Worksheet 4: New thinking

By Dan Sodergren

Diversity and inclusion: What is diversity and inclusion?

The term diversity and inclusion often has an 'E' added to it to make it DEI: diversity, equity and inclusion. This encompasses the symbiotic relationship, philosophy and culture of acknowledging, embracing, supporting, and accepting those of all racial, sexual, gender, religious and socioeconomic backgrounds, among other differentiators.

But what does diversity and inclusivity really mean? For me, diversity refers to the traits and characteristics that make people unique, while inclusion refers to the behaviours and social norms that ensure people feel welcome.

Diversity is key for your business, as every system has differences inside it, grows and is more sustainable. Without inclusion, however, the crucial connections that attract diverse talent, encourage their participation, foster innovation, and lead to business growth won't happen.

As diversity advocate Vernā Myers puts it: "Diversity is being invited to the party. Inclusion is being asked to dance."

As a business leader you want to make sure everyone is dancing together.

But why be diverse?

The difference between what we should do morally and what we should do for business are often blurred. In fact, some might argue that as a business owner you can do anything that is legal to make money, as long as that is legal by the definition of the society you live in.

With diversity and inclusion, there is a difference. It is not that being more diverse and inclusive is the right thing to do, it is the most sensible business thing to do.

It is not about morality. As Christine Kuhl in the great article 'Diversity and inclusion post-Covid: no better time to transform the boardroom?' says:

"Diverse teams are simply smarter, making more fact-based decisions and driving people to resist entrenched ways of thinking. This is extremely important in a world of false news and misinformation."

There is so much compelling research about the power of diversity and inclusion that I now call it a modern-day superpower. Those businesses that realise this will have an unfair advantage on others over the next few years. In fact, high end tech companies have known this for generations and strive to make their teams as diverse as possible. Be that in diversity of thought, neuro divergence, or any other indicator you can think of.

Which diversity differences do you know?

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The research

McKinsey research shows that companies in the top quartile for diverse leadership teams outperformed less diverse peers on profitability.

This might be because a KPMG survey of employees at more than 1,700 companies in eight countries and across industries revealed that companies with more diverse management teams achieved 19% higher revenues due to more innovation.

While Global research by Bersin determined a further dimension to that – inclusive companies are more likely to be change-ready, surely an essential quality for post-pandemic success. Especially in teams and companies that are required to change and be more resilient.

The famous McKinsey's research not only shows that gender-diverse companies are 15% more likely to outperform their peers but also ethnically-diverse companies are 35% more likely to do the same. And this is not even considering neurodiversity, which I consider to be a super power for most tech companies, with diversity of thought being key.

But where does inclusivity come into this? Deloitte Australia research shows that inclusive teams outperform their peers by 80% in team-based assessments. So the more diverse and inclusive your team is, the more likely you are to succeed. Especially in times of rapid change where teamwork is needed.

So how diverse is your team or company at present?

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What can you do as a leader to help your team become more diverse?

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What can you do as a leader to help your team become more inclusive?

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There is a wide gap between organisations engaging in DEI work and those that are valuing it, according to Wharton management professor Stephanie Creary. In this opinion piece, she offers a framework for how companies can make DEI efforts count.

It is a great read for every leader who is serious about making their organisations more diverse and successful. With the A "MERIT" Framework for Valuing DEI Work:
https://knowledge.wharton.upenn.edu/article/elevate-diversity-equity-inclusion-work-organization/

Further reading
- Inclusion: The Ultimate Secret for an Organization's Success, by Perrine Farque
- How to Be an Inclusive Leader: Your Role in Creating Cultures of Belonging Where Everyone Can Thrive, by Jennifer Brown
- Inclusify: The Power of Uniqueness and Belonging to Build Innovative Teams, by Stefanie K. Johnson
- The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth, by Amy Edmondson
- The Peterson Institute for International Economics, 'Is gender diversity profitable?'
- Independent Sector, 'Why Diversity, Equity, and Inclusion Matter,'
- World Economic Forum, The Jobs Reset Summit
- WerkLabs, 'Work Now Report: How the pandemic is changing work,' April 2020

Articles and websites
- https://www.inclusionhub.com/articles/what-is-dei
- https://www.personio.com/hr-lexicon/diversity-management/
- https://www.theguardian.com/sustainable-business/2017/jun/16/business-diversity-workplace-pledge
- https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diverse-employees-are-struggling-the-most-during-covid-19-heres-how-companies-can-respond

- https://www.odgersberndtson.com/en-de/insights/diversity-and-inclusion-post-covid-no-better-time-to-transform-the-boardroom
https://www.bcg.com/publications/2022/reinventing-gender-diversity-programs-for-a-post-pandemic-world
- https://www.mpa.org.uk/dan-sodergren-to-champion-mpas-diversity-and-inclusion/
- https://www.gartner.com/smarterwithgartner/9-future-of-work-trends-post-covid-19
- https://home.kpmg/xx/en/home/insights/2021/03/reimagine-the-workplace-to-make-dei-a-post-pandemic-priority.html
- https://joshbersin.com/2015/12/why-diversity-and-inclusion-will-be-a-top-priority-for-2016/
- Boston Consulting Group, 'How diverse leadership teams boost innovation', Jan. 23, 2018,
- https://intersol.ca/news/international-womens-day-reflection-best-practices-to-rebuilding-a-gender-inclusive-economy-that-helps-women/
- https://www.bcg.com/publications/2022/reinventing-gender-diversity-programs-for-a-post-pandemic-world
- https://www.gartner.com/smarterwithgartner/9-future-of-work-trends-post-covid-19
- https://www.thebusinessdesk.com/northwest/news/2079337-why-effective-leaders-need-to-think-about-culture