

WORKSPAN

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Leaders in the Looking Glass

Reflecting on Diversity in the Workplace

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If your company is seeking more diversity and inclusion, experts say you need to start at the top.

In large part, that's because homogeneity is built into the system. If leaders look, think and act in similar ways, they tend to define successful leaders as looking, thinking and acting just like them. Those expectations can translate into obstacles for people with different backgrounds and viewpoints or encourage people to play down their differences in favor of fitting into the mold.

Sharon Jones, a diversity consultant whose book *Mastering the Game* addresses how unconscious biases and unwritten rules can stymie the careers of women and people of color, said that companies must commit to the work of promoting diversity, particularly among their top executives.

Companies that demonstrate little diversity on their leadership teams send a powerful — if unintended — message to rising employees that there's nowhere for them to go.

"Diverse leaders, by just being there, provide role models for people," Jones said. "That's what makes people think, 'This person is just like me, we share the same personal goals, or their career is the same one I want to have.' And when they don't see those kind of role models, they assume, 'There is no pathway here for people like me.'"

Demographic trends in the United States also favor diversity, said Carol Fulp, author of *Success Through Diversity: Why the Most Inclusive Companies Will Win*. A more global marketplace, coupled with those shifting demographics, will require companies to become more diverse and inclusive over time, Fulp said.

More than 40% of Millennials, now ages 23 to 38, identify as nonwhite, according to the Pew Research Center. Fulp also cites census projections that there will be more people of color than Caucasians in the U.S. by 2042.

“In order to attract the best talent of all kinds, we want to ensure that we have work cultures that are conducive to diversity, given this dramatic demographic shift,” Fulp said. “You want to be able to have people in your organization who can produce the goods and services for a global marketplace — individuals who reflect that global marketplace.”

Why Worry About Diversity?

Efforts to create a more diverse and inclusive work-place can provide a host of benefits. Experts in the field cite research showing that companies whose workforce represents a wider range of thought and background produce more innovative ideas, make better decisions and are more profitable over time.

But diversity among the rank and file has less of an impact than diversity among senior leaders, according to several recent studies.

For example, The Boston Consulting Group published a study in 2017, “The Mix That Matters: Innovation Through Diversity,” attributing a higher level of innovation to companies with specific types of diversity. The study highlighted several key differentiators of diversity: leaders from countries or industries different than their current employers; leaders who have taken nontraditional career paths; and leadership teams where more than 20% of the managers are women.

In addressing gender diversity, the study’s authors emphasized that it matters where in the hierarchy women work: “One thing that doesn’t seem to have an effect on innovation is the overall percentage of women in a company’s workforce. Only when women occupy a significant share of management positions does the innovation premium become evident.”

A 2018 report from McKinsey & Co., “Delivering through Diversity,” found that of the 1,000 companies it surveyed in 12 countries, companies with the most gender diversity on their executive teams had higher profitability and better value creation.

Ethnic and cultural diversity also contributed significantly to success. Companies with the most diverse leadership teams were 33% more likely to lead their industries in profitability.

Conversely, companies in the bottom tier for gender and ethnic or cultural diversity were almost 30% less likely to achieve high profitability.

Such news isn’t entirely surprising to Mary Dale Walters, senior vice president of Allsup, which provides employment services for people with disabilities who want to return to the workforce. Allsup helps employers identify accommodations for many of its clients, Walters said, whether it

relates to physical access within the building or accessibility features for the company's phone and web services.

Walters believes that hiring someone who sees the world from a different perspective provides opportunities for better customer service and product development.

"If I have somebody with a disability who comes up with a creative idea because they're thinking about things differently, it can benefit a company's services and products for an entire spectrum of people, not just people with disabilities," Walters said. "More diverse employees who bring that creativity and innovation can be very refreshing for a leader."

Building a Pipeline

Even companies that want to foster diversity and inclusion in the workplace can make several key missteps along the way. They focus on bringing in a diverse workforce at entry-level positions, then expect the effects to naturally flow up to the top. They rely on informal systems of identifying and promoting potential leaders that feed into unconscious biases, or they set standards for leadership that reinforce the status quo.

Companies that want more diverse leadership teams need to take a purposeful approach to get there, said Anna Beninger, senior director of research for Catalyst, a nonprofit that focuses on opportunities for women in the workplace.

Many companies focus their efforts on recruiting a diverse workforce at the entry level, Beninger said, only to see that diversity fade away as people move up in the organization. She attributes the effect to homogenous leadership teams that tend to define leadership qualities in ways that favor the status quo.

You have senior leaders who, in the U.S., tend to be male and white, they value stereotypically masculine behaviors. As a result, human resources translates those expectations into all of the formal talent management programs, so that everyone is being judged against these masculine standards. By definition, anyone who is not a man is disadvantaged."

Informal systems dictating who participates in high-profile projects or who gets career-making assignments that can lead to promotion can also be prone to bias, Beninger said.

"The vast majority of people's development doesn't come from formal programming — it comes from the day-to-day opportunities they have," Beninger said. "If women aren't given the opportunities to show what they are capable of doing, it reinforces the biases and standards, and it slows their advancement."

Altice USA Inc., a telecommunications company that provides cable and internet services nationwide, has used its year-old diversity and inclusion initiative to help identify potential leaders from a variety of "affinity groups," including blacks, Latinos, women and people with

disabilities. (Full disclosure: The writer's husband works in Altice's corporate headquarters in New York.)

The main intent of the program was to create a greater sense of community among Altice's 9,000 employees at about 300 locations across the U.S., said Lee Schroeder, the company's chief diversity officer and executive vice president of government and public affairs.

Having diversity among top executives sets a strong example for middle managers who ultimately carry out such initiatives.

The company defined the affinity groups based on employee surveys. Each affinity group has its own leadership team, which encourages employees to take charge of activities in the group that interests them. In addition, many of Altice's affinity group leaders belong to similar organizations outside of the company, making them prime recruiters of external talent for senior positions, Schroeder said.

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"By creating these leadership teams, we have started to identify people who are taking the initiative to be a leader beyond the scope of their role," Schroeder said. "We are being mindful about saying, 'Who are our emerging leaders, and how do we make sure they get the support to continue to rise, so that throughout the higher ranks of the organization, we improve our diversity?'"

Creating More Diverse Leadership

Diversity needs to become a metric of success alongside such goals as sales or product development, said Fulp, who also serves as president and CEO of The Partnership, a Boston-based organization that helps companies attract and retain multicultural leaders.

Fulp also recommends that HR adopt practices similar to the NFL's Rooney Rule, which ensures that managers must look at a diverse pool of candidates for any given job.

Having diversity among top executives — and goals around diversity in hiring — sets a strong example for middle managers, who ultimately carry out such initiatives, Fulp said.

"It is important that people understand diversity is a business imperative and a part of the company's performance," Fulp said.

Both Beninger and Jones suggest the use of formal sponsorship programs to develop a more diverse pool of potential leaders. Sponsors serve as advocates for high-potential employees trying to break through to the next level of their careers. Creating a formal program removes the

element of unconscious bias that could put nontraditional leadership candidates at a disadvantage for being identified and selected.

Jones helped one of her clients develop a sponsorship program to promote more diversity among its senior leaders. On one of her recent visits to the company, Jones spoke in passing to a black executive who had been promoted twice since finding a sponsor — and now felt he understood how to become a partner at his company.

“He said, ‘I see the path, it’s been explained to me, so it’s up to me to choose whether to pursue it,’” Jones said. “You don’t usually hear that message from diverse people. You want people to know that they have got someone in their corner if they want to advance, that you’ll be right there for them.”

Beninger points to Nationwide Mutual Insurance Co. as an example of a company that has committed itself to the development of its women employees with its Touch Point program, which it launched in 2011 to identify and provide sponsorship opportunities for its women employees.

Through last year, the company matched about 250 high-potential employees with sponsors who reflected their backgrounds, career aspirations and personalities, said Kathy Smith, vice president of talent management and development. The program has helped Nationwide boost the percentage of women in executive roles from 29% to 34%, and has doubled the percentage of women of color in leadership roles.

Nationwide expanded Touch Point beyond the executive level this year to create more sponsorship opportunities for its workforce of 31,000 people.

Employees can participate in Touch Point more than once, and they are expected to become sponsors themselves as they move up in the organization, Smith said.

“It’s engaging to be lifting other people,” said Smith, who has participated in the HR program both as a mentee and as a sponsor. “It sends multiple messages: We are going to help you personally, and we trust you to help the best talent in this organization succeed too. The part that requires commitment is identifying the talent in your organization and intentionally managing their sponsorship.”

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