

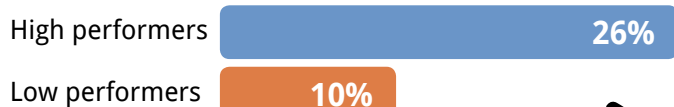


12 Diversity Practices of High-Performance Organizations

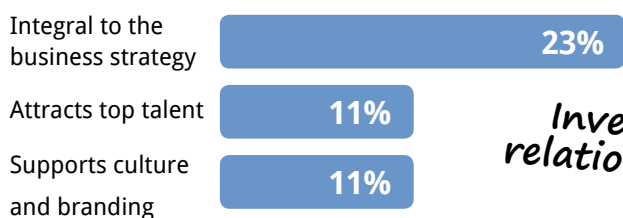
i4cp research shows that openness, collaboration, and heightened awareness of the many facets of diversity are hallmarks of a high-performance culture. Inclusion is the key to unlocking the full potential of a diverse pool of employees and is essential to ensuring success and long-term sustainability. From opening vital talent pools and fueling innovation, to entering new markets and guiding product development, diversity and inclusion (D&I) is increasingly recognized as a force that drives productivity, performance, and market growth.

The business case for D&I has been clearly established in most organizations, making it the first—and possibly the most vital—of the 12 practices our study identified.

High-performers pursue diversity to reflect their customer base and community demographics

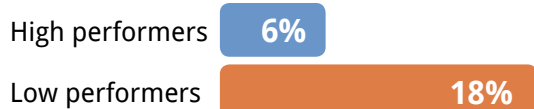


Other top business case drivers for high-performance organizations



Inverse relationship

Low performers base their business case for D&I on compliance



Showing high/very high responses. Source: i4cp

High-performance organizations:

- 1 **Build the business case for diversity on the need to reflect their customer base and community demographics**
- 2 **Make diversity an important consideration in developing their succession plans**
- 3 **Place more importance on framing diversity as a business relevant issue and on creating accountability**
- 4 **Have a more inclusive definition of diversity**
Are less likely than lower-performers to sponsor employee resource groups that are based on traditional diversity labels or categories
- 5 **Are less likely than lower-performers to sponsor employee resource groups that are based on traditional diversity labels or categories**
- 6 **Are more likely to specifically budget for diversity initiatives**
- 7 **Are more likely to assign responsibility for leading and executing the diversity strategy to the executive team**
- 8 **Place greater emphasis on diversity recruiting and are more likely to concentrate training on diversity skills**
- 9 **Do not attempt to calculate the ROI of their diversity investments**
- 10 **Monitor diversity success by looking at both their applicant pools and their ability to retain once the talent is in the door**
- 11 **Are less likely than lower-performers to compare diversity metrics against minority representation in the community**
- 12 **Are more likely to conduct an annual CEO review and to tie results to compensation**

Sound controversial?

Interviews with high-performance organizations (HPOs) offer insights into these results.

HPOs are less likely than lower-performers to sponsor employee resource groups (ERGs) that are based on traditional diversity labels or categories

Top organizations with global D&I initiatives have more evolved diversity functions that focus attention on developing an inclusive environment throughout their operations. Definitions of diversity in these companies are more broadly defined and ERGs tend to focus on regional-specific needs.

HPOs do not attempt to calculate the ROI of their diversity investments

Do not measure ROI?



It's also important to remember that not measuring for ROI does not mean that other measures aren't used to track diversity program effectiveness. HPOs are most likely to measure success by looking at internal benchmarks for retention, engagement, and diversity in the applicant pool.

Other i4cp research has found that HPOs are tying inclusion effectiveness to a greater variety of metrics, including productivity and profit.

HPOs are less likely than lower performers to compare diversity metrics against minority representation in the community

Although reflecting their customer base and community demographics is the driver for many HPOs' diversity initiatives, they don't commonly use those measures to determine success. Instead, year-over-year results and predefined targets are set based on community demographics, with success gauged by progress over time or by looking at the pool of available applicants.

Signs of progress

Several findings in this study show clear movement in the maturity of corporate diversity programs. We measured this maturity as a progression through four stages. The following shows the percent of organizations overall at each stage of D&I maturity:

Level 1 – It's the Law (Compliance-Based Business Drivers)

10%

Level 2– It's the Right Thing to Do (Image-Based Business Drivers)

15%

Level 3 – It's a Business Imperative (Market-Based Business Drivers)

58%

Level 4 – It's About Talent (Talent-Based Business Drivers)

12%

Organizations with mature D&I functions—those with market and talent-based business drivers—will not only attract the best talent, but retain it. These organizations foster inclusive cultures that keep them agile while opening communication pathways for innovative exchanges of ideas.

Toy-maker Mattel is an organization that leverages the business value of ERGs. Mattel utilized its African-American ERG group to assist with the development of a doll line—So in



Style (S.I.S.). According to Graciela Meibar, Mattel's Global Thought Leader on Diversity and Inclusion, the ERG served as an internal focus group, helping to name the dolls and making suggestions on packaging and other key features to market to a specific customer segment. It's through this type of contribution that diversity initiatives can make a true impact on the success of the enterprise.

High-performance organizations have a more inclusive definition of diversity

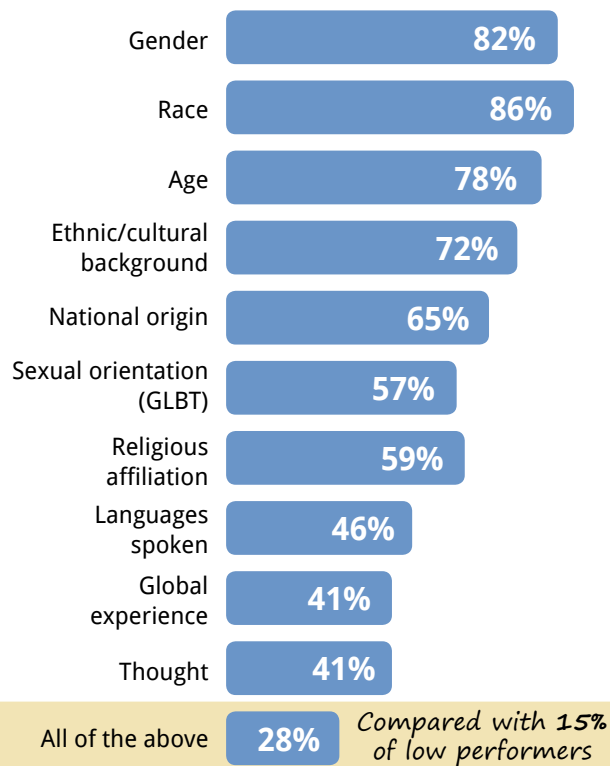
While there are wide-ranging perspectives on what constitutes inclusion, higher-performance organizations operationalize the concept in broader terms than lower-performers.

HPOs are more likely to simply *have* a definition of diversity than low performers, and they are also more likely to take an "all of the above" stance on whom is included. Other factors that impact the breadth of the diversity definition are the presence of a Chief Diversity Officer (CDO) and having diversity imbedded in talent management.

Higher-performers, larger organizations, and organizations that consider themselves more effective at diversity and who have more diversity infrastructure in place also have broader definitions of diversity. Such broad definitions are indicative of a desire for an inclusive culture that does not view diversity as primarily compliance driven, but sees it as more of a talent management strategy.

Low performance organizations are almost **2x** more likely to have no definition of diversity.

Top 10 groups included in high-performance organization's definitions of diversity



Groups not shown include: social/caste affiliation, regional knowledge, political affiliation, and appearance-based. **Those not listed but most frequently included in open-ended responses include:** disabled employees, military veterans, and groups defined by marital/family status. **These categories are included in subsequent and stand-alone survey iterations.**

Source: i4cp

Budget, leadership, and reporting structure

HPOs are almost **2x** as likely to specifically budget for diversity. This finding is naturally tied to organizational size as well, as is the amount budgeted.

HPOs are also more likely to assign responsibility for leading D&I to the executive team, followed by the HR leader. While diversity councils were only half as likely to be in charge, HPOs are nearly **3x** more likely to have them at the top than low performers.

Though direct reporting to the CEO is more common in smaller organizations, the majority will seldom fall lower than two reports down from the CEO.

Trend - Non-HR Diversity Professionals

i4cp researchers interviewed diversity professionals who began their careers in sales, communications, labor relations, and marketing as well as the more traditional HR, compliance and legal functions. These individuals recognize the importance of consistently and constantly framing diversity issues in a business-relevant context and are convinced that this approach leads to credibility, which in turn leads to adoption and action.

Focus on diversity recruiting, diversity skills, and broad, qualitative and quantitative measurement

High-performers report training and recruiting as major components of their D&I strategy



Source: i4cp

Half of all organizations sponsor *all employee diversity awareness training* and a little over a third sponsor *manager-level diversity awareness training*. However, HPOs are **33% more likely** to sponsor *all employee diversity skills training*, and a quarter focus training on *recruiting diverse talent*.

HPOs are also **2x** more likely to have a dedicated diversity function and nearly **2x** more likely to bring in diversity consultants.

Percentages increase for those with a talent-focused business case

High-performers do more to measure D&I success

Employee retention



Employee engagement



Quality and diversity of applicant pool



Employee attitude surveys



Diversity scorecards



Source: i4cp, 2010



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i4cp's upcoming study on D&I focus and behaviors will be available Winter 2014/2015 to i4cp members only.

Download the full study at i4cp.com