

WHAT ARE THE EXTERNAL BENCHMARKS?

Seeking to benefit from the experience of others who have studied these issues and implemented an institutional culture change, the Task Force looked to the best practices of leading educational institutions and corporations for insight.

The Netter Principles

The 1999 Cornell University Netter Seminar brought together organizational leaders, workplace practitioners and trainer/educators from public, private, and non-profit organizations as well as academia to explore the question: *What will an inclusive organization look like when it's achieved? There was agreement on twelve qualities or attributes that describe workplace inclusion. In no priority order, they are as follows:*

The Twelve Attributes of Inclusive Organizations

- Demonstrated Commitment to Diversity;
- Holistic View of the Employees and the Organization;
- Access to Opportunity; Accommodation for Diverse Physical & Developmental Abilities;
- Equitable Systems for Recognition, Acknowledgement & Reward;
- Shared Accountability and Responsibility;
- 360 Degree Communication and Information Sharing;
- Demonstrated Commitment to Continuous Learning;
- Participatory Work Organization and Work Process;
- Recognition of Organizational Culture and Process;
- Collaborative Conflict Resolution Processes;
- Demonstrated Commitment to Community Relationships.

The Case for Inclusion from the Corporate Perspective

While the business of a University is typically not seen as that of a corporate setting, it can be argued that the goals of an efficient, productive and “customer” responsive workforce are clearly parallel. Corporate culture has, over the last thirty years, faced the necessity to address issues related to diversity and inclusion, at first in response to regulatory pressures, but increasingly in response to pressures from changing demographics of the workforce, the marketplace and the customer base. Indeed, beyond the issue of good will, the University faces the same pressures as those in the corporate realm to incorporate inclusion and diversity management as central elements of its mission and practice.

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Diversity management has been described as looking at:

1. the mind set of an organization;
2. the climate of an organization; and
3. the different perspectives people bring to an organization due to race, workplace styles, disabilities, and other differences.

Reichenberg, Neil E. 2001. "Best Practices in Diversity Management"
United Nations Expert Group Meeting on Managing Diversity in the Civil Service
United Nations Headquarters, New York, 3 - 4 May 2001.

There are several angles from which to assess the "business case" for diversity. These include:

1. The changing demographics of the workforce;
2. The demographics of the "customer" (student, patient, client) base;
3. The cost of neglecting issues of equal opportunity;
4. Changes in productivity by employees;
5. The cost of employee turnover;
6. Benchmarks established by successful corporations;
7. The correlation between employee and customer satisfaction;
8. The correlation between employee satisfaction and employee commitment to the company;
9. The correlation between employee commitment and returns to shareholders, i.e. profit;
10. The correlation between corporate embracing of diversity and returns on investment.

1. The changing demographics of the workforce

- According to Workforce 2000, minorities, women, and immigrants accounted for 85 percent of the growth in the American work force between 1985 and 2000. The highest rate of increase was experienced by Asian Americans and Hispanics.

Lopez-Campillo, (n.d.) Cultural Differences in the Workplace: Stereotypes vs. Sensitivity
<http://www.laborlawyers.com/CM/Seminar%20Materials/seminar%20materiala548.asp>

- The Hudson Institute's "Workforce 2020: Work and Workers in the 21st Century," predicts increasing ethnic diversity and the aging of the available workforce as having an impact on the economy. The aging population in upper management will place a strain on government agencies as they begin to retire. In the private sector, organizations realize the importance of human capital to profitability and obtaining a competitive advantage, and are more willing to invest revenue to respond to the challenges of a diverse workforce

Joann, Charles, (2003) Diversity Management: An Exploratory Assessment of Minority Group Representation in State Government *Public Personnel Management*, Winter. p.2.

2. The demographics of the “customer” (student, patient, client) base

- Women today purchase 70 to 80 percent of all products; African-Americans spend nearly \$500 billion each year on goods and services; and Hispanics comprise one of the fastest-growing consumer groups in the country. A reputation for fair treatment is one of the primary reasons women and minority consumers say they remain loyal to a company.

“Reaping the Bottom Line Benefits of Diversity” *Executive Update Feature. ASAE & The Center for Association Leadership* July 2000.

<http://www.asaecenter.org/PublicationsResources/articledetail.cfm?ItemNumber=13096>

- By the end of this year (2000), it is estimated that ethnic markets will comprise more than 30% of the total U.S. market. Also, women are the primary investors in more than half of U.S. households.

Lopez-Campillo, (n.d.) Cultural Differences in the Workplace: Stereotypes vs. Sensitivity

<http://www.laborlawyers.com/CM/Seminar%20Materials/seminar%20materiala548.asp>

3. The cost of neglecting issues of equal opportunity

- In 2002, the Equal Employment Opportunity Commission (EEOC) resolved over 95,000 cases and awarded monetary benefits of \$310.5 billion

Peter Skalak(2004) – “Diversity boosts business success” *Peopleclick Research Institute.*

<http://www.peopleclick.com/knowledge/pdf/skalak.pdf#search=%22diversity%20%22success%22%20business%22>

- Turning to the micro level, Ashenfelter and Pencavel’s 1976 study of AT&T estimated that by eliminating discrimination based on gender alone, the company could realize cost savings of nearly 4%. In their study on the costs of occupational sex discrimination Dunnette and Motowidlo (1982) estimated that over a ten year period, the net loss to the organization (unnamed) due to excluding women was \$7,200 for each person hired (p.16).

Bates, Michael and David Este. (2000). Creating Workplace Environments That Reflect Human Rights Values: Human Rights and Corporate Productivity” *Cultural Diversity Institute as a joint educational initiative of the federal, provincial and territorial human rights commissions* May 2000.

http://www.albertahumanrights.ab.ca/publications/CreatingWorkplaceEnv/Pub_creatingworkplaceenviro.asp#III%20HUMAN%20RIGHTS%20AND%20CORPORATE%20PRODUCTIVITY

4. Changes in productivity by employees

- Employee commitment is associated with job performance. Employees who are committed to an organization work harder and are more productive in their jobs than employees with weak commitment, as measured by sales figures (Bashaw and Grant, 1994), control of operational costs (DeCotiis and Summers, 1987), and supervisors' ratings of overall work performance (Moorman, Niehoff, and Organ, 1993).

WFD Consulting (2005) "The Business Case"
http://www.wfd.com/news/bus_case.html#Stats

5. The cost of employee turnover

- A recent study by Merck & Company, Hewlett Packard, KPMG and Fortune concludes that the costs associated with the turnover of one employee can run as high as 1.5 times the employee's salary (p16).

Bates, Michael and David Este May (2000). *Creating Workplace Environments that Reflect Human Rights Values. Cultural Diversity Institute at the University of Calgary.*
http://www.albertahumanrights.ab.ca/publications/CreatingWorkplaceEnv/Pub_CreatingWPEnv.pdf

- According to Poole (1997) an initiative of Deloitte and Touche, a large accounting, tax and consulting firm, to address gender equity resulted in a 3.5% decrease in the turnover of managers and an 8.6% reduction in the loss of senior managers.

Poole, P.J. (1997). Diversity Success Stories. In P.J. Poole Ed. *Diversity: A Business Advantage*. Altona Manitoba.

- In a study by Johnsrud et al. (2000), the researchers found a strong relationship between morale and midlevel administrators' intent to leave a job.

Johnsrud, Linda K., Heck, Ronald H. and Vicki J Srosser. "Morale Matters: Midlevel Administrators and their intent to leave. *The Journal of Higher Education*, 17(1) Jan-Feb 2000, 34-59.
<http://links.jstor.org/sici?sici=0022-1546%28200001%2F02%2971%3A1%3C34%3AMMMA.AT%3E2.0.CO%3B2-K>

6. Benchmarks established by successful corporations

- 75% of Fortune 500 companies had programs promoting diversity. By definition, Fortune 500 companies are highly productive.

Bates, Michael and David Este. (2000). *Creating Workplace Environments That Reflect Human Rights Values: Human Rights and Corporate Productivity" Cultural Diversity Institute as a joint educational initiative of the federal, provincial and territorial human rights commissions May 2000*
http://www.albertahumanrights.ab.ca/publications/CreatingWorkplaceEnv/Pub_creatingworkplaceenviro.asp#III%20HUMAN%20RIGHTS%20AND%20CORPORATE%20PRODUCTIVITY

7. The correlation between employee and customer satisfaction

- Employee attitudes drive both customer satisfaction and revenue. A study at Sears found that every 5 percent improvement in employee attitudes drives a 1.3 percent improvement in customer satisfaction and a .5 percent growth in store revenues (Rucci, Kirm, and Quinn, 1998). In another study, Xerox used a management and measurement system that enabled the company to track relationships between employee attitudes and behaviors, customer satisfaction, and profitability. The company found a tight link between employee satisfaction measures and customer results (Barr, 1998).

WFD Consulting (2005) "The Business Case"
http://www.wfd.com/news/bus_case.html#Stats

- Employee retention is a key driver of customer retention, which in turn is a key driver of company growth and profits. Research at MBNA's credit card business showed that a 5 percent increase in employee retention translates into a 125 percent increase in per-customer profits (Reichheld, 1996). Another study showed that a 7 percent decrease in employee turnover led to increases of more than \$27,000 in sales per employee and almost \$4,000 in profits per employee (Huselid and Becker, 1995).

WFD Consulting (2005) "The Business Case"
http://www.wfd.com/news/bus_case.html#Stats

8. The correlation between employee satisfaction and employee commitment to the company

- Employees who have supportive work environments (including some flexibility and control over their work, fair and respectful supervisors, and a culture that accepts people as they are and that values differences) report greater job satisfaction and more commitment to helping their companies succeed (1997 National Study of the Changing Workforce, Families and Work Institute).

WFD Consulting (2005) "The Business Case"
http://www.wfd.com/news/bus_case.html#References

9. The correlation between employee commitment and returns to shareholders, i.e., profit

- Companies with highly committed employees had a 112 percent return to shareholders over three years, compared to 90 percent for companies with average commitment, and 76 percent for companies with low commitment (2000 Study by).

Watson Wyatt Worldwide.(2006). WorkUSA 2000 - Employee Commitment and the Bottom Line
<http://www.watsonwyatt.com/research/resrender.asp?id=W-304&page=1>

10. The correlation between corporate embracing of diversity and returns on investment

- ...private companies with the highest rating on equal employment opportunities have performed better in the stock market than companies with poor performances in areas related to hiring and advancing women and nonwhites. According to research conducted by Covenant Investment Management, the earnings of these highly ranked companies were two and a half times higher on average.

Diversity Return on Investment. (n.d.). *Making the Business Case for Diversity*.
<http://www.equalitymagazines.com/droi.html>

- Richard (2000) of Louisiana Tech University conducted a study that demonstrates that “in association with growth, racial diversity enhances productivity, and this relationship intensifies as strategic growth increases” (p.171).

Richard, Orlando C. “Racial Diversity, Business Strategy, and Firm Performance: A Resource-Based View.” *Academy of Management Journal*, Vol. 43, No. 2, (pp.164-1).

The Case for Inclusion from the Higher Education Perspective

“The process of maturing intellectually within an environment of people from diverse backgrounds, values, and perspectives on the world is an essential aspect of education.”
(AAU, July 6, 2006)

Diverse institutions need to be inclusive. The data in this report demonstrate the university’s efforts to increase diversity within the faculty, staff, and students. Yet, the Campus Climate Survey outcomes suggest a need to recognize the role of inclusion and its impact on campus climate. We believe that engaging diversity within a dynamic ever-changing campus environment must consider multiple facets and a practiced belief that diversity and inclusion are always a work in progress.

The terms compliance, diversity, and inclusion are often used interchangeably, suggesting that there is little or no difference in these terms. For the purposes of this report we define these terms as:

- **Compliance** brings people into an organization.
- **Diversity** demonstrates an appreciation for their differences.
- **Inclusion** creates an environment in which people want to stay.

Most would agree that a well educated populace is a desirable goal and benefits society. A number of reports point out the positive returns to education generally demonstrating the correlation of education with financial and social returns to the individual and society at large. Among the benefits cited are increased tax revenues, higher salaries and benefits, reduced crime, and improved quality of life (IHEP, 1998; Baum and Payea, 2004; Weiss). Other research has linked the importance of high quality education to economic growth (Carnavale and Desrochers, 2001). However, our society has less agreement on how that desired goal can be achieved with both diversity and inclusion among students, faculty and staff.

Diversity and inclusion are matters of both form and substance. Jeffery Milem and his colleagues (Milem, 2005) identify three types of diversity strategies for college campuses: **compositional diversity**, which is the numerical and proportional representation of students, faculty, and staff from different racial and ethnic backgrounds in a student body; **diversity of interactions**, through which people gain exposure to alternative views and ideas by interacting with people different from themselves; and **institutional diversity-related initiatives**, which are activities and events that address issues of diversity, such as ethnic studies courses, structure dialogues, workshops, etc.

Similarly, Gurin (1999) focuses on three types of diversity: **structural diversity**: The extent to which a campus has a diverse student body; **classroom diversity**: The extent to which classes address knowledge about diverse groups and issues of diversity as part of the curriculum; **informal interactional diversity**: The extent to which the campus provides opportunities for informal interaction across diverse groups. She found that structural diversity was necessary, but not sufficient enough to produce benefits. While each of these strategies is sometimes defined and implemented as a singular goal and ends within themselves, this report supports a multidimensional approach that recognizes the impact of each upon the other.

Recent research provides empirical support for the value of diversity in the academic and social development of college students. These studies show that students who graduate from campuses having a more diverse setting are better prepared for participation in a democratic society. (Milem, et. al, 2005 (ACE and AAUP). These studies have also shown that the educational benefits are greater when students are in a sustained and coordinated diversity effort rather than simply settings emphasizing numerical diversity only (Chang, M.J., Witt, D., Jones, J., & Hakuta, K. 2003).

While most faculty believe in and recognize the importance of diversity, they often have ambivalent feelings about how best to achieve it. Recent data indicate that 90 percent of the 55,000 Research-I university faculty respondents surveyed by the Higher Education Research Institute at UCLA agreed that “a racially/ethnically diverse student body enhances the educational experience of all students. Almost 60 percent thought that undergraduate education should enhance students knowledge of and appreciation for other ethnic/racial groups. At the same time, however, almost 30 percent agreed that “promoting diversity leads to the admission of too many underprepared students” in the name of diversity.

These studies open fresh opportunities for faculty and staff to examine the extent to which they have internalized the diversity values of the university and practice inclusion. The studies challenge them to capitalize on the campus’ diversity efforts within the departments, classrooms, and work units. If faculty and staff members view diversity as either unimportant or irrelevant to teaching, learning, or a positive campus climate they will likely ignore it in their classrooms and work units. The result will be that institutions as a whole will be likely to derive little, if any, benefit from diversity. Without courage, action, and accountability most efforts to increase diversity will not go beyond lip service and slogans.

Any serious discussion about creating a campus climate must take into account a need to emphasize diversity and inclusion through all policies and all practices. The recommendations within this report recognize a need for specific structural and behavior changes aimed at maximizing the benefits of diversity. A commitment to the hiring of diverse faculty and students, encouragement and fostering of interracial contact, provision of safe cultural spaces, rewards and support for pedagogical practices to achieve diversity, and an assessment of diversity efforts lead a long list of necessary ingredients for a positive campus climate. We believe that diversity and inclusion are not simply additions to the mission of the university, but prerequisites to its effective implementation (Milem, J.F., Chang, M.J., Antonio, A.L. 2005).