Business leaders are crucial in promoting inclusive corporate cultures

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KEY INSIGHTS

- The business case for diversity, equity, and inclusion (DEI) is stronger than ever. Studies have repeatedly shown that businesses with greater DEI representation typically perform stronger than peers.
- Leadership "buy-in" remains key to generating positive DEI momentum. Leaders should actively and visibly champion DEI initiatives and hold their peers accountable for helping to elevate DEI as part of long-term corporate strategy.
- Growing in your own DEI journey will have ripple effects on your personal legacy.

Now more than ever, our corporate and social environments demonstrate the merits of—and need for—individuality and diversity in thought, sexual and gender identity, and racial identity. Leaders should actively and authentically seek out beliefs, views, and identities that do not inherently align with their own. Homogeneous perspectives may not only lead to suboptimal business performance, but also impact employee morale and engagement—all of which are essential to a firm's success and competitiveness. The business case for DEI, therefore, is stronger than ever.

Many companies understand that embedding DEI initiatives as part of their long-term strategies has meaningful performance implications. It makes sense: diverse communities and organizations are stronger, richer, and more sustainable than those that actively, or passively, exclude people who are different.

Executives striving to leave a positive lasting mark on all constituents—from employees and clients to the communities in which they operate—understand the value these diverse experiences and perspectives bring to the table.

A PwC[1] study found that 85% of CEOs in financial services believe that promoting diversity and inclusion helps enhance business performance. Similarly, McKinsey & Company's[2] Diversity Wins report noted that companies with more than 30% women on their executive teams are significantly more likely to outperform those with between 10% and 30% women, and these companies in turn are more likely to outperform those with fewer or no women executives. The McKinsey study also found that companies in the top quartile of DEI representation outperformed peers in the bottom quartile by 36%, highlighting the potential profitability benefits of DEI.

While studies showing the positive performance benefits of DEI serve as a great impetus for change, public sentiment—in addition to changing corporate cultures and client expectations—requires us to do the work. Decision-makers must authentically demonstrate their "buy in" through their actions—genuinely promoting inclusive behaviors while facilitating collegial environments where employees feel safe enough to share their whole selves. Leaders need to address any barriers to create access and opportunity. Without this first step, organizations will struggle to move the needle.

Ultimately, when it comes to identifying the factors that create progress toward inclusion, leadership is key. This requires leaders who not only champion DEI initiatives and demonstrate inclusive behaviors, but also hold themselves and others accountable, while elevating DEI as a strategic business initiative. It is crucial that leaders take a closer look at what they expect in terms of behavior and outcomes at all levels of an organization. This approach, alongside internal assessments of an organization's employee population and culture, talent programs, company policies, and external benchmarking exercises, can help shape the path to success. By demonstrating support for DEI initiatives and modeling inclusive behaviors, leaders can not only create a legacy of acceptance, but can also drive a positive culture shift while striving to deliver strong business performance.

[1] PwC: 21st CEO Survey. 2018.
[2] McKinsey & Company: Diversity wins: How inclusion matters. 2020.

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