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The Future of Diversity, Equity and Inclusion 2022

Incorporate new DEI initiatives to foster strong employee relationships and increase organizational success

MARCH 2022

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Executive Summary

Most of today's organizations lack mature and effective DEI programs, according to our study. The organizations that do have successful DEI programs, though, tend to share a range of characteristics and practices. In short, to do DEI well, these organizations comprehensively define and work at it.

To better understand why so many organizations struggle as well as how the best ones succeed, we investigated the following areas:

- the DEI landscape, including program maturity levels and equitable pay
- the extent to which key DEI initiatives are developed and their perceived level of effectiveness
- how much time organizations spend on DEI initiatives and the extent to which they are funded and supported
- how employers' use of training, incentives, communication practices, and metrics relate to DEI
- the practices that seem most closely associated with DEI success

In the survey on which this study is based, we defined DEI initiatives as those "relating to the presence of underrepresented groups (e.g., in terms of ethnicity, gender, sexual orientation, disability and more) in organizations, how valued and welcome underrepresented groups feel in those organizations, and the degree to which these groups enjoy equal opportunities, including but not limited to equitable pay."

About the Survey

The "Future of Diversity, Equity and Inclusion 2022" survey ran in January and February 2022. We gathered 367 usable complete and partial responses from HR professionals in virtually every industry vertical. Respondents are from all over the world, with the majority from North America, especially the United States.

The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with fewer than 50 employees to enterprises with 20,000+ employees. More than half of respondents are from organizations with 250 or more employees.

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Below are some key findings from the study:

Major Finding **1**

Companies struggle to fully mature their DEI programs.

- Only about two-fifths (22%) indicate that DEI initiatives in organizations have reached the “expert” or "advanced” stages.
- Only 9% rate their organization's DEI initiatives as highly effective (that is, an 8, 9 or 10 on a 10 point scale).
- Although most organizations are having trouble effectively managing DEI, more than 44% say that DEI plays a role in strategic planning, and another 32% integrate their DEI frameworks into the business strategy.

Major Finding **2**

While nearly half agree or strongly agree that pay is equitable in their organization, there is much room for improvement.

- Just 9% say equitable pay is a top priority among executives, and 28% say that equitable pay is not currently an organizational priority at all.
- Only 30% say they are actively investing in understanding the pay equity gap in their business to a high or very high degree.
- The most common tools to measure pay gaps and pay equity are comparisons of pay among comparable jobs (55%) and comparisons within pay bands (41%). Fourteen percent say they don’t measure pay or pay equity at all.

Major Finding **3**

Most companies fall short in the areas of metrics and training.

- Among those that use metrics to measure the current state of DEI in their organizations, most rely on basic compliance-oriented workforce data (56%), while fewer evaluate diversity within the leadership ranks (42%), recruiting outcomes (38%), diversity goals related to succession planning (23%), and equal job titles (20%).
- Only two-fifths offer DEI-related learning and development to all employees (40%).
- Among those that do offer training, the most common DEI-related training program is unconscious bias training (69%).
- Fewer offer specific trainings in the areas of:
  - inclusion awareness training (55%)
  - difficult conversations training (48%)
  - inclusive recruitment policies training (42%)
  - performance management training (37%)
  - conflict resolution training (33%)

Major Finding **4**

Although progress has been made in cultivating a more diverse workforce, many companies still have a long way to go.

- Forty-eight percent agree or strongly agree their workforce is more diverse than it was two years ago.
- Somewhat fewer say their workforce reflects the demographics of today's marketplace (45%).
- More than half (57%) say ethnic/racial minorities make up no more than one-fifth of their organizations' leaders, and 20% say the same about women.

Major Finding **5**

Companies are often not considering benefit programs that appeal to a diverse workforce, leaving considerable room for improvement.

- Only 29% ensure benefit providers reflect the diversity of the workforce.
- While nearly three-fifths offer flexible work options (70%), fewer offer paid parental leave (58%), benefits for domestic partners (43%) and professional part-time roles (34%).
- In fact, 18% say they only provide benefits mandated by country, state and local laws.

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Major Finding 6

Organizations that perform better in the area of DEI practices are more likely than others to:

- have support from the top to close pay gaps and an associated budget for it
- include a wide range of characteristics in their definition of DEI
- integrate DEI strategic frameworks into their business strategies
- make DEI quite visible to the workforce
- emphasize DEI in succession planning and talent acquisition processes
- use more advanced metrics, set more goals related to DEI, and use more incentives to encourage DEI
- provide training for pay equity, communication practices, anti-racism, inclusion awareness and inclusive recruitment policies
- have programs to improve diversity in the leadership ranks
- offer more inclusive and family-friendly benefits

Please note that the findings and recommendations contained in this report are informational only. Nothing in this report should be construed as constituting legal opinions or advice. Please consult an attorney if you have questions about the legal requirements, rules or regulations associated with any content discussed in this report.

How Developed Are Today's DEI Practices?

Finding: Only about a quarter of organizations have overall DEI initiatives that could be deemed as mature

We believe that one of the primary reasons many organizations have failed to cultivate diverse workforces and leadership teams is that their overall DEI initiatives are weak or are only in the beginning stages.

In fact, less than one-quarter of HR professionals indicate their organizations have "advanced" (18%) or "expert" (4%) DEI practices. The remaining 78% fall into less mature stages.

DEI Maturity Stages Defined

Undeveloped

Little or nothing has been done to increase DEI or integrate DEI goals with organizational goals. To the extent that there is a focus, it is on compliance only.

Beginning

We try to maintain compliance but have made a few efforts at DEI and thinking about how DEI helps to position our organization in the marketplace.

Intermediate

We have deployed several different DEI initiatives piecemeal. It is viewed as moderately important, but we do not spend a lot of time measuring success.

Advanced

We have a strategic framework that has multiple pillars aligned with the organizational goals. Our DEI efforts include metrics and setting annual goals for improvement, and we closely follow DEI at leadership levels.

Expert

DEI is embedded in our culture and our CEO and Board members make it a priority. Ownership of DEI initiatives is at the senior leadership level. We use analytics to address recruiting, succession planning and other talent-related issues, and our managers are assessed based on DEI goals. DEI initiatives are strategic and contribute to the achievement of organizational goals.

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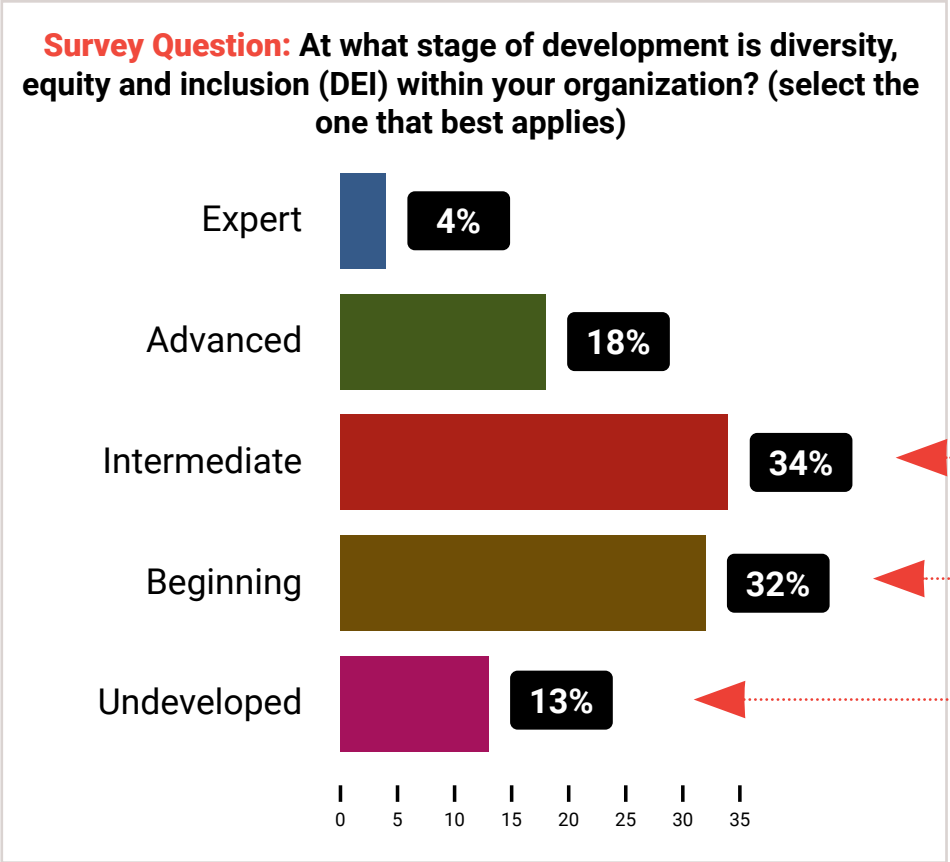
More than three-quarters have relatively immature DEI initiatives



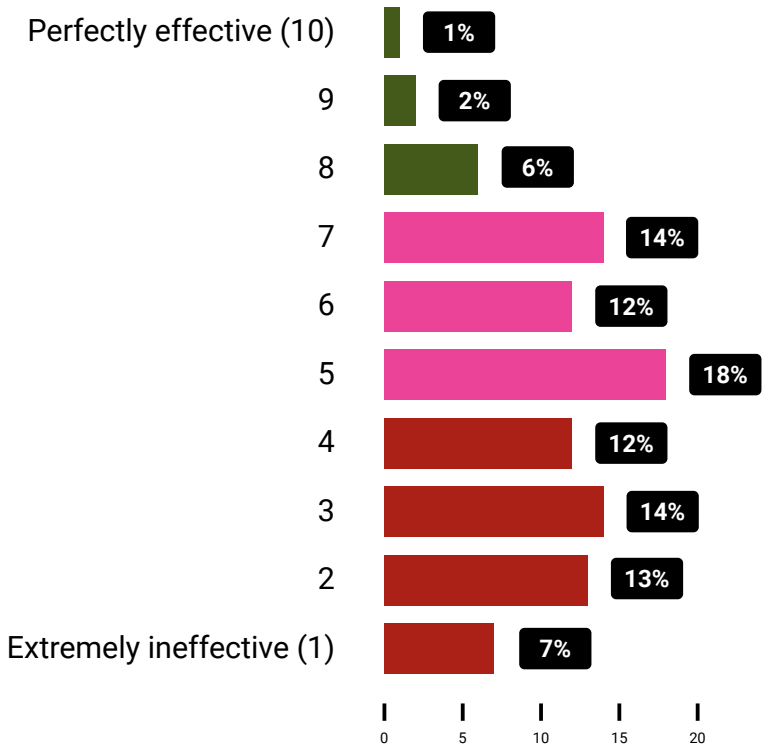
Note: This data excludes those who responded "other."

Finding: Few respondents indicate their initiatives are highly effective

Just 9% rate their organization's DEI initiatives as very effective (that is, respondents say their organization's DEI initiatives are an 8, 9 or 10 on a 10-point scale). This lends support to the previous findings that most do not view their organization's DEI practices as being in the "advanced" or "expert" stages.

Most respondents rate DEI as ineffective or only somewhat effective (that is, 7 or below on a 10-point scale)

Survey Question: Taken as a whole, how effective are your organization's DEI initiatives?



How Diverse Is Today's Workforce?

Finding: Although some companies indicate progress in overall workforce diversity, there is much room for improvement

Roughly half (54%) of respondents agree or strongly agree their organization's corporate culture is more inclusive than it was two years ago. However, slightly fewer indicate their workforce reflects the demographics of today's marketplace (45%) and about the same say their workforces are more diverse than two years ago (48%). Yet, more than three-quarters say it is important to work at an organization that prioritizes diversity and inclusion.[1] This raises serious concerns about retention.

While it is positive to find that many organizations report progress, more than half have a long way to go before their workforces are as diverse as the marketplaces in which they operate. Why are so many organizations lagging in this area? The rest of the report tries to answer this question.

> *"It is a hard hill to climb and to get leaders to understand the importance of diversity, equity and inclusion in an organization and how that does drive business operations and business decisions. You say you want to look like the communities in which you serve, but do you really? And it's really taking a step back and looking at it and saying we just got to do better."*
>
> **- Billie Wright**
> *VP of People Operations, Nava & Leadership Consultant and Performance Coach, The Leneker Team*

1 Wronski, L. (2021, April). CNBC|SurveyMonkey Workforce Happiness Index: April 2021. *SurveyMonkey*. Retrieved from https://www.surveymonkey.com/curiosity/cnbc-workforce-survey-april-2021/

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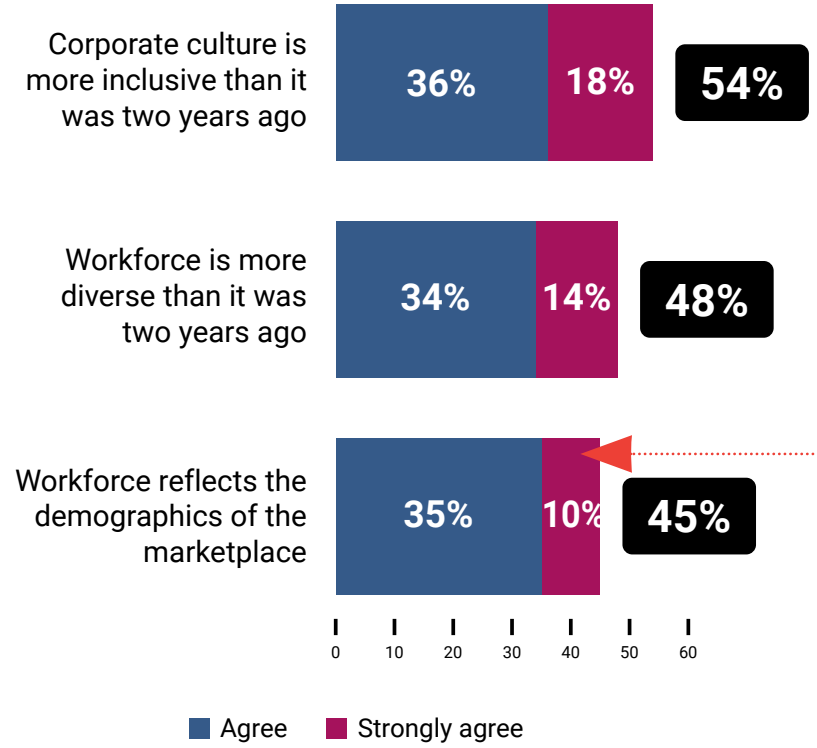
Just 10% strongly agree their workforces reflect marketplace demographics

Survey Statement: As they pertain to your organization, to what degree do you agree with the following statements:

Percent responding agree or strongly agree



Finding: Many organizations lack gender diversity in their leadership ranks

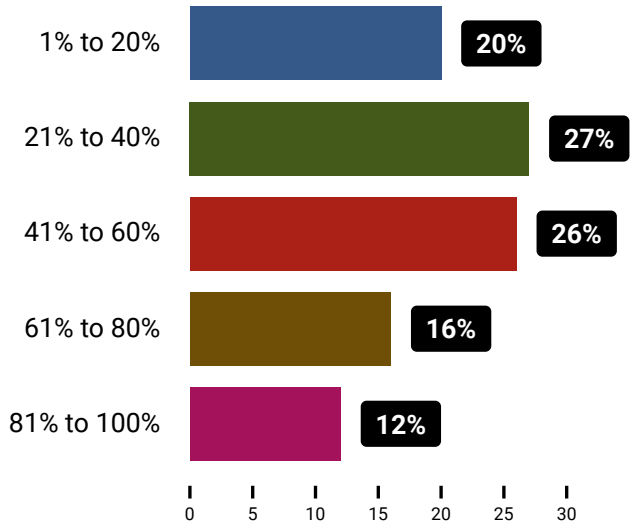
Although women joined the workforce at higher rates than men in 2021,[2] they are often under-represented in the leadership ranks, a situation commonly known to as the "glass ceiling" and, recently, the "concrete ceiling."[3] To investigate this trend, we asked respondents about gender diversity among their leaders.

About half of respondents (47%) say women represent no more than 40% of their organization's people managers. Another 26% say women make up 41% to 60% of people managers. On the other end of the spectrum, more than a quarter (28%) say women represent 61% or more of their organization's people managers.

These findings suggest that women continue to be under-represented in the leadership ranks of many organizations.

About half of HR professionals say women represent no more than 40% of people managers, and a fifth say women are no more than 20% of people managers

Survey Question: About what percentage of your organization's people managers are women? Note: This refers to employees who have other employees reporting to them



Note: This data excludes those who responded "don't know."

[2] Carrazana, C. (2022, January 7). In 2021, almost twice as many women joined the workforce than men. *The 19th*. Retrieved from https://19thnews.org/2022/01/women-workforce-pandemic-202/

[3] Bachman, E. (2021, December 16). The "Glass Ceiling" For Black Corporate Executives Is Really A "Concrete Ceiling." *Forbes*. Retrieved from https://www.forbes.com/sites/ericbachman/2021/12/16/theglass-ceiling-for-black-corporate-executives-is-really-a-concrete-ceiling/

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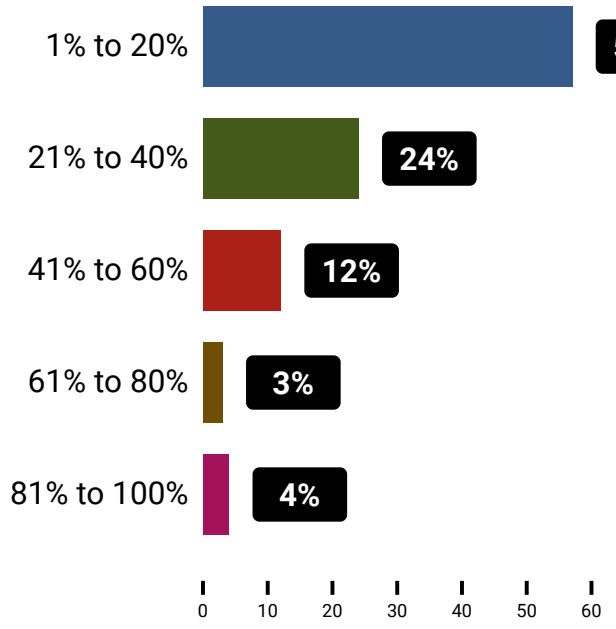
Finding: Many organizations also lack ethnic/racial diversity in their leadership ranks

Ethnic/racial minorities make up about 40% of the U.S. population, according to Census Bureau estimates.[4] Our study finds, however, that over half (57%) of respondents say ethnic/racial minorities comprise no more than 20% of their organizations' people managers. This suggests ethnic minorities are also under-represented in many leadership ranks.

Women of color, however, are even more under-represented. According to a 2021 McKinsey study, women of color hold only 4% of C-suite positions compared to 62% of white men, 20% of white women and 13% men of color.[5 6]

More than half say ethnic/racial minorities represent no more than 20% of people managers

Survey Question: About what percentage of your organization's people managers are ethnic/racial minorities? Note: This refers to employees who have other employees reporting to them



Note: This data excludes those who responded "don't know."

[4] United States Census Bureau. (2021). *QuickFacts United States*. Retrieved from https://www.census.gov/quickfacts/fact/table/US/PST045221

[5] McKinney, J. (2021, September 30). Report: Women of color only account for 4% of C-suite positions, while white men and women succeed them. *Black Enterprise*. Retrieved from https://www.blackenterprise.com/report-women-of-color-only-account-for-4-of-c-suite-positions-while-white-men-and-women-succeed-them/

[6] Coury, S. & Huang, J & Kumar, A & Prince, S & Krivkovich, A & Yee, L. (2020, September 30). Women in the Workplace 2020. *McKinsey & Company*. Retrieved from https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace#

What Is the Scope of DEI?

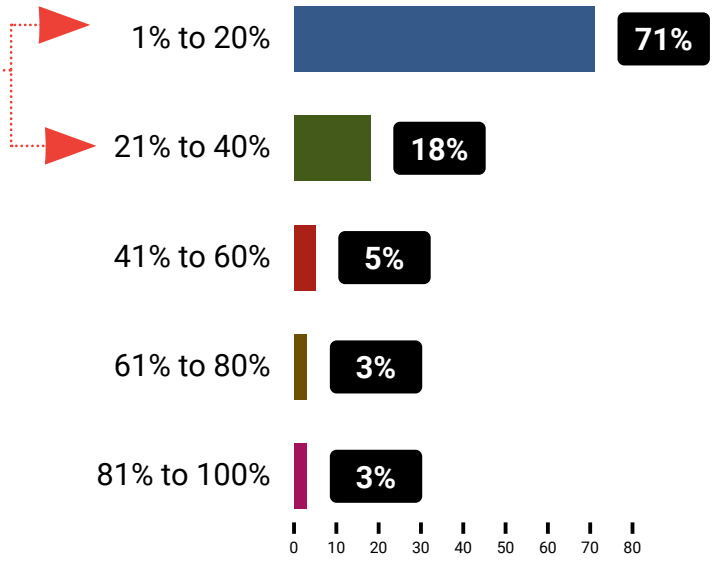
Finding: Respondents most commonly spend no more than 20% of their time on DEI

We asked participants to indicate the percentage of their HR department's average workweek that is devoted to DEI issues, programs or policies. Nearly three-quarters (71%) say no more than 20% of their HR department's average workweek is devoted to DEI issues, programs and/or policies. Organizations with HR departments that spend 61% or more of their time devoted to DEI likely have a dedicated DEI department or officer.

Because few organizations indicate their DEI initiatives are effective, this finding supports that many HR organizations may need to spend more time on DEI. At the same time, it is also possible that some HR organizations spend enough time on DEI but are having a hard time influencing the greater organization to fully embrace their key initiatives.

The overwhelming majority (89%) say their HR departments spend less than 40% of their average workweek on DEI

Survey Question: What percentage of your HR department's average workweek is devoted to diversity, equity, and inclusion (DEI) issues, programs and/or policies? (please provide your best estimate)



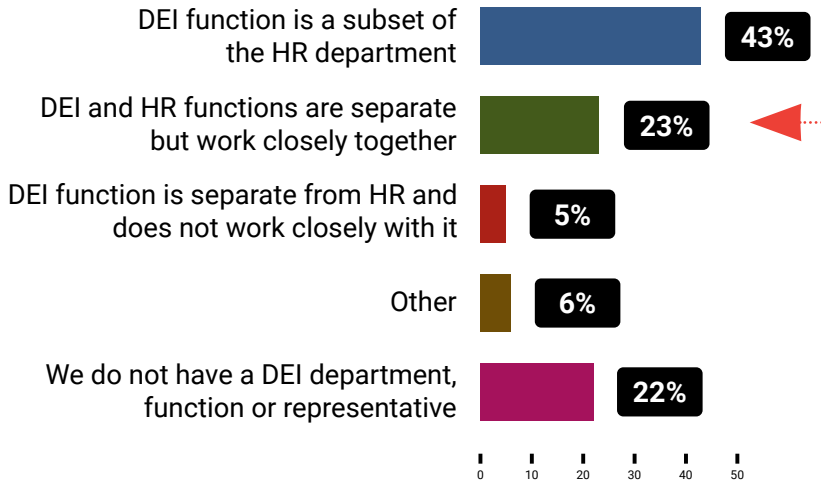
Note: This data excludes those who responded "don't know" or "other."

Finding: DEI is usually a subset of the HR department, though there are exceptions

To better understand whether DEI work is a subset of the HR department or whether it is distinct from it, we asked practitioners what the relationship between HR and the DEI function is like in their organization. Companies most commonly indicate "DEI is a subset of the HR department" (43%) and another 23% say, "DEI and HR are separate but work together" while just 7% say DEI and HR are completely separate.

In most cases, organizations decide that DEI should either be brought under the umbrella of HR or work closely with HR. This may help link DEI to issues central to employee management, such as recruitment practices, analytics, succession management, compliance and more. That said, it is disappointing to find that 22% indicate they do not have a DEI function at all.

Survey Question: What is the connection between the HR department and the DEI function within your organization? Note: The DEI function might include a team or just an individual in charge of DEI.



Note: This data excludes those who responded "don't know."

About a quarter say DEI and HR are separate but work closely together

Finding: Employers most commonly track DEI characteristics related to protected classes

We asked, "Which of the following characteristics of a diverse, equitable and inclusive workforce does your employer consider and track?" and found that employers are most likely to track characteristics associated with legal considerations related to protected classes with 75% monitoring race/ethnicity, 60% focusing on age and roughly the same on gender identity (57%).

However, considerably fewer employers include characteristics related to disabilities, including those that are apparent (39%), as well as those that are not readily apparent (32%). Yet, an Accenture study shows that companies that succeed in incorporating candidates with disabilities see higher revenue and net income.[7]

Far fewer participants include mental health (17%). Mental health is increasingly becoming a DEI issue, largely because there is an emerging link between mental health and DEI in terms of employee perspectives and stigmas relating to societal injustices, racial/ethnic background, natural disasters, work-life balance/caregiver status and workplace stress.[8]

Some organizations include a wide range of other diverse characteristics not necessarily covered by regulations. Such differences have the potential to affect issues such as communication styles, problem-solving techniques and approaches to conflict-resolution. For example, just 9% track neurodiversity, which includes cognitive differences among employees (or differences in the way the brain processes information), yet research shows as much as 40% of the general population is neurodivergent.[9]

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[7] Stadtler, D. (2019, February 21). 4 ways to hire more people with disabilities. *SHRM*. Retrieved from https://www.shrm.org/resourcesandtools/hr-topics/behavioral-competencies/global-and-cultural-effectiveness/pages/4-ways-to-hire-more-people-with-disabilities.aspx

[8] Anas, J. & Greenwood, K. (2021, October 4). It's a new era for mental health at work. *Harvard Business Review*. Retrieved from https://hbr.org/2021/10/its-a-new-era-for-mental-health-at-work

[9] Cooks-Campbell, A. (2022, January 7). Why you shouldn't overlook neurodiversity in your DEI strategy. *BetterUp*. Retrieved from https://www.betterup.com/blog/neurodiversity

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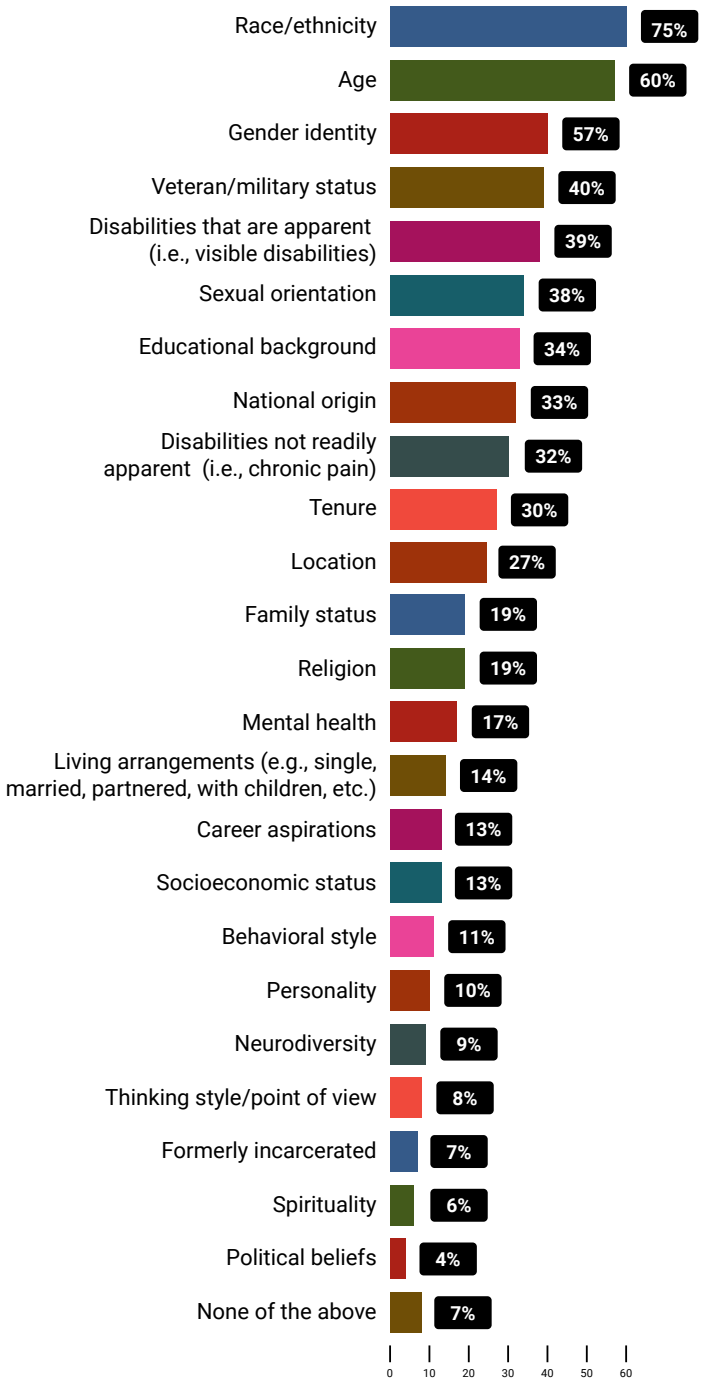
Survey Question: Which of the following characteristics of a diverse, equitable and inclusive workforce does your employer consider and track? (select all that apply)



Many organizations fail to consider and track individual characteristics such as disabilities and mental health

What Are the Details of DEI Initiatives?

Finding: Many fail to incorporate key DEI initiatives to a very high degree

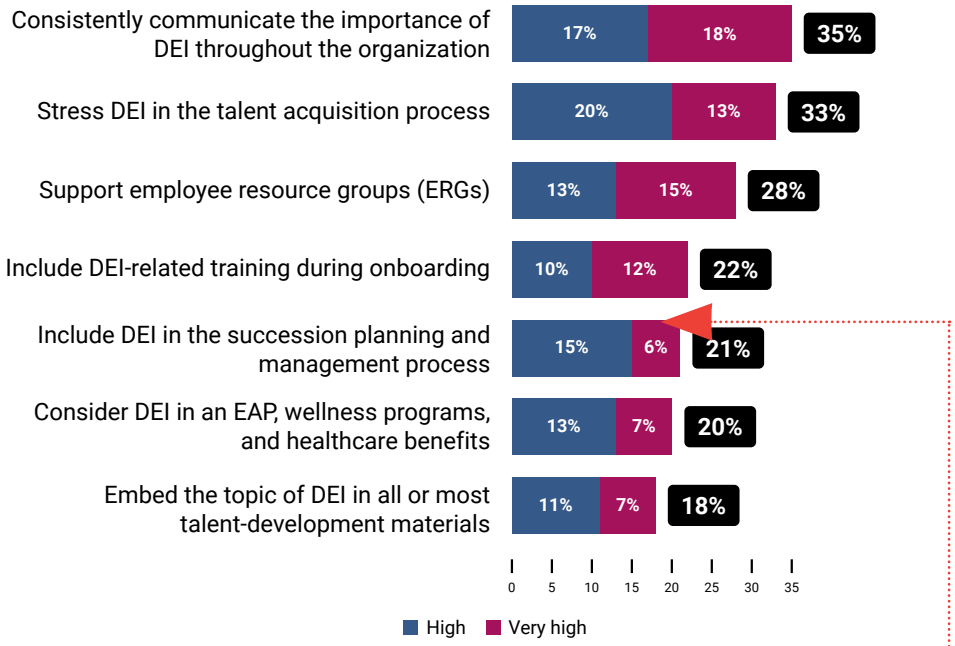
We asked respondents to indicate the degree to which their organization utilizes specific types of DEI initiatives. To a high or very high degree, companies most commonly:

- consistently communicate the importance of DEI throughout the organization (35%)
- stress DEI in the talent acquisition process (33%)
- support employee resource groups (28%)

It is particularly disappointing to see that organizations fail to include DEI in the succession planning and management processes (21%) onboarding experience (22%) and benefits (20%). As we will read later on, insufficient prioritization at top leadership levels is a common barrier to DEI, and is probably one of the central reasons for the absence of these practices.

Survey Question: To what degree does your organization use the following initiatives?

Only 6% include DEI in the succession planning and management process to a very high degree



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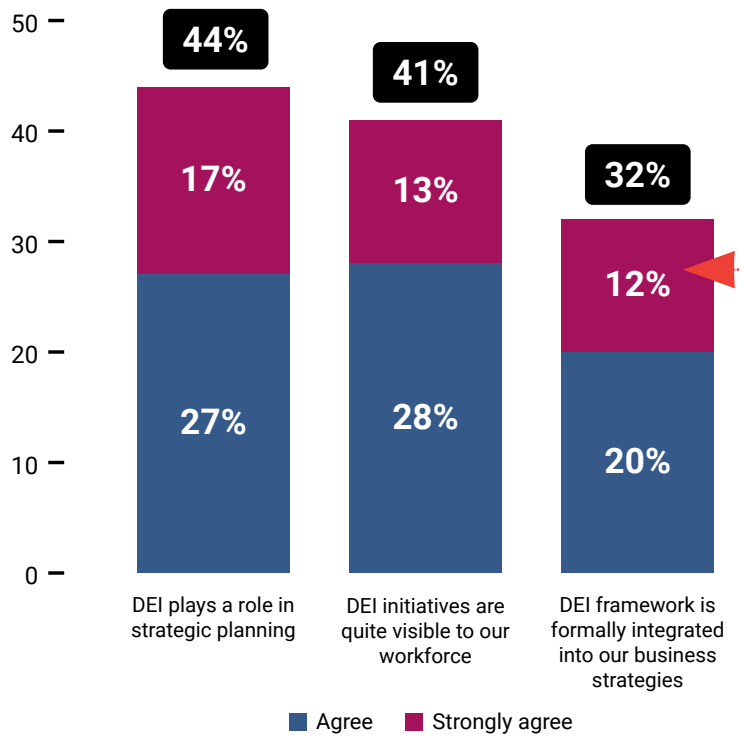
Finding: About two-fifths incorporate DEI into their strategic planning process

About two-fifths agree or strongly agree that DEI plays a role in strategic planning (44%). However, slightly fewer make DEI initiatives quite visible to the workforce (41%) and formally integrate their DEI frameworks into their business strategies (32%).

Given that few companies are incorporating DEI into talent management, onboarding and benefits processes and that DEI effectiveness overall is so low, it is possible that many organizations are leaving out key DEI elements in their strategic plans and are not spending adequate time integrating their frameworks into their business objectives. This lack of adequate planning makes it more difficult for DEI to be truly visible to their workforces.

Survey Question: As they pertain to your organization, to what degree do you agree with the following statements:

Percent responding agree or strongly agree



Only 12% strongly agree that DEI is formally integrated into business strategies

What Types of DEI Inclusive Work Arrangements Do Companies Offer?

Finding: Paid time off is the most commonly offered benefit

Four-fifths (79%) indicate paid time off (PTO) is offered. This is largely because all employees have the potential to benefit in one way or another from PTO. In fact, some companies consider PTO an investment in an employees' mental health and well-being.[10] [11]

The second most common benefit is remote work options (73%). This is understandable given traditional workplaces have been significantly impacted by Covid-19. Slightly fewer participants, however, indicate flexible work options (70%). Yet, many workers simply want more work-life balance.[12] [13]

Employees with young children are more likely to prefer remote and flexibility models.[14] Yet, just 34% offer professional part-time roles. Women with flexible work arrangements are more likely to return to work after having children.[15] That said, our research shows that just 58% offer paid parental leave and even fewer offer benefits for domestic partners (43%) or miscarriage/pregnancy loss leave (25%).

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[10] Place, A. (2021, October 8). More PTO and better benefits: How 8 HR leaders are supporting mental health needs. *Employee Benefits News*. Retrieved from https://www.benefitnews.com/list/how-8-hr-leaders-are-supporting-mental-health-needs

[11] Mayer, K. (2021, August 3). One of the 'very best' new ways to combat employee burnout. *Human Resource Executive*. Retrieved from https://hrexecutive.com/one-of-the-very-best-new-ways-to-combat-employee-burnout/

[12] Schwantes, M. (2019, August 7). Bill Gates says you must offer this perk if you want to hire the best people. *Inc*. Retrieved from https://www.inc.com/marcel-schwantes/bill-gates-says-companies-that-offer-this-perk-to-employees-will-have-a-clear-edge.html

[13] Johnson Hess, A. (2021, October 12). 'The great reimagination of work': Why 50% of workers want to make a career change. *CNBC*. Retrieved from https://www.cnbc.com/2021/10/12/why-50percent-of-workers-want-to-make-a-career-change-new-survey.html

[14] Huang, J., Krivkovich, A., Rambachan, I. & Yee, L. (2021, May 5). For mothers in the workplace, a year (and counting) like no other. *McKinsey & Company*. Retrieved from https://www.mckinsey.com/featured-insights/diversity-and-inclusion/for-mothers-in-the-workplace-a-year-and-counting-like-no-other

[15] Keswin, E. (2018, January 30). Intentional flexibility keeps women in the workforce. *Forbes*. Retrieved from https://www.forbes.com/sites/ericakeswin/2018/01/30/intentional-flexibility-keeps-women-in-theworkforce/#

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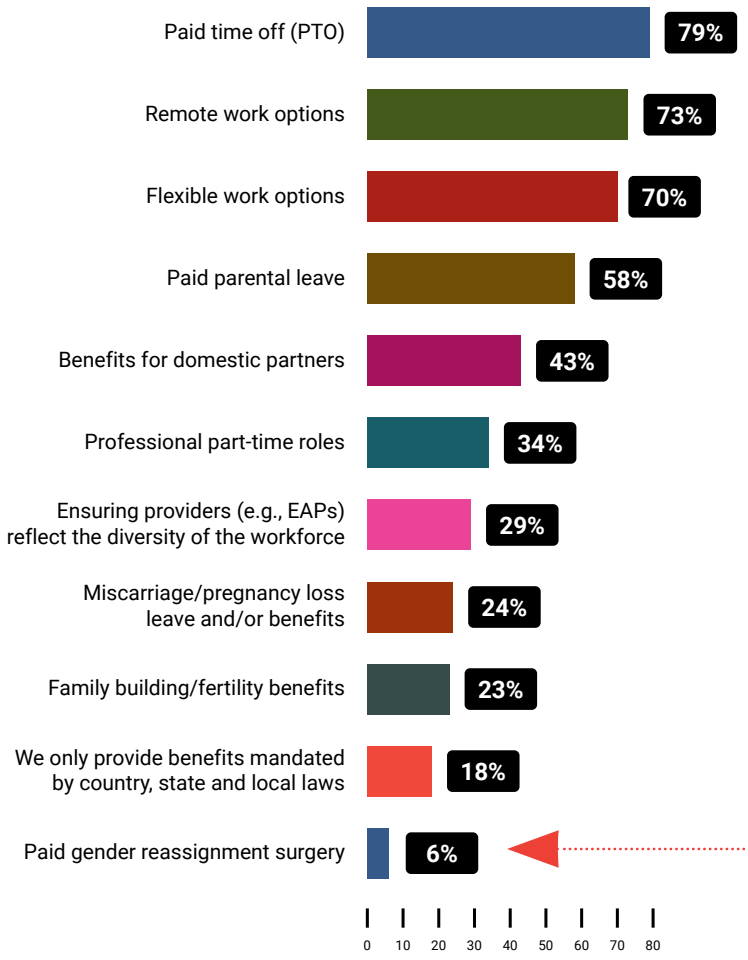
Survey Question: What benefits or work arrangements does your organization have that make it easier for diverse employees to work there? (select all that apply)



Note: This data excludes those who responded "none of the above."

Only 6% say their organization offers paid gender reassignment surgery

To What Extent Do Companies Focus on Leadership Diversity?

Finding: Just above two-fifths have initiatives that focus on leadership diversity

Diversity among management teams is an important step in developing a diverse workforce.[15] Just 45% of participants have one or more initiative focused on diversity in leadership, suggesting that although some companies are putting forth some effort to build diversity in their ranks, many still have a long way to go.

Twenty-nine percent have mandates of any kind to increase diversity in leadership roles. Some organizations may stay away from mandates because they fear mandates may have negative implications on diversity goals.[16] On the other hand, there are several countries that have instituted mandatory gender quotas for boards of directors and legal sources that indicate the law will support quotas that are aimed at minimizing gender or racial imbalances.[17]

This type of dilemma might help explain why most companies are also not tying DEI compensation (12%) and promotions (10%). At the same time, some organizations may argue if you don't hold managers accountable for DEI, it will not happen.

[15] Lorenzo, R., Voigt, N., Tsusaka, M. & Krentz, M. (2018, January 23). How diverse leadership teams boost innovation. *Boston Consulting Group*. Retrieved from https://www.bcg.com/en-us/publications/2018/how-diverse-leadership-teams-boost-innovation

[16] Dishman, L. (2016, December 12). Why diversity programs backfire and how to fix them. *FastCompany.* Retrieved from https://www.fastcompany.com/3066451/how-to-stop-diversity-programs-from-backfiring

[17] Carpenter, J. (2018, September 7). The case for and against gender quotas on corporate boards. *CNN Money.* Retrieved from https://money.cnn.com/2018/09/07/pf/gender-diversity-quotas/index.html

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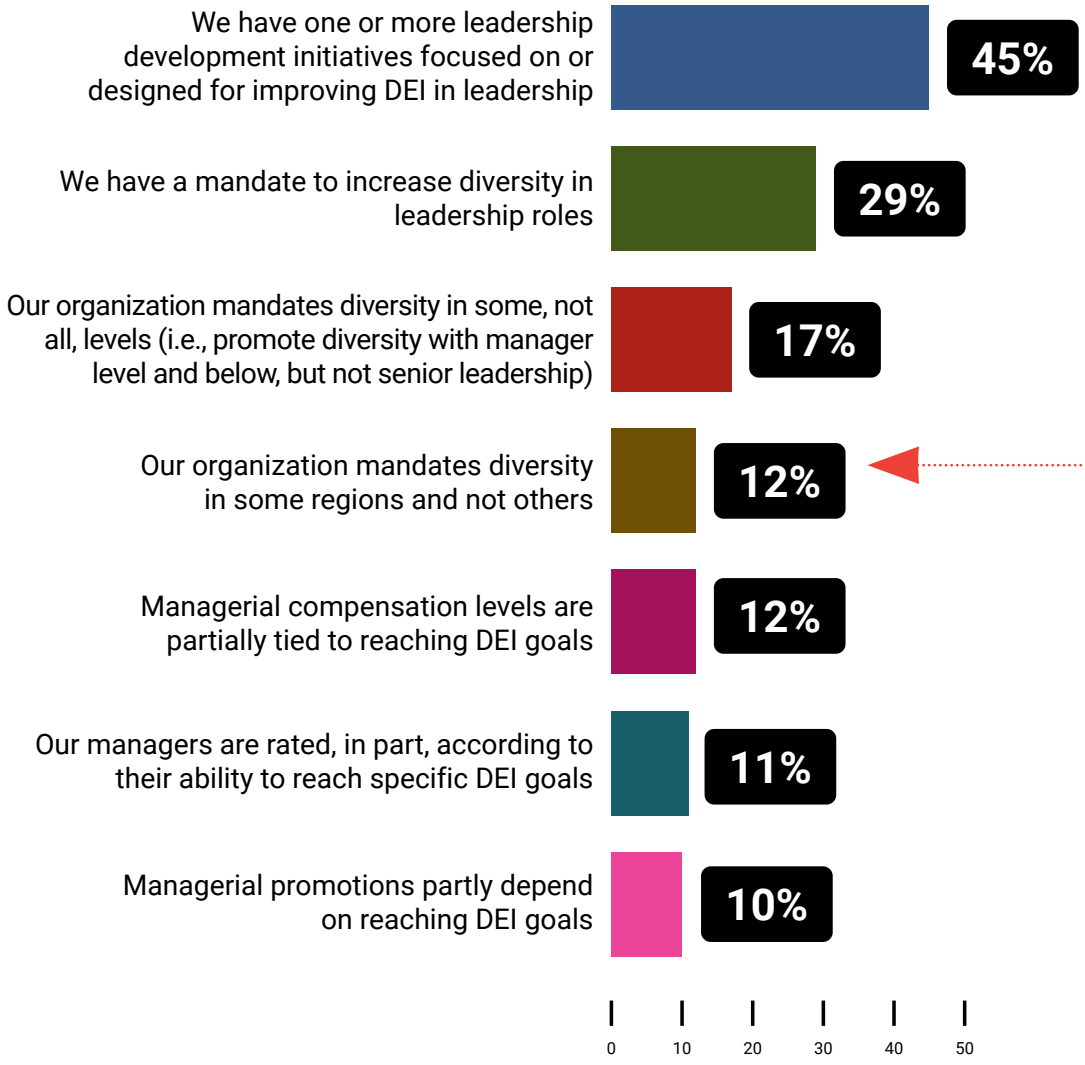
Survey Question: **Which of the following are true or false for your organization?**

Percent responding true



DEI mandates are often inconsistent across the organization

What Prevents Organizations from Making Initiatives Successful?

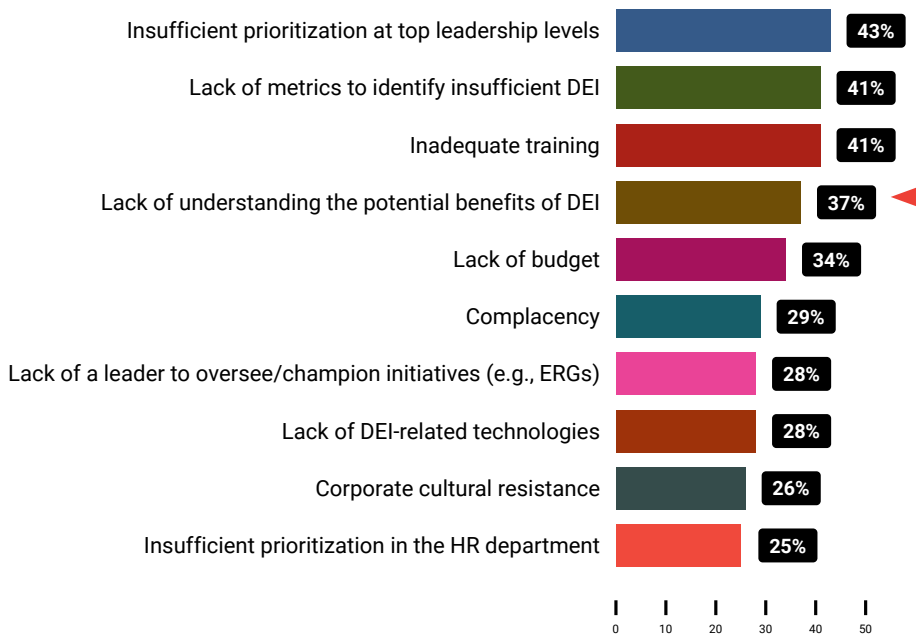
Finding: A variety of factors influence the effectiveness of DEI initiatives

The three most commonly cited barriers to DEI effectiveness are:

- failure to prioritize at top leadership levels (43%)
- a lack of metrics to identify insufficient diversity (41%)
- inadequate training (41%)

This suggests that there is no single barrier to DEI. Organizations must overcome various obstacles—many interrelated—to be successful.

Survey Question: What are the barriers to increasing the effectiveness of DEI initiatives in your organization? (select all that apply)



Note: This data excludes those who responded "none of the above" or "other."

More than one-third say their organization does not understand the benefits of DEI

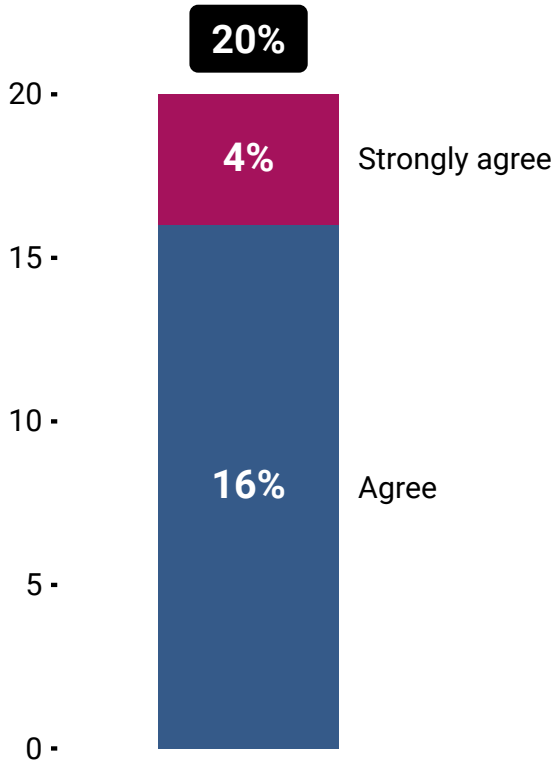
How Well Do Organizations Understand and Measure DEI Success?

Finding: Only one-fifth of organizations know just how effective their DEI programs are

Just 20% of respondents agree or strongly agree that they know just how effective DEI programs are.

These low numbers amplify the previous finding that there are a variety of obstacles organizations face that lead to their inability to measure. The lack of sufficient metrics and prioritization from the top to garner key metrics is likely to be contributing to stakeholders not knowing the extent to which their DEI programs are effective.

Survey Question: As it pertains to your organization, to what degree do you agree with the following statements: We know just how effective our DEI programs are

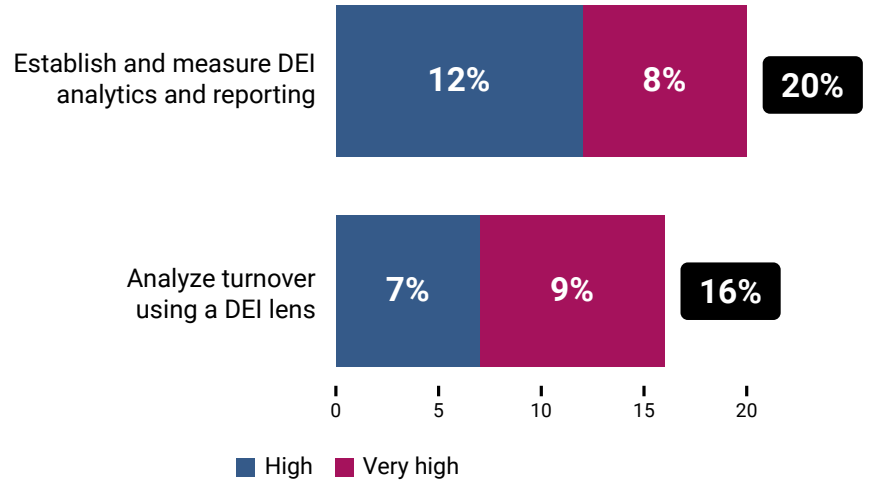


Finding: Fewer than one-fifth analyze turnover using a DEI lens to a high or very high degree

We asked about the degree to which organizations measure organizational DEI. We found only 20% establish and measure DEI metrics and reporting to a high or very high degree and even fewer say the same about analyzing turnover using a DEI lens (16%).

These findings reinforce that companies are not measuring whether their programs are effective. It is also possible that companies do not know where to begin to measure because they have not developed strategic plans or tied those plans to business objectives.

Survey Question: To what degree does your organization use the following DEI initiatives?

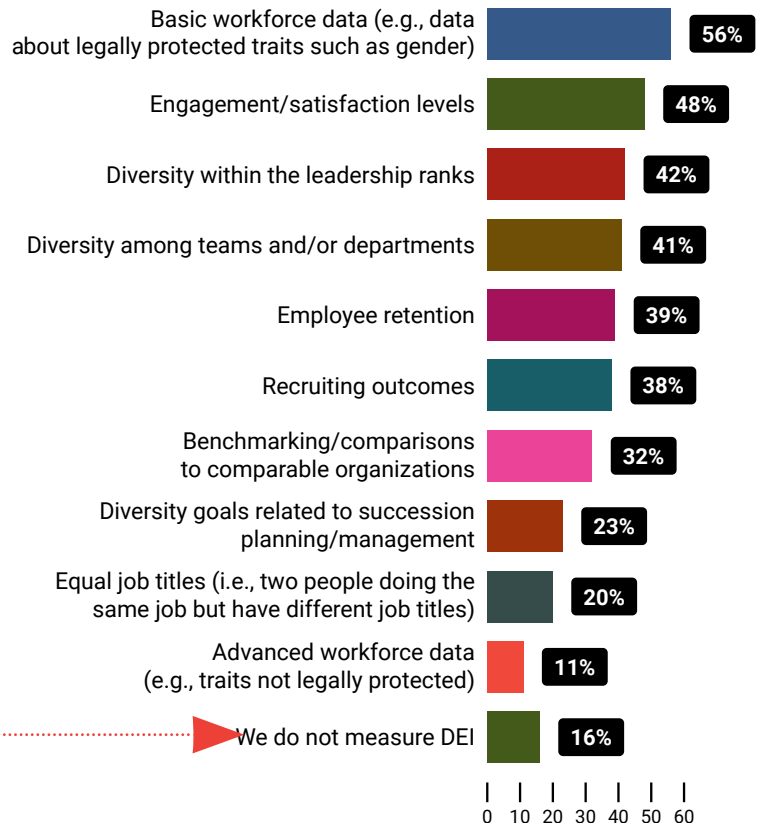


Finding: Companies most commonly use basic workforce data measurements

Basic workforce data (e.g., data about legally protected traits such as gender) are the most common metric for measuring the current state of DEI in their organization (56%), while only 11% assess advanced demographic metrics (e.g., traits not legally protected).

Relatively few organizations collect metrics that could potentially require actions based on the findings, such as goals related to succession planning (23%), measuring diversity in the leadership ranks (42%), diversity among teams (41%), and less than half measure employee engagement or satisfaction levels (48%). In addition, 16% do not measure DEI at all.

Survey Question: What metrics does your organization use to measure the current state of DEI in your organization? (select all that apply)



Sixteen percent do not measure the current state of DEI in their organization

Note: This data excludes those who responded "don't know" and "other."

What Is the State of Pay Equity?

Finding: Less than half say pay is equitable in their organization

Just under half (48%) agree or strongly agree that pay is equitable in their organization. Pay across different genders and races continues to be an ongoing challenge in many countries. In fact, according to a 2021 report released by the World Economic Forum, on average, American working women are paid 82 cents for every dollar that working men make in the US.[18]

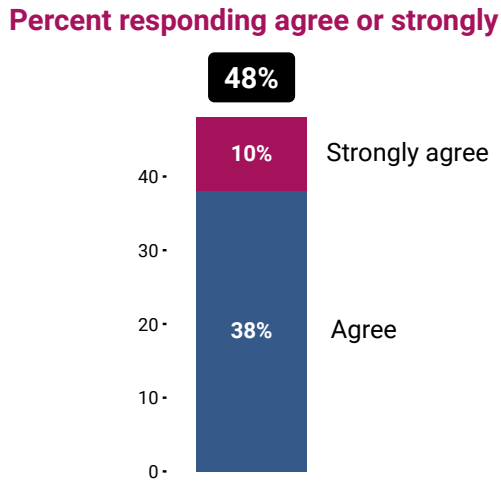
Defining Small, Mid-sized and Large Organizations

Throughout the report, we look at the findings based on company size. We deem organizations with 1-99 employees as "small," those with 100-999 as "mid-sized" and those with 1,000 or more employees as "large."

By company size

Smaller (65%) and mid-size (52%) organizations are more likely than larger (33%) organizations to agree or strongly agree that pay is equitable. It is possible that larger organizations, because of their sheer size, find it more difficult to communicate and objectively manage some of the subjective components that go into compensation and performance pay.

Survey Question: As they pertain to your organization, to what degree do you agree with the following statements: Pay is equitable

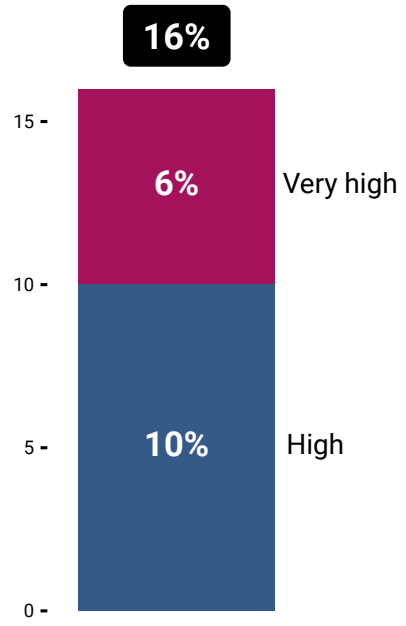


[18] Buchholz, K. (2021, October 28). Gender pay gap: Women earn nearly 20% less than their male counterparts, study shows. *World Economic Forum*. Retrieved from https://www.weforum.org/agenda/2021/10/the-gender-pay-gap-visualized

Finding: Most do not have a formal budget allocated to closing pay gaps

Just 16% say their organization has a formal budget that is allocated to closing pay gaps. It is possible that some organizations fold pay equity costs into the larger HR budget. However, others may not allocate a formal budget because they do not view closing pay gaps as a high enough priority, fear what they will find, or are concerned about discoverability that puts them at risk for a lawsuit.

Survey Question: To what degree does your organization use the following DEI initiatives: Have a formal budget allocated to closing pay gaps



What Is Driving Companies to Provide Equitable Pay?

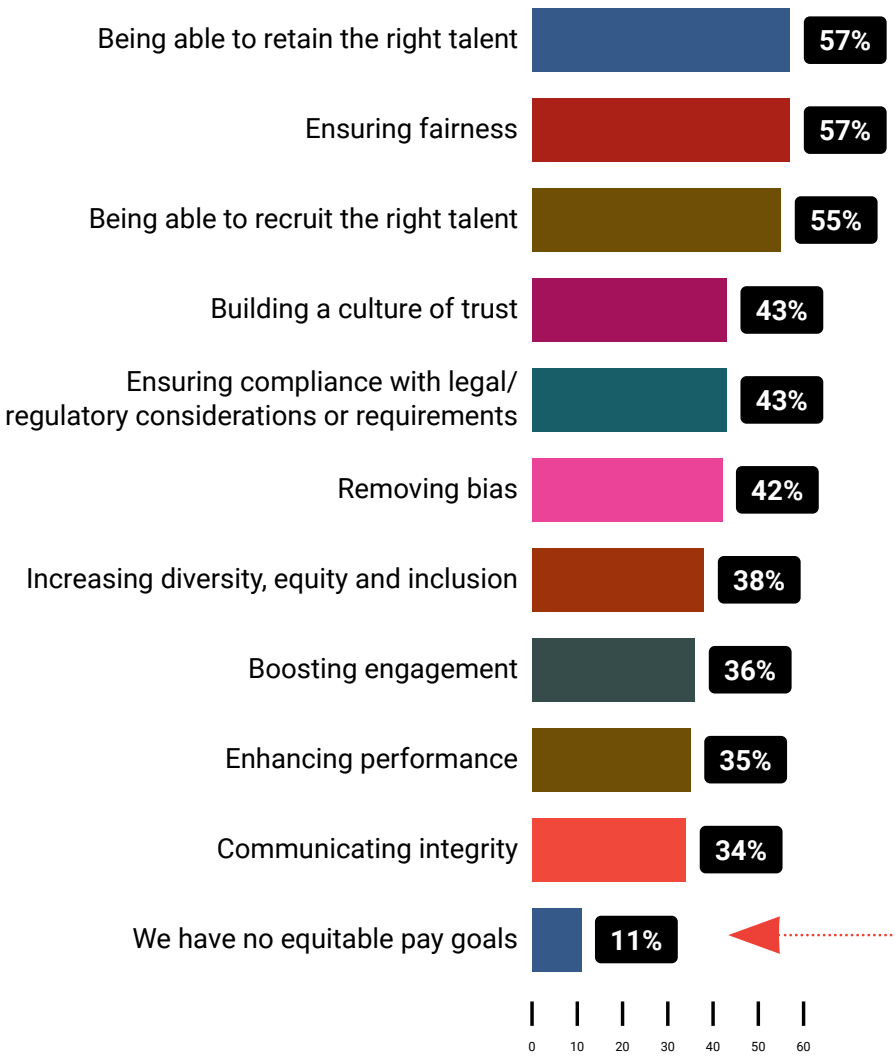
Finding: Employers most commonly provide equitable pay to retain talent and to ensure fairness

We asked respondents about "what drives the goal of providing equitable pay" in their organizations. Nearly three-fifths say that the need to retain the right talent (57%) drives that goal, and the same percentage indicate ensuring fairness. More than half (55%) also cite concern about recruiting talent.

The need to build a culture of trust (43%) ensure compliance (43%), remove bias (42%), boost engagement (36%), enhance performance (35%) and communicating integrity (34%) are cited less often, but they clearly indicate that many organizations have both legal and talent management reasons for pursuing equitable pay.

All of these drivers suggest to us that the 11% who say they have "no equitable pay goals" may wish to reconsider.

Survey Question: In your organization, what drives the goal of providing equitable pay? (select all that apply)



Note: This category excludes those who responded "other" responses.

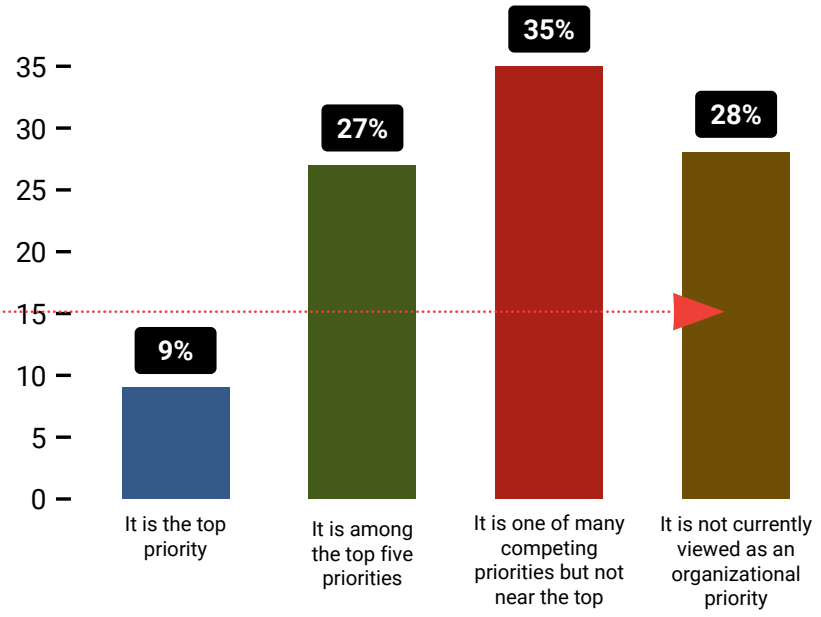
Eleven percent have no equitable pay goals

Finding: Only 9% say equitable pay is a top priority among executives

Nine percent report equitable pay is a top priority among executives in their organization, while another 27% say it is among the top five priorities. It's encouraging to find that many today view pay equity as a priority. However, at a time when pay issues continue to be a prominent global challenge, we are disappointed to find that 28% say equitable pay is not currently a priority among executives in their organization.

More than one-quarter are not making equal pay a priority

Survey Question: Among executives in your organization, how high of a priority is equitable pay? (select the one that best applies)

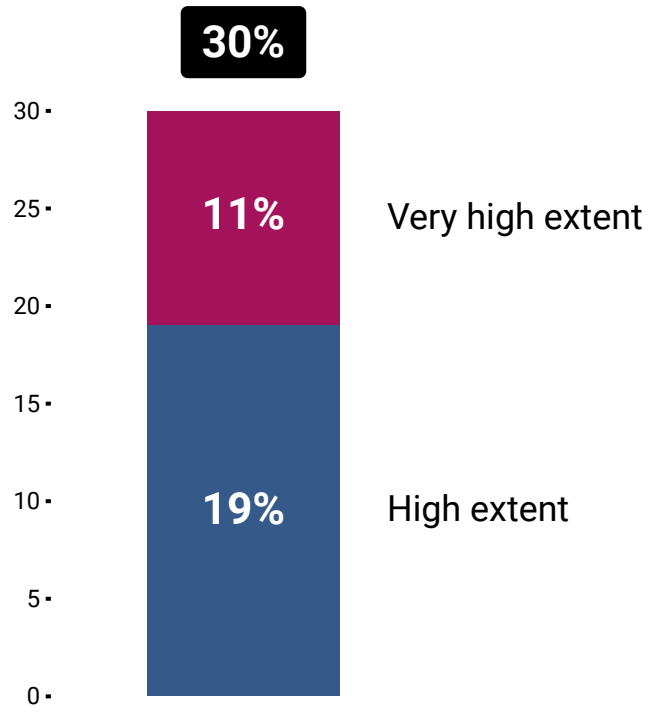


Note: This data excludes those who responded "don't know" and "other."

Finding: Most companies are not investing enough to understand pay gaps

Given the lack of support from the top, it makes sense that most organizations are not investing enough to close today's pay gaps in the workforce at large. Less than one-third say their organization is actively investing in understanding the pay equity gap to a high or very high extent.

Survey Question: To what extent is your organization actively investing in understanding the pay equity gap in your business/industry?



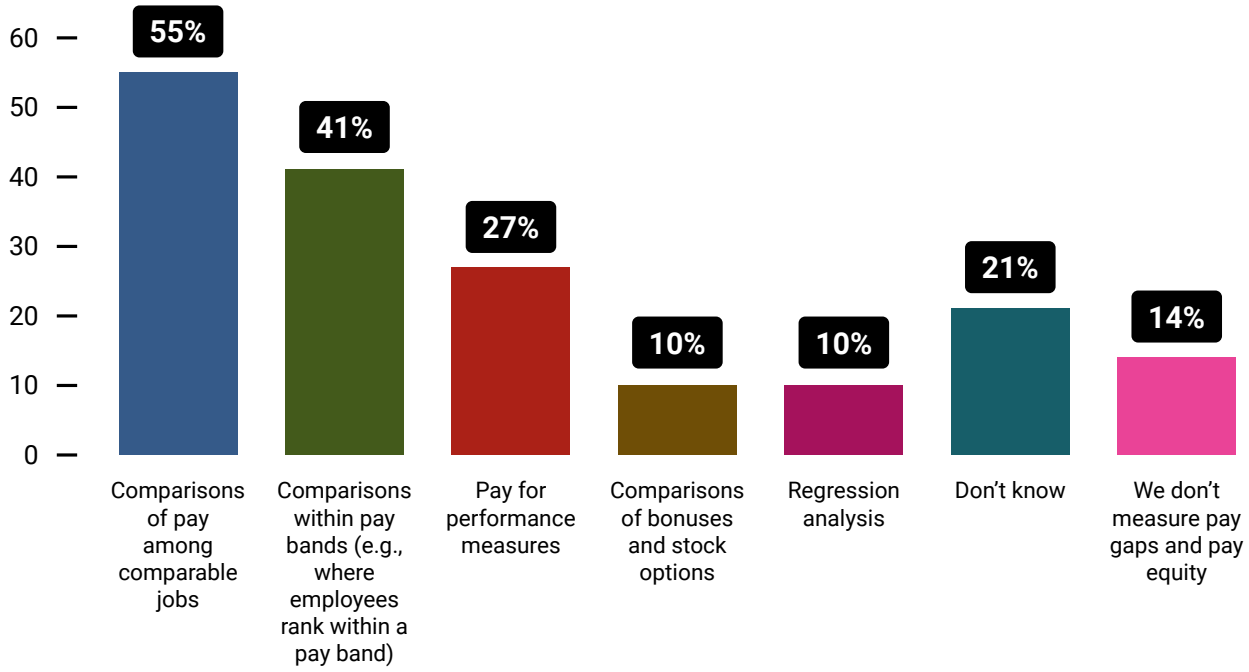
Note: This data excludes those who responded "don't know."

Finding: Fourteen percent of organizations don't measure pay gaps or pay equity

In an effort to measure pay gaps and pay equity, companies most commonly look at pay among comparable jobs (55%). Another 41% compare pay within pay bands. For pay comparisons to be useful, companies must evaluate all the relevant variables that make a job different. However, it can be difficult for every data point to line up, making it hard to make true apples-to-apples comparisons, though such comparisons can serve as a good guide.

About a quarter (27%) say they are measuring pay with clear pay-for-performance measures. The fact that so few use this metric might indicate that some organizations do not have clear metrics for linking pay to performance, or even for gathering accurate employee performance data. Moreover, 14% do not measure pay gaps and pay equity and 21% simply don't know.

Survey Question: What tools does your organization use to measure pay gaps and pay equity? (select all that apply)



Note: This data excludes those who responded "other."

Which Employee Groups Typically Receive DEI Training?

Finding: Companies most commonly train all employee groups, but nearly a quarter don't offer DEI-related learning and development at all

Only two-fifths provide DEI-related training to all employee groups (40%). Biases can have an impact on promotions and pay as much as opportunities for high visibility projects.

Twenty-four percent of responding companies do not offer such training at all, and some restrict it to certain groups, such as "senior executives" (21%), "select managers" (17%). It is possible that these cohorts segment certain groups because it is their view that these groups of employees can tailor what is applicable to their teams.[19] It might also "check the box" to support what is legally required for antidiscrimination purposes (e.g., sexual harassment training). However, others argue that expanding training to everyone, when done correctly, pays off by bringing forth increased innovation, productivity and employee morale.

[19] Lindsey, A., King, E., Membere, A. and Cheung, H. (2017, July 28). Two types of diversity training that really work. *Harvard Business Review.* Retrieved from https://hbr.org/2017/07/two-types-of-diversity-training-that-really-work

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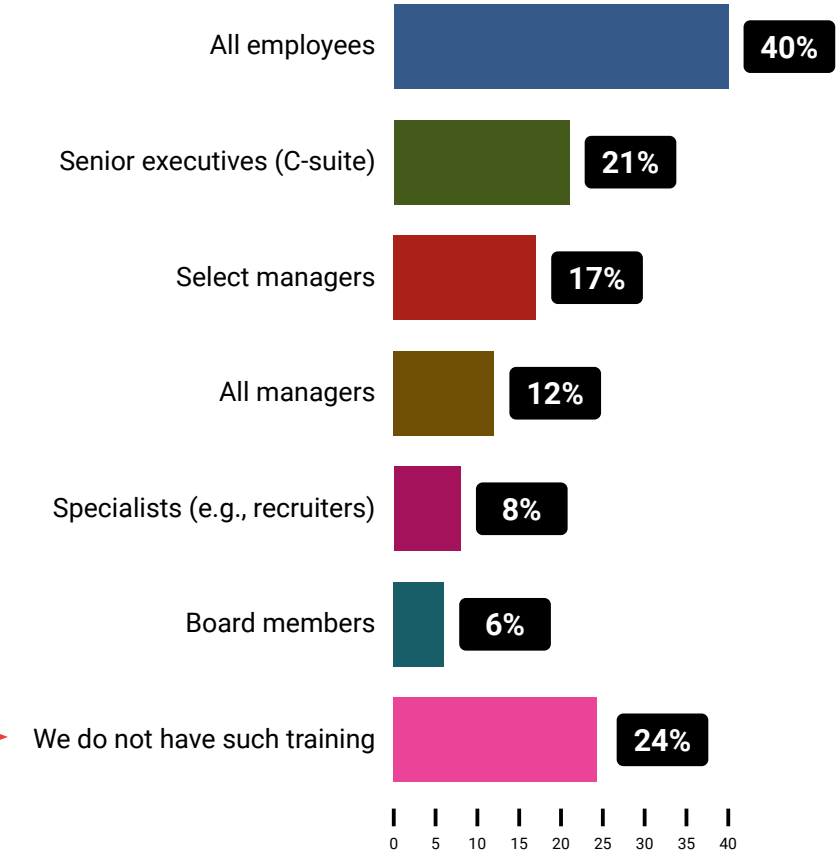
Survey Question: **Who is included in your DEI-related learning and development (L&D) programs (select all that apply)?**



Twenty-four percent say they do not have DEI-related training

What Types of DEI Training Are Most Common?

Finding: Companies most commonly provide unconscious bias training

Among organizations that offer DEI-related training, the most widely provided is unconscious bias training (69%). This type of training is often more geared to make employees more "aware" of common stereotypes or preferences. However, effective unconscious bias training moves beyond awareness to help employees manage their biases, change their behavior and track their progress.[20] For example, employees may be given information that contradicts stereotypes along with actionable guidance on how to connect with people whose experiences are different from theirs.

However, only about half use inclusion awareness training (55%). Companies largely look to this training to help build harmonious working relationships among employees by training them to understand the demographic, socioeconomic and culture-dominant working styles. Such understanding can lead to more productive working environments. Slightly fewer, however, conduct conversations training (48%) and fewer have training for conflict resolutions (33%) and DEI-specific communication practices training (23%). Yet all of these trainings have the potential to help managers and employees communicate DEI issues without unintentionally giving offense or being accused of discrimination.

> *"I get a lot of calls about unconscious bias training and implicit bias training. When I do the training, I always put it in a larger framework because this is only one element, this alone is not effective."*
>
> **- Linda Howard**
> *Strategic Advisor and Speaker on Compliance/Diversity, Equity & Inclusion*

[20] Gino, F. & Coffman, K. (2021, October). Unconscious bias training that works. *Harvard Business Review*. Retrieved from https://hbr.org/2021/09/unconscious-bias-training-that-works

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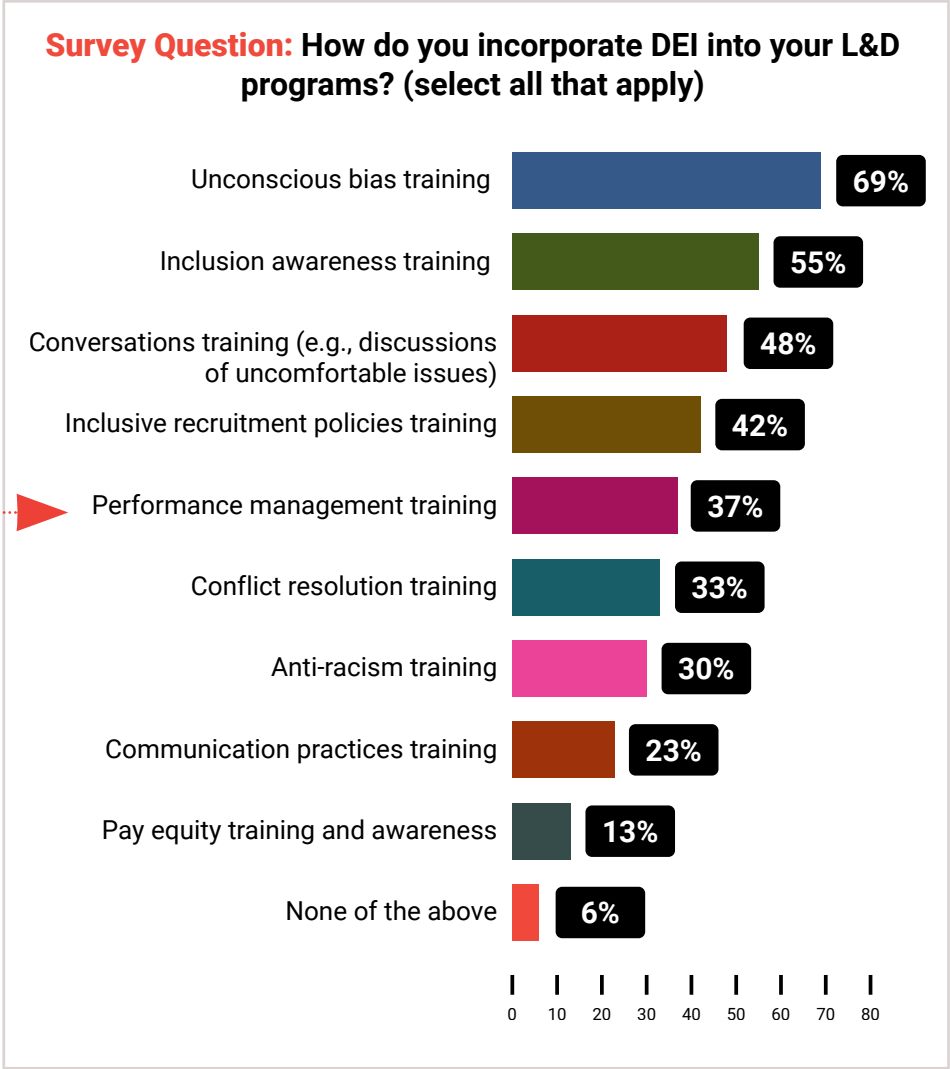
Just two-fifths incorporate DEI training into the performance management process



Note: This data excludes those who responded “don’t know” or “other.”

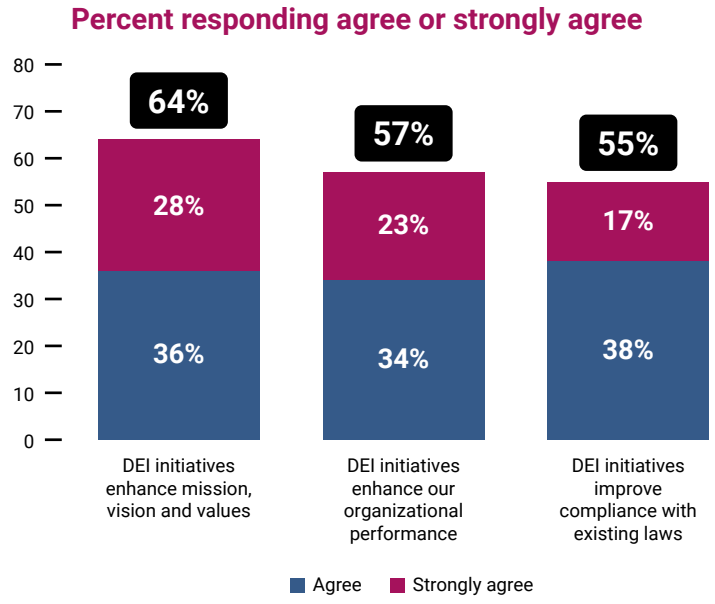
How Beneficial Are DEI Initiatives to Organizations?

Finding: Many indicate their DEI initiatives bring significant improvement

There is a strong business case for DEI today, including improvements in financial performance. In fact, research shows that gender-diverse and inclusive teams outperformed gender-homogeneous, less inclusive teams.[21]

Respondents agree or strongly agree that DEI initiatives enhance organizational performance (57%) and improve compliance (52%). Nearly two-thirds (64%) also believe DEI initiatives enhance mission, visions and values, further showing HR professionals think DEI pays many dividends.

Survey Question: As they pertain to your organization, to what degree do you agree with the following statements:



[21] Callaham, S. (2021, July 11). Is a 'societal reckoning of the generational divide' upon us? This top 50 undergraduate professor says yes. *Forbes*. Retrieved from https://www.forbes.com/sites/sheilacallaham/2021/07/11/is-a-societal-reckoning-of-the-generational-divide-upon-us-this-top-50-undergraduate-professor-says-yes/

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Practices Linked to a Greater Chance of Success

How Do We Classify High Performers?

To take a closer look at what differentiates organizations with effective DEI initiatives from those with less effective DEI initiatives, we separated our sample into two cohorts:

- **DEI high performers:** Respondents who rate their organization's stage of DEI maturity as "advanced" or "expert."
- **DEI low performers:** Respondents who rate their organization's stage of DEI maturity as "undeveloped" or "beginning" or "intermediate."

Of course, correlation is not the same as causation. While we cannot state that any particular practice will definitely lead to success in managing DEI, we do see intriguing relationships that might result in greater success.

What Do DEI Higher Performers Do Differently?

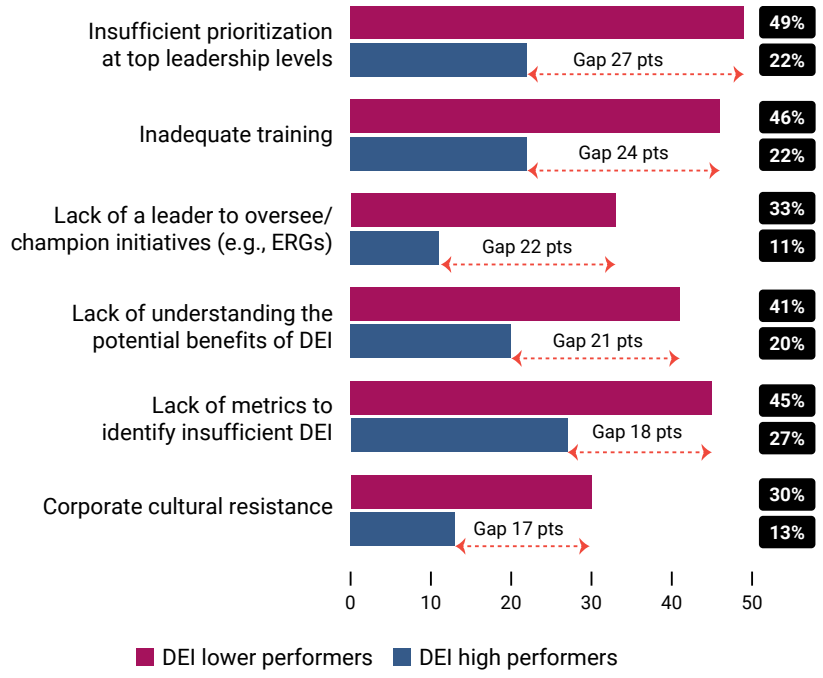
Finding: DEI high performers tend to have support from the top

Overall, DEI low performers experience more barriers to increasing the effectiveness of DEI initiatives. This is largely because lower performers lack support from the top. In fact, nearly half (49%) cite insufficient prioritization at top leadership levels, compared with just 22% of DEI higher performers.

Because low performers have less support from the top, they are also more likely to lack knowledge about DEI and a leader to champion initiatives. In essence, leaders are not accountable or holding others to be accountable to do what is necessary to improve DEI.

DEI low performers are far more likely than high performers to lack training and metrics

Survey Question: What are the barriers to increasing the effectiveness of DEI initiatives in your organization? (select all that apply)



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Finding: DEI high performers manage a broader range of diverse characteristics

DEI high performers are more likely than their lower performing counterparts to consider and track a wider range of characteristics associated with DEI. The most significant gap is within the category of sexual orientation (65% vs. 30%, a difference of 35 percentage points). Further, DEI high performers are also more likely to be aware of apparent disabilities (65% vs. 32%) and non apparent disabilities (56% vs. 25%).

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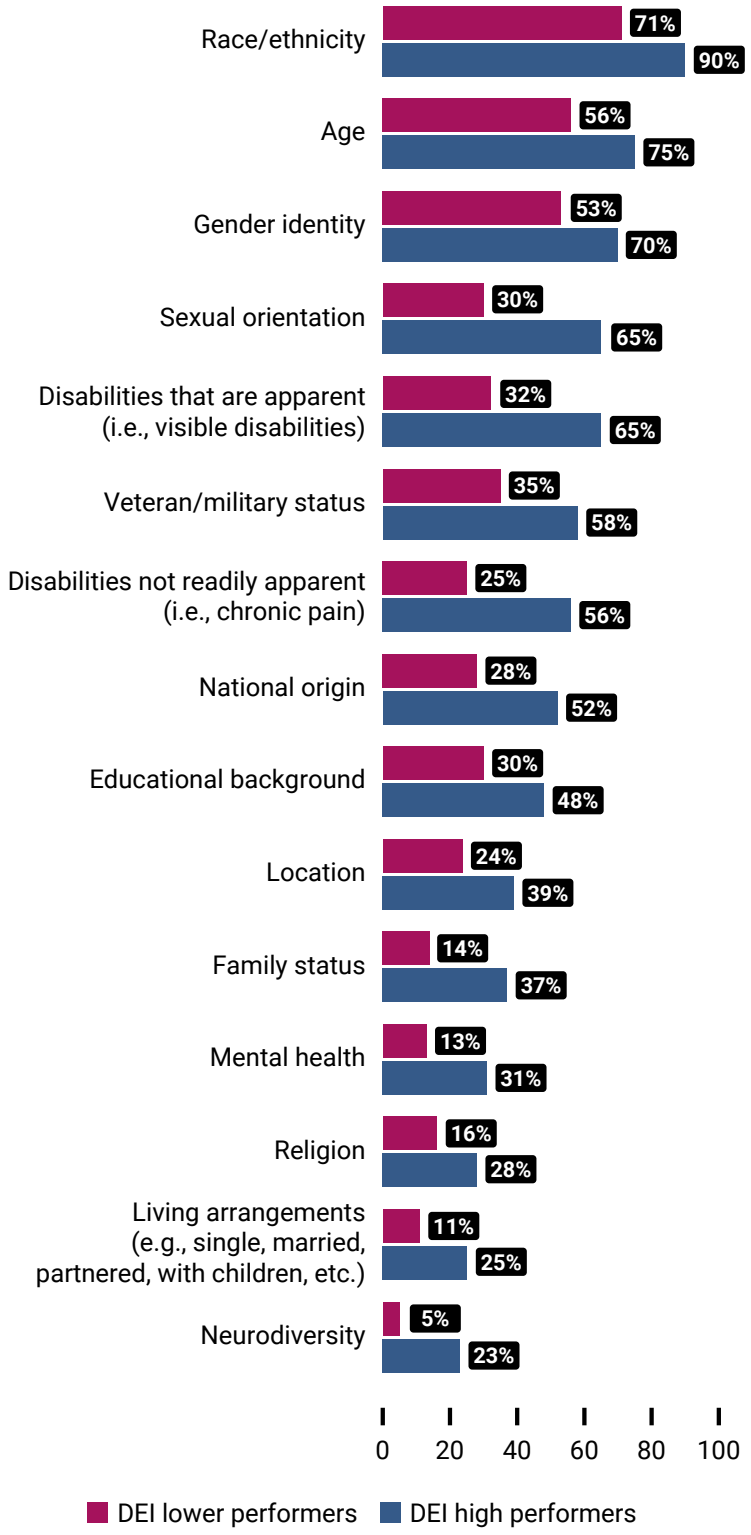
Survey Question: Which of the following characteristics of a diverse, equitable and inclusive workforce does your employer consider and track? (select all that apply)



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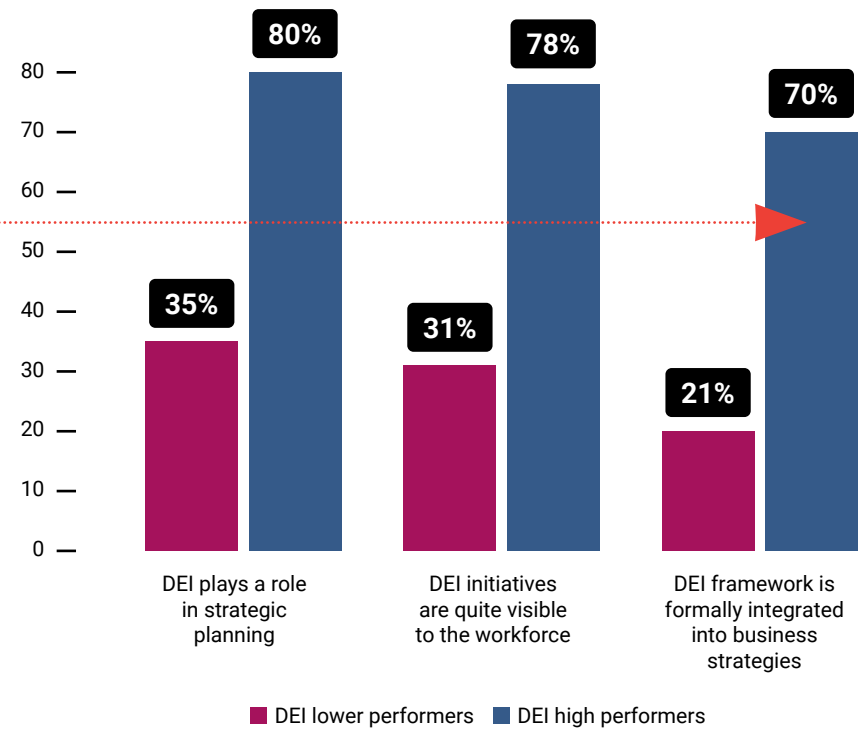
Finding: DEI high performers incorporate DEI into their strategic plans and business objectives more often

DEI high performers are more likely than DEI low performers to more often agree or strongly agree that DEI plays a role in strategic planning (80% vs. 35%). DEI high performers are also more likely than low performers to agree that DEI initiatives are quite visible to their workforce (78% vs. 31%). Visibility brings forth transparency and helps to create and sustain a culture of trust. All of this helps to ensure managers at all levels continually integrate DEI into their business strategies. In fact, high performers are also more likely to agree or strongly that this strategic framework is formally integrated into their business strategies (70% vs. 21%).

DEI high performers are more than three times as likely than low performers to agree or strongly agree that DEI framework is formally integrated into business strategies

Survey Question: As they pertain to your organization, to what degree do you agree with the following statements:

Percent responding agree or strongly agree

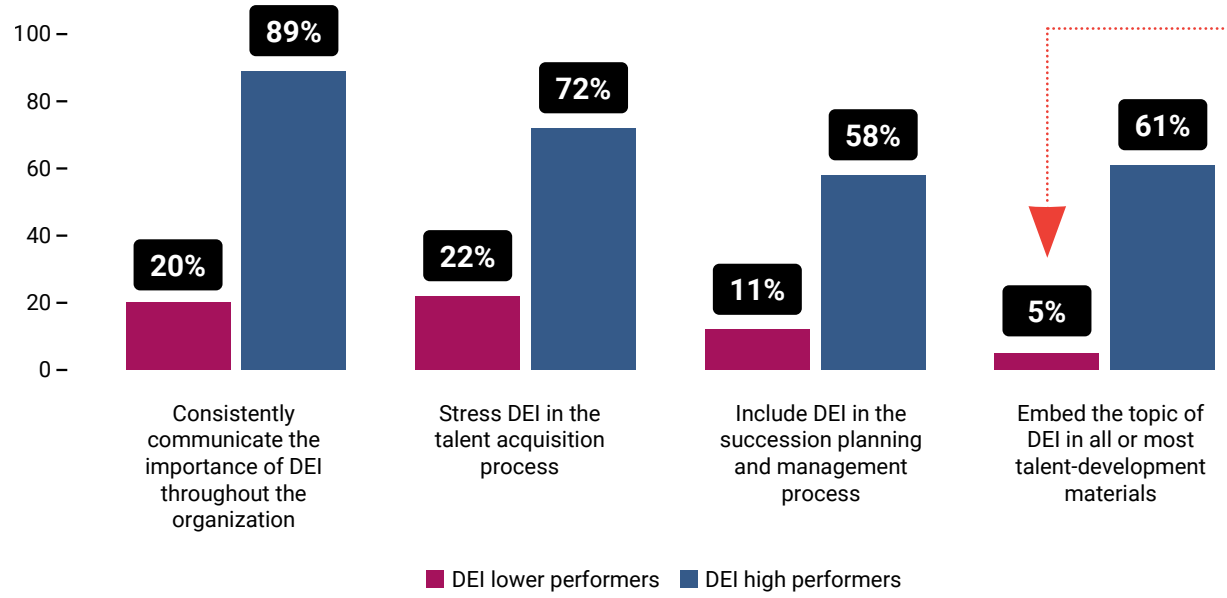


Finding: DEI high performers are much more likely to communicate the importance of DEI throughout the organization to a high or very degree

DEI high performers are far more likely than low performers to consistently communicate the importance of DEI throughout the organization to a high or very high degree (89% vs. 20%). They are also much more likely to stress DEI in other parts of the talent management process, notably talent acquisition and succession management process. Only a fifth of low performers consistently communicate that DEI is important. This lack of communication is most likely why lower performers rarely include DEI in talent development materials.

Survey Question: To what degree does your organization use the following diversity and inclusion initiatives?

Percent responding high or very high degree

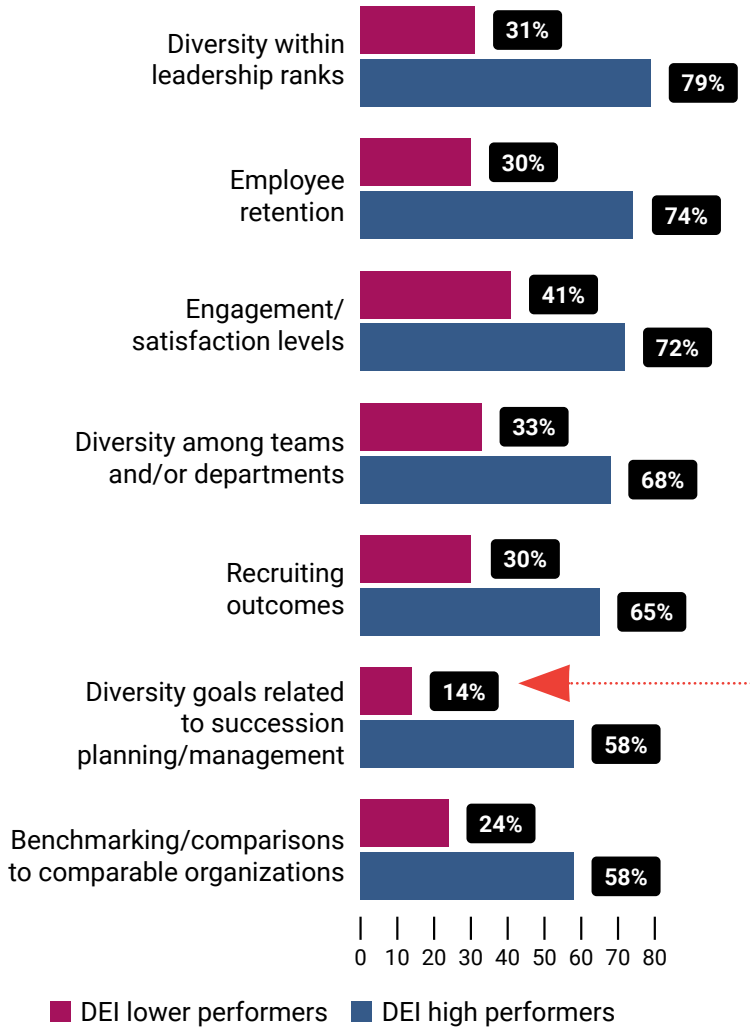


Just 5% of low performers embed DEI in all or most of talent-development materials

Finding: DEI high performers tend to use action driven metrics and frequently focus on the ranks

DEI high performers are much more likely than low performers to use a variety of metrics and analytics to gauge the current state of DEI in their organization. This is especially true in regard to diversity in the leadership ranks (79%), employee retention (74%) and employee engagement (72%). Less than one third of lower performers use these metrics and far fewer include DEI in the succession planning and management processes.

Survey Question: What metrics do you use to measure the current state of DEI in your organization? (select all that apply)



Note: This data excludes those who responded "don't know."

Just 14% of low performers have diversity goals related to succession planning and management

Finding: DEI high performers are much more likely to offer DEI-related training programs

DEI high performers more often focus on a variety of training and communication initiatives with unconscious bias training used most often.

It is likely that DEI higher performers often use unconscious bias training as a foundational step in educating employees about how implicit biases have the potential to cloud judgement and decision making.[22] These trainings support compliance and check off the boxes. That said, DEI higher performers are also more likely to offer trainings that help employees take action on what they may learn in their unconscious bias training sessions. In fact, DEI higher performers are also more likely to use inclusion awareness and conversations training. These types of trainings, combined with unconscious bias training, can help prepare employees by making them more aware and prepared to interact when DEI challenges come their way.

Not only are DEI high performers more likely to offer different types of training, but they are also more likely than DEI low performers to train all employees about DEI (62% vs. 35%). This suggests that higher performers are more aware that all employees today could benefit from some type of training whether that training identifies unconscious biases and fosters an inclusive community or tells them how to ensure compensation is equitable.

> *"Pay equity is an issue where you're dealing with equal pay for equal work, but when you get into a pay gap analysis, you may be dealing with unconscious bias, which is another form of discrimination."*
>
> **- Robert Sheen**
> *Founder & CEO, Trusaic*

[22] Agarwl, P. (2018, August 26). Here is why organisations need to be conscious of unconscious bias. *Forbes*. Retrieved from https://www.forbes.com/sites/pragyaagarwaleurope/2018/08/26/here-is-why-organisations-need-to-be-conscious-of-unconscious-bias/

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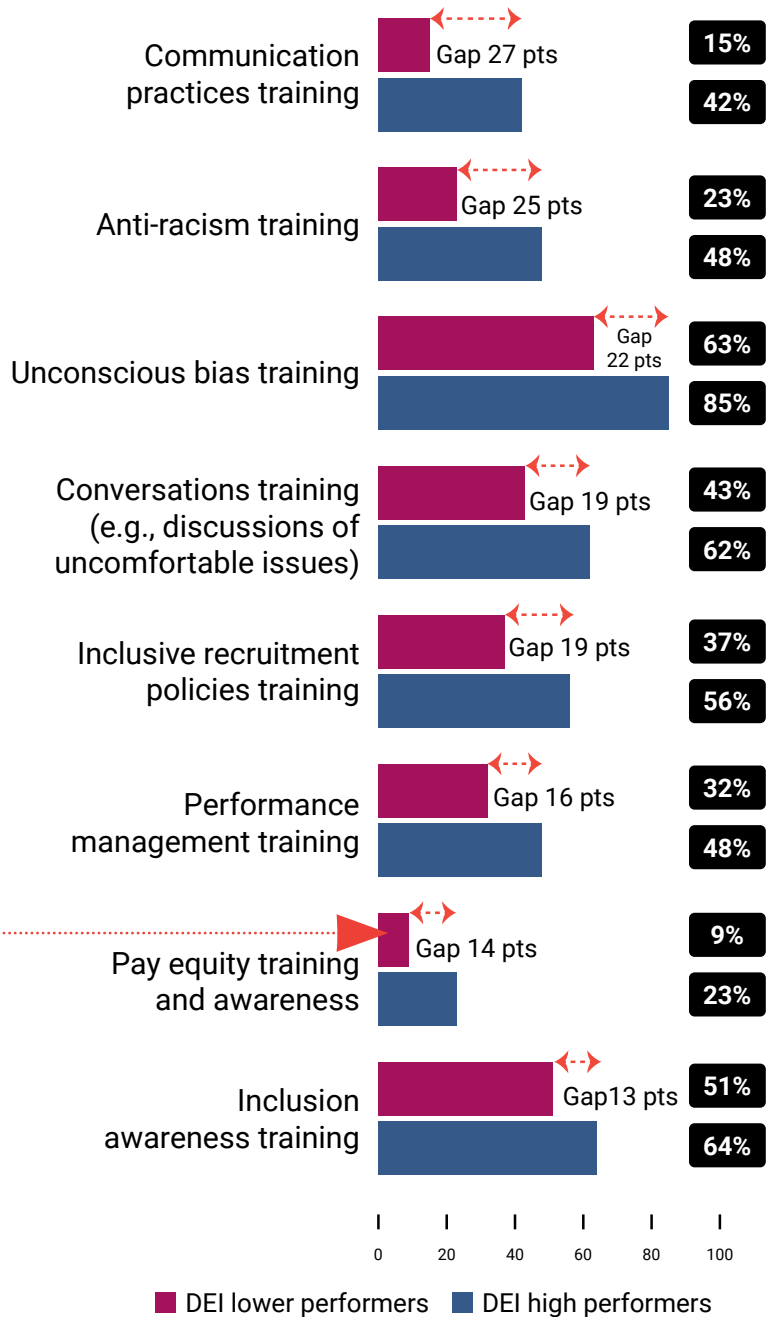
Survey Question: How do you incorporate DEI into your Learning and Development programs?



Only 9% of DEI low performers offer pay equity training

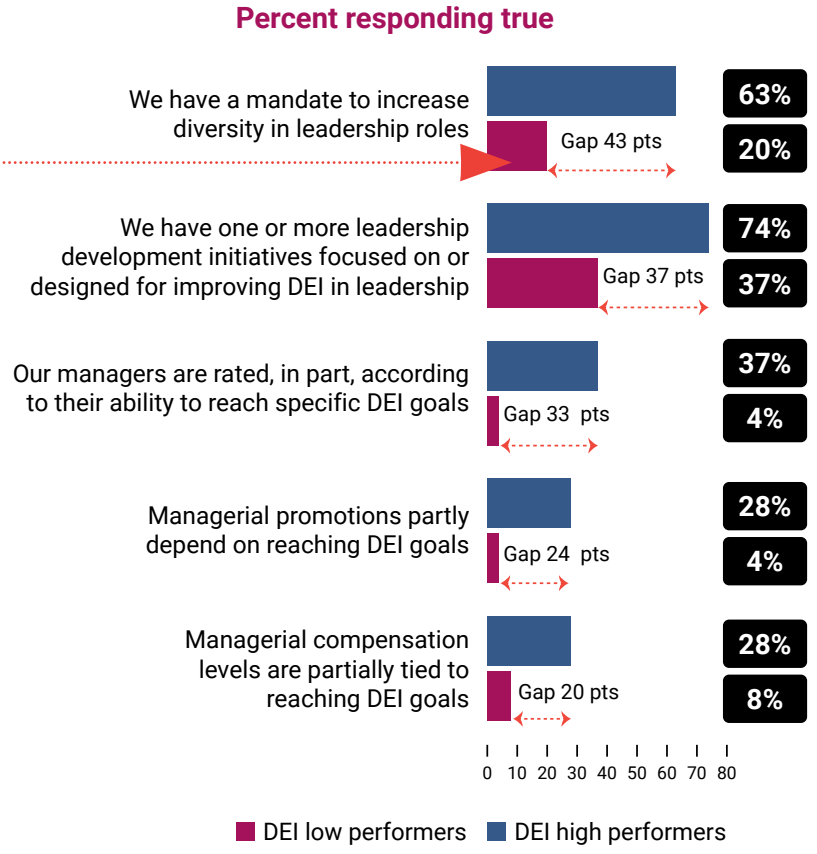
Finding: DEI high performers are much more likely to have initiatives that improve DEI in the leadership ranks

Three-quarters of DEI high performers have one or more leadership development initiatives focused on improving DEI in leadership (74%). By comparison, just 37% of low performers do. Such programs have the potential to help under-represented groups overcome the cultural and organizational challenges that sometimes hinder them in their aspirations to become leaders.

Having a diverse set of leaders at the top is an important step in bringing broader diversity throughout the organization. Perhaps, because of this, DEI high performers are more likely to mandate diversity in leadership and also include incentives.

DEI low performers are less likely to mandate diversity in leadership

Survey Question: Which of the following are true or false for your organization?



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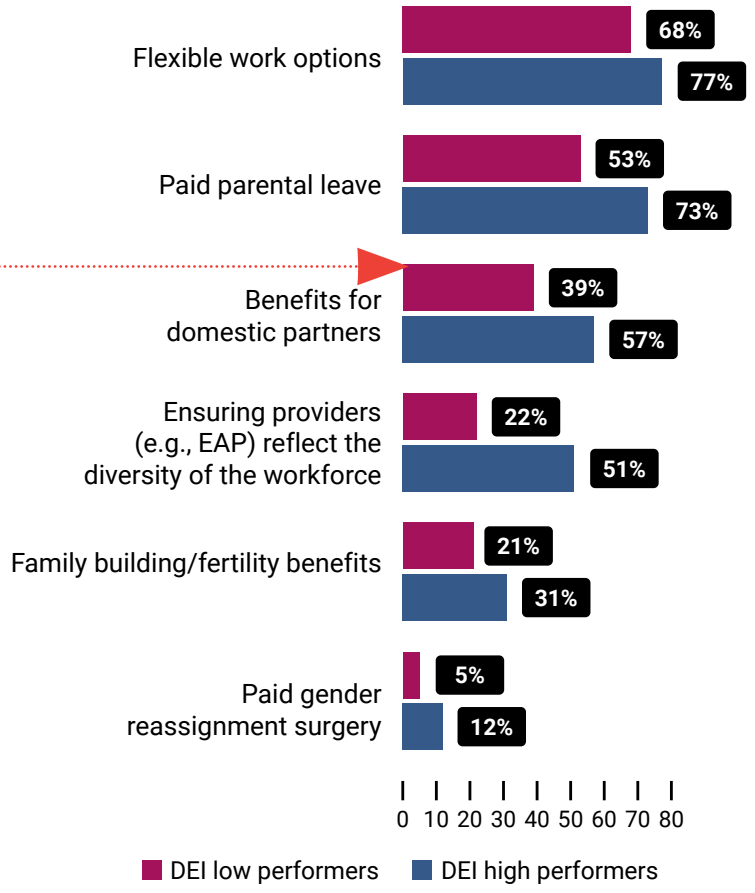
Finding: DEI high performers provide more flexible and inclusive benefits

DEI high performers overall provide more flexible work options (77%) and family friendly benefits such as paid parental leave (73%). Having such benefits often makes it easier for women (often the primary caretakers of children) as well as busy families to have better work-life balance.

We would note, however, that a culture that supports the use of these benefits is also essential. For example, if employees fear there could be negative implications for their careers or pay, they could be less likely to use them (or they may potentially use them knowing that they would be passed over for a promotion or raise and ultimately consider leaving the organization for an organization with better work-life balance).

Only two-fifths of DEI low performers provide benefits for domestic partners

Survey Question: What benefits or work arrangements does your organization have that make it easier for diverse employees to work there? (select all that apply)



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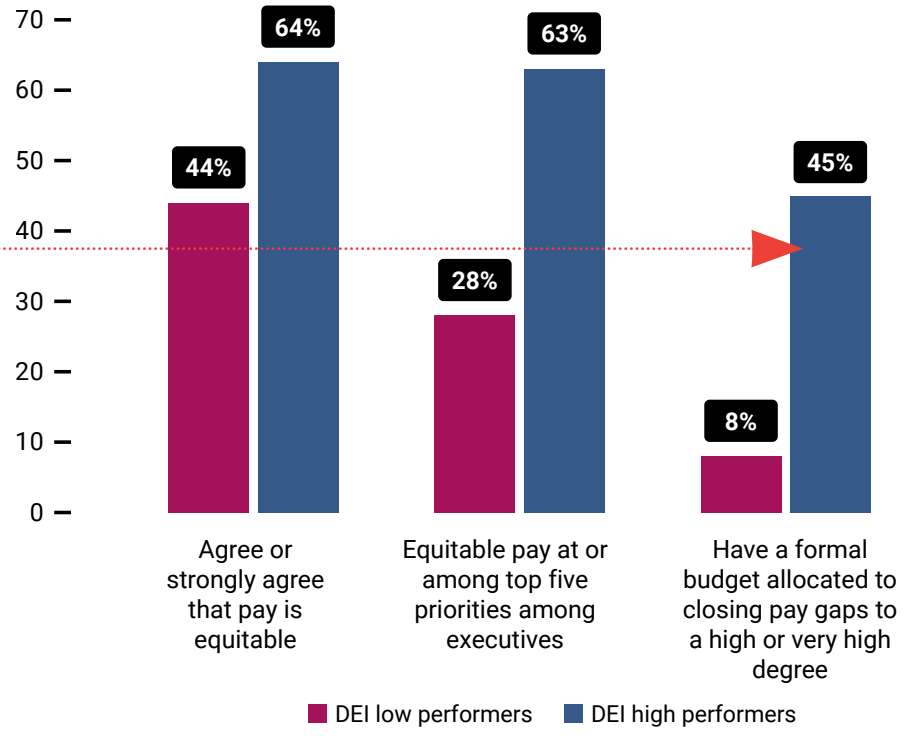
Finding: DEI high performers prioritize equal pay and often have a formal budget

Roughly two-thirds (64%) of DEI high performers agree or strongly agree pay is equitable in their organization. In contrast, less than half (44%) of DEI low performers say the same.

DEI high performers (63%) are also more than twice as likely as DEI low performers (28%) to say that among executives in their organization, equitable pay is among the top five priorities. Nearly half of high performers (45%) indicate they have a formal budget for closing pay gaps, considerably more than low performers (8%).

DEI high performers are nearly six times more likely to have a formal budget to close pay gaps

Survey Question: What benefits or work arrangements does your organization have that make it easier for diverse employees to work there? (select all that apply)



Note: This data is extracted from three different questions: "As they pertain to your organization, to what degree do you agree with the following statements: Pay is equitable," "Among executives in your organization, how high a priority is equitable pay?" and "To what degree does your organization use the following initiatives: Have a formal budget allocated to closing pay gaps."

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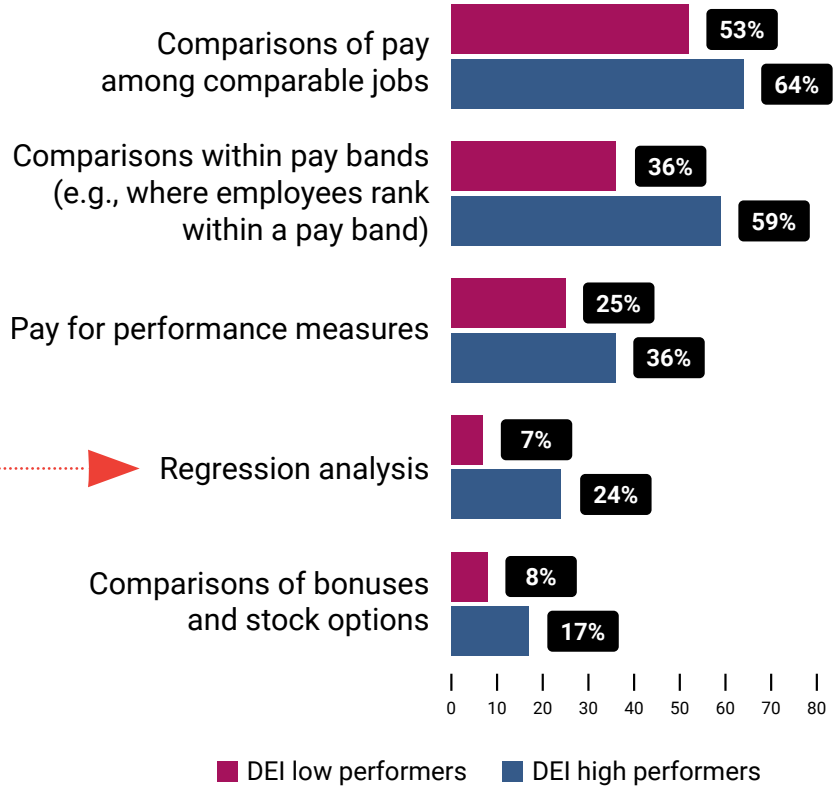
Finding: DEI high performers take deeper dives into compensation details more often than DEI low performers do

DEI high performers scrutinize performance pay more often than low performers do. This may be, in part, because high performers get more support from the top to measure DEI and more often have adequate budgets to rectify potential pay inequity. It is also possible that DEI high performers know how to use their technology more effectively to get the necessary data.

DEI high performers are more than three times as likely as DEI low performers to use regression analysis to measure pay gaps and pay equity

Survey Question: What tools does your organization use to measure pay gaps and pay equity? (select all that apply)



Key Takeaways

Given the research findings in this report, below are some key suggestions for how organizations might become more successful in fostering a culture of DEI.

Key Takeaway **1**

Consider the talent management landscape and how your organization collectively thinks about DEI. Social injustices and Covid-19 have had a dramatic impact on the environments today's employees want and need to be productive. Have women and minorities recently left your organization due to current events? Many organizations today focus their DEI efforts on compliance and avoiding legal concerns. To what extent have you considered DEI as a component of talent management and employee experience? Can DEI be used to enhance organizational performance, engagement, and innovation?

Key Takeaway **2**

Determine where the organization is in regard to DEI. As a first step, for example, you could evaluate employment market demographics, employee engagement/satisfaction surveys, compensation data, and hold small focus groups. Identify the areas in the organization where DEI programs are necessary to build morale, improve innovation or support government regulations. Use key learnings to create a business case and refine your organization's definition of DEI. Identify when managers, HR and employees have similar or different views about the characteristics and traits that should encompass a diverse workforce.

Key Takeaway **3**

Get support from C-level executives and develop a DEI plan to engage all managers. Consider what you may need to engage senior leaders, middle managers and first-time managers, and be sure to convey those needs to C-level leaders and possibly the board of directors to garner their direct support. Create an overarching strategy with clear goals and objectives. Then work with leaders to identify and prioritize phases of DEI improvement. What are the quick wins to improve DEI? Think about creating a communication strategy for the CEO to communicate these phases of improvement with the whole organization.

Key Takeaway **4**

Design a variety of training programs to expand reach, reinforce cultural values and minimize lawsuits. Think about incorporating more than compliance-focused material. Consider the never discussed DEI training more often used by high performers, such as pay equity awareness, anti-racism, inclusion awareness, conflict resolution, performance management and recruitment management. Keep in mind that one size will not fit all. You may want to keep some training optional and/or private and some of it mandatory. Think about methods and technologies and creating an open, fun dialogue about discussing these issues. Will employees be more engaged working on an individual training worksheet, listening to videos or being hands-on in group settings?

Key Takeaway **5**

Evaluate recruiting processes for women and minorities and improve leadership initiatives/succession plan. As discussed throughout this report, racial and ethical minority leaders continue to be underrepresented in the workforce. Review hiring and promotion processes. Does your recruiting process incorporate techniques to minimize conscious and unconscious biases? Also, women and minorities may fail to become leaders because they lack equal opportunities to the right projects and training. Consider holding events, creating ERGs, forming formal mentorship programs, and providing leadership training to give minorities and others the right opportunities.

Key Takeaway **6**

Take a good look at how your organization's pay, performance, benefits, succession and reward systems support DEI. Are performance management processes objective? Does the system do a good job of reflecting actual performance, or is it more of an obligatory ritual? How do succession plans consider diversity of talent? If pay is linked to performance evaluations, how much should tenure, education and salary history matter relative to work experience certification and skills? Consider tracking performance measures as much as bonuses, pay bands and comparable jobs. Consider using regressions to look for pay inequities. Are time-to-hire goals and benefit plans realistic and equitable? Don't forget to consider rewards. For example, to what extent do leaders encourage and reward competitiveness, diversity of thought, teamwork and collaboration?

Key Takeaway **7**

Consider the dominant leadership style of the organization and help employees navigate through changes. Some executives and employees are accustomed to top-down leadership styles. DEI often values behaviors of openness and collaboration. Is there a conflict between styles and, if so, how can it be resolved? When appropriate, help leaders to incorporate a style that is supportive of DEI.

Key Takeaway **8**

Seek opportunities that encourage diversity of thought and support a hybrid and flexible working environment. Consider bringing together employees with different backgrounds to work on a fun and challenging project where diverse viewpoints matter. For example, create or test a new product by inviting different job levels, roles, departments and regions to a product development meeting. Given so many companies have created hybrid workforces in response to the pandemic and employee preferences, it's essential to bring them together in a way that is flexible. Consider venues and whether work will be completed online, in-person or optional for special projects as well as regular work.

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Key Takeaway **9**

Decide how your organization should approach DEI metrics. Should there be a point person or team that decides how to track and collect key DEI metrics over time? Which DEI data points does your organization need to track? When will you need to survey employee populations? Identify who will be responsible for collecting data and regularly sharing it. Should they regularly meet with leaders to show them progress and areas of improvement?

Key Takeaway **10**

Consider DEI incentives. The organization may want to find ways to recognize leaders for DEI progress. There are various options. For example, your organization might consider tangible non-quota performance-related criteria such as ranking a manager based on their ability to give men and women access to similar career-changing projects or networking opportunities. Of course, run programs by legal counsel.

Key Takeaway **11**

Stay up-to-date on global regulations, policies and procedures. There are a host of new policies and regulations across the various countries, states and regions. Consider who will track pertinent regulations and adjust internal policies and procedures. When does it make sense to change internal company policy in anticipation of governments mandating legislation down the road?

Key Takeaway **12**

Reinforce DEI messages and provide ongoing support with the right tools. Look for DEI success stories. For example, the organization could share a story about how a diverse team of workers designed a new customer service plan or product innovation. The company could feature the story in the employee newsletter, videos, annual report or the DEI section of the organization's website. Show employees and potential customers that your workforce is representative of multiple races, genders, backgrounds, views and abilities.

Key Takeaway **13**

Regularly review corporate culture and take a pulse of your organization in regard to DEI/ pay equity. Consider how your organization wants to continually be proactive about DEI in the future. For example, maybe you want to compare salaries across departments and comparable jobs annually. Consider in advance the ways in which your organization could react to potential pay inequities and discrepancies that you find. Coordinate with the executive team so everyone is on the same page. If there is no formal budget for such an endeavor, consider making a case for it. Also look at turnover and engagement on a regular basis.

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