



# The Top 10 Economic Facts of Diversity in the Workplace

## A Diverse Workforce Is Integral to a Strong Economy

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July 12, 2012

Our nation and our workforce are both becoming more diverse. The share of people of color in the United States is increasing; more women are entering the labor force; and gay\* and transgender individuals are making vital contributions to our economy, while being increasingly open about who they are. To that end, businesses that embrace diversity have a more solid footing in the marketplace than others.

A diverse workforce combines workers from different backgrounds and experiences that together breed a more creative, innovative, and productive workforce. And businesses have learned that they can draw upon our nation's diversity to strengthen their bottom line. In this way, diversity is a key ingredient to growing a strong and inclusive economy that's built to last.

Let's look at the top 10 economic benefits of workplace diversity.

**1. A diverse workforce drives economic growth.** Our nation's human capital substantially grows as more women, racial and ethnic minorities, and gay and transgender individuals enter the workforce. A McKinsey & Company study, for example, found that the increase in women's overall share of labor in the United States—women went from holding 37 percent of all jobs to 47 percent over the past 40 years—has accounted for about a quarter of current GDP.

**2. A diverse workforce can capture a greater share of the consumer market.** By bringing together individuals from different backgrounds and experiences, businesses can more effectively market to consumers from different racial and ethnic backgrounds, women, and consumers who are gay or transgender. It is no surprise, then, that studies show diversifying the workplace helps businesses increase their market share.

**3. Recruiting from a diverse pool of candidates means a more qualified workforce.** When companies recruit from a diverse set of potential employees, they are more likely to hire the best and the brightest in the labor market. In an increasingly competitive economy where talent is crucial to improving the bottom line, pooling from the largest and most diverse set of candidates is increasingly necessary to succeed in the market.

**4. A diverse and inclusive workforce helps businesses avoid employee turnover costs.**

Businesses that fail to foster inclusive workplaces see higher turnover rates than businesses that value a diverse workforce because they foster a hostile work environment that forces employees to leave. The failure to retain qualified employees results in avoidable turnover-related costs at the expense of a company's profits. Having a diverse and discrimination-free work environment helps businesses avoid these costs.

**5. Diversity fosters a more creative and innovative workforce.** Bringing together workers with different qualifications, backgrounds, and experiences are all key to effective problem-solving on the job. Similarly, diversity breeds creativity and innovation. Of 321 large global enterprises—companies with at least \$500 million in annual revenue—surveyed in a *Forbes* study in 2011, 85 percent agreed or strongly agreed that diversity is crucial to fostering innovation in the workplace.

**6. Businesses need to adapt to our changing nation to be competitive in the economic market.** Census data tell us that by 2050 there will be no racial or ethnic majority in our country. Further, between 2000 and 2050 new immigrants and their children will account for 83 percent of the growth in the working-age population. Our economy will grow and benefit from these changing demographics if businesses commit to meeting the needs of diverse communities as workers and consumers.

**7. Diversity is a key aspect of entrepreneurialism.** Our nation's entrepreneurs are a diverse set of people of color, women, gay, and transgender individuals. According to the Census Bureau, people of color own 22.1 percent of U.S. businesses. Moreover, women own 28.8 percent of U.S. businesses, and Latina-owned businesses in particular are the fastest-growing segment of the women-owned business market. According to the National Gay and Lesbian Chamber of Commerce, gay or transgender individuals own approximately 1.4 million (or approximately 5 percent) of U.S. businesses.

**8. Diversity in business ownership, particularly among women of color, is key to moving our economy forward.** The diversity of our nation's business owners helps boost employment and grow our economy. For example, women of color own 1.9 million firms. These businesses generate \$165 billion in revenue annually and employ 1.2 million people. Latina-owned businesses in particular have total receipts of \$55.7 billion since 2002.

**9. Diversity in the workplace is necessary to create a competitive economy in a globalized world.** As communities continue to grow, it's important to harness the talent of all Americans. Businesses should continue to capitalize on the growth of women, people of color, and gay and transgender people in the labor force. Our increasing diversity is a great opportunity for the United States to become more competitive in the global economy by capitalizing on the unique talents and contributions that diverse communities bring to the table.

**10. Diversity in the boardroom is needed to leverage a company's full potential.** By 2050 there will be no racial or ethnic majority in the United States, and our nation's boardrooms need to represent these changing demographics. Currently people of color and women only represent about 14.5 percent and 18 percent, respectively, of corporate boards among the senior management of Fortune 500 companies. Recruiting board directors with a breadth of expertise and varied experiences will make companies more proficient.

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\* In this column, the term "gay" is used as an umbrella term for people who identify as lesbian, gay, or bisexual.