Building a Business Case for Diversity: Does Diversity Really Pay?

Patrice M. Palmer, MASJ, FRSA
Creating B.R.A.V.E. Spaces

We strive to provide a B.R.A.V.E. space for everyone making sure to understand and honor Boundaries, to be Respectful/Reflective of the processes learned within the space, to Advocate for ourselves and each other, to ensure that personal things are Vaulted and confidential (as needed) and to Empower everyone to be themselves and accept others for who they are.

Adapted from Dr. Brene Brown's book The Power of Vulnerability
Discussion

1. What does a diverse workforce look like?

2. Would you describe your workplace as diverse?

3. How are you measuring your diversity? Can that be translated into a dollar amount?

What’s the difference between looking diverse and being diverse?
What is Bias?

Bias is a disproportionate weight in favor of or against something or someone. Biases can be innate or learned and can result in harmful prejudgements that can lead to discriminatory practices. People may develop biases for or against an individual, a group, or a belief.

- **Implicit Bias**
  Refers to the unconscious associations, attitudes and beliefs that are held towards someone or something. Implicit biases occur outside of our conscious awareness and control.

- **Explicit Bias**
  Refers to biases that we are aware of on a conscious level. With explicit biases, individuals are aware and clear about their feelings and attitudes, and related behaviors are conducted with intent.
Cycle of Socialization

First Socialization
Taught on a Personal Level by Parents, Relatives, Teachers, People We Love and Trust: Shapers of Expectations, Norms, Values, Roles, Rules, Models of Ways to Be, Sources of Dreams

The Beginning
- Born into World with Mechanics in Place
- No Blame, No Consciousness, No Guilt, No Choice
- Limited Information
- No Information
- Misinformation

Actions
- Don’t Make Waves, Promote Status Quo, Do Nothing

Direction for Change
- Educate, Interrupt, Raise Consciousness, Reframe, Change, Question, Take a Stand

Reinforced/ Bombarded with Messages from

Institutions
- Churches
- Schools
- Television
- Legal System

Culture
- Mental Health
- Medicine
- Business

Enforcements
- Empowerment, Discrimination, Persecution, Privilege, Rewards and Punishments, Stigmatized, Sanctioned, Enforced

On Conscious and Unconscious Levels


Creating a Business Case for Diversity
• In 2016 U.S. based Latino/a/x buying power was larger than the gross domestic product (GDP) of Mexico

• Black/African American buying power is 1.5 trillion up from 1.2 trillion in 2016

• The combined buying power of Black/African American, Asian Americans and Native Americans was 2.2 trillion in 2016

• The U.S. Latino/a/x spending market is larger than the GDP of Mexico and the economies of 14 countries in the world

• Black/African American comprises 8.8% of the nation’s total buying power

“Selig Center for Economic Growth” (2017)
Labor Force

- Millennials are one of the most **racially and ethnically** diverse group in today’s workforce (ages 24-40)
- **76%** of Millennials appreciate the influence other cultures contribute to the American way of life. That’s nearly **15%** more than the outgoing Baby Boomer generation

- **Globalization** has contributed to rapid growth in industries, increased outsourcing and a need for multicultural savvy leadership
- By 2030, **75%** of the labor force will be made up of Millennial and Generation Z workers (ages 20-49)

By 2039 the working-age population will become more than 50% minority and by 2050 will constitute 55% of the population.

Between 1972 and 2012, the number of female identified professionals grew from 37% to 47%, which represented 25% of the nation’s GDP at the time.

25% of your labor force will be over 55

Over 87% of successful businesses interviewed in a Forbes research in 2017 said that a diverse workforce was the key to innovation and creativity

By 2050 62% of the nation’s children will be minorities, up from 44% today

Performance

- **Diversity** widens our access to the best talent. **Inclusion** allows us to engage talent effectively. Together, this leads to enhanced **innovation, creativity, productivity, reputation, engagement and RESULTS**
- Businesses with a healthy balance of men and women are **21%** more likely to outperform their competitors
- Businesses with a good mix of ethnic backgrounds are **33%** more likely to outperform their competitors

- Teams that are **gender, age and ethnically diverse** make better decisions up to **87%** of the time
- **69%** of millennials whose leaders or senior management teams are diverse feel their workplaces are both more stimulating and motivating
- Given predictions, by 2023, **customer experience** will become a top priority for companies, overtaking both product and price in importance

"Diversity Matters" (2015)
Companies that have higher degrees of racially and ethnically diverse employees have a 35% performance advantage over companies relying on a "culture fit" that tends to trend white and mono-cultural.

In the United States, there is a linear relationship between racial and ethnic diversity and better financial performance: for every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8%.

Racial and ethnic diversity has a stronger impact on financial performance in the United States than gender diversity.

While certain industries perform better on gender diversity and other industries on ethnic and racial diversity, no industry or company is in the top quartile on both dimensions.

The unequal performance of companies in the same industry and the same country implies that diversity is a competitive differentiator shifting market share toward more diverse companies.

“Diversity Matters” (2015)
Diversity
Brand Reputation
Innovation
Employee Engagement
Financial Performance
Targeting vs Centering
Community Engagement
Positional Leadership & Authority
Product Design
Employee Engagement
Inclusion is **NOT** Exclusive

**Goals**
Determine what the goal is for multiculturalism

**Culture**
Communicate the company culture

**Language**
How does your written AND unwritten cultural language translate to others

**Barriers**
Plan for difficult and expect it
DEI is **NOT** an HR program or initiative, this must be linked to a comprehensive business plan.

Cultural competence: The ability to understand, appreciate and interact with people from cultures or belief systems different from one's own.

Take your own advice. Ensure your C-suite and Boards also reflect your commitment to DEI.

69% of executives rate DEI as important to the direction of the organization.

Executives shouldn’t be consumed with training and facilitation **ONLY**. They should be thinking of innovative and creative ways to tie DEI into the business strategy and ensure that managers are well equipped to also do the work.

“Inclusion is not a matter of political correctness. It is the key to growth” ~Rev. Jesse Jackson

4 C’s

1. **Competence**
   Build your knowledge base

2. **Compassion**
   Empathize AND Act

3. **Commitment**
   Create trust and stand by your word

4. **Construct**
   Uplift and build up others while creating new pathways
If you’d like to connect with me please use my media platform

LinkedIn: Patrice M. Palmer

Motivational coaching or Public speaking contact me at: papalmer5276@gmail.com