

# The Case for Diversity

As the fabric of America's population becomes more diverse and business goes global, CEOs need to embrace progressive recruiting strategies.

As Census 2000 data roll in, it is clear that the United States is a much different place than a decade ago. Major demographic shifts portend changes in everything from immigration laws to congressional redistricting. The shifts are especially evident in the American workplace.

The complexion of America's workplace is fluid, and this means that fostering workplace diversity is now more than just a buzzword or the right thing to do. It is a reality that will define recruiting at all levels of corporate America.

Corporations across America are beginning to understand that they need to look like their customers ÷ a reality no more evident than in California.

## Embracing demo changes

California's population has changed dramatically. Since the 1990 Census, the state's Anglo population officially dipped under 50 percent and is no longer a majority. One-third of all U.S. Latinos in the nation now live in California. Asians, about 12 percent of all Californians, are up from about 9 percent a decade ago.

California companies cannot remain passive about the demographics of their workforce if they want to compete in the 21st century. Golden State employers must embrace workplace diversity not as a game of words and numbers, but as a goal, a corporate culture, and even a way of life.

**A compelling reason to embrace workplace diversity is that it can help companies expand into traditionally underserved markets.**

A diverse workplace is where:

- \* Minorities, women, and the disabled have positions at every level.
- \* Barriers to advancement are torn down.
- \* All employees have the opportunity for personal growth and the room to reach their full potential.

Corporate diversity also carries significant legal implications, especially for companies with 100 employees and face the statutory enforcement authority of the Equal Employment Opportunity Commission (EEOC) staring over their shoulders.

Even in Silicon Valley, long touted for workplace diversity, is under scrutiny for failing to diversify leadership at many tech companies. As a result, the feds now have their eyes on the Northern California and are looking at companies to sue for racial discrimination.

## Diversity and the bottom line

Top-flight companies know that to maintain a competitive edge they need to give priority to human capital requirements. Today, there is a solid business case for diversity-oriented recruitment strategies.

Numerous studies show that companies who embrace diversity enjoy higher profits through reduced recruitment and retention costs, improved workplace performance and increased market share:

A 1998 study by the American Management Association surveyed 1,100 companies and found that heterogeneity ÷ a mixture of genders, ethnic backgrounds, and ages in senior management teams ÷ correlates to superior corporate performance.

A 1999 study by The Conference Board, called Diversity: An Imperative for Business Success, cites superior problem-solving skills, innovation, and productivity among diverse work groups.

A compelling reason to embrace workplace diversity is that it can help companies expand into traditionally underserved markets. In 1999, for example, African-American spending power hovered around \$480 billion. Hispanics spent \$420 billion and Asian-Americans \$229 billion. Include gay and lesbian, physically challenged, and other diverse groups and you have trillions of spending dollars companies can no longer ignore.

## It starts at the top

When the Rev. Jesse Jackson recently called for increased diversity in tech companies, he stressed that despite Silicon Valley's reputation for diversity, minorities and women are rarely seen in Silicon Valley boardrooms.

"The American dream can only work when everybody is included," Jackson said. "We who have been locked out traditionally represent market, money, talent, and growth."



Jackson reported that among the 356 directors at the 44 tech companies his Rainbow/PUSH organization owns stock in, just six are black, three are Hispanic, 19 are Asian, and 35 are women. It's a fact that underscores that California companies must diversify their top executive ranks.

California companies should seek Latino executives, for example, to better manage an increasingly Latino workforce and to tap the growing Latino market. When the population in your facilities is predominately Hispanic, you can't refuse to put in managers who can bridge that gap.

Another reason to diversity top management is that it will attract a wider, better-qualified roster of candidates. If your company is homogeneous, candidates won't find that very appealing. A monochromatic management team can drive those candidates to other companies, maybe even competitors.

## Winning the War for Talent

Even in today's slowing economy, companies face a common challenge, a scarcity of qualified people. This is a reality that is predicted to gain momentum as a number of demographic factors come to play in the near future.

For one, Baby Boomers are beginning to retire and the population of professionals, 35 to 45, is in decline. This means that there are a lot of Baby Boomer executives that are retiring without a similar number to replace them.

In the coming talent war, companies will be forced to hire from a more diverse pool of candidates. Recruiting women and people of color is hardly rocket science, but it does take something more than the standard employment agency/classified ad approach.

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