

A Special Report

'Diversity is Value Added'

by

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Diversity Is 'Value Added'

Managing diversity isn't just a moral and legal obligation, it can present tangible business benefits as well.

What is diversity?

We in the UK are fortunate to live in a country which is rich in the diversity of its population. Nowadays, your work colleagues might be any age, male or female, from any ethnic, religious or cultural background, married, single or living with a partner of the opposite or same sex, able-bodied or not. This has many advantages, but also presents organisations with the challenge of getting the best out of such a diverse workforce, while at the same time meeting their legal responsibilities. It is therefore important that companies give due consideration to how to achieve this if they want to maintain their place in the market.

The moral and legal case for diversity

In the UK

- Women make up half the workforce, but just 9% of management grades and 2% of senior management (*The Observer*, September 2003)
- Ethnic minorities make up just 1.5% of management, and are almost non-existent at senior levels (*The Observer*, September 2003)
- By 2011, only a third of the workforce will be male and under 45. (2002-based projections issued by the government.)
- By 2014, the working age population will increase by one million, and ethnic minorities will account for half that increase. (2002-based projections issued by the government.)

Introducing and promoting diversity is morally the right thing to do. Diversity not only assumes that all individuals are unique and different, but that difference is 'value added'. It acknowledges that everyone has the right to express their views and beliefs in a manner that is sensitive to those around them (i.e. free from racism, sexism, ageism and other forms of prejudice). Everyone should have the right to contribute to activities and grow within their workplace. A diverse work environment also demonstrates an organisation that it is a caring, inclusive and respectful.

While there is no one specific piece of legislation covering diversity, there are several Acts of Parliament, European laws, Regulations and examples of case law which together make up the legal framework for diversity. (The Equal Opportunities legislation in particular makes it mandatory.) Although the following list is not exhaustive, the key legal frameworks include:

- Pay discrimination (1970)
- Sex discrimination or marital status (1975)
- Race discrimination (1976)
- Positive action [1986]
- Disability discrimination (1995)
- Human Rights Act (1998)
- Gender reassignment (1999)
- Age discrimination (1999 code of practice)
- Genuine occupational qualifications [2000]
- Equality in sexual orientation (2003)
- Equality in religion and belief (2003)

The Business Benefits Of Diversity

According to a study published in 2003 by CREATE, an independent research centre (*'Harnessing Workforce Diversity to Raise the Bottom Line'*), a more diverse workforce improves business performance. The study, which involved around 500 companies operating in the UK, USA and Europe, uncovered a range of business benefits including:

- Higher staff retention
- Reduced recruitment costs
- More satisfied customers
- Access to a wider customer base
- Better supply chain management
- Access to new ideas on process and product improvements

Diversity is also key to success in global markets – any organisation that wants to expand internationally cannot hope to do so effectively without a detailed understanding of the cultural background of the new markets in which it hopes to succeed. The study did however find that diversity management is a long-term process with no quick fixes. Two obstacles in particular were being widely experienced:

- Ingrained attitudes that make it difficult for senior managers to manage people who are very different from them
- The culture of long working hours, which makes it difficult for women to aspire to senior management positions

The report concluded that diversity produces maximum financial impact when it is linked with business strategy and has the support of senior executives. According to Professor Amin Rajan, chief executive of CREATE and co-author of the report, companies are beginning to see that diversity in the workplace pays. Rajan says "Instead of thinking about diversity as about equality, that is, in terms of the law or compliance, companies are now seeing it as an issue of merit and merit alone". For instance:

- Customers want to be served by a company they can identify with, so a white male sales force might be too limiting
- Teams made up of mixed ethnicities, backgrounds and genders are likely to be genuinely more creative than teams made up of the same type of people

Other benefits of diversity are that diverse organisations will:

- find it easier to recruit as there will be a far greater market to choose from
- enjoy access to a greater wealth of experience, skills and talent
- gain improved public image – as an employer and as a service provider
- experience increased staff motivation
- encourage and develop entrepreneurs
- develop role models, thus helping future growth in management
- increase their market penetration
- show better overall financial performance

An additional spur has been the rash of multi-million dollar discrimination lawsuits brought against pillars of the US corporate establishment such as Texaco (a racial discrimination case settled for \$176 million in 1996), Coca-Cola (a sex discrimination case settled for \$192 million in 2000) and Wal-Mart (various disability discrimination cases settled for in excess of \$7 million, plus a pending and potentially very expensive case alleging sex discrimination involving large numbers of both past and current female employees).

The Keys To Diversity

A diverse group inevitably draws on a wider range of experience, background and culture; but also benefits because, in the presence of diversity, the mind is encouraged to stretch and dares to move.

The key to making diversity work is self-esteem. People have to like who they are; they have to take pride in themselves and draw on what they know to be true from their real experience. If they are ashamed of the group from which they come, they will try to blend into the dominant group and nothing interesting will happen. But if, on the other hand, they think and speak proudly as themselves, they will communicate with greater range, depth, freshness and insight.

Diversity is inclusive. It is about ensuring that the ideas, opinions and contributions of all are heard regardless of race, colour, culture, creed, sexual orientation, disability, age, religion or gender. Making diversity pay involves real and difficult choices. For instance, to attract more women, City and consultancy organisations are having to tone down 'long-hours'-dominated cultures and pay attention to unfamiliar concepts such as mentoring and work-life balance.

Diversity has become a very important and profit-sensitive business issue: research findings such as the above show that well managed diversity potentially has a positive, practical and productive value to almost every business. Every organisation must therefore have a clear understanding of what it intends to achieve in living and working with its own diversity.

Developing a diversity strategy is a central part of this – with commitment from senior managers being absolutely critical to success. This could be expressed, for example, through the inclusion of statements related to diversity within an organisation's corporate values; or the setting-up of special teams to set targets for diversity, drive the process forward, and monitor and feed back the results.

Implementing A Diversity Policy

Research by Penna Consulting (2002) suggests that organisations that want to be successful in implementing diversity will need to adopt a practical approach including key elements such as the following:

- Analyse your business environment. How diverse is your organisation, and is it representative of the local population? Does your workforce mirror your customer base? If not, you could be missing out on significant business opportunities.
- Define diversity and the business benefits. What will be the tangible benefits of implementing a diversity policy, both for your organisation and its employees?
- Include your policy on diversity within your corporate strategy and values.
- Embed the policy within your core HR processes and systems. Make it part of your everyday operations.
- Ensure leaders implement the policy – and give it their full commitment.
- Involve staff at all levels. Implement awareness training, together with initiatives such as the creation of a diversity handbook, mentoring schemes, diversity councils etc.
- Communicate the content of the diversity policy and success of diversity initiatives.
- Understand your organisation's needs. Depending on its size, understanding of diversity and ability to change, it may benefit from external support.
- Monitor and evaluate. Benchmark your organisation's progress and the impact of diversity internally and externally.

How Can External Organisations Help?

Many organisations try to tackle the issues of managing diversity simply by providing their staff with a series of training sessions, as though it were an add-on skill that can be easily absorbed. Managing diversity means more, however, than just training your staff. It has to involve the organisation's culture, processes and systems, and may well involve the need for externally-managed initiatives including:

- diversity audits
- the development of a diversity strategy
- policy writing (an Equal Opportunities policy is mandatory as laid down by the EEOC)
- training and development
- coaching
- recruitment and selection
- practical help and assessment on a continuing basis - to measure the benefits of cultural diversity within the organisation.

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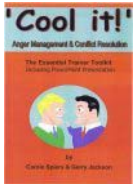
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Carole Spiers is also the author of *Tolley's Managing Stress in the Workplace* – a comprehensive guide to stress management published by LexisNexis UK. This management guide, written to help employers identify and deal with stress and stress-related issues, provides tools and practical advice to help organisations address the workplace issues highlighted by the HSE, along with many others that are caused, or exacerbated, by work-related stress.

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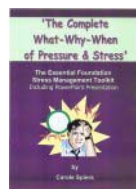
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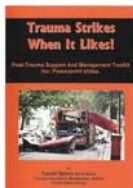
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