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Leadership Diversity in a Healthcare Era Where Innovation is Essential

PREPARED AND PRESENTED BY:

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STRATEGIC IMPERATIVE FOR INNOVATIVE CARE MODELS

Diversity, equity and inclusion is a strategic imperative for the innovative, value-based care models that will be successful in 2020 and beyond. As health systems and providers become accountable for improving population health outcomes, patient populations are becoming increasingly diverse. As a result, success in a value-based model simply cannot be achieved without reducing health disparities that have long existed. Disparities based on culture, linguistics, income, place of residence, mental health and other factors have been found to limit care access and impede health equities. They also inflict financial waste on health systems, insurers, employers, and patients. The cost of healthcare disparities due to treatment of preventable illnesses is projected to reach $126 billion in 2020 and $353 billion by 2050, according to the Institute for Healthcare Improvement.

THE SHIFT REQUIRED TO ACHIEVE GREATER HEALTH EQUITY

Achieving greater equity in health outcomes requires a paradigm shift in the way healthcare organizations think, organize strategy and resources, and implement policies and practices regarding diversity and inclusion.
As with any transformative shift, the organization's leadership plays a pivotal role. Exploring not only the leadership's understanding and commitment to creating an inclusive health system but also the make-up of the leadership team itself essential. The more diverse and representative the leadership team is of its patient population, the more insight they bring to creating health solutions that work for the people they serve.

INCLUSIVE LEADERSHIP SETS THE PACE

While the influences on health equity are numerous, including many that take place outside of the confines of a healthcare organization, this paper and the findings from a survey of 50 senior-level healthcare executives focus on one important aspect: the reduction of unconscious bias in the hiring process to build more inclusive leadership teams. As healthcare populations become increasingly diverse, a leadership team that is more reflective of its patient base, and includes diverse opinions and approaches, is more readily able to achieve needed innovation and set the pace for change.

DIVERSE LEADERSHIP DRIVES INNOVATION

An analysis of 1,700 companies across eight countries by the Boston Consulting Group found companies that have more diverse management teams:

- Report 19% higher revenue due to innovation (products or services launched in the past three years).
- Deliver profit margins that were nine percentage points higher.
- Greatest gains came from diversifying the national origin of executives, range of industry backgrounds, gender balance, and career paths.

ABOUT THE SURVEY

A survey of 50 senior healthcare executives was conducted by Cejka Search and The Center for Creative Leadership, focused on unconscious bias and its impact on healthcare leadership hiring practices and diversity goals. Respondents included board of director members, c-suite executives, human resource executives, and other senior healthcare leaders. The data was collected online, on an anonymous basis, from October to December of 2019.

THE GAP BETWEEN THE DESIRE AND THE CAPACITY TO CREATE CHANGE

Despite growing acknowledgment and appreciation for the value diversity brings to healthcare organizations, the survey found a gap exists between the idea of creating more inclusive leadership and meaningful practices to achieve this goal, with organizational culture and attitudes at the center of the challenge.

CULTURAL ATTITUDES IN NEED OF BOLSTERING

Organizational behaviors are dictated by cultural norms more so than verbalization of goals. An organization's culture creates social factors among peers that can prevent even leaders from challenging the status quo. Nearly half (45%) of executives surveyed described their organization's attitudes towards inclusive leadership hiring as a topic of discussion, but with no significant practices put into place. Another 14% said challenging hiring biases, especially up the organizational hierarchy, was culturally unacceptable. Therefore, organizational cultures need to further evolve to support the achievement of more diverse healthcare leadership.

## CULTURAL ATTITUDE REGARDING LEADERSHIP HIRING PRACTICES

45% indicate no significant practices in place

37% say organization encourages challenging hiring biases

10% say challenging on hiring biases is culturally acceptable but not those higher on the organizational hierarchy

4% indicate unspoken understanding that we do not challenge one another on hiring biases.

4% did not answer
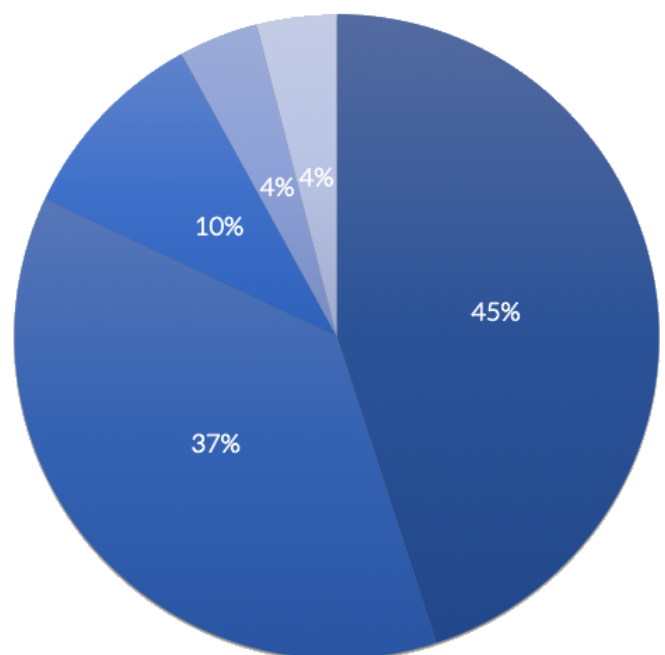
AWARENESS OF UNCONSCIOUS BIAS AMONG HEALTHCARE LEADERS: ROOM FOR IMPROVEMENT

Unconscious bias is inherent in all human beings and was once essential to survival (learning to make assumptions and "act before thinking" saved lives during the early stages of our development). The danger of unconscious bias in the hiring process is that it can cause people to choose one candidate over another based on "gut reactions" or "first impressions" rather than merit, and often negatively impacts groups of people based on appearance or other predisposed traits. Because they are "unconscious," they can be difficult to detect.

Examples of unconscious bias include:

EDUCATION BIAS:
"He went to an Ivy League school. He must be smart."

ENTHUSIASM BIAS:
"He's excited about the opportunity. He will hit the ground running."

EXPERIENCE BIAS:
"She has ten years in the industry. She must be qualified."

"LIKE ME" BIAS:
"I see a lot of myself in her. She must be amazing."

Progress begins with creating awareness of unconscious bias. When asked whether the leadership teams at their organizations were familiar with unconscious bias and the impact it may have on hiring decisions, 60% responded "yes" and 40% responded "no" or "not sure." Some may consider 60% awareness to be high, in which case awareness can be considered just a start with more formalized structures, practices and measurements required to make real progress. Others may consider 60% awareness low, purporting that awareness in today's environment should be closer to 100%. In either case, there is room for improvement on both awareness and meaningful action.

HIRING FOR CULTURAL FIT: A POTENTIAL PITFALL FOR HOMOGENEITY

An overwhelming majority (96%) of healthcare executives said a person's likability or cultural fit often tips the scale in favor of a candidate.

Most healthcare leadership searches today include emotional intelligence as a desired trait, which is associated with the ability to effectively build relationships, create alignment and communicate across all levels of an organization. The challenge is not to confuse emotional intelligence with likability. Emotional intelligence should be determined based on demonstrated skills and experience; whereas likability is highly subjective.

Likability and cultural fit present a similar pitfall. According to a New York Times article, "[Cultural fit] has shifted from systematic analysis of who will thrive in a given workplace to snap judgments by managers about who they'd rather hang out with… and has become a catchall used to justify hiring people who are similar to decision makers and rejecting people who are not."

In addition, some organizations utilize leadership assessment tools specifically designed to rule out candidates based on certain behavioral traits. Without thoughtful examination of both the intended and unintended consequences, such a practice can preserve homogeneity. For example, an assessment designed to eliminate candidates who question authority might also reduce innovative problem solvers.

DIVERSE LEADERSHIP AS A STRATEGIC IMPERATIVE: PRESENTLY MORE DISCUSSION THAN FORMAL INITIATIVES

Less than half (42%) of executives reported having a formal diversity initiative that includes a dedicated leadership role or executive sponsor. The highest portion (44%) cited diversity training and seminars but nothing formal beyond that, and 14% had no initiative at all.

DIVERSITY FORMAL INITIATIVES

44%	26%	16%	14%
Training & Seminars Only	Dedicated Leadership Formal Initiative	Formal Initiative w/Executive Sponsor	No Initiative At All
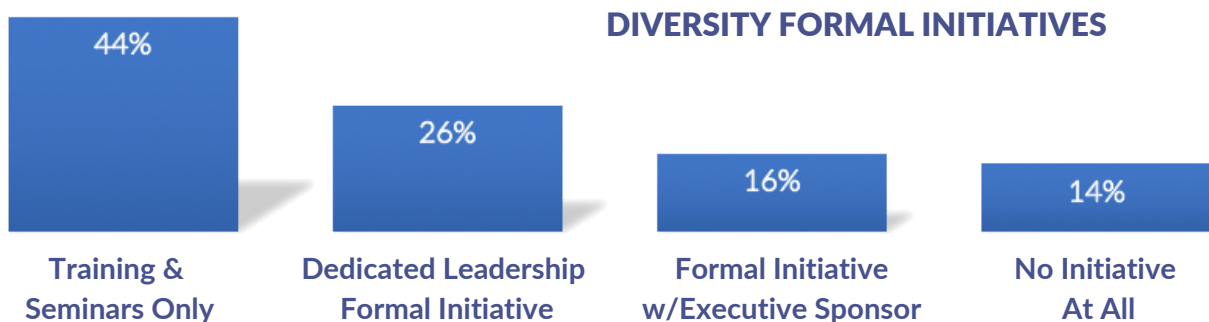
Even organizations that had a dedicated leadership role or executive sponsor did not report significantly more perceived diversity among their current leadership teams (62% as compared with 58% for all executives). Survey respondents identified leadership diversity as being based primarily on gender, management style, and ethnicity.

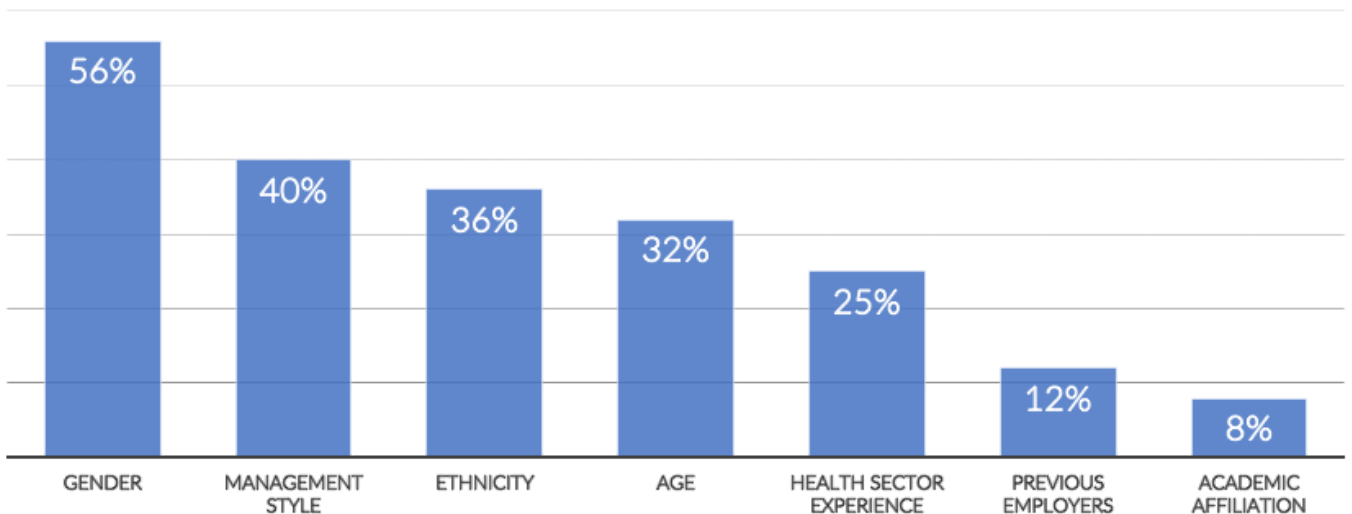## PERCEIVED LEVEL OF DIVERSITY AMONG CURRENT LEADERSHIP TEAMS (ALL EXECUTIVES)

46% Somewhat Diverse
38% Not Very Diverse
12% Very Diverse
4%   Not At All Diverse
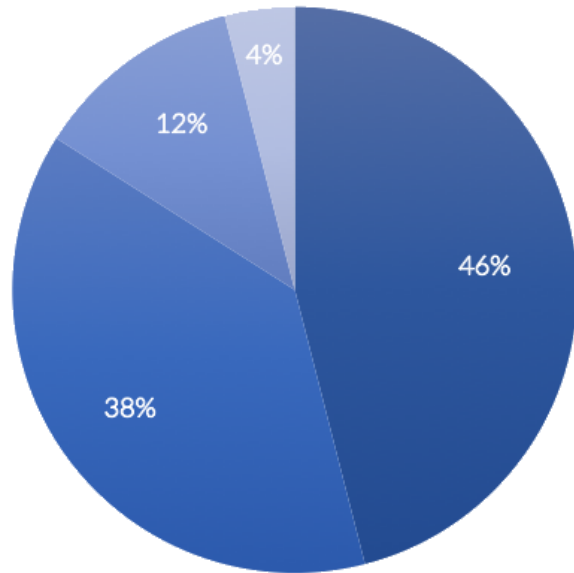
RECOGNIZING A BROADER SCOPE OF DIVERSITY CAPABLE OF FUELING INNOVATION

TRAITS PERCEIVED AS IMPORTANT FOR LEADERSHIP DIVERSITY

Gender 56%
Management Style 40%
Ethnicity 36%
Age 32%
Health Sector Experience 25%
Previous Employers 12%
Academic Affiliation 8%

In the pursuit of inclusive leadership, it's important to recognize that in addition to inherent traits, such as race and ethnicity, gender and age, there are diverse acquired traits that can improve an organization's ability to look at issues from different perspectives and encourage innovation. These include traits you gain from experience. For example, leaders who have worked at smaller health systems with fewer resources approach problem solving differently than those from large organizations with abundant resources. A leader with a managed care background may bring fresh insights to a physician-led organization and one from a faith-based organization to a secular hospital, and vice versa. Differences in educational backgrounds, geographic regions, facility types and industries are all examples of diverse inherent traits that can help drive innovation throughout healthcare organizations.

In fact, Harvard Business Review refers to companies whose leaders exhibit at least three inherent and three acquired diversity traits as having two-dimensional diversity, which correlates with higher new market share growth. Once again, the goal is to clearly define such traits in an objective manner so that all candidates can be evaluated on an equitable basis and reduce the more subjective criteria, such as management style and cultural fit.

PRACTICES THAT MAY PERPETUATE UNCONSCIOUS BIAS IN THE HIRING PROCESS

There are a number of practices prior to a decision maker interviewing leadership candidates that may perpetuate unconscious biases—first impressions that are drawn from a candidate's name, photo, work history or personal background. Once an individual has formed a first impression, it is most common to seek affirmation than to challenge one's initial perception.

BUILDING BETTER BIAS-FREE PRACTICES:

- Only 12% of executives say their organization has a formal social media policy on screening candidates

- Only 37% of executives say they are strongly encouraged to challenge hiring biases

- Over 65% of executives say they would be perfectly comfortable receiving a resume with no name and no photo

PROVIDING PHOTOS OF CANDIDATES

Fortunately, 80% of executives said they do not receive photos as part of an initial candidate profile; however, the remaining 20% who do are exposed to a host of unconscious biases at an early and critical phase of a search, when candidates are being eliminated. For example, might a person's manner of dress, weight, age or attractiveness revealed in a photo conjure up certain assumptions, either negative or positive? Perhaps regarding a person's level of energy, assertiveness, intelligence or likability?

INCLUDING NAMES OF CANDIDATES

Research has demonstrated that biases associated with the perceived gender and/or ethnicity of a person's name has, in fact, influenced hiring decisions. For example, the assumptions that female leaders were less aggressive, older candidates were less innovative and people of certain ethnicities were smarter than others.

When asked how executives would feel about receiving candidate profiles that did not include a name or photo, about 60% responded positively and 40% negatively. Negative responses included feeling less likely to seriously consider the candidate, suspicious of the candidate or process and to a lesser degree offended.

THE GROWING ROLE OF SOCIAL MEDIA IN CANDIDATE SCREENING

While most healthcare executives are not presented with photos of job candidates, the majority (68%) conduct their own Internet searches on candidates prior to interviewing them, which presents two distinct challenges.

One is the availability of photos and commentary on sites such as LinkedIn, Facebook or Twitter, both professional and personal in nature, that can perpetuate conscious or unconscious biases. For example, one decision maker became disinterested in a candidate after reading political views that contradicted his own. Another decision maker hesitated to keep a candidate in the running after viewing an abundance of travel and family photos on his social media profile, questioning whether the candidate would be sufficiently committed to the demanding position.

The second challenge is exposure to legal liability. If an employer learns of a candidate's protected characteristic(s) (including age, sex, race, color, religion, and national origin) by reviewing the candidate's social media sites, they may not allow that to influence their willingness to recruit that candidate. Only 12% of executives said their organization has a formal policy on using social media to screen candidates; monitoring compliance with such practices can also be difficult.

HOW OFTEN DO YOU SEARCH FOR A CANDIDATE ON THE INTERNET (I.E., LINKEDIN, GOOGLE, ETC.) BEFORE YOU INTERVIEW THEM?

Never 12%
Very Often 36%
Always 22%
Not Very Often 30%
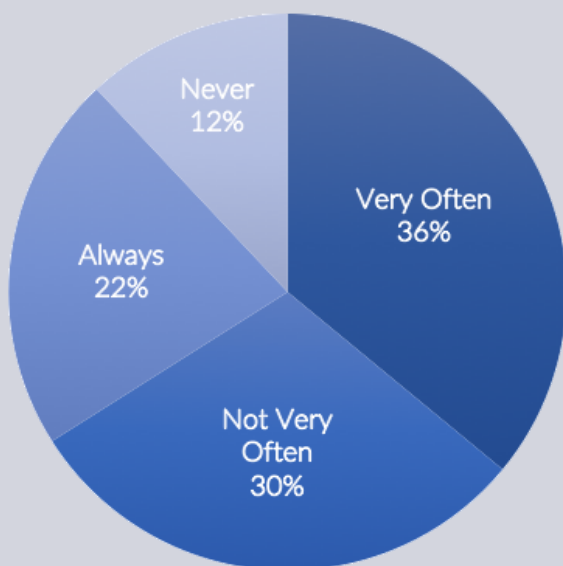
DOES YOUR ORGANIZATION HAVE A FORMAL POLICY ON THE USE OF SOCIAL MEDIA TO SCREEN CANDIDATES?

Yes 12%
Not Sure 30%
No 58%
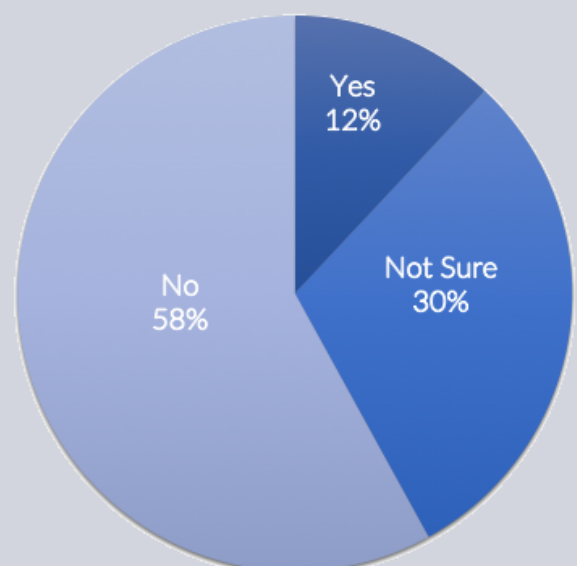
STRATEGIES FOR REDUCING UNCONSCIOUS BIAS AND ENABLING INNOVATION THROUGH DIVERSE LEADERSHIP

As the survey results demonstrate, building a diverse healthcare workforce well-suited to drive innovation at all levels of the organization takes more than diversity training and bias awareness, even more than a dedicated leadership role or executive sponsor. It necessitates that diversity be approached as a strategic imperative, and a leadership team that is diverse in both inherent and acquired traits is more likely to drive the level of organizational commitment required.

TREATING DIVERSITY AS A STRATEGIC IMPERATIVE

Workforce diversity, as a strategic imperative, is most likely to be achieved when the following structures and resources are in place.

1. Committed, Influential and Accountable Leadership

Healthcare organizations that are leading in equity, diversity and inclusion typically have a leadership role, sometimes a Chief Transformation Officer, Chief Human Resource Officer or Chief Diversity Officer, that is committed to the vision, is influential or has a seat at the proverbial table, and is accountable for measurable progress. No matter how influential the role, however, it takes the commitment of the entire leadership team to create a culture where inclusion is embraced.

2. Well-Understood, Actionable Strategy

More than a mission or value statement, a meaningful strategy must be clearly articulated and understood by all. Meaning that employees throughout the organization are able to articulate what they're working on and how it contributes to the overall strategy of achieving an inclusive culture and workforce. An essential step is defining how your organization views diversity, taking a broadened view that includes not only gender, sexual orientation, age, ethnicity and race, but also different academic backgrounds, linguistics, healthcare sector experience, and geographies. Assess your current level of diversity and set appropriate goals and timeframes for achieving measurable goals.

3. Robust Infrastructure and Metrics

Reducing conscious and unconscious biases in the hiring and development process requires a robust infrastructure with well-established processes and metrics. This includes securing sustainable funding and dedicated resources; establishing a governance committee; defining the metrics that will be used to monitor progress; and developing systems and resources to capture and analyze the metrics.

CREATING A DIVERSE LEADERSHIP TEAM: PAVING THE WAY TO GREATER INCLUSION

1. Challenge and clarify the organization's definition of a "good cultural fit."

To avoid unconsciously using cultural fit as a rationale for hiring homogenous leaders, an objective description of the organization's desired culture and the leadership attributes that align with it should be established.

Questions to consider include: What are the pillars of your culture today? Will your culture need to change in any way to support your success five years from now? If so, is your organization best served by hiring leaders who fit your existing culture? Or, those who might push the boundaries of your current culture and explore a new direction?

2. Define what innovation means to your search committee or organization.

Being an innovator is one of the most common requirements discussed in regards to healthcare leadership searches. However, not all organizations are prepared to embrace truly innovative leaders or have varying degrees of opinions on what constitutes innovation.

Questions to consider include:

- What is your organization's tolerance for change?
- Does the strategic and financial plan for the organization call for moderate or transformative change and in what timeframe?
- Will the board of directors support innovation, and to what extent?

RECOMMENDATION:

Consider engaging a third-party executive search consultant in this process, one who can draw upon a broad range of experiences building leadership teams with other healthcare organizations and who can challenge opinions and ideas, regardless of the organizational hierarchy.

3. Develop and communicate a clear policy on the use of social media to screen candidates.

To reduce biases and legal risk, employers should create a consistent policy on the use of social media that provides clarity on the rationale for its use in candidates searches, transparency for those using the policy and for candidates who are the subject of searches, consistency in terms of how searches are conducted and who conducts them, and openness about what impact the findings will have on candidate selection.

STANDARDIZE CANDIDATE EVALUATION TOOLS AND PROCESSES

1. Create a standardized structure for evaluating candidates purely on the merits of the experience.

Develop evaluation forms that capture the essential, non-bias requirements of the position and include rankings for each requirement. Forms should be completed and submitted to the search advisor upon the completion of each interview to ensure a singular focus. Provide search committee members with a standard list of behavioral questions to ensure appropriateness, effectiveness and focus on objectivity. Follow up questions should also be standardized and developed in order to challenge any predispositions. The mandate is that every interview is conducted in the same manner, utilizing the same questions.

2. Establish standard interview lengths and numbers of interviews conducted.

Search committee members should spend the same amount of time interviewing each candidate, without exception. Research demonstrates that decision-makers tend to overcome first impressions and unconscious biases the longer they spend with a candidate. For a variety of reasons, interviews may begin with some level of discomfort and assume a very different dynamic that lends greater insight into a candidate over the course of an hour, as an example. In addition, it is advisable to limit the number of interviews conducted by a search committee member to no more than three in one day to ensure proper time and attention is allotted to each interviewee.

3. Facilitate a search committee group discussion after all candidates have been interviewed.

An essential and enlightening step in the process is a joint discussion with search committee members, preferably facilitated by an experienced executive search consultant to eliminate internal biases. Candidate evaluation forms should not be shared prior to the meeting. The goal is to explore disparities between rankings provided for the same leadership requirement.

For example, in relation to an effective management style, a candidate received the highest ranking from one member and the lowest from another. Upon discussion, it was discovered that the member who had an unfavorable opinion of the leader's management style had not received the entire story regarding her firing of a physician. Once the member learned from a co-member that the leader had involved other peers in the termination decision, he had a significantly different view of the matter.

The goal of the group session is to challenge one another on various perceptions. In many cases, the exercise of articulating one's reasoning for holding certain opinions allows a person to discover their own unintentional biases or premature conclusions.

DIVERSE LEADERSHIP SELECTION AND REPRESENTATION LEADS TO MORE INNOVATION

Not all organizations are on the same place on the spectrum of diversity and inclusion progress. An assessment that identifies where a health system currently resides will help determine appropriate next steps.

For those with an established diversity and inclusion strategy consider the following questions:

- ☐ How diverse and inclusive of various trains of thought is your current leadership team?

- ☐ Are managers and team leaders throughout the organization well-prepared to lead their staff in reducing unconscious biases?

- ☐ Are inclusive candidate panels being considered? And, if so, has that resulted in inclusive hiring?

For organizations that do not yet have a strategic initiative focused on diversity and inclusion:

- ☐ What are the appropriate next steps to take to make progress, wherever the entity is on the spectrum? Does that include developing an organization-specific equity, diversity and inclusion business case?

- ☐ Are there defining metrics that can create a diversity baseline to which future progress can be compared?

- ☐ Is the organization forming a governance committee to develop a strategy?

Healthcare organizations focused on achieving measurable progress in engaging, selecting and retaining diverse talent will be best equipped to develop culturally competent care models, accomplished through the appreciation of differences within the populations they serve. The success of population care models in a value-based health system depends upon it.

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ABOUT CEJKA SEARCH

As one of the top-ranked executive search firms in the United States, Cejka Search has exclusively served the healthcare industry and health-related academic organizations for more than 30 years. With leadership backgrounds in the executive search, healthcare and academic industries, the Cejka Search team brings a wealth of knowledge and expertise to every executive search engagement. We understand today's leadership challenges and are committed to preparing our clients for the challenges of tomorrow. We partner with the following organizations to engage and recruit top leaders that meet the specific criteria, needs, goals and culture of each. Our recruitment consultants are among the most tenured in the healthcare staffing industry, bringing a high degree of market and subject matter expertise to each search that we are engaged to perform.

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