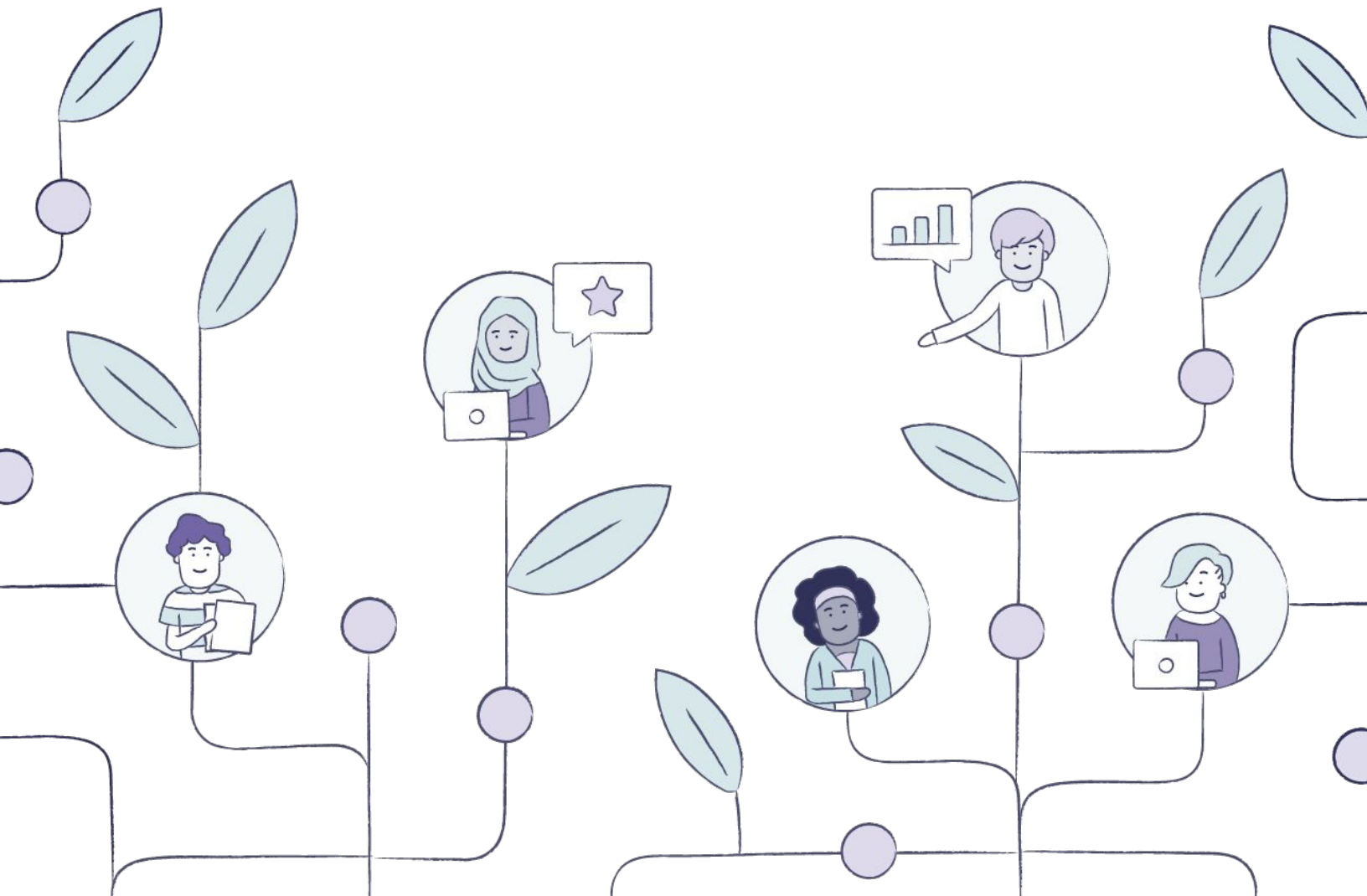




Building Inclusive Cultures: A Guide to Limit Bias & Unlock Potential



Intro



In today's knowledge economy, companies increasingly rely on the creativity and innovation of their employees to succeed. This means that employee performance has never mattered more. At the same time, employers are beginning to realize that many of their traditional approaches to managing and developing their employees are time-consuming and tedious, yet not all that effective. In fact, 58% of executives believe that their current performance management approach drives neither employee engagement nor high performance, according to a [public survey by Deloitte](#).

Fostering a workplace where employees are empowered and growing is also critical to creating an inclusive culture, according to Bersin's WhatWorks Brief on Building an Inclusive Culture. Key insights of the research show that, along with creating a sense of belonging and a safe, open environment, inclusive cultures give employees influence over job tasks and provide frequent stretch opportunities. Most importantly, in these organizations, employees who learn and develop feel valued.

In this eBook, we'll investigate the relationship between inclusion and high-performance cultures and look at three of the main areas where you can focus your efforts: Feedback, Reviews and Promotions, and Culture.

Our goal is to give you practical tips to help you build an inclusive and high-performance culture at your organization. Sound good?

Let's begin!

What is a “high-performance culture”?

A “high-performance culture” is an approach to talent management that consistently drives improvement, development, and performance. This is in contrast to the type of talent management that simply measures performance. It’s a strategic and thoughtful way of encouraging employees to do their best work.

One key element of a high-performance culture is that it separates performance measurement and development. Describing Google’s approach to this in his book, *Work Rules*, Laszlo Bock writes, “intrinsic motivation is key to growth, but conventional performance management systems destroy that motivation. Almost everyone wants to improve. Traditional apprenticeship models are based on this notion... But introduce extrinsic motivations, such as the promise of promotion or a raise, and the willingness and ability of the apprentice to learn starts to shut down.”



Key Insights from Deloitte’s 2017 Global Human Capital Trends report:

- Employees want more regular feedback
- Employees and organizations expect continuous learning
- Important decisions about whom to promote, how much of a raise to give, and whom to move into a new role are getting easier and better through data

*<https://www2.deloitte.com/us/en/pages/human-capital/articles/introduction-human-capital-trends.html>

Why focus on inclusion?

Inclusion means creating a work environment where employees feel comfortable bringing their whole selves to work. Inclusive cultures, as we mentioned earlier, give employees influence over their job tasks and provide frequent stretch opportunities. It’s no surprise, then, that diversity and inclusion are considered a competitive advantage by **78% of respondents** surveyed in the 2017 Deloitte Global Human Capital Trends report and focus specifically on inclusion has risen 32% in the past three years. Describing other findings from the report, Stacia Sherman Garr, Vice President at Bersin by Deloitte, explains, “Our research demonstrates that inclusive talent practices drive measurable and predictable business outcomes.”

There’s been such great focus on diversity metrics in recent years, but less attention has been paid to how employees actually feel and are treated post-onboarding. If diverse employees are hired, but they aren’t given inclusive opportunities for growth and development, what will keep the door from revolving?

In the following sections, we’ll look at the challenges— and opportunities—of adopting inclusive talent practices.



Inclusive companies are :

6x More likely to be innovative

2x More likely to meet or exceed financial targets

6x More likely to be agile



PART I

Feedback

Feedback is an essential element of a high-performance culture. But there are a number of reasons why feedback may not be contributing to a sense of inclusion in your organization. Let's examine a few.



Problem I

Feedback can be biased, inconsistent, and vague.

There are a number of studies showing how feedback can be biased, inconsistent, and vague. This can impact ratings, promotions, and opportunities, and ultimately influence turnover, employee engagement, and company performance. The Clayman Institute at Stanford University reports that the bar is set higher for women, especially in male-dominated fields like science, technology, sales, leadership, and military and police work. The “See Bias Block Bias” report explains, “the same level of performance can be rated lower for someone who doesn’t fit the stereotype of success in a given field than for someone who does.”

Research by [Paola Cecchi-Demeglio and Kim Klegman](#) shows that women are 1.4 times more likely to receive critical, subjective feedback rather than positive feedback or critical, objective feedback. Their research also shows a double standard by which the same traits can also be rated positively for a man—for example, a man might be praised for “careful thoughtfulness” while a woman is rated negatively for the same trait and criticized for her “analysis paralysis.” Another study published in [Fortune](#) showed that in tech company reviews, women were much more likely to receive negative personality criticism than men.

And research by Shelley Correll and Caroline Simard demonstrated that women tended to get vaguer feedback that was less tied to business outcomes. It’s not just women who are affected, either—it’s especially difficult to give critical feedback across any dimension of difference, such as gender, race, or age.

But whenever a reviewer opts to give vague feedback rather than addressing specific concerns, it puts the person in question at a disadvantage when it comes time to be considered for raises and promotions (which we'll cover in more detail later).



How to mitigate it

Objective, structured and frequent

Paola Cecchi-Demeglio writes, “The good news is that the performance appraisal system can be fixed. By using more objective criteria, involving a broader group of reviewers, and adjusting the frequency of reviews, it is possible to remove subjective biases that creep in.”

1 Objective criteria

You can introduce more objective criteria to your performance measurement process by outlining the specific skills an employee needs in order to be successful in their role. Reviewers should always be asked to evaluate an employee based on that skill set. This will help create a more consistent process and more actionable reviews for employees.

2 Structured template

It also helps to provide a structured template for reviews. The Situation-Behavior-Impact model is a common and effective framework for delivering actionable and unbiased feedback. The focus of this type of feedback is on the impact of an individual's actions, rather than on the individual.

In this model, the person giving feedback describes the situation, details the behavior they witnessed, and characterizes how this behavior impacted those involved. The model is a useful tool as it delivers clear, situation-specific feedback, allowing employees to focus on adjusting one behavior at a time.

3 Frequent reviews

Setting a pace of consistent, frequent reviews can also have several benefits. It gives employees more opportunities to hear how they're doing and adjust their actions accordingly, it helps reviewers hone their evaluation skills so they give more actionable feedback, and it also creates a larger set of data to draw upon. This is significant, because when it's time to conduct annual reviews, managers will be less susceptible to recency bias since they'll have a record of regular feedback from throughout the year to draw upon. Additionally, by removing bias from the review process at the outset, companies can ensure that managers are not relying on biased decision-making criteria. In the following section, we'll explore the topic of performance reviews in more detail.



Problem II

Biased feedback is tied to employees' performance reviews.

We've seen that there are a number of ways that feedback can be biased. In many organizations, manager feedback is the basis of an employee's performance review.

This means that an employee's chances of being considered for promotions and raises are significantly impacted by the bias that's built into the review process.

In fact, one study, done by Maura Belliveau of Long Island University, showed the consequences of this. In this study, 184 managers were asked to distribute salary increases to employees. These increases were tied to performance ratings. Then, these managers were told that the company's finances were limited. However, they were given the same amount of funds as the first time. Even though men and women had the same distribution of ratings, men received 71% of the increase, compared to the 29% of women. They believed men would not accept the explanation of the company's finances, leading to a difficult conversation. They allocated more of the funds to men just to avoid this. There are serious implications here: Women may not be receiving raises they've earned simply because managers are more fearful of men's reactions!

Similarly, [Project Include](#), a non-profit that uses data and advocacy to accelerate diversity and inclusion solutions in the tech industry, reports on the connection between the homogeneity of the managerial workforce and the lack of advancement opportunities for people from underrepresented groups, "The leadership ranks of technology companies are overwhelmingly white and male... In addition to biased hiring practices and approaches to performance evaluations, low levels of representation at the managerial level can also be attributed to high rates of attrition and biased promotional practices."



How to mitigate it

Focus on feedback for development,
not compensation.

As we discussed in the intro to this eBook, one of the hallmarks of a high-performance culture is the decision to decouple performance measurement and performance development. By using feedback as a tool to help your employees develop (rather than the information that guides compensation discussions), you can make your performance review process more fair and inclusive. **Project Include**, also suggests, “A performance review process that mitigates bias and effectively evaluates employees stands to increase the likelihood that a company will not only attract, but also retain and grow, its talent. This must include the early establishment of goals and the use of multiple feedback sources to take advantage of opposing views.”



PART II

Reviews & Promotions

Reviews and promotions can have a huge impact on employee experience and satisfaction. Let's examine a few ways that traditional approaches to these practices can discourage inclusion and high performance.



Problem

Traditional performance reviews and promotions are tied to bias feedback.

Is there an echo in here? If this problem sounds familiar, that's because we just mentioned it in the previous section. However, because biased feedback leads to biased reviews, which lead to biased decisions on promotions and raises, we felt that it was worth repeating and covering in more detail.

There are several types of bias that affect the feedback and evaluation process.

- **Idiosyncratic rater effect** refers to the fact that people tend to rate another person's skills based on their own strengths and weaknesses.
- **Central tendency** error occurs when using a five-point scale. Most reviewers will tend to place whatever they're evaluating in the middle and avoid giving a high or low score.
- **Recency bias** means that people tend to focus on things that happened more recently rather than looking at an entire performance cycle.
- **Confirmation bias** occurs when people are more likely to notice and remember information that validates an opinion they already have (and also more likely to forget or dismiss information that conflicts with their opinion).
- **Gender bias** refers to the way behavior is perceived based on gender stereotypes and can have serious implications when it comes to evaluating and advancing employees.



How to mitigate it

Say goodbye to ratings

We've covered that rating others on their skills will not lead to meaningful feedback... so what will? It turns out that people are highly consistent when rating their own feelings and intentions. This is why high-performance organizations have taken the approach of forming questions based on a manager's future actions with respect to someone.

Here are a few sample prompts to illustrate this approach:

- Given what I know of this person's performance, I would always want them on my team.
- I can always rely on this person to solve the most challenging issues.
- What qualities does this person demonstrate in this role?

In order to avoid recency bias, make sure that reviewers have access to a large volume of historical feedback when evaluating performance. This way, when managers need to make a decision on an employee, they have historical data points in front of them as well as a log of the employee's goals, check-ins, and feedback.

Also, consider having a review cycle more frequently to collect additional data and to shorten the evaluation period. This also meets the needs of the fast-paced nature of companies today, where roles or goals can change often and substantially within the period of a year.

Finally, don't use a rating scale when evaluating employees. On a 1–5 scale, most reviewers will pick 3 or a 4. That average score may not be aligned with an employee's true performance. When the tendency is to typically rate everyone straight down the middle, an employee's evaluation may be distorted. Instead, encourage managers to submit Strong No, No, Yes, or Strong Yes answers to questions like those provided above, as they encourage managers to think about what actions they would take with employees. The result is far more accurate evaluation data.



A Closer Look at Gender Bias

Through their research, **Paradigm** has uncovered many inconsistencies in the way men and women are rated on their performance reviews. Here are a few of the most significant discoveries. Women get...

75% : more negative personality criticism: 75% of critical reviews of women focused on their personalities vs. only 2% of critical reviews of men

2.4x : as many mentions related to team achievements (downplaying their individual contributions)

2.5x : as many mentions related to aggressive communication (and when the word "aggressive" is used for men, it's generally positive)

1/2 : as many mentions of having a vision or technical expertise as men



PART III

Culture

Company culture has become an industry buzzword and an important element that companies cultivate in order to attract and retain talent. Companies have become increasingly aware that they play a major role in creating an environment of psychological safety where employees can thrive. Read on to learn how you can promote high performance and inclusivity through your culture.



Problem

Companies tend to focus on the “fixed mindset” approach.

Stanford psychologist Dr. Carol Dweck has done extensive research on the topic of “fixed” vs. “growth” mindset. People with a “fixed mindset” believe that their abilities are predetermined at birth and shut down when faced with failure, while people with a “growth mindset” believe that skills can be cultivated through effort and embrace challenges.

It turns out that companies can also promote a fixed mindset through their policies and approach to management. **Dweck surveyed employees** at Fortune 1000 companies to learn how they reacted to statements like “When it comes to being successful, this company seems to believe that people have a certain amount of talent, and they really can’t do much to change it.” Agreement with that type of statement generally indicated a fixed mindset. Dweck found that the employees at most companies generally demonstrated a consensus about which type of mindset their company promoted.

The problem with the fixed mindset is that it tends to encourage behaviors like keeping secrets, cutting corners, and cheating to get ahead. This creates a far less inclusive environment. Employees in this type of atmosphere are afraid of failure and therefore scared to do innovative things.



How to mitigate it

Adopt a Growth-Mindset.

It's important to first have a clear understanding of what your organization's culture is. You may have a set of company values, but these don't always align with your true culture. When you reward specific behaviors among employees (through praise, promotions, raises, and other opportunities), you send the message that you value those behaviors. Other employees will take note and adjust their behavior accordingly. Over time, this is how company culture is established. And, an inclusive one at that.

By creating and encouraging a culture of growth, you can empower your people to own their development. This focus on continuous learning is also a key characteristic of inclusive cultures: They don't expect employees to be perfect, but they do hold them to a high standard of ongoing development. In a more subtle way, you can encourage a growth mindset by praising someone on their effort, perseverance, and process rather than their innate talent.

Traditionally, managers have been responsible for identifying and recommending professional development opportunities for their direct reports, which can be problematic since most managers are already stretched thin by all their other responsibilities. Not to mention, it's not inclusive of individual needs. And since people have different learning styles and preferences, it doesn't make sense to rely on a one-size-fits-all approach. Instead, you can give employees access to data and resources to help them define their own development plan.



Problem

Companies tend to define their cultural skills or attributes in random and arbitrary ways.

We've all heard of the "beer test" in which current employees evaluate candidates on the criteria of whether or not they could see themselves getting a beer together. The problem with this approach to hiring and culture is that it leads to making hires who are very similar to existing employees. Aside from being exclusionary, this approach to defining company culture doesn't lead to making the best hires. It turns out that just because you enjoy getting a beer with someone, that doesn't mean they're actually the ideal person to perform their job!

In other cases, companies create a list of values that sound good—we've all seen the fancy posters and wall decals featured prominently in company photos. But these values don't necessarily have any basis in the behavior the company rewards. As we mentioned earlier, a company's true culture comes about because of the behaviors that get rewarded. And if a company isn't monitoring this closely, it's all too easy for their actual culture to be misaligned with their stated culture.

Culture is clearly a driver of business success, and most leaders understand this: According to Deloitte, 82% of business leaders believe that culture is a potential competitive advantage, but only 28% of survey respondents believe they understand their culture well, and only 19% believe they have the "right culture."



How to mitigate it

Define clear expectations.

Spend time defining the skills and attributes that will truly help someone perform at their job. When reviewing employees, make sure you focus on these factors and the impact they're having on your company. You can also use these as criteria when evaluating whether a candidate would be a good fit for your company. This approach will ensure that you're not using random or arbitrary factors to make hiring and promotion decisions. It will also make it easier to collect data, so you can measure and improve your results over time.

If you're serious about understanding and measuring your company culture, there are tools available to help you do that, too. Through Zugata Insights, you can measure your Culture Gap Index (CGI), the gap between what you think your company culture is and what it actually is. We'll map performance data to your published cultural values and let you know how these two data sets stack up (or don't!). If you'd like to learn more about how the CGI is calculated and dig into a few case studies, check out "[Mind Your Culture Gap.](#)"

Conclusion

Inclusion and high performance go hand in hand. The Bersin 2017 Global Human Capital Trends Report asserts, “Our research comparing high-performing teams against lower-performing teams supports the view that people must feel included in order to speak up and fully contribute.” By creating an inclusive culture where employees feel comfortable fully participating, you will facilitate a high-performing culture.

Our goal with this eBook was to provide you with some of the most common challenges companies face when attempting to build inclusive, high-performing cultures and offer practical solutions that will help you overcome them.

You’ve now got techniques that will help you improve your feedback, performance review, and hiring processes.

Need a little support while you figure out the next steps? Zugata would love to help you build an inclusive, high-performing culture. Get in touch to learn how our performance management solution can support your goals!

Zugata is Performance Management Software for high-performance cultures

It is the only solution that enables both performance evaluation and performance development, driving performance forward and impacting your company's bottom line. Our robust platform accelerates employee performance by using sophisticated algorithms to gather continuous feedback, enabling meaningful check-in conversations, and delivering personalized resources to help employees advance their skills.

Over 1,000 companies like Lyft, Gusto, and Greenhouse use Zugata to accelerate employee performance.

Join them and create a high-performance culture at your organization.

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