

# The six signature traits of inclusive leadership

Thriving in a diverse new world



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# About the authors

**Bernadette Dillon** is a client director in Human Capital consulting at Deloitte, where she specializes in diversity and inclusion. A chartered accountant by background, she has worked with a range of organizations, both locally and internationally, with respect to diversity and inclusion strategy development, inclusive leadership assessment and development, analytics and diagnostics, and inclusive culture change. Dillon has co-authored a number of publications relating to diversity and inclusion, and is currently based in the United Kingdom.

**Juliet Bourke** is a partner in Human Capital consulting at Deloitte, where she leads the Australian Diversity and Inclusion practice and co-leads the Australian Leadership practice. She has over 20 years' experience in human capital and is an internationally recognized author and speaker on diversity and inclusion, cultural change, and leadership. Bourke has authored many publications on diversity and inclusion, most recently publishing *Which two heads are better than one? How diverse teams create breakthrough ideas and make robust decisions*, which examines decision making, diversity of thinking, biases, and behaviors.

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# Introduction: A new leadership capability

**W**HAT will it take to be a great leader in the future? In five years, ten years, even fifteen years?

Say those numbers slightly differently—2020, 2025, or 2030—and your imagination takes you somewhere else entirely. To the realm of science fiction in which books and films paint vivid pictures of a future that looks vastly different from that which we know today. There is the devastated world and its dystopian societies, the artificial world with synthetic humans, and myriads of other worlds scattered throughout foreign galaxies.

In these books and films, there's always a quest, and there's always a hero. Smart and strong, they carry the weight of the world on their shoulders. They have a sidekick, if lucky, but rarely are the leader and the sidekick equals, and they almost never operate as a team. The decisions these leaders make—the actions they take—culminate in the restoration of humanity.

What's curious is that this iconic image of the heroic leader remains constant despite the vastly changed environment. It seems we can easily imagine different future contexts, but when it comes to thinking about leadership differently, we are on a repeating loop. It makes for great entertainment, but it is not the stuff of reality. Yes, the context will change—it is changing already—and this will demand adaptation by those playing a leading role.

So what is this different context? In a volatile and complex world, predicting the future with precision is a risky business. We can be sure, however, about four global mega-trends that are reshaping the environment and influencing business priorities:<sup>1</sup>

First, *diversity of markets*: Demand is shifting to emerging markets. With their growing middle class, these new markets represent the single biggest growth opportunity in the portfolio of many companies around the world.

Second, *diversity of customers*: Customer demographics and attitudes are changing. Empowered through technology and with greater choice, an increasingly diverse customer base expects better personalization of products and services.

Third, *diversity of ideas*: Digital technology, hyper-connectivity, and deregulation are disrupting business value chains and the nature of consumption and competition. Few would argue against the need for rapid innovation.

Fourth, *diversity of talent*: Shifts in age profiles, education, and migration flows, along with expectations of equality of opportunity and work/life balance, are all impacting employee populations.

Diversity of markets, customers, ideas, and talent: These simultaneous shifts are the new context. For leaders who have perfected their craft in a more homogenous environment, rapid adjustment is in order. Of course,

Figure 1. The six signature traits of an inclusive leader



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the core aspects of leadership, such as setting direction and influencing others, are timeless, but we see a new capability that is vital to the way leadership is executed. We call this *inclusive leadership*, and our research has identified six traits that characterize an inclusive mindset and inclusive behavior.

This report is intended to help leaders think about how traditional notions of leadership must change.<sup>2</sup> We are not suggesting a wholesale replacement of previous leadership theory. Elements of inclusive leadership are echoed in transformational, servant, and authentic leadership, for example, and these concepts are carried forward. However, we have amplified and built on these known attributes to define a powerful new capability uniquely adapted to a diverse environment. Understanding and being adept at inclusive leadership will help leaders thrive in their increasingly diverse environment.

This report is structured in three parts. First, we briefly describe the four shifts

elevating the importance of inclusive leadership—the “Why care?” aspect of the discussion. In the second part, we have identified the six signature traits of an inclusive leader (figure 1). In doing so, we have mined our experiences with more than 1,000 global leaders, deep-diving into the views of 15 leaders and subject matter experts, and surveying over 1,500 employees on their perceptions of inclusion. We have also built on existing thought leadership and applied research and drawn on work with our inclusive leadership assessment tool—on which our six-part framework is based—which has proved both reliable and valid in pilot testing.<sup>3</sup> Sensing that inclusive leadership is a new capability, we have been examining this space since 2011, rather than relying solely on pre-existing leadership assessments and databases, with their historic biases. We conclude with some suggested strategies to help organizations cultivate inclusive capabilities across their leadership population.

# A diverse new world: Markets, customers, ideas, and talent

**F**OUR global mega-trends are creating a business context that is far less homogeneous and much more diverse than has historically been the case. These interrelated shifts are influencing business priorities, and reshaping the capabilities required of leaders to succeed in the future.

## Diversity of markets

The growth in emerging market economies may have slowed—and big challenges abound—but the long-term potential remains significant.<sup>4</sup>

By 2025, the world's middle-class population is expected to reach 3.2 billion, up from 1.8 billion in 2009, with the majority of this growth coming from Asia, Africa, and Latin America.<sup>5</sup> As income levels rise, so does consumer demand. This growing population now represents the single biggest growth opportunity in the portfolio of many companies around the world.<sup>6</sup>

Reaching these consumers profitably, however, is anything but straightforward.<sup>7</sup> Markets are characterized by significant cultural, political, and economic differences. Tension exists between local adaptation and international scale. Home-grown players can provide stiff competition and strong local talent is scarce. Indeed, in a 2015 survey of 362 executives, just 10 percent believed that they have the full suite of capabilities needed to win offshore.<sup>8</sup>

So what does this mean for those with global ambitions? While there is no single formula for success, research shows that having people with a more global mindset and capability is critical.<sup>9</sup> John Lewis, Jr., global chief diversity officer of The Coca-Cola Company, agrees: “Right now, our fastest-growing markets around the world are sub-Saharan Africa, India, and China. How we win in these markets is as much a matter of how we embed ourselves in these cultures [as any other factor]. The question I put to our business leaders is: Even if we get all the tactics and logistics right, can we win if we don't get the people part right?”<sup>10</sup>

## Diversity of customers

Customers have always been able to vote with their feet. Today, this power is even greater. Empowered through their digital devices and with more choice, customers expect greater personalization and a voice in shaping the products and services they consume.<sup>11</sup> Facing millions of individual expectations and experiences across an increasingly diverse customer base, the challenge for companies is to deliver individualized insights and a personal touch with the efficiencies of scale.

To remain competitive in this environment, organizations have realized, customer centrality is paramount. Customer promises are being written into vision statements, operating

models are being redesigned to ensure that customers are at the heart of the business, and the role of the “chief customer officer” has been created and elevated to the executive team.

But more than just changing systems and structures, organizations are increasingly focusing on cultivating more customer-centric mindsets and capabilities. The new buzzwords of “empathy” and “connectedness”—concepts that underpin popular methods such as design thinking—are taking hold as organizations strive to better understand customers’ worlds and future needs. And while development programs of the past may have focused on traditional customer-facing roles, a leader-led approach is increasingly being adopted.

Telstra has embarked on a journey to orient the entire organization around the customer, including the way leaders are developed. “Leaders are central to the connected strategy,” says Rob Brown, director of customer advocacy.<sup>12</sup> “They are the linchpin that sets the pace and culture of our organization. If leaders don’t understand how we need to think differently, if they don’t get that we need to connect with customers’ needs to understand what they want and how best to simplify things for them, then it’s hard, if not impossible, for the teams to get it.”

## Diversity of ideas

Organizations must “innovate or die,” extols Bill Gates.<sup>13</sup> A bold statement, but we need not look far to see its validity. Seemingly overnight, digital disruption has reshaped whole industries and iconic brands and brought forth new players.

For most leaders, it’s an imperative that’s well understood. In a 2014 survey of 1,500 executives, three-quarters said that innovation was among their company’s top three priorities.<sup>14</sup> Despite this, 83 percent perceived their companies’ innovation capabilities to be average (70 percent) or weak (13 percent).<sup>15</sup>

So what sets apart breakthrough innovators from the rest? The survey found that,

compared with others, “breakthrough” innovators “cast a wide net for ideas.”<sup>16</sup> In the race for new ideas, diversity of thinking is gaining prominence as a strategy to protect against groupthink and generate breakthrough insights. However, while many agree intellectually that collective intelligence enhances group performance, few understand how to consistently achieve it with any degree of specificity.<sup>17</sup>

In this context, a leader’s understanding of how diversity of thinking works will be critical to success. As François Hudon, an executive at Bank of Montreal, states: “For leaders, it’s making sure you have little risk of being blindsided by something that a diverse team would have known about and would have identified as an opportunity or a risk. I think it brings far greater confidence to the decision making when you know you are being supported by people who have far more diverse points of view.”

## Diversity of talent

Diversity of talent is at risk of being overshadowed by other shifts. This is because demographic change has a slow-burn effect on workplace profiles. And, of course, diversity of talent is not a new topic. Anti-discrimination laws and the “war for talent” have seen organizations pay attention to historically marginalized groups for some time. Leaders underplay this shift at their peril.

Changes in population age profiles, education, and migration flows, along with expectations of equality of opportunity and work/life balance, are all deeply impacting employee populations. More than ever, future success will depend on a leader’s ability to optimize a diverse talent pool.

By way of example, the world’s population is aging rapidly. In 2050, those aged 65 and over are predicted to reach 22 percent of the global population, up from 10 percent today,<sup>18</sup> with implications for workforce participation. Against that backdrop, the expansion of higher education is creating a group of highly mobile,

educated workers.<sup>19</sup> 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 by 2020.<sup>20</sup> The Millennials, too, are coming of age. This generation will comprise 50 percent of the global workforce by 2020.<sup>21</sup> With high expectations and different attitudes toward work, they will be integral in shaping organizational cultures into the future.

To date, however, data suggest that many companies have struggled to include diverse

employees. For example, while their number in the workforce is increasing, women hold just 12 percent of corporate board seats worldwide.<sup>22</sup> In the future, demographic shifts will put greater pressure on leaders to be inclusive of diversity. According to one leader interviewed, “Fundamentally, inclusion is a principle that anybody who is good enough to be employed within the team is capable of becoming a leader and developing to the best of their potential. And that is anybody.”



# The six signature traits of an inclusive leader

If inclusive leadership reflects a new way of leading teams, then we need to look beyond traditional leadership assessment tools and frameworks. Since 2011, we have researched this new leadership capability, with our initial exploration leading us to be much more certain about “inclusion” itself—what it means, how it is experienced by others, and how to measure it. More specifically, our research revealed that when people feel that they are treated fairly, that their uniqueness is appreciated and they have a sense of belonging, and that they have a voice in decision making, then they will feel included.<sup>23</sup> (See the appendix for a full description of our research methodology.)

2. Personalizing individuals—that is, understanding and valuing the uniqueness of diverse others while also accepting them as members of the group
3. Leveraging the thinking of diverse groups for smarter ideation and decision making that reduces the risk of being blindsided

To achieve these aims, highly inclusive leaders demonstrate six signature traits—in terms of what they think about and what they do—that are reinforcing and interrelated. Collectively, these six traits represent a powerful capability highly adapted to diversity. Embodiment of these traits enables leaders to

**Table 1. Elements of inclusion**

Fairness and respect	Value and belonging	Confidence and inspiration
Foundational element that is underpinned by ideas about equality of treatment and opportunities	Individuals feeling that their uniqueness is known and appreciated, while also feeling a sense of social connectedness and group membership	Creating the conditions for high team performance through individuals having the confidence to speak up and the motivation to do their best work

Putting this into the context of leaders, inclusive leadership is about:

1. Treating people and groups fairly—that is, based on their unique characteristics, rather than on stereotypes

operate more effectively within diverse markets, better connect with diverse customers, access a more diverse spectrum of ideas, and enable diverse individuals in the workforce to reach their full potential.

**Table 2. The six signature traits of an inclusive leader**

	1	2	3	4	5	6
Six traits	<b>Commitment</b>	<b>Courage</b>	<b>Cognizance of bias</b>	<b>Curiosity</b>	<b>Cultural intelligence</b>	<b>Collaboration</b>
15 elements	Personal values	Humility	Self-regulation	Openess	Drive	Empowerment
	Belief in the business case	Bravery	Fair play	Perspective-taking	Knowledge	Teaming
				Coping with ambiguity	Adaptability	Voice

These six traits and fifteen elements are not a meaningless or aspirational laundry list. As our interviews and formal 180-degree assessment of leaders and peers/followers revealed, they are very tangible and developable.

### Trait 1: Commitment

*Highly inclusive leaders are committed to diversity and inclusion because these objectives align with their personal values and because they believe in the business case.*

Being inclusive of diversity is a big challenge. It takes time and energy, two of a leader’s most precious commodities. So what motivates a leader to expend these resources in the pursuit of diversity?

Clearly, an understanding of the commercial imperative is critical, as discussed in the previous section. “It is hard to argue with the diversity argument in a business context,” says Jennifer Reid, head of retail, business, and treasury payments operations at Bank of Montreal. “When you look at the changes in the business environment, it would be very difficult for any business leader to say they don’t need to pay attention.”

Intriguingly, however, many of the leaders interviewed in our research cited the extrinsic reward of enhanced performance as a secondary motivator. Their primary motivation for pursuing diversity and inclusion was

alignment with their own personal values and a deep-seated sense of fairness. “To me, it’s all about fairness and equality of opportunity,” says Belinda Hutchinson, chancellor of the University of Sydney. “It’s about giving people the opportunity to achieve what they should be able to achieve. It doesn’t just relate to gender. It relates to race, religion, sexual preference—whatever else it may be.”

This insight is consistent with research by the US-based think tank Catalyst, which identified “a strong sense of fair play” as the most significant predictor that men would champion gender initiatives in the workplace.<sup>24</sup> Interestingly, Catalyst also observed that individuals’ “commitment to fairness ideals was rooted in very personal experiences.”<sup>25</sup> This finding has particular resonance for one leader we interviewed: “At school . . . it was very much an in-group and out-group dynamic that I experienced. And I have always had sensitivity to any form of exclusion that comes from a person.”

This combination of intellect (that is, belief in the business case) and emotion (that is, a sense of fair play and caring for people as individuals, not “resources”) is consistent with the “head and heart” strategy emphasized by change expert John Kotter. According to Kotter, while engaging the minds of individuals through rational arguments is important,

“people change what they do less because they are given analysis that shifts their thinking than because they are shown a truth that influences their feelings.”<sup>26</sup> The Coca-Cola Company’s Lewis, Jr., agrees: “The business case is compelling. But for this to work, you need to connect to the minds and the hearts.”

We suspect it is this blend that enables leaders to speak about diversity and inclusion in a compelling way. As one leader observes, inclusive leaders have an “authenticity about the agenda and a consistency about it as well. It is in their communications. People look at them and say they are ‘fair dinkum.’” For Dr. Rohini Anand, senior vice president and global chief diversity officer at Sodexo, this contrasts with those who are not committed: “It is not necessarily people saying overt things . . . [but] they are just mouthing words without internalizing it. Therefore it is shallow and not sustainable.”

More than just talking, when leaders prioritize time, energy, and resources to address inclusion, it signals that a verbal commitment is a true priority. As Mike Henry, president of operations for Minerals for Australia at BHP Billiton explains, prioritization includes treating diversity and inclusion as a business imperative: “Like any other organizational priority, or something that is strategically significant to the organization, it needs to be part of the business plan, management conversations, and targets, and you need to have an objective way of assessing whether you are achieving what you want to achieve.” At a personal level, inclusive leaders also believe that creating an inclusive culture starts with them, and they possess a strong sense of personal responsibility for change. “You can’t just come out as a leader and say, ‘This is important; set the targets, and everyone go out and achieve the targets,’” says Henry. “You may achieve the targets, but not the culture you need. The leader needs to invest in people, building shared aspiration and building an aligned understanding of the business case. They need to work with the team on the ‘how.’”

## CATALYST AND INCLUSIVE LEADERSHIP

Founded in 1962, Catalyst is a leading nonprofit organization that seeks to expand opportunities for women and business. A 2014 study by Catalyst identified four leadership behaviors that predicted feelings of uniqueness and belongingness—key elements of inclusion—across employees in Australia, China, Germany, Mexico, and the United States. These were:

- **Empowerment: Enabling direct reports to develop and excel**
- **Humility: Admitting mistakes; learning from criticism and different points of view; acknowledging and seeking contributions of others to overcome one’s limitations**
- **Courage: Putting personal interests aside to achieve what needs to be done; acting on convictions and principles even when it requires personal risk-taking**
- **Accountability: Demonstrating confidence in direct reports by holding them responsible for performance they can control**

The current research has identified similar leadership behaviors (that is, personal risk-taking, humility, and empowerment) as important to inclusive leadership. However, our framework expands on these ideas in the broader context of diversity of markets, ideas, customers, and talent. Most importantly, it identifies the 15 specific elements inclusive leaders think about and do.

**Table 3. Elements of commitment**

Signature trait: Commitment		
Element	What inclusive leaders think about	What inclusive leaders do
Personal values	<ul style="list-style-type: none"> <li>Alignment of personal values to inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Treat all team members with fairness and respect</li> <li>Understand the uniqueness of each team member</li> <li>Take action to ensure each team member feels connected to the group/organization</li> <li>Proactively adapt their work practices to meet the needs of others</li> </ul>
Business case belief	<ul style="list-style-type: none"> <li>Commercial value of diversity and inclusion with respect to talent, innovation, customers, and new market growth</li> </ul>	<ul style="list-style-type: none"> <li>Treat diversity and inclusion as a business priority</li> <li>Take personal responsibility for diversity and inclusion outcomes</li> <li>Clearly and authentically articulate the value of diversity and inclusion</li> <li>Allocate resources toward improving diversity and inclusion within the workplace</li> </ul>

## Trait 2: Courage

***Highly inclusive leaders speak up and challenge the status quo, and they are humble about their strengths and weaknesses.***

“The early adopters of this work have been . . . perceived as mavericks in their environment,” says The Coca-Cola Company’s Lewis, Jr. “Frankly, they need to be a bit courageous, because they buck the trend. For leaders, they need to make a decision as to whether they dig in and entrench as they are, or recognize the world as it will become, and be part of the change.” The courage to speak up—to challenge others and the status quo—is a central behavior of an inclusive leader, and it occurs at three levels: with others, with the system, and with themselves.

Challenging others is perhaps the most expected focus for leaders. For one leader interviewed, courage includes gently challenging followers to see their behaviors and the impact they have on others. “I talk [to my team] about how I came across in that meeting,” this leader says. “But I also give them really regular feedback: ‘Did you know you did that in that meeting, how others may perceive

that?’ It’s really important to make the feedback regular . . . on-the-ground coaching is critical.”

Courage also comes into play in a willingness to challenge entrenched organizational attitudes and practices that promote homogeneity. In the 1980s, for example, McKinsey changed its recruiting practices to promote divergent thinking and meet a demand for consultants. Instead of continuing to recruit from a narrow pool of MBAs from the top business schools, McKinsey’s Advanced Professional Degree (APD) program sought out talent from industry and a broader base of universities.<sup>27</sup> Where courage came in was the preparedness to challenge the status quo and then to address the initial bias toward MBAs as partner-elects. Courageous partners talked with their peers and sought personal promises of commitment to support APD talent; they briefed the evaluation committee on the need to assess performance objectively; and they intervened when necessary to improve APD recruits’ chances of fitting in. Today, 20 to 30 percent of McKinsey’s North American associates are classed as APDs, as opposed to 10 percent in the early 1990s;<sup>28</sup> the

diversity of background, industry experience, and discipline knowledge of APDs are seen as highly valuable.<sup>29</sup>

There’s a vulnerability to being an inclusive leader, because confronting others and the status quo immediately invites the spotlight to turn on the speaker. Being an agent for change can also be met with cynicism and challenges from others. According to University of Sydney chancellor Belinda Hutchinson, “You need to take risks and recognize that you’re going to have some failures along the way, and you will need to get up, shake yourself off, and get on with it. It’s about patience and persistence. You may try this, or that, and it may not work, but if you keep driving towards the end goal, then you will get there. So it is about courage and commitment to stay the course.”

Inclusive leaders have the courage to speak out about themselves and to reveal, in a very personal way, their own limitations. Instead of shying away from the challenge of imperfection, highly inclusive leaders adopt an attitude of humility. In 2014, the US-based think tank Catalyst identified “humility” as one of the four leadership behaviors that predicated whether employees felt included (see sidebar above, “Catalyst and inclusive leadership”).<sup>30</sup> Yet, as Catalyst rightly pointed out, humility is the one

attribute that is “most antithetical to common notions of leadership.” It is difficult for leaders in the public spotlight to admit they don’t have all the answers. Courage and humility therefore go hand in hand.

Humility, according to Catalyst, also encompasses learning from criticism and different points of view, as well as seeking contributions from others to overcome one’s limitations.<sup>31</sup> According to Sodexo’s Anand, “Those [leaders] who lack the self-awareness and humility to learn and admit they don’t know everything—these would be leaders who miss an opportunity to learn, and who will be blindsided if they are not careful.”

### Trait 3: Cognizance of bias

***Highly inclusive leaders are mindful of personal and organizational blind spots, and self-regulate to help ensure “fair play.”***

“The leaders that are inclusive do a couple of things,” says Sodexo’s Anand. “At the individual level, they are very self-aware, and they act on that self-awareness. And they acknowledge that their organizations, despite best intentions, have unconscious bias, and they put in place policies, processes, and structures in order to mitigate the unconscious bias that exists.”

**Table 4. Elements of courage**

Signature trait: Courage		
Element	What inclusive leaders think about	What inclusive leaders do
Humility	<ul style="list-style-type: none"> <li>Awareness of personal strengths and weaknesses</li> </ul>	<ul style="list-style-type: none"> <li>Acknowledge personal limitations and weaknesses</li> <li>Seek the contributions of others to overcome personal limitations</li> <li>Admit mistakes when made</li> </ul>
Bravery	<ul style="list-style-type: none"> <li>Being an agent for change and the positive impact diversity and inclusion can have</li> </ul>	<ul style="list-style-type: none"> <li>Approach diversity and inclusion wholeheartedly</li> <li>Challenge entrenched organizational attitudes and practices that promote homogeneity</li> <li>Hold others to account for noninclusive behaviors</li> </ul>

## EXAMPLES OF SUBTLE BIASES THAT CAN NEGATIVELY IMPACT THE WAY WE SEE OTHERS AND THE DECISIONS WE MAKE

### Implicit stereotypes

Occurs when people judge others according to unconscious stereotypes

### Similarity-attraction bias

The tendency to more easily and deeply connect with people who “look and feel” like ourselves

### In-group favoritism

A tendency to favor members of in-groups and neglect members of out-groups

### Attribution error

Occurs when the wrong reason is used to explain someone’s behavior; coupled with in-group favoritism, this results in a positive attribution for in-group members and a negative attribution for out-group members

### Confirmation bias

Seeking or interpreting information that is partial to existing beliefs

### Groupthink

When the desire for group harmony overrides rational decision making

Biases are a leader’s Achilles’ heel, potentially resulting in decisions that are unfair and irrational. Inclusive leaders are deeply aware that biases can narrow their field of vision and prevent them from making objective decisions. In particular, inclusive leaders are highly sensitized to two fundamental phenomena: personal biases, such as homophily and implicit stereotypes and attitudes; and process biases, such as confirmation bias and groupthink.<sup>32</sup> Importantly, they are cognizant of the situations and factors, such as time pressures and fatigue, causing them to be most vulnerable to biases’ pull. Inclusive leaders also exert considerable effort to learn about their own biases, self-regulate, and develop corrective strategies. They understand that their natural state, without these interventions, tends to lean toward self-cloning and self-interest, and that success in a diverse world requires a different approach.

BHP Billiton’s Henry is aware that recruitment is a vulnerable moment for him. “I am very clear about the type of person I gravitate to when hiring. Consciously, I put all sorts of checks and balances in place with respect to the thinkers I gravitate to. There have been times when I have overridden my opinion with others’ advice, and it has worked out spectacularly.”

In the context of diverse talent, inclusive leaders think about three features of fairness with the aim of creating an environment of “fair play”:<sup>33</sup>

1. **Outcome:** Are outcomes such as pay and performance ratings, as well as development and promotion opportunities, allocated on the basis of capability and effort, or does their distribution reflect bias?
2. **Process:** Are the processes applied in deciding these outcomes (a) transparent, (b) applied consistently, (c) based on accurate information, (d) free from bias, and (e) inclusive of the views of individuals affected by the decisions, or are they tinged with bias, thus leading to undeserved success for some and failure for others?

Table 5. Elements of cognizance of bias

Signature trait: Cognizance of bias		
Element	What inclusive leaders think about	What inclusive leaders do
Self-regulation	<ul style="list-style-type: none"> <li>• Acceptance of bias and concern for its impact</li> <li>• Moments when they are most vulnerable to bias</li> </ul>	<ul style="list-style-type: none"> <li>• Learn about their personal biases, including through feedback</li> <li>• Follow processes to ensure personal biases do not influence decisions about others</li> <li>• Identify and address organizational processes that are inconsistent with merit</li> </ul>
Fair play	<ul style="list-style-type: none"> <li>• Awareness of the three features of fairness: outcomes, processes, and communication</li> </ul>	<ul style="list-style-type: none"> <li>• Make fair and merit-based decisions about talent (for example, with respect to promotions, rewards, and task allocations)</li> <li>• Employ transparent, consistent, and informed decision-making processes about talent</li> <li>• Provide those affected with clear explanations of the processes applied and reasons for decisions made</li> </ul>

3. **Communication:** Are the reasons for decisions made, and processes applied, explained to those affected, and are people treated respectfully in the process?

Importantly, as Bank of Montreal's Reid demonstrates, inclusive leaders are aware that "fairness" does not necessarily equate to "same." She says, "I grew up with a learning disability and, at certain times, I required different levels of support. My mum would say that fairness didn't always mean the exact same, but the opportunity to be your best, and this would mean that you need different things at different times."

In thinking about process, inclusive leaders seek to pinpoint processes that create subtle advantages for some and subtle disadvantages for others, perpetuating homogeneity and undermining inclusion. This understanding led Alan Joyce, CEO of Qantas, to put strategies in place to mitigate the impact of bias in performance conversations. "In the past, people's opinions and biases were often at the forefront of our talent discussions. We embarked on a strategy to take out bias—using external assessments, global benchmarking, and leadership and "potential" data. Now we have a more objective and collective view of talent. This enables us to confidently discuss

career planning, mobility, and the benefit of getting different critical experiences across diverse business segments."<sup>34</sup>

## Trait 4: Curiosity

*Highly inclusive leaders have an open mindset, a desire to understand how others view and experience the world, and a tolerance for ambiguity.*

What's the one attribute CEOs need to succeed in the future? "I would place my bet on curiosity," responded Michael Dell, chairman and chief executive officer of Dell Inc., in a 2015 interview. "Because with curiosity comes learning and new ideas, and in businesses that are changing very rapidly, if you're not curious, you're not learning, and you're going to have a real problem."<sup>35</sup>

Inclusive leaders accept their limitations and hunger for the views of others to complete the picture. This thirst for continual learning helps drive attributes associated with curiosity—open-mindedness, inquiry, and empathy. Such behaviors do not come easily. Time and effort are required to engage with diverse others, as is the skill of synthesizing a broader range of perspectives. But the result is loyalty from others who feel valued, along with access

to a richer set of information that enables better decision making.

The openness to different ideas and experiences is a defining characteristic of inclusive leaders, who give weight to the insights of diverse others. As Bank of Montreal’s Hudon describes: “I tend to specifically ask the opinion of someone who will bring a different view from my own. As we discuss an issue, I will often go to people who are likely processing things differently, and purposely ask for their opinion, knowing it will come from a different place than my own.”

For inclusive leaders, asking curious questions and actively listening are core skills that are key to deepening their understanding of perspectives from diverse individuals. Since the 1970s, Oscar-winning producer Brian Grazer has conducted “curiosity conversations” with over 450 diverse strangers—talks that have inspired many of the films and shows he has produced, including *Apollo 13* and *A Beautiful Mind*.<sup>36</sup> “I seek out their perspective and experience and stories, and by doing that, I multiply my own experience a thousand-fold,”

he says. For Grazer, curiosity is a “superhero power.”<sup>37</sup>

Lieutenant General Angus Campbell, Chief of Army, Australia, says about his own efforts: “I try to listen. And I try to understand why someone’s opinion is different from mine. And I think in those two efforts . . . you are both recognizing the individual and respecting them, and you’re giving pause to analyze, compare, complement, and question your own beliefs. In trying to understand the difference of opinion, you are giving the project or the initiative you are dealing with space to become better.” Maaïke Steinebach, chief executive of CBA’s Hong Kong branch, agrees that listening deeply is critical to her success. “I really make an effort to try to learn something new from the people I talk to. As an extrovert it’s very easy to talk, but if you’re quiet, you can hear more about others and what is going on, and it can be a much more valuable experience.”

For inclusive leaders, openness also involves withholding fast judgment, which can stifle the flow of ideas. As Hayden Majajjas, diversity and inclusion director, Asia-Pacific at BP, explains,

**Table 6. Elements of curiosity**

Signature trait: Curiosity		
Element	What inclusive leaders think about	What inclusive leaders do
Openess	<ul style="list-style-type: none"> <li>Their own limitations and the value of new and different ideas and experiences</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrate a desire for continued learning</li> <li>Actively seek the perspectives of diverse others in ideation and decision making</li> <li>Withhold fast judgment when engaging with diverse others</li> </ul>
Perspective taking	<ul style="list-style-type: none"> <li>Enhancing one’s own understanding of new or different perspectives</li> </ul>	<ul style="list-style-type: none"> <li>Listen attentively when another person is voicing a point of view</li> <li>Engage in respectful and curious questioning to better understand others’ viewpoints</li> <li>Demonstrate the ability to see things from others’ viewpoints</li> </ul>
Coping with uncertainty	<ul style="list-style-type: none"> <li>Acceptance that some ambiguity and uncertainty is inevitable</li> </ul>	<ul style="list-style-type: none"> <li>Cope effectively with change</li> <li>Demonstrate and encourage divergent thinking</li> <li>Seek opportunities to connect with a diverse range of people</li> </ul>

making judgments can also limit personal growth and connections: “I think that religion is a good example at the moment. For example, if we are talking about religion in the workplace, it is one thing to be curious, but another to be able to suspend your own beliefs. Asking a question knowing that you could not change your beliefs under any circumstances—not in terms of taking on someone else’s religion, but in terms of what you think is right and wrong—is pointless. But temporarily suspending your beliefs enables you to learn more and to engage, and often that is the key to overcoming barriers.”

In a virtuous circle, curiosity encourages connections with diverse others, which in turn promotes empathy and perspective-taking. Both have been shown to have a multitude of benefits, including fostering a more constructive exchange of ideas (diversity of ideas),<sup>38</sup> facilitating greater customer insight (diversity of customers), and decreasing one’s susceptibility to bias (diversity of talent).<sup>39</sup>

## Trait 5: Culturally intelligent

***Highly inclusive leaders are confident and effective in cross-cultural interactions.***

For inclusive leaders, the ability to function effectively in different cultural settings is about more than just having a mental map of different cultural frameworks (for example, Hofstede’s cultural dimensions theory). While an understanding of cultural similarities and differences is important, inclusive leaders also recognize how their own culture impacts their personal worldview, as well as how cultural stereotypes—including the misuse of cultural models—can influence their expectations of others.

At a deeper level, inclusive leaders’ thirst for learning means that they are also motivated to deepen their cultural understanding and to learn from the experience of working in an unfamiliar environment. This curiosity leads them to value cultural differences, defying ethnocentric tendencies that cause people to judge

other cultures as inferior to their own, and enabling them to build stronger connections with people from different backgrounds. As Geert Peeters, CFO of CLP Group, comments: “There is no one culture that is smarter than another. In recognizing intelligence in each culture, your culture’s intelligence may not necessarily be used today for today’s problems, but it will be used tomorrow for tomorrow’s problems. There is no point in judging. We just need to bank all of these cultural differences to have a collective intelligence and to be able to use it.”

Inclusive leaders are tolerant of ambiguity, which enables them to manage the stress imposed by new or different cultural environments as well as situations where familiar environmental or behavioral cues are lacking. As BP’s Majajas describes, inclusive leaders are also adept at changing their verbal and nonverbal behaviors according to cultural demands. “It is about when and how you would adapt your forms of expression and communication with other people. And that includes everything—when you use gestures, when you slow down, when you enunciate or pronounce your words better, when you choose your language. This is about being more specific and more deliberate.”

Finally, inclusive leaders understand that the ability to adapt does not mean “going native,” which can cause leaders to lose sight of what they want to achieve by overcompensating for new cultural demands.<sup>40</sup> As Majajas puts it, “It’s about being flexible but authentic. I think a more inclusive leader is someone who knows when to adapt and doesn’t necessarily need to change who they are fundamentally.”

Many of the capabilities discussed above are encapsulated in the model known as “cultural intelligence” (CQ), which comprises four elements:<sup>41</sup>

1. Motivational: The leader’s energy and interest toward learning about, and engaging in, cross-cultural interactions

**Table 7. Elements of cultural intelligence**

Signature trait: Cultural intelligence		
Element	What inclusive leaders think about	What inclusive leaders do
Drive	<ul style="list-style-type: none"> <li>The personal and organizational benefits of learning about, and experiencing, different cultures</li> </ul>	<ul style="list-style-type: none"> <li>Take an active interest in learning about other cultures</li> <li>Seek out opportunities to experience culturally diverse environments</li> <li>Are confident leading cross-cultural teams</li> </ul>
Knowledge	<ul style="list-style-type: none"> <li>The differences and similarities between cultures</li> <li>Relevant country-specific knowledge to operate effectively within specific geographies (for example, business and economic knowledge, norms, practices, and conventions)</li> </ul>	<ul style="list-style-type: none"> <li>Seek information on the local context; for example, politics and ways of working</li> </ul>
Adaptability	<ul style="list-style-type: none"> <li>Acceptance that different cultural situations may require behavioral adaptation</li> </ul>	<ul style="list-style-type: none"> <li>Work well with individuals from different cultural backgrounds</li> <li>Change style appropriately when a cross-cultural encounter requires it</li> <li>Use appropriate verbal (for example, speed, tone, use of pause/silence) and nonverbal (for example, gestures, facial expressions, body language, physical contact) behavior in cross-cultural encounters</li> </ul>

2. Cognitive: The leader’s knowledge of relevant cultural norms, practices, and conventions
3. Metacognitive: The leader’s level of conscious cultural awareness during interactions
4. Behavioral: The use of appropriate verbal and nonverbal actions in cross-cultural interactions

Research has demonstrated the positive relationship between CQ and a range of important business outcomes, including expatriate job performance, intercultural negotiation effectiveness, and team process effectiveness in multicultural teams.<sup>42</sup>

## Trait 6: Collaborative

***Highly inclusive leaders empower individuals as well as create and leverage the thinking of diverse groups.***

“The new IQ is based more on group intelligence,” says Bruce Stewart, acting director, strategic initiatives, US Office of Personnel Management. “The old IQ is about how smart you are; the new IQ is about how smart you make your team. If you take it to heart, it will change the way you lead. Instead of the leader leading from top of the pyramid, they lead from the middle of the circle.”

At its core, collaboration is about individuals working together, building on each other’s ideas to produce something new or solve something complex. But while collaboration among similar people is comfortable and easy, the challenge and opportunity thrown

up by the foundational shifts is collaboration with diverse others: employees, customers, or other stakeholders.

Inclusive leaders understand that, for collaboration to be successful, individuals must first be willing to share their diverse perspectives. For Bank of Montreal’s Reid, this willingness is cultivated by creating an environment where individuals feel valued personally and are empowered to contribute. “It’s about people having the freedom to work from their own perspective . . . [feeling] that their perspective is valued, and that they feel that in a very genuine way. And that empowers them to provide alternative points of view.”

Rather than controlling the flow of ideas, inclusive leaders encourage autonomy, empowering their teams to connect with others in the pursuit of diverse perspectives. “The end state for a good performing team is an autonomous team,” says Deven Billimoria, CEO of Smartgroup Corporation. “I recently visited a company that has a Net Promoter Score

through the roof and a best employer status that is almost unparalleled. I talked to some of the people that are on the phones, and one thing that resonated with me is the sense of autonomy. They have the autonomy to do what they want. Their managers trust them, the company trusts them, and I thought that we could do that better.”

For inclusive leaders, diversity of thinking is a critical ingredient for effective collaboration. Far from being guided by hunches and feelings, or leaving success to chance, inclusive leaders adopt a disciplined approach to diversity of thinking, paying close attention to team composition and the decision-making processes employed.<sup>43</sup> In this way, they understand the demographic factors that cause individuals and groups to think differently, both directly (for example, educational background and mental frameworks) and indirectly (for example, gender and race), and purposely align individuals to teams based on that knowledge.<sup>44</sup>

**Table 8. Elements of collaboration**

Signature trait: Collaboration		
Element	What inclusive leaders think about	What inclusive leaders do
Empowerment	<ul style="list-style-type: none"> <li>Ensuring that others feel able and comfortable to contribute independently</li> </ul>	<ul style="list-style-type: none"> <li>Give team members the freedom to handle difficult situations</li> <li>Empower team members to make decisions about issues that impact their work</li> <li>Hold team members accountable for performance they can control</li> </ul>
Teaming	<ul style="list-style-type: none"> <li>Being disciplined about diversity of thinking in terms of team composition and processes</li> </ul>	<ul style="list-style-type: none"> <li>Assemble teams that are diverse in thinking</li> <li>Work hard to ensure that team members respect each other and that there are no out-groups within the team</li> <li>Anticipate and take appropriate action to address team conflict when it occurs</li> </ul>
Voice	<ul style="list-style-type: none"> <li>Adapting styles and processes to ensure that every team member has a voice</li> </ul>	<ul style="list-style-type: none"> <li>Create a safe environment where people feel comfortable to speak up</li> <li>Explicitly include all team members in discussions</li> <li>Ask follow-up questions</li> </ul>

Inclusive leaders are also deeply aware that—even when a diverse-thinking team has been assembled—process biases can pull a group toward sameness and the status quo. For example, like-minded team members are drawn toward each other when testing ideas; confirmation bias causes individuals to reference only those perspectives that conform to pre-existing views; and in-group favoritism causes some team members to cluster. These leaders therefore work to mitigate the effects of process biases.<sup>45</sup> They are attuned to the propensity for fault lines to fracture the team into subgroups, which can weaken relationships and create conflict. They proactively employ strategies that foster a sense of “one team,” creating a superordinate group identity and shared goals, and working to ensure people understand and value the bank of knowledge and capabilities across the group.

Further, inclusive leaders understand that people are most collaborative when they feel safe to contribute without fear of embarrassment or punishment. They understand that power dynamics, dominating styles, and low tolerance of differences can stop team members from speaking up. They focus on building trust across the group, establishing a set of

guiding principles, for example, that encourage people to contribute without fear. “I think that it is important to assume good intent,” says Rachel Argaman, CEO of TFE Hotels. “If we are talking around the table, I might suggest something, and more than half of my team might say, ‘No, we shouldn’t do that, we should do this!’ I think that’s normal and healthy. It’s certainly normal and healthy for our team.” Finally, inclusive leaders appreciate the importance of understanding team members’ thinking styles (for example, introvert versus extrovert), and they adapt their communication and approach as necessary to elicit valuable perspectives.

In addition to formal processes, inclusive leaders also consider whether the broader organizational culture and infrastructure, including workplace design and technology, promote social connections across the organization. As the US Office of Personnel Management’s Stewart explains, “If leaders want to be inclusive, they [also] need to think about idea spaces. They need to make sure there are places where different ideas and individuals can mix. Folks who generate more ideas in inclusive ways—they are the smarter companies.”

# What can organizations do?

**T**HE six signature traits of an inclusive leader have important implications for how organizations select and develop leaders. Below, we provide some possible actions to help organizations develop inclusive leadership capabilities and build a culture of inclusion.

## Strategic alignment

- Highlight inclusive leadership as a core pillar within the organization's diversity and inclusion strategy.
- Articulate a compelling narrative as to why inclusive leadership is critical to business success. For example, how may inclusive leadership drive innovation and prevent the organization from being blindsided, support greater customer connectivity, optimize talent, and/or enable leaders to operate more effectively in a global marketplace?
- Make symbolic workplace changes to signify the importance of inclusive leadership. For example, incorporate inclusion into an organization's values to guide behaviors, and appoint senior leaders who embody inclusive leadership.

## Recruitment

- Ensure that job advertisements emphasize inclusive leadership capabilities (for example, collaborative, curious) and the organization's commitment to diversity and inclusion.
- Incorporate inclusion into behavioral interview questions. For example, an interviewer could ask, "Describe a situation where others you were working with disagreed with your ideas. How did you respond?"

## Capability and competency management

- Integrate inclusive leadership capabilities into the organization's leadership competency model.

## Performance management

- Link KPIs to inclusive behaviors and diversity and inclusion outcomes. For example, establish a metric around employee perceptions of leadership commitment to diversity and inclusion and their inclusive behaviors.
- Ensure that those appointed to senior-level positions embody inclusive

leadership or demonstrate a genuine commitment to developing the capability for inclusive leadership.

- Hold leaders to account for noninclusive behaviors.

### Rewards and recognition

- Reward leaders who role-model inclusive behaviors.
- Showcase highly inclusive leaders across the organization as well as the benefits derived from their inclusive behavior.

### Leadership development

- Formally assess inclusive leadership capabilities across senior leaders and people managers. Identify individual and organizational developmental gaps and create development plans.
- Encourage leaders to seek informal feedback from others on their capability for inclusive leadership.

- Integrate development of the six signature traits of inclusive leadership into leadership development programs.

### System integration

- Integrate inclusive leadership into the organization's global mobility strategy in order to help assess participant readiness and to develop current and future leaders.
- Consider how inclusive leadership—as well as the broader principles of diversity and inclusion—fit within the organization's innovation strategy and processes. For example, in undertaking ideation or problem-solving activities, ensure that leaders assemble teams that are diverse in their thinking and that individual and group biases are mitigated in group discussions.

Diversity—of markets, customers, ideas, and talent—is an inescapable part of today's business environment. When leaders have clarity about what it means to be highly inclusive—through the six signature traits and fifteen elements—they are positioned for success.

# Appendix: Research methodology

## How was the model of inclusive leadership identified?

The six-factor inclusive leadership model described in this report was developed through a comprehensive review of the literature and refined on the basis of interviews.

### Interviews

Seventeen interviewees were identified across Australia, Canada, Hong Kong, New Zealand, Singapore, and the United States on the basis of one or more of the following criteria: 1) the individual's visible commitment to the creation of an inclusive workplace, 2) the individual's demonstration of inclusive behaviors, and 3) subject-matter expertise. Interviewees were identified by either Deloitte professionals or diversity and inclusion leaders within their organizations.

Interviews were semi-structured and covered a range of topics relating to diversity, inclusion, and leadership style. Three researchers reviewed the transcripts and developed a coding scheme to capture key themes. Any disagreements between researchers with respect to coding were discussed and resolved.

### Scale construction

A 180-degree measure of inclusive leadership was constructed using Hinkin, Tracey, and Enz's (1997) seven-step scale development process.<sup>46</sup>

- **Step 1:** We generated a pool of potential items to assess inclusive leadership. Items were generated deductively, beginning with a theoretical view of the six signature traits and the results of our senior leader interviews. Care was taken to construct items properly; for example, we avoided double-barreled items and ensured that each item was worded simply and directly. Two versions of the survey were created: one for leaders to be completed as a self-assessment, and the second to be completed by their followers/peers.
- **Step 2:** We assessed the content-adequacy of the items with a panel of experts. In particular, this stage focused on ensuring that the items developed for each of the six signature traits captured the full definition of each trait. Following from this, we administered a draft version of the items to non-experts to check whether the items under each trait appeared to be face valid.
- **Step 3:** We administered a refined version of the survey to a sample of 32 senior leaders ("targets") and their followers/peers ("raters") from multiple organizations. Respondents were asked to provide their ratings on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). A total of 120 items were included in

the survey. T-tests were conducted to check for differences between self and other ratings. No significant differences were found.

- **Step 4:** The data were subjected to exploratory factor analysis using principal components analysis (PCA). Results indicated that the items all loaded well ( $>.50$ ) on a single factor, which we labeled as inclusive leadership. More detailed examination of the data revealed fifteen elements across six factors. At this stage, the total item pool was reduced by half on the basis of factor loadings and expert discussion. Duplicative items were also removed.
- **Step 5:** The internal consistency of the items was assessed using a scale reliability assessment. An internal consistency score was calculated both for the total score (all 60 items) and the 15 sub-elements. Internal consistency was excellent for both the total scale and the elements ( $\alpha$  values ranged from .82 to .93).
- **Step 6:** We re-engaged with our panel of experts to ensure that the refined version of the tool still aligned to the theoretical definition of inclusive leadership. We also ran a series of standard regressions to check convergent validity.

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# Contacts

## Authors

**Bernadette Dillon** (London-based)  
Director Consulting  
Deloitte Touche Tohmatsu, Australia  
+44 7502 099 480  
bdillon@deloitte.com.au

**Juliet Bourke** (Australia-based)  
Leader, Diversity and Inclusion  
Co-leader, Leadership  
Partner, Consulting  
Deloitte Touche Tohmatsu, Australia  
+61 9322 7379  
julietbourke@deloitte.com.au

## Country contacts

### United States

**Christie Smith, PhD**  
Regional managing director  
Managing principal, Deloitte University  
Leadership Center for Inclusion  
Deloitte Consulting LLP  
+1 646 785 6711  
christiesmith@deloitte.com

### United Kingdom

**Tim Clayton-Ball**  
Partner, Consulting  
Deloitte LLP  
+44 7917 336 040  
tclaytonball@deloitte.co.uk

### Canada

**Jackie Scales**  
Senior manager, Consulting  
Deloitte Inc.  
+1 416 602 7517  
jscales@deloitte.ca

### New Zealand

**Chris Boggs**  
Associate director, Consulting  
Deloitte New Zealand  
+64 2 142 7566  
cboggs@deloitte.co.nz

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