

# The business case for workforce diversity

by Gunilla Burrowes

**M**y aim is to present the business case for workforce diversity. For true diversity and change to happen, there has to be a desire from each of us as individuals to value the benefits of diversity. We need to see the benefits for us as individuals and for our organisations, such as increased creativity and productivity, and even an improved bottom line. But this requires attitudinal and behavioural change.

I define a diverse workforce as one that reflects the diversity within the population that it is serving. It is not just about gender mix but it is about the need to address the full range of diversity.

Diversity means not only an understanding of groupings such as gender, race, ethnicity, indigenous or disability, but also life experiences such as background, age, socio-economic and even personality typing.

The question that I asked myself in the early 90s when seeking to find a different approach to encouraging women's participation in engineering was: "Is it possible to build a business case for companies to see the benefits of diversity?" In the case of women, studies had already shown that there was a clear link between a company's financial performance and the gender mix in its management team.

The Bottom Line: Connecting Corporate Performance and Gender Diversity is a longitudinal study of the Fortune 500 companies in the US begun in 1996 and continuing today. Conducted by US Research organisation Catalyst, it found that those companies which had approximately a third of their board and senior executive positions filled by women had demonstrated a 35% higher return on equity than those companies which had no women or only one.

Several other international studies have also made this remarkable connection. In fact, the Glass Ceiling Commission report as far back as 1994 found that stock market performance was directly related to the diversity, in gender and race, of the workforce. The study showed that more diverse workforces fared more than two times better than other businesses.

Diversity in the workforce means that it comprises all the ways individuals differ and thus brings to the workplace a wide range of values, skills, life experiences and perspectives.

Following is a selection of reasons why diversity within a workforce can enhance and help improve the company's bottomline. Organisations with diverse workforces:

- can respond better to the changing needs of their increasingly diverse pool of customers
- are better equipped to operate in a substantially more culturally complex domestic and international environment which requires them to build international business relationships, negotiate new ventures and even manage international workforces
- can use the various talents of the individuals within their teams; research has shown that diverse teams outperform homogenous teams as they offer the potential for higher levels of creativity and innovation, as well as more balanced decision making
- experience improvement in their corporate culture
- can become "employers of choice".

Thus organisations with diverse workforces and sound diversity-aware management practices stand to gain a competitive edge both in the labour market as well as in the delivery of products and services.

At the same time it is recognised that diversity can create workplace problems. Differences between individuals often lead to interpersonal conflict as differences of opinions, perspectives and values become apparent.

But it is these differences that we need to harness and make work for us. Creativity and innovation can't flourish in an environment that doesn't accept or even want change or is unwilling to deal with different approaches.

The first step in developing a diverse workforce is to understand and believe in the benefits of diversity.

Step two is the commitment to implementing and maintaining initiatives that create a diverse workforce. Commitment is about the perseverance of articulating the values and culture that support diversity. In particular, it is about embracing, rather than fearing, the differences of opinion and ideas that diversity can bring to an organisation, and using them to build that competitive advantage. To do this we all need to become champions of diversity, and become role models in words and actions. ■

Gunilla Burrowes is a national vice-president of Engineers Australia. Her area of responsibility is engineering practice and continuing professional development. This article is an abridged version of a presentation she gave at the 2009 National Congress of the Local Government Managers Australia association last May. The LGMA has declared 2010 the Year of Women in Local Government.

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