Numerous trends have converged to make diversity and inclusion (D&I) a business imperative. Organizations are increasingly global, and changing demographics are transforming the way they attract, retain, and develop their talent. In addition, slowing growth in developed countries has propelled expansion to emerging, previously untapped markets, and customers require innovative solutions.

What it means
Internally, D&I promotes capturing the best available talent and creating an environment in which diverse perspectives encourage innovation and improved decision making. Externally, it focuses on understanding ethnic, cultural, religious, and other differences to better capture market share.

With compelling evidence that a focus on D&I will improve bottom line results, organizations ignore this at their own peril. Over a 10-year period, DiversityInc’s Top 50 Companies outperformed the Dow Jones Industrial Average by 22 percent and NASDAQ by 28 percent, according to Catalyst. Dramatic results from McKinsey & Company that demonstrate the impact of executive-board diversity in the United States, France, Germany, and the United Kingdom show that companies that ranked in the top quartile for diversity had returns on equity that were 53 percent higher, on average, than those for the least diverse companies.
Changing perspectives on D&I
Understanding about D&I has shifted within the United States from an early emphasis on reducing legal risk and accommodation to a broader view of enhancing differences for advantage. Elizabeth Nieto, global chief diversity and inclusion officer for MetLife, which operates in more than 40 countries, has seen this evolution first-hand.

“In the U.S., we’ve evolved from being legislation- and compliance-focused and ensuring access to educational and work opportunities, to viewing diversity and inclusion as a competitive business advantage,” she says. “Globally, customers have changed and companies need to adapt and serve a broader sector of clients and communities or they will disappear from the marketplace. Businesses need to ask themselves, ‘Who is making the purchasing decisions? Do we understand their emerging needs?’”

With globalization as a key driver for business success, coupled with seismic demographic change, being successful in D&I requires knowledge of differences outside of U.S. borders. Ernie Gundling, president of Aperian Global and editor of Global Diversity, says, “We need to broaden our definitions of D&I, which has a very different meaning globally when compared to a U.S.-centric perspective. It’s essential to look at diversity and inclusion through the lens of each country.”

In addition to race, ethnicity, and gender (core elements of diversity in the United States), other factors such as age, socioeconomic status, educational background, and religion may play a role in different countries that are equally if not more critical. Using Japan as an example, Gundling explains that with its “extremely low birthrate and a population that has already begun to shrink, a defining diversity factor is generational. There is a major disparity between older and younger members of society that has an impact on consumer behaviors, workplace attitudes, teamwork, and appetite for risk taking.”

Terry Hogan, co-author of What is Global Leadership? and director of Citi Talent Management at Citigroup (which operates in 160 countries), sees complexity as a crucial competency today to adapt and thrive. Hogan, who delivers leadership development that promotes these attributes, says, “Organizations thrive on leaders who have the capability of solving complex problems and recognizing opportunities. When people understand their own assumptions, mental maps, and cultural dictates, they become more capable of understanding and including others’ ideas. Only then can we incorporate new ways of thinking that lead us to the best business outcomes.”

Improve D&I initiatives
Polarity Management, a concept developed by Barry Johnson, is a way to enhance D&I initiatives in organizations by framing complex issues that have two or more interdependent answers. When “either/or” frameworks do not apply (such as having a global mindset and being locally relevant; setting clear direction and being open to input from others), Polarity Management provides clarity. Examples of issues in which there is no “right” answer include
• centralization versus decentralization
• individual versus team
• stability versus change.

This framework is useful to assess the impact of potential solutions and corresponding unintended consequences if polarities are ignored. As an example, an organization that strives to be closer to customers streamlines decision making by creating a decentralized structure, which then results in redundancy
and limits economies of scale. In this example, the best solution will address these polarities effectively.

Polarity Management can help design D&I initiatives not only in terms of individual attitudes, but also to address more systemic issues such as strategy, people, systems, and talent management.

Here are three examples of how Polarity Management may have enhanced D&I implementation.

**Case A:** A financial services company creates D&I measures to promote accountability, but the metrics are too rigid, which creates resentment and reduces understanding.

**Case B:** Another organization creates a talent acquisition approach that emphasizes a good match with organizational culture, but the issue of cultural fit collides with the need to obtain diverse perspectives and promote needed innovation.

**Case C:** A leading Fortune 500 firm wants to retain and develop diverse talent and implements mentoring programs that focus on women and people of color. Other employees feel excluded.

**Challenges**

What makes D&I challenging to implement? There is evidence that we are hardwired to stay with what is familiar. That is one of the reasons why the Polarity Management framework may be a useful construct. The concept of “birds of a feather flock together” is likely lodged in a primitive part of our brains, when prehistoric humans had to quickly assess if an approaching stranger was someone to mate with, kill, or run away from.

Pamela Leri, global practice group leader of global diversity and inclusion at Aperian Global, says, “Now we are transitioning to an understanding, based on scientific research, that we all have biases, many on an unconscious level. It’s what makes us human. It is still important that we build awareness about how this bias can create unearned advantage and disadvantage for individuals and groups. Once this is understood, we need to acknowledge our biases and then focus on how we can create more inclusive cultures.”

In *Us + Them: Tapping the Positive Power of Difference*, Todd Pittinsky suggests it is best to avoid focusing on negative behavior and instead identify positive elements that support collaboration and understanding. This can be hard work due to the complexities of human behavior and our biases.

Although D&I initiatives need to demonstrate and track progress, formulaic solutions can have negative consequences. Hogan from Citigroup suggests expanding perspectives. “There is a human tendency to want to repeat behaviors that have worked in the past. But to be successful in today’s global world, we must be able to question those assumptions—look for disconfirming evidence of our tightly held beliefs—in order to see new possibilities,” she says.

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**Business impact**

Making the business case for D&I is essential, as Gundling of Aperian Global points out. “One way is to show the impact of diverse and inclusive teams on the development of successful products and services for new markets. We have to look at issues today such as ‘How do you engage and retain top talent with a diverse, globally dispersed workforce? How do you tap effectively into global sources of expertise and new ideas while at the same time becoming more cost efficient?’” he says.
Leri suggests that alignment across organizational systems is imperative. “It has to be part of a systemic culture change with consistency throughout organizational systems, so for example, you don’t have the performance management system rewarding people for incongruent behaviors,” she says.

Nieto of MetLife agrees that alignment is a requirement for D&I success. “There are structural and individual barriers to achieving real inclusion,” she explains. “If the D&I strategy is not aligned with the other HR processes and there is no real commitment from the leaders, there is very little that can be achieved by the D&I department. Increasing inclusion and engagement should be a shared goal of leaders, managers, and HR professionals.”

**Solutions for D&I**

Each organization will undertake D&I initiatives in a highly customized way, shaped by strategy, organizational history, and specific capabilities and constraints. Here are seven lessons learned to enhance D&I.

**Make the business case explicit.** Demonstrate both the internal and external drivers for why D&I is a requirement in today’s competitive business environment. Using data and anecdotal evidence, demonstrate the value to the workplace and marketplace to promote a focus on D&I.

**Obtain executive sponsorship.** Leaders must visibly support D&I through top team diversity and rewards and recognition, and by keeping this an area of focus embedded in the organization.

**Create a systemic approach.** Although formal and informal learning is important to raise awareness and build cultural competence, it is not sufficient. D&I must be part of the fabric of the organization and structure.

**Share success stories.** Communicate what “good” looks like—how D&I promotes desired business and interpersonal outcomes. Publicize success stories about how teams work better together, innovation is enhanced, or more business is captured in new markets. “Connect the dots” for the value of D&I in an easily accessible tool kit.

**Establish accountability.** Measures must be established to track progress, build accountability, and calibrate where needed.

**Use formal and informal approaches to build change.** Incorporate formally sanctioned approaches, such as employee resource groups and diversity councils, along with more informal networking and learning to build understanding and acceptance. Tool kits can translate the D&I strategy into day-to-day behaviors that everyone in the organization can execute.

**Have a long-term perspective.** D&I is a journey, not a problem to be solved. Using Polarity Management and avoiding short-term fixes is a key to sustainability.

Nieto sums up the need to incorporate continuous learning: “As we understand the global context and learn from other cultures, we will continue to expand our view of D&I to embrace other aspects that today may not be visible to us.”

Along with new attitudes and mindsets, systemic change is needed to ensure D&I is executed effectively over time. D&I promotes productive relationships, improves understanding, and is a source of competitive advantage both internally, for talent management, and externally, to address business requirements. Polarity Management provides a framework for D&I that captures these advantages.

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