

## BUSINESS CASE FOR

# DIVERSITY, EQUITY & INCLUSION

A business's success is defined by the value it provides to its stakeholders. Such value can be created by insisting your talent resources are equipped to face various business scenarios. This takes a staff that possesses myriad skills and experience. The following is an examination of a business case for Diversity. Here are three areas where a focus on Diversity can be good for the bottom-line.



### LEGAL

#### Diversity as Duty of Care

Every corporate official has legal fiduciary duties for which must be obeyed. One of the responsibilities is called the Duty of Care, which is a legal requirement imposed on directors and corporate officials requiring compliance to a standard of reasonable care while performing their roles for the organization.

The Duty of Care implies a reasonable officer would seek to advance corporate opportunities. Therefore, it seems reasonable that an effort to expand diversity would be expected if the anticipated results are better returns.

On the opposite side of the equation, corporate officials are warned to avoid wasting company's resources. The Corporate Waste Doctrine states directors have a duty to not squander corporate opportunities. It may be reasonable to conclude that the omission of qualified talent with diverse skills handicaps an organization's potential. This is a wasted opportunity.

Think about how corporate resources are invested. The rule that warns against concentration risk has application for Diversity. The same may be said for human resources. Diverse people talents may lead to greater returns.



### QUALITY CONTROL

#### Diversity as Risk Mitigation

An essential skill for management is the ability to spot issues. When presented with a fact pattern, management must discern which details are fact and which are noise. The purpose of issue spotting is to ensure management addresses the important issues and avoid missteps.

Diversity improves odds of spotting issues by broadening the perspectives around the table. Diversity includes consulting people with various disciplines, backgrounds, gender, age, ethnicity and experiences.

Another perspective on risk mitigation is adherence to the economic Law of Diminishing Marginal Utility. This economic principle suggests there is an optimum number of diverse ideas. Too few diverse ideas can be limiting. Too many diverse perspectives can be a distraction. Organizations that employ a formal diversity program get a better understanding of how to apply the right amount of diversity to improve results.



### STRATEGY

#### Diversity as Marketing Tool

Freedom of Association is an innate and fundamental human right. This choice is enshrined in the First Amendment of the United States Constitution. People choose affiliations based on how they identify with a group.

The power of affiliation is natural to credit unions that use fields of membership to build communities of members. The common bond notion is more than just a regulatory requirement. Common interests among the membership ensure a credit union focuses its attention on the needs of its members.

Diversity is in the eye of the beholder. How one sees him/herself defines the scrutiny applied to an organization's image. Members may see themselves with different perspectives and identities.

Credit unions should ask what image do they want to project in their target market. This is the lens through which members and the community will judge the credit union's focus on representation. The adequacy of diversity is not determinable by insiders. The audience should be asked for their impressions to get a sense of how members feel diversity has been attained.

## 7 COOPERATIVE PRINCIPLES Established 1844

### 1 | **Voluntary & Open Membership**

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### 2 | **Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions.

### 3 | **Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative.

### 4 | **Autonomy & Independence**

Cooperatives are autonomous, self-help organizations controlled by their members.

### 5 | **Education, Training & Information**

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives.

### 6 | **Cooperation Among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

### 7 | **Concern for Community**

Cooperatives work for the sustainable development of their communities through policies approved by their members.

## TIME FOR A NEW COOPERATIVE PRINCIPLE

# DIVERSITY, EQUITY & INCLUSION

Cooperatives believe we are stronger when a proactive effort is put forth to engage everyone in governance, management and representation.

The idea of creating a new Cooperative Principle evolved through conversations with professionals in Diversity, Equity and Inclusion.

The Cooperative Principles were originally written in 1844. The world looked different then. Slavery was legal in many states. Women lacked the right to vote. In fact, women were prohibited from inheriting property and were generally considered the chattel of their husbands.

An 8th Cooperative Principle establishes a forthright affirmation that diversity and inclusion is an ideal that should be pursued. Some argue that the first Principle satisfies the diversity requirement with its prohibition on discrimination. This new Principle goes beyond defense and provides a provocation to actively seek changes in public policy and private practice. Raising all voices is both pragmatic and moral. This is an opportunity to advance economic justice, human dignity and community development.

The call to action is to simply engage in a conversation on how to make our public and private systems work for everyone. This is a movement whose time has come for action.



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