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Revellers take part in the Gay Pride Parade in Toronto, July, 3, 2011.

Economic development

Diversity now a key tool in the fight for the creative class

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With advertisements depicting same-sex couples, TD Canada Trust is getting people's attention. And if reaching out to diverse customers is a potential tool in a corporation's quest for a better bottom line, so too can it help cities drive their economies forward.

Increasingly, demographic diversity – ethnic, gender, sexual, religious and so on – is proving crucial to the success of local economies.

In other words, it's no longer enough for cities to subscribe to the "if you build it, they will come" theory to attract top talent. Rather, they need to roll out the welcome mat to one and all.

"There's no question about it any more; one of the greatest competitive advantages for any city is tolerance," says Tom Jones, director of Smart City Consulting in Memphis, Tenn.

For proof, he points to results from a survey prepared for CEOs for Cities, a Chicago-based U.S. network of urban leaders. The survey involved 1,000 college-educated people aged 25 to 34, and it found that two-thirds of respondents decided where they wanted to live first, then went to that city and found a job afterward.

“They operate on a theory that if it doesn’t work out, they’ll just go somewhere else,” Mr. Jones says. “With my generation, it was all about, ‘Where do I want to go work for 30 years?’ That’s not at all what we’re seeing with this generation.

“The survey assessed what made them attracted to cities, or what repelled them. They wanted a city that was clean, that was green, that was safe, and that was a place where they could live the life they want to live, however they defined that. People are willing to move anywhere to find it.

“For cities, it’s no longer just massive investments in a physical object or something tangible, but it’s also the intangibles that make you a magnet for the kind of talent you need to be competitive in the economy today.”

Mr. Jones took part in the Memphis Manifesto Summit, the first gathering of the so-called creative class, in 2003. The Creative 100, a group of people who were selected from the U.S., Canada, and Puerto Rico, came together in the city to discuss ideas and policies to stimulate local growth.

Diversity emerged as a key theme, a principle that participants described as enhancing innovation and having a positive economic impact.

“The creative workers drew up what a city should do to attract them,” Mr. Jones recalls. “One young man who was gay said, ‘We’re the canaries in the coal mine.’ If you can look at a city and see gay people actively and prominently involved, that’s a city that says to other people of that generation, ‘This is a city that’s open, where you can live a life you want to live.’ Everything sends a message to this generation.

“This is the most mobile generation in history, the most educated generation in history, and also the most entrepreneurial generation in history; and they will pack up and move wherever they want to go.”

Smart City Consulting’s online diagnostics tool is one resource for local economies that wish to showcase how they embrace diversity. According to the tool, which prompts cities on ways to improve, they should be able to positively answer questions such as: Does your city treat everyone as valuable? Are your public boards and commissions diverse in the make-up of their members?

“Diversity is the linchpin to it all,” Mr. Jones says. “Diversity of ideas seems to flow from diversity of people. One thing that defines economy now is diversity. If you say you can succeed without being diverse, you’re fighting a tidal wave.”

Dr. David C. Thomas, director of the Centre for Global Workforce Strategy at Simon Fraser University’s Beedie School of Business in Vancouver, says that in the past, corporations viewed diversity as a problem to be managed.

“Now, they recognize it as a significant advantage,” he says. “Now, whether it’s a company or a city, the way to achieve economic benefit is through innovation.”

Diversity influences innovation in distinct ways, Mr. Thomas says.

“We know for a fact that by bringing people together who have different backgrounds, values, attitudes, beliefs, and assumptions to try and solve problems, we get more and different ideas, more and better ideas, because people don’t all think the same way.”

But it goes deeper than that, says Dr. Thomas, who specializes in the study of cultural intelligence – an individual’s awareness of their own cultural assumptions and those of others. Being surrounded by differences, he says, has a profound psychological effect.

“When we’re working with people who are different to us, it makes us focus on the process involved in making decisions and achieving things. Most of the time, our behaviour is semi-automatic, almost scripted; we’re presented with a situation and we behave in a certain way. When we interact with people who are not like us, we shift our focus to the how. We become more thoughtful.

“When we engage with people who have different assumptions about what is right, wrong, good, bad, beautiful, ugly – whose fundamental beliefs and values are different – it challenges our thinking,” Dr. Thomas adds. “People stop and think, ‘If they can be right, how can I be right?’ People don’t like that imbalance, so they have to reconcile those differences and those thoughts. It leads to more complex minds, and makes people more cognitively complex.

“And guess what? That makes the individual more creative. And that helps them become better decision-makers.”

The notion of diversity being important is easy to understand; what’s not so easy is the process of actually accomplishing inclusiveness.

“You need to make a place welcoming, comforting,” Dr. Thomas says. “When people feel different, it can have one of two effects: it can facilitate engagement, or it can be completely debilitating. People like to use the word ‘safe’: they want to feel safe to behave in a particular way.”

Toronto’s Rhonda Singer, president of Culture Chemistry, a division of Noanda Enterprises Ltd., points to Xerox as an example of a company that has attributed the growth in number of patents – and therefore its bottom line – to the diversity of its work force. The same positive impact applies to cities.

“Diversity is innovation,” Ms. Singer says. “This is a trend I’m seeing more and more; it’s bubbling up more than ever because of what’s happening in the market, since the recession. Innovation and diversity were not sexy words before that.”

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