



Diversity, Equity, and Inclusion Measurement Best Practices

Overview

A growing number of organizations are taking a renewed focus on diversity, equity, and inclusion (DEI) as protests across the country spotlight persistent racial injustices. These events have led to increased public expectation for organizations to foster a culture of equity and inclusion. DEI is critical, to not only engage employees and signal an organization's values with public audiences, but it also provides measurable improvements in job satisfaction and financial benefits to an organization's bottom line.

Implementing a DEI program is important for many reasons but developing meaningful metrics to measure its effectiveness is essential to inform strategic planning. This guide outlines the benefits of DEI programs, the different ways to measure its effectiveness, and best practices for establishing a DEI program.

DEI Impact and Importance

Cultivating an environment of equity and inclusion offers a myriad of benefits to an organization. Those who chose to invest in a DEI program recognize its positive impact to business outcomes and the limitations of not having one in place. Some of the many benefits of establishing a DEI program include:

- **Promoting a culture of inclusion can improve an organization's reputation.** This is especially relevant given recent events and heightened public awareness of widespread racial injustices taking place. According to one studyⁱ, organizations with inclusive cultures and practices are 57.8% more likely to improve their reputations. After viewing an advertisement perceived to be diverse and inclusive, customers are also more likely to purchase or consider purchasing a product.ⁱ
- **Fostering an inclusive and diverse workplace can lead to improved financial performance.** In fact, a study revealed that organizations in the top quartile for racial/ethnic and gender diversity are 35% and 15% more likely to have financial returns above their national industry mediansⁱⁱ. A workplace that encourages diversity and inclusion can drive innovation and improve performance.
- **Employees are better engaged and perform better in an inclusive organizational culture.** According to one studyⁱⁱⁱ, employees who feel their voice is heard at work are nearly five times (4.6x) more empowered to perform their best work. An inclusive culture also improves absenteeism even when just 10% of employees feel included.ⁱ
- **Organizations attract and retain talent more successfully in a diverse and inclusive environment.** When considering a position or place of employment, 67% of job seekers^{iv} consider diversity as an important factor. Employees are

also more satisfied and stay longer with companies in an inclusive work environment. In fact, nearly four times (3.8x) of employees are more likely to say they are proud to work for their organization when equal opportunities are offered.ⁱⁱⁱ

DEI Measurement

Tracking the effectiveness of a DEI program through clear and robust metrics is essential to ensure success. Measuring the program success through a comprehensive set of metrics helps organizations stay committed to their DEI goals, identify areas of improvement, and help quantify returns from their initial investment. The following guidelines will help organizations in developing meaningful set of diversity and inclusion metrics:

- **An organization's DEI metrics should identify risk areas, track the progress of initiatives, and calculate their impact on the bottom line.** Well-run DEI programs are associated positively with innovation and EBIT margin growth. Therefore, many companies are looking into enhancing their DEI programs to help the bottom line.^v
- **Companies tracking the effectiveness of their DEI initiatives need to track both qualitative and quantitative KPIs.** Quantitative data is often easier to compile and more readily available, such as demographic information (e.g., gender, race, age, sexual orientation, etc.), hiring pipelines, performance issues, and retention, to compare employees against industry or company benchmarks. However, qualitative measures through surveys measuring engagement/satisfaction, horizontal and vertical relationships, recognition, and feedback during employee tenure as well as exit interviews are also critical to track inclusion.^{vi}
- **It is imperative that companies set DEI goals, track KPIs over time, and involve managers from the beginning.**^{vii} Metrics to track for employees among other groups in the company and industry benchmarks include^{viii}:
 - Representation
 - Retention
 - Recruitment
 - Promotion
 - Pay and Benefits
 - Engagement
 - Supplier and Customer Experience and Diversity
- **Program success can be ascertained by training and tracking improvements in some of the above measures, but progress can also be assessed in other ways.** Improving employee resource or affinity group membership, participation rates in training programs, external awards, and internal and external scorecards to measure help create additional effectiveness for DEI programs.

DEI Best Practices

The path to establishing an effective DEI program can prove challenging to some organizations. Many organizations aspire to foster a culture of equity and inclusion but successfully achieving this goal will require thoughtful planning and continuous organizational commitment. The following set of best practices will help guide organizations in advancing their DEI initiatives successfully:

- **Assess your current DEI profile and set a goal for improvement^x.** There is no one-size-fits-all approach when it comes to fostering a DEI rich environment, so organizations need to assess objectively where they are and where they want to be. Internal assessments can provide a baseline of how the organization is currently performing and employee surveys can help prioritize which DEI elements are most urgent.
- **Ensure commitment from the entire organization^x.** The decision to implement DEI across the organization may begin from executive leadership, but successful execution will require commitment from the entire organization. A study^{xi} found that while middle managers are imperative to an employee's sense of belonging, those managers end up handling the bulk of diversity and inclusion work and may struggle to see that work as part of their job function.
- **Make training and education an important part of the process^{xii}.** Workforce diversity training is in place at nearly all Fortune 500 companies, but effectiveness can depend on a variety of factors.^{xiii} A study from revealed that employees found trainings more effective when culture-building topics were incorporated rather than just compliance only.^{xiv}
- **Track program success through a meaningful set of metrics.** Organizations will need to continuously evaluate the effectiveness of implemented programs. By measuring the effectiveness of DEI efforts, organizations can stay on track and identify areas that require improvement.
- **Seek out unconscious bias and hidden assumptions.** Many organizations may have clear intentions to develop a more diverse workforce and workplace, but frequently hidden biases can limit the program's success. Organizations can identify key areas where diversity efforts have stymied and unpack the key elements in the process that may be limiting the diversity initiative's success.
- **If resources are limited, stage the rollout of DEI initiatives.^{xv}** Not all phases of a DEI program need to be tackled at once – different areas may be prioritized depending on an organization's unique need and urgency. The critical factor is in committing to forward progress and being able to measurably identify the improvements underway.

Case Study: Marriott International

Marriott International, which operates and franchises hotels around the world, was ranked #1 for diversity across industries on the 2020 DiversityInc Top 50 Companies for Diversity list.^{xvi} This ranking underscores their many achievements in fostering a culture of diversity and inclusion which include:

- **A commitment to diversity:** Marriott's Emerging Leader Program which increases its diverse talent pool, with participants including 58% women and 37% minorities, and 98% promoted or selected for developmental moves.
- **Support for women-owned businesses:** Marriott surpassed its goal to spend \$500 million with women-owned businesses in 2019, with a new goal to increase spending by \$100 million over three years with over 50% with companies in developing countries.
- **Promote inclusion through training:** Marriott launched a mandatory "Valuing Our World of Differences" training for all associates in America to develop cross-cultural competence. Training emphasizes why inclusion is critical, establishes foundational concepts and techniques to build and value cultural differences.
- **Expanded educational resources:** "Respect for All" platform provides diversity and inclusion resources, training, and best practices that support commitment to an inclusive culture through a video series regarding unconscious bias and inclusion.

"Being named #1 for diversity at this moment in history feels especially meaningful. It takes generations of inclusive leadership, deep commitment and conviction to create a culture of belonging where all associates are treated with dignity and respect. This culture has always been the foundation for our business of hospitality. Even during these incredibly challenging times, our associates have intensified their inspirational efforts to take care of their communities, guests and each other."

Dr. David Rodriguez, Marriott International Global Chief HR Officer

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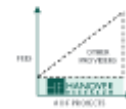
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