

The Value of Diversity and Inclusion

The true value of Diversity and Inclusion initiatives comes from greater employee engagement and a better chance for financial success.

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Diversity includes the interrelated dimensions of a person in terms of age, race, ethnicity, religion, ability, nationality, citizenship, socioeconomic status, and gender. What is often overlooked when discussing diversity is diversity of thought and lived experience.

Diversity is becoming more and more valued in the world and in the workplace. Diversity has the power to make your organization more effective, more successful, and more profitable. It gives your company access to a greater range of talent and can provide insight into the motivation of your customer or client base.

Talking about diversity in the workplace is important because it can create a more enjoyable and inclusive work environment. Discussions about diversity in the workplace are often regarded as checking a box in order to market publicly that an organization has varying backgrounds and ethnicities. We should shift this discussion to focus instead on inclusivity and belonging.

Diversity, in and of itself, does not carry a value the way one would assess value in natural resources, precious stones, or hard currency. In many ways, diversity is another thoroughfare between opportunity and success. Diversity serves as a means

to achieve a desired outcome that has been stamped with credibility and an understanding that a variety of experiences contributed to its success. Its true value comes from diversity initiatives and mechanisms that lead to greater employee engagement and a better chance for financial success.

So, what is the cost associated with implementing diversity initiatives? What is the return on investment?

First, the investment needed is not a straightforward cost. Given that businesses commonly implement diversity initiatives, it's likely easier to estimate the associated costs than to calculate their possible return. These initiatives are often designed to open pipelines for underrepresented talent groups, create programs to expand the professional capacity of that same group, or develop partnerships in the community.

Second, while the gains and direct returns from diversity initiatives can be difficult if not impossible to measure on a balance sheet, there's little doubt that the rising tide of diversity will lift all boats. Researchers have evidence that companies with diverse senior leadership teams tend to be more financially successful.

With that understanding, implementing strategic diversity initiatives should be palatable to key decision-makers who have the power to mobilize teams and fund projects.

Diversity does not “automagically” bring value to your organization. Nor does simply adding a tagline to your organization's mission statement. Diversity takes work and buy-in from everyone involved and requires a change in the perceptions around it.

In the past, many have viewed diversity strategies simply as a means of plugging a hole in a wall rather than the basis for designing a castle.

When considering the purpose of diversity and its ability to drive competitive advantage, one must view it through the lens of strategy and equity. Diversity, in and of itself, is not inherently purposeful or profitable if it is not tied to the company's vision for the future and coupled with some form of a "level playing field" of sorts.

Merely having a diverse workforce without a clearly defined strategy and "equal opportunity" proves only that an organization can hire a diverse group of people.

Nika White Consulting, a recognized authority on inclusive leadership, champions the following concerning inclusive teams:

"Winning teams are built through an equitable approach that gives people what they need, not by treating everyone equally."¹

Intentionally incorporating a clear strategy, along with diversity and inclusion (D&I), into a company's strategic initiatives not only proves highly beneficial to the bottom line, but benefits may also include better employee satisfaction and talent acquisition, and prominence in the company's respective market.

A study of 17 leading companies conducted by McKinsey & Company states that more diverse companies are better able to attract top talent; improve customer orientation, employee satisfaction, and decision-making; and secure their licenses to operate. Statistics have consistently illustrated a correlation between a company's strategic implementation of D&I and an increase in profit and market differentiation.

Out of the 17 companies that were studied, those with the highest percentage of cultural and ethnic diversity held the top positions concerning overall financial performance. Companies that tend to succeed at leveraging D&I to differentiate

themselves in the market have key D&I initiatives that align with their overall business and financial growth strategies.

Aligning D&I initiatives to financial and growth strategies promotes a sense of ownership and buy-in from various levels within the organization. Employees get a clear and tangible path forward for D&I initiatives and have a vested interest in how these initiatives correlate to the company's overall growth and performance.

Strategy, intentionality, and equity are a few foundational pillars recommended for a successful D&I implementation. Studies show that a company that intentionally aligns its vision of D&I to its strategic goals, while creating an equitable space for employees, is more likely to see an uptick in financial performance and competitive advantage.

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There are also real-world examples that prove the downside of a haphazard D&I implementation and the resulting effect on a company's market share and public image.

Take technology companies for example. The technology sector has a long history of gender and racial diversity issues, which can be directly correlated to several of the scandals coming out of this industry.

Due to an outcry for diversity from several minority groups working in the technology sector, 2014 marked a shift in approach to inclusion and diversity among major tech companies. Starting in 2014, major tech giants such as Apple, Facebook, and Google began releasing annual diversity reports to provide transparency into their efforts regarding D&I. Google's 2018 Diversity Report illustrated that the percentage of women employees grew by 0.3 percent (30.6 percent to 30.9 percent)

and black and Hispanic employees grew by 0.6 percent (1.9 percent to 2.5 percent) and 0.7 percent (2.9 percent to 3.6 percent), respectively, over the past four years.² However well intentioned, these reports have served as proof that many tech companies are not making much headway in their initiatives to become more diverse. The resulting effect: a flawed corporate culture that propagates problematic attitudes in society. In 2017, Google faced significant public backlash concerning a memo penned by one of its employees regarding his personal thoughts around reasons for gender bias in the workplace. As recently as November 2018, thousands of Google staffers participated in a global walkout targeted toward bringing awareness to Google's issues concerning sexual misconduct against women in the workplace.

The push toward transparency and exposure of inappropriate behaviors among some of the most recognized brands in the world illustrates an increased awareness of the need for more targeted D&I efforts. However, implementation of said efforts is often easier said than done.

While many organizations understand why to champion diversity and inclusion, very few have been able to figure out how to make D&I tangible in the workplace.

Bringing diversity and inclusion to life in an organization requires an investment in cultural transformation. To build a more diverse, inclusive culture in your organization:

- 1. Assess and understand your current culture.** Understand not only the demographics of your organization, but how it behaves. Discuss how conflict is managed, how differences are recognized, and your established norms.
- 2. Commit to change.** Understand what needs to change and why. Agree about what you will act on.
- 3. Set some goals.** Define what your ideal culture looks like. Decide what can work for your organization.

4. **Create a plan and focus on bite-sized initiatives.** Prioritize. Pick a few small initiatives to start out.
5. **Educate your leaders.** Make sure they understand the current state of the organization, what needs to change, and why. Then help them understand what diversity is and what it isn't. Get buy-in on your goals and plan. Then pilot an initiative with them.
6. **Work your plan.** Take small, concrete steps toward your goals.
7. **Listen, reflect, and learn.** Have conversations. Elicit feedback. Track and measure the success of your initiatives both qualitatively and quantitatively.

With the right level of commitment, your efforts to build a diverse, inclusive culture will create an environment where all employees feel more valued.

Sources

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