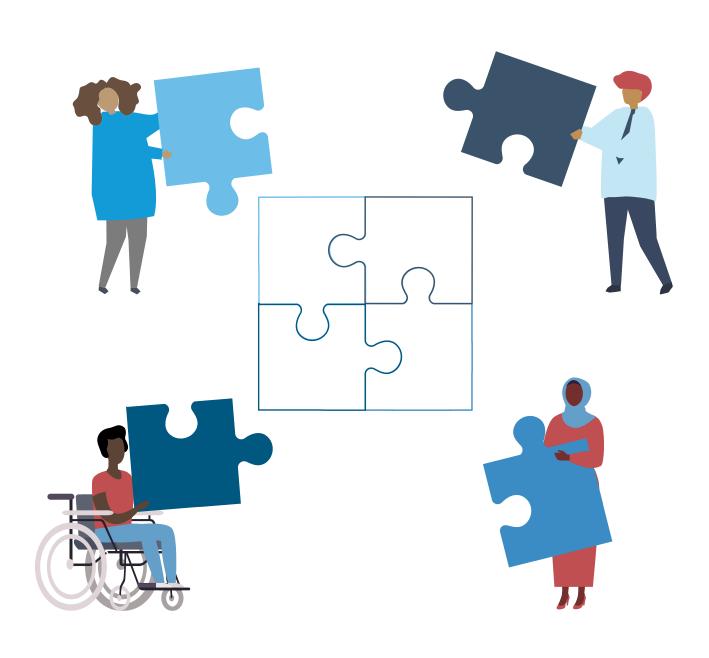# Diversity & Inclusion: Why It Matters and How to Implement Meaningful Change

NAKISA®

How Can a Diverse Workforce Streamline Business Goals?

Diversity is one of the most powerful drivers of innovation and growth in the modern business world. Numerous studies have corroborated that companies made up of diverse workforces outperform their homogeneous competitors. According to McKinsey's Delivering Through Diversity report, this is especially true for companies with diverse leadership teams.

> **Companies in the top-quartile for ethnic/cultural diversity on executive teams were 33% more likely to have industry-leading profitability.**
>
> **McKinsey, Delivering Through Diversity, January 2018**

Let's start by defining diversity. It can refer to race, gender, sexual orientation, age, religion, socioeconomic background, able-bodiedness, and more. It also refers to acquired differences such as work experiences, educational backgrounds, and skill-sets.

However, increasing company performance is about more than simply having a diverse workforce. It's about ensuring that your organization is properly leveraging the myriad of perspectives, proficiencies, ideas, approaches and mindsets.

This eBook will provide you with information on why diversity and inclusion are necessary in the modern business world. It will also help your HR team ensure your D&I strategy is informed by actionable insights and supported by modeling capabilities and robust organizational design technology.
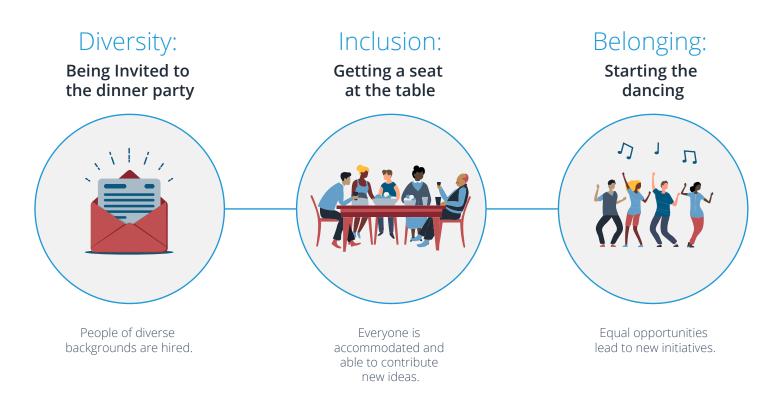
Understanding Diversity & Inclusion

Diversity and inclusion should be viewed as both a means to an end and an end in itself. There are numerous benefits to having a workplace made up of people of various ages, cultures, educational backgrounds and more. These include improved company reputation, increased growth, performance and resilience to market shifts. However, leaders should see the inherent benefit of creating a diverse, inclusive work atmosphere that is accepting of new ideas, understanding of different viewpoints and, ultimately, more welcoming of people from all walks of life. Leaders who focus solely on increasing diversity hiring quotas are simply not going to be able to adequately create the productive, efficient, creative workforce they are seeking.

In order to achieve the staggering business results that companies like McKinsey and Deloitte have reported, leaders need comprehensive strategies that permeate all areas of the organization and that are reinforced by management at all levels. Fostering an inclusive work environment is the crucial next step once diverse talent has been hired.

> **Part of the problem is that "diversity" and "inclusion" are so often lumped together that they're assumed to be the same thing. But that's just not the case. In the context of the workplace, diversity equals representation. Without inclusion, however, the crucial connections that attract diverse talent, encourage their participation, foster innovation, and lead to business growth won't happen.**
>
> **Harvard Business Review, Diversity Doesn't Stick Without Inclusion**

Diversity:
Being Invited to the dinner party

People of diverse backgrounds are hired.

Inclusion:
Getting a seat at the table

Everyone is accommodated and able to contribute new ideas.

Belonging:
Starting the dancing

Equal opportunities lead to new initiatives.

Belonging: The Next Step

Belonging is the natural next step in the diversity and inclusion evolution. Leaders must find a way to engage their employees and make them feel they have a role to play in the company's success. According to the results of Gallup's report "How Employee Engagement Drives Growth," workplaces in the top quartile in employee engagement outperformed bottom-quartile units by 10% on customer ratings, 22% in profitability, and 21% in productivity. Employees who feel like they belong will feel more motivated to do their best work, collaborate with colleagues and thus reinforce a positive work experience that attracts top talent. Policies that emphasize the importance of diversity and inclusion should serve to create an environment where all team members feel empowered to participate in company culture, and freely share their ideas, opinions, suggestions and even doubts.

> **At its highest point, inclusion is expressed as feeling "safe" to speak up and without fear of embarrassment or retaliation.**
>
> **Deloitte, Diversity and Inclusion Revolution**

Steps to Foster Diversity & Inclusion

Adapted from article "How To Develop a Diversity and Inclusion Initiative" by SHRM

Gather Data

Capture information on employee demographics across your organization.

Procure Buy-In and Support

Ensure that key stakeholders support the initiatives and understand the reasoning for them.

Identify Areas of Improvement

Analyze data and determine trends to see where efforts should be focused.

Communicate Changes

Disseminate information on new initiatives to all.

Set Goals

Determine specific, attainable short- and long-term goals.

Implement new initiatives

Roll out changes methodically.

Create an Action Plan

Establish policies and practices that execute on goals. These should have methods of accountability and specific timelines.

Measure Outcomes and Continuously Assess

Continuously evaluate progress and track results against goals. Revise strategies as needed.

For employees, essential to the feeling of belonging is the belief that they can rise up in an organization and learn as they grow. Having a diverse leadership team is perhaps the best way for a company to communicate to its employees that diversity is valued. It also happens to be one of the best ways to ensure that high-level business decisions have been vetted by a pool of people who, combined, are better equipped to spot risks. A company's culture is set from the top down. In order to cultivate a culture that values the unique contributions of all, leaders must buy into the idea that it is a priority and exemplify it at the highest levels of the organization.

> **Deloitte's research shows that the behaviors of leaders (be they senior executives or managers) can drive up to 70 percentage points of difference between the proportion of employees who feel highly included and those who do not.**
> **Deloitte, Diversity and Inclusion Revolution**

When it comes to cultivating an inclusive workplace, the importance of management buy-in is hard to overemphasize. CEO's can communicate visions, HR can set policies and roll out training but leaders and management must ultimately adopt a mindset that they are willing to seek out different perspectives and adapt to the needs of a diverse talent force. They also need to be held accountable.

> **Perhaps because Diversity, in its early stages, can complicate the completion of tasks, the biggest barrier is found in middle management, where departmental or team projects are carried out.** ❞
> The Society for Human Resource Management, Global Diversity and Inclusion, 2009

Where to Start?

So how do you implement a D&I strategy that translates into tangible results? In this day and age, technology plays a huge role. If your company is looking to implement policies and practices that improve your overall diversity and inclusion, it's important to start by understanding your current state. For large companies in particular, it can be difficult to consolidate and parse employee data to get a sense of the big picture. Solutions that provide People Analytics and HR Analytics will often allow stakeholders to visualize and report on workforce metrics. These allow leaders to see custom reports and charts that display the demographic makeup of the organization and show how diverse talent is dispersed across locations, departments, levels, spans of control, pay scales and more.

Once you understand your current situation and have determined areas of improvement, the next step is to set goals. Perhaps one of those goals is to hire more people of color to leadership positions, or more women in one particular department. There is a multitude of talent acquisition software on the market designed to reduce unconscious bias in recruiters and help source diverse talent. These are a great starting point and can help to greatly increase diversity, but when it comes to inclusion, their scope is often limited as they typically focus on the recruiting process and don't properly address turnover and movement within the organization.

Tracking and Monitoring Progress

The next step, once diverse talent is in the door, is to make sure they are being treated equitably by both the Company and peers. Perhaps management has received training on valuing diversity and encouraging their employees to bring new ideas to the table. Perhaps the CEO has announced that D&I is a top-line priority, one that will hopefully encourage innovation, agility and growth.

Stating the goal and implementing the vision are two very different things. The real question becomes: how do you measure success? This is again where technology has a role to play. Track pay equity, career progression, risk of loss, attrition and more to gain a big picture understanding of how diverse talent is moving through your organization. Use this same data to understand if or where your D&I policies and practices are succeeding or falling short. If your company has implemented a new D&I strategy, yet attrition continues to grow, management share within key demographics remains unchanged, or gender-by-pay-grade metrics still show inequity, perhaps it is time to re-evaluate.

The Relationship Between Organization Design and D&I

The final step in implementing large-scale D&I initiatives is ensuring that your organization is structured in such a way that business can flourish, and all employees can contribute, learn and grow. Companies seeking to make drastic changes to their org structures to leverage diverse talent will often undergo organizational redesigns. In order to properly visualize your org structure, you'll need to be able to model various scenarios and build new org structures that take diversity, among other criteria, into account.

Nakisa Hanelly is an org design solution that allows leaders to model workforce scenarios in a sandbox environment, modifying and tweaking designs until they are just right, without affecting live data until changes are confirmed. There's another reality to account for; companies are con-tinuously changing. D&I statistics can be seriously impacted when companies go through Merg-ers and Acquisitions, Reductions in Force or Reorganizations. Only when modeling and scenar-io-building capabilities are integrated with D&I metrics can companies truly ensure that the D&I results they worked so hard for are maintained when they go through major changes.

In a Nutshell

Diversity & Inclusion should be a top-line priority for companies looking to stay competitive in the modern business world. Ensuring that your company is equipped to execute on large-scale D&I initiatives is a complex effort that needs leadership buy-in and a multi-faceted approach. As referenced throughout this eBook, research has confirmed that the efforts are well worthwhile and can result in significant growth when well-executed. Using the right technology to implement changes and track results will be crucially important to determining success.

About Us

A global leader in cloud business solutions for Organization Design and Accounting & Compliance, Nakisa delivers innovative, forward-thinking and robust human resource and financial management solutions that advance your business strategies.

Nakisa Hanelly is a comprehensive solution for org chart, org design and HR analytics. It helps HR and leadership streamline and maximize business change.

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