



## Employee Diversity Boosts Engagement & Performance

by [Steve Brown](#) Topics: [employees](#), [diversity](#), [performance](#)

**Summary:** Employee diversity can provide community financial institutions with many benefits. It can increase employee engagement, improve business performance, and allow for greater connections with a changing customer base. We give you some ways to increase your employee diversity.

Today is National Puzzle Day and most of us have done a puzzle or two during the pandemic. Demand has soared to the point where one handcrafted puzzle went for as much as \$4,500! Increasing diversity within an organization can also be puzzling. But, today, we shed some light on why and how to do this.

In the wake of the past year's inclusion-focused rallies and events, community financial institutions (CFIs) are increasingly embracing a more committed effort to add gender and racial diversity to their internal organization. This is being done not only to increase employee engagement, but also to increase business performance.

### **Diversity improves business performance**

Indeed, enterprises that encourage more employee diversity are better able to *"acquire and retain the best talent, build employee engagement, increase innovation and improve business performance,"* according to a 2019 Harvard Business Review article. Even before the recent protests of 2020, the US Congress' Subcommittee on Diversity and Inclusion convened a hearing in May 2019, dubbed "Good for the Bottom Line: A Review of the Business Case for Diversity," where experts offered examples on how inclusive organizations are more productive and profitable. Indeed, as early as 2015, [McKinsey & Co uncovered](#) a *"linear relationship between racial and ethnic diversity and better financial performance,"* finding that:

***"for every 10% increase in racial and ethnic diversity on the senior executive team, a company's earnings before interest and taxes (EBIT) rises 0.8%."***

For these reasons and more, many CFIs desire to do a better job at being diverse and inclusive. It can also help your institution connect with a changing customer base. Here are a few suggestions for creating a more racially, ethnically, and gender-diverse employee group:

1. **Recruit from diverse or historically Black colleges.** In a recent bank industry webinar, a Black venture capitalist expounded on how his firm typically recruits from Ivy League schools and prestigious private universities for interns. But, their best summer interns have often come from historically Black or diverse colleges, like Morehouse. These interns tend to have a strong work ethic, especially since many of them do not have the same safety net as many of their more affluent peers. This may be an avenue for CFIs to consider.
2. **Find and cultivate diverse talent.** It is important to hire and encourage diversity at all levels of an organization — today's frontline teller could be tomorrow's CFO or CEO or board member. Even if qualified candidates are not in abundance to fill high-level executive roles, CFIs can start with frontline employees, finding and selecting the most talented and grooming them for future success and promotion at the bank.

3. **Make diverse staffing a compensation goal.** Technology giants like Facebook and Intel have seen massive improvement by tying diversity hiring and training goals to compensation or bonuses. It makes sense to quantify a diversity goal, based on the area and prospective customer population, and aim to hire around that.

These are only a few ways to increase employee diversity and engagement. We know there are many more that are being incorporated. Still, this may give you some food for thought.

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## ECONOMY & RATES

Rates As Of: 01/29/2021 06:10AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.05	-0.01	-0.01
6M	0.07	-0.01	-0.01
1Y	0.08	-0.02	-0.02
2Y	0.12	0.00	0.00
5Y	0.45	0.09	0.09
10Y	1.10	0.18	0.18
30Y	1.86	0.21	0.21
FF Market	FF Target	Fed Disc	
0.07	0.25	0.25	
SOFR	Prime	Unemp	
0.04	3.25	6.70	

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