Think People, Not Just Programs, to Build Inclusive Workplaces

CATALYST

About the Catalyst Research Centers

The Catalyst Research Center for Equity in Business Leadership examines and documents workforce demographics and their impact on employees, companies, communities, and society. In particular, the Center identifies how women's underrepresentation affects corporate governance and executive teams, and it explores how diverse leadership contributes to business success. By verifying gaps in representation and creating results-oriented solutions, the Center's findings and recommendations help organizations diversify leadership.

The Catalyst Research Center for Career Pathways exposes root causes of gender gaps from the classroom to the boardroom, conducting research that sorts myth from fact, identifies the true problems that hold women and other underrepresented groups back from advancement, and provides a solid basis for more effective talent development. The Center's findings allow businesses, media, governments, and individuals to gauge women's progress and develop solutions and action plans to advance women into leadership.

The Catalyst Research Center for Advancing Leader Effectiveness explores a central challenge facing today's business leaders: how to leverage employee diversity to achieve success through inclusive decision-making and talent management. The Center's research examines the nature, impact, and practice of inclusive leadership. It helps committed leaders learn how to become individual change agents, shaping the workplace culture by role modeling effective interpersonal interactions and capitalizing on opportunities to build inclusive talent management systems.

The Catalyst Research Center for Corporate Practice conducts research distinguishing sound talent management strategies from programmatic fads and documents best practices. These findings enable organizations to strategically create and support inclusive cultures for both women and men. The Center's partnership with its Expert Community, a consortium of business leaders who contribute to and act on the Center's work, informs organizational policy and practices, leading to actionable solutions and systemic change.

About Catalyst

Founded in 1962, Catalyst is the leading nonprofit organization expanding opportunities for women and business. With operations in the United States, Canada, Europe, India, Australia, and Japan, and more than 800 member organizations, Catalyst is the trusted resource for research, information, and advice about women at work. Catalyst annually honors exemplary organizational initiatives that promote women›s advancement with the Catalyst Award.

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To create high-performing work cultures, business leaders must pay attention to the people side—how employees connect to company values, its social impact on the broader community, the workplace role models employees are exposed to, and employees' willingness and ability to participate in culture change efforts.

Paying Attention to the People Side of Change Is Vital to Advancing Inclusion

Employers worldwide seek to create high-performing work cultures where employees feel included and empowered to contribute. Yet despite sophisticated programs and practices, many are falling short when it comes to achieving workplace inclusion.

Why are so many companies stuck, especially with so much at stake?

We explored this question in a survey of 897 employees[1] working in multinational organizations with operations in China.[2] The findings[3] demonstrate a key reason for this stalled progress: a tendency to overlook the "people side" of change.[4]
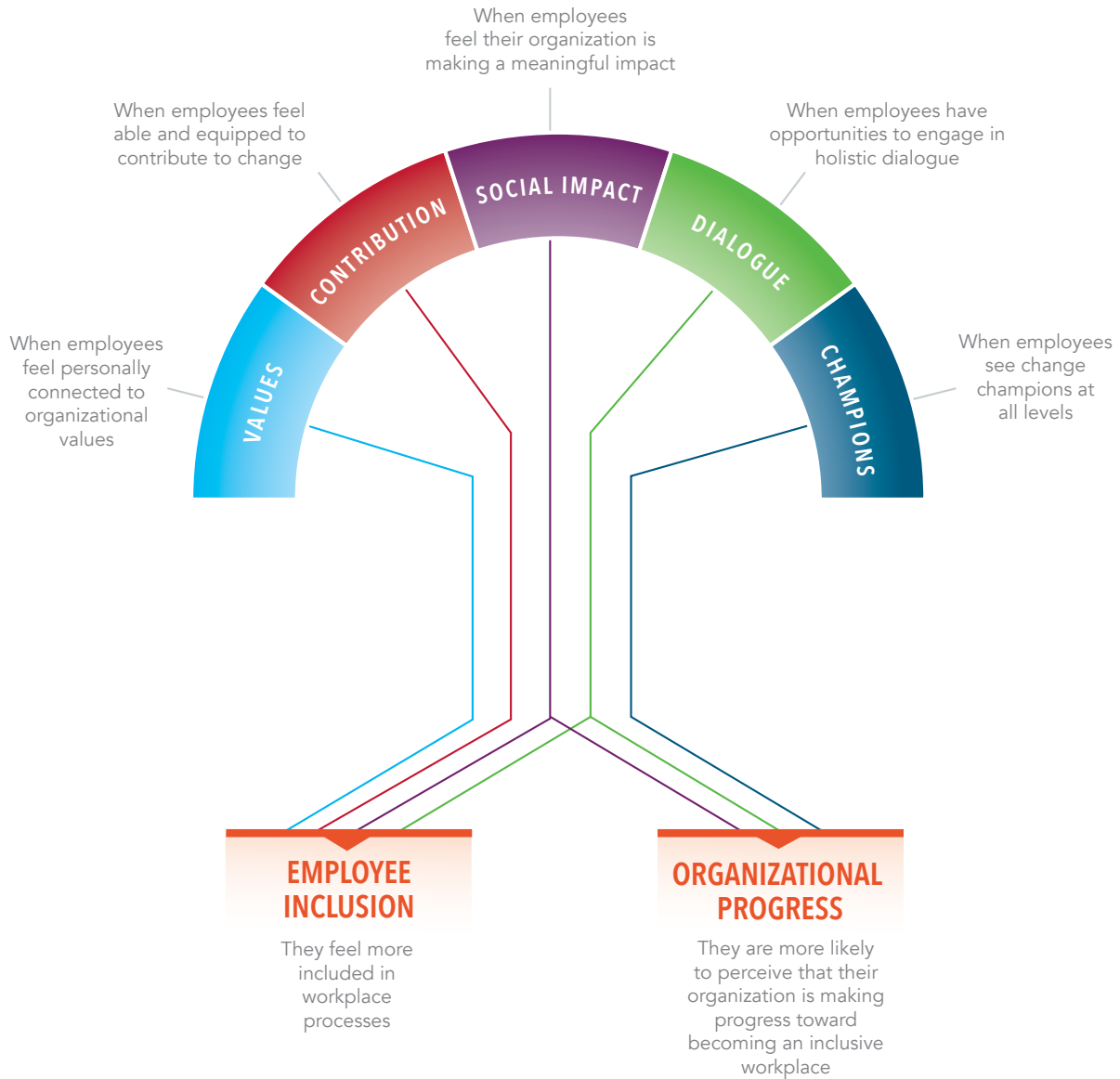
Building inclusive workplace cultures requires far more than a strong business case, the "right" program, or even the most sophisticated assessment tools or metrics.[5] To create high-performing work cultures, business leaders must pay attention to the people side— how employees connect to company values, its social impact on the broader community, the workplace role models employees are exposed to, and employees' willingness and ability to participate in culture change efforts. This study suggests some key ways global leaders, change agents, and influencers can do just this and enjoy greater success in building the inclusive work cultures that are so critical to business performance.

WHAT IT MEANS TO FOSTER INCLUSION

Fostering inclusion means creating cultures where employees are involved in vital workplace processes—including participation in decision-making and access to organizational resources and information.[6]

FIGURE 1

Building Inclusion Through the People Side of Change

When employees
feel their organization is
making a meaningful impact

When employees feel
able and equipped to
contribute to change

When employees have
opportunities to engage in
holistic dialogue

SOCIAL IMPACT

CONTRIBUTION

DIALOGUE

When employees
feel personally
connected to
organizational
values

VALUES

CHAMPIONS

When employees
see change
champions at
all levels

**EMPLOYEE
INCLUSION**

They feel more
included in
workplace
processes

**ORGANIZATIONAL
PROGRESS**

They are more likely
to perceive that their
organization is making
progress toward
becoming an inclusive
workplace

Appeal to Values to Jumpstart Inclusion

[We want] the employee [to] really understand what the company wants to do so that they have a clear vision. They know their everyday job, [but what] does it mean in relation to our vision? Otherwise people do their daily job, [but] they don't know where the destination is. We want every single employee to have a clear vision. Then they can understand their relevance to the vision itself.

—Woman, Department Lead, Shanghai[7]

To help employees feel included, go beyond the business case. Enable employees to identify with organizational values. Core values are how an organization defines itself, where it puts its proverbial stake in the ground, and what employees are drawn to and stand behind when the road gets rough.[8] When employees' values align with their organization's values, employees identify with their workplace in a way that humanizes the connection between the employee and the employer.

Respondents to our survey reported feeling a greater sense of inclusion[9] when they felt personally connected to their company's values.[10]

- Nearly half of all women and slightly more than half of all men[11] who had strong personal connections to their company values also reported feeling included at high levels.

- In contrast, fewer than 5% of those who did not share those connections felt highly included.[12]

Percentage of Employees Who Felt Included Based on Level of Connection to Company Values

Feelings of Inclusion

Strong Personal Connection to Company Values — 48.7% / 56.5%

Weak Personal Connection to Company Values — 4.8% / 3.7%
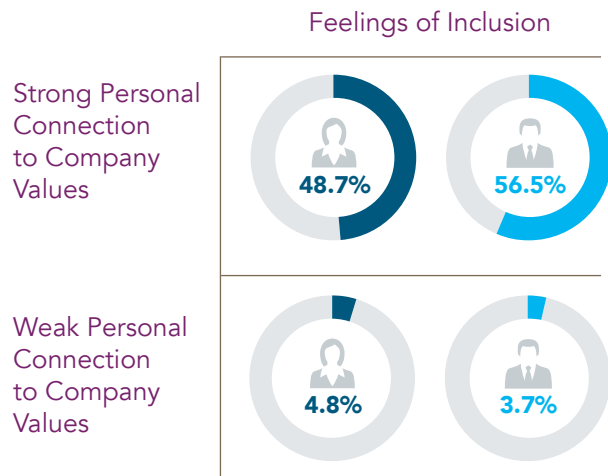
To Help Employees Feel Included and See Progress, Think Impact on Customers and Broader Community

We donate [to a school in a] very poor area. We continue to do this and we [are] purposeful and meaningful [in the way we do this]. [School administrators] told us, "[We] thought you would only donate and leave forever. But you come back every year." They feel very touched. I think, "Yeah, we will come back next year too!" I believe this is a philosophy that drives all the [company's] activity. For us, when we are doing this, you can feel [that the company] continuously focuses on you, continuously tries to develop you. You can see this desire there.

—Man, Regional Department Manager, Shanghai

The demands of socially conscious consumers, customers, and talent are driving a global business landscape where creating positive social impact increasingly goes hand-in-hand with achieving organizational business goals.[13] Employees want to see their organizations making a broader, more meaningful impact on the communities in which they operate and serve. Such socially responsible behavior by companies deepens employees' connections to their organizations, resulting in or enhancing a positive employee-employer dynamic.[14]

- Respondents reported feeling more included when they felt their organizations were making a meaningful impact:[15]

  □ More than 62% of employees who held a strong view that their company was making a meaningful impact also felt included at high levels. [16]

  □ Only 8% of those employees who did not share that view felt included at high levels.

- Employees were more likely to perceive their workplaces were becoming increasingly inclusive when they also believed their organization was making a meaningful social impact.

  □ More than 70% of employees who held a strong view that their company was making a meaningful social impact also felt that great progress was being made toward workplace inclusion.[17]

  □ Just 25% of those employees who did not share that view also felt that their company was making progress toward inclusion.

Cultivate Champions at All Levels so Change Seems Achievable

I think that for people to really appreciate the value of diversity and inclusion [we can't stick to] the surface. We need to strike deeper to make people aware it's…more about a mindset or mentality of opening yourself up [to] be ready to appreciate and be able to work with people who are different from you.
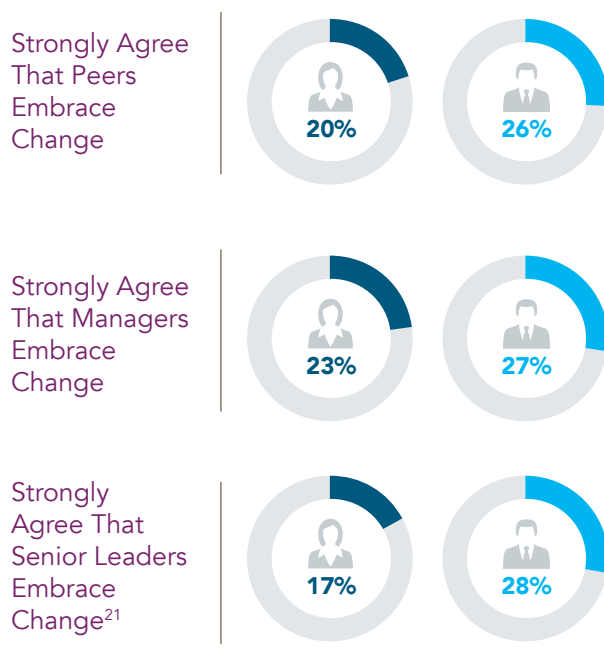
—Woman, Regional Talent Manager, Beijing

Senior-leader champions aren't enough to drive inclusion. Employees need to see that at all levels, including among their managers and peers, others are championing culture change, too. Champions are critically important to the successful development of an inclusive workplace culture. Employees need to see change champions *at all levels*.

Champions across levels not only signal support for a company's vision for change, they also role model what desired behavioral changes look like. Role models literally put a face to the change process, making an abstract concept feel more tangible and achievable to employees.[18]

- Employees who saw change champions at all levels,[19] including among senior leaders, managers, and peers, perceived that their organizations were making more progress toward creating an inclusive work culture.

- Women and men reported seeing their peers and managers embrace change with the same frequency, though women were less likely than men to report seeing senior leaders embrace change.[20]

FIGURE 3

Percentage of Employees Who Perceive Their Colleagues Across Levels Are Embracing Change

Strongly Agree That Peers Embrace Change

20%   26%

Strongly Agree That Managers Embrace Change

23%   27%

Strongly Agree That Senior Leaders Embrace Change[21]

17%   28%

Include Employees in Change Efforts to Enhance Impact

You're a part of something that helps to lead or create a positive impact on people's lives. We are discussing issues that prompt people to think, "What can [I] do to be a better manager [and team leader] and, more fundamentally, to be a better person? When you think that you are part of that, and what you are doing on a daily basis, creating those impacts on people, I cannot think of another job or another thing that I do that can be that meaningful.

—Woman, Regional Talent Manager, Beijing

Researchers suggest that change efforts enjoy greater success rates when employees are involved in shaping them.[22] Yet only a small number of respondents in our study—a mere 6%—reported any involvement in their organization's inclusion change efforts.

Discounting employees' role in the process contributes to many change efforts stalling or seemingly failing.[23] Therefore, it is essential that all change champions ensure employees feel supported in contributing positively to change efforts. When employees' ability to contribute at every stage of the change process is leveraged, organizations see accelerated and more sustainable results.[24]

Create Win-Win Opportunities for Involvement

Organizations that fully and deliberately focus on the people side of change facilitate employee ability to contribute to building inclusive workplace cultures and create pathways for organizations to get unstuck. When employees feel personally connected to their organization—its values, its ability to make a meaningful customer and social impact, and its role models—employers amplify and accelerate the success of their inclusion initiatives by embracing employees' desire and capability to drive inclusion.

- Women and men respondents in our study reported the same level of ability to contribute to change,[25] with 72% indicating an ability to contribute to their company's efforts to promote inclusion.

- More than 51% of employees' ability to contribute to change initiatives was attributable to their:[26]

  - Personal connection to the organization's values.

  - Belief that the organization is making a meaningful impact in the lives of its customers and the larger community.

  - Observing change champions at all levels, including among senior leaders, managers, and peers, who embrace and support change efforts.

- Importantly, employees' desire to contribute to change provides reciprocal benefits: respondents in our study who felt personally ready and equipped to positively contribute to their organization's inclusion efforts felt more included themselves.

Create Pathways to Dialogue for All Employees

A key way to include employees is by facilitating holistic dialogue among employees at all levels, including senior leaders, managers, and employee peers. Holistic dialogue about culture change must be open, transparent, and multidirectional, rather than simply mandated from the top. In this way, all employees can learn from senior leadership, their managers, and their peers about the challenges and opportunities to building inclusive workplace cultures.

Importantly, through holistic dialogue, employees also have opportunities to be included in change efforts, creating win-win benefits. This also creates opportunities for employees who are willing and ready to contribute to become engaged and involved in change efforts to create inclusive workplace cultures. Likewise, organizations must consider best practices for embedding ongoing opportunities for all employees, women and men, to discuss what it means to be inclusive, to provide feedback to the organization's senior leadership, and for those leaders to validate and respond to all employees' feedback.

FIGURE 4

Percentage of Employees Who View Holistic Dialogue Occurring Within Their Organization

Work Groups Discuss What it Means to Be an Inclusive Organization

17.6%   25.7%

Leaders Seek Input From Employees to Help Drive Inclusion

17.9%   28.0%

Mechanisms for Reviewing and Responding to Input Exist

22.3%   33.9%

Formal Processes Occur That Offer Work Groups Opportunities to Share Best Practices

22.5%   33.8%
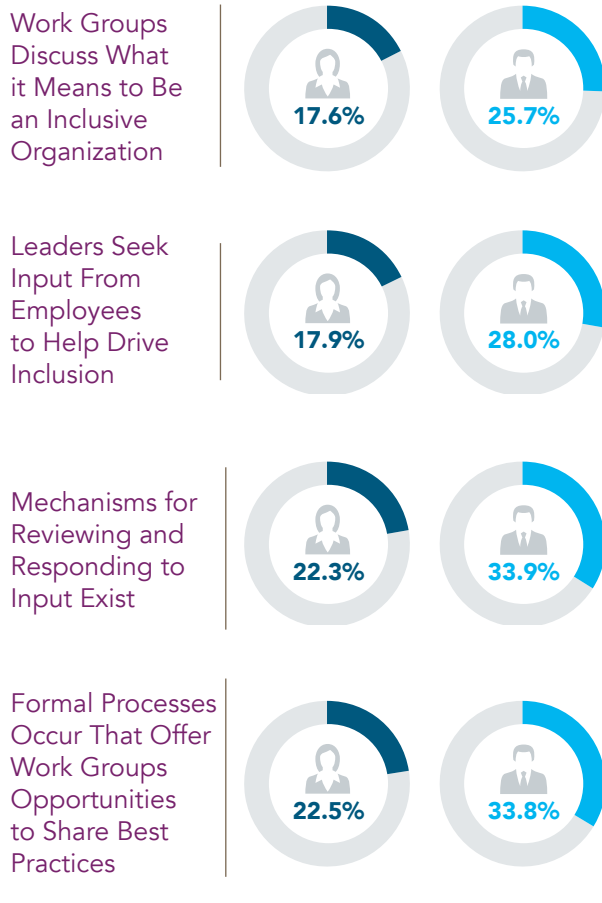
When employees had opportunities to engage with senior leaders and share their views about inclusion across work groups[27], they:

- Felt more included.

- Perceived that their organization was making greater progress in creating an inclusive work environment for all employees.

Yet, women were less likely than men to experience this holistic dialogue.

- While both women and men seem to experience championship among their peers and managers at similar levels, women were less likely than men to see senior leaders embracing change for creating an inclusive work culture.

- Women were also less likely to benefit from the dialogue opportunities essential to helping employees become involved in organizational change efforts.

By tapping into the people side of change and including employees at all stages of the process, employers cultivate buy-in and deepen personal connections to change which inspires greater progress toward inclusive workplace cultures in the long run. For many employees, these "softer" or human change elements are quite compelling and connect employees to change efforts in a way that the business case alone does not, particularly in creating opportunities for employees to see how they fit into the big picture.

In this way, it is not only a question of what an organization can do for its *employees*, but rather, what an *organization and its employees can do together* to create high-performing, inclusive work cultures.

Endnotes

1. Survey data were drawn from data collected in China during spring 2013 from six multinational companies with global operations in Asia-Pacific. Findings were drawn from 897 respondents: 57.5% women and 42.5% men; 99% self-identified as Chinese. Employees were an average of 34 years of age (sd=6.4). Average job tenure with current organization was approximately 7 years (sd=4.8); min=less than a year to a max of 18 years). Breakouts by job position comprised: 2.7% of respondents in pre-management ranks, 53.6% in professional-level ranks; 28.4% in management, 2.7% were in senior management or leadership positions. The remaining percentage (12.6%) designated "other" as job position.

2. With over 60 ethnicities and a dynamic landscape of people working across varying rural areas, coastal areas, and provinces, we can see how cultural context is not bound by national or country-level borders. Additionally, as part of one of the world's largest emerging economies, China's multinational corporations are shaped both by historical tendencies, present day realities, and future promise, on a local and global scale alike. Thus, China serves as an ample case to demonstrate that change efforts must speak to the broader societal-level contexts and attune to the more nuanced within-country or organizational cultural contexts. Karsten Jonsen, Martha L. Maznevski, and Susan C. Schneider, "Special Review Article: Diversity and Its not so Diverse Literature: An International Perspective," *International Journal of Cross Cultural Management*, vol. 11, no. 1 (April 2011): p. 35-62.

3. Path analysis was employed to test the hypothesized conceptual model using SPSS AMOS 22. A two-step modeling process was used in which the first step examined the relationships among study variables (Model 1; includes all variables in Figure 1 but with paths between every pair of variables). The second step analyzed the resultant trimmed model after all non-significant paths were removed (Model 2; i.e., a nested model with all of the nonsignificant paths set to 0; depicted in Figure 1). The fit of Model 2 was not significantly different from Model 1, X^2diff(5) = 8.568, p = n.s. Given that the additional paths did not significantly increase model fit, the results presented in this report are based on the more parsimonious model. Model 2 findings yielded a good model fit: NFI=.998, RFI=.990; CFI=.999; RMSEA=.023 (low=.000; high=.053); X^2(6) = 8.926, p > .17. This final model accounted for 50.8% of the variance in employee inclusion, 35.1% of progress toward inclusion, and 51.9% of willingness to contribute to change (n=897). Standardized estimates (β) are as follows (All estimates p<.001.): (a) Outcome variable: **inclusion in workplace processes** from connection to values (β=.10); social impact (β=.30); pathways to dialogue: top-down communication (β=.16) and involvement in communication practices (β=.13); employees' ability to contribute to change (β=.22); (b) Outcome variable: **progress toward inclusion** from social impact (β=.15); championship (β=.19); pathways to dialogue: top-down communication (β=.25) and involvement in communication practices (β=.12) and (c) Outcome variable: **employees' ability to contribute to change processes** from connection to values (β=.34); social impact (β=.33); championship (β=.17).

4. Su Mi Park Dahlgaard and Jens J. Dahlgaard, "Towards a Holistic Understanding of Human Motivation: Core Values—The Entrance to People's Commitment?," *AI & Society*, vol. 17, no. 2 (July 2003): p. 150–180; Nadine Finkbeiner and Michèle Morner, "The Role of Conditional Cooperation in Organizing Change," in *Management of Permanent Change*, ed. Horst Albach, Heribert Meffert, Andreas Pinkwart, and Ralf Reichwald (New York: Springer, 2015): p. 49-63.

5. Inge Bleijenbergh, Pascale Peters, and Erik Poutsma, "Diversity Management Beyond the Business Case," *Equality, Diversity and Inclusion: An International Journal*, vol. 29, no. 5 (2010): p. 413 – 421; Catalyst, *Diversity Matters* (October 1, 2014); Jonsen et al.; Hans van Dijk, Marloes van Engen, and Jaap Paauwe, "Reframing the Business Base for Diversity: A Values and Virtues Perspective," *Journal of Business Ethics*, vol. 111, no. 1 (November 2012): p. 73-84.

6. Michalle E. Mor Barak, *Managing Diversity: Toward a Globally Inclusive Workplace*, 3rd ed. (Thousand Oaks, CA: Sage Publications, 2014).

7. The anonymous quotations included in this report come from interviews and in-depth discussions with 33 (21 Women and 12 Men) employees from four organizations spanning different industries (across three Tier 1 cities Beijing, Guangzhou, and Shanghai) to collect qualitative accounts of their experiences at work. Considered "first-tier" in terms of size and per capita Gross Domestic Product. Among these: 25 mid-level employees participated in eight in-depth group discussions and eight senior-level employees participated in one-on-one interviews.

8. Jimmy Rowe and Renee Cadzow, "Core Values Are the Bedrock of a Culture of Compliance in Health Care Agencies," *Home Health Care Management & Practice*, vol. 26, no.3 (August 2014): p. 163–166.

9. All study responses were rated on a 5-point scale, with higher scores showing higher levels of favorable perceptions and experiences at work. Employees' experience of inclusion was measured a five-item subscale adapted from Mor Barak and Cherin's Inclusion scale (1998) (α=.83). Sample items include: "*I have influence in decisions taken by my work group regarding our tasks*" and "*I am often invited to contribute my opinion with management higher than my immediate supervisor.*" Michalle E. Mor-Barak and David A. Cherin, "A Tool to Expand Organizational Understanding of Workforce Diversity: Exploring a Measure of Inclusion-Exclusion," *Administration in Social Work*, vol. 22, no. 1 (1998): p. 47-64.

10. Feeling personally connected to organization's values included one item that was created for this study

11. T-tests were used to examine gender differences between women and men on level of personal connection to organizational values; no statistically significant differences were found.

12. Depicts high levels of inclusion for those employees experiencing a very strong (n=326) or weak (n=137) connection to company values, which reflects respondent scores for the top and bottom third of the data. Three one-way ANOVAs were conducted to test for statistically significant differences among employees with very strong, moderate, and weak connections to company values and feelings of inclusion; yielding p-values < .01 for all three models (Note: moderate connection not depicted).

13. Christopher Meyer and Julia Kirby, "Leadership in the Age of Transparency," *Harvard Business Review,* vol. 88, no. 4 (April 2010): p. 38-46.

14. Dahlgaard and Dahlgaard.
15. A two-item scale was created for this study to assess an employee's belief that his or her organization is making an impact in the lives of customers and the larger community (α=.77).
16. Reflects feelings of inclusion for those employees who had either a strong view (75th percentile; n=255) or weak view (25th percentile; n=345) of their company's societal impact.
17. Reflects perceptions of progress toward inclusion for those employees who had either a strong view (75th percentile; n=255) or weak view (25th percentile; n=345) of their company's societal impact. A single-item scale, created for this study, was used to capture the extent to which employees felt that their organizations were making progress.
18. Catalyst, *A Bright Spot Case Study: How Individual Champions Help Close the Gender Gaps* (2013). Dnika J. Travis and Julie S. Nugent, *Culture Matters: Unpacking Change and Achieving Inclusion,* (Catalyst, 2014).
19. Three items were used to assess the extent to which an employee experiences championship across all levels (peers, managers, and senior leaders) (α=.88). This scale was adapted from Achilles A. Armenakis, Jeremy B. Bernerth, Jennifer P. Pitts, and H. Jack Walker, "Organizational Change Recipients' Beliefs Scale: Development of an Assessment Instrument," *The Journal of Applied Behavioral Science*, vol. 43, no. 4 (December 2007): p. 481-505.
20. A series of t-tests were used to examine gender differences with respect to perceptions of championship among peers, managers, and top leaders. A statistically significant gender difference was found in which men, compared to women, had higher ratings of top leaders' embracing change toward building inclusive cultures (p < .05). No statistically significant differences were found in relation to perceptions of peers and managers embracing change.
21. A statistically significant gender difference was found in which men, compared to women, had higher ratings of top leaders' embracing change toward building inclusive cultures (p < .05).
22. Meyer and Kirby.
23. Finkbeiner and Morner.
24. Armenakis et al.; Finkbeiner and Morner.
25. T-tests were used to examine gender differences between women and men on level of capability to contribute to inclusion efforts; no statistically significant differences were found. One item was used to assess capability to contribute, which was drawn from Armenakis et al. (2007)
26. For detail of significant pathways see Figure 1. Study Findings: Building Inclusion through the People Side of Change. Employees' perceptions of their capability to contribute to change efforts is a reflection of employee buy-in and desire to help drive their company's inclusion efforts.
27. Two scales, which were created for this study, were used to capture pathways for open dialogue. (1) Experiencing clear and inclusive two-way communication was measured by a 4-item scale (α=.91). Sample items include "*The business rationale for this change is being communicated effectively to others in my work group*" and "*Communication from top leaders about this change is genuine and authentic.*" (2) A four-item scale (α=.94) captured the extent to which employees perceived that their company has processes in place to include employees in change efforts (e.g., dialogue across levels, structures for reviewing and responding to employee feedback, formal processes for work groups to share best practices).

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