Inclusive Future

Early 2022 Summary

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Equity, inclusion & diversity (EI&D) is often regarded as a set of preachy "eat your greens" issues that organizations are socially pressured into adopting. This attitude towards EI&D is outmoded and out of touch with the complex socioeconomic conditions which organizations operate in today. In fact, it is becoming apparent that the discipline of fostering EI&D makes organizations more responsive, more resilient, better informed and better able to recruit and retain employees.

There are strong operational and moral imperatives for diversity. A diverse workforce can bring a broad range of experiences and views to bear on the complex business challenges of this time. Organizations are also finding that the growing ranks of Millennial and Generation Z employees support diversity from a moral perspective, and indeed expect it as a normal condition of life.

However, simply having a broad diversity of employees, while necessary, is not in itself sufficient for an organization to thrive. To reap the benefits of diversity, an organization must also become more inclusive. Gender and nationality, two key elements of diversity, can be defined, identified, and measured objectively. By contrast, inclusion is subjective. It is about how employees feel an organization treats them in relation to their diversity. This makes inclusiveness harder to define and measure.

Organizations are keen to have clear definitions, tools, and metrics to define EI&D operationally and implement policy. To this end, the International Institute for Management Development (IMD), sponsored by Philip Morris International (PMI), undertook with full editorial independence the Inclusive Future project. Part 1 of the project involved research into academic literature, consultants' approaches, and corporate case histories to review current best practice to measure inclusion. Part 2 of the project delved into the recent social movements and socioeconomic factors that have influenced EI&D needs so powerfully. Part 3 briefly looked at practical tools to measure and facilitate inclusion, introducing the Inclusion Net Promoter Score (iNPS).

This Early 2022 Summary is designed to provide an overview of project's findings and conclusions.

Inclusive Future Part 1

Topline Summary

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The business case for EI&D is well researched and well documented. We therefore started the Inclusive Future project by analyzing the work that leading academics, consultants and corporations have carried out to foster it. It became clear, as outlined below, that several factors have made it impossible to establish broadly agreed benchmarking metrics to track diversity and inclusion across industries.
For diversity, legal constraints in many countries make it impossible to gather data on important dimensions such as race and sexuality. Consequently, organizations cannot reliably map and track their own diversity, nor compare it with that of other organizations.

Inclusion is even more of a conundrum. Differing operational definitions of inclusion have led to different elements being identified and measured. Some models of inclusion highlight personal needs for feelings of "belongingness", "uniqueness" and "authenticity". Others focus on organizational needs for participation and fairness. Even where different organizations focus on the same elements of inclusion, there is no common approach to the nature and number of questions included in their surveys.

Apart from gender and nationality, whichever other elements of diversity are measured, the process of measurement inevitably involves individuals completing self-report questionnaires. This brings its own difficulties in measuring inclusion for all employees. On each question, it is not possible to determine to what extent employees' responses authentically reflect their experience and to what extent they are influenced by how they think they "should" respond. Then, for surveys as a whole, there is the challenge of balancing practicality and thoroughness. Longer survey questionnaires offer the benefit of greater depth, but with the risk that respondents get tired of answering; shorter surveys are more practical but risk missing important information.

The timing, frequency and locality of surveys also vary too widely to permit standardized metrics to be developed. Among major corporations, Microsoft fields an annual employee satisfaction survey including questions on inclusion, and sends out short surveys every day to a random selection of employees. BP stopped using employee surveys (and with them its inclusion index) in favor of more immediate and short forms of surveys and data from other IT-generated sources.

In short, Part 1 of the project did not yield a unified index or metric to guide EI&D. Nevertheless, from the research, we were able to generate a broad model to be explored and elaborated in Part 2. The crucial element of this model is "psychological safety", denoting an inclusive environment in which all employees feel able to express their unique perspective without fear of negative consequences. This is fostered by "inclusive leadership", a key driver for creating inclusive work environments that balance employee needs to feel part of the whole ("belongingness") while remaining authentically themselves ("uniqueness"). Inclusive leadership requires a nuanced style that reflects shifts in society. It balances each individual employee's need to feel part of the whole ("belongingness") with their need to feel that their individuality is recognized and appreciated ("uniqueness").

Inclusive Future Part 2

Topline Summary

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As Part 1 found, the imperatives for equity, inclusion & diversity (EI&D) have been broadly recognized, researched, and enacted for well over a decade. However, three recent social factors have made key elements of EI&D more starkly apparent to everyone. Specifically, MeToo has made individual cases of sexual harassment and sexism visible, spurring people to examine ways in which gender is part of general power imbalances. The 2020, the murder of George Floyd by a white police officer in Minneapolis made the Black Lives Matter (BLM) movement and racial inequity more salient not only in the United States, but around the world. And since early 2020, the COVID-19 pandemic has revealed and exacerbated the chronic Socioeconomic Inequalities that present threats to democracy, order, and economic growth.

This summary of Part 2 of the Inclusive Future project starts by examining MeToo, BLM and Socioeconomic Inequalities before looking at how EI&D dynamics have been disrupted by COVID-19 and accelerated by fast-developing technology and generational change. It then proposes ways in which organizations including PMI can recognize these shifts and work constructively with them to the benefit of all.

MeToo

It's over 15 years since MeToo was first used by Black activist Tarana Burke to encourage conversations about sexual violence. Tellingly, it wasn't until MeToo was used by white actress Alyssa Milano in 2017 that it rapidly gained momentum and resonated around the world.

The MeToo movement has sparked extensive revelations of sexual harassment and sexual violence that women have endured in the workplace. It has popularized the notion of toxic masculinity to denote a prevalent type of destructive male culture that harms men too. Hidden behavior that had previously been tolerated as unwelcome but "normal" has therefore been "denormalized". It's not just predatory male behavior, but also many other everyday sexist behaviors that inhibit, marginalize, or exclude women from being heard and taken seriously. For example, it is now recognized that men interrupt women 30% more often than they do other men, heavily impacting women's ability to be seen as leaders. When women of all backgrounds are not heard, important intelligence goes to waste.

The MeToo movement has driven a substantial shift in mindsets, prompting many men to become advocates and allies of women. However, it has also become a contested field. Skeptics, opponents, and indeed many ordinary members of the public, are concerned that MeToo risks going "too far". Some contend that it strains relationships between men and women. A common trope is that MeToo would lead to a "policing of sex", revealing the mistaken perception that the movement is not about consensual sex, but about abuse of power at work. Some fear that it potentially exposes too many men to false accusations of sexual abuse, although the irony here is that this makes survivors of sexual abuse more hesitant to report it, and data demonstrates that less than 5% of denunciations are false.

The MeToo movement has raised awareness that sexual abuse and inequity cut across more than a simple sectional divide between male and female. This has led to a growing understanding of "intersectionality". The term refers to conjunctions of various individual attributes such as gender, race, class, sexual orientation, and physical ability that may lead to a person suffering inequity or exclusion. With specific regard to MeToo, we found that women and people with a lower socioeconomic background remain at a higher risk of sexual harassment and abuse compared to others.

BLM

Like MeToo, the origins of Black Lives Matter (BLM) go back several years. The movement was started in the United States by three Black women in 2013 to highlight cases of police violence, and to show how Black lives are shaped by a history of slavery and colonialism. However, it wasn't until the murder of George Floyd in 2020 that the movement gained traction in the United States and beyond, prompting conversations about racial topics not just in North America but around the globe.

A major effect of BLM has been to raise the visibility of systemic racism and racial injustice in many countries. It has compelled corporate executives to look hard at these issues and ask what they can do to change things. A survey of the HR Policy Association found that the movement led to an 85% expansion of inclusive activities, an 85% increase in C-suite involvement, and 70% starting/expanding unconscious bias training.

The source of BLM, the United States, has its own unique history of racism. However, BLM has resonated in many other countries that have their own local constellations of racism and xenophobia. It has emboldened advocates and social movements to highlight local racial issues that may previously have been ignored, dismissed, or denied.

As with MeToo, questions of intersectionality and visibility are raised by Black Lives Matter. It is striking that BLM achieved global spread because of the highly visible murder of a Black man, while much of the groundwork for the movement was done with little visibility by Black women (two of whom identify as queer). The vocal support of many companies for BLM has prompted questions about the visibility and lives of underprivileged groups working in the lower ranks of such companies.

Like MeToo, BLM has shone a revealing light on established structures of power and relative privilege. As with MeToo, it has sparked waves of debates, advocacy, and solidarity, but also resistance and contestation. Critics counter BLM with statements such as "All Lives Matter" and claims that affirmative action leads to white employees being "the real victims of discrimination".


NO
JUSTICE
NO PEACE

Socioeconomic Inequality

The traction gained by MeToo and BLM have shown that gender and race are two factors of inequality that are relatively clear to discern and define. Both are elements of "the ways in which access to resources and opportunities are differentially distributed across a particular population". Other factors include social class, educational attainment, and income distribution. This is what may be termed "socioeconomic inequality". They are less visible and less readily dramatized in media coverage.

Elements of socioeconomic inequality have arguably been a recurring theme of politics for a long time. Growing inequalities of wealth have been influentially highlighted by best-selling academic Thomas Piketty in his 2014 book Capital in the Twenty-First Century and his 2020 book Capital and Ideology.

Socioeconomic inequality is a challenge for organizations because they themselves are part of the problem. In many cases, their inclusiveness does not stretch to socioeconomic diversity. Whether deliberately or inadvertently, they perpetuate socioeconomic inequality through their hiring practices, promotion tracks, role allocations, compensation schemes, and organizational structures. Fortunately, organizations that are committed to EI&D can be part of the solution. They can become aware of socioeconomic diversity and ensure that socioeconomic background is included in their systems to identify talent.

COVID-19 – The Disruptor

General lack of awareness about, or attention to, these inequalities was tellingly illustrated by the claim in the early days of the COVID-19 pandemic that "we are all in the same boat". Within just a few weeks it became apparent that in fact we "are in the same storm but not in the same boat". COVID-19 has had the effect of making inequalities glaringly apparent to all and actually making them worse for many.

In terms of health impacts, sickness and death from COVID-19 has disproportionately hit disadvantaged populations such as people of color in the United States and the United Kingdom.

In the workplace, women, Black people, young, less educated and precarious workers were hit hardest by reduced paid hours and more job losses. Among workers fortunate enough to be able to work from home in relative comfort and safety, many women found themselves juggling the tasks of work and providing care for children and the elderly. Consequently, working through the pandemic, more women than men have felt stressed, exhausted, and excluded. This effect is even more marked among LGBTQ+ women and women with disabilities.

At the time of writing (early 2022) the pandemic is still not over, so it is not possible to predict its long-term effects with any certainty. What we can say for sure is that COVID-19 has accelerated the pace of technological change, giving many organizations and employees prolonged experience of working remotely. Hybrid working, mixing on-site and remote working, is likely to become part of the "new normal". This will also mean more blended meetings that involve both in-person and remote employees.

Among the pluses, hybrid and blended working can potentially enable employees to custom design their working days to optimize meeting their work goals while accommodating other priorities such as family, fitness, or hobbies. Among the challenges, on the other hand, is creating and maintaining an environment in which all employees feel included and heard, whether they are present in person or online. While the formal aspects meetings may be run inclusively, remote participants risk not being included in informal comments, jokes, and conversations.

Millennials, Generation Z & Technology

The rising generational cohorts of Millennials and Generation Z bring some distinctive and related attributes to the workplace. They embody some of the big shifts in awareness and mindsets that organizations must adapt to as they work at fostering diversity and inclusion.

Both cohorts use technology fluently, especially social media technology. Both cohorts seek achievements and constant development while expecting a good work-life balance. Generation Z in particular supports movements such as MeToo and BLM and is apt to voice their support online with so-called 'hashtag activism'. Together, these cohorts are accelerating the development of inclusive cultures that value diversity and fairness, work-life balance, and purpose.

Even more than most, Millennial and Generation Z employees need to feel that they are being heard by their employers. Otherwise, they tend to voice their concerns and air their grievances publicly through social media. This can prove problematic for organizations, especially in a digitally accelerated environment where organizations are likely to be scrutinized, fact-checked and called to account.

Inclusive Future Part 3

Topline Summary

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Measuring inclusion and inclusive leadership is not an end in itself. An open and pluralistic organizational culture, i.e., an inclusive working environment, increases an organization's resilience and prepares it to proactively navigate the sort of disruptive periods we have experienced since 2020. When the data is collected and analyzed properly, the results offer unique insights to transform an organization and foster inclusion and inclusive leadership throughout. As Parts 1 and 2 found, a comprehensive approach is needed that focuses on uniqueness, fairness/equity and psychological safety and also takes belongingness, participation, and authenticity into account.
For organizations that are interested in evolving EI&D, Part 3 proposes a menu with a core set of standardized questions to measure results over time; qualitative and quantitative methods and tools to gain varied types of insights; and recommendations about inclusion nudges to spur behavioral change. In an interesting example of a positive feedback loop, research indicates that sharing the results of inclusion metrics with a broad internal audience spurs behavioral change.

To allow comprehensive measurement of progress over time, it is advisable to compile an inclusion index as part of an Employee Engagement survey, comprising 6-10 standard questions covering the key components of inclusion, including:

- Psychological safety
- Uniqueness
- Fairness
- Participation
- Belonging
- Authenticity

Many organizations already have questions that measure some of these components in established employee engagement surveys. They can continue with their established questions and complement them with new inclusion-focused questions to encompass the six inclusion components listed above, thereby getting a fuller and more accurate picture. The phrasing of such questions can serve a dual purpose: to gather information about past and present behavior, and to influence future behavior. Scalar agree/disagree statements such as: "I am committed to improve my leadership skills in terms of active, humble listening" can nudge the respondent to do more of the behavior.

This type of survey measurement is thorough, but takes time and is costly. To complement it, a new pulse tool is currently being tested: the Inclusion Net Promotor Score (iNPS). It asks respondents to rate: "How likely are you to recommend our organization to a friend or colleague from an underrepresented group as an inclusive place to work?" (By "underrepresented group" we mean women, people from ethnic or racial minorities, with different sexual orientation or different

abilities.) This single-scale evaluation can be enriched with an open-ended free-text question: "What is the one thing (name of organization) could do to improve this?"

The iNPS is an easily implantable way (both in terms of time and cost) to obtain quantitative information. Its usefulness hinges on being able to apply intersectional analysis to the results. It should be clear which demographics in the organization find it inclusive enough to recommend – and which don't. Intersectional data can be gathered by encouraging respondents to voluntarily and anonymously self-identify in terms of belonging to underrepresented groups.

Quantitative surveys such as the iNPS yield numbers that measure responses to a pre-set list of questions and statements. To obtain richer, more detailed information, it's advisable to complement quantitative surveys with qualitative methods. Provided a psychologically safe environment is fostered, valuable insights can be found in open-ended conversations with employees, whether in more formal settings such as focus groups and appraisal sessions, or less formal settings such as lunch-and-learn sessions.

Another source to obtain information is the use of artificial intelligence (AI). AI is already widely used by HR. We anticipate that AI analysis of communications will be further developed to gather data relevant to EI&D purposes. As with both quantitative and qualitative methods, it is essential to guard against bias. This can be achieved by having multidisciplinary teams design the gathering system, interpret the results, and apply the learnings with intersectional input.

Key Points & Guidelines

Key Points & Guidelines

An organization is inevitably surrounded by diversity in the societies where it operates. This is a fact, not an option. Some forms of diversity are more visible than others, but they are no less important for that. The organization needs to be aware that many different forms of diversity combine in intersectionality.

An organization needs diversity to develop the skills and benefits of being inclusive. Without diversity, an organization tends to default to 'group think', where people simply agree with each other. Diversity helps an organization learn to operate better, whereas a homogenous (non-diverse) workforce, with less diversity, is a risk factor for all forms of harassment.

Rapid changes in operating environments have become faster and more complex since 2020. It is therefore essential for an organization to develop inclusive leadership to benefit from the diversity in the organization. Inclusive leaders don't think or act as if they have all the answers. Rather, they listen with humility so that diverse employees feel safe to speak up and contribute without fear of negative consequences.

Creating more equitable, inclusive, and diverse work cultures requires willingness to engage in difficult conversations about issues such as sexism and racism. It involves using emotionally freighted terms such as patriarchy, toxic masculinity, intersectionality, psychological safety, and privilege that some employees may find challenging or politically loaded. It takes leaders with the skills to foster psychological safety where emotive issues can be discussed honestly and inclusively. It takes inclusive leadership to prevent such conversations from becoming "us versus them".

To encourage everyone to foster inclusiveness, an organization must clearly articulate its values, strategy, and position on EI&D. This provides essential reference points to help leaders at every level become visible advocates and models of inclusion. Equally, this articulation helps the organization to manage the EI&D missteps that are bound to arise.

There is no universal gold standard to measure even diversity, let alone inclusion, because there are too many variables and constraints. In the absence of an ISO-type set of universal standards, an organization must both have a wide-angle view of inequality as a whole and zoomed-in views of unique intersectional experiences.

Beyond all the complexities of measuring and tracking EI&D, organizations should be guided by four clear principles:

1

Foster psychological safety above all, so that all employees can contribute their experience authentically without fear of negative consequences.

2

With psychological safety as the linchpin, attend to the six key components of inclusion:

- Personal components (belongingness, authenticity and uniqueness)
- Organizational components (participation and fairness)
- Matrix Component (without diversity, there is no inclusion; just like minded people echoing each other

3

Develop inclusive leadership, with humble listening and willingness to become allies and advocates of underrepresented employees.

4

Increase visibility so that all employees get noticed and included, especially those who may be less visible because of intersectional traits such as gender and race.

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