

# VANTAGE

## Achieving Results: Diversity & Inclusion Actions With Impact



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## FROM THE EDITORS

The need for more diverse and inclusive organizations is broadly accepted today. Seven in ten respondents to a survey conducted for this Newsweek report say the topic is clearly visible on the strategy of their organization. Still, just two in five express that they are on track to achieve their diversity and inclusion (D&I) goals. And there is a stuck pattern emerging. Just a minority of those off track say they “could be doing more to support D&I”.

Our research demonstrates that – despite a high level of activity – many measures have limited impact unless they are truly embedded in a comprehensive strategy. We also find that most organizations don’t have the rigorous follow-through that they probably apply for other change programs.

*This report has insights and pragmatic ways to effectively drive diversity and inclusion.*

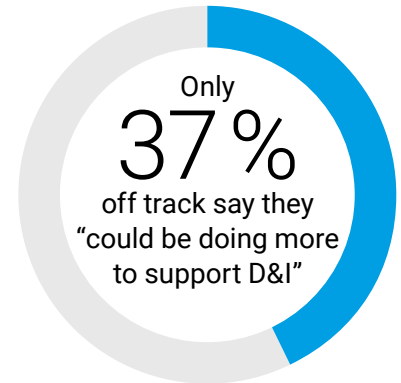
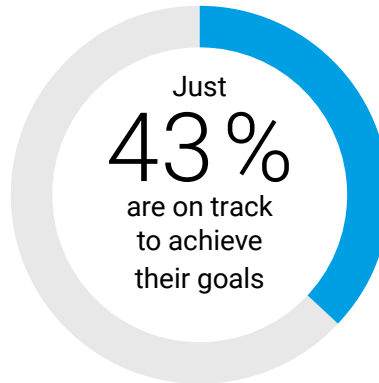
This report provides insight on what sets successful organizations apart and on pragmatic ways to more effectively drive the change for greater diversity and inclusion in your organization.

Please do reach out with comments and questions.

*Lisa Kepinski and Veronika Hucke*  
Executive Editors

# EXECUTIVE SUMMARY

Although a priority, diversity and inclusion (D&I) efforts are often stuck with limited progress towards set goals. This global research uncovers what sets successful organizations apart, and provides insights and advice for D&I strategy focusing on actions that have impact.

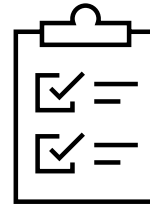


## THREE INSIGHTS FOR EFFECTIVE OUTCOMES

1.

### DRIVE AS ANY OTHER CHANGE PROJECT

Organizations that have a comprehensive plan are **much more likely** to be on track with their D&I goals



2.

### CONSIDER THE ACTIONS YOU TAKE

Organizations successfully driving D&I efforts **have a focus on creating systemic change** vs. stand-alone activities



3.

### EMBRACE BUSINESS OPPORTUNITIES

Organizations not leveraging diversity for outreach and innovation miss out on **key benefits of a diverse and inclusive organization**. Also, they are less likely to make progress towards D&I goals



## ABOUT THE SURVEY

To support this report, we conducted the survey about the current state of diversity and inclusion (D&I) and gender parity<sup>1</sup>. It was designed and analyzed by the editors of this report during summer 2017.

The survey helped to inform this report on several unique levels:

- The feedback of respondents who shared their experience and perspective enhanced the focus of this report.
- The survey provided a clear view of the preferred practices, what works to drive outcomes, and what sets those organizations apart that are on track to achieve their D&I goals.
- This, together with our decades of experience in the field and the latest research, provided the basis for pragmatic recommendations for how these challenges can be addressed and for offering good practices used in organizations today.

Overall, more than 600 respondents, almost 80% in leadership roles, from more than 35 countries shared their perspectives. The strong representation of senior leaders along with D&I practitioners give valid insights into the current state of D&I in organizations today.

### Survey Respondents



## LEVERAGING DIVERSITY DRIVES BETTER BUSINESS OUTCOMES

**Surprisingly few organizations actively leverage the potential of diversity and inclusion, resulting in missed opportunities. After all, teams that have members that represent key demographics of the target end user, are far more likely to have insights in their needs, increasing their ability to innovate<sup>2</sup>. Reaping the benefits of a diverse organization also makes for a more successful D&I strategy. Organizations that actively leverage diversity are considerably more often on track to achieve their D&I goals.**

Navigating a growing number of different cultures, markets, and competitors as well as technology changes and new, competing business models, force organizations to evolve and even reinvent themselves. To survive – or better – to flourish in a fast paced or complex environment, they need more and a wider variety of problem solving mechanisms that come with bringing different people together in an inclusive environment that invites them to share their views and perspectives.

As Werner Haas, a long time R&D General Manager for patient monitors at Philips puts it: *“I find it apparent that aspects like origin, culture, and personal experiences have an impact on what we perceive possible and how we address challenges simply because we have seen different approaches. Based on these different perspectives you get a full tool box of potential ways to address an issue. Diversity of thought requires diversity.”*<sup>3</sup>

*“Organizations actively leveraging diversity are considerably more often on track to achieve their D&I goals.”*

Including people who are different has benefits beyond the added perspective they bring. Their very presence helps make sure that available information is better utilized. The issue with homogenous groups, explains Katherine Phillips, Professor at Columbia University, is that *“often times the disagreements are just squelched so people don’t really talk about the issue. They come out of these groups really confident that everybody agreed when in fact not everybody agreed. There were new ideas and different opinions that never got discussed in the group”*. Changing group composition can have a big impact on group dynamics: *“It changes the flow of the process and makes people stop and pay attention to the person”*<sup>4</sup>.

### Diverse teams make better decisions

In a diverse setting, a wider range of available information tends to be discussed<sup>5</sup>.

Rather than correcting individual errors, homogeneous teams preserve or even exacerbate them<sup>6</sup>.

On average, individuals will prepare better for any group exercise they know involves working with members different from themselves<sup>7</sup>.

Leaders who give diverse voices equal airtime are nearly 2x as likely as others to unleash value-driving insights, and employees in a “speak up” culture are 3.5x as likely to contribute their full innovative potential<sup>8</sup>.

## SHIFTS IN MARKETS AND DECISION MAKERS

While the world economy continues to grow – potentially more than doubling in size by 2050 – the balance is shifting. The biggest emerging markets could develop on average up to twice as fast as advanced economies<sup>9</sup>. This development has a strong impact on the demand for goods and services and forces companies to set new priorities.

But it is not just across geographies that demographic change impacts consumer behavior. Multicultural shifts within countries not only influence the mainstream but create new and growing local markets for goods and services that are preferred by specific parts of the population.

Example US: by 2044, more than half of all Americans are projected to belong to minority groups<sup>10</sup>. For instance, the Latino market – already estimated to be worth \$1.7 trillion within the next four years<sup>11</sup> – continues to expand. One of the drivers fueling that growth is obviously education. In the US, between 1984 and 2009, the Latino student population increased by 546%, the African American student population by 240%, the Asian American and Pacific Islander student population by 314%, and the Native American student population by 219%<sup>12</sup>.

At the same time, there is a massive gender shift in universities across the world. Since the 1980s, more women than men graduate in North America and Europe and that trend has repeated in Latin America and the Caribbean, as well as Central Asia. Even universities in the Arab world, in East Asia and Pacific are gender balanced today<sup>13</sup>.

## Most organizations don't fully tap into workforce capabilities

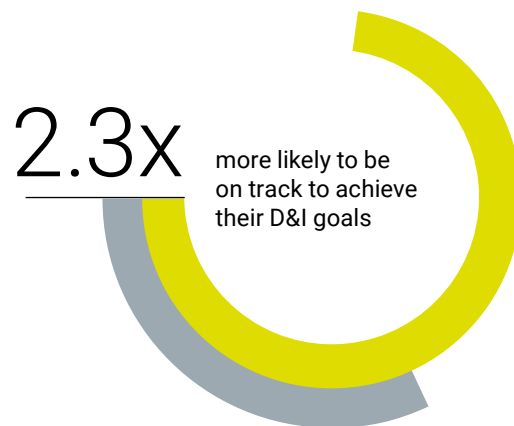
Just  $\frac{2}{5}$  leverage diversity for external outreach



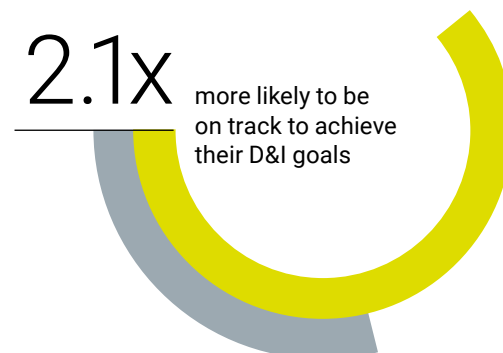
Not even  $\frac{1}{4}$  considers diversity criteria in innovation processes and product or services development



### Organizations that leverage diversity as part of innovation are ...



### Organizations that consider diversity criteria as part of external outreach are ...





Globally, over one billion women are projected to enter the workforce in the next two decades.<sup>14</sup> Due to the correlation of education and income, it is one of the key reasons why the spending power of women keeps increasing. By 2018, the global incomes of women are predicted to reach US\$18 trillion, up US\$5 trillion vs. five years ago, and that incremental is almost twice the growth in GDP expected from China and Japan combined<sup>15</sup>.

### Major Shifts in Decision Making

36 percent of people worldwide who own between 10,000 and 100,000 US\$ live in China, with their share doubling since the year 2000<sup>16</sup>

75 percent of discretionary spending globally is controlled by women<sup>17</sup>

People with disabilities in the US are 20 percent of the population, have \$564 billion buying power, and are more brand loyal<sup>18</sup>

71 percent of LGBT individuals and 82 percent of respondents identifying as allies consider a company's support for LGBT equality when purchasing<sup>19</sup>



### INTERVIEW: MAKING GOOD SENSE OF THE DATA

Valeria Piaggio and Jennifer James, senior vice presidents at Kantar Futures (a strategic brand consultancy focused on foresight and the future) share their insights for organizations.

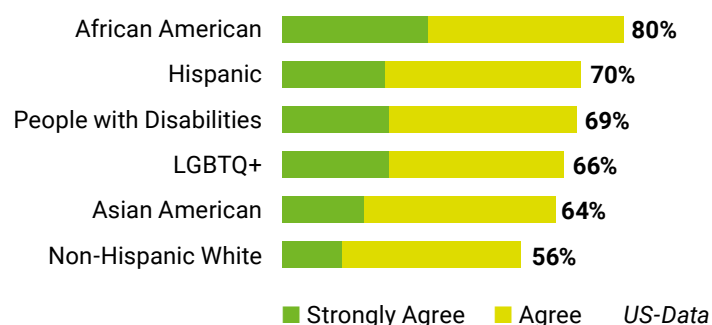
#### What should organizations be aware of?

Globally, women have a rising influence in the workforce and marketplace. Also, a rise in immigration will continue to impact the cultural landscape with an estimated 250 million people worldwide living outside their birth nation. And there will be continued global growth in the aging population with aged 60 and over nearly doubling by 2050. In the US, changing demographics are driving a paradigm shift. Diversity has reached a tipping point and is no longer a peripheral influence to the main culture but part of US society, business, and culture. Also, Centennials and Millennials have high expectations when it comes to diversity and inclusion, both as consumers and as employees.

#### What can organizations do to adapt to these shifts?

Employers and brands grapple with how to help meet consumers' evolving needs. To grow and thrive, organizations must find ways to identify value propositions that everyone can identify with. Brands need to focus on unification rather than divisiveness. Also, organizations need to have their eyes on the evolving future and be ready to adapt to the transformation that's taking place in society and the marketplace. If they don't raise their cultural intelligence they will become obsolete. To grow today, and in the future, organizations need to grow via inclusivity.

### I am frustrated by brands who treat people like me as an afterthought<sup>20</sup>





### Case Study: Leveraging Insights from Colleagues with Disabilities <sup>21</sup>

BNP Paribas Fortis is recognized for responding to the needs of clients with special needs. The starting point to a full approach on accessibility, was Pascal De Groote, a blind colleague creating awareness for an untapped need. Today, more than 200 branches have been made fully accessible for clients with limited mobility, deaf clients can use the remote interpreter service, solutions have been put in place to enable the visually impaired to withdraw money on ATMs and to use the company's digital banking platform, and more. Today, Pascal holds the newly created customer satisfaction role for this program.

### Case Study: Understanding and Capturing New Markets <sup>22</sup>

Henkel uses diversity for their new products and markets. The firm leverages mixed marketing and R&D teams with a wide range of insights and experiences for product innovation. This enabled them to identify an unmet need specific to women wearing head scarves or veils. There are distinct problems that come with the lack of ventilation, such as split ends or lack of shine. The Henkel brand Schwarzkopf shampoo "Gliss Restore & Refresh" was the first hair care product worldwide that specifically addresses the needs of covered hair.

### LACK OF QUALIFIED PERSONNEL BECOMES A BUSINESS RISK

The need to innovate for and successfully engage different target groups is not the only reason to make diversity and inclusion a priority. Also, recognizing talent in different people and building an inclusive and equitable culture is becoming a necessary way to address the increasing talent shortage.

Globally, nine out of 10 companies expect a stronger competition for qualified people, and every third expects a considerable increase<sup>23</sup>. Not surprising, seeing that qualified personnel is scarce. There is an expected global gap of 38 to 40 million workers with tertiary education (college or postgraduate degrees), which is 13% of total demand. This is also true in developing economies, which are expected to lack about 45 million workers with secondary education by 2020, 15% of the demand for such workers<sup>24</sup>.

In view of these trends, increasing labor supply must be a priority for both governments and organizations. As an equal employment rate of women could almost close that gap<sup>25</sup>, and could raise GDP by 12 percent over the next 15 years<sup>26</sup>, one focus area is increasing their employment level.



### TIPS: LEVERAGING DIVERSITY TO DRIVE BETTER BUSINESS OUTCOMES

- Look at the key demographic and societal shifts and translate to what it means for your organization
- Use the diversity in your organization for greater innovation and growth
- Build diverse teams and foster a work climate where they can reach high potential
- Leverage your diversity and inclusion efforts to attract a strong talent pool who ensure your organization is future fit



## INTERVIEW: MOVING TOWARDS GREATER GENDER EQUALITY

Addressing gender inequalities is a focus in or is part of the IMF consultations with its member countries. Monique Newiak and Daria Zakharova, economists at the IMF explain why.

### Why is gender equity a priority for the IMF?

Moving towards greater gender equality is important in itself – it is a human rights issue and one of the UN global sustainable development goals. It is also smart economics and can yield large economic gains:

- In low-income countries, reducing gender inequality by 10 percentage points could boost growth by 2 percentage points over the next 5 years.
- In rapidly aging economies, such as Japan and Korea, increasing female labor force participation could offset the negative effects of an otherwise shrinking workforce.
- Adding one more woman in senior management or corporate boards in the Euro area – while keeping the size of the board unchanged – is associated with 8–13 basis points higher return on assets.

As our institution is tasked with promoting macro-economic stability and growth, we need to make gender equity part of our policy discussions.

### Who are you working with?

We engage stakeholders whose role may not traditionally involve tackling gender inequality, such as Ministries of Finance and Central Banks. Such policy consultations have now taken place in almost 30 countries across the globe. The discussions were generally well received and some governments have included measures to strengthen gender equality into their programs with the IMF.

### Please share some examples

- Egypt and Jordan have increased funding for public nurseries and other facilities to help women seek work, and improved public transport safety for women.
- Rwanda and Uganda have used gender budgeting – fiscal policy and administration to advance gender equality – to improve girls and women’s access to education.
- India is targeting universal access to banking services by 2018, with hundreds of millions previously unbanked people, including women, now having opened a bank account since August 2014.
- Mexico is offering free or subsidized childcare which has helped more mothers work.
- Japan has expanded childcare leave benefits from 50 percent to 67 percent of salary as part of efforts to get over 1 million women into workforce.
- Niger, one of the countries with the highest levels of gender inequality, has developed a comprehensive strategy on gender issues.

“What the IMF and other organizations are figuring out is that there is a significant economic, innovation and collective intelligence lift when the contributions of women are included with the contributions of men. The mounting evidence of this reinforces the importance of gender intelligence and gender equality globally.” Nadia Younes, Diversity and Inclusion Advisor – International Monetary Fund



### TOOL: GENDER AND IMF

Addressing gender inequalities is a focus with IMF. [Learn more about their initiatives.](#)



### TOOL: UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Governments, businesses, and civil society together with the United Nations are working to improve people’s lives everywhere. [Learn more about the SDGs.](#)

## THE COST OF BIAS IMPACTING SUCCESS WITH D&I

**The ability to rely on instinct and experience is a necessity to deal with information overload. At the same time, this very ability creates a threat for organizations today, as biases and stereotypes influence critical decisions like who we hire, promote and listen to. In essence, our thinking is getting in our way for increasing inclusion of all talents, innovating, and making sound decisions.**

Bias is part of the human condition. Our brain can function on ‘auto pilot’ and make all the needed life preserving actions for us without seemingly having to ‘think’ about it. And yet when faced with everyday workplace decisions, such as connecting with people who are different from us, that’s where our brain is not serving us so well. Shortcuts help fast, unconscious thinking happen, but can also be a source of errors. These mental errors in judgements are biases and they can get us tripped up in our decision making. So while most people say they want to be kind, respectful, objective, and inclusive, unfortunately, many times it doesn’t turn out this way. And it’s this gap between *what we want to vs what we actually do* that is a problem with significant impact for people, organizations, and society.

### Who’s biased?

I’m Biased

53%  caught themselves being biased

You’re Biased

65%  overall and  
75%  senior leaders challenged others as biased

### Bias Interferes with Our Intentions to Be Objective and Inclusive

**Unconscious emotions steer our decisions:**

61% US HR Directors said a tattoo would hurt a job applicant’s chances<sup>27</sup>

**Ego-Centricism:** 56% of leaders don’t value ideas they don’t personally see a need for<sup>28</sup>

**Stereotype penalty:** 35% competency rating drop and \$15,088 earnings drop when women judged as “forceful” or “assertive”<sup>29</sup>

**Not seeing:** Less than 1% of 10,000 case studies by Harvard Business School feature black business leaders, despite 9% of US firms owned by them<sup>30</sup>

**Stereotype penalty:** Age 50+ workers in the UK seen as having the best knowledge for their roles (85%) and of customers (78%), yet career progression blocked (61% managers saying 50+ have ‘very low’ to ‘low’ potential)<sup>31</sup>

It can be harder to spot our own biases than those of others, as also reported in the survey. Called the Bias Blind Spot, most of us can fall into this regardless of our intelligence, decision making abilities, and personality traits. This bias has a negative effect on our decisions and behaviors. Furthermore, “*people with a high bias blind spot are those most likely to ignore the advice of peers or experts, and are least likely to learn from de-biasing training that could improve the quality of their decisions.*”<sup>32</sup>

Companies can hardly afford bias to impact who they hire, advance, and retain, as well as on employee engagement, innovation, and productivity. The impact of discriminatory inequalities based on people's diversity, harms not only organizations, but also individuals and society, overall affecting productivity, economic performance, and people's lives.

### The Wider Impact of Discrimination

\$12 trillion US ... cost of gender discrimination globally<sup>33</sup>

\$6.7 million US ... cost of sexual harassment for a typical Fortune 500 company in absenteeism, low productivity, and employee turnover<sup>34</sup>

\$32 billion US ... cost to India in lost economic output from discrimination against LGBT people<sup>35</sup>

\$44.9 billion AUS ... cost of racial discrimination in Australia<sup>36</sup>

Numerous CV experiments examining bias and talent selection have been conducted in many countries. Fictitious CVs are sent to real job openings and 'candidates' invited to interview are recorded. The CVs are identical except for the name, and with some a photo. A US study showed that candidates with African American sounding names were 50% less likely to advance in the interview process as compared to White sounding names<sup>37</sup>. Studies like this have provided insight on how talent pools can be limited by decision makers in organizations, and "In all these cases, researchers found evidence of discrimination."<sup>38</sup>

*"Biases can trip us up in our decision making."*

## A RISK CAUSED BY OUR BLIND SPOT

In Germany, one in two companies considers lack of qualified talent as a core business risk<sup>39</sup>. At the same time, bias narrows the talent pool. With the same qualification, a fictitious "Lukas" and "Tim" needed to send five applications to have an interview, against seven with "Hakan" or "Ahmet"<sup>40</sup>. "Meryem Öztürk" wearing a headscarf had to send about 24 to get any<sup>41</sup>. The different acceptance rate were especially pronounced in smaller organizations that lack formal processes and are more strongly relying on "instinct" in personnel selection<sup>42</sup>.



**TOOL:**

**IDENTIFYING MY BLIND SPOTS**

Take the **Implicit Association Test (IAT)** to gain insight into your hidden biases.



**TOOL:**

**COGNITIVE BIAS CHEAT SHEET**

Get an overview of **unconscious biases** and when they tend to strike.



## INTERVIEW: RACISM AT WORK

Professor Binna Kandola is senior partner at Pearn Kandola, which is a practice of business psychologists, and author of a forthcoming book on Racism at Work; here he shares his insights.

### **Why is 'race' a topic relevant to the workplace?**

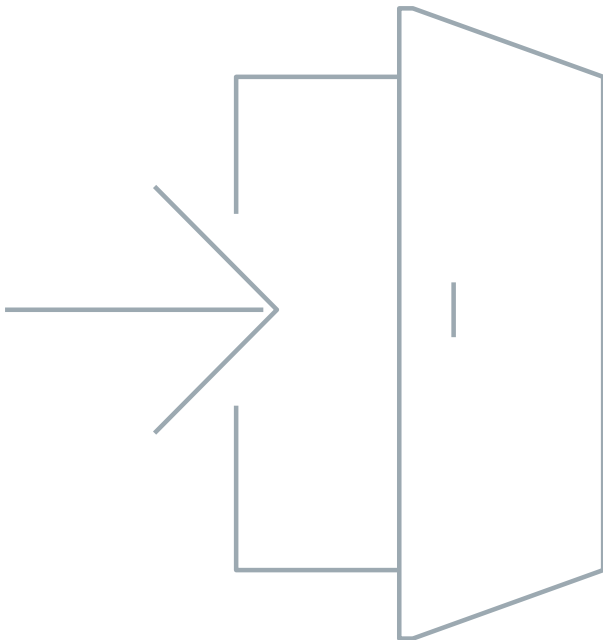
*While there has been huge change in attitudes to race, with all age groups and religions being more egalitarian, liberal, and tolerant, race remains important because research shows that the color of someone's skin and our perception of their ethnic group still impacts our view of them.*

### **What are some ways that race bias shows up on the workplace?**

*When we discuss racism typically people refer to overt, direct, and hostile acts, sometimes called old-fashioned racism. Modern racism by contrast is subtle, nuanced and indirect. It includes not assisting or supporting a colleague who is under pressure, consistently not involving someone in discussions, failing to encourage someone to develop themselves and go for more challenging role. These are acts of omission – actions we fail to take which we may not be aware of doing them. The minorities on the receiving end will be aware though.*

### **What is the cost of race bias?**

*For organizations, the cost is a failure to recognize talent, to get the best out of your team, to reduce creativity and innovation. For individuals, it can be a feeling of not being valued and of frustration. It can also lead to feelings of under-confidence and a lack of self-belief.*



## CONSISTENCY AND SYSTEMIC CHANGE REQUIRED FOR D&I IMPACT

Many organizations do not address their diversity and inclusion agenda as a comprehensive change program with measurable goals, supporting actions, clear accountabilities, and with consequences when goals are not being met. At the same time, organizations that do are much more likely to be on track to achieve D&I goals, especially if they embed measures in key organizational processes.

While stated as priority by a clear majority of respondents, D&I programs in many organizations apparently don't have the same kind of rigorous follow through seen with other business critical initiatives. Although 7 in 10 say the topic is clearly visible on the strategy of their organization, only every second has defined measures directly linked with their set ambitions and even slightly less are clear who is accountable. Finally, only every third will take action in case goals are not met.

Not surprising, an inconsistent approach is less likely to deliver. To achieve change, it is not sufficient to state that the subject is a priority; based on the survey, only half who do are on track to achieving their goals.

### Not sufficient to call out importance of D&I as part of strategy

Just  $\frac{1}{2}$  saying "it is a business priority" are on track with their D&I goals



### Actions beyond Bonus and Performance Rating

Less than 1 in 3 survey respondents reported that action will be taken when D&I goals are not met. While linking D&I goals to bonuses and having as a part of performance assessment are often the first "consequences" being considered, actions as described below can be more meaningful.

**Impact:** Assess current D&I programs...what's working, what's not?

**Validity:** Are D&I goals accurately indicating progress?

**Priorities aligned:** Are D&I goals aligned to organizational strategy?

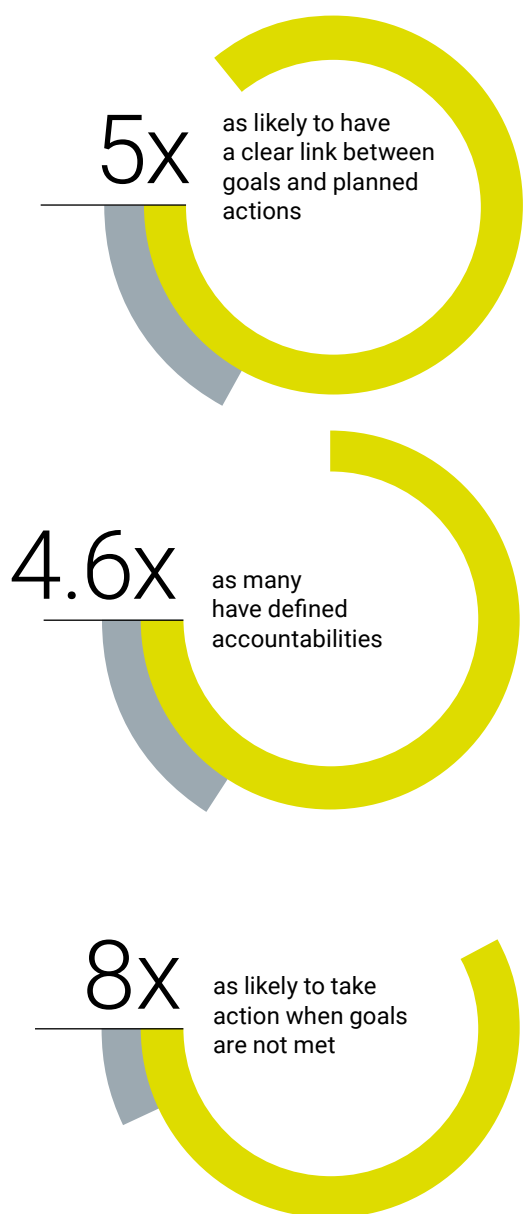
**Embedding:** Are needed stakeholders engaged and integrating D&I in their work?

**Commitment:** Are D&I goals public? Sharing with others increases follow-through.

*"To have an impact,  
it's important to not only talk the talk,  
but also to walk the talk"*

To achieve outcomes, a D&I strategy needs the same follow through as other change programs. It requires a clear understanding of the aspects that add to the current situation, how they will be addressed and who needs to do what by when to achieve outcomes. Should results remain below expectations, it is not sufficient to hope that different outcomes will be achieved eventually. Instead, interventions must be defined that support that expectation. To have an impact, it is key to not only ‘talk the talk’, but to ‘walk the talk’.

**Organizations on track with their D&I goals are ...**



## FOR RESULTS, INTEGRATION BEATS DEDICATED ACTIONS

The second aspect that matters is the kind of actions taken. Reshaping the composition of an organization up to its most senior level and driving culture change requires more than stand-alone initiatives supporting – and often targeted at – under-represented groups. Instead, broad focus and support is required to address cultural aspects that can disadvantage some employees. This means reviewing and re-designing key processes to ensure they support a level playing field and enable an organization to benefit from the different insights, skills and experiences of their staff.

### Case Study: Deeply Embedding Diversity and Inclusion in People Processes <sup>43</sup>

Merck is a leading science and technology company in healthcare, life science and performance materials. To remain successful in a highly competitive market, the company recognizes that it is not enough to only have diverse teams but also to create an inclusive culture to benefit from diversity. To make inclusion part of the very fabric of the organization, their competency model incorporates the required behaviors that all employees, both leaders and individual contributors, need to demonstrate to drive inclusion. Via the competency model, the core competencies are reflected in all key HR processes & tools, such as recruitment, performance evaluation, leadership training, and development. This is consistently measured via 360 feedback and Merck’s employee engagement survey to reinforce the desired behavior. In addition, insights gained from the consolidation of these measures are used to track progress towards the aspired culture, and help identify gaps that need to be addressed through additional measures.

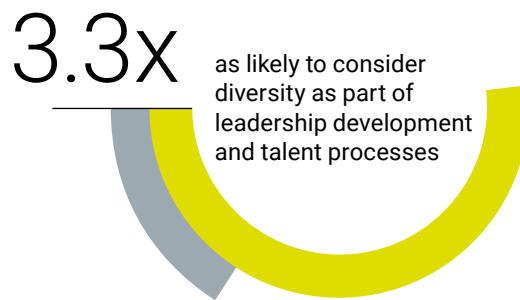
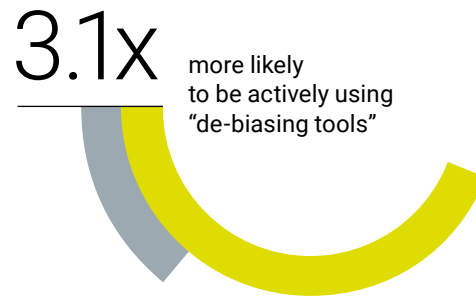
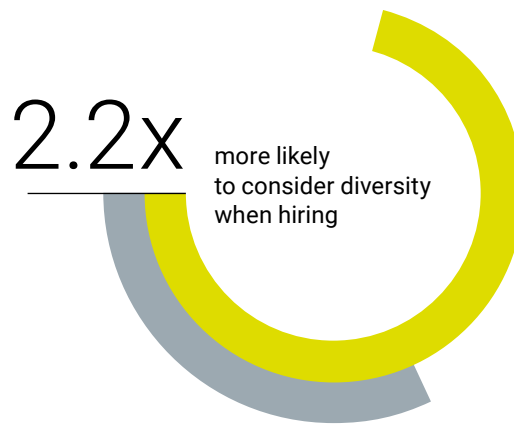


While parental leave, training initiatives, and employee networks are the most common dedicated practices deployed, they didn't make a major difference as reported in this survey. Instead, what really had an impact was revising day-to-day operations and changing behaviors.

Organizations on track to their goals were much more likely to consider diversity and inclusion in key people processes – like hiring and leadership development. Also, they use insights from behavioral economics to de-bias their processes, helping to avoid the impact of unconscious bias vs. just creating awareness.

*“Organizations on track to their goals were much more likely to consider diversity and inclusion in key people processes.”*

**Organizations on track with their D&I goals are ...**



**TIPS: DRIVE SYSTEMIC CHANGE**

- Drive D&I as comprehensive change program, with goals, supporting actions, and clear accountability
- Identify metrics and milestones, and review measures and results achieved if you get off track
- Review and redesign company processes and integrate D&I goals for a bigger impact
- Focus, focus, focus. With only one in three respondents saying they could do more to support change, it's fundamental to prioritize actions with the biggest impact.



## INTERVIEW: ENGAGING MEN IN D&I GENDER EQUITY CHANGE

For an upcoming book, showcasing male champions of gender equity, Nia Joynson-Romanzina has interviewed around 100 male leaders from public and private sectors around the world.

### **What made the men you interviewed champion gender equity?**

*They cannot accept that the current gender balance reflects a fair environment. Secondly, every man I interviewed has the utmost respect and exceptionally high regard for women professionally and personally. They know that a lack of women in their business is detrimental to their success.*

### **How did they engage?**

*They clearly positioned and communicated gender equity as one of their personal and organizational top priorities.*

### **What did they consider key benefits?**

*The organizational benefits were extremely clear to them, but what really caught their attention was their own personal experience of a better gender mix on their team: notably healthier team dynamics, more effective and more fun; improved Board atmosphere; client relationships revived; exceeding sales targets; new perspectives and new questions that opened up their thinking; and it's a better place for the men to work – they clearly prefer it.*



## INTERVIEW: ENGAGING MIDDLE MANAGEMENT

With much focus on senior leaders in D&I and gender equity, Elisabeth Kelan, Professor of Leadership in the School of Management at Cranfield University, has explored the role of middle managers.

### **Why a focus on middle managers?**

*In one of my previous research projects with senior leaders, a main insight was that we need to understand more about what middle managers can do to support diversity and inclusion. Middle managers are a sizeable group in any organization and if they are more inclusive this will have major ripple effects in the organization.*

### **What are some motivations of middle managers to become more inclusive?**

*Some middle managers want to improve their leadership skills. Others want to advance their own career by being associated with something that is high on the organizational agenda. Some are extremely committed to creating a fair world.*

### **What can middle managers do to be more inclusive?**

*First, middle managers have to put themselves in the shoes of others. This empathy will help them to better understand how the world looks from a different perspective. Second, middle managers should spend some time reflecting on their own behaviors to see where they can make a difference in regard to inclusion. Third, middle managers can be role models for inclusive behavior for others.*

## MEANINGFUL METRICS RELYING ON MORE THAN HOPE

**Of the organizations in the survey, not even three in five had defined measurable D&I goals. At the same time, SMART goals, milestones, and a clear accountability structure are elementary to build and evolve strategy. Proper positioning of D&I metrics can enable sustainable progress.**

Generally, there are two aspects that must be considered to ensure a positive impact: simply setting a goal does not mean that anything gets done. As with any other ambition, targets must be SMART – specific, measurable, achievable, realistic, and time-bound. Also, they must be designed to support the desired behavior and have a lasting impact. Setting the wrong incentives can have a negative effect.

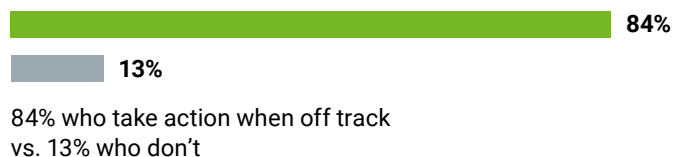
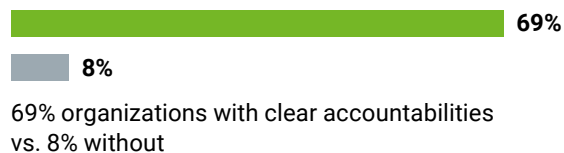
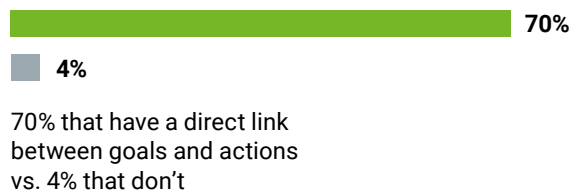
Disappointingly, simple measures are unlikely to achieve what is intended. For instance, often touted as a simple, quick ‘fix’ is to tie executives’ bonuses to hiring more women and minority talents. Some incentivize their recruiters and employees to bring in more diverse candidates. While this carries appeal as a way to show that the organization is ‘serious’ about diversity, it can nevertheless backfire. It can seduce people to hire for bonus rather than for skill, experience, and ability. Also, it may trigger risky and potentially unethical behaviors<sup>44</sup>. The intended outcome is lost, and such an approach can set minority talents up for failure by reinforcing stereotypes and bias.

*“Meaningful metrics are elementary to build and evolve strategy.”*

Also problematic with D&I goals is that simply bringing in more people who are ‘different’ does not create an inclusive organization that is set to leverage the uniqueness of these new employees. Hiring to meet the diversity numbers doesn’t address root causes of biased decision making, processes that limit rather than widen the talent pool, and a culture that isn’t open to difference.

Meaningful metrics must be focused at the specific challenges an organization is facing and should show a turn-around of a trend that is of concern. This could be aspects like differences in engagement scores based on personal demographics, or a higher share of attrition or lower promotion rates of women and minority talents.

### Who is on Track?



## How to Position Diversity Goals

Position diversity goals as a ‘*must have*’ rather than a ‘*nice to have*’ by linking to the organization’s strategic goals, using your people analytics, engaging managers in setting the goals, and flipping the focus. For example, a typical goal might be “have at least 30% women”; instead position this as:

*“To achieve xxx [e.g. collaboration, better decision making, growth], we aim to have not more than 70% of the same xxx [e.g. gender, nationality, generation]”.*<sup>45</sup>

This takes the focus off the minority population as a ‘*problem*’ that must be ‘*fixed*’, and instead, focuses on what’s needed to achieve the organization’s mission.

Overall, companies mastering change successfully, are good at avoiding surprises. Rather than defining ambitions and then wait and see, they have a clear accountability structure, identify both, leading and lagging indicators of success and know up front, whether measures have the intended impact. This ensures they can act early should any fall short.

## Case Study: Setting Clear Goals and Ensure Follow Through<sup>46</sup>

For years, Volvo Cars’ Torslanda manufacturing plant in Gothenburg, Sweden, had around 15-20% female employees. To achieve a better gender balance at all levels, they set clear goals and tracked progress monthly. One focus was on hiring, so they requested the recruiting agencies to always ensure at least 50% female candidates for any interview and held them accountable to deliver. Where needed, supporting measures were implemented, e.g. a cooperation was set up with the Swedish Labor Office that started a fork lift education program specifically for women. Internally, the gender balance initiative was supported using various communication channels, including their internal website and magazines, town hall meetings, leadership training, and introduction programs for new employees. Between January 2015 and July 2017, the share of female employees increased from 19.8% to 30.9%, for leaders their share increased from 18,9 to 24,2%.



### TIPS: DEFINE MEANINGFUL METRICS

- Ensure goals are SMART – specific, measurable, achievable, realistic, and time-bound
- Design goals to support the desired behavior and have a lasting impact
- Meaningful metrics must be focused at the specific challenges an organization is facing
- Ensure a clear accountability structure, milestones, regular reviews, and take action if you get off track
- Clearly link diversity goals to company strategy and position them as a strategic need

## DE-BIASING IMPACTFUL APPROACH TO MITIGATE BIAS

Of all the actions that organizations are currently using, de-biasing is the second lowest put into practice, with less than three in ten survey respondents actually doing this. With bias a constant threat to inclusion and equality, new solutions are needed.

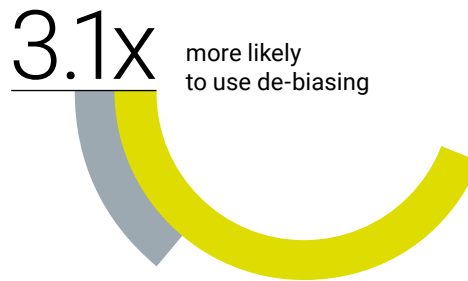
Bias impacts on decision making across the employee talent cycle and business development cycle in organizations. Not only are biased decisions limiting who to hire, it also impacts how performance is assessed, who gets key projects, who is promoted, who is heard, and more. 'In Group' bias results in a network of people who more closely mirror ourselves and we trust and rate them more highly. This gets strengthened by selective attention and confirmation biases, and without realizing it, patterns and habits are set. Those that don't de-bias continue to struggle with inclusion and equity. Smart organizations redesign processes, interactions, and the environment.

Behavioral economics is a new approach to lessen the impact of bias. It explains decision-making, recognizing that people do not always behave in their own best interests. By applying behavioral economics, and specifically the technique of nudging, decisions and actions can be helped towards choosing diversity and inclusion<sup>47</sup>.

When it comes to creating more diverse, inclusive organizations, simply saying "I want to hire the best talents" or "I want to treat people fairly" is not enough to lessen the impact of bias. Nor is forced compliant actions. Instead, we need to use tricks, like nudging, to outsmart our brain to achieve what most say they want – to treat others fairly, attract and hire the strongest talents, provide a workplace that is open to everyone's contributions, to innovate and grow, and to make more objective decisions.

### New Approach for Impact

Organizations on-track with their goals are ...



Still, just 3/10 respondents currently do.



### TOOL: INTERRUPT BIAS WITH INCLUSION NUDGES

The non-profit global Inclusion Nudges initiative provides a peer-to-peer sharing of de-biasing examples. The founders of this initiative started it after seeing many stuck patterns in D&I. These techniques are having impact on steering decisions and changing behaviors towards greater inclusivity. See the **Inclusion Nudges Guidebook** for over 70 examples, and share your de-biasing nudges to inspire others.

## Case Study: De-Biasing to Improve Talent Decisions <sup>48</sup>

Most people think of video games as being created by men for men. At King, their favorite games like Candy Crush Saga or Pet Rescue Saga, are played by both, with a slight skew towards a female audience, making it a priority to represent them well internally. Their D&I strategy is based on lessons from behavioral economics and concentrates on the majority not changing the minority. They use 'Inclusion Nudges' throughout the employee lifecycle, including diverse interview panels and an implicit bias checklist for Performance Management Reviews. Also, they are implementing initiatives that will support inclusion for more than just one typically underrepresented group. Since 2014 the hiring rate of females has improved by 58%, and year on year the amount of nationalities increased by 4.5% to 71 nationalities in total.

Top orchestras began holding 'blind auditions' behind screens to de-bias interviews. This helped the hiring panel focus on the quality of the music rather than getting unconsciously distracted by seeing the people. This simple design change resulted in 50% more women progressing to the final audition stage and an increase of women hired from 5% to between 30-40% today.<sup>49</sup>



### TIPS: MITIGATING BIAS

- Use a fact-based approach by analyzing your people and customer data
- Conduct an audit of your current processes for potential bias
- Use insights on human behavior and neuroscience to design to lessen the impact of bias
- Use a co-creation process that engages leaders in examining for the impact of bias and designing ways to interrupt bias
- Start small and scale up...experiment, monitor, and adjust as needed

Smart organizations wanting to hire the 'best' talents rather than the 'most similar' or 'most familiar' are de-biasing their talent selection process. The results are a wider range of talents who more closely meet the required competencies for the role. Some do this by reviewing their job descriptions for language that could unintentionally limit who applies. Others have recruiters remove personal identifying details from CVs before forwarding to hiring managers. There are also firms helping to anonymize the interview and skills assessments in the pre-screening process.

## Case Study: De-Biasing Interview <sup>50</sup>

GapJumpers is one example of a new type of solution providers who are helping to mitigate bias in the hiring and selection process.

With a technology organization, they used blind skills auditions for specific roles. Again, this resulted in 20% more minority candidates selected to interview for Software Engineering roles and 32% more minority candidates selected for Data Analytics roles. The process also included candidates from more diverse backgrounds than the established norm, with 40% of those selected for interviews being self-taught and/or educated at boot camps which had not been part of the previous interview profiles. And what seems to be an extra incentive, the blind skills auditions reduced the total time to hire by 26%

## D&I COMMUNICATIONS IMAGINE YOU HAVE A PRIORITY AND NOBODY KNOWS OR BELIEVES IT

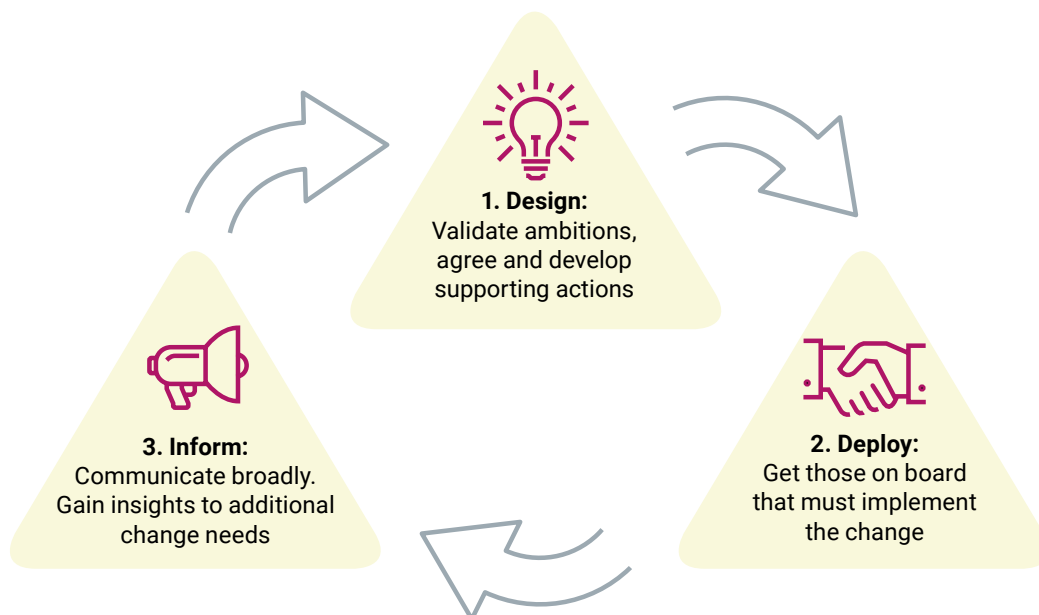
Three in four senior leaders in the survey have communicated about their organization's D&I strategy within the last couple of months. At the same time, a recent research of over 1,500 business professionals finds that only 36% of them believe their employer is actively working to be more diverse<sup>51</sup>, and companies in London must have had an even worse awakening: while 84% said their leadership supports equity and an inclusive culture, just 15% of the respective employees agreed<sup>52</sup>. This illustrates a common issue with many organizations: they still need to figure out how to communicate about their D&I efforts effectively.

One of the common mistakes with D&I communications is to do a big bang announcement of one's plans and goals – and nothing afterwards. Such an approach is not aligned with the requirements of the subject: Diversity is a multifaceted topic, people have very different perspectives, and they can have concerns what it means for them. Responding to where people stand, what they are expected to do and also need or want to know, requires very different tactics and channels. Rather than just relying on mass communications and “telling”, a successful outreach must consider the needs of different stakeholders

and establish a dialogue – sometimes just one-to-one. This approach additionally helps ensure that there is consistency between messaging and the reality. Praising the power of diversity while minority voices can't be heard or faces seen hurts credibility.

Another important aspect: To clearly demonstrate that Diversity and Inclusion is not a separate activity but part of how the organization operates, most D&I communications should be embedded with other business messaging vs. stand-alone initiatives.

### Take a Phased Approach, Considering the Needs of Different Stakeholders







## TIPS: COMMUNICATE WITH IMPACT

- Create a dialogue – vs. just telling
- Ensure consistency between words and reality; actions speak louder than words
- Include messaging with other business topics to demonstrate that D&I is a strategic need
- Find common ground and self-interests, also with majority groups
- Recognize that people are trying and support each other in the dialogue

Generally, survey respondents felt comfortable speaking about diversity and inclusion topics. At the same time, they are not necessarily equipped

for a conversation: in case of uncertainties, three in four survey respondents say they check the internet.



## INTERVIEW: ENABLING DIALOGUE ABOUT GENDER

Sam Killermann an activist, educator, artist and Director of Creativity for hues, a global justice collective, has developed a model on gender.

### Why did you invent the Genderbread Person?

Gender is a tough subject. There are a lot of facets to consider, a lot of pressures at play, and we have all been conditioned in such a way that our first instinct is almost unanimously wrong. That's what I wanted to tackle.

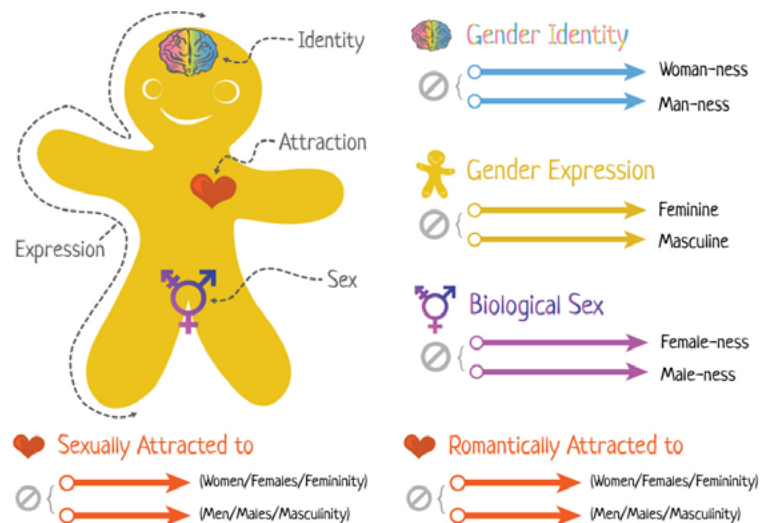
### You evolved the model over time. Why is that?

Initially, I placed man/masculine/male on one end of the continuum and woman/feminine/female on the other. But that creates and reinforces a fallacy central to gender misunderstanding: to be more of one, you need to be less of the other. That's incorrect. Identifying with aspects of femininity doesn't make you less masculine, it makes you more feminine. To understand gender, and in turn create a safer space for people of all genders, we need to realize that feminine and masculine aren't in a tug of war, they're separate arenas.

### Can you give an example?

I identify as a man, but I identify with a lot of what it means to be a woman. I'm sensitive, kind, familial. Possessing this "woman-ness" doesn't make me any less of a man. But it's a large part of my gender identity, and those traits affect my life and influence my decisions as much and more than many of my "man-ness" does.

## The Genderbread Person v3.3 by its pronounced METROsexual





## INTERVIEW: TALKING ABOUT WHERE IT HURTS

Steve Humerickhouse is the Executive Director of The Forum on Workplace Inclusion, a D&I annual conference. In 2016, it introduced a new format, 'Bold Conversations'.

### **Why did you see the need to help people have bolder conversations?**

*Here in the U.S., the tension from racial and socio-economic strife and polarized political positions has escalated to the point of dysfunction. We do not trust each other and often we don't want to. But we cannot heal, we cannot get to inclusion without doing that.*

### **So what do you do?**

*There is no trust without understanding. The purpose of Bold Conversations and similar efforts at The Forum is to start the very personal process of beginning to understand each other in order to build trust. This is not an easy process and is fraught with pitfalls and danger. That being said, there is no progress without it.*

### **What are the challenges?**

*It requires an honest commitment from each participant for empathy and compassion, to speak their truth openly and honestly and allow others to do the same, even when they hold views in direct opposition.*



## INTERVIEW: ENGAGING WHITE MEN IN THE CONVERSATION

Bill Proudman is CEO and Co-Founder of White Men as Full Diversity Partners (WMFDP LLC), a consultancy focused at engaging most organizations' majorities in the dialogue around a new workplace.

### **Are white men part of diversity and inclusion?**

*Historically, straight white men were not seen as diverse and D&I efforts were about everyone but them. This mindset has contributed to many of them feeling diversity and inclusion advantages others at their expense. In reality, creating a culture of full inclusion has to include and engage white men.*

### **Why is it difficult for them to talk about diversity and inclusion topics?**

*White men often experience three recurring obstacles – lack of realizing their mutual self-interest from D&I efforts, anxiety/fear of saying or doing the wrong thing, and ignorance (not knowing what they don't know). As*

*part of an organization's dominant group, they are often the last to realize they have a culture which shapes their behaviors and patterns. They often don't see the systemic impediments faced by others and instead view their difficulties as just individual struggle.*

### **What works to include white men in diversity and inclusion / gender parity initiatives?**

*Practice curiosity and courageous conversations. Encourage leaders to act from a place of shared responsibility, not guilt or fault and accept mistakes. White men must be seen initiating, participating, and leading D&I efforts.*

## D&I TRAINING

### COULD THE MOST COMMONLY USED SOLUTION NOT BE THE MOST EFFECTIVE APPROACH?

Offering diversity and inclusion and unconscious bias training is one of the top workplace actions that seven of ten survey respondents are doing. With over \$8 billion a year in the US alone being spent on these types of trainings<sup>53</sup>, our survey reflects this tendency to heavily rely upon it for awareness raising with D&I initiatives.

While trainings are one of the most used solutions for D&I culture change, the impact is questionable and short-lived, with little-to-nothing changed in diversity data, decision making, and behaviors. A long-term study on the effects of such trainings in over 800 U.S. companies actually showed a decline in employee minority representation<sup>54</sup>. Self-awareness training is simply not the solution to organizational and behavioral change, and indeed can have worrying outcomes of unintentionally encouraging more biased thinking and behaviors<sup>55</sup>. By hearing that others are biased and its 'natural' to hold stereotypes, we feel less motivated to address biases and stereotypes are strengthened<sup>56</sup>. This heavy push for D&I and unconscious bias awareness training is not the magic solution for promoting more inclusiveness and leveraging the diversity of all talents.

The positioning of D&I trainings can trigger resistance by being perceived as 'forced' and potentially activate feelings of vulnerability and fear when perceived as if "I'm going to be fixed" or "I'm the target". Bill Proudman, a founding partner of White Men as Full Diversity Partners, sees it this way, "Many white men carry 'scar tissue' from how diversity and inclusion training has been approached in the past"<sup>57</sup>. Additionally, the design of some D&I/unconscious bias trainings can foster an 'Us' against 'Them' approach with members of the majority feeling blamed and shamed, and members of minority groups feeling frustrated, not heard, and not seeing change happen. For trainings to be effective, they should be part of a comprehensive strategy, not stand alone activities.

*"Seven out ten organizations use D&I training, and of those less than one in two is on track to achieving their D&I goals."*



#### TIPS: EFFECTIVE TRAINING APPROACH

- Consider whether a training will address the root cause
- Make D&I trainings part of systemic change and integrated in other development offerings
- Reduce resistance by avoiding potential negative associations
- Be inclusive about inclusion...include both the majority and minority

## EMPLOYEE NETWORKS DRIVING CHANGE BOTTOM-UP

**Employee networks, often called employee resource groups (ERGs), were one of the very first practices in organizations' D&I efforts – and they remain one of the most common ones. Two in three respondents have at least one such group in place.**

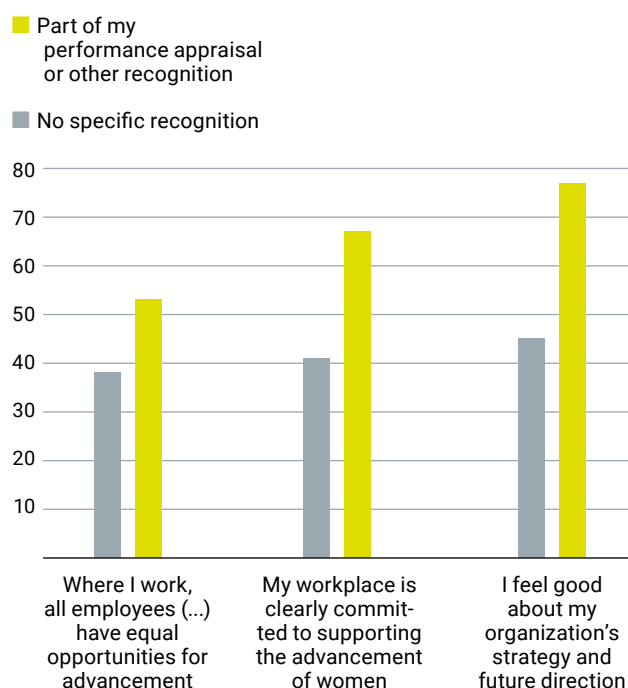
Usually ERGs are set up to support the attraction and progression of minority talent, increase engagement, as well as offer a forum to connect. Leaders can leverage their company's ERGs to gain insight into the challenges members of minority groups might be facing. Claudio Colzani, Chairman and CEO, Barilla: *"As a leader, I am proud of our employees who are engaged in driving positive change in our organization and appreciative for everything I learn in my interactions with them"*. Also, networks are sometimes tasked with providing ideas for the development and marketing of products and services.

Despite the popularity and the positive results ERGs can deliver, there can be frustration and disappointment if they fail to meet expectations. Also, recent research demonstrated the opposing effect with network leaders, that didn't receive some form of recognition for their work. They were considerably less likely to believe their employer was seriously committed to the advancement of diverse talent (24% gap) and even lost faith in the organization as such, with just 46% saying they felt good about its strategy and future direction vs. 77% of those who received recognition for their network role<sup>59</sup>.

### Case Study: Leveraging an ERG for Business Development <sup>58</sup>

In August 2017, Brown-Forman's Young Professionals employee network organized a company-wide hackathon to produce a proof of concept proposal to better understand and communicate with consumers. Nearly 200 employees participated, representing 19 countries. A panel of senior executives named five teams' consumer mobile applications as the winners. Members of these teams will now collaborate to build an app that generates interaction with the brand and will enable collecting data from consumers globally, anytime, anywhere to get insights on consumer preference.

### Being recognized impacts perception of network leaders



With many employee resource groups, there is a tendency to have high ambitions for the group from both its leadership team and the organization without considering whether the network is equipped for success. Still, input drives outcomes. That includes not just financial and human resources to enable the employee resource groups to deliver. It also means having an open, honest, and sometimes courageous dialogue to prevent volunteer organization pursuing outcomes they are not supported or positioned to achieve. Based on such an agreement, relevant metrics must be put in place, to ensure a network is delivering for its various stakeholders.

*“There is a tendency to have high ambitions without considering whether the network is equipped for success.”*

## SHOULD GENDER NETWORKS REPLACE WOMEN’S GROUPS?

Currently, there is a trend to try to engage more men in the former women ERGs and potentially transition to become “gender networks”. What appears as a smart solution to get the majority engaged in gender diversity efforts, tends to have limited success and can even backfire<sup>60</sup>. Why? Asking men to step in is often the solution where organizations feel that their women ERGs need fixing.

Establishing groups that address “gender” needs requires more than a simple name change, though. It also ignores the fact that many men have little inclination to join. Additionally, that decision tends to ignore the interests of many current members of the group: about two out of five saw clear value in women-only groups and events, and were afraid of the network losing relevance if more men were to join.



## TOOL: REVSING NETWORK STRATEGY

Gain more insights from the report “Unconsciously Biased: Employee Networks 4.0” which includes key survey findings as well as advice to guide strategy review.



## TIPS: SUCCESSFUL EMPLOYEE NETWORKS

- Ensure that expectations of a network and its agenda are aligned with its resources
- Establish relevant metrics to measure impact and evolve the group
- Members’ priorities must inform agenda and strategy
- The work of network leaders needs to be recognized
- The network must be part of culture, embraced by the organization and its leadership

## D&I COUNCILS

# A STRUCTURE HELPING TO DRIVE ORGANIZATIONAL CHANGE

**Diversity and Inclusion (D&I) Councils are often part of diversity programs to provide strategic guidance and enable deployment of D&I initiatives. In our survey, having a Diversity and Inclusion Council in place was in the top five actions used by organizations, with three in five of organizations using these.**

Typically, internal D&I Councils are comprised of leaders and employees from across the organization. This governing body is usually not a replacement for the internal D&I function but is a supplement to it, helping to provide organizational strategic insight, guidance, and to assist with implementation. They also have a pivotal role to play in communications across the organization. As a successful practice, smart organizations have their D&I Council members be the ‘voice of D&I’, along with senior executives, rather than have the ‘messenger’ always be the

D&I function/HR. “A D&I Council holds executives accountable to form, shape, and evolve the strategy, seeing it as a business imperative, not just a ‘nice to have’ topic”, shares Vikki Leach, the Global Head of Inclusion and Diversity at Kantar.

Most D&I Councils are internal bodies with employees and leaders serving on them. However, in a few cases, external D&I Councils are used. These are comprised of recognized experts from outside of the organization who can help provide guidance on the D&I strategic change.



### INTERVIEW: BENCHMARKS FOR D&I COUNCILS

Julie O’Mara is the President and Board Chair of The Centre for Global Inclusion and a Co-Author of the Global Diversity and Inclusion Benchmarks (GDIB), offers her insights on D&I Councils:

#### What works with D&I Councils?

*Our benchmarking research indicates that D&I Councils are an effective part of D&I and strategy setting when they are visibly supported by leaders and they have a representative membership of internal stakeholders. Also, they need to align with the organization’s strategy.*

#### What can be issues with D&I Councils?

*Councils are not successful when they are seen as an additional duty to an already overloaded job; have no real power, influence, or resources, and/or are seen as a way to “check off an activity box” to give the organization credit for doing D&I work, but show no meaningful results.*

#### What else would you suggest to improve D&I Councils?

*Consider service on a Diversity Council as part of the member’s official job responsibility where their performance is measured, recognized, and rewarded in the same way as for their “regular” job. This would legitimize and strengthen participation on D&I Councils.*



### TOOL:

### BENCHMARK YOUR D&I COUNCIL

**Global Diversity and Inclusion Benchmarks (GDIB):** Standards for Organizations Around the World is a free non-profit publication of benchmarks.



## TIPS: MORE EFFECTIVE D&I COUNCILS

- Leaders are core members of D&I Councils to guide for strategic alignment and implementation
- Include representation of both the majority and minority
- Embed D&I Council membership with high potential leadership development; all leaders need to master how to drive and leverage diversity
- Include voices from other D&I bodies, such as employee networks, creating a central D&I governing body
- Leverage D&I Council members in D&I communications

### Case Study: Positioning D&I Councils to Drive Systemic Change <sup>61</sup>

During an interview in late 2013 on a local radio station Barilla's Chairman, Guido Barilla, mentioned the company would only feature 'traditional families' in Barilla advertisements and faced a backlash from the media and consumers immediately. Rather than simply addressing the situation as a PR issue, turning around saying "that came out wrong", the Chairman and the CEO Claudio Colzani used the opportunity to initiate a complete overhaul of the company's diversity and inclusion strategy which initially had been established in 2012.

Barilla approached the challenge by creating a Chief Diversity Officer role, reporting directly to the CEO, and establishing a Diversity and Inclusion Board. The Board is comprised of 10 internal employee members (from 7 key markets around the world), the CEO, the Chairman, and three well-respected external advisors (Patricia Bellinger (former CDO of British Petroleum and currently a professor at Harvard), David Mixner (LGBT activist), and Alex Zanardi (Paralympic Gold Medal Winner). Also, Barilla sought meaningful partnerships beyond the expert panel to help in its journey and to understand and address shortcomings.

#### Some of the results achieved

The commitment from Barilla's global leaders to promoting diversity and inclusion has visibly increased. In 2017 D&I survey, 72% of employees globally stated that senior leaders at Barilla encourage diversity and inclusion and their actions reflect a real commitment.

With 89% agreement, Barilla employees truly understand the role of D&I as a business enabler.

The share of women in leadership positions went up from 28% to 35% over just three years and women in the leadership pipeline from 35% to 41%.

The company has achieved a perfect 100% score in the Human Rights Campaign (HRC) annual Corporate Equality Index (CEI) for three years in a row.

And – in contrast to the statement which brought the company under fire initially – they are now being recognized by the *Huffington Post* as one of the top 5 companies going above and beyond for the LGBT community.



## FLEX WORK AN UNDERUTILIZED NECESSITY

**Organizations recognize the importance of new ways of working to attract and retain employees. Nonetheless, working flexibly remains underutilized: only about one in two of survey respondents say it is broadly accepted within in their organization.**

Initially positioned mainly as a support for working mothers, the ability to work flexibly regarding place and time, as well as the opportunity for career breaks, is in high-demand by employees – independent of gender, age, and family status. And it is not just employees that benefit. Key reasons for employers to reconsider working practices include retention (35%), employer attractiveness (14%), increasing productivity (12%), as well as improving morale (10%) and job satisfaction (8%)<sup>62</sup>.

Although a starting point, a notebook, fast internet connection, and the ability to work from home are insufficient to reap the full benefits of a flexible workplace.

### THE END OF THE OFFICE MARTYR?

A persistent workplace model of the ‘ideal’ employee has long been defined by putting in long hours, not talking about personal life, and not complaining. Research shows this was unfair as it never paid off. Long-working office martyrs were less likely than their peers to have received a bonus in the last three years<sup>63</sup>. Nowadays, smart organizations are shifting away from this unproductive, and unhealthy work model.

- Employee output declines sharply after 50 hours per week<sup>64</sup>
- Long work hours have been linked with absenteeism, long-term memory loss, and impaired decision-making skills.<sup>65</sup>
- In the UK, 15 million working days lost to stress-related sickness-absence and in the US, sickness-absence cost U.S. economy \$227 billion annually.<sup>66</sup>

With many organizations still finding it easier to measure input vs outcome, “being seen working” can be almost as relevant as the actual work done. However, for companies that aim to implement new models of working, it can be slow going if not positioned well. What’s needed is to remove stigma associated with flex work by showing how this is good for the organization and good for all employees.

### Did You Know?

68% US university graduates say being able to work remotely part of the time impacts their decision to accept a new position<sup>67</sup>

74% of Millennials want workplace support to work flexibly without stigma<sup>68</sup>, 75% feel more productive, but only 43% are given this option<sup>69</sup>.

Flex working helps address talent scarcity: Employees in the Europe, Middle East, and Africa region are willing to put off retirement if they had flexible hours<sup>70</sup>

In Australia, men 2x as likely as women to have their request to work flexibly rejected, even when it’s for a shorter period of time<sup>71</sup>

*“Working flexibly remains underutilized: only about half of survey respondents say it is broadly accepted within in their organization.”*

For Gen Y, workplace flexibility and paid parental leave for both women and men belong to the top three practices, along with competitive pay, for retention<sup>72</sup>. But it is not just millennial fathers wanting, and struggling with, family responsibilities. A recent survey finds that one in two fathers experiences conflict between private responsibilities and their job, and one in four is concerned it will impact their career. At the same time, they had rather limited faith in the support of their employer with 38% expecting financial drawbacks when taking parental leave, and one in three a negative impact on how their performance was being evaluated<sup>73</sup>.



#### **TIPS: MAKING FLEX WORKING A REALITY**

- Make sure to cater for different flexibility needs across your employee population
- Create connection with organization's goals
- Working flexibly can clash with aspects of organizational culture, which must be addressed
- Consider who must be involved in deployment and ensure their support
- Role model from the top to make flexible working an accepted practice

#### **Case Study: Supporting Employees During Life-Changing Moments**<sup>74</sup>

While common – and even the law – in many other western countries, paid parental leave is still not a regular benefit in many US corporations. However, this doesn't mean it is less needed. In 2015, Ally Financial introduced a package of work-life benefits, in recognition of the fact that major life events like the birth or adoption of a child tend to also come with significant stress, which can result in employees not working to their full-potential, experiencing career stagnation, and even having to make a hard choice if to stay.

A core element of Ally Financial's program is 12 weeks of fully paid parental leave for both women and men that can be taken at once or in segments over the course of the year and which supplements the employee's existing leave and paid time off policies. Impactful communications, broad support and the positive experience of returners, ensure that both, men and women, take up the offer with no fear of being penalized. Since the launch, 153 mothers and 145 fathers have taken up to 12 weeks of paid bonding leave.

Likewise, recognizing many employees are caregivers to elderly parents or other members of the family with health concerns, Ally introduced two weeks fully paid caregiver leave. Finally, Ally offers discounted nation-wide child care and highly subsidized back-up child care or elder care across the U.S.

Kathie Patterson, Chief Human Resource Officer: *"Taken individually, or as a whole, we believe these progressive benefits support our diverse employee population as they navigate at-times complex and emotional personal events in their lives, and do right by them."*



## INTERVIEW: AGILE WORK AS BUSINESS ENABLER

Alison Maitland is an international business writer, speaker, facilitator, and co-author of the book *Future Work*.

### **What are the opportunities and benefits of the 'new world of work'?**

*For business, giving people greater autonomy over where and when they work can cut costs, increase productivity, reduce risk, improve customer service and enhance reputation. There are big environmental benefits from cutting business travel and office space, and employees can benefit enormously, which leads to increased motivation and engagement. The shift to a new work model must take account of people if it is to be successful - it cannot be just about cost cutting. and many companies are slow to give people real autonomy. Trust is essential, but often missing.*

### **What developments are you seeing?**

*There's a widening gap between pioneers and the rest, as the pioneers take advantage of rapid technological change to rethink their whole work model. Other developments are the fast growth of the gig economy, with its flexible but precarious work, and the rise of the robots. The jobs of the future will need not just technical skills but valuable interpersonal skills such as creativity and empathy. Another trend is the increasing concern about 'digital overload'. We need to get better at switching off and taking time to reflect (and relax) rather than being 'always on'.*

### **How do leaders need to adapt?**

*They must let go of their urge for control, and trust their people. This takes self-awareness and courage. They need to be coaches, supporting and inspiring people, not micromanaging them. They must judge performance by results and outcomes, not hours and presence. They have to really know their people, respect them as individuals, and treat them as adults. It's important to add that employees, too, must be open to change and learning new skills. They must take responsibility for achieving their objectives, not just wait to be told what to do. Instead of 'them and us', the new world of work will produce the greatest benefits when people take collective responsibility to achieve their common goals.*



## CONCLUSION

Achieving a more inclusive environment with a good mix of people, skills and experiences is high up on most organizations' agenda. At the same time, many struggle to achieve results and are at a loss about what they could be doing differently for outcomes. Generally, an organizations' D&I strategy can't be generic, relying on what works for others, but must address their very specific situation and needs.

As demonstrated with this report, there are three key aspects for impact: (1) Diversity and inclusion efforts should be driven as any other change program with clear goals, accountabilities and supporting action. (2) D&I must become a part of an organization's fabric and embedded in key processes. And finally (3), increasing the diversity of an organization should not be pursued as a goal by itself. Organizations that actively leverage the diversity of their staff don't just achieve better business outcomes, they also tend to make more progress towards their D&I goals.

### Organizations meeting their D&I goals do this by:

1.

**Using a coherent approach to drive their D&I strategy**

2.

**Redesigning processes to support an inclusive organization vs. doing stand-alone activities**

3.

**Actively leveraging diversity to drive business outcomes and build momentum**

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Veronika Hucke is a seasoned leader with deep expertise in Diversity and Inclusion (D&I), change management and communications. She has held leadership roles at HP, Xerox, Alcatel and Philips, and combines subject matter expertise with extensive experience in driving change in large scale organizations. In 2015, she founded D&I Strategy and Solutions a consultancy firm focused at strategy development and implementation as well as research.

Her book *Mit Vielfalt und Fairness zum Erfolg* – a manual to leveraging diversity and inclusion for business success – has been published with Springer Gabler in autumn 2017. She has been honored with the “Global HR Excellence Award” and was shortlisted two consecutive years for the “European Diversity Award” for “Best D&I Team” and “Best Company”. Her work was also recognized with prestigious awards for “Best Internal” and “Best Integrated” communications and “Best Sustainability Campaign”.



Lisa brings over 25 years’ experience working in diverse, global environments as a senior Global Inclusion and Diversity (I&D) executive. In 2013, she founded the Inclusion Institute focused on consultancy, training, coaching, and research. Her expertise in organizational development integrated with inclusive culture makes her a unique resource for change at all levels. She partners with organizations on how to successfully achieve their goals for creating a more inclusive culture.

Together with Tinna Nielsen, Lisa co-founded the non-profit Inclusion Nudges global initiative and publish the Inclusion Nudges Guidebook. For this innovative work, they were named to The Economist’s Global Diversity List as “Top 10 Diversity Consultants” in November 2015 and The Telegraph’s Top Diversity Consultants List in 2016. Together with Veronika Hucke, Lisa co-authored a global study on women networks.





## ACKNOWLEDGEMENTS

Thank you to the many who supported the survey and this report. This includes:

Kristen Anderson, Luca Di Leo and Talita Erickson,  
Barilla [www.barilla.com](http://www.barilla.com)

Reggie Willis, Ally Financial  
[www.ally.com](http://www.ally.com)

Vikki Leach, Mandy Pooler, Kevin Brown, Valeria  
Piaggio, Jennifer James, Rob Callender, Kantar  
[www.kantar.com](http://www.kantar.com)

Nadia Younes, IMF  
[www.imf.org/external/index.htm](http://www.imf.org/external/index.htm)

Elisabeth Kelan, School of Management,  
Cranfield University  
[www.cranfield.ac.uk/som](http://www.cranfield.ac.uk/som)

Claire Godding, BNP Paribas Fortis  
[www.bnpparibasfortis.com](http://www.bnpparibasfortis.com)

Natalie Mellin, King [king.com](http://king.com)

Katarina Matson, Volvo Cars  
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Eric Way and Jorgen Gustafsson, Volvo Group  
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Partners [wmfdp.com](http://wmfdp.com)

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Ralph de Chaubert, Endre Szabo, Paula Caffer  
and Kelly Stearma, Brown-Forman  
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Kirsten Sánchez Marín, Henkel [www.henkel.com](http://www.henkel.com)

Jennifer O'Lear, Merck [www.merckgroup.com](http://www.merckgroup.com)

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Sam Killermann, hues  
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Harvard University  
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Matt Walleart [mattwalleart.com/about-me](http://mattwalleart.com/about-me)

Kristin Engvig, WIN  
[www.winconference.net](http://www.winconference.net)

Sarah Bond, The Conference Board,  
Business and Inclusion in Business Council  
[www.conference-board.org/councils/  
councildetail.cfm?councilid=86](http://www.conference-board.org/councils/councildetail.cfm?councilid=86)

Marzena Strzelczak, Forum Odpowiedzialnego  
and Polish Diversity Charter  
[odpowiedzialnybiznes.pl](http://odpowiedzialnybiznes.pl)

The Professional Women's Network  
[www.pwnglobal.net](http://www.pwnglobal.net)

Kate Vernon, Community Business  
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