they are effective... The government should've done it that way by solving problems from the root and not leave it the way it is now" (Participant 6, Interview, 9 October 2023). An African female product manager in the banking sector says: "I don't think it's effective... in my organisation, this BEE, EA, it's all a tick box exercise" (Participant 7, Interview, 23 October 2023).

Additional perspectives cast doubt on the efficacy of government legislation, with one manager a white male in the industrials sector suggesting potential manipulation for personal gain. Another manager a coloured female in the pharmaceutical sector, advocates for a broader diversity definition, cautioning against pitfalls in legislation like the EE Act that may drive inequality without considering individual experiences. In contrast, a white female executive manager in the customer care division at a bank sees legislation as effective but calls for improved execution. Emphasizing bold leadership, cultural changes, and highlighting financial benefits to overcome resistance, diverse perspectives on the impact and execution of government legislation in fostering workplace diversity and inclusion are revealed:

> No, not at all... No, I don't think it has achieved its intended results, but I do believe it's been used to manipulate and for people to achieve their own interests (Participant 9, Interview, 24 October 2023).

> The definition of diversity needs to go beyond demographics. Legislation like the EE Act might drive inequality if not approached with an understanding of individual experiences. Managers need to be aware of their team's diversity and focus on hiring individuals who bring different perspectives (Participant 10, Interview, 10 October 2023).

> Government legislation is effective in providing frameworks for enforcing diversity. However, some individuals may feel excluded. Bold leadership, culture changes, and highlighting financial benefits are crucial (Participant 12, Interview, 8 Dec 2023).

4.3.8 Conclusion on Qualitative research

Managers hold diverse perspectives on inclusivity, spanning demographics, culture, and experiences. Some emphasize strategic leveraging of differences, extending the definition beyond visible characteristics to encompass life experiences. Disparities persist in senior management, notably in banking, with challenges including the perception of diversity as a tick-box exercise and tensions in selection criteria. Managers unanimously recognize diversity's positive impact on corporate sustainability, citing growth, innovation, and ethical practices. They stress the importance of varied perspectives in addressing complex challenges. Diverse leadership is seen as transformative, particularly in the historical context of Apartheid, influencing decision-making. Challenges in promoting diversity include perceived tick-box approaches, integration difficulties, historical resistance, and policy balancing. Resistance stems from historical issues, cultural factors, stereotypes, and trust concerns, revealing diverse views on diversity programs.

Chapter 5 Discussion of results

In this chapter, a comprehensive exploration of the relationship between senior management diversity and corporate sustainability in South African publicly listed companies will be discussed. The discussion aims to address three key research question. The study employed a blend of quantitative analysis and qualitative insights from managerial interviews to examine the effects of diversity on corporate sustainability. The chapter discusses the perceptions of senior managers and subordinates concerning the influence of diversity on corporate sustainability, offering diverse perspectives. Additionally, it investigates the barriers and challenges faced by organisations in achieving diversity in senior management. Importantly, this chapter critically examines existing literature to identify parallels or contradictions with the study results.

5.1 Research Question 1: What are the effects of diversity in senior management on corporate sustainability in South African publicly listed companies?

The study's holistic exploration of the relationship between diversity in senior management and corporate sustainability combines quantitative and qualitative insights, supported by existing literature. The findings align with prior research, affirming the pivotal impact of diversity in senior management on corporate sustainability. The positive correlation observed between the percentage of Black African executives and the ESG score reinforces the value of diverse views in enhancing making decisions and solving problems within leadership (Zhu & Huang, 2023; Ponomareva et al., 2022; Triana et al., 2019). The negative correlation observed between the percentage of White executives and the ESG score highlights the complex dynamics at play in corporate sustainability. This finding suggests that a higher representation of White executives may be associated with a decrease in ESG performance. However, the complex nature of this relationship is emphasized by the study's revelation of no significant correlation between Indian/Asian and Coloured executives and ESG scores, suggesting that the influence of diversity may vary among different ethnic groups (Stahl & Maznevski, 2021).

Moreover, the findings challenge assumptions about a positive correlation on gender and ESG performance (Fine et al., 2020; Cardoso et al., 2023). In this study, no significant relationship between gender and corporate sustainability was shown, highlighting the complexity of the relationship, and suggesting that gender diversity may not universally impact sustainability outcomes (Triana et al., 2019). The correlation results related to age groups add another layer to the understanding,

emphasizing the positive influence of the age range of 40-59 on ESG scores, in line with literature emphasizing the value of experience and maturity in senior leadership for sustainability practices (Fry & Egel, 2021).

Qualitatively, insights from interviews with managers offer depth and context to the quantitative findings and are consistent with the existing literature. The consensus among managers on the positive impact of diversity on organizational growth, innovation, and ethical labour practices aligns with the quantitative correlation results and is supported by studies that emphasize the positive impact of diversity on innovation, decision-making, and organizational performance (Moon, 2023; Ponomareva et al., 2022; Triana et al., 2019). The dissenting opinions, particularly those emphasizing the importance of collaborative team dynamics and effective communication over workforce diversity for sustainability, add valuable depth and resonate with literature that acknowledges the importance of collaborative team dynamics in achieving sustainability goals (Miralles-Quirós et al., 2019).

Moreover, the qualitative data underscores the interconnectedness of diversity and corporate sustainability, emphasizing diversity as a catalyst for growth, talent retention, and innovation. These qualitative insights complement the quantitative results, providing a richer and more holistic understanding of the complex relationship between diversity and sustainable business practices.

5.2 Research Question 2: What are the perceptions of senior managers and subordinates in South African publicly listed companies regarding the impact of diversity on corporate sustainability?

Interviews with senior managers explain their perceptions of diversity and its impact on corporate sustainability, adding depth to the scholarly discourse. The definition of diversity, as articulated by the managers, aligns with established literature, drawing on Allport's (1935, as cited in Fazio, 2007) comprehensive framework that encompasses cognitive, affective, and behavioural components. This multifaceted perspective resonates with Usó-Doménech and Nescolarde-Selva's (2016) understanding of beliefs as organized systems guiding behaviour, encompassing values and moral judgments. The interviews further reveal the perceptual aspects that echo the cognitive processes outlined by Qiong (2017), who discusses how individuals actively construct their reality based on cognitive and perceptual experiences. These insights align with the broader literature on individual

differences and social-cultural factors influencing diversity perceptions (Chentsova-Dutton & Ryder, 2019; Jhangiani & Tarry, 2022).

Assessing current levels of diversity in senior management, the interviews reflect the ongoing challenges despite improvements, echoing the literature that emphasizes sustained efforts in achieving meaningful inclusivity (Ehrke, Berthold & Steffens, 2014; Sarkar, 2021). The cautionary note regarding adherence to government guidelines resonates with Cohen's (2011) exploration of how beliefs can lead to biases and resistance to change, hindering open-mindedness. The diverse perspectives on the definition of diversity and the cyclical nature of sustaining diversity initiatives underscore the need for a comprehensive approach, echoing existing literature (Mansoor, Tran & Ali, 2020; Bendick, Jackson & Reinoso, 2019).

On the impacts of diversity on corporate sustainability, the interviews align with literature on the positive impact of diversity on organizational performance, innovation, and ethical business practices (Turi et al., 2022; Stansbury & Sonenshein, 2021). The transformative potential of diverse leadership in addressing social and environmental issues echoes the broader literature on diversity fostering learning, empathy, and a radical approach to sustainability challenges (Zhu & Huang, 2023). The recognition of personal experiences as influential in decision-making aligns with literature emphasizing the impact of background and experiences on workplace dynamics (Lawrenz & Pedersen, 2022).

5.3 Research Question 3: What are the key barriers and challenges faced by organizations to achieving and implementing diversity in senior management?

The challenges and barriers faced by organizations in achieving and implementing diversity in senior management teams are multifaceted, encompassing perceptions of diversity initiatives, difficulties in integrating individuals from diverse backgrounds, individual preferences and biases, and resistance to diversity initiatives. One recurrent theme identified in participant responses is the concern that diversity initiatives can be construed as mere tick-box exercises, potentially undermining the authenticity of organizational commitment to diversity. This sentiment aligns with existing literature emphasizing the importance of genuine commitment to diversity rather than symbolic gestures for effective change (Ely & Thomas, 2001). Managers also reported challenges in balancing merit-based selection with diversity goals in hiring decisions (Interview: 6 September 2023), echoing the ongoing

debate in the literature about potential tensions between meritocracy and diversity initiatives (Kalev et al., 2006).

The integration of individuals from diverse backgrounds poses inherent difficulties, as highlighted by participants discussing challenges in understanding one another and establishing social expectations and boundaries. Such challenges resonate with the literature on cross-cultural dynamics, emphasizing the need for cultural competence and effective communication to overcome barriers (Cox, 1994). Additionally, the historical resistance to diversity initiatives, particularly in organizations with strong union affiliations, points to structural obstacles that organizations need to navigate. This aligns with studies highlighting the impact of organizational culture and structure on diversity initiatives (Cox & Blake, 1991).

The role of individual preferences and biases emerges as a significant barrier, with participants noting a potential preference for working with familiar individuals. This echoes the literature on affinity bias, which underscores the natural tendency to favour those who are like oneself, hindering diversity (Dobbin & Kalev, 2018). Moreover, the challenges highlighted, such as difficulty for women to be represented in senior levels and a lack of voice for the younger generation, align with broader discussions on persistent barriers despite evolving corporate landscapes.

Resistance to diversity initiatives and programs is a recurring theme, with participants citing historical issues, cultural factors, and stereotypes as sources of opposition and lack of succession planning. The diversity of perspectives on the perceived benefits and challenges of diversity initiatives aligns with existing literature that acknowledges the contextual nature of diversity implementation (Dobbin & Kalev, 2018). Some managers report minimal resistance, while others note evident opposition within their organizations. This diversity of experiences underscores the need for tailored strategies in addressing resistance, as suggested in previous research (Dobbin & Kalev, 2016).

5.4 Propositions Revisited

Proposition 1 - attitudes, beliefs, and perception of diversity among senior management and employees, impacts organisational culture.

Managers support Proposition 1, indicating that attitudes, beliefs, and perceptions significantly impact organizational culture. Positive attitudes towards diversity are emphasized for their contributions to organizational growth, career development, and mitigating marginalizing within the

company (Turi et al., 2022). Diversity training programs are acknowledged for positively shaping managers' attitudes, beliefs, and behaviours in this regard (Ehrke, Berthold & Steffens, 2014; Sarkar, 2021).

Beliefs, defined as organized systems of thought, guide behaviour and understanding. However, caution is noted about their potential to lead to biases and resistance to change (Usó-Doménech & Nescolarde-Selva, 2016; Cohen, 2011). Perception, actively shaping reality based on cognitive experiences, is identified as a dynamic influencer affected by individual differences, social factors, and personal backgrounds (Qiong, 2017; Jhangiani & Tarry, 2022).

The impact of attitudes, beliefs, and perceptions on diversity-related outcomes is evident. Positive attitudes align with work satisfaction and organizational commitment (Turi et al., 2022), and managers viewing diversity as contributing to corporate success are more likely to support diversity efforts (Mansoor, Tran & Ali, 2020).

Proposition 2 - the establishment and implementation of diversity policies and initiatives leads to increased diversity in senior management teams, resulting in improved corporate sustainability.

Responses from managers reflect mixed views on Proposition 2. Some express optimism about the positive impact of diversity policies and initiatives on senior management teams and corporate sustainability. These perspectives align with literature that emphasizes the potential benefits of diversity programs, such as improved organizational equity, inclusion, and advancement of disadvantaged groups (Dover et al., 2020). The transformative potential of these initiatives is highlighted, with an emphasis on authentic implementation and cultural integration (Wärnich et al., 2018).

However, scepticism is also evident, especially regarding the effectiveness of government legislation, such as the B-BBEE and EE Acts. Some managers question the impact of these policies, citing concerns about governance problems, potential manipulation, and limitations in achieving intended results. These views resonate with literature that acknowledges differing opinions on the success of diversity policies, with some arguing for their effectiveness and others highlighting potential challenges and unintended consequences (Mhlanga, 2017; Jeffery, 2019).

Proposition 3 - unconscious prejudice, restricted career pipelines, and lack of support and mentoring collectively contribute to the challenges faced by South African businesses in achieving diversity within their senior management teams.

Managers' responses support Proposition 3 reveals that their views align with existing literature on diversity challenges in senior management. The perception of diversity initiatives as checkboxes parallels Foley and Williamson's (2019) emphasis on unconscious prejudice's impact on hiring and promotions. Parakala (2021) supports the idea that unconscious bias leads to a lack of diversity in leadership.

Challenges in hiring decisions and diversity criteria align with Formanek (2021) and Byyny (2017), addressing biased hiring processes hindering underrepresented groups' career progression. Positive responses resonate with literature highlighting organizational culture's role (Blanchard & Blanchard, 2020) and the benefits of diversity programs globally (Dover et al., 2020).

Challenges in integrating diverse backgrounds echo studies on unconscious bias and limited access contributing to a restricted career pipeline (Hunt et al., 2018; McGee, 2018). The responses emphasize diversity's complex nature, underscoring the need for tailored strategies (Dobbin & Kalev, 2018) and considering organizational contexts.

5.5 Conclusion

The findings of this study confirm the significant role of diversity in senior management, highlighting a positive correlation with ESG scores for specific ethnicities. However, the findings reveal complexities, showing variations among ethnic groups and a non-universal impact of gender diversity on sustainability outcomes. Insights from senior managers add depth to the discussion, presenting diverse perspectives on diversity's influence. The exploration of challenges highlight’s themes of unconscious prejudice, restricted career pipelines, and the crucial role of support and mentoring.

Propositions regarding attitudes, beliefs, and perceptions, the establishment and implementation of diversity policies, and challenges faced by businesses find both support and challenges within managerial responses, emphasizing the complex nature of diversity-related issues. Emphasized is the need for tailored strategies and a nuanced organizational approach to drive meaningful and sustainable change in senior management diversity for improved corporate sustainability.

Chapter 6 Conclusions, Recommendations and Limitations

6.1 Introduction

In reviewing existing literature, it is widely acknowledged that having diverse teams significantly impacts a company's sustainability and offer organisations a competitive advantage (Zaid et al., 2020). Various scholars have explored this connection, emphasizing how different team setups affect crucial aspects like decision-making, innovation, and overall organisational resilience—all of which are vital for corporate sustainability (Duchek et al., 2020; Edmans, 2022). This chapter summarizes the key findings, connecting them to both the qualitative insights from senior managers and the quantitative results, thereby offering an understanding of the dynamic relationship between diversity and corporate sustainability.

6.2 Conclusion on objective 1: Investigate the effects of diversity in senior management teams on corporate sustainability outcomes in South African publicly listed companies.

The quantitative investigation into the effects of diversity in senior management on corporate sustainability, as measured by ESG ratings, uncovered insightful relationships within South African publicly listed companies. The results reveal a significant positive correlation between the percentage of Black executives and corporate sustainability, indicating that companies with a higher representation of Black executives tend to exhibit higher ESG scores. Conversely, a negative correlation was observed concerning the percentage of White executives, suggesting that a greater proportion of White executives is associated with lower ESG scores. Age diversity also played a role, with the age group 50-59 positively correlated and the age group 40-49 negatively correlated with ESG scores. However, gender diversity did not exhibit a significant correlation with ESG scores.

The qualitative findings regarding individuals' interest in embracing diversity initiatives align with the notion that a higher percentage of Black executives correlates positively with sustainability. This suggests that a diverse leadership, particularly with a focus on underrepresented groups, might be associated with better corporate sustainability practices. The qualitative emphasis on making diversity part of the organisational culture and individuals becoming champions of diversity correlates with the positive correlation observed in the quantitative study. A higher percentage of executives in the age group 50-59, which might be associated with experienced and potentially more inclusive leadership, shows a positive correlation with sustainability.

While not all diversity factors showed significant correlations, the nuanced relationships observed in the quantitative analysis could be reflective of the complexities in measuring the impact of diversity on corporate sustainability.

6.3 Conclusion on objective 2: Investigate senior managers and their subordinates' perception, attitudes and beliefs about workplace diversity and its influence on corporate sustainability.

Managers unanimously recognize diversity's positive impact on senior management and corporate sustainability. They cite growth opportunities, innovation, and the mitigation of blind spots as key benefits. While some underscore the symbiotic connection between diversity and employee retention, others challenge the assumed link, emphasizing collaborative team dynamics and effective communication for sustainability. Overall, diversity is viewed as a dynamic force enriching decision-making and contributing significantly to corporate sustainability.

Managers acknowledge diverse leadership's transformative potential in addressing social and environmental issues, especially within South Africa's historical context. Personal backgrounds and experiences significantly influence decision-making at the senior management level. The imperative to redress imbalances and cultivate diversified companies is emphasized. Diversity is seen as essential for embedding environmental, social, and governance initiatives across organisational structures, fostering a more inclusive and socially responsible approach in business.

6.4 Conclusion on objective 3: Examine the challenges and key barriers faced by businesses in achieving and implementing effective diversity management practices in senior management teams.

Managers highlighted a myriad of challenges in promoting diversity within senior management teams. One prevalent concern was the perception of diversity initiatives as mere token gestures, with a tendency to be viewed as checkbox exercises rather than genuine reflections of an organisation's commitment. This sentiment was echoed by participants who noted challenges in hiring decisions where candidates might not meet specific diversity criteria, revealing an inherent tension between merit-based selection and the pursuit of diversity goals. Integrating individuals from diverse

backgrounds was identified as a difficulty, as it involves navigating understanding, social expectations, and establishing boundaries among team members.

Historical resistance to diversity initiatives, particularly in organisations with strong union affiliations, presented an additional layer of complexity. Individual biases and preferences among senior managers were acknowledged, with a tendency for some to gravitate towards working with familiar individuals, potentially hindering the inclusion of diverse talents. Furthermore, participants pointed to challenges in balancing diversity with policies like Broad-Based Black Economic Empowerment (BBBEE), leading to feelings of exclusion or disadvantage. Persistent barriers, including difficulties for women in reaching senior levels, a lack of voice for the younger generation, and shortages in diverse skills, were also emphasized, underscoring the multifaceted nature of challenges faced by managers in fostering diversity in senior management teams.

6.5 Recommendations for business

Recommendations for fostering diversity and sustainability in South African companies:

- **Commitment to diversity**: Prioritise ongoing commitment to diversity as a long-term strategy. Implement continuous monitoring and evaluation to address emerging challenges in diversity initiatives. Strategically appoint diverse executives to signal a commitment to an inclusive culture.
- **Targeted interventions:** Implement interventions in underrepresented sectors, addressing gender and other demographic imbalances. Intensify efforts to address persistent gender disparities, creating an environment for women's professional advancement.
- **Inclusive definitions:** Embrace inclusive definitions of diversity, acknowledging experiences and diverse skill sets. Consider cultural context in diversity initiatives, recognizing varying interpretations.
- **Holistic sustainabili**ty: Embed ESG initiatives across departments, promoting a holistic approach to sustainability. Integrate ESG initiatives into the organisational fabric, ensuring relevance and effectiveness.
- **Learning and empathy**: Leverage diversity for learning and empathy, recognizing unique perspectives.

6.6 Contribution of the study

This study has contributed valuable insights at the intersection of diversity in senior management and corporate sustainability within South African publicly listed companies. The findings from both quantitative and qualitative analyses have shed light on nuanced relationships, revealing significant associations between certain diversity factors and corporate sustainability metrics, particularly within the context of ESG scores.

Quantitatively, the study found a positive correlation between a higher percentage of Black executives and sustainability, and a negative correlation with White executives. Age group 50-59 showed a positive correlation, while 40-49 had a negative correlation. Gender diversity did not significantly correlate with sustainability. Qualitatively, interviews revealed challenges, drawbacks, and resistance to diversity initiatives, emphasizing complexities in integration and historical opposition within organisations.

Future studies may consider conducting a longitudinal analysis to track changes in diversity and sustainability over time (Cucari et al., 2018). A larger sample size can be considered to ensure the generalization of the research. Complement quantitative data with in-depth case studies for richer insights, expand the study globally, and delve deeper into senior managers' perspectives through additional qualitative interviews (Rashid et al., 2019). Explore intersectionality of diversity factors, incorporate employee perceptions, investigate implementation strategies, and use broader sustainability metrics (Croitoru et al., 2022). Additionally, analyse the impact of government policies and regulation (Hall, 2023).

6.7 Limitations

This study exclusively focused on senior managers in the Johannesburg, Gauteng region. While this region hosts the largest pool of Johannesburg stock exchange, it's important to note that JSE listed companies operate beyond this geographic area. Exploring perceptions and experiences in other regions, could have provided valuable insights. However, it's essential to recognize that the scope of this study did not encompass regional differentiation.

Despite the limitations, the 12 interviews conducted to generate the forthcoming findings were deemed viable for a heterogeneous population, as suggested by Saunders et al. (2019). Nevertheless,

it is acknowledged that a larger sample size could have potentially yielded greater insights into the diverse perspectives.

This study focused on data derived from only 40 JSE-listed companies. The length and variability in the annual reports of each company contributed to the challenge of efficiently locating information for inclusion in the study. Additionally, the reliance solely on annual reports for a single year may narrow the scope of the findings, potentially limiting the generalizability and thoroughness of knowledge of the dynamic character of diversity and sustainability practices in organizations over time

6.8 Conclusion

This study explored how diversity in top management influences sustainability in South African publicly listed companies. The quantitative analysis uncovered significant connections between certain diversity factors and ESG scores, while qualitative insights from senior managers have offered context to these findings. The study provides different perspectives, revealing challenges in promoting diversity. Despite limitations, recommendations for future research include longitudinal analyses, global expansion, and assessments of policy impact. Overall, this study enriches the discussion on diversity and sustainability, emphasizing their interconnected importance for organisational success and societal impact.

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Appendices

Appendix A - Interview guide

Demographic questions

1. How do you identify? (Gender):

a) Male

b) Female

c) Non-Binary

d) Prefer not to say

2. How old are you? (Age):

a) 18-25

b) 26-35

c) 36-45

d) 46-55

e) 56 and above

3. Which race do you identify as? (Race):

a) Black African

b) Coloured

c) Indian or Asian

d) White

e) Other (please specify) _____

Research Question	Interview Question
i)What are the effects of diversity in senior management on corporate sustainability in South	1. Can you describe the current level of diversity within the senior management team in your organisation? 2. In your opinion, how does diversity in senior management contribute to corporate sustainability? 3. What specific benefits or advantages have you observed because of having a diverse senior management team?

African publicly listed companies?	4. Have you noticed any challenges or drawbacks associated with promoting diversity in senior management? If so, please elaborate. 5. How do you measure or evaluate the impact of diversity in senior management on the overall corporate sustainability of your organisation?
ii)What are the perceptions of senior managers in South African publicly listed companies regarding the impact of diversity on corporate sustainability?	6. How would you define diversity in the context of senior management? 7. What is your personal perception of the relationship between diversity and corporate sustainability? 8. Have you noticed any differences in the perceptions of senior managers regarding the impact of diversity on corporate sustainability? If so, what are those differences? 9. Can you provide any examples or instances where diversity in senior management has positively influenced the overall sustainability of your organisation? 10. How do you think diversity in senior management can contribute to addressing social or environmental issues in the South African context?
iii)What are the key barriers and challenges faced by organisations to achieving and implementing diversity in senior management?	11. From your experience, what are the main barriers or challenges organisations face in achieving diversity in senior management positions? 12. Are there any specific cultural or institutional factors that hinder the promotion of diversity in senior management within South African publicly listed companies? 13. Have you observed any resistance or opposition to diversity initiatives (EE, Labour law) from within the organisation? If yes, what are the reasons behind this resistance?

	14. What strategies or best practices do you believe can help organisations overcome these barriers and foster diversity in senior management? 15. How do you think organisations can effectively address unconscious biases and stereotypes that may impede the promotion of diversity in senior management?

Appendix B – Codes

Codes and Excerpts from the transcripts

	Codes	Excerpts from Transcript
1	Limited Diversity in Senior Roles	"Diversity is there but it's not that big looking at our Exco Members or Execs... not enough diversity in senior roles."
2	Impact on Employee Growth and Trust	"People tend to leave if the place is not diversified enough... impacts growth and sustainability of the organisation."
3	Influence on Perceived Trust in Brand	"Some people would say this company is headed by a white person, so I trust that company... diversity impacts trust in the brand."
4	Impact on Decision-Making and Innovation	"Young people tend to come with different skills... diversity has its own level of how we do things and contribute to society."
5	Innovation and Growth	"Where there is diversity, there is growth and the more innovative you become."
6	Global Partnerships and Solutions	"We as Standard Bank have a very close corporate relationship with ICBC... the more diverse, the more innovative solutions can be developed."
7	Reputation and Business Opportunities	"If your environmental matrix do not match, if you are not kind with the environment, if you are not green you will get hate in terms of reputation."
8	Competitive Advantage	"Diversity is one of the key things that makes the organisation competitive..."
9	Market Relevance	"Slowly watched the organisation gain relevance to its markets..."
10	Authenticity and Cultural Fit	"Organisations become more competitive, attract more customers, service customers in a more authentic way..."
11	Innovation and Different Perspectives	"Helps organisations think differently because when you have group thinks you don't get the quality of participation..."
12	Better Understanding of Complex Society	"Understanding the blind spots we might be having... we live in a complex society and understand we have a complex history..."

	Codes	Excerpts from Transcript
13	Leadership Impact	"Your word matters as a black person and as a woman where there are powerful people..."
14	Representation Matters	"People look up to it and it gives them hope to see that there are some role models..."
15	Skill Diversity	"Different opinions and different bodies that see things differently..."
16	Governance and Pay Equality	"There is a level of biasness when it comes to governance with the company leadership..."
17	Social and Environmental Impact	"We need to hire black people, we need to hire females, and there are people that try to stop it..."
18	Leadership Diversity	"In my opinion, it is very diverse as we employ more black females, but males are there, and they are at the top levels within our organisation."
19	Well-being and Performance	"Females will look at the well-being of the people, that's why in the organisation, we have got wellness Wednesdays..."
20	Empathy and Shared Experiences	"We have a huge benefit in terms of shared experiences as they will be working more on empathy, and you will be looking at the soft side of the employees."
21	Recognition and Ceremonies	"Females in executive roles will tell you we need ceremonies where you acknowledge and recognize people in public with awards."
22	Balance and Good Results	"It's a balance within the organisation, and it brings good results in the company."
23	Work Collaboration	"The more people collaborate on a product, the better product you will get if there is high-performance involvement from the entire team."
24	Value-Based Hiring	"I am for the person that can do the job and can deliver, I am not interested in the BEE factor etc."
25	Sustainability through Collaboration	"If everyone is delivering, your company will be sustainable."
26	Representation and Trust	"We really are not as diverse as we should be... you find that we have more males than females in senior roles, and a certain race is the majority."
27	Changes in Leadership Dynamics	"Two years ago, they were promoting female CEOs but now they are demoting those females and changing their titles."
28	Long Way to Go	"We really have a long way to go in the organisation."
29	Representation and Leadership	"The level higher than me is the board... predominantly, two whites, one coloured, and one Indian."
30	Succession Planning	"The problem for me is succession planning... succession dashboard over the years has only been certain races and age."
31	Diversified Team Building	"For me, I think it's actually critical... because everyone brings a different view and aspects from their different diverse experiences."
32	Perception of Elite and Outcast Groups	"Diversity goes down to difference than identity... one person will be an outcast, seen as different from the norm."
33	Over-Correction in Executive Diversity	"Executives are a lot younger now, mostly black females, probably a 40 – 60% match."

	Codes	Excerpts from Transcript
34	Impact of Leadership Motives on Operations	"Executives came in with impressions, talked high level, and revoked the autonomy of the business."
35	Importance of Diverse Thinking	"It doesn't matter what your race is... a lack of diversity based on the way the person thinks."
36	Racial, Gender, and LGBTQ+ Diversity	"Racially diverse, diverse in terms of gender, and on the LGBTQ spectrum, it's all well balanced."
37	Influence on Environmental Initiatives	"Different outcome of each person... from their different backgrounds, whether it's professionally or socially."
38	Inclusive Variety	"Inclusion of different people from different backgrounds – race, religion, culture, gender, and age groups."
39	Experience and Wisdom Diversity	"People with different experiences, some have more experience, some are older and bring more wisdom."
40	Positive Outcome Through Diversity	"Diversity helps in understanding things better... team comes together for problem-solving, positive outcomes."
41	Influence on Corporate Mindsets	"Diversity is playing its role in those different elements... challenging the status quo for corporates' sustainable objectives."
42	Growth vs. Sustainability Dynamics	"Dynamics between profits, planning, and growth... diversity plays a role in shifting mindsets for sustainable objectives."
43	Broadened Definition of Sustainability	"Starting to talk less about the deals we are making... more about the impact we are making on people's lives."
44	Stereotypes and Perceptions	"Perception, because if you are young, they would say the young ones are going to party... we will always have different salary ranges."
45	Impact on Career Growth	"It affects the organisation in a negative way... it doesn't look like I will get that position and then it affects the organisation."
46	Exit Interviews Revealing Truth	"When people leave, they start telling you the truth... we are not diversified, and you can't take a white team lead take a black etc."
47	Influence on Career Decisions	"For my career growth I don't think they will give me what I want... it's good for me to leave and look for something better somewhere else."
48	Slow Pace of Change	"Us as the bank we are transformed and represent the demographics of South Africa and then there are other business units that know this is the stance of the group."
49	Social and Cultural Challenges	"It becomes difficult socially to set those expectations, boundaries. So, for me one of the most important things that comes to be diversified is to get the teams fully diverse is to make sure that the team gels."
50	Compliance vs. Authenticity	"People see diversity as a tick box exercise rather than an opportunity to authentically reflect back to society..."
51	Inclusive Culture Responsibility	"Not all managers and Executives buy into the sweet or purpose of diversity... entire organisation should drive the process..."
52	Tangible and Intangible Aspects	"There are tangible and intangible aspects of diversity... you need that kind of ability not to assume that everything is the way you want to understand it."
53	Cultural Leverage	"Efforts can be driven by specialists, but you can't leave it to them... it must be an organisational drive."

	Codes	Excerpts from Transcript
54	Collaboration and Holistic Approach	"Internal teams that drive diversity and funding and empowering that team, giving them face time so that they can report back on the temperature on the ground to leadership..."
55	Resistance from Some Quarters	"Some see it as a compliance exercise... at best seeing it as a legal requirement but they are not sold on the values and the worth of the efforts..."
56	Definition of Diversity	"In the context of a Senior Management team, it would be race, gender, and skill levels..."
57	Impact on Career Growth	"If you look at the various top levels that are diverse, but in MTN the CEO said..."
58	Personal Responsibility	"Governance is no. 1 because it's a public-listed entity, unlike the previous telecoms company..."
59	Cultural and Leadership Influence	"It's the culture of the company. So, if you got the right person leading the team people will just follow..."
60	Cultural Impact	"Corporate at some point partnered with government in the Eastern Cape..."
61	Resistance from Stereotypes	"In previous companies, it is stereotypes, and most of the time it's stereotypical males that think females cannot lead..."
62	Promotion Scrutiny	"I have seen initiatives that, when one of the males sees a black female has been promoted, he would always ask what she has, what qualifications does she have."
63	Subordinate Scepticism	"Subordinates value diversity more, because if you listen to talks and opinions of others you will find that this is the previously advantaged..."
64	Hiring for Qualifications	"I have no problem with colour because this is the country that we live in but always when hiring new people always look for the right people that can do the work."
65	Scepticism on Diversity Programs	"I do not know if outside the company if that happens but there could be a lot of other programs, but I am not aware of it."
66	Root Cause Approach	"You don't drink too many pills but rather eat less of the food that causes the blood clotting, you go to the root of the problem."
67	Trust and Fear	"It becomes very difficult when you see the majority is a different race, you then tend to break the cycle."
68	Fear of Backlash and Limited Influence	"People are scared, and I don't know what they scared of because all of us are talented and can do the job."
69	Pretence of Value	"In all honesty, they pretend to value diversity... It's just a matter of trust."
70	Value of Diversity	"Diversity is key to make the business successful."
71	Subordinate Views on Diversity	"In my view, I think senior managers value diversity more than subordinates."
72	Impact on Customer Understanding	"They may understand the customers differently."
73	Diversity as a Conceptual Level	"Individuals should decide within the parameters of which the organisation wants to go into and achieve those things."

	Codes	Excerpts from Transcript
74	Resistance to Diversity Programs	"Have observed resistance... negative emotions, looking at irrelevant things, but at the end of the day, the work got done."
75	Building Trust within the Team	"Not sure if there's trust within our team... difficult to say, but at the end of the day, the work got done."
76	Diverse Backgrounds in Decision-Making	"Would like to see differences in my team... people from Sandton and people coming from the township."
77	Challenges of Unrealistic Demographics	"You might not have the demographics as expected on the table but still lacking the experience from different schools and backgrounds."
78	Diversity Conversation Broader Than Expected	"Diversity conversation is a lot broader than what we expect or anticipate."
79	Collaborative Problem Solving	"Diversity adds more to a situation and problem-solving, brings different ideas and perspectives."
80	Challenges for Women in SA	"Challenges for women in South Africa, especially in the black community... more job opportunities for them."
81	Openness to Learning New Things	"People are more interested in learning and coming across new things in companies."
82	Challenges in Female Representation	"Challenging in the financial services space... hard for women to rise through the ranks, focus area for diversity in leadership."
83	Limited Voice for Younger Generation	"Voice of the younger generation is often not heard in those Senior forums... a gap in junior levels for women to rise through ranks."
84	Skills Shortage and Burnout	"Shortage of skills... women juggling work and family responsibilities, burnt out, culture of organisation can be a stumbling block."
85	Challenges in Diversity Criteria	"HR said we need to balance the equation because there is BBBEE... found a good candidate, but he doesn't meet the diversity criteria."
86	Resistance to Diversity Initiatives	"There are people that are resistant by diversity... some Managers would say I don't care as long as I am getting paid."
87	Recruitment Trust Factors	"HR will also see a trend that maybe black people are not delivering... based on qualifications or maybe you say you going up within the levels."
88	Gap Between Policies and Practices	"It's on us to write something, list, and follow and deliver upon it... some companies follow them, hence I will call them puppets."
89	Resistance and Cultural Factors	"For me one of the first things instead of implementing new policies the bank is making diversity part of our culture."
90	Recruitment Challenges	"It's rather difficult to measure it as you don't want end and end or it becomes a tick box a matrix exercise where 20% or 30 % is colour."
91	Tick Box Mentality	"People see diversity as a tick box exercise..."
92	Leaving Diversity to Marginalized Groups	"Leaving it to marginalized groups to drive diversity and equity is problematic because diversity is about including and empowering people..."
93	Tangible vs. Intangible Aspects	"There are tangible and intangible aspects of diversity... it might be so difficult to measure it as it can only be a dipstick..."
94	Changing Leadership Dynamics	"Leadership can also change, initiatives can be defunded, people may come and go... it can be a very dynamic thing."

	Codes	Excerpts from Transcript
95	Personal Biases Impacting Decisions	"People bring in their own biases where people brought their religious biases into the organisation..."
96	Legislation Not Fully Effective	"Legislation is not as effective as it should be... there is space for improvement."
97	Governance and Resistance	"Yes, I have seen people trying to stop diversity..."
98	Views on Legislation	"Government legislation is not BBEE effective and there is a governance problem in South Africa as a whole..."
99	Role of Leadership	"Just putting the right leaders at the right places can help..."
100	Bias and Self-Perception	"You get men that are more assertive, that it's accepted, hence I am saying we operate the same way in the organisation..."
101	Operational Challenges	"If you look at the Regions in the Eastern Cape, they a bit smaller you find one person doing multiple functions..."
102	Qualification Concerns	"The fact that you have your academic [qualifications] to back your promotion helps a lot, but you still get pushbacks from the previously advantaged."
103	Stereotypical Male Beliefs	"In previous companies I worked for, it is stereotypes, and most of the time it's stereotypical males that think females cannot lead or females are too soft..."
104	Resistance to Change	"I cannot measure [challenges], but I can't answer that one."
105	Government Legislation Impact	"I don't think they [EE Act and BBEE Act] effective, I think people are employed based on colour and they have to fill a certain position..."
106	Economic and Political Challenges	"We currently have a total collapsing economy, politics, a lot of people got retrenched and lost jobs."
107	Education and Racism Resolution	"If education and racism were sorted out at first over the years, diversity would have been a natural aspect now."
108	Preference in Team Building	"Senior managers have habits that are associated with different genders and races... they will much rather work with people they know."
109	Lack of Diversity in Decision Making	"You will not really want an old person to form part of your team that will come and dictate how you do things."
110	Role of Preferences	"I would say it's preference."
111	Legacy Issues in Leadership	"We never had a CEO as a person of colour... diversity is only a recent thing in this organisation."
112	Individual Resistance	"In my view, I don't think it's effective... there has been no change on senior levels because of legacy issues."
113	Compliance vs. Will Power	"Leadership needs to accept diversity and inclusion and not just that they want to comply with the law."
114	Ineffectiveness of Legislation	"No, government legislation has not been effective in promoting diversity... more effective in creating deviation and a distinction of classes."
115	Manipulation of Diversity Programs	"BBBEE program used to manipulate and for people to achieve their own interests... not achieving intended results."

	Codes	Excerpts from Transcript
116	Swinging Discrimination Processes	"Yearly they feel they need to increase those numbers... swinging pangolin to the other side of discrimination processes."
117	Ineffectiveness of EE Legislation	"EE legislation is well meaning but can still drive inequality... those kids are going to be left behind."
118	Need for Personal Understanding	"We need to know people and need to understand where people come from... making managers aware of their team composition."
119	Selecting for Diverse Perspectives	"Look for someone that terrifies you or challenges you... someone that brings a difference to the team."
120	Limited Negative Experiences	"No challenges or drawbacks associated with promoting diversity... people are eager to learn."
121	Importance of Awareness and Communication	"Talking about it and educating employees... overcoming fears through communication and finding fair solutions."
122	Perceived Need for Improvement	"Government legislation might need improvement... execution and mechanisms could be better."
123	Organisational Culture Challenge	"Culture of an organisation can be a stumbling block for diversity... a need for a focus on leadership and culture change."
124	Skill Shortage and High Demand	"Short supply of diverse skills... some individuals leaving the country, a challenge in attracting and retaining diverse talent."
125	Resistance to Change in Culture	"People in certain roles, if things are done in a certain way for a long time, it's hard to change... culture and mindset resistance."

Summary of the Themes

Diversity effects on corporate sustainability	Perception of Manager on workplace diversity	Barriers and Challenges to Achieving Diversity
• Impact on Employee Growth and Trust • Influence on Perceived Trust in Brand • Impact on Decision-Making and Innovation • Innovation and Growth • Global Partnerships and Solutions • Reputation and Business Opportunities	• Limited Diversity in Senior Roles • Stereotypes and Perceptions • Impact on Career Growth • Influence on Career Decisions • Slow Pace of Change • Social and Cultural Challenges	• Challenges in Diversity Criteria • Resistance to Diversity Initiatives • Recruitment Trust Factors • Gap Between Government Policies and Practices • Resistance and Cultural Factors • Recruitment Challenges • Gender disparities