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Diversity

IN THE WORKPLACE

Defining Diversity

How diverse is your employer? If you run a small business, how diverse is your staff? Diversity in the workforce is one of the hottest topics facing workers and employers in the United States.

As our nation continues to evolve into an assorted mix of cultural backgrounds, the most diverse corporations reflect many distinguishing characteristics, including age, race, disability, gender, ethnicity, sexual orientation and religion.

With many legal protections put in place by our government, workers have the right to carry out their duties in the workplace free from unlawful discriminatory treatment, including sexual harassment and verbal abuse.

A DIVERSE WORKFORCE: THE BENEFITS

A diverse workforce offers a culture of innovation and creative ideas thanks to employees of varying backgrounds and experiences. Business owners have learned that diverse workplaces can foster some of the most positive experiences for their employees. This, in turn, can lead to greater productivity and enhanced relationships across departments.

Here are some other benefits of building a diverse workforce, as reported in a 2015 study by McKinsey & Company:

- 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.
- Companies in the top quartile for gender diversity are 15 percent more likely to have financial returns above their respective national industry medians.
- Companies in the bottom quartile both for gender and for ethnicity and race are statistically less likely to achieve above-average financial returns than the average companies in the data set.

CRITICAL FEDERAL LAWS

There are a host of federal, state and local laws devoted to retaining diversity in the workplace. Here are a few of the most important federal regulations related to this topic:

- Title VII of the Civil Rights Act of 1964 (Title VII)
- Pregnancy Discrimination Act (PDA)
- Americans with Disabilities Act (ADA)
- ADA Amendments Act (ADAAA)
- Age Discrimination in Employment Act (ADEA)
- Equal Pay Act (EPA)
- Uniformed Services Employment and Reemployment Rights Act (USERRA)



Knowing Your Rights

As an employee in the United States, you are afforded certain rights to ensure that you are able to do your job in a safe, culturally sensitive environment. If there comes a time where you feel your rights have been violated, contact your human resources management team immediately.

It also is a smart idea to reach out to a local lawyer, especially if your position with the company is in jeopardy. It's up to you to be knowledgeable about your rights in specific workplace situations, and a legal professional will be able to point you in the right direction.

PROTECTED CLASSES

According to Title VII of the Civil Rights Act of 1964, employers are prohibited from discriminating in the hiring, promotion, discharge, pay, fringe benefits, job training, classification, referral and other aspects of employment on the basis of race, color, religion, sex or national origin.

This covers a broad spectrum of the American population, so workers should be confident in voicing their opinions if an employer is failing to live up to its end of the diversity bargain.

WORKERS WITH DISABILITIES

The Americans with Disabilities Act of 1990 protects qualified applicants and employees with disabilities

from discrimination in hiring, promotion, discharge, pay, job training, fringe benefits, classification, referral and other aspects of employment on the basis of disability.

The law also requires that covered entities provide reasonable accommodations to those with disabilities. If you are disabled, be sure to raise any concerns you have about employer shortcomings in this area.

OTHER DISCRIMINATION

Another important discrimination-related law, the Age Discrimination in Employment Act of 1967, protects applicants and employees 40 years of age or older from discrimination on the basis of age in hiring, promotion, discharge, compensation, terms, conditions or privileges of employment.

Sex discrimination is prohibited by Title VII of the Civil Rights Act of 1964 and the Equal Pay Act of 1963. The latter prohibits sex discrimination in payment of wages to women and men performing substantially equal work in the same establishment.



Benefits of Diversity

As more women, racial and ethnic minorities, and gay and transgender individuals enter the workforce, it is increasingly important that our employee bases are reflective of such overwhelming diversity.

Failing to do so can make an employer unattractive to top talent, which may stall its growth and limit its company's overall creativity. Conversely, mobilizing a diverse, enriched talent base can help a company stand apart from the competition and position itself for sustainable success.

MARKETING POWER

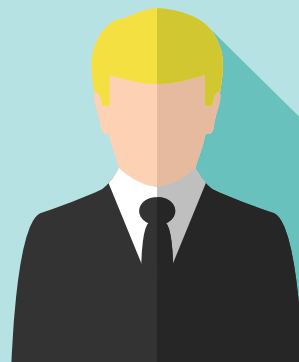
When you build a diverse staff of professionals, you are able to more effectively target diverse consumer bases. Take marketing for example. A marketing staff that is lacking in diversity may not understand buying behaviors or attitudes of multicultural audiences.

This can leave the company's marketing efforts stale and irrelevant to key demographics that may help take the business' revenue to the next level. More well-rounded, diverse marketing staff may be able to work together to create highly impactful messaging that is in line with that specific population's wants and needs.

TEAM RECRUITMENT

What kind of team do you want to be a part of? One that is vibrantly varied in cultural backgrounds and gender, or one that is lacking in diversity? Do you want your company

A diverse workforce can be the economic engine of a successful business.



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to be known as one that is inclusive for all races, religions and sexualities or one that is closed for business to these groups? Your answer can have a profound effect on your business' ability to recruit top-tier talent from across the world. Employees want to

know that they have a chance for steady career growth based on their performance, not on where they come from or what they believe.

COST SAVINGS

A diverse and inclusive workforce not only helps busi-

nesses attract top talent but also is vital in them retaining it. Having a diverse and discrimination-free work environment helps businesses avoid costs associated with high turnover and constant hiring.

Businesses that fail to foster

inclusive workplaces can see higher turnover rates than businesses that provide diverse workplace cultures. This failure to hold on to key professionals can have a snowball effect on all aspects of the business and customer relationships.



Increasing Diversity

Improving the workplace diversity of your organization is not difficult — if you are committed to doing so. Diversity starts at home, so to speak, so before turning your attention to a diversity-focused recruitment strategy, take a look at how your current employee population is represented.

Do you have policies in place to protect your employees and foster positive collaboration? Are you focused on enabling your employees to share innovative ideas, specifically related to culturally based sales, marketing and business growth strategies? Does your workforce represent the communities where you operate?

If you're answering "no" to any of these questions, a wise first step may be to shore up your current diversity practic-

es and processes. There are many benefits to doing so, especially if you take a holistic approach to diversity across recruitment, retention, engagement and advancement.

Your goal should be to develop and implement an equal opportunity employment policy that follows the U.S. Equal Employment Opportunity Commission guidelines. The objective of the commission is to establish a meritorious hiring

practice that is age, race, gender and minority neutral.

PLAY AN ACTIVE ROLE

As an employer, your personnel want to feel a sense of confidence and devotion from you. They want to work for someone who they feel will back them up in challenging situations and who will give them the tools to succeed.

This can include surrounding your team with diverse leaders, vendors and external

partners to promote diversity at all levels of the organization. Bottom-line benefits will follow, but first you will see a more engaged workforce that is willing to work hard for a leader who celebrates diversity in the workplace.

CONNECT WITH THE COMMUNITY

Once you cement your internal diversity policies and behaviors, it's time to look outward. Work with local

organizations with connections, including churches, cultural institutions and colleges. These groups can help you get a handle on the robust cultural demographics of your community.

Nonprofits like the Urban League are great resources and can give you access to dependable candidates who are representative of your area. This can be particularly helpful if you are a manager or business owner who is relatively new to the area.



By the Numbers

According to the Center for American Progress, there is still much work to be done in order to give all American workers equal opportunities for advancement and pay raises. Here are some of the most impactful statistics reported by the association:

- As of June 2012, people of color made up 36 percent of the labor force.

- Approximately 99,945,000 (64 percent) in the labor force are non-Hispanic white.

- 24,679,000 (16 percent) are Hispanic; 18,758,000 (12 percent) are African American; and 8,202,000 (5

- percent) are Asian. • Approximately 4,801,000 people (3 percent) in the labor force do not identify in any of the aforementioned racial or ethnic categories. • Census data reveals that by 2050, there will be no racial or ethnic majority in our country.

- Between 2000 and 2050,

- new immigrants and their children will account for 83 percent of the growth in the working-age population. • Women account for 47 percent of the labor force. This is a major increase from 1950, when women represented just 29.6 percent of the workforce.

- Gay and transgender

- workers make up 6.28 percent of the workforce today. One million gay or transgender individuals work in the public sector. By contrast, approximately 7 million workers in the private sector are gay or transgender. • Approximately 27,382,000 Americans (11 percent) have a disability, yet

- only 5,722,000 (21 percent) of these individuals are in the labor force.

- The unemployment rate of people with disabilities (disabled but looking for work) is 15 percent, much higher than that for people who are not disabled (8.7 percent).

Business Ownership

Diversity in business ownership is an area of great focus for entrepreneurs and investors in today's economy. Business-minded professionals are stepping out of their comfort zones to launch new enterprises, no matter their color, cultural background or sexual orientation — and the world's economy is all the better for it.

According to the National Association of Women Business Owners, women of color own 1.9 million companies that generate \$165 billion in revenue annually and employ 1.2 million people. Latina-owned businesses have generated \$55.7 billion since 2002.

These are substantial numbers that only figure to grow as the United States becomes more diverse as a whole.

CHALLENGES & PROGRESS

Gallup and Wells Fargo recently partnered on a report analyzing the experiences of small-business owners by race, ethnicity, gender, veteran status and sexual orientation. The study focused on business owners' motivations to start their own companies as well as the challenges they have faced along the way.

Here are some of the key findings as reported by Gallup, particularly related to the area of how diverse small business owners are choosing to fund their businesses:

- Owners in diverse segments are more likely to use personal credit cards to fund their business than the general population of owners.
- African-American small-business owners report lower use of business credit and greater personal credit challenges than the general



population of owners and other diverse segments.

- Women small-business owners tend to be more highly educated than male owners, though their businesses are typically smaller in terms of annual revenue.

- Women small-business owners tend to be more credit averse (less likely to use credit or loans) than male owners.

- Small-business owners who identify themselves in the survey as LGBT are younger than the overall population of

small-business owners.

- LGBT small-business owners are more likely to use credit cards, especially personal credit cards, to fund their business than to use loans or lines of credit.

- The majority of veteran

small-business owners are at least 55 years of age. Veteran small-business owners are more likely than small-business owners in general to rely on personal credit cards and personal lines of credit to fund their business.



In the Boardroom

The boardrooms of American businesses are becoming more diverse, but much work is left to do in order to leverage our population's full potential.

Currently people of color and women only represent about 14.5 percent and 18 percent, respectively, of corporate boards among the senior management of Fortune 500 companies, according to the Center for American Progress.

Looking specifically at Fortune 500 CEOs, the association also found the

following statistics:

- Only 21 (4.2 percent) are people of color; four are black (0.8 percent); nine are Asian (1.8 percent); and six are Latino (1.2 percent).
- Only 4 are female people of color, representing just 0.8 percent of all Fortune 500 CEOs.
- Women make up nearly half of the labor force today, but only 18 Fortune 500 CEOs (3.6 percent) are female.

BENEFITS OF MORE DIVERSE BOARDS

A board of directors is a group of individuals that are elected as representatives of the stockholders to establish corporate management policies and to make decisions on major issues.

Diversity is important because a wide range of perspectives is critical to ensuring effective corporate governance, balanced business strategies and comprehensive approaches to complex problem-solving.

Corporate executives also understand that to compete in a global marketplace, companies need to hire and retain diverse talent. This type of mindset starts at the top, underscoring the importance of a diverse board of directors guiding critical decision-making for America's largest companies.

TAKING STEPS TO ADD DIVERSITY

Experts urge board members and chairmen to develop frameworks for

identifying diverse candidates. This means urging nominating committees to consider women and minority candidates for each open board seat.

Putting these types of practices in place can lead to improvements in the current underrepresentation of women and minorities on corporate boards relative to the general population.

Minority executives should consider taking an active role in sourcing board of directors opportunities. Many of these openings are filled through networking activities, so making yourself more visible in your industry can help increase your chances of landing a board appointment.