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SPEED READ >>>

CREATING AN INCLUSIVE CULTURE

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One of the key reasons that management attention and investment in diversity and inclusion programmes have not yielded better results is that organisations have focused on increasing the proportion of people from under-represented groups, rather than tackling the underlying culture. The organisations seeing real gains are going beyond a simple focus on numbers. They are addressing the climate and behaviours that determine whether people from minority groups feel included. These organisations are not only achieving their diversity goals; they are also seeing substantial improvements in engagement, trust, creativity and performance.

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MAKE TOMORROW, TODAY

01 A SHIFT IN FOCUS FROM DIVERSITY TO CREATING AN INCLUSIVE CULTURE

Diversity has been near the top of the business agenda for many years. Today, most CEOs understand that building a workforce that reflects the society in which organisations operate, and the customers they serve, can be highly beneficial. However, in spite of substantial investments in diversity programmes over decades, progress has been disappointing, particularly when it comes to the representation of women at senior levels in the workplace. For example, the World Economic Forum's 2017 *Global Gender Gap* report concluded that women are 100 years away from closing the gender gap, in terms of labour market opportunities, education, health and political clout.

We think one of the key reasons that management focus and financial investment in diversity and inclusion programmes has not yielded better results is that organisations have concentrated on increasing the proportion of under-represented groups in the workplace, rather than building a culture that allows individuals, regardless of their background, personality or characteristics, to thrive, progress and give of their best.

However, we have found that some more sophisticated organisations are going beyond a simple focus on numbers and are addressing the underlying organisational climate and behaviours that determine whether people from minority groups feel included without having to conform to the 'norm'. These organisations are not only achieving their diversity goals; they are also seeing substantial improvements in engagement, creativity and performance. They are building what we call an 'inclusive culture'.

In this Speed Read, we examine the shift in business focus from diversity to inclusion and articulate the characteristics of inclusive cultures, leaders, and teams, before exploring how to align systems and processes to support an inclusive culture.

The Speed Read closes with some recommendations for what HR can do to help develop an inclusive culture in their organisation.

A SHIFT IN FOCUS FROM DIVERSITY TO CREATING AN INCLUSIVE CULTURE

CRF's research report *Diversity and Business Performance* explored in depth the business case for diversity, what organisations can do to increase the representation of minorities, particularly women, and what works in practice. While the efforts described in that report continue, we are now seeing a shift in focus:

- More organisations are trying to create an inclusive culture, although there is a **lack of clarity about what that constitutes,** which is hampering progress.

- **Focus on a broader range of categories.** While strands such as gender, ethnicity, sexual orientation and disability are still the principal areas of focus, we have noticed a broadening of the agenda to include, for example, economic and social mobility and a desire to make the workplace more inclusive for different personality types such as introverts.

- The focus on diversity, and gender in particular, has resulted in changes in recruiting practices so that many organisations are doing a much better job of recruiting a more diverse workforce at entry level. However, for women in particular, **retention and promotion beyond the first few years is an issue.** For most companies, there is a disproportionate bleed of female talent at mid-career level. In response, there's increased interest in making promotion pipelines at all levels representative, and organisations continue to invest in leadership programmes aimed at women.

- **Diversity fatigue.** Many organisations that have been implementing diversity initiatives for some time are disappointed with the slow pace of change and are looking for a fresh approach. Specifically, despite initiatives which help to increase the representation of women on boards, in most organisations there is still a **lack of women at one or two levels below the C-suite.**

- **Tying together inclusion and culture change.** One way to tackle diversity fatigue is to tie the inclusivity agenda closely to business strategy. Organisations such as Siemens and Centrica have linked their efforts to build an inclusive culture to ongoing culture change initiatives, which helps embed actions around inclusion into core people processes such as performance management and leadership development.

What is an inclusive culture?

We define an inclusive culture as an organisational environment that allows people with different backgrounds, characteristics, and ways of thinking to work effectively together and to perform to their highest potential. In an inclusive culture, people feel that their contribution is valued, and their voice is listened to and respected. Diversity, which is often focused on increasing the numerical representation of minorities in the workforce, is distinguished from inclusion, which is about creating an environment that values the different contributions that a diverse workforce can bring. It is possible to have a diverse workforce, without being inclusive.

THE BUSINESS CASE FOR DEVELOPING AN INCLUSIVE CULTURE

The perceived benefits of investing in an inclusive culture include the following.

- **Financial performance.** Many studies have established a correlation between gender diversity and financial performance.

- **Innovation.** Studies have established a connection between team diversity and innovation. Giving voice to a range of perspectives can also help organisations identify and react to emerging trends in their market quicker than competitors. However, there is a caveat: diversity can lead to innovation, but it also increases team conflict, so companies will only reap productivity gains if they manage teams effectively.

- **Better connection with customers.** Many organisations find there is a connection between an inclusive culture and the quality of products and services they develop to meet customer needs – for example, improving the organisation's capacity to develop products that appeal to minority communities.

- **Attracting talent.** An inclusive culture is good for the employer brand, helps the organisation appeal to a broader range of talent, and increases the chance of attracting the best talent. Organisations report that younger generations place greater emphasis on inclusion when deciding where they want to work.

- **The hidden costs of disengagement.** Organisations that fail to create an environment where people feel they can contribute fully, give of their best and be authentic, are potentially missing out on the ideas and contributions of a significant proportion of the workforce.

- **Better positioning in global markets.** A key driver for many organisations is to reflect the diverse populations of the multiple global markets they serve.

- **The right thing to do.** Most large organisations are concerned about how they engage with the broader community, and there are benefits both to the organisation and society as a whole.

Is inclusive always better when it comes to team effectiveness?

Inclusive teams value the diverse perspectives that different team members bring. But does that mean they perform better? Research on the effectiveness of diverse teams suggests that more diverse teams *can* result in higher performance, but only in certain circumstances. Researchers recognise that there is a price to pay for diversity – a 'process loss' arising from conflict and communications difficulties among team members, and greater ambiguity. This needs to be managed.

In order to benefit from diversity, organisations need to focus on the following.

- Creating team environments that build trust and encourage team learning behaviours such as sharing information and insights and giving feedback.

- Training managers in the skills needed to create and sustain such teams.

- Developing better capability in managing disagreement, contentions and conflict without either damaging relationships or avoiding difficult issues. For a more detailed discussion on the business case for diversity and inclusion, see our full report, as well as our report *Diversity and Business Performance*.

A FRAMEWORK FOR CULTURE CHANGE

If we are to create and sustain an inclusive culture, we need to understand what that looks and feels like, and what to focus on to move our organisations in the right direction. Creating an inclusive culture means tackling the routines and practices we have for getting work done, but also the shared deep assumptions about how the world works, how problems are solved, and what is valued.

Our purpose here is not to distil the extensive literature and thinking on culture change. However, our research has identified two principal areas that require focus.

1. The values, attitudes and behaviours of leaders, both at senior management and front-line leadership level, and of employees.

2. The systems and processes that define what and how work gets done, how work is allocated, and who is selected, promoted, rewarded and exited from the organisation.

Furthermore, we believe that the successful implementation of an inclusive culture requires a systemic approach that integrates all elements of the organisational system, and recognises that single initiatives are unlikely to be successful. This means a strong connection to business strategy, clear ownership by the line, consistency with performance and reward systems, as well as expert HR support.

02 INCLUSIVE LEADERS AND TEAMS

The actions, attitudes and behaviours of leaders are critical in creating and maintaining an inclusive culture. This is true of both senior leaders, who influence the organisation, and line managers, who influence their teams. Individual team members also play a critical role in acting inclusively. It's often the behaviour of peers – rather than managers – that leads to people feeling excluded, so attention needs to be paid to this too.

THE IMPACT OF TOP LEADERS

Senior leaders set the tone for the organisation, and their actions determine what others pay attention to. We found several differentiators associated with the most effective senior leaders in inclusive organisations.

- The **CEO and top team visibly 'own' the inclusive culture agenda.** This means both saying the right things and following up consistently with actions.

- **Accountability** for developing and sustaining an inclusive culture **is broadly shared** among leaders at all levels, and is not just seen as HR's responsibility.

- The case for building an inclusive culture is **explicitly linked to the core purpose, business strategy, and values of the organisation.**

See our full report for a deeper discussion of each of these differentiators, including examples of CEOs who own their organisation's inclusivity agenda and tactics for increasing accountability.

TRANSLATING GOOD INTENTIONS INTO MEANINGFUL ACTIONS: THE KEY ROLE OF THE MANAGER

Senior executives clearly have significant influence around what gets attention in the organisation. However, what really makes a difference to how individual employees experience the culture day-to-day is the relationship with their immediate line manager and colleagues. Managers create a sub-culture within their teams that determines how an individual subjectively experiences the culture. Often, something that might seem insignificant – such as how managers greet individual team members in the morning – can add up over time to a pattern that undermines certain people and makes them feel left out, leading ultimately to them being unable to make the most of their talents.

WHAT DO INCLUSIVE MANAGERS DO?

A number of themes emerged from our research around the types of behaviours that mark out inclusive managers.

1. **Create a climate where everyone has a voice.** The potential contribution of minorities can be lost because they are unable to make themselves heard. It's also important that the manager is open to team members' disagreeing with the prevailing view, and creating space for – not shutting down – constructive debate.

2. **Give every employee *personalised attention.*** Rapport and chemistry are a fact of relationships, but can lead to unequal treatment. It's important, therefore, to build rapport not just between people who share similarities, but also between those who are different.

3. **Flex management style in response to individuals' different needs.** Some people need lots of praise, and feel insecure in the absence of feedback; others just want to be left to get on with the job. Inclusive managers need the self-awareness and empathy to understand what management style suits each individual, and how best to respond. Inclusive leadership is about treating people fairly and appropriately, not treating everyone the same.

4. **Focus on outputs, not inputs.** Set clear performance standards, and focus on measuring the things that really matter, rather than how much time someone spends in the office, or who shouts loudest.

5. **Think about context.** If you hire someone for the different style they bring, or the different way they think about an issue, you will need to consider whether they need support to integrate. What conditions do you need to create around that individual to ensure they are successful?

6. **Pay attention to the relationships between team members.** Peers can create an unhealthy team culture among themselves, for example making comments when a woman has to leave on time to collect her children, or excluding people who do not share an interest in football. The manager has to pay attention to team dynamics and deal with issues that arise.

See our full report for a checklist of 'micro-behaviours' that make a difference in helping individuals feel included. Together, they add up to a broader picture of how inclusive an organisation feels.

BUILDING INCLUSIVE TEAMS

Trust, which plays a critical role in creating an inclusive environment, is

fostered at the individual work group level. Therefore, the ability of team managers to foster and sustain an environment of trust is a critical element of inclusive leadership. For managers, a lack of behavioural integrity – failing to 'walk the talk' – is one of the quickest ways of eroding trust. As we discuss further below, diverse teams can be more creative and productive, but they can also be hard to manage. Therefore, building trust is crucial to getting a diverse team to be inclusive, and to realising the potential gains in terms of creativity and productivity. See our full report for a further discussion of how to achieve trust within teams.

DEVELOPING INCLUSIVE LEADERS

Building the leadership capability to support an inclusive culture may require organisations to think differently about how they identify, develop and support leaders.

- **Start early.** We think it's important to identify and train potential leaders as early as possible in their career, when there is most potential to shape their leadership style. However, we find that investment in training lower-level managers has declined.

- **Provide tools and techniques to understand others.** It's helpful to provide a language or simple diagnostics to help managers think through and discuss with their teams the mix of personalities on the team, where conflict might arise, and how to mitigate it.

- **Help them understand their own personality and biases.** Work with managers to help them build self-awareness and understanding of their values, motives, and biases.

- **Develop tactics for managing difficult conversations that involve conflict and competing views.** Everyone needs to learn how to mediate a disagreement or to orchestrate a team discussion so everyone is heard and tensions are not allowed to run too high.

See our full inclusivity report, as well as our report *Developing and Broadening Specialists*, for a closer look at selecting and rewarding inclusive leaders.

ROLES AND RESPONSIBILITIES OF INDIVIDUALS

We discuss above the implications of an inclusive culture for senior leaders and line managers. But what are the implications for individual employees?

1. **Individuals have a role to play in creating an inclusive culture and need to take responsibility.** They need to be prepared to tell their story, complexity and all. For example, if a woman is asked to share with a senior leader the challenges she has faced in advancing her career, but she is not open about what she's experienced, then the opportunity to educate that leader to think and act differently is lost. Similarly, colleagues need to speak up and challenge their peers or superiors when minorities are ignored or patronised.

2. **For a culture to succeed we have to focus on more than difference.** Both minority and majority members have a role in creating an inclusive culture, and while majority members may have to shift their mindset, minority members also have to help create common ground with the majority.

3. **Inclusive culture is about engaging everyone, not just making minorities feel better.** Minority group members can engage the majority by how they speak and include them in the dialogue. There has to be overlap between majority and minority values and actions, without each party having to depart too far from their natural style.

COMMUNICATIONS

Communication is central to developing and sustaining an inclusive culture.

- **Open and authentic communication by senior leaders.** The most effective communications involve open dialogue with employees at all levels, led by senior leaders, allowing views and issues to be aired and discussed.

- **Two-way communications.** For example, Unilever has used an online tool – Crowdoscope – to ask employees about the current state of

inclusion in the organisation, and to ask for suggestions for improving it. People can respond to survey-type questions, but also submit comments, respond to comments made by others, or rate others' comments in real time.

- **Use existing infrastructure to cascade the messages.** Many organisations have long-standing and engaged Employee Resource Groups and diversity champions embedded across the organisation. Often, these networks are a more effective and authentic mechanism for sharing key messages and getting feedback than top-down communications from the centre.

- **Storytelling.** Many organisations have made videos or use other media to describe the real-life experiences of minorities in the organisation, and to create a platform for culture change. For further information on the powerful role that storytelling can play in communication, see CRF's research report *Storytelling - Getting the Message Across*.

- **Involve the whole employee population,** not just minority groups. It's valuable to show how the inclusion agenda can connect to broader business results, and can also benefit all employees, not just women or other minorities.

- **Transparency.** Some organisations have put transparency at the heart of how they define an inclusive culture. For example, Penguin Random House is experimenting with transparency around pay and benefits. All employees can see each board member's bonus target and benefits, and the company is considering whether to make pay ranges transparent for all roles. This would mean any employee could compare their current remuneration with the range for their role and work out whether they think they're being treated fairly.

- **Consistency.** One of the key themes emerging from our interviews was the need to replay messages regularly and consistently over time.

- **Timeliness.** The timing of messages can also affect behaviour. For example, PwC has a video which

prompts people about potential 'blind spots', and describes how individuals can be more objective. Participants at staff review meetings – where 150 or so PwC employees at a time have their performance ratings discussed and calibrated – watch the video just before they go in.

HOW CAN TRAINING AND DEVELOPMENT SUPPORT AN INCLUSIVE CULTURE?

Research into diversity training generally finds little evidence that it works. Making people aware of bias doesn't necessarily reduce it; indeed, some evidence suggests it may even have a negative effect. So how can we make sure the substantial investments made in training are not wasted?

- *Make it experiential.* A number of the organisations we interviewed are taking steps to put people in others' shoes so they can understand the barriers minorities face. Studies have shown that 'perspective-taking' can change attitudes: writing an essay from the point of view of an older person is shown to reduce stereotypes about the elderly, for example. PwC has developed a series of 'blind spot' interactive videos, which dramatise common scenarios that arise at work. The videos employ humour, drama and character development to make the content feel real and compelling – so people engage with the character and want to know what happens to them.

- *Make sure people understand why they're there.* Compulsory training can meet with resistance. It's important to make sure it isn't positioned – overtly or unintentionally – as remedial. In one organisation experiencing low turn-out from the sales function, a timely email from the Global Head of Sales explaining the context and why attendance was important made a significant difference to attendance rates. Having senior business leaders front events can increase their impact.

- *Engage the line managers of people attending the programme.* GSK's Accelerating Difference initiative, which is designed to accelerate the careers of women at mid-level in the organisation, engages the line managers and sponsors of attendees to think about how they can build a culture that supports the careers of high potential women. Line managers and sponsors of participants attend a 'dialogue' over two half-days, which uses conversation and storytelling to uncover underlying assumptions about careers, to identify the barriers to an inclusive culture, and to highlight actions to create the context for women leaders to thrive.

- *Follow through.* Training as a 'standalone' is unlikely to change behaviour. Actions such as 'nudges' and process redesigns, described in the next section, make it easier for people to act consistently day-to-day with what they've learned. For example, tying follow-up communications to key events in the annual business timetable can help – such as sending out reminders about bias immediately before the performance review process kicks off.

- *Don't label things 'diversity' or 'inclusion'.* Initiatives such as mentoring and sponsorship programmes, and teaching inclusive leadership behaviours as part of regular leadership development, can help advance the organisation's goals around inclusion, without being labelled as such. However, it's important to strike a balance. Sometimes communications need to be tailored to minority groups so that they know a programme is for their benefit, and that the organisation is working on issues important to them.

Women's leadership development programmes

It's hard to imagine being able to describe an organisation as 'inclusive' if there isn't fair representation at the top of the organisation. Much of the focus of diversity and inclusion programmes continues to be on preparing women for and getting them into senior positions. For a detailed discussion of these programmes, see our 2011 report.

ALIGNING SYSTEMS AND PROCESSES TO SUPPORT AN INCLUSIVE CULTURE

Creating an inclusive culture requires actions at a systemic level. Systemic thinking means looking across the whole range of touchpoints between the organisation and its people, from the way leaders engage with the organisation, to how managers interact with their teams, to how processes are designed, and the behaviours that get rewarded. In this section we investigate how organisations can design and run core people processes so as to reduce preferential treatment and secure outcomes that are consistent with an inclusive culture.

HOW OUR DECISIONS ARE NOT SOLELY BASED ON RATIONAL THINKING

One answer to the question of why organisations are not more inclusive is that we are not as rational in our decision making as we would like to believe. Even with training and awareness, we are just not sophisticated enough to understand and overcome our hard-wiring. The field of behavioural economics offers insights into how organisations can design and deploy 'nudge' techniques to help people make decisions that support inclusivity.

'NUDGE' TECHNIQUES

Nudges are designed to steer – rather than coerce – people to make better choices. They 'push' the brain's unconscious system to change behaviour in a non-intrusive way, without taking away freedom of choice. An oft-cited example is the image of a fly etched on the men's urinals at Schiphol Airport in Amsterdam to 'improve the aim' – and thereby reduce cleaning costs. Another benefit of nudges is that they involve tweaking existing processes, rather than burdening already over-stretched managers with one more thing to think about. Common nudges we have seen include:

- **Defaults.** People have a tendency to stick with whatever default is set. Setting 'opt-in' defaults has been shown to improve, among other things, the retirement savings rate and the incidence of organ donation. Making the default a more 'inclusion-friendly' option can improve outcomes and change perceptions. One example is to set a default in meetings that all attendees have the chance to speak for one minute at the start of the meeting on the subject of the meeting, so people have to opt out of speaking, instead of vying for airtime.

- **Framing.** This nudge makes people perceive words and issues differently by altering the frame of reference. For example, a way to help increase the number of women considered for senior roles is to ask: "Would you consider an international assignment at some point in the future if the opportunity was right for you?" instead of the more restrictive: "Are you internationally mobile?"

- **Norms.** Another way to change behaviour is by redefining what is socially acceptable. People are more likely to comply when they believe everyone else is doing the same thing. Some organisations are applying this principle by setting an expectation that the list of people being considered for promotion to the next level up should have a gender balance that reflects the current mix at the lower level. So, if 40% of VPs are women, but only 25% of SVPs are female, the list of candidates for promotion to SVP should have 40% women. Those divisions which are not achieving proportionality are then challenged to explain what actions they are taking to redress the balance.

- **The wisdom of crowds.** Numerous studies have shown that taking the average of a number of different forecasts can beat the predictions of 'experts'. Organisations can also use this approach to achieve better results from recruitment and promotion decisions.

- **Picking multiples.** Studies have found that when people have to make a number of decisions simultaneously rather than sequentially they tend to make more varied choices. Applying this to recruitment, it suggests you will get a more diverse group of recruits when you select several candidates together.

- **Transparency and public accountability.** People like to look good in front of their peers, and will adjust their behaviour if they know they have to justify their reasoning in front of others. For example, making it clear that a manager will have to justify an individual's performance rating in a meeting involving peers can encourage the manager to step back and check he has acted fairly. Some organisations publish the rankings of different business units on minority representation, which has helped improve representation.

- **Competition.** People's innate competitive instincts can be harnessed to achieve positive outcomes for inclusion. For example, when the London Organising Committee of the Olympic Games and Paralympic Games was hiring people to work at the London 2012 Games, it published monthly recruitment data broken down by a range of diversity strands (gender, ethnicity, disability, sexual orientation, local and previously unemployed), by department. There were no quotas, but the data was distributed to all heads of department, showing the best performing departments at the top. Those at the top of the table won kudos from the CEO and colleagues for their achievement.

- **Visible symbols.** The presence of role models or visible or figurative symbols can influence what people feel they

can achieve in their organisation. Sometimes things that appear trivial can have significant symbolic value, such as an annual report that's full of male-only portraits, or raising the rainbow flag on the office flagpole during LGBT Week to communicate the organisation's support.

BE DRIVEN BY EVIDENCE

Decisions about which design features support inclusivity, and which don't, need to be built on evidence. Unfortunately, we find that initiatives in this area are rarely properly tested, or the underpinning theory is not well explained by HR. The gold standard of testing is the double-blind, randomised controlled trials that drugs companies use to test new medicines. However, given that this is virtually impossible to do in the organisation setting, what can companies do to check whether their ideas lead to greater inclusivity in practice?

- Get close to other functions that are strong in this area. Marketing can test out different messages with different populations, so why can't HR do the same?

- Run two different options in parallel and gather data on which leads to better outcomes. For example, publish two different wordings of a job posting to see if there are differences in who applies. Test out the most effective screening technique by running two options in parallel. Ask questions such as: did graduates from our target universities turn out to be our best candidates?

- When you introduce a new initiative, think about whether it's possible to run a control group that doesn't change, and compare results between the two. For example, pilot a mentoring programme in one division and compare results with other divisions.

PROMOTING AND DEVELOPING INCLUSIVELY

Much of the activity in organisations – and the examples we encountered – are focused on recruiting a balanced workforce (which we discuss further below). However, where organisations continue to struggle most is building inclusive senior teams with an appropriate balance of different perspectives. **For us, one of the key determinants of whether a culture is inclusive is this: to what extent can you promote and develop people with a variety of backgrounds and characteristics, from within the organisation?** So, how can we design promotion and development processes to be more inclusive?

- *Proportionality.* Several organisations told us this has had the greatest impact in getting the most senior ranks in the organisation to reflect the whole workforce. It also has a positive effect on employees' perception of how inclusive the organisation is: knowing there are checks and balances in the system gives people confidence they have a fair chance to advance.

- *Transparency of promotion criteria.* Often, this is clear to the in-group, but less clear to others.

- *Real-time, actionable data.* The latest talent systems are enabling organisations to model the distribution of ratings and proposed promotions in 'real-time', and take actions to ensure fairness before decisions are finalised.

- *Reframing discussions around women and other minorities.* In succession planning meetings, women are often classed as 'ready in three to five years' whereas men are designated 'ready' in shorter timeframes. Reframing the conversation to "what's stopping us from appointing her now?" or "what needs to happen for her to be ready?" can help.

- *Paying attention to who gets opportunities.* Track who gets the plum assignments, projects or client accounts that are required for career

advancement. Research by Catalyst has found that men tend to get more of the critical assignments that lead to promotion than women.

- *Apply the principle of proportionality to potential ratings.* Check whether the number of people rated 'high potential' at different levels is consistent with the demographic split at that level. If it's not proportionate, do the criteria need to be changed to be more inclusive? Are there patterns in who appears where on the nine-box grid?

- *Have a neutral observer in meetings,* whose role is to call out bias. In one example, an observer noted every adjective used to describe men and women during a performance review meeting. The results shocked those who had been involved and led to a change in behaviour at future sessions. An observer can also be valuable in making sure discussions and evaluations are based on solid evidence, not on judgments, opinions or rumours.

- *'Crowdsource' performance ratings and potential scores.* Determining an individual's rating by more than one person can increase objectivity. Avoid hearsay and bias by insisting that the only people who can contribute to discussion about an individual at a talent review are those who have direct experience of working with them.

- *Invest in better career conversations.* It's important for managers to get to know their people on a personal level so they understand their aspirations and can help them realise their potential. This may require investment in training managers to conduct and follow up on career conversations.

FLEXIBLE WORKING

A recurring theme was the role flexible working plays in making workplaces universally welcoming, not only for women, but for other employee groups who don't want to follow a particular work pattern just because that's how it's always been done. Several interviewees identified a strong connection between

the broad availability of flexible working and employee engagement, and noted that good flexible working policies can underpin a powerful employer brand.

As we discuss above, trust is a major component of an inclusive culture. Lack of trust is one of the main reasons more organisations don't offer flexible working to a broader range of employees. See our full report for a discussion of good employer practice around flexible working.

RECRUITMENT

One way to make organisations more inclusive is to open up recruitment opportunities to people who may not historically have been considered, perhaps because they have a different educational background from the 'norm'. Many organisations have found that by making their selection criteria and processes more inclusive they have opened up new sources of talent. In this section we explore some of the key trends for organisations looking to recruit more inclusively.

- *Removing language from job descriptions and job postings that consciously or unconsciously deters certain groups.* The words used to describe roles send important messages about culture. For example, words such as 'ambitious', 'assertive' and 'leader' have been found to deter women from applying. Tools such as Textio can be used to check for biased language in recruitment materials. Some organisations are experimenting with several differently-worded advertisements for the same job, to discover which attracts the more inclusive mix of candidates. Some organisations are posting jobs in different places to attract a broader range of people.

- *Make sure the candidate experience is consistent with the employer brand you're looking to project.* For example, if you are aiming to hire more senior women, think about the gender mix of the interviewers she will meet.

- *'Blind' recruitment.* The introduction of blind auditions in orchestras

(with the conductor and musician separated by a curtain) has resulted in significantly more women being accepted. Studies have also shown that the CVs of fictional candidates with white-sounding names are more likely to be invited to interview than identically qualified candidates with non-white sounding names. Name-blind recruitment and removing irrelevant demographic data from CVs are becoming more prevalent.

- *Machine screening.* Computer algorithms can ignore irrelevant demographic information and focus on true performance differentiators. Companies including Unilever and Deutsche Bank are deploying machines to screen potential graduate recruits, with the aim of attracting high calibre applicants from more diverse backgrounds than traditional campus recruitment activities.

- *Picking multiples.* Professor Iris Bohnet found that asking hiring managers to compare several candidates against each other (rather than evaluating an individual against a job description) helps evaluators focus on individual characteristics and performance as opposed to focusing on stereotypes. The result was greater gender balance across the selected candidates.

- *Use multiple reviewers to increase accuracy and objectivity.* Having multiple people review a CV significantly increases the chance of identifying the best candidates.

- *Increase objectivity of assessments.* See our full report for advice on how to do so.

DATA AND MEASUREMENT

Culture is notoriously difficult to measure. However, it is important to track whether you are making progress towards a more inclusive culture. It's important to establish a baseline, so you can measure progress against plans and evaluate different interventions to determine what works and what doesn't. You must also connect targets and results back to the business agenda. One way to do this is to make sure

senior leaders can see the data and that it's on the top team's agenda.

We found current practice focuses on three main areas.

1. **Measuring culture and engagement through employee surveys.** Most of the organisations we interviewed ask employees questions related to inclusion and many break these down by individual line managers. However, we find many of the questions asked are generic, and may not provide insight into what's behind the response. This is why it's important to follow up with, for example, more detailed pulse surveys or focus groups to uncover the underlying issues.

2. **Monitoring employee demographic data.** For many organisations, it's a challenge to get good data. Working out how many women are in the organisation is generally straightforward, but tracking other groups such as ethnic minorities, disabled and LGBT employees often relies on people to self-report, which in turn raises issues of whether they feel sufficient trust to disclose that information to the organisation.

3. **Tracking a broader set of data to identify trends.** There is no single action organisations can take that will lead to an inclusive culture: it's necessary to consider all elements of the relationship between the organisation and its employees. Similarly, organisations need to track a wide range of data, as small changes across a number of different factors can build up to a consistent bigger picture.

As analytics capability improves, organisations are able to slice and dice data in multiple ways to try and understand what underlies the numbers. This makes it possible to test different hypotheses and track data in a more granular way.

04 RECOMMENDATIONS

THE ROLE OF HR IN DEVELOPING AN INCLUSIVE CULTURE

One of the key messages of this research is that the inclusive culture agenda needs to be led from the top. So how can HR support leaders in attaining this?

- **Be clear that it's a business-led agenda, supported by HR.** If it's only the HRD who's seen to talk about this publicly, it's not going to work. HR can make a big difference by helping the CEO and other leaders articulate the talent legacy they want to leave.

- **Provide expertise.** HR needs to be on top of the latest research and have a clear view about what works and what doesn't. Educate leaders and raise the expectations of employees by sharing insights or useful articles proactively.

- **Coach leaders** on how they can be more inclusive and provide guidance, advice and feedback.

- **Be on top of the data.** Closely track real-time data and trends and pick up signals early to identify where things are going off track.

- **Have the courage to call out where it's not happening as it should.** Be proactive and anticipate when the rate of progress is too slow to reach the destination in time.

- **Be persistent.** It can take several years for programmes to gain traction, and even longer for change to be visibly embedded.

UNDERSTANDING WHERE YOU STAND AND WHAT TO DO NEXT

- *Start by making an audit of the current workplace and climate.* A cultural assessment tool may be helpful. Readily available data such as employment survey results, workforce demographic data, exit interview findings, and flows of employees in and out by levels can all give an indication of which parts of the organisation are doing better than others. Consider running focus groups to tease out the stories underlying the data. Identify parts of the business or leaders that are known to be inclusive, and find out what they do differently. Use the results of the analysis to identify priority actions.

- *Does your organisation have a clear vision and purpose?* This is a key start point for galvanising people around a shared, inclusive agenda, and connecting inclusiveness to business strategy.

- *Definitions are important.* What does 'inclusive culture' mean for your organisation? How does that differ from the organisation's diversity agenda? How would you determine whether the goals around creating an inclusive culture have been achieved?

- *Look outwards to understand the latest research and practice in this field.* Network with others to find out what others have tried that you might learn from.

- *Be driven by evidence.* Test out different ideas internally to determine what works best and in what circumstances. Build into the design of interventions how you can gather data and how you will measure outcomes.

- *Communication is critical.* People need to understand what you're aiming to do, what's been achieved so far, what's still to be done and how you will know you've got there. Leaders need to understand their role in developing and supporting an inclusive culture. Individual employees also need to be clear about the responsibilities they have and how they can contribute to building the right culture. Transparency is key to engaging people and avoiding cynicism.

- *Take a systemic view of all the things that need to be realigned to help achieve your goals.* Identify opportunities for using the techniques outlined in this report to 'nudge' people towards more inclusive choices. Don't just look at recruitment processes. Many organisations are achieving balance at entry levels, but find that talented people who are different to the 'norm' either leave or their careers get stuck, so progress at higher levels in the hierarchy is much slower. The day-to-day experience of individuals and teams determines what the culture feels like, so action needs to be taken on how decisions are made and how people interact within the organisation.

- *Don't assume that sending people on a training course will change behaviour.* Sustained change requires action to be taken at the level of the context in which people work.

- *If your organisation is serious about developing an inclusive culture, this needs to be integral to the way leaders are selected, developed and promoted and how their performance is assessed.* How to be an inclusive leader and foster inclusive teams should be a core element of leadership development – not just a bolt-on.

- *Unless this is led from the top, it will go nowhere.* This means much more than tacit approval. The CEO and executive committee need to be seen to be visibly championing this, not just by what they say, but by the actions they take to set objectives and hold people accountable for results.

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