

HOW TO CONNECT DIVERSITY TO PERFORMANCE

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Diversity programs are common in the American workplace. Most organizations, either formally or informally, have facilitated diversity interventions designed to educate employees about cultural differences, to recruit a diverse workforce, to enhance career opportunities, or to improve cross-cultural interactions. Unfortunately, many of these programs have failed to deliver the desired results. One reason for this lack of success is the failure to connect diversity programs to organizational performance systems. This article offers a five-step process to use in systematically developing performance-focused diversity interventions and evaluating their impact on individual and organizational success.

ACCORDING TO A study facilitated by the Society for Human Resource Management (2010), 68% of surveyed organizations have engaged in some type of diversity activity or initiative. Whether it is diversity recruitment, training and education, community outreach, diversity-related career development, or the celebration of cultural events, many organizations emphasize diversity as a core element in their business practices. Unfortunately, not all of these initiatives have had a significant impact on overall performance (e.g., see Davidson, 2011; Hayles & Russell, 1997; Jayne & Dipboye, 2004; King & Gilrane, 2015; Zhu & Kleiner, 2000). One reason for this lack of success is the failure to connect diversity programs to organizational performance systems and processes such as strategic planning, performance management, compensation, and human resource development. This article identifies five steps that an organization can use to systematically connect a diversity initiative to organizational performance. The steps include the following:

- Clarify the benefits of the diversity program.
- Identify specific, measurable, achievable, relevant, and time-bound (SMART) goals.
- Develop action plans.
- Define performance expectations.
- Determine impact on performance.

These steps represent a practical application of the human performance technology (HPT) model outlined in Figure 1. This four-phase process model facilitates the identification of performance gaps and their causes, the selection of interventions that reduce these gaps and improve performance, the implementation of these interventions, and the formative and summative evaluation of the overall process (Van Tiem, Moseley, & Dessinger, 2012). The first step in the process of connecting diversity to performance, *clarifying the benefits*, corresponds to phase one of the HPT model—performance analysis of need or opportunity. This phase emphasizes identifying specific ways in which diversity can enhance individual and organizational performance.

Steps two and three, *identifying SMART goals* and *developing action plans* are connected to the second phase of the HPT model—intervention selection, design, and development. These steps emphasize the creation of a specific process to use to identify performance gaps and facilitate performance improvement. Step four, *defining performance expectations*, corresponds to phase three of the HPT model—intervention implementation and maintenance—because this is where the action plans are implemented and expectations are clarified for those responsible for implementation. Finally, step five, *determining impact on performance*, corresponds to the final phase of the HPT

Performance Improvement/HPT Model

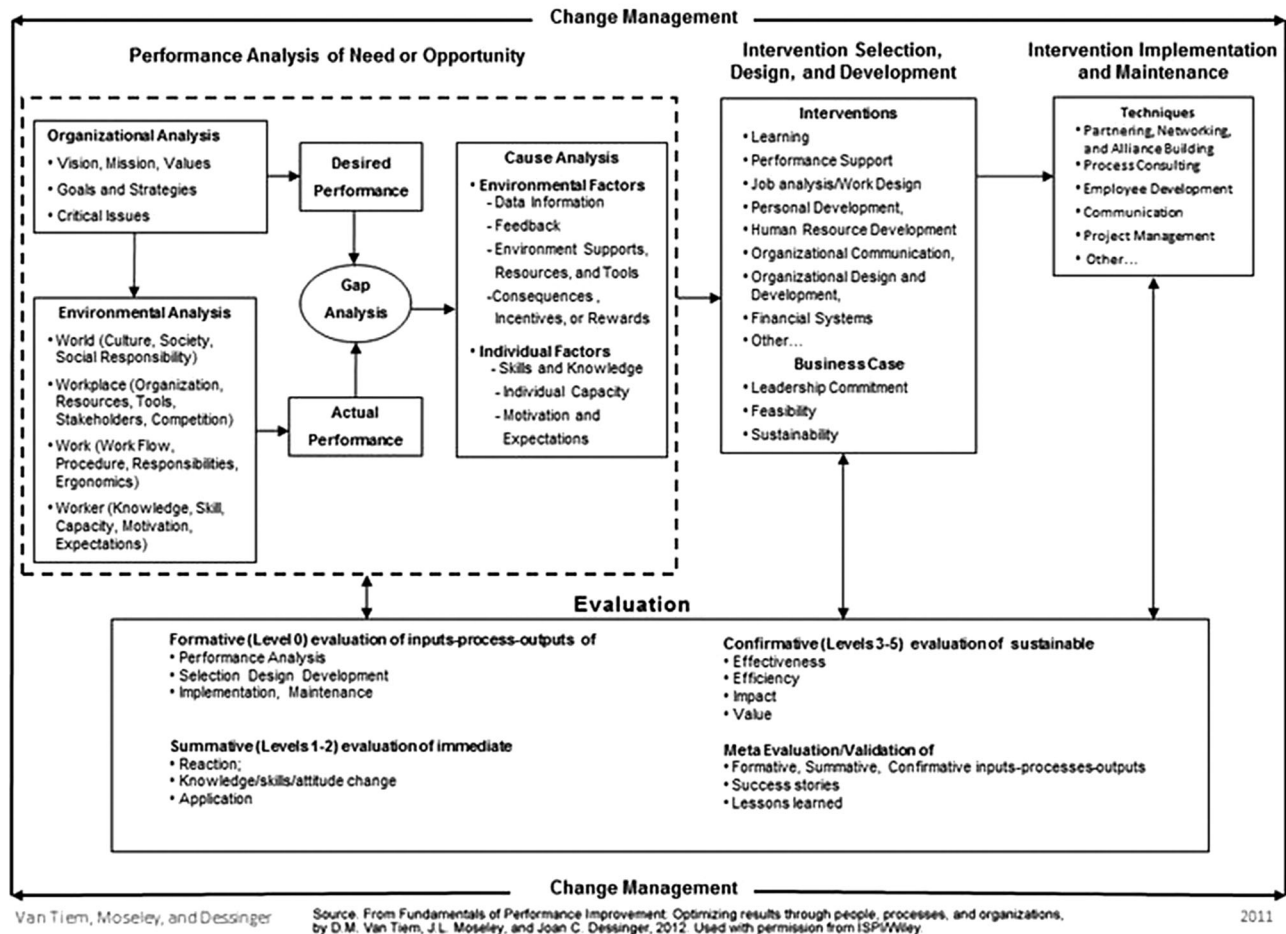


FIGURE 1. Human Performance Technology Model

model—evaluation—because the purpose is to determine the achievement of SMART goals.

Clarify the Benefits of the Diversity Program

The first step in the implementation of a performance-focused diversity initiative is to identify the specific benefits derived from the program. In other words, what does the organization have to gain by implementing a diversity initiative? How will the initiative help the organization achieve its strategic goals? What benefits can employees reap from participation in the diversity program? What performance gaps does the initiative fill? It is not prudent to proceed with any program if you have not clearly defined the benefits to gain and the value it will provide for the organization. Generally speaking, the benefits accrued from diversity programs can be divided into three main categories which include *improved individual and organizational performance*, *enhanced customer service*, and *improved organizational bottom line* (e.g., see Erhardt,

Werbel, & Shrader, 2003; Hayles & Russell, 1997; Richard, 2000; Slater, Weigand, & Zwirlein, 2008; Society for Human Resource Management & Fortune Magazine, 2001).

Improved individual and organizational performance refers to measurable increases in employee productivity and work quality, enhanced team performance, improved organizational processes, and enhanced workforce quality. It also includes an increased ability on the part of the organization to recruit and retain the best human resources available.

Enhanced customer service refers to an increased ability to connect with and successfully serve a diverse customer base. For example, this includes improved sales in multicultural markets, reduced customer complaints, and increased market share. It also applies to internal customers such as employees and can be reflected in improved attitude and morale. This is of particular importance in culturally diverse organizations where there can be significant demographic differences in employee perceptions and satisfaction levels.

Facilitating diversity programs that have a significant impact on performance is not a complicated process; however, many of today's diversity initiatives fail to influence individual and organizational performance in any discernible manner.

Improved organizational bottom line refers to increased revenues, reduced costs, and enhanced organizational value and profitability. This can be measured by using a variety of organizational metrics such as increased sales, increased stock value, increased retention (especially among underrepresented group members), reduced cost per hire, and reduced turnover. It can also be achieved by reductions in racial and sexual harassment and the associated legal costs.

Identify SMART Goals

A goal is a statement of a desired end state. It specifies where you want to be at a given point in the diversity initiative and provides a means to evaluate progress. Effective goals are written using the SMART goal method. As noted previously, SMART is an acronym that describes the five characteristics of a well-written goal: *specific, measurable, achievable, relevant, and time-bound*.

TABLE 1 SMART GOAL CHARACTERISTICS	
CHARACTERISTIC	DESCRIPTION
Specific	The goal is precise and stated in performance terms.
Measurable	It is easy to determine whether the goal has been met.
Achievable	The goal is set high but is attainable.
Relevant	The goal is tied to an organizational performance need.
Time-Bound	The goal has a specific time frame for completion.

able, achievable, relevant, and time-bound. Table 1 provides a brief description of each of these characteristics.

Using the SMART goal method provides two benefits. First, it ensures that the objectives of the diversity program are well defined and unambiguous. Because SMART goals are clear-cut, it reduces the chance there will be confusion about the main purpose of the diversity initiative on the part of the organization's stakeholders, including employees and customers. This is especially important because the two factors that most determine whether goals are accomplished are the extent to which they are specific and reasonable and the extent to which there is support for individuals in their pursuit of the goals (Locke, Shaw, Saari, & Latham, 1981; Robbins & Judge, 2013). Second, because SMART goals are clear and concise, it is easy to determine whether they have been accomplished, which makes it easier to evaluate progress toward goal achievement on an ongoing basis.

The following template can be used to write an effective SMART goal: *By the end of _____, we will _____, as demonstrated by _____*. The first blank specifies the goal completion date. The second blank describes the goal itself, and the final blank identifies how goal achievement is measured. Applying this template ensures that the goal is time-bound, is measurable, is concise, and is stated in performance terms. Table 2 illustrates four examples of well-written diversity SMART goals with a focus on performance.

TABLE 2 SMART GOAL EXAMPLES	
BENEFIT AREA	SMART GOAL
Improved Individual and Organizational Performance	By December 31, 2016, the quality of employees within research and development will improve, as demonstrated by a 5% increase in the quality hire metric used to assess overall performance.
Enhanced Customer Service	By September 30, 2016, the company will improve service to its two primary multicultural markets, as demonstrated by a 15% decrease in customer complaints.
Improved Organizational Bottom Line	By March 31, 2017, retention for female employees at the management level in the marketing, purchasing, and finance departments will improve, as demonstrated by a 10% increase in stability factor.
Improved Organizational Bottom Line	By June 30, 2017, the company will increase sales to its core multicultural market niche, as demonstrated by a 10% increase in sales revenue.

One of the most important aspects of creating a SMART goal involves the selection of measures that facilitate the evaluation of goal achievement. This can be done most effectively by using diversity metrics that are connected to a specific category of performance (Balter, Chow, & Jin, 2014; Hubbard, 2004; Hubbard, 2001; Fitzenz, 2010). For example, the first SMART goal in Table 2 uses the quality-hire metric as a measure of goal achievement. This measure connects to job performance, which is a common category in performance-focused diversity interventions. Other performance categories include customer service, career development, climate and environment, employee recruitment and selection, employee retention, human resource development, performance coaching and mentoring, performance assessment, performance reward, and supplier diversity. Table 3 provides eight examples of diversity metrics connected to specific performance categories that are useful in the development of effective SMART goals.

Any organization can successfully facilitate diversity programs and activities that have a measurable impact on performance.

Develop Action Plans

Planning is possibly the most significant step in any strategic management process such as the implementation of a diversity program. Unfortunately, it is also the most neglected (David, 2011). An action plan is a list of specific steps needed to accomplish or achieve short-term goals. Specifically, each step should include a precise description of the actions to take, the key participants responsible for

TABLE 3 SAMPLE DIVERSITY METRICS

PERFORMANCE CATEGORY	METRIC	FORMULA	PURPOSE
Career Development	Diversity Promotion Rate	Number of Culturally Different Employees Promoted/Total Number of Promotions	Tells you how effective you are at advancing the careers of culturally different employees.
Coaching and Mentoring	Diversity Mentoring Rate	Number of Culturally Different Employees with a Mentor/Total Number of Employees with a Mentor	Tells you how effective you are at getting culturally different employees into formal mentoring relationships.
Employee Recruitment	Candidate Pool Diversity Percentage	Number of Culturally Different Candidates/Total Number of Candidates	Tells you how effective you are at increasing the diversity of candidate pools.
Employee Retention	Turnover Rate	Number of Terminated Employees/Average Employee Population	Tells you how effective you are at retaining employees.
Employee Selection	Diversity Hire Percentage	Number of Culturally Different Hires/Total Number of Hires	Tells you how effective you are at hiring culturally different candidates.
Human Resource Development	Performance Change Rate	Performance Appraisal Score After Training/Performance Appraisal Score Before Training	Allows you to measure the impact of training and education on job performance.
Supplier Diversity	Multicultural Vendor Index	Number of Minority and/or Women Vendors/Total Number of Vendors	Tells you how effective you are at utilizing underrepresented group members as vendors.
Customer Service	Multicultural Customer Satisfaction Index	Percentage of Surveyed Customers Reporting Satisfied or Highly Satisfied	Tells you how effective you are at serving your multicultural market niche.

TABLE 4 **SAMPLE ACTION PLAN**

BY JUNE 30, 2017, THE COMPANY WILL INCREASE SALES TO ITS CORE MULTICULTURAL MARKET NICHE, AS DEMONSTRATED BY A 10% INCREASE IN SALES REVENUE.

ACTION	KEY PARTICIPANTS	COMPLETE BY
Determine exact sales figures for the core multicultural market niche on a product-line basis for the past year as a baseline.	VP of Sales	January 31, 2016
Facilitate the new <i>Culture-Based Selling</i> training series for all sales representatives.	Sales Representatives	April 30, 2016
Develop a sales strategy that will increase individual sales rep revenue in the core multicultural market niche. Each strategy will incorporate at least two of the <i>Culture-Based Selling</i> techniques introduced during the training series.	Sales Representatives	June 15, 2016
Obtain approval for all individual sales strategies and launch.	Sales Manager and Reps	June 30, 2016
Evaluate individual sales strategies 180 days after launch by reviewing revenue streams for each sales rep. Make changes as needed.	Sales Manager and Reps	December 31, 2016
Determine whether the SMART goal has been achieved by comparing the most recent sales figures with baseline sales figures.	VP of Sales	June 30, 2017

facilitating each step, and a date by which each step should be completed. The resources required to carry out each step can also be included. The key to writing a successful action plan for a diversity program is to be specific, concise, and brief. A plan need not be particularly long or contain extensive verbiage. Table 4 illustrates a sample action plan based on one of the SMART goals identified in Table 2.

Define Performance Expectations

Once SMART goals and action plans have been developed, the next step is to define and communicate performance expectations for the individuals who are directly responsible for achieving the goals. Of greatest importance is the integration of these expectations into the organization's formal performance management process. For example, if one of the goals in the diversity initiative is to increase revenues in multicultural markets, which represents a focus on *improved organizational bottom line*, the performance expectations for sales managers and salespeople must reflect this goal. These expectations must become a part of the formal performance-appraisal process so that individuals are accountable for results.

Similarly, if one of the goals of a diversity program is to increase the diversity of organizational management, which represents a focus on *improved individual and organizational performance*, the performance expectations for human resource staff and others involved in the recruitment process must fall in line with this goal, and those

expectations must be reflected in individual performance appraisals. The key is to identify the specific individuals who will most directly affect goal achievement, to align their work expectations with the goals, and to make sure they are rewarded for goal attainment.

Determine Impact on Performance

The final step in the facilitation of a performance-focused diversity intervention is to determine whether the SMART goals have been accomplished and whether the desired impact on performance has been achieved. If the SMART goals are effective, this is a relatively simple process. All you need to do is examine the goal and see whether the measure identified in that goal has been achieved. For instance, in our sample SMART goal—*by June 30, 2017, the company will increase sales to its core multicultural market niche, as demonstrated by a 10% increase in sales revenue*—on June 30, 2017, you would simply review revenue streams for the core multicultural market niche to determine whether there has been a 10% increase. Similarly, if the goal were a 5% increase in the quality-hire measure, you would perform this calculation to determine whether the goal has been achieved.

CONCLUSION

Facilitating diversity programs that have a significant impact on performance is not a complicated process. However, many of today's diversity initiatives fail to

influence individual and organizational performance in any discernible manner, because one or more of these steps has been ignored. By applying the five steps described in this article and using the SMART goal process along with diversity metrics as a foundation for evaluating success, any organization can successfully facilitate diversity programs and activities that have a measurable impact on performance. 🌅

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