Diversity and Inclusion Pulse:
2017 Leader’s Guide
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**STEP 1** 
Agree on the Meaning of D&I
Ensure that all executives understand the organization’s specific definition of diversity and inclusion so that they can act as informed advocates.

**STEP 2** 
Develop a D&I Strategy
Establish a D&I strategy to realize human capital benefits, such as increased employee engagement and creativity.

**STEP 3** 
Publicly Commit to D&I
Transparently commit to D&I and hold leadership accountable to results.

**STEP 4** 
Use D&I to Attract Top Talent
Demonstrate commitment to D&I to attract top talent, which is increasingly seeking out companies that “walk the walk.”

**STEP 5** 
Incorporate D&I into Talent Strategy
Understand how the absence of an overarching process or strategy will ultimately obstruct talent attraction, development, and retention.

**STEP 6** 
Lead by Example
Personify the organization’s D&I agenda and philosophy to influence others to do the same.

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**Methodology**
Russell Reynolds Associates surveyed 2,167 male and female executives around the world to understand how companies align themselves around diversity and inclusion (D&I). We compiled insights from our data and our work in the market into six steps that leaders can take to help their companies achieve D&I success. We used the following definitions to craft our approach:

- **Diversity:** Gender, race, ethnicity, religion, national origin, age, sexual orientation, gender identity and expression, disability, veteran status, political affiliation, education, experience, work style, communication style, socio-economic background, cross-cultural competency and perspective
- **Inclusion:** The cultivation of an environment that creates opportunities for all employees to realize their unique potential
- **Belonging:** The extent to which individuals feel they can be their authentic selves at the organization

We used these definitions to test the impact of D&I on the following human capital outcomes:
Step One: Agree on the Meaning of D&I

Companies must ensure that executives are not only aware of D&I strategies, but also understand what D&I means to their specific organizations, so that they can serve as informed advocates.

Many companies understand “diversity,” but struggle to grasp “inclusion” in concrete terms. Nearly half of executives (47%) state that their organizations have a clear, holistic definition of diversity, while less than a quarter (24%) are aware of a definition of inclusion. Similarly, many more companies publicly align their business strategies with diversity than with inclusion, according to their executives.

**COMMON CATEGORIES OF DIVERSITY**

- Gender: 92%
- Race/Ethnicity: 86%
- Sexual orientation: 72%
- Nationality/Country of origin: 71%
- Disability: 70%
- Age: 66%
- Religious beliefs: 65%
- Educational background: 31%
- Political beliefs: 30%
- Personality: 21%
- Sector background: 17%

**COMMON ELEMENTS OF INCLUSION**

- Collaborative team structures: 42%
- Advocacy by leadership: 38%
- Flexible work arrangements: 35%
- Multicultural awareness: 32%
- Performance appraisals: 30%
- Hiring efforts: 29%
- Mentoring programs/employee resources groups: 29%
- D&I training (i.e., unconscious bias): 28%
- Flexible career paths: 27%
- Measures to mitigate hostile work environments: 25%

Question: Which of the following are likely included in your organization’s definition of “diversity” and “inclusion”?

Note: Inherent diversity involves traits we are born with, such as gender and ethnicity, while acquired diversity involves traits we gain from experience, such as sector background. (HBR).

- **64%** of organizations align their efforts to foster diversity with their business strategy
- **45%** of organizations align their efforts to create an inclusive culture with their business strategy
Step Two: Develop a D&I Strategy

Companies that have an established D&I strategy consistently score higher on human capital outcomes, such as employee engagement and creativity. The impact of this strategy is enhanced when leaders are fully committed.

**WHO SETS THE D&I VISION AND STRATEGY AT YOUR ORGANIZATION?**

The majority of companies have established D&I strategies, but ownership is fragmented and best practices have not emerged.

**A LEADER SETS D&I STRATEGY**

- 73% CEO
- 31% CHRO
- 19% GM/ Business Unit Leader
- 10% Chief D&I Officer
- 7% Chief Legal Officer/ Legal Executive
- 7% Other D&I Officer
- 7% Other

**TO WHAT EXTENT DOES YOUR COMPANY EFFECTIVELY...**

- Retain talent
  - D&I Strategy: 52%
  - No D&I strategy: 72%
  - Somewhat Agree: 71%
  - Strongly Agree: 33%

- Retain diverse talent
  - D&I Strategy: 40%
  - No D&I strategy: 40%
  - Somewhat Agree: 41%
  - Strongly Agree: 10%

- Foster a sense of belonging
  - D&I Strategy: 65%
  - No D&I strategy: 82%
  - Somewhat Agree: 84%
  - Strongly Agree: 33%

- Facilitate creativity
  - D&I Strategy: 57%
  - No D&I strategy: 74%
  - Somewhat Agree: 75%
  - Strongly Agree: 33%

- Engage employees
  - D&I Strategy: 78%
  - No D&I strategy: 88%
  - Somewhat Agree: 90%
  - Strongly Agree: 67%

**Note:** Respondents could choose more than one option.

Responses shown: “Somewhat Agree” or “Strongly Agree”
**Step Three: Publicly Commit to D&I**

Companies are increasingly aware that they need to commit to D&I as a corporate objective and establish systems of accountability. For a D&I strategy to succeed, however, leaders must be motivated to drive it. To get these leaders on board, companies are moving beyond treating D&I as a compliance obligation and are instead broadcasting the commercial benefits it promises if truly embedded into the company’s DNA. Further, they are encouraging D&I goal setting across the employee base, and specifically the leadership team, as an important step in displaying commitment to D&I. Formal accountability mechanisms, such as adding D&I targets to leadership performance criteria, ensure that real progress is made over time.

### Why Organizations Commit to D&I

<table>
<thead>
<tr>
<th>Business Reasons</th>
<th>Compliance Reason</th>
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<tbody>
<tr>
<td>Empower workforce</td>
<td>Avoid legal repercussions</td>
</tr>
<tr>
<td>44%</td>
<td>20%</td>
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<tr>
<td>Strengthen employer brand</td>
<td></td>
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<tr>
<td>40%</td>
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<tr>
<td>Compete globally</td>
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<tr>
<td>39%</td>
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<tr>
<td>Deepen understanding of customers</td>
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<tr>
<td>36%</td>
<td></td>
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<tr>
<td>Innovate</td>
<td></td>
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<tr>
<td>33%</td>
<td></td>
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<tr>
<td>Improve financial performance</td>
<td></td>
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<td>19%</td>
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### How Organizations Commit to D&I

#### Goal setting and measurement of progress

- **My organization ...**
  - Sets workforce diversity goals: 46%
  - Measures its level of inclusion via surveys / employee feedback: 40%
  - Sets senior leadership diversity goals: 39%

#### Accountability

- **My organization ...**
  - Holds itself accountable for meeting diversity goals: 40%
  - Holds itself accountable for meeting inclusion goals: 38%

Responses shown: “Somewhat Agree” or “Strongly Agree”
Step Four: Use D&I to Attract Top Talent

Companies are failing to recognize D&I as a critical solution to the challenge of identifying and attracting top talent. While 74% of executives view D&I as crucial to the success of their organization, most companies do not take advantage of D&I to attract top talent. By failing to embed D&I into their talent strategy, companies not only miss out on exceptional talent, but also on the benefits realized by diverse talent and an inclusive culture.

TOP BUSINESS CHALLENGES AND OPPORTUNITIES

1. Product/service innovation
2. Finding the right people
3. Increasing share in existing markets
4. Dealing with geopolitical uncertainty
5. Mergers & acquisitions
6. Expansion into new markets
7. Joint ventures/strategic alliances
8. Diversity & inclusion

THE MISSING LINK:
While 74% agree that D&I is critical to the success of their organization, D&I takes a back seat compared to other corporate goals, and is not used commensurately to access top talent.

Question: Which of the following business challenges and opportunities are your organization facing?
**Step Five: Incorporate D&I into Talent Strategy**

Although more than half of companies (53%) prioritize the hiring of diverse talent, significantly fewer are focused on talent retention (47%). Further, only a quarter of companies are ultimately effective at talent attraction and retention, suggesting there are significant obstructions to an effective D&I strategy. Leaders must understand that while isolated efforts, such as hiring programs or flexible work arrangements, may get diverse employees through the door, the lack of an overarching process or strategy ultimately impedes talent attraction, development and retention.

### ATTRACTING, DEVELOPING AND RETAINING DIVERSE TALENT

<table>
<thead>
<tr>
<th>TALENT ATTRACTION</th>
<th>BARRIERS</th>
<th>DRIVERS</th>
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<tbody>
<tr>
<td>Lack of diverse pipeline</td>
<td>45%</td>
<td>43% Collaborative team structures</td>
</tr>
<tr>
<td>Lack of incentives</td>
<td>41%</td>
<td>43% Flexible work arrangements</td>
</tr>
<tr>
<td>Absence of process/strategy</td>
<td>34%</td>
<td>43% Hiring efforts</td>
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<tr>
<th>TALENT DEVELOPMENT</th>
<th>BARRIERS</th>
<th>DRIVERS</th>
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<tbody>
<tr>
<td>Lack of incentives</td>
<td>38%</td>
<td>37% Collaborative team structures</td>
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<tr>
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<td>35% Advocacy by leadership</td>
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<td>34%</td>
<td>33% Flexible work arrangements</td>
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<th>TALENT RETENTION</th>
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### LEAKY TALENT PIPELINE

32% Say that diverse talent has left their organization due to a lack of inclusion

**Questions**

- Which of the following factors are drivers of (or barriers to) your organization’s effort in attracting, retaining, or developing diverse talent?
- Key diverse talent has left my organization due to a lack of inclusion/engagement. Responses shown: “Somewhat Agree” or “Strongly Agree”
Step Six: Lead by Example

D&I strategy is most effective when leaders are visibly committed to D&I and modeling inclusive behaviors.

**HOW LEADERS COMMIT TO D&I**

- **VISIBILITY AND AWARENESS**
  - 50% Make a visible effort to support D&I

- **STRUCTURE AND STRATEGY**
  - 45% Communicate the importance of D&I

- **ACCOUNTABILITY**
  - 38% Hold themselves accountable for fostering a culture of inclusion

- **INCLUSIVE CULTURE**
  - 33% Include inclusive behavior in criteria for promotion

Responses shown: “Somewhat Agree” or “Strongly Agree”

**WHAT YOU CAN DO TODAY**

- **INCREASE VISIBILITY AND AWARENESS**
  - Establish a D&I task force to increase awareness of diverse employees and cultures
  - Ensure diverse role models have a voice
  - Provide a platform for underrepresented groups to share success stories, such as employee resource groups or video streams
  - Support cross-cultural mentoring and global talent rotations

- **PUT STRUCTURE AND STRATEGY IN PLACE**
  - Set and communicate D&I goals
  - Appoint a chief diversity officer who partners with the CEO
  - Remove process bias from talent attraction, development and retention – e.g., establish diverse hiring panels
  - Create assisted succession planning for underrepresented groups
  - Ensure the CEO, board and senior leadership have an unbiased view of barriers to effective D&I strategy

- **ENHANCE ACCOUNTABILITY**
  - Develop dashboards and scorecards to track D&I metrics
  - Tie performance, KPIs and compensation to D&I targets and behaviors
  - Acknowledge & reward inclusive employees and managers
  - Embed D&I objectives into business plans

- **FOSTER AN INCLUSIVE CULTURE**
  - Diagnose the company’s level of inclusion to uncover pain points
  - Provide unconscious-bias training to all managers
  - Hire and promote inclusive leaders, invest in inclusive leader assessment
  - Develop an inclusive definition of great talent and ensure that the need for “culture fit” is not an excuse to reject diverse talent
Russell Reynolds Associates is a global search and leadership advisory firm. Our 400+ consultants in 47 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today’s challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations – our teams bring their decades of expertise to help clients solve their most complex leadership issues. www.russellreynolds.com

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Reach out to your local author to learn more about this study and RRA’s Diversity and Inclusion Practice.

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