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# New Research: Diversity + Inclusion = Better Decision Making At Work

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*Inclusive decision making contributes directly to the bottom line. Shutterstock*

Every day there are more headlines about the challenges of workforce diversity. A focus on diversity often means a focus on hiring, and even with substantial

investments of time and money, it takes years to turn the tide for companies with thousands of employees.

But there is a way to make change happen faster. Companies can capitalize on the diversity they already have by including more diverse employees in business decisions at all levels. 🐦 Directly measuring this inclusive behavior focuses attention on leadership actions that executives can take today. The simple concept of *inclusive decision making* can bring about faster change — and contribute directly to the bottom line.

We recently researched inclusive decision making to understand just how much improvement is possible. The study analyzed approximately 600 business decisions made by 200 different business teams in a wide variety of companies over two years, using the Cloverpop decision-making database. The [full research results on inclusive decision making](#) are available for download if you'd like to dive in. To topline it, our research shows a direct link between inclusive decision making and better business performance:

- Inclusive teams make better business decisions up to 87% of the time. 🐦
- Teams that follow an inclusive process make decisions 2X faster with 1/2 the meetings.
- Decisions made and executed by diverse teams delivered 60% better results.

“Diversity and inclusion must go hand-in-hand to drive results,” said Laura Sherbin, CFO and Director of Research at the Center for Talent Innovation. “Cloverpop's research bolsters the case that employers who build diverse and inclusive teams see the best outcomes.”



According to the research, teams outperform individual decision makers 66% of the time, and decision making improves as team diversity increases. Compared to individual decision makers, all-male teams make better business decisions 58% of the time, while gender diverse teams do so 73% of the time. Teams that also include a wide range of ages and different geographic locations make better business decisions 87% of the time.

*Increased team diversity results in better*      [+]      “This research highlights the potential value of team diversity as a practical tool for architecting decision-making processes,” said Harvard Business School Professor Francesca Gino. “That our decisions get sidetracked by biases is now well established. While it is hard to change how our brains are wired, it’s possible to change the context of decisions by architecting the composition of decision-making teams for more diverse perspectives.”

We also found that diverse groups are more likely to encounter operational friction when executing business decisions. In short, less diverse teams make worse decisions, and then diverse teams struggle to put their decisions into action. The worst situation is to have an all-male team make a decision that is executed by a gender-diverse group. This worst-of-both-worlds combination underperformed by 15%. In contrast, our analysis found that the most inclusive decision-making and execution teams performed 60% better than average.

Unfortunately, non-inclusive decision making is all too common. All-male teams make about 38% of the decisions in a typical large company. The gap is even worse among less diverse companies like those in Silicon Valley’s technology industry, where teams including women make less than half of business decisions.

“Given the competitiveness of the tech industry,” said Aileen Lee, founder of Cowboy Ventures who coined the term [unicorn](#) to describe billion-dollar startups, “if you don’t have women and diverse people involved in decision making at all levels, you are putting your company in a vulnerable position.”

On the flip-side, this is a tremendous opportunity for companies to use inclusive decision making to improve business performance. It’s the most significant business activity — Bain and Co. research shows that decision making effectiveness is [95% correlated](#) with financial performance. Making improvements to your company’s decision making gives a sure boost to your bottom line.

These data-driven insights are a call to arms. Leaders can use inclusive decision making to drive meaningful improvements in months by focusing on people *already employed* in their organizations. If your company doesn’t act, your competitors will. And most likely, the very best companies will act first.

*Erik Larson is CEO and founder of [Cloverpop](#). He explores how the decision revolution is changing business leadership.*