

Washington  
**EMPLOYERS**

## Workplace Diversity: Creating a Diversity Strategy in the Nonprofit World

Jason Reep, SPHR  
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## Objectives

- Describe 5 Diversity components that impact your workplace.
- Identify a Business Case for Diversity for your organization.
- Create an action plan to capitalize on Diversity in your workplace.

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## Defining Diversity

Inclusive corporate culture that strives to respect variations in employee personality, work style, age, ethnicity, gender, religion, socioeconomics, education and other dimensions in the workplace.

- Society for Human Resource Management

Diversity is the full utilization of all human resource potential. It is understanding and valuing differences while mobilizing similarities effectively to achieve a common objective or goal.

- Adapted from Edwin J. Nichols, Ph.D.

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**Defining Diversity**

Many Social Service and/or Health Care organizations may define a specific set of attributes needed to interact with/serve their multicultural clients. This is often referred to as **Cultural Competency** and is generally broken down into:

- Cultural
  - Awareness
  - Attitude
  - Knowledge
  - Skills
  - Encounters
  - Desires

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**EEO / AA / Diversity**

- Equal Employment Opportunity (EEO)
- Affirmative Action
- Diversity
  - Foundational Diversity Efforts
  - Advanced Diversity/Inclusion Efforts

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**EEO / AA / Diversity**

What are the differences in the following areas:

- Purpose – Why it exists
- Source – What drives it
- Approach – How to implement it
- Measurement – How to assess your efforts
- Who benefits – Who gains from the initiative
- Model – Underlying beliefs that guide it

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**EEO / AA / Diversity**

**Purpose**

Equal Employment Opportunity (EEO)	Open opportunities. Efforts focus on <b>employment as one of the means by which people can reach social equity in America.</b>
Affirmative Action	Opens doors. Efforts affect hiring and promotion decisions in the organization. <b>Increase mobility for "protected classes".</b>
Foundational Diversity Efforts	Opens attitudes, minds, and culture. Efforts affect attitudes of employees. <b>Increases quality of interpersonal relationships.</b>
Advanced Diversity/Inclusion Efforts	Open the system. Efforts affect managerial practices and policies. <b>Maximizes the potential for all.</b>

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**EEO / AA / Diversity**

**Source**

Equal Employment Opportunity (EEO)	Legally Driven – based on various <b>local, state, and federal laws.</b> Required of all employers whether private or public.
Affirmative Action	Legally Driven – established by <b>Executive Order 11246.</b> Specific to Federal Contractors who employ 50 or more people and do business in excess of \$50,000 with a government entity. Reports are mandated by EEO laws and consent decrees.
Foundational Diversity Efforts	Ethically Driven. Moral and ethical imperatives drive this culture change. <b>Improve employee's quality of work experience.</b>
Advanced Diversity/Inclusion Efforts	Strategically Driven. Behaviors and policies are seen as <b>contributing to organizational goals and objectives,</b> such as profit and productivity, and are tied to rewards and results. Meeting the needs of diverse consumer groups. <b>Business Case for Diversity.</b>

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**EEO / AA / Diversity**

**Approach**

Equal Employment Opportunity (EEO)	Reactive/ <b>Passive.</b> "Will not discriminate".
Affirmative Action	Reactive/ <b>Active.</b> Positive efforts to end employment discrimination.
Foundational Diversity Efforts	Proactive. Creating a <b>compassionate organization.</b>
Advanced Diversity/Inclusion Efforts	Proactive. Creating an <b>inclusive, high performing organization.</b>

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**EEO / AA / Diversity**

**Measurement**

Equal Employment Opportunity (EEO)	Quantitative. Emphasis is on selecting people for jobs in a non-discriminatory fashion. Report on organizational demographics annually through <b>EEO-1 statistical report</b> .
Affirmative Action	Quantitative. Emphasis is on achieving equity of opportunity in the work environment through the changing of organizational demographics. Progress on "good faith efforts" in employment decisions is monitored by statistical reports and analyses ( <b>Affirmative Action Plans</b> ).
Foundational Diversity Efforts	Qualitative. Emphasis is on the appreciation of differences/unique and the creation of an environment in which everyone feels valued and accepted. Progress is monitored by <b>organizational surveys focused on attitudes, perceptions, and morale</b> .
Advanced Diversity/Inclusion Efforts	Behavioral. Emphasis is on building specific skills and creating policies and practices that get the best from every employee. Efforts are monitored by <b>progress toward achieving goals and objectives</b> .

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**Who benefits**

Equal Employment Opportunity (EEO)	<b>Individuals from previously disadvantaged groups</b> across race, color, religion, national origin, gender, pregnancy, age, physical or mental disability, medical condition, marital status, ancestry, and Vietnam era and other Veterans. In addition to Federal laws, there are various State and local laws that may include additional groups (i.e. sexual orientation).
Affirmative Action	<b>"Protected classes"</b> – Race and Ethnicity (African Americans, Hispanic Americans, American Indians, and Asian Americans), Gender (women), Individuals with disabilities, disabled veterans and veterans of the Vietnam era, and Religious groups.
Foundational Diversity Efforts	<b>All employees</b> – Inclusive approach. Everyone contributes.
Advanced Diversity/Inclusion Efforts	<b>All employees and the organization</b> – Inclusive approach tied to the business.

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**EEO / AA / Diversity**

**Model**

Equal Employment Opportunity (EEO)	<b>Desegregation Model.</b> Model assumes that <b>everyone should have the same access in employment opportunities</b> .
Affirmative Action	<b>Assimilation Model.</b> Model assumes that <b>groups brought into system will adapt to existing organizational norms</b> .
Foundational Diversity Efforts	<b>Diversity Model.</b> Model assumes that groups will retain their own characteristics and <b>shape the organization as well as be shaped by it</b> , creating a common set of values.
Advanced Diversity/Inclusion Efforts	<b>Synergy Model.</b> Model assumes that diverse groups will <b>create new and better ways of working together effectively and problem solving</b> in a pluralistic environment.

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**Reality Check**

Many workplaces that have chosen to focus on Diversity have done minimal work and have not yet become Inclusive.

<b>Diversity</b>	<b>Inclusion</b>
People (demographics)	Workplace culture
Descriptive	Active
Awareness/Sensitivity	Engagement/Sense of belonging
Interactions/Relationships	Results/Outcomes

**An organization can have Diversity without Inclusion.  
An organization can have Inclusion without Diversity.**

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**The Diversity Wheel**

The Diversity Wheel is a circular diagram with four concentric layers:

- Organizational Dimensions:** Functional Level, Classification
- External Dimensions:** Geographical, Location
- Internal Dimensions:** Ethnicity, Income, Work Context/Field, Gender, Personal Habits, Sexual Orientation, Recreation/Hobbies, Division/Department/Unit/Crossing, Religion
- Personality:** Race, Parental Status, Marital Status, Age, Appearance, Physical Ability, Educational Background, Seniority, Work Location, Union Affiliation, Work Experience

Internal Dimensions and External Dimensions are adapted from Marilyn Loden and Judy Rosener, Workforce America! (Business One Irwin, 1991) Managing Diversity in Health Care Manual by Lee Gerdenshaw and Anita Rowe. Copyright © 1999 by Jossey-Bass, San Francisco, CA © 2009 Washington Employers. All rights reserved.

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**Business Case for Diversity**

HR professionals indicated that the most important outcomes of diversity for their organizations were reduction in costs associated with turnover, absenteeism and low productivity, as well as an improved financial bottom line, decreased complaints and litigation and improved public image of the organization.

2005 Workplace Diversity Practices Survey Report

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### Business Case for Diversity

In 2008 The Conference Board identified 5 trends that are driving an increased focus on Diversity/Inclusion:

- Globalization
- Demographic shifts
- Technology
- Legal environment
- Socio-political climate

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### Business Case for Diversity

3 areas to focus your Diversity Business Case

- External
- Workforce
- Organizational

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### Business Case for Diversity

External Business Outcomes:

- Strengthen your position and reputation as \_\_\_\_\_.
- Enhance community relationships.
- Retain & gain a market advantage.
- Capturing new and diverse markets/non-traditional markets.
- Enhance customer service.
- Expand the use of a product/service.
- Development of products/services to become more effective for a wider customer base.

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## Business Case for Diversity

Workforce Business Outcomes:

- Attract the best employees – become the Employer of Choice to a diverse set of candidates.
- Enhanced recruitment of employees.
- Retain the best employees.
- Increase creativity.
- Increase skill sets and contributions from a broader pool of talent.
- Increase teamwork/interpersonal relations and communications among employees.
- Higher staff morale and performance.
- Train/teach the next generation of \_\_\_\_\_.

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## Business Case for Diversity

Organizational Business Outcomes:

- Increase productivity.
- Reduce turnover.
- Enhance your competitive advantage.
- Increase quality.
- Increase innovation.
- Improve global competency.
- Make better/more informed decisions.
- Meet and exceed EEO/AA requirements.
- Reduce costs (financial and reputation) associated with discrimination, harassment, and ignoring Diversity issues.

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## Effective Diversity Practices

1. Marketing to Diverse Customers and Consumers
2. Retaining Diverse Talent
3. Recruiting Diverse Talent
4. Leadership Commitment and Involvement
5. Inclusive Culture and Values
6. Diversity Education and Training
7. Community Involvement
8. Advancing Diverse Talent
9. Career Development for Diverse Talent
10. Diversity Employee Communications
11. Employee Involvement
12. Supplier Diversity
13. Performance Accountability and Measurement

Source: Diversity Practices That Work, The American Worker Spaces, National Urban League, 2004. Advancing HR Strategies to Build Organizational Success © 2009, Washington Employers. All rights reserved.

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**Your Business Case**

Take a few minutes to identify business rational for creating/sustaining a Diverse and Inclusive workplace.

- Link them to already existing initiatives.
- Don't try to "Boil the Ocean."
- The more you can measure them, the more success you will have.

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**Diversity ROI**

The Diversity Return on Investment (DROI) is calculated by using the diversity initiative cost and benefits to get the benefit/cost ratio (BCR).  $BCR = \text{diversity initiative benefits} \div \text{diversity initiative costs}$ . 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:  $DROI\% = (\text{net diversity initiative benefits} \div \text{initiative costs}) \times 100$ .

Source: Milton J. Perrew, SPHR, OPCR, Managing Director, Kaufman, Vordubren and Associates © 2009, Washington Employers. All rights reserved.

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**Diversity ROI**

This formula is the same basic formula used to evaluate other investments in which the ROI is reported as earnings divided by the investment.

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;
5. Calculate the total value of the improvement.

Source: Milton J. Perrew, SPHR, OPCR, Managing Director, Kaufman, Vordubren and Associates © 2009, Washington Employers. All rights reserved.

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**Diversity ROI**

- 1. Know what you want to know:**
  - Identify a business problem related to the organization's strategy
  - Formulate research questions
  - Begin with the end in mind – your report
  - Create the Diversity measurement study objectives
- 2. Prepare and Collect data:**
  - Identify data collection measurement areas to check
  - Review historical data
  - Conduct interviews
  - Conduct focus groups
  - Analyze data using the Hubbard Diversity 9-S Framework
  - Create or purchase evaluation instruments
  - Survey the organization

Source: "How to Calculate Diversity Return on Investment (DROI)", 2004 by Dr. Edward E. Hubbard, President & CEO of Hubbard & Hubbard, Inc.

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**Diversity ROI**

- 3. Isolate diversity's contribution:**
  - Select a method to isolate Diversity's contribution
- 4. Convert the contribution to money:**
  - Identify the hard and soft data contained in the Diversity contribution
  - Select a method to convert the hard data contribution to dollars
- 5. Calculate the costs, benefits and DROI:**
  - Identify the major cost categories
  - Identify the major benefits
  - Calculate the benefit-to-cost ratio
  - Calculate the Diversity Return-On-Investment (DROI %)
  - Identify the intangible benefits

Source: "How to Calculate Diversity Return on Investment (DROI)", 2004 by Dr. Edward E. Hubbard, President & CEO of Hubbard & Hubbard, Inc.

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**Diversity ROI**

- 6. Report it to others:**
  - Identify the report timing / other needs
  - Identify reporting vehicle(s)
  - Create report
  - Deliver report
  - Evaluate feedback
- 7. Track and periodically assess progress:**
  - Provide follow-up data for analysis and benchmarking purposes
  - Introduce new automated Diversity measurement software systems for monitoring, tracking, and reporting results
  - Introduce a companion survey development software tool and its statistical analysis capabilities.

Source: "How to Calculate Diversity Return on Investment (DROI)", 2004 by Dr. Edward E. Hubbard, President & CEO of Hubbard & Hubbard, Inc.

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**Diversity ROI**

What can be measured?

Organizational culture	Demographics	Accountability
Productivity	Growth and Profitability	Diversity Leadership Commitment
Workforce Profile Representation	Workplace Climate	Learning & Growth
Diverse Customer / Community Partnerships	Financial Impact	Etc.

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**Final thought**

Remember that:

**Most things are difficult ...**  
**before they are easy.**

-Thomas Fuller

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**Thank You**

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