The Impact of Regulation, Technology and Culture on **DIVERSITY AND INCLUSION**

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Brandon Hall
GROUP

Table of **CONTENTS**
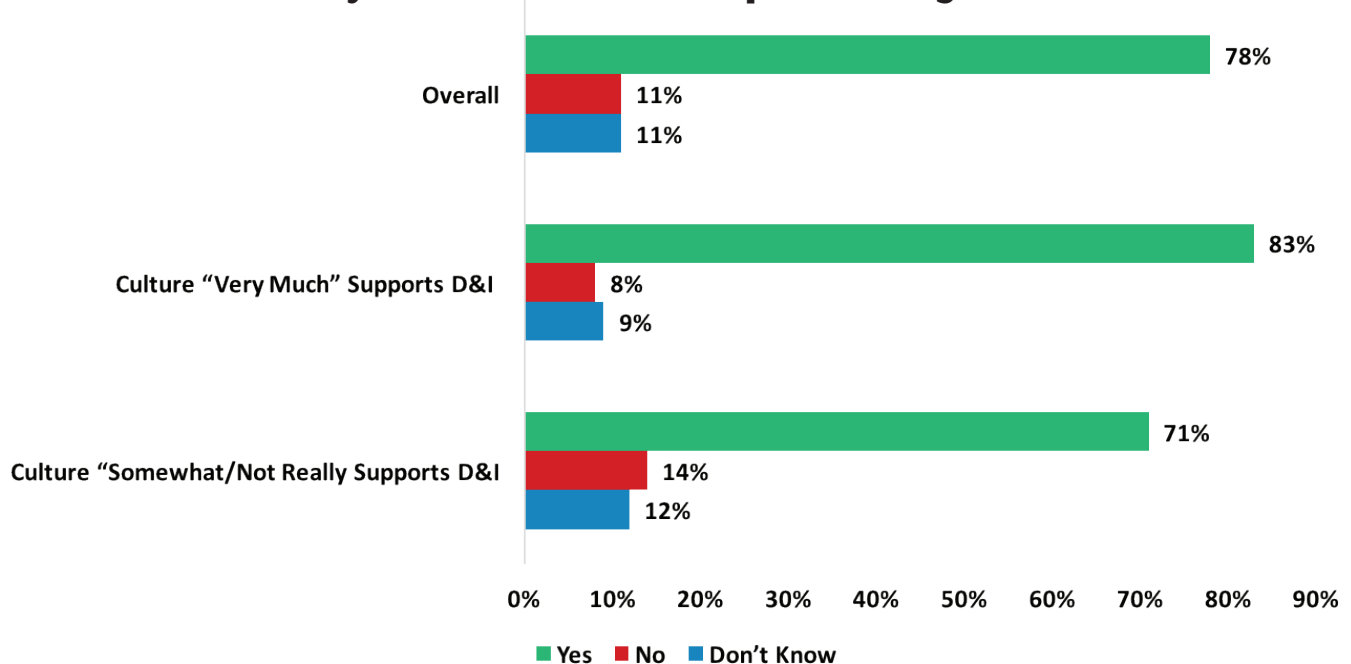
Diversity and Inclusion (D&I) has never been a top HR priority in Brandon Hall Group's annual HCM Outlook research, and 2016 was no exception. The top priorities were learning and leadership development, with D&I in seventh place.

However, changes to the U.S. EEO-1, which will make it mandatory to track and report pay data according to gender, race, and ethnicity starting in 2017[1], means that this is the right time to invest in D&I, both for organizations that actively support D&I and those that don't.

Diversity and Inclusion Anticipated Budget Increase

	Yes	No	Don't Know
Overall	78%	11%	11%
Culture "Very Much" Supports D&I	83%	8%	9%
Culture "Somewhat/Not Really Supports D&I	71%	14%	12%

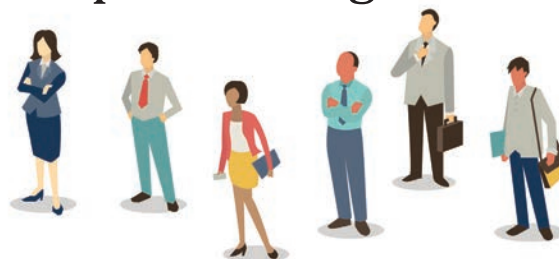Source: 2016 Brandon Hall Group Diversity and Inclusion Study (n=327)

[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.

More than three-quarters of respondents say they will increase their D&I budget next year, and that increases to 83% for organizations that say their culture "very much" promotes diversity and inclusion. Even 71% of organizations that say their cultures only "somewhat" or "not really" promote D&I plan to increase spending. That clearly reflects the impending mandatory tracking regulations.

The trend line, regardless of politics or government regulation, has been moving steadily in one direction since the 1960s – we expect more transparency from businesses, and that movement continues with diversity and inclusion data. Businesses are finding that having these insights into their inner workings is making them more agile, innovative, and profitable.
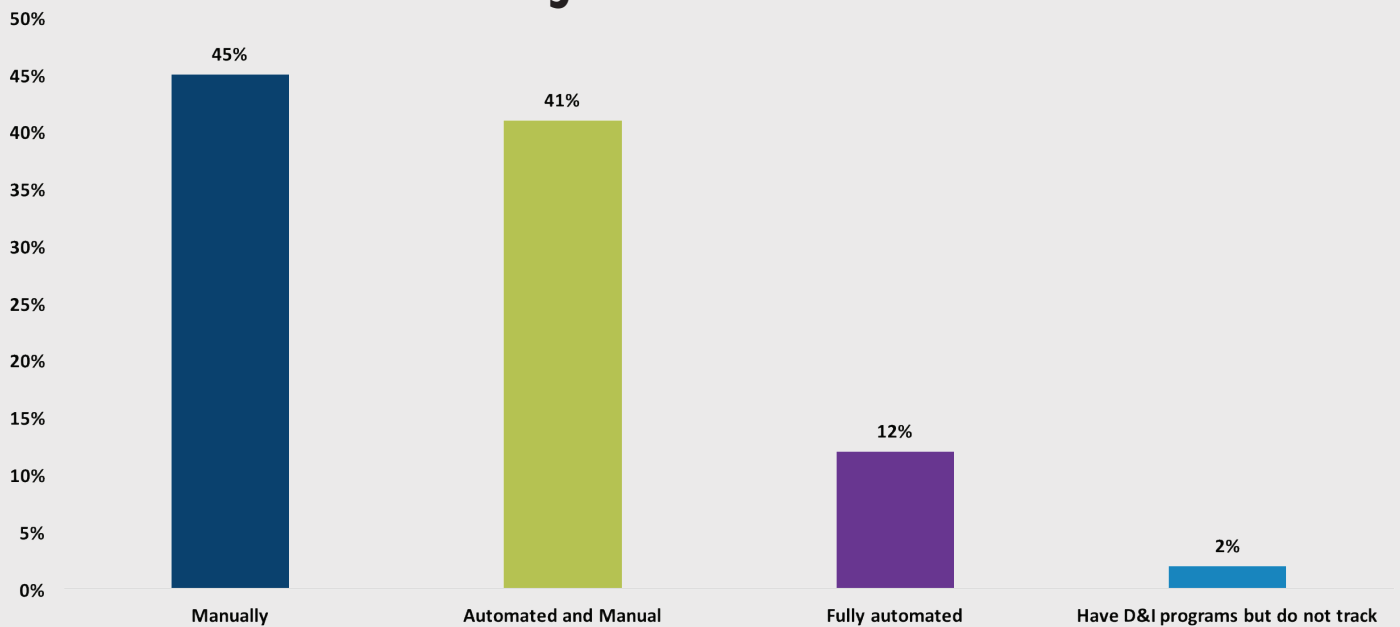
Luckily, there has been an influx of new technology that tracks not only diversity but also inclusion, though at this point only 12% of organizations that have D&I programs are fully utilizing the technology. However, 75% of organizations are implementing technology, or plan to.
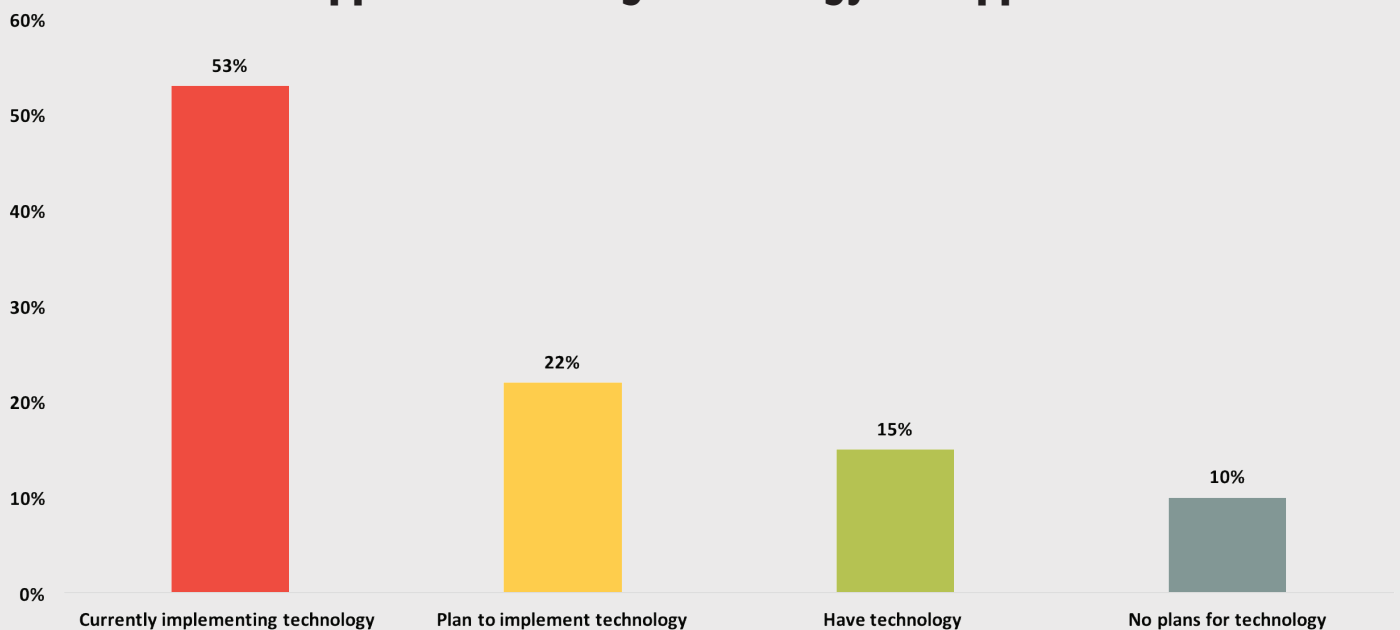
How Organizations Track D&I Data

- Manually: 45%
- Automated and Manual: 41%
- Fully automated: 12%
- Have D&I programs but do not track: 2%

Source: 2016 Brandon Hall Group Diversity and Inclusion Study (n=253)

Approach to Using Technology to Support D&I

- Currently implementing technology: 53%
- Plan to implement technology: 22%
- Have technology: 15%
- No plans for technology: 10%

Source: 2016 Brandon Hall Group Diversity and Inclusion Study (n=278)

While impending legislation is a major reason for the willingness to invest in technology, the research also shows that there is significant consensus over the positive impact of diversity and inclusion.

Positive Impact of D&I on Organizational Functions

Function	Percentage
Productivity	97%
Sales	92%
Innovation	85%
Risk Mitigation	80%
Retention	78%
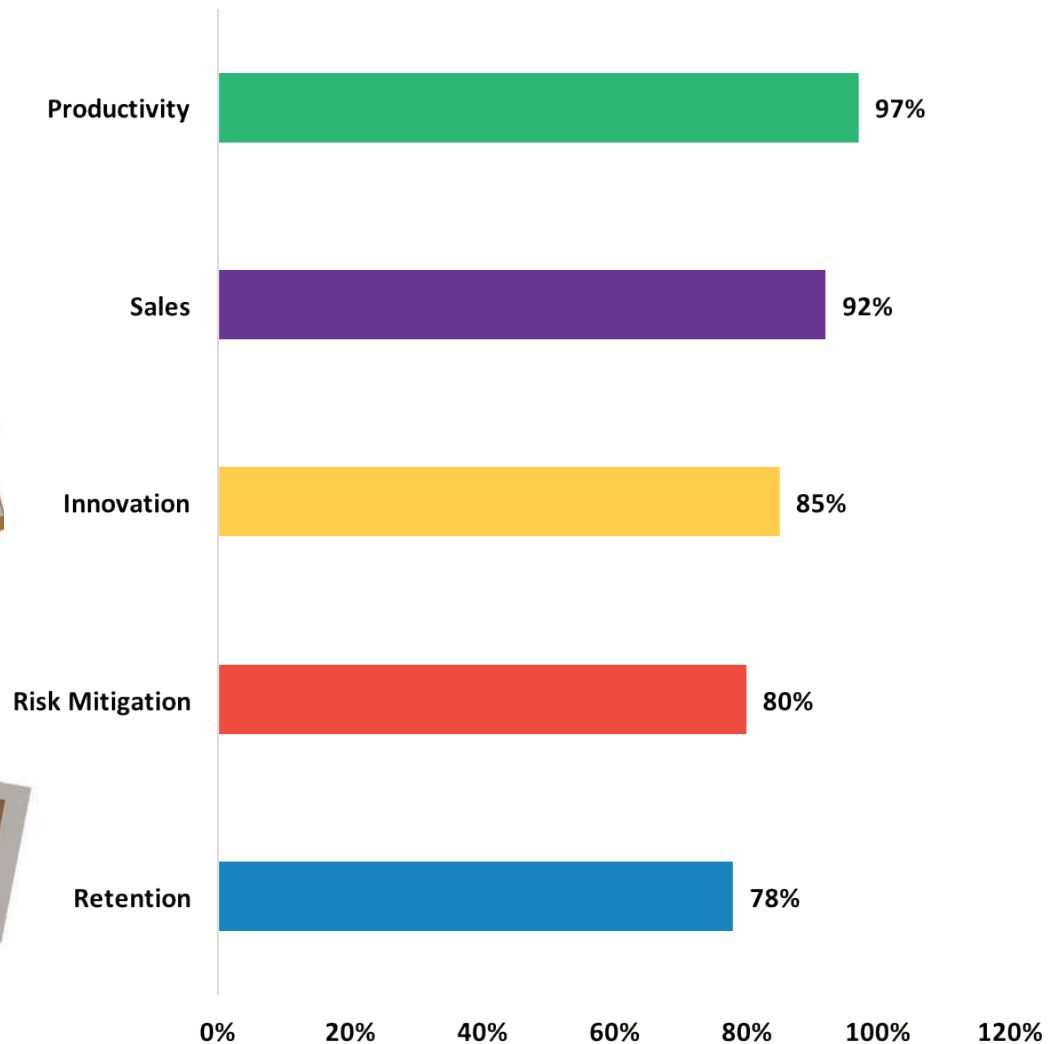
Source: 2016 Brandon Hall Group Diversity and Inclusion Study (n=303)

There is much less consensus on whether the organizational culture promotes D&I.

Does Your Company Culture Promote Diversity and Inclusion?

| Very much so	Somewhat	Not really
47%	**47%**	**6%**

So the million dollar (quite literally, in some cases) question becomes: Does a strong D&I culture and an automated process correlate with having positive outcomes in D&I?

The research found that those with technology and cultures that support D&I are much more likely to report higher levels of satisfaction.

Very/Somewhat Satisfied with D&I Results

Category	Value
Automated	44%
Culture promotes D&I	41%
Manual tracking	21%
Culture does not promote D&I	17%
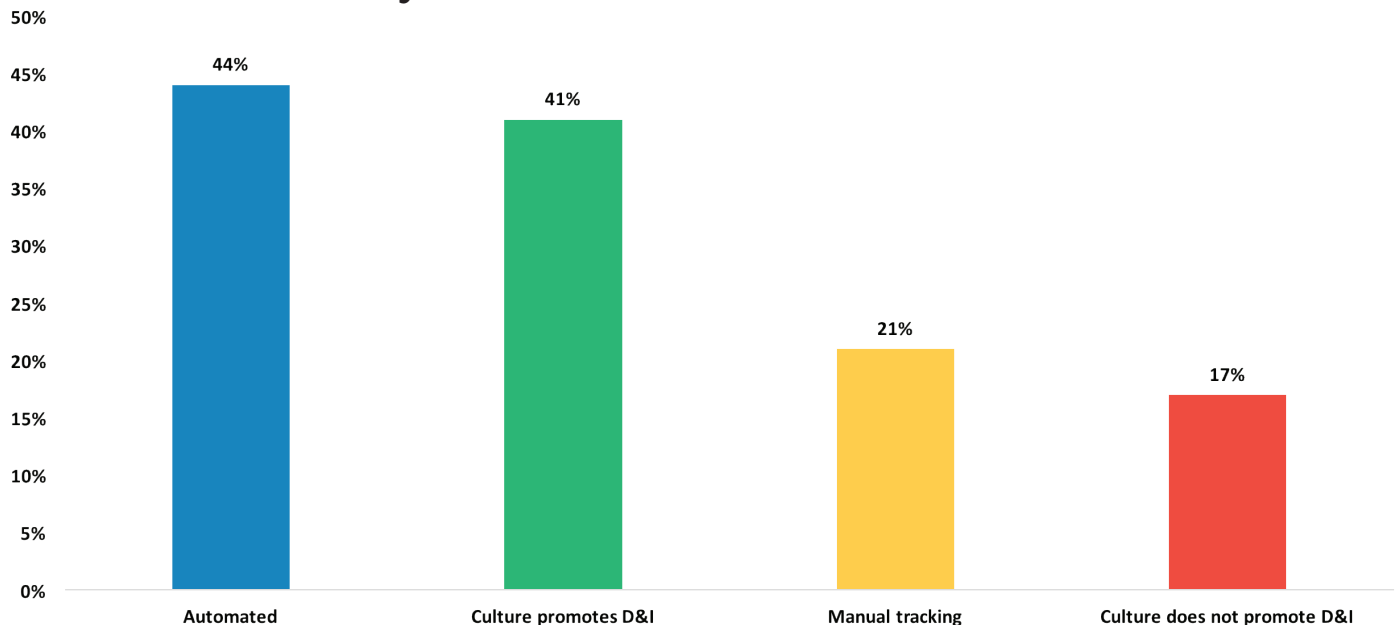
Source: 2016 Brandon Hall Group Diversity and Inclusion Study (n=222)

However, there is less of a correlation between technology use and the barriers to successful D&I programs.
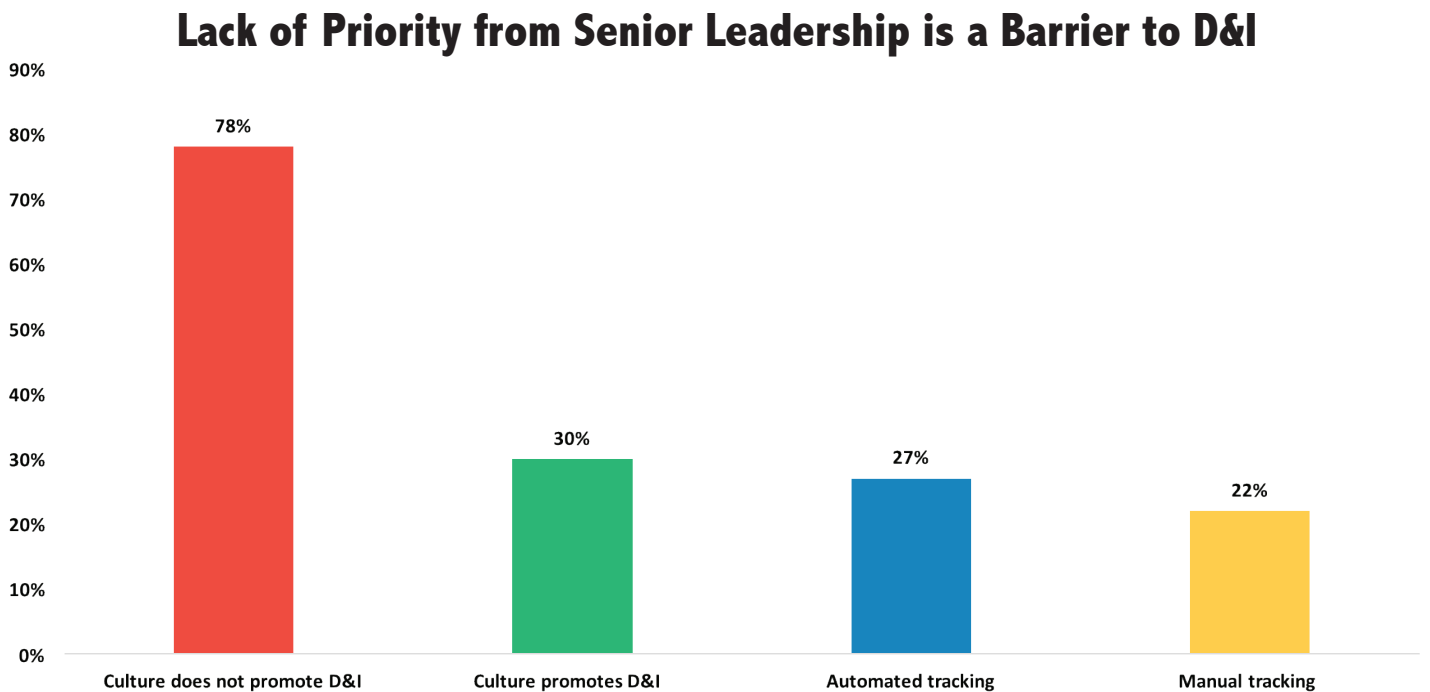
Predictably, organizations with less supportive D&I cultures are 2.5 times more likely to cite senior leadership as a barrier to successful D&I. But organizations that automate D&I are actually slightly more likely to cite senior leadership as a barrier than their lower-tech counterparts.

Lack of Priority from Senior Leadership is a Barrier to D&I

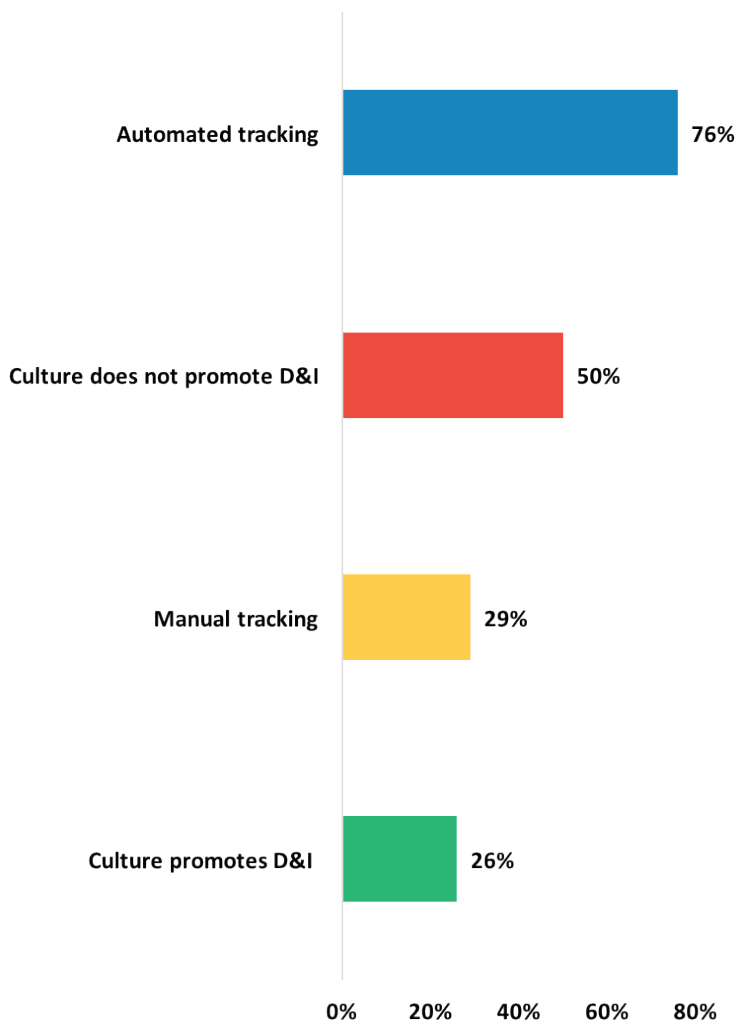| Category	Percentage
Culture does not promote D&I	78%
Culture promotes D&I	30%
Automated tracking	27%
Manual tracking	22%

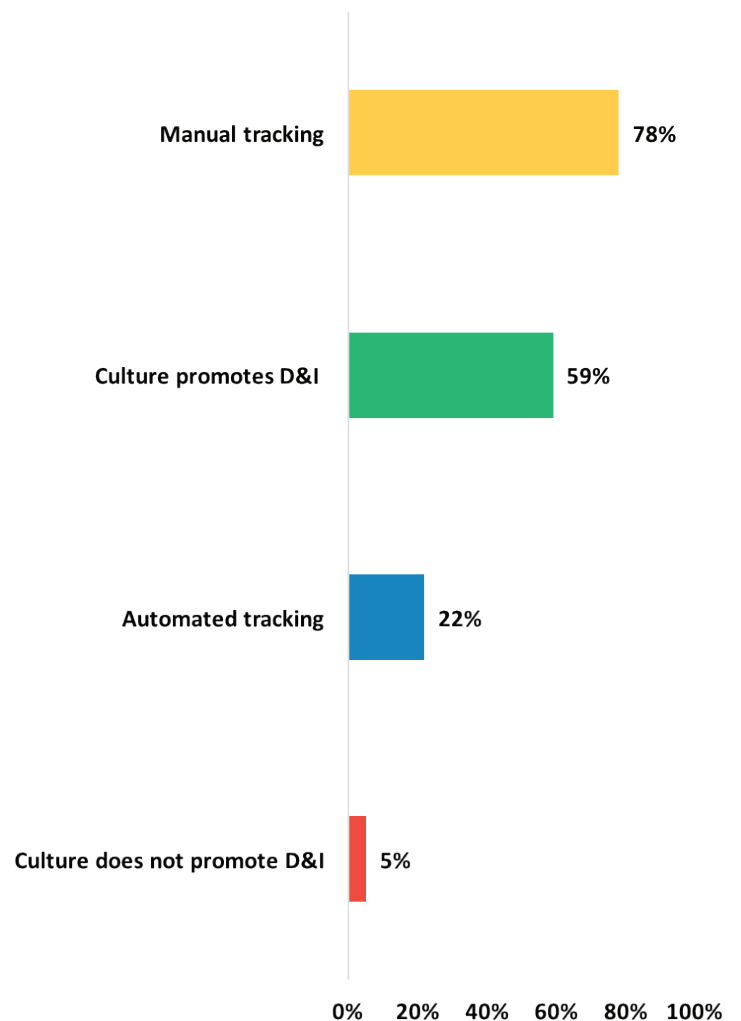Source: 2016 Brandon Hall Group Diversity and Inclusion Study (n=307)

There is a strong correlation between lack of funding as a barrier and a poor culture. However, organizations with a strong D&I culture are more than 10 times more likely to cite technology as a barrier to successful D&I than those that do not strongly support D&I.

Lack of Funding/Budget is a Barrier

Automated tracking	76%
Culture does not promote D&I	50%
Manual tracking	29%
Culture promotes D&I	26%

Source: 2016 Brandon Hall Group Diversity and Inclusion Study (n=307)

Lack of Technology is a Barrier

Manual tracking	78%
Culture promotes D&I	59%
Automated tracking	22%
Culture does not promote D&I	5%

Source: 2016 Brandon Hall Group Diversity and Inclusion Study (n=307)

About Brandon Hall Group

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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.

Authors and Contributors

Cliff Stevenson (cliff.stevenson@brandonhall.com) wrote this report. He is Principal Analyst, Workforce Management Practice. His expertise includes data and analytics, performance management, recruitment, acquisition, retention, and attrition. He also served as the HR leader for a Boston consulting firm.

Claude Werder (claude.werder@brandonhall.com) edited this report. He is the Vice President of Research Operations and Principal HCM Analyst at Brandon Hall Group. His responsibilities include overseeing Brandon Hall Group's team of analysts, directing research priorities, content quality assurance, and producing the annual HCM Excellence Conference.

Nissa Benjamin (nissa.benjamin@brandonhall.com) is the Marketing Coordinator at Brandon Hall Group and created the graphics and layout for this report.

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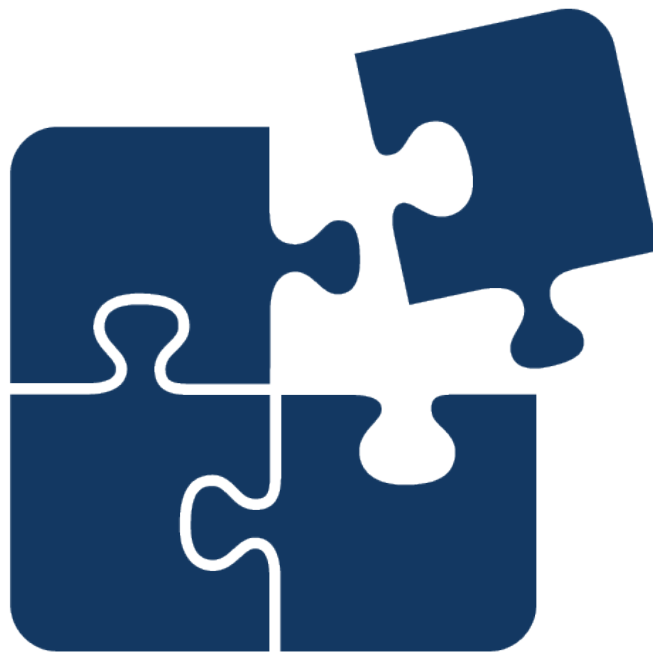- Maturity Model
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