2018
STATE OF DIVERSITY & INCLUSION

GQR

"If we really think about the true essence of diversity...we've always lived with differences, except we always thought the difference was in the other – the reality is the difference is in ourselves. We see those differences every day, and being able to have a relationship with someone who holds a different point of view can be a real gift."

ROSANNA DURRUTHY, LINKEDIN®

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EXECUTIVE SUMMARY

A Brief Introduction

"Diversity is what we are... Inclusion is an act. Belonging speaks to not only having a space at the table, being a part of the environment, but also that that environment is one you have ownership in and you are invited to co-create in."

– ROSANNA DURRUTHY

The human capital landscape is increasingly shaped by a deepened consideration of diversity and inclusion (D&I). Historically, this consideration has involved a sharpened attention to hiring quotas and compliance with government-driven mandates. We have witnessed an evolution, where the imperative of driving inclusion alongside diversity has been made abundantly clear through research and, simply, observation over time.

Research has also revealed the significant relationship between D&I and key business outcomes like productivity, engagement, retention and ultimately profitability. It is becoming more and more evident that the ROI associated with diversity is not achievable without a concerted effort from the organization to foster inclusion within their workforce – inclusion and a sense of belonging.

In July, we had the pleasure of sitting down with Rosanna Durruthy, LinkedIn®'s Head of Global Diversity, Inclusion and Belonging at our second installment of the GQR Collaborative – our ongoing event series that spotlights conversations around D&I with subject-matter experts. She brought this often-theoretical topic into the real world by providing a practical take on how companies can navigate D&I in a way that feels genuine and purposeful to all. This included the introduction of belonging into the D&I paradigm. If inclusion

is being invited to the party, she explains, then belonging is being asked to dance. In other words, a real and practical commitment to D&I must involve ensuring that all individuals within a workforce, regardless of their differences, feel that they can participate at work as their authentic selves. It is by achieving this subtle but critical environment that businesses begin to see a significant impact on the bottom line.

As a global talent acquisition and advisory firm, D&I is an integral component of our methodology and overall mission. We understand that we are well-positioned to effect real change with regards to diversity hiring and inclusive talent optimization. Further, we have access to an array of varying viewpoints and experiences from our candidate and client network. Therefore, we have the opportunity to gather feedback from this network to deepen our insight around this topic. To complement our GQR Collaborative event, we sought to understand current attitudes around diversity and inclusion in the workplace through our 2018 State of D&I survey. This report weaves in notable findings from this research with key takeaways from our GQR Collaborative event, with the objective of providing a fresh look at diversity, inclusion and belonging that not only feels informative, but actionable as well.

Diversity & Inclusion At Work

In July of 2018, we surveyed our global networks to gain a better understanding of sentiment around D&I in the workplace. In this section are results from 221 responses from individuals across different organizational levels. While most respondents feel they have commitment from leadership to pursue the D&I business case, there was an overwhelming feeling that diversity within their companies is not reflected in executive teams.

According to respondents, the subtopics of D&I they are most interested in are:

#1 Diversity Hiring

#2 Cognitive Bias

#3 Measuring D&I Outcomes

#4 Salary Inequality

#5 Effective Communication

FIGURE 1: Survey respondents self-identified as having one of the following titles:

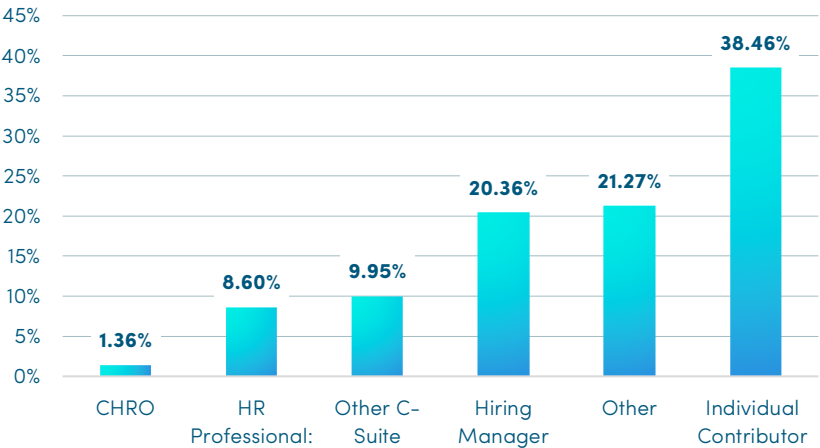| Title	Percentage
CHRO	1.36%
HR Professional:	8.60%
Other C-Suite	9.95%
Hiring Manager	20.36%
Other	21.27%
Individual Contributor	38.46%

FIGURE 2: Respondents were asked, "Which statement best describes the state of your company's culture around D&I?"

Statement	Percentage
D&I is not a part of our culture whatsoever	20.81%
We have executive commitment & are pursuing the business case around D&I	22.17%
We are engaging managers & key stakeholders as part of the solution	17.19%
We are engaging all members of the business as part of the solution	19.00%
D&I is inherently a part of my organization's everyday culture	20.81%
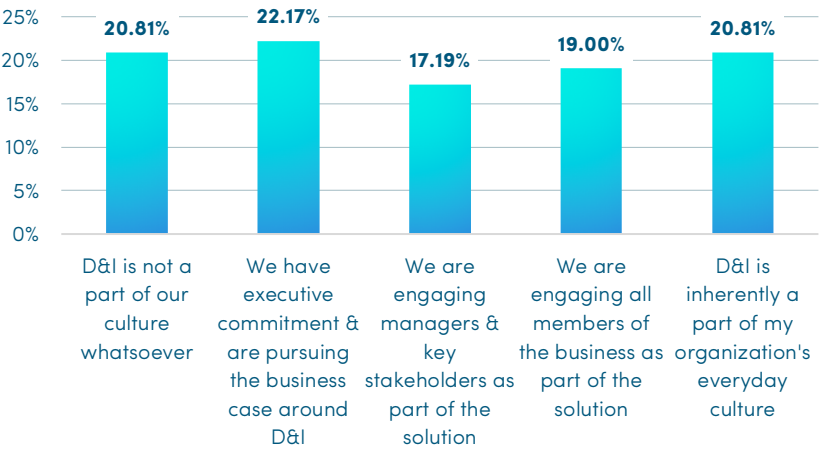
FIGURE 3: The graphs below represent respondent attitudes around several workplace topics affiliated with D&I.

FIGURE 3 KEY:

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- I'm Not Sure

I use a company's digital presence to gauge their commitment to D&I

- 7.69%
- 33.03%
- 33.94%
- 12.67%
- 12.67%

D&I is built into my company's recruitment strategy

- 19.91%
- 34.84%
- 21.72%
- 8.14%
- 9.95%
- 5.43%

Since implementing a D&I strategy, my company has seen measurable progress

- 6.79%
- 24.43%
- 34.39%
- 6.33%
- 11.31%
- 16.74%

I feel a sense of belonging at my company

- 24.43%
- 38.46%
- 18.10%
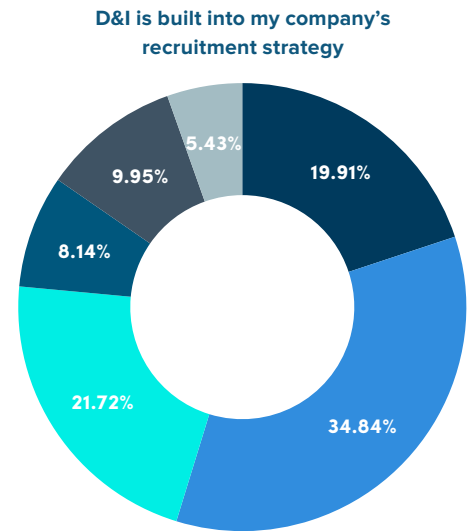- 12.67%
- 6.33%

My contributions are valued at work

- 28.51%
- 41.18%
- 11.31%
- 13.57%
- 5.43%

The diversity at my company is reflected in our executive team

- 12.22%
- 22.62%
- 16.29%
- 25.79%
- 23.08%

"...D&I grabs my intellect — it's an organizational challenge that must be addressed — but not my heart. D&I initiatives are necessary to win the war for talent, to find and hire a diverse workforce, and to ensure fair practices, but they aren't sufficient."

**PAT WADORS,
CHIEF TALENT OFFICER AT SERVICENOW**

HBR article: Diversity Efforts Fall Short Unless Employees Feel That They Belong

The Next Evolution of Diversity & Inclusion

To effectively create a culture where employees can express their authentic selves, organizations need to consider the concept of belonging.

To put it simply, diversity can be defined as your mix of people while inclusion can be defined by how well your people mix. With diversity, we are considering things such as gender, race, culture, sexual orientation and age. Inclusion is an action.

What's lacking in both of these concepts, however, is the actualization of fully accepting people for their unique traits that make them different from those around them.

The idea of belonging may seem like an emotional notion, but the practicality is quite simple; when you allow your employees to feel like they belong to your organization, they will feel more confident in their abilities to represent themselves authentically without fear of punishment or repercussion. People who "belong" feel comfortable expressing ideas, sharing experiences and contributing to a group when they know that their input is valued. This can have a significant impact on retention, performance and overall business innovation.
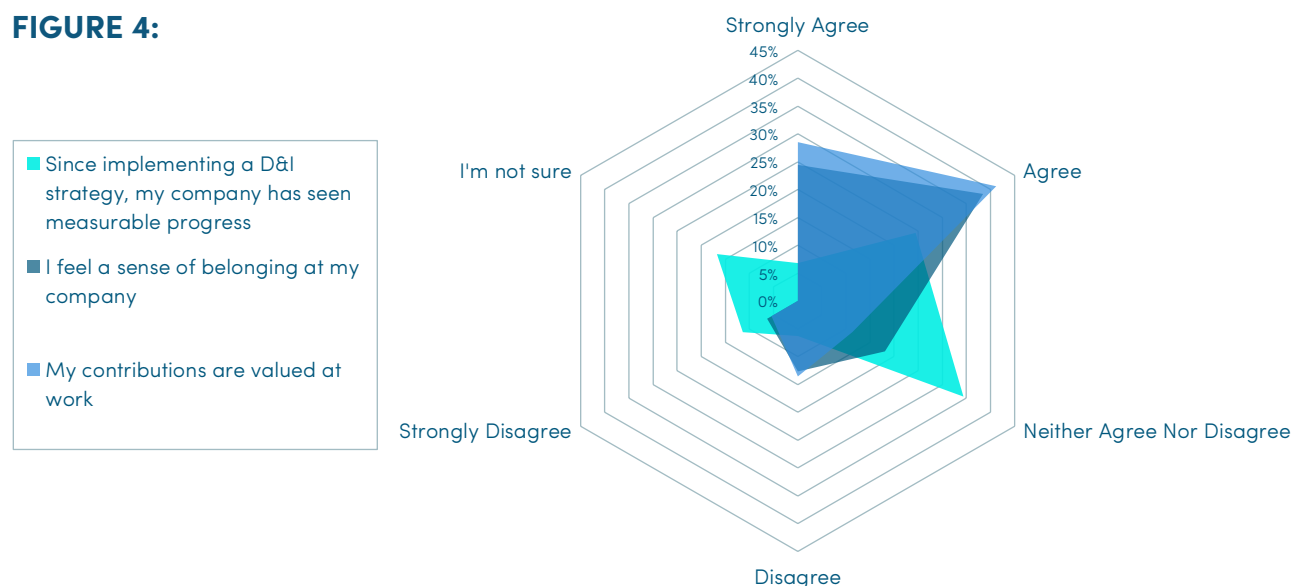
Of those who responded to the 2018 state of diversity and inclsion survey:

63% said they do feel a sense of belonging at their company.

Additionally, 66.23% of people who feel their contributions are valued at work also feel a sense of belonging at their company.

Implication: Recognition and sense of value are important elements of belonging (see Figure 4).

FIGURE 4:

- Since implementing a D&I strategy, my company has seen measurable progress
- I feel a sense of belonging at my company
- My contributions are valued at work

Again, we see that recognition and belonging are closely related, following a similar pattern in the response set.

Interestingly, responses around seeing measurable progress off the back of the implementation of a D&I strategy are significantly different.

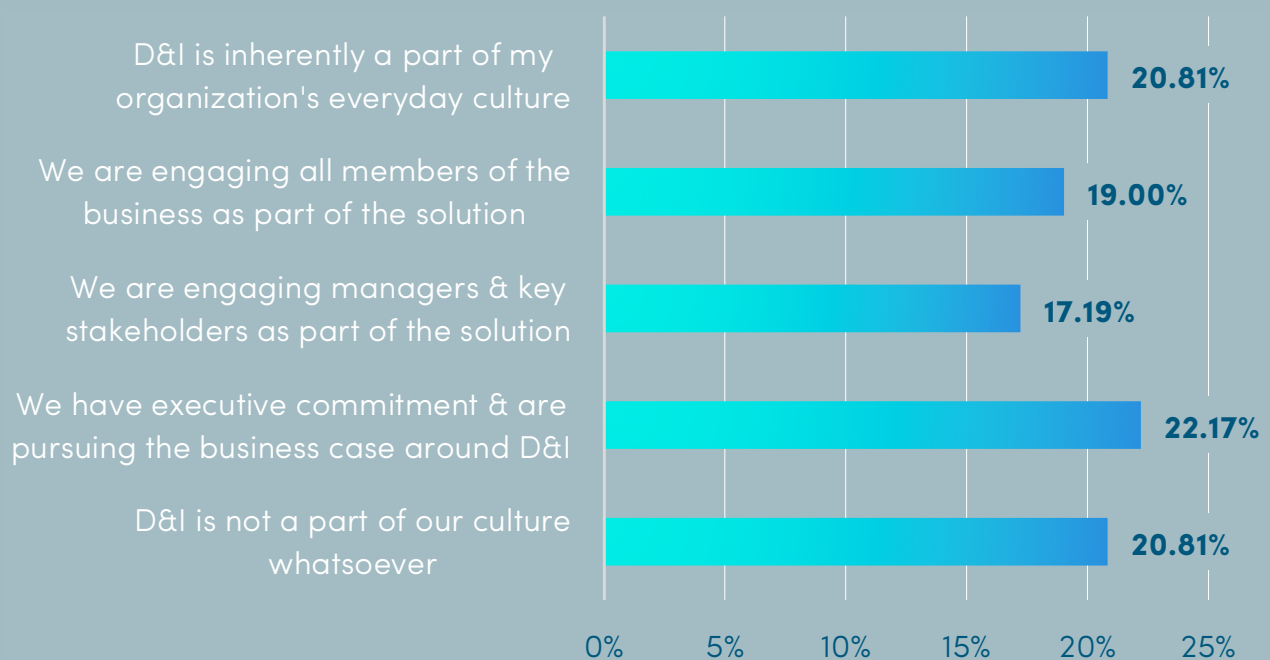**24.18% of those who stated their contributions are valued at work did not feel that their organization has seen measurable progress around D&I.**

Similarly nor do 20.7% of people who feel a sense of belonging at their company.

Implication: There may be a disconnect between how people feel about diversity and inclusion at their organization and the ability of their organization to quantify that sentiment.

FIGURE 5: Respondents were asked, "Which statement best describes the state of your company's culture around D&I?"

Statement	Percentage
D&I is inherently a part of my organization's everyday culture	20.81%
We are engaging all members of the business as part of the solution	19.00%
We are engaging managers & key stakeholders as part of the solution	17.19%
We have executive commitment & are pursuing the business case around D&I	22.17%
D&I is not a part of our culture whatsoever	20.81%

The Current State Of D&I

When we consider the maturity of an organization's D&I strategy, typically we are assessing the extent to which all members of the business are engaged in the solution.

As you can see in Figure 5, the majority (60.17%) of survey respondents feel they are in the beginning stages of developing a strategy.

This statistic is supported by 20.81% of respondents reporting that D&I is not a part of their culture whatsoever, 22.17% stating that they have executive commitment and are pursuing the business case around D&I and 17.19% claiming they are engaging managers and key stakeholders as part of the solution.

Interestingly, of those who reported D&I was not a part of their culture whatsoever, 74% also stated that they did not feel a sense of belonging at their organization.

While 87% of people who cite that D&I is inherently a part of their culture also report that they do feel a sense of belonging at their organization.

Implication: We know that a sense of belonging is a critical element of the employee experience and consequently profitability and business success outcomes. This finding supports the idea that if an organization does not dedicate effort and resources into implementing a formal D&I strategy, their employees' sense of belonging suffers.

TALENT ACQUISITION'S ROLE IN D&I

The most popular subtopic of interest among those who felt D&I was not a part of their culture was diversity hiring.

In fact, 50% of those who selected diversity hiring as the subtopic of D&I they are most interested in also report that they are in the early stages of rolling out a formal D&I strategy at their company.

Implication: People who report that their business has some work to do with regards to D&I are turning to hiring a more diverse pool of talent as a potential solution.

This begs us to consider the question, "is it talent acquisition's responsibility to solve the diversity question or should the strategy start with adapting and optimizing a company's existing culture?"

While it may feel instinctual to task talent acquisition teams with managing bias correction through the acquisition process, the reality is that employees won't stay with an organization if the culture doesn't recognize the disconnect that makes it difficult for underrepresented groups to grow and succeed.

It is the responsibility of the talent acquisition function to sell the company authentically.

"I don't think we have the luxury or the option of not looking at the competitive advantage that diversity and inclusion allows companies to have. But that option requires us to create a culture that's responsive to people so that from a TA standpoint you're selling authenticity.

If you don't sell the real deal there are a lot of opportunities that people can leave for and we end up being the farm club for another company that's getting it right – while we resist change and choose to do things the way we've always done it."

– ROSANNA DURRUTHY

Supporting Diversity & Inclusion

Once the D&I question is addressed at the cultural level, it is vital to ensure future employees can envision themselves belonging at your organization. Candidates who can see themselves reflected in a prospective team are more likely to apply.

As shown in Figure 6, the vast majority of respondents stated that they leverage a company's digital presence and employer brand to gauge commitment to D&I. In other words, a candidate's ability to envision themselves belonging at a company will significantly depend on how the company presents itself in the digital space.

Implication: A company's digital presence is a critical element of employer branding —

40.7% of respondents use digital identity to gauge a company's commitment to D&I.

Interestingly, 25.3% of respondents don't use digital media at all to gauge a company's commitment to D&I. So, organizations need to think about what other channels people might leverage to get a sense of how their business prioritizes D&I.

First, it is important to start with your current employees when building an employer branding strategy that supports your D&I vision. This should include sharing D&I plans internally. It is impossible for your people to promote the message externally and with candidates if they don't know or understand your company's commitment to D&I. Because a company's brand often is depicted by the people who work there, it's important to actively include their opinions and points-of-view when building out a strategy – this will also help establish employee buy-in.

Outside of the digital sphere, consider hosting or promoting events that support your company's D&I vision. This can include inviting subject matter experts to speak or hosting networking events to support a commitment to continuous learning and a free exchange of ideas around the topic of D&I. Further, establishing internal resource groups is an excellent way to foster a sense of inclusion and belonging while simultaneously providing insight into what employees enjoy and dislike as well as how they experience the day-to-day.

Another essential step for the attraction and retention of a diverse pool of talent is for leadership to leverage social media not only to share personal perspectives but also to create a dialogue with current and prospective employees.

Additional methods for showcasing your company's commitment to D&I can include presenting real employee stories and testimonials on your career page, creating video experiences around company and team culture as well as creating and hosting content specific to your employees' experiences.

According to the Glassdoor Diversity Hiring Survey, 67% of active and passive job seekers say that when they're evaluating companies and job offers, it is important that the company has a diverse workforce.

57% of respondents felt their company should be doing more to increase diversity amongst its workforce.

"67% of candidates want to join a diverse team"

GLASSDOOR DIVERSITY HIRING SURVEY

FIGURE 6: Respondents who reported that they use a company's digital presence to gauge commitment to diversity and inclusion.

Category	Percentage
Disagree	25.30%
Neutral	33.90%
Agree	40.70%
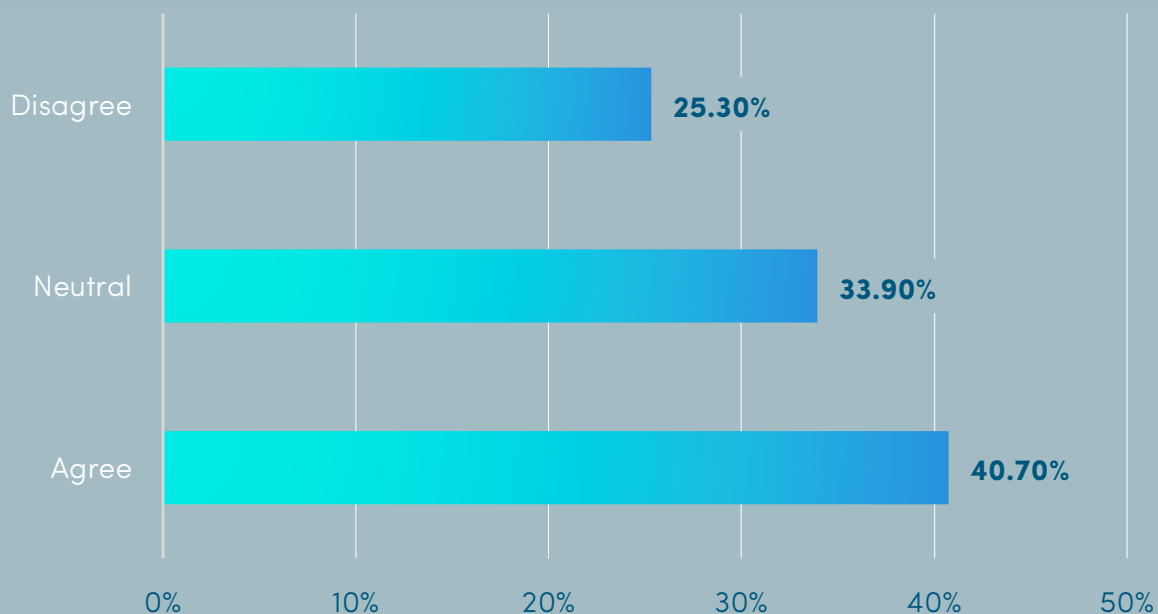
Unfolding The Disconnect

When organizations begin to think about tackling the D&I question, often the strategy is to turn to HR and recruitment professionals for a resolution. While these are critical players in the equation, this strategy lacks unification.

Survey respondents who self-identified as falling within the HR function (HR professionals and CHROs) were 10% less inclined to feel that D&I is built into their overall recruitment strategy than those who identified as hiring managers or other c-suite.

Implication: Business areas are not aligned with how D&I integrates into their recruitment strategy. Additionally, HR leaders may feel that they are encountering hiring obstacles when D&I isn't at the core of the organization, and they are being held solely responsible for the initiative. Again, we

are learning that the implementation of a D&I strategy should not begin at the acquisition phase of the employee lifecycle.

Additional findings support the idea of misalignment – 52.63% of HR professionals and 66.67% of CHROs use a company's digital presence to gauge its commitment to D&I. Conversely, only 42.22% of hiring managers and 40.91% of other c-suite engage in this practice.

Rather than siloing D&I as an HR or talent attraction initiative, it should become infused throughout the organization as a whole.

EXECUTIVE TEAM FINDINGS

According to McKinsey's 2018 Delivering Through Diversity Report, companies in the top quartile for

ethnic and cultural diversity on executive teams were 33% more likely to have industry-leading profitability.

While the business case for a diverse executive team is clear, the reality is that businesses have a long way to go to realize the potential.

65.15% of survey respondents reported that diversity is not reflected in their company's executive team. Further, only 30.43% of people who felt D&I is inherently a part of their company's culture also report that diversity is reflected at the executive level.

Implication: The lack of diversity at the executive level could be a threat even when people feel that D&I is deeply rooted in the company's DNA.

At the GQR Collaborative event, Linkedin's Head

10%

HR leaders were less inclined to feel that diversity and inclusion is built into their overall recruitment strategy than those who identified as hiring managers or other c-suite.

67%

of CHROs and 53% of HR professionals use a company's digital presence to gauge its commitment to D&I while only 42% of hiring managers and 41% of other c-suite engage in this practice.

SEGMENTATION FINDINGS

of Diversity, Inclusion and Belonging reminded us that if we don't foster an environment where people can be their authentic selves, we will never unlock the discretionary potential that allows them to give 150%. It is essential for leaders to connect more directly with the very people who may not feel well-represented in the business.

Even with majority white-male leadership teams, it is both vital and impactful to emphasize connecting with and building trust with communities that a business wants to attract to their workforce. This concept is what will enable enterprises to nurture D&I successfully.

Only **30%** of respondents who felt D&I is inherently a part of their company's culture report that diversity at their company is reflected at the executive level.

Executive teams were **33%** more likely to have industry-leading profitability when they were in the top quartile for ethnic and cultural diversity according to McKinsey's *2018 Delivering Through Diversity* Report.
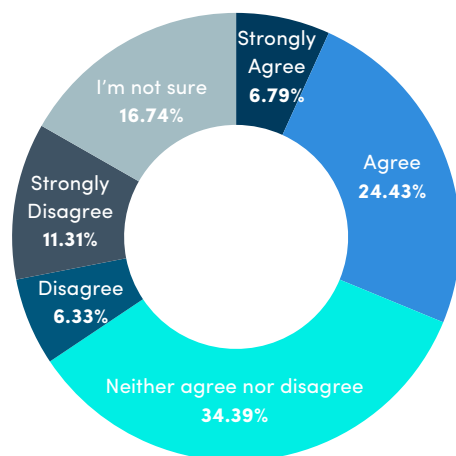
Preparing For Future Success

Despite the vast number of studies demonstrating the value and impact a more diverse and inclusive workforce can have on a business (such as profitability, performance, innovation, engagement and retention), a gap remains where companies feel they can accurately measure the progress D&I initiatives are delivering.

THE CHALLENGE

According to survey respondents, 52% don't feel that they have seen measurable progress since implementing a D&I strategy, and 17% are unsure what the quantifiable progress has been. This gap may exist because organizations fail to have systems or processes in place to accurately collect or interpret data around D&I in their workforce.

Since implementing a D&I strategy, my company has seen measurable progress

- Strongly Agree **6.79%**
- Agree **24.43%**
- Neither agree nor disagree **34.39%**
- Disagree **6.33%**
- Strongly Disagree **11.31%**
- I'm not sure **16.74%**

While business leaders may feel a strong moral compass to drive D&I initiatives because it's seen as the "right thing to do," without clear and measurable connections to positive business outcomes, actions are likely to fall flat across the organization. Individuals in the business who are driving D&I may struggle to get buy-in from other contributors if those contributors are already meeting their objectives at work without putting any additional effort toward a D&I initiative. In other words, there could be a feeling that they don't need to help drive the action because they have been successful with the way things are right now. So, it becomes invaluable to identify tangible metrics to show the positive impact of D&I to maximize buy-in from the broader business. Furthermore, when we look at businesses early in their D&I journey, often different departments are taking on various initiatives. While this can be a positive step in the right direction, if these efforts are decentralized, it can become challenging to attribute ROI and scale long-term.

Although objectives for each organization should look different, the overarching purpose of D&I is to drive success through the celebration and acceptance of what makes each of us unique. However, the topic of D&I can often feel divisive and misinterpreted.

LOOKING TO THE FUTURE

D&I is about positioning your people at the center of the business' growth plans. If you consider what it takes to problem-solve, to create sustainable solutions and to build trust and confidence, often it has little to do with all members of a team sharing the same opinions or points-of-view. Instead, it has more to do with having the ability to understand and respect each other even when views aren't the same.

"Business leaders who are reluctant to face the reality of the future are living in a past that's no longer real. Operating with the same mindset and strategies that created success for your workforce 30 years ago won't deliver in today's corporate landscape." – Rosanna Durruthy

Additionally, the role of CEOs is changing. Now, personal beliefs are in the spotlight, and their influence isn't limited to the products and services of the company they lead. Increasingly, companies have become the forum for airing and debating social ideas. As a natural consequence, when a CEO takes a stand on specific societal issues, it can have an enormous impact on an individual's sense of belonging to that organization.

In stark contrast to traditional theories on how diverse and inclusive teams outperform in creativity and other attributes, there is an equal number of studies that tell us diverse teams underperform in some ways – this largely comes down to managers and their relationship with cross-cultural fitness. Managers who can adapt and navigate differences often will produce high-performing teams. Conversely, managers who are intimidated or daunted by differences are more likely to suppress innovation and creativity amongst their team.

This presents the question: How do we raise self-awareness in senior leadership?

Self-awareness is a continuous process. You may find that leaders are curious, but require a safe space for vulnerability. It's a change management strategy and requires open and honest communication. More formal training may be a solution, but often this can be seen as an easy out that ends up costing companies a lot of money without any tangible outcomes. Durruthy suggests interviewing employees and asking them to share a moment when they felt they belonged, and a moment when they didn't – then relay this to leaders.

A leadership team that is unwilling to understand differing perspectives is a leadership team unprepared to take on diversity and inclusion – and belonging. However, those leaders who are eager to create sustainable solutions for growth and success and who care about making an impact on the lives of their employees and customers are well-positioned to take on the D&I question – even if they don't have the exact formula yet.

"Every leader needs to possess cross-cultural fitness to survive in an environment of change – otherwise you lack the agility necessary to compete in the future. Being cross-culturally fit gives us relevancy, influence and impact."

ROSANNA DURRUTHY, LINKEDIN®

Talent Acquisition & Advisory Firm

GQR is proud of its role as a trusted advisor to elite institutions and aspirational leaders across the globe that consistently push boundaries and add value to the world and the way we interact with one another.

We operate at the leading edge of human capital where talent is most highly valued, and innovation is most highly sought. Advanced specialization, collaboration and global access form the centerpiece of our approach, enabling our people to collaborate with colleagues both locally and internationally to deliver highly skilled professionals to the most prestigious and technical industries.

Unparalleled market knowledge, unwavering drive and steadfast efficiency are what define our success. GQR's holistic approach to talent acquisition, confidence in navigating uncharted territory and high standards of accountability are what make our success a reality.

GQR is an award-winning global talent acquisition and advisory firm specializing in Banking & Finance, Technology, Energy & Engineering and Life Sciences. We do not seek to be all things to all people; simply the very best within our field.

To learn more about GQR's holistic talent acquisition solutions, please visit gqrgm.com/what-we-do or contact a representative at ClientServices@gqrgm.com.

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