*Inclusive Leadership by Design: The Six Traits of Inclusive Change Makers*

Executive Summary: April 2019

**Introduction**

*Think of the classic Corporate leader. What, or who comes to mind?* Maybe Bill Gates, Steve Jobs, Warren Buffett or perhaps Henry Ford. What do these leaders have in common? They all represent a certain type of leadership; a leadership style that is defined by the traits of command and control and a leader knows best mindset; they represent classic leader / follower models in which the leader tells and follower does. They also represent the classic notion of leadership as the iconic hero – the individual genius. Finally, they represent the notion of leadership as maleness.

In his classic paper on leadership[[1]](#endnote-1) John P. Kotter reminds us that the role of leaders, unlike the role of managers, is to cope with and guide their followers through times of change. And that facilitating change involves creating a vision for the future and actively engaging, motivating and inspiring those who you seek to lead.

Today, change is the new norm. It is, paradoxically, a constant factor on the landscape of 21st Century business leaders. Managing change is, or at least should be, at the top of their ‘to do’ list’. As stated by the Rosabeth Moss Kanter, professor at Harvard Business School and chair and director of the Harvard Advanced Leadership Initiative, *Surprises Are the New Normal.[[2]](#endnote-2)*

Thus, the role of today’s leaders has become more critical in navigating these often and unforeseen surprises, the constant turbulence of markets, the changing values and demands of customers and investors alike. In addition to surprises, growing uncertainty and complexity, Moss Kanter adds an addition factors of consideration for today’s business leaders – diversity. The new business landscape is and will continue to be defined by new diversity talent pools and diversity customers.

VERCIDA Consulting, has for the last two years been researching the topic inclusive leadership. Through our global workshop and a mapping of existing research, our project was governed by two very simply questions: *what motivates inclusive behaviours? what do inclusive leader do?*

Our research has identified six core traits of the inclusive leader. These are:

1. ***Inspire***
2. ***Individuate***
3. ***Integrity***
4. ***Insight***
5. ***Inquisitive***
6. ***Invest***

**The Bias of leaders**

Behavioural psychologists such as Daniel Kahneman suggests that a leaders’ ability to navigate an ever-changing business landscape is hampered by a set of cognitive and social biases.[[3]](#endnote-3)

Leadership decision-making is governed by a set of cultural reference points and heuristics – mental short-cuts – that help executives to make decisions based on previous experience. In many ways heuristic decision-making can be effective when developing strategic goals. However, as stressed by Andrew Campbell from Ashridge Strategic Management Centre the heuristics which leaders rely on are prone to a set of cognitive biases which in turn leads to errors in leadership thinking, judgement and decision-making.[[4]](#endnote-4)

5 classic leadership biases include:

* **Selective perception:** Selective perception is a process wherein leaders cherry-pick information that is aligned to their existing worldviews, whilst ignoring or disregarding information that challenges existing thoughts, values or beliefs. In a new business landscape defined by complexity, uncertainty and diversity, selective perception is a particularly risky leadership bias.
* **Groupthink:** Groupthink occurs when leaders make poor decisions because the group’s pressure for conformity prevents discussions of alternatives. A group of leaders are especially vulnerable to groupthink when the team are similar in background, when the group is insulated from outside and often diverse opinions, or when there are no clear rules for decision-making.
* **Halo and Horns effect:** This occurs when a leader finds one attribute particularly attractive or unattractive in a colleague. It has the effect of stewing the leaders’ judgement of the colleague’s total skills and competencies.
* **Confirmation bias:** This is the tendency to look for information, or interpret information that confirms to a leaders’ existing thoughts and beliefs.
* **In- group bias:** It is well-recognised in social psychology that people define themselves by social and cultural groups. Colleagues who share common qualities with leaders are recognised as ‘in-group’ members. Those who do not have these qualities are seen as ‘out-group’ members.

In a Harvard Business Review article entitled *Why Good Leaders Make Bad Decisions*, the authors warn us of the dangers of *emotional tagging*, a process by which leaders attach emotional information to their thoughts and the views of like-minded others.[[5]](#endnote-5)

When unchecked, biases and group conformity can result in what we call ‘Zombie leadership’. Zombie leaders are characterised by leaders:

1. Who are influenced by dead ideas on what motivates diverse employees;
2. Who hire for diversity but have a real preference for sameness;
3. Who have zero-limited insight of how organisational outsiders experience work;
4. Who put pressure on colleagues to conform to Zombie norms – those unwritten rules and codes of conduct.

**Why Inclusive Leadership Matters**

*Look out of your corporate window box. What do you see?* A world defined by diversity and difference. A world defined by growth turbulence and disruption. Within this context leaders need, now more than ever, to tap into the key social and psychological aspects with drives and creates high performing teams. Our research suggests there are 5 key aspects to high performing teams:

**Diversity (team composition):** A 2017 paper by McKinsey and Co. identified team composition as the starting point for creating high performing teams, of which diversity is a central element. The paper suggests that small teams of senior people – few than six people – may be particularly vulnerable to poorer decision-making, because a lack of diversity leaves leaders with reduced bandwidth within which to make strategic decision-making.

**Team Dynamics and Belonging:** The primary predictor of team performance – more than skills and intelligence – is, according to Alex Pentand from MIT, ‘belonging cues’; equal air time in team meetings, eye contact between colleagues and non-hierarchal communication.

**Psychological safety:** Google’s *Project Aristotle*, 2-year study on team performance stresses ‘psychological safety’ as an overarching factor in creating high performing teams. Psychological safety is defined as the extent to which colleagues feel able to take risks in the interest of the business without fear of judgement from teammates.

**Meaning:** Meaning in work people do was a key finding in Google’s Project launched Project Aristotle. Work by Daniel Pink in *Drive: The Surprising Truth About What Motivates Us* also stressing meaning or what he calls Purpose as a key factor of high performing teams and individuals.

**Divine Discontent:** McKinsey and Company suggest that this is characterised by an attitude to learning. Carol Dweck’s work on a Growth Mindset aligns to this by encouraging leaders to invest in others as they recognise that motivating others results in wider team successes.

**Business results:**

**Innovation and creativity:** A 2017 study by Boston Consulting Group found a positive relationship between diversity and business innovation. Measuring outcomes from 171 companies the study found a statistically significant relationship between management diversity and business innovation, meaning that companies with higher levels of diversity get more revenue from new products and services.

**Smart decision-making**: Research by the decision-making platform Cloverpop, found that diverse teams of people are better at:

* Identifying new and better choices that were not previously considered resulting.
* Bringing more perspectives, experiences, and information, which helps to reduce biases and improves accountability.

**Financial Reward**: Research by McKinsey and Co. has found that companies in the top-quartile for gender diversity on executive teams are 21% more likely to outperform their national industry median on EBIT margin and 27% on EP margin. Culturally diverse executive teams are 33% more likely to outperform their peers on profitability.

***Inspire***

In research conducted by Bain & Company together the Economist Intelligence Unit, they found that less than half of 2, 000 respondents said they agree or strongly agree that their leaders were inspiring.[[6]](#endnote-6) Even fewer felt that their leaders modelled the values of the corporation in which they worked.

Today we see fundamental mismatch between expressed corporate values and leadership behaviours. Leaders are too often inclined to allow unconscious bias go unchallenged in hiring processes, in how projects teams are put together, in team rituals and ultimately, promotions and leadership progression. Too many of today’s business leaders engage in corporate ‘double speak’, which has the profound effect of dis-engaging an already dis-engaged workforce.

Against this backdrop our research suggests that there is an urgent need for leaders to inspire their diverse colleagues. Where are, in the words of Mellody Hobson, president of Ariel Investments, the Corporate Kaepernicks? By that we mean those leaders who are willing to take a stand, or a knee, for women, for people of different cultural backgrounds, for those of us to represent LGBTQi communities… for difference in its broadest sense.

Our research found that inclusive leaders who inspire diverse follower value two key features:

* **Creativity and innovation:** Inclusive leaders who inspire others understand the performance outcomes of diverse and inclusive teams.
* **Action:** Inclusive leaders who inspire do things. Back to the research by Bain & Company. As they stress, inspiring leaders are those who use their unique combination of strengths to motivate individuals and teams to take on bold missions – and hold them accountable for results.

Our research has identified a set of key actions that leaders do to inspire diverse (majority and minority) colleagues; these include:

1. **They use their positions of power to talk-up diversity at every opportunity:** This ranges from conversations with the Board and Executive teams, to using town-hall events and team meetings to stress the relationship between diversity and business success.
2. **Championing the ideas of individuals who think differently:** They seek to champion the ideas of diverse team members and individuals who think differently by facilitating a wide range of mechanisms which allow all team members to contribute to organisational decision-making.
3. **Constructing project teams with diversity in mind:** They create opportunities for cross-team working and cross-cultural collaboration: They break up silo mindsets and silo work patterns.
4. **Putting into place diversity and inclusion KPIs:** Inclusive leaders who inspire diverse team members work with the principle of ‘what gets measured, gets done’. These leaders move from soft commitments to hard commitments by setting open and transparent diversity goals and inclusion measures.

***Integrity***

According to David M. Long, assistant professor of Organizational Behaviour at the Mason School of Business at the College of William & Mary, there are three pillars that create bonds of trust between leaders and followers – integrity is one of these.

Other research studies have identified integrity as a key leadership competency.[[7]](#endnote-7) In our own research integrity was seen as a trust generator, in which turn facilitates strong emotional bonds between diverse colleagues and their leaders.

Our research found that inclusive leaders who inspire diverse follower value two key features:

* **Openness:** Leaders who generate integrity are openly share their weaknesses with colleagues as well as their strengths.
* **Trust-based relationships:** Inclusive leaders seek to generate trust relationships my acting in the wider interest of the organisation by aligning their everyday behaviours with stated Values and ways of working.

Our research has identified a set of key actions that leaders do to build relations based in integrity. These include:

1. **Showing their vulnerability by admitting mistakes:** Inclusive leaders don’t hide behind the classic ‘tough guy’ macho image. Instead they show their humanness by admitting mistakes when they happen and thus signally to others, that mistake are OK, it’s part of the learning process.
2. **Challenging Groupthink by promoting the merits of ‘thoughtful dissent’ as a business asset:** Inclusive leaders see ‘Divine Discontent’, not as a challenge to their position or authority, but as a mechanism for facilitating learning and ideas formation. These leaders welcome challenge as a strategic intention which is aligned to business innovation, creativity, insight and growth.
3. **Not getting hung up on hierarchy:** Instead inclusive leaders go out of their way to build relations with colleagues from all parts of the organisation. They seek to connect with individuals and team members of all grades and positions, as they are aware that by tapping into the thoughts, feelings and ideas of colleagues outside of their immediate leadership circle leads to personal growth and insight.
4. **Acting in the wider interests of the organisation by aligning their everyday behaviours to organisational values:** Inclusive leaders work with the principle of congruence. They understand the power of role modelling behaviours and by aligning personal and everyday behaviours with stated organisational values – even under times of stress – this generate trust build and integrity.

***Insight***

In a Harvard Business Review classic entitled, “What makes a Leader’, Daniel Goleman writes:

*“Self-awareness if the first component of emotional intelligence…Self-awareness means having a deep understanding of one’s emotions, strengths, weaknesses, needs, and drives. People with strong self-awareness are neither overly critical nor unrealistically hopeful. Rather, they are honest – with themselves and with others”.[[8]](#endnote-8)*

In our research we have found that this ability to develop self-awareness together with insight into the feelings of others supports trust-based and inclusive relationships. Being aware of one’s own biases, perspectives and world viewpoint is critical leadership skill in a world dominated by surprises.

Our research found that inclusive leaders with insight are value by two key features:

* **Perspective taking:** This is essentiality the ability to reflect on ones’ own style of leadership. To be aware of personal strengths as well areas for personal growth.
* **Learning:** Inclusive leaders seek to generate insight through learning about self and others. They do this by seeking to step into the shoes of others – of organisational outsiders.

Our research has identified a set of key actions that leaders do to build personal insight. These include:

1. **Put themselves in the shoes of others:** Inclusive leaders are those who seek to understand the lived experiences of diverse employees. Gather information on the experiences of organisational outsiders by attending employee affinity groups and listening to stories and experiences, by seeking information and data which shines a spotlight onto the feelings and experiences of organisational outsiders including employee engagement data.
2. **Using 360 feedback loops:** Inclusive leaders see feedback loops as mechanisms to provide insight into personal biases and how biases impact their leadership behaviours and decisions.
3. **Going out of their way to learn about different groups:** Inclusive leaders show up at key diversity related talks and events such as LGBT History Month, International Women’s Day or Black History Month. They use these events to connect with people who are simply different from them. They see this investment of time as a way of building personal insight and leadership competencies. They don’t make assumptions, instead they ask questions as they have a genuine desire to understand how others see them together with a desire to learn about difference.
4. **Promoting cross-cultural learning:** Inclusive leaders invest in the cultural education of all employees by promoting bias awareness programmes – these could include internal events organised by affinity group members or formal programmes of learning through e-learning or facilitated workshops.

***Inquisitive***

*I have no particular talent. I am merely inquisitive.*

*Albert Einstein*

As the global business landscape continues to surprise and challenge business leaders with market shocks, political disruption and automated technology, the ability to question existing ways of seeing, thinking and strategising will be a central assent of 21st century leadership.

As suggest by The Leadership Institute, being inquisitive or curiosity allows leaders to look at and see the world from alternative perspectives, thus presenting a set of alternative possibilities.

Curiosity in business is central to creativity and innovation. It’s allows for new discoveries through a process of questioning. Paying attention to different voices builds trust-based relations and acts as bridge or connector to new ideas.

Our research found that inquisitive leaders value two key features:

* **Curiosity:** Inclusive leaders have a passion for questioning. They are open to new ways of seeing the world. They view diversity as a source of new knowledge which helps to build insight into new products and services, customer experiences and new markets.
* **Adaptability:** Inclusive leaders change with change. They see change as a new norm; as something to embrace as an opportunity for growth.

Our research has identified a set of key actions that inquisitive and inclusive leaders do. These include:

1. **Asking questions which are as designed to build their cultural competencies:** Inclusive leaders are aware of their own bias and the bias of colleagues round them. They understand the dangers of Groupthink in an ever-changing work environment. Thus, they ask questions which are designed to challenge existing ways of thinking and doing business, and reward others for doing the same. They demonstrate their inquisitiveness and commitment to inclusion by showing up at diversity related events, meetings and working groups.
2. **Paying attention to unwritten rules and patterns of behaviour:** The Inquisitive leader is curious about unspoken rules and cultural norms. Whilst respecting tradition, they question invisible expectations which work to the advantage of some, while simultaneously excluding others. They respect the needs to challenge and change, for instance working practices to balance work / life responsibilities.
3. **Adapting and flexing their behaviours and leadership style when in different cultural locations:** Inclusive leaders see cultural norms as relative; they don’t judge other cultures by their own cultural standards. Instead they are curious to learn about different way of seeing and experiencing the world. The inclusive leader actively goes out of their way to connect with different groups of employees when in different locations through meet and greet events, townhalls and other such forums.

***Individuate***

Research from social psychology has demonstrated how human beings have a natural tendency to place people into boxes. Work by Tajfel and Turner suggest that there are three mental processes in which people go through which leads to in-group and out-group formation.[[9]](#endnote-9)

Firstly, we place people into categories. That is, we box people up based on factors such as cultural heritage, genders, age, sexual orientation, social background and religion.

Secondly, we build an affinity with individuals who are similar to us. That is, we adopt the identity of the group that we feel that we belong.

Finally, as individuals and as members of social groups, compare ourselves to others. This process is layers with value judgements, and works by stereotyping others. We attribute positively towards individuals who are similar, but negatively towards those who are different.

Inclusive leaders are aware of organisational tribes and seek to break stereotype and bias thinking habits by *individuating*.

Our research found that inclusive leaders who individuate value two key features:

* **Connectivity:** Inclusive leaders have a genuine desire to connect with people who are different to them. They find joy in connecting with people from different background and walks and life.
* **Belonging:** Inclusive leaders understand how power and privilege operate within organisations see it as their personal responsibility to work towards breaking down insider and outsider dynamics.

Our research has identified a set of key actions that leaders do to break the cycle of stereotyping and bias thinking. These include:

1. **Encouraging team connectivity:** Inclusive leaders seek to bring people together by championing team events, working patterns and rituals with are designed to bring different people together. They champion employee affinity group while promoting cross-group connectivity by funding joint events.
2. **Designing office architecture and office spaces that foster employee connectivity:** Inclusive Leaders are aware of how office spaces can lead to silo working patterns. They design and re-design office architecture to break down tribal working patterns and organisational hierarchy. As well as using open spaces, they encourage the use of hot-decking and cross-location collaboration.
3. **Generating psychological safety by making it same to bring your full self to work:** Organisational cultures have a tendency to employ cloning tactics as a way of promoting team cohesion. They problem with this approach is that it drowns out the different voices that business need in order to innovate and grow. Inclusive leaders promote authenticity by balancing the need to lean into the company culture while at the same time championing individual expression.

***Invest***

Inclusive leaders often go by the mantra of ‘*what gets measured gets done*’. They see diversity talent as a source of competitive advantage, and as such something that should be invested in.

The evidence for a diverse ‘business case’ is now overwhelming. Various studies have shown that the following:

1. Diverse team provide greater insight into customer needs
2. Diverse teams make smarter decision
3. Like-minded teams of individuals are more likely to fall into Groupthink
4. Diverse and inclusive teams are good for ideas generation and business innovation
5. Diversity has a positive impact on a business brand – a lack of diversity can impact negatively on a business brand
6. Diverse at the top of the organisation leads to an increase in business profit
7. Inclusive cultures increase employee motivation and engagement
8. Inclusive companies are more productive

Our research found that inclusive leaders who individuate value two key features:

* **Organisational growth:** Inclusive leaders see investment in diversity and inclusion as an investment in the long-term sustainability of their business. They align diversity and inclusion with business planning and strategy and overall goals.
* **Individual growth:** Inclusive leaders see diverse talent as their number asset. They work tirelessly to combat barriers to personal growth by nurture their diverse talent pools.

Our research has identified a set of key actions that inclusive leaders do when seeking to invest in diversity talent. These include:

1. **Stress testing organisation processes and behaviours for bias**: Inclusive leaders act on evidence, as opposed to instinct. They see data as a source of critical insight and therefore invest in bias detection system that work across a range of talent areas, including, recruitment, employee retention, work allocation, reward, performance reviews and supplier diversity.
2. **Working with the principle of Amplification:** Inclusive leaders seek to amplify the opportunities of diverse talent by investing in them by, for example
   * Ensuring they have equal air team in team meetings
   * Sponsoring people not like them
   * Monitoring work allocation
3. **Using score cards to measure progress:** Inclusive leaders work with the principle of ‘what gets measured, gets done’. They don’t leave organisational growth or personal growth to chance. Instead they establish a set of diversity and inclusion KPIs and build in a series of accountability check-points into each stage of organisational decision-making.

***Reference***

1. Kotter, J.P. (2011). *On Leadership*. Boston Massachusetts: Harvard Business Review Press [↑](#endnote-ref-1)
2. Moss Kanter, E. (2013). *Surprises Are the New Normal; Resilience Is the New Skill*. Harvard Business Review. [↑](#endnote-ref-2)
3. Thinking fast and slow………… [↑](#endnote-ref-3)
4. Reference [↑](#endnote-ref-4)
5. Reference [↑](#endnote-ref-5)
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7. Ref…. [↑](#endnote-ref-7)
8. Ref…On leadership [↑](#endnote-ref-8)
9. Ref… [↑](#endnote-ref-9)