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Employment: Diversity Management — A Competitive Advantage

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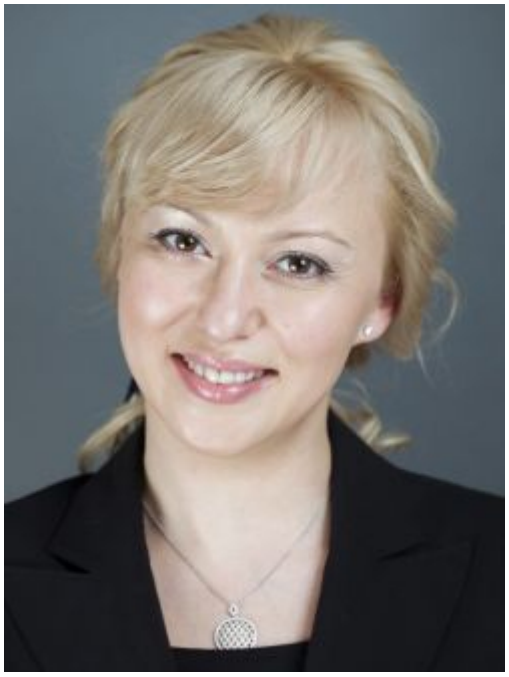

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Talent has long been a critical differentiator for organizations, fueling a race for the best and brightest individuals that has been raging for nearly half a century. Even today, with high levels of global unemployment, competition among employers to attract skilled workers has never been fiercer. A combination of factors, including aging populations, disengaged youth and challenges with ethnic and gender gaps, is resulting in the demand for talent outstripping supply.

Several seismic shifts in demographics are contributing to the growing talent mismatch.

These shifts are a part of what we call the "Human Age," a time where talent has become the new capital for organizations. For example, by 2018, nearly 24 percent of the total U.S. workforce will be 55 or older. For many organizations, tapping into the technical expertise of this generation will be of the utmost importance to ensure business continuity and the transfer of knowledge to the next generation of workers.

Shifting ethnic populations are also creating complexity for organizations looking to build and grow their talent pools. Yet, one area many organizations often overlook, and one that has been proven to truly drive economic impact to the bottom line, is gender equality. Women make up just over 40 percent of the global workforce. Research has shown that more gender equality in the workforce makes good business sense.

A study published in the April 2009 issue of the American Sociological Review found that a workforce comprised of employees of both genders and varying racial backgrounds produced positive business outcomes. An additional report by Goldman Sachs Global Economics Paper indicates that closing the gender gap would boost the gross domestic product by as much as 9 percent in the U.S., 13 percent in the Eurozone, and 16 percent in Japan.

Thus, companies with a more diverse workforce overall consistently reported larger customer bases than those organizations with less diversity among staff. Effective diversity management can be a competitive advantage where individuals are able to initiate behaviors to foster diversity, every day, and are supported and rewarded by the organization through its systems and processes. Diversity should be thought of as more than hiring for race and gender, but instead as a strategic initiative to build a more agile and profitable organization. One solution for addressing the broader diversity challenges facing organizations is to start with gender and expand the traditional definition of what's included in gender diversity.

Each organization is unique, yet there are some universal best practices that will help any organization create, implement and sustain an effective diversity strategy linked to its talent management strategy.

Define Diversity for Your Organization

Because diversity can mean different things in different cultural settings, the first step is to define what diversity means to your organization. Challenge the current way of thinking and decide what is appropriate and sustainable for your organization.

Ensure Alignment

The next step to linking diversity to the people side of business strategy is to ensure alignment between the business requirements and talent needs.

Move from Strategy to Action

Another critical step for sustaining an effective diversity strategy is to ensure that the strategy is translated into specific actions and behaviors throughout the organization. For example, hiring managers should be trained with a diversity-focused mindset — from their general awareness of the value of diversity, to their responsibility in hiring and developing a diverse workforce. To do this, training programs should go beyond simply negating stereotypes, and instead, help managers identify individuals who can bring or who can develop the practical skills needed to meet the business needs.

Create an Authentic Culture of Diversity

A holistic approach to diversity management requires an understanding of the organization's culture and what can be done to ensure that a diversity strategy is sustainable. This assessment requires a conversation not just about the organization's current culture (the culture you have), but also what you envision the future of your organization to look like (the culture you want).

For diversity to be part of your talent management strategy, it must be embedded and supported throughout your entire organization. Consider the following tips for building an inclusive, authentic culture:

Build on individual strengths

Rather than pulling people in to align with business processes, look at the landscape of diversity in your organization to understand how you can tap into an individual's talents to drive innovation.

Hire a variety of perspectives

Recruiting only candidates with an MBA may result in a highly educated employee base, but it may prove to be a competitive disadvantage. Successful organizations need diverse perspectives, backgrounds, skills and life experiences to ensure they are in touch with the communities in which they operate and to encourage new ways of thinking.

Manage constructive conflict

One of the challenges of building a diverse workforce is managing the conflict that naturally arises when you put groups of people with different perspectives together.

Reward diversity

Focus on recognizing and rewarding people for fostering a culture of diversity — such things as mentoring others, inviting dissenting opinions, taking calculated risks, creating ways for people to collaborate, learning from mistakes, etc.

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