

# Diversity ROI Resources<sup>1</sup>

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## General

- Adler, Nancy J. (1991). “Multicultural Teams” (Chapter 5) in *International Dimensions of Organizational Behavior* (2<sup>nd</sup> ed). PWS-Kent Publishing Company.
  - Covers advantages (wider perspectives, more and better ideas, less groupthink, enhanced concentration) and disadvantages (process losses due to mistrust, misunderstanding, miscommunication, stress and lack of cohesion) of diverse groups’ productivity. Identifies ways the productivity of multicultural teams depends on its task, stage of development and ways diversity is managed. Diversity provides the biggest asset for teams with difficult, discretionary tasks requiring innovation...[and is] more valuable during the planning and development of projects.” Multicultural teams much use their diversity to generate perspectives, definitions, ideas and solutions; learn to achieve consensus and balance the needs for creativity/divergence and cohesion/convergence. Effective diversity management requires: task-related selection of members, recognition of differences, a vision or superordinate goal, equal power, mutual respect, and feedback.
- Page, Scott E. (2007). *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*. Princeton University Press. Or view [Scott E Page on Leveraging Diversity](#).
- Surowiecki, James. (2004). *The Wisdom of Crowds: Why the Many Are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations*. Doubleday.
- [Diversity Makes You Brighter](#) – Levine & Stark found racial and ethnic diversity – the *mere presence of it*, not special knowledge -- prompts better, critical thinking, contributes to error detection, reduces conformity and keeps us from drifting toward miscalculation. “When participants were in diverse company, their answers were **58% more** accurate.” NY Times, 12/9/15.
- [Why Diverse Teams Are Smarter](#) – David Rock and Heidi Grant summarize recent research showing how diverse teams get better results by focusing more on facts, processing those facts more carefully and being more innovative. Includes research from jury deliberation, stock pricing, gender diversity. Harvard Business Review, 4/4/16.
- [How Diversity Makes Us Smarter](#) -- Decades of research show that socially diverse groups (diversity of race, ethnicity, gender and sexual orientation) are more innovative than

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<sup>1</sup> Also see “D&I Success Stories” under “[Resource Lists](#)”

homogeneous groups. This is not only because people with different backgrounds bring new information. Simply interacting with individuals who are different forces group members to prepare better, to anticipate alternative viewpoints and to expect that reaching consensus will take effort. (Summary of 8 studies!) Scientific American 10/1/14

- [Technology is Only Making Social Skills More Important](#). Builds case for why effective communication skills, inclusive leadership, and unconscious bias management are increasingly crucial to job success. Harvard Business Review, 8/26/15.
- [Multilingual exposure \(not just ability\) improves not only children's cognitive skills but their social abilities](#). Multilingual children have to consider context and other perspectives when communicating, and are thus more skilled at interpersonal understanding. Monolinguals who were regularly exposed to another language — for example, through grandparents — were just as skilled as the bilinguals. However, only bilingual children performed better on a standard cognitive test of executive function. NY Times 3/13/16.
- [Diversity makes us smarter](#) by getting us to use our (upstairs) brains more and more accurately assess our group's performance. Washington Post, 7/6/14.  
<http://pps.sagepub.com/content/9/3/235.abstract>
- [What Makes a Team Smarter? More Women](#) – There's little correlation between a group's collective intelligence and the IQs of its individual members. But if a group includes more women, its collective intelligence rises. Harvard Business Review, June 2011

## Business & bottom line

- [How can diversity impact the bottom line?](#) Diversity Executive, 1/23/13. EXCELLENT, short.
- [Building a Diversity ROI mindset](#) (Hubbard Diversity Management Contribution Model) EXCELLENT, super concrete!
- [The business case for racial equity](#) – concise, comprehensive, full of data. EXCELLENT. 2013.
- [Diversity ROI: Fad, Fiction, or Full of Potential?](#) Another EXCELLENT piece with critical questions and concrete actions by Edward E. Hubbard
- [A diverse leadership yields higher earnings](#) - ISS and proacteur provides new evidence (January 2016). Companies with the most diverse leadership earn an average of **12.6% more** than companies with the lowest diversity in leadership.

- [Diversity Matters ...Financially](#) -- Research from McKinsey published in 2015 shows “companies in the top quartile for gender or racial and ethnic diversity are more likely to have financial returns above their national industry medians. Companies in the bottom quartile in these dimensions are statistically less likely to achieve above-average returns.”
- Inclusion matters – EXCELLENT research from Catalyst from 6 countries, plus 4 key leadership attributes: [report](#) and [infographic](#). 2014.
- Center for Talent Innovation 2013 research on [diversity and serial innovation](#), how this drives and sustains growth, and how an "inherently diverse" workforce that's managed by leaders with "acquired diversity" skills and a “speak up culture” drives serial innovation. Read about the 6 behaviors of those managers and the resulting [brilliance and market growth](#). Great stats! (“When teams have one or more members who represent the ... target end user, the entire team is...as much as **158% more likely** to understand that target, increasing their likelihood of innovating effectively for that end user.”)
- [Study Says Immigrants Fuel American Innovation](#) (National Foundation for American Policy) -- of the 87 US startups currently valued at \$1 billion+, **51%** were created by immigrants. The collective value of those companies sits at \$168 billion. **71%** of all big-ticket startups have immigrants in key management or development roles. The founders came from 20 countries, mostly India, China, Argentina, Egypt and Iraq. Colorlines 4/25/16.
- **Diversity Best practices 2016 Above and Beyond Awards** at the Network and Affinity Leadership Congress (NALC) [Business Impact Awardees](#) demonstrate bottom line results obtained by organizational affinity/resource Groups.
- [Diversity Value Index!](#) Annual report.
- [Monetizing Diversity Efforts: How Inclusion Can Be Quantified](#) DiversityInc, 9/7/12.
- [Better Decisions through Diversity](#): Heterogeneity can boost group performance, 10/1/10.
- [The Business Case for Diversity](#) – from the SHRM President and CEO, 2011.
- *Inclusion: The new competitive business advantage*, 2012 Shirley Englemeier. Full of statistics!
- Kirkpatrick, D., Phillips, J. J., & Phillips, P. P. (2003, October). *Getting results from diversity training: In dollars and cents*. HR Focus, 80, 10-13.
- Inclusivity [boosts morale and improves bottom line](#). Diversity Executive 6/12/13.
- From Kaplan & Donovan's excellent 2013 book *The Inclusion Dividend*:

- In a Merrill Lynch study of 61 public companies that made *Working Mother* magazine's list of 100 best, 61 of those showed a 98% return over 3 years, compared to the 89% return of the S&P 500 during that same period.
  - The 1999 *Fortune* magazine list of 50 best companies for Asians, Blacks and Hispanics [beat the S&P 500](#) in 3 of the prior 5 years.
  - Walmart study found [diversity drives innovation](#) (*Diversity Inc.*, August 2011)
  - In a 2011 Forbes Insights [Fostering Innovation Through a Diverse Workforce](#) study of companies with >\$10 billion in revenue, 56% agreed that diversity helps drive innovation.
- EY's CEO on how [D&I is essential to high performing teams](#), their growth as a firm, and their goal of being the best professional services organization in the world
  - Top-performing Rockwell Collins [CEO Clay Jones diversity leadership story](#).
  - A "diverse" background [makes someone a better professional](#) and [overcoming obstacles like stereotyping lead to one professional's success](#) (both are examples from the legal field).
  - [SHRM Global D&I: Perceptions, Practices, and Attitudes](#): From 2009, 68 pages of data from 500 executives from 500 countries!

## Leadership and boards (also see section below on women and gender equity):

- [Should my company care if our board is diverse?](#) Here's why the answer is yes. DiversityInc 8/14/12.
- [A diverse leadership yields higher earnings](#) - ISS and proacteur provides new evidence (January 2016). Companies with the most diverse leadership earn an average of **12.6% more** than companies with the lowest diversity in leadership.
- Board racial/ethnic diversity improves governance and product development especially in firms led by White men CEOs. We show no evidence that firms with White CEOs and diverse boards experience greater conflict than other firms due to distrust, lack of social similarity, or resultant communication barriers. Cook, A., & Glass, C. (2014). [Do minority leaders affect corporate practice? Analyzing the effect of leadership composition on governance and product development Strategic Organization](#), 13 (2), 117-140.
- [Executives need to acknowledge the business case](#) for diversity and inclusion, particularly around gender, before it will fully be realized. Interview with Deloitte Chair of the Board, Diversity Executive 11/6/13.

- [The financial impact of poor leadership](#) (ties into leadership of diverse teams in diverse markets) and 3 ways to improve it, 10/14/13.

## Employee engagement:

- [US Employees Stagnating Engagement](#). Of the 70% of American workers who are not reaching their full potential, 52% are not engaged, and another 18% are actively disengaged. These employees are less productive, are more likely to steal from their companies, negatively influence their coworkers, miss workdays, and drive customers away. Actively disengaged employees cost the U.S. \$450 billion to \$550 billion in lost productivity per year. Gallup, 2013.
- [Corporate Leavers Survey](#) (the cost of unfairness in the workplace!), 2007. US corporations lose over \$60 billion annually when work environments are not inclusive. Looked at 1700 leaders who voluntarily left employers – 34% of people of color would have stayed if environment has been more inclusive.
- Inclusivity [boosts morale and improves bottom line](#). Diversity Executive 6/12/13.
- From Global Novations (now Korn Ferry) at Linkage D&I Institute 2013:
  - High-engagement firms experienced an EPS growth rate of 28% compared to an 11% decline for low-engagement firms. (*Towers Watson*)
  - Organizations ranking in top-quartile of associate engagement had EPS growth of 2.6 times the rate of those that were below average. (*Gallup*)
  - A 10% increase in store associate engagement generates a \$100,000 increase in that store's annual revenue. *Retailer Best Buy* (\$40B annual revenue)
  - A top-quartile engagement score generates 10% more in sales per square foot and 36% more operating income vs. stores in the low quartile. *JC Penney* (\$18.5B annual revenue)
  - *Molson Coors* (\$6B annual revenue) estimates savings of \$1.8M in one year by strengthening associate engagement.
- From Lee Gardenswartz & Anita Rowe:
  - 80% of turnover is directly related to unsatisfactory relationship with one's boss. (*Saratoga Institute*)
  - The number one reason people leave their jobs is because of a "bad boss." (*Gallup Organization*)
  - Poorly managed work groups are on average 50% less productive and 44% less profitable than well managed ones. (*Gallup Organization*)

## Women and gender equity (business)

- [Removing barriers for women and African Americans has led to an increase in productivity](#) of 15-20% since 1960. Wall Street Journal, 2013.
- 2014 study of a major professional services organization by MIT showed that [increasing gender diversity improved revenue by 41%](#). Also found that people like the *concept* of diversity better than they like *actual* diversity – the perception of diversity increased satisfaction but didn't necessarily occur where gender diversity produced actual bottom-line results!
- Stocks of companies with [gender diverse board outperformed and were less volatile](#) than those without gender diverse boards. Thomson Reuters, 2013.
- Companies with the most [women board directors outperformed other companies by large margins](#) on ROS, ROIC and ROE. Catalyst, 2011.
- Companies with more [women on their boards do better financially on several indicators](#), by large margins. Credit Suisse Research Institute, 2012.
- [How many women do boards need?](#) Three things women bring to corporate boards. Harvard Business Review, 2006.
- [Why boards need more women](#). Companies with women on their boards enjoy higher ROS, ROE and lower risk. Harvard Business Review, 2012.

## Additional resources & examples (business)

- Jack Phillips & [ROI Institute](#).
- [Diversity Inc. website](#)
- The idea for Dora the Explorer came from the Latino Employee Resource Group at MTV (Viacom). The show aired on Nickelodeon and CBS in the 2000s. Its broad appeal to children beyond just the Latino demographic has led to phenomenal financial success, massive cultural impact, and multiple additional products. Dora the Explorer is one of the longest-running shows of Nick Jr. During the sixth season, the show became the Nick Jr. series with most episodes. In 2003 it won a Peabody Award "for outstanding efforts in making learning a pleasurable experience for pre-schoolers." Today, Dora the Explorer is also available around the world in over 30 languages.
- Examples in Howard Ross's 2011 book *Reinventing Diversity*
  - p. 201 – octet truss and guy seeing possibility in executive meeting
  - p. 91 – Fosbury Flop vs. Western Roll

- p. 107 – research
- p. 109
- p. 118 – benefits

## Legal

- [Diversity Makes Cents: The Business Case for Diversity](#), 2014.
- [Diversity in the Legal Profession: Next Steps](#) (ABA, 2010).
- [Homogeneous juries made more factually inaccurate statements and considered a narrower range of information when discussing a trial than did racially diverse juries](#). This result may have been at least partially due to an avoidance of disagreement by the homogeneous groups, which undermined the adaptive jury behaviors of information sharing and consideration of relevant characteristics (2006).
- See examples in Howard Ross’s 2011 book *Reinventing Diversity* of jury bias (pp. 137-139).
- A “diverse” background [makes someone a better professional](#) and [overcoming obstacles like stereotyping lead to one professional’s success](#) (both are examples from the legal field).

## Health care

- [The business case for racial equity](#) – concise, comprehensive, full of data regarding health care and beyond. 2013.
- [Hospitals, Insurance Companies, Pharmas: Who Benefits From the Affordable Care Act?](#) 2012
- [Can Hospital Cultural Competency Reduce Disparities in Patient Experiences With Care?](#) Medical Care, 2012
- [Healthcare is facing a disparities tsunami](#) - Fred Hobby, 2012 .
- [Cultural Competence in End-of-Life Care](#), Ethnomed, 2012.

## Research & STEM fields

- [Diversity appears to lead to higher-quality scientific research](#). Richard Freeman, an economics professor at Harvard University and director of the Science and Engineering Workforce Project at the [National Bureau of Economic Research](#), and Wei Huang, a Harvard economics Ph.D.

candidate, examined the ethnic identity of the authors of 1.5 million scientific papers written between 1985 and 2008 using Thomson Reuters's Web of Science, a comprehensive database of published research. They found that papers written by diverse groups receive more citations and have higher impact factors than papers written by people from the same ethnic group. Moreover, they found that stronger papers were associated with a greater number of author addresses; geographical diversity, and a larger number of references, is a reflection of more intellectual diversity.

- [An open letter to SCOTUS from professional physicists](#) drafted by the Equity & Inclusion in Physics & Astronomy group – in response to comments made by Justices in the course of oral arguments of Fisher vs. University of Texas on December 9, 2015 (with citations). In support of greater racial diversity in STEM and against “the implication that physics or “hard sciences” are somehow divorced from the social realities of racism in our society...”
- [Notice of NIH's Interest in Diversity](#) -- The purpose of this notice is to provide an updated diversity statement that describes NIH's interest in the diversity of the NIH-funded workforce. This diversity statement was informed by a literature review, the reports and deliberations of several internal NIH committees, as well as input from Institute and Center officials, program staff and external stakeholders. (1/12/15)