

Diversity & Inclusion that Promotes Market Performance

Companies that succeed at diversity and inclusion (D&I) do so because their leaders truly get it—D&I is a companywide effort that aligns culture to strategic goals, promotes inclusive behaviors, and recognizes the business value of having a diverse workforce that can connect with and provide insight into diverse markets.

High-performance organizations are almost

2.5x more likely to be successful with D&I efforts.

32%

13%

Four specific attributes reinforce this authentic recognition of D&I's value to the culture and are hallmarks of those companies that report greater D&I success and improved market performance.

These companies are more likely to:

- ✓ Proactively support all employees in having access to growth, development, and advancement opportunities
- ✓ Foster a climate of inclusion in which the sharing of diverse thoughts is encouraged across the organization
- ✓ Support diversity and inclusion as enablers of business results
- ✓ Understand, respect, and value the differences among various cultures and backgrounds

■ High-performance organizations ■ Low-performance organizations



KEY FINDINGS:

Effective D&I is in an organization's DNA

Pursuing D&I to support the organization's culture, promote innovation, and/or support business strategy has a positive effect on market performance.

D&I success is grounded in metrics

Measuring D&I's impact on strategic goals proves business relevance that promotes leadership buy-in.

As diversity continues to grow, inclusion will be the differentiator

While most organizations plan to increase their focus on diversity and inclusion in the next five years, high-performers are putting more emphasis on building inclusive cultures.

Specific leadership behaviors reinforce an inclusive culture

Leaders who seek awareness of differences and then act to build productive relationships with diverse individuals are promoters of an inclusive culture.

Effective D&I is in an organization's DNA

Values that are imperative to the success of an organization's strategy go deeper than superficial communications; they are omnipresent in the culture and essential to how business is done.

Across the board, high-performance organizations reported pursuing D&I to strengthen their organization's business performance, while lower-performers reported pursuing D&I to satisfy an external need or constituent. High-performance organizations also report greater integration of D&I with other strategic and talent initiatives.


HIGH-PERFORMANCE ORGANIZATIONS ARE MORE LIKELY TO PURSUE D&I BECAUSE IT IS INTEGRAL TO THE BUSINESS STRATEGY.

LOW-PERFORMANCE ORGANIZATIONS ARE MORE LIKELY TO PURSUE D&I FOR LEGAL COMPLIANCE AND RISK MANAGEMENT.

High-performance organizations are almost

3x more likely to report that

31% people outside of the D&I function own D&I efforts.

American Airlines  High-performance organizations do more to establish inclusive cultures and to strategically leverage diverse perspectives. American Airlines' 19 employee business resource groups (EBRGs) submit annual business plans to ensure that their focus stays aligned with larger business imperatives while keeping the carrier connected to diverse customer segments in the markets they serve. According to Mike Waldron, managing director of diversity and talent development for American Airlines, "Leaders and members of the resource groups have really jumped into this because they realize that it's nice to do the feel-good stuff, but in order to make sure they stay relevant in the eyes of the corporation, they need to be connected to the business."


Inclusion Training for Leaders

Specific leadership training programs with the greatest impact on market performance include:

- Education on cultural, societal, and business etiquette customs in key markets
- Initiatives to help leaders and HR professionals better recognize and manage their own conscious and unconscious biases

D&I success is grounded in metrics

High-performance organizations do more to connect D&I efforts to business outcomes, and are **2x** more likely to measure the success of D&I efforts with empirical data than low-performance organizations. Measurements based in financial growth, business performance data, and new idea generation are the most significant predictors of higher market performance.

Baystate Health  Andres Gonzalez, chief diversity & inclusion officer for

Massachusetts-based Baystate Health, contends that empirical data measuring impact is the foundation of a business-relevant function. "Ultimately I want an initiative that my CFO will get excited about. Those are the types of initiatives that the CFO will be a champion for."

High-performance organizations are almost

3x more likely to use business performance data to measure D&I efforts.

17%
6%

High-performance organizations plan to increase their emphasis on inclusion over the next five years by

38%

As diversity grows, inclusion will be the differentiator

3x

High-performance organizations place **more emphasis on diversity and inclusion now**—and will continue to in the future.

Shifting demographic trends combined with increasingly global talent pools and markets will keep diversity at the forefront of workforce planning priorities. But while placing emphasis on sourcing diverse talent gives high-performance organizations the advantage today, it will be the *inclusiveness* of these organizations' cultures that will ensure sustainable advantage in the future.

KELLY SERVICES Kristi Stepp, vice president of organizational effectiveness for Kelly Services, an i4cp member company, agrees that building more inclusive cultures is critical to meeting global talent needs. "Our customers operate in a global landscape, and Kelly must provide solutions for our customers that highlight the imperative to create more inclusive cultures to attract and retain diverse talent."

Specific leadership behaviors reinforce an inclusive culture

The importance of genuine and supportive conduct on behalf of leadership cannot be overstated when it comes to promoting values in the culture.

Two leadership behaviors have the greatest impact on D&I success:

Establishes productive relationships with people from other cultures, countries, races, and backgrounds

Demonstrates awareness of differences in business customs and cultural practices in various parts of the world

These findings are supported by the 2015 i4cp/American Management Association (AMA) study *Global Leadership Development - Preparing Leaders for a Globalized Market*, which found that to be effective, global leaders need cultural and linguistic competencies in combination with customer insights for the markets they serve. They also need to be able to teach/coach individuals with diverse learning styles and should be skilled in collaboration.



Recommendations

1. Use a variety of tools and training to develop inclusive leaders

Both inclusion-specific training for leaders and providing programs that bring awareness of conscious or unconscious biases are the two practices with the strongest relationship to market performance. Programs should maintain a business focus and communicate how awareness impacts talent and market interactions.

2. Prioritize leadership involvement among diverse groups

There should be diversity among leadership: leaders should work side-by-side with representatives of diverse employee (such as ERGs) and external groups in order to see the potential that those groups bring to the table. They should be required to maintain involvement with various diversity initiatives as an element tracked via either a diversity scorecard or other performance measure.

3. Hold employee resource groups (ERGs) accountable

Align the goals of ERGs with the goals of the business through submission of annual business plans that identify initiatives in which the group sees a business opportunity for the organization. The goal of these plans is to create a drive and mindset among ERGs to show how their diverse insights can advance the business—be it through marketing, sales, PR, or even product and service offering development. In some cases, these opportunities can benefit from the support of certain business functions, and in some cases business functions have initiated the outreach to bring an ERG's perspective to bear on a specific goal or initiative.

4. Create rotational positions within the D&I function

Rotate high-potential line-of-business employees through positions within the D&I function to help spread the values of D&I throughout the organization. This development opportunity will create evangelists throughout the company that understand and can champion D&I programs while providing the D&I function with a greater understanding of the needs of the business.



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EXECUTIVE BRIEF

The full study contains additional analysis and insights from top organizations such as:

American Airlines 

Baystate  Health

KELLY  SERVICES 

and more.

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