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The Changing Face Of Diversity and Inclusion: **Then, Now, and Tomorrow**

Executive Summary

April 2009

Jointly sponsored by Linkage and Novations Group, Inc.



Introduction

Background

In 1998 Linkage partnered with Novations Group, Inc. to undertake a client-based research project focusing on the issues, challenges, and best practices associated with implementing a successful diversity and inclusion initiative. Over the past 10 years, the results of that study have constituted a blueprint for organizations—both public and private—committed to building and sustaining a diverse and inclusive work environment in which all employees can maximize their potential and contribute to organizational success.

As a follow-up to that path-breaking study, Linkage and Novations came together again in 2009 to conduct an even more comprehensive study highlighting among other things the changes, successes, and new challenges in the field of diversity and inclusion that have occurred over the past 10 years. This report presents an in-depth analysis of the key findings from the 2009 study along with relevant recommendations to help organizations continuously improve their diversity and inclusion initiatives.

Objectives

The major objectives of the 2009 study were to assess the current state of diversity and inclusion—what's succeeding, what challenges still exist, and what new issues are emerging. Of particular interest was the extent to which organizations have been able to integrate diversity and inclusion into their broader cultural values and behaviors. The specific areas that we focused on included the role of leaders, accountability, and efforts to measure the progress and results of diversity and inclusion initiatives. In terms of newly emerging trends, we were particularly interested in two topics—generational differences and globalization. A related objective of the study was to use this current data to develop actionable recommendations that organizations can implement to make progress and achieve their diversity and inclusion goals.

Methodology

To accomplish these objectives, we combined “the best of both worlds” by collecting and analyzing both quantitative and qualitative data. First, we gathered quantitative survey data from a sample of Novations’ and Linkage’s organizational clients and then conducted qualitative telephone interviews with an additional group of clients.

Participants

The study involved Human Resources and Diversity and Inclusion professionals from a variety of organizations who participated in an online survey and one-on-one qualitative interviews. Participant organizations included:

Figure 1: Industry Participants

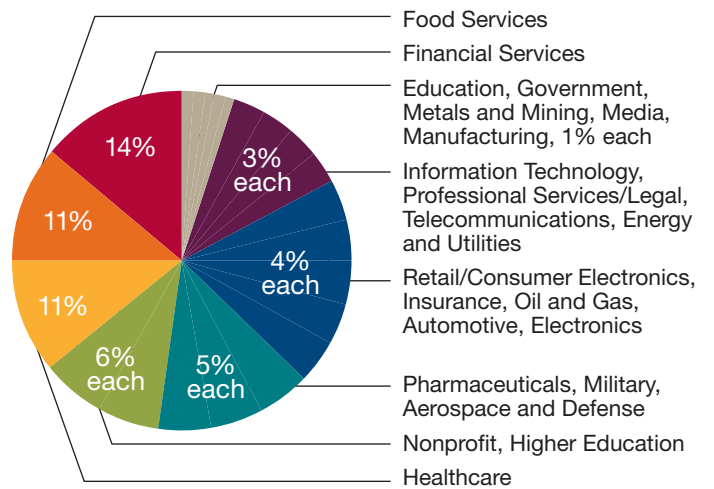
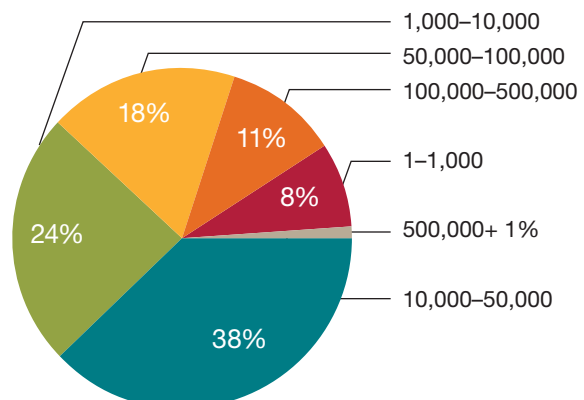


Figure 2: Employee Size



Executive Summary

Objective

The Changing Face of Diversity and Inclusion: Then, Now, and Tomorrow study was designed to measure the changes, successes, and continuing challenges in the field of diversity and inclusion over the past 10 years. The study compared findings from the original study, conducted in 1998, to the 2009 study findings. Key findings are listed below.

Key Findings

Study participants discussed the general evolution of diversity and inclusion in terms of three interrelated areas:

- 1. Inclusion has become an integral part of the discussion, with an emphasis on building an inclusive organization where everyone can succeed.**
- 2. Diversity has been broadened beyond gender and race/ethnicity to include all types of differences—visible and invisible.**
- 3. A movement from an emphasis on legal compliance to understanding the business case for diversity and inclusion has occurred.**

The research in both 1998 and 2009 identified four major steps in the journey toward building and sustaining a culture of diversity and inclusion in today's organizations, and we have examined the findings through this lens:

- 1. Building a Foundation**
- 2. Leading Diversity**
- 3. Designing and Measuring Diversity**
- 4. Creating a Culture of Inclusion**

The study outlines successes, challenges, and recommendations for the first three steps and for the fourth step identifies developing trends along with initiatives and recommendations to address them.

1. Building a Foundation

Successes

For organizations focused on building a foundation successes include:

- The implementation of infrastructure—diversity councils and employee resource (or business) groups.
- Education and training to create a common language and understanding and to provide necessary skill building, especially for managers.
- The integration of diversity and inclusion into the overall business plan and related strategic initiatives.

Challenges

Challenges to successfully building a foundation include:

- Insufficient understanding and support of the business case, as well as a lack of general awareness about diversity and inclusion.
- The current economic crisis, which has resulted in limited resources, lack of accountability, and resistance to change.

Recommendations

- Develop the business case that is relevant for your organization and communicate it widely. Use every opportunity to reinforce the business case and gain the buy-in of all employees, especially leaders and managers.
- Assess the effectiveness of your diversity and inclusion infrastructure. Make necessary changes to ensure that the mission, roles, and accountability are clear and that the goals are being met.
- Use innovative strategies to maximize the development and success of underrepresented groups—internal mentoring programs, challenging assignments, and participating in external leadership programs. Track the results of these activities.

- Operationalize diversity and inclusion behavior-based competencies, provide competency-based training for skills acquisition, incorporate these competencies into performance management, and establish real accountability similar to other competencies relevant to business success.

2. Leading Diversity

Successes

The most compelling success stories for organizations focused on leading diversity occurred where leaders truly understood the business case and were actively engaged through their visible behavior in all aspects of diversity and inclusion. Successes include:

- Participation in formal mentoring programs and sponsoring women and people of color.
- A focus on tracking the quality and quantity of assignments that are given to underrepresented groups to promote their career success.

Challenges

Challenges to successfully leading diversity include:

- Leaders talk about diversity and may give their written commitment, but do not demonstrate their real engagement.
- Leaders treat diversity and inclusion as they would any other strategic business issue.
- Even when executives support diversity and inclusion, middle managers and supervisors may not. As a result, interventions do not get implemented successfully at local levels.

Recommendations

- Share “best practices” from this report and other data with leaders to help them understand the critical role they must play in actively championing diversity and inclusion.
- Involve leaders in the development of underrepresented groups through one-on-one, group, and/or “reverse” mentoring.

- Set a standard for the amount of time (weekly, monthly, quarterly) that leaders should spend on diversity and inclusion activities.

3. Measuring Diversity and Inclusion

Successes

Participants agreed that measuring diversity and inclusion was the most challenging of all four steps. Nevertheless, several organizations were making progress in this area. Successes include:

- Cost of turnover analysis conducted.
- A demonstration of the correlation between employee inclusion survey scores and innovative cost-cutting ideas.
- Documentation of the impact of employee resource groups teaming with sales representatives on increased sales.
- A demonstration of the correlation between employee loyalty survey ratings and productivity.

Challenges

Challenges to successfully measuring diversity and inclusion include:

- The difficulty in isolating the impact of specific diversity and inclusion initiatives on business outcomes.
- Many if not most diversity and inclusion initiatives do not have a measurement component built in that starts with concrete baseline data and tracks progress as well as documenting results.

Recommendations

- Measure visible management behavior through 360 feedback and integrate the results into performance management, including rewards.
- Gather baseline data before any major initiative, and build a measurement component into all initiatives to monitor progress and document results.

- Whenever possible tie diversity and inclusion results, either directly or indirectly, to business outcomes. Use this report and other data for “best practices.”

4. Creating a Culture of Inclusion

This fourth step acknowledges that diversity and inclusion constitute an evolving process with new issues and trends emerging over time. Because the majority of organizations are only beginning to embrace this step, the study did not identify any consistent successes. Rather, the research focused on two developing trends that are most directly impacting the creation of a culture of inclusion—globalization and generational differences—and the challenges they are currently presenting.

Emerging Globalization Issues

A major issue with globalization is the need to source and develop global talent in the face of language, cultural, and legal differences. Different forms of exclusion exist in other countries, sometimes as part of the culture. For some participants, the biggest challenge was balancing continuity in their organization’s policies, procedures, and core values while respecting and adapting to cultural differences when necessary.

Globalization Initiatives

Some organizations plan to meet these challenges by providing cultural competency training, by customizing training and the language in which it is presented according to the audience, and by incorporating a cross-cultural component to all diversity and inclusion training.

Globalization Recommendations

- Include multicultural issues in diversity and inclusion initiatives. Explore what “diversity” and “inclusion” mean and would look like in other cultural contexts.
- Provide necessary training and skill building in cultural competencies for employees who are doing business with representatives from other global cultures.

Emerging Generation Issues

Common themes regarding generational differences focused on the key differences between the “Generation Ys or Millennials” and the “Baby Boomers”: work ethic, expectations regarding work flexibility, communication style, and the use of technology. Such differences made collaboration and teamwork difficult, with older employees feeling undervalued and younger employees feeling micromanaged. Another generation-related challenge is the fear of a “brain drain” as many older employees retire. Conversely, other participants expressed the fear that, because of the economic downturn, people would retire later, thus limiting advancement opportunities for younger employees.

Generation Initiatives

To address these challenges, several participating organizations are sponsoring activities involving both younger and older employees to help build mutual understanding and positive working relations. Others are establishing Gen Y Employee Resource Groups.

Generation Recommendations

- Explore flexible scheduling options to meet the needs of Gen Ys as well as older employees who want to phase into retirement. For the latter, make part-time work an option.
- Pair up Gen Ys with older employees for knowledge transfer as well as to build mutual understanding and respect.

To purchase the full Changing Face of Diversity and Inclusion report, please visit info.novations.com/diversitystudy.

ABOUT NOVATIONS

Novations helps the world's leading organizations unleash the capacity of their employees. Our proven solutions address today's critical organizational challenges: selecting the right talent, fostering inclusion and engagement, building leadership at every level, and optimizing development for all.

Our approach is flexible, sustainable, and designed to leverage our clients' ongoing talent investments. From diversity and inclusion to individual and leadership development, communication, and project management, we help clients identify what high performance looks in their organizations, deliver the skills required for success, and measure the effectiveness of those efforts.

A Novations solution represents more than thirty years of career research, our deep legacy in diversity and inclusion, and hundreds of thousands of improved professionals worldwide. Make Novations your partner for talent development.

Learn more at www.novations.com

ABOUT LINKAGE

Linkage is a global organizational development company that specializes in leadership development. We provide clients around the globe with integrated solutions that include strategic consulting services, customized leadership development and training experiences, tailored assessment services, executive coaching, and benchmark research. Linkage's mission is to connect high performing leaders and organizations to the futures they want to create. With a relentless commitment to learning, Linkage offers conferences, learning summits, open-enrollment workshops, and distance learning programs on leading-edge topics in leadership, management, human resources, and organizational development. More than 200,000 leaders and managers have attended Linkage programs since 1988.

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