

How to Attract and Retain a Diverse Workforce

by Duncan Smith

A pioneer of diversity work in Australia, Duncan Smith is Principal of ADC Associates, a Melbourne-based consultancy that helps improve performance for organisations, teams, and individuals. A consultant, manager and executive educator for over 30 years in Australia, the Asia-Pacific region, the United States, and Western Europe, he has consulted on diversity and organisational development for numerous multi-national and Australian companies, as well as Federal and State governments.

The ability to attract and retain a diverse workforce requires strong motivation, systemic thinking, and practical tools.

In the mid-1990's, the Australian arm of a well-known multinational company set out to increase the employee diversity of one of its divisions. While their recruitment effort was initially successful, the company's ability to retain these more diverse new employees was not. Most of the new staff left, resulting in lost productivity, high cost of turnover, and a reputation that made the company much less able to attract diverse candidates in the future. Why? Because the company's culture in general, and that division in particular, did not support increased diversity.

Fast forward to the present. Australian organisations are actively engaged in working to attract and retain greater diversity in their workforce and leadership ranks. Organisations from the ASX to the Male Champions of Change ensure that diversity is a word that is increasingly seen and heard in the media. Today's candidates are smart and diversity-savvy. Organisations looking for sustainable advantage need to be equally smart, and equally aware of what will make a diverse range candidates choose to work for them. This paper highlights some of the essential knowledge and techniques companies need to meet the challenges of attracting and retaining an increasingly diverse and increasingly demanding workforce.

First, let's agree on what we mean by diversity. In the context of attracting and retaining employees, diversity is simply about people's being different at an individual or group level. We are aware that each of us is a unique individual; importantly, we also belong to multiple identity groups, based on such characteristics as gender, cultural background, race, education, age, professional experience, sexual orientation, disability, and many others. To value this diversity means to recognise and respect the intrinsic value of such differences – we don't get the benefits of diversity unless we acknowledge the fact that people's differences have given them sets of knowledge and experience different from our own, and that these differences have inherent value. Particularly in Australia, this means making a conscious effort to get past the egalitarian myth that everyone in this culture gets a fair go, by openly acknowledging and discussing our differences and the impacts of those differences on our personal and work experience.

Increasingly, Australian organisations discuss the importance of "managing diversity." To manage diversity effectively means to create and sustain an environment where everyone can achieve his or her full potential -- an environment where the dynamics of minority and majority, inclusion and

exclusion, and power and privilege, are understood and acknowledged. We manage difference constantly, in one-on-one conversations, in groups, and in organisations; as you read this sentence, diversity is having an impact on the bottom line of your organisation. Whether that impact is positive or negative depends on how well your organisation understands and manages that diversity.

But broad definitions of diversity and general value statements are of little help when dealing with the practical activities of attracting and retaining staff unless they are refined and focused. To begin, you need to understand what kind of diversity you want to work with – gender? culture? educational or professional background? religion? disability? sexual orientation? appearance? age? diversity of thought? Secondly – and this is perhaps the most important question to ask – *why* do you want to attract and retain more diversity? Thirdly, what is preventing you from doing so now?

Counterintuitive

Let's start with the third question – what gets in the way of our working well with diversity? Research in neurobiology, psychology, and related studies, demonstrates a significant gap between the amount of sensory information entering the brain, and the brain's ability to process that information. To overcome this problem, our brains create categories of information, and use these categories to help us make sense of the world. One result is that when we are faced with information that is unfamiliar, our brains have to work harder. This process applies equally when faced with an unfamiliar object, or an unfamiliar person. When meeting someone for the first time, our brains use a rapid set of equations to determine in what ways this person is familiar, or unfamiliar – to put it another way, similar or different to people with whom we have experience. The more similarity our brains find, the easier to process the information; similarity is easier for our brains to deal with, and difference is harder. In effect, we are biased towards similarity, and biased away from difference. It is as a result of the increasing awareness of this process that “Unconscious Bias” has become a popular topic in the diversity and inclusion field.

This means that to attract and retain a more diverse workforce – to have more people around us who are not like us in some significant ways -- is counterintuitive. This, at the most basic level, is the biggest challenge to attracting and retaining a more diverse workforce: intuitively, we'd rather not. This fundamental, inherent bias towards similarity and away from difference manifests itself at the individual, group, organisational, and societal levels. In short, the challenge of dealing with diversity is both personal and systemic. It's harder work for us to deal with difference no matter who we are. Harder, but possible – and potentially extremely worthwhile.

To overcome this challenge we need both strong motivation and a good set of tools. This motivation can take different forms; many corporate champions of diversity are motivated by personal experience – for example, CEOs who see their daughters face negative gender bias in seeking employment may become engaged in gender diversity issues. Others are motivated by business performance: many studies have demonstrated strong correlation between good corporate diversity practices and the bottom line. In its 2013 study, “Why Diversity Matters”, Catalyst, a global research organisation, found that companies with more women board directors outperformed those with the least on three financial measures: return on equity (53 percent higher), return on sales (42 percent higher), and return on invested capital (66 percent higher). In Australia, the Reibey Institute has also identified that ASX 500 companies with women directors delivered increased ROE over both 3 and 5-year periods. Among the ASX top 200 companies,

women's representation on Boards has increased from 8.7% in 2010 to 19.9% in 2015, according to the group Women on Boards, though in some areas, the numbers declined (Queensland posted the biggest loss of -13.6%, followed by Western Australia and the Federal Government). Again among the ASX Top 200, the proportion of female managers that report directly to the chief executive is less than 20 per cent. Let's assume that this is neither a good nor a bad thing, but a puzzle, or set of puzzles: If women are 45% of the Australian workforce, why are there so few women leaders?

Systemic Issues, Practical Tools

After decades of monitoring the composition of leadership ranks, it's clear that the pipeline theory (put more diversity into the organisation at the bottom end and the number of diverse leaders coming out the other end will naturally increase) has been discredited. To increase diversity we need different thinking and useful tools.

To work with diversity successfully requires thinking systemically about what I call the Foundations of Diversity. These are the core issues underlying the dynamics of diversity in the workplace. Understanding them is essential to being able to attract and retain a more diverse workforce. These foundations include:

- understanding the impact of Similarity and Difference, of "Us" and "Them";
- working skilfully with Majority-Minority dynamics;
- identifying the Assumptions and Bias active in your workplace;
- seeing ways in which your organisation promotes Inclusion and Exclusion and;
- acknowledging how the distribution of Power and Privilege affects all members of your organisation.

Each of these areas can be systematically analysed and understood, and for each there are tools available to help improve organisational performance. Let's apply these ideas to the practice of Attracting and Retaining a diverse workforce.

Attracting and Retaining a diverse workforce is about how talented and capable people are hired, how they are developed and rewarded, whether they are promoted, and whether they stay. As we know, everyone is different. Logically, if we treat everyone the same way, we get different responses. So, if you use one set of strategies to attract and retain staff, they may work well for some and not for others. Our natural tendency is to treat others as though they are basically like ourselves; yet when we're dealing with diversity, that tendency can backfire. To attract and retain diversity, we need to go beyond the Golden Rule – rather than treating others as *we* would like to be treated, we need to treat others as *they* would like to be treated.

Diverse talent will be more easily attracted to, and retained by, organisations that manage their existing diversity well. How well does your organisation manage diverse talent? Consider the following questions. How many do you routinely ask as part of your attraction and retention processes?

- What is the composition of your candidate pool? How many are non-traditional/minority?

- What is the composition of, and what are the demographic gaps in, the talent pool at each level?
- What is the composition of your high potential talent list? How many are non-traditional/minority?
- Who is evaluating the candidates? If it is a panel, is the panel diverse?
- What is the composition of the group who gets promotions? How many are non-traditional/minority?
- Is there a difference between the diversity of the candidate pool and the diversity of the successful candidates? Why?
- What are performance review ratings for non-traditional/minority talent?
- What is the composition of attendees at training and development programs? How many are non-traditional/minority?
- How do you support successful non-traditional/minority candidates?
- When do non-traditional/minority employees leave the organisation and why?
- Are there pay equity gaps for diverse groups?
- What assumptions and stereotypes exist regarding the fit between non-traditional/minority candidates and specific roles? What is the source of these assumptions (e.g. personal experience, hearsay, socialization, company culture)?
- Do you make and support creative talent management choices? Why or why not?
- Do you select candidates to do a job as *you* think it should be done? Are there other ways to approach the job?
- When defining non-traditional/minority, consider the following:
 - Gender (both male and female)
 - Race and culture (both Anglo-Australian and other backgrounds)
 - Functional experience/background (both related and tangential)
 - Age (both younger and older)
 - Thinking style/personality
 - Ability (including people with a disability)
 - Other aspects of diversity that might bring benefits to the position

Success factors

There are many practical aspects to working successfully with diversity: having a clear business case, using robust assessment and measurement techniques, developing diversity management and leadership skills, and having effective policies matched by genuine practices. Each of these ultimately comes back to your ability to answer three questions: what kind of diversity do you want, why do you want it, and what is preventing you from having it now?

How to Attract and Retain a Diverse Workforce

Whether it's increasing productivity and performance, responding to globalisation, generating more innovation and creativity, adapting to change, improving customer service, or any other of the many demonstrated benefits of managing diversity successfully, improving your ability to attract and retain high quality employees from an increasingly diverse candidate pool can provide real, tangible, and lasting benefits.

By getting a diverse workforce working together more effectively, you make a more effective contribution to the sustainable future of your organisation. For those with the vision to understand the changing realities of workforce demographics and the increasing interdependence of global and regional economies, the effective management of diversity is, to quote Dr. Alan Weiss, "as intrinsic to organisational success, as is effective communication or accurate planning." The ability to attract and retain a diverse workforce is a powerful management tool, which when applied to your organisation's goals, helps you adapt to business realities, keeps you in step with leading organisations worldwide and most importantly, helps you to solve your business problems.

For more information contact Duncan Smith dsmith@adc-assoc.com