

Building Inclusive culture. Towards realising the positive effects of a diverse workforce.

Report from JBCE Roundtable, Hosted by Hitachi.

10 March 2016, Brussels.

Contents

- I. Executive summary..... 3
- II. Introduction..... 3
- III. The benefits of inclusive workplaces..... 4
 - Benefits for employees 4
 - Benefits for employers 4
 - Benefits for society 5
- IV. What does an inclusive workplace look like?..... 5
 - Engagement 5
 - Transparency 6
 - Leadership 6
 - Agile working patterns and practices..... 6
- V. How to create a more inclusive workplace culture - what actions can employers take?..... 7
 - The business case..... 7
 - Engagement and consultation 7
 - Transparency 8
 - Fostering inclusive leadership 8
 - Work-life balance and creating agile work cultures 9
 - Monitoring and review..... 9
 - Consistent policy and practice 9
- VI. Conclusion..... 10

I. Executive summary

Inclusive workplaces are those that successfully integrate all people and harness differences to positive effect. They are defined by a commitment to promote the diverse representation of people and minority groups, and the creation of a climate of respect, equality and positive recognition of differences to maximise the potential of all staff.

The benefits of inclusive work practices are wide ranging and well-documented, impacting positively on employees, employers as well as wider society. These include improved talent acquisition and retention prospects, enhanced innovation, and improved competitiveness and business performance.

The JBCE participants at the roundtable emphasised that for an inclusive culture to take root, the efforts need to be business-minded and that shared accountability, transparent and empathetic leadership, alongside open dialogue and engagement are key to ensuring its sustainability. When relevant, consultation with employee representatives can be useful.

II. Introduction

On March 10th 2016, the Japanese Business Council in Europe held its 4th roundtable, hosted by Hitachi, this time focused on the topic of building inclusive cultures. The topic choice followed from last year's JBCE Roundtable at which attendees agreed that addressing gender diversity is not a choice for companies, but a necessity and a way forward both for Japan and Europe.

Evidence shows that diverse teams bring a host of benefits for companies; including increased adaptability, creativity and innovation, better business performance and increased competitiveness in global markets. Organisations, however, will not enjoy the full benefits of a diverse workforce if employees do not feel they are not recognized, appreciated or included for their own merits. This year's roundtable sought to take the discussion on diversity a step further to look at building inclusive workplace cultures as a way to harness the positive impacts of a diverse workforce.

The main objectives of the discussion were to identify the benefits of a diverse workforce and ways to realise these by enhancing inclusive leadership; and to collect participants' experiences (challenges and solutions) of building inclusive workplace cultures.

The roundtable was attended by the JBCE member companies – Kyocera Document Solutions Europe, Mitsui & Co. Benelux, NEC Europe, Nikon Holdings Europe, Panasonic Europe, Shimadzu Europe, and Hitachi Europe. There were 18 people including guests at the event. The roundtable was chaired by JBCE Committee Chair Yukako Kinoshita (Hitachi Ltd.) and moderated by Sabrina Bushe, Diversity Advisor at Business in the Community. The event also included presentations from Business Europe, Network Rail and Hitachi Europe Ltd.

III. The benefits of inclusive workplaces

Benefits for employees

Inclusive workplaces ensure that all employees are integrated fully and supported equally to realise their full potential. In this sense, a key group to benefit from inclusive workplace cultures are employees, particularly those who may otherwise be disadvantaged (e.g. women, disabled staff, and ethnic minorities). Some of the ways in which employees might benefit include improved development and progression prospects, better pay and benefits and increased satisfaction and authenticity at work

Benefits for employers

There is a clear business case for diversity and inclusion. This business case is premised on the idea and supporting evidence that diversity and inclusion are good for business: diversity and inclusion can aid talent acquisition, increase stakeholder engagement, reduce 'groupthink' and enhance innovation, ultimately resulting in improved performance and competitiveness. For instance, one UK rail company has drawn an explicit link between safety and inclusion, finding that more diverse teams have resulted in less safety critical accidents: increased diversity and inclusion minimises 'group think' and improves teams' capacity to present an array of solutions to safety related problems.

It is crucial that the inclusion imperative is linked to the business case if real action around inclusion is to take place. Without this link it is difficult to generate buy-in, mainstream the inclusion agenda and ensure diversity and inclusion efforts can withstand external socio-political pressures (e.g. the present hostile environment towards migrant workers). This in turn requires that companies ensure their inclusion activities are in line with business strategy and that they tailor their approach and take action based on their specific realities, sectors, and market targets.

Alongside these benefits, there are also risks associated with not giving credence to the diversity and inclusion agenda. For instance, not adhering to equality or anti-discrimination legislation could result in significant reputational damage and costs for employers.

Benefits for society

The benefits of inclusive workplaces also extend beyond those encountered by employers and their employees. Business success and the socio-economic environment are intricately intertwined and businesses have a key role to play in advancing the equality and social inclusion agenda.

For instance, Europe is facing major demographic changes - populations are becoming increasingly diverse and this coupled with an aging population means a concerted response from employers has implications for the long-term integration of diverse groups and employment rates amongst other factors. Furthermore, business championing of diversity and inclusion initiatives is key to challenging exclusionary social norms – for instance around gender roles. One example of this is the recent Women on Boards [proposal, a directive](#) proposing with the aim of attaining a 40% objective of the under-represented sex in non-executive board-member positions in publicly listed companies. There is also [Diversity Charters](#) which encourage companies to implement and develop diversity policies.

IV. What does an inclusive workplace look like?

Inclusive cultures will differ from one organisation to the next depending on existing norms and values, including organisational structure. However, there are a number of key principles, values norms and behaviours that apply across organisations to facilitate the development and embedding of inclusive cultures.

Engagement

Another element setting inclusive organisations apart is their approaches to engagement. “Top down” decision-making approach are replaced or balanced with “bottom up” engagement exercises to ensure the voices of staff, dispersed offices and/or subsidiaries are heard and factored into the decision-making process. This marks a move away from the idea that management decisions are being done *to* staff towards a view that they are being made on *behalf* of staff and can contribute to a culture in which staff feel they and their views are valued. This is especially true when hiring young people and trying to work in teams.

Transparency

Transparency has a key role to play in fostering an environment of openness and inclusion. Here the onus is on providing employees with enough information to ensure staff feels that they are part of something larger than themselves and can be trusted to understand the information provided. A transparent culture can be defined by open and accessible organisational structures (e.g. transparent salary schemes) as well as the channels and approaches employed to communicate with staff. Transparent communications and a culture of “discussions” for instance have a key role to play in the case of dispersed offices and subsidiaries to ensure these are included and bought in to the wider company vision and values.

Leadership

Leaders and the behaviours they demonstrate are a major determinant of organisational culture: not only are they the main decision-makers but also set an example for the rest of the organisation to follow.

Inclusive leaders are *empathetic*; they are able to understand others’ positions and views from their frames of reference. Linked to this they have a *knowledge of difference*, often (but not always) resulting from exposure to different cultures and contexts. Exposure to and awareness of difference allows leaders to understand an experience or point of view which may be wholly different to anything in their reality. Further to this awareness and understanding of difference, inclusive leaders are *tolerant of difference* – this entails accepting and appreciating what makes individuals difference unique and ensuring that individuals are treated equally regardless of attributes that may set them apart.

Another key trait of inclusive leaders is *humility* – while in a position of authority, inclusive leaders minimise the barrier that might be created with other staff through recognition of the importance of all employees and awareness of their own shortcomings (e.g. one activity they might undertake is asking for feedback on their management style). Related to this, *awareness of one’s own biases* is crucial. A good leader needs to know his/her own weak points and where objectivity may be more difficult for them to ensure these do not adversely impact on decisions.

Agile working patterns and practices

Inclusive cultures are ones in which agile work practices are embraced and encouraged. Flexible working patterns can help organisations move away from a culture of presenteeism and create a more equal playing field for staff, both women and men, particularly those with disabilities or caring responsibilities. Alongside this there are also potential benefits for the organisation, including cost savings due to lower turnover rates (amongst parents for instance) and reduced desk space requirements. A focus on output (rather than input) and trust in staff are key to

ensuring and agile organisational culture. While there may be instances where flexible working has limited feasibility (e.g. in some client-facing, managerial and/or operational roles) on the whole there is significant scope for more flexible work practices.

V. How to create a more inclusive workplace culture - what actions can employers take?

There are a range of activities employers can initiate to facilitate the development of a more inclusive workplace culture. Potential interventions identified during the roundtable discussion were as follows:

The business case

- Start small, with a concrete practice and target group. Create observation teams and engage all staff around a pilot project. Discuss the results and lessons learned. Then take the bigger picture approach.
- Create a business case for diversity and inclusion that outlines the specific benefits of diversity and inclusion for your organisation.
- Ensure the business case is communicated properly and regularly (e.g. in e-learning and senior leader engagements), encouraging senior leaders to engage with and drive the case for diversity and inclusion.

Engagement and consultation

- Encourage senior and people leaders to connect regularly with employees by coming to the 'shop-floor' and talking to staff. This can help foster open communications and demonstrate to staff that they and their views are valued.
- Use employee engagement questionnaires or surveys as a tool to engage staff and embed a culture of openness. Example questions might include: 'do you think you received an adequate level of business-related information?' or 'do you feel this organisation accepts and includes everyone regardless of race?' Consider disaggregating data by gender, race, age etc. to analyse whether responses vary for certain groups.
- Introduce and embed staff networks to provide employees with a voice. Ensure these are open access, with a formal strategy or vision, and strong leadership. Use networks to consult with staff as required.

- Consult with key stakeholders when introducing policy or strategy changes; particularly those likely to be affected by the output. This can ensure the right level and type of information is collected, that output is appropriately tailored, and that a diversity of views are being taken on board.
- Engage with external stakeholders to network, share best practice and ensure stakeholders views (e.g. service users) are fed into decision-making processes.
- To support the development of a diverse talent pipeline, particularly where there are skills shortages (e.g. STEM subjects) consider engaging with schools and other educational institutions.

Transparency

- Ensure staff are able to access key information about company performance. One possibility for achieving this is via analytics or dashboards providing an overview of targets and where the company stands relative to these. The key information should be promoted and reported in a user-friendly way.
- Consider making pay and progression processes transparent (e.g. making pay scales and key competencies for each job grade accessible) to foster a culture of fairness, meritocracy and accountability.

Fostering inclusive leadership

- Introduce Unconscious Bias training to give leaders insight into their own biases and how inclusive they are and ultimately deliver inclusive behaviours. Consider making trainings and/or e-learning mandatory if possible.
- Develop mechanisms to ensure that managers and leaders are personally accountable for diversity and inclusion. This might entail a competency model or framework which includes inclusive leadership behaviours against which performance is evaluated. In addition, 360 degree feedback can be an effective tool to get a more complete picture of performance.
- Ensure people managers receive management skills training which should take in how to performance manage, setting goals, providing feedback. This in turn can help remove resistance to flexible working as the focus shifts away from presenteeism towards delivery. Consider making trainings and/or e-learning mandatory if possible.
- Facilitate opportunities for leaders to connect with diverse groups via for instance assignments abroad, reverse mentoring of employee forums. One key inclusive leadership trait identified was exposure to and understanding of difference. However this

trait presents organisations with a paradox: unless there is diversity in the top management roles in companies, it is difficult to expose leaders and thus compel people to change value systems to encourage this diversity. Working in new environments and/or seeking out opportunities to connect with diverse groups is an effective way to generate awareness.

Work-life balance and creating agile work cultures

- Ensure IT infrastructure allows for reliable and efficient remote online access to support teleworking.
- Encourage leaders to set a positive example for others to follow: e.g. taking up flexible working arrangements and/or publicising these.
- Ensure that those on or returning from parental leave receive adequate support (via training, updates and support via managers) to assist their successful re-integration into the workplace.

Monitoring and review

- Monitor and review the representation of diverse groups across the organisations (and other related factors like pay and/or promotion rates) to establish where there may be segregation. Use this data to identify opportunities for increasing diversity and inclusion and substantiate decisions.
- Conduct diversity and inclusion impact assessments to analyse the possible impact of a policy change on protected groups and to support accountability and transparency.
- Alongside metrics to measure representation, consider the introduction of performance indicators to measure inclusion (e.g. numbers participating in inclusion training)

Consistent policy and practice

- Ensure communications are consistent and inclusive: support communications functions to deliver consistent and equally accessible messaging and encourage the use of a common language, avoiding acronyms and words or syntax which may be perceived as exclusionary.
- Ensure all processes are backed up by a dedicated policy or strategy (e.g. recruitment strategy) to maintain consistency and accountability and to deliver meritocracy.

- Ensure recruitment processes are equality proofed: identify where diverse candidates may be dropping out of the recruitment process (interview, assessment centre, hire stages) and make changes as required (e.g. anonymous shortlisting, inclusive branding)
- Ensure spaces and places are for built everyone: workplace environments – including layout and design – can impact on the extent to which certain groups are included (consider whether your workplaces are accessible for those with disabilities, are gender neutral etc.)
- Take advantage of social media to engage with employee and potential hires. Show what is being done and engage with diverse groups using social media tools.

VI. Conclusion

This 4th JBCE roundtable on the topic of inclusive workplace cultures proved valuable in several respects. It generated an insightful discussion around the benefits of a diverse and inclusive workforce, collected participants' views on the key principles and norms that characterise inclusive workplaces and identified a range of actions organisations might take to create and realise the benefits of inclusive workplace cultures.

Key take-aways from the roundtable included:

- The importance of drawing the link between the inclusion imperative and business imperative: diversity and inclusion work needs to be business driven to be successful.
- While targets around diverse representation are useful and necessary, these need to be accompanied by culture change interventions.
- Leadership has a crucial role to play in developing inclusive cultures. Communication style, accessibility and trust are key factors leaders must consider to foster inclusion.
- Transparency and consultation are key to fostering an environment of openness and inclusion.

There is still much work to be done to develop truly inclusive workplaces. This will require employers to conduct a critical enquiry of the business benefits of inclusion for their respective organisations, what inclusion will look like and what actions they should be taking to foster inclusion with a focus on holistic organisational change. JBCE recognises the importance of diversity and inclusion and will continue to provide a forum for companies to share experiences and best practices on this issue.