



Moving the needle on strategic diversity

Lessons learned from strategic diversity
measurement in 2015 and 2019

Workforce[®]
Business, Strategy and Management

Introduction

Workforce demographics are changing. Labor participation trends from the last census predict that by 2050 there will be no racial or ethnic majority in the United States.¹ Workforce diversity will thus be necessary to ensure organizational survival and open businesses to new markets.

Diversity and inclusion best practices have been at the forefront for some years now. It seems like organizations are constantly being reminded of how far behind they are in creating truly diverse and inclusive work cultures. Organizations are beginning to recognize that besides the moral and philosophical implications, there's also a strong business case for diversity. Studies indicate that when companies commit to diverse leadership, they're more successful, can more easily attract top talent, outperform their peers and can enter previously untapped markets with a keener understanding of those market segments.²

Yet while organizations need to take steps to improve, often they have little guidance about how to accomplish their goals. This leads to public frustration at the pace of change, which is particularly directed at high-profile industries. Two in particular — the movie³ and tech industries⁴ — have been called out recently over their slow pace of change in adopting diversity and inclusion best practices.

While change may happen slowly, it is happening. In 2015, Affirmity (a former

PeopleFluent division) partnered with the Human Capital Media Research and Advisory Group to survey organizational strategic diversity measurement. That survey identified a maturity model for diversity and inclusion best practices and found that one-fifth of all organizations considered their D&I practices advanced.

Looking back on the 2015 strategic diversity measurement survey, has anything changed? How are organizations thinking about D&I in 2019, especially regarding strategic goals? Are HR leaders satisfied with the progress their organizations have made on diversity and inclusion programs? If so, what are examples of their best practices. If not, is there anything they can do to improve?

To answer these questions and more, the Human Capital Media Research and Advisory Group and Affirmity partnered again for the *2019 Strategic Diversity Measurement* survey. The survey is a refresh and expansion of the 2015 survey on strategic diversity measurement. By comparing results examining the best practices from each of the surveys, we can see where the needle has moved on diversity and inclusion and what organizations need to do to advance their D&I goals.

Demographics in brief

The 2019 survey received participation from 506 respondents.

1 Cárdenas, V., Ajinkya, J., and Léger, D. (2011). *Progress 2050: New Ideas for a Diverse America*. The Center for American Progress.

2 Hunt, V., Layton, D., and Prince, S. (2018). *Why Diversity Matters*. McKinsey & Company.

3 *The Geena Benchmark Report 2007-2017*. Geena Davis Institute on Gender in Media.

4 Lien, T. (2018). "As diversity progress in Silicon Valley stalls, advocates call for a new approach." *The Los Angeles Times*.

Key Findings

- Most respondents feel their organizations have a lot of work to do regarding assessing and measuring the impact of their D&I programs.
- Some organizations are far out in front of the pack regarding D&I. Function maturity makes for dramatic differences in measurement practices and outcomes.
- The needle has moved on what constitutes an advanced D&I practice, with 2019 advanced organizations doing even more than advanced organizations from 2015.
- Organizations that are struggling with D&I have plenty of examples to follow to get there.

The 2019 state of strategic diversity measurement

There's still much to do, but look how far we've come

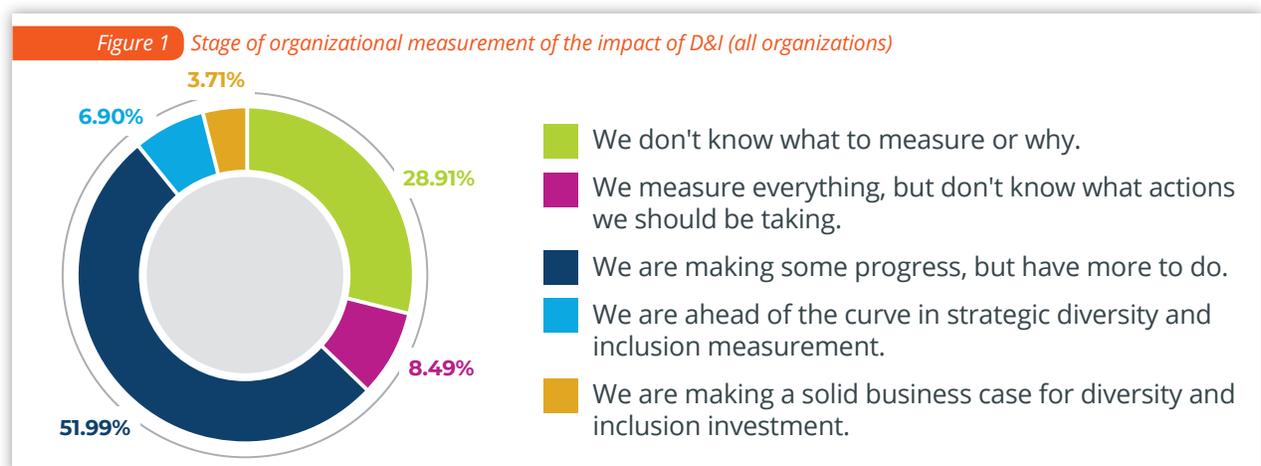
Before we dive into specific D&I practices, let's first take stock of where organizations think they are. What's the state of strategic diversity measurement in 2019?

Most organizations recognize the work cut out for them. Respondents feel their organizations have a lot of work to do regarding assessing and measuring the

impact of their D&I programs. Half of all organizations (52%) say they've made progress but have more to do (Figure 1).

One reason organizations feel this way could be that diversity and inclusion work is never truly finished — there isn't an end to D&I practices. "Practicing diversity" is an ongoing process that doesn't stop at worker parity. In 2010, Third Sector New England (TSNE) published a step-by-step guide to establishing diversity best practices. In its guide, TSNE noted that D&I work is not always linear, and efforts must be continuous to succeed.⁵

Organizations might not know exactly what to measure or why, but that doesn't stop



⁵ TSNE (2010). *Diversity & Inclusion Initiative Step-by-Step: A Guide to Achieving Diversity and Inclusion in the Workplace*.

“There is no beginning and end on a checklist. Achieving diversity and inclusiveness in your workplace is instead a process for creating change through education, collaboration and vigilance.”

—Third Sector New England

them from collecting at least some metrics. Nearly 9 in 10 organizations (87.9%) track workforce demographics in some way, either using an integrated system, specialized software or a manual process. More than half of all organizations (51.3%) track metrics through an integrated HR system (Figure 2).

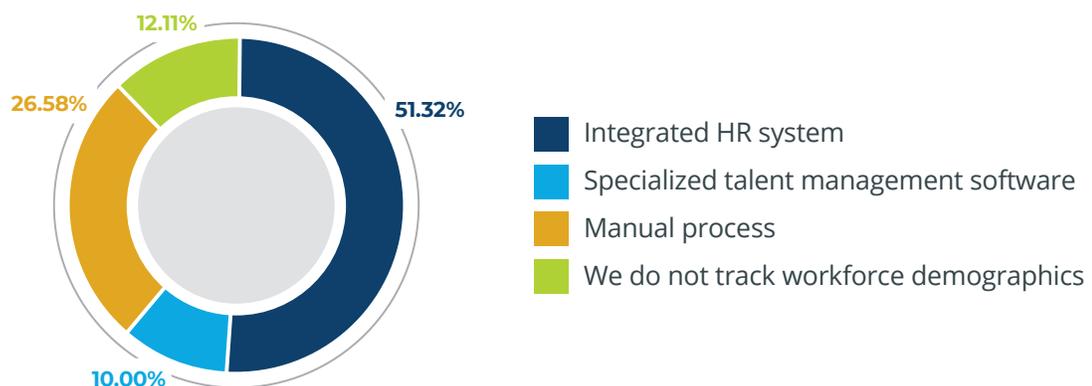
Tracking metrics is only one step in implementing D&I initiatives; organizations must use those metrics in some functional way. Organizations further along in our D&I maturity model have figured out what to do with these metrics, while lagging organizations haven't — yet.

The 2019 strategic diversity measurement maturity model

How do we define D&I organizational maturity? On both the 2015 and 2019 surveys, we defined it this way:

- Undeveloped: Little has been done to integrate D&I goals with organizational goals.
- Beginning: Some efforts have been made in using D&I as a public relations function, and we are thinking about how D&I helps to position our organization as an employer of choice.
- Intermediate: We have deployed several different D&I initiatives

Figure 2 Tracking workforce demographics (all organizations)



piecemeal and have a plan for aligning D&I initiatives with organizational goals.

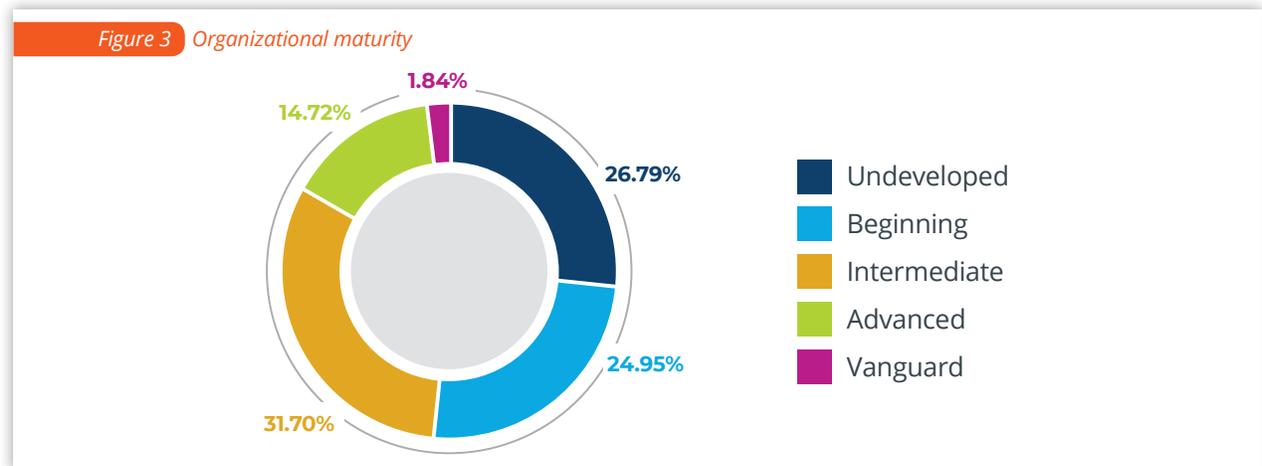
- **Advanced:** The D&I strategy at our organization is well aligned with the organizational goals and needs. Our D&I efforts are strategic and planned. We track D&I metrics and set annual goals for improvement.
- **Vanguard:** We not only track D&I metrics, we use analytics to problem solve for recruiting and succession planning. D&I initiatives are wholly strategic and directly contribute to the achievement of organizational goals such as innovation, recruitment, retention and succession planning.

A third of all organizations identify their D&I practices as in the Intermediate stage. Just over half (51%) say they are either

Undeveloped or Beginning their D&I journey. Some organizations are far out in front of the pack. The remaining 17% feel their efforts are either Advanced or Vanguard (Figure 3).

By asking survey respondents to self-identify their organization's development stage and then looking at the responses of those organizations with more mature functions, we can identify what some organizations are doing differently to advance their D&I practices.

For the remainder of this report, organizations with either Advanced or Vanguard practices will collectively be referred to as Advanced organizations.



The impact of organizational maturity on strategic diversity

Advanced organizations do more and achieve greater success with D&I than the average

When compared to the average, the survey makes this clear: organizational maturity leads to dramatic differences in measurement practices. When looking at the data from the advanced organizations compared to the average, we find the advanced do a lot more in terms of measuring, implementing, benchmarking and executing D&I strategies.

Implementing strategic tasks

The goals for the D&I function haven't changed much since our last survey. In 2015 as now, the top strategic goals D&I functions have been tasked with are to create an inclusive company culture and increase employee engagement.

While organizations seem cautious about self-identifying as advanced regarding D&I, their actions reflect advanced thinking. Advanced organizations have more leadership buy-in and experience fewer roadblocks to program implementation than organizations on average.

For example, many have been tasked with creating an inclusive company culture (71.7%) and increasing employee engagement (63.2%). However, not only have more advanced organizations been tasked with these projects (80.9% and 76.5% respectively), but significantly more of them have been tasked with other goals as well. From fostering collaboration to helping their organization become an employer of choice, more advanced

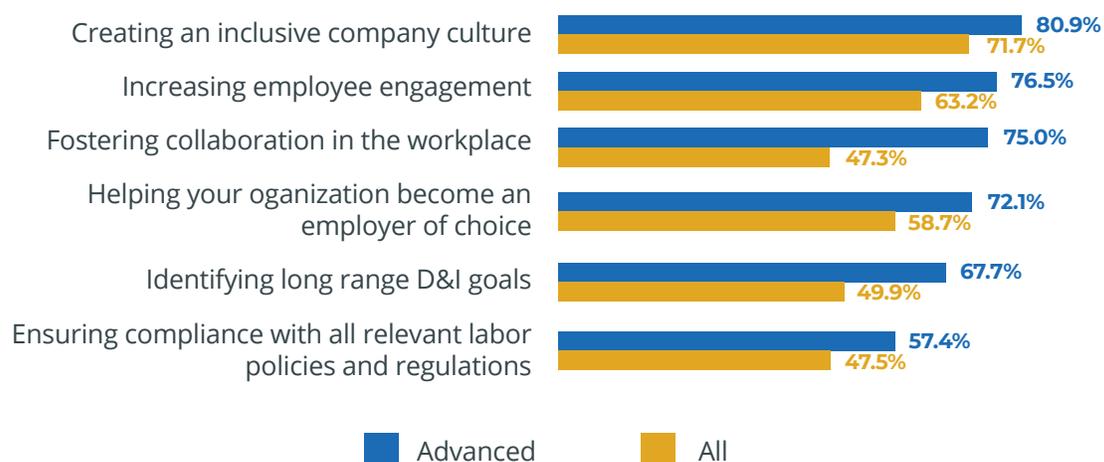
organizations are expected to solve a wide range of D&I goals (Figure 4).

Benchmarking, internally and externally

Collecting information on the current workforce is a basic tenet of strategic diversity measurement. The survey shows that nearly everyone tracks basic⁶ workforce diversity demographics (79%). However, for the average there is a sharp drop-off in tracking other metrics, such as additional⁷ or emerging⁸ workforce diversity demographics. Meanwhile, advanced organizations are about twice as likely as the average to be tracking all of it and then some (Figure 5).

Collecting internal workforce data is but one piece of the diversity puzzle; organizations should also benchmark their data against outside sources. Industry data, census data and comparisons can all pinpoint where an organization stands in its diversity and representation compared to its industry or community at large.

Figure 4 Strategic goals the D&I function has been tasked with (by organizational maturity)

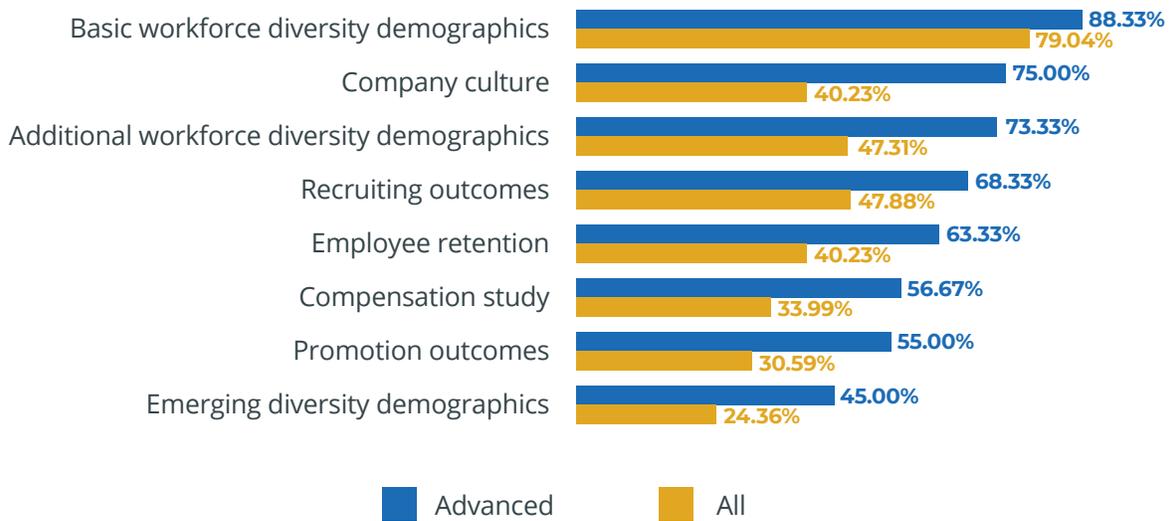


6 As defined in the survey, "basic diversity demographics" are gender and ethnicity.

7 As defined in the survey, "additional diversity demographics" are veterans' status and disability status.

8 As defined in the survey, "emerging diversity demographics" are LGBTQ, sexual orientation, religion, age and others.

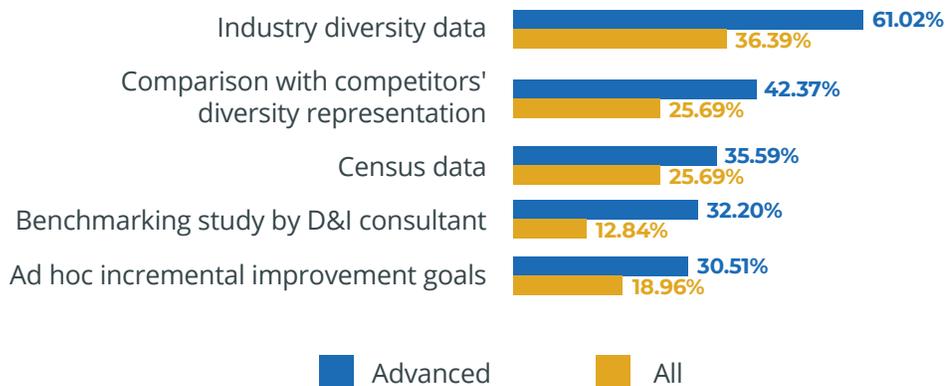
Figure 5 Metrics used to measure the impact of D&I (by organizational maturity)



Advanced organizations are on board with external benchmarking. Survey respondents report that advanced organizations are more likely to use external benchmarks to measure the success of D&I goals than the average. Every type of external data source we asked about on the survey saw greater use by advanced organizations, often by statistically significant margins (Figure 6).

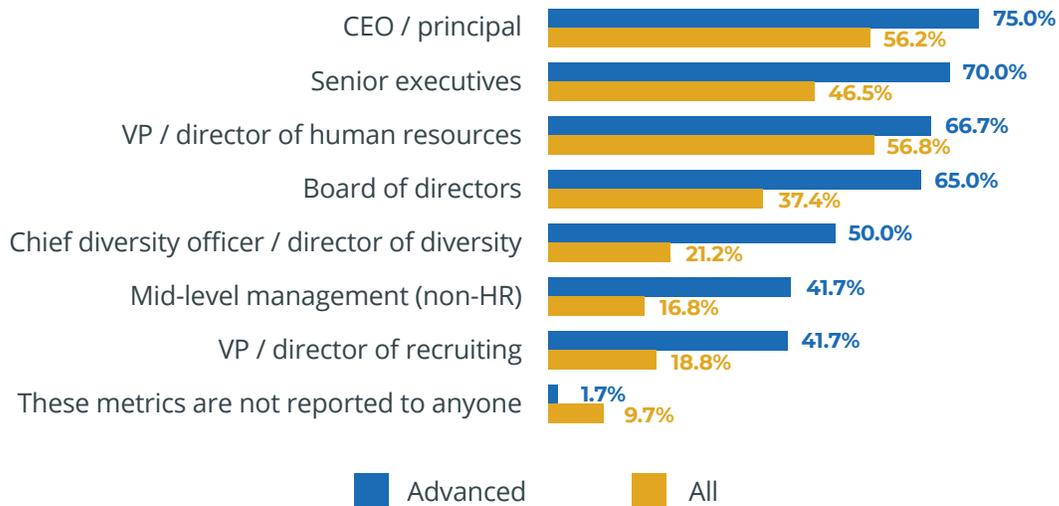
One part of using metrics effectively is being able to report them so stakeholders can identify areas of success and places where the organization needs improvement. For D&I efforts to succeed, CEO involvement and approval is critical. So much of a company's culture is driven from the top down, both initially (for startups) and through daily interactions.⁹ Without CEOs' willingness to make

Figure 6 External benchmarks used to measure success of D&I goals (by organizational maturity)



9 Rodriguez, S. (2019). "AT&T's Stephenson Shows Businesses Can't Solve Diversity Unless the CEO Gets Involved." Inc.

Figure 7 To whom metrics are reported (by organizational maturity)



diversity an organizational priority, most efforts won't succeed.

Advanced organizations recognize this and report metrics accordingly. Advanced organizations are 20-25% more likely to report workforce diversity metrics to the CEO, senior executives and board of directors. They're also much more likely than the average to report diversity metrics

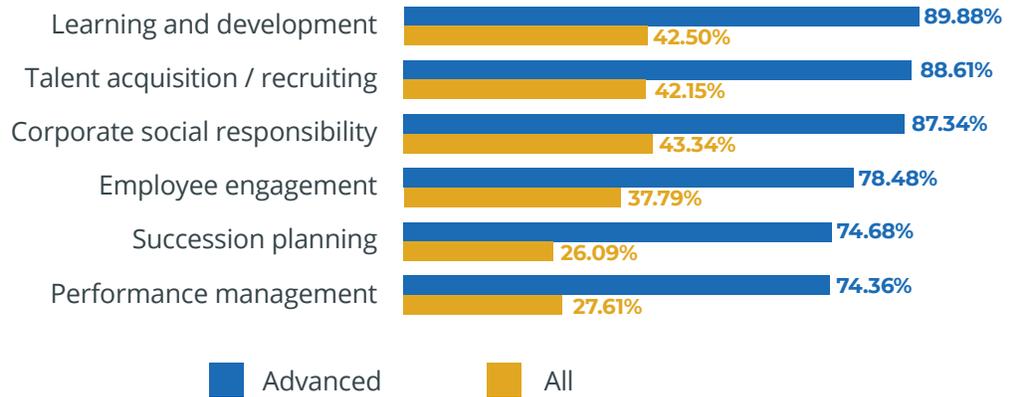
to non-HR mid-level managers. Meanwhile, nearly 1 in 10 of the average don't report metrics to anyone (Figure 7).

Along with the numerous individuals the advanced group reports metrics to, they also have more line-of-business stakeholders for D&I than the average. Of note is company employees. Advanced organizations are significantly more likely

Figure 8 Key stakeholders for accomplishing diversity goals (by organizational maturity)



Figure 9 Integration of the D&I function with other talent management or corporate functions (by organizational maturity)

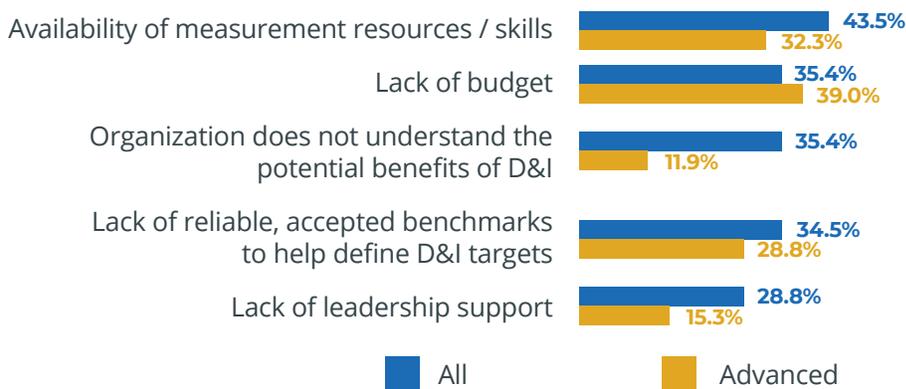


than the average to identify this group as D&I stakeholders (Figure 8). When enthusiasm and support for D&I cascades from the top, it creates buy-in throughout the organization.

Advanced organizations are also more likely to have D&I **integrated with other talent management and corporate functions**. This is very dramatic. Almost all the answers for the advanced group are double the average or more (Figure 9).

Note: The advanced group faces similar challenges with securing budget and identifying diversity benchmarks as the average. However, advanced organizations report fewer challenges in other areas, such as understanding D&I's benefits to the organization, securing leadership support or gathering measurement resources and skills (Figure 10).

Figure 10 Barriers to increasing the effectiveness of strategic D&I measurement (by organizational maturity)



Strategic diversity improvements between 2015 and 2019

We've moved the needle on what good looks like

While advanced organizations do more than the average, 2019 advanced organizations do even more than their 2015 counterparts. By examining responses from 2019 advanced organizations and

comparing them to advanced organizations from the 2015 survey, we can see how far the needle has moved on what constitutes an advanced D&I practice.¹⁰ With 2019 advanced organizations doing more than advanced organizations from 2015, the line has shifted between what organizations from 2015 considered good diversity practices and what good means today.

Consider these insights from the 2015 survey compared to the 2019 survey: More 2019 advanced organizations report their D&I initiatives as highly integrated with other functions than advanced organizations did in 2015 (Figure 11).



More advanced organizations in 2019 have been tasked with the strategic goals

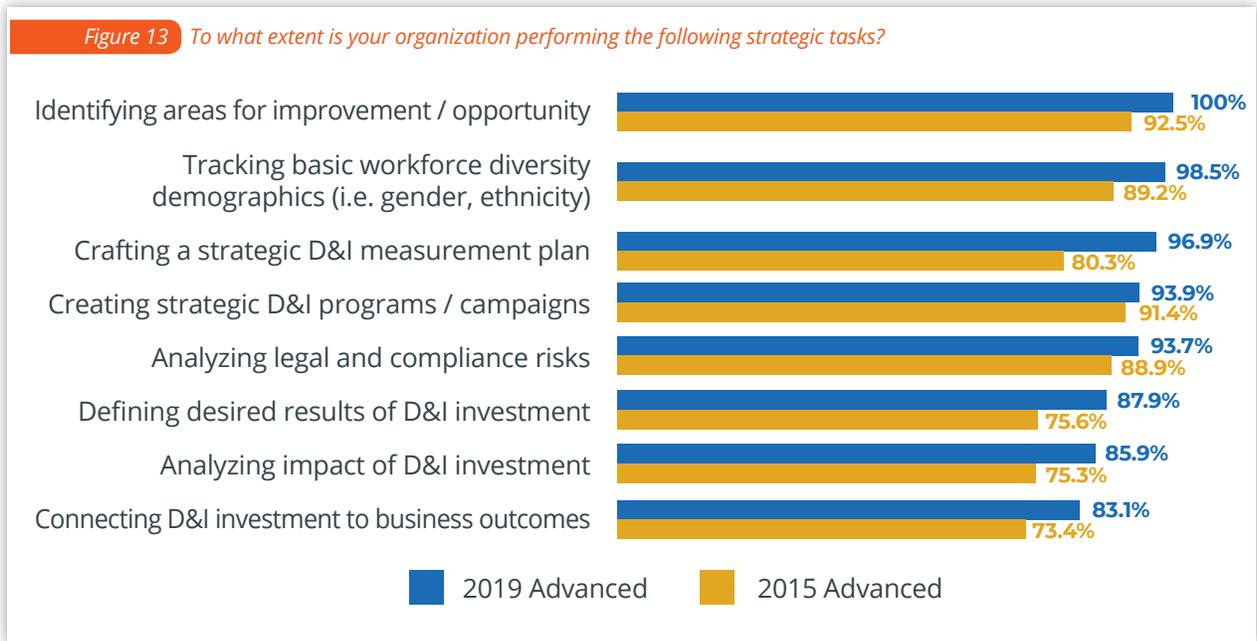
of fostering innovation and collaboration than in 2015 (Figure 12).



¹⁰ Note: While the questions asked on the 2015 and 2019 surveys were the same, the respondents were not. Because different survey populations answered the surveys in 2015 and 2019, the following charts are not intended to show 1:1 direct correlation. Rather, the data is presented as a reflection of how many 2015 advanced organizations had certain diversity measurement practices in place, compared to 2019 advanced organizations.

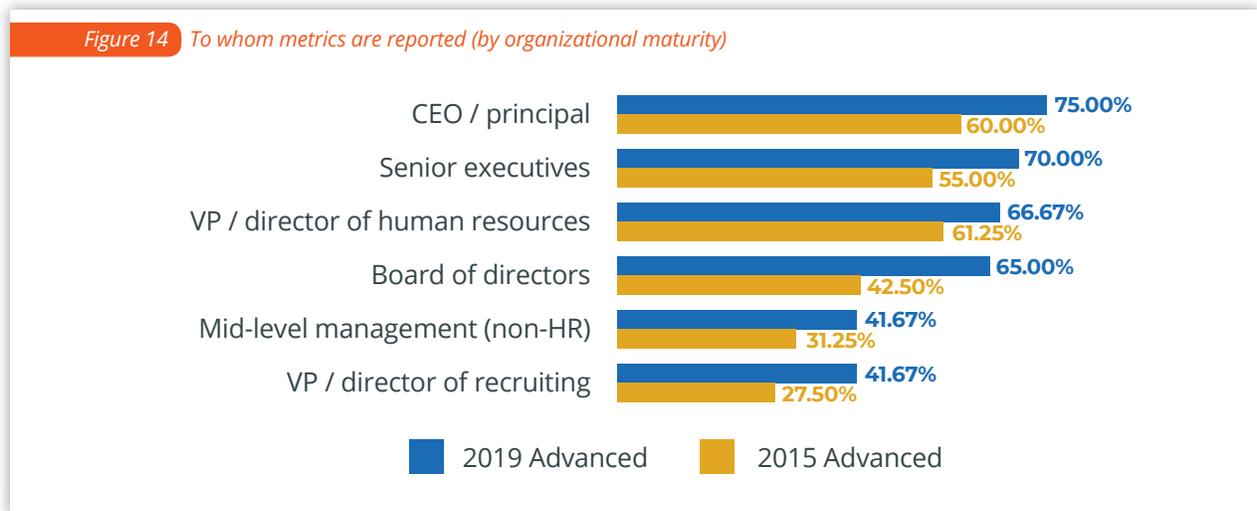
The number of advanced organizations that perform strategic tasks relating to D&I has increased over the past four years, while

the number of advanced organizations that don't report performing strategic D&I tasks has dropped considerably (Figure 13).



The number of advanced organizations reporting metrics to a wide variety of executives is 8–20% higher than in 2015. For example, in 2015, 55% of advanced

organizations reported D&I metrics to senior executives. This number is 70.2% in 2019 (Figure 14).



Strategic diversity best practices

If your organization struggles with D&I, there are concrete things you can do

In 2015 as today, many organizations reported struggling with advancing their mission and commitment to diversity and inclusion. However, organizations are also doing more: reporting diversity metrics, incentivizing D&I best practices and holding leaders accountable for their efforts in creating more inclusive cultures.

By first identifying what advanced organizations are doing, we can see that these mature organizations are reporting fewer roadblocks. For the average, the opposite is often the case. Organizations with less developed D&I practices often report doing little and have more roadblocks to the successful implementation of their policies. By emulating the best practices of the advanced organizations, others should be able to move the needle on their own policies, increasing the success of their D&I initiatives. By examining best practices of the advanced group, organizations struggling with D&I have plenty of insight into what it will take to achieve success.

Have measurement and metrics availability

Organizations need both measurement capabilities as well as the language and metrics necessary to communicate the potential benefits of D&I. Measurement starts with the ability to track workforce demographics in some way. The method doesn't matter — although advanced organizations use specialized tools to track demographics in greater numbers than the average, more than a quarter of them still use manual processes. What's important is the actual act of measurement. After all, metrics analysis is useless without having something to track in the first place.

Once the organization begins tracking workforce demographics, the next step is to have measurement capabilities — otherwise the metrics are useless for making strategic business decisions on D&I. For the average, the most common barrier to increasing the effectiveness of D&I measurement is the availability of measurement resources and skills. Nearly half (43%) of the average report this as a challenge, making it the No. 1 answer regarding roadblocks to successful diversity practices. A related roadblock is the use of measurement resources to create a strategic measurement plan for D&I. While these resources can include either internal or external experts, nearly 6 in 10 of the average (57.8%) have no measurement expertise available at all.¹¹

“Despite the fact there have been areas of progress great and small, it is still, shamefully, far from finished. And it is on all of us to see it through.”

—Stewart Butterfield, CEO and co-founder, Slack

¹¹ Ericajoy (2016). “A message from Stewart Butterfield to Slack employees.” *Medium*.

Conclusion

With workforce demographics changing rapidly, having a diversity and inclusion strategy is imperative for all organizations. Data concludes that organizations with diverse populations and equal representation at all hierarchical levels outpace their peers in business performance. Organizations without a comprehensive D&I strategy face being left behind.

One doesn't need to wait until 2050 to see these changes — we've seen improvements even over the past four years. Organizations with advanced D&I initiatives not only outperform their contemporaries, but also their 2015 counterparts. Having an advanced D&I strategy means collecting a more robust set of workforce diversity metrics, communicating those metrics to more executives, having more stakeholders in diversity, and experiencing better outcomes and fewer roadblocks to the diversity strategy.

For organizations with less developed strategies, their main challenges are obtaining diversity metrics, establishing benchmarks appropriate for their organization and measuring their progress against business goals. By examining the best practices of the advanced organizations, those struggling with diversity can adopt strategies that will take their D&I practices to the next level.

Advanced organizations are successful through their efforts to gather a wide variety of workforce diversity demographics, benchmark their efforts against industry standards and communicate progress and successes to executives and other stakeholders. Getting investment and buy-in from as many people as possible in the organization ensures commitment to D&I — which is a continuous progress without end. Approaching D&I from a strategic business perspective will produce strategic business outcomes, contributing to long-term business goals and aiding the bottom line.

Survey name

2019 Strategic Diversity Measurement Survey

Survey dates

April-May 2019

Number of respondents

506

Organization size

Less than 2,500: 67.6%

2,500-9,999: 17.4%

More than 10,000: 15%

Organization type

Mostly located in one country in one location: 35.2%

Mostly located in one country with multiple locations: 38.2%

Mostly located in one country with some global distribution: 13.5%

Highly distributed with multiple locations across the globe: 13.2%

Geographic regions where respondents' organizations do business

North America: 88%

South America: 16.4%

Europe: 28.1%

Africa: 13.6%

Asia: 24.7%

Australia: 13%

Middle East: 15.4%

Numbers may not total 100% due to rounding

Affirmity

Affirmity, a former division of PeopleFluent, provides expert analysis, consulting, training, and software to optimize affirmative action and diversity and inclusion programs.

Our team of experts delivers diversity metrics and data-driven insights to manage and mitigate risk. Drawing on more than 40 years of experience, we guide HR and compliance teams through diversity goal setting. Affirmity empowers leaders with tools and dashboards to measure progress, and we help clients capture and communicate the positive business impacts of diversity initiatives.

A part of Learning Technologies Group plc (LTG), Affirmity serves more than 1,100 organizations — including global corporations, mid-sized organizations, and small businesses.

For more, visit affirmity.com.

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