

## Virtual Working Group: Diversity & Inclusion Analytics

September 2020

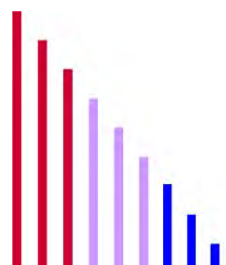
### Key Takeaways

1. Most companies in the working group have been tracking and monitoring gender, race, and ethnicity representation, and share this information with their managers and key stakeholders. By doing so, companies can increase accountability and transparency around diversity and inclusion (D&I) issues.
2. Setting a widely accepted aspirational goal for D&I at the firm-level can be challenging due to cultural and labor market idiosyncrasies faced by different business units; however, having the goal as a starting point can create energy and help managers and employees move in the right direction.
3. As a complement to gathering data on demographic representation, companies are using information from employee engagement surveys, employee resource groups, and/or crowdsourcing to better understand employees' perceptions about inclusion.
4. Although considerable effort has gone into developing metrics for D&I, more thought needs to be given to how companies can go beyond meeting aspirational goals toward understanding how D&I analytics help create alignment across HR practice areas.

#### Participating Companies

American Express  
Cigna  
Estée Lauder  
Medtronic  
Procter & Gamble  
Samsung Electronics America  
Shell  
Terex  
Trane Technologies

As many leading companies aspire to strengthen their D&I initiatives, they are also seeking ways to use data and analytics to monitor progress and evaluate the impact of their efforts. To help partner companies share and learn some of the current challenges and opportunities surrounding D&I analytics, John Hausknecht, a professor of Human Resource Studies at Cornell/CAHRS, and Tony Byers, Senior Extension Faculty at Cornell/CAHRS, hosted a virtual working group with participants from nine different CAHRS companies. Below is a summary of the key themes and best practices from the working group.



## Diversity & Inclusion Analytics: Evidence-Based Ideas to Increase D&I

Although there is variation in the extent to which CAHRS companies use D&I data, most companies have been collecting and tracking data on gender, race, and ethnicity (at least in the United States). One of the merits of using analytics is that business leaders can easily access fine-grained information about D&I when they make managerial decisions. For example, one of the participants shared details about how her company has collaborated with its analytics team to monitor the proportion of women in the organization by breaking data out by business units, functions, and regions. From there, they look at three main levers, which are 1) hiring, 2) promotion, and 3) retention. They have recently enhanced the tool in a way that business leaders can access the information and see which of these three levers they need to focus on. The analytics team also meets with executives to discuss D&I related issues on a quarterly basis.

Another advantage of using analytics in the domain of D&I is the enhancement of transparency and accountability. Several companies shared that there has been a real push, internally and externally, for transparency around diversity issues. Using analytics has revealed the variation in representation of individuals across job levels by gender, race, and ethnicity. This also promotes accountability by making the information available to key internal and external stakeholders.

### Deep Dive: Other Approaches to Complement the Metrics

Although demographic data is helpful, participants commented that it does not fully capture how employees experience inclusion in the organization. In particular, the companies noted difficulties originating from the gap between what the numbers say and what employees actually feel at work. Participants shared various approaches they take to complement demographic representation data.

- **Internal surveys**
  - One of the commonly adopted approaches to complement representation data is to use surveys to assess employees' subjective perceptions about D&I. Several companies in the working group collect this information through annual employee engagement surveys. Some have segmented the results by different groups based on race, veteran status, or among lesbian, gay, bisexual and transgender (LGBT) employees. By doing so, they can better assess whether certain groups of individuals feel that they are not engaged or included in some way. Companies also use the employee engagement survey not just to gain employee feedback, but also for leadership development.
- **External surveys (e.g., eCornell Inclusion Assessment Tool)**
  - While firms can internally develop a survey to assess the D&I perception of their employees, a firm can complement it with tools developed externally. For example, one company mentioned using the eCornell Inclusion Assessment Tool, a survey that measures inclusion within the organization. Although it was used with small groups, the tool has sparked valuable conversations about areas in need of attention.



- **Qualitative data from Employee Resource Groups (ERGs)**
  - Companies also use informal strategies to get qualitative information about diversity and inclusion. Some companies noted working with Employee Resource Groups (ERGs) to collect qualitative information from focus groups related to diversity and inclusion. This approach was helpful toward identifying issues and opportunities not easily found in traditional data collection methods. Some companies said that they were able to learn from ERGs that certain biases had been implicitly embedded in their policies and procedures.
- **Crowdsourcing**
  - Crowdsourcing was mentioned as another means of gathering input from employees about how their organization can promote D&I. Because crowdsourcing is mainly done in web-based environments, employees are not physically judged or scrutinized; thus, this approach allows employees to freely share their concerns and suggestions for advancing D&I.
- **Organizational network analysis (ONA)**
  - Several companies conduct ONA analysis as a way to estimate the progress of inclusion efforts and to ensure that employees are connected in the right ways to reach their career aspirations. One company mentioned using ONA to understand how female talent is represented across various organizational networks.

## Roadblocks to Successfully Capturing D&I Analytics

- **Diverse definitions of D&I**
  - One conspicuous difficulty in managing D&I is how best to define it. D&I is defined in many different ways, and this ambiguity becomes salient especially when a firm operates in multiple markets or geographic areas. Many participants noted the clear differences between US-based definitions of race/ethnicity and those of other countries. The range of meanings of D&I outside of the US can hinder effective communication and discussion across business units in different cultures and geographies. Further, from a data governance perspective, this means that standardizing data collection from one country to another can be highly challenging.
- **Setting aspirational goals**
  - Another challenge involves setting an appropriate aspirational goal for D&I. As noted above, there are industry, regional, and job functional differences in terms of talent pool configurations. These idiosyncrasies make it difficult for companies to apply one global standard to each business unit. Nonetheless, it was also noted that having high-level aspirational goals can be helpful because they serve as a vision or mission to bond organizational members toward common goals.
- **Managing unconscious bias**
  - Some noted how unconscious biases may not be explained or addressed by any analytic tools, surveys, or even through self-introspection. This can

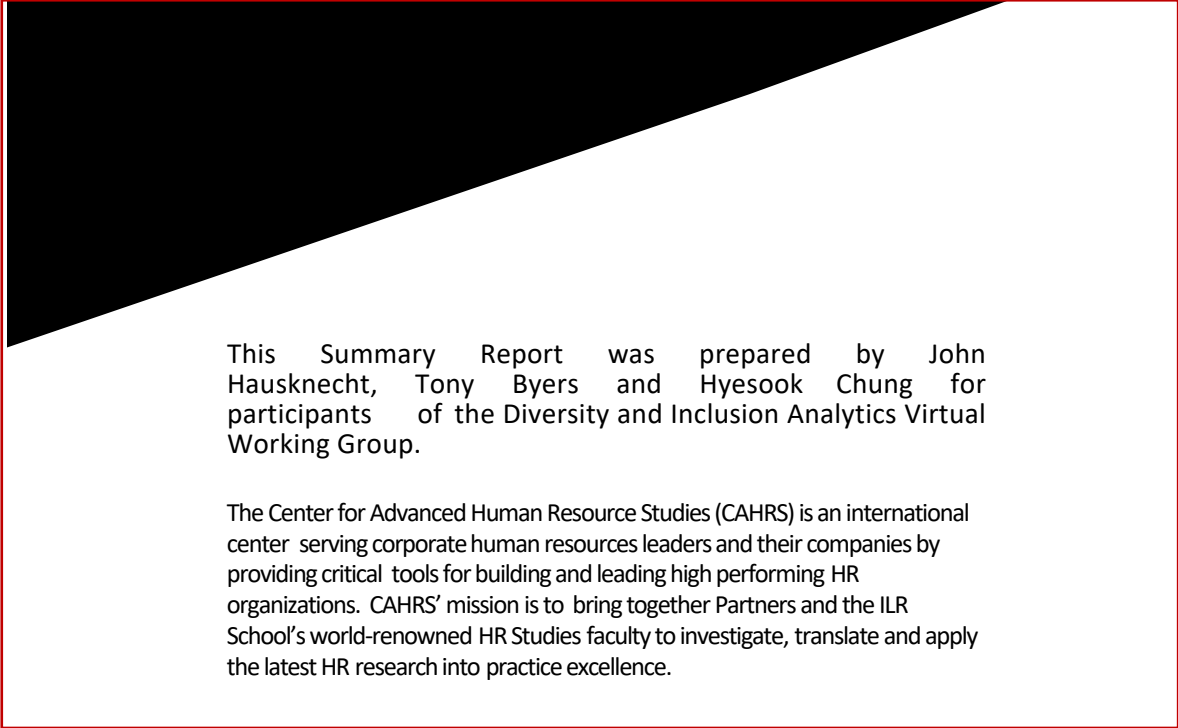


considerably complicate the firm's efforts to improve D&I. For example, one company found that performance evaluation ratings differed significantly across certain demographic groups, but without clear reasons. While they suspected that unconscious biases may be in play, they were not sure how to act on it and further raised questions about potential legal risk. Also, simply making evaluators aware that an unconscious bias is present may not necessarily change their biases and behaviors.

## Concluding Remarks

- **Go beyond the numbers**
  - As noted above, setting aspirational goals is important. Indeed, some leaders may be satisfied with hitting the number for these aspirational goals. However, it is possible that underlying issues persist even when the firm achieves its aspirational/numerical goals. In this regard, it is important to motivate organizational members to internalize the value of D&I and help them understand why each of them should be accountable to make the organization more diverse and inclusive.
- **Measure both diversity and inclusion.**
  - Many companies are pairing their tracking of employee demographics with survey-based evaluations of inclusion. Some have created an inclusion "index" to capture employee perceptions about voice, belonging, and feeling heard. This information is reported alongside demographics to avoid over-reliance on demographic representation data.
- **Embed D&I efforts into all HR practice areas**
  - Although some companies see signs of progress, they still agree that a lot of work needs to be done. Thus, continuous efforts to build a diverse workforce are needed. Participants mentioned a number of practical steps they are taking in this direction: linking selection, development, and retention activities; providing better manager training; using data and analytics to study mobility patterns for various groups; benchmarking with external data sources to track progress; and revamping performance management processes to increase leader accountability for D&I. Many reported that D&I efforts were more successful when these HR practices were internally aligned.





This Summary Report was prepared by John Hausknecht, Tony Byers and Hyesook Chung for participants of the Diversity and Inclusion Analytics Virtual Working Group.

The Center for Advanced Human Resource Studies (CAHRS) is an international center serving corporate human resources leaders and their companies by providing critical tools for building and leading high performing HR organizations. CAHRS' mission is to bring together Partners and the ILR School's world-renowned HR Studies faculty to investigate, translate and apply the latest HR research into practice excellence.

