"If we think of diversity as being invited to a party, inclusion is being asked to dance when you get there". This month's feature article looks the how a diverse, inclusive workforce can improve business productivity and have a positive impact on a company's bottom line.

More than ever, flexibility and versatility are becoming the keys to success. This is true for countries and for companies alike. A culturally diverse and inclusive environment seems to be one way to take advantage of this situation.

But diversity in a workplace setting isn't just about ensuring the right balance of gender and race amongst employees, it goes far beyond that.

It's about recognising, respecting, embracing, valuing and including each employee and their individual differences, believing that the sum of these differences creates a rich tapestry of experiences, knowledge, skills and views that adds a huge amount of value to an organisation.
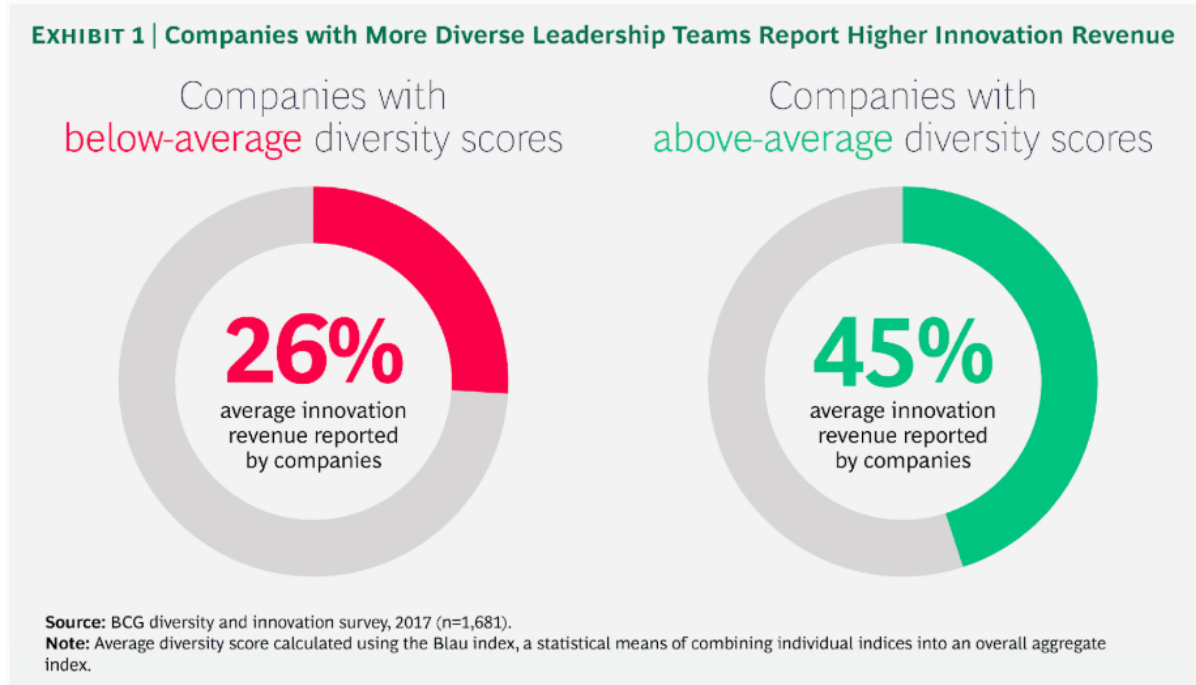
## How does a diverse workforce translate into effectivity and profitability?

A study by the Boston Consulting Group study found that companies with more diverse management teams have 19% higher revenues due to innovation (this was especially true for high-tech companies, start-ups and industries where innovation is the key to growth). The notion is that employees from diverse backgrounds bring different perspectives, ideas and experiences to the table, creating more creative teams often with better problem-solving abilities. It stands to reason that new ideas tend to come about when people are confronted by different opinions and are forced to rethink their assumptions. Bringing together a diverse group of people that don't all think the same way inevitably creates teams that are more creative, but it also makes teams that are effective, agile and resilient, so they can outperform their competitors.

This is supported by research by McKinsey which found that companies in the top quartile for racial and ethnic diversity are 35% more likely to have above-average financial returns. For companies with gender diversity, that number is 15%. Conversely, for companies in the bottom quartile for diversity they are less likely to achieve above-average results.

Findings such as these are constantly supported by the Catalyst report (a summary report of current research from around the world). It shows time and time again that more diverse companies tend to outperform their competitors.

This would suggest that diversity is not just a metric to be strived for; it should be an integral part of a successful revenue-generating business' strategy.



**EXHIBIT 1 | Companies with More Diverse Leadership Teams Report Higher Innovation Revenue**

Companies with **below-average** diversity scores

**26%** average innovation revenue reported by companies

Companies with **above-average** diversity scores

**45%** average innovation revenue reported by companies

**Source:** BCG diversity and innovation survey, 2017 (n=1,681).
**Note:** Average diversity score calculated using the Blau index, a statistical means of combining individual indices into an overall aggregate index.

### How do businesses go about ensuring they have a diverse workforce?

Being accountable for diversity and inclusion starts from the top down. Acceptability, diversity and inclusivity needs to be embedded in the culture of the organisation. Organisations need to challenge existing assumptions about what makes a good, productive workforce and think wider and broader about how diverse workforces can create higher performing teams. They need to update their corporate culture so that the modern workplace can accurately reflect and support today's demographics and population, and it starts from the earliest stage, the recruitment process.

### Starting from the beginning

Hiring the right staff is essential for any business but each job role should be made available to anyone who has the right skills to do that job. It sounds simple enough but often some companies have excluded a certain segment of the population by default (say inadvertently making a job more appealing to males or females), through something as simple was the way a job description or job advert has been worded. Research has shown that the language in a job description can influence the numbers of male or female applicants. Ideally job descriptions should be written in a gender-neutral way so it can appeal to the greatest number of people, this means companies can select the best candidates from the wide, diverse potential talent pool.

Once past this stage, sifting through candidates is the next stage in the selection process where bias can creep in and adversely affect diversity. Attempting to remove cognitive biases, stereotype bias, affinity bias (which is our general tendency to get along better with and like people who are like us, which tends to mean that we hire people in our own image) and unconscious bias from the recruitment process should result in a diverse workforce, but it is a tall order.

The best way to do this would be to involve as many people as possible in the recruitment process. This should help reduce the weighting of any bias that may have inadvertently crept in as part of the process. An aggregated scoring system in that process is important, as well as honest conversations amongst those assessors, after the process, sharing and challenging one another on their decision making.

This helps reduce bias in the process, but unconscious bias is still a huge area that is yet unmastered and it has been estimated that around about $8 billion is spent every year by corporates on diversity training trying to reduce biases.

Raising awareness and engagement of the issue is applauded, but it is hard to rewire the parts of the brain that have been ingrained with stereotype biases or affinity biases in just a few sessions of unconscious bias training. The question then becomes can we re-programme ourselves to avoid any unconscious bias, and can unconscious bias training really help solve the problem or do we need something extra? Perhaps this is where AI can help. Technology companies such as Applied use behavioural science and data science to improve the quality of recruitment decisions and to reduce the element of biases in the process.

Whilst the recruitment process can be paired with behavioural science and data science to diminish bias, once in the workplace, having a culture within an organisation that accepts and promotes diversity and inclusivity is imperative.

## Meritocratic culture

Business psychologists would explain that a positively diverse culture in an organisation creates an environment where employees feel that they can be their authentic self. They do not need to hide aspects of themselves that may have historically caused them issues in the workplace, such as their ethnicity, family commitments, disability (including cognitive abilities such as autism or dyslexia), race, religion or sexuality. Companies that adhere to a meritocratic culture celebrate and respect all their employees, in their natural form and none of these other elements matter. The only aspect that matters is how well a person can perform the job which they were employed to do. Each individual person will be judged and rewarded based on their work performance and that alone.

With all other issues removed, these employees are freer to demonstrate and perform their role to their fullest value. They are encouraged to be their 'best-self' regardless of any other issues. As a result, each person works to the best of their ability, and so the best ideas will be implemented, the best people will be promoted, and this creates a high-performance culture.

## We are all in it together

Diversity and inclusivity can be a priority from the top but for these to become part of the culture, each employee needs to take it on board to make it happen. Everyone within the organisation needs to be accountable for their actions, to ensure that their colleagues, peers and line reports feel included, respected and valued. There are certain behaviours that aren't acceptable if you are trying to build a culture of diversity and inclusion.

## Be aware

The truth of the matter is, whilst these are ideal scenarios, we are human. This means we have in-built unconscious bias, and so we will inevitability gravitate towards one type of colleague more than another, but we need to be aware of it. And we need to take accountability for our actions, especially when others may be adversely affected by it. The knock-on effect of effectiveness, performance and profitability are all at stake.

## References

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