

Diversity and Inclusion: Unique Perspectives Working Together

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There are increasing efforts on the part of American businesses of all sizes to become more diverse and inclusive. Leaders know that it's not just the right thing to do, but it's the smart thing to do.

While evolving toward a more diverse and inclusive workplace may be the surest, and perhaps the only, route toward addressing today's economic inequities, businesses are discovering that it also opens up new consumer opportunities and increases profitability.

In this white paper, Diversity and Inclusion: Unique Perspectives Working Together, we discuss what diversity and inclusion means, why it matters to businesses, and how organizations can re-engineer themselves to build a more diverse and inclusive culture.

“A diverse mix of voices leads to better discussions, decisions, and outcomes for everyone.”

**Sundar Pichai, CEO,
Alphabet, Inc.**



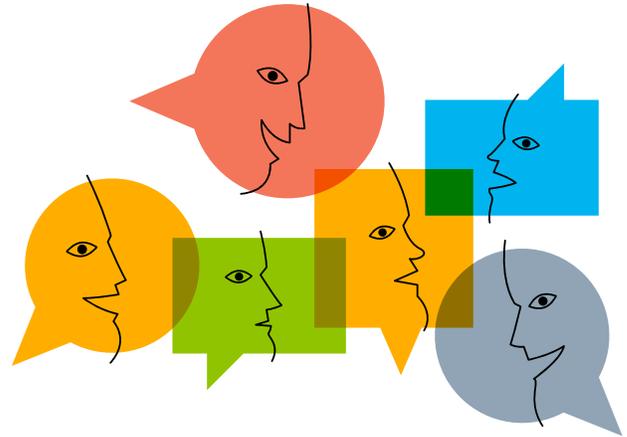
Defining Diversity and Inclusion

Diversity is defined by how an organization accepts and values people of different races, ethnicities, genders, ages, religions, disabilities and sexual orientation, as well as differences in education, personalities, skill sets, experiences and knowledge base.

Inclusion refers to the degree to which an organization is supportive and respectful of all its employees, encouraging a collaborative spirit to increase their contribution.

In more colloquial terms, as stated by diversity and inclusion expert Verna Myers, “Diversity is being invited to the party; inclusion is being asked to dance.”

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Why Do Diversity and Inclusion Matter?

Diversity and inclusion matter mostly because it is right and just. The imperative of diversity and inclusion, however, doesn't just rest on a strong moral principle. In fact, in every phase of human history, as well as this nation's history, prosperity has always followed greater inclusion, from women's suffrage to the Civil Rights Act.

The reality for American businesses is that, if they don't find a way to become diverse and inclusive organizations, demographics will eventually force them to—or their businesses will wither.

The composition of America's future workforce is changing rapidly—it's getting older, more diverse and smarter. A study by Deloitte projects that by 2024, less than 60% of the labor force will define itself as “white, non-Hispanic,” while Hispanics could make up 20% of all workers and blacks rising to almost 13%.¹

Diversity and inclusion confers a number of very valuable benefits, including:

1

More diverse companies enjoy better financial results.

According to a study by McKinsey, gender-diverse companies are 25% more likely to outperform their peers, while ethnically-diverse companies are 36% more likely to outperform their peers.²

In another analysis, this one by Great Places to Work, companies with the largest gaps between the experiences of white employees and minorities had significantly lower revenue than companies with the smallest gap (8.6% revenue growth versus 11.1% revenue growth).³



2

The pool of human talent is expanded.

Focusing on narrow groups results in overlooking the talent that exists within minority groups. Moreover, diversity and inclusion actually helps drive broader talent recruitment since 67% of job candidates say that a diverse workplace is an important factor when considering a job offer or evaluating a company to work for.⁴

The simple reality is that no business wins the war for human talent by excluding huge chunks of the available talent pool.

3

Diversity improves the brand.

Consumers want to deal with companies that have a record of diversity and inclusion, and they vote on this through their spending decisions.



The Pathway to a Diverse and Inclusive Culture

Creating a diverse and inclusive culture requires a comprehensive top-down and bottom-up strategy. It demands more than bromides and posters in the employee cafeteria. Success will only happen with persistent, long-term follow-through.



Top-Down Strategy

Consequential change in any organization cannot occur without leadership support and the policies and incentives in place to drive change. Among the key ingredients to a top-down strategy are:



1

The commitment to develop a more diverse and inclusive culture must begin with the CEO or COO.



2

A top executive must be assigned the responsibility of execution and held accountable.



3

Behavioral standards are created and leaders need to set the example.



4

Goals must be set, results measured and progress openly reported to employees, including a breakdown on hiring, promotion, organizational rank, etc.



5

Diversity and inclusion must be integrated into hiring goals, performance measurement, leadership assessment and bonus awards.

Bottom-Up Strategy

In the end, achieving a diverse and inclusive workplace will happen in the organizational trenches, with the supervisors and managers who hire, train and promote workers.

While outright bias against individuals on the basis of race, religion, sexual orientation, or other belief or lifestyle difference is very real, it may not be the biggest obstacle to hiring and promoting a more diverse workforce.

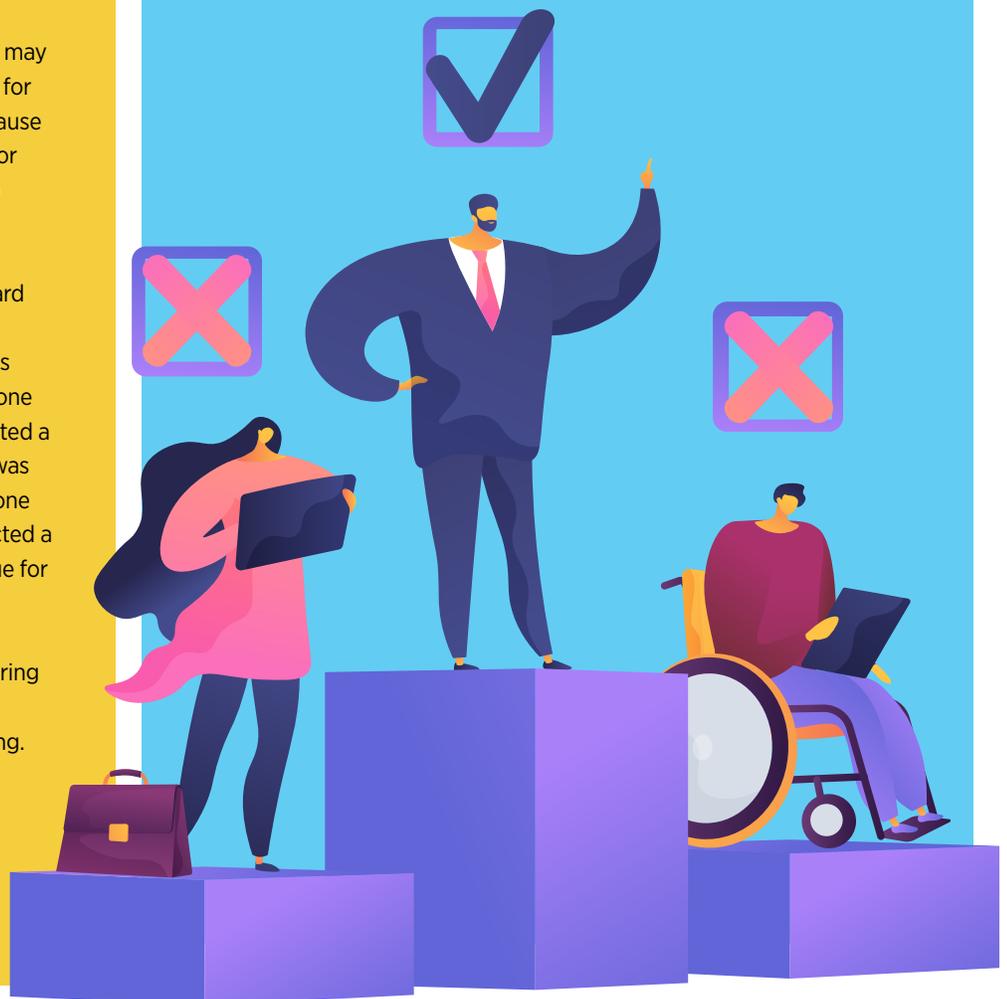
It is often the unconscious biases that narrow the field of opportunities for minority groups. Most people don't openly mean to be biased, but structural and intellectual inertia often lead to non-diverse outcomes.

Unconscious human biases, for example, may prefer younger workers to older workers for creative roles, or dismiss candidates because they graduated from a women's college or religious university. Much can be done to overcome these unconscious biases.

Consider research published in the Harvard Business Review; when a pool of job candidates with the same credentials was comprised of two white candidates and one black candidate, study participants selected a white candidate. When the finalist pool was comprised of two black candidates and one white candidate, study participants selected a black candidate. The same was found true for women versus men.⁵

The conclusion? Human resources and hiring managers need to widen the pool of candidates to facilitate more diverse hiring.

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One way to widen a candidate search and overcome unconscious bias is by instituting a system of reviewing resumes without any revealing demographic hints, like the candidate's name.



Job candidate rejections based on “culture fit” or “gut feeling” should no longer be acceptable. They are more likely to be a manifestation of unconscious bias rather than sound judgment.



Another way to promote more diverse hiring is by reaching out to networks that may be more diverse than the ones used by the hiring manager or HR professional. More broadly, HR departments can make special efforts to network at job fairs and colleges that focus on diverse job seekers or sponsor organizations that may be a conduit to future employees, e.g., National Society of Black Engineers.

Consider having minority groups contribute to the company's blog and social media to relate what it's like working at the company. Diversity begets diversity.



Job descriptions can be rewritten to move the focus away from the required qualifications or skills to what a candidate will need to achieve in the first month or six months. While men may apply for jobs for which they do not have all the qualifications, women and minorities often will not. By refocusing on expected results, employers may be able to widen the pipeline of candidates.



The same sort of bottoms-up efforts need to be done for encouraging inclusion in the workplace. This is where corporate HR can take the initiative. Among the steps HR professionals can take the lead on include:

- Developing comprehensive and ongoing employee training on how to promote inclusion of all employees in the workplace
- Serving as a catalyst to engage broad employee involvement through networks, employee recognition, events and surveys
- Measuring results on corporate diversity and inclusion goals, as well as analyzing success through the prism of employee productivity, morale and turnover
- Communicating to employees meaningful stories about real-world experiences with the benefits of inclusion; human stories are often much more impactful than data

Creating a diverse and inclusive workplace culture is not easy, nor will it happen overnight. Good leaders, however, have long understood that great organizations become so by mobilizing exceptional workers around a shared mission. Recognizing that no single group has a monopoly on great workers, American businesses are increasingly tapping human talent wherever it may reside.

While there remains a part of the old guard that sees diversity and inclusion as the latest management fad or nothing more than an expression of a “woke” trend, history will more likely show that a highly diverse workplace is no different than how we see women in the workforce today—completely normal and singularly unremarkable.



Sources:

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American Portfolios Financial Services, Inc. has just the resources in place to help its advisors on many fronts. Advisors interested in learning more about diversity and inclusion in the work place should contact *Vice President of Marketing Strategy Kimberly A. Branch, CFP®* at **631.439.4630**, or via email at kbranch@americanportfolios.com, to strike up a conversation today on programs and needs of the advisor.

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