

The Impact of Work Force Diversity on Achieving Business Objectives

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Importance of Human Capital

[Differences in work force composition] are highly correlated with productivity and market value differences across firms. In particular, we find that human capital is related to market value even after controlling for total physical assets.

The U.S. Census Bureau

Work Force Diversity: Question

If your company managed its business the same way it manages its human resources, would it be as successful?

Work Force Diversity: Worker Shortfall

- ❑ 1) 10 million worker shortfall in 2010
- ❑ 2) 6 million college educated shortfall in 2010
- ❑ 3) 40% of top management expected to retire in the next 5 years
- ❑ 4) 15% decline in 35 – 44 year olds in the next 15 years
- ❑ 5) The working age population will decline until 2025

Work Force Diversity: Changing Demographics

- 1) According to the U.S. Census Bureau, the nation's minority population topped 100 million in May 2007.
- 2) One in three U.S. residents is classified as a minority
- 3) The work force is aging, by 2010:
 - The age group 45 – 64 will increase by 29%
 - The age group 65+ will increase by 14%

Material Handling Logistics Summit

Top trend: “Growing importance of demographics, labor, and people.”

Challenge: How do MHIA members “...attract, retain, and continuously develop people.”

Work Force Diversity: CEO Perspective

Work Force Diversity Management is about achieving and maintaining a competitive advantage through an organization's work force. It is about the alignment and management of a diverse work force in achieving business objectives.

Work Force Diversity Continuum

Compliance — Valuing Differences — Diversity
Mgnt

Work Force Diversity Survey

□ Question #1: What are the key metrics?

- Net profits.....86%
- Total revenue.....77%
- Earnings per share.....11%
- Productivity.....
...38%
- New hire quality.....
0%

Work Force Diversity Survey

Diversity Audit Question:

How do human capital and work force diversity issues affect your performance metrics?

Work Force Diversity Survey

Question #2: What are the most threatening risks?

- Downturn in the economy.....88%
- Ability to attract and retain top talent.....39%
- Inflation.....
.....11%
- New laws and regulations.....
9%

Work Force Diversity Survey

Diversity Audit Question:

How do human capital and work force diversity issues affect your key risks?

Work Force Diversity Survey

- Question #3: Has your company taken steps to increase work force diversity?
 - Yes.....
40%
 - No.....
60%

Work Force Diversity Survey

- Question #3: If yes, what steps are being taken to increase work force diversity?
 - Implementing diversity initiatives with the purpose of helping the company “to grow.”
 - Change in recruiting activities
 - Change in hiring demographics
 - Training programs
 - Work-life balance
 - Mentoring

Work Force Diversity Survey

Question #4: Has your company taken any steps to increase the diversity of its suppliers and/or use of subcontractors?

Yes.....
33%

No.....
67%

Work Force Diversity Survey

□ Question #5: Do you agree work force diversity will affect your company's competitiveness?

■ Strongly agree.....
9%

■ Agree.....
....56%

■ Disagree.....
..29%

■ Strongly disagree.....
5%

Work Force Diversity Survey

Diversity Audit Question:

How do human capital and work force diversity issues affect your competitiveness?

Work Force Diversity Survey

Question #6: Do you hold your managers and supervisors accountable for their performance in helping your company achieve its diversity goals?

Yes.....
38%

No.....
11%

We do not have diversity goals.....51%

Work Force Diversity Survey

- Question #14: What work place diversity issues are currently impacting your company?
 - “The ability to deal with foreign languages
 - ‘The ability to hire qualified employees
 - “Cannot get talent from normal sources”
 - Finding candidates to consider manufacturing
 - “Lack of response from minority suppliers”
 - “Lack of trained workers....”
 - “Language skills, accent barriers, English proficiency

Work Force Diversity Survey

*Recruiting minorities has become a priority.
“...diversity of work force equates with
diversity of thought” ...needed to avoid “group
think.”*

General Michael Hayden, CIA Director

Presenter Information

- Ronald Adler is president and CEO of Laurdan Associates, Inc., an HR management consulting firm specializing in HR auditing products and consulting, employment practices liability risk assessments, HR metrics, employee surveys, strategic HR, and HR management issues.
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