Diversity and inclusion: Why training isn't enough
The HR Executive Dbriefs series

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May 16, 2017
Diversity and inclusion: Why training isn’t enough

Agenda

• The Changing Nature of the Workforce
• Why Diversity and Inclusion is so Important
• Trends in D&I
• Defining an Inclusive Culture
• Old Rules vs. New Rules
• Takeaways
• Q&A
What *appears* to be happening

- Mobile, sensors, AI, cognitive computing, data
- Access to technology by consumers globally
- Technology infiltrates home and political life

What is **really** happening

HR’s opportunity: help close the gap among technology, individuals, businesses, and society and governments

Research overview

Deloitte’s largest and most extensive human capital survey to date

10,000+ business and HR leaders

140 countries

New rules reflect the shifts in mind-set, behavior and actions required to lead, organize, motivate, manage, and engage the 21st-century workforce.

Ranking of 2017 trends by importance

<table>
<thead>
<tr>
<th>Category</th>
<th>Not/somewhat important</th>
<th>Important/very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization of the future</td>
<td>12%</td>
<td>88%</td>
</tr>
<tr>
<td>Careers and learning</td>
<td>17%</td>
<td>83%</td>
</tr>
<tr>
<td>Talent acquisition</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>Employee experience</td>
<td>21%</td>
<td>79%</td>
</tr>
<tr>
<td>Performance management</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Leadership</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Digital HR</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>People analytics</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Diversity and inclusion</td>
<td>31%</td>
<td>69%</td>
</tr>
<tr>
<td>The augmented workforce</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Robotics, cognitive computing, and AI</td>
<td>60%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Percentage of total responses

Note: Ratings for “The augmented workforce” and “Robotics, cognitive computing, and AI” both relate to the broader trends on “The future of work” discussed in this report.

Trends in diversity and inclusion

Why study D&I now?

Global political environment

Demographic shifts

Globalization of workforce

Increasing life spans

Rise of networks of teams

Need for improved performance

Shifting values

What is driving the change in focus?

Polling question #1

Which of these D&I trends is most important to your organization?

1. Global political environment
2. Demographic shifts
3. Globalization of workforce
4. Rise of networks of teams
5. Shifting values
6. Need for improved performance
7. Increasing life spans
Diversity and inclusion: The reality gap

- Fairness, equity, and inclusion are now CEO level issues, but continue to be frustrating and challenging.

- 78% believe diversity and inclusion is a competitive advantage.

- 38% report the CEO is the primary sponsor of diversity and inclusion program.

- Traits of an inclusive leader: commitment, courage, cognizance of bias, curiosity, cultural intelligence, collaboration.

Although many organizations have increased their diversity efforts, they remain primarily homogenous, particularly at the executive level.

What do organizations need to do differently to become more diverse and inclusive?

Instead of focusing on just diversity or on individual diversity programs, organizations should holistically develop their culture to be inclusive.

What is an inclusive culture?

Our data\(^1\) indicates that it is comprised of nine attributes*. We found that a culture in which employees feel they are valued, safe, empowered to grow, and respected is typically an outcome of having an inclusive culture. Organizations with these attributes perform better on a number of critical outcomes.

What is an inclusive culture?

- Employees feel connected and valued, and that they belong in the culture
- Employees can present their authentic selves
- Employees feel that work outcomes, processes, and communications are fair
- Employees feel they are treated with dignity and regard by others
- Leaders are open to “bad news”
- Asking questions is encouraged
- Leaders are open to new ideas and innovative approaches
- Employees have influence over job tasks
- Teams embrace change
- Employees are frequently given stretch opportunities
- Employees who learn new knowledge/skills are valued

*These nine attributes were identified from our survey. We did not test two items that are also critical—equality and respect. Since these were not in the initial survey, they are not a part of the attributes that predict stronger business outcomes. That said, we believe they are important and would encourage organizations to consider adding them as critical to a culture of inclusion, which is why we have included them here.

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Polling question #2

Which of the components of an inclusive culture is most lacking in your organization?

1. Safe and Open
2. Empowered and Growing
3. Equality and Respect
4. Valued and Belonging
5. Don’t know / not applicable
Diversity and inclusion: Why training isn't enough

More inclusive cultures have better business outcomes*

Impact of having an inclusive culture

Organizations with inclusive cultures are typically1:

- 6x more likely to be innovative
- 6x more likely to be agile (anticipate change and respond effectively)
- 8x more likely to have overall better business outcomes
- 3x more likely to be high performing
- 2x more likely to meet or exceed financial targets

*Outcomes were calculated using odds ratios to determine the likelihood of organizations with inclusive cultures performing better on specific outcome variables.

**We asked organizations to indicate the extent to which they are high performing, but did not define this term for them.

Polling question #3

Which of these outcomes would be most beneficial for your organization?

1. Innovation

2. Agility (ability to anticipate change and respond effectively)

3. Meet or exceed financial targets

4. Don’t know / not applicable
## Diversity and inclusion: Old rules vs. new rules

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<td>Work-life balance is considered a challenge for employees to manage,</td>
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<td>with some support from the organization</td>
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<td>Companies measure inclusion, diversity, and lack of bias in all</td>
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<td>designated groups defined by attributes such as gender, race, nationality,</td>
<td>recruitment, promotion, pay, and other talent practices</td>
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<td>Companies measure diversity through the demographic profile of designated groups defined by attributes such as gender, race, nationality, or age</td>
<td>Companies measure inclusion, diversity, and lack of bias in all recruitment, promotion, pay, and other talent practices</td>
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<td>Companies regularly report progress on diversity measures</td>
<td>Companies hold managers accountable for creating an inclusive culture, using metrics to compare against each other</td>
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Increased focus on bias in recruiting and the use of new tools to help companies reduce bias.

Sixty eight percent of respondents measure and monitor diversity and inclusion in recruiting

New tools from vendors can monitor hiring practices to help identify racial and cultural bias

### Ideas for Mitigating Unconscious Bias in Hiring

<table>
<thead>
<tr>
<th>Idea</th>
<th>Description</th>
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<tr>
<td>Include multiple diverse interviewers at different stages of the hiring process.</td>
<td>Avoid asking for “first impressions” or “gut responses” after interviews.</td>
</tr>
<tr>
<td>Review hiring processes for unconscious biases.</td>
<td>Conduct structured or blind interviews.</td>
</tr>
<tr>
<td>Remove names from resumes.</td>
<td>Review job descriptions / postings for language that could reflect biases.</td>
</tr>
</tbody>
</table>

Source: [Identifying and Addressing Unconscious Bias in the Workplace: A Primer](http://bersinone.bersin.com/resources/research/?docid=20708), Bersin by Deloitte / Stacia Sherman Garr and Candace Atamanik, 2017.
How BMO pioneered a new approach to D&I

**Situation:** BMO Financial Group implemented an initiative to raise awareness and disrupt bias during recruitment and performance processes to enable more objective talent decisions and better diversity outcomes.

**Action:** They started a review to map the major steps in talent processes and identified the procedures that could influence the impact of bias.

The initiative redesigned practices to nudge managers toward meritocratic decisions and eliminate areas where bias could be present.

**Results:** Key measures of success were the impact on employees’ perceptions of inclusion and their voice at work. These measures saw a YOY increase of 2% on perceptions of inclusion and employees’ perception of their voice at work.

84% of managers and one-third of all employees voluntarily completing the e-learning module within the first months of launching the initiative.

The role of leadership in creating an inclusive culture

Issues around diversity and inclusion are challenges that all leaders should address.

Six traits of an inclusive leader

<table>
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<th>Commitment</th>
<th>Courage</th>
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<td>Cognizance of bias</td>
<td>Curiosity</td>
</tr>
<tr>
<td>Cultural intelligence</td>
<td>Collaboration</td>
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Companies should include these capabilities in their leadership development procedures.

Leaders should make changes to processes and systems to embed D&I in the organization.

• Transparently measure diversity
• Managers should be held accountable for outcomes as well as their own behavior.

Expand the definition of diversity beyond demographic and social identities.

• One of the biggest sources of bias at companies is a lack of diversity of thought.
• Leaders can benefit by listening to people who think differently, they bring the most innovative ideas.

Polling question #4

Which of the six traits of an inclusive leader does your organization most emphasize today?

1. Commitment
2. Courage
3. Cognizance of bias
4. Curiosity
5. Cultural intelligence
6. Collaboration
7. None
How a company is holding leaders accountable for inclusion

**Situation:**
The company focuses on advancing women leaders through a comprehensive leadership development strategy featuring strong mentorship and sponsorship.

**Action:**
To increase accountability at all levels, the company instituted a new compensation system that reinforces its commitment to diversity and inclusion. Ten percent of executive compensation is linked to diversity goals, which are evaluated as part of performance reviews. Additionally, the stock option awards for the company’s top officers are linked to diversity results.

**Result:**
Between 2008-13 women’s representation among managers grew from 40 to 44%, including 28% at and above the VP level. In 2015, Diversity Inc. ranked the company top ten among its top 50 companies for diversity overall.

A new game requires new rules

Call to action
for HR and business leaders to understand the significant impact of change and develop new rules for people, work, and organizations

New rules
reflect the shifts in mindset, behavior, and actions required to effectively lead, organize, motivate, access, manage, and engage the 21st-century workforce

Where to start?

Ensure that top leadership understands the importance of diversity

Move beyond HR

Consider global differences

Use technology and data to help identify problems and measure progress

Questions?

The organization of the future: Arriving now

Careers and learning: Real time, all the time

Talent acquisition: Enter the cognitive recruiter

The employee experience: Culture, engagement, and beyond

Performance management: Play a winning hand

Leadership disrupted: Pushing the boundaries

Digital HR: Platforms, people, and work

People analytics: Recalculating the route

Diversity and inclusion: The reality gap

The future of work: The augmented workforce

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