The Business Case for Gender Diversity

Caroline Simard, PhD, Research Associate

The business case for gender diversity in technology is stronger than ever based on rigorous research findings. Here is the latest research which demonstrates how diversity clearly strengthens the bottom line.

The War for Talent – Remaining Competitive: Reaching out to technical women is crucial to a company’s ability to attract and retain the human capital it needs to succeed, and research shows:

- The cost of filling the vacancy of a skilled technical employee has been estimated to be as high as 120% of the yearly salary attached to that position [1].
- Despite popular beliefs about the impact of offshoring on hi-tech jobs, numbers show that the demand for high-level high-tech jobs such as software engineers has increased since 2000 [2, 3] and that offshoring has not slowed job growth in developed countries [4, 5].
- Companies are looking for technology workers with more experience and a broader set of skills such as leadership and interpersonal communication skills. Competition for these employees, combined with the drop of computer science graduates and impending retirement of the baby-boomer generation, has led to fierce recruiting competition among firms; nearly 300 technology executives surveyed identified identifying, hiring, and retaining skilled technical workers as their top concern in 2006 [6].
- Companies with effective diversity inclusion practices benefit from reduced absenteeism and employee turnover [7].

Women have the skill set for the new competitive demands of technical work

- Companies agree that they need more technical leaders with varied skills such as interpersonal skills and business skills. 93% of technical leaders in a survey identified the building of collaborative networks in an organization as a crucial component of leadership [8]. Women have the skills to meet the new demands of technological work both in terms of technical and interpersonal skills [9].

Women are paramount to User-Driven Innovation

- Women influence 80% of consumer spending decisions, and yet 90% of technology products and services are designed by men [10]. Including women in the technological design process means more competitive products in the marketplace.
- The most innovative companies design products through user-driven innovation [11] by integrating lead users in the design process. Women bring new markets and new technological applications to the design process and can market effectively to women, opening up new lines of business [12]. Women of various ethnic backgrounds can furthermore open new international and ethnic markets [5, 13, 14].

Diversity brings benefits to an organization’s image

- Companies with a diverse workforce generally benefit from a better image in the marketplace [7].
Diversity makes for better decision-making at all organizational levels

- Group diversity leads to better decision outcomes, and this has been shown in a variety of settings, occupations, and organizations [15, 16], and also applies to group task performance [17, 18] and to creativity and innovation [19]. Diversity is beneficial because a variety of opinions, backgrounds, and thinking styles and their integration into the solution are what contribute to better decision outcomes.

- Research has found a correlation between the presence of women in higher management and financial performance of the organization, as measured to total return to shareholders and return on equity [20].

- A recent industry report estimates that by 2012, teams with gender diversity will double their chances of exceeding performance expectations when compared to all male teams [10].

- Diversity is especially important and beneficial for problem solving and innovation tasks [21], such as is the case in technology.

The Anita Borg Institute for Women and Technology: helping companies leveraging the benefits of gender diversity:

- The Grace Hopper Celebration for Women and Computing: provides sponsoring corporations access to a talented pool of technical women for recruiting.
- TechLeaders: provides technical women with leadership development for ongoing talent development and retention.
- Women of Vision: provides industry participants with inspiration and community building.
- Systers provide technical women with a supportive community and a place to exchange knowledge to strengthen their leadership
- ABI Awards provide visibility and recognition to distinguished technical women.

References: