

# **SIGMA Assessment Systems**

**Build Your Leadership Pipeline**

## **Developing a Succession Plan that Supports Diversity in the Workplace**



## Looking to Improve Diversity in the Workplace?

When making strategic HR decisions, it is important to take diversity and inclusion into account. Long-standing systemic barriers have prevented minorities from attaining merit-based success in hiring, promotion, talent development, and succession programs. As such, it is important that organizations set aside time to draft and uphold effective policies to promote diversity and inclusion.

At SIGMA, we believe in the value of increasing diversity across levels of an organization, and we're not alone. Studies show that more than 75% of today's job seekers are looking at diversity when evaluating potential employers and job offers.<sup>1</sup> In this guide we'll discuss the importance of diversity, how building diversity can benefit your team, and how you can use [succession planning](#) to create a leadership development program that supports diversity.

### What is Diversity, Equity, and Inclusion?

Before jumping into the importance of diversity, equity, and inclusion (DEI), let's clarify that **diversity** refers to any dimension that can be used to differentiate people. In the context of DEI, it is most often used to refer to demographic dimensions such as gender, sexuality, ability, race, Indigeneity, or ethnicity. Practices that improve diversity in the workplace refer to merit-based decisions that allow employees of all genders, races, sexualities, ability, or ethnicities opportunities to grow. This merit-based philosophy is the foundation for equity. **Equity** refers to providing equal access to opportunity; making sure that all employees have the same doors open to them. **Inclusion**, on the other hand, refers to practices and policies that not only enable diverse individuals to succeed, but also create an environment that is welcoming and encouraging of people from different backgrounds. Diversity, equity, and inclusion go hand in hand because equal and inclusive policies are what enable diversity to grow.

### How Workplace Diversity Benefits Companies

There are many benefits to investing in a more diverse and inclusive team. Because DEI policies are based on merit, they are often perceived to be fairer and just. In this environment, employees are motivated to succeed because they know decisions aren't based on extraneous factors. As such, one of the most distinct benefits of DEI is that it boosts employee motivation and performance. This is because seeing a diverse leadership team builds confidence for new employees, particularly when they see someone on the leadership team to whom they can relate. By distributing development resources and promotions among individuals of varied backgrounds, your employees will see that decisions are based on merit, not demographics.

In addition to improved motivation and performance, companies who invest in DEI gain valuable insight from members who may be otherwise overlooked. Different experiences, backgrounds, and education can bring fresh new ideas to your company. As a result, companies that are more diverse and inclusive are often more agile, innovative, and able to adapt to changing circumstances.

These benefits are not approximate observations or subjective conclusions. Countless studies have demonstrated that the benefits of investing in DEI can be quantified as well:<sup>2</sup>

- Companies with more diverse executive teams are 25% more likely to show above-average profits
- Companies with executive teams that are at least 30% female are likely to outperform those that have less female representation
- Companies that rank as more inclusive are 1.7 times more likely to be innovation leaders in their market, and 1.8 times more able to adapt to change
- Inclusive teams make better decisions, twice as fast, with half as many meetings

"A diverse mix of voices leads to **better discussions, decisions, and outcomes** for everyone."

- Sundar Pichai, CEO of Google

Finally, it is worth noting that companies often observe DEI policies benefiting their brand image. The reason for this is that increasing diversity within an organization helps to balance its demographic characteristics with the characteristics of its customer base. Having a leadership team that reflects the clients you serve can significantly improve your organization's public image. It also makes it more likely that the experience and background of your team is representative of your clients, which will help you make more customer-focused decisions and do a better job of connecting with the people you serve.

## Creating a Succession Plan that Supports Diversity

There are a couple different things you can do to ensure your [succession planning](#) process supports diversity. Two of the most important principles are to incorporate merit-based hiring and promotion, and use validated assessments and standardized worksheets. Together, these will add objectivity and reduce bias in your decision-making process.

Before we elaborate on either of these processes though, we want to point out that some organizations may find implementing these changes more difficult than others. In particular,

evidence suggests that it is harder to inject DEI in established, homogenous organizations than in newer, more diverse companies. For the more established organizations, it may take longer to implement new policies and see the impact thereof. That being said, it is no less important! In fact, DEI is often needed most in the places where it will be hardest to implement. Let this be an encouragement for you as you strive to build the diversity and inclusivity of your team.

### *Implement Merit-Based Hiring & Promotion*

One of the best ways to increase diversity is to use merit-based hiring and promotion. These strategies focus on a candidate's skills and abilities rather than demographic characteristics or other traits that may introduce bias into the selection process. Keeping the hiring and promotion process bias-free is often harder than you think. Implicit (or unconscious) bias may be present at every stage of the selection cycle. While it might not be possible to eliminate bias completely, it is possible to create awareness and build objectivity into the decision-making process. For example, unconscious bias in recruitment is common during the resume screening phase. Here technology can be used to screen for whether objective requirements have been fulfilled (e.g., education and experience), and assess candidates' text for keyword usage. Anonymizing applications can also be helpful in reducing unconscious bias (i.e., removing candidate names and images before choosing who will be moved to the next stage).

In the context of succession planning, merit-based hiring and promotion should be used to build a pool of diverse candidates who will be ready to step into critical roles. This is an important part of creating a robust succession planning process. Often, when nominating succession candidates, leaders select employees who look (or work) like the incumbent, rather than someone who is different but may be a better fit for the job. For this reason, it is important to remember that succession plans are made for a position, not a person. That's why a successor may look very different from the incumbent (i.e., demographics, experiences, work styles), but may be just as, if not more, qualified for the job.

### *Use Validated Assessments & Standardized Worksheets*

Apart from merit-based hiring and promotion, validated assessments and standardized worksheets can also be used to introduce objectivity into your succession planning process. Assessments are particularly useful as selection tools, given that they enable data-driven decisions. Rather than relying exclusively on judgment-based indicators, validated assessments allow you to measure a candidates' skills and abilities, quantifying them in a way that reduces bias in the decision-making process. Introducing a standard template to clarify the requirements of a position, like SIGMA's [success profile](#), also allows you to better understand the requirements of the role in question so you can be sure you'll find a qualified candidate even if they look very different from the incumbent. Overall, these strategies increase the

perception of fairness and justice in your system, which are important indicators of employee satisfaction and long-term productivity. Therefore, implementing DEI practices and policies throughout your succession planning process will be beneficial for both employees and the organization at large.

## Benefits of Using Succession Planning to Increase Diversity

Apart from the general benefits diversity brings to the workplace, there are specific benefits associated with developing a succession plan that supports diversity. Succession planning allows you to internally address one of the major barriers to diversity. Some companies looking to increase the diversity of their leadership team face a shortage of interested and qualified succession candidates to choose from. This is rarely due to a lack of intelligent, hard-working individuals, and more often a case of unequal opportunity. Succession planning aims to [develop your internal candidate pool](#) by providing training and growth opportunities to all staff members. This includes those who may traditionally be overlooked. A good succession plan will allow you to create a diverse leadership team from internal resources, rather than having to hire external candidates to meet a particular quota. That's another reason why inclusion is so important. Diversity can be hired, but inclusion must be built. If your company is not inclusive of minorities, you will find yourself spending more time recruiting than retaining diverse talent. Incorporating DEI into a succession planning process is the best way to create an inclusive [leadership pipeline](#) that will help you retain diverse talent and recruit more along the way.

## How SIGMA Can Help

Implementing DEI can be both labor intensive and time consuming. SIGMA is here to help! Over the last 50 years we've worked with more than 8,500 public and private organizations across North America, and have experience with various levels of DEI. Check out our [succession planning services](#) to learn more about how we can design a personalized succession plan for your company in two half-day sessions. If you would like to speak with a consultant, feel free to [contact us](#) today. We're always happy to connect!

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<sup>1</sup>Watts, A. (August 9, 2021). 4 Statistics Highlighting the Importance of Diversity and Inclusion in the Workplace. *Edume*. Retrieved from <https://edume.com/blog/workplace-diversity-statistics>.

<sup>2</sup> Ibid.