February 27, 2023

27,000 Employees Prove the Value of Workplace Inclusion

This week, I'm passing the pen to two of my colleagues—Gabrielle Novacek, managing director and partner and a fellow at the BCG Henderson Institute, and Nadjia Yousif, managing director and partner and BCG's chief diversity officer—so they can share with you their latest groundbreaking work on the topic of diversity, equity, and inclusion.

- Christoph

To BCG's network around the world,

In recent years, organizations have made big investments in diversity, equity, and inclusion (DEI) programs in an effort to make progress on all three components. But the third piece—inclusion—has remained the least understood and is therefore the least advanced.

To figure out how to define, measure, and influence inclusion in the workplace, we dove into extensive research that pulled data from more than 27,000 employees across industries in 16 countries, all of which is highlighted in a new report.

Defining the "I" in "DEI." Simply put, an inclusive workplace is one in which the worker both feels valued and is able to contribute value. People gain that sense of value when they feel respected, safe, and supported—when they believe that their physical and mental well-being are a high priority for their employer. They feel it

when they know there are others in the room that come from similar backgrounds. And they feel it in environments in which open communication thrives—where it's ok to take a stand.

The more that people feel valued in this way, the more set up they are to do their best work. Productivity and innovation rise, and the company gains an advantage against competitors.

Measuring Inclusion. To figure out how companies can become more inclusive, we built the BLISS (Bias-Free, Leadership, Inclusion, Safety, and Support) Index, an analytical tool based on this new research that quantifies inclusion and identifies the factors that can enhance its presence for all employees. The work led to a number of fascinating insights. Here are a few:

- The role of leadership isn't everything, but it's almost everything. Companies with more diverse leadership teams have more inclusive workplaces. On top of that, we found that employees' perceptions of the actions taken by executive leaders and direct managers were responsible for two-thirds of their overall experience of inclusion.
- Employees who feel included are less likely to quit. Our analysis shows that there's a powerful statistical connection between feelings of inclusion and retention. In fact, if a company were to increase its BLISS Index score from 10 percentage points below the median score to 10 points above, it would cut its attrition risk in half. That's a serious advantage in a hot talent market.
- Inclusion is a big deal for everyone. As our <u>previous research</u> points out, a broad set of drivers—including demographic identities, life context, work context, and attitudes—can influence workplace needs, and sometimes those identities are not addressed. Socioeconomic background, for example, is often overlooked, but it's an important factor. Employees from financially insecure backgrounds are less likely to feel included in the workplace than any other group, and that holds regardless of other identities and even seniority. Making the workplace more inclusive can have a profound impact on everyone and helps keep people on the job.

Increasing Inclusion. The BLISS Index helps us understand what actions leaders can take to improve their scores and increase inclusivity in their organizations. A handful of no-regret moves:

Demonstrating leadership commitment to DEI

- Building diversity of all kinds at the leadership level
- Equipping and training direct managers so they can create safe teams and environments
- Building stringent safeguards against discriminatory and biased behaviors
- · Measuring outcomes focused on DEI

Talent instability has been present and growing over the past couple of years, and now we're in a period of economic uncertainty. Finding ways to nurture inclusivity will increase the happiness and engagement of employees, help retain talent, and drive competitive advantage for the long term.

Please see below to read the full report and related content, along with a video in which Gabrielle shares her personal connection to a reimagining of DEI.

Regards,



Gabrielle
Novacek
Managing Director
& Partner



Nadjia Yousif Managing Director & Partner Chief Diversity Officer

Further Reading



<u>Inclusion Isn't Just Nice. It's</u> Necessary.

How a survey quantifying the responses of more than 27,000 employees proves the business value of inclusion.

 $\textbf{READ MORE} \, \rightarrow \,$



Gabrielle's Story: Discovering What Matters Most

Gabrielle Novacek explains how a lifethreatening medical diagnosis led to a powerful breakthrough in reimagining diversity, equity, and inclusion.

 $\textbf{READ MORE} \, \rightarrow \,$



The Working Caregivers Series

Working caregivers—particularly women—left the workforce in record numbers during the pandemic. Now they're returning to work, and companies must deliver the support employees need to make the workplace inclusive and sustainable—or risk losing top talent again

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