



## Moving Toward Inclusion: 4 Competencies for Establishing Cultural Identity

WHITE PAPER

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July 2012



## Defining Diversity, Inclusion and Culture

Diversity can have many definitions. Organizations often adapt the definition to the specifics of their workplace. Generally speaking, diversity refers to the qualities, experiences and work behaviors that make individuals unique. This includes age, gender, race, religion, ethnicity, disabilities, income, etc. It can also touch upon federal, state and local equal employment opportunity laws, although it's not a primary area of discussion in this white paper.

While diversity deals with those aspects that make individuals unique, inclusion is the extent to which the business can realize the benefit of having such a workforce. Inclusion is the ability to enable every person to feel welcome, respected, supported and valued as a part of the organization.

It's very difficult to discuss diversity and inclusion in today's business environment without a conversation about culture. Culture is defined as a collection of commonly-held traditions, beliefs and behaviors by a group of people. Culture is a part of every organization and, in many workplaces it's never documented.

Needless to say, every organization is diverse. Every business is made up of unique individuals. It's a question of the organization's ability to create an inclusive culture. In order for a company to achieve its business goals, they must recognize and leverage the talent within the company. That means being able to create a culture that is empowering, supportive and in turn, allows people to do their best work.

## Inclusion in Today's Business Climate

Corporate CEOs continue to say that recruiting and retaining talent is their number one priority. Regardless of the unemployment rate, companies are challenged to find skilled individuals to fill open positions. The proverbial "War for Talent" has never really subsided.

Successful organizations realize that their competitive advantage is having employees who are engaged with the company. When the company is operating at its best, employees are empowered to take care of customers and enabled to solve problems and remove obstacles.

Organizations must be inclusionary in order to achieve employee engagement. It's only logical that engagement is contingent upon employees feeling involved and committed to their work as well as to the company mission and values.

There are three significant business opportunities for companies that focus on creating an inclusionary workforce.

**1. Innovation:** The key to unleashing creativity and innovation in organizations is by engaging employees who have a wide variety of skills and talents. For example, consider the five generations of employees currently in the workplace and their various points-of-view. A tremendous opportunity exists to create different ideas and expanded goals for the business.

**2. Buying Power:** According to the Selig Center for Economic Growth, the buying power of minority communities in the United States has greatly outpaced that of white consumers. The Hispanic market is expanding rapidly and there are several untapped consumer segments such as the lesbian, gay, bisexual and transgender (LGBT) market.

**3. Sales and Profits:** A study published in American Sociological Review indicated that companies reporting the highest levels of racial diversity brought in nearly 15 times more sales revenue on average than those with the lowest levels of racial diversity. The same study indicated that gender diversity accounted for a difference of approx. \$500 million in sales revenue.

Lew Platt, former CEO of Hewlett Packard, summarized the business case for diversity best. “I see three main points to make the business case for diversity. 1) A talent shortage that requires us to seek out and use the full capabilities of all our employees. 2) The need to be like our customers, including the need to understand and communicate with them in terms that reflects their concerns. And 3) Diverse teams produce better results.”

## 4 Key Competencies to Establishing Your Cultural Identity

If organizations want to realize the benefits of being diverse, the first place to start is by examining the existing corporate culture. Companies need to build and maintain cultures that embrace the competencies allowing for inclusiveness. There are four key competencies to developing an inclusionary culture.

### Competency #1 — Personal Leadership

Leadership is the ability to influence others. It exists in every person at every level in an organization. The first step in becoming a leader is to learn about ourselves. Organizations have tools such as personality assessments, multi-rater feedback, mentoring, and coaching to help individuals understand their own motivations and behaviors.

Another way to grow on a personal level is by gaining knowledge of social identity. This relates to our own inclusion within certain social groups such as age, gender, race, religion, nationality, socioeconomic status, sexual orientation, etc. The concept was pioneered by Henry Tajfel, a social psychologist, in the early 1970's.

*When you have a team that is engaged and reflective of your consumer base, you can better understand, anticipate and meet the needs of your guests.*

Social identity establishes three things:

1. It tells us about ourselves vis-à-vis the groups we identify ourselves with.
2. It enhances self-esteem by feeling emotionally connected with a group.
3. It provides an opportunity to understand people or groups who are different from ourselves.

Effective leaders have the ability to work with differences. Tracey Burton, former director of diversity at Target Corporation, says working with differences is the key to breakthrough results. “I think the greatest benefit we have found is that diversity drives innovation. People from different backgrounds engaged in thoughtful debate leading to groundbreaking solutions. When you have a team that is engaged and reflective of your consumer base, you can better understand, anticipate and meet the needs of your guests.”

Leadership creates the internal awareness necessary to start thoughtful, effective dialogue.

## Competency #2 — Emotional Intelligence

We were introduced to the term emotional intelligence back in 1995 by Daniel Goleman. In his book by the same name, Goleman shares that leaders are distinguished by their degree of emotional intelligence which includes five components.

1. Self-awareness is the ability to recognize and understand one’s moods and emotions as well as their effect on others.
2. Self-regulation is the capacity to control one’s disruptive tendencies (aka to think before taking action.)
3. Motivation is the drive we have to pursue our goals.
4. Empathy is the ability to understand the emotions of other people and treat them accordingly.
5. Social skill is our effectiveness in finding a common ground and building rapport with others.

Research by the Center for Creative Leadership suggests that the primary causes for derailment in professional careers involves weaknesses in emotional intelligence, specifically in the areas of handling change, working in teams and poor interpersonal relations.

For businesses to be successful, they must be able to understand each other and their consumers. Don Knauss, chairman and CEO of The Clorox Company, says making connections is essential. “The business case has been demonstrated quite thoroughly. When you’ve got over one-third of this country as people of color, a diverse workforce benefits in terms of connection and creativity. Regardless of the group, it’s hard to form a brand relationship unless you have

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people that come from those cultures and ethnicities that can connect.”

Emotional intelligence creates connections.

### Competency #3 — Trust

Let’s face it. Without trust, nothing much matters. Trust is the foundation of relationships. Stephen Covey in “The Speed of Trust” examines trust on five levels.

1. Self-trust, which can be defined as our credibility
2. Relationship trust, meaning our behavior with others
3. Organizational trust ensures that structures and systems are aligned with culture and beliefs
4. Market trust is the reputation of the business
5. Societal trust is demonstrating our intention to give back to the community

The goal of any employee, not just manager or leader, is to establish trust. There are many ways that individuals can establish trust in the workplace. The primary ones focus on honesty and credibility. Being a person who “walks the talk” can be seen as trustworthy.

Mark King, business partner within the office of diversity and inclusion at The Kellogg Company, said “There is no question that seeking out diversity of thought, background, experience and perspective, coupled with having an inclusive environment where those differences are seen as assets, helps give us a competitive advantage.” The only way those different and sometimes conflicted thoughts will come to the surface is within a culture of trust. People who do not trust each other will not allow themselves to become vulnerable by expressing another point-of-view.

Trust is the glue that holds our connections with others together.

### Competency #4 — Agility and Change

Every person and organization experiences change. Some changes are big, others are small. Changes can be voluntary (as in, “I’d like to learn how to speak Spanish.”) or forced upon us (i.e. “We need to do business differently.”). Today’s business professional must be able to quickly recognize the need for change and successfully navigate the change process.

Denice Kronau, chief diversity officer for Siemens, says recognizing our own personal biases is crucial to effective change management. “When I’m hiring someone, I’ll hire a little Denice, because it’s easier – that’s our natural tendency as people. But research also shows that over time diverse teams outperform non-diverse teams. So with that, once I understand that I have a bias to go hire a little Denice, I know to compensate for that bias in my hiring decisions and my work decisions.”

It’s up to individuals to recognize their possible biases and take actions that

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will balance those for the benefit of everyone, including the company. The process might take an individual outside of their comfort zone creating a fear or apprehension that's difficult. It's equally important for individuals to find a support system to discuss change and their feelings as a way to manage the process.

The same applies to a team environment. Groups might be faced with changing their normal behaviors. The group dynamic can be impacted as individuals are processing change at various levels and at different paces. Ultimately, the group needs to feel confident that the outcome will be best for the team and supportive of the individuals as they work through the change process.

Adapting to change quickly and positively keeps inclusionary behaviors at the forefront.

## Implementing an Inclusive Culture

Once an organization identifies the actions and behaviors they will embrace to create an inclusionary culture, their work isn't over. Future policies, procedures and strategies need to reflect how trends will impact the organization over time. For example, if the organization is planning to expand into the Asian market in the next 5 years, what is the company doing today in terms of understanding the Asian culture to ensure their success?

INCLUSIVENESS			
<b>1</b> <b>Leadership</b> (understanding self and others)	<b>2</b> <b>Trust</b> (building the relationship)	<b>3</b> <b>Emotional Intelligence</b> (making the connection)	<b>4</b> <b>Agility &amp; Change</b> (evolving with the surroundings)

One of the biggest challenges to creating an inclusive culture is the nebulous nature of diversity training and activities. The chief complaints are that the business definition for diversity isn't well-defined and focuses too much on legal and compliance issues. This doesn't mean that diversity training efforts should be eliminated. In fact, it's a call to action that diversity programs gain clearer focus to become more effective. A few elements to concentrate on when developing diversity training include:

- Clear objectives and expectations
- Participant engagement before, during and after the session
- Opportunities for open discussion and dialogue

- Creative activities and sharing within a safe environment
- Facilitation of hot-topics and challenging conversation that emerges during the session
- Support and positive energy by everyone involved

It's equally important to recognize that creating an inclusive culture isn't exclusively about recruiting or retention. It's about transforming the culture of the company into one that's customer-centric, business-focused and leadership-focused. Organizations need to consciously revisit their efforts to ensure they are creating a sustainable culture. Maintaining an inclusive culture is not a one-time conversation. Companies will want to evaluate their energies at several levels on a regular basis. A few questions you should consider:

- How can the company attract and retain the talent necessary to meet our current and future business goals?
- How can the corporate culture support the products and services our customers want?
- How can the organization drive innovation and growth by leveraging our diversity efforts?
- How can we expand our business reach into new markets?

William Morgan, senior vice president of human resources at NASDAQ, shared how their cultural transformation translated into business success. "We saw how we could better leverage our diversity efforts to impact our business bottom-line. Not only did we identify our opportunities to improve, but we provided specific measurable actions we can take along with easy-to-measure outcomes. We found ideas were practical and well aligned with our other business priorities."

## Final Thoughts

It's clear that having a diverse workforce and creating an inclusionary culture yield huge rewards for companies. The challenge is clearly defining what that means for your unique corporate culture, designing efforts that align with the business goals and constantly measuring and evaluating results.

Successful organizations understand that inclusion is not optional – it's a business imperative that gives them a competitive advantage with stakeholders at every level: customers, suppliers, partners and employees. Diversity and inclusion are no longer programs within an organization. They are infused within the culture of the company and drive business outcomes.

*Research also shows that over time diverse teams outperform non-diverse teams.*



## A 3-Step Organizational Cultural Implementation Checklist

### STEP ONE: Organizational Assessment

Using the four key competencies (leadership, emotional intelligence, trust, agility/change), decide where your organization is today and where you would like to be in the future (7=Highly Developed and Skilled, 1=Needing Development).

For example, with Competency #1 – Leadership

Current	1	2	3	4	5	6	7
Goal	1	2	3	4	5	6	7

Establish a priority for dealing with each competency. And decide realistically what level of results can be expected. This could be different than the goal.

### STEP TWO: Action Plan Development

For each key competency, create a SMART plan to address the steps toward goal. SMART is a goal-setting acronym for Specific Measurable Actionable Responsible Time-bound. An example would be:

- Specific: Design and Implement a Leadership Development Program
- Measurable: 25 managers will participate in the program
- Actionable: The program will focus on delegation skills, performance coaching and decision making.
- Responsible: Human Resources will be responsible for creating the program or identifying an outside resource to deliver the program.
- Time-bound: The program will be created in Q1 with the first class starting in Q2.

### STEP THREE: Evaluation

Evaluate the plan at two levels:

- Process: Make sure the process being used to develop the plan still applies. Confirm that everyone has input and can clearly communicate the plan.
- Plan: Ensure goals are still being achieved. Confirm everyone has adequate resources. Make sure the plan remains realistic.

Regularly review the action plan to ensure success. Discuss trends and changes in the workplace that could prompt modifications to the plan. Report the status of the program to internal and external stakeholders as appropriate.

## Resources

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