

THE EVOLUTION OF DEI

A CAHRS White Paper | June 2021 | prepared by
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I. Executive Summary

Diversity, equity, and inclusion (DEI) play a vital role in any company's success. This business function experienced a surge of attention in the United States in 2020 which led to a plethora of changes and opportunities for organizations and their HR teams. Our research study and the following white paper benchmark and analyze the evolution of DEI.

Many companies experienced an increased “appetite” for DEI which allowed employees in this function to be able to act with greater speed and authority. Six key shifts we saw as a result of the events of Summer 2020 were (1) an increase in the attention and prioritization given to DEI, (2) higher levels of leadership buy-in and support for the DEI agenda, (3) a restructuring of the DEI function, (4) an improvement of the quantity and quality of DEI conversations in the workplace, (5) a growth in the type and amount of commitments companies made in regard to DEI, and (6) greater transparency in the data and progress surrounding DEI goals.

We also created a three-stage framework tool that uses a company's DEI maturity to outline the priorities a company should be focusing on when it comes to six key focus areas related to DEI (infrastructure, diversity, inclusion, integration, accountability, and equity).

To capitalize on the shifts and mitigate any challenges, we identified four key areas of opportunity where HR can make the greatest impact on DEI: (1) focus on embedding DEI into company processes, (2) find ways to increase accountability, (3) improve employee listening skills, and (4) be intentional and persistent in building an inclusive culture.

After evaluating the latest evolution of DEI, we turned towards the future and assessed what the most pressing issues in the next evolution of DEI will be. Here, there were two main questions on the horizon: (1) how can companies drive engagement among current disparate groups, and (2) how can DEI work become more sustainable for the long term?

II. Background & Research Objectives

2020 was a year that challenged life as we know it. The world was coming to terms with the realities of the COVID-19 pandemic when it witnessed the murder of George Floyd. The United States has a long-storied history of racial injustice, and Floyd's death was a boiling point that culminated in America's reckoning with racism and anti-blackness. As worldwide protests and demonstrations erupted over Summer 2020 in solidarity with the Black Lives Matter movement, corporations in particular began to reexamine their place in the call for social justice and racial equity. Many companies, CAHRS partners included, met that call and have taken a more insightful and intentional look at DEI in their organizations over the last year.

Though the events of Summer 2020 were not singularly responsible for this renewed focus on DEI, they did act as a hinge point for many companies to become more involved in this space. When considering all of the ways that HR - and life more broadly - has changed over the past year, we set out to understand how society's call for racial and social justice across the Summer of 2020 impacted DEI in the workplace and beyond. With this in mind, our research objectives (and this white paper) consist of the following:

1. How companies' approach to DEI shifted due to the events of Summer 2020;
2. Where companies are at in their DEI journey and the priorities they focus on;
3. Key opportunities for HR to propel DEI forward; and
4. What the future evolution of DEI looks like

III. Research Methodology

In this benchmarking study, we collected both qualitative and quantitative data that addressed and measured each of the four main research objectives listed above. We held 32 individual, structured interviews with 39 DEI and HR leaders across 32 different

39 DEI Leaders
across
32 Companies
ranging from
3,800-514,000 employees

CAHRS partner companies. The interviewees consisted of a range of employee levels, with several companies' Chief Diversity Officers volunteering to be interviewed. In addition to this, we collected 31 surveys that consisted of 29 DEI-related questions using various forms of typology (e.g., Likert scale, multiple choice, multiple select, open-ended, etc.). Our sample size spanned across multiple industries and maturities in the DEI space. Company size ranged from 3,800 to 514,000 employees.

IV. Impact of Summer 2020 on Companies' Approach to DEI

Direction vs. Speed

The first objective of our research study was to get a better understanding of what impact, if any, the events of Summer 2020 had on DEI. Our hypothesis was that companies were now paying more attention to DEI and were making it a higher priority within the company.

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Primarily, we hypothesized that the direction and speed of companies’ DEI efforts were greatly affected by the events of Summer 2020.

Looking into both the quantitative and qualitative data, we found that Summer 2020 undoubtedly did play a role in the increased attention we saw DEI receive. However, it was less of a catalyst on the direction a company was headed and more so impacted their speed. In other words, rather than fundamentally altering the kinds of actions, priorities, and initiatives that most companies were engaging in with DEI, Summer 2020 merely increased the pace of those efforts; Summer 2020 may not have changed their direction considerably, but it changed their speed.

Two High-Level Impacts & Six Key Shifts

With the above in mind, we saw that the events of Summer 2020 had two high-level impacts when it came to DEI: pace and appetite. In this case, pace is synonymous with speed (which was mentioned above); many DEI employees found that the “speed limit” at which they were allowed/expected to move had greatly increased. By appetite, we mean the amount of “pull” coming from the organization to the DEI function. Many of the companies we interviewed mentioned that employees and company leaders had begun to look towards the DEI team(s) with more expectations and questions.

Almost overnight, many DEI employees found they went from asking themselves “how do we supply our resources to more employees” to “how do we supply our employees with more resources?” In essence, the supply-and-demand curve for DEI within the company had been flipped entirely on its head; rather than having a surplus of DEI and a shortage of company interest, they now had a shortage of DEI and a surplus of company interest.

Drilling further into the data, we saw that these two high-level impacts of “pace” and “appetite” subsequently manifested themselves in six key shifts.

Key Shift One: Attention & Prioritization

Survey data showed that 70% of companies agreed that “DEI became a greater priority for [their] organization due to the events of Summer 2020.” It is important to note that while 24% of companies disagreed with this statement, upon further analysis it became clear that these companies were those with the most robust and mature DEI functions. A likely explanation for this discrepancy is that these companies that disagreed were already treating DEI as a high priority before the events of Summer 2020 and therefore did not feel that external factors had moved the needle much for them.

70% of companies agreed that “DEI became a greater priority for [their] organization due to the events of Summer 2020.”

■ Agree ■ Neutral ■ Disagree

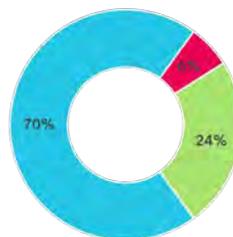
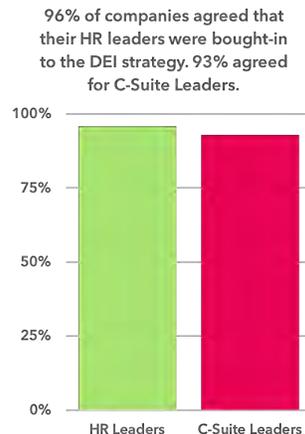


Figure 1. Percentage of companies whose DEI became a greater priority due to the events of Summer 2020.

Key Shift Two: Leadership Buy-In & Interest

96% of surveyed companies agreed that their HR leaders were bought-in to their DEI strategy; 93% agreed that their C-Suite leaders were bought-in. Leaders asking how they could get more involved in this work, communicating more openly and frequently about DEI, allocating more time to discuss DEI, and using their position to advocate for the DEI agenda were just a few of the ways this buy-in manifested.

Figure 2.
Percentage of companies who agreed their leaders were bought-in to DEI



Though the quantitative data only looked at buy-in at the leadership level, much of the qualitative data from interviews suggested that this buy-in was not unique to the upper echelons of the organizations; entry-level and mid-level employees were also expressing higher levels of interest, buy-in, support, and even advocacy for DEI action and strategy.

Key Shift Three: Changing Teams

According to survey data, 45% of companies agreed that “[their] organization’s DEI team [had] changed due to the events of Summer 2020.” At first glance, though 45% may seem like a small number, we have to evaluate this shift in the right context: In the history of the U.S., what other singular moments in time have been powerful enough to bring about organizational change to nearly half of all companies? While it is not uncommon for a business to restructure itself or create new competencies, what is uncommon is for these changes to be done so quickly, all at once, and among so many companies.

Supplementing this quantitative finding with qualitative information from interviews, we found that these changes often manifested themselves in two ways. The first was an increase in the number of roles and positions in the function. Many companies, to respond to the increased demand on DEI, allocated additional funding for the hiring of more employees in the DEI function. The second main way in which changes were made was through a restructuring of DEI. Oftentimes, this involved the company re-evaluating the current state of DEI and making changes such as where the team was housed within the organization (i.e., outside or inside of HR), the scope of responsibility for the DEI team, the creation of new leadership positions such as Chief Diversity Officers, or who the DEI team reported to.

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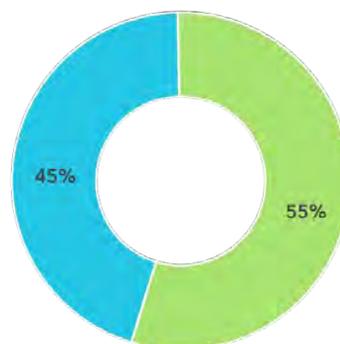


Figure 3.
Percentage of companies whose DEI team changed due to the events of Summer 2020.

Regardless of what the change looked like, the why was relatively consistent across companies: the DEI team underwent a change in order to better meet the needs and demands that had surfaced due to the events of Summer 2020.

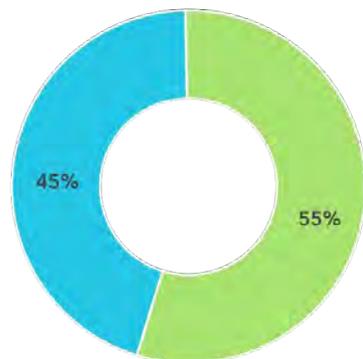
Key Shift Four: Conversations

More companies were talking *more* about DEI at work; many organizations said they had seen an increase in DEI-related conversations in the workplace due to the events of Summer 2020. These conversations often came through two channels: formal and informal.

Informally, employees were simply talking more about issues related to DEI such as identity or socio-political events. Topics that had once been regarded as taboo in the workplace were now being broached more frequently. Even during a time when most work was being done remotely, employees were still talking with one another about these salient issues.

Figure 4.
Percentage of companies who held listening sessions due to the events of Summer 2020.

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Formally, many companies held “listening sessions” (or another equivalent) in order to talk about issues like systemic racism, social justice, or the death of George Floyd. In fact, 81% of companies in our survey reported holding some kind of listening session in 2020 due to the summer’s events. Other common conversation-based events were town halls, leadership panels, and Q&A sessions.

While many organizations held these conversations as an ad hoc response to the events of Summer 2020, the unexpected surge in the need for these conversations put many on their back foot. In fact, our survey data point showed that one in three companies did not feel they were well-equipped to respond to the calls of racial and social justice in the Summer of 2020.

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Consequently, we saw some companies begin to develop and establish other conversation-focused tools that could be used in the future when similar issues arose. One company created a “conversational framework” tool that serves as ready-made scaffolding so that - when the need arises in the future to have another crucial and sensitive conversation - leaders could follow the framework to make sure the space was inclusive, safe, and productive.

Creating this resource for the conversation before the need for the conversation has at least three benefits: first, leaders are empowered and feel more confident in their ability to address these issues successfully; second, the lag time between an issue arising and the company being able to respond to that issue decreases; and third, the likelihood of such a response being productive and helpful rather than destructive and harmful increases.

Key Shift Five: Commitments

One way in which many companies responded to the events of Summer 2020 was to make public-facing commitments in regard to how the company would show up in the DEI space going forward. While commitment-making was not something new in response to Summer 2020, it was something that increased.

The commitments companies made fell into five broad categories: monetary donations, community investments, partnerships with DEI organizations, representation and leadership for minorities, and supplier diversity. It is important to note that these categories are not mutually exclusive as there is some overlap in their definitions (e.g., a company who partnered with a DEI organization could also give them some kind of monetary donation).

Key Shift Six: Transparency

The last key shift that we saw was about transparency. As we interviewed companies, many of them mentioned increased transparency in their DEI efforts being a priority. However, this was a space that was exploratory for a lot of organizations; not necessarily because they weren't transparent to begin with but because they wanted to be more transparent but weren't sure how or what to be transparent about.

There was a shift in how DEI transparency was being viewed. The mentality was essentially morphing from "transparency is a liability to be avoided at all costs" to "transparency is a calculated risk that needs to be carefully considered and then taken." Increases in both internal and external transparency (i.e., employee-facing and public-facing, respectively) were mentioned in our interviews; this transparency pertained to the data and progress around DEI goals and metrics. As one interviewee put it, "if a company plans to stick around long-term, they need to find ways to genuinely and appropriately be transparent about their DEI efforts."

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V. DEI Maturity Model and Priorities Framework

Our second research objective focused on understanding where companies are at on their DEI journey and what their key priorities are in this space.

DEI Maturity Model

It quickly became clear that participating companies were at varying levels of maturity when it came to their DEI efforts. Some organizations had only embarked on their DEI journey in recent years, while others had been engaging in this work for decades. A combination of quantitative and qualitative data in companies' assessment of their DEI maturity was used to arrive at three distinct stages: emerging, advancing, and leading organizations.

While determining companies' positions on this spectrum, clear commonalities emerged within each group based on what their DEI practice focused on.



Figure 5. Percentage of partner companies in each stage of the DEI Maturity Model, and their primary areas of focus.

Emerging Organizations

37.5% of participating companies were in the first stage which encompasses emerging organizations. These are organizations that are focused on developing their DEI strategy and building out the foundational infrastructure to support their DEI efforts.

Although the size of a company's DEI function was not a factor in assessing their maturity, it is interesting to note that 92% of emerging organizations had fewer than five full-time resources dedicated to DEI while 58% had zero to two resources. Although company size is certainly a factor that explains smaller DEI functions in this stage, this shows that part of developing a foundational DEI infrastructure involves investing in full-time resources and growing the teams that enable this work in order to move toward the next stage. When DEI was primarily being run on a voluntary or ad hoc basis, it was especially challenging for emerging companies to make progress and get off the ground.

Advancing Organizations

Next on the DEI journey is the advancing stage which accounted for 37.5% of participating partner companies. Unlike emerging organizations, companies in this stage have a clearly defined DEI strategy and are focused on executing on that strategy through HR and DEI teams and engaging different employee groups on their DEI initiatives.

One advancing organization described that when it comes to DEI, "organizationally, we are very far along, but our employees have to catch up." Many companies in this stage described having the key

elements of their DEI practice in place - a clear strategy, the right team, leadership buy-in, and the infrastructure that companies in the emerging stage were still working to gain. But they were not as far along as they wanted to be and were focused on more “big picture” initiatives that would reflect a greater prioritization of DEI across the enterprise. These included long-term initiatives such as driving culture change, building accountability, and developing DEI communication channels throughout the business.

Leading Organizations

The last stage captures those organizations that are leading in this space. 25% of partner companies were in this stage. This group has been executing on their DEI strategy for some time and is focused on integrating DEI across all processes enterprise-wide and not just within HR. Companies in this stage are also considering how to sustain this work long-term and are able to test innovative practices as they look toward the next evolution of DEI.

DEI Priorities Framework

Across these three stages - emerging, advancing, and leading - clear patterns emerged in what the priorities were for companies in each stage of DEI maturity. This led to the creation of the following DEI Priorities Framework.

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The framework defines DEI priorities based on which of the three stages the organization is in. There were six key DEI priorities for organizations: infrastructure, diversity, inclusion, integration, accountability, and equity.

Infrastructure

The first area we saw companies prioritizing were infrastructure related. In this framework, infrastructure encompasses any actions a company took that contribute to the foundational systems, resources, and processes in place in order to get DEI off the ground. Infrastructure related priorities were most salient for emerging and advancing organizations, as these companies could not even begin to consider more advanced initiatives until they had the language, strategy, data, and awareness of DEI in their organizations to make a measurable impact.

Diversity

Like infrastructure, diversity was an area that was the greatest priority for emerging and advancing organizations. For these companies, recruitment and retention of underrepresented minority groups and building leadership pipelines for diverse talent were especially important. Leading organizations also wanted to continue to drive diversity but were much further along in setting and meeting their goals. Many were now focused on testing new approaches to attracting and retaining diverse talent and were reexamining traditional definitions of diversity.

Inclusion

Inclusion was by and large the most widely discussed priority across all organizations that were interviewed. This priority manifested itself differently in each company based on which stage on the DEI Maturity Model they were in. When companies talked about inclusion, they largely referred to cultivating a sense of belonging and psychological safety among their employees. While emerging organizations focused on strengthening grievance procedures and addressing unconscious bias, advancing organizations were prioritizing culture change and conversations about race and identity at work. Leading organizations already demonstrated a high level of inclusion at their company and were now focusing on topics like intersectionality and addressing systemic racism.

Integration

Integration was another priority across all organizations but looked very different across each stage in the DEI journey. For many companies, integration meant embedding DEI practices into existing processes within the organization. For emerging organizations, this looked like incorporating DEI into company values, and embedding DEI language into their Employee Value Proposition. For one company in this stage, DEI was initially not tied to company values when those values were drafted. It was not until this past year that they reevaluated and updated those values to serve as leadership anchors, and one of those anchors focused on inclusion specifically. For companies in the advancing stage, integration was more about actively building DEI into talent processes and empowering leaders across the business with the data and tools they needed to meet their DEI goals. For leading organizations, integration was about making sure that DEI is a part of every system and thought process in the company and about ensuring this work can be scaled globally.

Accountability

Seeking ways to drive accountability was a clear priority for advancing and leading organizations. Companies were trying to find ways to hold themselves, their leaders, and their employees accountable for reaching DEI goals. Depending on where a company fell on the maturity model, their accountability mechanisms looked very different. Typically, emerging organizations either had no formal accountability systems in place or they were very rudimentary. Advancing organizations had accountability that focused primarily on leadership, while leading organizations had accountability through high DEI transparency and expectations for all employees, not just leaders.

Equity

The final priority area in the framework is equity, which was unique to organizations in the leading stage. Emerging and advancing organizations did not indicate driving equity as a focus for their companies compared to other priority areas, which is unsurprising considering equity is a newer addition to this space and has only been recently adopted into companies' DEI strategies, if at all. Moreover, equity is perhaps the area that is the most difficult to define for organizations. Even leading organizations view equity differently from one another and are looking at this priority in unique ways, from an internal lens by reassessing total rewards to an external perspective by taking a position on minimum wage and seeking to decrease the racial wealth gap.

In the Accountability and Equity portions of the following framework, you will notice that there are no specific priority items listed for emerging and/or advancing organizations. This does not mean that an emerging organization cannot focus on building accountability or that advancing organizations cannot consider how they are driving equity at their company. Our research revealed that these areas are simply not a priority for organizations in earlier stages in the maturity model at this time. For example, it is difficult for an organization to prioritize accountability when they have not yet developed DEI goals for which to be held accountable.

Ultimately, the DEI Priorities Framework can serve as a tool for companies to gain understanding of where they might focus their DEI efforts as they progress through their DEI journey.

DEI Priorities Framework

	Emerging	Advancing	Leading
Infrastructure	<ul style="list-style-type: none"> Build out a clear DEI strategy Use data to identify needs and gaps Develop DEI goals Increase DEI awareness and understanding 	<ul style="list-style-type: none"> Expand the influence of the DEI team Establish DEI communication channels Increase access to DEI tools 	<ul style="list-style-type: none"> Revisit and assess DEI infrastructure to ensure alignment with business goals Iterate on the DEI function and structure to keep up with best practices and innovations
Diversity	<ul style="list-style-type: none"> Develop employer brand Increase Black, Asian, and Latino representation Work toward gender parity 	<ul style="list-style-type: none"> Focus on retention of diverse employees Build leadership pipelines, especially for Black employees and women Integrate DEI deeper into talent processes 	<ul style="list-style-type: none"> Measure and track progress against diversity goals across the enterprise Seek ways to expand the definition of diversity to include more stakeholders
Inclusion	<ul style="list-style-type: none"> Strengthen grievance procedures and compliance Unconscious bias training 	<ul style="list-style-type: none"> Develop interventions to build a culture of inclusion Microaggressions and allyship training Continue conversations within teams about race and identity 	<ul style="list-style-type: none"> Expand DEI conversations beyond race Training focused on antiracism, systemic racism, and building inclusive leadership habits Bring intersectionality into DEI work Bring inclusion initiatives worldwide
Integration	<ul style="list-style-type: none"> Tie DEI to company values and employee value proposition 	<ul style="list-style-type: none"> Ensure leaders have visibility, data, and tools they need to drive DEI strategy Embed DEI into HR practices 	<ul style="list-style-type: none"> Integrate DEI into every system and thought process Globalize this work
Accountability		<ul style="list-style-type: none"> Develop mechanisms for leadership accountability Effectively measure progress against DEI goals 	<ul style="list-style-type: none"> Promote transparency with data and DEI metrics
Equity			<ul style="list-style-type: none"> View compensation from an equity lens Become a leader in fighting systemic racism Commit to an antiracist culture

Figure 6. A framework of organizations' DEI priorities based on which of the three stages in the DEI maturity model the company is in. Serves as a tool for companies to understand where they might focus their efforts as they progress on their DEI journey.

VI. Opportunities for HR

HR is uniquely positioned to impact DEI. 80% of companies reported that DEI was housed within the HR function, and 50% of companies said their top DEI leader reported into the CHRO. Many of the levers that affect DEI the most are also housed within HR such as talent processes, performance management, and succession planning.

From our interviews, we found four main areas of opportunity for HR. Each of these areas are considered opportunities because the companies we interviewed talked about how focusing here made the greatest impact on helping them achieve their DEI goals. While there are countless ways in which HR can involve itself in DEI, these four main opportunities showed up time and time again in our research as consistent and reliable methods to support DEI.

While there are countless ways in which HR can involve itself in DEI, these four main opportunities kept showing up time and time again in our research as consistent and reliable methods to support DEI.

Key Opportunity One: Embedding DEI

It is not enough to have a stellar DEI team or a high level of passion for the work. An organization cannot have long-term success with DEI if they do not properly embed it into their business. We did not find any “one-size-fits-all” approach for how DEI should be embedded in a company, rather, we found that each company should engage thoughtfully with this question and create an approach that makes sense for them.

When a company goes about embedding DEI, it means they are finding ways for DEI to be self-sustaining and self-perpetuating. One quick heuristic to gauge whether or not DEI is adequately embedded into your organization is to answer the question, “if the DEI team disappeared tomorrow, would our diversity, equity, and inclusion efforts disappear with them?” If yes, then you are not embedded.

“If the DEI team disappeared tomorrow, would our diversity, equity, and inclusion efforts disappear with them?”

Oftentimes, DEI teams do not own every HR or business process that can impact their work, so they have to operate using influence without authority. Embedding DEI begins small and then grows; when determining where a company should focus its initial embedding efforts, one interviewee advised that “you start where your center of gravity is strongest.” Does the DEI team have the most influence on recruiting processes? If so, start there. As we spoke with companies, we found that that the first area of focus is oftentimes the talent pipeline. Many companies we interviewed were mandating diverse interview slates before allowing interviews to be held, or they were diversifying the talent pools accessed in recruiting. In order to further embed DEI into the talent pipeline, one company even had HRBPs who had been specifically trained on DEI to assist throughout the talent acquisition process; they also created prompts that would pop-up throughout the process to remind employees to be mindful of potential bias so that they could work to mitigate it.

Key Opportunity Two: Increasing Accountability

If HR can find ways to increase accountability for DEI, progress will follow. This accountability is largely focused on the accountability of leaders and people managers, but it can even trickle down to individual employees.

High-level forms of accountability that we saw were things like an increase in transparency, a focus on creating numeric DEI goals, and making DEI part of the performance evaluation process. 98% of companies reported having some form of numeric DEI goals, and of those, 63% said they created new goals due to the events of Summer 2020. Additionally, nearly half of all companies reported that their numeric DEI goals were also part of their performance management evaluations. Of those nearly 50% who used DEI goals in their performance management evaluations, 44% of them added it in response to the events of Summer 2020.

Key Opportunity Three: Listening to Employees

HR also has a great opportunity to seek out and incorporate the voices of the biggest DEI stakeholders in the company: their employees. 95% of companies agreed that “[their] organization gathers employee input to guide its DEI efforts, initiatives, and priorities.”

Though listening to employees was nearly universal among surveyed companies, what wasn’t nearly as universal was how companies were listening to employees. While engagement surveys were the most common method of employee listening, other measures like pulse surveys, hotlines, or internal chatbots were still used, but less frequently.

Regardless of which avenues a company pursues in order to listen to its employees, there are five important factors HR leaders should keep in mind:

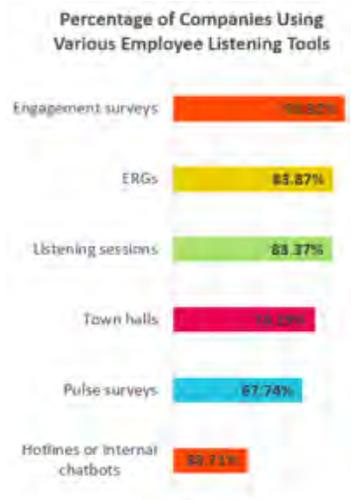


Figure 7. Different types of listening tools and the percentage of surveyed companies that used them.

1. Any employee in charge of receiving feedback should be properly trained on how to solicit and pass on information. Many companies said one of the biggest roadblocks for receiving timely and productive feedback was that their people leaders didn’t feel they had the skills needed to broach potentially sensitive conversations.
2. Leaders should cultivate a mindset of “humble leadership” where they simply listen to feedback rather than immediately try to justify it or fix it.
3. In order to make sure the feedback does not fall through the cracks or sit unused, companies should assign a person or team to be responsible for collecting the feedback, analyzing the data, and reporting the data.

4. Psychological safety must be present within an organization for any employee feedback to be genuine or honest; company leaders should do all they can to ensure employees feel safe when offering input.
5. The company's DEI team should be visible, easy-to-contact, and responsive when it comes to receiving feedback; if people do not even know that DEI exists or that they care, feedback will be greatly diminished.

Key Opportunity Four: Building an Inclusive Workplace

While “diversity” is fairly well-defined and most organizations have the same idea of what this looks like, we found that “inclusion” was somewhat more abstract. Most companies mentioned that building an inclusive workplace was just as much of a priority as building a diverse workplace, but what inclusion looked like was harder to define than diversity. One potential explanation for this is because diversity is oftentimes (but not always) easier to identify, pinpoint, and measure than inclusion.

There were several other common challenges that companies mentioned when it came to building inclusive workplaces: combating unconscious bias (both the bias itself and also people's unwillingness to acknowledge the existence of the bias); identifying and building psychological safety for all employees; and determining which issues the company should lend a voice to.

As with any other DEI goal, creating an inclusive workplace was largely an exercise in change management that required consistent effort as well as patience. Pace setting was particularly important when it came to building inclusion; as one company put it, “[culture change to build an inclusive workplace] is less like a two-week crash diet and more like a lifestyle change. How do you push an aggressive pace of progress without leaders losing sight of the importance of the long haul?”

HR can be a key driver for organizational culture change which is pivotal when it comes to building an inclusive workplace. In determining how a company can go about building inclusion, there emerged from the qualitative data a series of four actions that continued to show up time and time again. These four steps worked together to create a roadmap that companies could follow to create a more inclusive workplace

The four steps are to (1) define inclusion, (2) measure inclusion, (3) communicate inclusion, and (4) embed inclusion. As this is a roadmap, it is important that these steps are followed sequentially since they build upon one another.

Roadmap to Inclusion

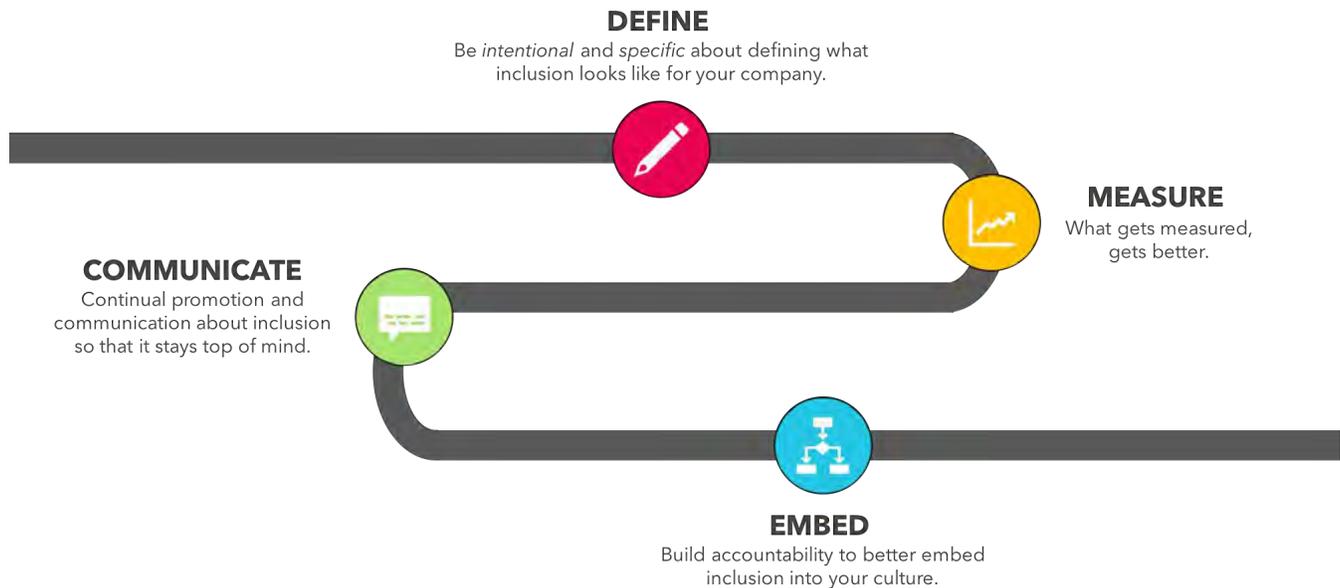


Figure 8. A four-step "roadmap" that companies can follow in order to more effectively build an inclusive workplace.

To **define inclusion**, a company should be intentional, proactive, and specific about outlining exactly what inclusion looks like in the organization. In this step, it was not uncommon for companies to create an actual list of "inclusive behaviors" that employees could reference. While not wholly exhaustive, these lists served as tangible reminders and reference points for inclusivity. Additionally, we saw that companies with the most success in this step would anchor the language of their definition in the language of the company values.

In **measuring inclusion**, the participating companies often brought up the fact that "what gets measured, gets better." Two main factors to remember while measuring inclusion are "diversification" and "delineation": Similar to employee listening, a company should use a myriad of tools in order to track inclusion (e.g., focus groups, inclusion indices, listening sessions, etc.); additionally, whatever data is collected about inclusion should be delineable by key demographics so that DEI leaders can make sure minority voices are not getting lost in the aggregate.

The third milestone in the roadmap is to **communicate inclusion**; once it has been defined and begun to be measured, now comes the real work of continual promotion and communication. Even with the best definition and measurement tools, inclusion will not become integrated into a company culture if it is left on the backburner. Examples of how some companies are doing this are education and training about inclusion, recurring events themed around inclusivity, rewards given to employees who exemplify inclusive behavior, and using Employee Resource Groups (ERGs) or DEI task forces to make sure inclusion priorities were being consistently communicated.

Embedding inclusion is the last milestone on the roadmap to creating a more inclusive workplace. The primary focus of this step is to find ways to build systemic processes that create accountability for inclusion goals. In order to embed inclusive expectations into a culture, HR teams did things like mandate diverse slates for job interviews, set inclusion goals as part of the performance management evaluation process, increase transparency around inclusion efforts and information, and tie compensation to whether or not inclusion goals were met.

Even with the best definition and measurement tools, inclusion will not become integrated into a company culture if it is left on the backburner.

VII. Future Evolution of DEI

Our fourth and final research objective sought to uncover what the next evolution of DEI looks like. Many of the considerations organizations must make as they look to the future stem from challenges they are currently facing. We defined two key questions that encompass the topics that organizations are thinking about and actively working to address, but that many seasoned DEI leaders are still grappling with. These will be essential to prioritize as companies approach the next evolution of DEI. They include:

1. How do organizations drive engagement among disparate groups?
2. How can companies make DEI sustainable for the long term?

How do organizations drive engagement among disparate groups?

As we look to the future, the extent to which companies can gain enterprise-wide buy-in for their DEI strategy will be a key driver to a successful DEI practice. Survey results showed that after Summer 2020, buy-in for DEI among top leadership was exceptionally high. In fact, interviews revealed that leaders at many organizations already supported DEI prior to 2020, but that the “accepted pace” was slow until after the events of the summer. While gaining buy-in from the top did not appear to be a challenge for most companies, there were several disparate groups that organizations continually described as roadblocks to enterprise-wide buy-in. There were four groups that stood out as the most challenging employees to engage; even experienced DEI leaders are working to understand how to reach them.



Middle Managers

The first group is middle managers. Our data shows that companies see a great deal of buy-in from HR and C-Suite leaders at the top of the organization, but we heard many companies describe “the frozen middle” or “unmovable middle” as groups of managers who were more challenging to reach when it came to engaging on their DEI strategy, even though this group has the potential to have a tremendous impact on an organization’s progress in diversity and inclusion.

Some strategies that companies are currently using to engage this group include mandatory DEI and leadership development training, with many programs being revamped to prioritize inclusion. Survey data showed that 52% of companies “include diversity and inclusion metrics in [their] performance management evaluations”. Additionally, many companies are beginning to tie DEI goals to individual bonuses starting at the middle manager level in order to incentivize buy-in to the strategy.

Organizations are also embedding DEI-related actions into personal development goals for middle managers, such as participating in ERG events.

Employees Outside of the U.S.

The next group were employees outside of the U.S. Because DEI teams are largely based in the U.S., priorities tend to be very U.S. centric. Depending on the country an organization is operating in, it must navigate DEI differently. With many partner companies being global organizations, there is a definite need to reexamine how organizations are engaging this group.

Some methods to reach these employees include making sure there is ownership of global DEI, and creating decision making trees and communication channels to address local issues, even if those local issues aren’t a part of enterprise priorities. Several organizations have global DEI councils and task forces in place that include business leaders who are on the ground in international locations that evaluate which local issues that are brought to the DEI team can be addressed. But in practice, it is clear that organizations are still working on how to be proactive rather than reactive in this effort. In countries that are more racially homogenous than the U.S., organizations are focusing on representation in different ways, such as gender and other aspects of identity.

Although there is not yet a clear roadmap on how to execute a global DEI strategy, an important step toward the next evolution of DEI is to continue to bring global concerns to the forefront. As one company put it, “Every conversation is a global conversation. Everyone needs cultural competence.”

Frontline Workers

The third group companies are looking to engage are frontline workers. For example, companies in industries such as manufacturing and Consumer Packaged Goods (CPG) have a large number of employees in plants and retail stores. These employees are more challenging to engage than corporate employees due to the lack of access to digital tools for training and a lack of mechanisms to have a voice on DEI issues at the company. For example, hourly employees cannot easily step away from work to attend an ERG meeting, town hall, or focus group. As companies look to the future of DEI, they must be intentional about engaging this group and will have to determine how to take the strategy that’s very sticky at the executive level and make it resonate at the frontline technician level.

One way companies are trying to reach frontline workers is by testing different methods of administering training that is easily accessible, such as digital kiosks or paper materials in break rooms and cafeterias. One organization had made a move to take HR representatives off of their factory floors in an effort to increase efficiency; however, they quickly realized how essential it was to ensure HR reps are on the floor to have a line of sight to DEI concerns and related issues. Other organizations have worked to create feedback channels to listen to these employees, including focus groups and committees on the frontline that can have a voice to give to DEI issues.

Detractors

The last employee group that came up often were DEI detractors. These were individuals in the company who saw DEI as a zero-sum game or had a fixed pie mentality when it came to this topic. These employees may feel that DEI was being talked about too much or worried that they were being left out of the conversation if they do not belong to an underrepresented group.

Strategies to engage this employee group were by far the most elusive compared to other disparate groups. Organizations discussed mandatory unconscious bias training and open invitations to “courageous conversations” on race and identity as starting points to build a foundational understanding of the importance of DEI. One company found success in engaging detractors by having a place where these employees could ask questions and concerns anonymously and without judgment. As we look toward the next evolution of DEI, there will certainly be a need for more innovative approaches to managing DEI detractors and generally ensuring that they are not left out of the strategy.

How can companies make DEI sustainable for the long term?

The other key question companies will face in the next evolution of DEI is how to make this work tenable and self-sustaining for the long term. There are three topics relevant to this finding.

Combating Burnout

Finding ways to prevent employee burnout is an essential aspect of making DEI sustainable. DEI work often involves a lot of additional time and emotional labor, especially for employees of color and other underrepresented groups. The majority of organizations we interviewed indicated that their DEI function could use more resources. This need primarily manifested in two categories: manpower and funding. At many partner organizations, DEI is still being done on a largely voluntary basis, on top of existing roles, or through employee resource groups.

DEI work often involves a lot of additional time and emotional labor, especially for employees of color and other underrepresented groups.

One way companies can be proactive against burnout is to ensure DEI is well-resourced. Examples of where organizations directed additional funding were increasing budgets for ERGs and compensating those who lead and manage these groups, outsourcing DEI training programs and tools as opposed to having to build them in house, and hiring DEI experts to support their organization in these efforts.

One organization has actually created individual offices for each ERG at their company, assigning a full-time employee to each group so that an existing employee is not stretched thin with additional responsibilities. Another company writes DEI responsibilities into the job descriptions and business plans of business unit leaders to ensure that it is not seen as an add-on to their roles. A third organization we spoke to has created term limits for ERG leadership to prevent burnout. There will have to be continuous investment in DEI and mechanisms in place to ensure that employees can thrive in this work long term.

Strengthening DEI's Relationship with Corporate Social Responsibility

Another aspect of ensuring the longevity of a DEI strategy is strengthening the connection between DEI, corporate social responsibility, human rights, and environmental, social, and corporate governance goals. Companies spoke of the connections and overlap that exist between the goals they have to become better corporate citizens, and we spoke to several DEI leaders who are thinking about how to increase collaboration across these teams to develop broader definitions of success for the organization that will be relevant for the evolving marketplace. This was especially true as organizations sought to meet external commitments including combating systemic racism, prioritizing community development, and addressing global DEI issues. Partner companies described the DEI team as perhaps the most collaborative across the organization, and increased coordination and alignment with DEI will be essential as companies seek to build and sustain momentum for this work into the future.

Increasing Collaboration Across Organizations

The final topic surrounding how DEI will be sustainable long term is how organizations can actually work together to make a greater impact on society. Often, companies see the success of their DEI efforts as a competitive advantage that will attract and retain the right talent. But through our research, it became clear that organizations are really eager to learn from each other. Currently, transparency between companies is lacking and therefore so are the opportunities to learn from peers and the progress and accountability that follows.

Organizations are really eager to learn from each other... [and] collaborate for the long term.

There is a great deal of collective power and influence that...can be harnessed to create a better world.

Whether it is continuing to share best practices and grapple with difficult questions together or increasing their own transparency, organizations are thinking about how to collaborate for the long term. There is a great deal of collective power and influence that corporations have which can be harnessed to create a better world. A greater level of intentional partnership and collaboration will be essential as organizations move toward the next evolution of DEI.

VIII. Conclusion

It is undeniable that the events of Summer 2020 played a critical role in companies' renewed focus on DEI. The HR function is uniquely positioned to take the lead on key DEI changes within a company and for all of its stakeholders - including those employees, consumers, and surrounding communities who have been most impacted and marginalized by current and historical inequities.

Throughout our research and interviews, we saw that companies can be both strategic and aspirational in the way they approach their DEI goals. Calls for greater social justice and racial equity within the U.S. have culminated in a renaissance for many DEI functions and will continue to do so globally.

As the work of DEI continues to evolve, so do the opportunities, challenges, and future iterations. While there is still much work to be done in this space as DEI evolves in the future, we are confident that companies are on a path to meaningful progress.

Participating Companies

Accenture	General Electric
American Express	The Hershey Company
Boeing	Hormel Foods
Boston Scientific	IBM
Bristol Myers Squibb	Johnson Controls
Cargill	JPMorgan Chase
Cerner	Lincoln Financial Group
CIT Bank	Manulife
Colgate Palmolive	McDonalds
CUBIC	Merck
Doctors Without Borders	Polaris
DP World	R1 RCM
E&J Gallo Winery	Samsung
Estée Lauder Companies	Trane Technologies
Ecolab	Verizon
	Workday