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Diversity & Inclusion

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Diversity and inclusion programs have long been the domain of human resources departments; only recently has the role of corporate citizenship programs come to the forefront of the conversation. Now, companies are not only seeking to achieve the business benefits that are associated with diverse employee populations and successful inclusion programs, but are also working to effect positive social change to ensure the future growth of both the national and global economy.

represent dimensions that are acquired or change over the course of a lifetime, such as military experience or education. It is the combinations of these attributes that make us unique.

Diversity is about differences. Inclusion is the way these differences are harnessed and brought together to reap the greatest possible value—for companies and society, and for individuals. Inclusive environments respect and facilitate connections, making it possible

- Stronger financial performance, including increased market share When companies embrace a wider array of talent, they gain access to broader consumer demographics, especially when diverse employees are supported by culturally experienced leaders. A 2013 study found that publicly traded companies that employed a workforce with diverse inherent characteristics and managers with numerous cultural experiences are more likely to expand their market.³ Employees at these companies are 70 percent more likely than employees at non-diverse publicly traded companies to report that their firm captured a new market in the proceeding 12 months, and 45 percent more likely to report that their firm improved market share in that same time frame.

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- Effective diversity and inclusion that bolsters the bottom line. Research has consistently shown a positive relationship between corporate citizenship activities and financial performance. A 2013 study found that those who performed well in social initiatives—including diversity—had better financial performance.⁹ Adopting diversity and inclusion as a corporate citizenship initiative proves to be a win-win: The intangible value that companies accrue from diversity and inclusion programs leads to a better bottom line. In 2014, researchers found that companies led by diverse management teams are more likely to take competitive actions, resulting in increased market share and profits.¹⁰ A firm's external diversity reputation can also contribute to financial performance. By examining the financial data of firms consistently listed on Fortune magazine's annual list of the best companies for minorities, researchers found that positive diversity reputations are associated with higher firm value.¹¹ A similar investigation of DiversityInc's Top 50 Companies for Diversity list found that positive diversity reputations are correlated with improved market performance, an effect that persists and strengthens over time.¹²
- Enhancing corporate reputation—USen(n)-11.1o9 (t)3 (i)-11..75 163.32 31catr(o)5rpatr1 (cB (t)3 (i)-187 (m)10. (en)-1.7. (j E c29Spun8 , e4 (a)-1ed Tf 0>>2th i e wID 191 >>B-USnb (s a)-1e4 (a)-1 (i)-17.3 (1 (i7e)g>BDC)91 , -8.2 (r)-33D 190 >versiti c(e (t)-3)-11..75 163.32 31cate(75851203 (i)u6 .27 (e-10.1 (p)-9.6 (.3)184 (b (s a)-g>BDC744.(e)-8i45.5 (e .3.2)0.8 (e (i)-

to be vital.¹⁸ That said, 95 percent of those surveyed believed that adding diversity was at least somewhat important (see Figure 4). The majority reported that diversity leads to enhanced board effectiveness and company performance, and listed a lack of qualified candidates as the top impediment to increasing board diversity.

Companies that do make the effort to prioritize diversity and inclusion at the top reap significant rewards. In a 2011 study, researchers found that companies with the highest proportion of women on their boards earn a 26 percent higher return on invested capital than those

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- 2 Catalyst. (2011). The bottom line: Corporate performance and women's representation on boards (2005-2008). Retrieved from <http://www.catalyst.org/knowledge/bottom-line-corporate-performance-and-womens-representation-boards-20042008>
- 3 Center for Talent Innovation. (2013). Innovation, diversity, and market growth. Retrieved from _____

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