The Seven Core Competencies and Leadership Skills for the Current Era

Diversity, Equity, and Inclusion in Organizations

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Abstract

Globalization has brought together people from cultures all across the world. National and regional histories are filled with examples of inequality and injustices against individuals and groups based on characteristics such as ability, gender, sexual orientation, race/ethnicity, religion, and so much more that divide us. These two uniting and dividing forces require organizational leaders today to navigate the complexity of diversity, equity, and inclusion (DE&I) to create workplaces that are inclusive of people's differences, while also changing systems to enable everyone in the organization to have equal access to opportunities and success. Research supports this and has indicated a strong correlation between organizations that tap into DE&I and their ability to deliver organization objectives. Although DE&I work is not easy or fast, an organization's ability to be more innovative and deliver desired outcomes in a competitive marketplace is one of the top outcomes.

With increased complexity and expectations from employees, customers, and boards, the traditional leader pedigree is not adequate in today's business era. Leaders are expected to also possess the social/emotional competence to effectively lead today. Some of those specific competencies include attributes such as emotional intelligence, managing and engaging diverse teams, conflict management, and accelerating change and transformation with an adaptive mindset.

Introduction

Organizations need leaders who possess a broad spectrum of proficiencies beyond business know-how to meet different customer segments' needs, create engaging work environments for employees, and differentiate from competitors to gain or retain market share. In this article we explore key competencies and leadership skills with special attention on how they relate to the needs of organizations today.

> *After reading this article, we recommend that you complete Appendix A: Leadership Competency Self-Assessment.*

We refer to d̲iversity (existence of demographic differences), e̲quity (changing structures to enable everyone a fair opportunity), and i̲nclusion (creating spaces that include diversity), or DE&I for short. Organizations may focus on different aspects or use other terminology, such as diversity, equity, and justice.

Key Insights

Before diving into the competencies, it is important for leaders to take special note of the positive correlation between DE&I and organizational performance. According to a compilation of research by the Boston Consulting Group, Korn Ferry, McKinsey, and others (Polonskaia & Tapia, 2020, 3), **diverse and inclusive organizations**

- are 70% more likely to **capture new markets**,
- have 36% **higher profitability**,
- are 75% **faster** to bring new ideas **to market**,
- have 19% **better innovation**,
- are more likely (87%) to **make better decisions**, and
- see an 87% **positive impact on performance**

than non-diverse, non-inclusive ones. Therefore, *a DE&I lens is a crucial aspect of the 21st-century leadership competencies*.

Here are a few of the most impactful and research-backed competencies for leading diverse organizations in a connected world:

Leading Authentically

Self-awareness (eg: knowledge of one's own biases, abilities, and assumptions) and personal development are at the heart of leadership. Having authenticity with the humility to seek and hear different perspectives allows for personal growth and reduction of personal biases (White, 2021, 25-26). With open-mindedness, curiosity, and the willingness to be selectively vulnerable to share personal experiences, trust is built much faster. A leader who is a catalyst to spark or accelerate change—who also holds determination, resilience, and the ability to develop meaningful relationships throughout the organization and community—is more likely to enact change.

Each of us has biases, whether conscious or unconscious (Donahue, 2022). Some of these biases are harmless, while others can have negative impacts on our relationships or even our leadership decisions, such as stereotypes, racism, and xenophobia. Being aware of our biases and taking control over our own actions in different situations allows us to make informed decisions that consider different options and possible outcomes. Several self-assessment tools exist to help leaders understand their own competencies and styles, and we have included one in Appendix A: Leadership Competency Self-Assessment. Others include, but are not limited to, DiSC®, Myers-Briggs Type Indicator®, and FIRO-B®. Self-awareness is key to building strong interpersonal relationships and leading change.

Section Recap and Self-Reflection
- Authenticity improves our ability to connect with others
- Seeking different viewpoints strengthens leadership capacity

How often do you consider the other person's perspective without being prompted or reminded?

When was the last time you paid close attention to your behavior in real-time and were mindful about how it impacted the other person in the moment?

*Both of the above self reflection questions require leaders to be aware of their judgements, interpretations, and assumptions to meet others where they are. This allows all stakeholders to be their highest and best.

Communication & Interpersonal Skills

Since leaders set an example and the pace of change, it is no wonder that communication, along with interpersonal skills, are important competencies. The July/August 2022 issue of Harvard Business Review (HBR) highlights that organizations have increasingly sought CEOs with strong abilities related to social/emotional skills over traditional management abilities, especially in larger, more complex organizations (Sadun et al., 2022). This is particularly true at the C-suite level.

Communicating with Insight

Throughout change processes, leaders need to communicate with different stakeholders at all levels of the organization, and oftentimes with external stakeholders (Sadun et al., 2022). This competency requires leaders to have tact in their written and verbal communication, adjusting their style and delivery of the message based on the various audiences who may need different information at different times and in different ways (White, 2021, 53-55).

Effective communicators know their audience, avoid making assumptions about what their audience might know, and articulate compelling messages to affect positive change. When discussing DE&I, leaders are called upon to use dialogue as a tool to promote inclusion and help others feel welcome in the organization and in the process. To make a stronger connection with the audience, leaders can use creative delivery methods, such as storytelling, to convey their message. Sharing personal stories is a powerful way to connect the audience with the content. Storytelling has long been an important way for humans everywhere to share information, and even to become empathetic to others and other cultures (Anderson, 2017). Leaders can use storytelling to explain a topic or to build empathy amongst their audience, immersing themselves into the story (and the proverbial shoes) of the story's characters.

Leaders Need to Back their Words with Clear Action

On top of having the skills and competencies to be a great leader, it's important that actions align with the message. Lauren McClain, one of our consultants, puts it this way: "It's obvious when organizations or leaders don't care; they need to put meaning behind what they say (2022)." Simply saying that the organization values its people and DE&I is not enough. When an organization makes grand statements about DE&I, but then has an ad campaign that lacks a

diverse representation of the community, customers—and employees—will notice the inconsistent messaging.

Actions do speak louder than words, and sometimes a small gesture can have a big impact. For example, one organization Lauren worked with took inclusive leadership action by granting employees floating holidays to accommodate different cultural / religious customs. The effort was low, but the impact sent a clear message that the organization is committed to inclusion.

Section Recap and Self-Reflection
- Communicating openly and engaging with what the audiences wants/needs to hear is key
- Aligning behaviors to our message builds trust in leaders

When was the last time you tailored your message to different audiences to ensure you connected with their expectations / needs / concerns?

In what ways have you led by example ("walked the talk")?

Connecting with Impact

As Korn Ferry (Polonskaia & Tapia, 2020, 30) research highlights, trust and finding common ground are catalysts for followership and inclusive leadership to form and grow. Simply put, trust can be defined as doing what you said you would do. With credibility and strong listening skills, leaders build trust from their teams. Listening to different perspectives continues to build trust, enabling leaders to find common ground in their shared mission, vision, and goals and then to "work constructively through differences."

All of these competencies are only valid if leaders are credible. Honesty, integrity, trustworthiness, competence, and intent of helping–even when challenges arise–are critical for leaders to have any positive impact. Breaking trust only has disastrous consequences, and therefore leaders must be careful to act with integrity and set a positive example for others to follow (White, 2021, 49-51).

Section Recap and Self-Reflection

- Honesty and credibility strengthen trust, which can easily be broken

When was the last time you listened to different viewpoints (even if different from your own) and found common ground?

To what degree do your actions align with the universal principle of trust or do you often find yourself compromising your trust?

Power Structures and DE&I Competence

Not only is self-awareness critical, but so is a deep knowledge of DE&I content combined with business acumen. A leader requires a strong understanding of DE&I terminology and concepts such as:

- Historical roots of racism,
- sexual orientation,
- gender identity,
- ageism,
- power & privilege dynamics,
- legal compliance,
- diversity hiring and retention strategies,
- xenophobia, and more (White, 2021, 32-33).

Conferences, training programs, participating in cross-cultural exchanges, and studying are excellent ways to continuously learn and develop new knowledge. More so, listening to and being curious about the experiences of others enables culturally competent leaders to expand their knowledge of DE&I.

Additionally, leaders can tap into knowledge networks for insights, best practices, and referrals for additional resources to compliment their own knowledge on various leadership-oriented subjects. Whether through mentorship, coaching, professional networking circles, associations, or other means, leaders with a strong knowledge network know where to go when they need more information, regardless of the topic (White, 2021, 32-33).


Section Recap and Self-Reflection
- DE&I and power structures are complex topics; continuous learning and empathy for others are vital to creating more inclusive cultures and work environments

In what ways do you contribute to changing power structures to give those with traditionally less power and privilege greater access to resources, knowledge, opportunity?

Inspiring Change

The ability to envision a new future and create a plan to bring the vision to life is an essential competency of leadership–both for DE&I and other strategic initiatives alike (White, 2021, 40). Collaborative planning processes ensure that the plan is holistic and inclusive of all parts of the organization.

Engaging executives, middle managers, and individual contributors allows leaders to create a plan that meshes with the business context and organizational culture, especially when the plan includes SMART (<u>s</u>trategic, <u>m</u>easurable, <u>a</u>ttainable, <u>r</u>elevant, and <u>t</u>ime-bound) objectives. The process of engagement also should follow this model of collecting valid data, allowing individuals to make free and informed choices, and to build internal commitment and capacity for change (adapted from (Argyris & Schon, 1974).
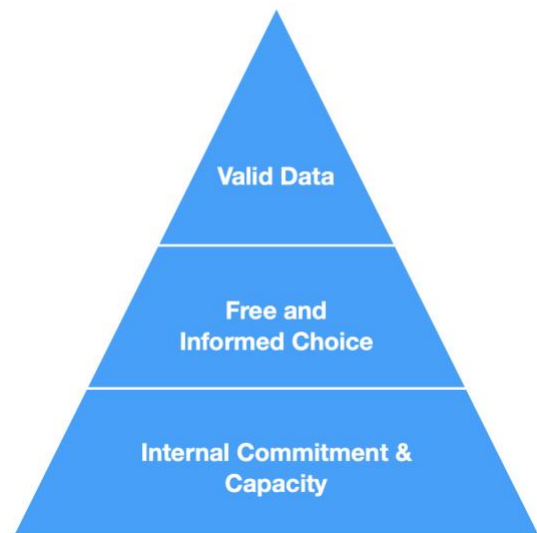
It is also important to manage the different phases of a plan, from setting up the group responsible for driving the change, to data collection and analysis, designing programs aligned with the strategy and vision, as well as reviewing progress to make course corrections as needed. With a plan in place, it becomes imperative that leaders "*influence people and systems to move the organization forward*" (White, 2021, 40).

Section Recap and Self-Reflection
- Lasting change and transformation are dependent on an inspirational vision that gives a compelling reason to change, also known as the "burning platform" amongst change agents

In what ways could your outcomes be impacted by implementing data-based decision making (from setting objectives to tracking results to making adjustment)?

Talent Empowerment

Leaders who make a compelling case for change are able to do so because of their business know-how and political savvy (White, 2021, 49-51). It is critical that the CEO (Moore, 2022) and other executives support leaders and provide the resources they need to bring about change (White, 2021, 49-51). Leaders need to be autonomous and self-motivated, and they require organization authority, or legitimate power, as French and Raven (1959) would say.

Leaders who delegate to cross-functional change teams and bring on competent external consultants and coaches as needed set up their change initiatives to succeed. By engaging and motivating others–especially those from diverse backgrounds and perspectives–who also want a change or DE&I initiative to succeed, leaders can move the process forward at a pace that fits the organization.

Cultural competence and developing social skills in others (Sadun et al., 2022) is another area of focus for leading organizations today. Different cultures[1], whether from different regions in a country or across international borders, have a unique mix of customs, values, and behaviors. These come in the form of power distance, uncertainty avoidance, orientation to time, gender egalitarianism, individualism vs. collectivism, assertiveness, and more (Include-Empower, 2015). Leaders who understand the workplace culture, as well as the culture(s) of the people

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[1] Also reference Nickerson's & Mcleod's (2022) summary of Geert Hofstede's Cultural Dimensions Theory for more details on the different levels of culture, including but not limited to: national/international, organizational, and individual cultures along six dimensions

in the organization, are better able to build relationships that enable work to get done (Donahue, 2022, 12).

Section Recap and Self-Reflection
- Change and transformation also require a network of empowered leaders and individual contributors
- Culturally competent leaders can engage their diverse teams in authentic ways

In what ways do you engage and empower others to grow their knowledge, competence, and expertise?

Accelerating Transformation with an Adaptive Mindset

Over the past several decades, change has accelerated at an unprecedented rapid pace and on a global scale. This requires organizations and leaders to adapt quickly to new trends, disruptions in the marketplace, or other factors. Korn Ferry (Polonskaia & Tapia, 2020, 72) encourages leaders to tap into their diverse talent pools to "cultivate innovation." Their research also shows that 96% of their Inclusive Leader survey respondents believe that an adaptive mindset is "extremely or very important."

The VUCA model highlights the different factors of complexity leaders face that require an adaptive mindset. This acronym stands for velocity, uncertainty, complexity, and ambiguity. Organizational leaders may feel the effects of VUCA in new ways as pressures and market demands evolve and change. Examples of VUCA at play include:

- the velocity with which organizations must deliver their products and services increases as customer expectations about speed of delivery increase (eg: COVID-19 vaccine development and delivery);
- uncertainty about peace and stability in, for example, Europe has increased during the period of Russia's war in Ukraine;
- as our societies and organizations become more interconnected through globalization, complexity increases (eg: global supply chains); and

● there is more ambiguity about employment tenure as workforce expectations shift (eg: "the great resignation").

Section Recap and Self-Reflection
● Adaptability is necessary in the modern, fast-paced era

How do you typically react when things don't go as you had planned?

What are some examples of VUCA that you face, and how are you dealing with them?

Noteworthy Findings

Here are a few facts and statistics that are relevant to leadership competencies, and the trends in the workplace relevant to DE&I that are opportunities for systemic, organizational change:

*Research already exists that strongly indicates that **diverse teams outperform** homogeneous teams.*

*However, diverse teams will feel and look **chaotic if they don't have a culturally competent leader** to harness the power and impact of the diverse team* (Sullivan, 2022)**.**

The higher the position, the less diversity exists in US corporations, with white men in the majority of each level (McKinsey & Company, 2022) (see Appendix B: Diversity Mix of US Corporations).

"Women leaders are leaving their companies at higher rates" than men to find work at more inclusive organizations (McKinsey & Company, 2022).

Bias leads to two times as many women leaders being mistaken for junior employees (McKinsey & Company, 2022).

Relevance & Application for Today

Building in core competencies and leadership skills requires careful planning in order to track progress and the impact on the organization. White (2021) emphasizes the importance of integrating these competencies and skills using a triple-pronged approach:

1. **recruit** and hire leaders who have a proven track record of these competencies,
2. **develop** and nurture existing leaders' (and future leaders') competencies and skills, and
3. **assess** leaders on these competencies & skills as part of regular review processes.

These three levels touch upon the full career lifecycle of leaders to increase the likelihood that these competencies and skills spread and grow within the organization.

Boost Your Leadership Competencies

A skilled and experienced coach or consultant, such as Inspirus Consulting, can help identify strategies to unleash organizational potential by developing team diversity and cultural competency amongst leaders and managers. This work requires care and specialized training to be effective. Finding a coach or consultant with this expertise and the know-how to ethically guide organizations through the change process also instills a high degree of psychological safety for the workforce and leadership, and Inspirus is ready to support you.

Inspirus Consulting has 15+ years of experience coaching leaders and guiding organizations on planning effective and impactful diversity, equity, and inclusion initiatives.

Achieve results with our research-backed methodologies and data-based decision making approach.

Contact us **today for more information on our** **coaching** **and** **training** **programs:** https://inspirusconsulting.com/contact/

Al Sullivan
Founder & CEO

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Appendix A: Leadership Competency Self-Assessment

To better understand your own level of competency, use the below self-assessment. If you find you have areas where you would like to improve, contact us, and we will be happy to discuss options for a growth path.

Competency / Skill	Focus Area	Rating (1 = not strong; 5 = very strong)
Leading Authentically	I am aware of and attend to my own *judgments*	1 2 3 4 5
	I am aware of and attend to my own *emotions*	1 2 3 4 5
	I am curious and regularly engage with people who are different from me to learn new perspectives, cultures, and ways of working	1 2 3 4 5
	I regularly seek out & hear feedback to better understand my impact	1 2 3 4 5
Communicating with Insight	I can tailor my leadership & communication style to different audiences	1 2 3 4 5
	I instill trust in others by being open, truthful, and authentic	1 2 3 4 5
Connecting with Impact	I value differences, even those that contradict my personal beliefs / values	1 2 3 4 5
	I confront difficult topics with the goal of finding solutions that bring people together	1 2 3 4 5

Competency / Skill	Focus Area	Rating (1 = not strong; 5 = very strong)
Power Structures and DE&I Competence	I am able to balance different stakeholders' needs	1 2 3 4 5
	I know about DE&I concepts, power structures, & identity groups	1 2 3 4 5
	I manage conflict in a constructive way to bring positive outcomes	1 2 3 4 5
Inspiring Change	I am able to set a clear vision and path that inspires others to work toward	1 2 3 4 5
	I set SMART objectives and am able to measure the results	1 2 3 4 5
	I used data to inform decision-making / assess options	1 2 3 4 5
Talent Empowerment	I instill a culture of engagement amongst others	1 2 3 4 5
	I develop others' skills, competencies, and knowledge	1 2 3 4 5
	I collaborate with others to meet business goals/objectives	1 2 3 4 5
Accelerate Transformation with an	I adapt well to different situations, to new environments, and to change	1 2 3 4 5
	I have a global perspective, even when acting on local topics	1 2 3 4 5

Competency / Skill	Focus Area	Rating (1 = not strong; 5 = very strong)
Adaptive Mindset	I am able to cope well when things don't got exactly as I want	1 2 3 4 5
	I cultivate innovation in others and myself	1 2 3 4 5

Figure 1: Leadership Competency Self-Assessment. Based on research and models by Polonskaia & Tapia, 2020; Schaetti et al., 2008; and White, 2021.

Appendix B: Diversity Mix of US

Corporations

Position	White Men	Men of Color	White Women	Women of Color
Entry-Level	33%	19%	29%	19%
Manager	41%	19%	27%	14%
Sr. Manager / Director	47%	16%	26%	10%
VP	54%	14%	24%	8%
Sr. VP	58%	13%	23%	6%
C-Suite	61%	13%	21%	5%

Figure 2. Diversity mix by employment level across US corporations (McKinsey & Company, 2022)