# It's Frontline Leaders Who Make or Break Progress on Diversity

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People often reflexively equate leadership with the C-suite. But frontline leaders—the middle managers who directly supervise line employees—can have a huge impact on an organization's performance. A large company may have hundreds or even thousands of people performing this role, and they have the most direct influence on the day-to-day experience of employees. Frontline leaders are particularly critical in implementing large cultural changes such as diversity and inclusion (D&I) initiatives, where even the best-intended programs will fail if they don't have the right support at all levels.

## THE OVERLOOKED POTENTIAL OF FRONTLINE LEADERS

Senior executives may get all the glory in terms of leadership—and certainly they make critical strategic choices and set the tone at the top regarding D&I—but for most employees those executives are many levels away in the organizational structure and have little impact on the employees' daily work experience. In contrast, frontline leaders interact with line employees all day, every day. They are the most immediate role models for most employees, and they have significant power to implement, ignore, or actively undermine change efforts. As a respondent to BCG's Global Diversity Survey put it, "Our executive team, who is quite removed from our day, openly embraces diversity verbally. However, the people who deal with our employees need to be the ones whose hearts and minds are in this."

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Despite this power, companies often overlook frontline leaders in their planning for leadership training and development. Most such leaders are in their first or second leadership role, having been promoted from a position as a line employee to a role in which they now supervise line employees—advancing from "doing" to "leading." In many instances they need structured support, training, and development in how to be an effective leader. Yet while leaders at this level make up or influence 80% of a company's workforce, according to one survey, they often receive just 20% to 30% of the organization's attention in training.

The commitment of frontline leaders is especially important in cultural initiatives such as D&I, which translate changes in corporate values into concrete actions and changes in daily processes and routines. Issues ranging from fair evaluations and promotions to group

dynamics in meetings have a significant impact on an employee's day-to-day experience at an organization. These are areas where bias can creep in—often unintentionally, but nonetheless in ways damaging to women, LGBTQ employees, people of color, and other groups that remain underrepresented in the workforce and often face a playing field that is tilted against them.
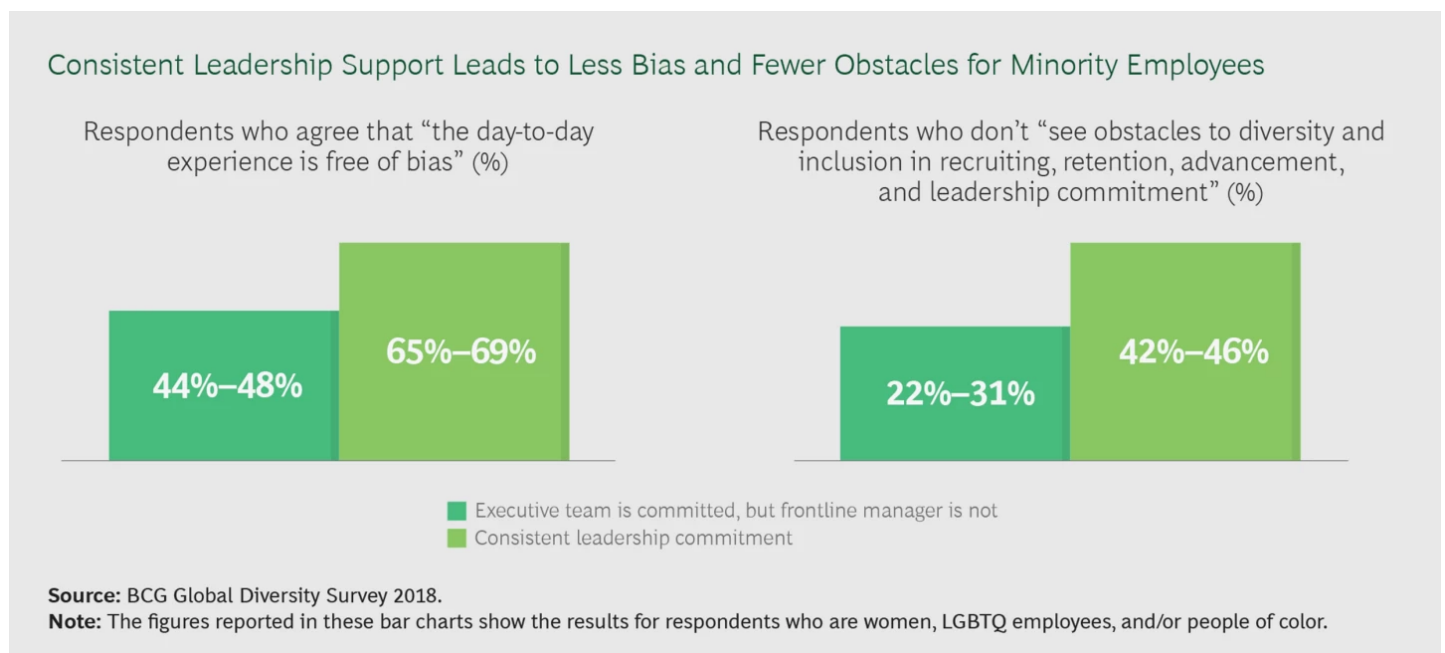
As leadership teams grow increasingly aware of the benefits of diversity in making companies more How Diverse Leadership Teams Boost Innovation, agile, and profitable, they are taking active steps to hire people with a wider range of backgrounds and perspectives. Those well-intended efforts will not succeed, however, unless companies also create a more inclusive environment. So far, progress toward inclusion has been uneven, and one reason for this may be half-hearted support from frontline leaders. A BCG study of 16,500 employees across 14 countries found that in companies where the senior leadership team is committed to diversity but the direct manager is not, only 65% of those surveyed say that they feel free to be their authentic selves at work, compared with 81% in companies where employees see consistent support through all leadership ranks. This means that companies are not tapping into their employees' full potential and are missing out on opportunities for new ideas and innovations.

When companies fail to address these challenges over time, employees leave. Our data shows that employees of companies in which direct managers aren't committed to D&I are twice as likely to feel excluded at work and nearly three times more likely to seek employment elsewhere than employees of companies that have consistent leadership engagement. Those findings are derived from the data for *all* employees, not just for those in underrepresented groups. Quite simply, if companies don't improve their handling of D&I—and recruit suitable frontline leaders as a key part of that process—they will pay a price in employee retention, employee commitment, and overall company performance.

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The study found that all diverse groups we studied (women, LGBTQ employees, and people of color) rated a bias-free day-to-day experience as one of the most effective interventions for improving D&I—and frontline leaders are the people most directly positioned to control this. When frontline leaders buy in, employees in underrepresented groups are far more likely to say that their day-to-day experience is free of bias and that they do not perceive obstacles in recruiting, retention, advancement, and leadership commitment. (See the exhibit.)

**Consistent Leadership Support Leads to Less Bias and Fewer Obstacles for Minority Employees**

Respondents who agree that "the day-to-day experience is free of bias" (%)

44%–48%
65%–69%

Respondents who don't "see obstacles to diversity and inclusion in recruiting, retention, advancement, and leadership commitment" (%)

22%–31%
42%–46%

■ Executive team is committed, but frontline manager is not
■ Consistent leadership commitment

**Source:** BCG Global Diversity Survey 2018.
**Note:** The figures reported in these bar charts show the results for respondents who are women, LGBTQ employees, and/or people of color.

## FIVE WAYS TO ENGAGE FRONTLINE LEADERS

The good news is that companies can adopt specific measures to ensure that frontline leaders buy in and support D&I initiatives. We believe that five steps are most important.

**Make D&I a part of the company's DNA through targeted programs and policies.** Making a workplace more diverse and inclusive is a years-long initiative. Companies should plan to commit time and capital to the effort, with the long-term goal of integrating D&I into everything the company does—every decision, process, project, and strategic initiative. Specific measures include making D&I a part of the company's value statement and mission statement, embedding it in employee engagement surveys, and making it a core element of performance assessments and reviews of business performance at all levels. (For other measures that companies can take, see "Requirements to Create an Inclusive Culture.")

## REQUIREMENTS TO CREATE AN INCLUSIVE CULTURE —

- Set and track ambitious diversity goals.

- Develop a code of conduct that spells out expectations on inclusive behavior.

- Provide equal pay for equal work.

- Create appropriate policies on the topics of antidiscrimination, flexible work arrangements, and gender-neutral parental leave.

- Appoint anonymous ombudspersons and processes for reporting issues.

- Survey employees regularly to gauge their feelings about inclusion.

- Make structural interventions such as offering lactation rooms, gender-neutral bathrooms, and nonbinary gender choices on forms.

- Include D&I metrics as part of the 360-degree feedback for all managers, with bonuses linked to their performance on these measures.

Inclusive behavior has a positive cascading effect and can be extremely powerful in a cultural transformation. Our data shows that male managers who believe their direct managers are committed to D&I are more likely to adopt inclusive behavior themselves. Compared with those who work in a company with inconsistent commitment, they are

1.2 times more likely to reward and track performance on the basis of outcomes rather than hours worked, to change work routines to permit part-time models, and to receive bias reduction training.

**Offer leadership development programs that focus on D&I.** As noted above, many frontline leaders have received only limited training in how to manage and coach teams, even though their current positions require those skills. Yet evidence clearly indicates that investing in leadership programs pays off. BCG's The Global Leadership and Talent Index shows a strong correlation between leadership and talent management capabilities and financial performance. The top 5% of companies in people development (including training programs across all levels) increase their revenue twice as fast as the bottom 5% of companies, and they increase their profits 1.4 times as fast.

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To support frontline leaders, companies should offer continuous training on inclusive and strengths-based leadership. They should also offer formal training in spotting and overcoming unconscious biases, which all diverse groups in our study (women, people of color, and LGBTQ employees) ranked as one of the five most important interventions for improving D&I. It's critical that bias training sessions not be treated as a one-off exercise or compliance requirement. Rather, they need to become an ongoing, continuous part of frontline leaders' career development path, and they need to apply directly to a leader's day-to-day routine.

Companies can make faster progress by enlisting frontline leaders themselves to help design and implement training efforts. Top-performing organizations actively identify leaders whose D&I standing is already best in class, look at the best practices they apply,

and involve those leaders in training the rest of their cohort. Such people often have a high level of credibility, as they've been in the shoes of frontline leaders and experienced their challenges firsthand. Adopting this kind of "teach the teachers" approach helps make D&I feel less like a mandate from above and more like a collective challenge that the organization aims to meet with input from all sources. (See "Chevron Sponsors a Gender Equality Initiative.")

## CHEVRON SPONSORS A GENDER EQUALITY INITIATIVE   —

In their effort to create more diverse and inclusive workplaces, companies such as Chevron are now using a program called Men Advocating Real Change (MARC). The program was developed by Catalyst, a global nonprofit that seeks to advance gender equality in the workplace. Chevron was a main sponsor of MARC, and it launched a pilot initiative of the program internally in 2016. Since then, the company has offered it to 3,500 participants at 25 sites across five continents.

Both men (60% of participants) and women take part, and about 40% of them are in supervisory roles. Small groups of seven to ten people meet for monthly, self-led sessions over two years. Catalyst supplies an agenda for each discussion, with the overall goals of increasing awareness about D&I, helping employees and managers model inclusive behavior, and making talent management processes more equitable.

"Empowering employees to have authentic conversations about sensitive topics lays the foundation for cultural change. As a result, we are having more discussions about gender identity, race, age, and related topics than we would ever have felt comfortable with before," says Lee Jourdan, Chevron's chief diversity officer. "Sharing those real-life incidents leads to better engagement within teams—and improves team results."

**Translate cultural shifts into concrete changes in daily routines.** The experience of underrepresented groups indicates that many of the negative experiences they face at work are subtle rather than explicit. Often, leaders aren't intentionally excluding

someone; they may not even be aware of how an incident or comment comes across. Because issues of this kind can be atmospheric and hard to spot, frontline leaders need practical tools and skills to make processes and routines more inclusive.

For example, in meetings or group discussions, leaders should ensure that everyone participates. Rather than waiting for employees to contribute—a situation in which majority groups typically feel more comfortable speaking up and underrepresented groups tend to keep quiet—leaders should call on individuals by name and acknowledge everyone's ideas and input. They should track interruptions and, if these happen repeatedly, call out the people responsible. Similarly, for team projects, leaders should ensure that responsibilities and roles rotate so that people in underrepresented groups don't always get stuck with less desirable options.

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> HR should provide tools that support more inclusive and objective decision making, including employee evaluations that reflect transparent, fair, quantifiable criteria.

**Provide people management tools that support inclusive personnel decisions.** Some frontline leaders make personnel decisions about promotions, plum assignments, bonuses, and other aspects of work by gut instinct. That approach often reinforces existing biases. Instead, HR should provide tools that support more inclusive and objective decision making. Employee evaluations should reflect transparent, fair, quantifiable criteria—not things like where employees are from and whether they have the same background or demographic attributes as their manager. In addition, frontline leaders should receive training in how to provide specific, actionable feedback based on facts rather than adjectives. (See "Objective Performance Assessments.")

**OBJECTIVE PERFORMANCE ASSESSMENTS**                                    —

Many companies believe that they offer objective metrics for gauging an employee's performance, but often the way they define those metrics leaves significant room for a manager's interpretation. Consider the following example of nonspecific scoring criteria in the category of verbal and written communication skills:

5—Employee communicates significantly above expectations.

4—Employee communicates well above expectations.

3—Employee communicates as expected.

2—Employee communicates below expectations.

1—Employee communicates significantly below expectations.

Contrast that with the following more detailed scoring criteria:

5—Employee communicates effectively in a polished style, builds structured and convincing arguments, and communicates with a very high level of confidence.

4—Employee communicates in a generally effective style, using crisp and appropriate language, with a high level of confidence.

3—Employee displays an adequate level of concise, persuasive communication, expressed with confidence.

2—Employee fails to consistently communicate effectively, at times meandering and using filler words, and occasionally lacks confidence in communication.

1—Employee meanders in long-winded discussions punctuated by inappropriate comments and shows marked uncertainty in communication.

**Communicate expectations, and hold managers accountable for results.** Frontline leaders need to have clear expectations about D&I, and they need to be held accountable for making progress in their units. Specifically, companies should track data on team sizes, recruiting, retention, and promotion rates—and systemic problems should have consequences. The company must clearly communicate that dedication to diversity and inclusion is not just a passing trend that frontline leaders can wait out or avoid implementing. Achieving operational targets with a homogeneous, largely white and male workforce is not enough, and non-inclusive behavior can no longer be tolerated. An inclusive leadership style is as important as business outcomes—in fact, it is increasingly essential to achieving those outcomes. In addition, inclusive leadership should be an evaluation criterion for all frontline leaders, collected and analyzed as part of 360-degree feedback.

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Increasing diversity and inclusion in the workplace is a tough challenge, and many organizations have not made enough progress in this area. One key factor that senior executives may have overlooked relates to fully engaging frontline leaders in D&I efforts. This group has a disproportionate influence on the daily experience of line employees, and no change effort will succeed without their buy-in. Companies that incorporate frontline leaders in their D&I measures will make faster progress toward their goal of creating a workplace that is welcoming, truly equitable, and able to hire the best people and get the best work out of them.

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