



Workplace Diversity and Inclusion: Emerging Awareness and Best Practices

Report based upon survey of 450+ HR Professionals in Q4 of 2016

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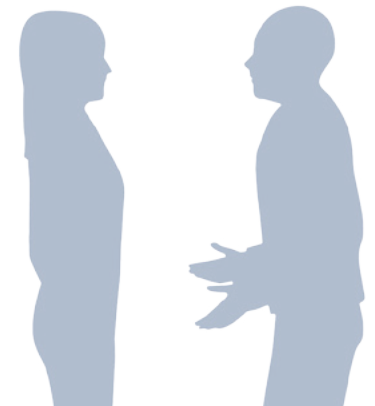
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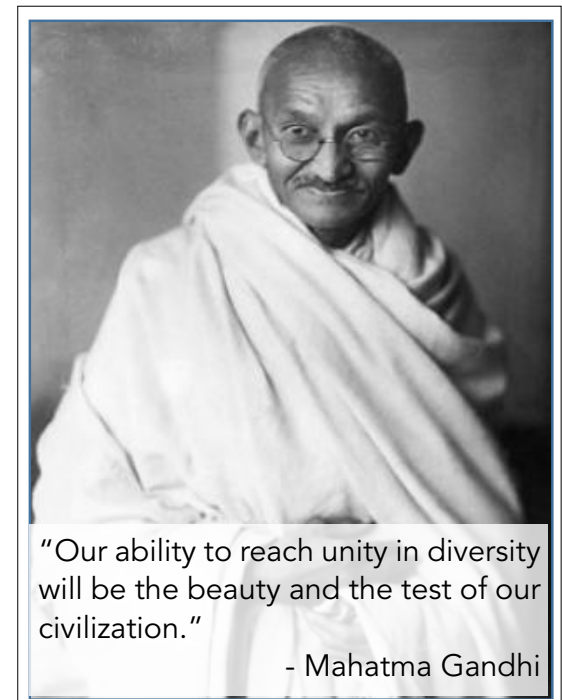


Introduction

Diversity and inclusion (D&I) continues to be a key focus for organizations, big and small. While attention to the topic appears to be widespread across the market, the motivations that lead organizations toward creating and maturing a D&I program continue to be unique. The purpose of this study is to better understand why organizations establish D&I programs, how D&I leaders feel about their program's current performance, and what initiatives are being undertaken to advance their programs.

One element that may be driving organizations is a growing awareness that workplace diversity produces bottom-line benefits to organizations committed to inclusion. We are also beginning to see an emerging landscape around the concepts of diversity and inclusion that is more complex than we might have anticipated.

Some believe that diversity alone is the primary goal, one that can be measured in terms of workforce demographics. Others believe this point of view leaves out the equally important topic of inclusiveness. A recent Gallup article, for example, states the following:



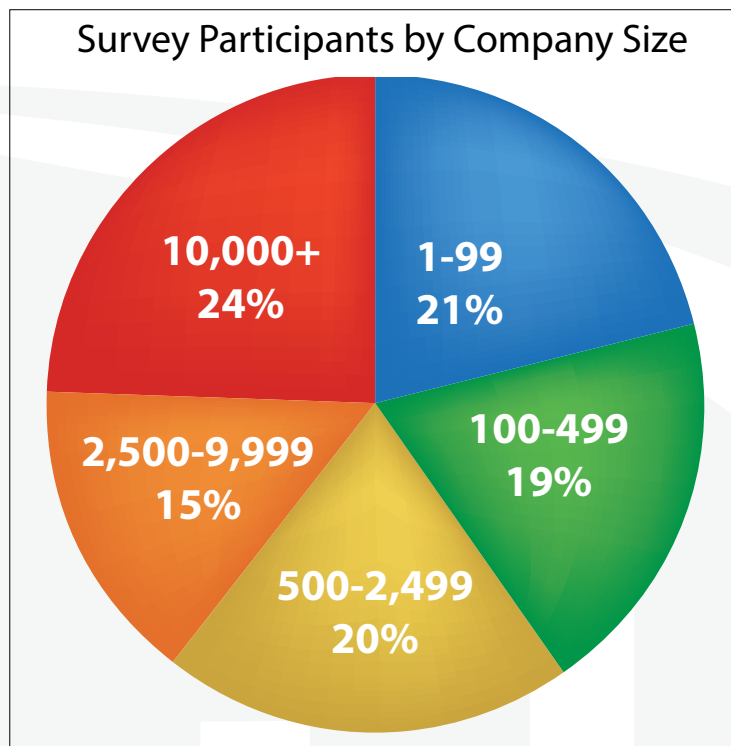
[S]olving the issue of diversity doesn't guarantee an inclusive culture. Diversity is about whom you hire, but inclusiveness is about a work environment of trust and involvement. Gallup has found that the employee engagement elements most strongly linked to perceptions of inclusiveness are, "someone seems to care about me as a person," and, "my opinions seem to count".

For the purposes of this report, we will use the terms "diversity and inclusion" to mean different things. Many of the published articles and thought leadership pieces available to practitioners appear to treat the terms as synonymous. The distinctions between the terms, however, are substantial and important.



The Survey

The usual demographics of surveys focused on the HR community almost always show a nice balance between participants in small, medium and large organizations. What surprised us about the demographics here is the fact that the largest cohort of participants work in organizations of 10,000+ employees. The single largest slice of all of the demographic composition of the participants came from organizations with 20,000+ employees, at 14%.



The industry verticals represented among the survey participants was very broad. No single vertical exceeded 13% (Services), and "Other" was the next largest cohort at 12%.

A D&I program is only successful when it is treated as a strategic business initiative. Diversity and inclusion should not be a "one-off" event. That approach will not work, and will not anchor the core values that diversity and inclusion are designed to address in organizations.

Diversity begins with the employee population as measured by a range of demographic data points such as gender, age, race, ethnicity, religion, veteran status, etc.

To connect a commitment to a more diverse workplace, an organization's strategy requires a wide range of associated actions, systems and behaviors. Recruiting, interviewing, employee and manager training and education all have to connect to support effective efforts to make a workplace more "diverse."

New research makes it increasingly clear that companies with more diverse workforces perform better financially.

[Why Diversity Matters](#) McKinsey Report by Vivian Hunt, Dennis Layton, and Sara Prince.

Inclusion is a different concept, but it requires a similar strategic framing of the effort to succeed. As stated above, it's possible to achieve diversity without achieving inclusion. Employees have to believe they matter to leadership, and that requires a related but different set of actions, systems and behaviors. For instance, employees tend to be highly engaged when inclusiveness reaches them on two fundamental levels. Employees need to believe that they matter as a person to leadership, and employees must believe that their opinions are heard and are important to management.

The strategic goals cited by our survey participants include elements of both diversity and inclusion. About two thirds of respondents (67%) stated that "creating an inclusive culture" is a strategic goal of the D&I function in their organizations. Inclusion as a strategic objective is more complex and challenging than achieving diversity goals. But in the end, inclusion is

likely to be the more important strategic initiative. As the Gallup report cited above indicates, inclusion is a major element and factor in overall employee engagement, which was a strategic reason cited by 58% of the participants. Inclusion requires substantial commitments to learning and development. Inclusion also requires the effective execution of a series of complex behaviors on the part of both managers and employees. We will make some learning and development suggestions in the Conclusion and Recommendations section below.

The data emerging from a variety of sources tells us something we likely believed intuitively. Diversity and inclusion initiatives are linked to the key company goals such as improving employee performance and developing a workforce that reflects the customer base. In other words, companies with D&I initiatives tend to believe there are key business performance reasons for adopting them. We asked our survey participants a series of more specific questions designed to shed light on why their organizations are engaged in D&I initiatives.

Each question used a Likert Scale to gather data. A rating of "5" indicated that the participants strongly agree with the statement, and "1" meant the participants strongly disagree with the statement. (We paraphrased the questions in the chart below for length.)

The first three questions in this fascinating sequence had the highest ratings, and had BOTH strong agreement and disagreement. For the remaining questions, the answers look more like a bell curve with the majority of the answers clustered among the three middle responses.

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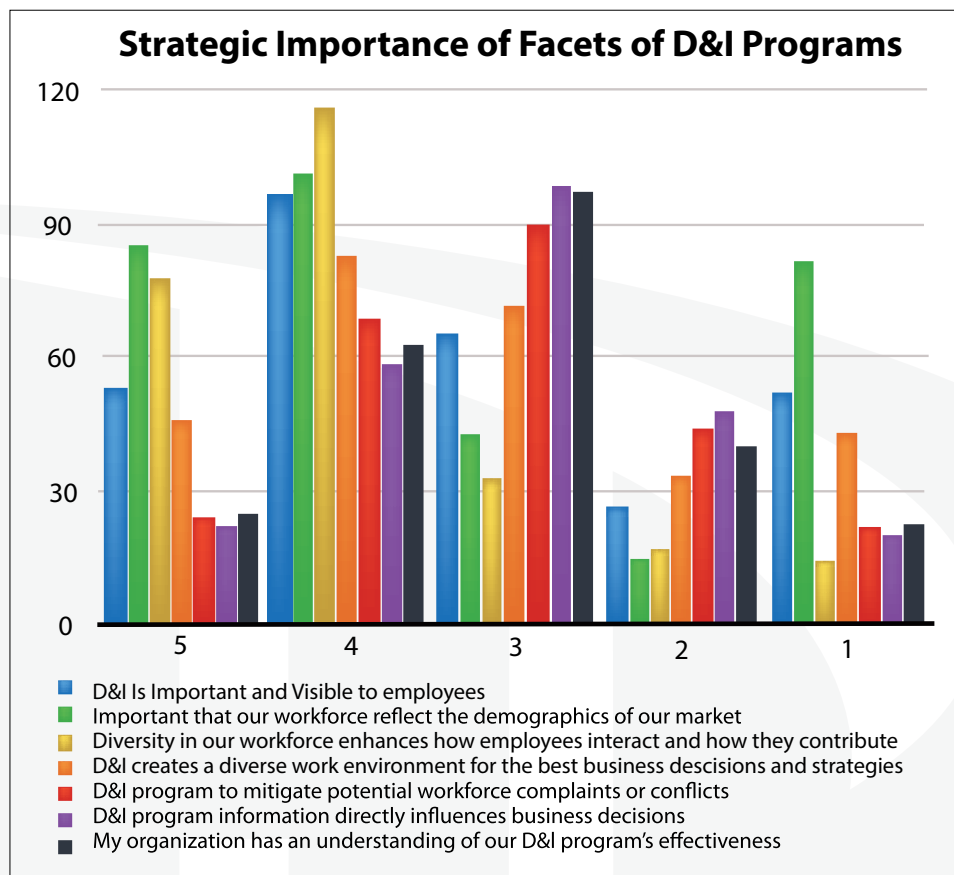
“My organization believes it is important that our workforce reflect the demographics of the market we operate in and the customers that benefit from our services.” The average rating - 3.91, is very high. The percentage of the responses that agree or strongly agree with this statement was 56%. Conversely, 30% disagreed or strongly disagreed. So, 86% of the total responses showed strong favorable or unfavorable reactions to the statement.

“My organization believes that diversity in our workforce enhances how employees interact and how they contribute to our company.” The average rating - 3.91, is very high. The ratio of responses in the strongly agree and agree range was 61%. However, just as with the first statement, a substantial number of participants disagreed or strongly disagreed – 29%.” Therefore, 90% of the participants were at the extreme ends of support for the statement.

“My organization shows that it believes that D&I are important through initiatives visible to our workforce.” The average rating - 3.60, is not as high as the previous two statements, but it’s still a strong overall average; 51% of the participants agreed or strongly agreed with the statement, and 27% disagreed or strongly disagreed. So, 78% of the answers were in the extreme ranges of either agreement or disagreement.

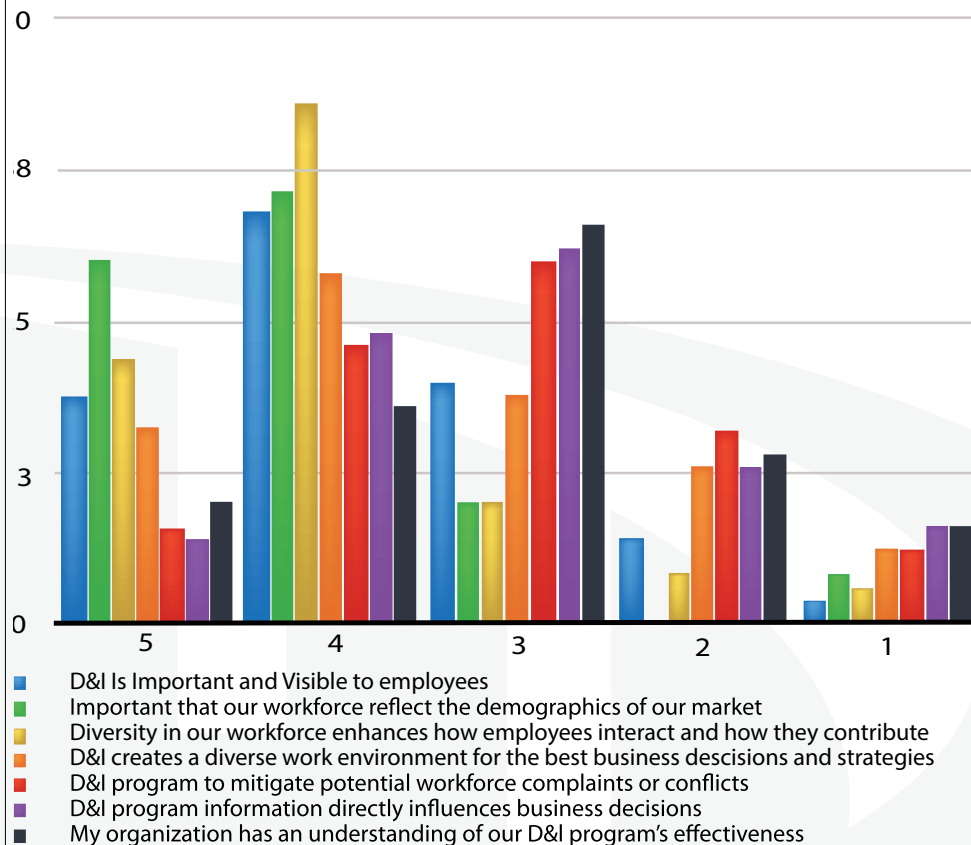
The two responses with the highest average rating of 3.91 both reflect a value placed on diversity linked to business benefits, while the third highest rated statement reflects a value placed on diversity being visible to employees. Obviously, proponents of workplace diversity have made a strong business case, but at least based upon our survey responses, the benefits of diversity have not yet been proven to outweigh the costs and effort.

We were curious to learn whether there might be some difference in the responses based upon organizational size. The following chart uses the same question, but we've sorted the responses to just display the aggregated answers from the participants in organizations with 2,500 or more employees. The same three statements emerged as the selections with the strongest agreement, but in a different order.



“My organization believes it is important that our workforce reflect the demographics of the market we operate in and the customers that benefit from our services.” The average rating for the whole group is 3.91; for the larger organizations it was 4.07, which is only a 4% overall difference. But, the ratio of responses in the strongly agree and agree range was 80% compared to just 56% for the whole group. And the ratio of participants who disagreed or strongly disagreed was only 5% compared to 30% of the whole group.

Strategic Importance of Facets of D&I Programs: Participants with 2,500 + Employees



Each question used a Likert Scale with the options as follows:
5=Very Important, 4=Important, 3=Neutral, 2=Unimportant, 1=Not at all Important

Therefore, among the larger organizations there appears to be much stronger and more enthusiastic support for D&I initiatives as a way to have the demographics of the workforce be more reflective of demographics of the market.

There are not significant differences among any of the other responses among larger organizations compared to the whole, but we thought the strategic importance attached to having a workforce reflect the demographics of the market was interesting. While we did not delve into the rationale behind these responses, it's likely a range of factors are at play from being more sensitive to market pressures to having the resources to engage in these efforts.

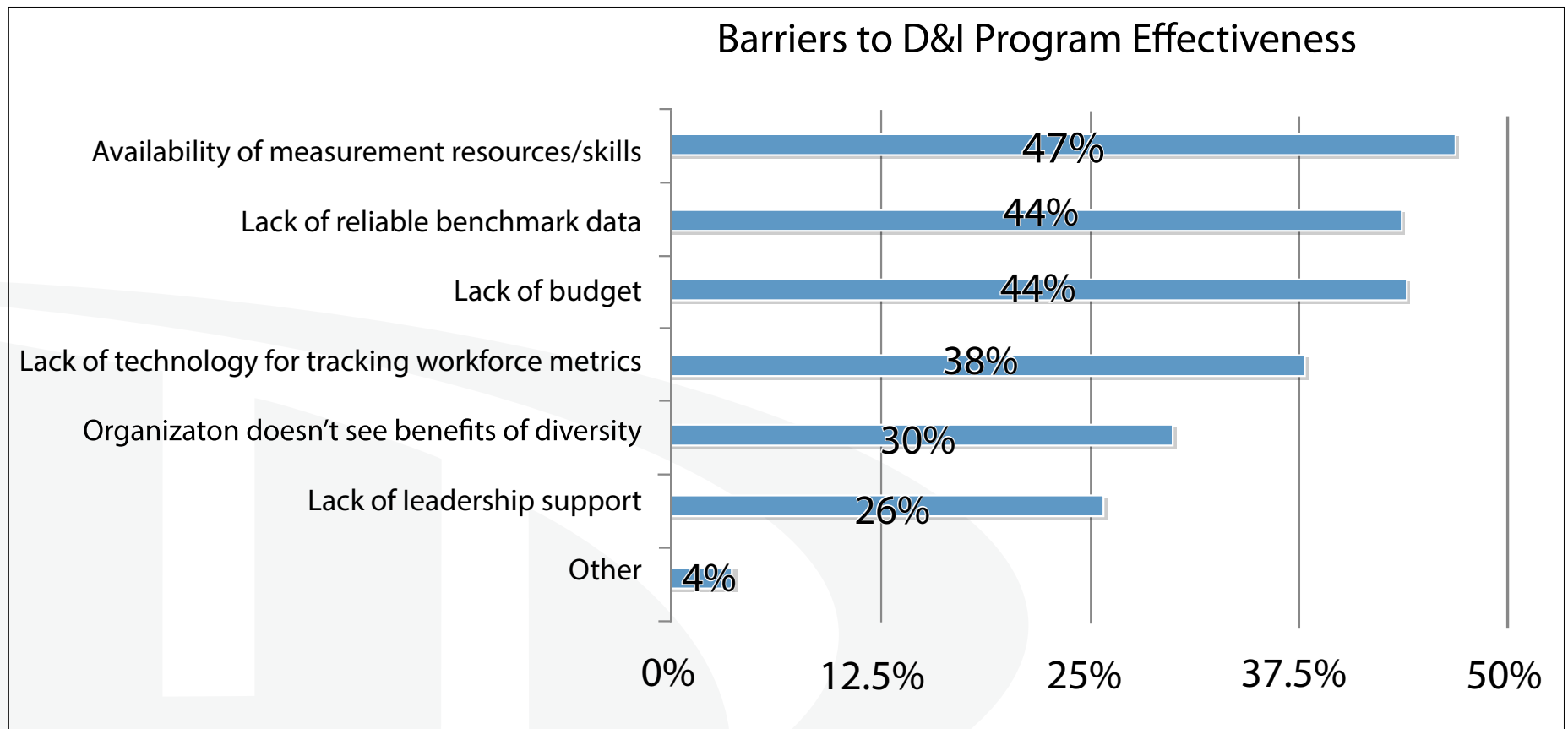
But can such initiatives drive bottom line results? Some sources suggest they can. The McKinsey [report](#) cited above, for example, indicates that organizations that are more reflective of their markets and customers are, in fact, proven to be more profitable. And Gallup's [State of the American Workforce Report](#) confirms that employee engagement is directly correlated to various business benefits, including profitability and productivity per employee.

The other statement that had better-than-average support relates to the importance of D&I programs being visible to employees. We happen to agree that the visibility of programs is critical, and we talk about this aspect of D&I program best practices in our recommendations below.

The responses to these statements, when taken as a whole, illustrate the need for better reporting and metrics about D&I efforts. We've already offered some external research to support the business case for D&I programs, but it's apparent that data quality is an issue for many D&I programs.



We asked participants to tell us about the biggest barriers to D&I program effectiveness -- lack of available resources, data quality, and budget dominated the responses.



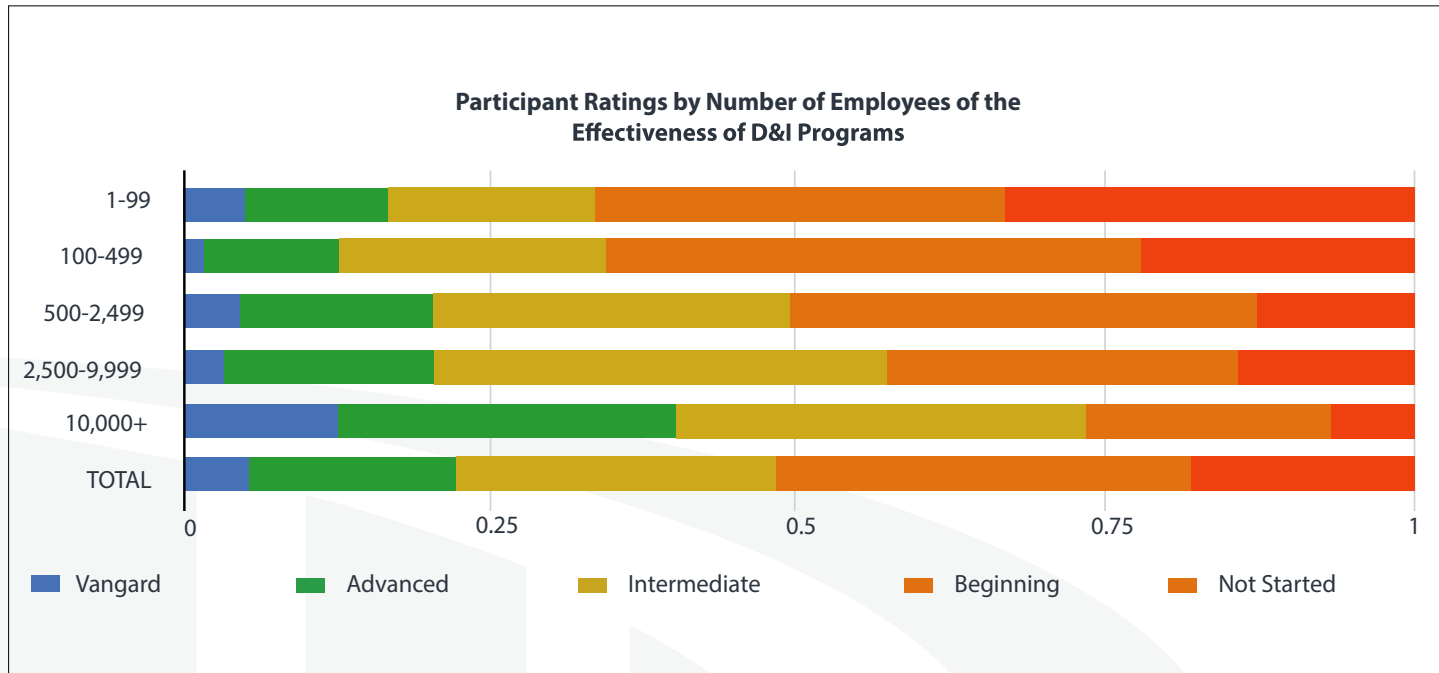
As the preceding graph illustrates, of the three options that more than 40% of the participants selected, two are directly connected to data issues. Internal challenges identified by participants were linked to the availability of measurement resources and skills (47%). The external is-

sue - a lack of reliable benchmarks - was selected by 44% of the participants. Cornell University published an abstract that made some recommendations based upon case studies for benchmarking diversity and inclusion programs. The report is titled "[What Diversity Metrics are Best Used to Track and Improve Employee Diversity?](#)" The suggestions are simple, straightforward and should offer at least a starting point for organizations.

To gauge the perceived maturity level of D&I programs, we asked D&I leaders to rate their maturity level as follows:

- *Vanguard: We track diversity metrics and use analytics to problem solve for recruiting and succession planning. D&I initiatives are wholly strategic and directly contribute to the achievement of organizational goals.*
- *Advanced: The D&I strategy at our organization is well aligned with the organizational goals and needs. Our D&I efforts are strategic and planned. We're tracking diversity metrics and set annual goals for improvement.*
- *Intermediate stage: We have deployed several different D&I initiatives piecemeal, and have a plan for aligning diversity initiatives with organizational goals.*
- *Beginning stage: Some efforts have been made in using D&I as a public relations function and we are thinking about how diversity helps to position our organization as an employer of choice.*
- *Undeveloped: Little has been done to integrate diversity goals with organizational goals.*

The following graph illustrated the responses for all of the survey participants.



The data of the preceding graph reveals some significant differences in the maturity level of D&I programs by the size of the organization measured by number of employees.

The total ratio for Vanguard and

Advanced programs is 21.6%. Two groups of employers are very close to the overall ratio for these higher rated D&I programs: 500 - 2,499 employees, 20.7%; and 2,500 - 9,999 employees, 20.0%. However, the smaller two cohorts of organizations fall substantially short of the overall average: 1 - 99 employees, 16.6%; and 100 - 499 employees, 11.7%. The group that substantially outperforms the entire survey population are the largest employers with 39.8% of the participants saying their programs are Vanguard (12.6%) or Advanced (27.2%).

There are a wide range of possible explanations for the differences, one of which is the fact that 43.5% of these organizations are required to have affirmative action plans in place, because they are federal contractors or subcontractors. However, that ratio is only 5.5% higher than the overall group, so it doesn't help explain all of the differences between the largest participating organizations and the rest of the participants. It's also possible that these organizations simply have a greater level of resources to place into D&I initiatives, or the higher level of visibility with their respective markets and communities. In any event, it's an interesting piece of the data, and it's something that likely merits further exploration in a future survey.

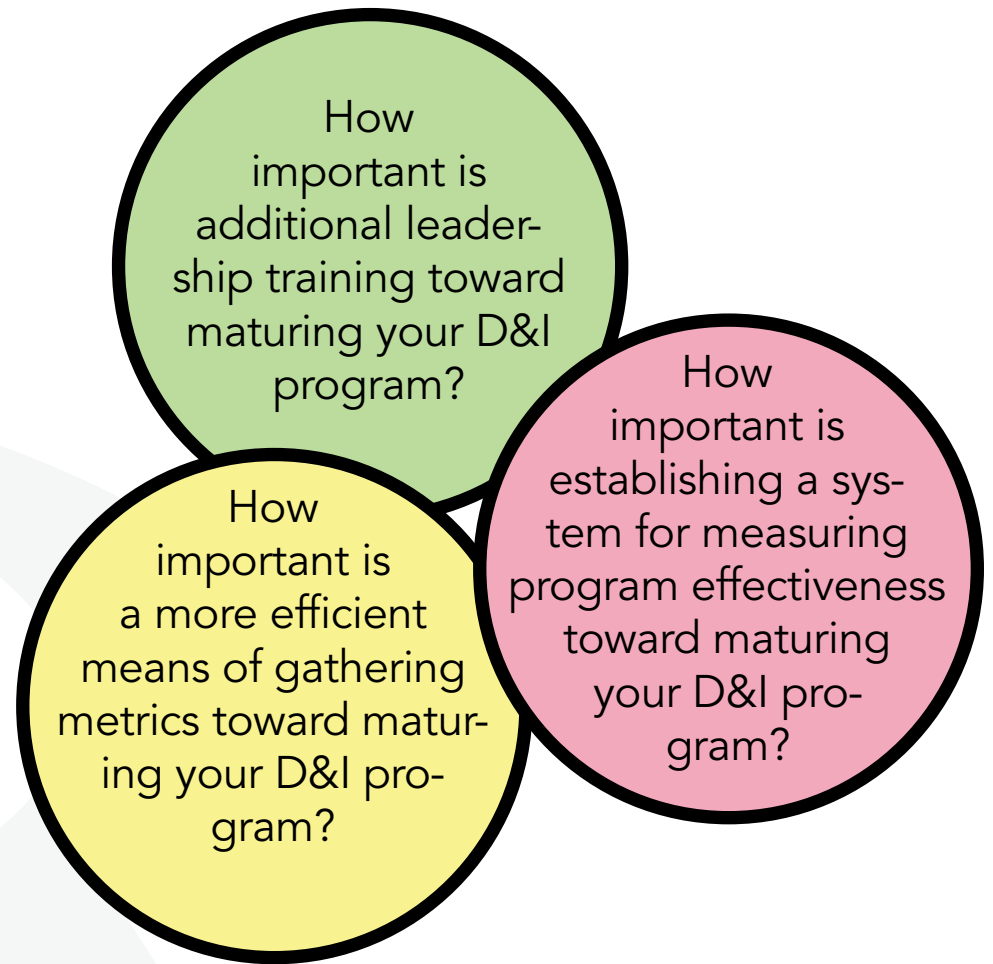
The maturity levels that garnered the highest ratio of total responses were Intermediate (26.8%) and Beginning (33.6%). Even among the highest performing group of participating organizations, these two options were selected by 53.6% of the participants. This data tells us there is a lot of work to do, but an encouraging aspect of the survey data is that there wasn't a single group of participants whose responses to "Undeveloped" represented the most popular choice.

On the whole, the data about the maturity of D&I programs is consistent with the emerging data and research on the area. As awareness of the business benefits of D&I programs improves, we will likely see some very exciting and innovative approaches emerge to improve both diversity and inclusion. We will also likely see the perception of maturity of these programs increase as more organizations launch D&I initiatives.

Initiatives to Broaden or Strengthen Existing Programs

We used a Likert scale to gather the answers with "5" representing "Very Important" and "1" representing "Not important at all."

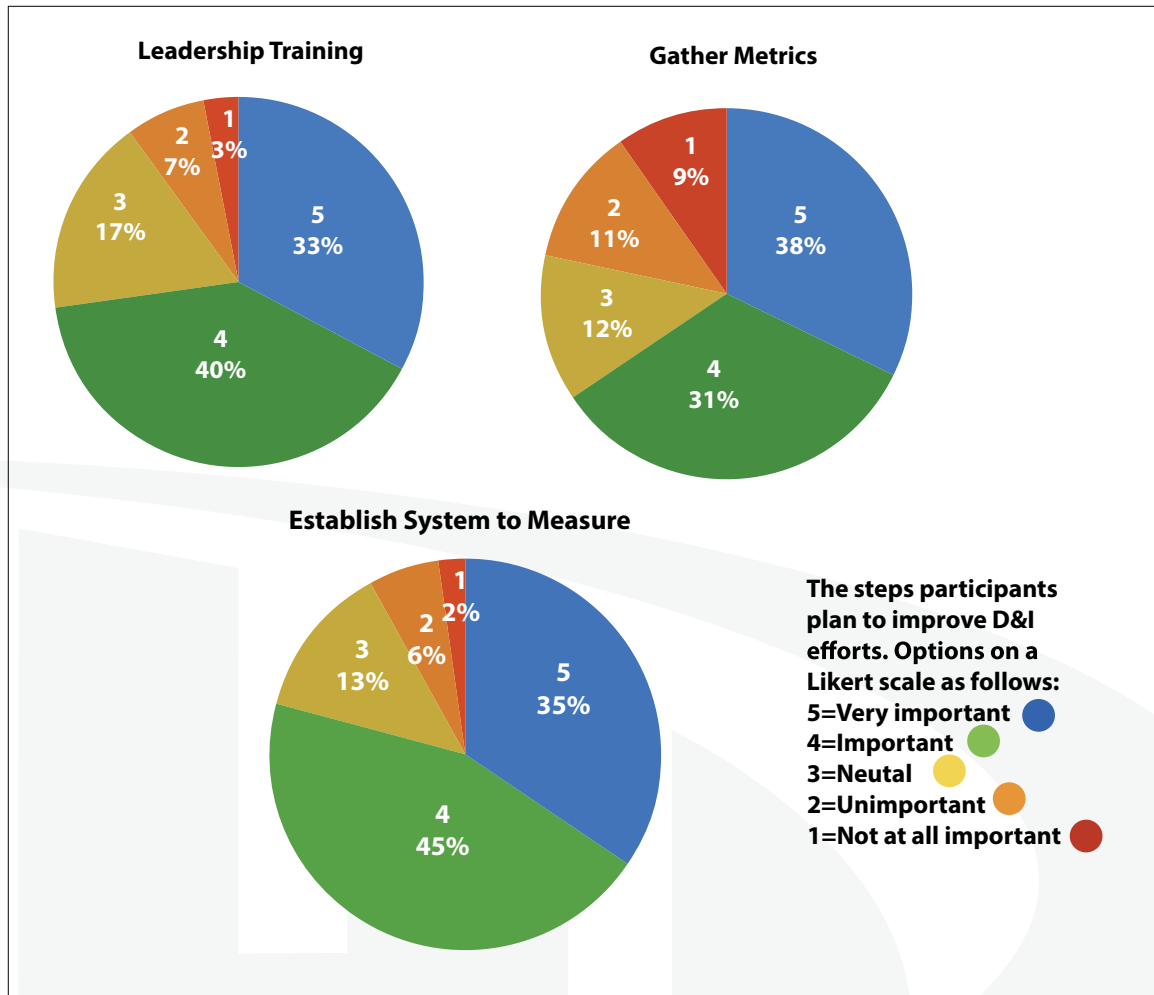
The level of importance attached to each of these areas is very similar. The average ratings were: 3.95 for leadership training, 3.97 for gathering effective metrics, and 4.04 for establishing a system to measure the effectiveness of D&I programs. If you go back and review the responses to the biggest barriers to building effective D&I programs, a lack of effective or reliable data were two of the top three responses. So, it's clear from the survey that usable data is important to our participants, and apparently, they plan to do something about it.



How important is additional leadership training toward maturing your D&I program?

How important is a more efficient means of gathering metrics toward maturing your D&I program?

How important is establishing a system for measuring program effectiveness toward maturing your D&I program?

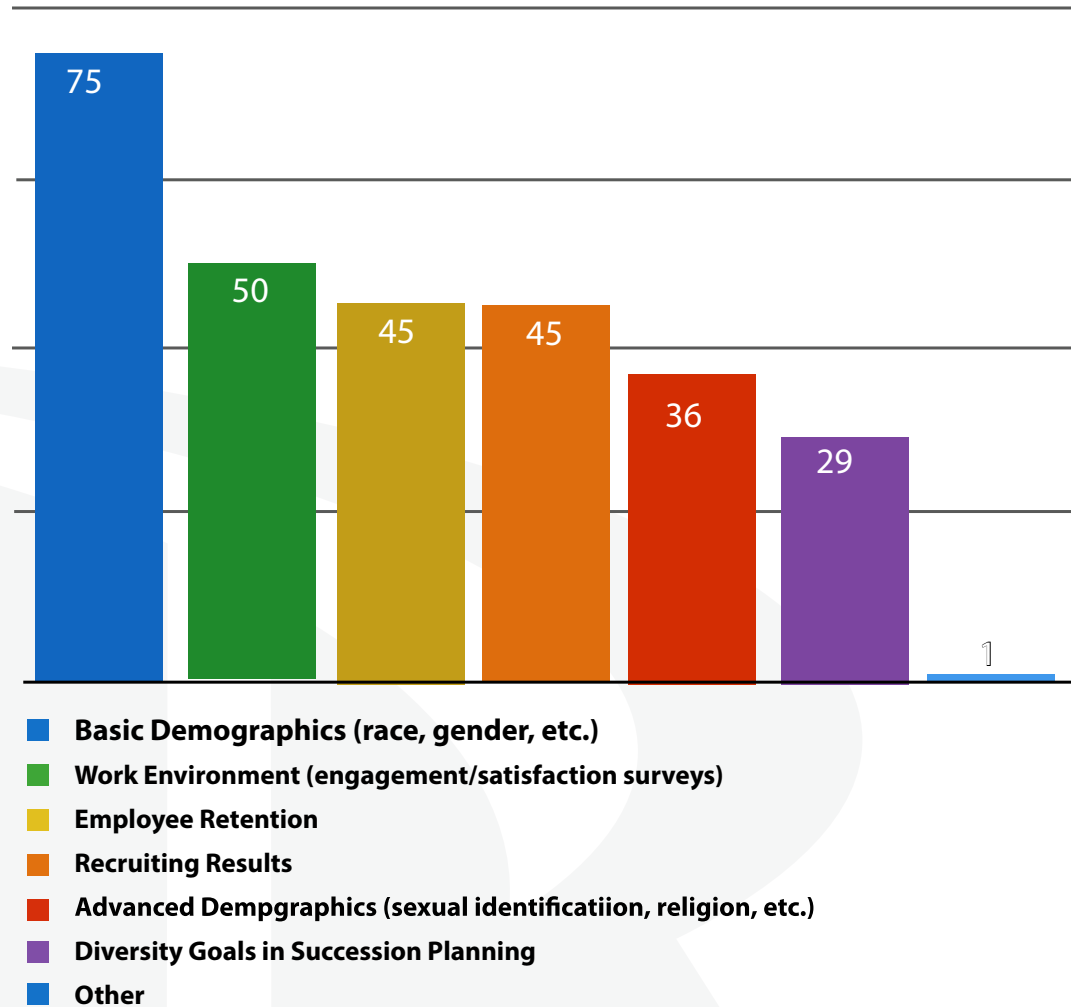


Even though a lack of data or poor metrics remains a significant challenge for our participants, that doesn't mean some form of measurement isn't already taking place.

The data is presented as a percentage of the options the participants selected. The majority of our participating organizations are making some efforts to use demographics, with over one-third of them using advanced demographics. These are helpful and useful metrics for diversity. Measuring inclusion is more complex, but this data suggests some efforts are ongoing here, too. One-half of the participants are using employee engagement or employee satisfaction surveys as a metric, and both of these data types typically help organizations understand the level of inclusion employees feel.

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Percentages of Participating Organizations Collecting Specific D&I Data



The participants in our survey provided some interesting glimpses into current initiatives aimed at improving either inclusiveness or diversity.

Employee resource groups (ERG) are in place to improve inclusiveness in 51% of the participating organizations, and the groups are organized along some of the areas by diversity classifications. For instance, cultural identity/ethnicity/race groups exist in 78% of the organizations using employee groups. Gender-based groups are used in 72% of the participating organizations. In a sign of the times and the increased social visibility on sexual orientation and identity, 57% of the participating organizations offer employee resources groups in this area.

While we did not delve into just how effective employee resource groups are in promoting inclusiveness, we encourage you to explore a fascinating debate about the value of ERG's in a September 2016 issue of [HRMagazine](#) published by SHRM. The article is titled, "Are Employee Resource Groups Good for Business?"



Conclusion and Recommendations

There are no simple answers to the challenges organizations face when trying to increase diversity or improve inclusiveness. Part of the problem is the sheer complexity of human behaviors and attitudes. Another aspect of the problem is arriving at a shared vocabulary for some of the conversations that need to occur around the issues of race, religion, ethnicity and inclusiveness.

For example, the term “diversity” can have multiple meanings, some of which are context-related. Does diversity include political views? Personality types? Age? Communication styles? Level of digital literacy? We could go on and on, but the point is that this is a complex challenge that many organizations are trying to solve.



To help you get a handle on common D&I issues, we suggest the following steps or actions:

Train all employees and every level of leadership. The training that many people need will vary from person to person and organization to organization. But an excellent place to start is with emotional intelligence (EQ). Improved mastery of this competency is possible, and improved mastery of EQ will improve a wide range of performance areas across your entire organization. Additionally, improved EQ can serve as a great starting point for true inclusiveness throughout your organization. Other topics could include “Unconscious Bias” training across your entire organization - along with manager and supervisory skills, listening skills, problem solving, and verbal communications.

Focus on developing reliable data and systematic methods for collecting data. There are many outstanding solutions on the market that can assist with D&I program data collection and analysis. The outcome of measuring a D&I program will only be as accurate as the data being measured - so ensuring you have the right tools in place for this key step in the process is critical.

Invest in employee engagement. There are so many avenues for engaging employees across your entire organization, and there seem to be new ones emerging every day! But the basic tool set might include a survey tool, eLearning technology, and social learning & collaboration applications. Each of the tools out there can help you solve multiple problems such as basic communication issues and provide additional learning opportunities to boost your training efforts.

Leverage internal groups and consider measuring their impact. About half (51%) of survey respondents said their organizations use internal groups, such as ERGs, to focus on inclusion. Organizations with such groups should consider measuring these programs and integrating the resulting insights into the metric strategies already in place for their D&I programs. In short, assess the effectiveness of ERGs and how they impact the organization's overall D&I program. If an organization lacks such groups, it may want to encourage employees to form them. And even without such groups, companies can reach out via communication programs. After all, one of the cornerstone elements to employee engagement is that employees believe their opinions matter.

We are not suggesting that these four recommendations are a panacea to complex D&I challenges. We are suggesting that these are four actionable steps you can take starting today to improve the quality, effectiveness and impact of your ongoing D&I initiatives.

To learn more about solutions to enhance your Diversity & Inclusion program, please visit our sponsor, [Affirmity's website](#).