Diversity & Inclusion

A framework for reassessing your company's programs

TRENDICATORS

HR Research & Insights by Engage2Excel™ Group

In light of recent events,
it is clear that diversity and inclusion
are not just political issues.
We have an ethical responsibility to
defend, promote and seek out
diversity and inclusion in every facet
of our society. And there is no place
where dedication to progress can
make a greater impact than
in the workplace.

END
DISCRIMINATION

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Recent events compel every company to reassess its strategies to foster and promote diversity and inclusion.

Few in the HR community would disagree that we, as a society, have reached a tipping point with regard to issues of discrimination, diversity and inclusion. Public outcry and protest over what many consider to be longstanding and systemic enablers of injustice, racism and inequality have forced all organizations to reassess and reimagine their strategies and programs for Diversity and Inclusion (D&I).

What is a Tipping Point? Malcolm Gladwell, who popularized the term in his 2000 book of the same name, defines a tipping point as "the moment of critical mass, the threshold, the boiling point." The following is a brief recounting of events that have created a critical mass of support for change.

Outrage Erupts Over Police-Involved Killings: The Black Lives Matter (BLM) movement began in 2012 in response to the acquittal of the man who killed teenager Trevon Martin in Florida. The movement grew rapidly in ensuing years, bringing heightened attention and outpourings of anger and protest following a series of highly publicized killings of black Americans by white police officers. Then, on May 25, 2020, amidst the devastating impacts of the COVID-19 pandemic, the death of George Floyd galvanized the BLM protest movement, generating widespread support from Asian American, Latinx, white and LGBTQ individuals, igniting protests around the world.

#MeToo Movement Ensnares Prominent Abusers: Concurrent with the BLM movement, the #MeToo movement began in October 2017, with dozens of women accusing Hollywood mogul Harvey Weinstein of sexual harassment, abuse and rape. By the end of that year, 68 prominent corporate executives, actors, elected officials and television personalities resigned or were fired or prosecuted for sex-related offenses and allegations. According to the New York Times, by the following year, #MeToo brought down a total of 201 prominent

men. But none of these cases were more egregious or disturbing than that of Jeffrey Epstein. He committed suicide after finally being brought to justice for decades of exploitation and abuse of dozens of teenage victims.

Supreme Court Ruling on Behalf of LGBTQ Employees: On June 15, 2020, the U.S. Supreme Court ruled that the 1964 Civil Rights Act protects gay, lesbian, and transgender employees from discrimination based on sex. Writing in the majority opinion, Justice Neil Gorsuch, President Trump's first appointee to the court, summarized this capstone event. "Today, we must decide whether an employer can fire someone simply for being homosexual or transgender. The answer is clear."

Three-Quarters of Americans Agree on the Need for Change: We have indeed reached a moment of critical mass. A recent poll by Monmouth University found that 76% of Americans now say that racial and ethnic discrimination is a big problem in the United States. This number has increased 25 percentage points, from 51% in January 2015 and 68% in July 2016. Large majorities of Americans who are black (90%), from other minority groups (81%), and white (71%) say racial and ethnic discrimination is a big problem.

About This Report: This publication is not a playbook for reinventing your D&I policies and programs. It is intended only as a framework for stimulating internal discussions around the reassessment of your organization's approach to ensuring a more diverse, inclusive and equitable work environment. It begins with a look at national survey data regarding the perceptions of minority employees and includes insights for generating C-suite support and ideas for building your business case, facilitating change, strengthening your Employee Value Proposition (EVP), improving talent acquisition and enabling front-line managers.

What do members of various ethnic groups think about the diversity and inclusiveness of their cultures?

One starting point for evaluating D&I programs is analyzing employee perceptions. Jack Wiley, Ph.D., Engage2Excel's chief scientific officer, has more than three decades of experience in tracking employees' work attitudes. The following are excerpts from a recent interview.

How do you measure employee perceptions regarding their employers' D&I programs?
There are five items that we typically use to assess organizational support for D&I. These include the ease with which people from diverse backgrounds are accepted, the employer's track record for recruiting people from diverse backgrounds, diversity as part of the organization's culture, the extent to which leadership is committed to diversity and support for the enablement of people from diverse backgrounds to excel.

How have employee perceptions changed over the years?
Over the past 25 years, we have witnessed a steady improvement in favorability ratings regarding D&I. The national average for our five-year composite D&I dimension score registers at 71% favorable. A favorable result of 70% or more is generally considered to be a "strength" for an organization. The significant differences between racial/ethnic groups on the D&I dimension scores that once held true historically have largely vanished. For example, our composite D&I dimension score for White Americans (72%) is the same for Black Americans. Hispanics score fundamentally the same (71%), while Asian Americans lag behind (68%). This represents tremendous progress. Twenty years ago, it would have been common to see Black American perceptions of organizational D&I support trailing that of White Americans by 15 to 20 percentage points.

Employee Perceptions of Workplace Diversity & Inclusion
5-Year National Average Dimension Scores

	% Favorable
Asian Americans	**68%**
Hispanic Americans	**71%**
Black Americans	**72%**
White Americans	**72%**

SOURCE: RESPECT Engagement Survey Normative Study

Despite progress from a national perspective, is there room for improvement? The overall national average for our composite D&I dimension score shows that 20% of employees are neutral and eight percent are unfavorable. That means there is still a considerable percentage of employees (i.e., 28%) who do not rate their organization's D&I policies and practices favorably. The implication is that as a nation, we still have an opportunity for improvement.
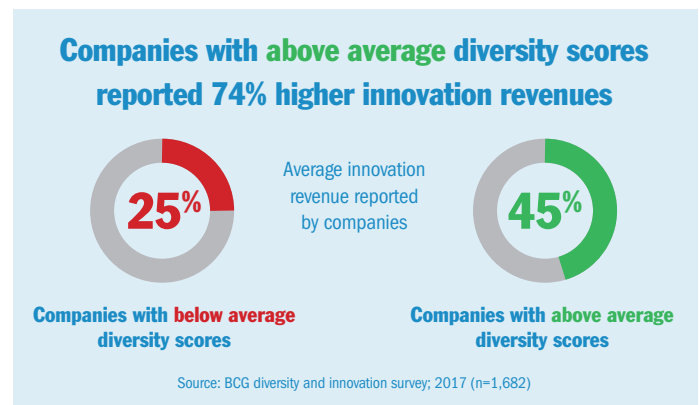
What advice do you have for employers who are reevaluating their strategies for D&I? As a survey practitioner, I recommend establishing a baseline of survey results. Subsequent D&I progress can then be tracked against the baseline. But as a social scientist, I always want more data. For example, for the groups under consideration, I would want to know how successful an organization's methods are for recruiting, onboarding, socializing, training and performance coaching. Are all employees being properly recognized and rewarded? Do we see differences in attrition rates or employee engagement scores? Net-net: I would view the D&I survey results as important indicators of overall progress.

Companies with diverse cultures are more innovative, competitive, profitable and attractive to job candidates.

While corporate D&I initiatives have recently become front-page news, investment has been growing steadily for decades. In 2003, MIT professor Thomas Kochan reported that companies spend an estimated $8 billion a year on diversity efforts. In 2019, 234 of the companies in the S&P 500 employed diversity officers, 63 percent of whom had been appointed or promoted to their roles in the previous three years.

D&I Backlash: When prominent CEOs recently voiced support for the Black Lives Matter movement, many were taken to task in the mainstream media because of the gross under-representation and inequitable wages of minorities and women within their companies.

Inflection Point: However, it appears that recent events have led to what many hope is an inflection point. Rather than focusing on D&I as a compliance problem, many corporate leaders are beginning to recognize that creating a more diverse and inclusive culture benefits the bottom line.

Companies with above average diversity scores reported 74% higher innovation revenues

25%

Average innovation revenue reported by companies

45%

Companies with below average diversity scores

Companies with above average diversity scores

Source: BCG diversity and innovation survey; 2017 (n=1,682)

Bottom-Line Benefits: In generating support for rethinking your company's D&I strategy, it is critical to help stakeholders understand the bottom-line benefits.

- A survey by the Boston Consulting Group found that companies with above-average diversity scores produced nearly twice the average innovation revenues as companies with below-average scores.

- The Peterson Institute for International Economics states that companies in which 30% of leaders are female earn 6% more in profits compared to those without female leadership.

- McKinsey & Company reports that companies with the most ethnically diverse executive teams are 33% more likely to outperform their peers in terms of profitability.

- According to ZipRecruiter's 2019 diversity survey, 86% of job seekers said diversity is an important factor when looking for a job.

The evidence is clear. Improving the effectiveness of your D&I programs is not only about doing the right thing morally. It's good for the bottom line.

Improving diversity and inclusiveness requires introspection and behavior change, best demonstrated by the CEO.

Winning C-suite support is vital to the success of any enterprise-wide initiative. But unlike other initiatives, for which the bottom-line benefits may be enough to gain sponsorship, CEOs must set an example to achieve the behavioral and cultural changes required to improve workplace diversity and inclusiveness.

To understand why, we need to explore the behavioral and systemic influences that negatively impact the achievement of D&I goals and objectives and inhibit collaboration and inclusiveness.

Unconscious Bias: While we all like to think that we are unbiased, inclusive and objective, we tend to gravitate towards people who think and act like us. The first step toward reducing unconscious bias is awareness of how bias can affect others and an organization's business goals.

Unintentional Outcomes: Embedded within every corporate culture are processes, practices and micro-behaviors that inhibit collaboration and inclusiveness. In meetings, for example, innovative thinking can be promoted by soliciting everyone's opinions rather than the same people, being open to challenges and making decisions that are regarded as fair and balanced.

How CEOs can create structures and policies that help drive inclusive cultures

DEVELOP personalized mentoring and coaching programs

SUPPORT sponsorship programs to connect high–potential talent with senior executives

ENCOURAGE diverse talent to speak with managers about barriers they are facing and put actions in place for overcoming these

EMPOWER diverse talent to talk openly about their experiences and to help others understand how to become more inclusive

Source: The Harvard Law School Forum on Corporate Governance

These changes require introspection and challenges to the status quo, which are behaviors that must first be modeled and promoted by the CEO daily.

Driving Change: In addition to modeling behaviors, CEOs should help create structures and policies that drive inclusive cultures. The Harvard Law School Forum on Corporate Governance recommends that CEOs be involved in the development of mentoring and coaching programs and the sponsorship of high-potential talent by senior executives. CEOs play an important role by encouraging diverse talent to share their experiences with others and to work with managers to overcome the barriers they have encountered.

Angela Peacock, of the D&I training company PDT Global, recommends approaching diversity and inclusion as separate topics when initiating dialogue. Believing that many in the C-suite do not understand the difference between diversity and inclusion, she advises that targeting these topics separately can help to reinvigorate support and accountability for your D&I programs and goals.

Diversity and inclusion fall under HR in most companies, but what role should HR play in fostering change?

According to a survey conducted by the Society for Human Resource Management (SHRM), HR departments own primary responsibility for D&I at 59% of organizations. They are responsible for implementing diversity initiatives at 64% of organizations. Each of the primary operational functions performed by HR—talent acquisition, compensation and benefits, organizational development, learning and development, performance management, career planning and succession planning—directly impact D&I success.

Improving Outcomes: In the current business climate, where D&I programs are being widely faulted for failing to achieve meaningful results despite decades of programmatic effort, HR departments must decide what role they will play in fostering change. HR leaders who seek to move beyond operational compliance to foster strategic and cultural change need to master the art of change management.

HR as Change Agent: While traditionally it has been up to senior leadership to facilitate and enable change, HR professionals possess the skills, training, domain expertise and data that are vital for facilitating meaningful change throughout the organization to improve D&I outcomes.

However, in taking on the role of D&I change agents, HR leaders face daunting challenges. Amid organizational upheaval from COVID-19 and on the heels of years of successive transformational change initiatives, "change fatigue" is likely to represent the single greatest barrier to success.

Many models and frameworks exist for managing change. One such model, developed by Kurt Lewin in 1947, is still widely used today because of its simplicity and ease of use. Regardless of which model your organization adopts, the three steps of Lewin's model, shown below, provide a useful roadmap.

Lewin's Change Management Model

⇡⇡⇡ UNFREEZE

- Recognize the need for change
- Determine what needs to change
- Encourage replacement of old behaviors and attitudes
- Ensure there is strong support from management
- Manage and understand the doubts and concerns

↻ CHANGE

- Plan the changes
- Implement the changes
- Help employees understand new concepts

❄ REFREEZE

- Changes are reinforced or stabilized
- Integrate changes into the normal way of doing things
- Develop ways to sustain the change
- Celebrate success

Words vs. actions: Are diversity and inclusion an authentic part of your culture and Employee Value Proposition?

In 1999, when online access was becoming pervasive, an important prediction was made in a book titled The Cluetrain Manifesto. "Through the internet," the authors observed, "people are discovering and inventing new ways to share relevant knowledge with blinding speed." Companies that ignored this would do so at great peril.

Fast forward to the present day. As protests erupted over the death of George Floyd, many well-known CEOs rushed to register their support for Black Lives Matter protests on Twitter. Almost immediately, the Cluetrain effect kicked in as these CEOs were chastised for how little progress their companies had made in hiring and promoting people of diverse backgrounds to leadership roles. On social media, employees sounded off with posts about their experiences with workplace prejudice and inequity.

Brand Authenticity: Decades ago, companies built their brands through advertising. Today, consumers and job candidates alike form relationships with brands based on honesty, consistency and integrity. Authenticity can't be bought. It is demonstrated through experiences and actions representing a company's core values.

> **"There's a general trend toward executives in the C-suite being called out and pressure-tested by consumers who want to know where they stand."**
> —Americus Reed, Marketing Professor, Wharton

> **"Although black people account for about 13.4% of the U.S. population, they only occupy 3.2% of senior leadership roles in large corporations."**
> —Yola Robert, Senior Contributor, Forbes Magazine

> **"We need to resist the tyranny of low expectations. We need to open our eyes to the inequality that remains. We won't unlock the full potential of the workplace until we see how far from equality we really are."**
> —Cheryl Sandberg, COO, Facebook

This applies to internal communications, recruitment marketing, community outreach and social media campaigns.

The teams involved in message development and testing should reflect the diversity of your audiences. Also, it's important to be sensitive to how individuals might react when asked to participate in videos and campaigns promoting workplace diversity. Recently, many posts have appeared by employees complaining about the lack of compensation for such activities and their fear of reprisal if they refused to participate.

In reassessing your organization's D&I strategies and goals, it is vitally important to make sure that the messages and ideals expressed through your Employee Value Proposition (EVP) are meaningful, measurable, achievable, authentic and true.

Reevaluate recruiting process and strategies to ensure a sustainable approach to diversity and inclusion.

Talent acquisition plays a critical role in creating and maintaining a diverse and inclusive culture. To better understand opportunities for improvement, we spoke with Darren Findley, president of Engage2Excel Recruitment Solutions. Darren has 35 years of experience in helping leading brands improve recruiting operations. The following is a summary of Darren's suggested considerations for reevaluating the recruiting methodology to more effectively support D&I objectives.

Common Oversights: Organizations often create a D&I policy without the grassroots programs needed to ensure frontline adoption. Managers need to create an environment of inclusion and openness where employees feel free to collaborate and express ideas, regardless of gender, sex, race or sexual identity. Welcoming diversity of thought often means understanding where systemic barriers, such as hierarchal management structures, unintentionally impede the expression of new and different ideas.

Sourcing: Effective sourcing begins with targeting. To increase your workforce's representative nature, you need to target your messaging and recruiting venues to engage the right audiences. Understanding the available talent pool in the markets you're in is vital. This may require creative solutions in your outreach based on market data.

Outreach: Don't operate recruiting in a silo. Capitalize on or help create outreach activities that support commitment to the communities where you are recruiting. For example, in healthcare, we have seen that health fairs and school-based wellness education helped to increase diverse applicant flow. Applicants need to envision themselves as part of your culture and believe in the authenticity of your organization's values.

Interviewing: Be prescriptive. Define the number of diverse candidates you'll require in the process. Next, training is needed to ensure interviewing around competencies instead of preferences. Absent training, interviewers are biased toward people similar to themselves. Focus on competency and you'll almost always hire individuals who can demonstrate success in the role. It is particularly important to obtain C-suite support for creating an inclusive environment. And if a hiring committee is involved, it goes without saying that the group should reflect the diverse nature of your target candidates.

Outsourcing: Partnering with a recruiting partner effectively ensures accountability for building a diverse slate of candidates. In today's talent market, where an abundance of candidates may exist for any given role, outsourcing can enable you to focus internal resources on strategic initiatives while your partner is generating and hiring the best qualified candidates.

Cultivating inclusive leadership skills in managers is imperative for current and future business success.

The behavior and actions of front-line managers can make or break progress on achieving D&I objectives. Day-to-day interactions between managers and their teams profoundly influence employee experiences, engagement, performance and retention.

Some experts believe that diversity training for managers is ineffective and can even produce adverse results. But basic training in people management skills is lacking, with 58% of managers reporting they have never received any such training, according to a Career Builder survey.

Research conducted by the Boston Consulting Group (BCG) revealed that more than a quarter of employees at large companies do not feel that their managers are committed to D&I.

To improve D&I support from front-line managers, BCG recommends the following measures:

- Make D&I a part of the company's DNA

- Offer leadership development programs

- Translate cultural shifts into concrete changes in daily routines

- Provide people management tools that support inclusive personnel decisions

- Communicate expectations and hold leaders accountable for results

Ultimately, managers need to understand that D&I isn't just about doing what's right. It's about helping them become more effective leaders.

The Engage2Excel group of companies creates engaging career and consumer experiences. Its Career Experience Suite (CXS) provides recruitment, onboarding, employee recognition, manager development and employee survey solutions tailored to each organization and designed to help clients find and keep their talent. With over 3,000 client partners, Engage2Excel has a proud heritage of developing innovative solutions that improve competitive advantage and boost bottom-line results.

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