

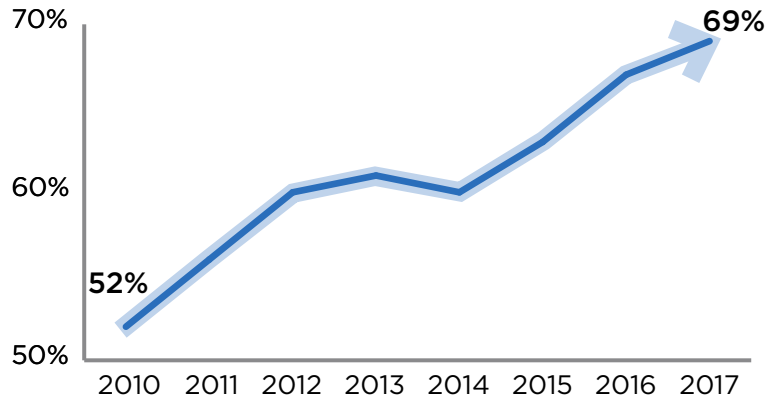
# Accelerate Your Organization's Culture Through D&I

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# CULTURE IN THE HOT SEAT

## Discussion of Talent in Earnings Calls

*Percentage of Companies*



Source: CEB analysis of earnings calls transcripts for S&P Global 1200 and S&P 400 Midcap indices.

## Other Key Investor Trends

1. Culture is the most discussed talent issue on calls, with mentions growing 12% annually
2. Investors recently petitioned the US SEC demanding more reporting on people metrics, including culture.

Source: CEB analysis; David McCann, "Investors to SEC: Mandate People Disclosures," CFO, 20 July 2017, <http://ww2.cfo.com/people/2017/07/investors-to-sec-mandate-people-disclosures-human-capital/>.

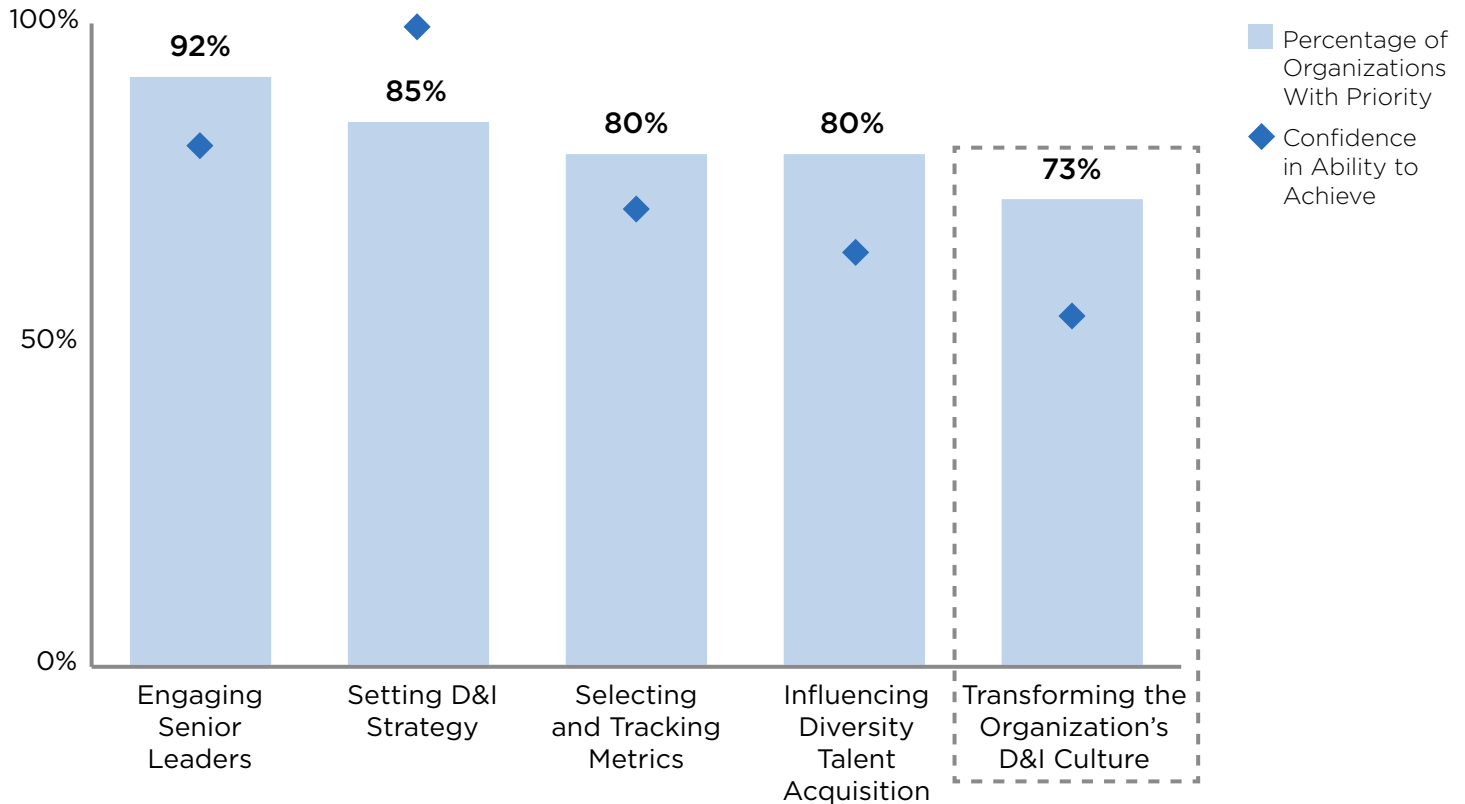
## Examples of Media Sources Reporting on Culture

<b>INVESTOR'S BUSINESS DAILY</b>  <b>Nike CEO Apologizes To Employees For Corporate Culture</b>	<b>THE BUSINESS TIMES</b>  <b>You Can't See Corporate Culture but You Know It's There</b>	<b>FINANCIAL TIMES</b>  <b>What CEOs Really Worry About</b>	<b>COMPLIANCE WEEK</b>  <b>Corporate Culture May Be Even More Important Now</b>
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Source: CEB analysis; <https://www.investors.com/news/nike-ceo-apologizes-employees-corporate-culture/>; <https://www.businessstimes.com.sg/opinion/you-cant-see-corporate-culture-but-you-know-its-there>; <https://www.ft.com/content/e4064a44-4ea8-11e8-a7a9-37318e776bab>; <https://www.complianceweek.com/news/news-article/corporate-culture-may-be-even-more-important-now>.

# CULTURE IS ALSO A CDO PRIORITY

Heads of D&I's Top Priorities and Their Confidence in Ability to Achieve Them



*n* = 59.

Source: CEB 2018 DI Agenda Poll.

# CULTURE AND D&I: A SYMBIOTIC RELATIONSHIP

## D&I Work Is Culture Work

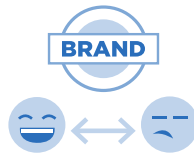
**Diversity & Inclusion initiatives contribute to the way in which culture** (the behavioral norms and unwritten rules that shape the organizational environment and how individuals interact and get work done in that environment) **lives at the organization**



Culture influences how an organization chooses to articulate its **EVP**.



**Diversity and inclusion are EVP attributes** that help attract and retain top talent.



Public perceptions of culture can impact an organization's **brand**.



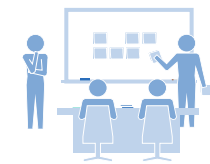
Organizations' **management of D&I-related topics** increasingly defines their organizational and corporate brands.



Culture should reflect the organization's core **values**.



**Diversity and inclusion may be core values** for some organizations, and support the execution of core values for others.



**Engagement and culture build on each other.**



Both intent to stay and discretionary effort are higher when **individuals feel satisfied with their organizations' commitment to D&I**.

Source: CEB analysis.

# CDOs HAVE QUESTIONS ABOUT CULTURE

## D&I Focused Culture Conversations

How do we make diversity and inclusion a part of our culture?

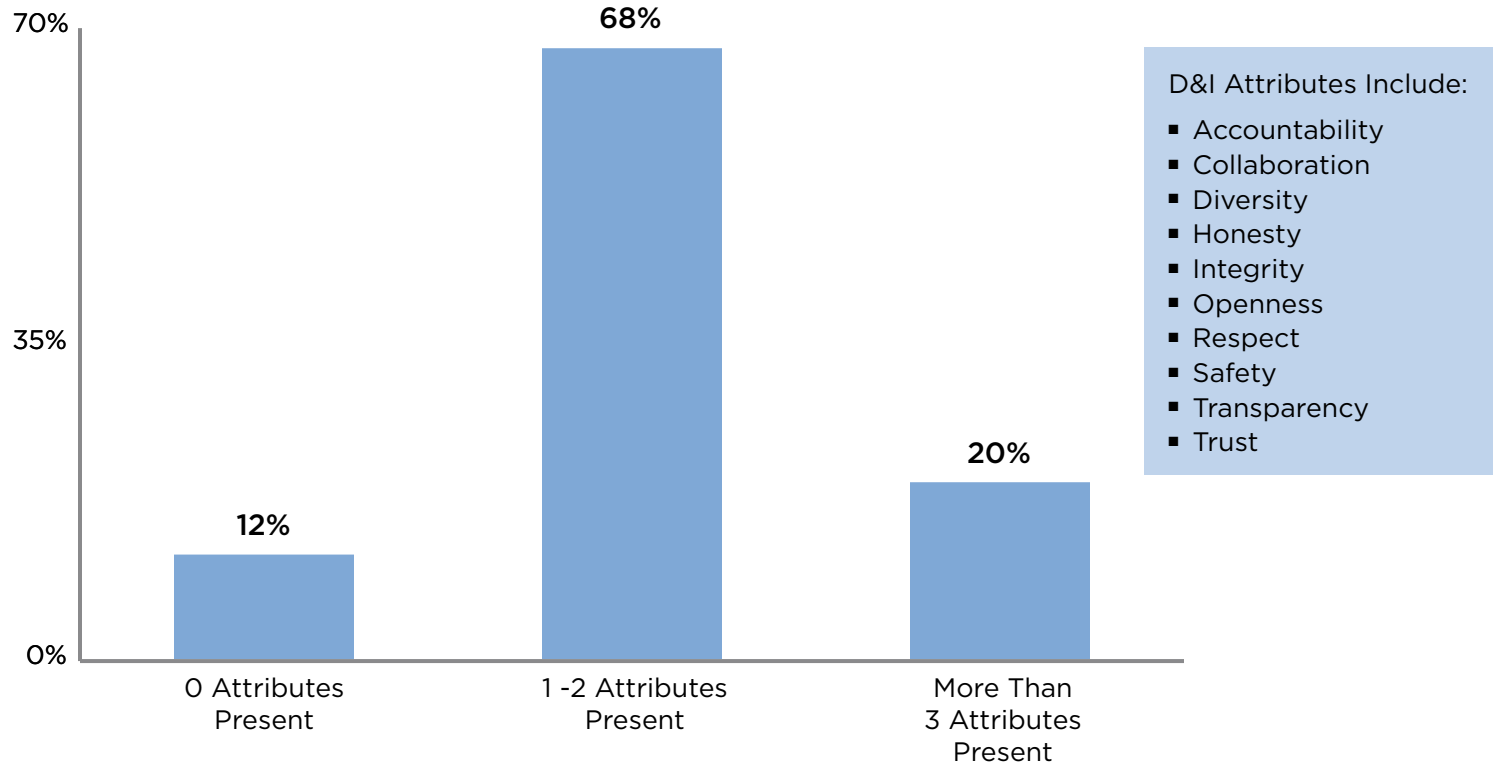
What inhibits leaders and employees from demonstrating diversity and inclusion within our culture?



Source: CEB analysis.

# MOST CULTURES INCLUDE D&I ATTRIBUTES

Percentage of Organizations Emphasizing D&I Attributes in Their Culture

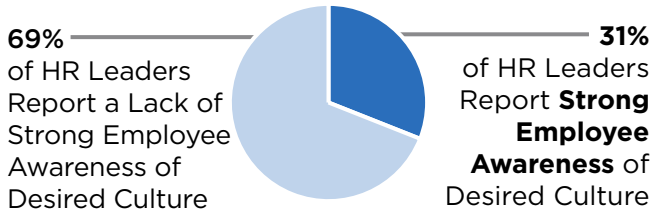


*n* = 190 HR leaders.

Source: CEB 2017 Culture Benchmarking Survey.

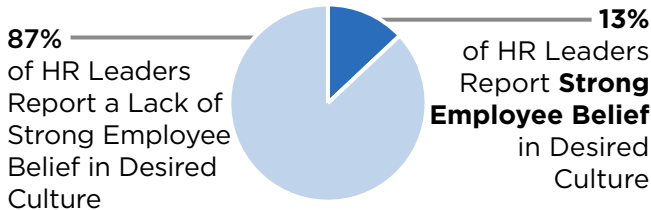
# WHAT HOLDS EMPLOYEES BACK?

## Three Gaps Identified



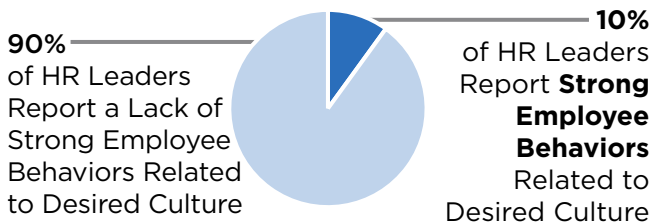
**“Know It”**  
Knowledge Gap

“Since the merger, no one is certain what the culture is supposed to be.”



**“Believe It”**  
Mind-Set Gap

“We’ve tried to change our culture so many times, employees are skeptical that our culture matters to what they do.”



**“Do It”**  
Behavior Gap

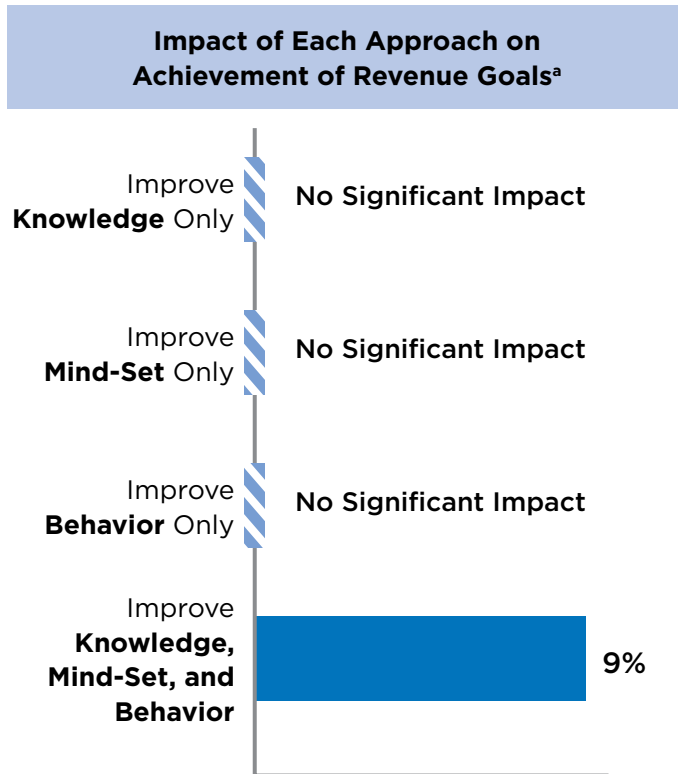
“Employees get where we’re trying to go, but they still aren’t doing what we need them to do.”

*n* = 190 HR leaders.

Source: CEB 2017 Culture Benchmarking Survey.

# ADDRESS ALL THREE BARRIERS

## Impact of Closing Gaps on Revenue Goals



n = 190 HR leaders.

Source: CEB 2017 Culture Benchmarking Survey.

<sup>a</sup> We observed a similar pattern for the impact of each approach on performance against profitability goals.

## Closing One Gap Does Not Close All Three



### With Knowledge Only

The culture exists as an idea in the organization, but the workforce does not believe in or act on the culture.



### With Mind-Set Only

Employees buy into what they think the culture is but don't actually understand it or act on it.



### With Behavior Only

Employees' actions are aligned with the culture, but employees do not understand or believe in it.

### Implications

Don't try to improve employees' knowledge, mind-set, and behavior individually; invest in strategies that improve all three simultaneously.

# DEFINING A CULTURE THAT PERFORMS

## Three Components of Workforce-Culture Alignment Model (WCA)

**“Know it”**  
Knowledge Gap



Employees know what cultural attributes senior leaders think the organization needs to be successful going forward.

**“Believe it”**  
Mindset Gap



Employees believe the culture will make the organization more successful and are personally committed to upholding it.

**“Do it”**  
Behavior Gap



Employees incorporate the culture into the way they do their jobs and rely on it to guide them through unfamiliar situations.

X

X

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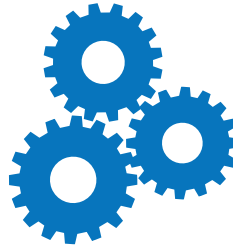
**Workforce-Culture Alignment (WCA)**

Organizations with high WCA have identified opportunities to address all employees' knowledge, mindset, and behavior gaps at the same time.

Source: CEB analysis.

# ACCELERATE YOUR ORGANIZATION'S CULTURE

Three Questions Heads of D&I Need to Address to Improve WCA



## **Learn**

How can we measure our understanding of the current culture?

## **Live**

How can we help managers and teams operationalize the culture?

## **Lead**

How do we maximize leader impact?

Source: CEB analysis.

# RESOURCES AVAILABLE FOR HEADS OF D&I

## Understand the Culture

- **ERGs as Change Agents** — Read this research to understand how to accelerate organizational change efforts through employee-led D&I.
- **Composite D&I Index and Scorecard: Volvo** — AB Volvo created a standardized framework for measuring D&I maturity across the organization, which provides all employees with a consistent definition of progress and incents leaders to participate in organizational D&I objectives.

## Operationalize the Culture

- **Understanding Psychological Safety: When and Why it Works** — Read this whitepaper to discover the risks to establishing a psychologically safe work environment.
- **Managing Diverse Teams: Increasing Inclusion** — Watch this webinar replay to understand what actions managers can take to increase inclusion on their teams.

## Maximize Leader Impact

- **Structuring Executive D&I Councils To Advance Organizational D&I:** Use this research to understand what are the right goals, trainings and communication for an effective D&I executive council.
- **Leader Guide to Creating an Inclusive Team:** Help leaders understand which leadership characteristics and behaviors create an inclusive team.