Building Better Organizations Through Inclusive Leadership

Where people meet potential
The topic of Diversity and Inclusion (D&I) is increasing as an area of emphasis for many organizations. A recent study of organizational diversity leaders reports that 47% of the companies included in the S&P 500 index employ Chief Diversity Officers within their organization and most of those were hired within the past three years.¹

This focus demonstrates a larger trend toward the commitment and support of equality and social justice by organizations. While being more diverse and inclusive might be the ‘right’ thing to do, research has also shown that diverse organizations experience far-reaching business benefits including increased profitability, productivity, creativity, innovation, employee satisfaction, and enhanced corporate reputation.²

Organizations that have been successful at creating sustainable change in D&I have had strong commitment among the company leadership.³ In this paper, we will discuss the role that leaders play in creating an inclusive culture, one that strives to create allies, or champions for diversity, as well as the leadership competencies and characteristics that contribute to inclusive behavior and climate.

³ Shore, Cleveland, and Sanchez, 2018.
D&I Needs Leadership Commitment

For many companies, a focus on D&I means undergoing a substantial organizational change effort; one that establishes a commitment to inclusion and institutes a shift in the organization’s culture and climate.

Anyone who has been involved in a large organizational change initiative can tell you that culture and climate do not change quickly or easily. In fact, benchmarking reveals that upwards of 70% of organizational change initiatives fail. Researchers have identified leadership commitment as one of the key contributors to the success of change initiatives. Leaders hold the power in the organization. They have control over the resources and decide who gets them. They make critical decisions, design processes, identify who to sponsor and mentor, and send out communications. Their words and behavior are noticed and what they do signals to others what appropriate behavior is within the organization. Leaders play a crucial role in the effectiveness of a cultural intervention.

Actions speak louder than words

Leaders are a driving force behind change initiatives and if they do not support and model the desired behavior, the rest of the organization is unlikely to follow suit, especially when it comes to Diversity and Inclusion. As Shah Paikeday and colleagues (2018) clearly state in their research surveying diversity leaders: “Diversity leaders can only be successful in driving a D&I mandate when executive leadership team members are aligned with that mandate and exhibit the inclusive leadership behaviors that show true commitment to D&I.” In their sample, most of the diversity leaders surveyed did not have an executive leadership team fully committed to the initiative, nor did they have access to the resources and data they needed.

References:
Why are leaders so important to the success of D&I change initiatives?

According to Lewin’s well-accepted theory of organizational change – the Three-Step Model of Change; the path to organizational change, follows these steps: Unfreezing – Moving – Refreezing. Leaders drive the organization through all three steps. They are particularly influential in the first step of ‘unfreezing’, which requires them to combat resistance to change and gain commitment to the initiative. Once employees are open to the change, leaders demonstrate the appropriate behaviors and help ‘move’ their team in the right direction through role modeling and coaching. Refreezing happens once the change has become part of routine work life. You can easily see how these steps to effective change are closely tied to the level of commitment shown by the leaders within a company. Without initial strong commitment from the top, the first step of unfreezing may not occur, and the D&I effort may never get off the ground.

Organizational changes are driven by leaders
Leaders as Allies

There are numerous opportunities to address Diversity and Inclusion within HR processes (e.g. hiring, promotion, performance appraisal) and decision making, but those changes will not be successful if the organizational values system and messaging are not cohesive. Each individual within an organization is likely to be in a different place in terms of their understanding, awareness and commitment to D&I. Creating a consistent vision and setting expectations will help guide behavior as employees work to support the initiative.

The framework of allyship can help to explain why individuals may demonstrate differing levels of commitment. In this framework, the end goal is to become a true ally or champion for under-represented groups by actively advocating and taking action on their behalf. One aspect of this model that makes it attractive for leadership development is that it recognizes that becoming an ally is a journey that starts with awareness and ends with action and championing change. We believe that if an organization’s goal is to create a company full of allies, then the inclusive behaviors and climate will follow. Below, we describe our ABC Model of Allyship and its three phases:

Understand The Journey Towards Allyship with PSI’s Inclusive Leader Competency Model

Inclusive Leader

Appreciates
- Flexibility
- Authenticity
- Open-mindedness
- Learning Orientation

Champions
- Courage
- Initiating Action
- Leading Strategic Change
- Resilience

Builds
- Empathy
- Embracing Diversity
- Humility
- Managing Conflict

Appreciates Inclusion

Allyship begins with an awareness of the issues and experiences of disenfranchised groups. It is an acknowledgement of differences and an openness to learning. Individuals in this phase are identifying privilege and seeing how it impacts and contributes to systemic bias within society and their organization.

Builds Inclusive Climate

The second phase of allyship moves from individual awareness and openness to the demonstration of behaviors. Individuals in this phase are helping to build an inclusive environment by gathering diverse perspectives, empathizing, actively listening, communicating transparently, and showing humility and authenticity. These behaviors, especially when modeled by leaders, build an environment of trust and psychological safety.

Champions Change

The last phase of allyship is one of advocacy. Individuals at this stage take their behavioral commitment to another level. They tend to look for opportunities to initiate change formally and informally. To be successful at this stage, individuals need to be courageous, action-oriented, resilient, and willing to commit to large change efforts. Organizational change does not happen quickly or easily, but it won’t happen at all without individuals in this phase. Ideally, the entire organization is full of allies, working together because the climate supports all of these advocacy behaviors.

Creating an inclusive culture and climate is a large undertaking and requires the organization to tackle it by looking at all internal processes and at all levels within the organization.

Before embarking upon such a change, it’s important to consider where your employees and leaders are within their journey toward allyship. Without allies leading the efforts, organizational messaging and behavior can be incongruent and inconsistent. Additionally, organizational interventions are likely to be received differently by employees at different phases. When choosing interventions, consider those that help move people along their allyship journey. Raising awareness alone is not going to create an ally. Look at the big picture and focus on the activities and initiatives that create allies – allies bring about change and that change leads to an inclusive culture.
What are the key competencies of Inclusive Leaders?

With the ally framework in mind, we identified the competencies that are important within each phase of the allyship model. The competencies were identified after a thorough review of the academic literature and discussions with subject matter experts.

Inclusive leaders are D&I allies, and this model helps organizations and their leaders understand where they are along their journey towards allyship.

**Appreciates Diversity**

**Flexibility** – Leaders must be able to change their behavior and adjust their thinking to demonstrate their commitment to diversity.

**Authenticity** – Leaders need to be able to show their true selves and sincerely believe in Diversity and Inclusion. Leaders who are not genuine will not be able to connect with employees and gain their trust.

**Open-mindedness** – Demonstrating a willingness to hear new information and perspectives is critical to appreciating diversity. Strong inclusive leaders seek out differing viewpoints and take extra steps to include others and challenge their own thinking.

**Learning Orientation** – Strongly related to Open-mindedness is Learning Orientation. Inclusive leaders are curious and want to learn. They are consistently collecting data and information and are not afraid to change their minds with the addition of new information.

**Builds an Inclusive Environment**

**Empathy** – At the core of inclusivity is compassion and respect. One cannot appreciate and respect others who are different without considering the work from their perspective. Employees who feel understood and validated are happier and more committed.

**Embracing Diversity** – Being open-minded and flexible leads to behaviors that allow diversity to be embraced like actively including others who bring different perspectives to the table. Leaders who embrace diversity are not afraid to engage in discussion and be challenged in their thinking.

**Humility** – Inclusive leaders need to be able to admit when they could be wrong or may have made a mistake. They cannot be tied to their beliefs or decisions and be unwilling to change them if other options are better or more effective.

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8 e.g., Boekhurst, 2015; Cottrill, Lopez, and Hoffman, 2013; Dillon and Bourke, 2016; Bortini, Paci, Rise, and Rojnik, 2016; Randel, Cleveland and Sanchez, 2018; Randel, Galvin, Shore, Holcombe Erhart, Chung, Dean, and Kedharnath, 2018; Shore, Randel, Chung, Dean, Holcombe Erhart, and Singh; Shore et al., 2018).

9 Randel et al., 2018.
Managing Conflict – With diversity can come conflict. Differing opinions could lead to challenging discussions. Leaders who are conflict avoidant are less likely to be inclusive. Inclusive leaders do not shy away from conflict and know how to effectively manage it.

Champions Change Initiatives

Courage – Speaking out for others and presenting new ideas takes courage. When it comes to the topic of D&I, many individuals are sensitive and could take offense at the suggestion that they or the company are not fair and equitable. Additionally, any new initiatives require support and a budget to make an impact. Influencing others for resources can be challenging, and it may take multiple attempts to make progress.

Initiating Action – Champions are action-oriented. Inclusive leaders who are champions for change have a strong desire to see movement forward and activity. Leaders who are happy to sit back and wait are not likely to be effective champions.

Leading Strategic Change – As noted, D&I-related efforts are focused on culture and climate. Leaders who are able to see the vision, align goals, and develop a strategic plan for achieving them are likely to be highly effective inclusive leaders.

Resilience – Champions are likely to face resistance and setbacks as they advocate across the organization. Resilience is needed to be able to handle disappointment, regroup, and persist. Inclusive leaders can overcome challenges, create a new plan, or look for other options, but they keep going.

Leaders who demonstrate these competencies will treat their employees with trust and respect, create an inclusive climate that provides the psychological safety needed for employees to be open and authentic, and identify opportunities for everyone to succeed and flourish regardless of their background.
The Benefits of Inclusive Leadership

The sad truth about most D&I change initiatives is that they will not succeed without executive support and executive support is often dependent upon a positive impact on the organization’s business goals. In the Shah Paikeday et al. (2018) study, almost all diversity leaders reported D&I as the lowest of the business priorities ranked by the executive team. Unfortunately, many business leaders do not see a direct link between greater Diversity and Inclusion and better business performance. However, empirical research shows that an investment in D&I is an investment that will pay an organization back in many direct and indirect ways.

Inclusive organizations:

- Show improved financial health and profitability (e.g. cash flow, stock returns, sales performance, operating profit margin)
- Are likely to improve their reputations and to be seen as socially responsible
- Are more successful at attracting and retaining top talent
- Have more committed, engaged and satisfied employees (which leads to higher performance and well-being, and lower withdrawal and counterproductive work behaviors)
- Have lower turnover and fewer employees reporting intention to turnover
- Report higher levels of innovation and creativity
- Are less susceptible to groupthink (poor decision-making)
- Are more likely to have improved team decision-making/problem-solving
- Demonstrate less fraudulent and unethical behavior

Empirical research shows that an investment in D&I is an investment that will pay an organization back in many direct and indirect ways.

10 Catalyst, 2020; Hunt et al., 2016; Tapla and Polonskala, (n.d.).
Leadership is the Place To Start

Leaders build the foundation for Diversity and Inclusion. For any organization that endeavors to make strides in improving their climate and culture around D&I, leadership is the place to start. It’s important to understand where the organization is starting in order to chart the path to its ultimate destination. Assessing organizational leaders for the underlying Inclusive Leader competencies and establishing their level of allyship, provides a strong understanding of who is ready to support a change and who needs further development. It can also help to identify the type and kind of interventions that need to be implemented before meaningful change can be expected.

Use PSI’s Inclusive Leader Competency Model to identify the leaders who are prepared to help further the organization’s D&I goals and those who are still at the start of their allyship journey. Over time and with individual coaching and development, all your leaders could be championing diversity in every area of their work lives. When your leaders are allies, they hold themselves accountable and they hold everyone else accountable for being inclusive. Their efforts embed D&I concepts of fairness and inclusion throughout the organization. With commitment and focus, your organization can reap the many benefits of D&I. Making the inclusivity transformation is like climbing a mountain, planful and deliberate; ensure your leaders have the right equipment for the journey by assessing their level of allyship and empowering them to improve.

Through Inclusive Leadership you can embed the D&I concepts of fairness and inclusion throughout your organization and reap the many benefits of D&I.
References


