NOW MORE THAN EVER

We need DE&I.

The DE&I Practices that Separate Leading Organizations from the Rest

When organizations intentionally set out to improve diversity, equity, and inclusion (DE&I) in their workplaces, they see increases not only in team diversity, but also in employee engagement and the ability to recruit top talent.

But while almost two-thirds of organizations (65%) say DE&I is a high strategic priority, 67% say their organization is, at best, only **somewhat successful** at creating a workplace that is diverse, equitable, and inclusive.

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In April and May 2021, Harvard Business Review Analytic Services (HBR-AS) and SHRM, the Society for Human Resource Management, sponsored by Trusaic, conducted a joint survey of 1,115 respondents in North America drawn from the HBR audience and SHRM membership. Respondents were separated into three groups based on how successful they believe they have been at creating a workplace that is diverse, equitable, and inclusive:
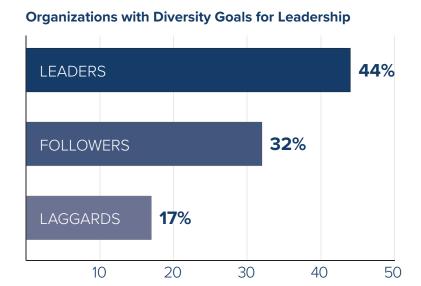
- "Leaders" rated their organizations as **very successful.**
- "Followers" rated their organizations as **somewhat successful.**
- "Laggards" rated their organizations as **not very successful.**

By uncovering gaps and differences among the groups, the survey reveals three practices that drive DE&I improvements in the workplace and differentiate organizations that are successful from those that fall behind: **commitment** from the top of the organization, broad **accountability and transparency**, and **tracking** DE&I across the organization through established metrics.

SUSTAINED, SINCERE COMMITMENT AT THE HIGHEST LEVEL

There is an enormous gap among Leaders (75%), Followers (49%), and Laggards (18%) when it comes to having a culture that consistently supports DE&I.

Commitment to DE&I starts at the top of the organization. Half of the respondents categorized as Laggards say they are hindered by leadership's lack of commitment, and 72% say they are held back by a lack of diversity at senior levels of the organization. In contrast, Leaders are significantly more likely than Followers or Laggards to set goals for diversity among senior executives and board members, even though research consistently links diverse and inclusive leadership teams to improved financial performance.[1]

Organizations with Diversity Goals for Leadership

LEADERS	44%
FOLLOWERS	32%
LAGGARDS	17%

10   20   30   40   50

When it comes to executives demonstrating visible support for improving DE&I, gaps open among Leaders (77%), Followers (65%), and Laggards (34%). Similarly, executives at Leader organizations are nearly twice as likely as those at Laggard organizations to regularly communicate the value of DE&I to employees (73% versus 38%).

ACCOUNTABILITY AND TRANSPARENCY

Who is accountable for meeting DE&I objectives?	Leaders	Followers	Laggards
Human resources head	73%	66%	64%
CEO	71%	60%	44%
Business unit heads	54%	44%	26%
Department heads	50%	40%	26%
Managers	44%	37%	21%
DE&I team leader	28%	37%	36%

Efforts to improve DE&I fail when organizational leaders and managers are not held accountable for implementing DE&I practices. Laggard organizations are three times as likely as those classified as Leaders to say they struggle with a lack of accountability (57% versus 19%). Additionally, Leaders are much more likely to make DE&I everyone's business—not just HR's.

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[1] Sundiatu Dixon-Fyle, Kevin Dolan, Vivian Hunt, and Sara Prince, "Diversity Wins," McKinsey & Co., May 19, 2020. https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters.

With whom does your organization share its DE&I metrics?

	Leaders	Followers	Laggards
Senior leadership	59%	60%	47%
Board of directors, executive leadership	57%	54%	45%
All employees	47%	39%	24%
External entities	17%	14%	5%
Legal team	17%	17%	10%
General public	15%	12%	7%

Accountability for DE&I can extend beyond the organization to include customers and other stakeholders. But openly sharing DE&I data is still more the exception than the rule for organizations, with only 12% of all respondents saying they disclose these metrics to the public. Fewer than half of organizations (38%) included employees when reporting their DE&I metrics; however, Leaders were twice as likely as Laggards to do so (47% versus 24%).

USING DATA AND METRICS TO TRACK PROGRESS

Closing the DE&I gap requires that reliable data be made available to all stakeholders, especially senior leaders, so tracking is as important as training to make improvements. Leaders are more than twice as likely as Laggards to track all three aspects of diversity, equity, and inclusion (70% versus 30%). Leaders also tend to measure DE&I progress across a wider range of metrics and are more likely to share results with all employees.

Organizations most commonly track diversity in their **hiring** (74% of all respondents). **Recruiting** is next at 64%, followed by **retention** at 47%. Just over one-quarter of Laggards (26%) do not track diversity in their organization at all.

Does your organization track equity in any of these areas?

	Leaders	Followers	Laggards
Inclusive leadership (leaders support all staff equitably)	56%	35%	11%
Participation in training	54%	34%	19%
Compensation	53%	48%	26%
Accommodation for different needs/abilities	49%	34%	16%
Promotions	48%	38%	16%
Receiving development and feedback	46%	27%	11%
Receiving recognition and praise	43%	25%	11%
Equity sentiment among employees	41%	33%	12%
Participation in mentorship programs	40%	25%	11%
Access to opportunities such as special projects, overtime, etc.	37%	22%	7%
None—we do not track equity	11%	21%	51%

Fewer organizations are tracking equity and inclusion across their organizations fully, with more than half of Laggards not tracking equity at all, even though it's a proven success strategy. Nearly two-thirds (65%) of Leaders who track equity have seen improvements in equity in the past two years.

The most notable difference between Leaders and others in this effort is that Leaders are more likely to track **development opportunities.** Close to half (45%) of Leaders who measure diversity track employee development opportunities, compared with only 26% of Followers and 10% of Laggards. Leaders also measure progress toward their diversity goals more frequently, with 45% doing so quarterly and another 18% doing so monthly. More than half of respondents who track DE&I metrics share them with their board, executives, and senior leadership.

Finally, there is another practice that Leaders use more than others to cultivate equitable and inclusive workplace cultures: encouraging and supporting open conversations about DE&I among employees. More than three-quarters (82%) of respondents from Leader organizations do so, compared with 47% of Laggards.

These survey findings sound a clear call to action for organizational leaders: Apply these practices if you want to move up the DE&I leaderboard and become more competitive in today's historically uncompromising talent marketplace.

How has overall equity changed in the past two years?	Leaders	Followers	Laggards
Improved	65%	48%	25%
Stayed the same	27%	36%	44%
Worsened	0%	2%	12%
Don't know	8%	14%	19%

METHODOLOGY

A total of 1,115 respondents drawn from the HBR audience (magazine/newsletter readers, customers, HBR.org users) and SHRM membership completed the survey. All respondents presently reside in North America. For the complete demographic breakdown, see the full report.

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