Inclusive Leadership

The Charity Learning Consortium

Post-session take away

June 2021

Diversity? Inclusion? Equity? Equality?

There is a lot of talk about the value of having a diverse workforce, and that is a good thing, but having a wide range of individuals working in an organisation is only a starting point. If employees don't feel listened to, valued and respected, you're not reaping the benefits of their diverse perspectives. That's where inclusion comes into play.

Diversity is having a seat at the table, inclusion is having a voice at the table and belonging is having that voice be heard - Liz Fosslien

As a leader, creating an inclusive workplace begins with you.

According to Harvard, what leaders say and do makes up to 70% difference as to whether an individual reports feeling included.

Prioritising inclusion is not only a matter of legal, moral and ethical responsibility. It also has a huge impact on business performance outcomes.

McKinsey found that companies in the top quartile for racial and ethnic diversity were 36% more likely to have financial returns above their respective national industry medians.

Still not convinced?

Bersin by Deloitte found that companies that embrace diversity and inclusion in all aspects of their business statistically outperform their peers, achieving 2.3x higher cash flow per employee.

When all employees feel psychologically safe and included, you're able to leverage diverse thinking that sparks creativity and accelerates innovation, leading to tangible results including increased team problem-solving, employee engagement and retention.
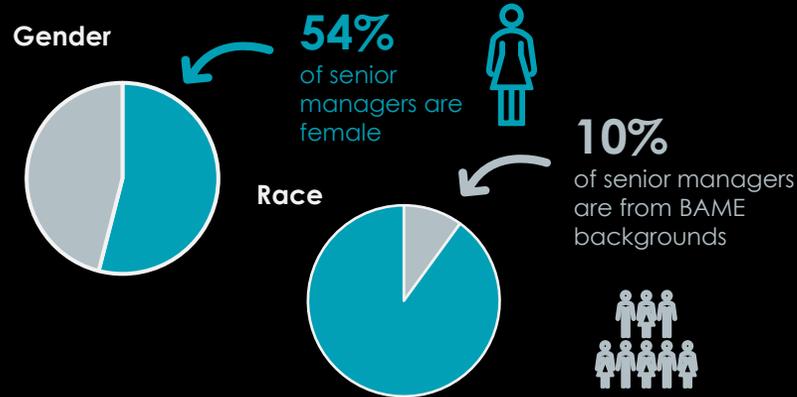
What this means for the 3rd Sector

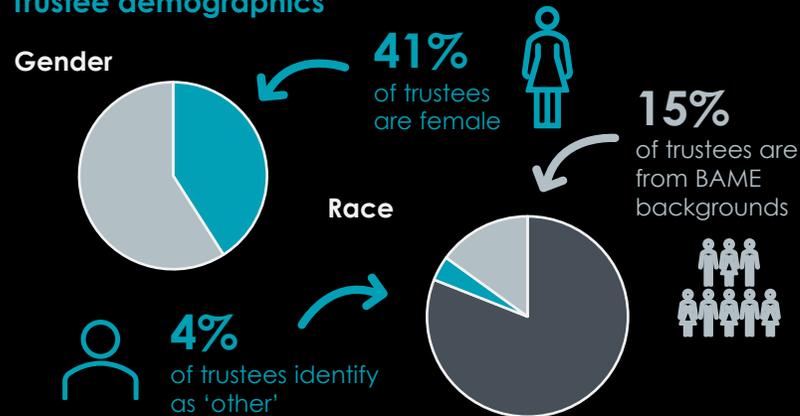The charity sector is experiencing a period of unrelenting change.

This is driven by factors such as:

- the digitalisation of the economy

- growing demands for demonstrable impact, transparency and integrity

- an increasingly complex regulatory environment
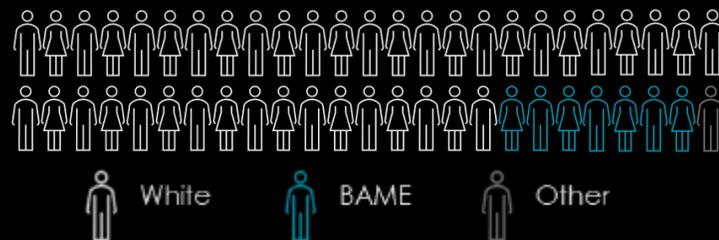
- environmental events

Senior management demographics

Gender

54% of senior managers are female

10% of senior managers are from BAME backgrounds

Race

Trustee demographics

Gender

41% of trustees are female

15% of trustees are from BAME backgrounds

Race

4% of trustees identify as 'other'

Chief executive demographics (race)

White   BAME   Other

In October 2019, a new Code of Fundraising Practice was released by the Fundraising Regulator and the Charity Commission. This code has advocated increasingly for the need for robust charity governance in the wake of some high-profile news stories and the need for trustees to have effective oversight of their charities.

Furthermore, the Charity Governance Code, updated in December 2020, focuses on integrity (principle 3), equality, diversity and inclusion (principle 6).

The ACEVO Pay & Equality Survey found that only 3% of charity chief executives who took part were from BAME backgrounds and that this percentage has actually fallen over the last ten years.

"a shamefully small number of civil society CEOs are from a black and minority ethnic background", Vicky Browning, Chief Executive of ACEVO

She calls on us to "collectively prioritise action to break down the barriers and bias that exist within the voluntary sector."

Reasons for acting

Driving change at the best of times is not easy. Driving change without a clear articulation of your intent, why it's necessary, the burning ambition and risks of doing nothing, is virtually impossible.

Surely we don't need a business case for D & I; we just know it's the right thing to do? But, like any change, not everyone is in the same place and ready to jump on board.

Although it is unlikely you will see visible disagreement that D&I is an important topic and that we should be valuing people's differences and treating them with respect.

To create lasting change, you need to start with the end in mind and consider WHY you are embarking on this journey? What is your intent? What is the case for change?

All cases for change vary by business, but generally, your decision for acting may be driven by one or more of these 3 factors:

- Legal – we have to do this
- Moral – we believe it is the right thing to do
- Business case – we believe it also makes a difference to the bottom line

Why is diversity and inclusion so important?

Inclusion is often considered as a separate initiative that focuses on social equality. This is not the only focus. There are a number of key business challenges an inclusive workforce will help you overcome faster than your competition.
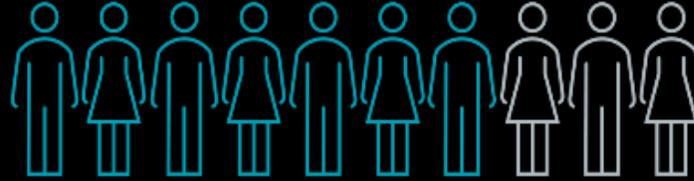
Employee Engagement

Organisations with above-average gender diversity and levels of employee engagement outperform companies with below-average diversity and engagement by between

46% to 58%

Fast Company

70%

What leaders say and do makes 70% difference as to whether an individual reports feeling included.

Source: HBR, The Key to Inclusive Leadership

Commercial

Organisations in the top quartile for ethnic and racial diversity in management were **35% more likely to have financial returns** above their industry mean.

35%

McKinsey

The overwhelming case for Diversity and Inclusion

Innovation

Organisations with above-average diversity in their management teams reported innovation revenue that was 19% higher than that of organisations with below-average leadership diversity

19%

BCG, Diversity and Innovation Survey

Employee Attraction

47%

47% of employed millennials site a diverse and inclusive workplace as important in their consideration of new employment.

Deloitte millennial survey

Profitability

Companies in the top-quartile for ethnic/cultural diversity on executive teams were 33% more likely to have industry-leading profitability.

McKinsey

33%

Performance

When employees think their organisation is committed to, and supportive of diversity and inclusion, they report better business performance in terms of ability to innovate (83% uplift),

responsiveness to changing customer needs (31% uplift) and team collaboration (42% uplift).

Deloitte Australia and the Victorian Equal Opportunity and Human Rights Commission

Breaking the silence

Opening up these conversations can potentially strike fear into many leaders hearts, and they choose to avoid or pay lip service. There is a reluctance to open up the uncomfortable conversations

Diversity is infinite

It's not just about legally protected characteristics. Differences are infinite. There are actually more differences within groups than between them

Not a one size fits all

There is no blueprint for D&I. Whilst there is best practice to be learnt, tailoring a solution to your business and context is critical
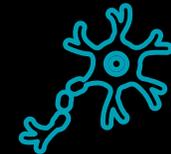
Backing the wrong horse

Unconscious bias cannot be 'cured' and training people in that way can cause more damage than good (moral licensing)

Battling biology

We are hardwired to create 'us and them' divisions, visual cues have a direct line to the fear system in our brain that we must work with

If the reason for acting is so strong, why is progress slower than we'd like?

People with influence are largely from majority groups, they may have self-enhancement bias and not be personally invested

The curse of the purse strings

Over focus on awareness rather than changing behaviour and culture doesn't move things forward

Being aware is not being there

Assumptions based on stereotypes rather than empirical research have underpinned current efforts

Insidious stereotypes

The diversity and inclusion label can prime the wrong associations (e.g. fluffy, non-commercial, distraction etc.)

Sigh at D&I

Focus on the outcome (diversity statistics) and not the drivers (psychological safety)

Outcome obsession

Inclusion is the answer, for today and the future

Beyond the protected characteristics, our approach includes what we believe are also important considerations to building the truly inclusive culture which will future-proof your organisation.

These include;

Engagement

Communication preferences

Cognitive diversity

Tenure

Height

Connection

Socio-economic circumstance

Weight

Introversion vs **extroversion**

Hair colour

…and there are so many more

10 key things that truly inclusive leaders do

Value differences
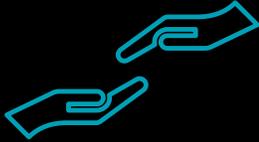Perspective blindness; the lens we see the world through is limited by our own viewpoint

Create psychological safety
Make it safe for people to bring their best selves to work

Share your intent
Create purpose and a compelling narrative that changes the conversations shaping everyday thinking & actions

Think about your thinking
The starting point for every action or behaviour is our mindset and how our biases can distort this

Accountable freedom
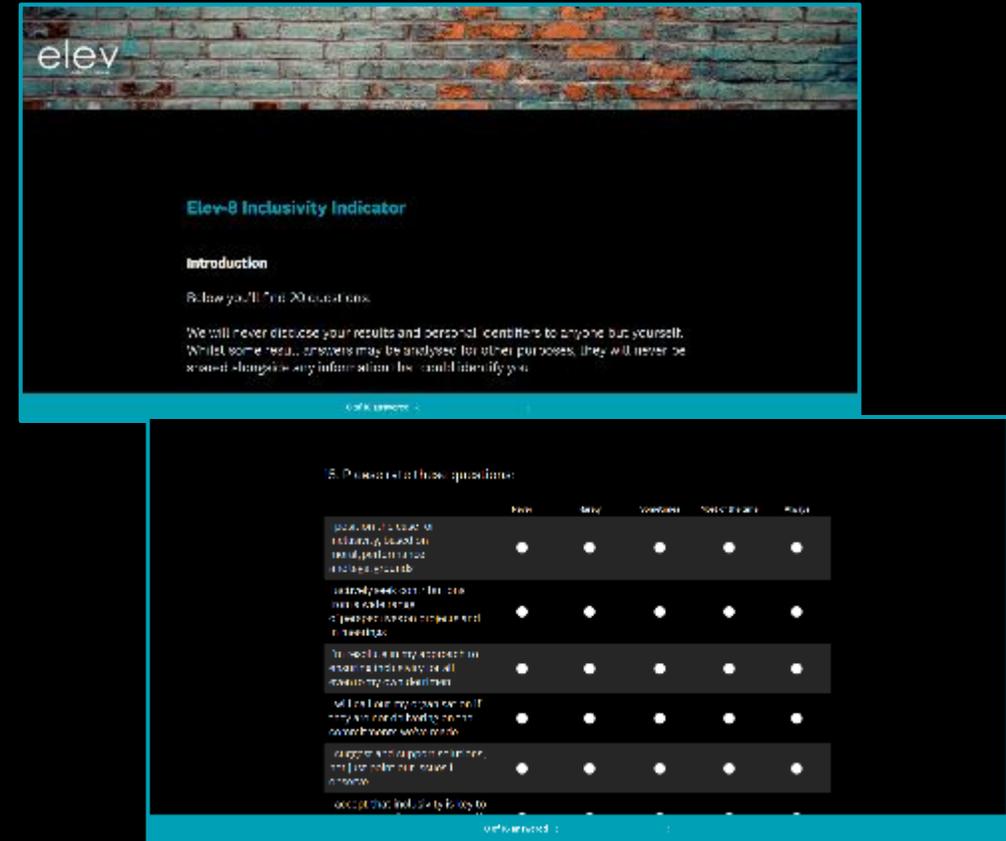Empowered leaders create empowered and accountable teams who express themselves freely with compassion and skill

Courageous accountability
Show humility and vulnerability; challenge the status quo and microaggressions that erode people's sense of safety

Clear the path
Reduce friction and remove the things that inhibit inclusive behavioural change

Break the silence
Have curious dialogue and hold authentic and adult conversations

Build trust
Act with integrity and the right intent

Visible demonstrable actions
Show commitment that D&I is a business priority and role-model the behaviours that enable it
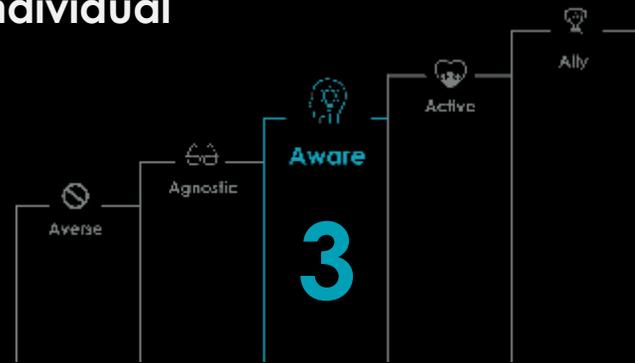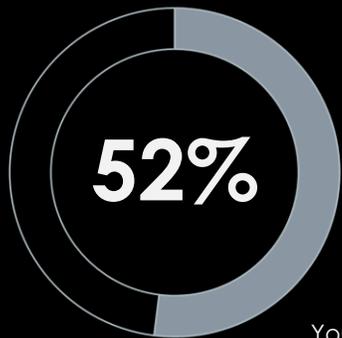
So where are you on the inclusive leadership spectrum?

To find out, complete our Inclusivity Indicator survey

Ally

You feel passionate about supporting all of your colleagues. You speak up in support and proactively seek opportunities to provide allyship. You're seen as a role model.

Active

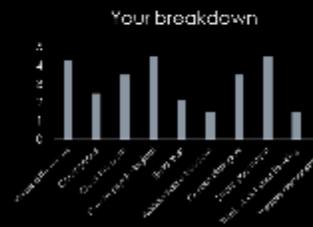You consciously create space to provide the necessary advice /support. You've built inclusivity into your day to day modus operandi.
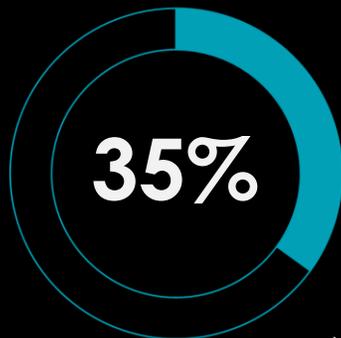
Aware

You believe that things need to change and regularly consider what you can do or say to help. Whilst your intent is clear, you're unsure on practical application.

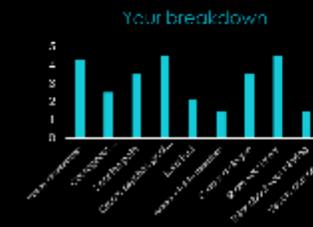**Agnostic**

You're unaffected by this issue and you don't know people who are. What you hear, read and see in the news, simply does not reflect your observations or experiences in life.

Averse

You don't believe that valuable time and resources should be invested in such a linear topic. There are far more important priorities. It's not an issue. What's all the fuss about; making a mountain out of a molehill.

Click here to complete the survey

Example output from our Inclusivity Indicator survey
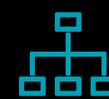
Where we're already having an impact

Impact

↑ 91% Would recommend to a friend or colleague

"An excellent thought-provoking programme"

"A great eye-opener that made me think a great deal"

"Reality check, I never really considered this as an issue, but now with insight I do understand where it could create issues and a need to deal with it"

Challenge

With DE&I already on the agenda, Elev-8 were enlisted to support the Exec and senior leadership team cascade their strategy across the business.

Recognising the direct connection between performance and an organisational culture where diversity is fundamental to competitive advantage, Mercedes Benz Financial Services wanted their programme to result in:

- A better climate and place to work
- Improved service outcomes
- Increased team engagement
- A greater sense of inclusion
- Smarter decision making

Solution

By doing the work at a senior team level, we were able to accelerate the timetable for strategy roll-out. The programme is now moving into phase 2, where we'll be working with a broader scope of leaders.

Through familiarisation work, we established where the team were on their DE&I journey. Bespoke content was designed to raise awareness and fast-track their strategy roll-out timetable.

Delivered as virtual learning sessions that filled knowledge and skills gaps, the Exec were supported by coaching pods to drive momentum, accountability and action.

Brilliant outcomes from an inclusive leadership programme

Impact

❝ **One of the best leadership courses I have been on in the military.** ❞
Command Sergeant Major

❝ **I will openly admit that I may have been initially cynical, but the course structure, content and delivery were superb. I genuinely appreciate the group and personal feedback you have given.** ❞ Major John Parkes

Challenge

With evolving societal and generational conditions and a cultural clash between military and civilian hiring teams, the impact was being felt on numbers recruited into the army.

Demographic differences, lack of understanding and incongruence in leadership styles and the impact of cognitive biases was leading to a poor experience for people interested in joining up. This was resulting in many people dropping out of the process because they didn't feel valued.

Solution

Focused on developing inclusive leadership skills and raising awareness of the impact of inherent biases in dialogue. A 2-day training programme ensured a more collaborative working relationship between the two teams, a toolkit provided in-the-moment support.

Diversity can be defined as your mix of people, while inclusion can be defined by how well your people mix.

Inclusive Leadership is an approach that sets people up for the future. It's a must for D&I and a failsafe for whatever comes next.

Get involved, get in contact, get the answer.

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