

DIVERSITY NEWS

August 2008

Yvonne: Federal agencies are required by law to promote equal opportunity... and to identify and eliminate discriminatory practices and policies.

Federal agencies are ALSO required to address the under-representation of women and minorities in their workforce.

Thomas: In addition, federal agencies are required to provide reasonable accommodation for the religious needs of employees and applicants, and for the limitations of qualified employees and applicants with disabilities.

Yvonne: And federal agencies are also required to provide the maximum feasible opportunity to employees to enhance their skills—through on-the-job training, work-study programs, and other training measures—so that they may perform at their highest potential and advance in accordance with their abilities.

Thomas: Federal agencies are required, as well, to ensure that their workforce is utilized efficiently and effectively.

But federal agencies are NOT required to create an environment in which ALL employees can contribute to the maximum extent possible to the success of their organization, which is the goal of diversity management.

So, why should they engage in that activity?

Yvonne: In this edition of Diversity News, we'll answer that question by taking a look at the "return on investment" for diversity management.

Several years ago, the Department of Veterans Affairs asked the National Academy of Public Administration to review the Department's diversity and equal employment opportunity policies, organizational structure, and staffing.

The purpose of that review was to recommend improvements to VA's diversity program that would contribute to the attraction and retention of a high-quality workforce, the support of the Department's strategic mission, and the delivery of outstanding and cost effective services to customers.

In their final report, the academy recommended, among other things, that VA pursue a return-on-investment strategy to reduce the costs of resolving employee complaints.

According to the academy's estimates, EEO complaints were costing VA more than 142 million dollars a year. And most of those complaints were resulting in findings of "no discrimination."

As the academy pointed out in its report, most workforce complaints and grievances result from workplace tensions, disagreements, and miscommunication between employees and their supervisors.

Increased attention to improving interactions between employees and their supervisors, therefore, should yield a significant return on investment.

The academy recommended that VA increase its investment in training for supervisors and managers, concentrating on improving communications, interpersonal relations, and teambuilding skills.

According to the academy's estimates, if a five thousand dollar investment in training or coaching for a supervisor or manager resulted in the prevention of just ONE complaint, the net return on investment (in terms of money saved) would be 45 thousand dollars.

Thomas: The reduction of costs related to employee complaints and grievances isn't the ONLY anticipated return on investment from supervisory training.

As the academy points out in its report, increased attention to improving employee and supervisor interaction and supervisor's people management skills could result in higher employee morale, increased organizational effectiveness, and improved service to veterans.

The reduction of costs related to employee turnover is another return on investment for supervisory training related to diversity management.

In his book, *The Seven Hidden Reasons Employees Leave: How to Recognize the Subtle Signs and Act Before It's Too Late*, Leigh Branham points out that employees begin looking for other jobs because of negative factors in their current workplaces... from poor management practices to toxic workplace cultures.

Focusing on voluntary departures where employer action may prevent or delay turnover, Branham discusses seven reasons for employees' leaving, and offers suggestions on:

Matching job candidates' expectations with work realities,

Matching the person to the job,

Providing coaching and feedback,

Providing career advancement and growth opportunities,

Making employees feel valued and recognized,

Reducing stress from work-life imbalance and overwork,

And inspiring trust and confidence in senior leaders.

The application service provider, Keep Employees Incorporated, has estimated the total turnover costs for a registered nurse position in the Denver, Colorado area to be more than 30 thousand dollars.

If a five thousand dollar investment in training one supervisor or manager prevents the loss of one good nurse, that's a net return on investment of more than 25 thousand dollars.

Yvonne: Another anticipated return on investment from supervisory training related to diversity management has to do with employee satisfaction, employee engagement, and productivity.

In 2004, the National Urban League released a report on Diversity Practices That Work.

In that report, the National Urban League pointed out that companies with effective diversity practices collectively generated 18 percent greater productivity than the U.S. economy overall.

The results of the National Urban League's study suggested that diversity management enhances productivity through effective leadership and management practices.

Key factors that had the greatest impact on overall perceived effectiveness of diversity initiatives were:

Leaders demonstrate a personal commitment to diversity and hold themselves and others accountable. Leaders' involvement may include setting goals, monitoring performance, and promoting employee involvement.

Effective diversity training increases diversity awareness and provides skills that can be used to improve business results. A curriculum of diversity training begins with new-hire orientation and continues throughout the employees' career.

There is an established track record for recruiting people of diverse backgrounds; for example, by establishing and maintaining long-term partnerships with universities and professional associations.

Diversity efforts and input are extended to outside communities; for example, by expanding the pool of vendors and suppliers considered in the procurement process.

And the companies are committed to diversity as a long-term business strategy. That is, their efforts are broad, strategic, and holistic in nature.

An investment in supervisor training that resulted in a ten percent increase in productivity for an office with ten employees would be equivalent to having an extra person on board—a net return on investment equal to what would have been the total compensation cost of that extra person, minus the cost of supervisor training.

Thomas: As evidenced by the National Urban League's report, supervisory training isn't the only diversity management practice employed by organizations.

In its 2005 survey report on Workplace Diversity Practices, the Society for Human Resource Management listed more than a dozen diversity workplace practices utilized by organizations, including these:

Employing recruiting strategies designed to help increase diversity within the organization;

Engaging in community outreach related to diversity;

Collecting measurements on diversity-related practices;

Providing career development opportunities designed to increase diversity in higher-level positions within the organization;

Employing strategies to ensure diversity in the organization's suppliers, contractors, etc.;

Demonstrating diversity awareness in the form of celebrating different cultural events. For example, Black History Month and Hispanic Heritage Month;

And supporting employee affinity groups.

As identified in that report, there are also more than a dozen ways in which organizations MEASURE the impact of their workplace diversity practices. For example:

The number of diverse employees recruited,

The number of diverse employees retained,

Evidence of diversity at all levels of the workforce,

Employee opinion surveys and diversity audits,

Improved corporate culture,

And the number of employee complaints.

Respondents to the survey indicated that the most important outcomes of diversity management for their organizations were:

Reduction in costs associated with turnover, absenteeism, and low productivity,

An improved financial bottom line,

Decreased complaints and litigation,

And improved public image of the organization.

Yvonne: Some outcomes of diversity management are more difficult than others to quantify.

And even some of the outcomes that can be easily quantified are difficult to evaluate in monetary terms; that is, in dollars and cents.

For that reason, developing a “balanced scorecard” for diversity management is important.

In his book, *The Diversity Scorecard: Evaluating the Impact of Diversity on Organizational Performance*, Edward E. Hubbard provides step-by-step instructions for measuring the progress and the impact of diversity initiatives.

As outlined by Dr. Hubbard, a balanced scorecard for diversity might include measurements in several areas:

Measures of leadership commitment involve an analysis of actions taken by leaders to support, challenge, and champion the diversity process.

Measures of workforce demographics involve an analysis of personnel and personnel actions by race, gender, ethnicity, age, disability, veteran status, and other demographic characteristics.

Measures of workplace climate or culture involve an analysis of the workplace in terms of employee satisfaction and commitment, perceptions of climate and culture, grievances and complaints.

Measures of learning and growth involve an analysis of efforts to create a climate that supports change, innovation, growth, and improved performance.

Measures of customer diversity and community partnerships involve an analysis of relationships with various groups or communities, in terms of products and services provided, specialized needs, and responsiveness.

And measures of financial impact involve an analysis of money saved (or value added) as a direct or indirect result of diversity initiatives.

Thomas: In 2005, the Society for Human Resource Management published a research report on Workplace Diversity, Leveraging the Power of Difference for Competitive Advantage.

According to that report, a diversity scorecard should include measures aligned with the organization's strategic business goals.

The Department of Veterans Affairs' current strategic plan includes four strategic goals and one enabling goal:

The first strategic goal is to restore the capability of veterans with disabilities to the greatest extent possible, and improve the quality of their lives and that of their families.

The second strategic goal is to ensure a smooth transition for veterans from active military service to civilian life.

The third strategic goal is to honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

The fourth strategic goal is to contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.

And the enabling goal is to deliver world-class service to veterans and their families through effective communication and management of people, technology, business processes, and financial resources.

The relationship of diversity management to VA's strategic plan is most readily apparent in the enabling goal's reference to the effective management of people and business processes.

But diversity management is also an important part of increasing customer service and satisfaction, as well as organizational efficiency, which cuts across the other four goals in the strategic plan.

Yvonne: Related to the Department of Veterans Affairs' strategic goals are key performance measures that focus on employee productivity, accuracy, and innovation, as well as on customer service and satisfaction.

Examples of key performance measures related to employee productivity, accuracy, and innovation include:

The average number of days to process veterans benefits claims.

The national accuracy rate for processing veterans benefits claims.

And progress toward development of new treatments for patients.

Examples of key performance measures related to customer service and satisfaction include:

The percent of patients citing VA health care service as very good or excellent.

And the percent of veterans satisfied with the handling of their benefits claims.

VA's fiscal year 2009 budget submission, which is available on the Internet, contains a complete list of key performance measures.

Key performance measures related to the ENABLING goal of VA's strategic plan are, for the most part, absent from VA's budget submission.

There are, however, several key performance measures related to diversity management in VA's strategic plan.

For example:

The percent of VA employees who respond favorably when surveyed about their job satisfaction.

The percent of new supervisors who have participated in a VA-approved supervisory training program.

And the percent of complaints for which the alternative dispute resolution process is used.

Yvonne: VA's mission is "To care for him who shall have borne the battle, and for his widow and his orphan."

To accomplish this mission, VA relies on the contributions of its employees, its suppliers, its business partners, and other stakeholders.

Thomas: Within and among those groups, as well as in the ranks of the veterans we serve, diversity is continuing to increase.

Diversity management provides us with strategies, and perspective, on effectively coping with this diversity.

In future editions of Diversity News, we'll be talking more about those strategies.

Yvonne: But that's all we have for this edition of Diversity News. We appreciate your watching, and we hope you'll tune in again next month.

Until then, for more frequent updates of diversity news, sign up for our free weekly e-mail news service: NewsLink.

Just send an e-mail message to the address shown below, with the words "Subscribe News" in the subject line.

Thomas: And check out our bimonthly newsletter, Diversity@Work, available as a download on our Web site or by e-mail from our office.

Also, we want to hear from you!

If you'd like to share your story ideas, comments, or suggestions, please e-mail us at dmeeo@va.gov with the words "Diversity News" in the subject line.

Until next time...

Both: Have a great month!