



How to develop diversity measures

By Edward E. Hubbard, Ph.D.

Although interest in measuring the effects of diversity has been growing, the topic still challenges even the most sophisticated and progressive diversity departments. Managers know they must begin to show how diversity is linked to the bottom-line or they will have difficulty maintaining funding, gaining support, and assessing progress. But where do they start?

Can diversity be measured?

Before we look at what to measure, I'd like to address the concern some practitioners have about the validity of measuring diversity results. Some practitioners seem to believe that quantifiable and quality-based measures cannot be applied to the diversity implementation process. Others believe that diversity is not a business-focused activity, simply another form of affirmative action regulatory compliance. But workforce and market place demographics make diversity a business and customer issue, as well as an issue of global competition!

The reluctance to measure diversity results sets managing and leveraging diversity apart from the rest of the organization. While peers in other departments are focusing on metrics that reflect their contribution, those implementing the diversity process often limit their discussion of diversity's contribution to increased awareness, improved feelings, and increased satisfaction among work groups. As a result, diversity is not taken seriously. Measurement of results is a useful tool that allows the diversity practitioner to talk the language of top management

and other managers.

Building a measurement system

The creation of a measurement system cannot be a mechanical modeling exercise. It must be preceded by an inspection of basic principles and of organizational and departmental strategic thinking as well as by an assessment of desired quality of work-life. Developing the actual measures is easy compared to the amount of time that should be spent thinking about what is important to the organization's strategic business objectives and what the expectations are of the diversity measurement process.

Key steps to building an effective measurement system

Creating an effective diversity measurement system involves five critical steps:

- Review the strategic business plan
- Formulate research questions
- Design the study methodology
- Collect and analyze data
- Communicate and monitor the results

Review the strategic business plan

If diversity is to address the strategic business challenges of the organization, then it is imperative that the needs of the business are understood. The strategic business plan offers a wealth of information on areas where diversity can contribute or make a difference.

Formulate research questions

Know what you want to know.

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Formulate research questions that help give you answers for establishing baseline diversity measures or calculating change and impact. Ask such questions as, "What is the distribution and retention impact of women and minorities in management positions above the first level?" "What is the diversity makeup of our customer base by product line and market share?" "What factors make the difference for high productivity among diverse work teams and their impact on customer service ratings?"

Design the study methodology

Diversity initiatives often proceed along several lines at the same time. Activities such as child-care services, flexi-time, parental leave options, mentoring, and others could be in action simultaneously. Suppose that at the end of two years, management notes a 45 percent decrease in turnover among female managers. The impact of this decrease is an identifiable value to the organization in lower recruiting and training costs. However, which of the above programs caused the improvement during that period?

Most of the time, diversity can take only partial credit for improvement. To help isolate the effects of an initiative from other factors that could have affected the result, you will need to go beyond standard control group analysis to use one or more techniques for isolating extraneous factors. These techniques include trend-line analysis, forecasting, and employee and supervisor estimations. Create a formalized plan of action that spells out how you

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will address each research question and the potential tools to be used.

Collect and analyze data

The data collection and analysis process requires the use of specific formulas and techniques designed to assess the research questions. These formulas and techniques might include calculations such as cost per diversity hire, percent change in local and global customer diversity demographics, the family of measures index, diversity hit rate, diversity training evaluation, and so on.

To have maximum impact in demonstrating diversity's value to the bottom-line, it is vital that percentage calculations are converted to financial terms whenever possible. These percentages might convert to a preventative cost savings, such as a turnover dollar saving, lower recruiting costs, or a benefit such as increased customer satisfaction ratings, added customer purchase volume, improved employee morale and productivity (measured in increased units per hour, faster problem resolution in diverse teams that results in reduced cycle time, speed to market).

For the most part, any object, issue, process, or activity that can be described by observable variables is subject to measurement. Phenomena can be evaluated in five dimensions of measurement: cost, time, quantity, quality, or frequency of occurrence.

The central issue in applying measurement to the diversity culture change process is to decide what is worth measuring and to agree on the measure as a fair representation of progress and accountability. Which measurement tools you use will be

determined by what you want measured and what results you want from the measurements.

Communicate and monitor the results

Reporting your diversity results is almost as important as producing the results. Regardless of the message, at least three general rules are important to remember:

- *The communication must be targeted to specific audience.* The communication will be more efficient when it is designed for a specific group.
- *The communication should be unbiased and always modest.* Facts must be separated from fiction, and accurate statements must replace opinion.
- *The communication must be consistent.*

The timing and content of the communication should be consistent with past practices. A special communication at an unusual time may create suspicion.

Find out how you can become a regular participant and presenter in key departmental staff meetings. Encourage others to join your staff meetings to create strategic partnerships. Finally, be sure to develop good measurement monitoring practices. This will ensure a continuous feedback loop to meet the organization's informational and development needs in a responsive manner.

Start your measurement journey

I hope that this article will help you begin the journey of measuring your diversity results. You can use measurements to identify winning approaches and processes that work to transform the organization's culture to a more

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inclusive environment. They can help you increase the value of your workforce diversity efforts by providing focus and demonstrating organizational impact. If full utilization of the diverse workforce is to be a reality in our lifetime, we must use every tool or resource available to fully monitor and communicate the effectiveness of this effort.

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