

LSE

The Inclusion  
Initiative

# Inclusion in Singapore:

Introducing The INCLUSION Framework, a tool to create inclusive cultures when managing global teams in financial services.



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# Background



Quote from a leader in Singapore:

*“As we go from the industrialisation phase to a creative society, we must value diversity and inclusion. Would appreciate some solid behavioural science to push this forward.”*

The Inclusion Initiative (TII) was launched at the London School of Economics (LSE) in November 2020, announcing a research agenda that would help make financial and professional services firms in the City of London more inclusive. This research agenda was determined through conversations with 40 of London’s most senior leaders. Specifically, we asked these leaders to identify the biggest obstacles to inclusion in the City of London. We then took the most often cited obstacles and developed a set of actions that can be carried out to reduce or remove the obstacle. These actions were all driven by behavioural science insights. Additionally, we underlined the importance of firms in the City of London evaluating the actions they take to create a more inclusive culture, in terms of cost effectiveness. This recommendation belies the fact that despite high levels of investment in the City of London on diversity and inclusion initiatives, progress is glacial. Figuring out ‘what works’ can help accelerate progress, as firms can double-down on initiatives that prove a positive return on investment, and cease initiatives that are not creating positive change.

Focussing on London for the first year of The Inclusion Initiative recognises that ‘context matters’ when it comes to creating inclusive organisations, allowing us to give recommendations that are specifically relevant to one of the biggest financial hubs in the world. However, TII is a global research centre at LSE. In recognition of this, we now expand our investigations of inclusive organisations to interview 35 leaders of global teams who have been based in Singapore. Singapore was chosen strategically as a major global financial hub, that includes a large number of migrants from a large number of countries for its financial services labour force. There are then challenges and big potential gains to managing the diversity that comes with its global labour market. The challenges arise because evidence shows that diverse teams in the short run may not work so well together, but over the long run gains can be reaped if diverse teams learn to work well together<sup>1</sup>. It is therefore not a given that a firm will reap the benefits of diversity. Rather, these gains are only likely to be revealed if a firm invests in creating an inclusive culture.

To understand organisational inclusion in the context of Singapore, we embarked on a piece of qualitative research that involved interviewing 35 senior leaders in Singapore’s Financial and Professional Services, to learn their beliefs about best practices in terms of improving inclusion at the firm level, and the obstacles that may stand in the way of progress. With these learnings at hand, we created the INCLUSION framework, drawing on insights from behavioural science. This paper documents this framework. The primary aim of the INCLUSION framework is to inspire financial services firms with a hub in Singapore to adopt some of the outlined elements for their own in-house inclusion agendas, with their own people.

All of the leaders we interviewed managed global teams, and were cognisant of the benefits and the challenges of managing multicultural colleagues. Therefore, we propose our INCLUSION framework as a guide for creating more inclusive organisations in global financial and professional services firms.

We note that our interviews were conducted between October 2020 and July 2021. The interview window was caused by the difficulty in diarising appointments with Singapore’s most senior leaders. This long window does have the advantage of straddling the majority

of the COVID-19 pandemic response in Singapore. Although this has the disadvantage that the period of interviews relates to the highly unique pandemic response context, an advantage comes with interviewing leaders at a time when they were thinking about new and innovative ways to bring global teams together. It also removes the confounding influence of specific timepoints of the COVID-19 pandemic response.

In the earlier set of interviews the senior leader’s main concern would have been with creating an inclusive virtual environment, and dealing with the obstacles laid out by Lordan in her 2020 Virtual Inclusion in the City<sup>2</sup> report. In the later set of interviews, the leaders would have been trying to decide on what hybrid return to work scenario would allow for inclusive team discussions, enhanced productivity and smooth operations. In addition, they would have been trying to figure out how to minimise the biases and heuristics that can plague hybrid working environments, as laid out by TII’s BE-INCLUSIVE team in their 2020 Hybrid Working report<sup>3</sup>. For all of those interviewed, without a doubt this was the time in the history of financial services when its leaders were most attuned to improving inclusivity and maintaining staff morale.



1. Issue 4, 1998, Pages 409-430 and Kannan Srikanth, Sarah Harvey & Randall Peterson (2016) A Dynamic Perspective on Diverse Teams: Moving from the Dual-Process Model to a Dynamic Coordination-based Model of Diverse Team Performance, The Academy of Management Annals, 10:1, 453-493.  
2. See <https://www.lse.ac.uk/tii/assets/documents/Virtual-Inclusion-in-the-City-report-large.pdf>  
3. <https://www.lse.ac.uk/tii/assets/documents/Hybrid-Working-report.pdf>

# Why does TII care about inclusion?

To get the most out of our teams, it is important to acknowledge the potential for a lack of inclusion and take steps to circumvent it. A quick check as to whether inclusivity is an issue in your organisation is to take some time to recall the last important meeting you were in. Did one person speak for the majority of the time? Did introverts participate significantly less than extroverts? Did many people look tuned out, flipping through their emails on their phone?

Quote from a leader in Singapore:

*“If you want meetings to be inclusive, you need to do some deliberate, pre-meeting work to prepare for it.”*

If you answered yes to these questions it is highly likely that your meeting was affected by a lack of inclusivity. In financial and professional services, we often organise people into teams to do work that is viewed as innovative, creative and/or strategic. This can include product creation or the assessment of risk. Why do we have these discussions? The overall intuition is a belief that two heads are better than one, and that the outcomes we end up getting are greater than the sum of the parts. If we get inclusion right, there are big gains to bottom line outcomes. For this to happen everyone

needs to participate freely, have their voice heard in the discussions and be motivated by goals that are collective rather than individualistic. We need to have people with different perspectives and life experience at the table. Empirical evidence from the lab and field suggests that this does not usually happen<sup>4</sup>, implying the outcomes we get from these discussions are sub optimal. A lack of inclusivity damages the financial and professional services industry from recruitment through promotion choices and beyond. Currently firms spend tens of thousands of pounds annually on services to improve inclusion outcomes, with usually no clear link to cost effectiveness or other outcomes that are important to firms operating in a competitive environment. What is more, often these services are even more costly than meets the eye, as they take income earners away from their core tasks, with little evidence of gains in the long term.

It should be stressed that to get the gains from inclusion it is diverse voices with a variety of life experiences that are required when brainstorming or looking for new perspectives on risk. Diversity on its own does not reap the better business outcomes we so often link with its name. Better business outcomes are not a product of simply having more women or individuals of different ethnicities around a table. Better business outcomes require inclusivity

## We had representation from<sup>5</sup>:



4. Manz, C. C., & Sims Jr, H. P. (1982). The potential for "groupthink" in autonomous work groups. *Human Relations*, 35(9), 773-784; Manz, C. C., & Neck, C. P. (1995). Teamthink: beyond the groupthink syndrome in self-managing work teams. *Journal of Managerial Psychology*.

5. We also had representation from three other companies where the participant declined to have their firm named.

# Why Behavioural Science?

Governments all over the world have been leveraging behavioural science for over a decade, seeing the value added to public policy in its rigorous methodological approach that allows the return on these investments to be calculated. In the same way that firms routinely calculate a net present value for their investment decisions, we view investment in inclusion as a project like any other that should prove its worth in terms of cost effectiveness. Taking a behavioural science approach allows firms to stop interventions that aren't effective and may not give them returns on outcomes that are important to them. Depending on the firm this may range from profit and loss targets to self-reported employee well-being, but being clear on the gains expected from investment ex ante allows greater buy in by employees for key initiatives. Similarly, demonstrating that investments in inclusion are cost effective ex-post prevents initiative fatigue, and raises the inclusion agenda as important across the entire business, thus allowing for greater buy in. For the purposes of this paper, the authors are leveraging an in-depth knowledge of behavioural science when

proposing interventions that could improve inclusion within the firm. Behavioural science offers a wonderful approach for considering inclusion within firms. Drawing insights from multiple disciplines, it seeks to understand why people make the choices that they do, and the structures and tweaks that can be made to incentives and the environment to obtain a different outcome. In this regard, behavioural science has explored a number of relevant topics related to inclusion, for example groupthink, but the majority of the research relates to lab experiments or is correlational rather than causal. There is a dearth of evidence on the cost effectiveness of the various interventions available to enhance inclusion within firms, as quantified from within the firms themselves. That is, the interventions proposed may work in theory, and often have been shown to work in a lab setting, but the evidence of whether, and to what intensity they work within firms is not yet at a level where we have a stock of knowledge. TII aims to begin to fill this gap by partnering with firms to assess how well the proposed interventions work when people go about their day-to-day jobs.

# Identifying the obstacles to inclusive organisations

In order to understand the obstacles that stand in the way of inclusion for financial and professional services in Singapore, we went on a listening tour, speaking with 35 of Singapore's most senior leaders in virtual video interviews.

Each person interviewed worked for a major financial and professional services firm in Singapore, spanning investment banking, retail banking, data, law, consulting and wealth management.

## We had representation from:

ANZ, Bank of China, Bank of Singapore, Barclays, CFA Singapore, Citi, Credit Suisse, DBS, Deutsche Bank, HSBC, Institute of Banking and Finance Singapore, iStox (now re-named ADDX), JP Morgan, Lombard Odier, Maybank, Morgan Stanley, Munich Re, OCBC, Partners Group, Rajah and Tann, Trafigura, Standard Chartered, UBS, UOB and WestPac.<sup>5</sup>

The individuals we interviewed were at minimum managing director level, and included Regional CEOs, Country heads, global divisional heads, COOs, head of trading desks, asset managers and investment bankers. A significant majority were income generators. All of the leaders managed internationally diverse teams. In addition, the footprint of these firms reaches across the world, as did the potential reach of the firms' policy. These interviews allowed us to identify the obstacles stated by senior leaders of Singapore financial

and professional services most often who managed global teams. A handful were global or Asia-Pacific heads based outside but whose remit includes Singapore. In this way we stand on the shoulders of people who have been working and thinking about inclusion for many years in the context we are interested in.

We started each interview by defining inclusion from TII's perspective, and giving the interviewee a chance to alter the definition before we moved forward with the interview. Strikingly, no interviewee suggested major changes to the definition we put forward (although, a number of leaders lamented the lack of evidence linking inclusion to better business outcomes). This agreement we take as a strong signal that there is a globally uniting definition of what inclusivity implies for financial and professional services firms (even if the actions that are required to move organisations towards this definition differ across region and firm). We go forward with this hypothesis and take it as given.

## We define inclusion as follows:

For TII, an organisation is inclusive when managers within that organisation take steps to ensure that the voices of all talent in their team are heard, recognising it is for the betterment of the business. Additionally, the same managers recognise the voices that are missing from their team, and take steps in the recruitment process to address this.

5. We also had representation from three other companies where the participant declined to have their firm named.

Quote from a leader in Singapore:

*“[Inclusion is] about making the space sufficiently non-threatening to have people speak up and bring their authentic selves to work*

The remainder of the interviews and discussions revolved around three questions. These are:

1. What is the value of having a more inclusive workforce?
2. Looking back over the last couple of years, can you identify a policy or another shift that you have seen successfully enhance inclusivity in your own firm or in another firm that you know well? This may be at the firm level or team level. Why do you think the change worked?
3. When thinking of inclusivity can you identify an obstacle that stands in the way of progress that, as yet, has not had an appropriate solution?

Quote from a leader in Singapore:

*“[Inclusion is] like a diversified portfolio. You want the assets to have negative or low correlation with each other.”*

For this report we put a specific focus on the discussions that ensued around questions 2 and 3. In the first case, we draw attention to initiatives that have been dominantly heralded as being successful for the leaders that we interview. In the second case, we take the most often cited obstacles and recommend actions to reduce or combat them. This allows us to define the INCLUSION framework. We note specifically that much of the INCLUSION framework implies culture change over and above compliance mechanisms to create inclusive organisations. This aligns well with the GOOD FINANCE framework, created by TII for Women in Banking and Finance earlier this year to accelerate the progress of women in financial and professional services. Compliance mechanisms include audits, quotas and monitoring. We expect that the first culture change the INCLUSION framework will bring will augment the effectiveness of such compliance mechanisms. Over the longer term, as trust is built within organisations, the need for such compliance mechanisms should diminish as trust in inclusive leaders grows

A summary of The INCLUSION framework is documented in the table below. The remainder of the document describes each element of the INCLUSION framework in more detail. In addition, we also provide anonymised quotes from the leaders who participate in the study, to give the reader a glimpse at the richness of the interviews we conducted.

Quote from a leader in Singapore:

*“How do we create trust and safety so that people can have frank and transparent discussions about differences?”*



## Summary of the INCLUSION framework:

INCLUSION	Summary	Action	Example of End Result
<b>Inclusive Leadership</b>	There is a need to train managers in financial and professional services to be inclusive leaders.	A truly inclusive leader can be trained to develop a habit of deep listening without judgement, and create a culture where team members feel psychologically safe to share their ideas and experiences.	Inclusive leaders conduct meetings where all voices are heard and groupthink is avoided.
<b>Norms in Hiring</b>	The senior leaders we met emphasised the need for inclusive recruitment practices which are free from norms that support familiarity bias, affinity bias and cronyism.	Explore task-based hiring for junior recruits, along with apprentice-style models for jobs that currently have a degree requirement. Seek disconfirming evidence when turning away candidates that do not fit the typical image of what a senior leader looks like.	Inclusive hiring results in colleagues being on-boarded who are beyond the inclusive leaders own network and based on their merit.
<b>Cross Cultural Understanding</b>	There are clear benefits of global teams in an industry that serves a global clientele, but cross cultural understanding does not happen mechanically.	Facilitate every team member to acquire an understanding of what it means to be an inclusive member of a global team, including cultural sensitivity. This may be facilitated with formal training or by the leader of the team.	A cross cultural understanding at the team level causes members to lean into conversations on culture differences. Team events and dinners no longer end with groups segregating by country of origin or other affinity.
<b>Long Term Perspective</b>	Teams often do not have an inclusive culture because their leader or organisation lack a long-term perspective	Demonstrate that inclusion is good for business and influence investors seeking out long run opportunities. This will influence attitudes to inclusion in the C-suite, and will trickle down to all leaders in the organisation.	At the company level, data and story-telling are drawn on to demonstrate that the company is not myopic, and is cognisant that an inclusive culture secures long run success.
<b>Understand the benefits to inclusion</b>	Many D&I investments have zero or even negative effects. A glacial pace of change is the root cause of D&I fatigue, which limits buy-in for change within the organisation.	Taking seriously the measurement, tracking and linkage of inclusion to traditional business outcomes as well as innovation at the firm level. Messages from these analyses can be relayed to employees, to create a virtuous buy-in cycle that causes inclusion interventions to be more effective.	Inclusive leaders routinely evaluate the interventions they roll out to improve inclusivity at the business level. They are honest about what does not work. They are transparent with these outcomes with their colleagues.
<b>Salient Social Impact</b>	Firms should be socially responsible and consistent in all of their actions and interactions, including the management of their 'supply chain'.	Choosing to rely only on inclusive firms as partners, suppliers and collaborators makes salient for other firms that inclusion is a necessity. This action brings the cost of a lack of inclusion into the present day, making it more likely that firms within the supply chain will change.	Firms that lead with inclusion have transparent rules for managing relationships and interactions with external counterparties.
<b>Incentives</b>	It is a mistake in the financial services industry that promotions, bonuses and pay are still determined by individual performance.	Managers who lead teams should have skin in the game in their team's performance, receiving higher bonuses when the team performs well.	Inclusive leaders are incentivised extrinsically to bring along all members of their team, and leverage its diversity to realise best outcomes.
<b>Opportunities</b>	The link between pay and promotion outcomes to downstream opportunities at the individual level is obvious. Often the distribution of opportunities is not equal.	To equalise opportunities, inclusive leaders should pay attention to who gets what and why. Auditing makes salient the choices they are making, most likely unconsciously. This gives a manager the autonomy to self-correct if they are giving opportunities and rewards to a certain type of person.	Inclusive leaders are transparent with their team members about who gets what and why. They are aware of and correct for biases that might create a less than equitable starting line amongst team members.
<b>Narratives</b>	The narrative surrounding inclusive organisations is still a simple narrative regarding social responsibility.	Stories and case studies can be created based on data and individual experiences, which put emphasis on the business value of inclusion to change and maintain new social norms.	Inclusive leaders regularly speak about the benefit to inclusion within their teams, such as enhanced innovation, creativity, and lower behavioural risk.

# Introducing The INCLUSION framework:

## Inclusive Leadership

The leaders we met emphasised the need to train emerging leaders in inclusive leadership practices. A truly inclusive leader develops a habit of deep listening without judgement, and creates a culture where team members feel psychologically safe to speak up and share their ideas and experiences.

Quote from a Leader in Singapore:

*“[Right now] Our policies & guidance are more about getting people into the room, not on how to ensure that people are heard”*

The senior leaders we met underlined the importance of having managers within organisations who understand the value of inclusion from the business perspective, and moreover adapted their management style to ensure that their leadership style was authentic, empathetic and inclusive of all team members indiscriminately. In essence, it is the role of managers to create a “psychologically safe environment” so team members feel comfortable, and do not have the mental health burden of feeling like outsiders.

Quote from a leader in Singapore:

*“If there isn’t an environment of trust, people wouldn’t express themselves authentically whether they are asked to speak first or last.”*

Overall, the leaders saw the role of the manager to ensure that the voices of their team members are heard for the betterment of business, and simultaneously ensure that every team member is given the opportunity to exhibit excellence in their work. It was noted that the managers of today should be open to hearing and understanding about the lives their team members lead outside work, recognising that even if their organisation is fully inclusive team members may experience external discrimination which shapes their perception of experiences within the organisation.

Quote from a leader in Singapore:

*“We can’t just be set targets from HQ in the west, we need to take part in how we achieve inclusion here.”*

Overall, inclusive leaders should simultaneously be highly competent in a core business function, and adept at getting the most out of their team. These leaders are still likely to be extrinsically motivated, and use their leadership skills to enhance their own performance alongside those of their team.

Quote from a leader in Singapore:

*“Some leadership styles don’t lend themselves to inclusion. It pays to do an audit of leadership styles. I have given up on directive leadership which was my style early on.”*

## Norms in Hiring

The senior leaders we met emphasised the need for inclusive recruitment practices which are free from norms that support familiarity bias, affinity bias and cronyism.

Ideally, firms should hire based on skills, ability, and talent only. However, they often rely on signals that they incorrectly perceive to be correlated with these attributes to the exclusion of top talent.

Quote from a leader in Singapore:

*“Some roles such as trading are more suited to one gender as opposed to roles in sales or investment banking.”*

At the bottom of the pipeline, firms can move towards more inclusive recruitment practices by moving away from choosing talent from a small subset of undergraduate degree types or specific universities. Instead, they can recruit via task-based assessments that relate more directly to the tasks that the applicant will actually do day to day. This opens doors for candidates who may have chosen an undergraduate degree that does not match well with their aspirations. It also opens doors to those who may have not had the opportunity to attend a top tier university.

Quote from a leader in Singapore:

*“Ensuring a balanced slate of candidates when it comes to hiring comes at cost. It can take time. Managers need to be aware and supportive of this trade-off.”*

Overall, task-based assessment can circumvent a variety of cognitive biases. These include affinity bias, familiarity bias and halo effect. One senior leader we met described a programme whereby a task-based assessment allowed entry into a 1-year rotation programme in their firm that would allow access to a graduate training program in year 2 if candidates in the program performed successfully.

In Singapore, there are subsidies on tertiary education, making going to university more affordable for its nationals. However, the senior leaders we met still pointed to a possible lack of social mobility as a barrier for a fully inclusive society both in Singapore as it is elsewhere. Therefore, when recruiting at the bottom of the pipeline, firms can embrace learning and earning models. Learning and earning models open the door for children of

lower socioeconomic status to pursue careers that previously required a college degree. In this setting individuals could be hired as apprentices of firms, and given a salary as well as time to complete an undergraduate degree. By removing the need to choose between going to university and earning a salary, firms open their doors to new talent pools.

Quote from a leader in Singapore:

*“I don’t know why or how but we all end up being similar type of people in financial services!”*

When selecting new colleagues at more senior levels and deciding who to promote, adequate time should be devoted to make sure that confirmation bias is not driving these key business decisions. Confirmation bias is the tendency to seek out evidence that confirms our gut instinct on who is right for the role. This is problematic because gut instincts are often driven by what “type” of person has historically held a particular role. To overcome this, ‘fire drill recruiting’ is to be avoided. In essence, fire drill recruiting happens when firms feel pressurised to recruit at the senior level because of capacity constraints and do so at speed.

Additionally, when turning away candidates that do not fit the typical image of what a senior leader looks like, seek disconfirming evidence that challenges the prevailing opinion. For example, allowing someone who does back the candidate to present the case without interruption. Equally, extra scrutiny should be given on occasions when a person being chosen for an externally advertised role is known well to the panel socially, above other excellent candidates who are not in the panel’s own network.

## Cross Cultural Understanding

The leaders we met were clear on the benefits of having global teams in an industry that serves a truly global clientele, and underlined a need to eradicate any prejudice.

Overall, global cross-cultural teams were viewed as providing a competitive edge. However, it was also relayed that cross-cultural misunderstandings often emerged based on what ‘good’ looked like. For example, silence in meetings means something different depending on a team members country of origin.

Quote from a leader in Singapore:

*“Culture is a huge factor. Silence means different things in different cultures. Some avoid overt conflict. What is unsaid or unheard can be very important.”*

In addition, meetings that failed to bring all voices to the table, and were dominated by one or few colleagues were emphasised as a common problem that needed to be managed by inclusive leaders. To combat this phenomenon some leaders championed meetings that had clear rules around what behaviour was appropriate, including one example of a maximum speaking time. In addition, a facility for individuals with low power in a meeting to give anonymous feedback on the Chair’s capabilities of being an inclusive leader was belied as a powerful mechanism for change.

Quote from a leader in Singapore:

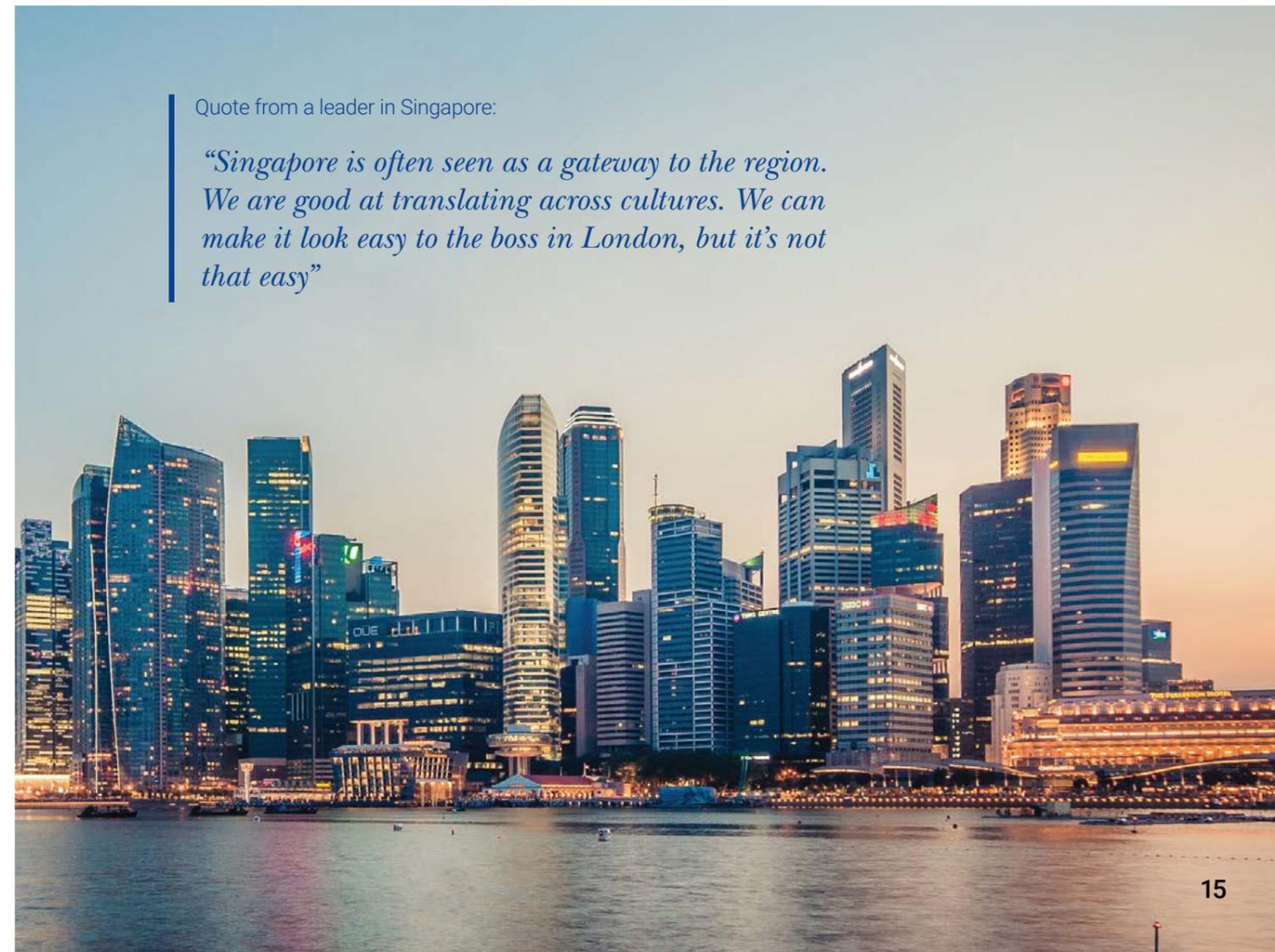
*“We have a protocol on how to run a meeting precisely to ensure that we catch all sides and all voices. Dissent is expected.”*

Overall, there was agreement that global industries need to facilitate every team member to acquire an understanding of what it means to be an inclusive member of a global team, including cultural sensitivity. Some leaders we met mentioned formal facilitation in this regard, along with others who insisted that this should be done by the leader of the team to ensure it is bespoke to their team.

A pulse point as to whether the team is succeeding in being cross culturally inclusive, is to pay attention to the communication illusion. The communication illusion occurs when a team discusses amicably together, but because each person has a different paradigm as to what is important each person’s takeaways are different. The communication illusion can be exacerbated in multi-cultural teams if steps have not been taken to insure an inclusive culture. A leader can assess whether the communication illusion is an issue for their own team by getting several members of their team to relay to them takeaways from their last meeting. Consistent takeaway messages signals that the team is communicating well, a necessity if a multi-cultural team is to operate efficiently.

Quote from a leader in Singapore:

*“Singapore is often seen as a gateway to the region. We are good at translating across cultures. We can make it look easy to the boss in London, but it’s not that easy”*



## Long Term Perspective

Several leaders relayed that the problem for teams that do not have an inclusive culture is normally that their leader does not have a long-term perspective. This can also be influenced by organisational level conditions where a short-term perspective by the CEO and their colleagues in the C-Suite, can trickle down to leaders at all levels of the organisation.

Quote from a leader in Singapore:

*“Regardless of how progressive we might think we are, we all have biases.”*

The perception that building inclusive cultures pays dividends, but only in the medium and long term is belied by the fact that there is no silver bullet for culture change or building inclusive teams. In fact, bringing diverse voices together so they are comfortable in embracing dissent does not happen overnight, particularly for organisations that exhibit low levels of psychological safety. It may then seem like too long a journey for leaders who focus on each annual bonus or are myopic in another regard.

Quote from a leader in Singapore:

*“We have mostly launched into D&I initiatives without senior executives making an effort to explain why that is important. Some colleagues simply roll their eyes.”*

Having leaders who are willing to slow down, and take the time to build inclusive teams as they are convinced it will pay dividends in terms of lower behavioural risk and higher levels of innovation are invaluable. This is even more true given the direction of travel of the fourth industrial revolution, where knowledge for knowledges sake is less valuable. Rather, leaders who will have the edge are those that can bring together divergent perspectives and identify innovative solutions, products, and ideas. Our interviews revealed, however, that today even senior leaders may not be revealing their unique perspective because of exclusionary cultures.

Quote from a leader in Singapore:

*“As the only woman at the meeting, if I know that the others have already reached consensus, it’s easier for me to hold back my views.”*

If inclusive leaders with a longer run perspective are currently absent, firms who are actively investing in inclusion interventions could undertake research that links their macro measures of inclusion to their macro level business outcomes. In theory, inclusion enhances the bottom line of the firm over the long run. Credible statistical analysis that demonstrates these relationships as stylised facts allows firms at the forefront of interventions to enhance inclusion to be viewed as more attractive to investors seeking out long run investment opportunities. This in turn will influence attitudes to inclusion in the C-suite, which will subsequently trickle through the firm. This trickle down will inspire even the most myopic of leaders to invest in honing an inclusive leadership style.

## Understand the benefits of Inclusion

The leaders we met relayed frustration at the glacial pace of progress on inclusion, in an industry that is fast moving in other domains. Specific issues on inclusion were raised around race, gender, socio-economic status and sexuality.

Quote from a leader in Singapore

*“We need to deal with the perception that diversity is in conflict with meritocracy.”*

TII has heard many times before about the high-level investments firms make to improve diversity and inclusion. TII is also aware of the limited evidence of any return on such investments. We speculate that many of these investments have zero or even negative effects on diversity and inclusion. The glacial pace of change is also the root cause of diversity and inclusion fatigue the firm may be experiencing.

Quote from a leader in Singapore

*“Gender and racial diversity is important here. In small teams, small changes can change the diversity profile in big ways.”*

When rolling out inclusion interventions, firms should evaluate their gains in terms of cost effectiveness to ensure that the intervention is working as expected with respect to returning a positive return on investment. This also allows the firm identify any backfiring effects, and stop interventions that aren't working as planned.

Quote from a leader in Singapore:

*“We need to be intellectually honest; some are genuinely concerned about reverse discrimination.”*

Firms benefit from taking seriously the measurement, tracking and linkage of inclusion to traditional business outcomes as well as innovation at the firm level. By undertaking this type of analysis in a rigorous causal framework they can demonstrate to their employees the big benefits that come from inclusive leadership. These messages can be relayed in town halls and team meetings, so that a clear understanding of the benefits of inclusion penetrate all levels of the organisation. This will create a virtuous cycle that causes inclusion interventions and training to be more effective as there are higher levels of buy in from employees.

## Salient Impact on Society and the Supply Chain

The need for the firm to be socially responsible in all of its actions and interactions was emphasised by a number of leaders that we met. One leader viewed a firm as virtue signalling if they state to their employees they care about inclusion, while simultaneously still relying on suppliers or business partners with poor diversity and inclusion records. For another leader, their belief in the power of inclusion to build businesses that would survive in the fourth industrial revolution meant that they only chose suppliers who exhibited inclusive business practices.

Quote from a leader in Singapore:

*“Diversity is an ecosystem-wide challenge. There are limits to what one firm can do alone.”*

A salient pulse point that another business is inclusive is visible diversity, such as gender, ethnicity and race. Salient diversity, as compared to the local labour markets, is a pulse point that is telling of whether a firm in a global supply chain has values that align with inclusive practices. Salient diversity is usually correlated with less visible aspects of diversity and inclusion. This type of supply chain management is imperative if a firm has a mission statement that explicitly states that they are inclusive. Choosing to rely only on inclusive firms for a supply chain, also makes salient for other firms in the supply chain that

they need to change. Even if these firms care less about inclusion, this action brings the cost of a lack of inclusion into the present day, making it more likely that they will change. It leverages the bandwagon effect for good!

Quote from a leader in Singapore:

*“There’s a bandwagon effect. Some companies want to look and sound socially responsible. But do they really believe that it is right for the business?”*

## Incentives

The importance of managers with an inclusive managing style was a recurring theme for the senior leaders we interviewed. It was also highlighted that it is a mistake in the financial and professional services that promotions, bonuses and pay spine were still determined on individual performance mainly. The problem of the individualistic manager was also raised.

Quote from a leader in Singapore:

*“The tone at the top and promotion of D&I is dramatically different since before the global financial crisis. It’s not an HR issue, it is a business issue. We need better scorecards that can be tied to compensation.”*

Firms can move away from a focus on individualism and reward leaders who foster talent in the firm equally. Managers who lead teams should have skin in the game in their team’s performance, receiving higher bonuses when the team performs well. Regardless of level or managerial responsibilities in the organisation, a proportion of rewards should be given to individuals who exhibit a trend of working collaboratively, and sharing great ideas that allow others to succeed and move forward.

## Opportunities

The link between pay and promotion outcomes to downstream opportunities at the individual level was salient to many of the leaders we met. The need to equalise access to opportunities beyond any other outcome was also seen as a priority. This equalisation will ensure that every individual, regardless of their personal characteristics, has an opportunity to progress.

Quote from a leader in Singapore:

*“The pull towards mixing with ‘someone like me’ is strong. At a retreat, we can have meetings that are designed to be inclusive. Then at dinner or after-dinner, people bunch into their own language or interest groups.”*

In addition, it allows companies get the most out of all of its talent. We note that the high importance of equalising opportunities beyond people ‘like me’ was also relayed in the GOOD FINANCE framework TII published with Women in Banking in Finance earlier this year, as a mechanism to improve the advancement of women in financial services.

In order to equalise opportunities, inclusive leaders need to pay attention to who gets what and why.

Quote from a leader in Singapore:

*“Do we have managers who are strong enough to include people? Or is it just too easy to give the promotion to the last person who asked for it?”*

We recommend that focus is placed on stretch assignments and other prime opportunities to grow. Ideally, such leaders would go one step further and audit their choices. Auditing makes salient the choices a manager is making, most likely unconsciously. This gives a manager the autonomy to see for themselves if they are acting inclusively, and to self-correct if they are consistently giving opportunities and rewards to a certain type of person. If they notice such a trend, they can address any inequalities. We note that a self-audit relies on trusting leaders to do the right thing. However, behavioural science insights emphasise that putting a trust in others to do the right thing can become a self-fulfilling prophecy.

## Narratives

The leaders who we met discussed that the narrative surrounding inclusive organisations was often still a simple narrative regarding social responsibility. There is a need to change the narrative to include an emphasis on better business outcomes so employees, customers and investors are clear on the real value of inclusion.

Quote from a leader in Singapore:

*“We need the right framing and some degree of inspiration when it comes to D&I.”*

We have already discussed the need to develop credible evidence that links inclusion to better business outcomes, both within the organisation and at a macro level. We now advocate for using this evidence to create stories and case studies which put emphasis on the business value of inclusion as a mechanism to change the narrative.

Quote from a leader in Singapore

*“The tone from the top is very important especially if there is commercial urgency and inclusion is perceived to slow things down.”*

The leaders we met also expressed concern at the negative wellbeing weight certain individuals had to bear in order to work in exclusionary environments where they could not be themselves. Such incidents occurred if employees perceived they were working in environments that did not accept aspects of their person. As more organisations embrace the value of inclusion there are gains to recording the stories of the change in productivity and wellbeing perceived by any individual that did not previously feel they belonged. Having these stories narrated by the leaders themselves in a visual format is a powerful tool to enforce the benefits of change.

Quote from a Leader in Singapore:

*“We need to share more stories about how different ideas from different sources have helped get to better results.”*

At TII, we embrace data as a way to track progress within and across organisations. However, we are keenly aware of the power of narrative as a mechanism to change and maintain new social norms.

What else works with respect to enhancing inclusion within global financial services firms?

Quotes from leaders in Singapore:

*“For our townhalls, we give a prize to the person who asks the toughest question.”*

*“I found ‘reverse mentoring’ to be a good way to interrogate my biases about the younger generation.”*

*“If your appraisal process has a strong 360-degree feedback component, people are motivated to be inclusive.”*

*“The acceptance of flexible working is a major step forward for inclusion.”*



# Conclusion

The INCLUSION Framework brings together the ideas of 35 global senior leaders with substantial teams in Singapore alongside the authors' knowledge of behavioural science insights that can be leveraged to promote change. The INCLUSION Framework aims to identify the levers that can be pulled to create big changes. In many cases these levers involve small changes that will have disproportionate impacts on inclusivity within teams and at the organisational level.

Quote from a leader in Singapore:

*“We need to put inclusion within the lens of systems thinking. Inclusion is the emergent outcome of a complex system. We need to identify those small changes that influence change in the system”*

The INCLUSION framework will shape the global research agenda of TII, with the primary aim to continue to inform on the most cost effective, impactful approach to create a workplace that is inclusive of all global talent. Equally we look forward to working with the firms who kindly agreed to cooperate in this report, as well as others, and help them advance their inclusion agenda for better business outcomes.

We note specifically that much of the above implies culture change over and above compliance mechanism to create inclusive organisations. This in turn will require contextual, calibrated and deliberate action, embedding new organisational habits through several turns of the flywheel.

# Meet the authors

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Dr Grace Lordan is the Founding Director of The Inclusion Initiative (TII), Director of the MSc in Behavioural Science and an Associate Professor in Behavioural Science at the London School of Economics and Political Science. Grace has a PhD in Economics, and an undergraduate degree in computer science. Her research is focused on understanding why some individuals succeed in life and others don't. She is an expert on the effects of bias, discrimination and technology changes. Grace is an expert advisor to the UK government sitting on their skills and productivity board. Her academic writings have been published in top international journals in economics and the broader social sciences. Think Big, Take Small Steps and Build the Future you Want is her first book.



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Lutfey Siddiqi is a Visiting Professor in Practice at LSE IDEAS and a co-investigator at LSE Inclusion Initiative (TII). He is a member of the advisory boards of LSE Systemic Risk Centre, LSE IDEAS and TII. He is also an Adjunct Professor at the National University of Singapore (Risk Management Institute) and advisory board member of the Centre for Governance and Sustainability (CGS) at NUS business school.

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