




# Making Diversity & Inclusion a Competitive Advantage



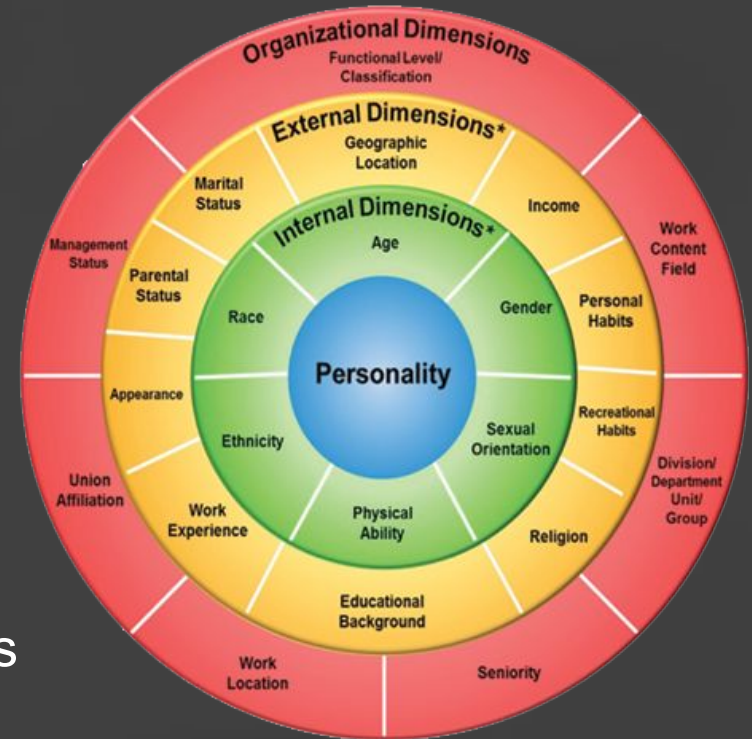
“Diversity is essential to growth and prosperity of any company: diversity of perspectives, experiences, cultures, genders, and age”

Source: “Reaping the Benefits of Diversity for Modern Business Innovation”  
*Forbes.com*, by Ekaterina Walter, January 14, 2014

# What is *Diversity*?

## Four Layers of Diversity

- 1) Personality
- 2) Internal Dimensions
- 3) External Dimensions
- 4) Organizational Dimensions



Source: "The Four Layers of Diversity"  
*Diverse Teams at Work*, Gardenswartz & Rowe SHRM, 2003

# What is *Inclusion*?



**“Diversity is the mix.  
Inclusion is making the mix work.”**

Andres Tapia  
[www.RedShoeMovement.com](http://www.RedShoeMovement.com)

# Making the Business Case

## Diversity has a positive impact on many key aspects of organisational performance

Diversity management helps to...

### Rationale

...win the war for talent

- A strong focus on women and ethnic minorities increases the sourcing talent pool, a particular issue in Europe. In a 2012 survey, 40% of companies said skill shortages were the top reason for vacancies in entry-level jobs

...strengthen customer orientation

- Women and minority groups are key consumer decision makers: for example, women make 80% of consumer purchases in the UK
- Gay men and women have average household incomes that are almost 80% higher than average

...increase employee satisfaction

- Diversity increases employee satisfaction and reduces conflicts between groups, improving collaboration and loyalty

...improve decision making

- Diversity fosters innovation and creativity through a greater variety of problem-solving approaches, perspectives, and ideas. Academic research has shown that diverse groups often outperform experts.

...enhance the company's image

- Social responsibility is becoming increasingly important
- Many countries have legal requirements for diversity (e.g., UK Equality Act 2010)

Source: *Diversity Matters* (McKinsey, 2015)

# Making the Business Case

Diversity and inclusion enable you to

- Drive innovation
- Increase creativity
- Improve recruitment
- Reduce turnover
- Capture market share

Source: “The Myriad Benefits of Diversity in the Workplace”  
*Entrepreneur.com*

# Making the Business Case

“ Employees of firms with diversity are **45%** likelier to report growth in market share and **70%** likelier to report the firm captured a new market.”

Source: “How Diversity Can Drive Innovation”  
*Harvard Business Review*, December, 2013

# Making the Business Case

## Winning Endorsement for Ideas compared to straight white men

- Women: **80%** as likely
- People of Color: **76%** as likely
- LGBTs: **79%** as likely

Source: "How Diversity Can Drive Innovation"  
*Harvard Business Review*, December, 2013



# Making the Business Case

“A team with a member who shares a client’s ethnicity is **152% likelier** than another team to understand that client.”

Source: “How Diversity Can Drive Innovation”  
*Harvard Business Review*, December, 2013

# Making the Business Case

- **15%**


Companies in the top 25% for **gender diversity** are 15% more likely to have financial returns above their national industry medians.

- **35%**

Companies in the top 25% for **racial and ethnic diversity** are 35% more likely to have financial returns above their national industry medians.

Source: *Diversity Matters* (McKinsey, 2012)

# Making the Business Case



For every 10% increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise .8%

Source: *Diversity Matters* (McKinsey, 2012)



# Making the Business Case

## **80% Improvement**

Companies with high levels of diversity and inclusion realize an **80% improvement in business performance.**

Source: *Waiter, is That Inclusion in My Soup?* (Deloitte, 2012)

# Making the Business Case



A **1%** increase in **gender diversity** produces a **3%** increase in sales revenue



A **1%** increase in **ethnic diversity** produces a **9%** increase in sales revenue

Source: *American Sociological Association*

# What about Sexual Harassment

#1 risk factor for sexual harassment in the workplace:

**Homogenous workforce**

US Equal Employment Opportunity Commission recommends:

**“Increase diversity at all levels of the workforce”**

Source: *Rebooting Workplace Harassment Prevention*  
(June 2016) US Equal Opportunity Commission Select Task Force

# Diversity & Inclusion

## Summarizing the benefits

- Increased organizational adaptability
- Broader service range
- Better anticipation of problems
- More effective execution
- Reduced workplace harassment

Adapted from: "Diversity in the Workplace: Benefits, Challenges and Solutions"  
*MulticulturalAdvantage.com* (Convergence Media)



# Diversity & Inclusion

**Business case is clear**

**Business leaders are **talking the talk****

**But **action is lagging.****



# Success Requires Effort

“It is not enough to create a corporate version of Noah’s Ark bringing in ‘two of each kind’ . . .

“There is a clear argument for actively managing diversity rather than assuming we will naturally derive the benefits.”

Source: *Only Skin Deep* (Deloitte, 2011)

# Success Requires Effort

**80% of CEOs**

said gender diversity is a priority

**50% of employees**

agreed their CEO is committed to gender diversity

Source: *Diversity Matters* (McKinsey, 2012)



# Taking Action

**What to do to  
realize the full potential  
of your business**

# Taking Action

- Understand biases and stereotypes
- Educate and train
- Review and revise processes
- Highlight positive achievements
- Recruit and promote diverse candidates
- Foster openness



# Taking Action: Biases

## **Implicit Association Test**

Validated tests for hidden biases on race, gender, age and other dimensions of diversity.

You can take them free at:

<https://implicit.harvard.edu/implicit/selectatest.html>

# Taking Action: Biases

Implicit bias may operate **outside of awareness [of] those who have it** but the discrimination it produces can be clearly visible to researchers, and almost certainly also **clearly visible to those who are disadvantaged by it.**

Source: *Blindspot: Hidden Biases of Good People* (Delacorte Press, 2013)  
by Mahzarin R. Banaji and Anthony G. Greenwald

# Taking Action: Biases

“Receiving the benefits of being in the in-group tends to remain invisible ...

“Members of the dominant or majority groups are often genuinely stunned when the benefits they receive are pointed out.

**“No small wonder that any attempt to consciously level the playing field meets with such resistance.”**

Source: *Blindspot: Hidden Biases of Good People* (Delacorte Press, 2013)  
by Mahzarin R. Banaji and Anthony G. Greenwald

# Taking Action

## **7 Steps Towards Diversity and Inclusion**

1. Understand your biases
2. Ensure everyone is heard
3. Make it safe to propose novel ideas
4. Give team members decision-making authority
5. Share credit for success
6. Give actionable feedback
7. Implement feedback from the team

Adapted from: "How Diversity Can Drive Innovation"  
*Harvard Business Review*, December, 2013



# Taking Action

## 7 Steps Towards Diverse

1. Understand your biases
2. Ensure everyone is heard
3. Make it safe to propose

**Leaders who give diverse voices equal airtime are **twice as likely** to capture value-driven insights**

**Employees in a supportive culture are **3+ times** as likely to contribute full potential**

members decision-making authority

lit for success

nable feedback

t feedback from the team

Adapted from: "How Diversity Can Drive Innovation"  
*Harvard Business Review*, December, 2013

# Resources

- Association for Talent Development

<https://www.td.org/Publications/Newsletters/Links/2015/04/Best-Practices-for-Global-DI-Initiatives>

<https://www.td.org/Publications/Blogs/Learning-Executive-Blog/2015/03/DI-Training-with-Bottom-Line-Results>

- The Society for Diversity

<http://www.societyfordiversity.org/yes-we-can-change-diversity-inclusion-training/>

- Implicit Association Test

<https://implicit.harvard.edu/implicit/selectatest.html>

- Coursera: Diversity & Inclusion in the Workplace

<https://www.coursera.org/learn/diversity-inclusion-workplace>

- Diversityedu

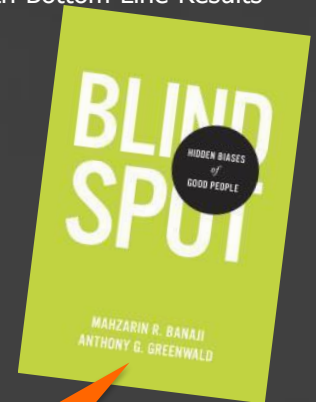
[http://diversityedu.com/try/?gclid=EAIaIQobChMI59LTsZmH1QIVkISzCh1TUAKgEAAAYASAAEgJWd\\_D\\_BwE](http://diversityedu.com/try/?gclid=EAIaIQobChMI59LTsZmH1QIVkISzCh1TUAKgEAAAYASAAEgJWd_D_BwE)

- Aperian Global

<http://www.aperianglobal.com/leaders-diversity-inclusion-5-lessons-top-global-companies/>

- Rebooting Workplace Harassment Prevention

[https://www.eeoc.gov/eeoc/task\\_force/harassment/upload/rebooting\\_harassment\\_prevention.pdf](https://www.eeoc.gov/eeoc/task_force/harassment/upload/rebooting_harassment_prevention.pdf)



Great Book



# Making Diversity & Inclusion a Competitive Advantage

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