Workplace Diversity:

Leveraging the Power of Difference for Competitive Advantage

By Nancy R. Lockwood, SPHR, GPHR
HR Content Expert
Workplace Diversity—An Evolution

From compliance to inclusion, the concept of workplace diversity is evolving. Coming from an organizational viewpoint, this article explores the changing perception of workplace diversity, elements of an inclusive corporate culture, the business case and HR’s leadership role to maximize the benefits of a diverse workforce in a changing marketplace. While a broad range of issues is covered, it should be noted that “one size does not fit all,” as organizations are in different stages of development regarding workplace diversity. In addition, workplace diversity is not strictly a U.S. concept: a brief discussion on the drivers of workplace diversity in the European Union is presented.

Diversity Defined Today

As predicted in the landmark study Workforce 2020, rapid technological change, globalization, the demand for skills and education, an aging workforce and greater ethnic diversification in the labor market have forever changed the employment landscape. The definition of diversity extends well beyond the traditional view that it not only respects and values the individuality of its employees but also understands how to tap the potentially significant contributions inherent in diversity.”

Alexandra Groess
Allianz Group’s International Diversity Project

“A broad definition of diversity ranges from personality and work style to all of the visible dimensions such as race, age, ethnicity or gender, to secondary influences such as religion, socioeconomics and education, to work diversities such as management and union, functional level and classification or proximity/distance to headquarters.”

Integration and Learning:
A New Paradigm for Managing Diversity

Diversity in the United States has evolved since the 1960s. As illustrated in Figure 1, diversity was first based on the assimilation approach, with everyone being part of the “melting pot.” Compliance (e.g., affirmative action, equal employment opportunity) is important in diversity, and key legislation has been an effective tool for change (e.g., Title VII of the Civil Rights Act of 1964, Age Discrimination in Employment Act of 1967, Americans with Disabilities Act of 1990). Today, however, the impetus behind workplace diversity is that of inclusion and the business case: embracing and leveraging differences for the benefit of the organization. The collaboration of cultures, ideas and different perspectives is now considered an organizational asset—bringing forth greater creativity and innovation—with the result that many companies are increasingly focusing on corporate diversity initiatives to improve organizational performance.

Diversity initiatives do not always meet expectations. The traditional schools of thought behind many diversity interventions are: 1) assimilation, based on the idea that “we’re all the same” (promoting equal opportunity); and 2) differentiation, from the philosophy “we celebrate differences.” Today, groundbreaking research goes beyond the historical framework of workplace diversity. The emerging paradigm is integration and learning. That is, companies promote equal opportunity and value cultural differences, using the talents of all employees to gain diverse
Demographic Trends Transforming the Workforce

work perspectives. To achieve this level of diversity management, however, organizational leaders must have a clear understanding of how they define diversity as well as what exactly the organization does with the experiences of being a diverse workforce.

An Inclusive Corporate Culture

The concept of inclusion is increasingly important in the discussion of workplace diversity. In many ways, this evolution reflects societal values in the workplace. For example, two beliefs commonly held by Americans are that everyone deserves a chance (equal opportunity, sometimes referred to as the “level playing field”) and that all people should be treated with dignity and respect. The values of equality, respect and opportunity for all represent the cornerstone of workplace diversity. Inclusiveness is thus a win-win dynamic: it generates opportunities for growth, flexibility and adaptation in the marketplace for both the employee and the organization.

The Business Case for Workplace Diversity

Increasingly, the case for workplace diversity as a business imperative is gaining recognition by leaders in the business world. At a symposium sponsored by The Conference Board regarding diversity in the workplace, for example, 400 executives agreed that “diversity programs help to ensure the creation, management, valuing and leveraging of a diverse workforce that will lead to organizational effectiveness and sustained competitiveness.” 7

One of the major drivers behind the business case is the demographic changes that directly affect the labor pool and available talent (see Figure 2). These changes are significant. In an organization, human capital and workforce relationships are the backbone of success. The flow of information between colleagues, work teams, customers and suppliers, for example, depends on the quality of relationships and talent in the workplace. Consequently, workplace diversity is increasingly viewed as an essential success factor to be competitive in today’s marketplace.

Advantages

Six key reasons to tie workplace diversity to organizational strategic goals and objectives are: 1) greater adaptability and flexibility in a rapidly changing marketplace; 2) attracting and retaining the best talent; 3) reducing costs associated with turnover, absenteeism and low productivity; 4) return on investment (ROI) from various initiatives, policies and practices; 5) gaining and keeping greater/new market share (locally and globally) with an expanded diverse customer base; and 6) increased sales and profits.

Workplace diversity can be viewed as having both direct and indirect links to the bottom line. In business, the preferred equation for success is a single action that directly impacts financial performance. Workplace diversity, however, is a complex phenomenon. Consequently, the link of workplace diversity to financial success is not always immediately apparent, nor is it always linear. Two examples below illustrate scenarios with direct and indirect links of workplace diversity to organizational performance.

- Direct link: Organizations that expand their customer base most effectively do so with a workforce that is reflective of their clients. DuPont, for example, considers diversity a business imperative vital to ongoing renewal and competitiveness in the 21st century. This philosophy was illustrated when the company learned how one small change could directly translate into significant profits. At DuPont Merck, the sales of an anticoagulant drug in the Hispanic markets were low. When a Hispanic manager noticed that the drug was only labeled in English and consequently translated the instructions into Spanish, sales improved significantly. Now, educational materi-

\[\text{Figure 2} \quad \text{Demographic Trends Transforming the Workforce}\]

- Greater diversity in the labor pool: By 2008, women and minorities will represent 70% of the new labor force entrants, and by 2010, 34% of the U.S. workforce will be non-Caucasian.
- An aging workforce: By 2010, the U.S. workforce will have an increase of 29% in the 45-64 age group, a 14% increase in the 65+ age group and a 1% decline in the 18-44 age group.
- Globalization: In the next decade, 75% of new workers will likely be from Asia, while North America and Europe will have 3% of the world’s new labor force.


Workplace Diversity: Leveraging the Power of Difference for Competitive Advantage

The shift in purchasing power in the United States provides further evidence for the business case for workplace diversity. According to the Selig Center for Economic Growth, the purchasing power of minorities in the United States will quickly outpace that of whites in the next five years. In 2009, for example, the combined buying power of African-Americans, Hispanics, Asian-Americans and Native Americans is expected to exceed $1.5 trillion, more than triple the 1990 level by a gain of $1.1 trillion or 242%. In contrast, the buying power of whites will increase by 140%.10

Firms are increasingly aware of the impact of diversity initiatives on organizational effectiveness. For example, factors that affect organizational profits are highlighted in a study by the Society for Human Resource Management on the impact of diversity on the bottom line, HR professionals from companies on Fortune’s list of Top 100 Companies to Work For state that diversity initiatives provide organizations with a competitive advantage by positive improvements in corporate culture, employee morale, retention and recruitment (Figure 3). For example, 40% of companies ensure leadership development programs are available to all employees, 34% increase innovation by tapping talent of employees of all backgrounds, and 31% utilize diverse experiences for special projects and assignments.11

The importance of positive community relations also illustrates the link between workplace diversity and the business case. When organizations develop external partnerships with minority communities and suppliers, for example, this can lead to good will and a reputation as an “employer of choice.”12 When employees are proud of their organization for its contributions and connections to the community, they are more loyal to their employer and more likely to boast about their company to family and friends. The result is lower turnover and a positive employer brand that better attracts the best talent in the marketplace.13 A prime example of diversity partnerships is that of Pitney Bowes, the No. 1 company on the 2004 DiversityInc Top 50 Companies for Diversity list, with recruitment initiatives and partnerships developed with organizations such as the National Urban League and the National Society of Hispanic MBAs. Another example is that of Ford Motor Co., the No. 1 company on the 2003 DiversityInc Top 50 list, that made community relations a priority: Ford spent 6% of its total procurement budget ($3.2 billion) with its first-tier diversity suppliers.14

Money Talks

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Thus, in order to ensure that the company’s sales and marketing teams reach the minority groups with funds to purchase its products and services, one of the most effective avenues is to utilize the knowledge of minority employees who can relate to different groups in the marketplace. Verizon Communications, for example, utilizes its African-American spokespeople, such as the actor James Earl Jones, to attract African-American consumers.15 Fannie Mae, a leading mortgage lending firm, wanted to reach the many minorities who did not yet own homes; in the United States, only 46% of African-Americans and Hispanics own homes, compared with 72% of whites. The company utilized diversity training as a strategic business initiative to reach a segment of the population that could profit from their service.16

Finally, the SHRM 2004–2005 Workplace Forecast notes that one of the top economic trends is expansion into the global marketplace.17 Organizations can better capture, keep and serve their international customer base when their own workforce—such as

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11 Ibid.
sales, marketing and customer service—understands the needs of other cultural and ethnic groups.

Metrics—the ROI of Diversity

As with all business initiatives, measuring the return on investment of diversity makes good business sense. Measurement of diversity management can be considered in a number of areas, such as organizational culture, demographics, accountability, productivity, growth and profitability. For example, measuring diversity leadership commitment may involve many individual factors, such as the development of diversity vision/mission statements by a specific date, the number of times diversity is mentioned as a strategy in executive presentations, the percentage of board representation by group, the percentage of diverse employees who were promoted due to mentorship and the percentage of diversity strategy plans implemented.20

To determine the return on investment, hard and soft data must be converted to monetary values. There are five basic steps: 1) identify a unit of measure that represents a unit of improvement; 2) determine the value of each unit; 3) calculate the change in performance data; 4) determine an annual amount for the change; and 5) calculate the total value of the improvement.21

The diversity return on investment (DROI) is calculated by using the diversity initiative cost and benefits to get the benefit/cost ratio (BCR). BCR = diversity initiative benefits ÷ diversity initiative costs. This ratio is also referred to as a cost-to-benefit ratio. Specifically, the DROI calculation is the net benefit of the diversity initiative divided by the initiative costs: DROI% = (net diversity initiative benefits ÷ initiative costs) x 100. This formula is the same basic formula used to evaluate other investments in which the ROI is reported as earnings divided by the investment.22

For example, the initial cost of a diversity awareness program may be $50,000. The measurable value of the program is determined to be three years. During a three-year period, the program will have a net savings of $30,000 ($10,000 per year). Since the average book value is approximately half the cost, the average investment in this case is $25,000 ($50,000 ÷ 2). The average ROI = annual savings ÷ average investment: $10,000 ÷ $25,000 = 40%.

Short- or Long-Term Investment

The business advantage for workplace diversity is clear. Yet companies often expect short-term results. The challenge is to demonstrate measurable impact on financial success as well as realistically manage expectations. Rather than a quick fix, the business

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21 Ibid.
22 Ibid.

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Figure 3  Diversity and Competitive Advantage

In what ways does your organization actively leverage the diversity of employees for the purpose of increasing competitive advantage?  (Number of Respondents = 310)

<table>
<thead>
<tr>
<th>Method of Leveraging Diversity</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>By ensuring leadership development programs reach all employees</td>
<td>40%</td>
</tr>
<tr>
<td>By meeting the needs of diverse customers (bi-lingual, etc.)</td>
<td>39%</td>
</tr>
<tr>
<td>By integrating diversity into the organization’s business strategy</td>
<td>35%</td>
</tr>
<tr>
<td>By increasing innovation by tapping employees of all backgrounds</td>
<td>34%</td>
</tr>
<tr>
<td>By utilizing diverse experience levels on projects/assignments</td>
<td>31%</td>
</tr>
<tr>
<td>By using diverse employees to recruit new employees</td>
<td>30%</td>
</tr>
<tr>
<td>By improving the performance of teams</td>
<td>29%</td>
</tr>
<tr>
<td>By attracting customers of a particular market or demographic</td>
<td>25%</td>
</tr>
<tr>
<td>By using diverse employees as mentors to help employees improve their personal performance</td>
<td>24%</td>
</tr>
<tr>
<td>By increasing productivity with motivation techniques that apply to a variety of employees</td>
<td>20%</td>
</tr>
<tr>
<td>By conducting culture audits to benchmark diversity progress against competitors</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
<tr>
<td>Not applicable: my organization doesn’t actively leverage workforce diversity</td>
<td>30%</td>
</tr>
</tbody>
</table>

Workplace Diversity: Leveraging the Power of Difference for Competitive Advantage

Senior Management’s Role
Visibility, communication and accountability are key to achieving a competitive diverse workforce. A recent study on what makes and breaks diversity initiatives found three critical points of leadership: 1) accountability; 2) a passion for diversity; and 3) sustained involvement. Visible commitment throughout the organization is important: adding diversity on the agenda at executive meetings and company conferences, appointing diversity candidates to top positions, and assigning clear roles and responsibilities to the senior management team regarding diversity management. Accountability creates sustained involvement—that is, holding managers accountable to deliver diversity results. Participation in diversity councils is recommended as a development path for senior leadership.

However, simply placing women and/or minorities in high-profile positions, for example, is insufficient. Rather, the more effective approach is to hold management accountable for results. Consequently, to get middle management and employee buy-in, top management must establish clear implementation and reporting requirements. At DuPont, for example, senior management ensures accountability for diversity management by integrating diversity into the overall business performance evaluation process, including developing cost and profit objectives as well as how compensation is determined. The company also uses targeted career development initiatives to help diverse people fill key work assignments, thus supporting advancement and addressing glass ceiling issues. The Quaker Oats Company aims to keep diversity management simple by using two key tools: 1) the diversity progress menu; and 2) the diversity accountability guidelines. The company’s goal is to supply managers with a best practices list that offers flexibility tied to individual business cultures as well as performance. Nine of the top 50 companies on the 2004 DiversityInc Top 50 Companies for Diversity list tie diversity to managers’ compensation. For example, Citigroup measures its managers’ attempts to attract talent and develop a diverse workforce. At Verizon Communications, 5% of bonuses for directors and above are related to diversity. Simple daily actions also communicate commitment to workplace diversity: the CEO greets employees in their native language, and the supervisor takes time to understand direct reports with different cultural values and viewpoints.

Diversity Management and the Board of Directors
Increasingly, the business case for diversity focuses on the board of directors. The impetus to change the board composition is a direct result of the trend toward corporate governance and diversity of the workforce, customer base and other stakeholders. Organizations want a wider range of leadership skills, work styles, perspectives and expertise, as well as increased representation of women and minorities among board directors. There is positive evidence of change. For example, in the Fortune 500 in 2003, women held 14% of board seats (up from 10% in 1995), and 54 companies had 25% or more women on boards of directors (up from 11% in 1995). Finally, change in board composition is also occurring at an international level, as global organizations expand the cultural diversity of their boards with expertise in international business from other countries.

Managing Diversity: HR Challenges and Opportunities
With the changing marketplace and an increasingly diverse labor pool, HR leaders are dealing with a myriad of factors regarding diversity management. Broadly speaking, workplace diversity challenges can be considered within three interrelated categories: attracting and retaining talent, greater diversity among employees and training.

Attracting and Retaining Talent
Competition for talent is growing—from competition abroad, lower education levels of U.S. workers compared with other countries, U.S. immigration challenges and fear of terrorism in the United States. Further, with the retirement of the baby boom generation (those born from 1944 to 1960) in the next 10 years, a key concern is retention of older workers. Organizations are in different stages of preparation regarding this likely loss of talent. As of 2003, 35% were just becoming aware of the issue, 35% did not know if their organizations were ready, 23% were beginning to examine policies, and 4% had proposed specific changes. Many HR leaders are looking for ways to attract and retain older workers. Benefits and workplace programs, such as reward initiatives and flexible work arrangements (e.g., part-time work, phased
retirement), are key tools that offer attractive options to older workers.31

The skill shortage, however, will hit some industries harder and sooner than others. The nuclear power industry, for example, faces replacing as much as 50% of its workforce. The talent crunch will also strike the expanding service industry: sales positions in the United States, for example, are expected to increase by 25%, yet many in today’s sales force are aged 55 or older.32

A recent study notes most firms are not paying close attention to retention and promotion strategies. For example, top minority talent is seeking leadership opportunities; yet companies indicate they have difficulty attracting talent for executive leadership (42%) and professional and technical skills (42%).33 In corporate America, the “revolving door syndrome” is particularly evident for women and minorities. To retain women and minorities, HR professionals should re-evaluate their organization regarding talent, mentoring, career development and succession planning. Strategic initiatives, such as mentoring, on-boarding and “listening” forums, are additional tactics to address minority retention.34

**Greater Diversity Among Employees**

The term “diversity” has typically referred to women and minorities. Today, however, employers are beginning to formally acknowledge other employees as well (e.g., ethnic groups, people with disabilities and self-identified gay, lesbian and bisexual persons). Some firms encourage a welcoming and inclusive environment for all employees by creating diversity network groups. Kraft Foods uses employee councils to build employee development. Through nine employee councils (African-American Council, Hispanic Council, Asian-American Council, Rainbow Council, Women in Sales Council, Black Sales Council, Hispanic/Asian Sales Council, Women in Operations and African-Americans in Operations), Kraft takes an active role in mentoring and supporting its diverse workforce. For example, the company builds relationships with universities to bring in talent through internships and internally sponsors career days focusing on leadership competencies.35

Different groups have different needs, and they want their needs recognized and met. Acknowledgment of different needs yields greater employee satisfaction, employer loyalty and, in turn, lower turnover and greater productivity. As a result, more organizations offer programs to address issues such as work/life balance and demands for more flexibility with telecommuting, adoption support, flexible health and dependent care spending accounts, elder care and domestic partner benefits.36

Within workplace diversity, one of the least discussed minority groups is people with disabilities. This group is a source of under-represented talent in the workplace. One study reveals that in the majority of companies, individuals with disabilities comprise less than 10% of their total workforce. The study recommends top management lead by example and hire qualified individuals with disabilities on their staff. Through training and focus groups, HR leaders can improve sensitivity toward employees with disabilities.37

**Training**

Within the context of workplace diversity, training plays a key role in retaining talent. The role of training is to promote workplace harmony, learn about others’ values, improve cross-cultural communication and develop leadership skills. Awareness training raises understanding of diversity concerns by uncovering hidden assumptions and biases, heightening sensitivity to diversity in the workplace and fostering individual and group sharing. Skill-based diversity training improves morale, productivity and creativity through effective intercultural communication.38 Leadership development, team building and mentoring programs are also examples of organizational training that promotes growth and collaboration. An overlooked area regarding retention is cross-cultural competence within the organization, often a missed opportunity to address minority retention concerns.39

Finally, working in a diverse organization requires diversity competencies for everyone, including HR (see Figure 4). Yet not all HR professionals are experts in diversity. A survey notes that only about one-third of companies think their HR staff has the skills to serve a diverse U.S. workforce and only 22% believe HR has the skills to serve a global workforce.40 HR professionals best qualified to deal

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40 Ibid.
with workplace diversity have experience in areas such as team building, change management, conflict resolution and cross-cultural communication.

**Aligning the Diversity Process With Strategic Business Goals**

The organization that best utilizes the full potential of all employees intentionally and thoughtfully aligns workplace diversity with strategic business goals by following these steps:

**Define diversity.** Clarify the role of workplace diversity in the organization, including leadership roles and expectations for diversity initiatives. In vision and mission statements, highlight the importance of diversity (for example, is the organization’s philosophy on inclusion clearly stated?). Place the vision and mission statements on the company Web site as a public statement of the organization’s commitment to workplace diversity. Communicate commitment by allocating the necessary resources—staff, budgets and time—to move the diversity process forward.41

**Establish accountability.** With senior management, HR diversity leaders should develop challenging yet realistic goals for diversity interventions. Demonstrate organizational commitment: 1) appoint senior executives to diversity task forces for succession planning, education and training initiatives; 2) recruit diversity candidates for senior leadership positions; and 3) establish diversity goals and objectives for all leadership levels in the performance management process and reward programs. Demonstrate commitment to workplace diversity by developing solutions when problems are identified through employee attitude surveys, focus groups, etc.42

**Develop a diversity scorecard.** Often overlooked, the scorecard is an important tool to manage diversity. The scorecard includes financial and nonfinancial recognition of diversity ROI initiatives as well as relevant feedback (e.g., change management lessons). When developing the diversity scorecard, include measures aligned with the organization’s strategic business goals. When determining measures, keep in mind four themes: 1) key deliverables that leverage the role of diversity in the organization’s overall strategy; 2) utilization of diversity in the development of a high-performance work environment; 3) ways in which the corporate culture is aligned with the organization’s strategy; and 4) the efficiency of the diversity deliverables.

**Studies on Workplace Diversity and the Bottom Line**

Several studies link workplace diversity and company performance. The study results run the gamut from identifying critical success factors for diversity initiatives that impact organizational effectiveness to connecting gender and diversity with financial performance.

- **The “Makes and Breaks” of Diversity Initiatives**43

This study found that successful initiatives that leverage diversity to enhance organizational effectiveness share certain characteristics and approaches. Specifically, successful workplace diversity initiatives hinge on committed leadership, goals/targets of measures of effectiveness, strong diversity professionals, employee involvement and ties to performance evaluation, as well as data to identify, quantify and communicate progress and challenges.

- **Diversity Practices That Work**44

Companies with diversity practices collectively generated 18% greater productivity than the U.S. economy overall. The results of this study suggest that, at a minimum, diversity progress may enhance productivity through effective good leadership and management practices. Key factors that had the greatest impact on overall perceived effectiveness of diversity initiatives were: 1) a track record of recruiting diverse people; 2) management that is accountable for diversity progress and holds others accountable; 3) leaders who demonstrate commitment to diversity;

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4) rewarding people who contribute in the area of diversity; and 5) training and education to increase awareness and help employees understand how diversity can impact business results.

**The Effects of Diversity on Business Performance**

This study looks at the effects of racial and gender diversity on organizational performance. A key finding reveals that racial diversity has a positive effect on overall performance in companies that use diversity as a resource for innovation and learning. Further, the study results suggest that the best performance outcomes occur when diversity is found across all organizational units.

**Connecting Corporate Performance and Gender Diversity**

Based on an examination of 353 Fortune 500 companies, this study connects gender diversity and financial performance. (The study does not, however, demonstrate causation.) The key findings show that the group of companies with the highest representation of women on their top management teams experienced better financial performance than the group with the lowest women’s representation: that is, 35% higher return on equity and 34% higher total return to shareholders. The study results suggest there is a business case for gender diversity (e.g., recruiting, developing and advancing women)—specifically, organizations that focus on diversity are in a stronger position to tap the educated and skilled talent in the marketplace. This is important because women comprise 47% of the U.S. paid labor force and hold 46% of management positions. In addition, women earn more than half of all bachelor’s and master’s degrees in the United States (57% and 59%, respectively) and nearly half of all doctorates and law degrees (45% and 47%, respectively).

**Global Diversity—The European Union**

Focus on gender equality and anti-discrimination by the European Union (EU) offers a unique example of workplace diversity outside of the United States. With the addition of 10 member states in May 2004, the European Union—with 25 member states in 2005 and nearly 500 million people—is one of the largest economic forces in the world. Through legislation (called Directives) under the Social Policy Agenda, the EU is establishing significant social, economic, and political change. The goal is to be “the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion.” To achieve the necessary economic and social renewal, the Commission of the European Communities developed a five-year action plan (2000-2005) that focused on investing in people and combating social exclusion. In 2000, with the introduction of the EU Article 13 Race and Employment Directives (to be effective by 2006), the EU put in place measures designed to enforce the right to be treated equally.


However, the establishment of a Directive does not guarantee immediate results or even substantial progress. While EU Directives require member states to meet the minimum legislative standards, more work is needed to achieve workforce diversity. For example, a recent report notes that while gender employment and education gaps are closing, the gender gap in the EU remains almost unchanged.

**Drivers and Benefits of Diversity in Europe**

In Europe, there is a growing recognition of the benefits of workplace diversity for both the society and the economy. To remain competitive, however, there are a host of issues to address, from racial and ethnic diversity and new roles of women to work/life balance and an aging population coupled with declining birthrates. A recent study notes that a third of the top European companies are gaining competitive advantage from diversity management. These progressive organizations, rather than seeing diversity as a regulatory response that requires anti-discrimination and equal opportunity policies, view diversity management as a vehicle to develop an engaged, motivated and heterogeneous workforce to develop creative business solutions in the global marketplace.

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**References**

Another study notes the three most often mentioned benefits of workplace diversity by European companies are: 1) improved team effectiveness and cooperation; 2) improved productivity; and 3) improved customer markets with broader access to labor markets. Other drivers considered moderately beneficial are improved employer image, more openness to change, improved morale and commitment, ease of entry into new markets and enhanced effectiveness of complex organization. Overall, the most important shifts in workplace diversity are in the areas of gender and ethnic diversity. For example, as women obtain higher professional degrees and qualifications and earn more money in the marketplace, they are increasingly viewed as important in the workplace. Ethnic minorities are seen as a growing workforce as well as customer base.51

Enhancing Competitive Advantage Through Diversity Management: Recommendations for HR

• Assess. Conduct a top-to-bottom critical assessment of all company policies and programs. Determine if there are biases that create potential challenges for diverse employees. Review diversity initiative results (e.g., recruitment of top talent, retention strategies, succession planning, career development goals) to determine if the workplace is structured to exclude certain employee groups. Determine where changes in organizational culture, policies and programs need to be made.

• Capitalize. Promote diversity initiatives to the top agendas of senior management by capitalizing on reputation as a diversity management consultant.

• Dialogue. Develop and maintain continuous dialogue with the CEO and senior management regarding diversity as a business strategy.

• Discover. Through focus groups, confidential employee surveys and exit interviews, determine how diversity initiatives are viewed and gather feedback for improvement.

• Network. Network with other HR professionals to learn different approaches to diversity management, challenges encountered and recommended best practices.

• Learn. To best utilize a diverse workforce, profit from lessons learned.

In Closing
There is no “best way” to manage diversity. The identification, selection and purpose of diversity initiatives and their development and implementation differ from company to company. The likelihood of success is dependent on business needs and workforce issues as well as situational factors, such as the organizational culture and workplace environment. Ultimately, the strength of commitment by the CEO, senior management and HR leadership will determine whether the organization successfully leverages workplace diversity for competitive advantage.

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Resources: Diversity in the European Union

• European Disability Forum: www.edf-feph.org
• European Monitoring Centre on Racism and Xenophobia (EUMC): www.eumc.eu.int/eumc/index.php
• European Women’s Lobby: www.womenlobby.org
• For Diversity/Against Discrimination: www.stop-discrimination.info

Resources
AARP: www.aarp.org
American Institute for Managing Diversity, Inc.: http://aimd.org
Catalyst: www.catalystwomen.org
Center for Women Policy Studies: www.centerwomenpolicy.org
DiversityInc Top 50 Companies for Diversity: www.diversityinc.com
Hispanic Association on Corporate Responsibility: www.hacr.org
National Association for Advancement of Colored People: www.naacp.org
National Organization on Disability: www.nod.org
National Urban League: www.nul.org
SHRM Diversity Home Page: www.shrm.org/diversity

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ABOUT THE AUTHOR
Nancy R. Lockwood, SPHR, GPHR, is an HR content expert for the Society for Human Resource Management. Her responsibilities include identifying topics and focus areas in need of additional human resource management research, and creating HR products of strategic and practical value for target audiences. She is certified as a Senior Professional in Human Resource Management and a Global Professional in Human Resources by the Human Resource Certification Institute. Ms. Lockwood can be reached by e-mail at nlockwood@shrm.org.

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