

BUILDING INCLUSION:

AN EVIDENCE-BASED MODEL OF INCLUSIVE LEADERSHIP

Platinum Sponsor



Stockland

Gold Sponsors



Silver Sponsor



Written by Dr Jane O'Leary, Dr Graeme Russell & Jo Tilly

Report embargoed until 4.00am AEDT Thursday 22nd October 2015

An electronic executive summary of this research can be found on the [DCA website](#).

About Diversity Council Australia

Diversity Council Australia (DCA) is the only independent, not-for-profit workplace diversity advisor to business in Australia. We offer a unique knowledge bank of research, practice and expertise across diversity dimensions developed over 30 years of operation. In partnership with our members, our mission is to: lead debate on diversity in the public arena; develop and promote the latest diversity research, thinking and practice; and deliver innovative diversity practice resources and services to enable our members to drive business improvement. DCA works in partnership with members to generate ground breaking high impact diversity research that drives business improvement through providing evidence-based guidance on how to fully leverage the benefits of a diverse talent pool.

Diversity Council Australia Limited
Level 1, 225 George Street, Sydney NSW 2000
Phone: 02 9322 5197
www.dca.org.au

© Diversity Council Australia 2015

If you wish to use any content contained in this report, please contact
Diversity Council Australia Limited at the address above to seek its consent.

Designed by McGill Design Group (02) 9555 5090



“ While talk about inclusion and inclusive leadership seems to surround us, there is very little practical guidance which is evidence-based, business-focused and comprehensive – until now.

Our *Building Inclusion* research breaks new ground in this area; not only by shedding valuable light on the benefits of inclusive leadership but by giving organisations the know how to fully grasp the opportunities it presents. ”

LISA ANNESE

CHIEF EXECUTIVE OFFICER, DIVERSITY COUNCIL AUSTRALIA



Stockland

“ We are very pleased to continue our long standing partnership with Diversity Council Australia to help deliver this important Inclusive Leadership research.

Inclusive leadership is increasingly recognised as key to creating environments that not only harness diversity, but lead to a true sense of belonging and community. This is at the heart of Stockland's purpose – 'We believe there is a better way to live'. We strive to achieve this purpose every day through the creation of sustainable, inclusive communities.

Success in delivery of our purpose depends on our ability to create that same sense of belonging and inclusion within our workforce. This starts with inclusive leadership. Unlike broader leadership that has been documented and debated for years, exactly what inclusive leadership is, and practically what leaders need to do and say to create inclusive cultures, is not always clear. Solving this challenge presents an incredible opportunity for Australian workplaces.

We are proud to sponsor this research and look forward to realising the opportunities it offers. ”

MARK STEINERT

MANAGING DIRECTOR & CEO, STOCKLAND



“ A vibrant, diverse and inclusive workforce is critical to ANZ’s success as a super regional bank. To build the best connected, most respected bank in our region, we must attract a talented workforce which reflects the markets within which we operate. If we are to truly understand, respond and deliver services to our global customer base, we must be able to harness the variety of experience, backgrounds and perspectives such diversity brings.

To unlock the value of this diversity, our leaders need to have an inclusive leadership style which seeks to respect and value every voice, and thereby drive innovation and creativity, and give all employees a sense of belonging. ”

SUSIE BABANI

CHIEF HUMAN RESOURCES OFFICER, ANZ



“ Understanding and drawing on the diversity of our people is at the heart of meeting the needs of our customers, building strong relationships across the communities we serve and engaging the many talents of the Programmed team.

Leadership is the key to an inclusive culture. The ability to engage our people to connect with our vision for our future and to navigate the evolving business landscape is crucial for our ongoing success and continued growth.

Programmed is pleased to partner with the Diversity Council Australia and other sponsors on this leading research initiative and contribute to the conversation about what inclusive leadership looks like in practice. ”

CHRIS SUTHERLAND

MANAGING DIRECTOR, PROGRAMMED



“ At Optus, diversity is simply good business. It’s a key ingredient in the creativity and innovation that makes Optus a successful “Challenger” brand. But we also know we only derive real value from diversity when we make the effort to be inclusive. We need to ensure we involve all of our people to shape our strategy, our organisation, and our values. We welcome DCA’s work in helping leaders better understand how this is done. ”

PAUL O’SULLIVAN

CHAIRMAN, OPTUS



TABLE OF CONTENTS

Diversity? Tick. But What About Inclusion?	6
The Inclusion Advantage: Why Inclusive Leadership Matters	7
Inclusive Leadership Defined	8
Five Mindsets of the Inclusive Leader	9
Building Your Inclusive Leadership Capabilities	10
Find Out More	11
Research Methodology	11



DIVERSITY? TICK. BUT WHAT ABOUT INCLUSION?

Over the past decade, organisations have increasingly recognised that if they wish to experience the benefits of diversity, they need to cultivate not just a *diverse* workplace but importantly also an *inclusive* one.

There is also growing recognition that leaders have a critical role to play in achieving this. However while the language of inclusion and inclusive leadership is increasingly used, there is little readily available practical guidance which is:

- **Evidence-based**, drawing on the latest international and national research
- **Business-Focused**, demonstrating the connection between inclusive leadership and both business outcomes (e.g. innovation, performance) and individual outcomes (e.g. feelings of belonging and uniqueness)
- **Comprehensive**, clearly describing and connecting the three inter-related concepts of diversity, inclusion and inclusive leadership, and describing not just the characteristics of an inclusive leader but importantly also the knowledge, skills and behaviours they need to build inclusion.

In recognition of this demand, DCA has developed an evidence-based model of inclusive leadership.

Our Goal: Defining and Describing Inclusive Leadership

Building Inclusion: An Evidence-Based Model of Inclusive Leadership is a partnership research initiative between DCA, Stockland, ANZ, Programmed and Optus.

This innovative report assists organisations by:

- Raising awareness of the benefits of inclusive leadership, and how it can be used as a business tool to improve individual, team, and organisational performance
- Generating an evidence-based model of inclusive leadership which organisations can implement in their own workplaces.

Our Approach

To develop an evidence-based model of inclusive leadership, we drew on two main data sources:

- Industry and academic literature about inclusive leadership and inclusion
- Interviews with executive or senior managers who were identified as having strengths in the practice of inclusive leadership.

Our Model: The Five Mindsets

DCA's Inclusive Leadership Model Framework consists of five inclusive leadership capabilities that are described through reference to four elements: a Mindset (way of thinking), Knowledge, Skills, and Behaviours. Each Inclusive Leadership Capability focuses on having mindsets which are:

- Identity-Aware
- Open & Curious
- Growth-Focused.
- Relational
- Flexible & Agile

THE INCLUSION ADVANTAGE: WHY INCLUSIVE LEADERSHIP MATTERS



PROFIT AND PERFORMANCE

Inclusive environments are associated with improved job and/or team performance, as well as higher return on income and productivity.



INNOVATION

Teams with inclusive climates have higher levels of innovation and profit.



ENGAGEMENT AND OPPORTUNITY

Inclusive leadership is associated with greater team engagement, while individuals working in more inclusive team climates report higher levels of commitment and satisfaction, and demonstrate access to better job opportunities and career advancement.



WELL-BEING

Inclusion is associated with a higher sense of employee well-being and psychological safety, as well as employees feeling valued and respected.



PRODUCTIVE CONFLICT

In inclusive teams, employees are better able to resolve conflict and be more satisfied as a result of having worked through the conflict effectively.



LEGAL RISK

In inclusive climates, individuals from traditionally marginalised groups experience lower levels of unlawful behavior such as harassment and discrimination.



TALENT COSTS

Inclusion and inclusive leadership are associated with reduced employee turnover.

INCLUSIVE LEADERSHIP DEFINED

Research reveals that inclusion drives performance, but how can organisations access the inclusion advantage? Inclusive leadership is one key enabler. Inclusive leaders are uniquely placed to leverage the diversity that characterises today's business environments to achieve innovation, performance and productivity.

What is Inclusive Leadership?

Inclusive leadership refers to the capabilities including mindsets, knowledge, skills, and behaviours that leaders possess which make their organisations inclusive.

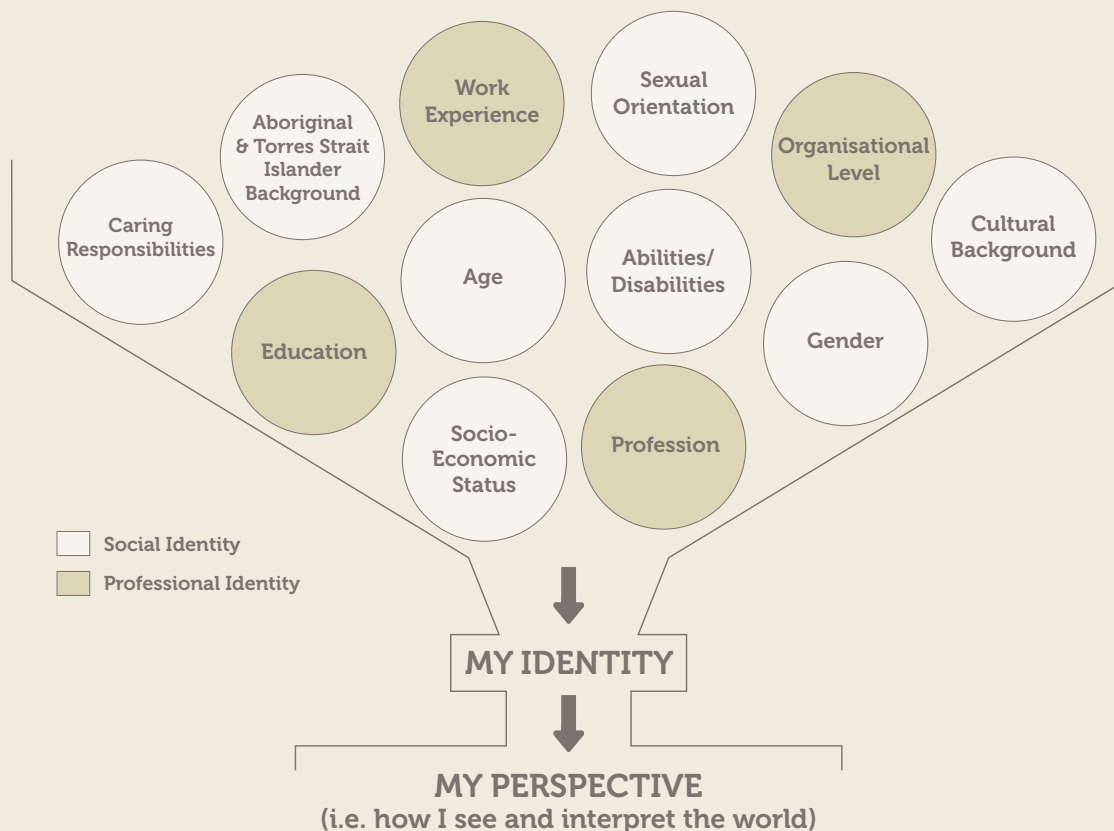
What is Inclusion?

Inclusion occurs when a diversity of people (e.g. different ages, cultural backgrounds, genders) feel valued and respected, have access to opportunities and resources, and can contribute their perspectives and talents to improve their organisation.

What is Diversity?

All the differences between people in how they identify in relation to factors including their age, caring responsibilities, cultural background, disability, gender, Indigenous background, sexual orientation, and socio-economic background (Social Identity); and their profession, education, work experiences, and organisational role (Professional Identity).

All of these aspects of their identity inform an individual's perspective of the world.



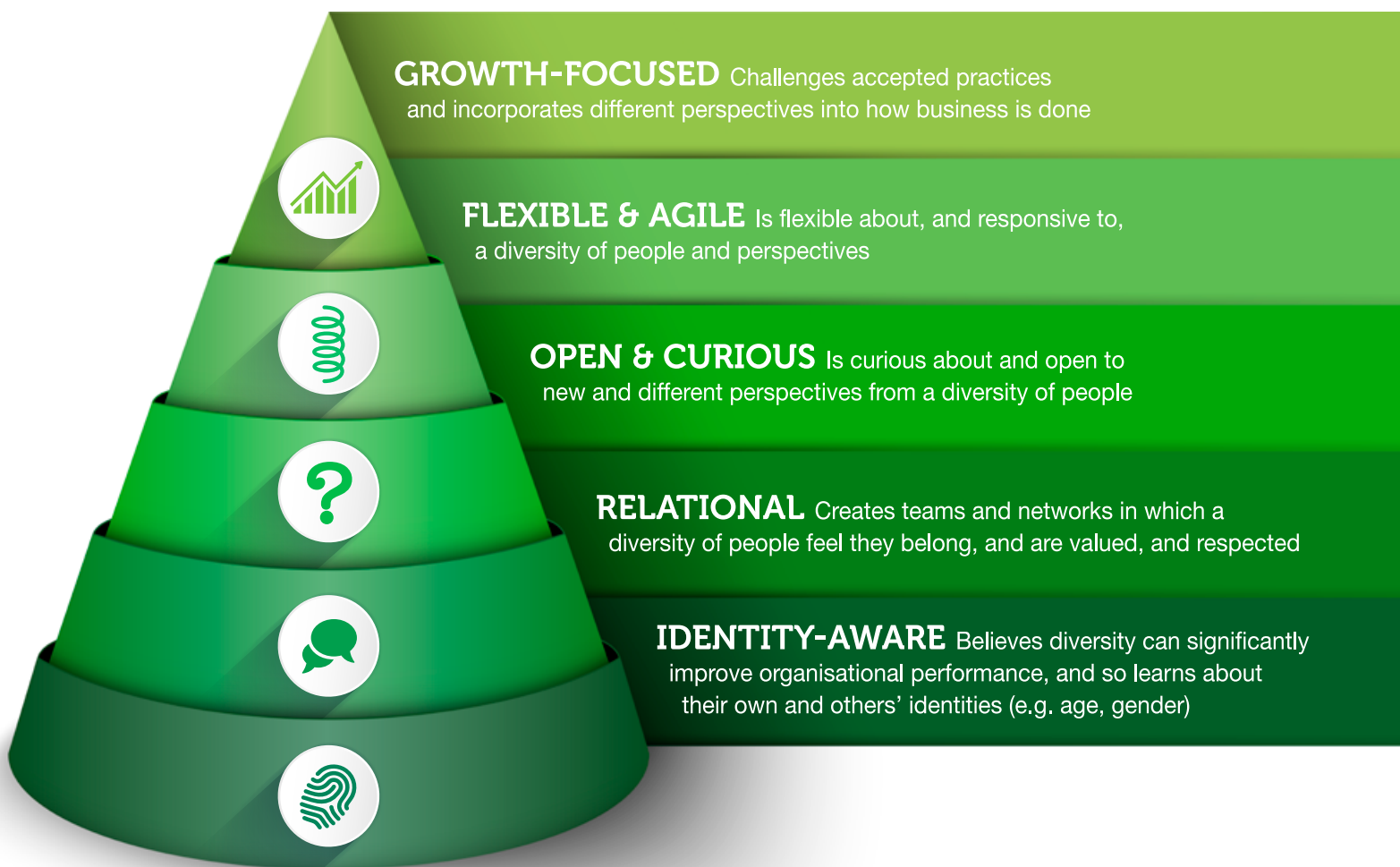
FIVE MINDSETS OF THE INCLUSIVE LEADER

Inclusive leaders drive performance, productivity and innovation, through their ability to relate to a diversity of people and perspectives, be open and flexible, and focus on personal, team, and organisational growth.

DCA's Inclusive Leadership Model proposes that there are five capabilities necessary for a person to be an effective inclusive leader.

These capabilities are based on building mindsets (ways of thinking) which are Identity-Aware, Relational, Open & Curious, Flexible & Agile, and Growth-Focused.

Each inclusive leadership capability is described through reference to these mindsets, as well as the specific knowledge, skills, and behaviours required by inclusive leaders.



BUILDING YOUR INCLUSIVE LEADERSHIP CAPABILITIES



Building an Identity-Awareness Mindset

- Reflect on your own identity (for example your cultural identity, gender, socio-economic background and sexual orientation) and think about what advantages or disadvantages you might experience as a result
- Think about and challenge assumptions that may be made about people. Physical appearances can be deceptive and superficial, e.g. a second generation Australian from a non-Anglo background may identify very differently from a recent immigrant who looks superficially similar.



Building a Relational Mindset

- Reflect on your ability to communicate effectively across different social and workplace identities and practice by engaging in conversations with people in different parts of your organisation and with different identities to your own
- Evaluate your pipeline of emerging leaders and consider how well you support the development of diverse employees and reward people's strengths and accomplishments – do you regularly network with, and offer assignments that grow the skills of, a diversity of staff?



Building an Open & Curious Mindset

- Ensure that across your whole organisation work activities, meeting times and work-related social activities are scheduled so participation is maximised – investigate technologies that can help you
- Educate your leaders about the benefits of curiosity and openness – offer opportunities for them to formally develop their skills as active and reflective listeners.



Building a Flexible & Agile Mindset

- Practice mixing up the way you think – innovation and creative ideas often arise after periods of both focused thought and diffuse attention, so allow time to concentrate on projects or challenges both in a deliberate manner and in an unfocused way while you're doing something else
- Assess whether your organisation has mainstreamed flexible working (i.e. made flexible work standard business practice) – ensure your policies, processes and technologies are in place to support it.



Building a Growth-Focused Mindset

- Read up to develop your understanding of issues in global/multi-national diversity and inclusion
- Investigate the extent to which team members from all backgrounds/experience/ job levels/business areas/functions can contribute to decision making
- Practice respectfully challenging identity-based stereotyping and biased decision-making.

FIND OUT MORE

DCA members can access the [full research report](#) by logging into the Members Only area of the [DCA website](#).

The Full Report includes detailed information on:

- The Inclusive Leadership Model, including the knowledge, skills and behaviours associated with each of the five Mindsets
- The business case for inclusive leadership, including all research references
- How to utilise the Model in your own organisation
- How to measure inclusive leadership and its impact in your organisation
- How to develop inclusive leadership capabilities in your organisation
- The research methodology.

RESEARCH METHODOLOGY

DCA conducted a series of interviews with executive or senior managers who were identified as having strengths in the practice of inclusive leadership.

Interviewees

In all, twenty-three senior or executive managers from six different organisations, covering a range of functional business areas were interviewed. Interviewees represented diversity with respect to age, country of birth, cultural identity, disability, gender, Indigenous identity, sexual orientation, role type and role location (i.e. global/local).

All interviewees were selected on the basis that they had been identified as having strengths in the practice of Inclusive Leadership within their organisation. Specifically, interviewees needed to meet two particular criteria.

1. Demonstrated commitment to integrating diversity and inclusion into their leadership practice through a range of specified actions (examples were listed for interviewees e.g. effectively managing cross cultural teams)
2. Evidence of positive impact of their inclusive leadership practice (examples were listed for interviewees e.g. team engagement scores analysed by gender).

Interview & Analysis Approach

Interviews were conversational and informal, and covered what inclusive leadership meant to interviewees, what they did when leading inclusively, practical examples of times they had tried to lead inclusively, and any positive outcomes they may have experienced. Thematic analysis of these interviews was then conducted. The process of analysis and interpretation involved reviewing interview themes in company with those identified in the academic research. The dominant themes were then used to develop a model of inclusive leadership.



Diversity Council Australia Limited
Level 1, 225 George Street, Sydney NSW 2000
Phone: 02 9322 5197
www.dca.org.au