Diversity and Inclusion 2016: Investment in Automation Increases as New Regulations Approach

Research Summary

Brandon Hall GROUP

Brandon Hall Group Research Team

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Diversity and Inclusion 2016: Investment in Automation Increases as New Regulations Approach

KEY FINDINGS

- Almost 40% of organizations surveyed track all of their diversity and inclusion programs manually.

- Organizations with fully automated Diversity and Inclusion (D&I) tracking solutions are 87% more likely to be satisfied with their D&I programs.

- 54% of organizations are undergoing a technology implementation, with another 23% planning one within the next year.

- There is a strong correlation between separate tracking of diversity and inclusion, and the intensity of support and satisfaction for D&I. It is exceedingly difficult to track inclusion efforts without automation.

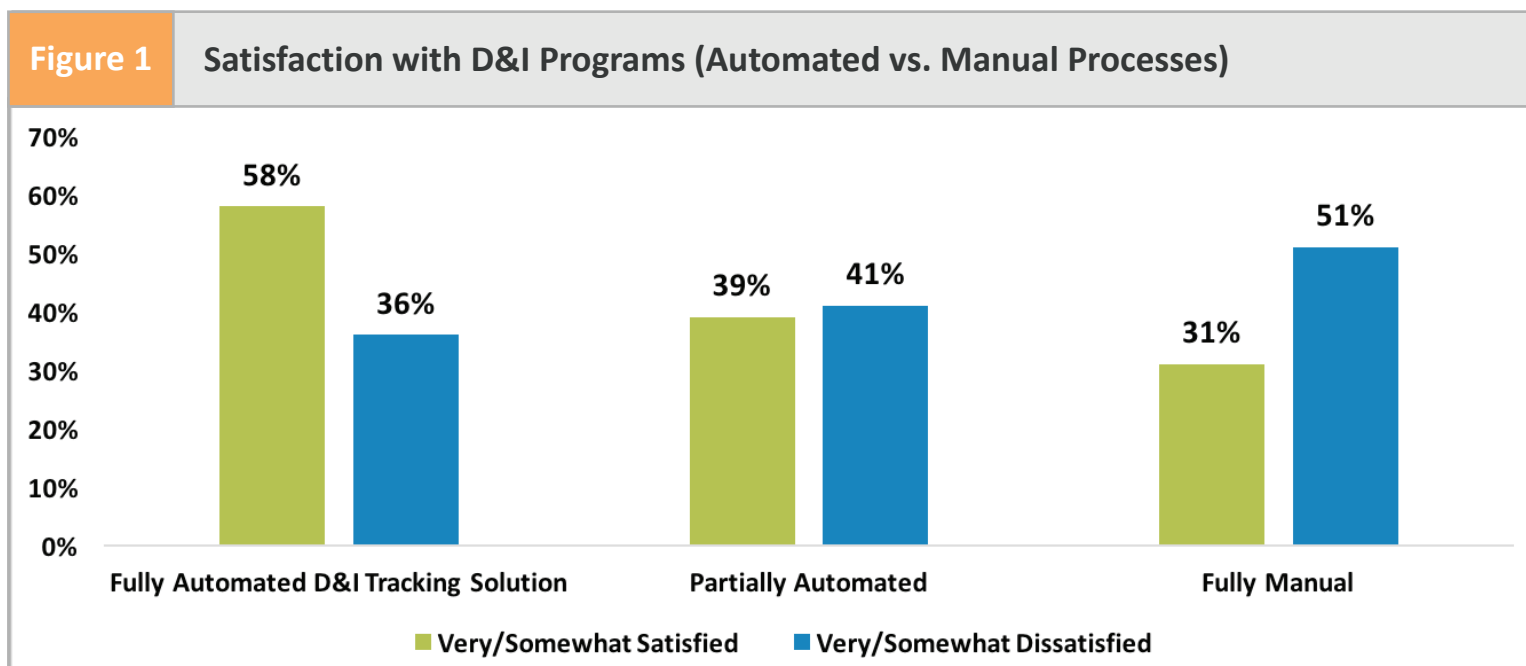Source: 2016 Brandon Hall Group Diversity & Inclusion Study (n=375)

Summary

Diversity and inclusion (D&I) is going through both societal and legislative change, the forthcoming changes to EEO-1 being a prime example.[1] The new EEO-1 changes include collecting pay data from employers, including federal contractors, with more than 100 employees.

[1] New EEO-1 changes are effective for the 2017 reporting period, but the deadline for filing the report has been extended to March 31, 2018, to give employers more time for transition.

This new data will assist the government in identifying possible pay discrimination and assist employers in promoting equal pay, according to the EEOC. This has increased the importance of D&I and has exposed some of the shortcomings of current D&I practices, including lack of automation and funding, as well as cultural bias.

This is not to say that D&I as a practice is in a dire state. In fact, the 2016 Brandon Hall Group Diversity and Inclusion Study revealed that at least 80% of organizations believe D&I increases productivity, sales/revenue, innovation, retention, and risk mitigation. 94% of respondents said their organizational culture promotes diversity and inclusion.

But these new and proposed changes to labor laws, including those in Europe and Russia, point to a larger societal pressure to have transparency into corporate data. This means that organizations are going to have to automate their systems, something that is done at a very low rate now. Almost 40% of organizations surveyed track all of their D&I programs manually even though organizations with fully automated D&I tracking solutions are 87% more likely to be satisfied with their D&I programs.

Figure 1	Satisfaction with D&I Programs (Automated vs. Manual Processes)

Source: 2016 Brandon Hall Group Diversity & Inclusion Study (n=339)
Numbers don't equal 100% because neutral responses were omitted from the graphic.
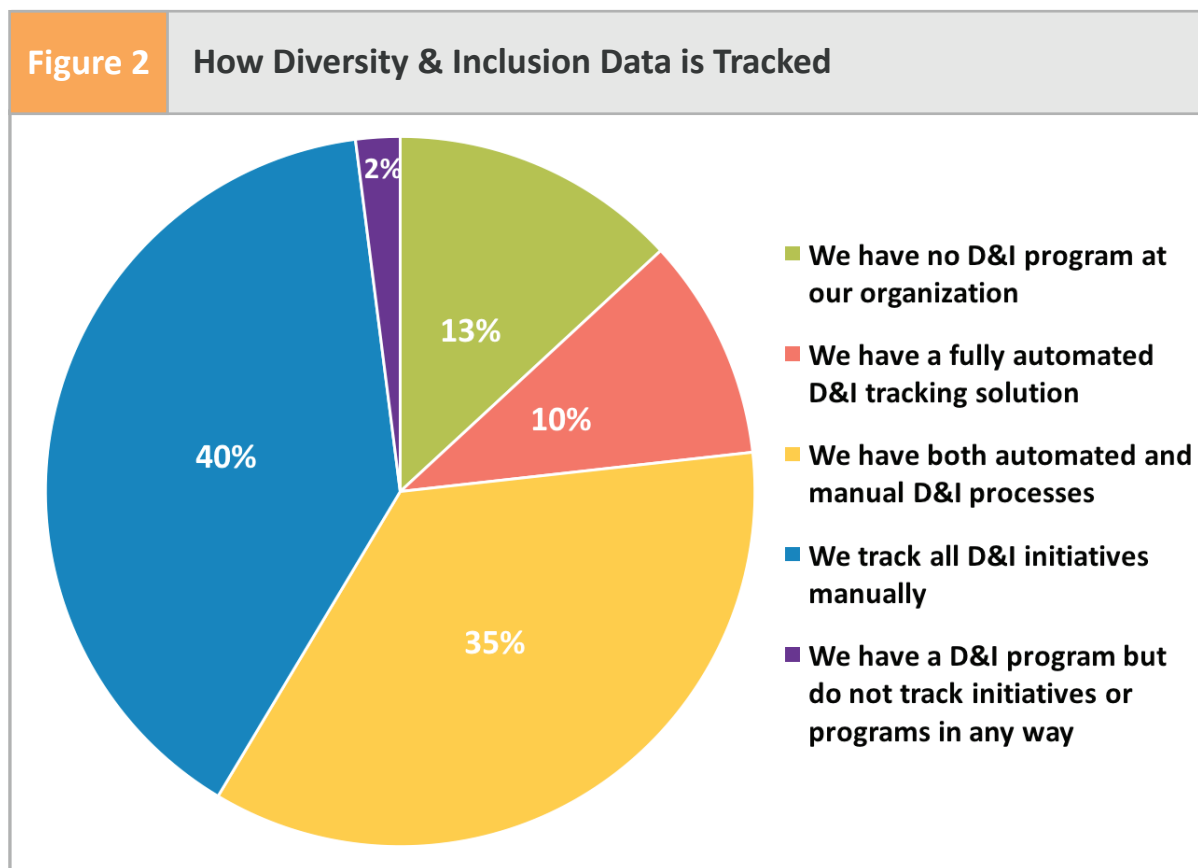
Why are relatively few organizations investing in automated tracking systems? The research shows that while D&I is seen as valuable to an organization, cultural resistance has been a barrier, and the funding necessary for automation and better results did not arrive until the advent of government mandated transparency.

ANALYSIS OF TOP FINDINGS

### 1. Automation Lacking, but Change is on the Way

Some of the research in D&I has focused on managerial bias: that mid-level managers at many organizations are hampering inclusion efforts by blocking promotions and giving lower performance review scores. Conscious and unconscious bias do play a role in the hampering of D&I efforts, and that will be explored in this research as well. However, another culprit is more to blame: the lack of automation in tracking D&I.

As with other HR processes that, Brandon Hall Group has examined in the last three years (time and attendance, absence management, and compliance, just to name a few), D&I suffers from a disproportionate percentage of organizations relying on manual tracking. In

| Figure 2 | How Diversity & Inclusion Data is Tracked |

Pie chart:
- We have no D&I program at our organization: 13%
- We have a fully automated D&I tracking solution: 10%
- We have both automated and manual D&I processes: 35%
- We track all D&I initiatives manually: 40%
- We have a D&I program but do not track initiatives or programs in any way: 2%

Source: 2016 Brandon Hall Group Diversity & Inclusion Study (n=291)

today's workforce, where complexity is the norm, the error rates and time spend on a manual process make this an untenable position. The good news is that organizations are taking action: 54% are undergoing a technology implementation, with another 23% planning one.

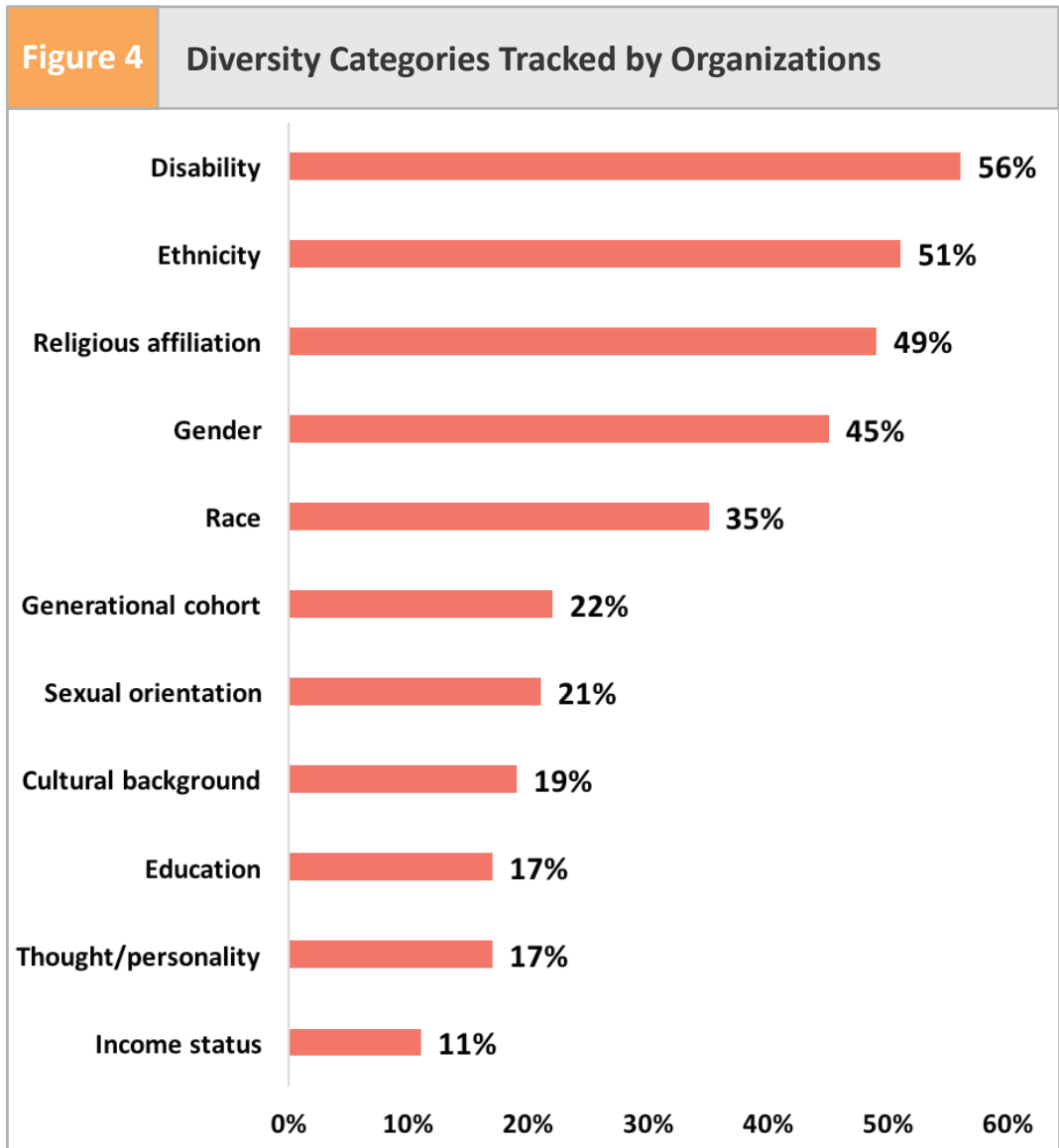| Figure 3	Status of Technology Use in Support of Diversity & Inclusion
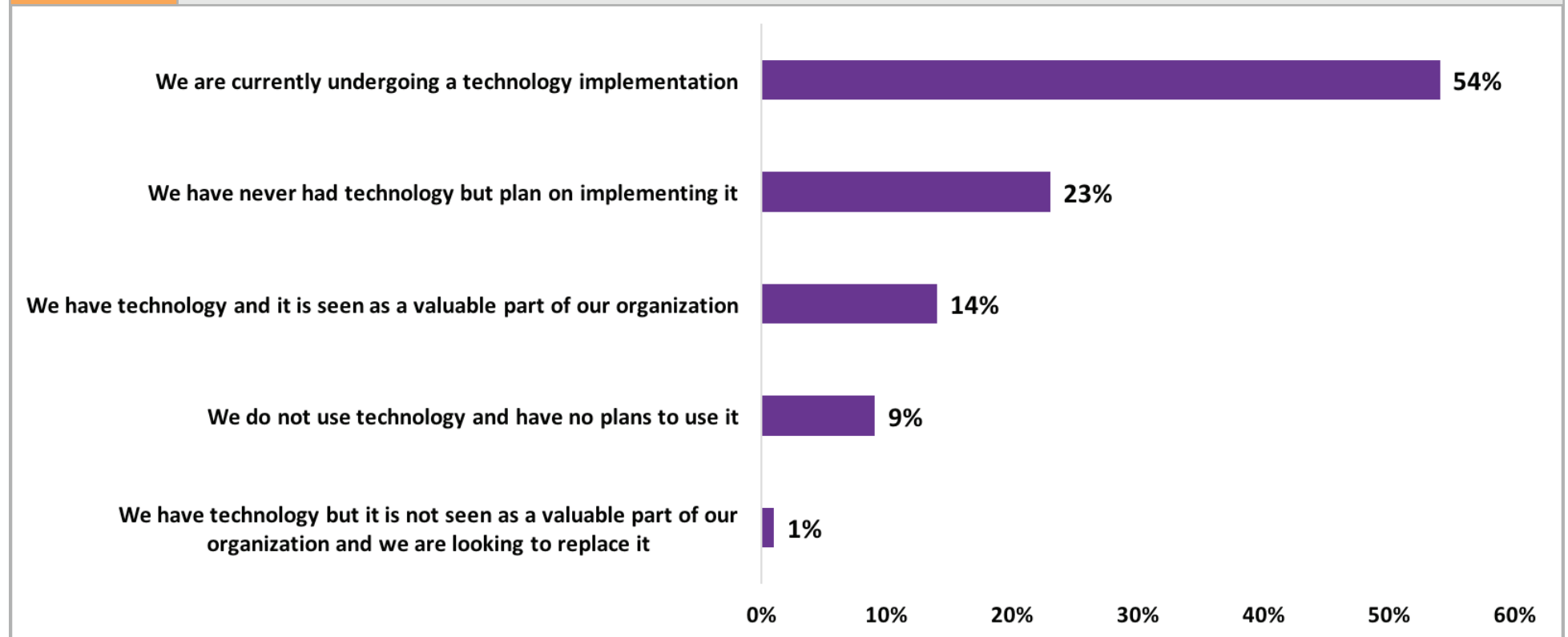
Source: 2016 Brandon Hall Group Diversity & Inclusion Study (n=278)

While there is not a direct statistical correlation between this initiative and the increased D&I reporting mandate, it is clear that organizations need assistance in tracking since no more than 56% of organizations track any one diversity category.

2. Cultural Resistance is Biggest Barrier to Successful D&I

It is not surprising the lack of funding is toward the top of a list of barriers to successful D&I programs, because most HR programs are under-funded. And we have already documented that while technology is a significant barrier, organizations are either actively implementing technology or planning to, which in turn explains why 80% of organizations say their budget related to D&I will increase in the next year.

That leaves cultural resistance (62%) as a largely unaddressed obstacle to successful D&I. Cultural resistance can come in the form of managerial bias, either unconscious or conscious, creating systemic bias against protected classes and thus affecting things like promotion rates or performance scores for those classes. It can also come from leadership, which may not see the value in

Figure 4 | **Diversity Categories Tracked by Organizations**

Category	Percentage
Disability	56%
Ethnicity	51%
Religious affiliation	49%
Gender	45%
Race	35%
Generational cohort	22%
Sexual orientation	21%
Cultural background	19%
Education	17%
Thought/personality	17%
Income status	11%

Source: 2016 Brandon Hall Group Diversity and Inclusion Study (n=335)

D&I, or perhaps sees it as a compliance issue and thus gives it a lower priority. In these cases it is important to show the value inherent in successful D&I programs to make the case that this is an issue that can affect the bottom line, and is not just a legal requirement.
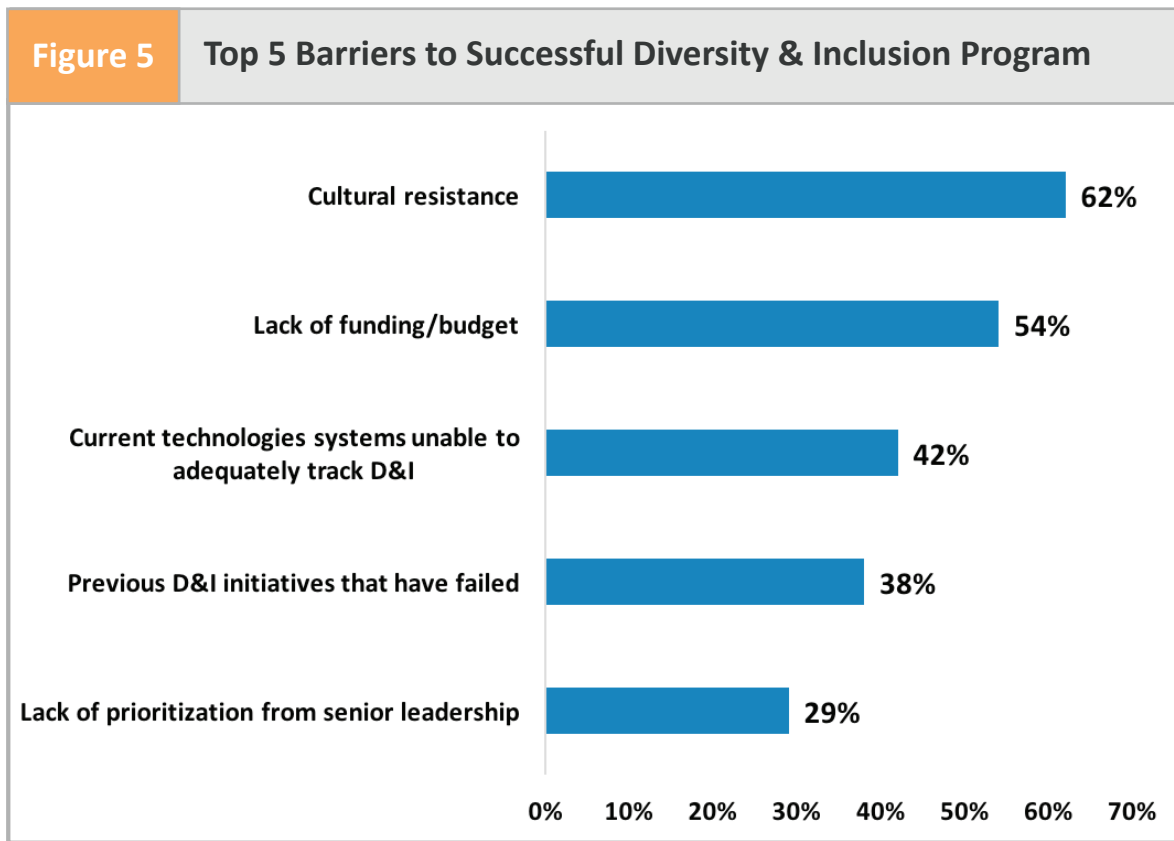
While the new government regulations on D&I tracking are already raising – and will continue to raise -- the profile of D&I, the ability of the programs to be truly successful depends on leadership and HR seeing the value and working collaboratively to address the cultural biases that exist.

3. Successful Diversity and Inclusion Cultures Separate the "D" from the "I"
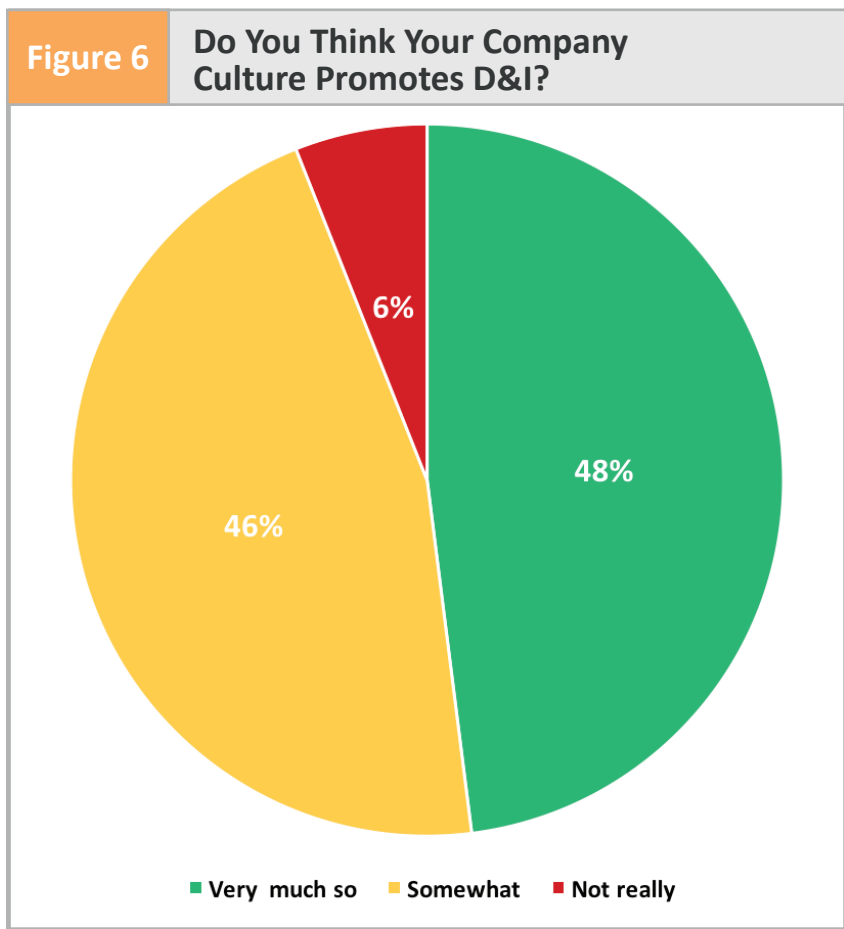
The phrase, "diversity is the noun, inclusion is the verb," first coined by Travis Jones, director of the Winters Group, is the easiest way to think about the separate meanings of diversity and inclusion:

• Diversity is important to track for the purposes of knowing the composition of your company.

• Inclusion is important to track because it reflects the activities of your organization as it relates to diversity.

Our research shows a strong correlation between separate tracking of diversity and inclusion, and the intensity of support and satisfaction for D&I.
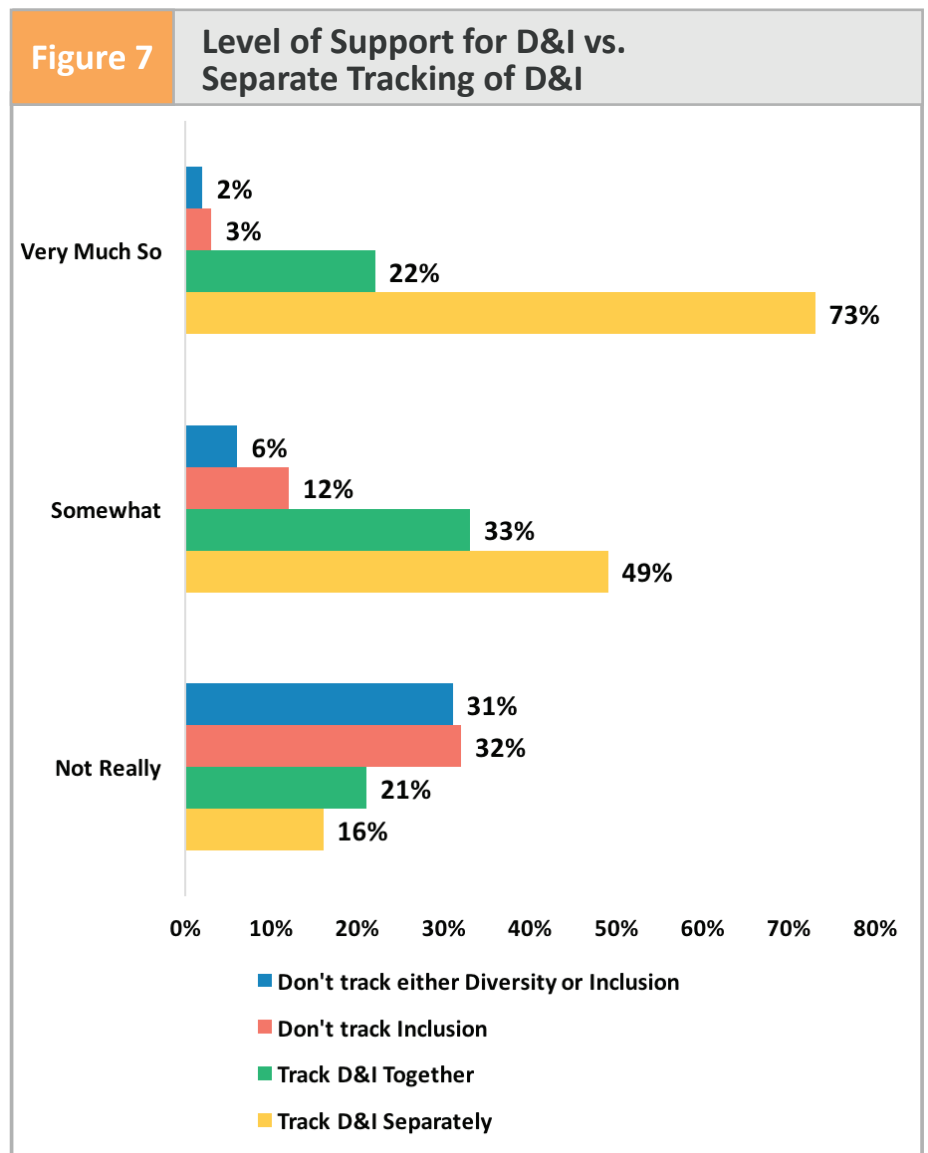
Figure 5 | **Top 5 Barriers to Successful Diversity & Inclusion Program**

Source: 2016 Brandon Hall Group Diversity & Inclusion Study (n=356)

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Figure 6 | **Do You Think Your Company Culture Promotes D&I?**

- Very much so
- Somewhat
- Not really

48%
46%
6%

Source: 2016 Brandon Hall Group Diversity & Inclusion Study (n=374)

This suggests that organizations that truly are committed to tracking and understanding the full spectrum of both diversity and inclusion are the organizations that find success with their programs.

Figure 7 | **Level of Support for D&I vs. Separate Tracking of D&I**

Very Much So
- 2%
- 3%
- 22%
- 73%

Somewhat
- 6%
- 12%
- 33%
- 49%

Not Really
- 31%
- 32%
- 21%
- 16%

- Don't track either Diversity or Inclusion
- Don't track Inclusion
- Track D&I Together
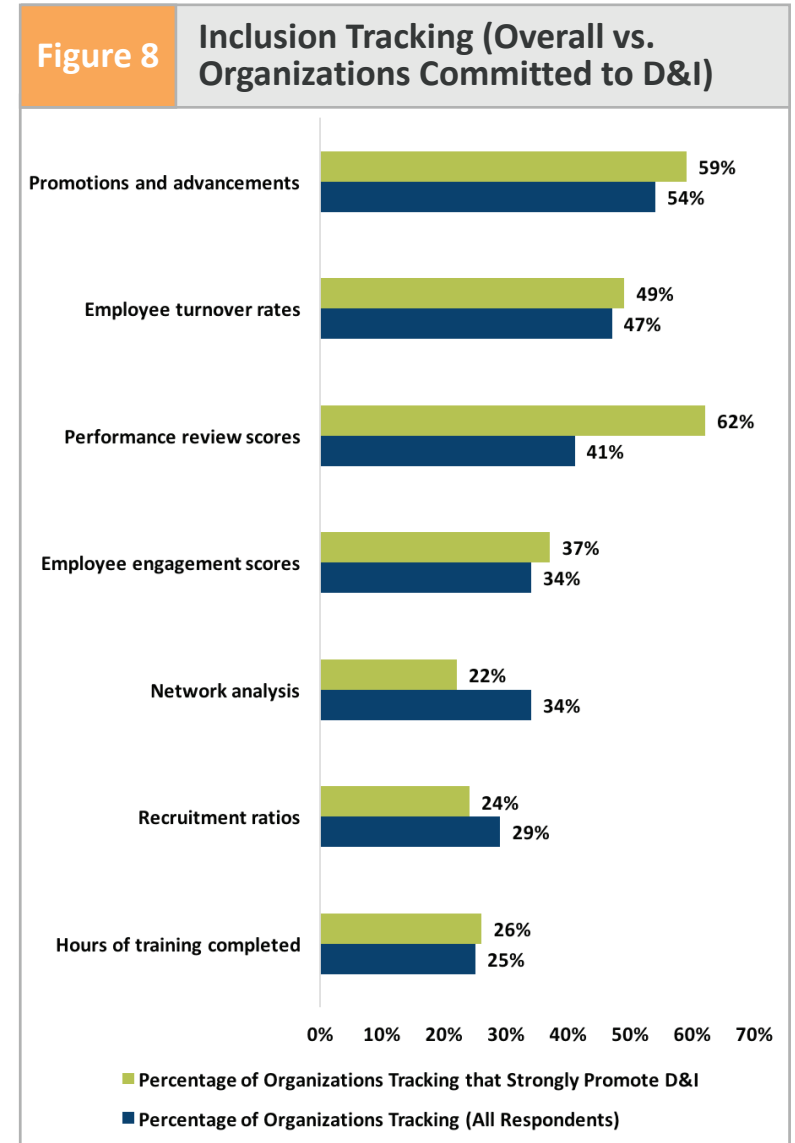- Track D&I Separately

Source: 2016 Brandon Hall Group Diversity & Inclusion Study (n=374)

4. Technology is Vital to Improving Inclusion

Inclusion categories — such as rates of advancement and promotions, turnover, and performance review scores — are actions that reflect what an organization is doing in terms of diversity, whereas most traditional diversity metrics merely describe what your organization is. This is by no means an indictment of diversity metrics, as both must exist for a successful program; after all, how you can you tell where you are going if you don't know where you are?

Automation plays a huge role in this. Diversity metrics are not easy to track manually, but it is possible and usually done through your ATS. Inclusivity metrics, on the other hand, require integrated systems that have the ability to pull together data from your HRIS and from your performance management system to analyze the performance scores against diversity metrics, for example. Doing that on the fly each time there is a performance review process is untenable without a proper automated D&I solution.

The other important aspect of this data is whether those organizations that feel their culture actively promotes D&I emphasized different aspects of inclusion that might be indicative of leading practices within those cultures. In fact, performance reviews and promotion rates were tracked more often in strongly committed organizations, but the differences were not as significant in other categories.

Figure 8 | Inclusion Tracking (Overall vs. Organizations Committed to D&I)

- Promotions and advancements: 59% / 54%
- Employee turnover rates: 49% / 47%
- Performance review scores: 62% / 41%
- Employee engagement scores: 37% / 34%
- Network analysis: 22% / 34%
- Recruitment ratios: 24% / 29%
- Hours of training completed: 26% / 25%

■ Percentage of Organizations Tracking that Strongly Promote D&I
■ Percentage of Organizations Tracking (All Respondents)

Source: 2016 Brandon Hall Group Diversity & Inclusion Study (n=335)

This may be a reflection of the role leadership plays in more diverse and inclusive organizations; training, hiring, and assessments can be affected by a number of factors, whereas promotions and review scores are often directly driven by managerial influence. Therefore, those organizations that wish to promote higher levels of inclusion would do well to track those metrics that may reveal problems (or champions) within mid-level management. And to do that, automation is essential.

Conclusion

Like all other aspects of HR, the last two years have seen a seismic shift toward the employee and away from the business-first mentality of the early 2010s. This may be due to a brighter economy, a change in how the workforce is distributed, or any number of factors, but the fact remains that organizations are seeing more value in addressing the employee experience as a top priority. D&I is no exception to this trend: the days of leading with the question of whether D&I is valuable have passed. Now the question is simply how to do it right. Some of those answers are contained in the latest research:

- **Make the move away from manual processes to automated ones.** Automation may become a de facto legal requirement soon anyway as data transparency laws begin to take effect in 2017. However, you should still attempt to move to automated tracking and assistance in D&I before it is required simply because it is more likely to result in a more successful D&I program.

- **Track inclusion separately from diversity.** Understanding the effects of your D&I efforts is a hallmark of a successful D&I culture. Don't just look at diversity numbers. Also see how those numbers have ripple effects throughout the organization

- **Monitor the effects of your D&I efforts in the areas you can change.** D&I is a sprawling and complex subject. However, by looking at those areas that have statistical outliers, you can pinpoint where your efforts are succeeding or failing. Prioritize change in those areas that you can control, such as succession and employee development, and pay less attention to those areas that may be influenced by external influences, such as talent acquisition.

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With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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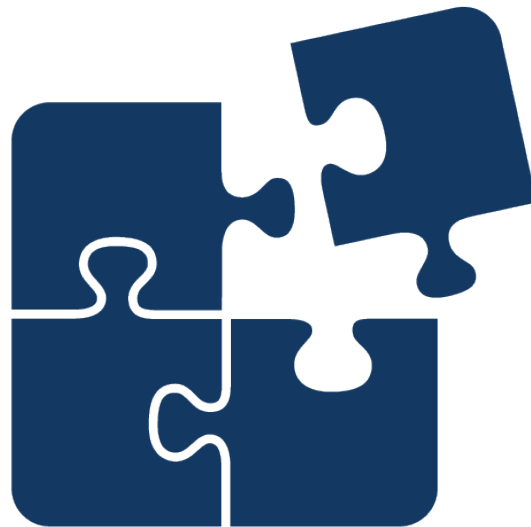- Maturity Model
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