



# Inclusion Drives Diversity: Harnessing Inclusive Policies as an Engine for Organizational Change

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# Introduction

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**Diversity and Inclusion are terms that, at this point, are inseparable from each other when organizations talk about the composition of their workforces. Businesses vary on whether they enshrine equity, belonging, and other adjacent terms in their department names and job titles, but in general there's no *D* without *I*<sup>1</sup>—and oftentimes these two get a little confused.**

However, despite their constant pairing (or maybe because of it), diversity and inclusion aren't given equal weighting in most organizations. In this ebook, we take a closer look at why inclusion is indispensable, and offer practical tips on how to cultivate and prove an inclusive environment in your organization.



<sup>1</sup> In this resource we use the acronym "DE&I" (Diversity, Equity and Inclusion) to refer to the field as a whole, though some sections address inclusion's relationship to only diversity specifically.

# How Inclusion—Though Essential—Is Often Overlooked

The Harvard Business Review, describes the situation succinctly:

“Most business leaders understand the diversity part of diversity and inclusion. They get that having a diverse workforce is important to customers and critical to succeeding in a global market. It’s the inclusion part that eludes them—creating an environment where people can be who they are, that values their unique talents and perspectives, and makes them want to stay.<sup>2</sup>”

The phrase “diversity & inclusion” perhaps unhelpfully frontloads the end-goal of DE&I: an organization which is visibly and measurably diverse and reaping the full rewards of that diversity for all involved. Unfortunately, focusing on diversity alone leads to having all the right people in the mix but failing to ensure that those hires feel genuinely welcomed and able to contribute to their full potential.

An organization in that situation is like a punctured tire—you can keep pumping air into it, and with a lot of effort it may even be possible to fill it up all the way. However, just a short while later it’ll be back to how it was before. There’s probably no shortage of organizations that have continued to push fresh personnel into this “punctured tire” when it would have taken a lot less effort to remove the thumb tack that was causing their predecessors to leave.

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*Focusing on diversity alone leads to having all the right people in the mix but failing to ensure that those hires feel genuinely welcomed and able to contribute to their full potential.*

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<sup>2</sup> Brown, K. (2018). ‘To Retain Employees, Focus on Inclusion – Not Just Diversity’. Harvard Business Review. [Available online.](#)

# Making the Case for Inclusion

Like a lot of DE&I principles, building inclusion makes intuitive sense: we want employment that is responsive to our needs and priorities, and understand that others would want the same. The business case is more elusive and worth reiterating.

## Better Business Outcomes

Deloitte's research<sup>3</sup> into the better business outcomes of organizations combining diversity *and* inclusion acknowledges that inclusion itself is "often left to personal interpretation" with many organizations "unclear about what it means". Deloitte defines inclusion using four key areas:

1. **Being treated with fairness and respect**
2. **Feeling valued and belonging to the group**
3. **Feeling safe to contribute openly**
4. **Being empowered to grow and achieve**

With these measurements established, it then suggests that organizations with inclusive cultures are:

- **2x as likely to meet or exceed financial targets**
- **3x as likely to be high-performing**
- **6x more likely to be innovative and agile**
- **8x more likely to achieve better business outcomes**

The research additionally highlights how inclusive leadership behavior results in a:

- **70% increase in reported experiences of fairness, respect, value, belonging, psychological safety, and inspiration by individuals**
- **17% increase in team performance**
- **20% increase in team decision-making quality**
- **29% increase in team collaboration**

It makes sense to bring all of this together and offer a more specific definition—and one that can be used to hold leaders to account. Ultimately we are creating an environment where everyone with the capability to succeed can do so.



*Ultimately we are creating an environment where everyone with the capability to succeed can do so.*



<sup>3</sup> Bourke, J. (2018). 'The diversity and inclusion revolution: Eight powerful truths'. Deloitte Insights. [Available online.](#)

### Impact of the Absence of Inclusion

“Inclusivity is an important factor in what attracts workers to an organization, and what keeps them there. Deloitte’s research<sup>4</sup> suggests that 39% of respondents would leave their current organization for a more inclusive one. Millennials are particularly motivated by inclusivity—53% stated that they would leave in the absence of it, and nearly one third claimed to have already done so.

When organizations fail to foster inclusion, it makes sense that a higher rate of turnover follows. Reducing avoidable turnover is always a sensible goal: the knowledge and morale loss when an employee leaves is not negligible, and the more frequently you’re hiring a replacement, the more time and money you spend.

Gallup estimates<sup>5</sup> that US businesses lose around one trillion dollars annually to avoidable turnover, and that replacing an individual employee costs between one half to twice their salary.

### Despite this:

- 52% of employees who choose to leave say that their manager or organization could have done something to prevent them from leaving
- 51% say that no one in a leadership position discussed with them their job satisfaction or future in the organization in the three months leading up to their exit

This lack of communication with concerned employees is broadly an inclusion problem—as the article puts it, “nobody talked about their future. So it makes sense that they decided they didn’t have one there.”

However, while having “frequent, meaningful conversations with employees about what really matters to them” can help mitigate an employee’s sense of feeling unvalued, it isn’t a cure-all. Among that 48% who say that there was nothing anyone could have done to keep them there are surely many who had felt unfairly treated, or unable to safely and openly contribute, for most of their tenure.

But at some point, talking simply isn’t enough...

*US businesses lose around one trillion dollars annually to avoidable turnover.*

<sup>4</sup> Cooper, T. (2017). ‘Fostering an inclusive culture at work: Engaging today’s workforce’. Deloitte. [Available online.](#)

<sup>5</sup> McFeely, S. Wigert, B (2019). ‘This Fixable Problem Costs U.S. Businesses \$1 Trillion’. Gallup. [Available online.](#)

# 6 Ways to Nurture Inclusion Throughout the Employee Lifecycle

Neither the empathetic argument nor the business case for inclusion are likely to be revelatory for business leaders. And yet, the scenario we described earlier, where diversity is attempted without inclusion, is a common one.

If we were to speculate why that is, we would certainly point to the simple fact that inclusion is more difficult to get right overall. Businesses have always been good at hiring people, and it's relatively easy to get better at doing so more fairly with proven statistics. The relationship between employment, happiness, and personal fulfillment is more fraught, and less obviously measurable. Nonetheless, how you recruit is unavoidably part of the early story of inclusion.

## 1) Review Your Hiring and Promotion Practices for Bias

By standardizing and anonymizing your approach to hiring, you can weed out some of your biases. It's becoming more common to pre-process applications to remove names and demographic indicators. This **process, better known as blind recruitment**, allows you to better stay focussed on the candidate's education and employment history. By providing a consistent and unbiased hiring, interview, and selection process between candidates, you're removing an unnecessary element of chance.

The way you advertise your roles is also important. It has been suggested that language choice can attract different kinds of candidates and exclude others.<sup>6</sup> Though a complex area, it's worth experimenting with more neutral (e.g. less aggressive) word choices if you're struggling to attract certain groups of candidates.

Expect to uncover some discriminatory policies that have gone unchallenged for some time. For example, nearly four in 10 global companies dictate a mandatory retirement age<sup>7</sup>, with this practice particularly prevalent in the government, energy, STEM, and manufacturing sectors (half of all government employers have the policy).

Alongside your hiring and promotion practices, organizations should periodically review their DE&I policies and particularly consider which characteristics have been left off. Issues like age, socio-economic background, and LGBTQ+ identities may not be enshrined in these policies and their [training programs](#). Naturally, policies need to be enforced to ensure a truly inclusive climate.

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<sup>6</sup> Knight, R. (2017). '7 Practical Ways to Reduce Bias in Your Hiring Process'. Harvard Business Review. [Available online.](#)

<sup>7</sup> Perron, R. (2020). 'Issue Brief: Global Insights on a Multigenerational Workforce'. AARP. [Available online.](#)

### 2) Creating a Diverse Pipeline Through Retention

Despite the collapse of the reality (and the universal desirability) of a “job for life”, maximizing retention is still an important part of how businesses create a culture— inclusive or otherwise. One important way to create a diverse pipeline is to use the hiring tools available to you with the greatest retention potential. Internships and co-op work arrangements remain important tools, with the staying power of hires from such programs higher than the general population.

For example, in the 2020 edition of its annual internship and co-op survey, the National Association of Colleges and Employers<sup>8</sup> reported a one-year retention rate of 68.7% for interns and 54.2% for co-ops when hired off of an internal arrangement. This compares favorably with hires with no internship or co-op experience (either internal or external to the hiring company): only 40.3% of such hires were retained.

In the same survey, five-year retention rates of internal arrangement were 42.2% for interns and 31.6% for co-ops. The five-year retention rate for those with no experience is 29.1%.

Assuming you can ensure a diverse intake into these arrangements, they can be a good first step towards fostering a sense of inclusion. Focused as they are on development and investment in individuals, they help to create employees who are invested in the business and trained in all aspects of your culture. These are behaviors that they will bring along as they progress.

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*The National Association of Colleges and Employers reported a one-year retention rate of 68.7% for interns and 54.2% for co-ops.*

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<sup>8</sup> National Association of Colleges and Employers (2020). 'Internship & Co-op Survey Report Executive Summary'. [Available online.](#)



### 3) Multigenerational Inclusion: Building Diversity and Inclusion at Different Stages in Your Organization

While working to ensure that diverse and inclusive practices are drawn up from the junior levels of the business along with the employees who learn them, an approach that neglects other age groups is inadequate. After all, age is itself an area where your practices need to be inclusive, and it's one that's often overlooked. This is worth bearing in mind alongside the expectation that a growing Millennial workforce will increasingly bring new ideas about inclusion up the hierarchy.

One widely repeated claim<sup>9</sup> is that by 2025, Millennials will account for 75% of the workforce. The math on this claim doesn't actually stand up to scrutiny—we're more likely already at 'peak Millennial' at just 41.4% of the workforce<sup>10</sup> (though if we commit the sin of calling members of Generation Z "Millennials" we can stretch to 61.8% by 2025). Nonetheless, the observations that come with the claim ring true: Millennials will increasingly occupy leadership positions, and bring a different perspective, and expectations on diversity and inclusion.

Whatever percentage of the workforce they form, pinning all our hopes on Millennials, (and/or Gen-Z) and ignoring older generations is obviously short-sighted from an inclusion perspective. The oldest Millennials will only be 45 in 2025—considering that in 2018, the Pew Research Center found that 29% of those it surveyed between ages 65 to 72 were still expecting to work<sup>11</sup>, that's a lot of people you aren't *including*.

One World Economic Forum article<sup>12</sup> makes some recommendations we would echo when organizations aim to promote inclusion in a multi-generational workforce:

- **An age- and stage-inclusive reassessment of policies across recruitment, assessment, retention, compensation, life-long learning, health and retirement**
  - **For example, policies that support caregivers in employment who are simultaneously earning a living and caring for a family member or friend**
- **A review of your training and development approach to better meet the needs of all age groups**
- **"Returnship" programs that broaden options for groups returning to work (such as those returning from parental leave or retirement)**

As explored in our parent company's white paper, "A Human Framework for Reskilling: How 5 Seismic Forces Are Driving the Reinvention of Learning & Talent"<sup>13</sup>, employees are working longer while subject to growing complexity and a higher pace of change. Failing to invest in reskilling options for employees at all career stages leaves some of your greatest assets underutilized. Or worse, unengaged, and ready to quit.



*Failing to invest in reskilling options for employees at all career stages leaves some of your greatest assets underutilized.*



<sup>9</sup> Eswaran, V. (2019). 'The business case for diversity in the workplace is now overwhelming'. World Economic Forum. [Available online.](#)

<sup>10</sup> Lettink, A. (2019). 'No, Millennials will NOT be 75% of the Workforce in 2025 (or ever)!'. LinkedIn Pulse. [Available online.](#)

<sup>11</sup> Fry, R (Jul 2019). 'Baby Boomers are staying in the labor force at rates not seen in generations for people their age'. Pew Research Center. [Available online.](#)

<sup>12</sup> Whitman, D. (Nov 2019). 'Here's what you need to know about the future of multi-generational working'. World Economic Forum. [Available online.](#)

<sup>13</sup> Learning Technologies Group (2020). 'A Human Framework for Reskilling: How 5 Seismic Forces Are Driving the Reinvention of Learning & Talent'. [Available online.](#)

#### 4) Emphasize Cross-Cultural Opportunities

Training and reskilling employees is just one of the tools to consider in a multi-generational workforce. The potential for cross-generational exchange is immense, and fits into a wider picture of cross-cultural opportunity. Older employees have invaluable working experience to share with younger employees, and younger employees have technical skills of use to their older colleagues. Finding the right venues for these and other exchanges is important. These could include:

##### Purposefully Creating Diverse Teams

68% of employers surveyed by AARP International expressed willingness to do this with mixed-age teams specifically<sup>14</sup>. One study published in the Harvard Business Review suggested that teams with greater cognitive diversity solve problems more quickly. Though this type of diversity is described as “independent of education, culture or other social conditioning”, the dangers of “like-minded” teams and “recruiting in our own image” were highlighted<sup>15</sup>.

Even supposing that diverse teams in the more traditional sense aren't a guarantee of quicker business results, it stands to reason that they increase the number of perspectives and the pool of cultural knowledge. Better business results aren't always related to efficiency—and those that we've discussed earlier are a symptom of the benefits of diverse exchange.

##### Mentorship and Reverse-Mentorship

One Forbes article boldly claims ‘The Key to Diversity and Inclusion is Mentorship’, and it's certainly a powerful tool. The identity of a mentor is a meaningful variable: a mentor from the same minority group as the mentee may be able to share relevant advice others may miss. However, cross-cultural mentorship shouldn't be underestimated. Both stand to benefit from the exchange of experiences alongside the professional association.

Contrary to the assumption that mentors will be older and more advanced in their careers than their mentees, the potential for younger employees to mentor more senior employees—so-called ‘reverse-mentorship’—is significant. Harvard Business Review notes<sup>16</sup> that this isn't just about “sharing knowledge about technology”, but also “how senior executives think about strategic issues, leadership, and the mindset with which they approach their work.”

##### Intersectionality and Employee Resource Groups (ERGs)

ERGs have the potential to be a melting pot for all kinds of thinking around diversity. The groups are usually formed around a single specific identity, for example, networks for women, persons of color, working parents, persons with disabilities, LGBTQ+ communities, and more. Memberships inevitably accommodate people with several different characteristics, and their voices can help highlight the concerns that exist at the intersection of those identities.

Employees who are members of multiple ERGs can be a useful bridge and prompt joint efforts on fundraising, mentorship, and other group efforts—though ERGs should form these bonds regardless of their membership. For similar reasons, ERG membership should be open to allies who are welcome to learn and contribute. Finally, it's also common for groups to have an executive sponsor who can advocate and relay information to the wider executive team.

##### Cross-Cultural Training

As ever, it's important to develop and offer training programs that focus on inclusive communication and behaviors. This training should be tailored to different management and employee levels to ensure the practical advice is of maximum relevance to the audience.

*Cross-cultural mentorship shouldn't be underestimated. Both stand to benefit from the exchange of experiences alongside the professional association.*

<sup>14</sup> Perron, R. (2020). ‘Issue Brief: Global Insights on a Multigenerational Workforce’. AARP. [Available online.](#)

<sup>15</sup> Reynolds, A. Lewis, D. (2017). ‘Teams Solve Problems Faster When They're More Cognitively Diverse’. Harvard Business Review. [Available online.](#)

<sup>16</sup> Jordan, J. Sorrel, M. (Oct 2019). ‘Why Reverse Mentoring Works and How to Do It Right’. Harvard Business Review. [Available online.](#)

### 5) Diversity and Inclusion as an Engine for Business Success

Earlier, we observed how Deloitte's research found a correlation between companies with inclusive cultures being more likely to exceed financial targets, be more innovative and agile, and generally achieve better business outcomes. One of the mechanisms at play is surely that achieving diversity in age, ethnicity, and gender (and maintaining it through inclusion) helps to attract new markets.

Consumers have long been drawn to businesses that represent their values and reflect their lives. However, just as in the workplace itself, a false veneer of diversity or social justice applied to a brand's marketing efforts can prove ineffective at best. Brands launching pride product lines have been criticized for using countries with LGBTQ+ hostile policies in their supply chain<sup>17</sup> and commentators queried why brands posting social messages supportive of the Black Lives Matter movement have distinctly white leadership teams<sup>18</sup>.

Inclusion's role here is particularly interesting: any brand that markets itself on its commitment to diversity (either to consumers, or just to the job market) unequivocally needs to have inclusive policies and a diverse workforce benefiting from them. There doesn't even need to be a disgruntled employee exposing the organization's hypocrisy: you just can't fake authenticity.

Writing in Forbes on the subject of diversity marketing, marketer Edward Bourelly summarizes the issue<sup>19</sup>: "You have to embrace the notion and true value of being a diverse and inclusive company from within before you can lead with it in your messaging. Otherwise you're "just putting lipstick on a pig."

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*Any brand that markets itself on its commitment to diversity (either to consumers, or just to the job market) unequivocally needs to have inclusive policies and a diverse workforce benefiting from them.*

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<sup>17</sup> Smart Insights (Apr 2019). 'The problem with Pride marketing'. [Available online.](#)

<sup>18</sup> Ritson, M. (Jun 2020). 'If 'Black Lives Matter' to brands, where are your black board members?' MarketingWeek. [Available online.](#)

<sup>19</sup> Bourelly, E. (Dec 2018). 'The Biggest Mistake Made In Diversity Marketing, And How To Fix It'. Forbes. [Available online.](#)



## 6) Don't Neglect Pay Equity

Inclusion without diversity is doomed to fail, but a D&I program without equity is also increasingly untenable<sup>20</sup>. After all, it's difficult to convince someone that they are valued and empowered to grow and achieve when you don't pay them as well as their similarly qualified peers or close off opportunities for progression that those same peers receive.

It was easier for organizations to dodge this responsibility in the past. Laws enshrining the principle of non-discriminatory pay have existed in many countries for decades. However, we've only recently started to see laws that guarantee regular scrutiny of large amounts of this information:

- **In the EU, the 2014 recommendation on pay transparency declared that employees should have the right to request pay information, and that employers should be regularly reporting it<sup>21</sup>. Various member states have since implemented reporting schemes<sup>22</sup>.**
- **In the US, California<sup>23</sup> and Illinois<sup>24</sup> have passed bills requiring all businesses over a certain size to report pay on gender, race, and ethnicity lines. Similar bills are expected to emerge from other states in the near future.**

Even before this context is considered, the case for incorporating pay equity analysis into the talent lifecycle of a company was already strong. The scale of the problem may have once seemed prohibitive, but the fact is that the data, technology, and services necessary to monitor, and correct unfair pay practices are all within the grasp of today's businesses.

Annual reporting laws reflect the fact that businesses should be able to monitor this information on at least a yearly basis. Your solution should enable you to easily analyze different types of compensation at different points in the year. This approach can help you understand the causes of pay difference, and take corrective action—rather than waiting to root issues out whenever reporting season rolls around.

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*The fact is that the data, technology, and services necessary to monitor, and correct unfair pay practices are all within the grasp of today's businesses.*

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<sup>20</sup> For more on pay equity, we recommend reading our white paper 'Cultivating Fair Pay in the Workplace: Your Guide to Global Pay Equity'. [Available online.](#)

<sup>21</sup> European Commission (Mar 2014). 'Commission Recommendation on pay transparency and the gender pay gap - Frequently Asked Questions'. [Available online.](#)

<sup>22</sup> European Commission (2019). 'Pay Transparency Time to see the gap!'. [Available online.](#)

<sup>23</sup> Appleby, A. (Feb 2021). 'California Pay Reporting: What Is SB 973, And What Do Organizations Need to Do?' [Available online.](#)

<sup>24</sup> Appleby, A. (Mar 2021). 'Everything You Need To Know About Illinois' Pay Data Reporting Senate Bill 1480'. [Available online.](#)

# How to Measure Your Progress

The business case for DE&I has been made again and again in studies and reports big and small. However, if it cannot be demonstrated in your own organization, those arguments are only so effective. The tools and approaches for measuring diversity and equity are readily available—and reporting on how inclusion is making sure that your gains are sticking should also be a priority.

## Reporting and Benchmarking Representation

Measuring representation across your organization is a matter of surveying the characteristics of people in different roles, departments, and offices. You may already be doing some of this work for compliance purposes: for example, US federal contractors may already collect information on gender, race, disabilities, and veteran status.

You should start by determining what data you're already collecting, and which groups or areas of the business could be added to the dataset for a complete view. Bear in mind that providing information about most characteristics is completely optional for your employees. Be prepared to explain why it's important that you collect certain data, and the limits of how that data will be used.

Processing and drawing conclusions from this data will be considerably easier with a solution such as Affirmity's [Diversity benchmarking and reporting tools](#). Being able to see a clear graphical visualization of your workforce demographics at all levels will better help you address shortfalls and start taking action.

## Reporting and Monitoring Inclusion

Measuring representation will help you to chart the progress of your organization's diversity initiatives, and combining that data with compensation will allow you to start creating a more equitable environment. But what about inclusion? Considering how critical it is for sustaining diversity and equity, it can and should be measured.

Earlier, we considered a model for inclusivity suggested by Deloitte, which proposed that inclusion meant:

- **Being treated with fairness and respect**
- **Feeling valued and belonging to the group**
- **Feeling safe to contribute openly**
- **Being empowered to grow and achieve**

While you can't measure your employee's feelings with unquestionable precision, you can find appropriate ways of asking questions on these themes. One measure would be to add inclusion-themed questions as part of your regular Employee Engagement (EE) or

Pulse surveying. This can help you plot team sentiment over time, provided you once again make employees aware of why you're asking and make it safe for them to tell you what they truly feel.

Outside of this, it's important to monitor retention rates relative to other groups in your organization: if employees with certain characteristics leave more quickly, this requires further investigation.

*Add inclusion-themed questions as part of your regular Employee Engagement (EE) or Pulse surveying. This can help you plot team sentiment over time.*

# Our View: Why It's Time for a More Interconnected View of DE&I

World events in 2020-2021 have forced organizations everywhere to reassess how the working world operates, alongside a top-to-bottom consideration of how our societies stack obstacles in the way of certain groups. Faced with the sheer complexity of systems of oppression and the modern working world, taking a simple, siloed view of diversity, equity, and inclusion is surely no longer enough.

Organizations can hire all the diverse talent they want—but without inclusion, a culture of belonging, policies, and practices that promote equal access and opportunity—they will not retain that talent.

DE&I as a discipline isn't just connected laterally either—there's a temporal aspect that shouldn't be overlooked. A robust response to the interconnected issues at the heart of DE&I is, as we see it, a four-part cycle. This model is a 360-degree framework and consists of four stages:

1. **Measure**
2. **Design**
3. **Apply**
4. **Impact**

Only by following all four stages is it possible to create long-term value.

This is because the learning initiatives that organizations apply must be designed based on a proper measurement of the current organizational position. And once applied, the impact of those designs must be measured, and the cycle started anew. There is no start and end date—the process is ongoing.

We strongly believe that organizations that experience the greatest uplift between periodic reviews will be those that better understand—and work in—this iterative fashion. And as we've seen, that work needs to be not just on diversity, or inclusion, or equity, but all three in tandem.

## Measure

*Detailed view of current organizational position through assessments & audit*

## Design

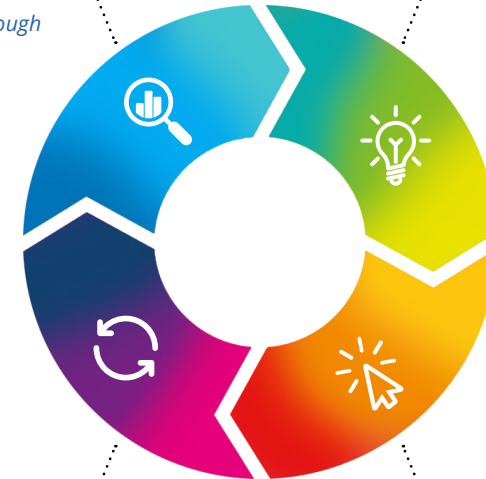
*Targeted inclusion learning and consulting pathway creation based on existing organizational position and future objectives*

## Impact

*Maintaining momentum and continuous review*

## Apply

*Implementation of learning initiatives, employee engagement and practical change*



Discover how the 360-degree framework could increase the impact of your DE&I work. Affirmity's holistic DE&I solutions include measurement, analysis, training, consultancy, and more. [Download the brochure](#), or [contact us](#) today.



## About Affirmity

Affirmity, along with PDT Global, provides a robust portfolio of software, consulting services, and blended learning solutions that help global enterprise and mid-market companies build inclusive workforces so that they can experience long-term business value, while minimizing workforce compliance risk, from their DE&I and affirmative action programs.

Drawing on more than 45 years of experience, our software, learning solutions, and team of experts guide HR, diversity, and compliance teams to easily analyze diversity across the organization, identify gaps and insights into causes, establish and execute toward goals, and continually track DE&I and affirmative action program effectiveness over time.

A part of [Learning Technologies Group plc \(LTG\)](#), Affirmity serves more than 1,100 organizations—including global corporations, mid-sized organizations, and small businesses.

For more, visit [affirmity.com](https://affirmity.com).

