

DEI at the cutting edge:
How to Use Organizational Network Analysis to Operationalize Inclusion

By Joy Chen & Peter Gray

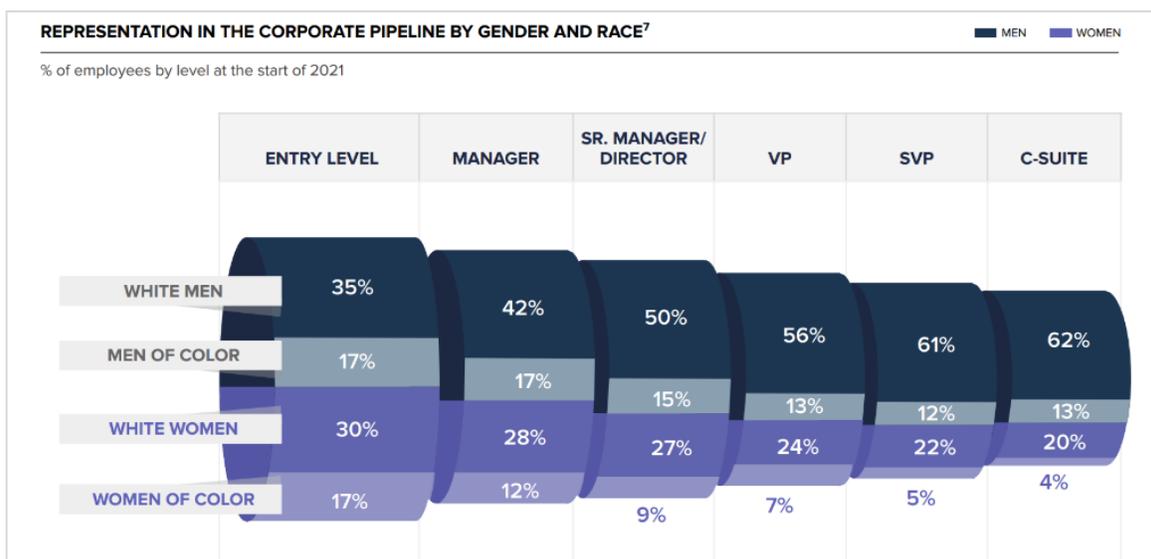
Summary:

By now, an overwhelming majority of companies have committed to inclusion, but many struggle to operationalize it through their organizations. Similarly, research shows 71% of white employees consider themselves allies to women of color, but far fewer consistently practice inclusive behaviors. Advances in Organizational Network Analysis (ONA) now allow leaders to directly measure inclusion and use that data to effect positive change. We show how to use ONA in 5 steps to operationalize inclusion, and thereby create belonging for—and unleash the potential of—all employees.

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Since 2016, women have made important gains in representation across the corporate pipeline. But progress remains slow, and persistent gaps remain, according to the McKinsey Women in the Workplace 2021 survey of 400+ companies with 12 million employees:ⁱ

- Women still are promoted to management positions at far lower rates than men, making sustained progress at more senior levels nearly impossible.
- Women of color continue to lose ground at every step in the pipeline. Between the entry level and the C-suite, the representation of women of color drops by over 75%. As a result, women of color account for only 4% of C-suite leaders, a number that hasn't budged in the past 3 years.



Research reveals why women and employees of color suffer inequitable outcomes

To solve these inequities requires an understanding of why they exist. Recent research in organizational network science reveals structural barriers to women's careers and points the way to creating better and stronger career paths for women and all people.

An individual's human capital consists of two parts:

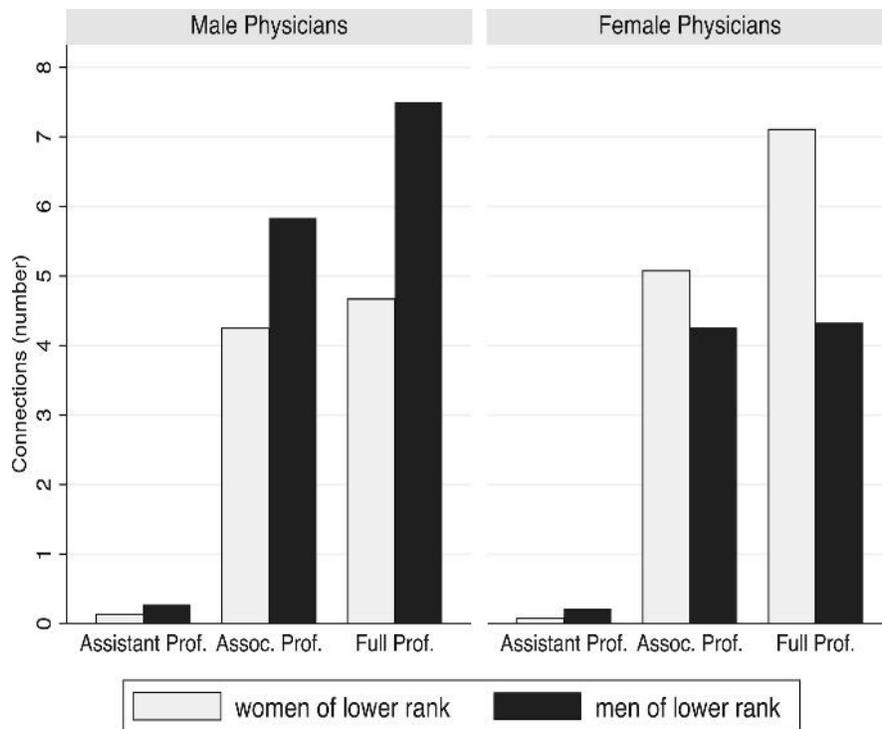
- Personal Capital: her education, skills, experiences, and knowledge.
- Network Capital: the connections she needs to leverage her personal capital to succeed and advance in the organization.

Traditional HR practice is to hire an individual based on her personal capital, and then leave it up to her to build the network capital she needs to succeed. This *laissez-faire* approach breeds exclusion for women, since decades of organizational research have concluded that:

- Professional networks are shaped by *homophily*: people's natural tendency to connect more, and more closely, with those who are similar to us.
- The gender composition at any layer in the corporate hierarchy creates powerful differences in network composition, with majority gender members having much more homophilous networks than minority-gender members.ⁱⁱⁱ
- Intensive studies of upper-level managers and entrepreneurs have consistently found that men near the top have more gender-homophilous networks than do women, especially where men are a large majority. This pattern is especially strong around status-related ties that provide career advice, respect and mentoring, and socio-emotional ties of friendship and support.^{iv}

Advances in data analytics in the form of Organizational Network Analysis (ONA) now allow us to precisely assess the composition and structure of workplace interactions in terms of network size, network reach, and network quality. This makes it possible to evaluate the extent to which they are—or are not—contributing to women's career progression.

For example, a 2021 study by the Weill Cornell School of Medicine used ONA to examine why, among surgical faculty, women accounted for over 1/3rd of total surgical faculty, but were only 1/10th of the Full Professors.



The researchers observed clear differences in women’s and men’s professional networks:^{vi}

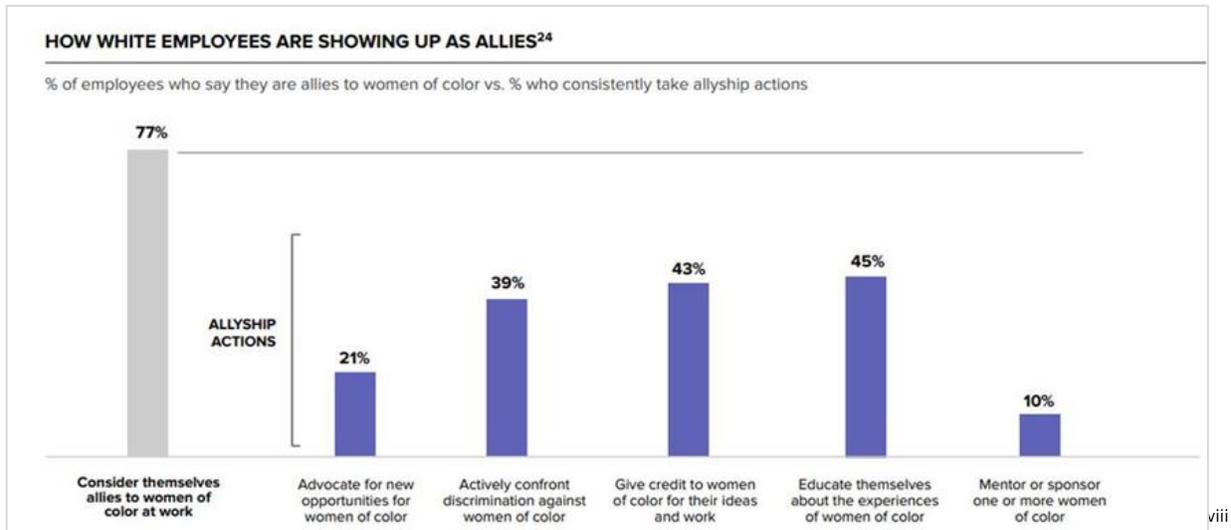
- Men had 55% more network relationships with other men than women had with men.
- At the higher ranks—where men greatly outnumber women—men’s networks were even more homophilous: higher-ranked men had 164% more relationships with lower-ranked men than with lower-ranked women.

This study showed how gender gaps in leadership were self-perpetuating, and concluded that women’s careers will continue to suffer until high-ranking men and women alike take deliberate steps to mentor, sponsor and collaborate with women.

The bottom line: When we don’t act systematically to create inclusion, then in the invisible economy of network capital, the rich always will tend to get richer while the poor get poorer.

Companies are struggling to operationalize inclusion through their Frozen Middle

A 2021 analysis shows that executives at 94% of companies are committed to diversity, equity and inclusion, but many struggle to operationalize these commitments through the behaviors of those in the “Frozen Middle” of their organizations: the leadership ranks that span from Senior Vice Presidents through Directors.^{vii}



For their part, many managers see themselves as inclusive: the McKinsey 2021 Women in the Workplace finds that 71% of white employees in Fortune 500 companies call themselves allies to women of color. But far fewer consistently take allyship actions,^{ix} because:

- Many aspire to be inclusive but don't know which behaviors result in inclusion for others.
- It takes extra time and energy to do the work of inclusion, and most companies don't recognize or reward this work.

As a result, creating inclusion has become the **unpaid housework** of corporate life. And as it turns out, the people doing most of this unpaid housework are: women. Senior-level women are twice as likely as their male peers to invest significant time and energy into creating inclusion for others. Women of color are even more likely than white women to be doing so.^x

When the work of inclusion is not rewarded, then doing this work unfairly burdens those doing it. This also hurts the organization and all its employees, because progress is rarely made on work that's not measured or rewarded.

It's not surprising, then, that women have been burning out and leaving their jobs at record rates. The U.S. labor force now has 2 million fewer women than before the pandemic.^{xi}

These resignations are delivering a lasting blow to gender parity and women's representation in leadership, but their knock-on impacts are even more devastating, as they leave behind often-diverse colleagues who have lost critical sources of mentorship, sponsorship, support and belonging.

Companies are losing the very inclusion leaders they need most!

There is a better way:

💡 *Enable and incentivize everyone to do inclusion work,
to make your organization a happier, smarter
and more productive place for all.*

Finally, data analytics exist to measure inclusion

Great company leaders know that progress toward any mission requires that they establish clear expectations and accountability, and that they give their people the learning and the tools to get there. Until now, though, efforts to advance inclusion have been impeded by lack of data.

- Engagement surveys and pulse surveys provide insights about individuals' feelings, but don't reveal the presence or absence of the relationships and behaviors that lead to those feelings.
- Organization charts usually bear little resemblance to the invisible networks through which mentorship, sponsorship, support, and belonging actually impact individuals.

Organizational Network Analysis is a well-established area of data science that has been used for decades to measure and improve collaboration, agility, and innovation. It also offers the only analytical tools available to directly measure the behaviors that create inclusion.

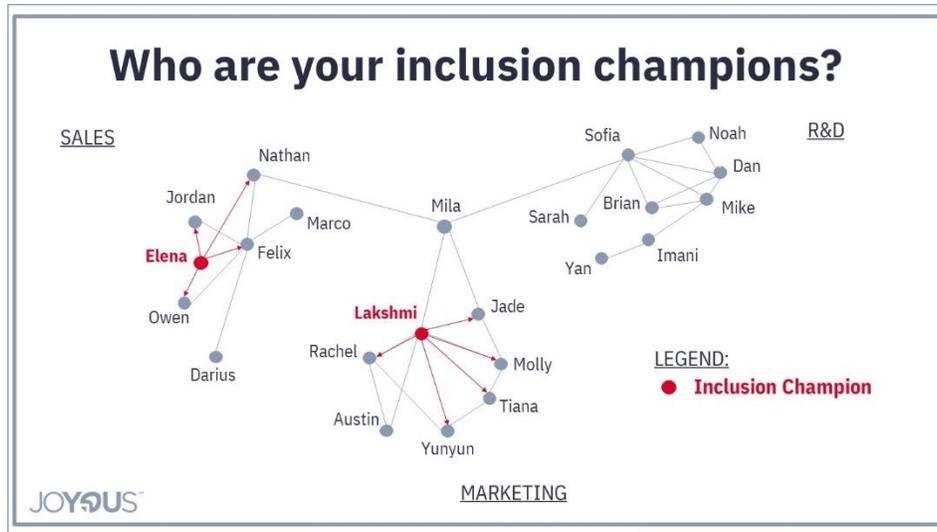
An ONA is like an X-ray into the invisible networks of relationship and collaboration inside an organization. It incorporates millions of bits of data on when and why people in an organization go to others for information, mentorship, ideas, career advice, or other types of support.

Based on our experience using ONA to help organizations unleash the potential of their people, we offer five actions that company leaders can take to systematically measure and operationalize inclusion.

Action #1: Identify, recognize, and reward Inclusion Champions

To energize their entire workforce, leaders' most urgent first step is to identify their Inclusion Champions, so that they can retain and reward them.

In this simplified ONA map showing the intersection of the Sales, R&D, and Marketing departments of a hypothetical company, each gray line represents an information-sharing tie between two people, while the red arrows show who is creating inclusion for whom. The map reveals two Inclusion Champions: Elena and Lakshmi.



After Inclusion Champions have been identified, leaders can demonstrate the organizations' commitment to inclusion by rewarding them in various ways:

- Publicly celebrating them and the inclusion work they are doing.
- Grooming them as future company leaders, with special mentoring and training, and fast-track career opportunities.
- Creating an "Inclusion Champions Network" that communicates best practices.

By taking these steps, leaders send a strong message about their commitment to inclusion, and they motivate all their employees toward new levels of inclusion success.

Action #2: Pinpoint which specific behaviors enable inclusion in the organization, and tailor learning, nudges, and accountabilities to enable and encourage all to create inclusion

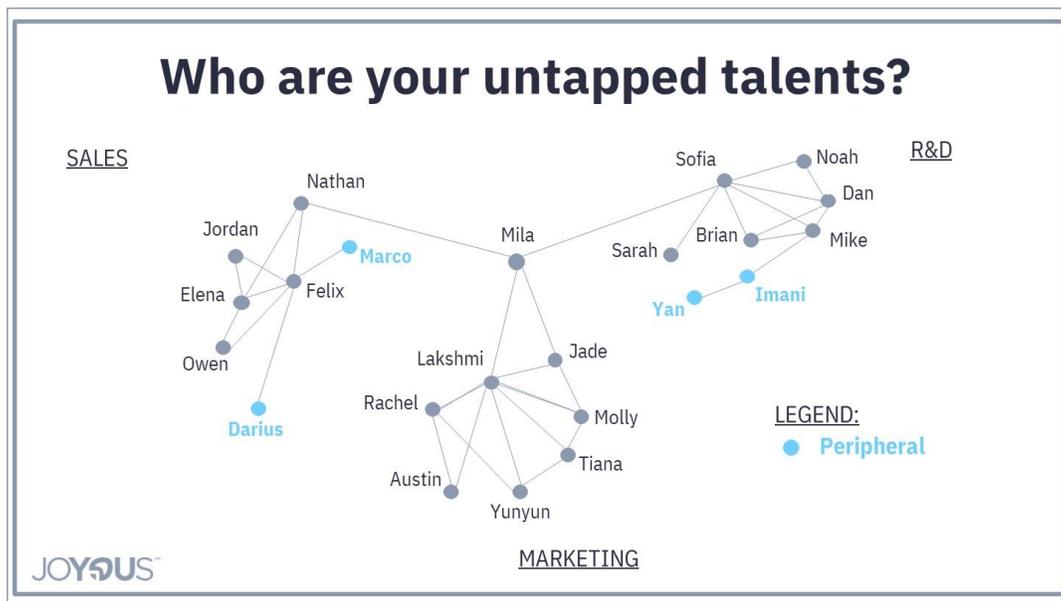
Once Inclusion Champions have been identified, DEI professionals can conduct qualitative and quantitative analysis to pinpoint the specific behaviors that create greater inclusion within the organization's established context of culture, roles, structures, and processes.

After applying analytics to validate these drivers of inclusion, DEI professionals can use these behaviors to create a vivid picture for everyone showing how an inclusive leader behaves in the organization. This then becomes the foundation for tailoring learning, deploying nudges, and establishing incentives to enable everyone to make progress toward creating inclusion for those around them.

Action #3: Identify and integrate untapped talent to give them access to better and stronger career paths

The reason women and people of color suffer poorer career outcomes is not due to lack of talent or work ethic, but instead due to their disadvantaged position in organizational networks. Once hired, many never become fully integrated into the organizational networks. In ONA terms, they become Peripherals, and as such, they never gain access to the relationships or collaboration opportunities they need to fully contribute their talents.

Being relegated to Peripheral status results in a massive waste of talent and human potential, and it makes these individuals far more likely to leave or be hired away. All this has cascading impacts on the organization, as Peripherals' dissatisfaction and high departure rates impact all those around them.



ONA gives leaders an opportunity to create better career paths for all by revealing who are an organization's Peripherals, so that those individuals can be targeted with the support they need to integrate into organizational networks. Such support can include:

- Training, nudging, and incentivizing Peripherals' managers to help them better integrate them into the teams and networks relevant to their work.
- Pairing Peripherals with better-connected peer mentors in structured networking programs based on work objectives. In organizations where we've worked, upon completion of such programs, Peripherals were 2 to 3 times more likely to be pulled into effective collaboration networks.
- Training, nudging, and enabling Peripherals on how they can best transition into more influential network roles using findings from current ONA research.

- Strengthening and leveraging Employee Resource Groups (ERGs) by enabling them to become hubs for training, peer-mentoring, and other network resources for their members.

With Covid restrictions easing, organizations’ Return-to-Office efforts present a unique opportunity to facilitate and expedite all these actions. Leaders can coordinate in-office days for Peripherals with those they need to meet, and focus those precious in-person interaction times on emotionally rich experiences such as mentoring and creating shared purpose.^{xii}

Action #4: Diversify succession pipeline with hidden stars

In addition to Inclusion Champions, ONA reveals two other types of internal stars in organizations:

- **Central Connectors** are like the glue that binds together people in a group. Because they’re deeply trusted by members of their network, they can speed execution—or block change without company leaders even knowing it.
- **Boundary Spanners** are the brokers who straddle the white space between different groups to connect them together. They’re especially powerful since they can drive—or block—direction, alignment, and commitment across multiple groups.



In our work with companies, when we ask executives to identify their most influential internal leaders, often they can identify only a handful of the most obvious names. And they lack confidence in their “high potential” lists, recognizing that such lists are heavily influenced by who is known and liked by senior managers and thus prone to bias.

Such worries are well-founded. In the figure above, executives have designated Mila and Austin as “high potentials.” ONA confirms that as a Boundary Spanner, Mila indeed is highly influential, informal, but also reveals that Austin is not influential at all.

The ONA also uncovers four leaders of influence who were not previously known to company executives: the Inclusion Champions Elena and Sofia, and the Central Connectors Felix and Lakshmi.

This pattern is typical of our experience. ONA typically reveals that about half of the individuals on a company’s list of high-potentials are well-connected with those above them but not actually influential across the organization.

And our ONA work always uncovers another group of hidden stars, those who are not known to company executives but who in fact are the truly influential leaders, because they have the respect of those across the organization. This list is often stacked with women and people of color whom company executives can immediately add to their succession planning.

Action #5: Activate change by leveraging influential leaders

In their attempts to enact diversity, equity and inclusion in their organizations, many companies have invested considerable effort in crafting powerful statements and then attempted to cascade change down through the leadership hierarchy. Unfortunately, this approach often yields poor results.

Culture change is notoriously difficult. Our research shows that, when culture change does occur, it does so not happen through the formal hierarchy but instead because the hidden influencers throughout the organization supported and enabled the change.^{xiii}

Once company leaders have identified their Inclusion Champions, Boundary Spanners and Central Connectors, they can leverage these individuals to activate the inclusion that they hope for—and to avoid getting blocked in the Frozen Middle. To do so, leaders can give these stars the training and incentives they need to model and flow the inclusion program through company networks.

The time is now to operationalize inclusion

What would be the impact on organizational culture if company leaders enabled and rewarded everyone for creating inclusion for themselves and others?

This is not a pie-in-the-sky question. The data analytical tools company leaders need to achieve this are available today.

When company leaders more fully include all employees in the invisible networks where relationships and collaboration occur, all will experience greater belonging and happiness, and all will be enabled to unleash their potential toward improved company performance.

Everyone will benefit.

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ABOUT THE AUTHORS:

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ⁱ McKinsey & Company and Lean In, *Women in the Workplace 2021*, September 2021.

ⁱⁱ McKinsey & Company and Lean In, September 2021.

ⁱⁱⁱ McPherson, Miller, Lynn Smith-Lovin & James M Cook, “Birds of a Feather: Homophily in Social Networks,” *Annual Review of Sociology*, Vol. 27:415-444, 2001.

^{iv} McPherson, Miller et al, 2001.

^v Suurna, M. V., & Leibbrandt, A. “Underrepresented women leaders: lasting impact of gender homophily in surgical faculty networks.” *The Laryngoscope*, 132:20–25, June 2021.

^{vi} Suurna, June 2021.

^{vii} Harris Poll with Just Capital, “SURVEY ANALYSIS: Companies Are Committing to DEI Initiatives, but More Work Is Needed to Increase Accountability and Action,” 2021.

^{viii} McKinsey & Company and Lean In, September 2021.

^{ix} McKinsey & Company and Lean In, September 2021.

^x McKinsey & Company and Lean In, September 2021.

^{xi} Gonzales, Matt, “Nearly 2 Million Fewer Women in Labor Force,” Society for Human Resources Management, 17 February 2022.

^{xii} Cross, Rob and Peter Gray, “Optimizing Return-to-Office Strategies With Organizational Network Analysis,” *MIT Sloan Management Review*, June 2021.

^{xiii} Gray, Peter, Rob Cross & Michael Arena, “Use Networks to Drive Culture Change,” *MIT Sloan Management Review*, 30 November 2021.