

Considering the intersection of inclusion and talent:

Being Competitive for Talent Means Being Serious about Inclusion

Prepared for the Future of Talent Institute
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Inclusion Requires Leadership and an Organizational Culture that Understands, Values, and Seeks Out Difference

*In the 1980s, Arie de Geus directed a study for the Shell Group to examine corporate longevity. He and his colleagues looked at large corporations that had existed for over a hundred years, had survived major changes in the world around them, and were still flourishing with their corporate identities intact. The study analyzed twenty-seven such long-lived corporations and found that they had key characteristics in common. One is a strong sense of community and collective identity around a set of common values. **The other is openness to the outside world, tolerance for the entry of new individuals and ideas, and consequently a manifest ability to learn and adapt to new circumstances.***
-Capra, The Hidden Connections

Why Re-Think Our Approach to Inclusion

Issues related to diversity and inclusion organizations appear to remain largely misunderstood, or at least poorly understood. Exceptions certainly exist, but many organizations ignore these issues completely, and many that do pay attention do so in a sloppy or even counterproductive manner. It is not uncommon to find an organization reducing dynamic and complex issues down to ethnic food celebrations and predominantly reactive conversations about tolerance and compliance. Not only do organizations and their leaders commonly miss the mark on this set of issues, but we are also at a point in time when the importance and real business value of these issues is increasing. Issues of diversity and inclusion are more closely linked to the success and survival of our organizations than ever before.

Inclusion requires leadership and an organizational culture that understands, values, and seeks out difference.

While diversity and inclusion have always been important and have always been valuable to organizations and communities, they are now increasingly business critical. There are organizations that have been able to survive and even prosper without paying any serious attention to these issues, and that time is coming to an end. For a number of reasons, real understanding of diversity and inclusion and the associated value is no longer optional:

For starters, the workforce profile is changing. Fifty-one percent of new entrants into the workforce between 1994 and 2005 were part of a minority population and 62% of new entrants were women (Hudson Institute, 1997). If your company is not good at attracting, engaging and retaining women and

People of Color, you are going to be competing for a shrinking portion of the talent available. We are also on the front end of an unprecedented generational transition, which, despite being slowed by economic concerns, will still happen. We do not yet know all the implications of this transition, but we do know it will change the talent landscape. At the very least, it will mean that a great deal of expertise and experience will be leaving our organizations and industries. The result will be increased volatility in leadership and organizational culture, placing greater significance on an organization's capacity to engage and effectively communicate with all generational cohorts in the workplace.

Workers have more dependents. More employees today than ever before have dependent children and/or dependent adults at home, and as the needs and priorities of the workforce become more varied and complex, employers are tasked with developing solutions for meeting those needs. It is also worth noting that the changing makeup of our workforce is connected to the changing makeup of the overall population, including changes in buying power, and in who is starting new businesses, etc. This means that a real understanding of diversity and inclusion is needed.

How we create value and pursue competitive advantage is also changing. Increasingly, competitive advantage depends upon creativity and innovation. For more and more organizations, industries, and even communities and regions, innovation is becoming a big part of the path forward. We entertain some cultural myths about innovation being driven by the lone scientist or the lone genius, but the research tells us that it happens at intersections (Johansson, 2004). Innovation happens when different perspectives, organizations, disciplines, cultures, etc., come together around a problem or an opportunity. In other words, you need to have diversity to drive innovation. Organizations and communities that have always been driven by innovation appear to have a strong understanding of this. Organizations that are now trying to become innovation-oriented struggle a bit more. How does innovation really happen? What does an 'inclusive organizational culture' really mean? A real understanding of diversity and inclusion is needed.

Where do good ideas come from? That is simple...from differences. Creativity comes from unlikely juxtapositions. The best way to maximize differences is to mix ages, cultures and disciplines.
-Nicolas Negroponte, founder MIT Media Lab

Increasing Complexity/Cognitive Diversity. In an increasingly complex world -- desperately in need of better decision-making, problem-solving skills--Cognitive diversity (differences in mental orientation) is a key ingredient of better problem-solving on a group or organizational level. While it is much easier to focus on hiring for specific individual attributes or experiences, or to target a specific profile, we should now give real consideration to how we might build teams, departments and organizations which integrate different mental orientations to

create the potential for better decision-making outcomes and problem-solving capacity. This means that a real understanding of diversity and inclusion is needed. We can actually say that diversity is a potential indicator of talent.

The Myth of Color - Gender Blindness

A growing mountain of evidence suggests that, regardless of our intentions, we simply are not color blind. We are also not blind to gender, title, age, appearance, or any other real and perceived dimensions of the social identities of the people we interact with. Stereotypical ideas and images can easily influence the assumptions that we make about people in fractions of a second, as well as what we notice about people and pay attention to, and what we remember about people and how we interpret their behavior. We likely all have some amount of implicit bias, and this is not about whether we are good people or bad people; it is, rather, about human nature. Denying our own tendency to have bias only exacerbates the dynamic in our relations with others. There is a natural inclination to “like” people who are more “like” us – culturally, professionally, personally. Being open and honest about it, reviewing some of the powerful insights from the new brain science research and the fields of social cognition and social psychology, gives us an opportunity to be more conscious of our unconscious tendencies. Individuals can benefit from information and support enabling them to recognize and push back on their own prejudices. That enables people to function better in teams, in ways that will counter individual bias. We do not want to overlook differences; what we want to do is to take a proactive stance so that our assumptions and implicit associations do not get in the way of identifying, engaging and retaining talent.

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There is always a force at work towards non-diversity...whom are you relying on to execute ideas, whom are you relying on to come up with new ideas, who are you relying on to feed off of for yourself, to surround yourself with? There is always a push towards uniformity that we have to struggle against. Most people's natural instinct is to have people they are familiar with that sound like them...we have to fight against that all the time in ourselves, as well as in the people whom we hire, who are then going to be hiring other people. We try to reach for the broadest spectrum of points of view and personalities and backgrounds.
-Marcy Carsey founder, Carsey-Werner Company

The 2007 Corporate Leavers Survey, conducted by The Level Playing Field Institute, sheds some light on how some of our individual biases and assumptions manifest in the workplace and what an opportunity for improvement we have:

- People of Color are three times more likely to cite workplace unfairness as the only reason for leaving their employer than heterosexual Caucasian men and twice as likely as heterosexual Caucasian women.
- Gay and lesbian professionals and managers said workplace unfairness was the only reason they left their employer almost twice as often as heterosexual Caucasian men.

The Corporate Leavers Survey places the cost to U.S. business for unfair treatment of existing employees at \$64 billion dollars per year. This means that a real understanding of diversity and inclusion is needed.

These are simply some of the most pressing reasons why diversity and inclusion are, with each passing day, becoming more and more critical to the success, and even the survival, of our organizations. Clearly, our efforts in attracting, engaging and retaining talent are places this is going to show up. Organizations wanting to be world-class in this arena are going to have to be successful at integrating serious diversity and inclusion philosophy, practice and policy into their culture and operations.

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How Organizations Can Course - Correct toward Inclusion

The specific strategies, tactics and actions we take to pursue the value of difference and to support an inclusive organizational culture can look very different from one organization to another, and across industry and even geography. To avoid getting caught in the one-size-fits-all trap of “best practice,” we can instead examine some core principles to integrate into our talent practice for a proactive orientation towards diversity. How these principles are acted upon can look very different from one organization or department to another. Acting on core principles in an authentic and organizationally relevant way should help us to take the right steps for the right reasons.

These core principles are overlapping and inter-related to some degree, but all make an important and unique contribution towards a sustainable and organizationally relevant integration of diversity and inclusion work.

The Right Knowledge: Often overlooked or under-emphasized, a fundamental awareness of what diversity is, and what its value is, provides the shared framework, understanding and language for all employees to see these issues as relevant and actionable.

The Right Competencies: Having clarified the meaning and the value of diversity and inclusion, an organization can promote, support and model the individual behaviors that are in alignment with the organizational culture it aspires to have.

The Right Indicators: Using a blended suite of metrics can provide valuable guidance on the impact of organizational diversity and inclusion efforts, and help an organization avoid focusing solely on demographic numbers which only tell a part of the story.

The Right Ownership: Driving real and sustainable change requires shared ownership. Organizations that place responsibility for diversity and inclusion work with just one person, or one team, jeopardize the impact and consistency of that work.

The Right Knowledge:

Understanding and awareness are necessary pre-requisites for informing the behaviors, processes and outcomes we want. Far too often, we rush to implement programs and policies related to diversity and inclusion without doing foundational work to ensure that there is clarity on what, why and how. Just the terms “diversity” and “inclusion” have come to mean many different things to many different people, and simply developing a shared understanding of what these things mean for your organization is a big and a valuable step. It is important to make sure that everyone involved in your talent efforts has a strong foundational understanding of:

- what diversity is
- what the business value of diversity is
- how human nature influences our interactions with, and evaluation of, others and can act as a barrier to difference
- what your organization is doing regarding diversity and inclusion, and what it expects from leaders, employees and partners

Knowledge truly is power, and simple clarity of language and definitions is a critical foundation for this work. Lack of knowledge and understanding can be the greatest barrier to this work, especially when it comes to changing behavior that can often be connected to unconscious or implicit bias or association. When we convince ourselves that we are without bias, it naturally becomes pretty difficult to take actions to counter any possible bias. A critical piece of this understanding is that diversity and inclusion are not simply matters of whether we are “good

people” or “bad people,” but actually complex matters involving human nature, as well as cognitive, relational and communication dynamics.

Words do matter. Language is messy by nature, which is why we must be careful in how we use it. As leaders, after all, we have little else to work with. We typically don't use hammers and saws, heavy equipment, or even computers to do our real work. The essence of leadership -- what we do with 98 percent of our time -- is communication. To master any management practice, we must start by bringing discipline to the domain in which we spend most of our time, the domain of words.
-Peter Senge (“Practice of Innovation,” Leader to Leader, Summer 1998)

Diffusing this information across the organization, and especially within the talent function, is the place to start. This can be done formally and informally through professional development and leadership development programs, as well as team and individual conversations starting with the interview process and never stopping. Success stories should also be shared and examined, including both internal and external examples.

Establishing a simple and value-based understanding of diversity and inclusion provides a solid foundation upon which to build further efforts.

The Right Competencies:

Organizational policies, process and strategies are certainly important, but individual behavior and ability is a powerful determinant of organizational culture, and vice-versa, and any effort to build and support an inclusive organizational culture must have considerable focus on these individual actions. To increase our capacity for truly identifying talent, as well as engaging and retaining that talent, we must work to minimize the influence of assumptions, labels and stereotypes on our evaluations and decision making, so we can build upon the foundational knowledge regarding difference, with relationship skills and communication skills. There are certainly some naturally gifted and incredibly effective communicators out there, but most of us have much room for improvement when it comes to:

- presumption of positive intent
- active listening
- intentional and dialogical communication

We should analyze the demographics at each step in the talent process and always look for disparities by race, gender, etc. Disparities generally indicate an opportunity for learning and/or improvement at some point in the overall talent pipeline.

- conflict management and resolution
- looking for and challenging assumptions (individual and shared assumptions)
- cross-functional collaboration
- emotional intelligence and self-management
- social intelligence and relationship management

Like the foundational understanding of diversity and inclusion, these competencies can be promoted, developed and supported in formal and informal ways, including employee orientation, team-building and professional development efforts, mentoring programs, e-learning and as parts of team meetings and events. This is where a real test of the leadership comes in to play, and in order to avoid the potential damage from a “do as I say, not as I do” approach, these competencies should first be identified, developed and supported with senior leaders first and foremost.

Effective management of a diverse workforce translates into bottom line results. That is different from saying that just because you are diverse you are going to get the benefits of that diversity.
-David Thomas, Harvard Business School

The Right Indicators

Diversity (difference) is much broader than race, gender and age, but those are among the easiest dimensions of our identity to actually measure in the organizational setting, so we can use them as indicators, and we should. We should analyze the demographics at each step in the talent process and always look for disparities by race, gender, etc. Disparities generally indicate an opportunity for learning and/or improvement at some point in the overall talent pipeline.

The presence of disparities does not automatically mean that we have something to fix or change, but might be evidence of gaps in other parts of the pipeline. For example, if we are recruiting nurses in a given community and the percentage of applicants that are African American is far below the percentage of the overall community that is African American, it may indicate an opportunity for us to improve our outreach, employment branding and advertising. But it might not mean that at all. It is quite possible that the

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percentage of applicants that are African American is completely in line with the percentage of nursing schools students that are African American, which would mean that the opportunity for improvement happens early in the pipeline. If we have a serious commitment to diversity and inclusion, we can still be a part of addressing that gap in working with high school, college and other partners.

Demographics are important indicators and should be analyzed frequently, but should only be one component of a blended approach to measurement. *Demographic research shows that the future workforce will be much more diverse, including individuals of different genders, ages, races, ethnicities, and lifestyles. Effectively leveraging this human capital will play a large role in companies' future competitiveness and economic performance.*
-Corporate Leadership Council

Organizational culture indicators should figure prominently in this blend, including formal and informal assessments of employee engagement, inclusion, and satisfaction, assessments of organizational transparency, authenticity and meritocracy, as well as assessments of customer and partner satisfaction. In addition to looking at demographics and culture, some measure of applicable process should also be a part of your metrics blend. Leadership should consider, on a regular basis, whether or not you are supporting robust efforts to seek out and benefit from difference.

Components of a robust inclusion strategy:

- *Aggressive internship and/or volunteer programs* - These can be programs that focus on introducing more women or racial and ethnic minorities to your organization (programs such as INROADS), or programs that introduce people from different disciplines, professions, levels or types of education and experience to your organization and work best when there is a focus on mutual learning.
- *Referral programs* - Many organizations have some type of referral program, but many are not vigorously promoted and supported and many are not focused on bringing additional diversity into an organization. This is a great opportunity to utilize employee resource groups.
- *Multi-perspective interviewing* - Making the interview (and evaluation and promotion) process as collaborative as possible can reduce the impact of individual bias and assumption.
- *Immersive on-boarding* - An on-boarding process with a focus on building social capital can make it easier for an organization to benefit from the perspective of new employees, and can make it easier for new employees to feel connected to the organization and to begin contributing.
- *Employee resource groups (also known as affinity groups, empowerment groups)*: These formal or informal groups of

employees that share a common culture, background, or set of interests can be of tremendous value to an organization's talent function, as well as for marketing, product design and development and other efforts.

- *"Skip level" meetings* - Regular conversations between people that are not directly connected in the chain of command (e.g., a meeting with your boss's boss) can facilitate the diffusion of information in an organization and support a culture that is less authoritarian in nature.
- *Town hall meetings* - Any truly open conversation and dialogue about organizational issues demonstrates an understanding of the value of different perspectives and provides an opportunity to pursue that value.
- *360 degree evaluation* - This approach to evaluation can help to reduce the impact of both individual conflicts, and individual bias and assumptions.
- *Communities of practice* (internal and external) – Generally very inclusive and meritocratic in nature, these self-directed learning efforts can be very valuable for an organization and for the individuals participating.
- *Loaned executive programs* – This is a mutually beneficial opportunity for an individual (and indirectly, an organization) to be a part of and learn about another organizational culture. Whether a large corporation loans an executive to a small non-profit, or vice-versa, there is the opportunity for both organizations to learn and benefit from the exchange
- *Strategic partnerships* – It is not uncommon for organizations to "partner" with other organizations as part of their diversity and inclusion work, such as Catalyst or the Nati, but these partnerships are often not much more than cosmetic.
- *Use of social media* - To bring employees together for communication, collaboration, sharing of context.

Diversity and inclusion are largely relational concepts and social media tools, which can be very valuable in developing new relationships, and adding to the shared context in existing relationships. *Use of intentionally inclusive methodologies for planning and decision-making, such as:*

- appreciative inquiry
- open space technology
- crowdsourcing
- accelerated decision making

The Right Ownership

Your culture permeates your organization, so no single person can own this work. There are many different contributions to be made, and real culture change must be collaborative and participatory. Many organizations make the mistake of

assigning one person to lead their diversity and inclusion efforts, and then hold only that person responsible for progress made. While there are exceptions, it is not uncommon for this person to be in a no-win situation, with all of the responsibility and little or no authority for actually making things happen, especially in a newer organizational initiative.

It can be beneficial to have a person or a team of people that provide topic area expertise and/or are responsible for supporting, guiding and measuring your collaborative effort, but make sure there is clear responsibility and accountability at all levels and in all functions of the organization.

Individual employees should have clear accountability for the behaviors and competencies that are expected. Leaders should have those accountabilities, as well as accountability for demographic, cultural and process measurements. This accountability should be part of performance evaluation and tied to compensation with the entire process being highly transparent.

In Conclusion

As our organizations, our workforce, and our approach to value creation continue to change, the complex issues of diversity and inclusion are becoming increasingly critical to business success. Regardless of an organization's level of experience or comfort in working with these issues, a successful talent strategy requires a more sophisticated framework. Using the model of Right Knowledge, the Right Competencies, the Right Indicators and the Right Ownership, organizations can approach the question of diversity and inclusion practices with the integrity necessary for attracting, engaging and retaining world-class talent.

About the Future of Talent Institute

The Future of Talent Institute is a consortium of organizations and individuals who explore emerging issues in talent management, staffing, recruiting, employee development, retention and leadership development. In these tough times, we focus on providing talent information and early insights on employment, demographics, workforce attitudes and others issues so that you and your organization can make faster and better decisions about talent and talent-related issues.

The information, data, and opinions we provide on emerging issues and best practice can be used immediately to strengthen presentations, to provide you with arguments and supporting data for decisions, and to give you a network of colleagues to call upon for advice. The surveys we conduct and the data we compile can be an integral part of a talent strategy, a workforce plan or a presentation to senior management.

To learn about our membership programs, benefits and Annual Retreat visit us online at <http://www.FutureOfTalent.org> and contact Susan Burns, executive director, at 503.381.9292 for additional information.

About Joe Gerstandt

Joe Gerstandt is a speaker, facilitator and blogger on next generation diversity and inclusion practices. At the intersection of behavioral science, social media, innovation, and organizational culture, he explores how organizations can more successfully and more efficiently deliver on their promises by better utilizing intangible assets, such as:

- diversity
- inclusion
- organizational culture
- communication
- trust
- empathy
- creativity
- relationships

Joe works with Fortune 500 corporations, small non-profit organizations and everything in between. His writing and insights have been published in The Diversity Factor, the Workforce Diversity Network newsletter, the American Diversity Report and various online learning communities and blogs. He can be reached (or followed) at:

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