

The Case for Diversity and Inclusion

DIVERSITY AND INCLUSION

Organisations with diverse teams and inclusive environments can tap into a wider range of perspectives, experiences, and expertise.

- ✓ That makes teams more creative, more innovative, better at problem solving, and better able to relate to their customers.
- ✓ In addition to a marked improvement in financial performance, companies committed to inclusive cultures see improvements in recruiting and retaining talent too.

MAKING THE CASE



Knowing that diversity and inclusion **boost financial performance, innovation and market share** can play a critical role in advancing diversity and inclusion initiatives in your workplace.



However, it's also important to know that the cold hard facts aren't enough. The CEOs who are most successful at driving real change in their organisations share a passionate **personal conviction that it is the right thing to do.**



With that in mind, we encourage you to always **support the economic facts** below with **the strength of your personal conviction** and passion for diversity and inclusion.



THE MORAL CASE

The ethical and responsible reasons for ensuring diversity and inclusion at work

Diversity

Understanding that each individual is unique and recognising and respecting our individual differences.

Inclusion

Giving equal access and opportunities to all people irrespective of race, gender, disability, sexuality, etc.

- ✓ The right thing to do for organisations that focus on promoting diversity and inclusion.
- ✓ When we celebrate diversity we encourage participation in society from all.
- ✓ Only by treating everyone fairly, irrespective of their race, gender, sexual orientation, age, religion or belief, or disability, can we improve society.
- ✓ A focus on diverse and inclusive workplaces can help organisations authentically connect with people and communities that they might not otherwise reach.

Miranda Burdon
 Chief Executive
 Miranda.burdon@globalwomen.org.nz
 027 474 1019

Charlotte Burgess
 Partner Support and Insights Manager
 Charlotte.burgess@globalwomen.org.nz
 021 0234 0707

THE BUSINESS CASE

Studies of the instrumental ways that diversity contributes to organisational performance

1990:

Harvard Business Review published *“From Affirmative Action to Affirming Diversity”* in which it stated, “In business terms, a diverse work force is not something your company ought to have; it’s something your company does have, or soon will have. **Learning to manage that diversity will make you more competitive.**”

1991:

The Academy of Management published *“Managing Cultural Diversity: Implications for Organizational Competitiveness”* and concluded managing **diversity gives organizations a competitive advantage.**

2009:

American Sociological Association published *“Diversity Linked To Increased Sales Revenue And Profits, More Customers”* and shared their incredible finding that “companies reporting the highest levels of racial diversity brought in nearly **15 times more sales revenue on average** than those with the lowest levels of racial diversity.”

2010:

Kellogg School of Management published *“Better Decisions through Diversity”* in which it linked heterogeneity to **innovative ideas and better team performance.**

2013:

Deloitte published *“Waiter, is that inclusion in my soup?”* in which they tied diversity and inclusion to better **business performance (83%), responsiveness to customer needs (31%), and team collaboration (42%).**

2013:

Center for Talent Innovation published *“Innovation, Diversity, and Market Growth”* in which it found that publicly traded companies with 2D diversity (exhibiting both inherent and acquired diversity) were **70% more likely to capture a new market, 75% more likely to see ideas become productized, and 158% (no, that’s not a typo) more likely to understand their target end-users and innovate effectively if one or more members on the team represent the user’s demographic.**

2014:

Deloitte published *“From diversity to inclusion”* in which it stressed the **importance of both diversity and inclusion in building high performing organizations** and called diversity a business imperative: “And this means that diversity is no longer a “program” to be managed—it is a business imperative.”

2014:

Stephen Frost, in his book, *“The Inclusion Imperative”* notes that **“discriminating against women, homosexuals, and disabled people is costing \$64 billion dollars a year in the U.S. alone.”**

2015:

McKinsey & Company publishes *“Why Diversity Matters,”* in which it notes that “Companies in the top quartile for racial and ethnic diversity are **35 percent more likely to have financial returns** above their respective national industry medians.”

2017:

Deloitte’s Global Human Capital Trends report shows the **rising priority level of D&I among executives compared to previous years. Over two-thirds of executives rate D&I as an important issue while 38% of executives report their CEOs (not HR) being the primary sponsor of D&I initiatives.** The report also highlights the alarming reality gap which shows most companies’ D&I maturity levels being “very low.”

2017:

Boston Consulting Group (BCG) revealed its research that shows companies’ *“Total Societal Impact”* has proven to be statistically significant in creating a **reliable growth path, a reduced risk of negative, even cataclysmic, events, and, most likely, increased longevity.**

2017/2018:

McKinsey & Company released another set of *research findings* that once again confirmed the **statistical significance of having gender- and race-based diversity leading to better financial performance.** “Creating an effective inclusion and diversity strategy is no small effort and requires strong, sustained, and inclusive leadership. But we, and many of the companies we studied, believe the potential benefits of stronger business performance are well worth it.”