THE GROWING DIVERSITY AND INCLUSION MANDATE
The broad-based inclusion of women and minorities across all industries and sectors is now a business imperative.

MORE THAN A DECADE INTO THE 21ST CENTURY AND DIVERSITY AND INCLUSION (D&I) HAVE, AT LAST, COME OF AGE. TODAY, D&I EFFORTS ARE A PERMANENT LEVER OF TRANSFORMATION AS SOCIETAL AND DEMOGRAPHIC SHIFTS AFFECT THE WAY WE LIVE AND WORK. THE RECENT EXPLOSION OF CHANGE IS CREATING A MANDATE FOR UNDERSTANDING AND ACCEPTANCE BOTH OUTSIDE AND INSIDE THE WORKPLACE.

Organizations are now face-to-face with an increasingly diverse workforce—an unprecedented phenomenon that has permanently changed the reality of the business world. For the first time in history, no fewer than four generations are working side-by-side. The growth of minority populations is transitioning the country towards a “majority minority” nation. LGBT individuals are being increasingly open about who they are and continue to play a growing role in the national economy.

Increased globalization and connectivity is further fueling these rapid demographic shifts and driving the D&I movement. Today’s businesses are expanding beyond their borders and can no longer ignore the business case for D&I. The broad-based inclusion of women and minorities across all industries and sectors is now a business imperative—and the insurance industry is no exception.

Though the industry has made strides in recent years, the reality is that our programs and initiatives fall short of embracing D&I in all of its forms. The call to action is now and the spotlight on diversity is significant.

The issue has gone vocal and viral as the focus shifts away from not only gender inclusion but towards all facets and faces of diversity. The dawning of this new age of D&I is happening now, and rhetoric will not be enough. This must be a grass-roots movement with men and women of all ethnic, generational and lifestyle backgrounds joining together to ignite change. Change happens one hire, one promotion, one coaching moment at a time—and that time is now.
THE NEW DEMOGRAPHIC LANDSCAPE

Much of the nation today looks radically different from 1980. Similarly, the United States of 2050 will look very different from that of today. The workforce is on track to be “grayer” and more ethnically and gender diverse. These changes will have a lasting impact on the face of the workplace and its D&I practices.

Today marks a historic point in the business world as four generations work side-by-side. Professionals now range from the stalwart Traditionalists currently holding management roles to the fresh-faced Millennials entering the workforce in droves. On the horizon are the post-Millennials—known as Generation Z—currently entering college and preparing to start their careers. Despite the entrance of these young generations into the workforce, predictions point to a “graying” workforce with 20 percent of the population turning 65 years of age or older. In fact, by 2020, the prime labor force—aged 25 to 54—is expected to decline by more than 3 percent. In contrast, workers aged 65 and older are expected to increase by nearly 6 percent.

The insurance industry is uniquely affected by this “graying” trend. The current number of insurance professionals aged 55 and older is nearly 30 percent higher than the rest of the economy. Throughout the past 10 years, the number of insurance employees above the age of 55 has increased by a staggering 74 percent. As a result, the majority of insurance employees and executives are aged 45 and older.

Globally, businesses are now seeing a demand for gender diversity at all levels. Women currently account for the majority of students in 93 countries and earn more bachelors’ degrees and masters’ degrees than men. This new generation of female professionals is highly educated and is entering the workforce in larger numbers than any previous generation. In early 2010, for the first time in history, there were more women in the U.S. workforce than men. Unfortunately, women continue to lag behind men in terms of income and leadership attainment. Less than 15 percent of all executive officers at Fortune 500 companies are female. In fact, a recent study shows that 21 percent of men advance to senior leadership positions, compared to just 11 percent of women. As the workforce moves towards increased diversity, the push for gender equality across all levels is only expected to increase.
Perhaps nowhere is the gap between male and female employment felt as sharply as within the “boy’s club” of insurance—despite the many enlightened males who are currently serving as executive sponsors, ambassadors and role models for change. While the number of women working in insurance is roughly equal to the number of men—at 191,000 and 197,000, respectively—gender diversity is lacking across all leadership levels of the industry. Only 6 percent of executive positions are filled by women with 85 percent of organizations having no females in top executive positions. In 1980, it was estimated that women comprised only 1.5 percent of insurance senior-level position appointments. By 1990 that figure was still only 3 percent. Despite efforts to increase the presence of executive women, today that number is still only 6 percent.

Finally, a highly globalized world and increased immigration is playing a major role in the evolution of the U.S. racial and ethnic composition. The United Nations is currently estimating that two million individuals each year will move from poorer to developed nations during the next 40 years. More than half of those are expected to immigrate to the United States. Despite predictions that all races and ethnicities will experience significant growth by 2020, this wave of immigration will have a significant impact on the minority population. Currently 30 percent, it is expected to quickly exceed 50 percent. In fact, according to U.S. Census data, the U.S. will be a “majority minority” nation by the year 2043. By 2050, there will be no racial or ethnic majority within the U.S. This momentous demographic shift will have a lasting effect on the face of the workforce, as new immigrants will account for 83 percent of the growth in the working-age population by that same year.

The insurance industry will be particularly impacted by these changes as it continues to fall behind in terms of minority representation. Today, 98 percent of insurance leaders are white, as is 93 percent of executive management. Minorities are significantly underrepresented, accounting for only 13 percent of all management positions. Throughout the spectrum of insurance jobs, minorities struggle to find a solid footing. They continue to face challenges in finding workable pathways and advocates to champion their career advancement.
THE GROWING IMPACT OF DIVERSITY

D&I is no longer just a “nice to have” but rather a pressing imperative. More and more companies are discussing how to embrace diversity within their workplaces. Today, D&I efforts are a serious necessity across the board. Companies no longer view D&I as a separate issue from other business practices, but as a key ingredient in building a strong, successful future. Organizations realize that they cannot be successful in today’s global world without a diverse and inclusive workforce.

Diversity has been shown to drastically improve a company’s capacity for innovation and problem solving—fostering a culture of adaptability and creativity. By bringing together workers with different qualifications, backgrounds and experiences, teams are better able to generate new ideas and find unique perspectives. In addition, diversity initiatives often work to improve employee satisfaction, retention and productivity. Organizations that fail to foster inclusive workplaces report higher turnover rates and employee disengagement. Knowing that an organization values and desires one’s unique perspective goes a long way in terms of increasing motivation, loyalty and, as a result, performance. In fact, research has proven that companies that place value on workforce diversity at senior and executive levels, as well as within their boards, outperform their competitors.

As the workplace expands globally, organizations are faced with servicing a broader clientele. A focus on diversity ensures that today’s organizations reflect the diversity and needs of its client base and allows companies to be better positioned to address the changing demands of their customers.
As businesses commit to meeting the needs of diverse communities of consumers, reflecting that commitment in their hiring practices ensures that the organization’s products and services are respectful of their clients’ cultures. In addition, these individuals provide valuable insights into the markets they reflect, further impacting an organization’s ability to successful engage on a global level.

Perhaps most importantly—in today’s increasingly challenging labor market—creating and maintaining an inclusive environment dramatically expands an organization’s pool of talented candidates. Recruiting from a diverse pool of candidates means a more qualified workforce. Not only does this policy help to broaden the pool of talent a company can recruit from, it helps organizations position their employment brands as fully inclusive. When companies recruit from a diverse set of potential employees, they are more likely to hire the best and the brightest in the labor market. In an increasingly competitive economy—where talent is crucial to improving the bottom line—pooling from the largest and most diverse set of candidates is increasingly necessary for success.

BUILDING A DIVERSE WORKFORCE

Today’s organizations are faced with a D&I mandate. They are now managing a broad array of attitudes and styles in the workplace thanks to drastic demographic shifts. As a result, D&I efforts are no longer optional, but are a necessity for companies looking to succeed. In fact, nearly 97 percent of companies have some sort of formal or informal diversity strategy in place. In order to keep pace, insurers must go beyond just words and implement robust programs and policies that support and embrace diversity. It is vital to building a flourishing business strategy, capturing new clients and ultimately succeeding as an organization.

One of the first steps in growing a diverse workforce is to refocus hiring efforts towards an expanded candidate pool. Organizations should look at the demographics not represented by their current employee breakdown and give attention to filling these gaps. By broadening their recruitment outreach, these organizations are able to appeal to a larger number of individuals that may have been overlooked with traditional methods. While the focus must remain on selecting the best candidate for the job, special attention should be given to bringing on a diverse range of talents and personalities. Fortunately the emergence of the Millennial and Generation Z professionals is helping to jumpstart diverse hiring efforts. These generations reflect the key demographic trends occurring in the population and provide an opportunity for organizations to not only promote inclusion, but to bring in new and fresh perspectives.

Often the retention of a diverse workforce is more challenging than the original recruitment efforts. In today’s ever-tightening labor market, insurers cannot afford to lose the talent that they have already invested in. As a result, insurers must foster an environment of acceptance and inclusion. Mentoring practices, team-building activities and open communication should be built into current diversity training. Organizations should stress the power of internal networking and provide company-sponsored opportunities for individuals to reach across teams and departments. This open and collaborative environment has proven to bolster a diverse working environment.
Beyond hiring and retaining a diverse workforce, inclusion is about creating a culture where all employees feel comfortable sharing their viewpoints and ideas. Before an organization can successfully spearhead a D&I effort, it is paramount that they understand the true spectrum of diversity. What are the misconceptions, fears and unconscious biases that are holding the company back? Armed with these insights, organizations can develop and leverage diversity. The key is to create a culture where the inclusion conversation can occur and dialogue transitions into actionable change.

In terms of diversity, change must come from the top. Executives and managers must focus on weaving this mindset into the company’s values, working it into departmental strategies and supporting it within their own teams. Business leaders must serve as role models, actively supporting diversity issues and solutions. According to a recent survey, 70 percent of companies believe that executive-level professionals and the board of directors are responsible for the success of the organization’s D&I efforts. In fact, 35 percent feel that ultimate accountability lies directly with the CEO.

Many organizations agree that the absence of an active and interwoven D&I program is a risk that must be mitigated. In response, they are implementing a C-level position focused solely on managing their D&I efforts—the Chief Diversity Officer (CDO). The CDO is the driving force for change and determines how success is measured. The work of the CDO is permeating organizations from a cultural, strategic and business resiliency standpoint.

Regardless of the strategy—whether formal or informal—a diverse and inclusive workforce is necessary to drive innovation, foster creativity and guide business strategies. The globalization of business has created a sophisticated, complex and competitive environment; and only those companies that genuinely embrace diversity will succeed long-term. Already, forward-thinking organizations that have embraced a diverse workforce are reaping the benefits and gaining a sustainable competitive advantage in the war for talent, market share and capital.
D&I is the new business priority. Insurance organizations must embrace the reality that a diverse workforce can provide the “employer-of-choice” recognition necessary to attract top talent and capture new clients. We must continue to promote a broader conversation, to rethink diversity, and to build more effective and inspiring companies. The insurance industry is poised to lead with its conviction and collective courage.

Our vision must be big and bold in order to truly become reality. The key is to move beyond simple acceptance of the diversity mandate and instead live it, challenge others to join in, and be the forward-looking and provocative voice in the room. After all, true change can only occur with vision and personal energy; and big change is possible for those who are willing to work for it. If we live Gandhi’s words and “be the change that you wish to see in the world,” diversity and inclusion becomes the mantra. Look forward; there’s no going back now.

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ABOUT THE AUTHOR: Margaret Resce Milkint is Managing Partner at The Jacobson Group, the leading global provider of talent to the insurance industry. As leader of the firm’s executive search practice, she handles executive management and actuarial searches on a global basis in the areas of life, property and casualty, healthcare, reinsurance, and consulting.

To further discuss this topic or if we can serve as a thought leader in your talent-related endeavors, don’t hesitate to contact Margaret at +1 (800) 466-1578 or mmilkint@jacobsononline.com.
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For more information, please contact:
The Jacobson Group
+1 (800) 466-1578
jacobsononline.com

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