

Diversity ROI Resources¹

General

- Adler, Nancy J. (1991). “Multicultural Teams” (Chapter 5) in *International Dimensions of Organizational Behavior* (2nd 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

¹ 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>
- [Group Smarts: How Collective Intelligence Overcomes the Problem of Groupthink](#) (Aeon, October 2016) – “A strong team can work faster and better than a single smart individual – but not all teams are strong. Managing a smart individual is hard work, but managing an effective team requires extra attention. In addition to addressing individual needs, a team must work together – a goal best accomplished in an environment that maximises each individual’s positive contributions while downplaying his shortcomings. ... Just as psychologists have tried to uncover the ‘g’ factor responsible for an individual’s general intelligence, they’re digging into the ‘c’ factor – the secret sauce of collective intelligence. And most importantly, we want to know how to bring that ‘c’ factor to all our collaborative work, whether that’s in the boardroom, the classroom, the lab, backstage, the woods or even in space.” Read the article for examples of human averageness and crowdsourcing yielding accurate, even superior results... and the 10 (or so) elements that make a strong, diverse team!
- [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
- [What Differences Make a Difference? The Promise and Reality of Diverse Teams in Organizations](#). Mannix and Neale, *Psychological Science in the Public Interest*, 2005. “In reviewing 50 years of research, authors conclude that surface-level social category differences, such as those of race/ethnicity, gender, or age, tend to be more likely to have negative effects on the ability of groups to function effectively. By contrast, **underlying differences, such as**

differences in functional background, education, or personality, are more often positively related to performance—for example by facilitating creativity or group problem solving—but only when the group process is carefully controlled. The majority of these effects have typically been explained in terms of potential mediators such as social integration, communication, and conflict. However, the actual evidence for the input–process–output linkage is not as strong as one might like. Clarifying the mixed effects of diversity in work groups will only be possible by carefully considering moderators such as context, by broadening our view to include new types of diversity such as emotions and networks, and by focusing more carefully on mediating mechanisms. As we delve into advice for organizational teams to enhance the assets of diversity and manage the liabilities, we focus on the benefits of “exploring” as opposed to “exploiting” types of tasks, of bridging diversity through values and goals, and of enhancing the power of the minority. Finally, we end with suggestions for how organizations can learn to create incentives for change within the firm.”

- [The Edge Effect](#) – This episode of the podcast Hidden Brain showcases research from Adam Galinsky that showed people who have deep relationships with someone from another country become **more creative and score higher on routine creativity tests**. It also includes studies from Richard that found published scientific **research receives greater attention if the authors are ethnically diverse**. 7/2/18
- [Is the Pain Worth the Gain? The Advantages and Liabilities of Agreeing With Socially Distinct Newcomers](#). Groups with out-group newcomers (i.e., diverse groups) reported less confidence in their performance and perceived their interactions as less effective, **yet they performed better than groups with in-group newcomers (i.e., homogeneous groups)**. Performance gains were not due to newcomers bringing new ideas to the group discussion, but **the mere presence of socially distinct newcomers** and the social concerns their presence stimulates among oldtimers motivates behavior that can convert affective pains into cognitive gains. Katherine W. Phillips, Katie A. Liljenquist, Margaret A. Neale, *Personality and Social Psychology Bulletin*, 2008.

Business & bottom line

- [The Business Case for Racial Equity: A Strategy for Growth](#) -- The United States economy could be **\$8 trillion larger by 2050** if the country eliminated racial disparities in health, education, incarceration and employment. The gains would be equivalent to a continuous **boost in GDP growth of 0.5 percent per year**, increasing the competitiveness of the country for decades to come. W.K. Kellogg, April 2018.
- [Delivering Through Diversity](#) -- McKinsey, January 2018. An update to 2015 report, report is based on a larger data set of over 1,000 companies covering 12 countries and using two measures of financial performance – profitability (measured as average EBIT margin) and value creation (measured as economic profit margin). Key findings:

- Companies in the top-quartile for gender diversity on executive teams were **21% more likely to outperform on profitability** (up from 15%) and **27% more likely to have superior value creation**.
- Companies in the top-quartile for ethnic/cultural diversity on executive teams were **33% more likely to have industry-leading profitability**.
- Companies in the bottom quartile for both gender and ethnic/cultural diversity were 29% less likely to achieve above-average profitability

They also studied the I&D efforts of 17 companies representing all major regions and multiple industries. Four imperatives for delivering impact:

- Commit and cascade -- compelling vision driven by top leadership, real accountability for delivery, and cascaded down through middle management.
 - Link I&D to growth strategy (with data)
 - I&D initiatives should be targeted based on growth priorities, and investments made to both hard- and soft-wire the programs and culture of inclusion required.
 - Tailor I&D for impact – to the relevant business area or geographic region context.
- [The Competitive Advantage of Racial Equity](#) – 2018, FSG and PolicyLink. Developed in partnership with PolicyLink and funded by the Ford and W.K. Kellogg foundations, this report highlights examples from 12 leading companies such as Gap Inc., PayPal, and Cigna, who are driving innovation and growth by advancing racial equity. Data in the National Equity Atlas show that our **national GDP could be 14 percent or \$2 trillion higher**, if the wage disparity between White employees and employees of color was eliminated.
 - [Does Diversity Pay? Race, Gender, and the Business Case for Diversity](#). Cedric Herring, *American Sociological Review*, April 2009. Racial diversity is associated with increased sales revenue, more customers, greater market share, and greater relative profits. Gender diversity is associated with increased sales revenue, more customers, and greater relative profits. For every percentage increase in the rate of racial or gender diversity up to the rate represented in the relevant population, there was an **increase in sales revenues of approximately 9 and 3 percent**, respectively. Racial diversity is a better determinant of sales revenue and customer numbers than company size, the company's age and the number of employees at any given work location. Also see [summary here](#).
 - [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!
 - [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.”
- [The Latest Research on Diversity](#). October 25, 2016. This 20-article collection, curated by our editors, includes the best research pieces on diversity published by Harvard Business Review over the past few years. Each article includes discussion questions to help you have the tough conversations that will bring change to your team and your organization. \$49.95
- [Study shows Swarm AI technology Amplifies the Intelligence of Business Teams](#) -- California Polytechnic State University and Unanimous AI presented a new study showing that business teams, when connected by AI algorithms that enable them to make decisions together as a “hive mind,” **achieved significantly higher accuracy on a standard intelligence test than individuals alone**. 9/26/18.
- Inclusion matters – EXCELLENT research from Catalyst from 6 countries, plus 4 key leadership attributes: [report](#) and [infographic](#). 2014.
- 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.
- [Report Says Racially Diverse Film Casts Make Big Money at Box Office](#). 2/24/17 UCLA released its annual Hollywood Diversity report, which highlights that diversity means higher financial returns on productions. The report examined the 200 top-grossing theatrical film releases in 2015, as well as 1,206 television, cable and digital platform shows from the 2014–15 season. Contrary to popular belief, film and television content that is more diverse tends to be more successful — both among Whites and people of color.
- [Monetizing Diversity Efforts: How Inclusion Can Be Quantified](#) DiversityInc, 9/7/12.
- [Better Decisions through Diversity](#): Heterogeneity can boost group performance, 10/1/10.
- 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.
- 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. 2014.
- 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](#): 68 pages of data from 500 executives from 500 countries! 2009.

Innovation

- 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.
- [The Mix That Matters: Innovation Through Diversity](#). BCG and Technical University of Munich, April 2017. Companies with Blau index scores above the median have generated **38% more of their revenues, on average, from innovative products and services** in the most recent three-year period than did companies below the median. Of the six types of diversity analyzed in the study, four positively correlate with innovation: industry background, country of origin, career path, and gender.
- 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.
- “[Waiter, is that inclusion in my soup? A new recipe to improve business performance](#),” Deloitte, 2012. When employees think their organisation is committed to, and supportive of diversity and they feel included, employees report better business performance in terms of **ability to innovate, (83% uplift)**.
- [Cultural Diversity, Innovation, and Entrepreneurship: Firm-level Evidence from London](#). Max Nathan & Neil Lee. *Journal: Economic Geography*, 2015. Authors looked at 7,600 firms to investigate links among cultural diversity, innovation, entrepreneurship, and sales strategies in London businesses between 2005 and 2007. First, **companies with diverse management are more likely to introduce new product innovations** than are those with homogeneous “top teams.” Second, diversity is particularly important for reaching international markets and serving London’s cosmopolitan population. Third, **migrant status has positive links to entrepreneurship**.
- [Gender diversity within R&D teams: Its impact on radicalness of innovation](#). Cristina Díaz-García, Angela González-Moreno & Francisco Jose Sáez-Martínez. *Innovation: Organization & Management*. 2014. Data analysis of 4,277 companies in Spain showed that companies with **more women were more likely to introduce radical new innovations** into the market over a two-year period.

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:

- [People of Color, Women, LGBTQ Tech Employees Cite Unfairness, Bias and Bullying in Decisions to Leave Their Jobs](#). The Tech Leavers Study. Kapur Center and Ford Foundation. April 2017. Unfairness or mistreatment within the work environment was the most frequently cited reason for leaving, with **37% indicating that unfair treatment was a major factor**. Employees within tech companies experienced significantly more unfairness than employees in non-tech companies. In addition to the **\$16B annual cost to unfairness** in tech workplaces, there are also reputational costs. **63% of employees would have stayed** if their company took steps to create a more positive and respectful environment.
- [Creating Competitive Advantage Through Workforce Diversity](#), Corporate Executive Board/CLC Human Resources, 2012. Employees in diverse and inclusive workforces are much **more likely to stay, and provide much higher discretionary effort, as well as greater team commitment and team collaboration**.
- [“Waiter, is that inclusion in my soup? A new recipe to improve business performance,”](#) Deloitte, 2012. When employees think their organisation is committed to, and supportive of diversity and they feel included, employees report better business performance in terms of **ability to innovate, (83% uplift) responsiveness to changing customer needs (31% uplift) and team collaboration (42% uplift)**.
- [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 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)

- [Women in the Economy II - How Implementing a Women's Empowerment Agenda Can Shape the Global Economy](#). Produced as a follow-up to a 2015 report, this report forecasts that raising women's average labor force participation; average hours worked, and average labor productivity to the levels for men **could raise OECD GDP by as much as 20 percent**, though a more realistic prediction is 6 percent over the next two decades. Put into context, the potential economic payoff from reducing gender inequalities is **larger and more sustainable than the potential boost from many current stimulus policies**. Potential gains from gender equality could add **the equivalent of four years of GDP growth in advanced economies**. For countries such as Italy or Japan, where growth estimates are often near zero but gender gaps are large, the upside of pursuing gender equality is even greater. 11/16/17
- [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.
- *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.
- Examples in Howard Ross's 2011 book *Reinventing Diversity*
 - p. 201 – Octet truss and man seeing possibility in executive meeting
 - p. 91 – Fosbury Flop vs. Western Roll
 - p. 107 – Research on employee morale, productivity and turnover

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](#).

Health care

- [The Business Case for Racial Equity: A Strategy for Growth](#) -- Reducing health disparities could save the economy \$135 billion annually. Eliminating health disparities by 2050 is projected to result in an economic gain of \$230 billion. W.K. Kellogg, April 2018.
- [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)