


Inclusive Leadership:

The Key to Unlocking
the Benefits of
Diversity

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Abstract

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Organizations today are more diverse than ever before. Over the past 30 years, this increase in diversity has gained a lot of attention in the West, giving rise to a rich body of research on its organizational benefits and challenges. In addition to contributing to equity, research shows that diversity gives organizations a competitive advantage. Having more diverse executive teams, for example, makes an organization 21% more likely to experience above average profitability¹. **With accelerating globalization and a rapidly changing socio-political landscape, the organizations that thrive will be those that embrace diversity and foster inclusion.**

At The Humphrey Group, we believe putting inclusion at the heart of inspirational leadership will unlock the benefits of diversity.

While studies show that diversity drives profits, the process of increasing diversity in leadership has been challenging and therefore slow². Many organizations struggle both to manage the diversity they already have and to institute policies and practices that reap the promised return on investment. These challenges are in part caused by the lack of clarity surrounding inclusion: although many organizations have a firm understanding of diversity, they have only a vague idea of what inclusion is, or what it looks like in practice. In order to capitalize on the business benefits of diversity and inclusion, organizational leaders need a strong understanding of inclusion and a clear picture of how to practice it.

Diversity and Inclusion: inter-related yet distinct concepts

Diversity and inclusion are often referred to as a pair. Whether it's D&I or I&D, the overlap between the two terms has been a persistent source of confusion. While these concepts are interrelated, they mean different things and require different implementation strategies.

At The Humphrey Group, we define diversity as the things that make us unique. Diversity can be visible or invisible. It includes dimensions such as gender, sexual orientation, race, socioeconomic indicators, ability, and so on. If you have more than one person present, the chances are that you already have some degree of diversity in the room. But organizations know that everyone has biases, and that "like attracts like." Left to our own devices, we might miss out on the benefits of diversity by sticking to what we know. For these reasons, it is critical to actively work on increasing diversity through policies and practices that attract, retain, and promote diverse talent.

The other half of the D&I equation is inclusion. We define what inclusion is on the next page.

LIKELIHOOD OF IMPROVED FINANCIAL PERFORMANCE

GENDER DIVERSE TEAM



ETHNICALLY DIVERSE TEAM



What is Inclusion?

“ It is the “how” of individual inclusive leadership that represents the biggest challenge to unlocking the potential of D&I.


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Inclusion is the practice of creating an environment where diversity flourishes. In an inclusive environment, all people feel safe, valued, and respected. To create such an environment, organizations must practice inclusion at the organizational, team, and individual levels. Without inclusive policies, practices, and behaviours, diversity cannot flourish. At best, the organization will remain the same, without realizing any of the benefits of diversity. At worst, it will be unable to attract or retain a diversity of talent – a major competitive disadvantage in today’s global market.

sive leadership that represents the biggest challenge to unlocking the potential of D&I. When leaders have the tools to drive inclusion, they can unlock the benefits of diversity and reap its business benefits.

In our work with leaders, we see that it is the “how” of individual inclu-





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The Business Benefits of Diversity and the Essential Inclusion Variable

1: Improved Market Access

Multinational organizations with dispersed operations face unique challenges at the local level. The autonomy of each office may differ from country to country and region to region. Inclusive leadership, particularly in organizations that are headquartered outside of native markets, is necessary for creating a locally successful strategy. By bringing inclusive leadership to the decision-making table, multinationals can make the most of the unique knowledge and abilities of their local teams.

Diversity and inclusion also offer significant advantages at the global scale. Today more than ever, companies are competing for a diversity of markets and customers. Multinational corporations have offices, factories, and stores all over the world. This global connectedness means that organizations have to wrap their heads around new regulatory requirements – it also means that their products and practices have to appeal to diverse markets and customers with unique needs and priorities. D&I therefore becomes a business imperative in an increasingly global market.

2: Better Talent Attraction and Retention

With a global talent pool that is increasingly and more openly diverse, competition for talent is fierce. To attract the best and the brightest, organizations must offer more than simply financial incentives: they also have to prove that they have their priorities right. According to LinkedIn's 2018 Workplace Culture Report, 86% of millennials would take a pay cut in order to work at an organization whose mission and values align with their own. While diversity initiatives such as ERGs, targeted recruiting, segmented training, and mentoring programs may get diverse talent in the door, a formal inclusion strategy is necessary for creating an environment in which diverse talent is fully engaged.

Employee engagement – not to be confused with job satisfaction – is defined in Khan's 1990 work as "the simultaneous employment and expression of a person's 'preferred self' in task behaviors that promote connections to work and to others, personal presence, and active full

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role performances". Khan shows that a feeling of psychological safety is necessary for people to truly engage in their work. This engagement, in turn, yields higher employee retention³. In other words, by implementing inclusive leadership policies and practices, organizations can maximize the benefits they draw from their internal diversity and increase their employee attraction and retention.

The benefits of diversity outlined above are strategic imperatives that increase an organization's competitive advantage. Focusing on inclusive leadership allows those benefits to be realized.

“While diversity of thought leads to increased innovation, inclusion activates diversity's potential business benefits.”

3: Better Decision Making and Innovation

No longer simply the ethos of the tech giants, innovation is a business imperative across industries. Every organization seeking to do more than just survive embraces the motto “innovate or die,” but innovative thinkers are hard to come by. Studies show that, here too, D&I can prove a strong asset. Companies that are more diverse tend to be more innovative. Diversity of thought is critical to helping businesses become more creative, more knowledgeable, and better able to anticipate the needs of ever-changing customer demographics. Higher levels of diversity in leadership are also statistically linked to better decision-making⁴. While diversity of thought leads to increased innovation, inclusion activates diversity's potential business benefits. Without inclusive leadership, diversity of thought is less likely to be expressed.



Inclusive Leadership: The Missing Link

“ At The Humphrey Group, we believe that all aspects of inspirational leadership are teachable through a practical and applied methodology. ”

While many organizations have established clear visions for D&I, along with policies to support them, relatively few provide clear guidance on what this means for individual leaders in practice. Given the current highly volatile socio-political landscape and ever-evolving D&I theories and concepts, it is no wonder many view inclusive leadership as a challenging, even daunting, concept.

In our work, we see that leaders today need concrete, practical strategies that they can immediately put into place. Leaders want to reap the benefits associated with D&I. But in order to do so, they need to understand that they have a role to play.

At The Humphrey Group, we believe that all aspects of inspirational leadership are teachable through a practical and applied methodology. Inclusive Leadership is no different. Placing inclusion at the heart of inspirational leadership will unlock the benefits of diversity. To create an inclusive environment, there is no better tool than communication.



References

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