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HUMAN RESOURCES & PAYROLL

5 Ways Diversity Can Help Boost Profits

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Workplace diversity is gaining momentum. LinkedIn's 2018 Global Recruiting Trends report found 78 percent of the US companies surveyed are focusing on diversity.

The three top reasons identified by companies were to improve corporate culture, elevate company performance and to better represent their customers. And further research shows companies with more diverse workforces see increasing profits. A report by global management consulting firm McKinsey & Company, observing more than 300 companies in the US, Canada, the United Kingdom and Latin America, found that companies ranking in the top 25th percentile for gender diversity on their executive teams were 21 percent more likely to turn a profit above the national average.

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“There's a significant correlation between diversity and performance,” says Betty Ng, CEO of Inspiring Diversity, LLC (iD) (www.inspiringdiversity.com), which builds inclusive, collaborative and high-performing communities, and author of *PO-LING*

POWER: Propelling Yourself and Others to Success. “A diverse workforce can improve innovation, customer relationships and employee retention, which are essential elements for business growth.”

There’s an important distinction in definition between diversity and inclusion, and numerous studies and diversity advocates say one is not effective without the other. A diverse workplace employs people from a wide range of cultures and backgrounds. An inclusive workplace treats all employees with dignity and respect, and policies are in place for equality, human rights and fair recruitment. As Ng notes, diversity’s full range of positives in the workplace won’t transpire without true inclusion being practiced.

“Diversity has to be a conscious effort,” Ng says, “and companies wanting to recruit and retain diverse employees need to create a culture of inclusion, which needs to start at the top and needs to be woven into the day-to-day operations.”

Ng gives five ways workplace diversity and inclusion lead to a more productive, sustainable, and profitable company:

- **Promotes innovative solutions and products:** “Diverse perspectives are more likely to generate new and different ideas,” Ng says. “An organization that truly promotes, encourages, and values diverse perspectives is better positioned to innovate to become and remain a market leader.”
- **Widens the talent pool.** The McKinsey & Company report concluded that diverse companies were more likely to win over top talent, and thus improve performance, employee satisfaction and retention. “An organization known for its fair employment practices and appreciation for diverse talent is better able to attract a wider pool of qualified applicants,” Ng says.
- **Broadens marketing and customers.** Companies employing workers who identify with a small portion of the market don’t have access to the experiences and insights of the entire marketplace. “A workplace with a diverse group of individuals from different backgrounds enables a company to more effectively market to a broader groups of consumers and tap into related business opportunities,” Ng says.
- **Strengthens collaborative culture.** “Organizations which successfully implement diversity foster increased employee inclusion, engagement, success and retention,” Ng says. “They create and instill a collaborative culture of employees helping each other to achieve goals, which ultimately helps to enhance organizational success.”

- **Enhances company reputation.** “Business reputation flourishes when a company shows its commitment to diversity and inclusion,” Ng says. “It leads to more customers, increased profitability and opportunities for workers.”

“By fostering an environment where everyone helps each other to achieve goals, an organization can build a genuinely inclusive community that will better attract and retain diverse talent, and do the same among its customers,” Ng says.

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