Delivering on Diversity and Inclusion: How Employers Can Achieve Measurable Results

visier®

**Outsmart.
Outperform.**

Introduction

A PwC benchmarking survey reveals that "most organizations track employee demographics (e.g. gender), but less than half measure discrepancies in compensation, performance, or promotions based on these attributes." [1]

This guide helps Chief Diversity Officers (CDO) understand how they can incorporate data-driven decision-making into their organization's diversity agenda. With data and analytics, D&I leaders are in a better position to create working environments where everyone–regardless of ethnicity, gender identity, sexual orientation, age, social class, mental or physical ability, or other characteristics–will reach their full potential and feel valued.

In this report, you will learn:

- Why Chief Diversity Officers face unique challenges
- How to avoid common data pitfalls
- How to optimize an important lever for change
- How to gain C-suite buy-in for key programs

Businesses aren't delivering on the promise of D&I

Diversity is now a business imperative. Almost half of all companies on the S&P 500 index have a Chief Diversity Officer (CDO) or equivalent, according to a recent Russell Reynolds report.[2] Two-thirds of the people in these roles have been appointed or promoted to their positions within the past three years.

While the majority of organizations state that diversity and inclusion is a top value or priority, achieving meaningful results is not easy:

- In spite of incredible media attention, the latest Visier Insights report found the gender pay gap for workers under age 40 at US companies actually increased in 2017 when compared to 2016.[7]

- According to Mercer data, current female hiring, promotion, and retention rates are insufficient to create gender equality over the next decade.[8]

- In 2018, the number of black CEOs on the Fortune 500 reached a 16-year low.[9]

- A recent study found the technology industry hires a higher proportion of younger workers and a smaller proportion of older workers than non-tech.[10]

Clearly, improving diversity is not easy, but when organizations put rich insights in the hands of the right people–from the CEO to line managers–and they share those numbers using a thoughtful approach, it is possible to drive meaningful change.

The benefits of D&I extend far beyond improving public perception and avoiding workplace discrimination risks:

- A Boston Consulting Group (BCG) study found that companies that have more diverse management teams are more innovative, and have 19% higher revenue as a result.[3]

- Companies with the most ethnically diverse executive teams are 33 percent more likely to outperform their peers on profitability, according to McKinsey.[4]

- Nearly half of millennials want to work at diverse companies, according to a survey conducted by the Institute for Public Relations.[5]

- In 2017–with the goal of helping business leaders see the return on investment in hiring autistic employees–six major companies (Ford Motor, DXC Technology, EY, Microsoft, JPMorgan Chase, and SAP) formed the Autism at Work Employer Roundtable.[6]

The Unique Challenges D&I Leaders Face

D&I leaders are tasked with setting and executing a strategy, embedding it into the organization and talent management process, as well as managing compliance risk and the external reputation of the organization. This is an important, but particularly challenging, mandate to deliver.

A 2016 study by sociologists Frank Dobbin and Alexandra Kalev found the three most popular diversity programs–mandatory diversity training, job candidate testing, and grievance systems–actually make firms less diverse.[11] Here are some of the hurdles getting in the way of success.

Disconnection from Business Priorities

While diversity is a worthy goal in and of itself, to get proper funding to drive meaningful change, D&I leaders need to be able to speak the language of business. This means they need to be continually demonstrating how people issues relate to areas such as innovation, revenue, and enhanced customer service. Without this connection to the business, D&I leaders won't gain the level of support needed to deliver on a vision.

Lack of Data

Only 35% of CDOs are tracking diversity data, according to Russell Reynolds. When people make decisions based on gut feel or heuristics (quick and dirty rules of thumb), it is impossible to accurately determine the root causes of problems. For example, issues like the gender pay gap and a lack of Black or African American people in STEM roles are symptoms of nuanced problems with no quick fixes and require an evidence-based approach.

Employee Backlash

The changes that D&I leaders are championing can be threatening to employees in an intensely personal way. The Dobbin/Kalev study found that mandatory diversity training put managers on the defensive by requiring their attendance. Grievance systems also reduce diversity because they often lead to retaliation.

When all of the above challenges are considered together, it becomes clear that CDOs are faced with a seemingly impossible scenario: Affect organizational change–without the full backing of the business–when people are on the defensive.

The ways in which D&I leaders make data part of their communications and decision-making processes will |govern the success or failure of their mandate.

How to Avoid
Common Data Pitfalls

Merely having data is not enough to deliver meaningful changes that create a more diverse and inclusive workplace. These are the four common data mistakes CDOs must avoid.

1. Bombarding People With Numbers

Classic D&I interventions–like mandatory training–are failing because they trigger a sense of threat against the self. When the self is threatened, the natural instinct is to protect and to hold on to what is familiar.[12] This explains why a PowerPoint slide listing shameful diversity numbers can feel like an attack. When diversity numbers are presented within the context of hope for the future rather than a criticism of current mindsets, people are much less likely to be defensive.

2. Measuring Diversity As a Blanket Number

Comparing your organization to the industry by tracking EEOC and other data is a good place to start, but this doesn't always reveal the root causes of issues hampering progress. A better analysis, for example, would look at how the proportion of females changes across leadership levels so you can zone in on the biggest problems, such as hiring or retention issues.

3. Prioritizing Reports Over Insight

Compliance reports filled with general quota numbers aren't useful for decision-making. To start, these reports are generally only seen by the person generating them and the agency its being filed with. When data can be accessed in a way that facilitates exploration (without the need for a data science degree!), it can help organizations understand where to focus their talent efforts to achieve broader goals.

4. Forgetting to Look at Post-Hire Data

How new hires from specific groups fare in the long-term reveals important insights about recruitment practices. When all pre-hire and post-hire data systems are connected into one analytics platform, an organization can quickly–and regularly–analyze the performance of diverse employees and keep an eye on promotions they received (as well as when in their tenure they achieved these). These insights |will help businesses identify high-quality employees who come from a variety of backgrounds.

5. Not Delving Into the
"Why" of Turnover Problems

Retaining diverse talent is just as critical as hiring diverse talent. It's important to not just measure turnover amongst certain groups, but uncover the why of the turnover problem. People from certain backgrounds may choose to leave the organization if they don't feel welcome–or it may just be a matter of job descriptions not meeting reality. Therefore, it is important to not only measure new hire retention and long-term retention of diverse employees, but to dive into the data to understand why these people are leaving.

> **"When data can be accessed in a way that facilitates exploration (without the need for a data science degree!), it can help organizations understand where to focus their talent efforts to achieve broader goals."**

Why the Collective is the Lever for Change

Companies do a better job at increasing diversity when they abandon control tactics and frame their efforts more positively. Voluntary training, hiring diversity managers, college recruitment targeting women and minorities, mentoring, and cross-training managers are all tactics that deliver results.

The tactic that delivers the best results is the creation of diversity task forces, according to Dobbin/Kalev. These teams of volunteers promote social accountability, and bring tailored solutions back to their departments. One reason they may be successful is they aren't simply ordained and implemented from the top.

As business management experts Gary Hamel and Michele Zanini stated in their commentary about change programs,[13] a top-down approach is the main reason why transformational change initiatives have such a dismal track record. They write:

> **"What's needed is a real-time, socially constructed approach to change, so that the leader's job isn't to design a change program but to build a change platform— one that allows anyone to initiate change, recruit confederates, suggest solutions, and launch experiments."**

D&I task forces are an effective form of intervention and they succeed because the people on the front lines are empowered to identify and make change. While security and data privacy must also be respected, hands-on access to the right data at all levels in the organization can help drive change.
When people are active participants in the change, the fear recedes and real progress can be made.

The Power of Data-Driven Insights to D&I Task Forces

- When D&I task force leaders are empowered with insight into the root causes of problems, they can explore and solicit new ideas.

- Insight also fosters accountability since the progress of every part of the organization towards KPIs is on display.

- Hands-on access to data promotes participation in a way that passive consumption can't, inspiring creative solutions and a sense of ownership.

- With the democratization of data, all leaders within the organization can set goals, test the effectiveness of ideas, and celebrate progress.
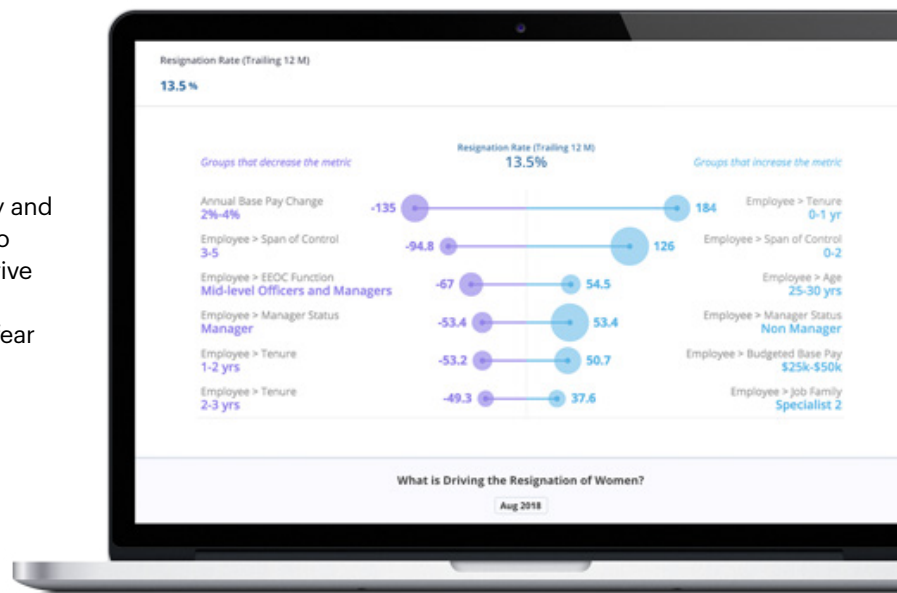
Linking Diversity and Inclusion Efforts to Business Priorities

While more than half of organizations leverage D&I to attract talent or comply with legal requirements, "few are connecting them directly to the achievement of business results, such as innovation or improved financial performance," according to the PwC diversity & inclusion benchmarking survey.

Diversity and inclusion analytics are key to showing how initiatives will lead to better business outcomes and uniquely impact the organization. With a people strategy platform that focuses on D&I analysis, unifies data from multiple sources, and enables users–no matter their data-savvy–to always dig deeper into the data, D&I leaders can:

- Compare the organization to the most recent EEOC benchmarks for their industry and geography to show why investments are needed.
- Apply D&I metrics to the dynamic movement of employees (i.e. promotions, internal moves and retention) so they can predict future trends and pinpoint where interventions are required.

- Clearly communicate organizational changes and diversity insights to the entire team through dynamic, real-time visual storytelling.
- Demonstrate how D&I initiatives have an impact on business performance metrics.
- Understand engagement among diverse employees and monitor the impact engagement has on turnover and exit patterns.
- Securely share insights with all stakeholders to reinforce progress toward goals and to improve accountability.

From beginning to end, a data-driven approach creates a more diverse and engaged workforce. Couple this with transparency and accountability at all levels–from individual employees right through to the CEO–and it is possible to create a foundation for positive change.

Footnotes

1   Diversity & Inclusion Benchmarking Survey; Global
        Data Sheet. PwC. https://www.pwc.com/gx/en/
        services/people-organisation/global-diversity-and-
        inclusion-survey/global-report.pdf

2   Paikeday, T.S., Young, C.S., Sachar, H., and Stuart,
        A. A Leader's Guide: Finding and Keeping Your Next
        Chief Diversity Officer https://www.russellreynolds.
        com/insights/thought-leadership/a-leaders-guide-
        finding-and-keeping-your-next-chief-diversity-officer

3   Lorenzo, R., Voigt, N., Tsusaka, M., Krentz, M., and
        Abouzahr, K. (2018). How Diverse Leadership Teams
        Boost Innovation https://www.bcg.com/en-us/
        publications/2018/how-diverse-leadership-teams-
        boost-innovation.aspx

4   Hunt, V., Yee, L., Prince, S., and Dixon-Fyle, S. (2018).
        Delivering through diversity
        https://www.mckinsey.com/business-functions/
        organization/our-insights/delivering-through-
        diversity

5   Kochhar, S. (2017). Nearly Half Of American
        Millennials Say a Diverse and Inclusive Workplace
        Is an Important Factor In a Job Search https://
        instituteforpr.org/nearly-half-american-millennials-
        say-diverse-inclusive-workplace-important-factor-
        job-search/

6   Eng, D. (2018). Where Autistic Workers Thrive.
        Fortune. http://fortune.com/2018/06/24/where-
        autistic-workers-thrive/

7   Visier Insights Report: Gender Equity Update. Visier.
        https://hello.visier.com/gender-equity-update-2018-
        visier-insights.html

8   When Women Thrive, Businesses Thrive. Mercer.
        https://www.mercer.com/our-thinking/when-
        women-thrive.html

9   Donnelly, G. (2018) The Number of Black CEOs at
        Fortune 500 Companies Is at Its Lowest Since 2002.
        Fortune. http://fortune.com/2018/02/28/black-
        history-month-black-ceos-fortune-500/

10   Visier Insights Report: The Truth About Ageism in
        the Tech Industry. Visier. https://hello.visier.com/
        truth-about-ageism-tech-visier-insights-report.html

11   Dobbin, F. and Kalev, A. (2016). Why Diversity
        Programs Fail. HBR. https://hbr.org/2016/07/why-
        diversity-programs-fail

12   McRaney, D. (2011). The Backfire Effect.
        YouAreNotSoSmart.com https://youarenotsosmart.
        com/2011/06/10/the-backfire-effect/

13   Hamel, G., and Zanini, M. (2014). Build a change
        platform, not a change program. https://www.
        mckinsey.com/business-functions/organization/
        our-insights/build-a-change-platform-not-a-change-
        program

About Visier

Our curiosity, the desire to understand, is inseparable from what it means to be human. But, in the hype of big data analytics, we've forgotten that data does not equal knowledge.

Visier was founded to focus on what matters: answering the right business questions, even the ones you might not know to ask. Questions that shape business strategy, provide the impetus for taking action, and drive better business results.

Visier is dedicated to transforming business analytics, to providing leaders with clear answers to critical business questions—out-of-the-box, without the hassle and cost of data management, statements of work, and development projects.

Visier lets companies say goodbye to data headaches, to complexity, to costly tools, to endless service fees, and to guesswork. A business strategy platform designed by domain experts for business leaders, Visier lets leaders say hello to clarity, to confidence, to meaningful answers—and to better business performance.

For more information, visit visier.com

visier ®

Outsmart.
Outperform.

Visier People®
Your people strategy platform.