Inclusivity will define the future of work

Warren E. Buffett,
CEO of Berkshire
Hathaway Inc

"It's only when the tide goes out that you learn who has been swimming naked.

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THE INCLUSIVITY INDEX REPORT 2021.

Inclusivity to Define the Future of Work.

EXECUTIVE SUMMARY.

Leaders in 2021 know the value of committing to environmental, social and governance (ESG) values. The challenges of the last two years have increased focus on fairness, equality and transparency.

In 2022, the task will be to create a holistic model of collaboration with values embedded across the company.

The coronavirus pandemic has dramatically intensified these broader cultural shifts, harnessing technology to radically transform the expectations of businesses, workers and society.

This whitepaper shows findings of research by DARE and YouGov, studying how the decade ahead will be shaped by inclusive organizations that prioritize purpose, connection and collaboration in everything they do.

Conducted one year after the pandemic began with 1,000 respondents of all levels of seniority, this paper highlights key trends as businesses rethink their approach to ESG.

The Inclusivity Index® is a world-leading diagnostic tool that measures the state of leadership, culture, and purpose of an organization, identifies gaps in performance and tracks progress towards more inclusive outcomes over time.

1. The degree to which an organization's purpose is connected to both profit and meeting societal needs, and integrated in every aspect of its work.

2. The extent to which an organization's modus operandi is agile and flexible.

3. The expansiveness of an organization's ecosystem.

4. The depth and breadth of information used to inform, explore and create new insights.

5. The scope and capacity of leadership to operate from a basis of humility and transparency.

The index identifies gaps in performance and tracks progress towards more inclusive outcomes over time.

The index has been informed by independent research and verified by the Massachusetts Institute of Technology (MIT) and referred to within their Management Review publication.

DARE | YouGov® | MIT
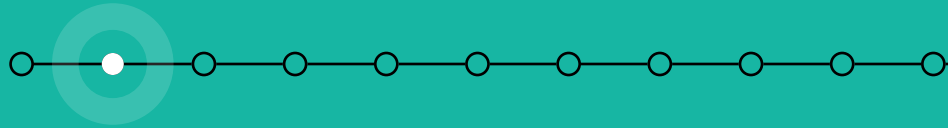
Testimonials.

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This report provides a fresh insight into the shape of modern leadership. Coming out of the pandemic, businesses will be pushed to adopt all-encompassing ESG policies that guarantee transparency and inclusivity at every level. Through its quality research and analysis, this white paper offers a valuable overview of these trends and challenges in leadership and the tools needed to succeed.

Professor Ben Laker, MIT Sloan Management Review Columnist

This paper provides essential insights for leaders looking to refine their understanding of leadership and inclusivity. With analysis from the Inclusivity Index diagnostic tool, businesses can start to own the work they do, enabling a culture of healthy transparency and bottom-up leadership. Leaders today know that it is not enough to pay lip service to inclusivity. But the transition to a wholly empowered workplace will not be easy. This paper goes a long way towards clarifying the challenges ahead as businesses reevaluate the scope of leadership.

Monica McCoy, CEO and Founder Monica Motivates LLC

Business has never been more complex. As leaders wrestle with new challenges of motivation, ethics and organisation, we see the importance of true servant leadership shining through. The Inclusivity Index is the starting point for leaders to consider as they start to bring in views and perspectives from all levels of seniority. This generation has a real opportunity to change the course of history when it comes to representation, the environment and workplace culture. We welcome the conclusions of this whitepaper, guiding leaders to harness the value of each and every member of their team.

David Cobb, CEO OCEANºVa

This report reinforces the critical role of executive leadership and Human Resources in defining the workplace of the future. In 2022, HR professionals must define and execute on a mandate that advocates for a culture that reflects inclusiveness and societal responsibility. Whilst many organizations are already on the path towards inclusiveness, the research coupled with the Maturity Index provides the ability to both measure and accelerate the path to performance.

Amy Dufrane, CEO HR Certification Institute

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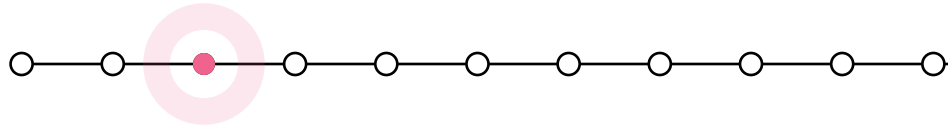
The State of Leadership, Culture and Purpose.

RESEARCH FINDINGS AND CONCLUSION.

We conducted a survey in March/ April 2021 of 1,000 respondents in management level roles and above at midsize to large organizations in the U.S. The survey's aim was to assess the current state of the workplace.

Measuring company processes, values impacting growth and employee experience, the survey shone a light on the underexplored relationship between inclusivity and efficiency in business.

The key findings were stark: businesses are facing a **crisis of leadership, culture and purpose.** The business landscape is undergoing continuous, disorienting change that challenges the survival of every enterprise. Yet leaders have largely failed to keep pace, not because they lack intent or willingness but because the challenges before them require a fundamental shift in their approach that they have yet to recognize.

The old corporate organizational norm has seen a virtue in dividing operations and individuals into silos, with the impulse being that specialization and focus would drive performance. This has proved to offer only short-term advantages, outweighed by fragmentation, in-fighting and division.

Leaders overwhelmingly prioritize expediency over purpose, hoping for quick fixes to entrenched problems without a sustainable, coherent strategy.

Compounding this, leaders are failing to change their organizational structures to ones that encourage interconnectedness and true collaboration: essential in facing the challenges of an uncertain future.

Instead, the research informs us that the engine of growth today should lie in connecting, collaborating and linking to a shared purpose at all levels.

To keep pace with the rapidly changing expectations within businesses and in the marketplace, nothing less than a complete change of focus and outlook is required.

Employees and consumers are becoming united in a common cause: a preference for organizations which engage in social good.

Greener, ethical organizations which demonstrate fairness in all their dealings and genuinely fulfill their corporate social responsibility obligations are the ones which are gaining true loyalty from customers and employees.

In response to our research findings, here are the steps we believe are required to take leadership, culture and purpose in organizations to the state required to succeed in the 2020s and beyond.
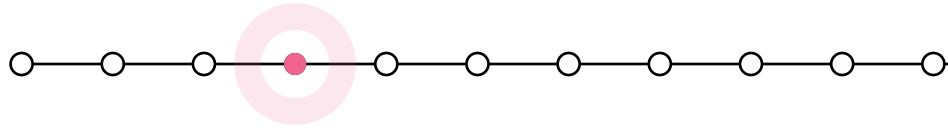

RESPONDENTS
1000

COMPANY SIZE
1000+ (87.1%)

Sectors: Manufacturing, IT & Business Services, Leisure & Hospitality, Wholesale & Retail, Education & Health Services, Government

Topics: Leadership, Culture, Performance, Business Identity

Drivers of Leadership, Culture, and Purpose in U.S. Corporations

Research Question

What factors make medium and large U.S. corporations strong performers in the areas of leadership, culture and purpose in the eyes of management-level employees? These three dimensions form an experiential measure of performance that contrasts with more objective measures of performance.

Roadmap for High Performance

Top drivers of high performance on leadership, culture and purpose as perceived by employees, are clarity and commitment to work structures that can flex and adapt to both organizational requirements and individual needs; a more cohesive approach to sharing, disseminating and using insights and data; a more interconnected relationship with the wider community; as well as a focus on continual improvement and innovation; and leadership that collaborates, engages and creates connection to the organization's higher purpose.

Build Inclusivity into Company DNA

Companies that consider the ideas and contributions of everyone whom the business touches enjoy higher performance on the experiential measure. Inclusivity should be woven into every operational aspect of the company, from purpose to innovation, transparency and information architecture. While attention to inclusivity boosts the employee experience, it does not contribute to employees forecasting greater general performance for the company.

Lessons from COVID

Employees rate their leaders differently in general than during COVID-19. While inclusivity is a driving factor of strong leadership ratings in general, it did not drive ratings for leading a company during COVID-19. Instead, the significance of continual improvement and innovation was critical to high leadership ratings during this time. This insight reinforces the expectation and realization that constant renewal is critical for sustained survival.
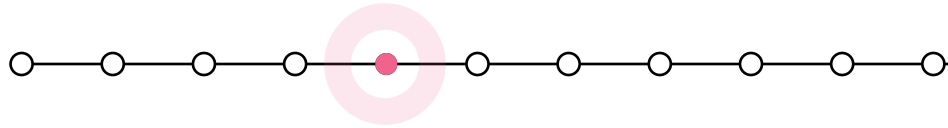
The State of Organizations.

COMPANIES HAVE WORKED HARD OVER THE PAST DECADE TO MAKE A SOCIETAL DIFFERENCE FOR EMPLOYEES, LEADERS, PARTNERS AND CUSTOMERS.

85%
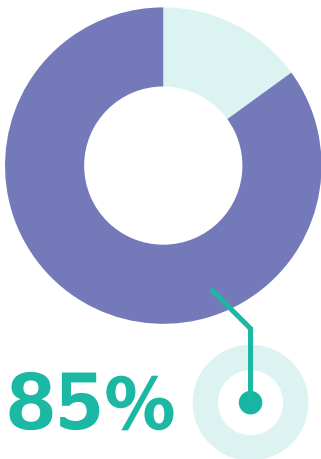
of organizations 'High Performing' indicators are not linked to the perceived long-term success of the company.

Most of those surveyed scored highly for:

Providing access to data and the resources to do the job,

Adapting operations during crisis (put to the test of course in 2020/21),

Effective communication,

Continually innovating new products and services,

Utilizing new sources of metrics, trends and insights.

Unfortunately, these indicators are now merely a given – the minimum required to compete in the marketplace, retain credibility and a basic level of engagement. The indicators placed most highly in the survey as essential for future success are:

Improving how an organization carries out its purpose,
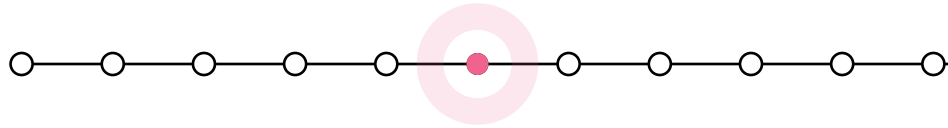
Acting on data with purpose and leadership,

Making efforts to build trust and engagement among all employees,

Effective leadership and communication.

Now let us look at the state of each of the three areas measured - leadership, culture and purpose - and consider the proposed solutions.

The Leadership Gap.

ORGANIZATIONS THAT WILL FLOURISH WILL BE THOSE WHOSE LEADERS HELP FOSTER CONNECTIONS BETWEEN AND AMONG EMPLOYEES, AND BETWEEN AND AMONG EMPLOYEE TEAMS.

Strong human and group bonds flatten silos as well as hierarchies and build trust and a sense of ownership inside the enterprise. They encourage creativity and risk-taking, critical for sustainable success.

These three questions were seen as critical in self-evaluating connections within an organization:

- When making important decisions how do you decide who is in the best position to make the decision?

- To what extent do you encourage and involve debate about what the future will look like?

- To what extent are you engaging in cross-department, cross-team project discussions?

No matter their background, identity or perspective, all leaders have their own set of biases, many of them held unconsciously. Great leaders recognize that they have those biases and strive to transcend them – in part by surrounding themselves with others who have different backgrounds, identities and perspectives, and in part by actively confronting those biases.

Our research has found that the state of leadership is performing well but only within its comfort zone. This is insufficient to sustain business in the future. It has also found that leadership responses during the Covid pandemic have raised the bar on what they seek and expect from leadership in the post COVID era. The issue is that there is a gap. Leadership appears paralyzed to make the necessary shift in mindset, even when they know it is necessary.

Our research spotlighted that **seven of the key performance measures that respondents cited as areas their organizations were performing well in had no strong correlation with those dimensions they deemed as essential and connected to a positive outlook for company performance over the next 5 years.** This indicates that there is a significant disconnect in alignment around purpose and identity.

Consider this: organizations are measuring themselves across dozens of dimensions of leadership, culture and purpose, and celebrating strong showings in various metrics. Yet 85% of organizations' 'High Performing' indicators are not linked to perceived long-term success.

How to Close the Leadership Gap

- Leaders must seek diversity in their organizations and open their minds to ideas and perspectives that challenge their beliefs.

- Leaders must take steps to stimulate conversations across identity groups and to build leadership teams representative of the workforce and of the community.

- Leaders need to listen and learn, acknowledge their shortcomings and seek to co-create the future with their co-workers on issues affecting organizational culture.

Inclusivity must be woven into every operational aspect of the company from purpose to innovation, transparency and information architecture.
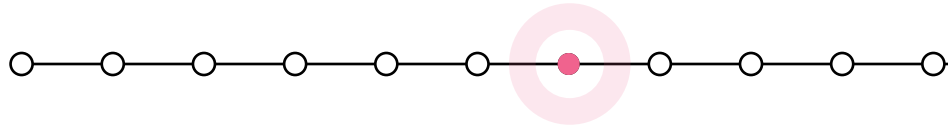
The Culture Gap.

TRUE DIVERSITY, EQUITY AND INCLUSION CAN ONLY DEVELOP IN AN ECOSYSTEM THAT ENCOURAGES A CULTURE OF CREATIVITY AND INNOVATION.

Inclusivity a key experiential driver.

The focus on experiential measurement in the research meant that there was a strong preference from respondents to organizations that consider the ideas and contributions of everyone whom the organization touches. Inclusivity should be woven into every operational aspect, from purpose to innovation, transparency and information architecture. While a drive towards inclusivity was seen to boost the employee experience, interestingly, the employees surveyed were vociferous in forecasting that inclusivity would contribute to a greater general performance of the organization.

To succeed in creating this ecosystem, leadership must understand what drives performance and employee experience.

Our research data tells us that companies are struggling to identify a healthy cultural ecosystem and thus performing poorly in creating one.

In fact, our research has found that employees at director level are 50% more likely than other employees to believe that employees share an understanding of their business identity. Put simply: there is a massive disconnect between those in charge and everyone else.

Organizations with inclusive cultural ecosystems actively develop networks of support for and among employees and encourage inclusiveness both internally and externally with those they seek to serve. This widens the pool of ideas and talent and demonstrates organizational appreciation for every employee.

Our research demonstrates that agreement with these statements indicates a workplace building a culture of trust and engagement:

- My company has strong values.

- Employee behavior at my company is aligned with my company's values.

- All employees are empowered to contribute to the company's success.

- The company is improving how it carries out its purpose.

- The company is improving how its employees carry out their tasks.

- The company is encouraging increased collaboration with others.

There is a massive disconnect between those in charge and everyone else.
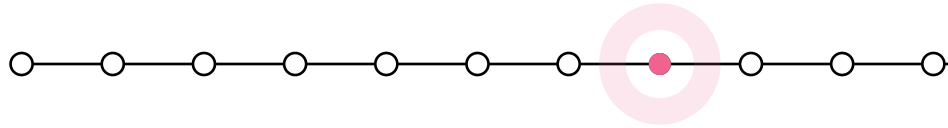
The Purpose Gap.

LEADERS DO ACKNOWLEDGE THAT THEY NEED TO IMPROVE HOW THEIR COMPANIES CARRY OUT THEIR PURPOSE.

Doing so will have a strong impact on both perceived company performance and employee experience.

Leaders need to be clearer and bolder on their organization's purpose and their place in the workplace of the future, and recognize the need to find ways to ensure it is understood and implemented by every employee.

So, leaders now need to approach their role in a fundamentally new way. Their primary aim being to achieve maximum inclusivity - helping employees understand and shape the purpose of their company, which seeks to have an impact at a higher societal level. Equally pressing is a need to future-proof their business through data-driven transformation and a commitment to continual improvement.

Yet, while improving how a company carries out its purpose is seen as having a high impact on both perceived company performance and employee experience, the majority of respondents do not think their company is doing a good job in this regard.

Employees give their companies lowest ratings on areas associated with purpose, connection and collaboration, which are key to achieving long term sustainability.

How to close the Purpose Gap:

- Create clarity about the organization's purpose and ambitions, so people really understand why.

- Bring boldness to its implementation so people understand that the purpose-based goals are of the highest priority and are founded on end-to-end inclusivity.

- Ensure that the strategies and goals of the business are always consistent with its purpose, and that this is clearly communicated.

- Create a clear roadmap, with accountable targets and deadlines, so everyone trusts the organization's complete commitment.

Our research demonstrates that these three statements indicate clarity and commitment to purpose:

- Connected and aligned resources and stakeholders working together towards organizational purpose.

- Effective and consistent communication about their purpose.

- Efforts to balance profit with societal needs through sustainable business practices.

65%

of employees did not think their employers were doing a good job of implementing their organization's purpose.
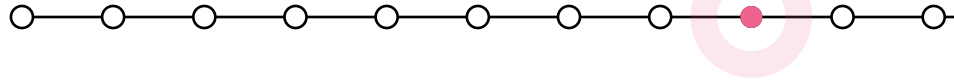
Becoming
Inclusivity-driven.

Our research shows that the decade ahead will be shaped by inclusive organizations – those that prioritise purpose, connection and collaboration in everything that they do.

Building a diverse and inclusive workplace is no longer simply desirable; it is a business imperative, as demonstrated by the research to deliver stronger internal organizational performance and profitability. Employees are demanding workplaces that engage them in important work that contributes societal good.

Consumers are seeking products and services produced by companies that take seriously their corporate social responsibility.

**The roadmap to high performance:**

- Clarity and commitment to purpose.
- Agile and flexible organization design.
- Continual improvement and innovation.
- Transparency and collaborative leadership that co-creates with employees and communities at large.
- End-to-end integrated focus on building inclusiveness by viewing stakeholders as an interconnected ecosytem.

It's time to measure where you are right now, and where you need to get to.

The **Inclusivity Index®** is a world-leading diagnostic tool with data qualified by the **Massachusetts Institute of Technology (MIT)** that measures the state of leadership, culture and purpose of an organization; identifies gaps in performance; and tracks progress towards moving from being an organization with fragmented, standalone initiatives to one that is inclusivity-driven.
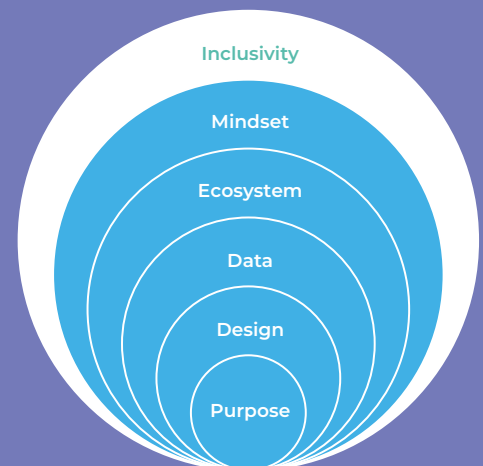
Are you leading or working in an Inclusive Organization?

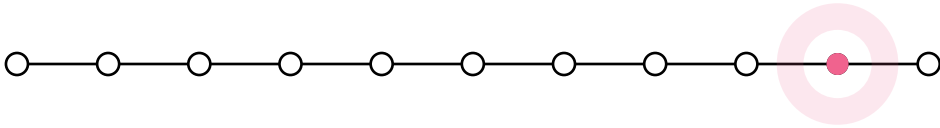## OLD WAY

Diversity and Inclusion

Social Initiatives

Purpose

Leadership Initiatives

Environmental Initiatives
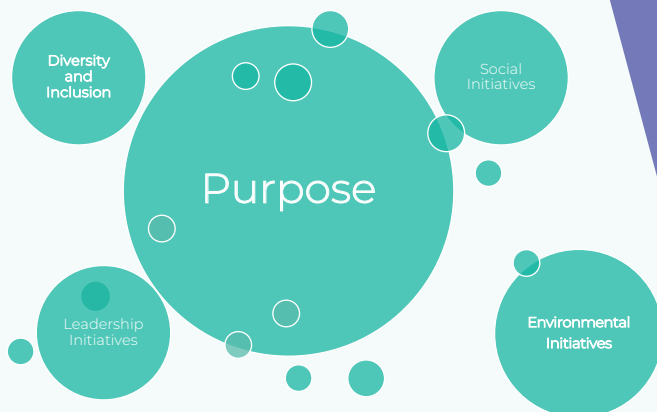
STANDALONE INITIATIVES

NEW WAY

Inclusivity

Mindset

Ecosystem

Data

Design

Purpose

INCLUSIVITY DRIVEN

The Inclusivity Index®

THE INCLUSIVITY INDEX® BEGINS WITH A DIAGNOSTIC, WHICH IS DESIGNED TO HELP COMPANIES UNDERSTAND WHERE THEY SIT ON A MATURITY CURVE BASED ON FACTORS THAT WILL DRIVE SUSTAINED FUTURE PERFORMANCE.

Results of the survey are compared to Dare's proprietary benchmark data, that includes the data of more than 1,000 leaders and managers from companies across the United States, which was collected in the ground-breaking State of Leadership, Culture and Purpose Study 2021.

Organizations are provided with an Inclusivity Index analysis, which breaks down the key data retrieved from the diagnostic tool and provides companies with critical business intelligence comparing their company against the leaders in the industry.

Key strengths and gaps are identified in the following dimensions:

The Purpose Lever
Alignment of Company Purpose

The Design Lever
Organizational Design Agility

The Ecosystem Lever
Quality and Depth of the Ecosystem

The Information Lever
Data Driven Decision-Quality

The Capabiity Lever
Organization Mindset

Companies are provided with targeted recommendations on improving their Inclusivity Index® Score based on their lowest scoring capabilities and highest rated priorities, and synthesised into a roadmap for improving performance using inclusivity-driven dimensions.

THE INCLUSIVITY INDEX® SCORE

66%

Mainstream

The organization has exhibited a desire to lead on this concept but has not made any direct progress. The organization does have the environment, tools and leadership available to succeed if the right strategy is put in place.

Laggards

The organization lacks capabilities or intent in this dimension. There is no evidence that this has been discussed or is in planning stages for implementation. The organization's leadership has not taken any actions in this regard.

Leaders

Leadership has uplifted the entire organization on this dimension. There are clear plans and communications surrounding this concept. The organization exhibits leadership, made it a priority and achieved success.

Followers

The organization understands that this is important but has only made a basic attempt at succeeding in this dimension. The organization did not pursue this seriously or failed due to a lack of seriousness and dedication to the issue.

Pioneers

The organization optimizes its processes and people by succeeding in this dimension. Leadership exceeded industry norms by making this a priority and empowering every person in the company to understand and succeed.

Appendix and Acknowledgments.

RESEARCH.

Research methodology

The research was conducted by YouGov in March/April 2021. One thousand managers and above were selected at midsize to large organizations in the U.S. In age, education, race and geographic region, participants were as close to a representative sample of the general public as possible. 13% were in organizations of between 500 and 1,000 employees, and 87% in organizations larger than 1,000 employees. These were from a cross-section of sectors, to understand some pressing issues, particularly in the light of the 2020/21 disruption to organizations as a result of the COVID pandemic.

Research questions

These were all focused around discovering what factors make midsize and large U.S. organizations strong performers in the areas of leadership, culture and purpose, specifically through the eyes of management-level employees. These helped us to discover an experiential measure of performance rather than a reliance on a single objective statistics or metrics.

Findings affected by COVID

The timing of the research meant that lessons learned from the disruption to working practices, as a result of the COVID pandemic, were high on people's agenda. As a result, employees rated their leaders differently during the pandemic compared to normal times. The need for continual improvement and innovation, in the face of a need to respond rapidly to a changing situation, ranked even higher than usual. Ultimately the results indicate that expectations of leadership has increased in the post pandemic period.

- **Manufacturing:**
  12.4%

- **Information, Financial Services, Professional & Business Services:**
  33.6%

- **Leisure & Hospitality, Wholesale & Retail:**
  21.2%

- **Education & Health Services:**
  23.3%

- **Government:**
  9.4%

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