



Economic benefits of employment equity

Working towards employment equity in our organizations is both a goal and a process, and both have economic benefits. It also makes good business and financial sense to have and keep a diverse workforce. This infosheet explains why it's important to build equitable workplaces from an economic perspective. It includes the following:

- Benefits of a diverse workforce
- Benefits of a fair and inclusive workplace
- Benefits of working to improve employment equity

Benefits of a diverse workforce

A diverse workforce is when your staff identify with a diverse range of racial backgrounds, genders, ages, religions, abilities, economic backgrounds, sexual orientations, family types and other differences we see in our communities. When employers put in place policies and practices to encourage diversity, such as fair and equitable hiring and professional development, this can lead to:

Higher profits¹

Increased revenue resulting from innovation²

Growth in markets and market share³

How do you get these benefits?

Diversity attracts customers and workers

Our communities are diverse. Businesses and organizations who reflect this diversity in their workforces can have:

- **More customers and customer loyalty**
When existing and potential clients see relatable employees, they feel that their experiences and needs will be better understood⁴
- **A positive impact on the organization's reputation**
The public tend to have positive opinions about organizations that prioritize staff diversity⁵
- **More job applicants**
Many people seeking new jobs, especially those who have experienced past workplace discrimination, look for organizations with diverse employee representation, which widens the talent pool for employers⁶

Diversity results in more innovation

Innovation and creativity thrive when workplaces are diverse. Having employees with different backgrounds and experiences can create an environment where:

- Everyone has opportunities to learn from those who are different from them⁷
- Staff feel more welcome to bring up new ideas and perspectives⁸
- Staff reflect on their assumptions and positions before making decisions⁹

On the other hand, workplaces where everyone has the same values, backgrounds and perspectives can lead to:

- Decisions based on the first suggestion due to a lack of critical reflection (often referred to as “group think”)¹⁰
- Environments where people feel pressured to do what others do, and where it can feel risky to suggest new approaches or perspectives¹¹

Going deeper with an equity-centred approach

There are many ways to value diversity. An equity-centred approach goes deeper than commitments to “celebrate our differences.” It urges employers to directly address the discrimination that people face because of who they are.¹² Listening to the needs of your staff can improve an organization’s capacity to:

Access new perspectives or ones that had been previously excluded

This increases an organization’s capacity to make well-informed decisions, innovate, adapt in times of change, and identify untapped opportunities.¹³

Understand barriers to employment equity

Sometimes it’s hard to see how our social and organizational structures contribute to inequity, especially for those who haven’t been directly impacted. By learning from those who have personal experiences of navigating workplace discrimination, businesses and organizations can work to improve their policies, priorities and practices so that all employees can thrive.¹⁴

Better respond to diverse needs in the communities they serve (including potential customers, community partners, investors, donors or members)¹⁵

For example, some healthcare organizations in Canada specifically seek employees who live with chronic health conditions, disabilities and impairments in order to better provide care based on insights gained from the personal experiences of their staff.¹⁶

Benefits of a fair and inclusive workplace

Workplaces that are inclusive, fair and equitable can experience lower costs and higher retention when training new employees.¹⁷

Fair and inclusive workplaces benefit everyone in the following ways:

- Absences are less common when workplaces have flexible policies and processes that account for different life circumstances¹⁸
- Staff are more productive and fulfilled when they feel safe, accepted and able to “bring their whole selves to work”¹⁹
- Staff communicate and collaborate better when workplaces take steps to prevent discrimination²⁰
- Staff are more likely to stay with an employer longer-term when workplaces are adaptable to diverse experiences²¹



Benefits of working to improve employment equity

As an employer, you'll need to invest time, effort and resources to improve employment equity. To build fair, inclusive and equitable workplaces and capitalize on the benefits this infosheet describes, reflect on your policies and practices, and have conversations with staff at all levels of the organization about their experiences.

Reflect on policies and practices

An employer's assessment of the impact of rules and how people work provides a chance to:

- Notice and address hiring and promotion processes that may exclude qualified individuals²²
- Get at the root causes of inequality by understanding how individual acts of exclusion and discrimination can be embedded in larger systems²³
- Increase transparency and accountability²⁴

For example, a study of service and manufacturing organizations in Ireland found that when leadership was open about recruitment procedures, pay and promotion of marginalized groups, there was increased productivity, innovation and overall employee retention.²⁴

Talk about employment equity

Talking about employment equity demonstrates leadership accountability.²⁶ These conversations create a chance to:

- Reflect on how unconscious biases may impact communication between teams²⁷
- Make a plan for discussing difficult topics²⁸
- Develop processes for safe and respectful workplace behaviour²⁹
- Strengthen leadership skills and capacities and find out where more support may be needed³⁰
- Improve communication so that leadership can effectively receive feedback—and employees can easily provide it³¹

Notes

¹ McKinsey & Company conducted research with 1,039 companies in 15 countries and found that workplaces who ranked in the top 25% with high diversity (gender, race and ethnicity) in leadership positions were 25 to 36 per cent more likely to experience above-average profitability than peer companies whose diversity rankings were in the bottom 25%. Hunt, Vivian, Sundiatu Dixon-Fyle, Sara Prince, and Kevin Dolan. [“Diversity Wins: How Inclusion Matters.”](#) McKinsey & Company, May 2020, 3–4.

² Boston Consulting Group surveyed more than 1,700 companies across eight countries to examine the relationship between managerial diversity and innovation and found that companies with above-average total diversity had 19% higher revenues resulting from innovation. Lorenzo, Rocio, and Martin Reeves. [“How and Where Diversity Drives Financial Performance.”](#) Harvard Business Review, January 30, 2018.

³ According to research published by Harvard Business Review, employees in firms with diverse staff and leadership are 45% likelier to report a growth in market share over the previous year and 70% likelier to report that they captured a new market. Hewlett, Sylvia Ann, Melinda Marshall, and Laura Sherbin. [“How Diversity Can Drive Innovation.”](#) Harvard Business Review, December 1, 2013.

⁴ Canadian Heritage. [“Systemic Barriers to the Full Socio-Economic Participation of Persons with Disabilities and the Benefits Realized When Such Persons Are Included in the Workplace.”](#) December 2020, 33–34.

⁵ Canadian Heritage, 33–34.

⁶ Mac Nab, Austin. [“How Does Inclusive Culture Boost Company Performance?”](#) Entrepreneur Media, February 2022.; Galinsky, Adam D., Andrew R. Todd, Astrid C. Homan, Katherine W. Phillips, Evan P. Apfelbaum, Stacey J. Sasaki, Jennifer A. Richeson, Jennifer B. Olayon, and William W. Maddux. [“Maximizing the Gains and Minimizing the Pains of Diversity: A Policy Perspective.”](#) Perspectives on Psychological Science 10, no. 6 (November 1, 2015): 744.

⁷ Galinsky et al. 744.

⁸ Canadian Heritage, 30.

⁹ Galinsky et al. 743; Canadian Heritage, 30; Mac Nab.

¹⁰ Canadian Heritage, 30.; Galinsky et al. 743.

¹¹ Phillips, Katherine W. [“How Diversity Makes Us Smarter.”](#) Scientific American, October 2014.

¹² Mayer, David M., Madeline Ong, Scott Sonenshein, and Susan J. Ashford. [“To Get Companies to Take Action on Social Issues, Emphasize Morals, Not the Business Case.”](#) Harvard Business Review, February 14, 2019.

¹³ Bond, Meg A., and Michelle C. Haynes. [“Workplace Diversity: A Social-Ecological Framework and Policy Implications: Workplace Diversity.”](#) Social Issues and Policy Review 8, no. 1 (January 2014): 170; Canadian Heritage, 30; Mac Nab; Galinsky et al., 742; Canadian Heritage, 30.

¹⁴ Canadian Heritage, 34.

¹⁵ Bond, 169.

¹⁶ Canadian Heritage, 29.

¹⁷ Gomez, Alissa Rubin. [“The Mismeasure of Success.”](#) St. John’s Law Review 94, no. 4 (Winter 2022): 936; Canadian Heritage, 31.

¹⁸ Canadian Heritage.

¹⁹ Hunt et al., 6; Canadian Heritage; Mac Nab.

²⁰ Bond, 170.

²¹ Canadian Heritage; Mac Nab.

²² Canadian Heritage, 29; Hunt et al., 42.

²³ Bond, 167–169.

²⁴ Hunt et al., 6; Gomez, 928–929.

²⁵ Galinsky et al., 744.

²⁶ Bond, 177; McCallaghan, Sean, Leon Jackson, and Marita Heyns. [“Examining the Mediating Effect of Diversity Climate on the Relationship between Destructive Leadership and Employee Attitudes.”](#) Journal of Psychology in Africa 29 (November 2, 2019): 563–69.

²⁷ Hunt et al., 6, 42–44.

²⁸ Hunt et al., 44.

²⁹ Hunt et al., 6.

³⁰ Hunt et al., 6.

³¹ Hunt et al., 42.

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536 - 999 Canada Place

Vancouver, B.C. V6C 3E1

1-844-922-6472 | info@bchumanrights.ca



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