Cultivating Diversity:
How To Increase Revenue, Productivity, and Employee Satisfaction with Strategic Diversity Solutions
Table of Contents

Diversity: An Investment In Your Future

Why Aren’t Companies More Diverse?

Pssst...Your Diversity Program Isn’t Working
  - Diversity Training
  - Job Tests
  - Grievance Procedures

Turning the Ship: A Successful Model for Diversity
  - The Rudder: Diversity Solutions
  - The Captain: Diversity Champion
  - The Momentum: Employee and Executive Support

Building Your High-Impact Diversity Solutions
When the subject of diversity comes up in a board meeting, the discussion usually centers on two questions: How do we get results and what is the return on investment? We all agree that diversity is important, but what impact does it have on employee productivity, cultural engagement, and profitability? And how can we create a diversity program that delivers high-impact results?

**Diversity: An Investment In Your Future**

Research suggests that investing in diversity can pay huge dividends in terms of performance and productivity. McKinsey & Company found that ethnically diverse companies are 35% more likely to outperform their less diverse peers, and gender-diverse companies are 15% more likely to do so. In another study, companies that moved from having no women in the C-suite to having a 30% female representation saw a 15% increase in profitability.

Not only do we see financial benefits from creating a more diverse work environment, but employees also report greater job satisfaction when all employees at all levels are treated respectfully. And science demonstrates that working with people who come from different backgrounds and perspectives promotes creativity and idea generation.

The problem is that while just about every business claims to value diversity, creating a diverse organization is sometimes easier said than done. Only 11% of organizations describe their culture as one where the diverse backgrounds of employees are used effectively to contribute value to the organization.

Not surprisingly, the cost of ill-conceived diversity practices is steep. Not only will your profitability suffer, but you could also find yourself facing expensive lawsuits for discrimination. In 2015, Target paid out $2.8 million for using discriminatory hiring tests—and that amount is peanuts compared to the $192 million settlement Coca-Cola paid for discriminating against African-American workers in terms of pay, evaluations, and opportunities for advancement.

And the cost isn’t just in terms of dollars. You’ll also pay in lost talent if your employees perceive that you don’t value diversity. Glassdoor found that almost three-quarters of women and 90% of African-Americans consider workplace diversity to be important, while 57% of workers think their companies should be doing more to promote a diverse workforce.
Of course, all these numbers bring us to the crux of the problem: how do you promote diversity in the workforce?

**Why Aren’t Companies More Diverse?**

Everybody loves diversity as a concept, but when it comes to making it happen in the workplace, we run into problems. Even when we value fairness and make a commitment to merit-based evaluations, research suggests that we still treat people differently based on organizational culture and stereotypes. For example, assertive behavior tends to be viewed as a positive trait in men, but a negative one in women. That bias shows up in interviews and performance reviews, making it more likely for men to receive job offers and promotions.

Diversity is directly tied to profitability, productivity, and employee morale. Organizations that don’t hire or promote based on talent will lose out to competitors who do, while those that succeed in creating a diverse culture will see a difference in their bottom line.

So why aren’t most organizations more successful in their diversity efforts? There are several factors in play:

- Reliance on instinct or “gut feelings” in hiring decisions
- Failure to recognize our own bias
- Focus on control tactics to prevent discrimination

Let’s look at how these factors contribute to the failure of some common elements of diversity programs.

**Pssst…Your Diversity Program Isn’t Working**

Commonly recommended practices like diversity training, hiring tests, and grievance policies aim at regulating diversity and eliminating bias, but they often fall far short of the goal. In fact, according to sociology professors Frank Dobbin and Alexandra Kalev, they tend to have the opposite effect by making companies less diverse over time.
These tactics veer off course because they attempt to outlaw bias by controlling behavior externally, using rules and regulations to force positive change. Let’s take a look at each one:

**Diversity Training**

Giving mental assent to an idea—and even understanding the need for change—doesn’t ensure that change will happen. Diversity training programs often fall short because they rely on negative messaging or threats to motivate the desired behavior.

**Job Tests**

Theoretically, assessing job candidates with a standardized skills test should produce merit-based results. The problem, however, is that managers don’t always test every candidate and they don’t weigh test results the same across the board. For example, a white male who “feels right” may not be required to take a job test during the hiring process. If he does take the test, his results may not be weighted the same as other candidates, even if he performed poorly. These kinds of biases tend to reinforce preconceived stereotypes, causing us to choose a candidate based on our instincts rather than on merit.

**Grievance Procedures**

When discrimination happens in the workplace, grievance procedures should provide a resource for fair treatment and a way to identify managers who consistently discriminate. However, too often they result in retaliation toward the employee who filed the complaint. If the system isn’t working, employees will stop speaking up and
companies may wrongly assume that their efforts to address diversity concerns have been successful.

The problem isn’t necessarily that any of these individual elements are ineffective—it’s that the underpinning psychology is off. Human brains lean toward bias, even when we don’t realize it and don’t want it. Attempting to alter that leaning with top-down control tactics will ultimately fail.

So what can we do?

**Turning the Ship: A Successful Model for Diversity**

Turning a ship in the water isn't like turning the steering wheel on your car. When the ship captain turns the rudder that sits behind the propeller, he alters the angle at which water hits that rudder, causing the ship to pivot to one side or the other. A successful turn requires the rudder itself, a captain who understands how rudders work, and the momentum of the ship. If the ship isn’t moving, it’s not going to turn no matter how enthusiastically the captain swings the rudder.

In your organization, you need those same three elements: effective diversity solutions (the rudder), a diversity champion who understands how to implement those solutions and who will lead the organization forward (captain), and the support of executives and employees (momentum).

**The Rudder: Diversity Solutions**

An effective diversity solution is one that sets aside stereotypes and bias, encouraging individuals to make decisions based on merit and to provide equal opportunities for every employee. When an organization achieves these goals, diversity flourishes, employees feel more satisfied with their jobs, and the company sets the stage for increased profitability by making the best use of all available talent. But how can you design solutions to overcome bias when that bias is sometimes unintentional and unrecognized?

The answer is to create an environment where it is easy for people to make the right decision. In this kind of environment, there will be less reliance on gut instincts,
impulses, and hunches, and better implementation of tools designed to put all individuals on an equal playing field. This kind of environment may include:

- Talent attraction strategies
- Unbiased interview and screening methodology
- Diversity analytics and reporting
- Employer branding to promote the diversity profile of the organization
- Technology that supports blind hiring tests, interview screenings, and performance reviews
- Mentoring programs to promote the advancement of qualified talent
- Voluntary training programs
- Cross-training to increase contact among employees
- Talent mapping to ensure that your workforce represents your community
- College recruiting efforts
- Inclusive language in recruiting communications
- Collaboration with diversity organizations

Effective diversity solutions should take into account your current metrics and efforts in order to identify the areas you want to improve.

**The Captain: Diversity Champion**

Getting the results you want from your diversity initiatives requires shifting the mindset of your employees rather than simply managing behavior. In order to achieve that goal, there must be someone at the helm who can provide consistent messaging and lead by example. Diversity must start in the C-suite. Leaders who champion diversity will take responsibility for results within the organization, promote diversity in their personal communications, and participate in diversity initiatives.

Organizations also benefit from a dedicated diversity manager. The manager is responsible for tasks such as:

- Recruiting and retaining a diverse workforce
- Monitoring diversity metrics
- Promoting a culture of diversity
- Devising new programs to expand diversity efforts
- Mitigating diversity disputes
- Developing a brand image that promotes and values diversity

Companies with a diversity manager see significant increases in the representation of women and minorities in management positions because they have a dedicated
captain who is responsible for making sure diversity efforts are producing the desired results.

**The Momentum: Employee and Executive Support**

You can’t garner support for diversity initiatives by forcing them on people. Tactics that force top-down control commonly create resentment among employees rather than promoting inclusion. Effective solutions build an environment that makes it easy and desirable for people to act in ways that promote diversity.

*It’s extremely difficult to change the way people’s brains are wired. Instead, change the context of decision-making.*

—Beshears and Gino

*Harvard Business Review*

The ideal diversity solution will focus on talent rather than demographics, encourage employees to promote diversity among themselves, and award promotions or jobs based on merit. But as we saw earlier, even programs designed to achieve these goals can fall short if the people using them are sidestepping the goal. We need to turn the rudder so that it is effectively moving the ship in the right direction.

As John Beshears and Francesca Gino write in *Harvard Business Review*, “It’s extremely difficult to change the way people’s brains are wired.” Instead, they argue, we should “change the environment in which people make decisions.” To do so, let’s look at three common elements of effective diversity programs as described by Dobbins and Kalev:

- **Engagement**—When managers engage with diversity efforts at the ground level, their views about diversity tend to shift in a positive direction. For example, when managers visit college campuses to recruit, they get excited about finding strong candidates across all groups. They’re not being threatened with “diversity or else!” Instead, they’re being entrusted with helping grow the organization with top talent from underrepresented groups.

  Engagement can also be encouraged through mentoring programs. When managers mentor females and minorities, they believe in the talent and value those individuals bring to the organization and will advocate for growth opportunities.

- **Contact**—People from different roles and positions who work together as equals will come to respect one another—another win for diversity. Self-managed teams are a great way to achieve this contact, since they bring people from across the organization together to work toward a common goal. Close contact as equals breaks down stereotypes and tends to increase the percentage of underrepresented groups in management positions over time.
• **Social Accountability**—At its core, social accountability is the desire for others to think well of you. Reaping the benefits of this phenomenon for diversity depends on creating a transparent organization in which decisions will be measured and evaluated over time. Diversity task forces can help achieve this goal by monitoring and publishing diversity metrics such as performance review data, hiring decisions, promotions, and pay increases. The desire to be recognized as someone who values and promotes diversity may be enough to overcome bias. If not, the knowledge that they might have to explain their decisions to a diversity manager can keep people on target.

Engagement, contact, and social accountability combine to create an environment where people lean toward inclusiveness and diversity rather than toward preconceived biases. That’s the momentum that will ultimately help you turn the ship.

**Building Your High-Impact Diversity Solution**

Diversity isn’t just a numbers game or socially advantageous undertaking. It’s a strategic driver of business success that has the power to increase revenue, retention rates, and productivity. Many organizations, however, don’t have the resources, experience, or personnel they need to create a sustainable culture of diversity.

Hire Velocity helps you reach your diversity goals using total workforce solutions that we customize to the needs of your business. We help you attract, engage, and retain a diverse workforce using:

- Custom RPO strategies
- Executive search solutions
- Employer branding evaluations
- Diversity sourcing and talent pooling
- Succession planning and talent pipelining
- Campus recruiting programs
- Diagnostics and market insights
- Veteran recruiting
- Disability talent sourcing
Our client successes include sourcing diversity candidates for marketing and senior leadership roles, manufacturing engineers and managers, bilingual managers, directors, and sales consultants, network and RF (radio frequency) engineers, and broad spectrum diversity hires. Of 251 hires we sourced for one Fortune 500 company, 67% were diversity candidates.

Diversity is inextricably combined with employee performance, engagement, and profitability. As companies cultivate a culture of greater diversity, they see a corresponding benefit to the bottom line as well as increased employee engagement and superior idea generation. No matter what your diversity goals are, Hire Velocity can help you source, hire, and retain top talent that will increase your profitability and productivity by developing a culture that values and rewards the contributions of every employee.

Interested in receiving similar content? Sign up for our newsletter to read our latest content.

Join us!

About Hire Velocity
At Hire Velocity, we are passionate about designing talent strategies that transform organizations, and make the impossible possible for our clients. By combining high quality delivery teams with the most advanced recruiting and social media tools, we utilize two of our greatest assets—our talent and technology – to discover, measure, maximize, and deliver results. To learn more, visit us at www.hirevelocity.com.