

## How Diversity Impacts the Bottom Line

This article was published in the September-October 2001 issue of Que Pasa Hispanic Magazine *How Diversity Impacts the Bottom Line!* By Lupe I. Torre In the last issue of Que Pasa Hispanic, I talked about the golden opportunity we have in Central Florida to leverage our multicultural workforce and become domestic and international market leaders (see "Leveraging Employee Diversity to Become Market Leaders"). In this issue dedicated to diversity (celebrating National Hispanic Heritage Month), I wanted to share survey findings that reflect the positive impact diversity initiatives have on the bottom line. Central Florida's businesses are once again uniquely positioned to leverage employee diversity and improve their profitability.

The Society for Human Resource Management (SHRM) and Fortune Magazine recently published results of their survey, "Impact of Diversity Initiatives on the Bottom Line." Some of the data also appeared as part of a special diversity supplement, "Keeping Your Edge: Managing a Diverse Corporate Culture," which was published in the June 11, 2001, issue of Fortune Magazine. Diversity issues covered in this survey of Fortune 1000 companies included race, gender, ethnicity, age, disability, sexual orientation and religion. First we will review survey findings and then we will discuss how companies can build a solid foundation that will support and enhance their diversity initiatives. Three-quarters of companies surveyed stated that their recruiting efforts are designed to help increase diversity. Overall, respondents indicated that diversity initiatives have a positive impact on the bottom line of their organizations. The largest impact is seen in the improvement of corporate culture (79%), recruitment of new employees (77%), and client relations (52%). Only 7% of respondents indicated that diversity initiatives did not impact their bottom line. 70% of companies surveyed began their programs in the 1990's, 18% in 2000-2001, and the rest during the 1970's and 1980's. Some companies were visionaries and instituted programs when demographics began showing the "changing face" of the U.S. Others took action in the past few months; however, all of these companies are reaping the benefits of their actions. Top diversity initiatives implemented by companies surveyed included: Recruitment efforts, diversity training, community outreach, career development, and celebrating cultural events. When asked about diversity training, 99% indicated that managerial-level employees received training, 89% offered it to executives and 84% to all full-time employees. 66% stated that their diversity training efforts will increase in 2001. The survey also found that higher level employees received more hours of diversity training per year. This might be an indication that organizations recognize the need for upper level support and buy-in if diversity initiatives are to be successful. 91% of respondents stated that diversity initiatives gave them a competitive advantage. The top four reasons given were: Improves corporate culture (83%), improves employee morale (79%), higher retention of employees (76%), and easier recruitment of employees (75%). Other advantages listed included decreased number of complaints and litigation, and increased creativity. When measuring success, 88% tracked it by examining changes in diversity demographics of the organization's workforce, 79% through employee opinion surveys, and 55% by looking at complaints and lawsuits. Also included in success measurements were exit interviews, focus groups, and tracking turnover. Examining the results of this survey, we can see that diversity initiatives have an immediate and lasting impact on the bottom line. By changing the corporate culture, these initiatives will evolve further and, in turn, continue impacting a company's culture. If a solid foundation is built, a culture of inclusion that values differences and builds on each employee's strengths, then a company can leverage the creativity of a diverse workforce and gain a competitive advantage. When recruitment efforts focus on increasing diversity, a company will be able to attract the best, the superstars, from a cadre of unique individuals that will bring different perspectives, backgrounds and strengths. All companies, regardless of size, can implement diversity initiatives; however, it requires the commitment of the CEO and top level management. Commitment means becoming champions of diversity, becoming role models that exemplify this commitment in words and actions. It might mean surrendering control and accepting change, changing from the old framework of "manager," to the new perspective of "leader": A "manager" controls and dictates, a "leader" influences, motivates, and leads by example. To become a leader requires inner work, personal and professional growth. Companies committed to a culture of inclusion provide on-going learning opportunities and support systems for their executives and managers. After the CEO and top level management become champions of diversity, they must ensure that corporate mission and vision statements reflect this new culture of inclusion. This is the foundation upon which diversity initiatives are built. In order for their effort to be effective, this philosophy of inclusion must be communicated to the rest of the staff. To encourage mutual respect and open communication, diversity and cross-cultural training may be necessary. To reinforce learning, the organization may institute support systems like coaching and mentoring for their managerial staff. Personnel policies that value diversity, and development of a career path and lifelong learning opportunities, will enhance recruitment efforts and assist with employee retention. Those organizations that go beyond adapting to change and become innovators that keep ahead of trends and bring culturally-sensitive solutions to customers, will be the ones with a competitive edge. The creativity, productivity and commitment necessary to accomplish this can only come from a heterogeneous work environment, and a corporate culture of inclusion that values differences and builds on the unique strengths of a diverse workforce.

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