

A new era of workplace inclusion: moving from retrofit to redesign

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MLT has joined the Future Forum as a founding partner. For more information, please read this blogpost about the partnership.

The workplace is a key front line in the battle against systemic racism and economic inequality. We're woefully far from achieving a truly equitable workplace, where everyone has the same access to the support and resources needed to thrive and where broader society is reflected throughout our organizations. Broad gaps in retention and advancement only widen and intensify with so-called knowledge workers and extend all the way up to the C-suite.

Black people are chronically underrepresented in knowledge worker jobs, which have proved to be among the most resilient jobs throughout the current pandemic. Despite

making up 13.4% of the general population, just 8% of managers are Black, only 5.3% of people working in the tech industry are Black, and there are only four Black CEOs in the Fortune 500. Overall, Black unemployment (9.2%) far exceeds that of white unemployment (5.7%). Fewer than 1 in 5 Black employees are able to work from home. And 2 out of 5 Black small-business owners have gone out of business during the pandemic, twice the rate of white businesses. These numbers paint a bleak picture.

Historically, many companies have tried to retrofit principles of diversity, equity and inclusion (DEI) onto their existing processes, policies and norms. The pandemic and the protests following the extrajudicial killings of Black Americans last summer caused many executives to rethink and redesign working models, often radically.

But retrofitting is not enough. True equality depends on a wholesale redesign of the workplace. The disruption and trauma of the past year have created a once-in-a-generation opportunity to redesign working models from the ground up—with principles of diversity, equity and inclusion placed at the center from the start.

Such redesigned models can greatly improve the working experience of employees and communities that are disproportionately experiencing the negative effects of the pandemic.

These are lofty design aspirations that won't be achieved overnight, but leaders have the opportunity to step up, seize this moment, and deliver lasting change by dismantling the anachronistic norms of work and redesigning flexible, diverse, equitable and inclusive work environments.

Knowledge workers: Network gap and lack of belonging

Black individuals seeking to build careers as knowledge workers face a variety of challenges, including a persistent "network gap." Low Black representation in industries such as technology means there are very few sponsors, mentors and

peers opening the door to opportunity. A recent McKinsey study found that more than 67% of Black employees report they do not have a sponsor at their organization, even though 87% of companies report having a sponsorship program in place.

This network gap is often compounded and exacerbated by a working model that reinforces the norms of a white-male-dominated culture. Black knowledge workers are consistently asked to adapt to this working environment and frequently reminded of their outsider status in both subtle (e.g., microaggressions) and not-so-subtle (e.g., overt discrimination) ways. As Stanford professor Brian Lowery explains, office-centric work perpetuates that outsider status:

"Black employees experience stress associated with working in a predominantly white workplace, which contributes to a lower sense of belonging. Importantly, it might not be work activities per se driving these effects, but all of the big and small social interactions that make up much of our work days. Research suggests that among Black people, the experience of discrimination is one of the few negative experiences that actually increases with education. One explanation is that as education increases interactions in predominantly white social spaces also increases."

Data from the Future Forum shows the persistent challenges that Black knowledge workers face relative to their white colleagues. For example:

- Only 53% of Black knowledge workers agree that they are "treated fairly at work" (vs. 74% of white knowledge workers).
- Black knowledge workers rank "making sure [their] employer knows [they] are working" as their second-most-pressing challenge (for white employees, it's far down the list, ranking at number 8).
- About half (54%) of Black employees rate their sense of belonging at work "good or very good," compared with 70% of white employees.

Retrofit: Move beyond incremental change

Incremental change will never be enough to change the trajectory of Black opportunity. As Ella Washington, a faculty member at Georgetown's McDonough School of Business and the founder of Ellavate Solutions, puts it:

"The pandemic has served as a reminder that true change can only come by actively challenging the status quo. For too long, leaders have dismissed systemic inequality because it wasn't directly in front of them. Particularly in the tech world, it's been easy to say, "I don't have any Black people on my team, so I'm not focused on this; it's an HR problem." That's not good enough. True leaders don't think of what their sphere of influence is; they think about what it could be."

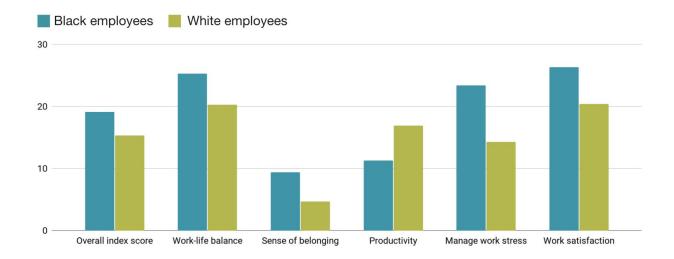
True change requires profound structural changes to the way we work. Despite all of the horrors visited by the pandemic—and the undeniable fact that it has disproportionately punished the Black community—it could well prove to be the catalyst for effecting lasting change.

The pandemic has demonstrated that office-centric work no longer needs to be the default for knowledge workers, and that flexible and hybrid working models can be designed to increase diversity, equity and inclusion. The Future Forum's Remote Employee Experience Index—which measures satisfaction with remote work compared with the office—shows that the vast majority of knowledge workers from across the world don't want to go back to an office-centric model: 63% favor the flexibility of a hybrid remote-office model, while 20% want to work remotely full-time, and 17% want to return to full-time office work.

The small minority of Black people who are employed as knowledge workers are even more likely to reject the office-centric model. Of those currently working remotely, 97% want a hybrid or full-time remote working model (compared with 79% of white knowledge workers in the U.S.). Only 3% of Black knowledge workers want to return to full-time co-located work (vs. 21% of white knowledge workers in the U.S.).

These numbers can be explained, in part, by the fact that flexible work has reduced the need for "code switching" among Black knowledge workers, reduced certain instances of microagressions and discrimination, and improved Black employees' ability to "bounce back" from incidents. Hybrid and flexible working arrangements create the setting for these more positive working environments to exist and for an employee's sense of belonging to increase. Workplace changes alone won't solve all of the equity issues in our processes and systems. Our research shows, however, that for Black knowledge workers it can significantly improve satisfaction as compared with their white colleagues:

- Double the increase in sense of belonging at work
- A 64% boost in ability to manage stress
- A 25% improvement in work-life balance



Relative satisfaction with remote work vs. office work:

Redesign: Embrace flexible work and inclusive cultures

As we look to the post-pandemic workplace, leaders have an opportunity to redesign their processes, policies and norms with the central principles of diversity, equity and inclusion, including making flexible work core to your working model. All executives should use this unique moment in time to commit to three things:

- Take accountability for delivering fundamental change: This isn't about simply giving Black employees the ability to work from home, while white executives return to old habits. This is about fundamentally changing your own ways of working and holding people accountable for driving inclusivity in your workplace, including how and where you hire, when and how you show support, the values of your organization, what types of behaviors you celebrate, and the lasting culture you aim to build. It's the responsibility of leaders to look around the table, identify who is not there, and fix it.
- 2. Center diversity, equity and inclusion in your new working model: Leaders have an unprecedented opportunity to redefine how work gets done, how their organization operates, and the norms and culture of their organization. By centering the principles of diversity, equity and inclusion in this process, leaders can ensure that their organization will be a place where everyone can do their best work, build meaningful careers, and feel the genuine confidence that they belong.
- 3. Embrace flexible work: Flexible work eliminates the physical headquarters as the focal point of a company, and instead leverages technology to give employees control over when and where they work and *how* they engage and respond. While flexible work alone is not a panacea, it is an essential starting point for moving away from many of the structural inequities that pervade the U.S. workplace.

At this unique moment in history, the challenges facing Black employees are tremendous, while the opportunity to deliver lasting change is clearer than ever. It's up to leaders to take the decisive action required to seize this opportunity to deliver positive change, to emerge from the pandemic crisis with a more inclusive way of working, and to use the workplace as a tool to continue the battle against economic inequality.