



Beyond tokenism

Diversity without inclusion will lead to dysfunctional organisations.

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Today's world of increasing change represents a major challenge to habitual ways of organisational leadership. Humans have a primitive survival default to identify 'friend' or 'foe', which manifests in identifying similarities to 'self'.

This default is at the root of the prevalence of ethnically/culturally similar, often middle-aged, male members of corporate boards.

Leaders who see beyond these basic drivers are able to resist hiring in their own image and

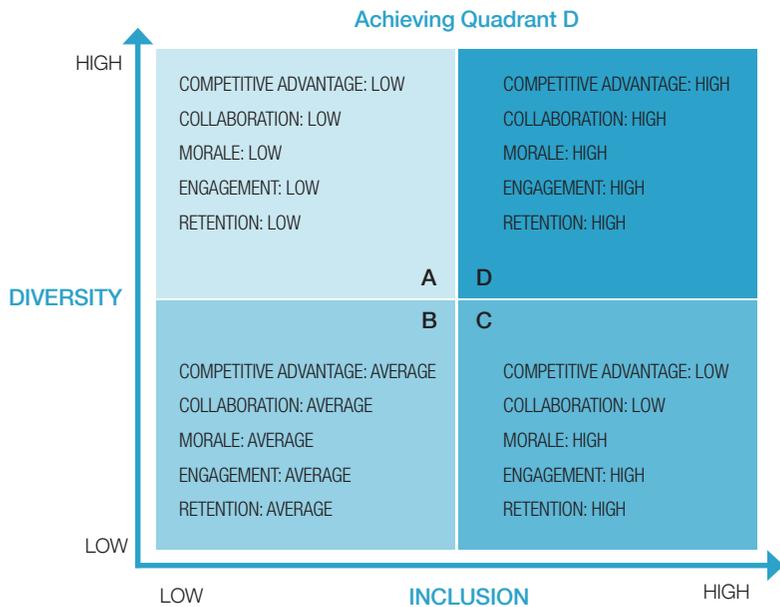
perceive business benefits. These are individuals who wish to be the best leaders for the future, who are on a journey of leadership beyond the ego; something becoming, known as 'transpersonal leadership' as described in our new book, *Leading Beyond the Ego: How to Become a Transpersonal Leader*.¹ Such leaders stretch themselves and enable the success of those they lead.

Diversity and inclusion are distinct but connected. There is a plethora of diverse viewpoints, which, if harnessed, can promote robust input to boards and organisations, generating competitive advantage. Irrespective of geography, these manifold aspects of diversity are almost always present, even if, in some instances, there is a cultural suppression of particular elements. These include:

- Gender
- Ethnicity
- Religion
- Age
- Disability
- Background (e.g: Ivy League vs learned on the job)
- Language and nationality
- Sexual identity and orientation

The Berlitz Cultural Insights Series on Inclusive Leadership² explains that it is common for businesses to aim to attract a diverse group of employees, but many still struggle to retain the right talent. Organisations with a highly diverse workforce that fail to address the creation of an inclusive environment are likely to be more dysfunctional than those without diverse staff. The answer lies in the mindset of leaders in creating a culture that is inclusive.

Organisations that practise both inclusion and diversity experience high levels of collaboration, engagement, and retention, providing competitive advantage. The chart below shows the relationship between diversity and inclusion.



Adapted from The Guide for Inclusive Leaders, 2006⁹

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Whilst globally, compliance and regulation are increasing, in requiring companies to ensure representation of minority groupings on boards, progress is often slow. For example, in the UK, between 2011 and 2016 representation of women on boards increased from 12.5% to 26%—a great improvement, on the face of it (Davies 2015)⁴. The reality, however, is that the vast majority of these roles are non-executive; so real operational influence and advantage are far less than this suggests.

One can anticipate a time where not only gender balance on boards becomes a regulatory and compliance issue, but also other minority groups. However, when compliance drives company actions, a ‘fudge’ (i.e. appoint minorities to non-executive roles) is found, and true inclusion in the executive functions is avoided.

It is clear that it is the mindset of leaders, consciously setting an inclusive climate, and

thus an organisational culture that enables the business benefits of diversity and inclusion to be realised. Transpersonal leaders demonstrate that congruent values and ethics genuinely drive their decisions in the interests of all stakeholders of the business. They embrace modelling the way to hire, develop, and promote people based on merit to contribute to the future of the organisation. These are leaders who have moved towards becoming REAL[®] (Radical, Ethical, Authentic Leaders).⁵

REAL[®] transpersonal leaders look beyond compliance, risk mitigation, reputation management, and corporate governance. They see the intrinsic business value of diversity and inclusion. This starts with hiring and retaining valuable talent. Companies that promote equal opportunities obviously value people regardless of background, so are likely to be more attractive to candidates. Their support and promotion (clearly role-modelled in a diverse board) helps retain talented individuals as they see future opportunity. Retention creates direct cost savings and financial benefits as the cost of replacing a competent employee approximately equates to their annual salary when considering lost productivity, recruitment costs, and upskilling of a replacement.

Younger employees, Generation Z, and millennials, in particular, place a much higher value on diversity practices such as flexible working hours and schedules so that they can maintain a healthy work-life balance. This ranks above pay in many cases. According to Job Buzz⁶, a career research platform, employees in the 20 to 30 age bracket rated companies offering these practices as the most attractive employers. India has the largest population of this age bracket in the world (c. 246 million) so this is information that no company in the country can afford to disregard.

The importance of these attitudes, typical of the next generation of leaders, brings other imperatives on inclusion and diversity to the

fore, to access a broader talent pool in India. This broader pool includes the disabled (70 million people), women (only 22.5% in the workforce in 2011-12 vs over 40% in higher education), and accessing talent from different institutes or educational backgrounds as opposed to top-tier schools. This approach brings fresh thinking and challenge to organisations to better reflect and understand their customer base and improve their offerings.

All of these and other diversity management practices, (highlighted in the chapter on 'Managing Diversity' in *Leading Beyond the Ego*) are promoted by leaders who embrace aspects of transpersonal leadership. They generate higher levels of employee engagement and discretionary

effort. According to a 2012 Global Workforce Study by Towers Watson⁷, companies with high, sustainable engagement experience three times higher operating margin than those with the lowest levels of engagement. Another study by Cumulative Gallup Workplace Studies⁸ demonstrated a 22% increase in productivity in companies that are effective at inclusion.

From this, it is clear that diversity and inclusion are increasingly important for the profitability and success of a business. In a blog post

for *Psychology Today*⁹, neuroscientist Dr David Rock has identified that diverse and inclusive organisations are better at focusing and thinking more carefully about facts and are also more innovative, as explained in more detail below:

■ **They are better at focusing on facts**

Diverse teams are more likely to re-examine facts when there is a disagreement. They are also more likely to remain objective, and be willing to scrutinise others' viewpoints. Ensuring those in the workplace work with different groups allows them to become aware of their own biases,

possibly highlighting errors they would not be aware of before.

■ **They think about facts more carefully**

Not only are facts more likely to be considered, but greater diversity means those facts are probably thought about more systematically, because having people with different perspectives reduces group think and may make people process information more carefully.

■ **They are more innovative**

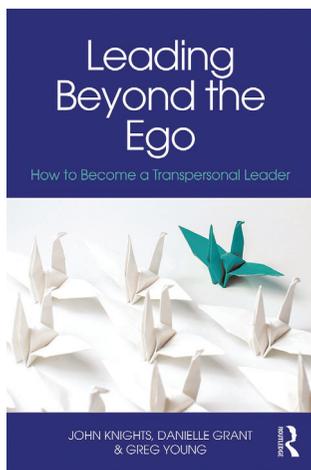
Innovation and adaptability are crucial to business, and the best way to achieve this is by hiring more diverse team members.

Whilst working with similar people is comfortable, it does not actually confer a benefit. In fact, a team of different backgrounds, style, genders, races, culture, and nationalities contributes to increase the potential and creativity of a business in multiple ways, helping team members in avoiding bias, questioning their own viewpoints, and finding new, valuable perspectives.

The final incentive is, *Forbes*¹⁰ has found, companies with diverse executive boards have higher earnings and returns on equity. This makes a compelling logical case as well as an ethical and emotional one, enabling sustainable success. ■

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