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WHITE PAPER

Creating Inclusive Workplaces:
Driving Innovation and Equality

Abstract:

In today's competitive business landscape, creating an inclusive workplace is more than just a moral imperative - it's a strategic advantage. By fostering a culture of inclusion, businesses can reap benefits such as increased innovation, improved employee engagement, reduced turnover, enhanced customer satisfaction, and a boosted reputation. Explore how leadership, inclusive recruitment practices, and cultural development can help unlock your team's full potential and set your organization up for long-term success.

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Introduction

A. Importance of inclusive workplaces

Inclusive workplaces are fundamental in fostering a positive and productive work environment for all employees. They prioritize diversity and champion equity, ensuring that every individual feels respected, included, and empowered to contribute their unique talents and perspectives.

These workplaces acknowledge and celebrate the differences among employees, covering aspects such as race, gender, sexual orientation, age, religion, disability, and socioeconomic background.

By cultivating a culture of belonging, organizations can create an environment where everyone feels comfortable being themselves and bringing their authentic selves to work.

B. Benefits of creating inclusive workplaces

Establishing inclusive workplaces provides numerous benefits for organizations. These include heightened innovation and creativity, improved employee engagement and productivity, reduced turnover and absenteeism, enhanced customer satisfaction, and an elevated reputation.

By 2030, China will have more graduates than the entire US workforce, and India will produce four times as many graduates as the United States. The Millennials, too, are coming of age. This generation comprised 50 percent of the global workforce in 2020. With high expectations and different attitudes toward work, they will be integral in shaping organizational cultures into the future.

Despite more focus on diversity, many companies still struggle to achieve diversity in their workforce. For example, even though there are more women in the workforce, they only make up 12% of global corporate board seats. As populations change, leaders will need to work harder to include diversity in their organizations.

In today's fiercely competitive business landscape, it has become increasingly crucial for organizations to create inclusive workplaces. This whitepaper explores the benefits of inclusion, practical strategies for implementation, measuring and evaluating inclusion efforts, overcoming potential challenges, and best practices for creating inclusive workplaces.



The Business Case for Inclusion

A. Innovation and diversity

Innovation and diversity are two critical factors for success in today's modern workplace.

A diverse workforce combines a multitude of perspectives, experiences, and ideas, creating an environment ready for innovation. Each person's unique background adds to the pool of ideas, leading to more innovative solutions and better decision-making.

This is because people from various backgrounds, cultures, and experiences solve problems in their own unique ways, often resulting in innovative solutions that may not have been thought of before. Also, diversity encourages a culture of continuous learning where employees can learn from each other's experiences and viewpoints. This constant exchange of ideas fuels creativity and pushes innovation forward.

Therefore, promoting diversity is not just about achieving representation; it's about using these differences to challenge conventional thinking and drive innovation. As reported by Forbes, inclusivity is not just ethically correct but also a strategic advantage for organizations aiming to succeed in today's fast-paced workplace.

By developing diverse workforces, organizations can increase innovation, improve company decision-making, and create a supportive and engaging work environment. Through dedicated leadership, inclusive recruitment practices, and cultural development, organizations can unlock their teams' full potential and set themselves up for long-term success. According to Harvard's research, companies with diverse leadership outperform others. Employees at these companies are 45% more likely to report growth in their firm's market share over the previous year and 70% more likely to report that the firm has captured a new market.

B. Talent Retention and Employee Engagement

Talent retention and employee engagement are crucial for an organization's success, with inclusive workplaces often having higher levels of both. Employees who feel valued, respected, and included are more likely to be engaged in their work and committed to the organization.

This commitment can lead to increased productivity and lower turnover rates, as employees are less likely to leave a workplace where they feel their contributions matter.

Additionally, inclusive workplaces often provide opportunities for professional growth and development, further boosting employee satisfaction and loyalty.

According to Legal Jobs, 87% of HR experts view employee retention as one of the highest business priorities.

Companies that can retain employees may see up to four times their profits. Not only do profits get impacted, but the cost of replacing employees can also be significant, with turnover costs of executives reaching as high as 213%. When experienced employees leave, it may take a while for new employees to adapt and fill their shoes. The Harvard Business Review found that it can take around eight months for a new employee to reach full productivity.

Research shows that 92% of business executives believe that engaged employees perform better, boosting the success of their teams and the outcomes of their business.

Employee retention improves when employees know they will be recognized and appreciated for their contributions, see opportunities for professional growth and career development, and understand when and why business changes happen. Engaged employees are shown to be 17% more productive than their peers.

Highly engaged workplaces even saw 41% lower absenteeism! Interestingly, taking the occasional day off can be a sign that employees are engaged.

They feel secure in their role and confident that one missed day won't affect workload.

their Gallup's State of the American Workplace report sum up the link between engagement and retention: "Employees who are engaged are more likely to stay with their organization, reducing overall turnover and the costs associated with it. They feel a stronger bond to their organization's mission and purpose, making them more effective brand ambassadors. They build stronger relationships with customers, helping their company increase sales and profitability."

However, the same report found that only one-third of workers are engaged, which should be a concern for most organizations.

According to Forbes, and for companies to improve retention, they should offer competitive base salaries or hourly wages. Proper compensation is crucial to make employees feel their work is valued.

Employees should be paid fairly for their time and work, be able to afford the cost of living where they live, have their wages regularly adjusted for rising inflation, and be additionally compensated as their experience level with the work grows. Also, every time their responsibility increases, so too should workers' reward increase.

Companies should also consider allowing employees to work from home. According to Upwork's "Future of Workforce Pulse Report," million Americans will be working remotely in 2025—an increase of nearly 90% compared to pre-pandemic levels. Remote work has been shown to make employees happier and more productive at work. With modern technology, working entirely (or even partially) from home is possible in a vast array of industries.

Providing flexible scheduling and reduced workdays can also help with retention.

Studies from the Society for Human Resource Management show businesses offering more flexible work options maintain significantly better worker retention. A 2014 study by Stanford University found productivity enters a steep decline after a worker exceeds 50 hours of work per week. Companies should also create a culture that employees want to be part of. A 2019 Glassdoor study found that a company's culture matters significantly not only to employees who are considering a job (77% said they would consider a company's culture), but also to employees staying in their jobs. In fact, nearly two-thirds of employees cited a good company culture as one of the main reasons they elect not to leave.

Finally, companies should focus on building employee engagement. One of the most important strategies for employee retention is to build up your workers' engagement with your organization. A disengaged employee may have lower morale, cause losses in productivity and generally bring down your company. Make sure to give your employees a voice by making them feel listened to and showing them that their opinions matter.

C. Customer Satisfaction

As businesses become more global, the importance of workplace diversity is increasingly recognized.

While it poses certain challenges, it also provides unique opportunities to boost customer satisfaction.

A diverse workforce, with varied cultural backgrounds, languages, and communication styles, can better understand and cater to the needs of a diverse customer base.

This understanding not only improves communication but also fosters innovation by leveraging the unique experiences and ideas of team members from different backgrounds.

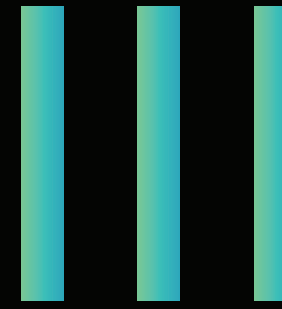
Customers often view companies with diverse workforces as more welcoming and accommodating, making them more likely to engage with the business. Diversity in customer service extends beyond just identity - race, ethnicity, gender, age, sexual orientation, religion, disability - to include skills, perspectives, experiences, and backgrounds. Such diversity enables a team to offer more insights, solutions, and empathy to customers, enhancing their overall experience with the brand.

Creating a diverse customer service team requires a strategic approach that includes assessing the current situation, setting aligned goals, implementing an action plan, and continuously monitoring results.

It's important to remember that simply having a diverse team isn't enough; businesses must leverage this diversity to deliver superior service and enhance the customer experience. This involves segmenting and matching customers based on their demographics and needs, empowering the team with necessary tools and resources, promoting collaboration and learning, and creating opportunities for diverse inputs and solutions.

The process of improving diversity in customer service is ongoing and requires constant evaluation. Businesses need to collect and analyze data on various aspects, including team composition, performance, culture, customer satisfaction, and feedback. This data can help identify trends, gaps, and opportunities for improving diversity and inclusion.

Regular reviews and updates of diversity goals and metrics are also crucial to ensure alignment with the business strategy. By embracing and effectively managing diversity, businesses can enhance customer satisfaction and drive growth.



D. Reputation

According to Coursera, an organization's reputation is one of its most significant assets. Companies that prioritize diversity and inclusion often enjoy a more favorable image among customers, investors, and potential employees. They are seen as progressive, socially responsible, and desirable places to work.

This positive reputation can result in increased business opportunities, investment, and talent acquisition. Moreover, in today's information-rich era, a company's commitment to diversity and inclusion can significantly shape its public image and brand.

Embracing diversity in the workplace offers numerous benefits for a company's brand reputation. It demonstrates a commitment to inclusivity, equality, and social responsibility, resonating with customers, employees, and stakeholders alike.

Research indicates that customers, particularly those from Gen Z, pay close attention to a company's diversity and inclusion policies. Quantilope's research suggests that up to 50% of customers prefer businesses that actively promote diversity.

Therefore, maintaining a strong brand reputation is crucial not only for attracting top talent but also for drawing more customers to your business.

Companies can enhance their reputation regarding diversity and inclusion by hiring talent from diverse backgrounds, focusing marketing efforts on diversity, equity, and inclusion, openly addressing diversity issues, supporting organizations that advocate for diversity, and tailoring products and services to meet the needs of different customer groups.

Creating Inclusive Workplaces

A. Leadership commitment

Leadership commitment is fundamental in fostering inclusive workplaces.

Leaders set the organizational tone, and their attitudes and behaviors significantly influence workplace culture.

They must demonstrate a genuine commitment to diversity and inclusion by setting clear goals, allocating resources, and holding themselves accountable for progress. A recent Monster survey revealed that **83% of Gen Z** candidates consider a company's commitment to diversity and inclusion important when choosing an employer, indicating that inclusive leadership is no longer optional but essential.

Inclusive leadership fosters an environment where everyone's opinions and ideas are valued and respected, irrespective of their background or characteristics. **Deloitte's report, "Six signature traits of inclusive leadership,"** highlights leadership behaviors such as personal risk-taking, humility, and empowerment as crucial to inclusive leadership.

These leaders treat all team members fairly and respectfully, understand each team member's uniqueness, and ensure everyone feels connected to the organization.

They adapt their work practices to meet others' needs, treat diversity and inclusion as a business priority, and take personal responsibility for it. They articulate the value of diversity and inclusion authentically and allocate resources towards improving it within the workplace.

Inclusive leaders also demonstrate a desire for continued learning, actively seek diverse perspectives in decision-making, and withhold fast judgment when engaging with diverse individuals.

Inclusive leaders are mindful of personal and organizational blind spots and self-regulate to ensure fairness. As noted by Sodexo's Anand, inclusive leaders are self-aware and act on that self-awareness. They acknowledge the existence of unconscious bias in their organizations and implement policies, processes, and structures to mitigate it.

B. Recruitment and hiring

Inclusive recruitment and hiring practices are key to cultivating a diverse workforce.

This involves leveraging diverse sourcing channels, eliminating bias from job descriptions, and adopting structured interview processes that evaluate candidates based on skills and experience rather than personal traits. McKinsey & Company’s study found that companies with diverse workforces outperform their less diverse counterparts financially.

Similarly, a Harvard Business Review study discovered that teams with diverse perspectives and backgrounds tend to generate more innovative ideas and solutions, outperforming homogeneous teams in problem-solving and creativity. Deloitte’s research also revealed that employees who feel included and valued exhibit higher engagement and job satisfaction levels, leading to improved employee retention rates and workforce stability.

Moreover, inclusive hiring practices can reduce turnover costs and boost productivity. The Center for Talent Innovation found that employees who feel included are more likely to remain with their current employer and perform better in their roles. Research indicates that prioritizing diversity and inclusion enhances employee engagement, which is closely linked to employee retention and business success.

The BiasSync white paper suggests several strategies to modernize the hiring process:

Reevaluating job requirements like college degrees can broaden applicant pools. Many contemporary jobs do not necessitate a college degree for success. Job postings should list necessary skill sets and attributes for successful performance, helping hiring managers avoid unconscious bias. Encourage all high performers to apply for internal job postings, irrespective of their experience level or background. Utilize strategic recruitment partners such as minority-serving institutions, diverse professional organizations, and employee resource groups to expand the application pool. Regularly review applicant data to gauge the effectiveness of recruitment efforts. Increase the number of individuals in the interview group, which often leads to increased diversity in the talent pool.

Assemble diverse interview panels for a broader range of insights and perspectives. Standardize interview questions for easier evaluation of responses by multiple decision-makers.

Consult company leaders when interviewing for high-level positions. When extending a job offer, remember that workers value fair compensation, flexibility, and an inclusive culture.

Interviewing and Selecting Candidates



Increase Interview Pool

Interview more candidates to expand the diversity of the pool (e.g., interview 6 instead of 3).



Diverse Interview Panels

Form interview panels with varied backgrounds to gain a wider range of perspectives.



Standardize Questions

Use standardized questions for consistency in interviews. Whether conducting joint panels or individual interviews, meet to discuss and rank candidates.



Consult Key Leaders

For high-level positions, consult relevant leaders, sponsors, or managers for input on candidates’ strengths and likelihood of success.



Offer Considerations

When making offers, consider fair compensation, flexibility, community, and inclusive culture.

Training and Professional Development



Objective Selection Criteria

Use objective criteria for selecting participants for professional development programs. Review demographic composition to ensure diversity.



Identify Career Patterns

Recognize career patterns to identify career paths of interest, considering factors like skill sets, time in career, mobility, and flexible arrangements.



Workforce and Succession Planning

Conduct workforce planning, including managerial and leadership recruitment opportunities and cycles for high-potential employees from diverse backgrounds.



Inclusive ERGs

Allow employee resource groups (ERGs) to create professional development programs open to members and allies.

C. Training and development

Glint's research highlights that belonging is the most impactful measure of Diversity and Inclusion (D&I), with individuals who feel a sense of belonging being six times more likely to be highly engaged. Therefore, training and development programs should focus on promoting diversity, equity, and inclusion. This could include unconscious bias training, cultural competency training, and leadership development programs accentuating inclusive leadership practices.

Investing in leader development is a high priority for organizations, as highlighted by numerous studies.

Enhancing team leaders' knowledge and skills in leading diverse teams can be achieved through inclusive leadership training courses that offer certificates. These courses cover concepts such as diversity, equality, and inclusion (DEI), inclusive leadership mindset and strategies, among others.

D. Employee resource groups

Employee resource groups (ERGs) provide a platform for employees to connect, share experiences, and advocate for diversity, equity, and inclusion.

They also serve as a source of feedback and ideas for organizational leaders. The Xerox National Black Employees Caucus was the first official ERG in the United States, created in 1970 to advocate for inclusion and change within the company.

Today, 90 percent of Fortune 500 companies have ERGs, which can help boost feelings of inclusion for traditionally underrepresented segments of workers, improve attraction and retention of diverse talent, and increase representation in line with DEI strategies.

ERGs foster inclusion by helping employees feel like they belong and are part of a community, promoting authenticity at work, strengthening acceptance and fairness across groups, and building allyship. They also improve diversity by participating in talent attraction, fostering sponsorship, and communicating the needs of underrepresented groups to HR and leadership. ERGs promote external impact by driving social impact, improving brand visibility through volunteer activities and charitable giving, and reforming business operations.

Moving forward, ERGs must emphasize intersectionality and communication and share goals and strategies with one another to promote inclusion and allyship.

With a 276 percent increase in people who self-identify as multiracial, it is more important than ever for ERGs to address multiple categories and advocate for all underrepresented groups.

E. Inclusive policies and practices

Organizations should implement policies and practices that promote inclusivity at all levels. This includes:

- Flexible work arrangements.
- Equal opportunity policies.
- Procedures for addressing discrimination and harassment.
- These may include a menopause policy.
- Mental health and wellbeing policy.
- Whistleblowing policy.
- Disability adjustment policy.
- Bullying.
- Harassment and discrimination policy.
- Dignity at work policy.
- Code of conduct, work-life balance policy.
- Flexible working policy.
- Recruitment and selection policy.
- A diversity and inclusion policy.



Measuring and Evaluating Inclusion

Organizations should establish metrics to evaluate the effectiveness of their diversity and inclusion initiatives.

This evaluation could involve tracking the representation of different demographic groups at various organizational levels, measuring employee satisfaction with the organization's diversity and inclusion efforts through engagement scores, identifying any disparities in turnover rates among different demographic groups, and monitoring progress towards specific, measurable goals for increasing diversity and inclusion.

There are several methods for assessing diversity and inclusion, including annual anonymous employee surveys that provide insights into how employees perceive the organization's diversity and inclusion efforts.

Regular employee feedback sessions such as focus groups and town hall meetings can offer a more qualitative understanding of employee experiences with diversity and inclusion.

Additionally, external audits and assessments by independent auditors can provide an unbiased evaluation of an organization's diversity and inclusion efforts and suggest areas for improvement.



Overcoming Challenges and Barriers

Unconscious bias can pose a significant obstacle to diversity and inclusion efforts within organizations. To counteract this, organizations should provide training that aids employees in identifying and overcoming their unconscious biases.

Another potential barrier is resistance to change, which can prevent the creation of inclusive workplaces. Leaders can address this by clearly and consistently communicating the benefits of diversity and inclusion. Lastly, a lack of resources can make it challenging for organizations to implement diversity and inclusion initiatives. However, even minor changes can have a substantial impact, and there are numerous low-cost strategies available for organizations to promote inclusivity.



Best Practices and Case Studies

Case studies of organizations that have successfully fostered inclusive workplaces can offer valuable insights and inspiration.

These examples illustrate what can be achieved and provide practical ideas for other organizations to adapt and implement.

For instance, according to Forbes, **Google** has implemented a three-pronged approach focused on equity in representation, inclusivity in their products and services, and the development of new systems to address societal inequality. They also measure leadership representation and release an annual DEI report to demonstrate their commitment. Recently, they achieved a new milestone of **30%** racial representation in leadership by holding managers accountable for inclusion. Google acknowledges that equity begins with addressing biased systems not designed for women, people of color, or other marginalized groups.

Kellogg Co., as reported by Forbes, had filled **46%** of all global manager roles and above with women, and **22.7%** of such roles in the U.S. were filled by racially underrepresented talent by the end of 2022. As part of its environmental, social, and governance (ESG) strategy, the company aims for 50/50 gender parity at the management level globally and **25%** racially underrepresented talent at the management level in the U.S. by the end of 2025.

Aldi has committed to introducing allyship training for U.K. management staff as part of its diversity and inclusion (D&I) strategy. The supermarket chain plans to train over **800** managers to support, collaborate with, and advocate for colleagues from minority groups. Their U.S. team is also mandating inclusivity learning for all employees.

In 2021, PwC UK offered flexible work arrangements, including adjusted work hours and virtual meetings, to accommodate its Muslim employees during Ramadan. Similarly, in 2018, Hilton Worldwide provided Ramadan training to its employees, which included information on Muslim culture, customs, and etiquette during the holy month.

GAP launched the Personal Advancement & Career Enhancement (PACE) program in 2007 to equip women with foundational life skills, technical training, and support to help them advance in their professional and personal lives. In 2016, GAP expanded the program to include adolescent girls. As of 2020, over **500,000** women in 17 countries have benefited from this transformative program.



Racial Representation
in Leadership:

Goal:

30%

racial representation in leadership roles.



Gender Representation
(Global, 2022):

46%

of global manager roles are held by women.

Racial Representation (U.S., 2022):

22.7%

of U.S. manager roles are filled by racially underrepresented talent.

Conclusion

In today's competitive business landscape, fostering an inclusive workplace is both an ethical obligation and a strategic advantage.

Organizations that embrace inclusion can reap numerous benefits, including increased innovation, enhanced employee engagement, reduced turnover, improved customer satisfaction, and a strengthened reputation.

To achieve true inclusivity, organizations must develop robust strategies for measuring and evaluating their efforts. This involves assessing the representation of diverse groups within the workforce, evaluating employee experiences, and evaluating the impact of inclusion initiatives on organizational outcomes.

Overcoming potential challenges is also crucial. Organizations must address unconscious bias, create a culture of respect and belonging, and provide support and training to employees from underrepresented groups.

By investing in inclusion, organizations can unlock their teams' full potential and set themselves up for long-term success. The path to creating an inclusive workplace is not always easy, but it is essential for businesses that want to thrive.

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