

THE 5 DISCIPLINES OF

INCLUSIVE LEADERS

UNLEASHING THE POWER OF ALL OF US





Diversity and inclusion have been championed in businesses across the globe for years now. Yet, the stark reality is those from underrepresented groups, and in particular, racial and ethnic minorities in many countries, are still not treated equally and do not feel they have a voice.

And now in the wake of recent events in the United States that have highlighted the ever present mistreatment of Blacks, which has had ripple effects around the world, many leaders are finally waking up to the fact that they have a role in speaking to inequities rooted in systemic racism. Other underrepresented groups are also facing their own forms of exclusion whether it's due to gender, sexual orientation, gender identity and expression, disability, age, and so on. While the nature of each exclusion has its own particularities, patterns, and histories, the bottom line is that many people, just by the nature of who they are, are living without the sense of physical and psychological safety that should be a given.

Many employers in all sectors have a genuine concern for ensuring their talent feels valued, respected, and safe. They seek to have equitable organizations where disparities at any level including in access, opportunity, support, and reward don't exist. They want to deliver on their promise of equality that no one will be favored or disfavored on the basis of who they are. They find themselves wondering:

- How to attract the best talent from talent pools that have never before been tapped?
- How to ensure that all talent including women, people of different races, and ethnicities, socioeconomic status, and those with different physical and cognitive abilities, sexual orientations, or personalities can rise to the fullness of their potential and into the highest levels of leadership?
- How to ensure the increased complexity of more diverse workforces does not lead to destructive conflict but rather to better ways of managing it?
- How to optimize the diversity for greater innovation and organizational growth?
- How to tap an organization's diversity to reach increasingly diverse, previously unreached consumers and markets and delight them in a way that is meaningful to them?

All these questions seek answers even as we are in the midst of a global pandemic upending nearly every dimension of life and work, all piling on unprecedented challenges for how to best lead. These tumultuous times are also upturning the traditional methods of effective leadership. Making good business plans, managing them well, delegating tasks and protecting employees from ambiguity is no longer enough in the face of continual disruption.

All of this requires a new type of leader.

A leader who takes a collaborative and facilitative approach as opposed to one characterized by command and control. A leader who operates transparently rather than behind closed doors. A leader who is culturally agile, not tied to their own worldview. A leader who is able to fully embrace and leverage the vast diversity of today's workforces. A leader who can create a safe space, regardless of what is happening externally, where people feel accepted and empowered to give the best of their talents.

In essence, an inclusive leader.



The **bottom line** on inclusivity

In a recent Korn Ferry survey of talent leaders there was full or near consensus about the positive impact of inclusive leadership, with most respondents strongly agreeing that inclusive leaders empower team members to take risks and bring their authentic selves to work while also helping organizations to innovate and capitalize on new business opportunities. (Korn Ferry Institute, 2019)

This view is backed up by hard financial metrics. Take the McKinsey & Company study of 1,000 companies in 12 countries,

which found that companies in the top quartile for racial and ethnic diversity were 33% more likely to have financial returns above their respective national industry medians, while those in the top quartile for gender diversity were 21% more likely to have financial returns above their medians. Conversely, companies in the bottom quartile both for gender and for ethnicity and race were statistically less likely to achieve above-average returns than average companies to which they were compared—showing that they were

lagging, rather than merely not leading (McKinsey & Company 2018).

Other research points to various other benefits. Diverse and inclusive organizations outperform their peers by being 70 percent more likely to capture new markets (Diversity & Inclusion in Corporate Social Engagement 2018), 75 percent more likely see ideas become productized (Center for Talent Innovation 2013), 19 percent SEE higher innovation revenue (BCG 2018), and 87 percent more likely to make better decisions (Korn Ferry Institute, 2018).

Done well, diversity and inclusion maximises performance of individuals, teams and organizations

Diverse and inclusive organizations outperform their peers

70%

Higher growth

70% more likely to capture new markets

75%

Faster time to market

75% more likely to see ideas become productized

33%

Better profitability

Companies with ethnically diverse teams are 33% more likely to outperform on profitability

19%

Better innovation

Companies with above-average diversity report 19% higher innovation revenue

Diverse and inclusive teams make better decisions and better solve complex problems

87%

Better decisions

Diverse and inclusive teams make better decisions 87% of the time

87%

Impact on performance

87% of the Most Admired Companies see positive impact of diversity and inclusions on their businesses performance

Inclusive leadership *is not just about diversity and inclusion*

Before we look in more detail at the traits, competencies, and experiences that define inclusive leadership, let us first consider it in the context of effective leadership as a whole.

At Korn Ferry, we assess and develop leaders globally at a rate of 100,000 per month, and we continually engage in analysis, study, discussion, and debate about the skills leaders need to succeed. In recent research, we have focused on those key qualities that enable leaders to rise to the challenge of massive disruption. Why is it that some leaders can handle change, ambiguity and unpredictability so effectively while others fail?

By analyzing the profiles of more than 150,000 leaders, and surveying 795 investors who fund outwardly “winning” organizations, we were able to identify a type of leader who survives and thrives amidst constant change by continually disrupting themselves—their thoughts, their values, their actions. We call these people “Self-Disruptive Leaders” and we believe they will have an indispensable role to play in enabling organizations to innovate, grow, and remain competitive in the future.

What is significant is the amount of overlap that exists between the model for self-disruptive leadership, on the one hand, and that of inclusive leadership, on the other. Through our research, we identified five key qualities that self-disruptive leaders possess, which are the ability to: anticipate, drive, accelerate, partner, and trust. Many of the qualities associated with “partner” and “trust” are shared by inclusive leaders.

The point is that being an inclusive leader does not just make you a good leader of inclusion and diversity—it makes you a good leader overall. In fact, 40 percent of the competencies and traits that define inclusive leaders are the same as those that define self-disruptive leaders.

This is perhaps unsurprising. Leaders who will succeed in the future are those who are exceptionally good at partnering with diverse people across internal and external ecosystems, and at creating the trusting, inclusive environments that are required to unlock the full power of all the people in the organization. Inclusiveness is the new currency of power, influence and effectiveness. By harnessing it successfully, leaders will enable their companies to take the world’s opportunities by storm.

Inclusive leaders drive organizational growth in the 21st century.



Biggest challenge:
create growth.



To have growth you need to differentiate.



To differentiate you need to innovate.



To innovate you need diversity.



To activate the diversity you need inclusion.



To manage all this you need inclusive leadership.

Figure 1: The business case for inclusive leadership.

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Why greater diversity **does not** automatically lead to **better results**

A study by the Canadian researcher N. J. Adler has revealed that while diverse teams do indeed outperform and out-innovate homogenous teams, they can also be significantly less effective. (See Figure 2)

Why? Because diversity will only lead to better results if it is skillfully managed in an inclusive way. Without inclusion, it has a high chance of becoming chaotic, leading to lower productivity and engagement, higher turnover, and litigation.

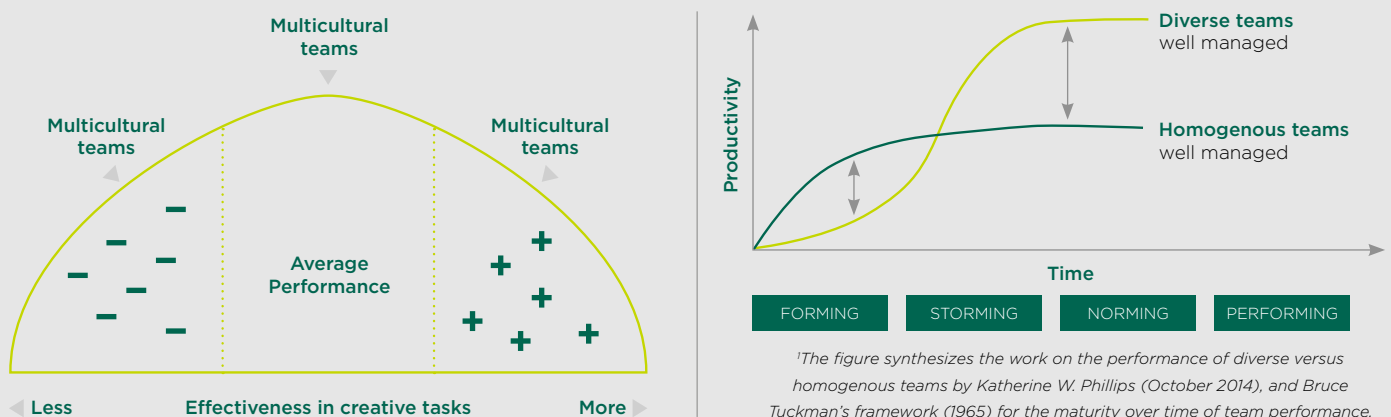
It is, after all, much easier to manage a group of people with similar backgrounds and experiences than it is to convince teams made up of diverse individuals to understand their varying thought patterns and behaviors and value them at a deep and personal level.

Even when diverse teams are managed by skilled inclusive leaders, they may be outperformed by homogenous teams in the early stages (See Figure 2) because of the disruption and conflict that can result when different perspectives,

experiences, backgrounds, thinking, and communication styles are brought into a team.

Given time, however, a well-managed diverse team can significantly outperform a well-managed homogenous one. The key is having a leader who is a self-aware advocate for diversity and has the inclusive skills to leverage the differences within the team to achieve better performance.

Figure 2: Impact of diversity on team performance



Reference: Adler, N.J., International Dimensions of Organizational Behavior (4th ed.). Cincinnati, Ohio, South-Western. 2002 | © Milton J. Bennett, 2008

What does an inclusive leader **look like?**

Designing and building the equitable organizations of the future will require inclusive leaders at every level and in every nook and cranny of the organization. What do those inclusive leaders look like?

There is plenty of opinion in the public square about this as well as many inspiring stories, but we wanted to start with the science and engaged our statisticians and I/O psychologists from the Korn Ferry Institute to help identify inclusive leader traits and competencies.

The foundational and confirmational research was based on a thorough analysis of Korn Ferry's database of over 3 million leadership assessments from which we mapped out a clear inclusive leader profile looking at competencies and traits that facilitate inclusive leadership. We then used a variety of qualitative testing that included a survey of talent leaders, in-depth interviews with

inclusive leaders, and focus groups across the world.

The elements of inclusive leadership, which we have empirically and experientially defined, align with Korn Ferry's holistic model of broad-based leadership that looks at individual, team and organizational performance in an integrated way: the traits (who someone is), the competencies (what one does), and their biography (their formative and adult experiences).

On the next pages, we examine these key elements that define inclusive leadership. We will see that the inclusive traits alone, as admirable as they are, cannot be enough to make inclusive leadership a reality.



Traits – the inner enablers of inclusive leadership

Traits are generally hardwired. They include an individual's personality, sense of purpose, and values. They also indicate preferences. For inclusive leaders, they are the inner enablers that make inclusive leadership possible and, when taken as a whole, they tell us the leader's disposition toward differences. The core enabling trait clusters of an inclusive leader are:

1 Authenticity
requires humility, setting aside ego and establishing trust in the face of opposing beliefs, values or perspectives.

2 Emotional Resilience
requires the ability to remain composed in the face of adversity and difficulty around differences.

3 Self-assurance
requires a stance of confidence and optimism.

4 Inquisitiveness
requires openness to differences, curiosity, and empathy.

5 Flexibility
requires the ability to tolerate ambiguity and to be adaptable to diverse needs.

Inclusive Leadership Leads to the Advancement of Women from Ethnic and Racial Minorities at PepsiCo

PepsiCo sought to address low job satisfaction rates and high intention-to-leave rates for women of ethnic and racial minorities, who also experienced longer times to promotion and lower trust scores. In part, this had to do with teams where there was a disconnect between managers and the employees. A comprehensive talent solution was put in place to boost employee morale and reduce disproportionate loss among this minority group. The key component was helping managers who were mostly white males, develop greater ability to gain deeper trust from these employees through better inclusive listening.

This led to 100% reduction in attrition among program participants; turnover was slashed to less than 2% from 42% in three years. PepsiCo saw a 75% increase in advancement for women of ethnic and racial minorities, with their representation at the senior manager/director/vice president level rising to 6.8% from 4% in two years (Korn Ferry 2014). The success of the solution has also enhanced the company's brand, with PepsiCo being recognized for its leadership in fostering an inclusive workplace with such corporate honors as the Advancing Women Award and the Opportunity Now Excellence in Practice Award 2015 (PepsiCo, 2015).

Competencies – The five disciplines of inclusive leaders

While the traits outlined above are foundational for inclusive leadership, they are not enough on their own. An inclusive leader must also possess the skills to lead inclusively. Korn Ferry research has identified the competencies that are essential for inclusive leadership. We have also used empirical analysis to organize these competencies into clusters. We call these The Five Disciplines of the inclusive leader. They are:

1 Builds Interpersonal Trust
is honest and follows through; establishes rapport by finding common ground while simultaneously able to value perspectives that differ from own.

2 Integrates Diverse Perspectives
considers all points of view and needs of others; skillfully navigates conflict situations.

3 Optimizes Talent
motivates others and supports their growth; joins forces for collective success across differences.

4 Applies an Adaptive Mindset
takes a broad worldview; adapts approach to suit situation; innovates by leveraging differences.

5 Achieves Transformation
willing to confront difficult topics; brings people of all backgrounds along to achieve results.



Both traits and competencies can be developed, though given that they are part of identity and therefore can be inherent to who we are, traits can be more difficult to grow in.



The Expanding Spheres of Influence of Inclusive Leaders: Self, Team, Organization

Leaders can have expanding spheres of impact that flow from self, team, and organization. **Builds Interpersonal Trust** largely involves the spheres of self and team. **Integrates Diverse Perspectives** moves more fully into the realm of impact on the team. **Optimizes Talent** has major impact on both team and organization but is still primarily focused on talent. In the last two disciplines of **Applies Adaptive Mindset** and **Achieves Transformation**, the impact becomes heavily focused on organization, not only on people strategies and experiences but also on other business imperatives such as innovation, globalization, brand and reputation, and growing markets.

Biography Matters

We have one more vital element to introduce that becomes the wrapper around The Five Disciplines model: the experiences of each leader's biography.

As organizations become increasingly diverse, there will be a greater spread of work-style preferences within any given team. To excel at inclusive leadership, individuals therefore need to be able to identify other people's culturally driven preferences, as well as their own, to compare their likes and dislikes with team members from different cultures, and to gauge how helpful and productive their preferred style is likely to be.

Experiences that expose leaders to a broad range of geographies, people, and contexts can increase their understanding of culturally driven preferences by challenging their assumptions and ways of doing things. Diverse experiences can also open their eyes to the fact that client and employee needs are not all

the same and cannot be effectively addressed the same way across the board, which in turn helps them realize that solutions can be varied and counterintuitive, and that, sometimes, they are best reached along unconventional paths.

Personal and professional experiences that may enhance an individual's capacity for inclusive leadership include:

- Growing up in a different country or region from the one they live and work in today.
- Having parents who have done an overseas stint in business, not-for-profit, government, military, or missionary organizations.
- Experiencing being in the minority or majority or in a fully racially or ethnically mixed environment.
- Studying abroad or participating in a service program while in school.

- Undertaking an extended stay in a different culture, inside or outside their native country.
- Taking on expatriate work assignments or on cross-functional, cross-divisional or cross-market work assignments that push them outside their comfort zone.

If leaders have had these formatively it gives them an edge in this journey but it's not automatic that they are leveraging these experiences as much as they could. Inclusive leaders learn to more savvily and profoundly leverage their biographies to lead others inclusively. And for those who did not have these early life exposure to more diverse experiences, it's not too late to gain that type of exposure through short- or long-term immersion experiences and even lifestyle changes.



“In interacting with the diversity around them, inclusive leaders build interpersonal trust, **take the views of others into account, and are adaptive.** These abilities increase their effectiveness and the impact they have on individuals, teams, clients, customers, and communities—and therefore on the organization as a whole.”



Conclusion

Moving organizations beyond diversity metrics to embrace inclusion requires 21st-century inclusive leadership. By taking on the challenges inherent in leading heterogeneous inclusive teams, these leaders bring their organizations to the next level in a highly competitive and increasingly diverse global marketplace. But as this discussion has shown, inclusive leadership requires commitment and a strategy. It takes a comprehensive plan, grounded in the assessment and development of key leadership traits and competencies, to foster inclusive leadership at the top of the organization. This then can in turn inspire an inclusive mindset shift and capability development throughout the organization to attain a more diverse workforce and realize its full potential.

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