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Diversity in the Workplace: Why Care?

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Diversity in the Workplace. Why Care?

A recent study conducted by the Boston Consulting group reported 19% higher revenues among companies focused on diversity than similar companies who do not focus on diversity.¹

However, companies often fail to see the potential in diverse employees and take advantage of the great success these employees can contribute. As a result, company leaders do not recognize the opposition these employees face in the workplace, or they believe that acknowledging these employees' differences will worsen the situation.

Katherine Phillips, a professor at Columbia University's business school, warns that color blindness is not the solution for dealing with racial and ethnic differences in the workplace.² Leaders need to acknowledge and embrace these differences, paving the way to creating stronger relationships and unity within the workplace. As this environment is formed, the benefits of diversity will become more apparent and impactful to the company.

Caucasian CEOs should invest in increasing diversity and inclusion in the workplace because it impacts retention levels and employee well-being, innovation and employee performance, and companies' public image and market share. Leaders should make it their priority to better understand each of these benefits and how it might affect their companies.

EMPLOYEE WELL-BEING AND RETENTION

As a company's workforce grows more diverse, CEOs must prioritize an environment of inclusion for all workers. Minorities are sensitive to the efforts of their leaders and will express support if the endeavors are sincere.

Diverse Hiring

A culture of unity begins with the recruitment of more minority employees in an organization. Laura Roberts, a professor at the University of Virginia, gives a warning to leaders about recruitment, explaining that "they might focus too heavily on recruitment and retention — filling the pipeline and high-potential groups with [minorities] but failing to support them past middle-management roles."³ Quick hiring may increase numbers of diverse employees, but without fair training and opportunities, employee morale will decline and increase turnover. Leaders need to hire with the intention to invest in and seek for the minorities' personal well-being at work.

Valuing All Ideas

Anxieties, isolation, doubts, and harassment will diminish among minorities as a culture of inclusion commences to form. Monroe Gang, the CEO of Atlantic Partners Corp, improves our understanding of the necessity of inclusion among minorities. He explains that when minority "employees' ideas are prioritized and respected, they will feel more essential to your business, producing an involved, productive and collaborative workspace where new thoughts and ideas can consistently be shared and acted upon."⁴ Heightening involvement and understanding amidst all employees can improve feelings of value and necessity to the company for minorities. These emotions of worth and importance can strengthen relationships and improve confidence among

minorities and co-workers. Employee satisfaction and emotional well-being will stabilize through a united and comfortable environment. This leads to higher levels of retention.

Investing in the Employee

A minority employee's commitment to a company can strengthen over time through exposure to opportunities of progression and attaining personal goals. Decreased harassment and social isolation may also improve employee commitment and reduce high turnover. Companies should invest in anti-harassment training among its staff in order to prevent these forms of discrimination. Both employee wellbeing and retention connect to reduced costs of money as well as time spent in recruitment, training, and turnover. However, both of these factors depend heavily on the investment of executives to enhance workplace inclusion. Greater levels of emotional wellness and inclusivity in turn allow for more creativity and collaboration to improve performance.

EMPLOYEE INNOVATION AND PERFORMANCE

Diversity Creates Innovation

Minorities bring unique perspectives because they come from all different walks of life; they bring new experiences and ideas perhaps not considered by other groups. This knowledge will remain unknown, unless CEOs work with managers to establish circumstances for it to be freely shared. Monroe Gang explains that including and unifying a diverse workforce improves their engagement with the company's advancement. Encouraging their new ideas will bring about innovations that lead to new and successful business avenues.⁵ A recent study conducted by Bersin at Deloitte discovered that "inclusive companies are 1.7 times more likely to be innovative leaders in their market."⁵ CEOs will be able to see the creative and financial impact diversity can bring to their organization through innovation.

Engagement Improves Production

Inclusion will improve levels of collaboration and cooperation among all employees. This unified teamwork can boost efficiency and productivity in employee performance. As innovation is encouraged among diverse teams, their satisfaction and motivation will also contribute to higher levels of performance. A sense of purpose may stem from innovation and push minorities to deliver heavier contributions to the company's success. Yet this success largely depends on the engagement of executives providing opportunities for minorities to engage with their co-workers and collaborate in developing their ideas.⁶ This internal focus and change will eventually lead to factors visible to the public and increase the company's national or global reach.

MARKET SHARE AND PUBLIC IMAGE

Competitive Market Advantage

Minority employees introduce new target groups and offer a head start in these markets. They bring an understanding of culture, language, behavior, and needs that others outside of the group may not be aware of. This knowledge assists companies in expanding to obtain and greater

national or global reach. Paul Gompers, from the Harvard Business Review, confirms that diverse teams are also better prepared to survive in competitive environments as a result of broader creative thinking and different viewpoints.⁷ These particular viewpoints from diverse employees offer solutions to consumer needs that have not been recognized and met by other companies. As a result, these diverse teams help their companies get a head start and achieve success in these competitive environments.

Organizations with diverse executives recognize these benefits and seek more variety in talent. They make decisions with a perspective that comprises a larger selection of customers than executives of non-diverse companies. Minorities also introduce their company's investments to new groups and expose their own company to new investments in the market. McKinsey recently performed a study showing that "companies with diverse executive boards reported 53% higher returns on equity than those with a less diverse board."⁸

Reputation of Inclusion

Often, the image of the company is influenced by the employees' personal experiences. Minorities frequently rely on word-of-mouth to inform potential hires of inclusive or exclusive workplaces. In this way, diverse employees protect themselves from workplaces with harassment and racism. The media also heavily influences the public image through studies, surveys, and interviews. Working in diverse and inclusive workplaces has increasingly risen as a priority for potential hires. This is particularly true for younger generations; they seek an organization where they are free to express who they are. Eddy Ng, a research at Bucknell University, confirms that leaders' efforts to create workplaces of inclusivity will not go unnoticed outside of the company.⁹ As a result of a diverse public image, a new and wider audience of suppliers, customers, and hires will flock to be involved with these companies and invest in its success.

THE NEXT STEP

Despite all of these benefits to their company, CEOs frequently do not believe it worth investing in a diverse and inclusive work environment. Diversity is frequently used as a temporary boost for the company's public image. This habit needs to be eradicated and replaced with sincere efforts to support all employees equally. All CEOs need to meet with their Human Resources department and review the benefits from this article to discuss how to improve diversity and inclusion within their workplace.

¹ Powers, Anna. 2018. "A Study Finds That Diverse Companies Produce 19% More Revenue." Forbes. Forbes Magazine. June 28, 2018. <https://www.forbes.com/sites/annapowers/2018/06/27/a-study-finds-that-diverse-companies-produce-19-more-revenue/?sh=77a1c4ef506f>.

² Phillips, Katherine and Nancy P. Rothbard W., Tracy L. Dumas, and Nancy P. Rothbard. 2018. "Why Black Employees Hesitate to Open Up About Themselves." February 21, 2018. <https://hbr.org/2018/03/diversity-and-authenticity>.

³ Roberts, Laura Morgan, and Anthony J. Mayo. 2020. "Toward a Racially Just Workplace." September 22, 2020. <https://hbr.org/cover-story/2019/11/toward-a-racially-just-workplace>.

⁴ Monroe, Gang. 2020. "3 Strategies for Promoting Diversity and Inclusion in the Workplace." BenefitsPRO (Sep 11). <https://lib-byu-edu.erl.lib.byu.edu/remotearchive?url=https://www-proquestcom.erl.lib.byu.edu/docview/2441637364?accountid=4488>.

⁵ Guest. 2020. "Diversity & Inclusion Can Boost Employee Engagement." Rewardian Blog. September 9, 2020. <https://blog.rewardian.com/diversity-inclusion>.

⁶ Howard, Terry L. and Gregory W. Ulferts. 2020. "The Changing Value of Diversity in Organizations." *The Journal of Business Diversity* 20 (2): 61-73. <https://lib-byuedu.erl.lib.byu.edu/remotearchive?url=https://www-proquestcom.erl.lib.byu.edu/docview/2434747072?accountid=4488>.

⁷ Gompers, Paul and Silpa, and Silpa Kovvali. 2018. "The Other Diversity Dividend." *Harvard Business Review*. Harvard Business School. July 9, 2018. <https://hbr.org/2018/07/the-otherdiversity-dividend>.

⁸ Place, Alyssa. 2020. "Why Annual Diversity Training Isn't enough to Combat Racism." *Employee Benefit Adviser* (Online) (Jun 17). <https://lib-byu-edu.erl.lib.byu.edu/remotearchive?url=https://www-proquestcom.erl.lib.byu.edu/docview/2414028293?accountid=4488>.

⁹ Ng, Eddy S. and Greg J. Sears. 2020. "Walking the Talk on Diversity: CEO Beliefs, Moral Values, and the Implementation of Workplace Diversity Practices: JBE." *Journal of Business Ethics* 164 (3) (07): 437-450. doi:<http://dx.doi.org.erl.lib.byu.edu/10.1007/s10551-018-4051-7>. <https://lib-byu-edu.erl.lib.byu.edu/remotearchive?url=https://www-proquestcom.erl.lib.byu.edu/docview/2130628836?accountid=4488>.

IMPROVING DIVERSITY IN THE WORKPLACE

Steps to Increase Diversity and Inclusion

INVOLVE LEADERS

Executives and HR must work together to assist employees' efforts in changing the workplace.



RESEARCH COSTS AND ROI

Researching costs will assist in determining new implementations and calculating the Return on Investment.

CREATE A PROGRAM

Employees and leaders need equal opportunities to contribute in the creation of trainings, consultations, interviews, or groups for the new program.



CREATE A TIMELINE

Creating a timeline will help leaders to realistically estimate when the effects of the program will be visible and measurable.

MONITOR AND COMMUNICATE SUCCESS

Monitoring and sharing the program's success is key to empower and encourage employees to continue working to make a positive difference.



LEARN MORE AT MORLEY, TRACY. 2018. "MAKING THE BUSINESS CASE FOR DIVERSITY AND INCLUSION: SHORT CASE STUDIES AND RESEARCH PAPERS THAT DEMONSTRATE BEST PRACTICE IN HR." STRATEGIC HR REVIEW 17 (1): 58-60.