

The Future of Inclusion & Diversity



Introduction

For over twelve years, Future of Work by HSM has explored trends shaping industries, organisations and careers. Changing employee and consumer expectations, a refocussing of business goals around social purpose, and recent global equality movements have driven an increasing need for you and your organisation to think about Inclusion & Diversity (I&D).

This Insights Report provides you with a framework to drive I&D progress by 1) identifying key outcomes, 2) understanding the challenges your organisation is facing, and 3) taking action at each level of the organisation.

Our methodology

The insights contained in this report are drawn from our analysis of 1,075 comments posted during HSM Advisory's Future of I&D Collaboration Jam. 152 professionals representing over 30 organisations, 12 industries, and 30 countries participated.

These insights were combined with practical learnings from our Future of I&D Masterclass and focus groups with Future of Work by HSM members (listed on Page 11). In addition, we undertook a thorough literature review.

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Key insights



Start with your CEO and business leaders.

Find out what is top of your CEO's agenda and create a business case for how I&D will support them (Top Tip from Prof. Lynda Gratton – keep your business case to two pages). Make sure to align your I&D strategy with the priorities of your CEO and other budget holding business leaders.



Provide spaces to share personal narratives and build empathy.

Personal stories shared between peers build empathy and understanding. So, leveraging storytelling within your I&D approach is important. Leaders and managers are key in sharing your organisational narrative, but also support them to build an engaging personal narrative around I&D as well.



Understand who is driving I&D in your organisation.

Employees from underrepresented groups are often expected to be the champions of I&D initiatives and drive Employee Resource Group activity. However, often they are not the people with the organisational power, financial budget, or emotional budget to drive successful and sustainable change.



Create a psychologically safe learning environment.

In order to become more inclusive, people need places to learn without fear or ridicule. Sometimes this will involve difficult conversations and "getting things wrong". As well as providing safe spaces for under-represented groups, you should also create spaces where others can educate themselves.



Think about inclusion and diversity as separate objectives.

By acknowledging that inclusion and diversity are different, and sometimes even conflicting (it is a lot easier to feel like you are included if everyone else is the same as you!), you can gain a deeper understanding of the outcomes you are trying to achieve and the actions that will support them.



Co-ordinate action across all levels of the organisation.

You are likely already taking action at the individual, team, leader, organisation, and ecosystem levels – but are these actions co-ordinated around key goals and a shared strategic vision? If not, take the time to assess your current I&D initiatives and identify opportunities to streamline efforts.

Inclusion & Diversity Framework

HSM Advisory's I&D Framework takes you through 3 stages to driving I&D progress.

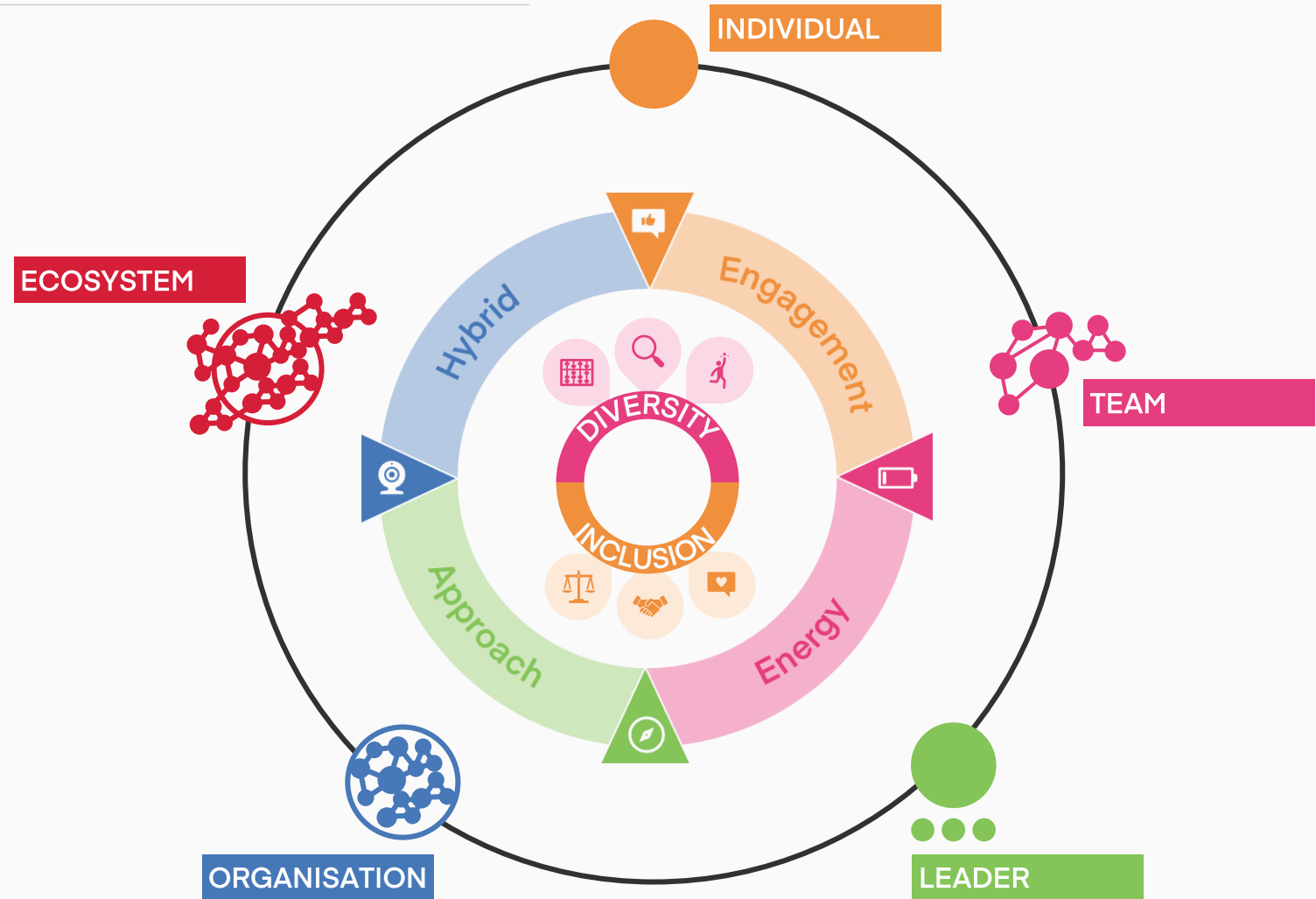
- 1) **Identify outcomes.** Break down I&D into a number of tangible outcomes that you are trying to achieve – metrics, transparency and accountability (Diversity) and fairness, trust and belonging (Inclusion).
- 2) **Understand challenges.** Explore why I&D is so difficult to get right. We have identified four key challenges across organisations – engagement, energy, approach and hybrid working.
- 3) **Take action.** Co-ordinate action across all levels – individual, team, leader, organisation and ecosystem – to drive impactful and sustainable change.

+ Spotlight: Separating inclusion and diversity

Diversity: people are different to one another.

Inclusion: people are culturally and socially accepted.

By acknowledging these different, and sometimes conflicting, objectives we are better placed to drive both forward through targeted actions that involve the appropriate audiences.



Identify outcomes: Diversity

Diversity means that people in your organisation are different to one another. We have identified three key building blocks of Diversity – metrics, transparency and accountability – detailed to the right.

Research demonstrates that in order to drive diversity organisations must develop metric-based goals, share these transparently, and hold people accountable for progress².

Employee reluctance to share data is an often cited obstacle to leveraging diversity metrics. However, as recently demonstrated by Adidas³, organisations can encourage higher response rates by sharing an honest narrative around the motivation for collecting data and how it is going to be used.

This philosophy of transparency should also be extended by sharing metrics, goals and processes with appropriate internal and external stakeholders. By doing so, in addition to having clear accountability structures, organisations can drive accountability for progress.

The building blocks of Diversity: Metrics, Transparency and Accountability



Metrics

Wherever possible, organisations should collect composition data on diversity characteristics, pay gap data, and records of complaints of discrimination and harassment². From this information you can start to develop goals for increasing diversity and decreasing discrimination².

Key questions to ask:

- What personal data can you collect? And on who?
- How much do you currently understand about your own organisation?
- Do you know how your organisation is doing relative to others?



Transparency

Transparency is a necessary element for accountability to exist. As well as metrics and goals, organisations should look to make processes and the outcomes of processes more transparent to both internal and external stakeholders².

Key questions to ask:

- What should you report on and disclose?
- Who should you share information with?
- Does transparency put your people at risk? For example, data on sexuality in countries with laws that discriminate against LGBT+ people.



Accountability

To drive accountability organisations should leverage:

1. Diversity-specific professionals. Evidence suggests that having a full-time role dedicated to monitoring diversity leads to greater progress⁴.

2. Managers at all levels. Distributing ownership for I&D can drive buy-in to change.

Key questions to ask:

- Who is accountable for diversity progress?
- What are your expectations of leaders and managers?
- Who are you accountable to for diversity progress?

Identify outcomes: Inclusion

Inclusion means that people are culturally and socially accepted at work. We have identified three key building blocks of Inclusion – fairness, trust and belonging – detailed to the right.

Fairness, trust and belonging can be challenging to achieve, especially as in the modern workplace people are increasingly likely to have conversations that touch on deep-seated aspects of an employee's identity, values, and choices⁵.

Over the past two years, new questions have been raised that organisations are having to navigate. For example, how do you manage different levels of risk tolerance around Covid-19 and different attitudes towards vaccinations to make sure everyone feels psychically safe at work? And, how do you maintain perceptions of fairness when different roles require differing levels of office attendance?

When answering questions like these think about how it will impact fairness, trust and belonging in your organisation.

The building blocks of Inclusion: Fairness, Trust and Belonging



Fairness

The fundamental elements of fairness are distributive, procedural, and interactive⁶.

Distributive – people perceive outcomes and results of decisions as fair.

Procedural – people perceive processes as fair.

Interactive – people feel that interpersonal interactions are fair.

Fairness is now particularly important as you are having to make decisions around hybrid that consider personal circumstances, making bias more likely to come into play.

Support managers to recognise bias and specific situations that are high risk for bias.



Trust

Trust is built through the behaviours of authenticity, competency and empathy⁷.

Authenticity – people experience others as real and honest.

Competency – people have confidence in each others' reasoning and judgement.

Empathy – people believe that others care about them.

Consider whether people in your organisation have the necessary competencies to build trust, especially during conversations that touch on I&D topics.

Focus on upskilling people in competencies such as self-awareness and empathy.



Belonging

Psychologists rank the human need to belong on par with our need for love⁸. Building belonging is about promoting safety, respect, and friendship.

Safety – people feel psychically and psychologically safe⁵.

Respect – people are treated with decency and civility⁹.

Friendship – people feel strong connections to others at work¹⁰.

Remote workers often experience virtuality as a barrier to forming friendships due to fewer in-person and informal shared experiences¹⁰.

Understand that people need more time to form friendships virtually and establish a cadence with colleagues.

Understand challenges: The four key challenges

We have identified four key challenges that organisations are facing around I&D – engagement, energy, approach and hybrid working.



Engagement

Almost 80% of Future of I&D Collaboration Jam participants reported still having to convince others that I&D is important.

During the Future of I&D Masterclass, we asked what people thought was the most common explanation for a lack of engagement with I&D:

58% said people are not incentivised to care about I&D

27% said people feel that I&D has “gone too far” or “not far enough”

13% said people feel the stakes are too high and they might get it wrong

2% said people fear that they are under attack and might get ridiculed



Energy

Organisations are fighting I&D fatigue from two conflicting directions. Firstly, **frustration around slow progress** is discouraging those who have previously been driving I&D, often minority group members. This is important as employees from these groups do not always have access to the institutional power, financial budget or emotional budget to drive sustainable change¹.

In contrast, other employees are disengaging as they **feel that I&D is “done” and do not understand why we are still talking about it.**



Approach

There is sometimes confusion about the “right” way to drive I&D.

You have to be both proactive and reactive. Organisations need a joined-up approach whilst also meeting the specific needs of certain communities.

I&D terminology enables us to speak accurately but it can also be alienating. Even the term I&D itself can be divisive, with some employees feeling they do not have a place or role in discussions.

It’s not easy to track impact. For example, recent evidence that unconscious bias training can actually reinforce bias¹¹.



Hybrid working

Whilst the flexibility of hybrid working presents new opportunities for I&D, there are also significant challenges.

Roomers versus Zoomers. With certain groups, including women and ethnic minorities, wanting to spend less time in the office, the formation of in- (office) and out- (home) groups may enforce existing inequalities¹².

Employee wellbeing. The blurring of boundaries between home and work can lead to an “always on” culture that depletes wellbeing.

Take action: Individual, Team and Leader

You can take action at the levels of the individual, team, and leader to build a more diverse and inclusive workplace.

Individual

Despite spending a significant amount of I&D budget on training and Employee Resource Groups (see page 4), only 6% of our Future of Work by HSM members are most focussed on the individual level of action. Initiatives should target encouraging individuals to share diverse perspectives and supporting everyone to act in an inclusive way.

Team

As hybrid working has become widespread, teams have become an even more important lever for organisations. During the pandemic, close networks within teams have been strengthened, providing strong relationships through which people can build empathy and drive change around I&D.

Leader

Over a quarter of our Future of Work by HSM members are most focussed on their leaders when thinking about I&D. Leaders play an important role in driving the organisational narrative around I&D and sponsoring initiatives, events and people.



Individual

+ Spotlight on behaviours

To break down “acting inclusively” into more tangible actions, you can identify the micro-behaviours that demonstrate inclusion. By providing employees with spaces to ideate and co-create these behaviours, you can generate buy-in for change and identify the behaviours that are most relevant for your people and your organisation. At HSM Advisory, we leverage co-creational tools – such as Hackathons, People Forums and Collaboration Jams – to crowdsource inclusive behaviours with employees.



Team

+ Spotlight on Storytelling

People are often more likely to listen to stories than data or numbers. In particular, hearing lived experiences from peers has been shown to accelerate positive behaviour change¹³. One study found that by inviting perspective-taking (imagining what it is like to be someone else), listening to stories may reduce judgement and prejudiced responses from others¹⁴. Managers play a key role in creating spaces on a day-to-day basis for sharing stories.



Leader

+ Spotlight on Sponsors

Sponsorship is a helping relationship in which a senior person with power advocates for a junior colleague, whilst a mentor is someone who shares knowledge. Women in particular are often over-mentored and under-sponsored¹⁵. In 2021, McKinsey found that less than a third of Black workers report having sponsors¹⁶. By acting as sponsors for a more diverse group of people, leaders can support the retention and progression of diverse talent.

Take action: Organisation, Ecosystem, Co-ordination

You can also take action at the levels of the organisation and ecosystem to promote greater diversity and inclusion.

Organisation

Over half of our Future of Work by HSM members are most focussed on the organisation level. This primarily involves updating processes and practices to better support strategic I&D aims, such as leveraging AI to reduce bias in hiring or monitoring salary negotiations more closely.

Ecosystem

The ecosystem is the level that our Future of Work by HSM members are least focussed on. Whilst it is important that organisations look within to drive change, 80% of consumers want organisations to solve society's problems¹⁷ and promote fairness, equality and equity externally.

Co-ordination

Coordinating I&D activity across all levels – individuals, teams, leaders, organisations and ecosystems – is key to driving systemic change. This requires organisations to focus on strategic oversight and planning to create a more joined-up approach.



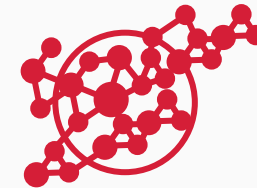
Organisation

+ Spotlight on Roleshare

Roleshare helps companies retain employees and attract new talent through job sharing¹⁸. Offering shared roles opens up opportunities to people looking for greater flexibility – for example older workers, carers and working mothers. After advertising all jobs with flexible working options, Insurance company Zurich saw a 16% increase in women applying for roles and 33% increase in women hired for senior positions¹⁹. Job shares also bring diversity of thought to roles that are normally singular.

+ Spotlight on I&D Maturity Index

Using our HSM Advisory I&D Maturity Index, we leveraged inputs from a diverse range of people to measure the I&D performance of a global financial services company and identify key areas for future investment. We designed a unique program to accelerate change and, after two years, undertook a remeasurement to demonstrate progress quantifiably.



Ecosystem

+ Spotlight on Communities

Organisations are experimenting with a variety of ways to leverage their resources and expertise in external communities.

For example, Goldman Sachs is providing women entrepreneurs with business and management education, mentoring and networking, and access to capital²⁰.

In another example, P&G led a virtual relief effort as part of their *Can't Cancel Pride* initiative to help raise visibility and funds for LGBTQ+ communities most impacted by Covid-19²¹.

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