5 Strategies to Infuse D&I into Your Organization (Harvard Business Review)

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There is broad agreement that diverse and inclusive workplaces are a good thing. These environments value all employees’ contributions and reflect the demographic characteristics of the available labor force.

Put most simply, it’s the right thing to do. Additionally, diverse and inclusive companies find and nurture the best talent, increase employee engagement, and improve customer willingness to buy.

But there is a long way to go. The killing of George Floyd in May 2020 was a clarifying catalyst that helped business leaders see the enormous inequities that have always existed. A year later, stakeholders (including current and prospective employees and customers) want to know if companies have lived up to the big promises they made last summer.

Historically, people of color have faced the following vast disparities in the workplace:

**Lower-than-expected hiring rates.** White job applicants tend to receive more callbacks than equally qualified applicants of other races. Hiring rates (the number of hires as a percentage of the total number of candidates) for Black and Hispanic Americans did not improve between 1990 and 2015.
Lower-than-expected representation in white-collar and leadership jobs. People of color are overrepresented in lower-paying jobs and underrepresented in top leadership roles. Asian Americans and Pacific Islanders (AAPI) are the least likely to be promoted to management and executive levels in Silicon Valley high-tech jobs compared to other groups. A total of 21 Black Americans have held Fortune 500 CEO positions, including the five who currently hold the top spot. Although the number of Hispanic Fortune 500 CEOs is increasing, they still represent less than 4% of those 500 CEO slots. There are no Black chairs, CEOs, or CFOs of companies in the FTSE-100.

Negative day-to-day experiences at work. Employees of color consistently report less-positive experiences at work than their white colleagues. About 31% percent of AAPI employees and 25% of Hispanic and Black employees experience stereotypes and bias at work. Black employees say they’re treated less fairly and get less support to advance. Black female employees feel less valued and less respected than employees of other races and ethnicities.

During 2020 and so far in 2021, many companies, including McDonald’s, Microsoft, Boeing, and Best Buy, made pledges to improve diversity hiring practices and introduce diversity and inclusion (D&I) training. The hiring of D&I professionals in general spiked, too; more than 60 U.S. companies appointed their first-ever chief diversity officer (CDO).

However, much of this work has not yet taken root. In one recent survey, 93% of leaders agreed that the D&I agenda is a top priority, but only 34% believed that it’s a strength in their workplace. In another survey, 80% of HR professionals viewed companies as “going through the motions.” In other words, they didn’t notice any significant positive impact from the organizations’ actions. Another survey revealed that while 78% of Black professionals believe senior leaders’ D&I efforts are well-intentioned, 40% hear more talk than action and have not noticed material changes to policies or culture. Meanwhile, many CDOs leave their roles because of a lack of strategic, financial, and political support.

It’s time for a new approach

Boards and CEOs are facing more pressure from investors to deliver on their D&I promises. Several asset managers, including New York City Employees’ Retirement System and Black Rock, have asked corporations to release their workforce gender, racial, and ethnic composition data as a way to incentivize change.

One-off D&I “initiatives” do not effectively address these long-standing disparities. Instead, leaders should infuse D&I throughout their organizations. Based on our experience and research, we have developed five strategies that can turn D&I into an improved employee experience and a strategic advantage for the enterprise.

Ensure the CEO positions themselves as the top champion for D&I efforts
The CEO needs to take a public stance, embed D&I in the organization’s purpose, exemplify the culture, and take responsibility for progress toward goals. They need to be out front, even if a CDO is part of the team.

PwC’s U.S. chairman, Tim Ryan, has been an exemplar for at least five years. He co-founded CEO Action for Diversity and Inclusion after police shootings in the summer of 2016 to spur business executives to collective action on D&I. The publication of PwC’s workforce diversity data in 2020 revealed that women and people of color are underrepresented, especially at senior levels, showing that even the most dedicated companies still have a lot of D&I work to do.

Nielsen’s CEO, David Kenny, added the CDO title to his leadership portfolio in 2018 so he could “set hard targets for ourselves and make those transparent to our board and measure them like we measure other outcomes like financial results.” He relinquished that title to a new CDO in March 2020, noting the D&I progress his team had already made.

If you’re a board member, you have an essential role to play in D&I governance. You should make sure there is action and change that employees can see and feel. You should be asking your CEO questions about:

- The current experience and representation of non-white groups.
- Their leadership on the D&I strategy and goals.
- Their visibility to employees and the community regarding these matters.
- The progress the company is making on D&I goals.

You should also evaluate the impact, stance, and activities of new CEO candidates in their previous roles and their D&I ambitions and plans should they be appointed.

**Center diversity and inclusion in the business strategy**

D&I is far more than an “HR issue.” It should be a core ingredient in the design and execution of business strategy and embedded in the activities of the organization day in, day out. Increasing the number of non-white individuals involved in the strategy process will help develop a core purpose that better reflects a broader group of customers and employees. It also gives the organization more opportunities and places to succeed.

Alex Gorsky, chair and CEO of Johnson & Johnson, who has put D&I at the center of his pursuit of sustainable competitive advantage, said, “The best innovations can only come if our people reflect the world’s full diversity of individuals, opinions, and approaches.” A diverse design group is more likely to create products and services that work for a diverse clientele, avoiding biased assumptions, generalizations, or shortcuts. When organizations test products and services on a diverse group of potential clients and employees, it’s easier to identify the variations necessary to enhance the adoption of the final offering. And, when a company has an enterprise-wide D&I strategy, leaders can use it to guide the selection of operating ecosystem partners that are aligned with its D&I intentions.
Channel 4, the UK television company, announced a strategy “to shift focus to authentic portrayal and representation, allowing audiences to recognize themselves on-screen.” This effort even extended to “helping (its) partners and suppliers become more confident in inclusion and diversity” by providing a written guide to employing people with disabilities. In addition, CEO Alex Mahon set out six commitments to anti-racism that focused on on-screen talent, content, business model (advertising), supply chain, and overall workforce. She told David:

Channel 4 is unique because we have the principle of diversity written into our remit by Parliament. We don’t only pursue diversity and inclusion because of the remit, or because it’s the right thing to do, we also do it because we know it makes us a better business. We find — delightfully — that it brings us genuine competitive advantage: We attract and retain people of creative and commercial brilliance through our creative freedoms and audiences seek out our independent voice and noisy content.

As an illustration of this approach, Channel 4 announced plans for “Black To Front,” a day this coming September where its entire programming schedule will highlight Black talent, both behind and in front of the camera.

Hold executive leaders accountable for driving D&I outcomes

John Doerr opined in his book Measure What Matters that “Ideas are easy. Execution is everything.” Organizations can use his objectives and key results (OKRs) concept to encourage and incentivize meaningful D&I outcomes.

Give each functional leader and business unit leader formal accountability for achieving two sets of D&I results in their part of the business: diversity results that focus on representation (such as hiring, promotion, and mobility outcomes) and inclusion results that focus on day-to-day experience (such as employee engagement, equity, and psychological safety outcomes). Many large employers, including Starbucks and McDonald’s, are already working on defining key performance indicators for D&I. BBC Director-General Tim Davie has stipulated that each leader’s performance and progress will be assessed based on gender, ethnicity, disability, and LGBTQ+ equity goals.

Make sure to give those accountable business leaders access to best-practice organizational development, talent development, and D&I resources to help them achieve these OKRs, in partnership with the CDO and chief human resources officer (CHRO). All of this has to be considered a fundamental part of the day job, not an “out-of-hours” activity — executive leaders must provide the requisite time and resources to get the job done. Finally, executives must establish how they will reinforce desired leader behavior and what consequences they will introduce when outcomes don’t align with the stated goals.

Mitigate implicit bias at the systemic level
Calvin Lai’s research indicates that organizations should focus on mitigating systemic bias embedded in talent management and other decision-making processes rather than focusing primarily on eliminating individual bias.

Many hiring, selection, and career mobility processes operate in ways that could unintentionally increase bias. For example:

- Recruiters only advertise jobs to a narrow range of potential candidates or only reach out to certain schools and universities.
- Hiring managers use selection criteria that don’t relate to performance on the job, such as automatically ranking employee referrals higher than other candidates.
- Managers give high-visibility work only to in-group team members and promotions to those who “know somebody.”
- Managers don’t select people of color for client-facing or revenue-generating jobs that can lead to C-suite roles.

To address these biases, undertake a thorough investigation of talent management policies and processes to understand which ones limit opportunity. Then identify what leaders, managers, human resources, and D&I professionals should stop, change, or redesign.

**Pivot from diversity training to leadership development coaching**

One-shot diversity training programs that focus solely on reducing implicit bias do not typically result in sustained behavior change. Instead, diversity training is most effective when it’s part of an enterprise-wide strategic approach, includes both awareness and skills development, and is conducted over time.

It’s also essential to focus on coaching managers to enhance their relationships with those they lead since the most significant driver of employee engagement is manager behavior. Organizations can train managers to personalize their interactions with their teams so that they’re more likely to create psychological safety and make equitable decisions regarding the processes they control, including pay, performance measurement, promotions, and work assignments.

These new leadership behaviors should positively impact employee engagement, equity, and psychological safety, which leaders can then measure, track, and incentivize using the OKR approach.

There’s widespread agreement on the need to improve diversity and inclusion in the workplace. But it’s not easy to deliver on the promises made. It’s time to adopt a more systematic, coherent approach. By following these five strategies, leaders can make more progress and create a more representative, fair, and high-performing workforce.

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