

Business Case for Diversity Southeastern MN

Section 1

OVERVIEW

We all know that the demographics of our community are changing. Baby boomers are aging, dramatically increasing the average age of the population as a whole. Continued immigration is shifting the ethnic and racial composition of Rochester and Olmsted County. Projected shortages in the local workforce as employment grows and boomers retire will lead to increased in-migration, bringing residents of other states to Minnesota and further mixing the local population.

Is all this change a drawback or an asset to business?

Or is it both? Change always presents challenges, but research consistently shows that a diverse workforce promotes innovation, thus increasing productivity, and that increasing diversity also presents opportunities for increasing your customer base. There are 3 key reasons to make supporting diversity a focus for your business:

Marketplace Value: Embracing the diversity of the local population helps you effectively and creatively capture market share and retain your customers and employees.

Workforce Productivity: The quality of your workforce is often the most important factor in determining internal productivity. The most productive workforce is built of employees who are treated with respect and who are given opportunities to make the most of their varied talents and potential.

Legal and Ethical Responsibilities: How organizations value and treat their workforce and customers has legal and ethical ramifications.

Supporting diversity in your business is the right thing to do,
but more than that, it's the smart thing to do for business.

~Norm Doty, Express Personnel Services

Section 2

The marketplace of tomorrow is not the marketplace of today.

MARKETPLACE

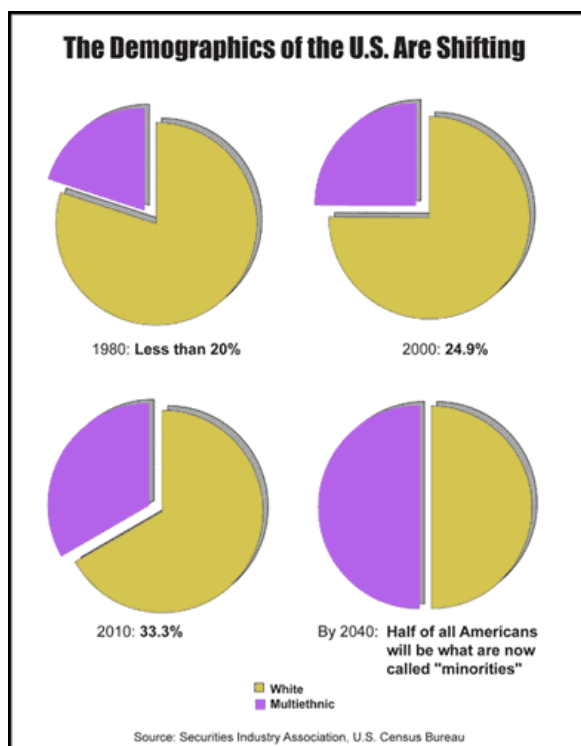
Southeastern Minnesota, the United States, and the world are in the midst of some of the most accelerated change in our history. Almost every industry in Southeastern Minnesota has experienced dramatic change in its marketplace—whether it be serving a customer in China or in Chatfield.

Globalization

With the advent of new technologies, we now live in a global society where customers have a world of choices and information at their fingertips. As trade moves to a global scale, many organizations are competing across borders and cultures. As organizations compete internationally, they must become adept at serving a diverse customer base. Penetration into emerging markets often means adapting quickly to changing market forces, meeting varied cultural expectations, and identifying the unique needs of a new client base. While these new markets offer opportunities for rapid growth, businesses also face increased competition from other companies around the globe.

Shifting National Demographics

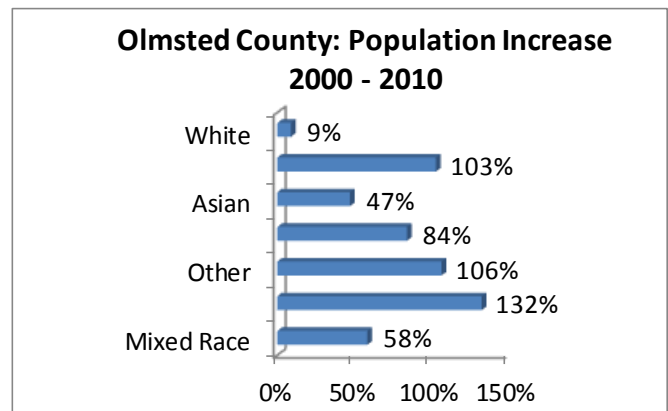
For businesses who compete on a national playing field, the change in national demographics means adapting business practices to reflect changing populations. For instance, the Latino population grew 58% in the 1990s, making Hispanics the largest minority group in the U.S. This rapid growth is mirrored in the growth of retail products targeted to Spanish speakers. A multitude of products now include labeling in Spanish; product choices are reflecting cultural differences (such as Dulce De Leche flavored M&Ms); and culturally responsive services such as Spanish-speaking bank tellers are capturing this emerging market.



As our nation changes, organizations will need to understand the rapidly changing diversity of major population centers, understand how age demographics are shaping buying power, and become more adept at segmenting customer markets and responding to unique customer needs. [See Tip Sheet on Marketing Trends for more information.]

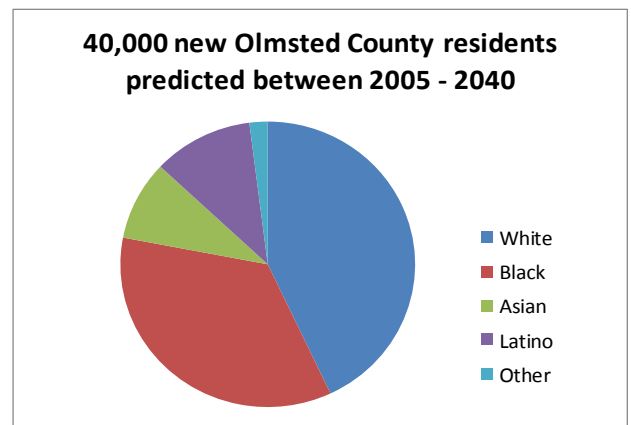
Local Demographic Change

Olmsted County is also seeing the effect of national demographic trends. Although the 2010 census update reported that native-born whites remained a majority at 83.4% of the population, the rate of population increase was much larger for minority groups [see chart]¹.



A quick look at Rochester Public Schools gives us a clear vision of Olmsted County's future. In 2010, 31% of the student body were people of color, speaking more than 50 different languages at home.² Change is at our doorstep.

A strong local economy will only add to Olmsted County's shifting population. Because of projected employee shortages in the next 25 years, Minnesota demographers predict an influx of more than 40,000 people to Olmsted County. This massive in-migration of new residents will be demographically very different from the traditional population, with an estimated 57% of newcomers being people of color [see chart].



What does this mean for your business?

- 1. Demonstrated commitment to diversity can help define an organization as an employer of choice in Southeast Minnesota's competitive employment environment.** Employees seek and positively respond to a workplace where they feel valued, and where employees' unique differences (whether ethnicity, religion, or work style) can be incorporated into the organization's strategy for success.
- 2. A diverse workforce helps attract a diverse customer base.** People are naturally drawn to others like them. People of color may feel more welcome at a business that employs other people of color.

- 3. Businesses that demonstrate commitment to diversity will attract new customers.** As greater numbers of minorities gain access to improved education and job opportunities, their buying power increases correspondingly. Research demonstrates that people are more inclined to spend their disposable income with companies that make a concerted effort to market to them, whether through advertising that depicts people like them or appeals to their cultural values or through offering products that cater to their specific needs. New immigrants will be attracted to businesses that provide bilingual staff or materials. Certain constituencies such as the GLBT population also have higher levels of consumer loyalty to organizations with a demonstrated commitment to diversity.

“It is acknowledged by most organizations that diversity is inevitable. The only question is when and how. If an organization considers diversity to be a competitive advantage, then the answer is now—with all deliberate speed. An advantage only exists when most competitors are not actively pursuing a similar strategy. When diversity does become a necessity—driven primarily by demographics—there will be no advantage.”³

Section 3

Workplace

Diversity can be a source of increased innovation, new solutions, new productivity and new wealth. Creativity and new solutions come when people “think outside the box.” Organizations that attract and support a diverse workforce pave the way for more “outside the box” experiences. When differences are prized and encouraged, all employees feel more comfortable in offering innovative solutions.

Studies have shown that in exclusionary workplaces, women and ethnic minorities perform at about 70% of their capacity. An inclusive workplace that values differences in culture, perspective, and work style leads to increases in overall worker productivity. Managers and employees who become adept at working with those different from themselves can use these skills for greater productivity in team environments, more flexible and empowering management styles, improved conflict resolution among coworkers, and better understanding of customer needs.

“Without diversity, there can be no innovation; without innovation, there can be no new wealth. In other words, diversity is not just the right thing to do; it’s your source of greatest potential.”
Joel Barker

Section 4

LEGAL & ETHICAL RESPONSIBILITIES

Legal

Affirmative Action and Equal Employment Opportunity laws mandate programs designed to ensure fair hiring, advancement, and organizational opportunities for individuals classified as disadvantaged or protected, with punitive consequences if violated.

AA/EEO laws do not focus on how diversity can offer a competitive advantage for your business—they focus on legal compliance for equity of opportunity. Most often this translates into creating policies or practices that control what an organization should NOT do—not ask biased questions during interviewing [see Guidelines for Interviewing under Ready Resources], not make assumptions about worker ability based on demographic information, and not have workplace policies that unfairly burden any protected classes.

In recent years, court cases have determined that, in addition to corporate policy, companies are also liable for employees' behavior in the workplace. If discrimination or harassment happens in a workplace and the organization takes no corrective action, the organization is open to both individual and class action lawsuits.

Discrimination lawsuits are extremely costly—in recent years, class action settlements have topped \$800 million. But these costs are only part of the picture. Lost management time and focus, employee morale, and company reputation are all part of the final cost. [See Cost of Discrimination for more information.]

Ethical

Every organization has an ethical responsibility to treat its workers and customers equitably. Organizational culture is based on unspoken codes of conduct as well as written policies. It is the ethical responsibility of management to set the tone by modeling respectful interaction that makes everyone feel valued and welcome. Poor ethics translate into lost employee trust, morale, and productivity.

“Promoting diversity is just good business and, contrary to what some believe, it's not hard to do. Yes, it would be hard to do overnight. Over the long term, though, if you do a little bit, step by step, you can put together a team that will help run your business profitably. Then, everyone – the company, employees, community – benefits.” Dan Tuohy, Tuohy Furniture

Sources

¹ U.S. Census Bureau, 2010.

² Rochester Public Schools

³ (2001) The Business of Diversity: Case for Action, Innovations International, p.12