

Diversity, Inclusion and Safety: Building a Culture of Success

Construction HR and Training Professionals Conference

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October 12, 2017



What are we covering today?

Learning Objectives



Provide a framework for understanding diversity, inclusion and safety within a broader human capital program that builds culture-strategy alignment.



Clarify the relationship of diversity to inclusion, understand the relationship of inclusion to performance and provide practical steps for fostering a culture of inclusion.



Identify the mindset and cultural attributes that support excellence in safety and provide suggestions for fostering those attributes.



ACTION TAKE-AWAY



**Action steps
to implement
after this
session**



Provide a framework for understanding diversity, inclusion and safety within a broader human capital program that builds culture-strategy alignment.

Human Capital Framework

Strategic positioning and organizational maturity



“

Culture eats ***Strategy***
for ***Lunch.***

”

Peter Drucker

What happens when culture and strategy are aligned?

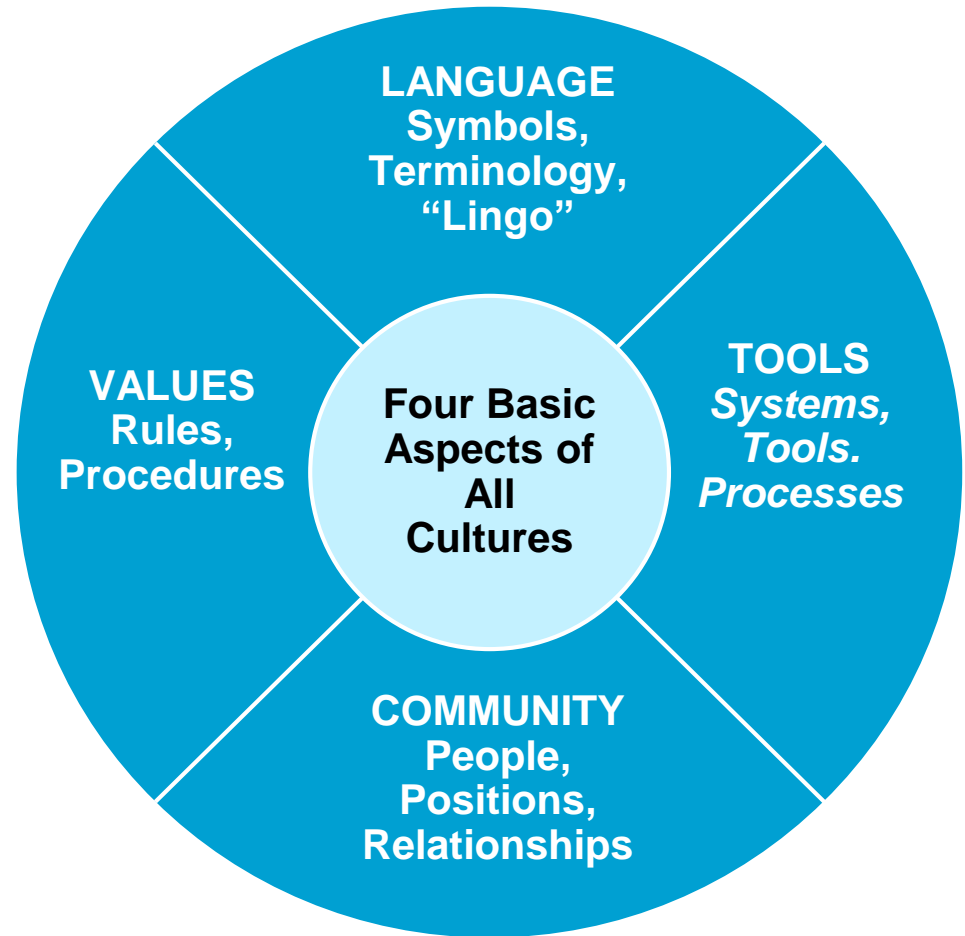
The outcome is performance



What is culture?

Shared, integrated and dynamic systems for getting work done

- In the workplace, culture touches all aspects of organizational functioning and individual experience
- We can understand an organization's culture by looking at the four foundational aspects of culture
 - Language
 - Tools
 - Community
 - Values





How do you know if your culture matches your strategy?

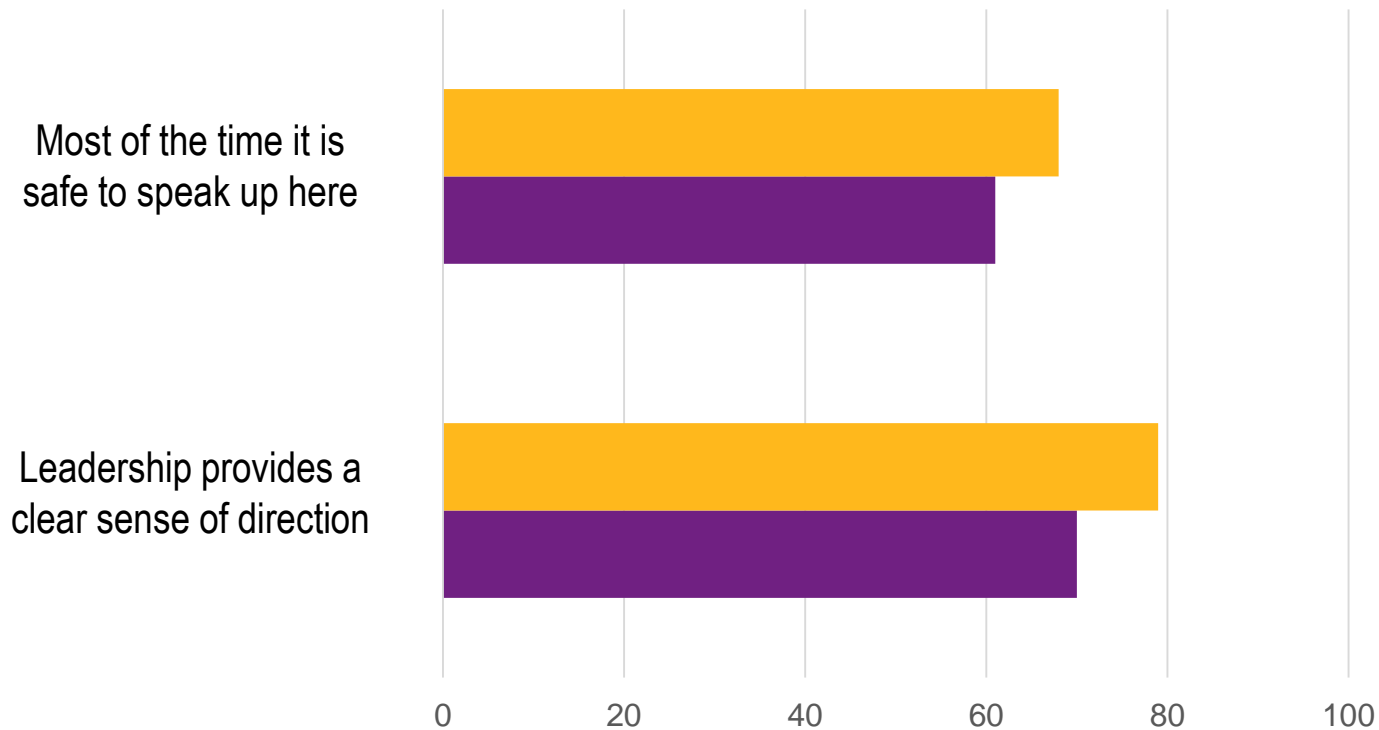
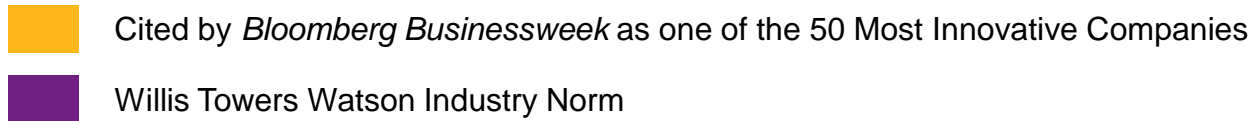
What kind of culture do you need to succeed?

- Successful companies have an alignment between how they compete externally and their internal culture
- We have elaborated on these connections through our research-based framework, which identifies the cultural attributes best suited to support each business strategy

| Strategic Business Priorities | | | | |
|---|---|---|---|---|
| Efficiency | Quality | Innovation | Customer Service | Brand |
| <ul style="list-style-type: none"> ▪ Comprehensive training ▪ Precise job roles ▪ Disciplined work allocation ▪ Clear, effective structure ▪ Data-driven assessment ▪ Coordination of efforts | <ul style="list-style-type: none"> ▪ Best practice exchange ▪ Empowerment to improve processes ▪ Disciplined use of performance data ▪ Long-term focus ▪ Advanced training ▪ Superior processes | <ul style="list-style-type: none"> ▪ Diverse thought and opinion ▪ Support for risk taking ▪ Bias for action ▪ Anticipating emerging needs ▪ Consistently recognizing new ideas ▪ Leadership clarity on future priorities | <ul style="list-style-type: none"> ▪ Continual information sharing ▪ Positive team relationships ▪ Strong customer orientation ▪ Customer-centric ▪ Focus on talent retention ▪ Local authority and empowerment | <ul style="list-style-type: none"> ▪ Brand promise ingrained ▪ Strong belief in product ▪ Deep pride ▪ Integrity guides business ▪ Environment reflects brand ▪ Leadership inspires respect |

Example evidence: A culture of innovation

Examining independently recognized strengths





Clarify the relationship of diversity to inclusion, understand the relationship of inclusion to performance and provide practical steps for fostering a culture of inclusion.

Culture of Inclusion

Creating a culture of inclusion is one of the most impactful actions leaders can take to drive engagement and performance



“
“
We can't become
what we **need to be** by
remaining what we **are.**”

Oprah Winfrey

Managed well, diversity brings more opportunity than risk

Inclusive cultures drive engagement and can drive serial innovation



If asked, “Do our practices support inclusion and diversity?”...
what would you say?



Diversity

Due to the changing landscape of work, organizations must remove barriers to matching diverse talent markets



Pay Equity

Organizations must then ensure that greater diversity is supported by a firm foundation of pay equity standards

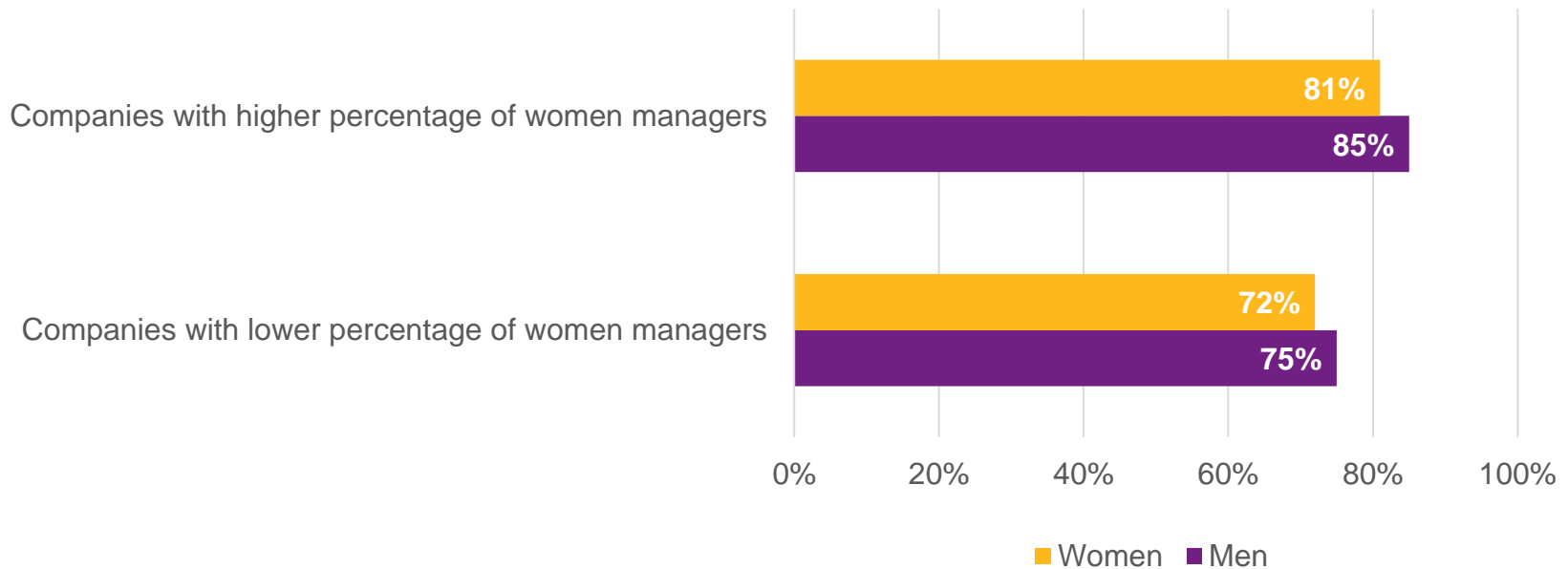


Inclusion

Diversity must be valued by an inclusive workplace culture that celebrates differences and tailors its employee value proposition to diverse talent segments

Diversity doesn't manage itself

A culture of inclusion is needed for diversity to thrive

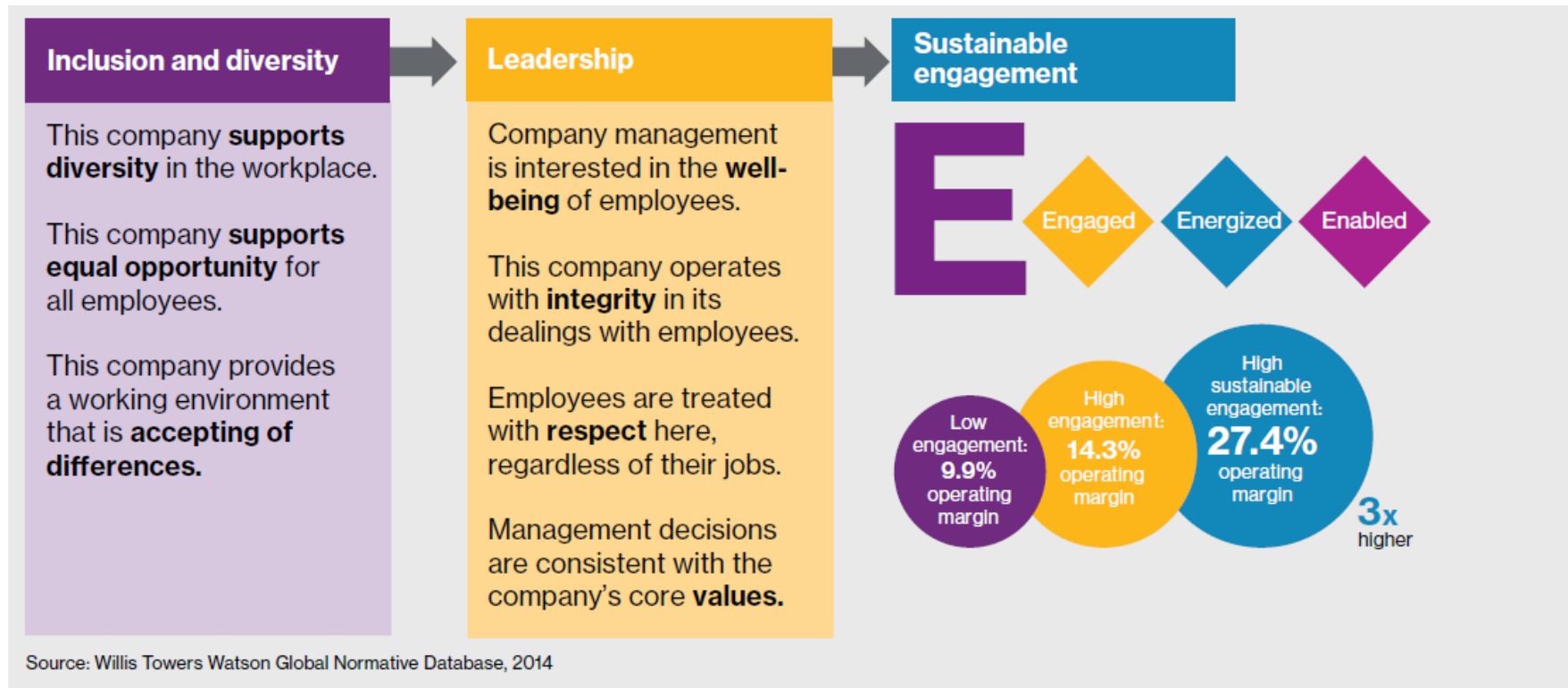


Willis Towers Watson Global Gender Inclusion Study

The 27 companies are diverse in organizational size and represent a wide array of geographic regions and industry sectors. Industries include telecommunications, pharmaceuticals, retail, education, waste management, engineering, chemicals, real estate, insurance and brokerage, natural resources, utilities, global media, marketing, food services, technology, aerospace, commercial and investment banking, and professional services. While race, ethnicity, sexual orientation, cognitive styles and educational background are all important aspects of diversity (among others), our study focused on gender as the one human difference that is globally ubiquitous and consistently coded in our employee surveys. Data studied was from the Willis Towers Watson 2014 Employee Insights norm database.

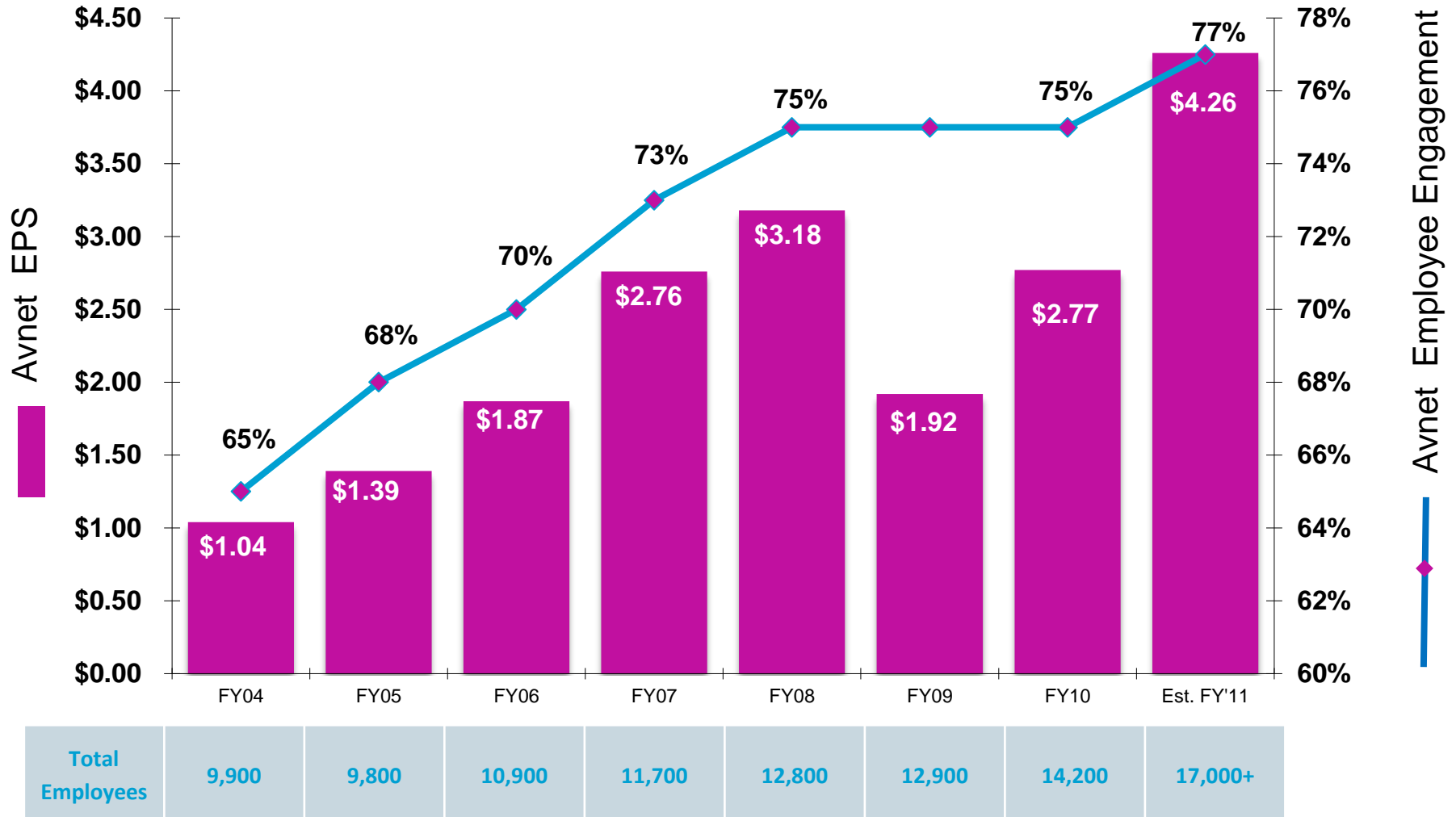
Inclusion is closely tied to engagement via leadership

Supporting inclusion in the workplace is one of the **most effective actions** leaders can take to drive **sustainable engagement** and company performance



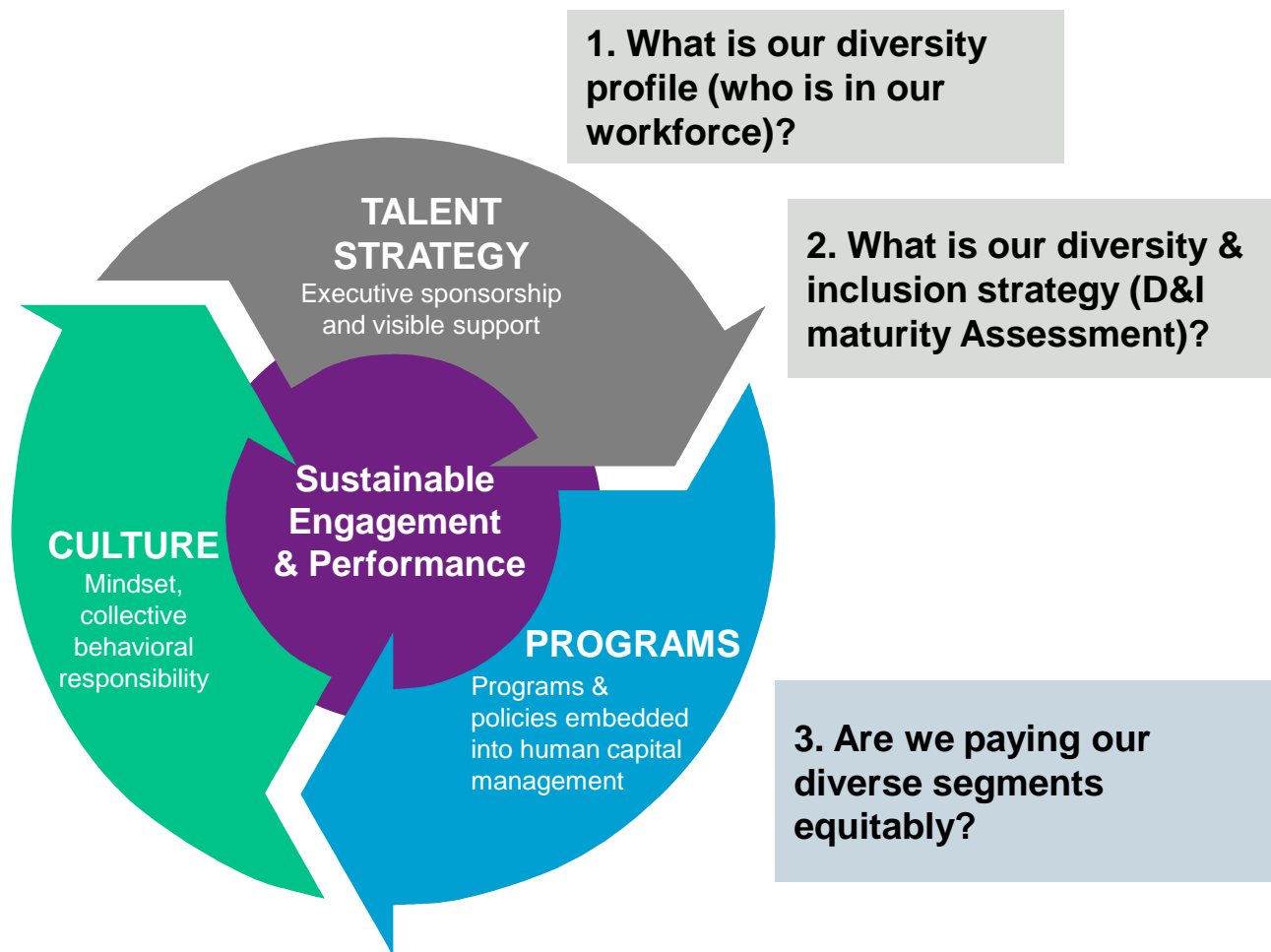
Engaged employees impact business performance

Avnet case study (Fortune #132)



Build a culture of inclusion from the top-down

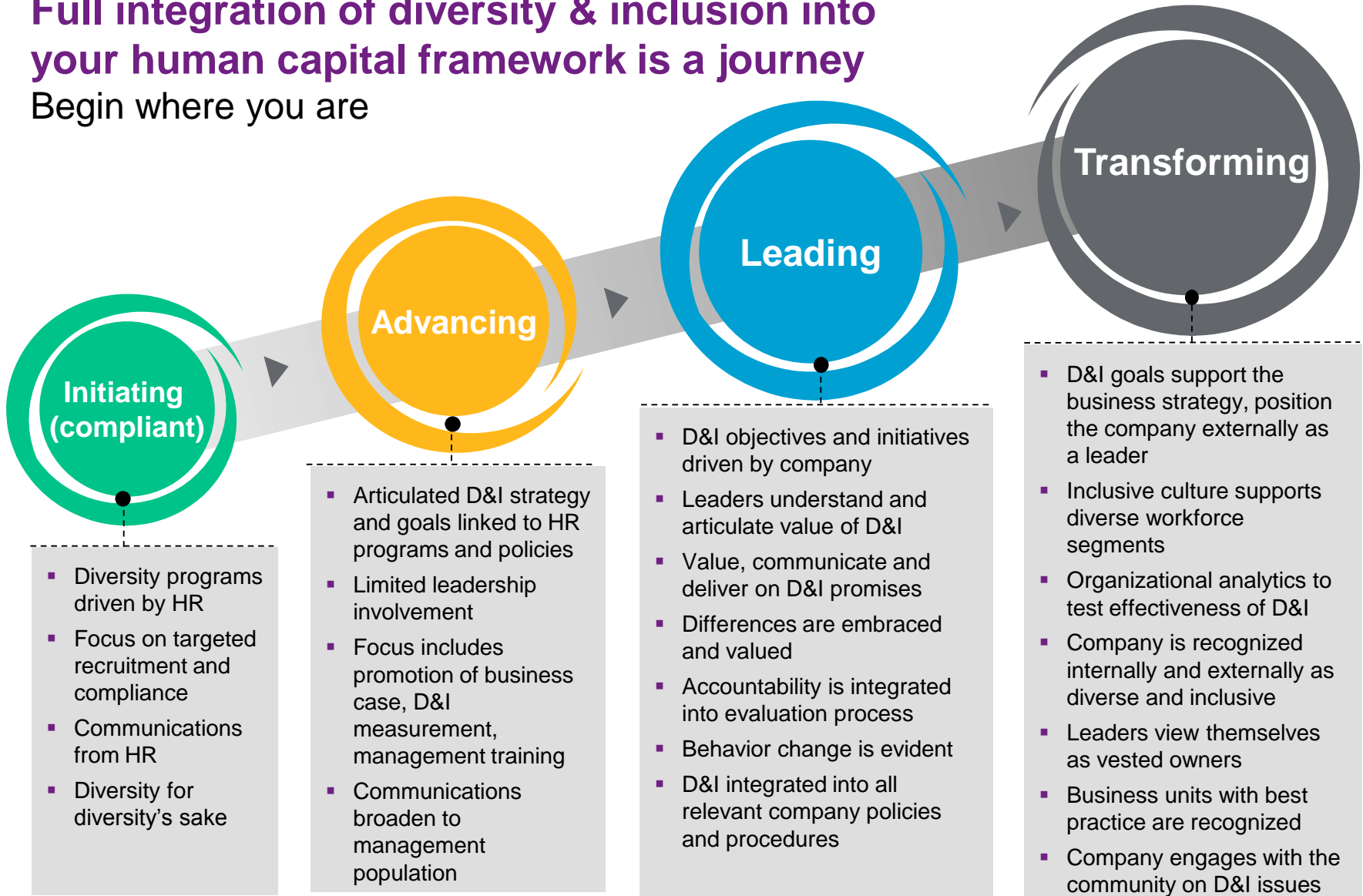
D&I is best addressed using a business-driven, integrated approach visibly championed by the top management of the organization





Full integration of diversity & inclusion into your human capital framework is a journey

Begin where you are





Begin where you are: how to address inclusion no matter how diverse your organization is

Differentiator analysis results showing the gaps in employee experience between organizations with high diversity and inclusion versus those with deficits on either issue

| | | |
|---|--|---|
| Opportunity for organizations with low inclusion | Voice Actively listening and addressing diverse experiences | <ul style="list-style-type: none"> ▪ Pay is seen as being as good as the pay in other companies ▪ Company promotes the most competent people ▪ Work schedule allows sufficient flexibility ▪ Sufficient authority to do job well ▪ Supervisor develops people's abilities |
| Opportunity for organizations with low diversity | Relationships Prioritizing community as a core value | <ul style="list-style-type: none"> ▪ Good cooperation between departments ▪ Supervisor recognizes a job well done ▪ Employees are involved in decisions about their work ▪ Employees usually get along well together |
| Foundation of organizations with high D&I | Careers Managing talent effectively | <ul style="list-style-type: none"> ▪ Sufficient information about company performance ▪ Company retains the most talented people ▪ Company recruits the right people ▪ Clear process for evaluating employee performance ▪ Employees believe their performance is evaluated fairly |

Starting now: authentic leadership can unlock performance

Inclusive leadership behaviors will engage teams

Ensures everyone speaks up and gets heard



Takes advice and implements feedback



Makes it safe to propose novel ideas



Gives actionable feedback



Empowers team members to make decisions



Shares credit for team success





Moving forward: many reasons for D&I challenges are cited, but are they based in fact?



Our leaders say...

“We can’t find qualified talent of diverse backgrounds.”

“We bring diverse talent in the door to interview, but can’t seem to actually hire them.”

“We lose our women and minority talent early and in mid-career, then have no role models in senior positions.”

“Our diverse talent doesn’t feel respected, included and welcomed here.”



Get the facts...

- ⇒ Analyze labor market data by job family
- ⇒ Analyze hiring process, from sourcing to resume screening to interviews to offers to acceptances
- ⇒ Evaluate career “choke points” where advancement drops off; examine pipeline data, performance ratings, promotion rates, time in role, turnover
- ⇒ Conduct employee engagement surveys, evaluate social media sites and focus group discussions

Culture of Safety

Safety performance requires a deep cultural commitment



Share the cultural attributes that support excellence in safety and provide suggestions for measuring those attributes

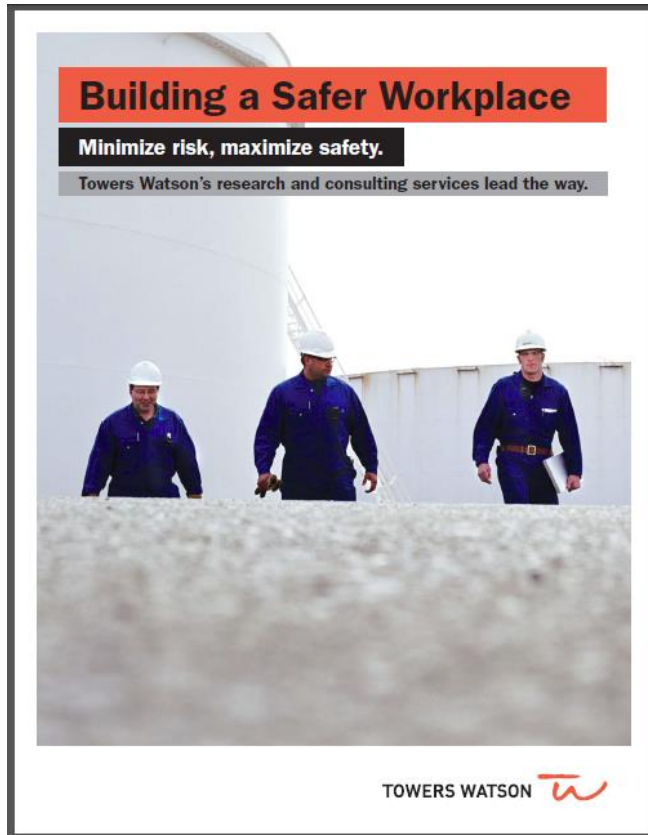
Culture, more than rule books,
determines how an
organization ***behaves***

Warren Buffet

Berkshire Hathaway

Standard practices to drive safety performance are not enough

Willis Towers Watson research



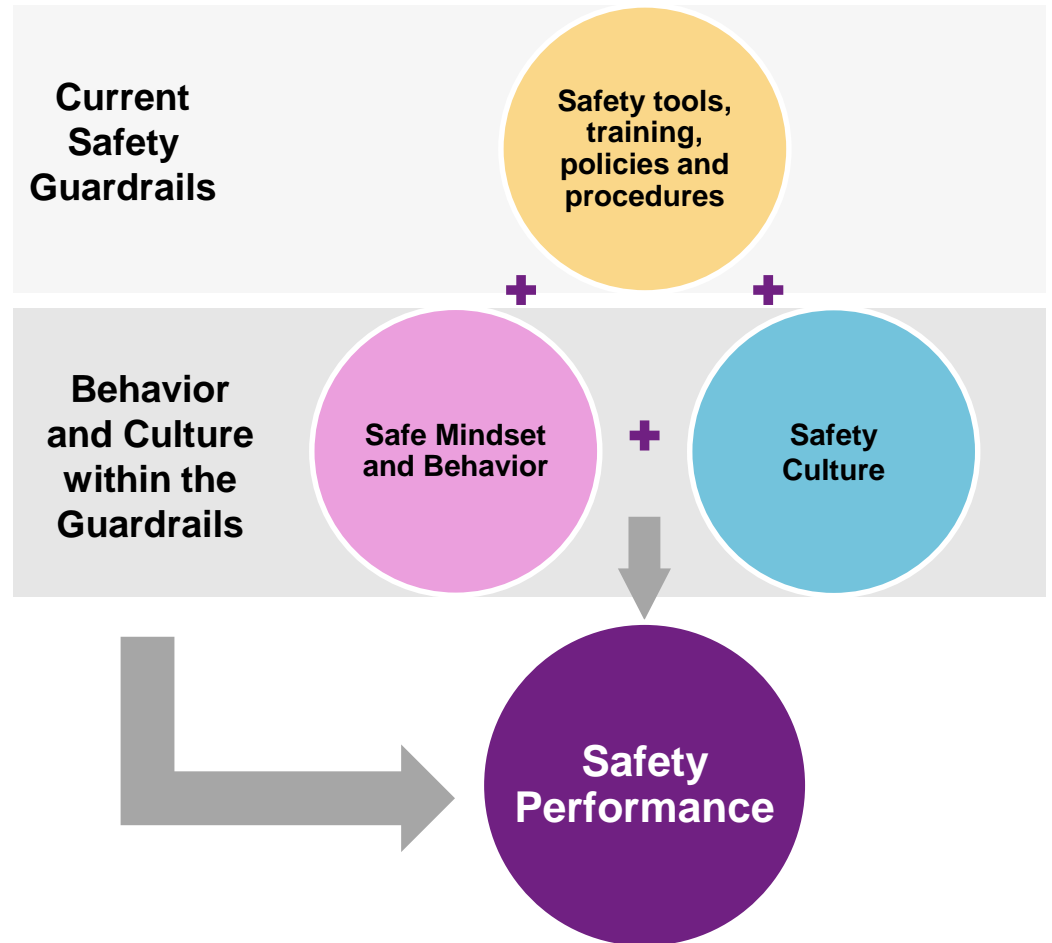
“When organizations take action to improve safety, their efforts typically focus on one of three areas:

- ***engineering a safer work environment,***
- ***providing training to educate employees on physical work conditions and safe work practices, and***
- ***instituting policies and procedures that require employees to perform their jobs according to regulations.***

Although these efforts can sometimes be effective, they do not provide a complete solution.”

Current safety guardrails only address part of the challenge

Need to address behavior and culture within those guardrails



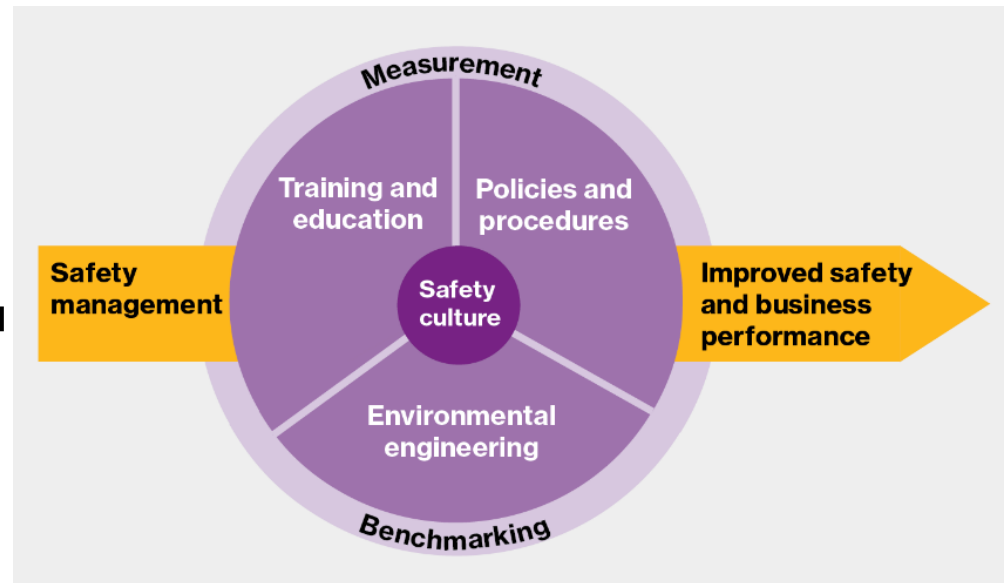
Engaged employees

In addition to the technical side of safety, the cultural side needs attention

The Right Way: Engagement + Safety

E

+

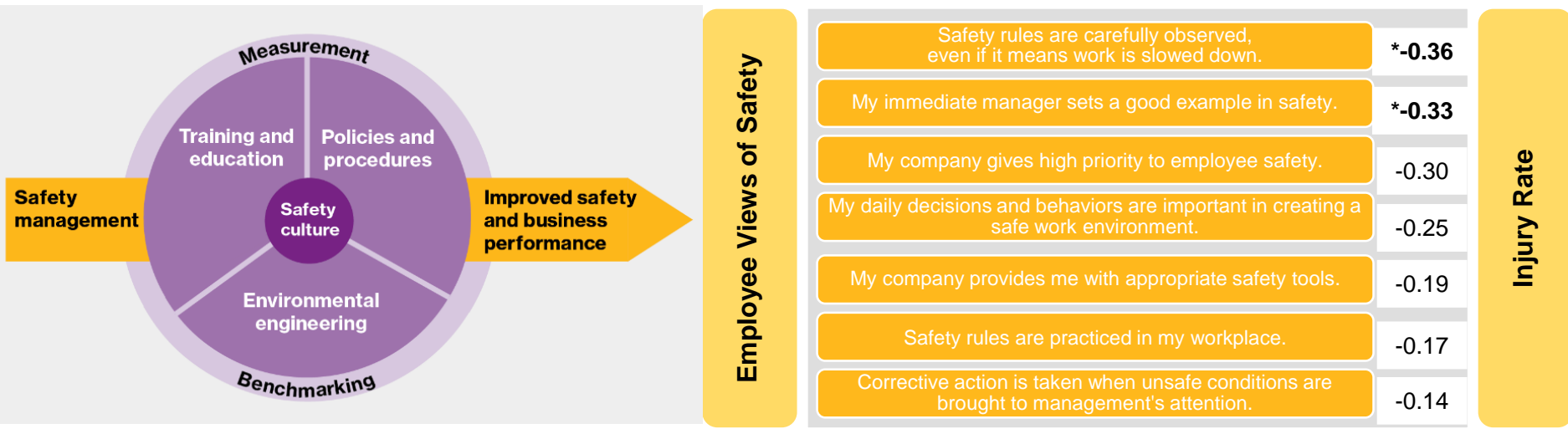


The correlation between engagement and safety culture: **.62****

***Statistically significant at a .001 level.*

Safety culture survey framework

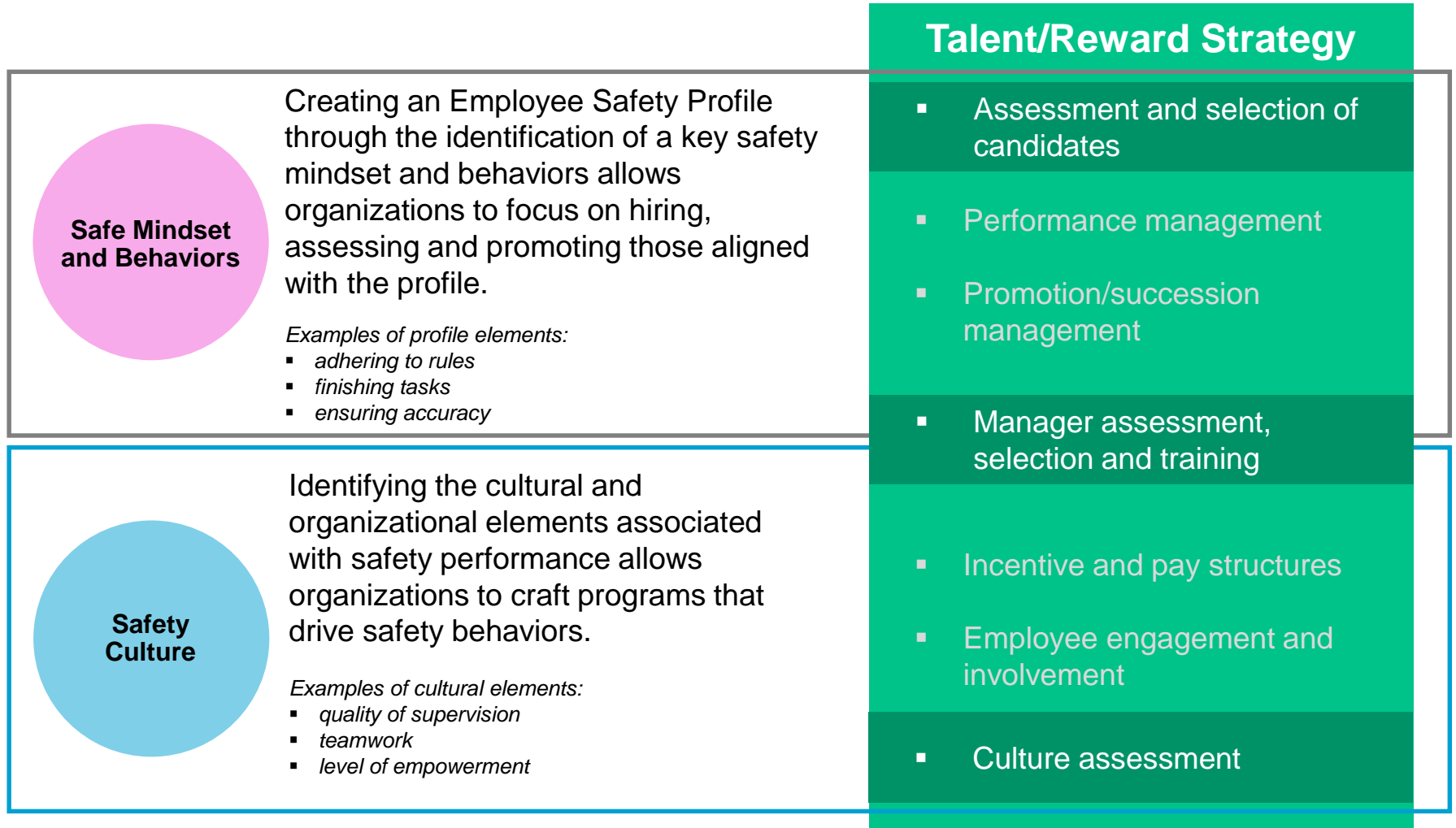
- Many safety-conscious companies are hitting safety performance plateaus; preventable accidents continue to happen
- Despite continued emphasis on the *technical* side of safety, safety incidents and near-misses continue to have a significant impact on businesses, employees and their families
- A critical missing element in most company safety plans is a failure to account for the substantial impact of *workplace culture*



Workplace culture includes factors such as adherence to standards, training, supervisor effectiveness, teamwork, and employee empowerment

Taking a two-pronged approach

Employee mindset/behaviors and organizational culture





Safe mindset and behaviors: Hiring right

Why is it important to businesses that they hire individuals with a safety-oriented mindset?

Safe
Mindset



Nearly 40% of construction companies make a bad hire because they need to fill a position quickly; the cost of each bad hire in construction is at least 30% of their annual salary

Employee negligent /deviant behavior costs business more than **\$20 Billion** annually and is the cause of **30%** of business failures



Methods to utilize to ensure you are hiring more safety oriented employees:

- Pre-hire Assessments
- Realistic Job Previews (RJPs)
- Hiring Interviews





Safe mindset & behaviors and implementing a safety culture


Why is it important to ensure leaders are leading by example?

Safety
Mindset
& Culture



Only
27%
of construction
companies currently
have leadership
development
technology

1 out of 3
Organizations do not develop
their leaders to meet changing
business needs



Methods to assist in
developing your
leaders:

- Leadership Assessments
- Developmental Guides



Actions that help organizations build stronger safety cultures

Safety
Culture

| At the company level | At the local level | At the employee level |
|---|--|--|
| <p>Established corporate safety culture steering committee: meets quarterly to review safety culture progress and action items flagged as opportunity areas from the previous survey</p> | <p>Established safety culture steering committee member: at the site level to review action items and performance</p> | <p>Safety culture performance integrated into manager and employee performance reviews and compensation</p> |
| <p>Quarterly reports to board: reports singularly focused on safety culture</p> | <p>Established safety culture team at each site: teams locally run by a safety culture manager plus individual contributors</p> | <p>Increased efforts to integrate contractors into culture processes</p> |
| <p>Monthly reports to executives: reports singularly focused on safety culture</p> | <p>Upgrades: equipment, training, inspection and procedures</p> | |



What to do when you go back ...



Strengthen connections between HR/Finance/Risk/Safety. Look for ways to work together to address both the operational and human capital ways to mitigate safety risk and improve safety performance



Take a look at your hiring practices and consider opportunities to enhance your focus on safety mindset in selection decisions



Evaluate the strength of your leaders. Check to see if they are personally role-modeling safety behaviors and driving a safety-focused culture.



Consider the cultural impact on your safety performance. Poll your employees to better understand your current state and look for opportunities to build a stronger safety culture.



Review other HR programs to ensure alignment with driving safety behavior and culture. For example, look to see if you are rewarding the correct behaviors and leveraging performance management to reinforce safety objectives.

Questions?



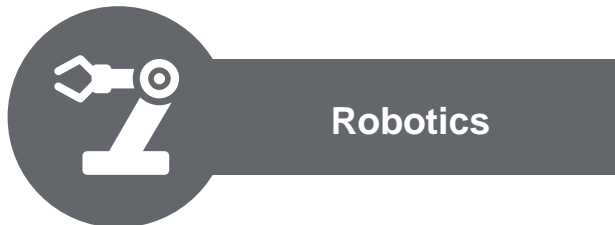
Appendix

Additional information

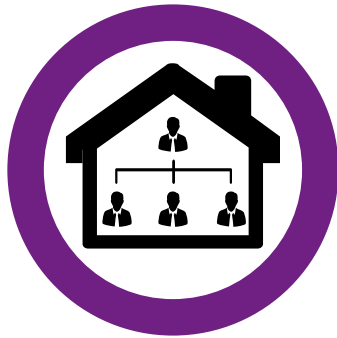


The Reality: The employment relationship is changing

The plurality of work options is here...



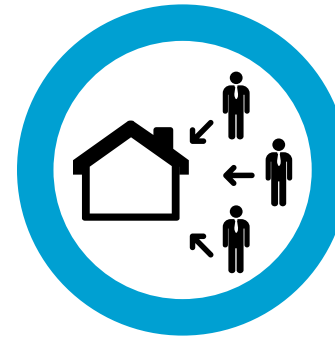
Resulting in fundamental shifts in how work and organizations are organized



Traditional employees



Outsourcing



Free agents



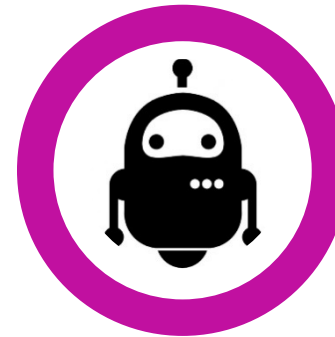
Alliances



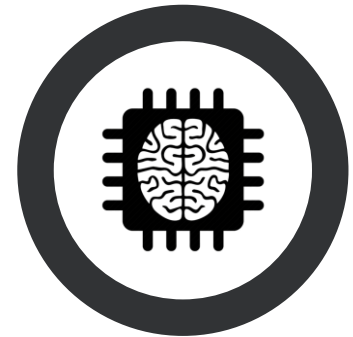
Talent platforms



Volunteers



Robotics



Artificial Intelligence

Considering the future, employers feel it is more likely they will need to redesign jobs to be done by employees with lower or higher skills

| Which of the following areas of your workforce and work activities are changing today or will change in the next three years due to technology? | Today but not in 3 years | Today and in 3 years | In 3 years | Neither |
|---|--------------------------|----------------------|------------|---------|
| Paying more for employees with certain skill sets | 29% | 15% | 35% | 22% |
| Increasing work flexibility (e.g., scheduled hours to get work done) | 30% | 13% | 31% | 26% |
| Changing the way we design jobs so they can be done by employees with lower skills | 14% | 4% | 29% | 53% |
| Enabling work to be deployed to other locations | 27% | 11% | 27% | 36% |
| Changing the way we design jobs so they can only be done by employees with more skills | 16% | 4% | 26% | 54% |
| Requiring/Enabling us to use more nonemployee talent* | 18% | 6% | 23% | 52% |
| Improving collaboration and information sharing | 45% | 22% | 18% | 16% |

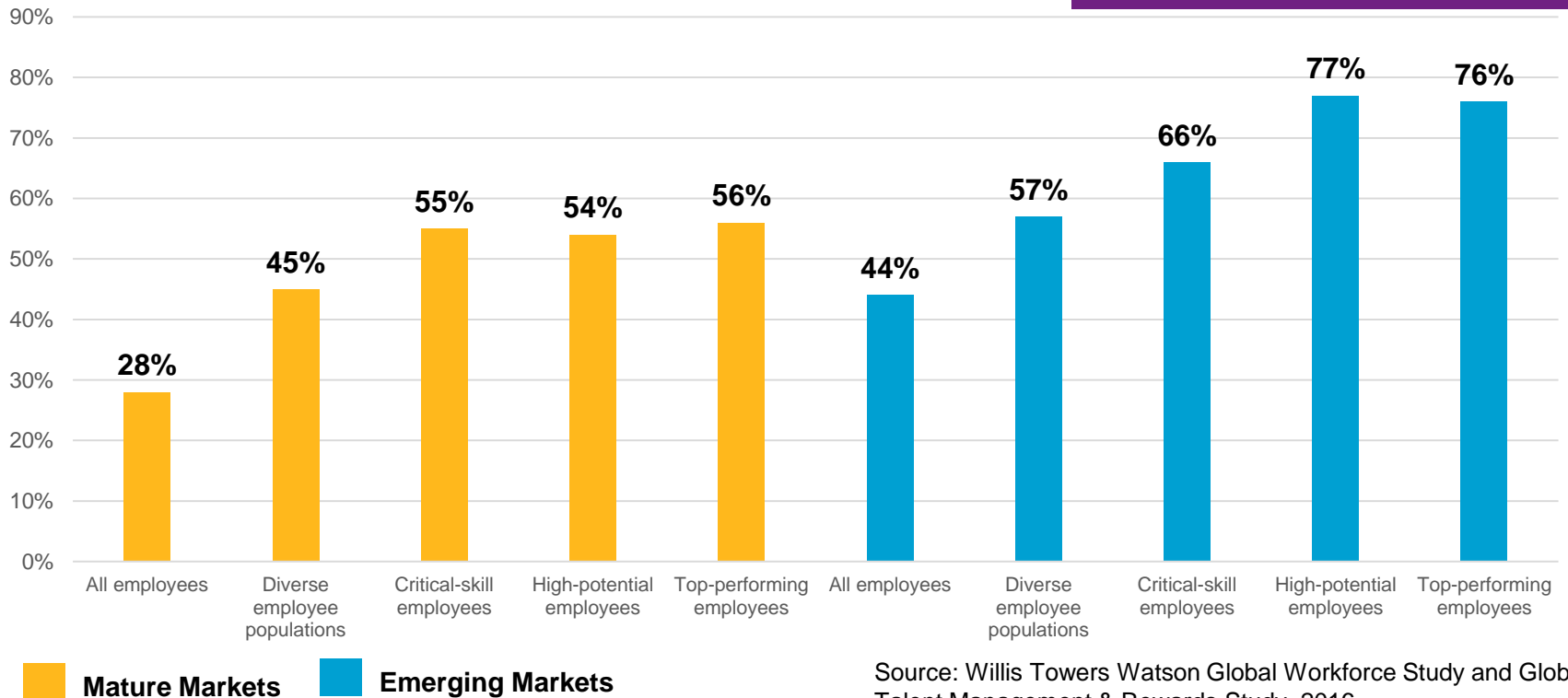
Source: Willis Towers Watson Global Workforce Study and Global Talent Management & Rewards Study, 2016

Challenges attracting employees in key workforce segments remain high overall

Even more so for organizations operating in emerging economies

**Nearly half (48%)
of employers report
hiring activity increased**

Attraction Challenges



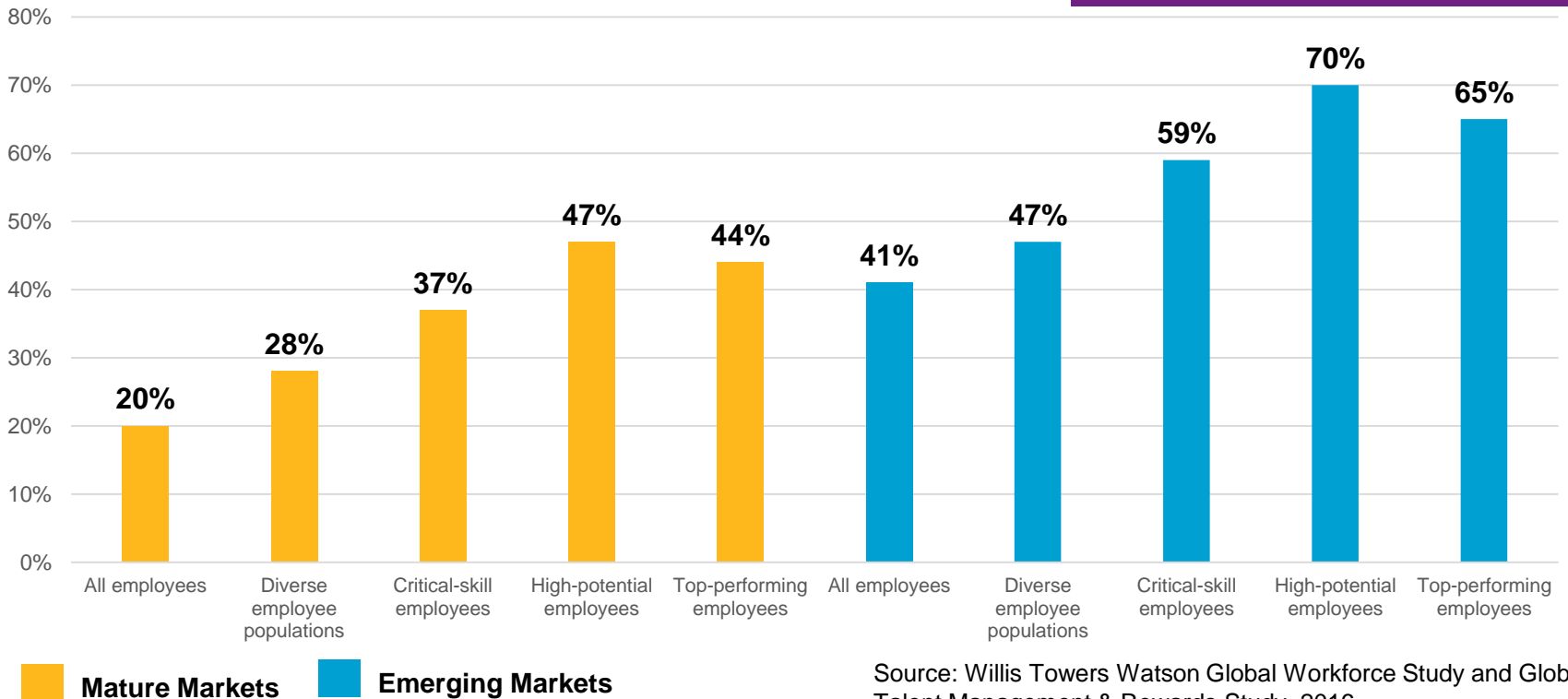
Source: Willis Towers Watson Global Workforce Study and Global Talent Management & Rewards Study, 2016

Retaining key employee groups remains difficult, especially in emerging markets

Close to three quarters of employers have trouble retaining high potentials

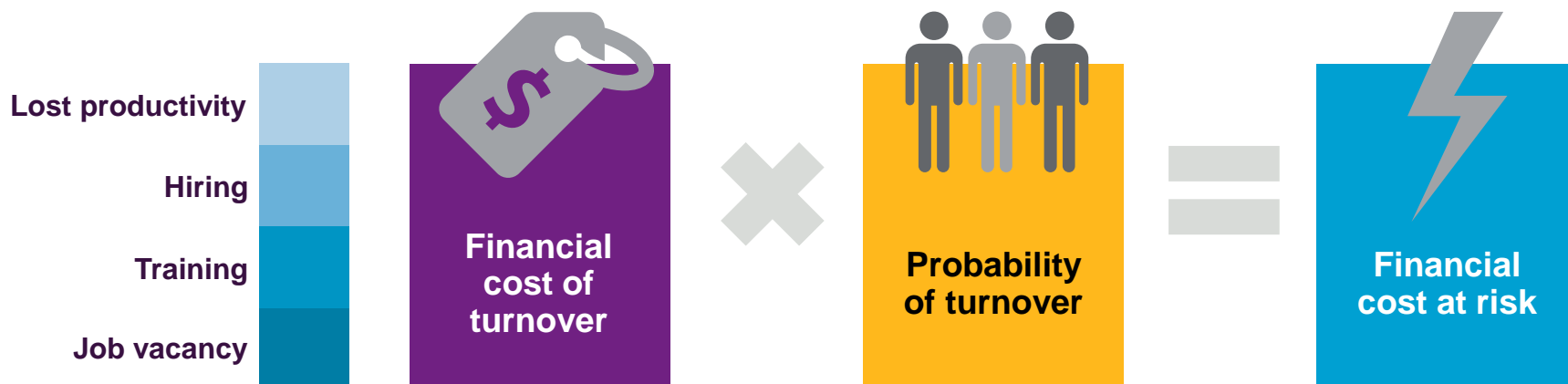
One-third (35%)
of employers report
turnover activity increased

Retention Challenges



Source: Willis Towers Watson Global Workforce Study and Global Talent Management & Rewards Study, 2016

The cost of turnover puts significant value at risk



| Job Level | Financial cost of turnover (% of annual compensation)* | % of ee's at high risk of turnover** | Financial cost at risk*** |
|------------------------------------|--|--------------------------------------|---------------------------|
| Senior Manager/Executive | 74% | 31% | 23% |
| Professional | 59% | 25% | 15% |
| Sales & Customer/Client Management | 59% | 27% | 16% |
| Business Support | 48% | 27% | 13% |

*FCOT measured in our proprietary benchmark database

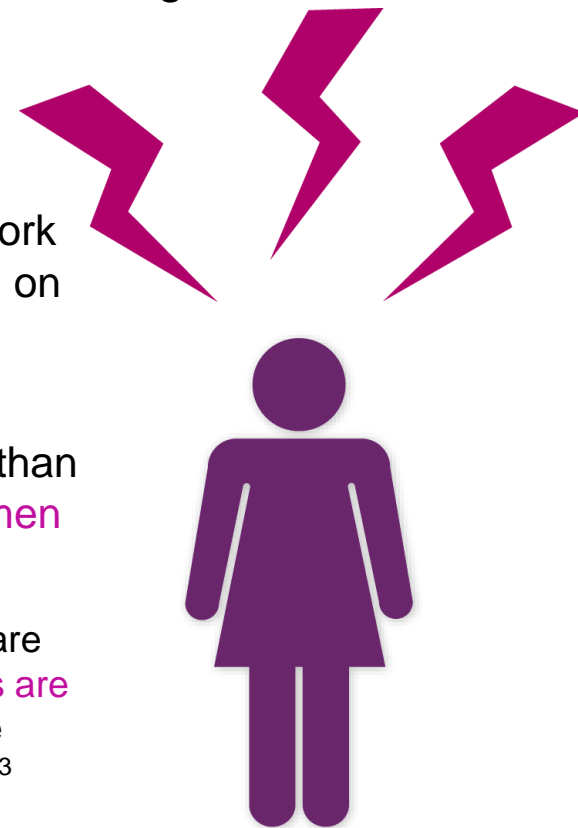
% at risk of turnover from 2016 Global Workforce Study *Financial cost at risk=FCOT*% at risk of turnover

Gender focus: It's more than just filling in the ranks

Culture shift is necessary to erode outdated assumptions and beliefs that keep women from progressing or push them out of the workforce altogether

According to research, women leave their jobs because...

- They **are demotivated**. Women with two years or less of work experience slightly lead men in ambition, but after two years on the job, **aspiration plummets 60% and confidence plummets 50%** (vs. 10% for men).¹
- They **are frustrated**. Women are advancing at lower rates than men, even when they do the same work **because when women collaborate with men, men get most of the credit** ²
- They **receive less satisfaction** at work because their contributions are taken less seriously. When women challenge convention, **their ideas are less likely to be implemented than men's**. When women speak more than their peers, **their perception ratings go down while men's go up**.³



¹ "Companies Drain Women's Ambition after Only 2 Years", Orit Gadiesh and Julie Coffman, Bain, 2015.

² "When Teamwork Doesn't Work for Women", The New York Times, January 10, 2016. Study showed that while women in economics publish as much as men, they are twice as likely to be denied tenure, except for women who publish alone, who are as likely as men to get tenure.

³ "Speaking While Female," The New York Times, January 12, 2015.

Pay equity at a glance



73 MM women

in the US labor force
(47% of the labor force)¹

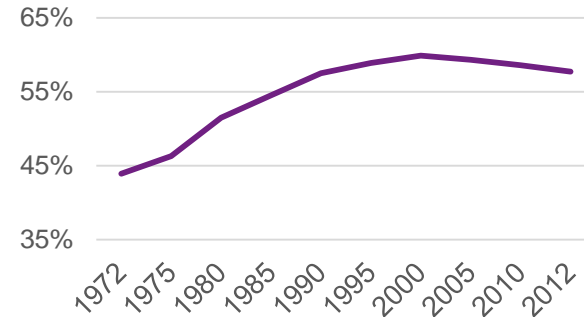
73% FT

(vs. 87% for men)

27% PT

(vs. 13% for men)

After rising for decades, the % of women in the workforce is declining²

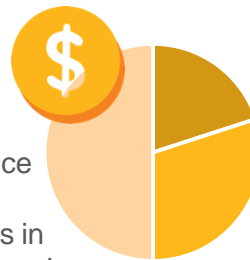


Women's representation in leadership is low³

- **5%** of Fortune 500 CEOs⁴
- **12%** of board members⁴
- **21%** of senior managers⁵
- **44%** of new MBAs⁴

Women make **77 cents** to every dollar a man makes⁶

50% of difference is due to differences in industries and job types



20% of difference is due to time out of the labor force

30% of difference is due to unexplained factors, including bias

Women in elite jobs earn well below men⁷



\$71k

Female comp and benefits managers



\$104k

Male comp and benefits managers

¹ Bureau of Labor Statistics, US Department of Labor, Women's Bureau, 2014 data https://www.dol.gov/wb/stats/laborforce_sex_projected_2014_2022_txt.htm

² Bureau of Labor Statistics, US Department of Labor, Women's Bureau, 2012 data, https://www.dol.gov/wb/stats/facts_over_time.htm

³ "Female Power", The Economist, December 30, 2009; McKinsey 2012

⁴ Center for American Progress, 2014

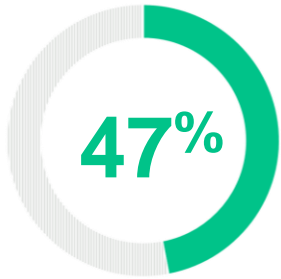
⁵ Grant Thornton International Business Report 2014

⁶ "Women in Elite Jobs Face Stubborn Pay Gap", Wall Street Journal, May 17, 2016. Citing research by Professors Blau and Kahn

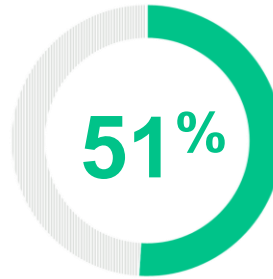
⁷ "Women in Elite Jobs Face Stubborn Pay Gap", Wall Street Journal, May 17, 2016. Citing research conducted by the Wall Street Journal

Transparency: A new reality

What we know from our research...



Percentage of employees who claim they **know how their total compensation** compares to the typical employee at their organization*



Percentage of employees who **think they are paid fairly** in comparison to other employees at their organization*

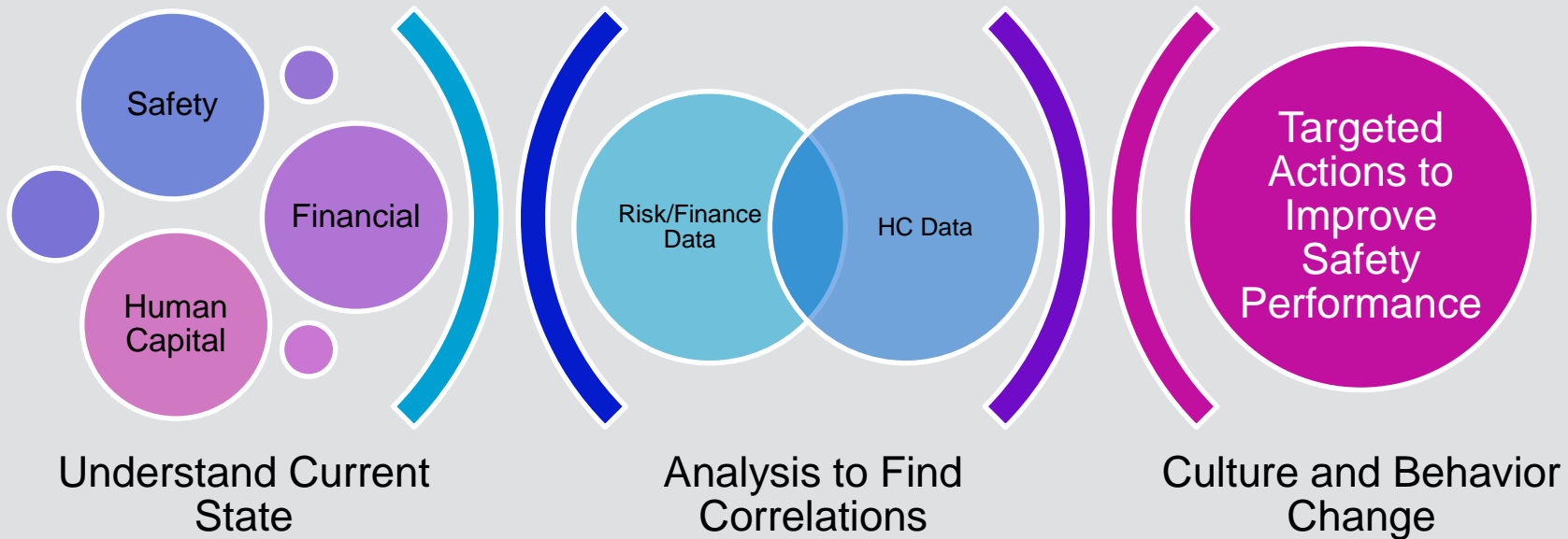


Transparency is a core principle of Total Rewards

* Willis Towers Watson 2016 Global Talent Management & Rewards Study



If employees have the skills to do the job, if they have had safety training, if they have the right tools, and if they have the protective equipment but are still taking unnecessary personal risks, then what is left is the need to understand and modify personal behavior. Plus – how do we harmonize our approach given differences in attitudes, cultural and social norms?



Source: Willis Towers Watson Case Study

Thank you

