
Demystifying Inclusion

The Key to the Startup Experience in India

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What is it that makes some companies collaborate with greater success than others?

What makes some organizations more fun and engaging to work in?

Why do some teams bring out the best in us, and others drain our energy?

Organizational scientists believe that successful teams exhibit certain common traits - a common value system, encouraging diverse thought and transparent communication for collaboration. For start-ups, where innovation and collaboration are critical for growth, founders play an important role in shaping the company's culture.

In India, start-ups offer a great opportunity to examine some of these assumptions because,

- Founders and leaders are especially keen to create a sustainable, inclusive and high-performance culture where innovation thrives
- The workforce demographics show more diversity and therefore, more possibility of both chaos and truly inclusive experiences
- Start-ups by their very nature are disrupting the status quo and hence are open for newer ideas in the workplace

As researchers and practitioners interested in diversity and inclusion (D&I), we at Psymantics Consulting and Serein, set out to test some of these assumptions. Our analysis shows that the start-up space in India is open to building inclusive cultures to be sustained.

STUDY METHOD

We studied 4 organizations that were founded in India within the last 10 years, from different industries: food service/retail, fintech, fitness, and edutech. The sample consisted of 199 respondents, of whom 73 were women, 78 were men (and the remaining had not indicated their gender).

The average age of the participants was 29 years, and they came from different levels (Entry Level: Non-managerial/ individual contributor: 11%, Supervisors or Managers: 31%, Senior Managers/ Directors: 8%, Executives: 10% and Other roles: 16%) and educational backgrounds, with many participants having at least a college degree (19%) and a large number having a Master's degree (46%).

We used a mixed methods design, relying primarily on an online employee survey for the data reported here, with founder team interviews to enhance our understanding and add meaning to the results. The results presented in this report should be taken only as indicative, and not conclusive or widely generalizable, given that our sample was not truly random or fully representative of the Indian startup sector.

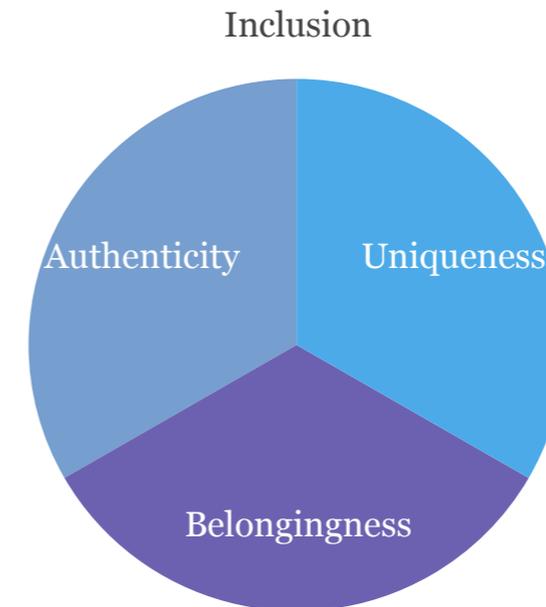
Demystifying Inclusion: The Formula

In recent times, the discourse on workplace diversity has evolved from focusing on the problems faced by underrepresented groups, to leveraging diversity through the idea of inclusion¹.

Inclusion may be seen as the glue that binds diverse workers and allows the benefits of diversity² to be realized. While many practitioners have been working to impact inclusion through leadership behaviours, workplace policies and surveying employees to identify unfair treatment, a consistent measure of inclusion has not emerged.

This problem is heightened in the Indian context due to a lack of rigorous research on these topics. Hence the first step we took, was to create a new measure of inclusion, building on past research³. We measure inclusion as being composed of uniqueness, belongingness and authenticity – three critical, related yet distinct pieces of the inclusion puzzle. We define inclusion as the experience of an employee as being a valued member of the work group where they feel like they belong and can express their authentic, unique self at work.

For organizations, this simply boils down to whether they create an enabling environment where every employee can succeed.

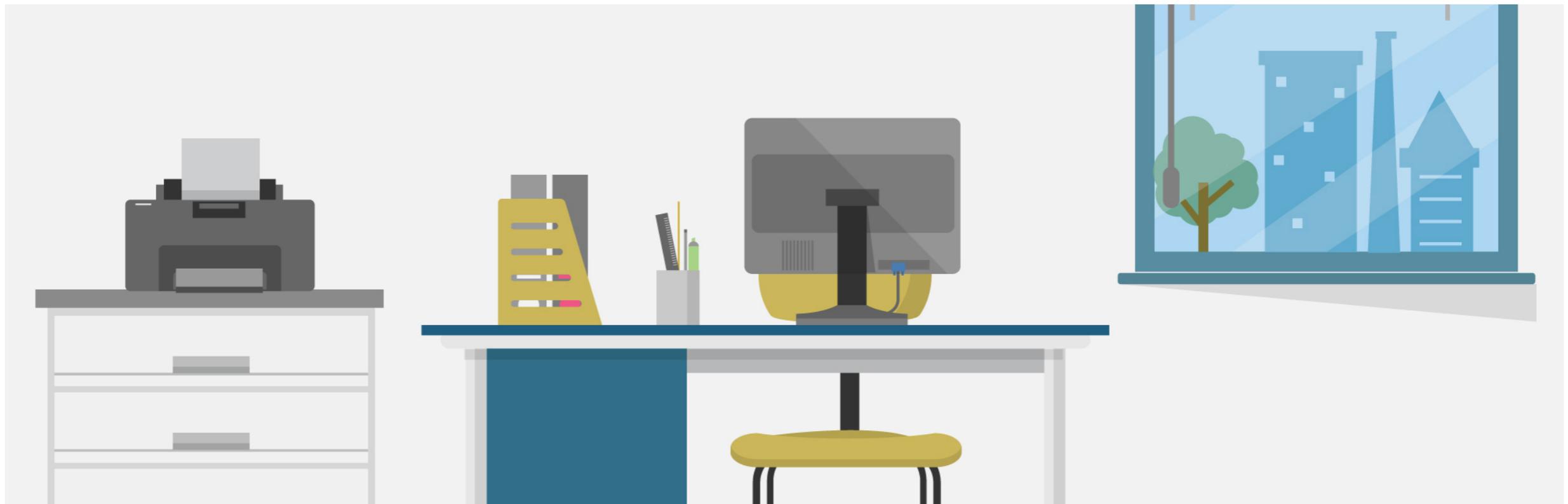


Inclusion is the experience of an employee as being a valued member of the work group where they feel like they belong and can express their authentic, unique self at work.

¹ Roberson, Q. M. (2006) Disentangling the meanings of diversity and inclusion in organizations. *Group and Organization Management*, 31: 212-236.

² Catalyst. *Diversity Matters*. New York: Catalyst, October 1, 2014.

³ Created for this study; Items adapted from Salib (2014); Jansen (2014); Mor Barak & Cheri (1998); Downey, Van der Werff, Thomas, & Plaut (2015).



“One of our core and fundamental values is honesty.” - Founder of fitness startup

Demystifying Inclusion: The Antecedents

Team-level dynamics are a path to enhancing inclusion. Google’s Project Aristotle⁴ made popular the research by Amy Edmondson, Michael Friese and others on the concept of ‘psychological safety’.⁵ Based on these findings, D&I professionals have been looking carefully at the team climate

factors that can influence employees’ experiences at work, including inclusion and outcomes such as innovation.

Inspired by these studies, we too hypothesized a relationship between specific predictors such as psychological safety, autonomy, clear direction and climate for initiative, with employee inclusion.

4. Guide: Understand Team Effectiveness. Retrieved from <https://rework.withgoogle.com/guides/understanding-team-effectiveness/steps/introduction/>

5. Edmondson, A. (1999). Psychological safety and learning behavior in work teams. *Administrative Science Quarterly*, 44, 350-383; Baer, M., & Frese, M. (2003). Innovation is not enough: Climates for initiative and psychological safety, process innovations, and firm performance. *Journal of Organizational Behavior*, 24(1), 45-68.

OUR FINDINGS

Psychological Safety⁶

Definition: A shared belief held by members of a team that the team is safe for interpersonal risk taking.

Example: “One is free to take risks in our division/team.”

Autonomy⁷

Definition: Autonomy reflects the extent to which a job allows freedom, independence, and discretion to schedule work, make decisions, and choose the methods used to perform tasks.⁸

Example: Work scheduling autonomy: “The job allows me to plan how I do my work.”

Example: Decision making autonomy: “The job gives me a chance to use my personal initiative or judgment in carrying out the work.”

Example: Work methods autonomy: “The job allows me to decide on my own how to go about doing my work.”

Sense of clear direction⁹

Definition: The extent to which the team has a clear and shared goal.

Example: “It is clear what this team is supposed to accomplish.”

Climate for Initiative¹⁰

Definition: Organizational procedures and practices guiding and supporting a proactive, self-starting and persisting approach to work.

Example: “People in our division/team take initiative immediately—more often than in other divisions/teams.”

We found all these factors to impact the amount of experienced inclusion among employees in our study, showing that ensuring employees’ psychological safety, climate for initiative, autonomy and a sense of clear direction can provide a culture and environment where they can thrive.

The required autonomy to schedule and conduct their work, and even to make decisions, combined with an environment where employees can take risks, is setting up these companies as employers that provides autonomy while instilling clarity and accountability, making for personal and organizational success.

6. Adapted from Edmondson (1999) and Baer & Frese (2003).

7. Adapted from Morgeson & Humphrey (2006). Morgeson, F. P., & Humphrey, S. E. (2006) The Work Design Questionnaire (WDQ): Developing and validating a comprehensive measure for assessing job design and the nature of work. *Journal of Applied Psychology*, 91(6), 1321-1339.

8. Breugh, J. A. (1985). The measurement of work autonomy. *Human Relations*, 38, 551-570.

9. Adapted from Edmondson (1999).

10. Adapted from Baer & Frese (2003).



“Our core value is authenticity” - Founder of food services company

Demystifying Inclusion: The Employee Experience

In addition to ensuring an inclusive climate (which is more transient, and based on perceptions), it is important to emphasize company values via organizational culture¹¹ (which is sustained over time and becomes part of ‘how things get done’). Start-ups have a great opportunity to influence both.

In this sample of start-up employees, organizational culture was already starting to reflect the founders’ values and motivations in starting these companies.

Across the sample, the top three values employees considered desirable from their workplace were:

- Being innovative (4.4)
- Being results oriented (4.3)
- Having a good reputation (4.3)

11. O’Reilly III, C.A., Chatman, J., & Caldwell, D.F. (1991). People and organizational culture: A profile comparison approach to assessing person-organization fit. *Academy of Management Journal*, 34, 487-516

The organizational values or attributes these employees desired the least (in other words, what they would not want in their organization) were:

- Working long hours (3.0)
- Being aggressive (3.4)
- Not being constrained by rules (3.4)

In one of the few places in our study, where statistically significant gender differences emerged, men valued the following values higher than women:

- Adaptability
- Being aggressive
- Decisiveness
- Higher Pay
- Tolerance
- Collaboration

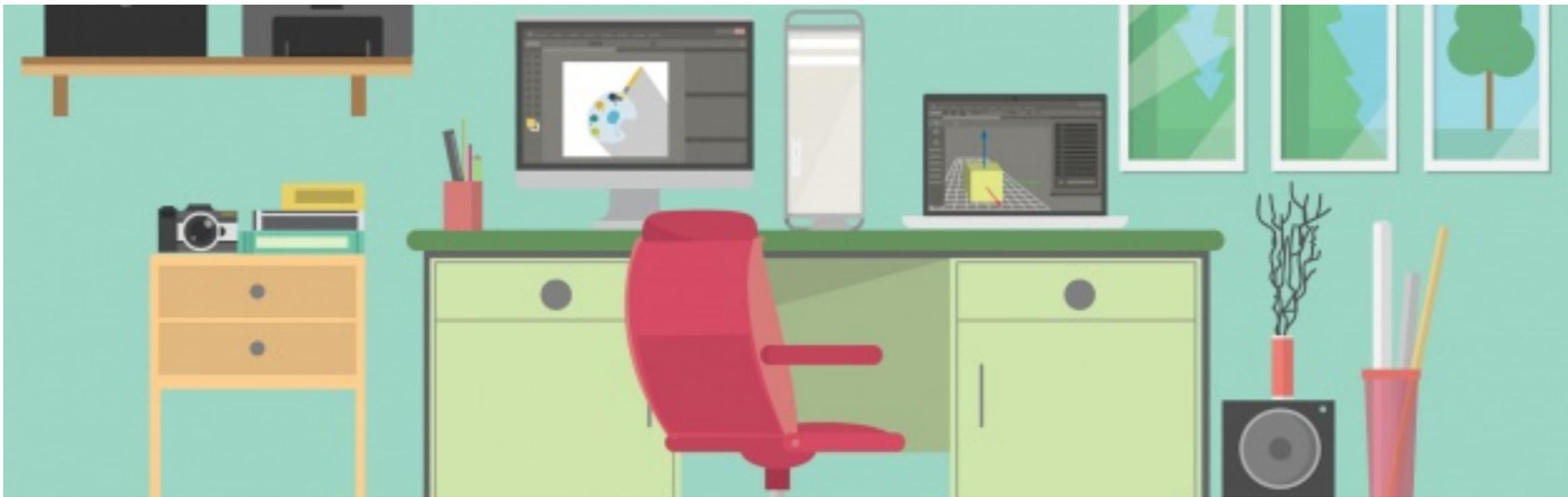
Interestingly, some of these findings are gender stereotypic¹² (e.g. 'being aggressive' and 'decisiveness' may be considered somewhat 'masculine' typed attributes), some of them are not (e.g. 'collaboration' and 'adaptability' might be considered somewhat 'feminine' typed attributes).

This suggested that gender norms are possibly shifting – and inclusive cultures in start-ups in our sample are allowing employees the freedom to express both gender stereotypic and counter stereotypic values.

While men in our sample value being aggressive and decisive and getting paid more, they are also looking for collaboration, tolerance and adaptability. There were no statistically significant differences in this study that suggested stronger preferences by women for any of the 35 values and more importantly, for the majority (29 of the values), there were no gender differences.

An interesting insight from this study was that women and men working for start-ups in India mostly seek the same things from work – a culture that supports innovation, results orientation and being a reputable organization that one would be proud to work for.

12. Eagly, A. H., Wood, W., & Diekmann, A. B. (2000) Social role theory of sex differences and similarities: A current appraisal. *The developmental social psychology of gender*, 123-174.



“The default here is that everyone is trusted – and that is something we must retain.” - Leader of Eduech start-up

Demystifying Inclusion: The Consequences

With the elements of inclusive cultures and climates in place, we should see the dividends paying off. Past research has shown inclusion helps improve outcomes such as turnover intentions (low disengagement) and employee engagement. In start-ups, such outcomes are especially salient, given the high cost of employee churn or risks of a disgruntled employee. We found a strong and significant relationship between employee engagement and inclusion, over and above

other factors such as psychological safety, climate for initiative, autonomy and a sense of clear direction.¹³

In other words, inclusion turned out to be more important in predicting engagement, even considering other factors like autonomy. While these factors (especially climate for initiative and clear direction) may still play a role in employee retention,¹⁴ but it is inclusion that helps them feel fully engaged and energized to contribute to their work.

13. A hierarchical multiple regression revealed that 39% of the variance in Engagement was accounted for by the model containing psychological safety, climate for initiative, clear direction, autonomy and inclusion. While the first four were not significant, inclusion was significant ($\beta=.61, p<.001$) in the regression, demonstrating incremental contribution over and above the other variables.

14. A hierarchical multiple regression revealed that 36% of the variance in Lack of Turnover Intentions was accounted for by the model containing psychological safety, autonomy, climate for initiative ($\beta=-.27, p<.001$), clear direction ($\beta=.28, p<.001$) and inclusion ($\beta=.65, p<.001$) in the regression. (Psychological safety and autonomy were not significantly related).

ORGANIZATIONAL IMPACT STRATEGIES: INFUSING INCLUSION

The Formula: We experience inclusion when our uniqueness is valued, when we feel like we belong, and when we can express ourselves authentically.

Recommendation for organizations : Focus on rewards that recognize unique contributions and perspectives; on creating a superordinate organizational identity everyone can rally around and feel like they belong to; and interrupt discrimination and exclusionary behaviours that don't allow others to be fully and authentically present at work.

The Formula: Nurture the ingredients that contribute to creating inclusion.

Recommendation for organizations :

Psychological Safety: Encourage different ways of contributing at work meetings (e.g. using written comments in addition to having the most vocal people heard the most).

Autonomy: One of the challenges that leadership pointed out is balancing autonomy and accountability. For a fast-growing startup, a counterweight to autonomy is strict accountability for results. Certain companies have benefitted from having a core organizational "squad" which is an autonomous unit of no more than eight people. Each squad is accountable for a discrete aspect of the product, which it owns cradle to grave.

Squads have the authority to decide what to build, how to build it, and with whom to work to make the product interoperable. The squad structure achieves autonomy without sacrificing accountability. Every squad owns its features throughout the product's life cycle, and the squads have full visibility into their features' successes and failures. This structure also encourages innovation without losing the benefits of repeatability.

Sense of Clear Direction: Use SMART goals and initiative-focused feedback. When feedback is focused only on the error of the employee, it may send the message that the employee's proactive action is not appreciated. Instead, it is useful to create a feedback mechanism that is frequent, objective and works as a coaching mechanism for employees to understand what specifically they did right and what could have been done differently or better.

Climate for Initiative: Have open lines of communication. The more information employees have about deadlines, difficulties with supplies, and so on, the better equipped they are to make intelligent decisions when problems arise. For employees to proactively address problems on their own, such information is needed to make the right decisions and focus company resources towards the organization's goals.

ORGANIZATIONAL IMPACT STRATEGIES: INFUSING AND LEVERAGING INCLUSION

The Formula: Organizational Culture is transmitted by leaders and values that percolate to all employees.

Recommendation for organizations: Transparent, regular and effective communication of progress in line with organizational goals and values, is key to transmitting culture.

Communication also increases accountability and helps create the bridge between the inclusive climate and employee engagement, that leaders are always striving for. It is imperative that leaders and founders explain why the start-up needs more transparency around work results.

This communication helps to enact fair decision-making as well as transmit the cultural values that will create a cohesive and inclusive culture.

The Formula: Inclusion is critical for employee engagement and retention.

Recommendation for organizations: Encourage employees to actively participate in problem solving to see increases in employee satisfaction and work ownership.

Managers play an important role in building employee engagement. A survey manager can use once a quarter to assess employee engagement which can measure -

- Expectation of work quality
- Resources and trainings available
- Frequency of recognition, constructive feedback
- Clear understanding of purpose
- Trust in leadership

In Conclusion: Inclusion Matters

The good news is – start-ups in our sample seem to be set up to provide the conditions that allow employees to feel included, and in turn, engaged and driven to power their organizations to success. The employees in our study felt high (and mostly equal across organizations, across genders) levels of psychological safety, climate for initiative, autonomy and a sense of clear direction from their organizations. For fast growing organizations the challenge would be to ensure that they retain the culture and climate of initiative, autonomy, pride in the work they do and pride in the organization, and ensure that inclusion is nurtured as the organization grows. This is critical because of the key findings of our study irrespective of the size and stage of the company, inclusion matters.

Serein uses data and behavioural research to partner with organizations focusing on ways to build a diverse and inclusive workplace which attracts the brightest talent, fosters openness and ensures a safe environment for all employees. Our approach is based on research on all aspects of diversity: gender, age, disability and other social variables particularly in the Indian context.

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Psymantics Consulting is Dr. Aarti Shyamsunder's independent consulting practice, which is driven by the mission of "making work meaningful". At Psymantics, this takes the form of applying a scientific approach to practical problems and organizational concerns related to diversity and inclusion, leadership assessment and development, and hiring solutions, through applied research as well as consulting.

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