



# Walk the Talk: Inclusive Leadership Development Moves the Needle On DE&I

A multi-year analysis and leadership guide

# How essential are inclusion and equity to create better diversity and belonging outcomes?

Organizations today are intensifying their efforts to improve racial, ethnic, and gender representation within their leadership teams and across their broader workforces.

Although increasing diversity in organizations has been a common topic for some time, the mechanisms that enable successful diversity efforts are less well understood.

Experience has shown that two critical mechanisms are equity and inclusion:

- **Equity** refers to identifying and removing structural barriers in order to create a level playing field.
- **Inclusion** refers to the establishment of an environment that enables everyone to feel a sense of belonging.

Equity and the inclusion support the growth of diversity in organizations and are required for a successful outcome.

But how do leaders know if diversity, equity, and inclusion efforts are working? The answer is in how strongly employees feel that they belong within any given team, function, or organization.

- **Belonging** refers to the extent to which individuals feel they can be their authentic selves at the organization.

Employees who belong have the capacity to do their best work, unencumbered by the burden of being anything other than their authentic selves. They can give their full energy and attention to their jobs and to the organization—which benefits the organization most of all. When employees, particularly those from diverse backgrounds, find belonging to be elusive, it becomes a barrier to opportunities, creates retention challenges, and puts the organization's diversity efforts at risk of falling short. Recent research from BetterUp<sup>1</sup> has shown that when employees have a high sense of belonging, their job performance is 56% better, turnover risk drops by 50%, and sick days are reduced by 75%. That translates to an estimated annual savings of over \$52 million for a 10,000-person company, according to the research.

Many factors go into building diversity, equity and inclusion to create a better sense of belonging. When we tracked all of these measures among a group of employees over the course of a year, we found that one intervention has a particularly powerful effect: inclusive leadership development programs.

## Diversity



Diversity refers to the differences between members within a group

## Equity



Equity requires identifying and removing barriers in order to create a level playing field

## Inclusion



Inclusion is the extent to which the working environment is welcoming to people of diverse backgrounds

## Belonging



Belonging refers to the extent to which individuals feel they can be their authentic selves at the organization



Belonging is the ultimate test of an organization's diversity efforts. Yet seeking to lift the sense of belonging on a diverse team, without laying a foundation of equity and inclusion, is analogous to attempting to operate a computer without an operating system or software. While diversity numbers may increase and show signs of positive change, practices to manage equity and drive inclusion are essential to sustain those diversity efforts.

Moreover, we know that leaders play a critical part in the establishing of inclusive environments and enabling equitable outcomes through their leadership behaviors and talent-related decisions. But not all leaders have the same capabilities in this space. Leaders with inclusive leadership skills are better equipped to drive good diversity outcomes, but many cannot identify what those skills are or how to use them.

To catalyze diversity, equity and inclusion (DE&I) progress, organizations need a greater understanding about how essential equity and inclusion are to fostering belonging among employees in diverse organizations. In addition, they need more clarity about the role of inclusive leadership skills in ensuring belonging among team members.

# What we analyzed

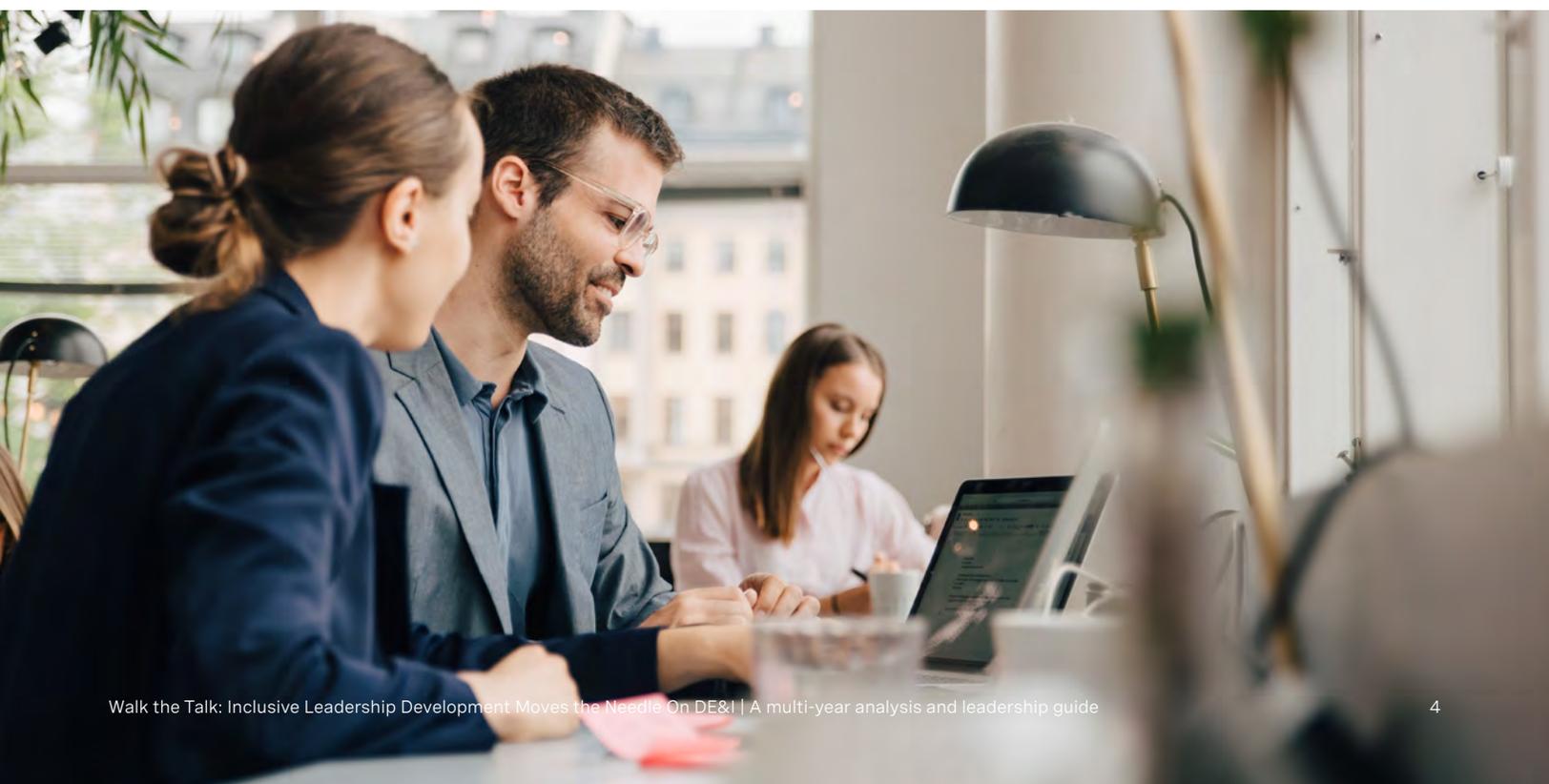
To deepen our understanding of each factor, we analyzed data from over 1,900 employees in various positions, collected between 2019 and 2021. We used our proprietary Inclusion Index Survey to measure organizational inclusion and our Inclusive Leadership Assessment to measure inclusive leadership skills. We analyzed these measures to further understand the importance and impact of equity and inclusion to the relationship between team diversity and having a sense of belonging to the organization, as well as what impact different inclusive leadership skills have on supporting inclusion and belonging.

Based on promising findings from our analysis of multi-year organizational data about the relationships between diversity, equity, inclusion, and belonging we found that:

1. Measuring belonging within a homogeneous team gives a falsely optimistic result. The journey to belonging proves hardest to foster among teams with a low degree of ethnic diversity.
2. Both inclusion and equity must be addressed for members of diverse teams to develop a sufficient sense of belonging.
3. Inclusive leadership characteristics such as empathy and willingness to take feedback had a measurable impact on inclusion, and gave belonging a lift.

We offer guidance for how increasingly diverse organizations can:

- Build inclusive culture and equitable talent management systems
- Equip leaders with the tools and skills that matter most to fostering inclusion
- Achieve a higher sense of belonging among employees from diverse backgrounds



# What we found

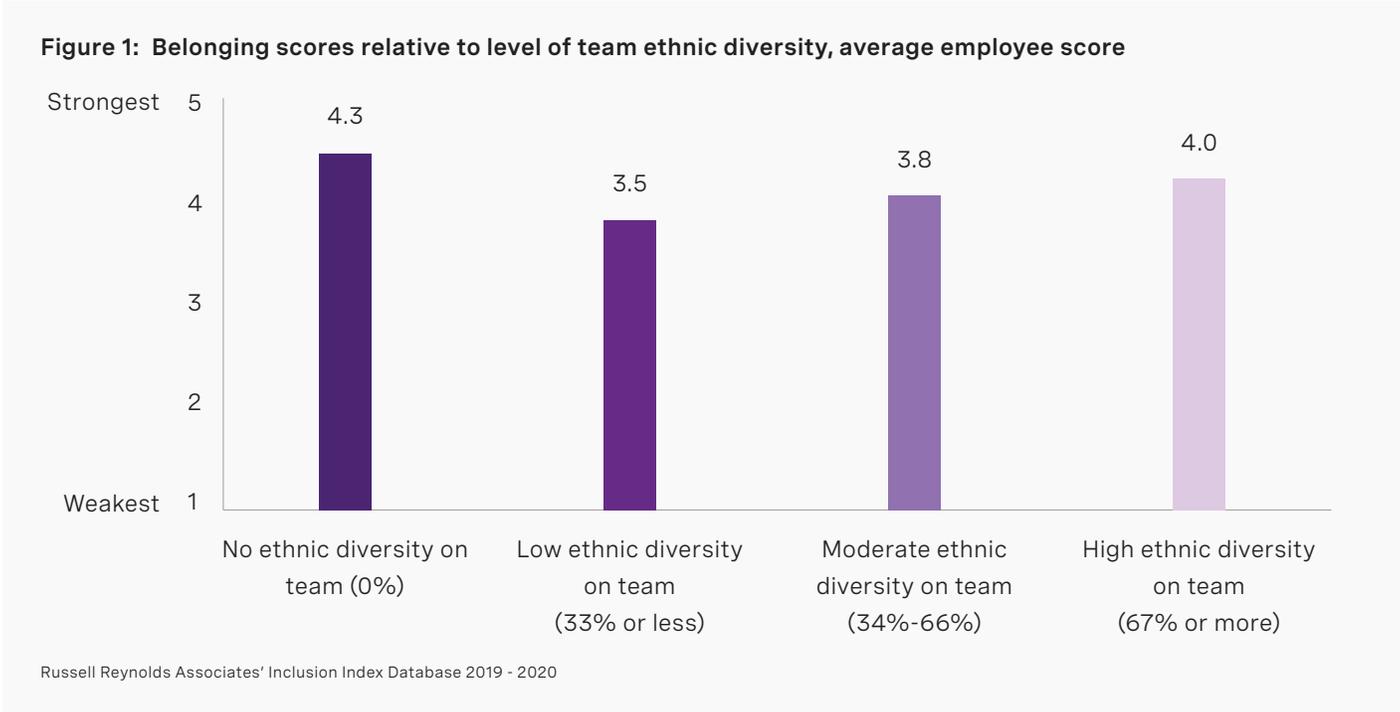
## 1. Measuring belonging within a homogeneous team gives a falsely optimistic result. The journey to belonging proves hardest to foster among teams with a low degree of ethnic diversity.

We often hear from organizations that are not well diversified by ethnicity that employees do not find belonging to be a challenge. On the other hand, teams that are staffed with diverse backgrounds and perspectives often face more belonging challenges where employees find it harder to be their authentic selves. Nevertheless, increasing the ethnic diversity of a team can help increase the sense of belonging on the team. In our analysis, we found that as diversity increased beyond 34% of employees on a team, so too did belonging.

The data showed that where there is no ethnic diversity, belonging is often high, with the average employee score a 4.3 out of 5. This is likely because it is easier to foster belonging when employees have no differences to reconcile. However, when a little diversity is introduced to a team, belonging is most difficult to create and maintain. The good news is that as diversity increases, belonging also tends to increase.

**At a low level of ethnic diversity, where one-third or fewer of the team members were ethnically diverse, employee's belonging scores were nearly 20% lower than in homogenous teams, at an average 3.5 out of 5.**

**As ethnic diversity grew within teams, so did belonging scores. They notched up to 3.8 out of 5 where ethnic diversity was moderate, and to 4 out of 5 where ethnic diversity was high (see Figure 1).**





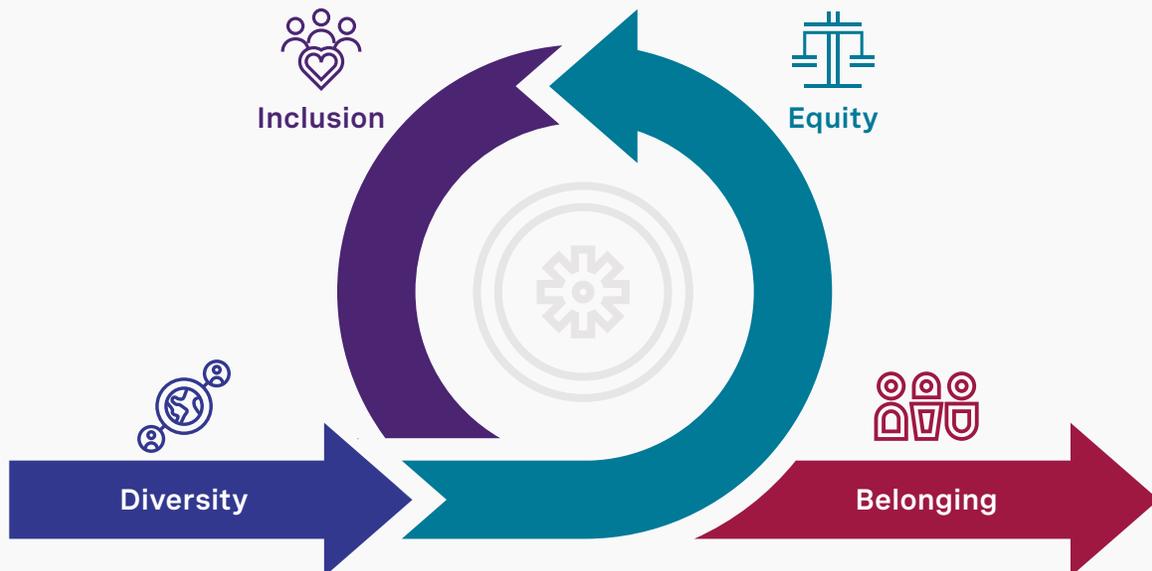
## 2. Both inclusion and equity must be addressed for members of diverse teams to develop a sufficient sense of belonging.

As part of our research, we also sought to understand how important inclusion and equity prove to be when aiming to foster belonging within a diverse team. Respondents to our Inclusion Index assessment evaluated different aspects of their workplace experiences, including:

- **Organizational climate:** Includes measures of working across differences, workplace respect, and employee voice and influence (all of which are indicators of inclusion)
- **Organizational structure:** Includes how the workplace accommodates differences, and handles employee recruitment, development, and retention (all of which are indicators of equity)
- **Overall sense of belonging:** Includes outcome measures specific to their team or functional group

**Our findings showed that when diversity increased within organizations, there was an observable lift to both equity and inclusion.** That lift in equity and inclusion is what is ultimately driving that important growth in belonging among diverse teams - underlining the importance of the "D", the "E" and the "I" in diversity, equity, and inclusion work. Therefore, our findings suggest that as diversity increases, equity and inclusion will also see a lift, which will result in the end goal of increased belonging. Our findings also suggest that both inclusion and equity are required to create a feeling of belonging, rather than just one or the other. For organizations, this means that they must address both the systemic barriers which hinder equity, while also creating an environment where all employees feel like they may be authentic and contribute fully.

### Directional relationship between diversity, equity, inclusion, and belonging



Russell Reynolds Associates' Inclusion Index Database 2019 - 2020

### 3. Inclusive leadership characteristics such as empathy and willingness to take feedback had a measurable impact on inclusion, and gave belonging a lift.

Beyond the practices and policies of an organization, the type of leadership that employees experience on a day-to-day basis can have a significant impact on their sense of belonging. In our work, we define inclusive leadership by four traits: innovative collaboration, empowering others, courageous accountability, and awareness and clarity (see appendix for full definitions). In this analysis, we set out to understand when inclusive leadership has the greatest impact on belonging and which of these four inclusive leadership traits might contribute the most towards bridging diversity and belonging.

**Our analysis confirmed that when employees perceive their leaders to communicate a commitment to diversity, equity, and inclusion and have an open ear to feedback, employees are more likely to have a strong sense of belonging to their team.** This connection is most impactful when the environment is less inclusive, and less important when organizational inclusion is already very solid. In addition, we found that an investment in leadership training and development for people managers and leaders had a strong impact on increasing inclusion from year to year. **Our analysis found that after inclusive leadership development programs were completed, employees' sense of inclusion within their teams increased by an average of 6 percentage points (see Figure 2).** This was especially true of the areas of leadership commitment, working across differences, and accommodating differences.

This finding that certain leadership traits can contribute towards strengthening inclusion and belonging among diverse teams has important implications for leadership development training as organizations seek to diversify and improve DE&I for their workforces. These inclusive leadership behaviors are ones that can be taught and practiced, and as our analysis shows, make a significant impact on inclusion in just a short span of time, and over the long run positively impact belonging.

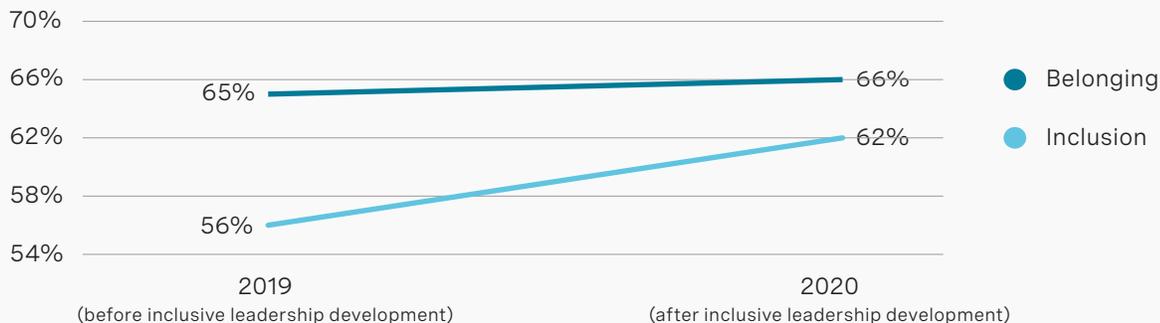
**Of the four inclusive leadership traits, (see Appendix for full definitions) strong capabilities for demonstrating awareness and clarity had the most significant impact on belonging for employees.** This suggests that leaders who are self-aware about their own relative position and are willing to speak about that candidly with their teams can mitigate a low sense of inclusion among employees and drive belonging, regardless of their own gender or ethnic identity.

In addition, demonstrating a desire to empower others, through both an empathetic understanding of the lived experiences of those who are different and a willingness to receive feedback, also had a significant impact on building a sense of belonging among employees who felt excluded.

Empathetic leadership goes a long way towards making employees' challenges feel heard, but just as important is a leader being open to receiving feedback about where they can do more to mitigate the challenges of their team members. This is likely to be particularly true for diverse team members, who may have different perspectives on the organization than the majority of the group.

After the leadership workshops, belonging saw a small lift of 1 percentage point, which is a step in the right direction. However, through this work we learned that organizations need to make strides to improve their equity to see greater gains in belonging. Those efforts can take much longer than a single year.

Figure 2: Percent of employees who agree organization is inclusive and that they belong, 2019 and 2020



Russell Reynolds Associates' Inclusion Index Database 2019 - 2020

# Our recommendations

The findings of this research underline the importance of taking a holistic approach to DE&I that includes aspects of culture, structure, and leadership. Organizations that are committed to DE&I face a delicate balancing act. They need to simultaneously attract an increasing number of talented diverse employees, while maintaining a positive organizational culture for existing employees. Prioritizing both inclusion and equity is essential to success on both fronts. Most importantly, these findings underscore the role that leadership development can play in fostering inclusion.

While building equity comes from longer term changes to systems and practices in an organization, inclusive leadership development can have more immediate impact on employee inclusion. **We found that an investment in inclusive leadership training helped increase inclusion and give belonging a lift over the course of a year.** Further, the impact on belonging is greatest when inclusion is paired with attention to equity. By encouraging inclusive leadership development, organizations send a strong signal of change to the entire enterprise and develop leaders that are better equipped to confront future challenges. Leaders are also able to better understand what inclusion skills they possess and where they need development help.

For companies looking to improve their inclusion outcomes through inclusive leadership development, we offer the following recommendations:

## Set a baseline on inclusive leadership

- **Assess current and past behaviors:** Interview leaders about their experiences navigating different scenarios, probing for details around specific instances and evaluating their demonstration of the traits that research has shown matter the most to inclusion: innovative collaboration, empowering others, courageous accountability, and awareness and clarity.
- **Go a level deeper:** Psychometric testing can be a valuable tool for gaining insight into the way individuals lead based on personality and behavior, as well as for informing areas of development. These assessments help leaders gain a greater understanding of their own leadership approaches, while giving the organization a better understanding of the full range of leadership capabilities within their walls.
- **Do a 360°:** The best judge of a leader's capabilities and leadership style are the people they lead and the people they report to. Using a safe and confidential referencing process to gather structured feedback about the aspects of leadership tied to inclusion can support further behavioral insight.

## Tools for leaders to lead inclusively

- **Learn the lingo.** Language can be a powerful tool for communicating across difference. Some leaders may feel they can't effectively communicate with diverse members of their teams without sounding naive or running the risk of being offensive. When leaders are equipped with the right language to engage with diverse team members, dialogues can become more authentic and empathetic, and open doors to new understandings about the challenges that diverse employees face.
- **Self-reflection.** Without support, many leaders will not be able to identify what inclusive leadership is and when (or if) they display it. Once equipped with an understanding of the components of inclusive leadership, leaders can reflect on their past approaches to leadership challenges and take steps towards trying new approaches as similar situations arise.
- **Act it out.** The best way to learn a new concept is to practice, and inclusive leadership is no exception. Leaders can pair up to practice responding to hypothetical scenarios in an inclusive way, as well as using new language to talk about sensitive issues such as race or sexual orientation. When real challenges arise, leaders who have had the experience in role play will be better prepared to face the problem as a more inclusive leader.



### Questions for organizations to ask themselves:

- Do our leaders understand what inclusive leadership is? Are they comfortable speaking about different aspects of diversity, equity and inclusion?
- What inclusion skills do our leaders possess and where do they need development help?
- What have we done to create an environment that is inclusive?
- Have we asked our workforce and especially diverse employees how inclusive our organization (or their team or function) is and the extent to which they feel like they belong?
- Are we measuring diversity, equity, inclusion, and belonging as separate categories and tracking progress over time?
- Do we regularly audit talent management process, practice, and procedures to assess equity across demographic groups?

# Appendix

## Russell Reynolds Associates' Inclusive Leadership Model

### Intrapersonal (internal)

### Interpersonal (external)

#### Reading situations and challenges

Leaders carefully consider the task at hand, understand the interpersonal dynamics between team members, and identify the ideal style of teamwork required

#### Innovative collaboration



#### Leveraging differences to win

Leaders welcome input, proactively solicit participation, and ensure collaboration between team members in a manner that leverages complementary strengths

#### Reflecting with empathy

Leaders pay close attention to organizational norms, individual team differences, and how team members may experience advantages or barriers to opportunity in the workplace

#### Empowering others



#### Developing with feedback

Leaders adapt communication style to fit the needs of direct reports, provide timely feedback, and work proactively toward developing the unique strengths of others

#### Holding self accountable

Leaders reflect on personal biases, ensure personnel decisions are made with deliberate consideration, and set goals to create personal accountability

#### Courageous accountability



#### Holding others accountable

Leaders role model respectful behaviors, act courageously to confront non-inclusive actions, and set clear guidelines to reduce bias in the workplace

#### Identifying motivation, privilege, & acumen

Leaders stay up-to-date on important topics of diversity and inclusion in the workplace, remain self-aware around their personal connection to this cause, and consider how this topic connects to business strategy

#### Awareness & clarity



#### Fostering open dialogue

Leaders embrace open discussion around diversity and inclusion topics in the workplace, carefully maneuver interpersonal dynamics in driving this conversation, and create a "safe space" for others to share

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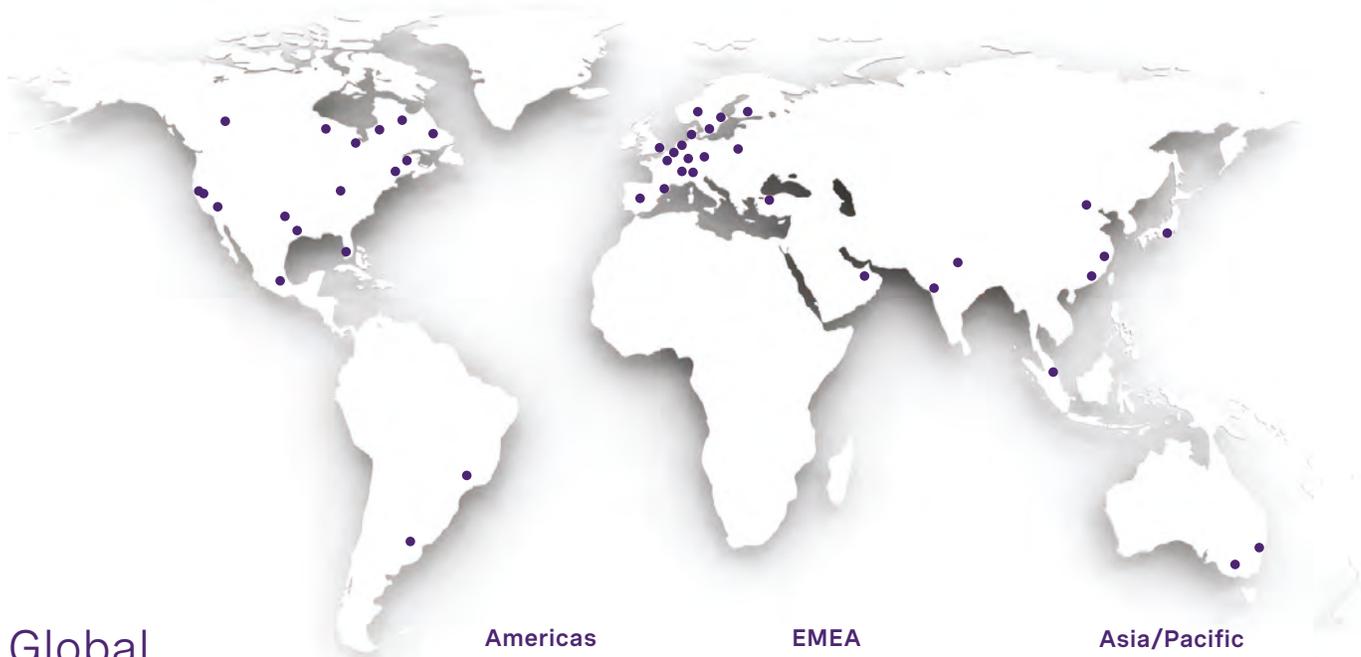
## References

1. Dr. Gabriella Rosen Kellerman, Dr. Andrew Reece, "The value of belonging at work: Investing in workplace inclusion," BetterUp, June 2021.

# About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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