

To Sustain DEI Momentum, Companies Must Invest in 3 Areas

Findings from an analysis of 48 companies across 16 industries.

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George Floyd’s murder in 2020 — and the subsequent social uprising around racial injustice — catalyzed an unprecedented investment in diversity, equity, and inclusion (DEI). Organizations of all sizes and across industries pledged their support to Black employees and other underrepresented groups, to building more diverse and equitable companies, and to using their power for good.

Now, with the spotlight no longer shining quite so brightly on corporate DEI, how much progress have organizations made against their promises? Our company has partnered with hundreds of companies at varying stages of DEI maturity over the past two years. To understand the state of DEI efforts since 2020, we looked at aggregated, self-reported data collected from a subset of 48 of our clients, along with our experiences consulting with additional organizations.

Overall, we have seen some positive progress. But we also find that organizations could be making better, faster progress if they were more intentional about how they craft their DEI strategies. We've identified three areas where organizations need to focus and invest to keep DEI momentum going — and deliver on their promises.

About the Data

Data represented in percentages below came from organizations using our Blueprint DEI Strategy and Analytics platform. The data is aggregated from 48 companies. Those companies:

Span a range of 16 industries. The largest concentration of companies were in the technology industry, followed by financial services, healthcare, and manufacturing.

Span a range of sizes. Sixty-two percent of the organizations employ at least 500 people, and 6 of the companies employ 10,000+ people.

Collectively, the dataset represents more than 100,000 employees.

Have global workforces. The majority are headquartered in the U.S., followed by EMEA. Many have multinational offices.

The data is self-reported by the companies.

A good strategy is connected to the right accountable parties.

Sixty percent of organizations reported that they have a DEI strategy in place. However, we found that those strategies don't always focus on the right goals or accountability partners. On the goals side, only 26% of companies said they have gender representation goals, and 16% have race representation goals. Companies that want to drive positive DEI outcomes should focus on the basics: having a strategy with clear goals in place that are data-driven and measurable.

Focusing on representation may seem underwhelming to an organization looking to make headlines by announcing new partnerships and initiatives. However basic as they may seem, representation goals are a critical foundation for any effective DEI strategy.

Representation goals — whether based on industry benchmarks or population data for the appropriate city, state, or country — are one component, but it's equally important to incentivize leaders and create accountability systems to help make those strategies a *success*. For example, a leader may support a more equitable promotion process in the abstract, but that support may waver when they realize they have to forego the way they've always made promotion decisions in the past for a different, more structured process across all eligible employees. Holding that leader accountable for the change is one way to ensure their continued compliance. Our data show that few organizations have such accountability measures in place. For example:

- 28% of companies hold C-Suite executives accountable for progress against the DEI strategy
- 23% of companies hold C-Suite executives accountable for pay equity
- 12% of companies hold C-Suite executives accountable for gender diversity, and 5% are held accountable for racial/ethnic diversity

- 7% are held accountable for gender diversity in promotions, and 5% are held accountable for racial/ethnic diversity in promotions

These data help us understand why so many organizations may be experiencing stalled DEI progress in the face of what they believe is an otherwise strong strategy. In their eagerness to embrace or accelerate their DEI efforts, they rushed into a collection of efforts and hoped that at least some would land. Instead, they need to retune their strategic goals and ensure that individual accountability goes all the way to the top.

Collect and analyze the right data.

Fortunately, we found that most organizations have access to the foundational data they need to create a concrete strategy. More than 90% of companies collect gender data and 88% collect race/ethnicity data in their HR information system (HRIS). Most organizations are tracking this information in their talent pipelines as well: in their applicant tracking systems, 75% of companies collect gender data and 69% collect race/ethnicity data.

However, other information suggests this data is underutilized. For example:

- Employee attrition: 52% of companies analyze by gender, and 40% of companies analyze by race/ethnicity
- Promotion rates: 46% analyze by gender, and 33% of companies analyze by race/ethnicity
- Hiring outcomes: 40% of companies analyze by gender, and 31% of companies analyze by race/ethnicity
- Progression through hiring process: 25% of companies analyze by gender, and 23% analyze by race/ethnicity

Here's an example of how this plays out: One organization we worked with wanted to diversify their leadership team. During a brainstorming session, they considered a variety of ideas: hiring external candidates, starting an internship program to get an infusion of new talent to develop, and so on. However, when they looked at their data, they found two things: (1) their most successful leaders were ones developed internally, and (2) representation of people of color was consistent at every level *until* the step before VP, where there was a steep drop-off.

These insights helped us quickly identify the real problem — to qualify for a VP role, an employee needed to attend a leadership accelerator program, and the only way into that program was with a recommendation from a colleague who had previously attended. Because the previous cohorts had been primarily white, and research tells us we're more likely to mentor and invest in people who look like us, people of color were not being nominated at the same rates. With that data-driven insight, the leaders realized they were actively contributing to an inequitable system that was responsible for these results. It was much more empowering to see how they could change things for the better, instead of bemoaning a “pipeline problem.”

Utilizing and leveraging organizational data like this isn't a one-time task. As with any data-driven initiative, organizations need to review data consistently — monthly, quarterly, and year-over-year — to assess if their interventions are working, and if not, how to adjust accordingly.

Empower the DEI leader (for real).

Organizations need a qualified leader to shepherd their DEI programs to success. This is not a new insight. Research finds that organizations with a dedicated DEI leader are more likely to see gains in diversity at the management level than organizations without such a person. Perhaps this is why Chief Diversity Officer roles have been on the rise

for years. But companies can and need to do more to fully leverage this role. While 58% of companies in our dataset have a dedicated DEI budget, just 21% of companies have a *senior* role fully dedicated to DEI. In addition:

- Only 12% of DEI leaders have a team under them dedicated to DEI work
- Only 9% of companies have a DEI leader who is at the same level as other executives

Responsibility without authority, or the ability to hold the organization accountable, is a recipe for burnout and stalled progress. This is a leadership pattern so pervasive it has a name: the “glass cliff.” [Research](#) finds that people from [marginalized groups](#) (e.g., women, people of color) are often hired into leadership positions during times of company crisis. The added stress leads to a shorter time in role — [the average tenure for CDO roles is three years](#) — and if the person is unsuccessful at turning things around, [people question their leadership competency](#) instead of interrogating the underlying circumstances.

Empowering the DEI leader requires a real investment of time, money, and access. This leader requires a dedicated DEI team who can refine the organization’s strategy and work with each of the different functions in the organization — talent acquisition, marketing, engineering, etc. — to tailor and execute a plan that maps to that strategy. Similar to HR business partners, these DEI “business partners” are a trusted extension of the team who can help each function navigate challenges and iterate quickly, while communicating progress back to senior leadership. Finally, an empowered DEI leader needs to have the ear of company decision-makers and the authority to hold people accountable.

Over the past two years, we have heard frustrations from people at every level of organizations. Employees are disappointed that their

companies have seemingly pivoted away from their bold anti-racist commitments and DEI initiatives; leaders are bewildered that their strategies aren't yielding obvious or measurable results. Transforming inequitable systems is often slow work. But having a dynamic, data-driven approach as we have outlined here can yield swifter change.

One of our clients saw this kind of change by making some adjustments to their hiring process. Initially, only 4% of employees were Black, Latine, or Native American. After looking at the data, the team realized the problem: they had not been taking the necessary time to build a representative pipeline in the initial stages — put simply, the candidate pool was almost entirely White. By changing the hiring process to address that problem, the company went to 8% Black, Latine, or Native American in six months. Two years later, that number has climbed to 15%. This client was able to have an impact on a short time horizon by being laser-focused on hiring and measuring data to track progress toward the desired changes.

This is the power of a good DEI strategy: one that focuses on collecting and analyzing data, crafting interventions based on those data-based insights, and holding leaders accountable for their progress.

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