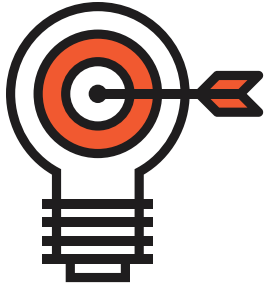


HCI

Optimize
Your
Talent
Strategy



TALENT PULSE

PROPRIETARY RESEARCH FROM HCI

**Cultivating (and Measuring)
Inclusion, Belonging, and
Equity at Work**



We founded HCI on the principle that strategic Human Capital Management is the most powerful lever for performance and growth. We believe that your talent strategies and partnerships with the business create value and improve people's experience at work. Since 2004, HCI's research-based learning solutions have helped leaders, human resource and talent management professionals plan for, acquire, engage, and develop their people. In class, online, or in house, we equip HR with the capabilities to translate strategy into results.



Talent Pulse from the Human Capital Institute (HCI) explores the latest trends and challenges in strategic human capital management. Through quarterly research reports, *Talent Pulse* provides practitioners and decision makers with insights and tools to work better today and prepare for the future of work.

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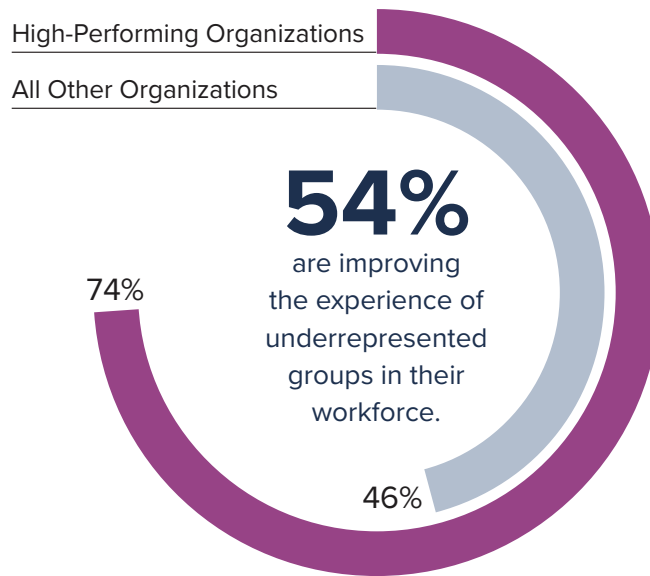
SUMMARY

“We want to start an intentional D&I program, but don’t have the resources and don’t know where to start.”

—Survey respondent

Diversity and inclusion has been one of the top five priorities of Human Resources (HR) professionals for several years.¹ Because of this concern, organizations have released formal statements about their commitments to diversity. In this study, 75% of our HR survey respondents’ organizations have an official statement about diversity and inclusion.² The increased concern, however, hasn’t necessarily resulted in improved outcomes as a little more than half of all respondents are confident that their policies and practices improve the experience of underrepresented groups at work (Figure 1). However, respondents from organizations with better talent and business outcomes³ (i.e., high-performing organizations) are more confident that their practices are effective.

FIGURE 1 **Percentage of respondents who agree.⁴**



Most HR professionals want to improve diversity, equity, and inclusion (DEI) but may not know what else to do beyond declarations. In this research, we examine how DEI practices have changed since when we last surveyed HR practitioners in 2017 about these areas. And we compare practices of high-performing organizations (HPOs) to all other organizations to understand how they are cultivating and measuring inclusion, belonging, and equity. In this *Talent Pulse* report, we learned:

- ✓ **Integrate with talent strategy.** Respondents from HPOs agree that their DEI efforts are part of their organizational values and talent strategies. They do not have inconsistent or compliance-focused approaches, instead their programs focus on access, learning, and celebration.
- ✓ **Set goals and track progress.** HPOs conduct needs assessments, set goals and targets, and measure the impact of their DEI efforts.
- ✓ **Measure experiences as an outcome.** Organizations focus more on structures and demographics rather than the emotional and psychological experiences of their people—for example, only 15% measure and monitor feelings of belonging in their workforce.
- ✓ **Always be improving.** Respondents from HPOs are more confident that their DEI programs are working, yet they also report they are making changes to their DEI strategies in the next two years and will be increasing their budgets.

Definition of Key Terms

Diversity

A mixture of demographics, psychographics, and experiences reflected in the workforce.

Equity

Fairness and justice in policies, programs, processes, and resources across the organization.

Inclusion

The practice of recognizing all perspectives and contributions and creating opportunities for all voices to be heard to inform organizational processes.

Belonging

The feeling of being connected to others and accepted as a member of a group.

DIVERSITY, EQUITY, AND INCLUSION STRATEGIES

High-performing organizations embed DEI as part of their culture and core values (Figure 2). Also, respondents from HPOs agree that their organizations integrate DEI into talent strategies and employee value propositions. HPOs have DEI strategies that focus less on compliance and more on access, learning, and celebration of differences (Figure 3).

Surprisingly, there is less integration with HR practitioners' strategic work than to be expected. Across all organizations, HR is either the owner or a contributor to DEI efforts (Figure 4), and only 50% overall formalize their DEI efforts within the talent strategy. In other words, a lot of the work in HR is disconnected from DEI goals.

By comparison, all other organizations (those which are not HPOs) have programs that are either ad hoc in nature or focused on compliance. This difficulty may also be connected to the size of the organization and the scale of the program. We found that many small and medium-sized organizations report ad hoc or inconsistent programs.⁵ These inconsistencies, however, are not simply a reflection of resource constraints. In fact, organizations of every size report a lack of budget, staff, and tools as their top challenge.⁶ Instead, the key to consistency may be in designating an individual responsible for DEI, whether as a part of their existing role, or as a unique entity within the organization.⁷ These may include a Chief Diversity Officer, full-time team, or center of excellence, and an employee task force.

FIGURE 2 **Percentage of respondents who agree.** (Asterisk indicates a statistically significant difference.)⁸

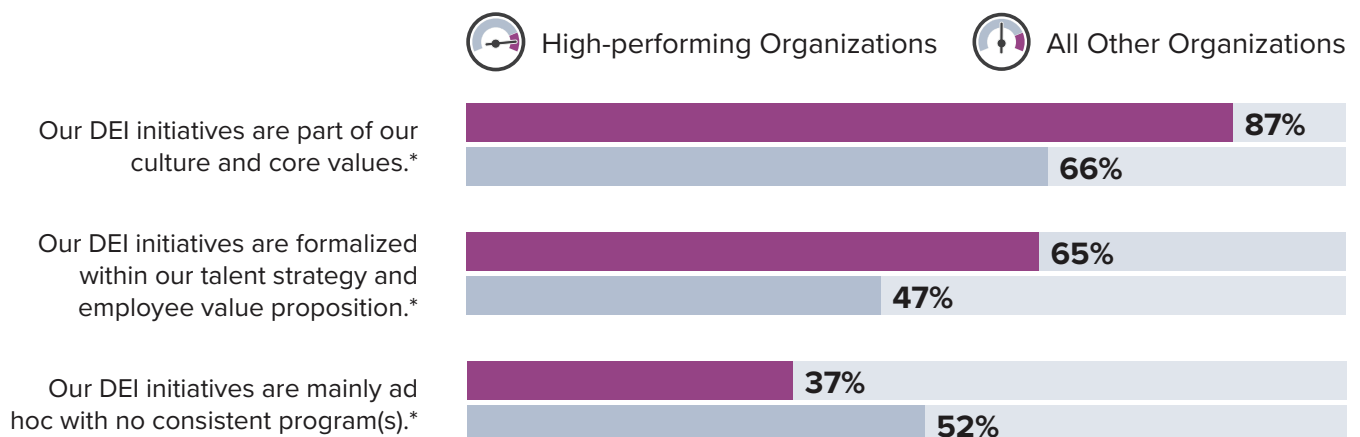


FIGURE 3 **Percentage of respondents who agree.** (Asterisk indicates a statistically significant difference.)⁹

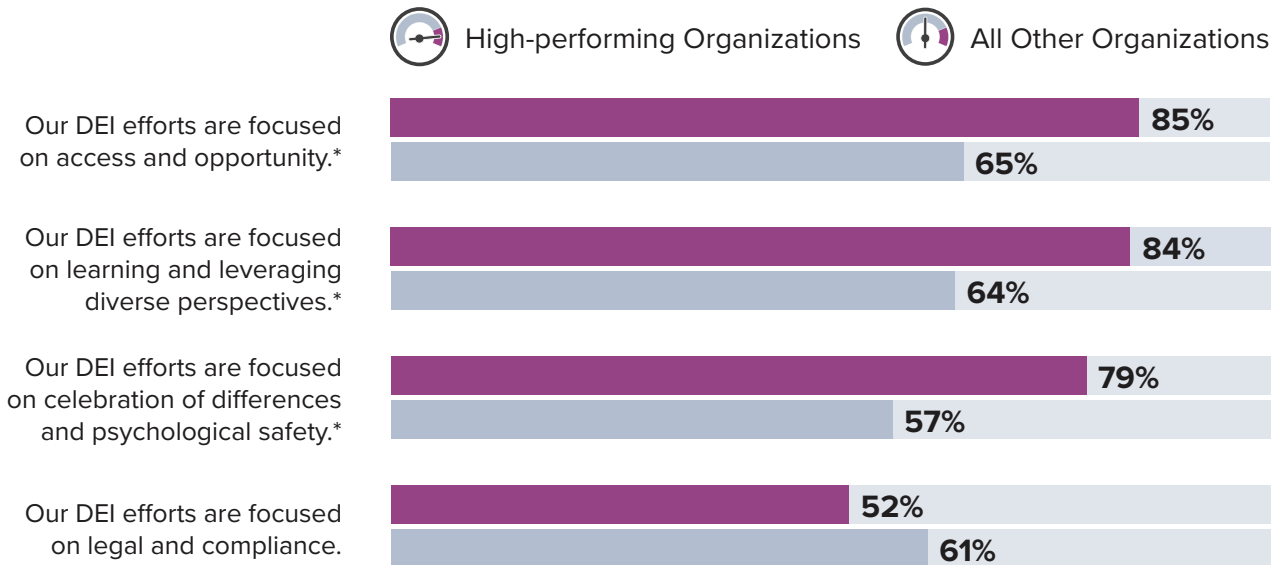
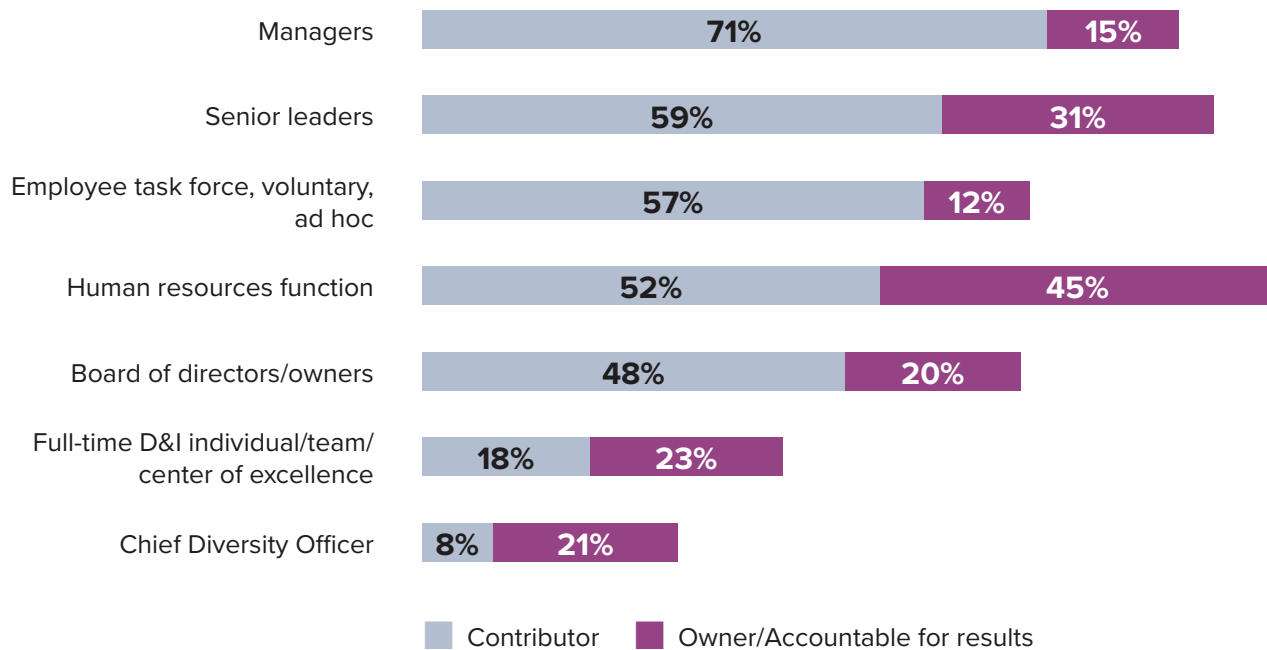


FIGURE 4 **Is this individual or group an owner, contributor, or not involved in DEI efforts at your organization?**



Anti-discrimination policies, leadership development programs, alternative complaint systems (e.g., choosing to remain anonymous), and flexible work arrangements are the most common policies or programs for DEI (Figure 5). Employee resource groups are the offering with the highest growth. In our 2017 study, 48% of organizations had employee resource groups,¹⁰ and today 57% offer these opportunities for connection and support.

DEI program offerings are scaled differently depending upon the needs and size of the organization. For instance, we found that smaller-sized organizations tend to center their efforts around talent acquisition process and are more likely to assess biased language in job descriptions.¹¹ Larger organizations meanwhile, have expanded the reach of the DEI initiatives to employee resource groups, voluntary trainings, mentoring and leadership programs, diversity day celebrations, among others.¹²

Regardless of size, HPOs are more likely to promote access and opportunity through interview panels. They evaluate their talent and succession plans for bias, and offer childcare and eldercare programs or subsidies (Figure 6). To encourage learning from others, HPOs have leadership development and formal mentoring programs and senior leader sponsorship opportunities. To appreciate and support others, HPOs encourage people to bring their whole selves to work and participate in external diversity pledges and commitments.

FIGURE 5

What policies or programs are present at your organization as part of its DEI efforts?

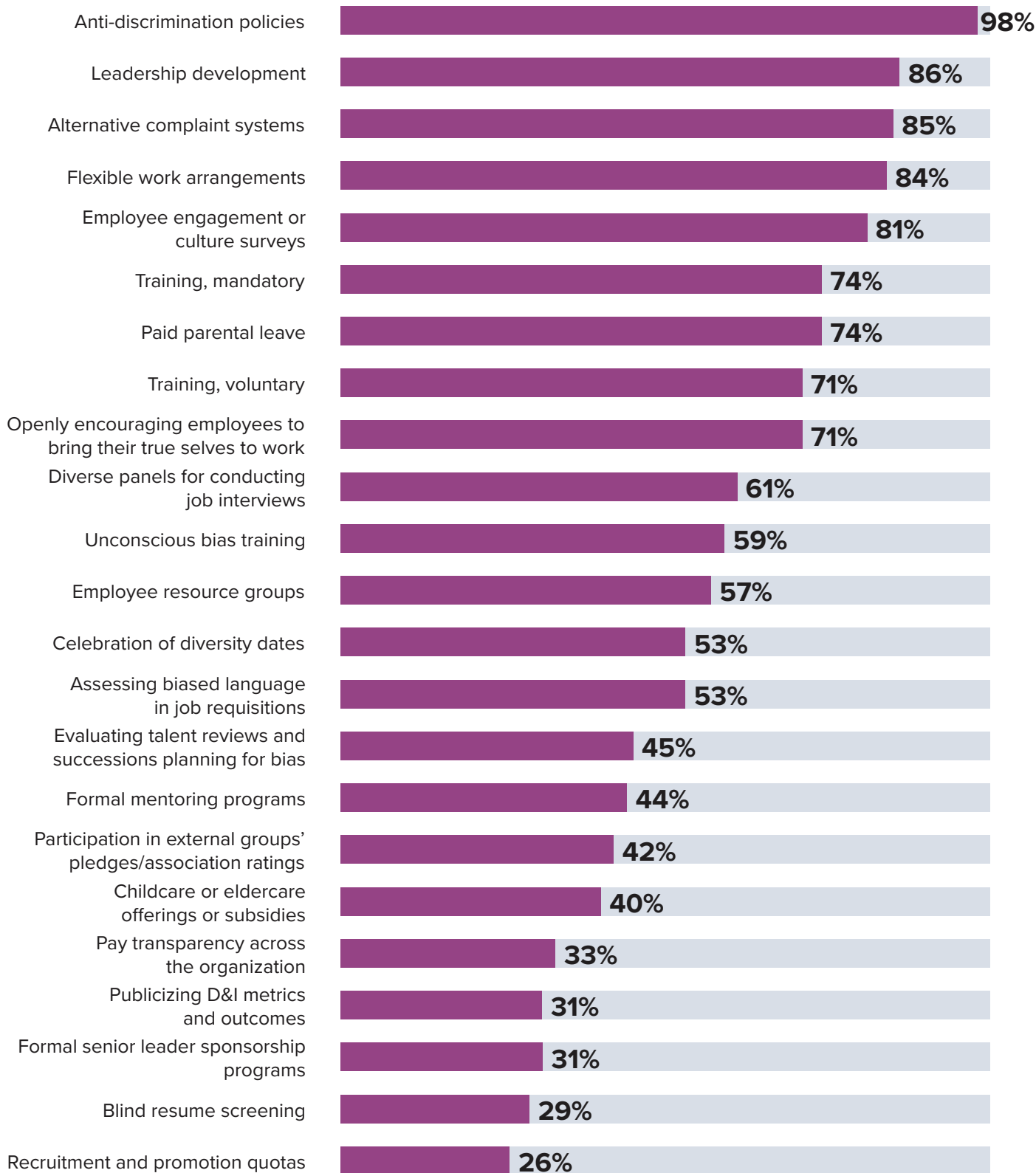
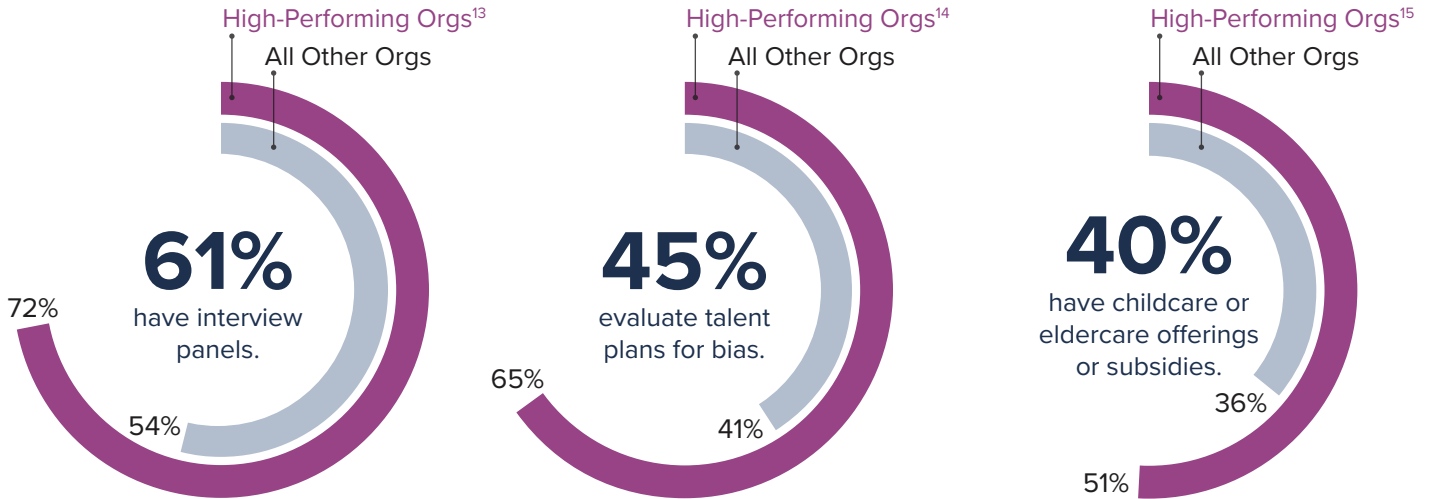
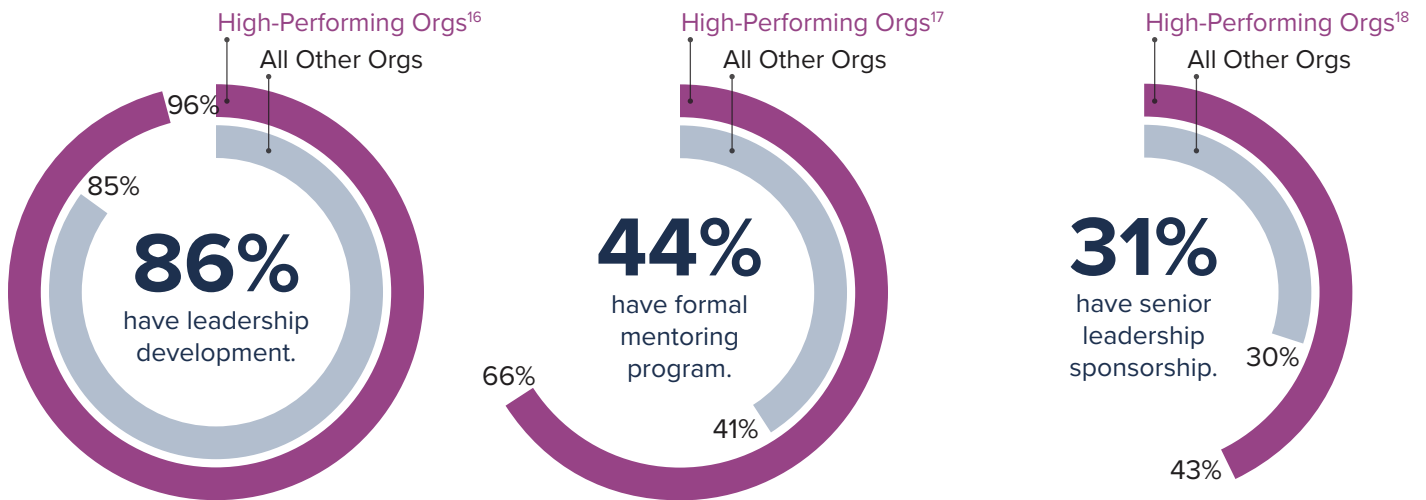


FIGURE 6 What policies or programs are present at your organization as part of its DEI efforts?¹⁷

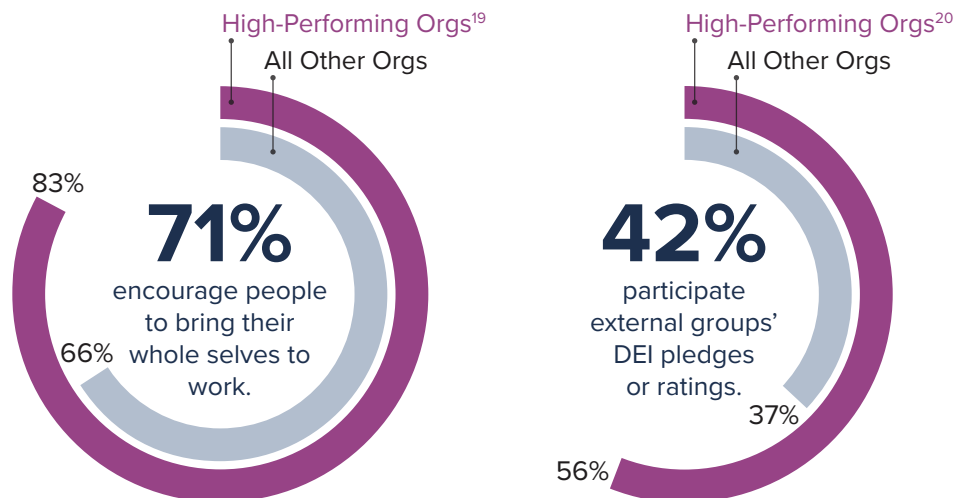
Focused on Access and Opportunity



Focused on Learning and Leveraging Diverse Perspectives



Focused on Celebration of Differences and Psychological Safety



MEASUREMENT

While HPOs have several different programs and policies that may lead to better DEI outcomes, they are also more likely to set goals and targets and measure impact (Figures 7 and 8). In our 2017 study, 49% of respondents' organizations had a method to measure the impact of its practices. Today, this percentage has not improved as overall, 51% measure the impact. Most organizations need to get better at the definition, measurement, and monitoring of their DEI initiatives.

FIGURE 7

Are there targets for your organization's DEI goals? (Percentage responding affirmatively.)²¹

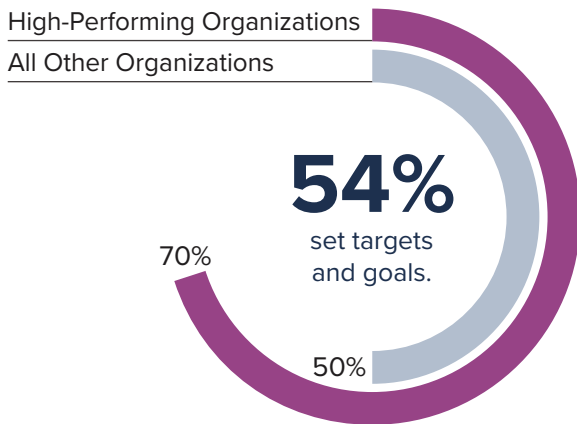
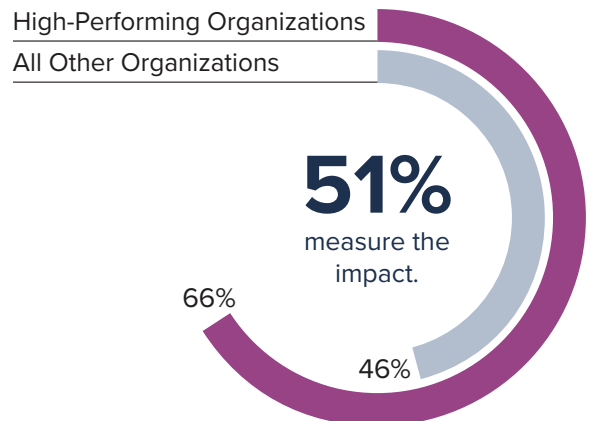


FIGURE 8

Does your organization have methods to measure the impact of its DEI policies and practices? (Percentage responding affirmatively.)²²



“One of the main takeaways from D&I research is that it’s more important/useful to measure the steps an organization is taking rather than focusing on outcomes, especially since progress may be slow. As we select candidates or try to become more inclusive, we are careful to make small steps rather than large and possibly inappropriate gestures.”

—Survey respondent

In addition to focusing on diversity and equity in hiring, promotions, and compensation (Figure 9), analyses should incorporate the emotional and psychological perspective to get a complete picture of the experience of all people in the workplace. Using employee surveys, interviews, and focus groups may uncover differing sentiments for trust, support, and belonging at work. HR practitioners can assess and track these measures to show progress or concerns (Figure 10).

FIGURE 9 **What metrics are used at your organization to measure the impact of DEI efforts? (Select all that apply.)**²³

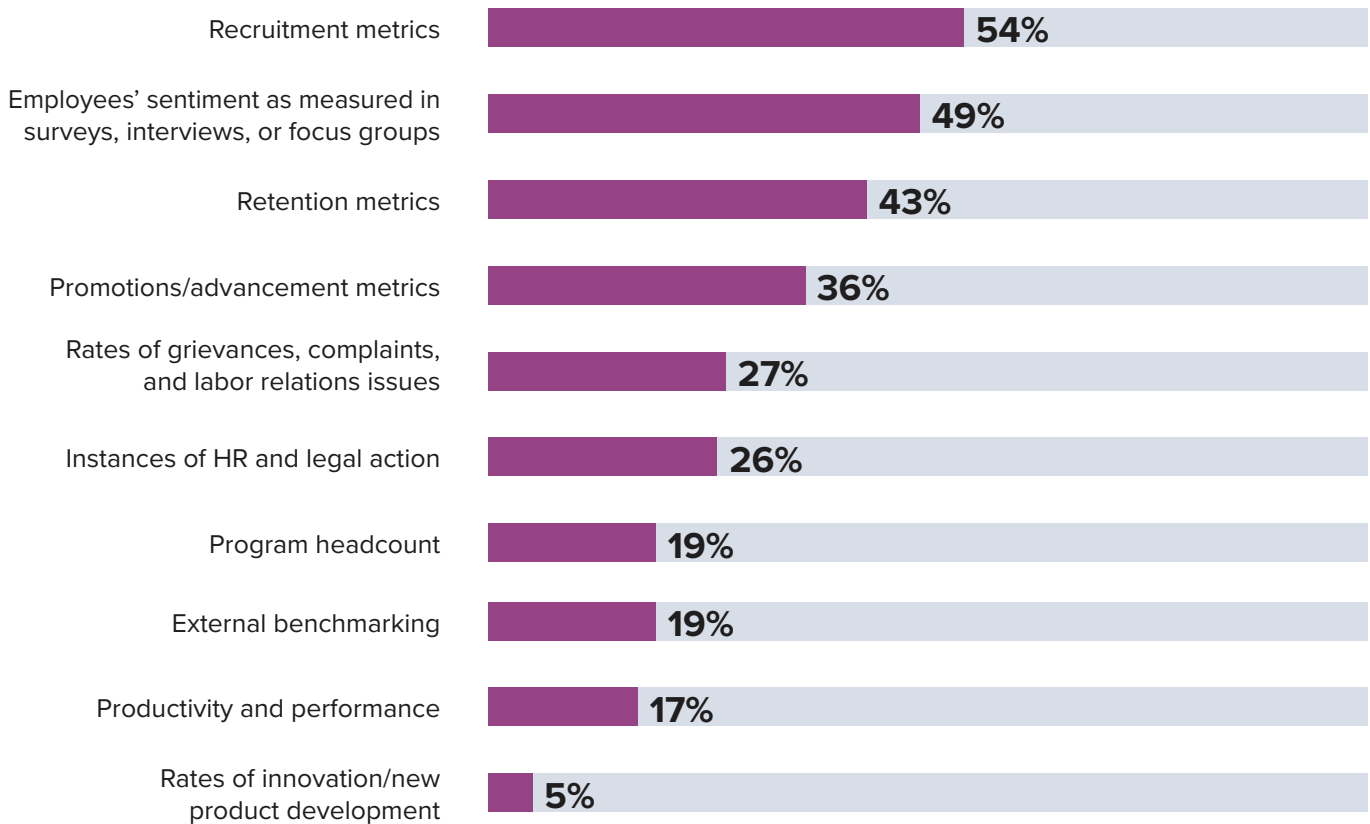
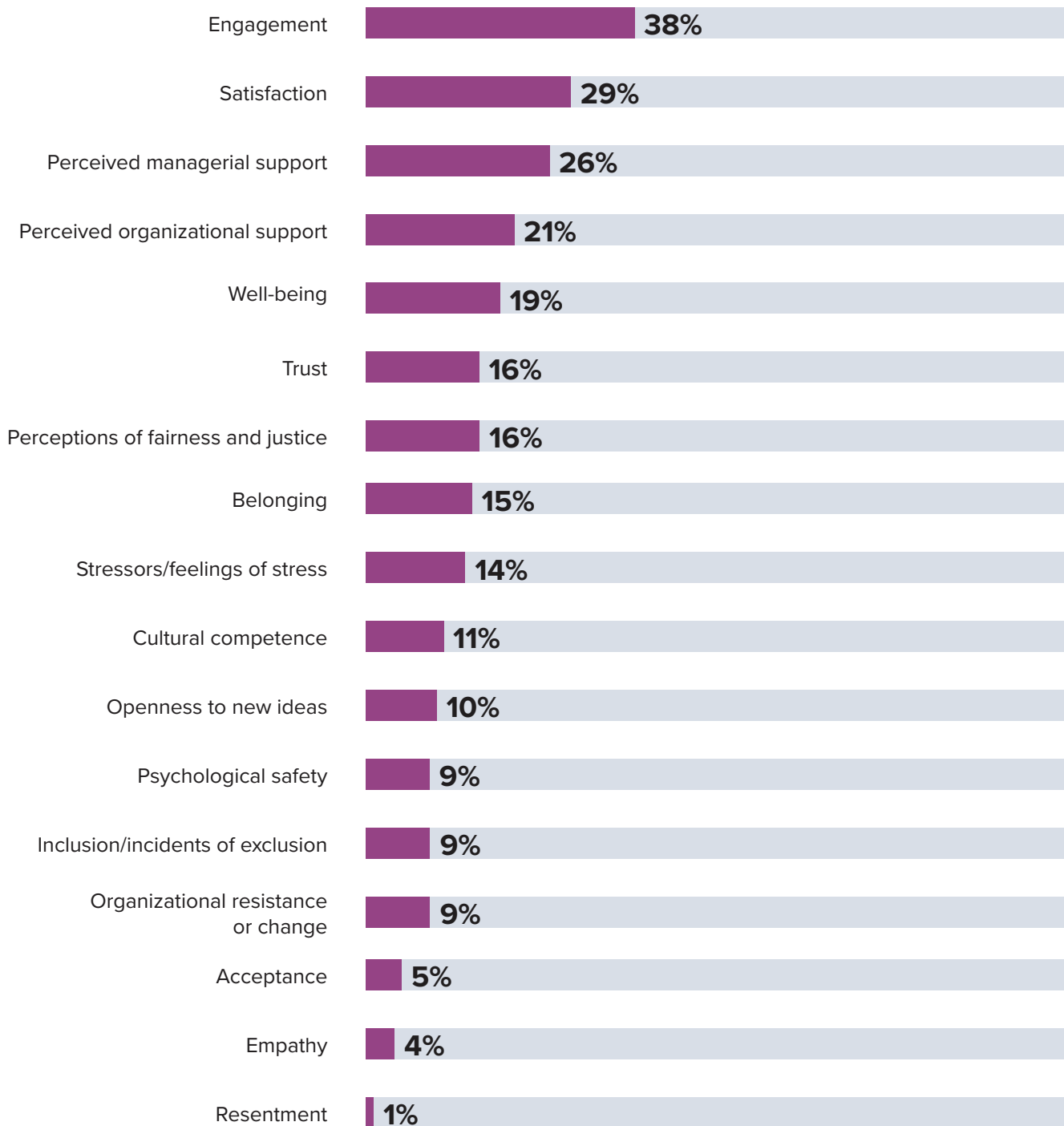


FIGURE 10 **If you deploy surveys, interviews, or focus groups, are you measuring any of the following?** (Select all that apply.)



“This is an area where we have identified needed change but lack the directive or budget for this year.”

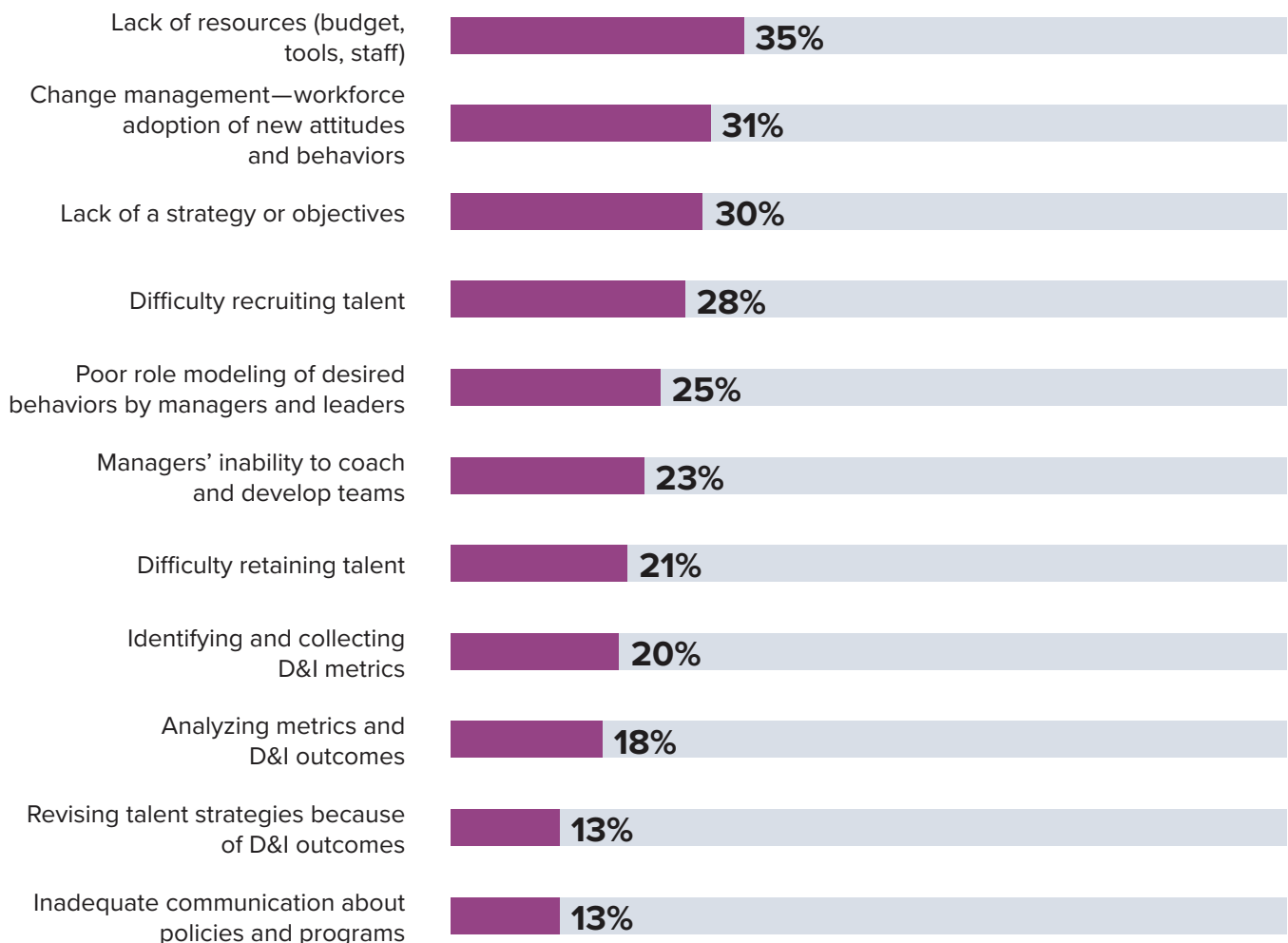
—Survey respondent

CHALLENGES AND CHANGES

Metrics are essential to understanding the effectiveness of DEI initiatives, fewer than half of all survey respondents indicate that they will be focusing their efforts on improving measurement. Instead, most HR professionals are concerned with a lack of resources and with change management around their DEI efforts. This represents a notable change from previous years. In our 2017 study, the top challenge was in recruiting diverse talent (40%), which is now only the fourth most common challenge endorsed by 28% or respondents.

FIGURE 11

What are the top challenges with DEI efforts? (Select no more than three responses.)²⁴



HPOs are working to address their challenges, and identify opportunities and needs with assessments or audits (Figure 12). They are also more likely to plan to make changes to their organization’s DEI strategies in the next two years and will increase their budget (Figure 13 and 14). Cultivating a diverse, equitable, inclusive workforce where people feel that they belong requires investment and commitment, and respondents from high-performing organizations understand this fact.

FIGURE 12

Has your organization conducted a DEI needs assessment or audit in the past two years?
(Percentage responding affirmatively.)²⁵

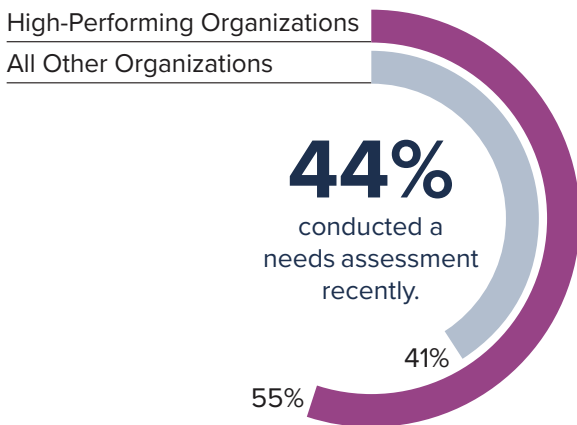


FIGURE 13

Are there plans in place to change your organization’s DEI strategies/policies/programs in the next two years?
(Percentage responding affirmatively.)²⁶

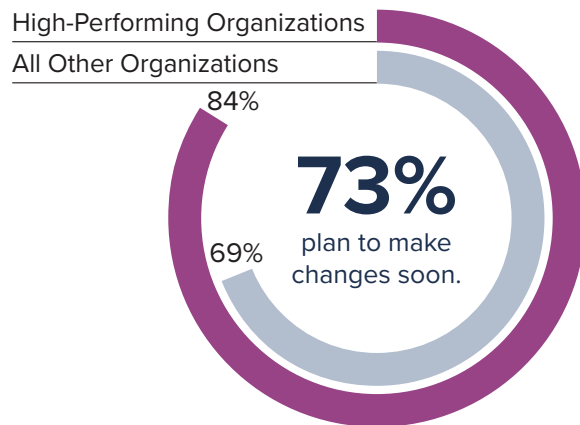
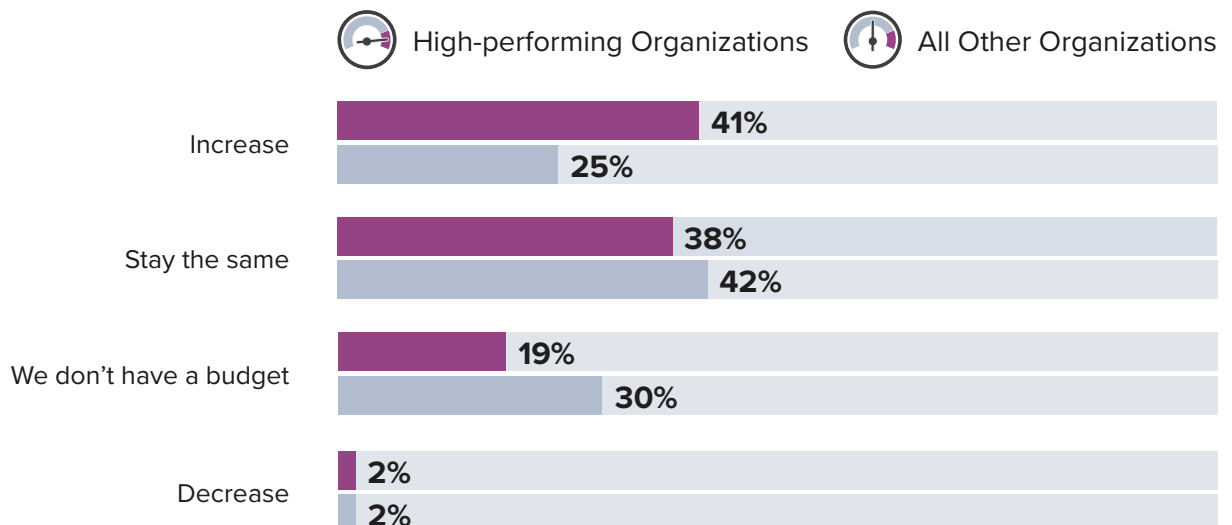


FIGURE 14

In 2020, will your budget for DEI training increase, decrease, or stay the same?²⁷



PRESCRIBE AND APPLY

Our survey respondents share their best practices for achieving better diversity, equity, and inclusion outcomes.

Set Strategy and Goals

“Create a strategy with an actionable and measurable plan. Set short-term goals to achieve a longer-term impact. Be clear on outcomes, answer what observable behaviors will tell us we’re making progress and create a change plan to ensure adoption.”

.....

“We have included goals related to Equity, Diversity, and Inclusion (EDI) as part of our Model Employer (Employer of Choice Initiative). The first step was to hire an EDI officer, who will start in our organization next month and will develop EDI strategy and metrics.”

.....

“Leadership must be fully committed to change. We also embedded our DEI goals into our strategic plan rather than having separate goals.”

Embed in Culture

“Integrate D&I initiatives/actions into already existing organizational functions, systems, processes, and policies, so it is intertwined with our ‘usual way of working’.”

.....

“Incorporating inclusion in our core values has had a very positive response from employees, applicants, and customers as many people comment on it as a differentiator that makes them more inclined to reach out to us.”

.....

“Cultural work that celebrates diversity has more impact than specifically recruiting ‘diverse employees’ because we attract more diverse applicants when the organizational culture truly displays an appreciation of differences.”

Assess and Measure

“Develop or reference a maturity model or scorecard approach, so the organization understands how much further there is to go in their practices and culture.”

.....

“Analyze what is driving and impeding diversity. Many organizations are still measuring diversity as calculating a ratio. But we need to go beyond counting to understand the accelerators and decelerators of diversity.”

.....

“Embrace organizational network analysis (ONA) to understand and measure inclusion. The measurement of inclusion is critical to success, and ONA is one of the best ways to develop concrete data around how every type of population behaves within your organization.”

Secure Leadership Sponsorship

“It is critical to begin the conversation and education of senior leadership with a keen focus on how D&I positively affects the bottom line. Senior leader sponsorship with the alignment of talent management strategy is essential to the success of a D&I program.”

.....

“Lead by example. Support for D&I needs to come from the top to permeate through the organization. We have our President regularly vocalize support and act upon it.”

.....

“It’s important that middle managers are not creating biases in the organization. I found that senior leaders are on board with D&I, but the message isn’t clear through middle managers. This causes the lower level teams to be confused about their organization’s stance.”

Ensure Transparency and Accountability

“It is difficult being a large organization to push D&I initiatives. It must start at the top and cascaded down with accountability measures; otherwise, it is just a ‘feel-good’ topic of discussion. No accountability means no true progress.”

.....

“We must not only look at the data, but encourage leaders to speak on the numbers truthfully, so we can see the behavior, speak up courageously, and take responsibility for change.”

.....

“We have full transparency through the external publication of our gender pay gap (in advance of legislation requiring this) and our employee engagement survey.”

**Encourage
Communication and
Feedback**

“We have open and honest conversations with managers and executives being a part of the solution.”

.....

“We can’t get to the heart of the issue unless we understand it from a variety of perspectives, not our own. When we can share our experiences, we can foster awareness, which can lead to understanding and empathy, which is the way to break the cycle and change behaviors.”

.....

“We have focus groups with action planning and an open-door culture.”

**Offer Support and
Resources**

“Train, coach, and constantly talk about it until it becomes a habit and not a program.”

.....

“We brought in diverse facilitators to start the conversations which have helped.”

.....

“Invest in a culture of training and development to provide a better opportunity for the non-traditional candidate to come on board and learn, grow, and be successful within the organization.”

.....

“More implicit and explicit bias training for our recruiting teams has increased awareness of D&I unintentional consequences related to hiring.”

**Nurture Resource and
Affinity Groups and
Coalitions**

“We have sponsorship and senior leadership support of employee-led networks. Our senior leaders speak publicly on the value of D&I.”

.....

“Encourage employees to self-identify as members of employment equity groups, through a proactive communication strategy and the implementation of privacy measures, has led to better-quality data and more informed decision-making.”

.....

“Include someone from outside of the organization (community-member) to be a part of your D&I council for added perspective. Change D&I to DEI to add a greater understanding and metrics.”

.....

“We have an inclusion community of practice that meets monthly to share learning and best practices across our global organization.”

Recruit with DEI in Mind

“Target recruitment activities with an eye for diversity by utilizing all available media to reach diverse audiences.”

.....

“On every search committee, we have one committee member trained within an internal program. This person is outside of the department and has no conflict of interest [in the hiring decisions].”

.....

“We are working hard to incorporate structured interviews with more of a focus on organization-wide competencies to help alleviate bias in the selection process.”

.....

“We ask potential candidates how they have contributed to diversity and inclusion in previous positions.”

Approach the Issue from Different Angles

“A possible strategy for increasing buy into DEI is to approach it from intercultural competency and cross-cultural management perspective. DEI can be threatening, so first coming at it from intercultural competency can open the door for self-reflection.”

.....

“We focus on communication and respectful workplace behaviors rather than D&I specific programs.”

.....

“Creating awareness of the unconscious bias in day to day work life. Knowing and realizing being biased is the first step towards changing the behavior.”



Focus Group Questions

To get an understanding of the experiences of diversity, equity, inclusion, and belonging of your workforce, use these questions in a focus group. Effective focus groups are made up of less than ten people with diverse backgrounds and unique perspectives and have one or two moderators. The second moderator takes notes and makes observations on the dynamics among participants to uncover blockages in communication that may prevent authentic needs and opinions from surfacing. Offer at least an hour and a half for these groups to give ample time for pauses to think.

1. Identify the sense of belonging:

- 1.1 What does it mean to have a sense of belonging in a group of people?
- 1.2 What does it feel like for you?
- 1.3 When you feel you belong, are you more comfortable being yourself?
- 1.4 Is a feeling of belonging more about mutual respect for you? Acceptance? What other words would you use?

2. Identify the sense of belonging in the workplace:

- 2.1 Are there places and times at work where you experience these feelings of belonging?
- 2.2 Are there places and times at work that you feel a **lack** of belonging?
- 2.3 What work activities or conversations are happening at these places and times?
- 2.4 Do you feel emotionally or socially supported at work? By your team?
- 2.5 Do you feel your team recognizes your contributions?

3. Connecting a sense of belonging to workplace practices:

- 3.1 What are some of the ways your team can identify and highlight the strengths of its members?
- 3.2 Are there places and times when you feel your team communicates better than others?
- 3.3 Are there processes or policies that limit or enhance the successful communication or cooperation of the team?
- 3.4 What are the ways you, your team, and your organization can support each other, not just in your work, but as a community of people?

4. Connecting a sense of belonging to workplace outcomes:

- 4.1 When you feel a sense of belonging at work, do you notice changes in your motivation to perform work tasks or assignments?
- 4.2 When you experience a sense of belonging at work, are you more likely to share your ideas? Give and receive feedback?
- 4.3 How does a sense of belonging shape the kinds of performance reviews or feedback that you give for yourself and others? Are you more or less honest and open? About which behaviors?

ABOUT THE RESEARCH

From February 13th to March 2nd, 2020, a survey link was distributed via e-mail to opt-in members of HCI’s Survey Panel and electronic mailings. We filtered those who are not involved with diversity and inclusion programs at their organization, duplicate entries, and careless or partial survey responses out of the dataset for a final total sample of 452 respondents. The results of this questionnaire and secondary sources form the basis of this research. Eighty-seven percent are headquartered in North America. Only categories describing at least 5% of the survey sample are displayed below.

Survey Respondent Demographics

What is your functional area?

Human Resources	44%
Talent Management or Organizational Development	10%
Learning and Development	7%
Employee Engagement and Experience, Workplace Culture	6%
HR Analytics, HRIT, Operations	6%

What is your current level of responsibility?

I manage my work and contribute to teams and projects.	37%
I manage my work and lead a team of people.	22%
I lead and am responsible for other people managers below me.	9%
I am responsible for a business unit or function.	20%
I am responsible for an entire organization	12%

How many employees are in your organization?

Small	Under 100	19%
	> 100 and ≤ 500	20%
Medium	> 500 and ≤ 1,000	12%
	> 1,000 and ≤ 5,000	21%
Large	> 5,000 and ≤ 10,000	6%
	> 10,000 and ≤ 50,000	15%
	> 50,000	7%

What is your industry?

Professional, Scientific, and Technical Services	16%
Other Services (except Public Administration)	16%
Health Care and Social Assistance	14%
Educational Services	10%
Public Administration	10%
Finance and Insurance	8%
Manufacturing	6%

End Notes

1. Filipkowski, J. (2019). Talent Pulse Priorities. *Human Capital Institute*. Retrieved from <https://www.hci.org/research/2020-talent-pulse-priorities>
2. A formal statement on DEI is more prevalent at large (87%) and medium-sized (77%) organizations than small (61%).
3. HCI researchers developed an index of seven talent outcomes (investments in training, internal mobility, employee engagement, diversity and inclusion, quality of hire, retention, and leadership bench strength) and seven critical business dimensions (customer satisfaction, regulatory compliance, talent attraction, innovation, profitability, shareholder value, and productivity) for evaluating the relative strength and weakness of respondents' organizations. These inventories are composed of items with five-point rating scales. Scores from these items are aggregated to create a composite score that reflects the overall strength of each organization in terms of its performance. Those scoring 52 or greater on this inventory are considered high-performing organizations (HPO) and consisted of 26% of the total. HPO status had no relationship with the number of employees within an organization nor the respondents' seniority.
4. $\chi^2 = 17.727$, $v = .240$, $p < .01$
5. Large organizations = 36%, medium = 51%, and small = 57%; $\chi^2 = 13.476$, $v = .176$, $p < .01$.
6. Large organizations = 31%, medium = 36%, and small = 39%; $\chi^2 = 1.76$, $p = .45$
7. Chief Diversity Officer: large organizations = 37%, medium = 18%, and small = 8%; $\chi^2 = 41.214$, $v = .319$, $p < .01$; Full-time team or center of excellence: large organizations = 49%, medium = 16%, and small = 9%; $\chi^2 = 77.778$, $v = .437$, $p < .01$; Voluntary employee task forces: large organizations = 18%, medium = 10%, and small = 10%; $\chi^2 = 29.179$, $v = .269$, $p < .01$.
8. Our D&I initiatives are mainly ad hoc with no consistent program(s); $\chi^2 = 5.186$, $v = .130$, $p < .05$; Our D&I initiatives are formalized within our talent strategy and employee value proposition; $\chi^2 = 7.817$, $v = .160$, $p < .05$; Our D&I initiatives are part of our culture and core values; $\chi^2 = 13.393$, $v = .209$, $p < .01$

9. Our D&I efforts are focused on access and opportunity; $x^2 = 10.740$, $v = .187$, $p < .01$; Our D&I efforts are focused on celebration of differences and psychological safety; $x^2 = 12.287$, $v = .200$, $p < .01$; Our D&I efforts are focused on learning and leveraging diverse perspectives; $x^2 = 10.572$, $v = .186$, $p < .01$
10. Filipkowski, J. & Heinsch, M. (2017). Inclusive Diversity: Valuing and Leveraging Differences for Business Success. *Human Capital Institute*. Retrieved from <https://www.hci.org/research/talent-pulse-41-inclusive-diversity-valuing-and-leveraging-differences-business-success>
11. Assess biased language in job descriptions: large organizations = 51%, medium = 44%, and small = 61%; $x^2 = 32.257$, $v = .282$, $p < .01$.
12. Employee resource groups: large organizations = 81%, medium = 55%, and small = 38%; $x^2 = 51.471$, $v = .350$, $p < .01$; Childcare or eldercare offerings or subsidies: large organizations = 54%, medium = 41%, and small = 24%; $x^2 = 25.182$, $v = .252$, $p < .01$; Training, voluntary: large organizations = 81%, medium = 74%, and small = 61%; $x^2 = 13.284$, $v = .180$, $p < .01$; Formal mentoring programs: large organizations = 58%, medium = 37%, and small = 36%; $x^2 = 15.775$, $v = .194$, $p < .01$; Formal senior leader sponsorship programs: large organizations = 43%, medium = 27%, and small = 21%; $x^2 = 15.567$, $v = .197$, $p < .01$; Publicize their DEI metrics: large organizations = 46%, medium = 26%, and small = 22%; $x^2 = 18.656$, $v = .217$, $p < .01$; Deploy engagement and culture surveys: large organizations = 94%, medium = 79%, and small = 71%; $x^2 = 24.465$, $v = .239$, $p < .01$; Celebrate diversity dates: large organizations = 72%, medium = 50%, and small = 37%; $x^2 = 32.257$, $v = .282$, $p < .01$; Participate in external groups' pledges or ratings: large organizations = 66%, medium = 41%, and small = 23%; $x^2 = 44.288$, $v = .359$, $p < .01$.
13. $x^2 = 6.804$, $v = .155$, $p < .05$
14. $x^2 = 12.585$, $v = .214$, $p < .01$
15. $x^2 = 5.039$, $v = .132$, $p < .05$
16. $x^2 = 6.307$, $v = .145$, $p < .05$
17. $x^2 = 15.012$, $v = .224$, $p < .01$

18. $\chi^2 = 4.195$, $v = .121$, $p < .05$
19. $\chi^2 = 7.694$, $v = .163$, $p < .05$
20. $\chi^2 = 7.596$, $v = .173$, $p < .05$
21. $\chi^2 = 9.46$, $v = .179$, $p < .01$
22. $\chi^2 = 8.602$, $v = .175$, $p < .01$
23. Promotions and advancement metrics, HPO= 49% and all other organizations = 34%; $\chi^2 = 6.296$, $v = .143$, $p < .05$
24. Poor role modeling of desired behaviors by managers and leaders
HPO: 12% and all other organizations 27%; $\chi^2 = 7.561$, $v = .157$,
 $p < .05$; Lack of a strategy or objectives HPO: 17% and all other
organizations 33%; $\chi^2 = 7.325$, $v = .154$, $p < .05$
25. $\chi^2 = 4.36$, $v = .127$, $p < .05$
26. $\chi^2 = 5.317$, $v = .145$, $p < .01$
27. $\chi^2 = 6.554$, $v = .165$, $p = .08$

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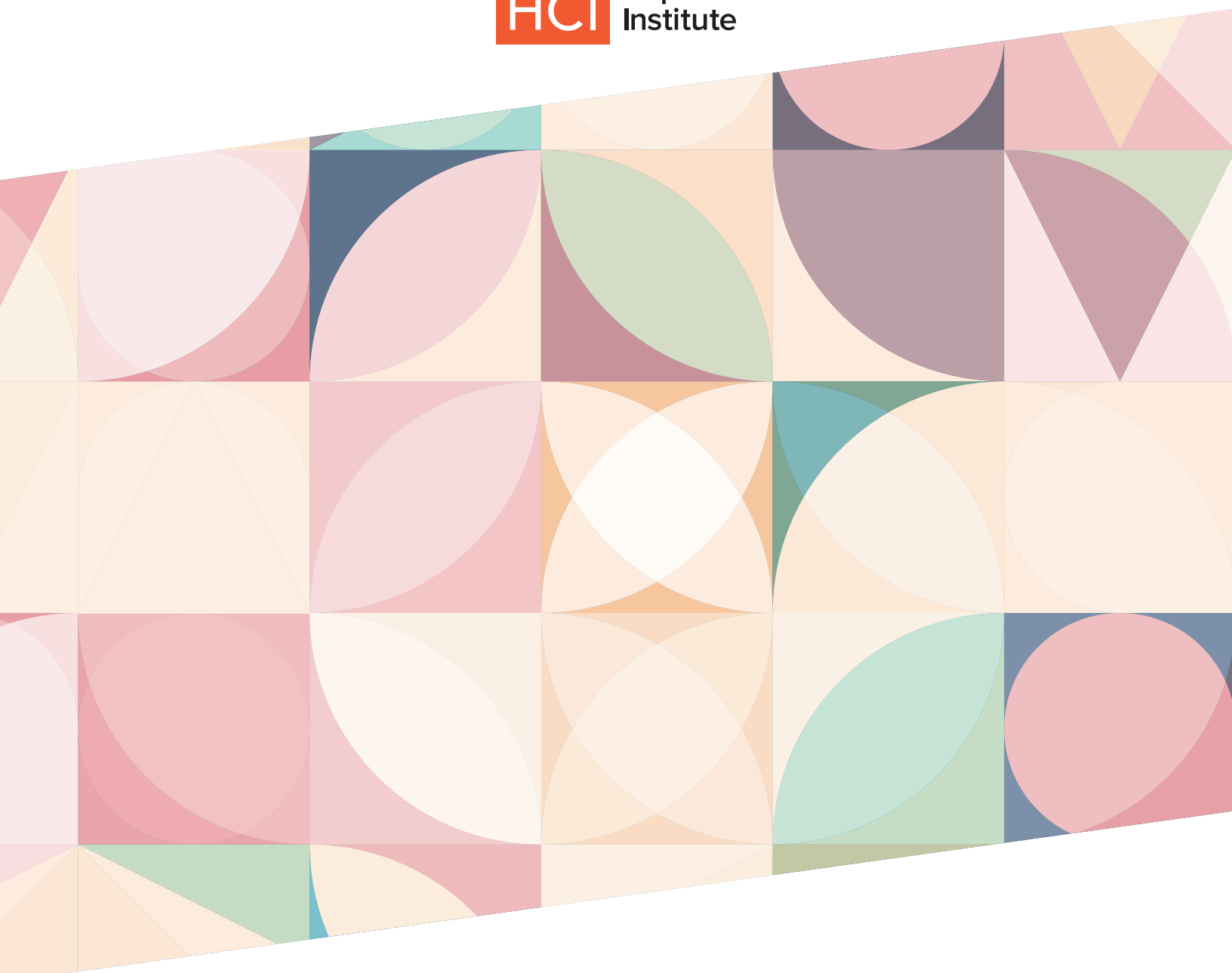
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The Business Impact of Great Employee Experiences

Five Employee Benefits Trends that Will Actually Matter in 2020

Ending Bottom-line Mentality: The New Business Roundtable

Multi-Generational Organizational Change: We Are Not that Different



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