

# Leveraging Diversity for Business Success

by Nicholas Andreou



Globalisation, ease of transport and increased competitiveness, all mean that the business environment is becoming more international. With this, diversity in the workplace is increasing and rapidly becoming something which every human resource professional and manager should understand. Diversity is simply 'the ways in which people differ'. Defined in this way, diversity is nothing new; people have always had different opinions, backgrounds and beliefs in the workplace. However, the ever changing business environment and shrinking world mean that differences are often visible and greater than before.

This poses an interesting challenge. Can these differences be leveraged in a way which benefits the organization in pursuit of its mission and objectives? The resounding answer from business case studies and decades of research, is yes.

The research and management consultancy, Gallup, conducted detailed case studies of two companies, one in hospitality and one in retail, considering the impact of gender diversity on financial performance. Analysing over 800 business units in these companies, the difference between those that managed diversity better, and those who did so the least was sizeable. In the hospitality company the most diverse units had almost 20% higher average quarterly net profit, than the least diverse. In the retail company, the most diverse units had 25% greater revenue. A second study by Professor Cedric Herring of over 500 US organizations, found that racial diversity predicted the number of customers an organization would have. For every unit increase in racial diversity (on their diversity measurement tool), the number of customers increased by 400, and sales by 9%.

How can this be? Surely differences are associated with conflict. Yes, they can be, but they can also be associated with benefits. Here are just four:

1. Differing view-points increases creativity and problem solving
2. Different individuals will have different resources (personal networks, connections to organizations etc.), increasing available resources to the organization
3. A diverse company can better serve an increasingly diverse customer base
4. Encouraging diversity in a company allows you to draw talent from the widest pool, greatly improving the chances of securing the best talent.

A quick Google search will tell you that top management consultants (McKinsey, Boston Consulting Group, Bain etc.) are dedicating resources to exploring the benefits of diversity and how to promote them in organizations. This suggests that managing diversity is a serious issue capable of generating a sizeable competitive advantage.

The important question then becomes, “how can my organization realise some of these benefits?”. This is the tricky part and of course cannot be adequately covered here, but there are a few key points. Managing diversity is not like ordering meze at your favourite tavern: a bit of everything and it all works well. Introducing difference into the organization (e.g. gender, racial, and age diversity) is only the first step.

Following that, it is about managing those differences to create a culture of inclusion. Inclusion is about making people feel valued and wanted in the organization. If you introduce differences and do nothing else to manage those, you are likely to have a disaster on your hands. It is the process of creating an inclusive workforce (above and beyond a diverse one) which turns potential conflict into competitive advantage.

Through our workshop at the CyHRMA 2014 Conference, we built the following action plan for success:

1. Build leadership capability through awareness raising and training
2. Align diversity strategy and corporate strategy
3. Re-phrase the conversation about benefit to the organization
4. Develop metrics to hold leaders accountable for managing diversity
5. Use evidence to identify diversity barriers
6. Prioritise initiatives beginning with those which are easiest to implement with the biggest benefit
7. Address unconscious biases
8. Use a diversity and inclusion lens over the entire organisation

Operationally, these steps might take many forms. For example, human resource functions (recruitment, appraisal, career progression etc.) should be conducted based on merit, regardless of diversity differences. A vision to expand business to other countries might be matched with recruitment from those countries. Monitoring of recruitment and promotions for potential biases is a good way to ensure that established processes are working. Each initiative should be specific to the organization.

During the weeks since the CyHRMA 2014 Conference, I visited organizations in Cyprus with employees from China, India, Pakistan, South Africa, Greece, America, the UK, and Russia. I came across a healthy mix of younger and older workers, both genders at various levels of the organization, and people of different training and background. Speaking with these individuals, it can be stated that there are companies which are actively building capacity to create a culture of inclusivity in order to maximise the positive impact of differences on their organisation and its objectives. Will you allow your organization to fall behind?

**Biography:**

Nicholas Andreou is an associate at the Centre for Organisational Health and Development, UK, a World Health Organization Collaborating Centre in workplace health. His work involves the creation and maintenance of high quality psychosocial work environments for organisations throughout the world. He has conducted project and consultant work for organizations including the World Health Organization, the International Labour Organization, the European Commission, and FTSE companies. Among others, Nicholas has been invited as a guest speaker on various employment issues by the World Health Organization, the European Economic and Social Committee, and the European Club for Human Resource Management.