

Member's Quarterly

Spring 2018 Edition

Perspective

Why Diversity is Good for Business

Win top talent and improve your bottom line

Diversity works and not just because it's the right thing to do. It works by creating friendlier and more welcoming spaces for employees and clients and by fostering a climate that encourages new ideas and creativity. Organizations around the globe are also noticing that having a diverse workforce is helping them to build better markets for their products and improving their overall bottom line.

McKinsey & Company studied the impact of diversity internationally. Their research has shown that organizations in the top quartile for gender or racial and ethnic diversity are more likely to have financial returns above their national industry medians. Companies in the bottom quartile in these dimensions are statistically less likely to achieve above-average returns. Diversity is probably a competitive differentiator that shifts market share toward more diverse companies over time.

They also found that more diverse companies are better able to win top talent and improve their customer orientation, employee satisfaction and decision making that leads to a cycle of increasing returns. They believe that other kinds of diversity in age and sexual orientation are also likely to bring some level of competitive advantage for companies that can attract and retain such diverse talent. A few years ago, they researched 366 public companies across a range of industries in Canada, Latin America, the UK and the US. They looked at metrics such as financial results and the composition of top management and boards.

Their results were startling. They found that companies in the top quartile for racial and ethnic diversity were 35 percent more likely to have financial returns above their respective national industry medians. Companies in the top quartile for gender diversity were 15 percent more likely to have financial returns above their respective national industry medians.

In Canada, employers are now embracing diversity amongst their workers as a net benefit to their organization and society as a whole. This has allowed them to increase the talent pool that they use to recruit new employees and to help them grow within the organization. One leader in this area has been BC Hydro. They have developed a diversity strategy to target various under-represented populations to provide opportunities for professional and personal growth. They also offer cross-cultural diversity workshops, a customized workplace English as a Second Language program and have created a special team to focus on Aboriginal recruitment.

The banking industry in Canada has long been a leader in diversity at work. CIBC, for example, is partnering with community organizations in Vancouver to help eliminate barriers to employment for newcomers and internationally-trained professionals by providing credential recognition services. RBC organizes an annual diversity progress statement to review its target goals and also has an employment equity account to ensure they continue to be a leader in these areas.

There is still extensive work to be done. RBC has done its own research on diversity in Canadian workplaces. They note that women continue to be an under-employed resource and are still not equally represented at executive levels and boards in Canadian companies. They also found that while the visible minority population has increased at a much faster pace than the total population, they are still not full participants in the workplace. They also see this as a great opportunity since nearly 20 percent of the total population of Canada identify as visible minorities and that number will continue to grow as the years go on. According to RBC, this explosive growth presents business opportunities for organizations not only to attract a diverse workforce, but also to attract new clients in a marketplace where buying power and investment needs will rapidly increase.



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Other areas that employers are focusing on include persons with disabilities, Indigenous Canadians and LGBTQ individuals. Statistics Canada says that almost 15 percent of Canadian population has some form of disability and that rate increases with age. This is often an untapped market for both marketing and employment opportunities. Companies that already provide access to products and services through alternate formats are realizing a competitive business advantage. The Indigenous population in Canada is growing nearly six times faster than the rest of the country; they are younger and have considerably higher rates of unemployment than the general population. Finally, according to data produced by the International Gay and Lesbian Chamber of Commerce, the LGBTQ population represents a market of about 100 billion Canadian dollars. This market is just beginning to be explored and targeted by Canadian organizations. Those who are involved by actively recruiting openly LGBTQ individuals and sponsoring events like Pride festivals are reaping the rewards.



Shell Canada is another national leader in diversity and inclusion. For those in Southern Alberta, Shell Canada's Diversity and Inclusion experts will be presenting at the upcoming IPM One Day Conference in Calgary on May 1, 2018. Check our website for further details.

Diversity also works because it has been shown to improve employee relations, lead to less absenteeism, less turnover and even higher productivity. Diversity programs create a sense of belonging that makes employees want to stay longer and work harder. Having a diverse group of employees brings a new dynamic to the workplace, creates better problem solving and enhances team building. A more diverse group will bring different ideas and new solutions to old problems. They all learn together and with good management and supervision, they create the best products and solve the most complex problems.

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