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In This Issue

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HR Leaders Monthly

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Editor's Note

by Brian Kropp and Lauren Smith

Accelerating progress in diversity, equity and inclusion has become a larger and more urgent part of HR leaders' mandate in 2021. The pressures of 2020 — the pandemic and its attendant inequities, the racial justice movement, heightened social and political tensions around the world — have not abated. Organizations face growing demands from employees, investors and society as a whole, to not only make commitments to inclusion and equity but also demonstrate real impact. This issue of HR Leaders Monthly is dedicated to the work HR leaders are doing to drive inclusion in their organizations, as well as the work that remains to be done.

Our research has found DEI initiatives often succeed at bringing diverse talent into the organization but fail to retain and develop that talent. As a result, women, people of color and other marginalized groups remain heavily underrepresented in leadership positions. A lack of diverse leadership can hinder the development of an inclusive work environment and signal to marginalized employees that the organization is not committed to helping them achieve their full potential. In one of our signature studies this year, we investigated what HR can do to build a more diverse leadership bench and hold the organization accountable for advancing underrepresented talent. In this issue, we offer some insights from that research into how organizational design, HR analytics and technology can be used to drive equity and inclusion.

The imperative of inclusion is also part of bigger conversations. What is HR's role in corporate social responsibility? How should the board and C-suite contribute to DEI efforts? How do you get employees and leaders to understand that establishing an equitable and inclusive work environment is a strategic business priority, not just a nice thing to do? Our articles touch on all these questions and offer insight from advisors and experts on how HR leaders can best answer them.

The right approach to inclusion may vary from one organization to another, but the mandate to get it right is increasingly universal. Our intention in this journal is to help HR leaders navigate some of the high-stakes DEI decisions and conversations they have to look forward to in the months ahead.

What HR Leaders Need to Know About ESG

By Kathy Cleary

HR leaders are increasingly expected to play a central role in organizations' ESG initiatives, particularly those that intersect with DEI. In taking on this role, HR leaders must understand the core concepts of ESG and how to embed them in talent processes.

Environmental, social and governance (ESG) programs are becoming higher priorities for organizations around the world, amid growing pressure from investors to be more transparent about their impact and sustainability.[1] Many ESG topics relate directly to HR (particularly, but not exclusively to diversity, equity and inclusion, or DEI), and ESG is now becoming a bigger part of HR and diversity and inclusion (D&I) functions. HR leaders must become familiar with ESG programming and embrace their role in embedding ESG-related initiatives into their organization's talent management strategy, employee listening initiatives and employee value proposition.

To successfully meet these new expectations, HR and D&I executives must be able to answer three questions:

- Who are the stakeholders with whom I need to partner on ESG?
- How should I support my organization in setting priorities for an ESG program?
- What is my role in ESG reporting, action planning and improvement processes?

Definitions

New terminology is emerging to describe corporate commitments to sustainability and mechanisms for measuring and reporting. HR leaders should understand the differences in these definitions and how they fit together. Many more new terms and phrases are emerging to describe sustainability and sustainability practices; these are just the three most important concepts to the HR and D&I functions.

Environmental, social and governance (ESG) refers to a set of criteria or standards used for measuring and reporting on an organization's impact on society, the environment and its own stakeholders. ESG reporting is sometimes described as a measurement of an organization's intangible assets or a corporate social credit score. In the ESG reporting process, the board and company leadership consider perspectives from various stakeholders, including investors, employees and the community, and provide them with relevant information.

Corporate social responsibility (CSR) entails the activities, policies and contributions an organization undertakes to give back to the community. Creating an infrastructure for CSR activities and integrating CSR initiatives throughout the business can tangibly contribute to measurable ESG factors.

Sustainability is a business approach focused on creating long-term stakeholder value by embracing opportunities and managing risks related to the organization's economic, environmental and social impact.

An ESG agenda expands on the sustainability and CSR work many companies have already been investing in, adding a more explicit focus on governance and taking on a wider range of social issues. An ESG reporting mechanism helps an organization manage and communicate its progress on sustainability and CSR, and many organizations are integrating their CSR and ESG strategies to establish measurable long-term objectives. Understanding how these concepts intersect and support each other lays the foundation for the next steps in HR's involvement in the corporate ESG program.

ESG Stakeholders

HR and D&I are among the many stakeholders responsible for the successful implementation of an ESG program. Other stakeholders typically include: corporate counsel, finance, investor relations, corporate communications, sourcing and procurement, supply chain, marketing, strategy, technology, analytics, philanthropy, employees, local communities, customers and shareholders.

Some, but not all, of the social and governance issues in the ESG framework fall within the purview of HR, and HR leaders are accountable for reporting data and improving outcomes in these areas (see Table 1).

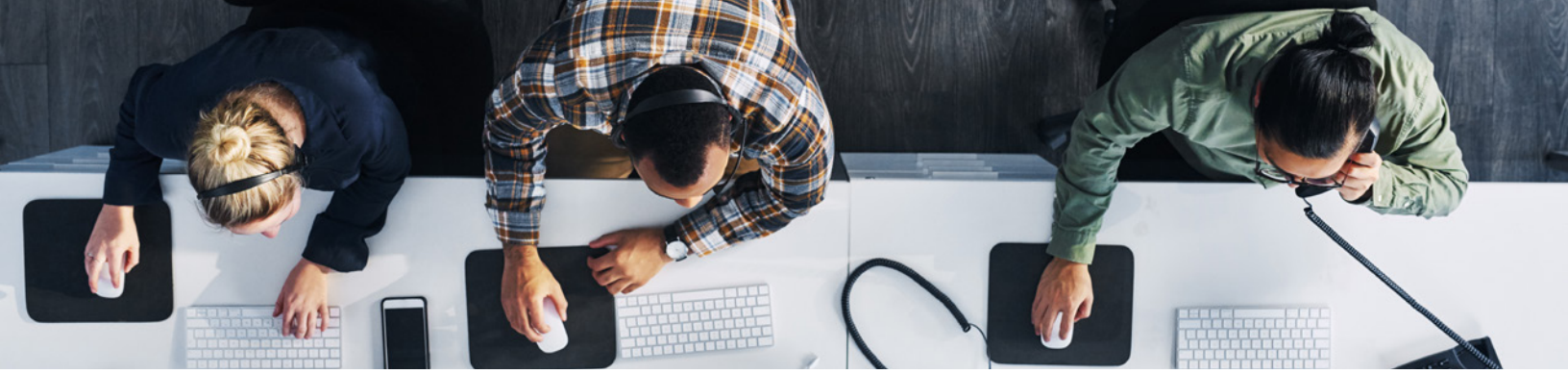
- HR-related social issues can include DEI, women's empowerment, pay equity, employee well-being and corporate commitments to employee development and learning. Other social issues may include workplace and consumer safety, responsible innovation and marketing, economic development, and data protection and privacy.
- Governance issues that necessitate HR involvement include executive compensation, business ethics and integrity, advocacy and public policy as it relates to the interests of employees as stakeholders.

Table 1. Examples of ESG Issues

Environmental	Social	Governance
Carbon emissions	Diversity, equity and inclusion[a]	Decision transparency[a]
Water usage	Pay equity[a]	Share-class structure
Waste disposal and recycling	Workplace safety[a]	Shareholder relations
Renewable energy	Employee well-being[a]	Ethics and integrity[a]
Land use	Economic development	Public policy advocacy
Disaster management	Consumer safety	Board leadership[a]
Green products	Data protection and privacy	Executive compensation[a]

[a] Issues that fall within HR's purview or necessitate HR's involvement

Source: Gartner (November 2021)



Each area of HR and DEI accountability may warrant partnering with a different set of corporate stakeholders. For example, a pay-equity initiative often involves the legal and finance functions, business unit leaders, senior leadership, the CEO and even the board, along with multiple HR teams including D&I, total rewards and HR analytics.

ESG Programming and Priorities

An ESG materiality assessment is an initial step for each organization to determine which measures should be included in its ESG disclosures. A materiality assessment ranks the importance of specific environmental, social and governance issues by their importance to stakeholders and business impact. Employees are vital stakeholders in the ESG framework, and HR plays an important role in gathering employee input into these assessments.

To support ESG programming prioritization, HR should integrate a broader set of employee opinions into corporate listening initiatives and then into materiality assessments. To do so, HR leaders need to capture employee sentiment regarding ESG activities, such as sustainability, climate risk and action, racial equity and social justice, corporate social responsibility, volunteerism and DEI.

Giving employees a voice in this process can not only strengthen the ESG framework but also drive improved talent outcomes. Our 2021 Post-Election Survey found 68% of employees would consider leaving their employer for an organization that takes a stronger stand on societal and cultural issues.[2] We also know employees who feel a sense of shared purpose with their employer are more engaged, loyal and likely to stay.[3] These positive talent management outcomes, combined with the growing demand for ESG reporting, are driving the urgency to develop comprehensive listening programs that give employees a voice in setting the organization's ESG priorities.

ESG Reporting

HR leaders should also be familiar with the metrics that are included in an ESG report, as well as the narrative that accompanies the numbers. Many ESG metrics are part of HR's mandate, and they need to be prepared to gather the relevant data and communicate what it means to stakeholders.

There are multiple ratings frameworks for ESG reporting maintained by organizations, such as the Global Reporting Initiative (GRI), the United Nations Sustainable Development Group (UN SDG) and the Sustainability Accounting Standards Board (SASB). Investor interests, internal stakeholder inputs, benchmarking of peer companies, media reports and other factors can also influence which ESG metrics organizations choose to report.

Here are just a few examples of ESG metrics that fall within HR's purview, drawn from GRI's comprehensive list of reporting standards:

- Employment — New hires and attrition broken out by gender, and racial and historical underrepresentation status; benefits and parental leave policies
- Training and education — The number of hours employees spend on training annually; programs for transition assistance; the percentage of employees receiving regular performance and development reviews
- Diversity and equal opportunity — Diversity, defined as gender, age, and other vulnerable and historically underrepresented groups, of the corporate governing bodies, leadership and workforce; pay equity throughout these dimensions as well
- Nondiscrimination — Incidents of discrimination and corrective actions[4]

Most HR functions are already actively pursuing improvement in some or all of these areas, but those efforts are not always apparent from the data alone. The HR and D&I functions should participate in shaping the narrative that

accompanies these metrics to communicate the activities and strategies in place to improve outcomes.

For example, the number of training hours per employee is not necessarily reflective of a company's commitment to employee development. Training and development can take the form of mentorships, sponsorships, informal shadowing, and peer or social learning, to name a few. These and other forms of learning may not be counted toward the official hour counts of formal training. The corporate position and strategy on learning and employee development must be described as a part of the ESG reporting narrative. Doing so ensures stakeholders have a complete picture of the role development plays in the employee value proposition and the sustainability of corporate workforce practices.

Conclusion

As HR and D&I functions are called upon to contribute to ESG reporting, they must have a seat at the table when deciding how ESG is embedded in the organizational talent management strategy and employee value proposition. To earn those seats, they must build up their expertise in ESG, understand the metrics they will be accountable for and know how to tell a compelling story about the work they are doing to improve outcomes. They must also ensure employees' voices are heard as the organization sets ESG priorities and reports to stakeholders. The employee perspective is vital to shaping ESG priorities, and an organization's impact on the world beyond is an increasingly important driver of employee attraction and retention. In taking on a larger role in ESG initiatives, HR has much to offer as well as much to gain.

[1] "An ESG Reckoning Is Coming," Harvard Business Review.
[2] Gartner 2021 Post-Election Survey. Conducted February 2021; n = 3,000 employees in North America, Europe, Australia and New Zealand.
[3] Gartner 2021 EVP Employee Survey. Conducted December 2020; n = 5,000 employees worldwide.
[4] Global Standards for Sustainability Reporting, GRI.

Upcoming Virtual Events

Gartner regularly hosts virtual events across a variety of Human Resources topics. These webinars present an opportunity for you to gain insights from our research experts on making better decisions for your function and organization.

The Top 5 Priorities for HR Leaders in 2022

Manage Attraction Risk Using Labor Market Intelligence

The Equity Imperative: How Fairness Improves Performance and Employee Experience

The Future of Hybrid Work in Government: Key Hiring Strategies for HR Leaders

New Ways to Measure Employee Engagement in Evolving Workplaces

How Organization Design Hinders the Advancement of Your Underrepresented Talent

By Daniel Owusu

Advancing underrepresented talent remains a top priority in most organizations' DEI strategies. This research helps HR leaders identify and remove barriers within their organization design that may hinder the advancement of underrepresented talent to senior leadership positions.

Advancing underrepresented talent (URT) segments is a top three DEI priority. CHROs, DEI leaders and other HR executives face a growing expectation to step forward with clear and transparent plans to effectively support this goal.[1]

> "It's not a 'fix the talent' issue. We have to fix the system."
>
> HR Leader, Multinational Software Corporation

The fact that URT segments have less access to leadership positions than their majority group peers is widely recognized. To address these systemic barriers to progression, organizations are investing time and resources to develop better networks to help URT advance. Popular network investments include sponsorships, mentorships, events and employee resource groups (ERGs). On average, these investments account for approximately a third of the overall DEI budget (roughly $271,000 per year for the average organization).[2]

Current Investments Are Insufficient

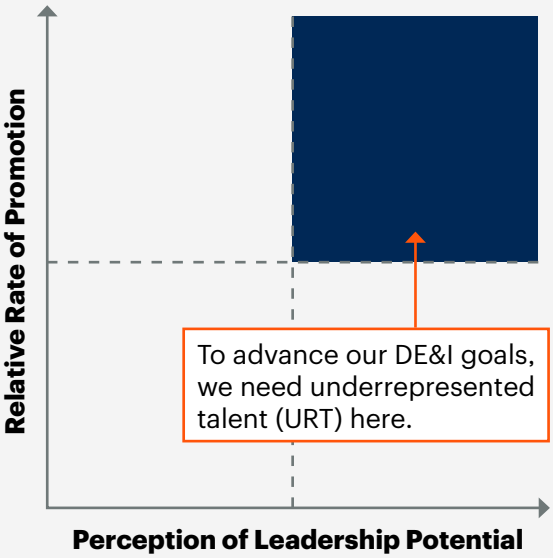
Despite recent investments, URT progression continues to stall at higher levels across all industries. In 2020, only 7% of CEO roles were held by women in the United States, and 10% held by Black or historically underrepresented ethnic executives, despite considerably higher levels of representation on the front line.[3] Tracking URT representation at more senior levels is an important measure of the success of DEI policies, but a time lag is inevitable before interventions show results.

In the meantime, our progression equity measure helps organizations track progress today. Progression equity comprises two elements: the current rate of promotion for different employee segments plus their perception of their future leadership potential at that organization. To reach their URT progression goals, organizations need to ensure employees from URT segments are experiencing both high relative rates of promotion and high expectations for future progress (see Figure 1). But employees from URT segments are currently 23% less likely to report high levels of progression equity than their majority group peers. These employees are subsequently 22% more likely to leave their organizations.[4]

Widen the Aperture

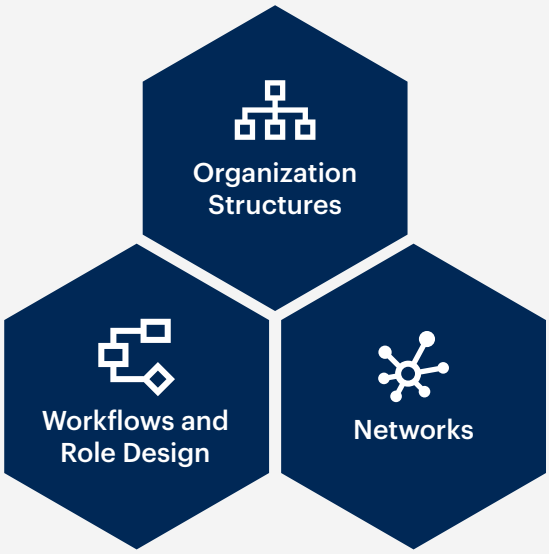
Organizations need to broaden their perspective and look beyond current investments. Focusing solely on networks is insufficient to combat the ingrained inequities facing URT that arise from unconscious biases and result in low levels of psychological safety. The current investments are targeting the right area. Networks are part of organization design — the system underpinning how work gets done — but they are missing key components. In addition to networks, an organization design also comprises structures, workflows and role design, providing untapped opportunities to explore (see Figure 2). For more details on the components of organization design, see Foundations of Organization Design Part 1: Key Concepts and Relationships.

Figure 1. Two Components of Progression Equity



Source: Gartner

Figure 2. Organization Design Honeycomb



Source: Gartner

Organization Design Warning Signs

To achieve the goal of diversifying senior leadership, a high proportion of URT must be able to report high progression equity. To better understand the impact of the other elements of organization design, we tested how those different levers impact rates of URT reporting high progression equity. We identified three warning signs.

Warning Sign No. 1: Low Decision Autonomy

Decision autonomy reflects the number of checks and balances in a workflow. A high degree of decision autonomy for individuals or teams aims to increase the speed at which decisions are made, whereas a low degree of decision autonomy aims to maintain a standard of quality and avoid risks.

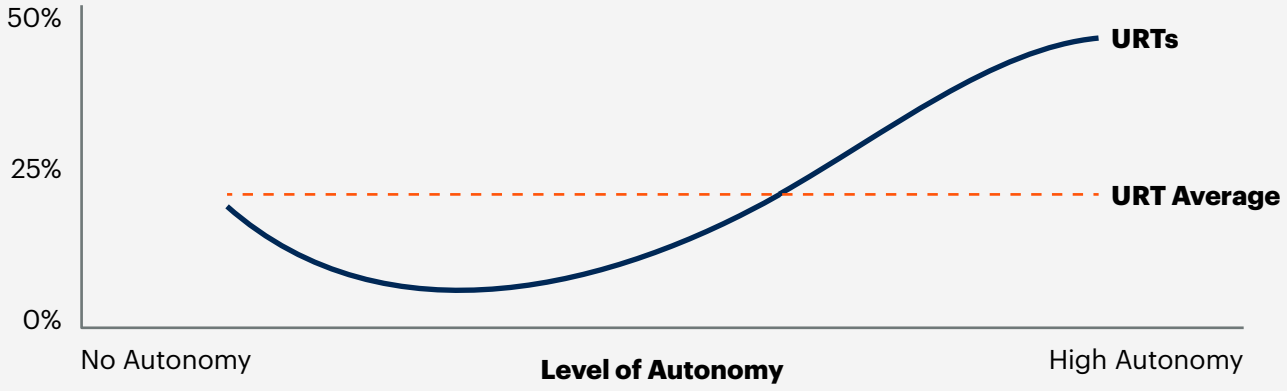
Our research found that increasing decision autonomy has a positive impact on the percentage of underrepresented employees reporting high progression equity (see Figure 3).[4] When we investigated further, we discovered two main drivers. First, URT with higher levels of decision autonomy are three times as likely to report high access to the right types of opportunities (such as exposure to business-critical projects and important tasks) to advance their careers than those with low decision autonomy. In part, this finding can be attributed to the fact that employees operating in this type of environment have more control in setting the direction of their work. In a highly autonomous setting, employees are also less beholden to their managers, who may be prone to unconscious bias in determining their teams' projects, allocations and levels of exposure. Second, we found that when given more decision autonomy, underrepresented employees report lower levels of additional oversight relative to their peers. High levels of decision autonomy create environments with less opportunity for managers' unconscious biases to interfere, forcing them to trust that their employees are capable of making the right decisions independently.[4]

Warning Sign No. 2: Generalist Roles

Role specialization reflects the number of different tasks performed by different roles in an organization. Highly specialized roles allow employees to attain high levels of expertise in specialized tasks, whereas generalist roles allow employees to develop greater versatility and flexibility.

We found that URT in more specialized roles were more likely to report high progression equity than

Figure 3. Impact of Decision Autonomy on Progression Equity
Likelihood URT Reports High Progression Equity



Source: 2021 Change Management Employee Survey

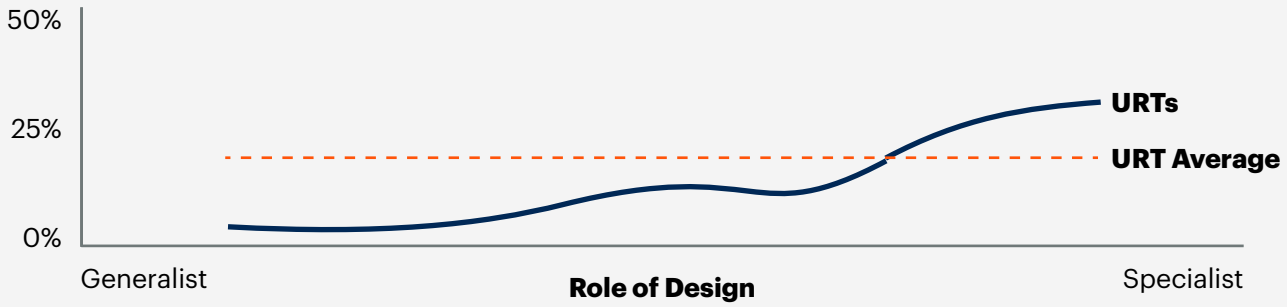
those in generalist roles (see Figure 4). When we delved into the data to establish the reason for this finding, we saw a familiar driver. Identifying high-potential employees and giving all members of a team access to the right types of opportunities is a challenge for managers. But when they are managing generalists who are performing lots of different types of tasks, the challenge is even harder. Managers who have to evaluate employees' performance at a wide range of tasks are far more likely to rely on mental shortcuts that are rife with unconscious bias. By contrast, managers have greater chances of making objective and rigorous judgements when overseeing employees in more specialized roles. Hence, URT in these types of role design are almost six times more likely to report access to the right opportunities.[4]

Warning Sign No. 3: Task-Based Structures

There are two ways to structure teams within organizations. Task-based structures focus on how work gets done by grouping employees who do similar types of work (for example, sales, marketing, IT). Outcome-based structures focus on why work gets done and group employees who do different types of work to achieve specific outcomes (for example, serving particular industries, aligning with specific customer segments or creating different product categories).

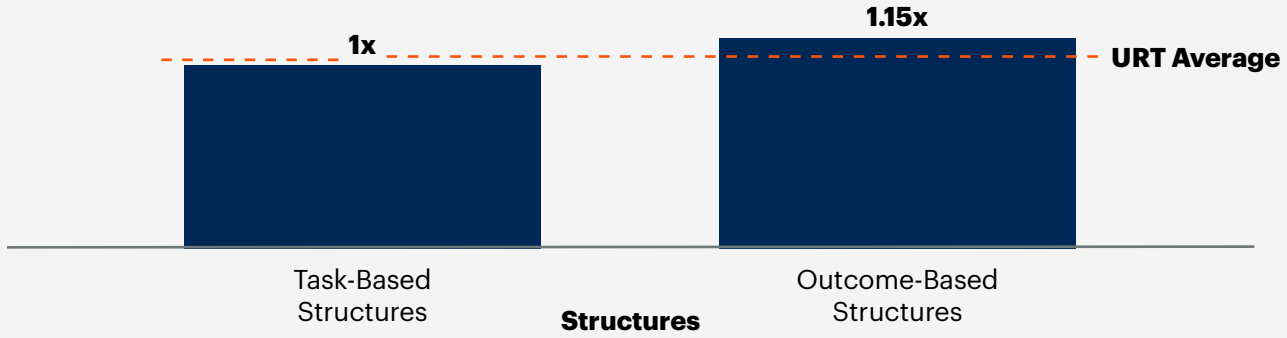
Underrepresented employees in outcome-based structures are more likely to report high levels of progression equity than those in task-based structures (see Figure 5), and are 30% less likely

Figure 4. Role Specialization and Progression Equity
Likelihood URT Reports High Progression Equity



Source: 2021 Change Management Employee Survey

Figure 5. Progression Equity in Task-Based and Outcome-Based Structures
Likelihood URT Reports High Progression Equity



Source: 2021 Change Management Employee Survey

to report additional oversight from their managers versus their peers.[4] Evaluated through the lens of unconscious manager bias, this finding makes sense. Managers who oversee teams of individuals doing the exact same role are more prone to rely on mental shortcuts to differentiate their individual team members' work. In contrast, managers of employees who are performing a variety of different tasks are required to evaluate team members' work more independently.

Underrepresented employees in outcome-based structures are almost 20% less likely to report that they actively avoid expressing themselves at work or have to alter their views to align with the norm. They are also more likely to be the only person on their team providing a specific type of expertise, which creates more space for them to share divergent opinions. By contrast, homogeneous teams in task-based structures are more likely to be dominated by the perspectives of team members from the majority group.[4]

Putting These Findings Into Practice

To make use of these insights, the first step is to embed organization design assessments into your DEI strategy and URT progression conversations. HR should help business leaders initiate these conversations by encouraging them to assess whether or not their organization design decisions are hindering the advancement of URT segments. Consider asking your leaders the following questions:

- Do your underrepresented employees have enough autonomy to thrive in their roles?
- Does your role design enable these employees to develop the level of expertise they need to progress?
- Is your structure exacerbating or reducing the unconscious bias of your managers?

Leaders should then strive to embed DEI goals in every restructure that takes place. Of course, restructuring is usually not undertaken specifically based on DEI needs, which will compete with a number of other priorities during a redesign. Nonetheless, HR leaders can use the opportunity to ensure the organization is aware of and acts intentionally on the implications that their design decisions may have on the advancement of URT.

[1] 2022 Gartner HR Priorities Survey, N = 35 heads of diversity, equity and inclusion (July 2021).
[2] 2021 Gartner Diversifying Leadership Survey, N = 53 HR leaders (March 2021).
[3] Volatility Report of America's Leading Companies, Crist | Kolder Associates.
[4] 2021 Change Management Employee Survey, N = 3,351 employees (June 2021).

3 Ways HR Can Use Data and Technology to Drive Equity

By Drew Kott and Stessy Mezeu

The talent processes used to identify top talent and future leaders are susceptible to bias. HR leaders can confront this bias by incorporating data and technology into organizational talent processes.

From talent acquisition to succession management, talent processes lay the groundwork for placing people in the right roles throughout any organization. Effective processes are key to organizational efforts to optimize talent strategies, and the downstream consequences of poorly designed talent processes are significant: homogeneous leadership benches, stagnant innovation and a failure to compete in the labor market. However, given their traditional reliance on leader and manager judgment, these processes can be especially susceptible to bias — with underrepresented talent bearing the brunt. In the 2021 Gartner Leadership Progression and Diversity Survey, 42% of employees agreed that underrepresented employees were not equally considered for progression at their organizations.[1]

As organizations face sustained pressure to deliver on diversity, equity and inclusion (DEI) goals, HR leaders must play an active role in helping their organizations navigate this challenge. Data and technology can help, and organizations are increasingly incorporating data into talent processes to maximize decision-making objectivity. Most HR leaders (62%) report using DEI data as an input to talent processes.[2] However, few are using it effectively to influence leaders' talent decisions. Yet opportunities to more closely integrate data into talent processes to ensure equitable consideration of all talent are numerous. HR leaders looking to improve talent process equity can leverage technology and data solutions to:

- Uncover unique employee barriers.
- Increase decision-making transparency.
- Address leader and manager bias during key decision-making moments.

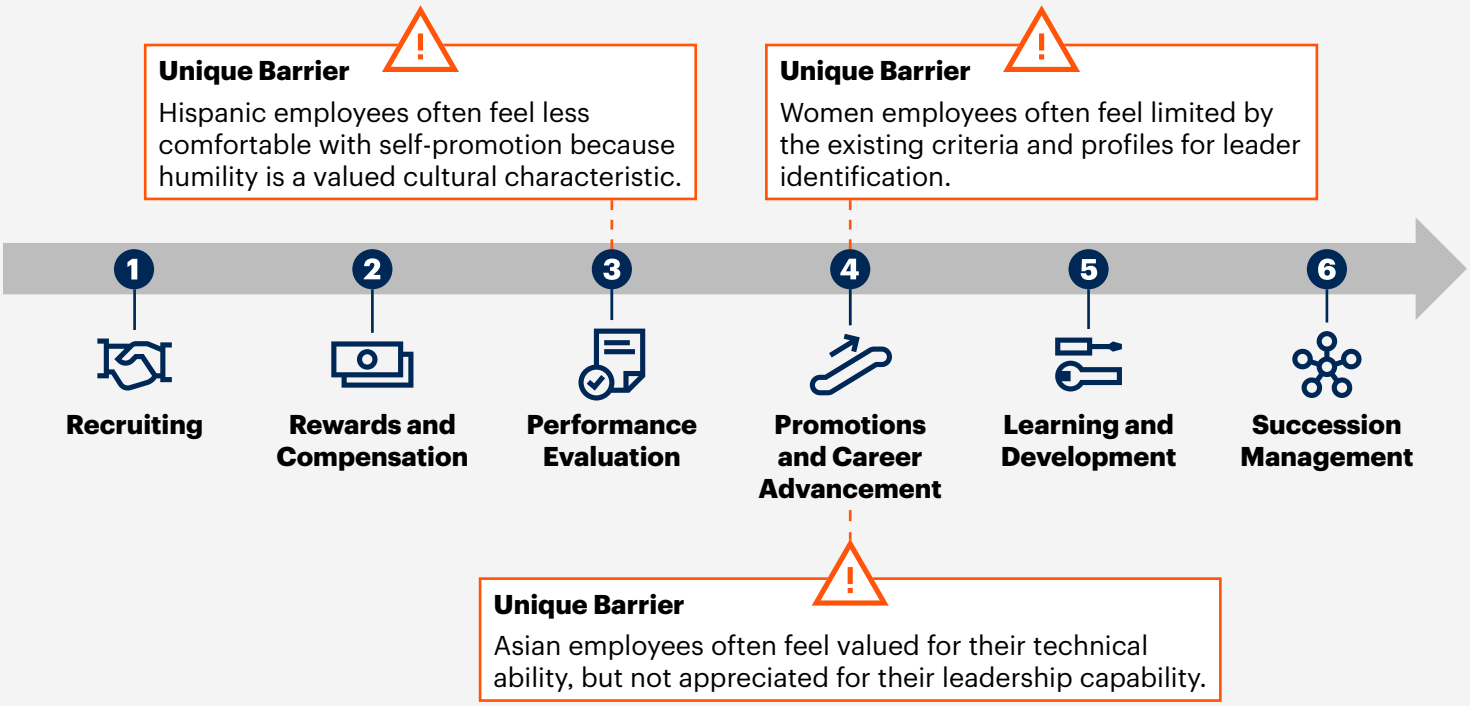
Uncover Unique Employee Barriers

Creating more equitable talent processes requires organizations to understand the barriers different underrepresented talent groups face throughout the employee life cycle. Unfortunately, only 20% of HR leaders specifically say they are satisfied with HR's understanding of the employee experience for underrepresented talent.[3] This undifferentiated view of employees' experience leads organizations to take a one-size-fits-all approach to talent management and presumes all employees face the same or similar barriers. The reality is different talent segments often face unique challenges, which requires organizations to design or refine talent processes with these unique challenges in mind.

Eli Lilly uses its existing process for understanding patient journeys (similar to customer journeys) to spot biases and barriers employees in specific talent segments experience. Eli Lilly conducts comprehensive research studies on each of its targeted employee populations to identify existing barriers to progress. The process provides an employee-centric approach to understanding key inflection points for different groups of employees. It also enables the organization to pinpoint the tensions that perpetuate inequities in career progression.

Eli Lilly seeks to understand the challenges to career advancement more generally, and specifically, to senior leadership roles (see Figure 1). The organization's first study focused on women employees. The team then followed up with studies on the journeys of Black, Asian, Hispanic and LGBTQ+ employees, respectively. Each study follows the same rigorous process to ensure credibility. This process involves quantitative and qualitative data collection through surveys, questionnaires, journaling and focus groups.

Figure 1. Eli Lilly's Employee Journey Mapping
Illustrative



Source: Adapted From Eli Lilly

These employee journeys provide leaders, employees, and the diversity and inclusion (D&I) and HR teams with deep insights and a trove of data to inform corresponding inclusion strategies. Based on employees' feedback and proposals, the HR team evaluates whether and how to redesign processes for the highest impact, considering scalability, resourcing and potential return on investment. The HR team then carries out process interventions to ensure the identified pain points are effectively addressed.[4]

Increase Decision-Making Transparency

Many talent processes are traditionally opaque to employees. Discussions are often conducted behind closed doors among a select group of leaders, with minimal input from the talent being evaluated. Companies and their leaders are increasingly paying attention to this transparency problem; more than half of HR leaders say increasing the transparency of talent processes is a high priority over the next 12 months.[2]

One strategy organizations can employ is to use data to increase visibility into leaders' and managers' talent decisions. This strategy does not necessarily entail sharing information on performance ratings or succession plans throughout the organization but rather, adding a quality check to talent decision making via HR or peer reviews of leaders' and managers' decision outcomes.

To ensure its process for identifying high-potential employees is as objective and fair as possible, Shell has multiple individuals provide performance ratings for each employee to limit the impact of individual biases. Additionally, Shell transparently reports selection results among the leaders and managers involved in the rating process to help uncover discrepancies — for example, if one leader gives significantly higher or lower ratings to their own team than others do. Managers and leaders then discuss as a group how they each rated their teams and why, increasing peer-to-peer accountability.

Shell's approach is made possible by the availability and use of data. Its HRBPs analyze the performance ratings proposed by managers to ensure they're not biased. HRBPs also review the distribution of performance ratings, with an eye toward identifying any significant skews based on gender, salary grade, nationality or age (see Figure 2). If the data show an abnormal distribution, HRBPs engage the relevant leaders or managers in a discussion around their decision outcomes. For example, if women in a business unit are disproportionately ranked in the bottom half of the performance distribution compared to men, the HRBP would facilitate a conversation with the group's leaders and managers to identify biases that may have caused the imbalance.[5]

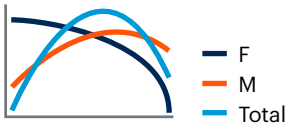
Figure 2. Shell's Performance Decision Bias Checks

Review Recommended Performance Rankings

HRBP Calibration Preparation Guide
Prior to conducting a performance calibration session, use this online report to review distribution of proposed rankings made by managers.

Check Distribution for Skews Based On
- Gender
- Salary Grade

Additional Potential Skews
- Nationality or Ethnicity
- Age



Discuss Distribution Abnormalities in Calibration Sessions With Managers

HRBP Calibration Agenda (Illustrative)

1. Highlight Abnormal Distributions
Women are more commonly ranked in the bottom half of the performance distribution than men.[a]

2. Discuss Potential Manager Biases
- Recency — Placing greater emphasis on recent memory
- Proximity — Giving preference to those closest to you
- Halo — Assuming current success given past success

Source: Adapted from Shell

[a] Illustrative example; does not represent Shell's actual performance distribution.

Address Leader and Manager Bias During Key Moments

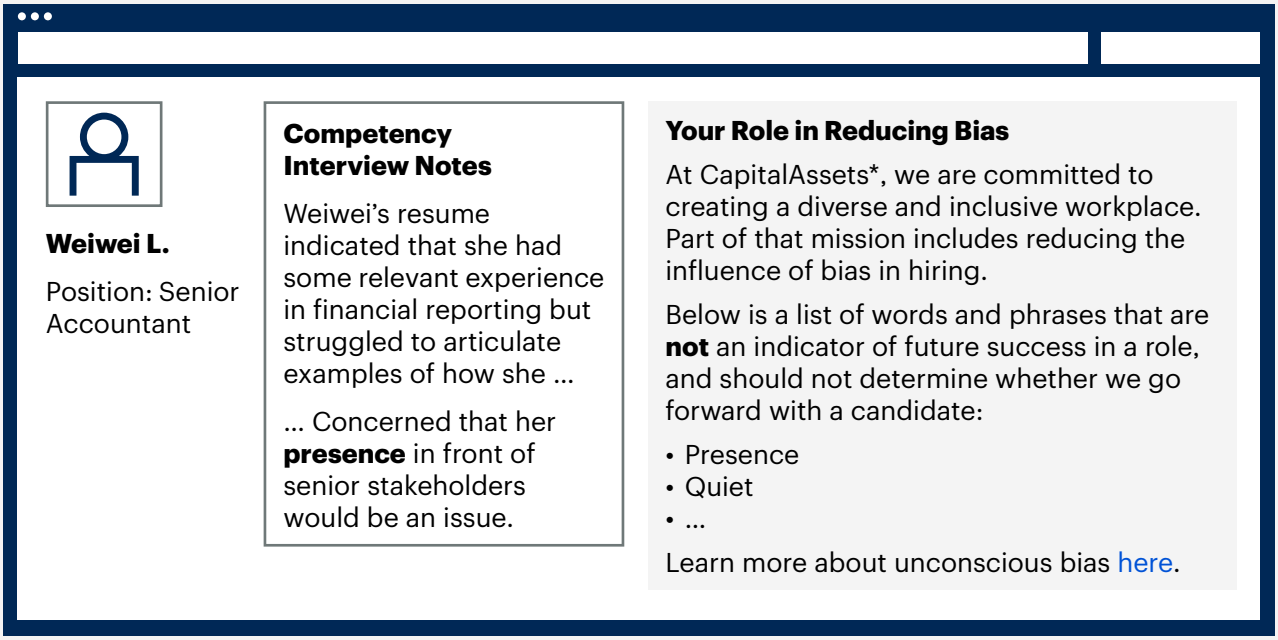
Leaders and managers are at the center of most talent decisions. They determine how to rate employees' performance as well as whom to promote, hire and include on succession slates. Unfortunately, the talent decisions leaders and managers make are often susceptible to bias. To mitigate the impact, many organizations rely on event-based training to increase awareness of these biases. Most HR leaders (79%) offer unconscious bias training.[2] Though important, awareness alone is insufficient for sustained progress. Organizations must move beyond bias training as the primary mechanism to address manager and leader bias in talent processes.

HR leaders can supplement bias training with data to help their organizations address subjectivity in key talent decisions. In fact, data and technology are critical tools to better inform leaders and managers during key decision-making moments.

Organizations are increasingly embedding artificial intelligence (AI) technology into their talent processes to highlight potential biases. For example, some organizations are adopting technology that analyzes recruiting managers' interview notes to identify biased language. CapitalAssets*, an organization we profiled in 2018, built bias reminders into its applicant tracking system to alert managers when their language indicates potential bias or unfair judgment (see Figure 3). The system identifies words that are not markers of future success in a role and should not be used to determine whether to move forward with a candidate. Sample words that the system would flag as biased include "presence" and "quiet."

While CapitalAssets' system is specifically designed for the recruiting process, similar technologies can be applied to other talent processes, such as performance evaluations and talent reviews, or calibration discussions to identify high-potential employees and successors.

Figure 3. CapitalAssets'* Use of ATS to Reduce Bias
Illustrative



Source: Adapted From CapitalAssets*

* Pseudonym

Conclusion

Effective and reliable talent processes are fundamental to organizational success. After all, organizations must trust their talent processes to enable them to hire the right candidates, identify and select the right leaders, and promote the right talent to critical roles. But the human element — central to many talent processes — can pose equity challenges. HR leaders can help their organizations overcome these challenges by leveraging data and technology-enabled solutions.

HR can collect and analyze targeted data to uncover unique barriers for different employee segments. HR teams can also conduct quality reviews of leaders' and managers' talent decisions and share outcomes transparently to increase accountability. Finally, the HR function can implement AI systems that analyze leaders' and managers' qualitative judgments on candidate or employee ratings. As the future brings increased focus on the power and promise of technology, HR leaders are well-positioned to leverage technology and data solutions to accelerate progress toward building a more just and equitable organization.

[1] 2021 Gartner Leadership Progression and Diversity Survey
[2] 2021 Gartner Diversifying Leadership Survey
[3] 2020 Gartner Advancing Underrepresented Talent Survey
[4] Case Study: Employee Journey Mapping (Eli Lilly), October, 2021
[5] Shell's Approach to Assessing for Equity in Performance Reviews, January 2018

The organizations profiled in this research are provided for illustrative purposes only, and do not constitute an exhaustive list of examples in this field nor an endorsement by Gartner of the organization or its offerings.

How to Engage the Board in DEI Leadership

By Jasleen Kaur

Boards of directors today need to proactively engage in DEI as part of their role in overseeing business strategy and mitigating reputational or legal risks. This research shows what CHROs can do to ensure the board understands and participates constructively in their organization's DEI strategy.

During the COVID-19 pandemic, most boards of directors have prioritized risk mitigation and operational efficiency over growth. Our research in 2020 found that on average, over a third of board time was spent on bottom-line cost savings and operational efficiency as well as business continuity and risk-related initiatives (including financial, political and brand risks).[1] As part of these risk mitigation efforts, boards have come to recognize the reputational risks of an insufficient diversity, equity and inclusion (DEI) strategy and have been asking CHROs for more information about the state of DEI in their organizations. Boards' interest in DEI reflects the growing concern among shareholders. References to DEI on earnings calls at S&P 500 companies increased by 658% between 2018 and 2021.[2]

Despite all this attention, most boards still see their role in DEI as limited to reviewing representation data at a high level. And in many cases, as our clients tell us, CEOs and boards think the way to mitigate DEI risk is just to hire more women and other historically underrepresented talent.

However, boards have an opportunity to take an active role in driving DEI in their organizations beyond simply asking for and reviewing data. In the current environment, where a single post or tweet can shake up a company's reputation and share price, boards are obligated to ensure they meet the expectations of their shareholders and the community they operate in. They need to get ahead of any reputational risks that could stem from mismanagement of diverse talent, lack of an inclusive and psychologically safe culture, or instances of harassment or sexual misconduct.

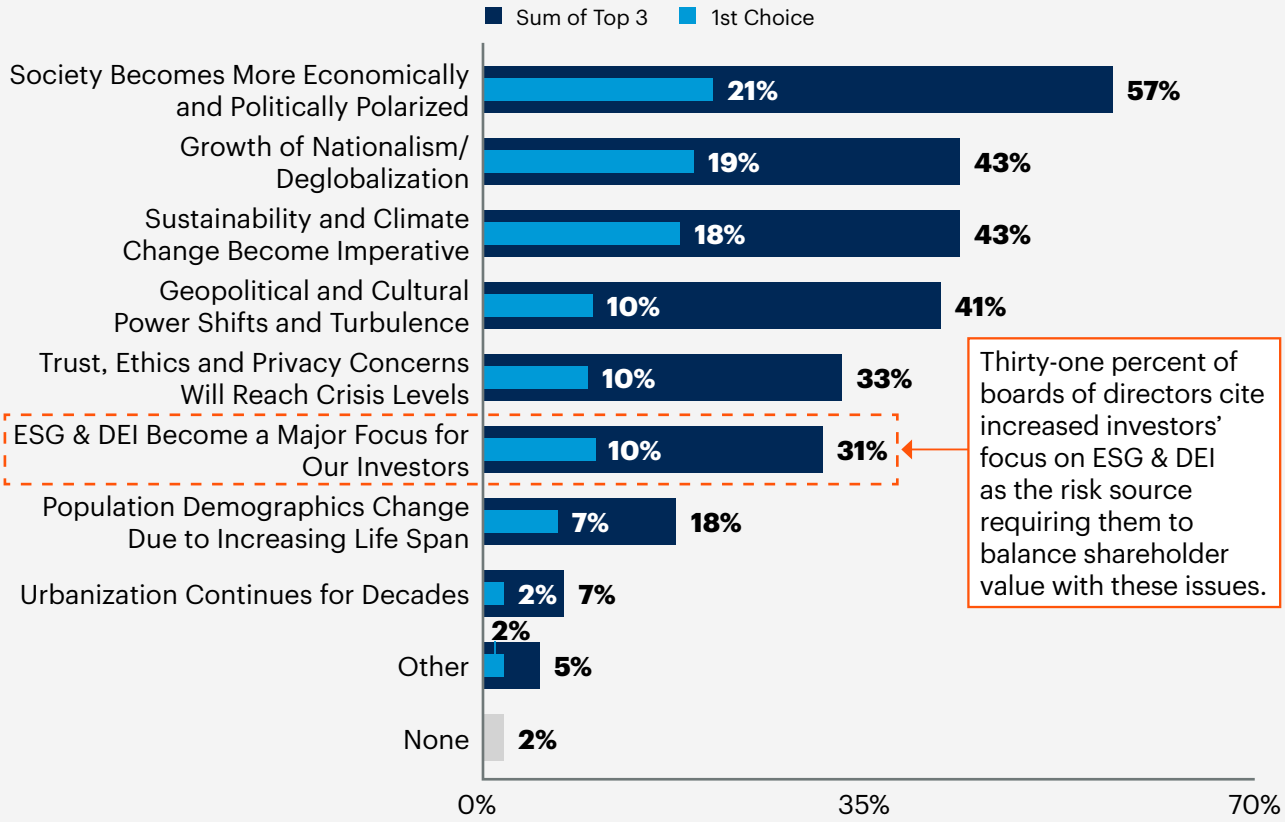
Fortunately, HR leaders can take steps to help their boards become more proactively involved in DEI, beginning with expanding the board's understanding and exposure to how DEI is experienced on the ground, throughout the organization.

DEI Is Both a Risk and an Opportunity

About half of boards (52%) see workforce challenges as one of their top five strategic business priorities for the coming two years, while environmental, social and governance (ESG), health and sustainability concerns have increased in priority.[3] Increasing investor focus on ESG and DEI is seen as an emerging risk, with 31% of boards identifying it as a top-three source of risk among external social and geopolitical trends (see Figure 1). Forty-five percent of boards say they have DEI on their agenda at every board meeting or at least quarterly.[3] This attention is welcome, but if boards perceive DEI exclusively as a source of risk, they can miss the big picture and grasp at quick fixes such as "hiring more women" that don't address deeper DEI challenges. In fact, DEI and ESG will present some of the biggest opportunities for organizations navigating through social and geopolitical trends in the future.

To truly drive DEI in their organizations, boards need to acknowledge it is not just a problem to be solved but a source of strength that, when nurtured, can create opportunities for people who didn't have them before. For example, many organizations tell us they are looking to hire more people with disabilities to take advantage of the postpandemic move to hybrid work models. This is a strategic move that requires a more sophisticated approach to DEI than simply "hiring more people with disabilities."

Figure 1. Top External Geopolitical and Social Trends (Sum of Top 3 Ranks)



n = 273; all respondents, excluding don't know

Q: What are the top three external geopolitical and/or social trends, arising from an increasingly multipolar world, that you see as the biggest sources of risk?

Source: 2022 Gartner View From the Board of Directors Survey

CHROs can help shift this mindset by making a business case for DEI that is specific to the organization and its priorities. A great deal of research is available to support the business case for DEI in general (see Building the Case for Diversity, Equity and Inclusion), but many boards are familiar with this information by now. To hold the board's attention, CHROs need to focus their business case on what, specifically, their DEI strategy will enable the organization to do.

Look Beyond Overall Representation Data

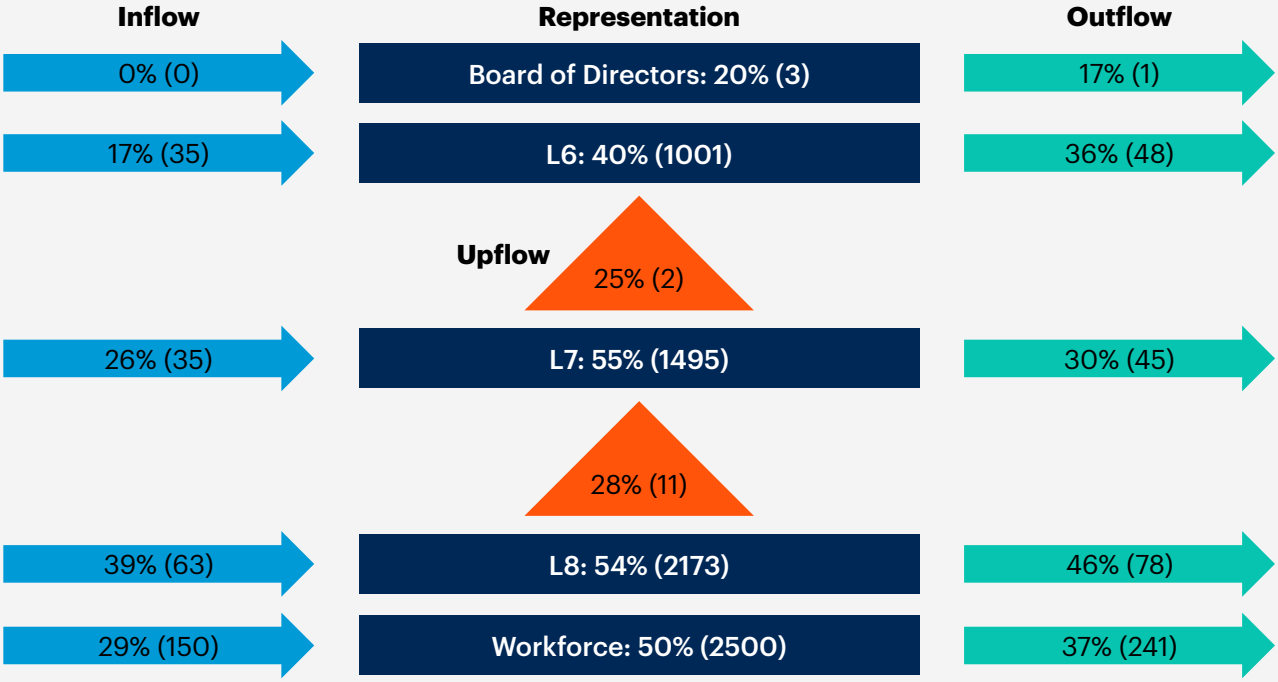
Many CEOs and boards now ask their CHROs to report on diverse talent representation at a high level. This includes total diversity representation data as well as data segmented by different demographics for the whole organization.

While this data is a good step in the right direction, looking at high-level data is no longer enough. It doesn't show where the gaps in talent pipelines are or what challenges or inequities diverse talent face on a day-to-day basis as employees of the company. Boards should see beyond overall representation metrics and understand how talent flows into and throughout the organization.

The absence of this deeper understanding is one reason why even the most well-intentioned boards and CEOs often think they can solve DEI problems through hiring alone. They don't see that women or other historically underrepresented employees who enter the organization are leaving within two years or stalling in their career progression. As CHROs step up their efforts to increase representation in leadership, familiarizing directors with the talent pipeline will help them understand why the DEI strategy consists of much more than recruiting.

CHROs can use a framework of talent inflow, upflow and outflow to help the board understand how underrepresented talent is moving through the organization (see Figure 2).

Figure 2. How to Measure Diverse Talent



Source: Gartner

Note: This talent flow diagram represents a hypothetical organization and is included for illustrative purposes only.

This includes data on succession pipelines, promotion rates and attrition rates among different demographics and business units. This framework will help the board see where the leaks are in the talent pipeline and prompt it to investigate the causes of these leaks. Though there aren't any specific metrics for equity, this deeper insight will help the board recognize the inequitable or biased practices that are holding historically underrepresented talent back in the organization. But since boards mostly only prioritize having visibility into CEO and executive succession and compensation, CHROs must leverage the risks and value of DEI to build a case for them to look beyond the CEO into other pipeline gaps.

Focus on Inclusion, Not Just Diversity

Currently, most CEOs and boards are heavily focused on attracting diverse talent, but not enough on retaining that talent. However, organizations that are truly making strides in DEI are doing so by building an inclusive culture and employee experience. An inclusive culture is the key to retaining and developing underrepresented talent, which benefits employees and the organization.

To help the board recognize the value of inclusion, CHROs should first define the dimensions of inclusion for the board and establish a shared understanding of what it truly means and how it is measured. CHROs can use a tool such as Measuring Inclusion With Gartner's Inclusion Index to identify metrics for assessing the state of inclusion within the organization (see Table 1). Having established the definition and metrics, the CHRO can then use employee survey data to show the board how HR is making progress toward an inclusive culture.

Finally, board members are in a strong position to influence the future direction and strategy of the organization and hence, can look beyond talent outcomes to ensure DEI is well-embedded in the organizational strategy and processes. Therefore, CHROs should encourage the board to leverage their position, insight and influence to investigate whether the strategy and governance of the organization are inclusive. That is, are the products and services being designed to cater to the needs of the more diverse customer base? If not, why, and what needs to change? Posing these questions will also build additional accountability for executive leaders to embed DEI in their functional strategies, since the board will be holding them accountable with consequences.

Table 1. Gartner's Inclusion Index

Elements of Inclusion	Most Representative Item
Fair Treatment	Employees at my organization who help the organization achieve its strategic objectives are fairly rewarded and recognized.
Integrating Differences	Employees at my organization respect and value each other's opinions.
Decision Making	Members of my team give fair consideration to ideas and suggestions offered by other team members.
Psychological Safety	I feel welcome to express my true feelings at work.
Trust	Communications we receive from the organization are honest and open.
Belonging	People in my organization care about me.
Diversity	Managers at my organization are as diverse as the broader workforce.

Source: 2019 Gartner Diversity and Inclusion Employee Survey

Hold the Organization Accountable for DEI Goals

One of the most important ways the board can contribute to DEI is by establishing accountability, not only for executive leadership but also for itself.

Board Diversity

Boards are increasingly scrutinized by the investor community for their own diversity. For example, Goldman Sachs announced in 2020 that it would only take companies public in the U.S. or Western Europe that had at least one diverse board member; in July 2021, the investment bank increased that requirement to two diverse members, at least one of whom has to be a woman.[4] Major institutional investors such as BlackRock and State Street are also voting against directors due to the lack of board diversity.[5] This makes board diversity an issue of personal investment and great concern to directors.

Getting directly involved in driving DEI initiatives will help boards meet their own diversity targets by making the pipeline of their own future successors more representative. In the past, boards have said they would like to appoint more women or other historically underrepresented groups but claimed they could not find candidates with the right qualifications. These excuses are no longer good enough for many major investors. To help, CHROs should encourage the board to ensure recruiting firms identify diverse candidates to join the board based on the skills and experiences needed and not just their previously held titles of CEO and CFO. CHROs should also leverage the career experiences and advice of board members to identify the skills and experiences in line with the future direction of the organization. Doing so will help underrepresented talent become future leaders or qualify for board seats in the future.

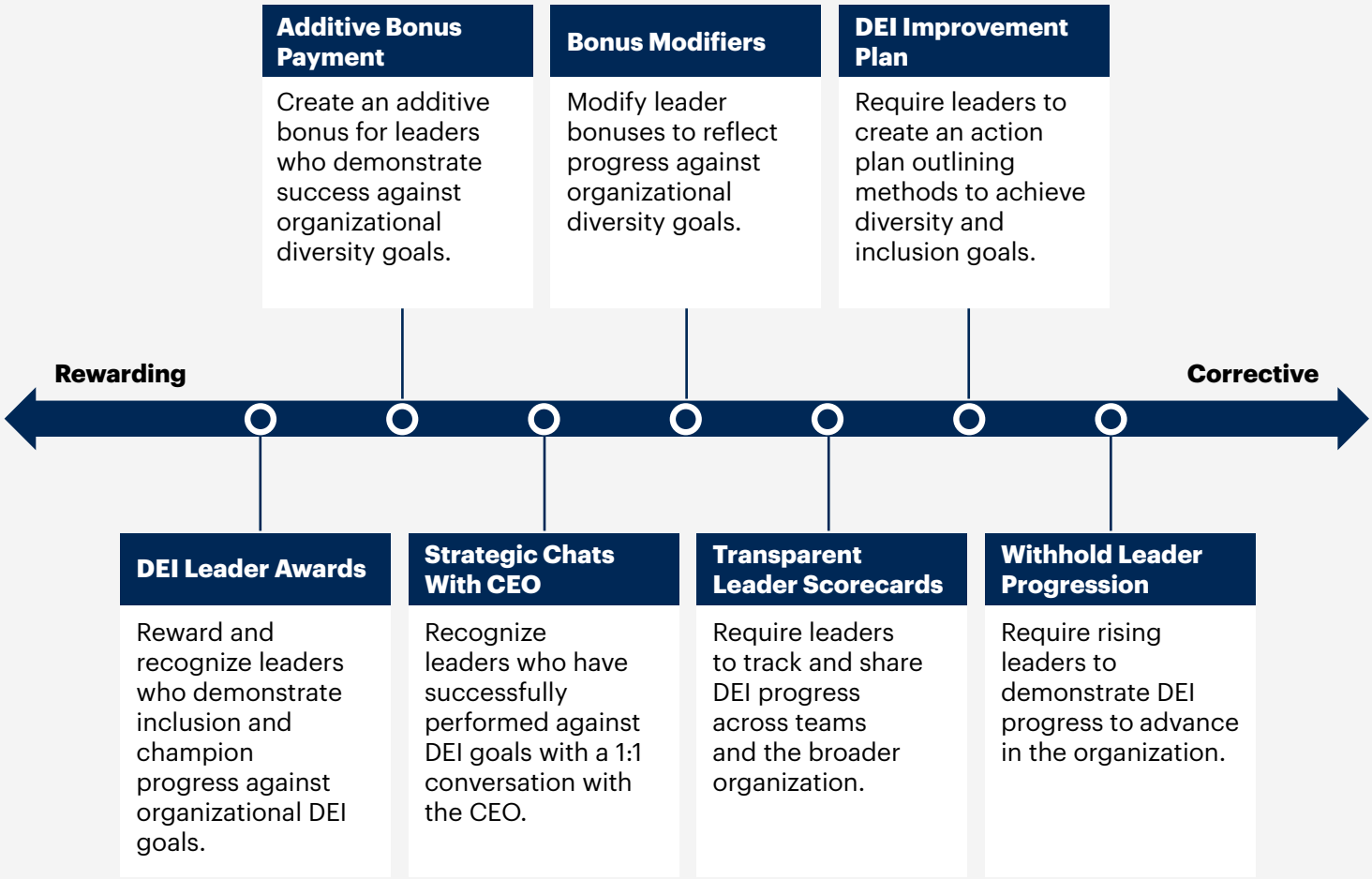
Another opportunity — that currently only 10% of public companies implement — is to establish a mandatory retirement age or term limits as a means of increasing board diversity.[6] Currently, most board members have very lengthy tenures without any limitations which constrains the opportunities available to others. Term limits will create the openings needed for diverse talent to step into leadership faster.

One of the most important ways the board can contribute to DEI is by establishing accountability, not only for executive leadership but also for itself.

Consequential Accountability for Leadership

Boards also have to hold executive leadership accountable for achieving DEI goals. As the body that sets compensation for top-level executives, the board has the authority to determine real consequences for success or failure at meeting those goals. As mentioned earlier, many board members ask their CHROs for representation data that indicates the progress of DEI efforts. But not many connect with the executive leadership team on how they are driving DEI within their respective business units. Those conversations are limited to functional strategy, objectives and financial performance. This is another reason why business leaders deprioritize DEI in favor of other priorities — because there are no positive or negative consequences for them when they succeed or fail to achieve their DEI goals. Therefore, CHROs should partner with and influence the board members to leverage various tools available to them to drive leadership accountability more directly (see Figure 3). An example is to recognize leaders who are leading the organization by creating an inclusive culture in their business unit by inviting them to shadow a board meeting.

Figure 3. Gartner's Guide to Accountability With Consequences
Spectrum of Leader Accountability Measures



Source: Gartner

Conclusion

Boards can no longer limit their engagement with DEI to monitoring top-level data provided by the CHRO. They need to take charge and be proactive in driving DEI in their organizations, because the value of DEI is stronger than ever, while the consequences of not prioritizing it or getting it wrong have become increasingly severe. However, CHROs should not wait for the board to ask to get more involved; rather, they need to make a persuasive case for why that involvement is necessary. To do so effectively, CHROs should take the following actions:

- Illustrate specifically how DEI helps the organization meet its unique goals.
- Provide more in-depth representation data, particularly on how diverse talent flows into and through the organization. This kind of data will also provide evidence of equity in the organization or the lack thereof.
- Familiarize the board with how and why the organization measures inclusion, as well as diversity.
- Make the connection between DEI on the organizational level and the imperative of improving diversity on the board itself.
- Encourage the board to use its authority to hold leadership accountable for DEI outcomes.

[1] 2021 Gartner View From the Board of Directors Survey: This survey was conducted online from May through June 2020, among 265 respondents from the U.S., EMEA and Asia/Pacific. Companies were screened to be midsize, large or global enterprises. Respondents were required to be a member of a corporate board of directors. If respondents served on multiple boards, they answered for the largest company, defined by its annual revenue, for which they were a board member. Disclaimer: The results of this survey do not represent global findings or the market as a whole but rather, reflect the sentiments of the respondents and companies surveyed.

[2] Gartner analysis of earnings calls transcripts of S&P 500 companies for 1Q18 and 1Q21.

[3] 2022 Gartner View From the Board of Directors Survey: This survey was conducted online from May through June 2021 among 273 respondents from the U.S., Europe and Asia/Pacific. Companies were screened to be midsize, large or global enterprises. Respondents were required to be a member of a corporate board of directors. If respondents served on multiple boards, they answered for the largest company, defined by its annual revenue, for which they were a board member. Disclaimer: Results of this study do not represent global findings or the market as a whole, but rather, reflect sentiments of the respondents and companies surveyed.

[4] Board Diversity Initiative, Goldman Sachs.

[5] BlackRock and State Street Proxy Voting Guidelines Update, JDSupra.

[6] Gartner.

Understanding and Improving the Transgender Employee Experience

By Ethiopia Gultneh

Many HR leaders are trying to make their organizations more inclusive for transgender employees. To achieve that goal, they must first examine these employees' experience within the organization and get to know their needs, aspirations and challenges.

Employees, especially millennial and Gen Z employees, increasingly want and expect to work for organizations that value DEI and put these values into practice. As these generations now make up a majority of the workforce, these rapidly evolving attitudes have motivated many organizations to prioritize LGBTQ+ initiatives. However, transgender employees have unique needs and challenges that can be overlooked by initiatives targeting the broader LGBTQ+ community, and HR leaders should prioritize these specific needs to create an inclusive environment for transgender employees.

HR leaders must get these priorities right, because the number of people in the workforce who identify as transgender is growing. A 2017 GLAAD survey of U.S. adults found 12% of millennials identified as transgender or gender nonconforming, twice as many as those who identified with these labels among Gen X.[1] Young people are also increasingly embracing a nonbinary view of gender. In a Pew survey in 2019, 25% of U.S. millennials and 25% of Gen Zers said they knew someone who preferred to be referred to with gender-neutral pronouns, and the younger generations are also significantly more comfortable calling others by gender-neutral pronouns.[2] (Data on the prevalence of transgender and nonbinary identities outside the U.S. remains relatively scarce.)

To attract, engage and retain this talent segment, HR leaders need to better understand the employee experience of transgender employees at their organization. Doing so will enable HR leaders to develop holistic strategies for building an inclusive environment that addresses the real needs and concerns of transgender employees.

How to Understand the Transgender Employee Experience

Transgender employees face unique challenges in the workplace, starting with finding a job. The 2015 U.S. Transgender Survey, the most recent major study of transgender people's experience in the U.S., found unemployment among transgender people was three times as high as in the U.S. population. The survey also found transgender employees experienced harassment, discrimination and threats in the workplace at troubling rates. Furthermore, more than three-quarters of transgender employees who had worked in the previous year had taken steps to avoid mistreatment in the workplace, such as hiding or delaying their gender transition or quitting their job.[3]

Understanding the full employee experience that members of the transgender community encounter at work can help identify and prioritize areas where differentiated support may be needed. To do so, HR leaders can create employee personas — fictional characters created as proxies for certain segments of employees with shared characteristics, priorities, challenges, motivations, behaviors and goals (see Figure 1). Fewer than two in five organizations have experimented with or plan to create general employee personas.[4] While personas leverage inputs from sources like surveys and focus groups, they can be more effective than utilizing these sources on their own because personas ensure a more holistic understanding of the target segment's values and perceptions of inclusion throughout the employee life cycle.

When creating personas for underrepresented groups, HR leaders should source perspectives directly from the underrepresented group, whether through quantitative data, such as benchmarking, or qualitative data from surveys or focus groups. This data must be collected confidentially and employees must understand why it is being collected and how it will be used. HR leaders must also ensure these personas accurately reflect the experience of transgender employees and are not influenced by the external perceptions or opinions of cisgender (nontransgender) colleagues or leaders.

Sample questions that can be utilized for sources like surveys or focus groups include:

- What policies and benefits would support and protect you professionally and personally?
- What processes or procedures currently involve language, information or options that are noninclusive to transgender employees?
- Have you had inequitable experiences with our development, recruitment, promotion or internal mobility processes?
- What should be done to improve your feelings of psychological safety (ability to take interpersonal risks) in your day-to-day experience?
- What types of microaggressions have you experienced?
- Has your manager asked you what your career aspirations are? Does your manager understand the unique barriers to your development and advancement?
- How would you need the culture of our organization to change to demonstrate more inclusivity and allyship?

Figure 1. Sample Transgender Employee Persona

Sample Question: What transgender cultural competencies do leaders and teams need to have to foster your belonging?

Source: Gartner

Additionally, when sourcing inputs to create and leverage personas for transgender employees in particular, HR leaders must consider the impacts of intersectionality on transgender experiences. Intersectionality describes the ways in which different aspects of a person's identity can expose them to overlapping forms of discrimination and marginalization. For example, a transgender Black woman will likely experience a unique set of inclusion challenges in the workplace that impacts their psychological safety differently than what a transgender white man might experience.

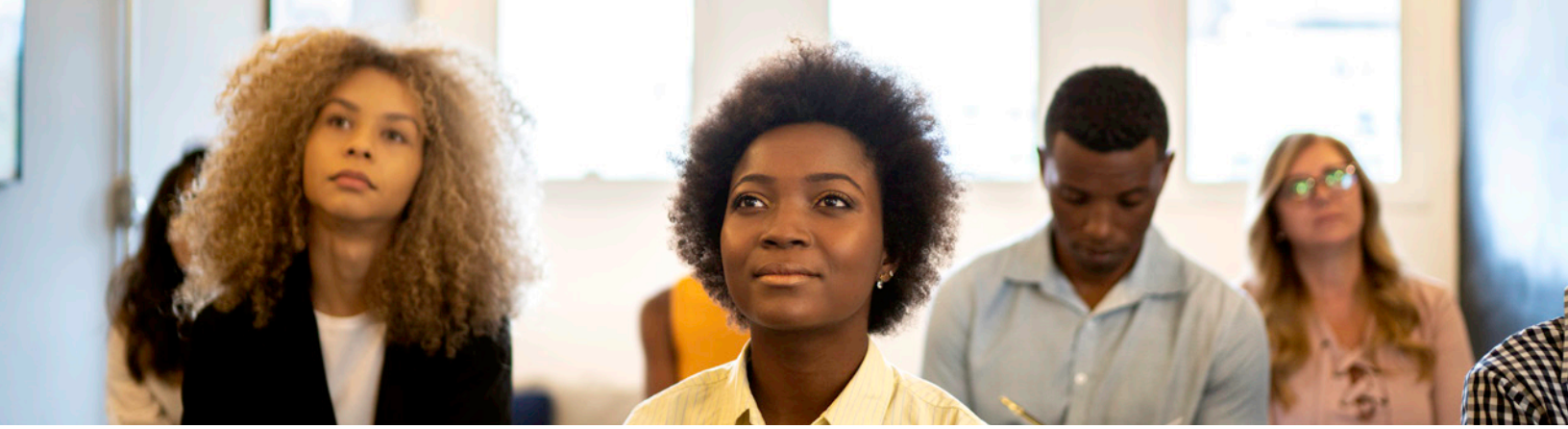
Components of a Holistic Transgender Inclusion Strategy

With an informed understanding of the transgender employee experience — including needs, preferences and barriers — HR leaders will be able to better prioritize and organize inclusion initiatives. Effectively redesigning policies and processes and transforming organizational culture to be truly inclusive of transgender employees requires a holistic approach, involving various stakeholders throughout the organization (see Table 1).

Table 1. Activities to Support Transgender Inclusion

Inclusion Support Actions	Related Internal Stakeholders/Partners
• Policy creation and enforcement (zero tolerance for discrimination or harassment, inclusive and nondiscriminatory dress codes) • EEO/Compliance ("gender identity or expression" as a protected category) • Employee data privacy (protection and accessibility of personal information)	Legal and Compliance, Data Privacy
Facilities accessibility (e,g., gender-neutral restrooms, locker rooms)	Real Estate
• Inclusive self-identification options for gender identity • Bias mitigation in recruiting (e.g., blind résumés, diverse candidate slates and interview panels, nongendered language in job descriptions)	Data Privacy, Recruiting
Transgender-inclusive employee benefits	Total Rewards
Transgender-inclusive managers and leaders	Learning and Development, Talent Management
Enablement of peer allies to support transgender inclusivity	Employees, Employee Resource Groups (ERGs)
Top-down encouragement of an inclusive organizational culture, specifically by having senior leaders and the C-suite (and/or the board) visibly demonstrate and model support and advocacy	Senior Leaders/C-Suite Executives, Executive D&I Council
• Workforce education on the inclusive use of pronouns in communications • Recognition and celebration of Pride Month and other events significant to the community, such as the passing of equality-related legislation	Communications, Employee Resource Groups (ERGs)
Simplified processes for transgender individuals to amend organizational records indicating their name, gender identity or sexual orientation	HR Information Systems

Source: Gartner



While many of these changes require partnerships with other functions or concerted efforts throughout the organization, HR leaders can take many actions on their own. These include (but are not limited to) three essential steps to create a safer and more welcoming environment for transgender employees:

- Build transgender-inclusive managers and leaders.
- Equip peer allies to support transgender inclusivity.
- Design transgender-inclusive employee benefits.

Build Transgender-Inclusive Managers and Leaders

Our research shows building inclusive leaders requires more than foundational bias awareness materials or training. While understanding the psychology of bias is an important component, effective approaches go beyond bias awareness to make inclusion relevant, actionable and routine for leaders.

To make transgender inclusion actionable, HR leaders can develop cultural competency communication guides, wherein managers and leaders can learn about key terms and how to use them. These guides might include information about:

- Consistently using confirmed names and pronouns
- Appropriately referring to someone's "affirmed gender" rather than their "new" or "chosen" gender, which can have offensive implications
- Maintaining confidentiality of employees' transgender status
- Refraining from giving advice or compliments (regardless of intention) that subscribe to stereotypical gendered standards of appearance

By understanding these terms and concepts, managers and leaders can not only help protect transgender employees from workplace discrimination but also remove the burden of educating others from the employee's shoulders.

Equip Peer Allies to Support Transgender Inclusivity

HR leaders should not only provide guidelines and education about inclusivity to leaders and managers but also develop allyship in peers throughout the organization to make transgender inclusion a consistent part of the culture. Allies advocate for and support marginalized groups — in this case, LGBTQ+ employees — and help tackle ignorance and discrimination. Employees can demonstrate allyship in the workplace by informing and educating themselves, practicing active listening, committing to awareness and growth, advocating for underrepresented peers and interrupting bias and discrimination.

To encourage and equip employees to become better allies to transgender employees and help improve the workforce culture, HR leaders can leverage publicly accessible resources, such as:

- GLAAD's Tips for Allies of Transgender People,
- The National Center for Transgender Equality's Guide to Being a Good Ally
- The Human Rights Campaign's Toolkit for Transgender Inclusion

All three address some of the daily realities of the discrimination that transgender employees face in the workplace.

Additionally, HR leaders can establish or further enable LGBTQ+ ERGs and create infrastructure that enables identification of transgender employees' unique needs and advocacy for them by having a dedicated leadership position or strategic priority. ERGs can host forums to discuss ongoing challenges specific to the segment and direct feedback upward through the organization on their behalf.

ERGs can also partner with HR and communications to promote, celebrate and educate the workforce on holidays and events significant to the community, such as Pride Month or the passing of equality-related legislation.

Design Transgender-Inclusive Employee Benefits

Gartner's Inclusion Index research finds transgender-inclusive healthcare is one DEI-related initiative that significantly increases employees' perceptions of inclusion.[5] HR leaders should help their total rewards functions understand the business case for inclusive benefits for transgender employees and take action accordingly.

Transgender-inclusive healthcare benefits are increasingly common among large organizations in the U.S., including many that operate globally. According to the Human Rights Campaign's 2021 Corporate Equality Index, 71% of Fortune 500 companies now offer transgender-inclusive benefits.[6] As these benefits become more common, employees will increasingly view them as a basic indicator of an employer's commitment to inclusion. HR leaders looking to make benefits more inclusive should consider coverage for:

- Hormone therapy
- Gender confirmation surgery
- Medical leave for transitioning
- Surrogacy and adoption benefits for transgender employees
- Family leave for all employees who become parents through these means
- Recognition of any domestic partnerships, where possible

Conclusion

These are just a few of the actions HR leaders can take to establish a more inclusive, welcoming and safe work environment for transgender and gender nonconforming employees. For many organizations, they may be the most impactive drivers of inclusion for this talent segment. However, before embarking on a transgender employee inclusion strategy, information must be gathered about transgender employees' workplace experience to inform an approach that addresses their specific needs and challenges.

1 Accelerating Acceptance 2017, GLAAD.
2 Generation Z Looks a Lot Like Millennials on Key Social and Political Issues, Pew Research Center.
3 U.S. Transgender Survey, National Center for Transgender Equality.
4 2019 Gartner Quick Poll.
5 2021 Gartner Inclusion Initiatives Employee Survey. This survey was conducted between February and March 2021 among 3,001 employees in 14 countries, working in over 23 industries. Gartner's Inclusion Index measures the impact of various inclusion initiatives on employees' perception of inclusion in their organization.
6 Corporate Equality Index 2021, Human Rights Campaign.

Top 5 Priorities for HR in 2022

Gartner surveyed more than 500 HR leaders across all major industries to assess their priorities and expected challenges in 2022.

This report highlights key findings from the survey, detailing:

- The 5 initiatives CHROs and HR leadership are prioritizing in 2022
- Common challenges HR leaders are facing in each priority
- Actions HR leadership should take to address each priority in the year ahead

View the key findings and assess your top priorities for 2022.

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Interview

Making Equity a Strategic Imperative: Q&A With Donald Fan

By Jonah Shepp and Emily Strother

As the role of business in society evolves, equity has become an urgent priority for organizations. In this interview, Donald Fan, senior director of the global office of culture, diversity and inclusion at Walmart, discusses how D&I leaders can more effectively build equity into their strategies.

Donald Fan
Sr. Director of the Global Office of Culture, Diversity, Equity and Inclusion, Walmart

Donald Fan serves as senior director of the global office of culture, diversity, equity and inclusion at Walmart. In that role, he has been responsible for leading various functional areas at different times, including strategy development, marketing and communications, analytics, business insights, program design and implementation, and stakeholder relations.

Over the past 18 months, the pandemic, the racial justice movement and growing awareness of societal inequities have changed the way many organizations think about diversity, equity and inclusion (DEI). Have the events of the past year changed your definition of equity or your approach to it at Walmart?

External macro trends have put pressure on our thinking about how equity will play an essential role in achieving DEI success. Our stakeholders want us to leverage our size and scope to make a difference in the community and in society, while at the same time driving business success. That is the intersection where value is added and also where morality and humanity are restored. Today, when young talent select employers of choice, DEI weighs heavily in their decision. And finally, our customers expect our diverse workforce to accelerate innovation and value creation; that's how they select their retailer of choice.

Equity is pretty straightforward: It's how we offer equitable and inclusive opportunity and access to everyone and allow them to make decisions, develop and grow on a level playing field. Embracing equity is a strategic imperative to catalyze breakthrough business growth. Diversity reflects a seat at the table, inclusion is a voice at the table, and then equity is how we react to the voice we hear at the table. In practice, we can't harness the value of diversity and inclusion without equity.

What are some of the actions you have taken at Walmart to drive equity?

First, in our hiring process, we require a diverse slate of candidates and diverse interview panels, to make sure we have a broad base of talent and can select the best of the best. We dive deep into data analytics during each stage of hiring, starting with the applicant pool, then the candidate pool, the interview pool and finally, the selection of the new hire. And we prompt our recruiters and hiring managers at the key points in the process to increase their awareness of potential bias. Our DEI toolkit, which is distributed to our corporate officers (VP and above) and people partners, also shares the best practices for making inclusive decisions during hiring and selection processes.

The second critical moment is onboarding. We introduce our associate resource groups (ARGs) [referred to as employee resource groups (ERGs) at many organizations] to new hires early on, so they have the choice to join those groups from the beginning. Many of our business areas have introduced a buddy system, where every new hire is paired with a seasoned associate to show them the ropes and cut down the learning curve as they enter the new work environment. Finally, we create checkpoints to understand the new hire experience and ensure everyone has a fair chance to start their career with our organization.

The third critical moment is offering everyone equitable access to learning and development opportunities and resources. For example, our associates have unlimited access to the LinkedIn learning platform, where they can select among 16,000 courses that make sense for their reskilling and upskilling. We implement targeted development programs to teach learning agility and unlock associates' true potential, and we offer our new hires and diverse talent mentoring or sponsorship programs. About 72,000 managers at Walmart are required to mentor or sponsor at least two associates each year as part of our inclusive leadership expectations.

In June 2020, Walmart established four Shared Value Networks (SVNs) as part of a broader commitment to racial equity with a specific emphasis on developing strategies and investing resources to help increase fairness, equity and justice across society. The SVNs are focused on the social systems of criminal justice, education, financial and health. Each SVN team is charged with studying national systems and defining the business strategies Walmart can deploy to help shape these systems toward more equitable outcomes.

Diversity reflects a seat at the table, inclusion is a voice at the table, and then equity is how we react to the voice we hear at the table.

Tell us more about your mentorship and sponsorship programs. How do you manage that kind of initiative in such a large organization?

We've had a formal mentoring program for more than a decade. To improve the quality of mentoring relationships, we are developing and offering an AI-driven mentor matching system. Each of our associates, if they are looking for a mentor or mentee, can log onto this system, create their personal profiles and fill out their career development needs and personal interests, as well as what kind of mentor they are looking for. For example, they may be looking for a mentor in finance or HR, or for someone two levels above their current role. The system will then match them with executives and senior leaders, who also create their personal profiles, and tell them if it finds a 100% match or say, a 68% match. The associate can then reach out to the person they've been matched with.

Our mentorship and sponsorship programs help drive equitable advancement for our associates. In the U.S., we promote about 500 associates every day, and among these, 46% are women, and 39% are people of color.

How do you hold leadership accountable for advancing equity? Whom do you hold accountable, specifically, and what tools do you use to drive accountability?

We hold our leaders accountable for DEI. We ask our business leaders and people partners three fundamental questions, and we measure that and hold them accountable using data.

The first question is: Do you have an inclusive team that reflects our customer base? This is measured by representation data. We offer our leaders and people partners a dashboard with very detailed diversity statistics, as well as mobility and exit numbers. Within this system, each business leader and their people partner can see what's going on in the organization. And it offers six years of historical data, so leaders can track their trends in representation, new hires, promotion, demotion and turnover (voluntary and involuntary).

The second question is: Do you offer equitable and inclusive opportunities to everyone to learn, develop and advance? This is measured by promotion data and mobility data.

The third question is: Do you have an inclusive environment that attracts and retains diverse talent? And this is measured by turnover, new hires, and also two qualitative metrics: a culture index and an inclusion index. The culture index tries to get a real pulse of our associates: Do they feel our corporate values are practiced in their own day-to-day experience? And the inclusion index measures the sense of belonging, uniqueness and fairness.

So we bundle together quantitative and qualitative data to hold leaders accountable. And at the annual performance evaluation period, our 72,000 managers are required to have a conversation with their supervisors to review the results of these requirements and see if they succeeded or failed.

Also, each month we generate a DEI report for our CEO, which shows the current status of each of his direct reports, and he uses this report to carry out continuous conversations with his direct reports to drive inclusion.

Our four guiding principles shape our approach to improving the company's DEI health and set the foundation for sustainable change across the enterprise. These are accountability, data-driven decision making, transparency and objectivity.

How do you get people bought into equity when there are anxieties about some people being left out or having to give something up? How have you addressed the potential pushback in the design and communication of your equity efforts, and have you found any successful strategies for getting that widespread buy-in?

In the past, we used to communicate DEI narratives and programs only targeting underrepresented talent, and it's definitely made some people, especially white males, feel left out — in a bystander role. So what we've done differently is to be more purposeful and engage white male associates and middle management along the journey.

We are also looking into how to get our associates in field operations — in the stores, clubs and distribution centers — engaged in equity, and teach people that it's not a zero-sum game or a trade-off, where some gain and others lose.

We used to have seven associate resource groups (ARGs), all for underrepresented groups. In the past two years, we've added two new ARGs: one for veterans, and the other, an interfaith group. Thinking beyond the diversity scope, the majority of the participants in these groups are white males. So this is one thing we've done to get more associates engaged. We are also looking into how to get our associates in field operations — in the stores, clubs and distribution centers — engaged in equity, and teach people that it's not a zero-sum game or a trade-off, where some gain and others lose.

This is one of the differences I specifically point out between equity and equality: With equality, what you're doing is giving everyone the same thing by assuming proportionality, and you don't care about the differences among them. With equity, you need to individualize your learning about individual groups, their needs, their wants and what will make a difference for them to grow together. You're addressing disproportionality.

A level playing field is not just for women or people of color; it's for everyone. Everyone has the same starting point, the same resources, access to information and tools, and is also being invited to decision-making processes. That's the environment we're trying to build to make sure our white male associates don't feel left behind. We will offer them the right tools to become allies and champions. We can't afford for them to stand by and not be engaged in our journey.

Our vision is for everyone to be included. By fostering a workplace culture where everyone is — and feels — included, everyone wins. Our associates are happier, perform at their best and in turn, provide better service to our customers and members.

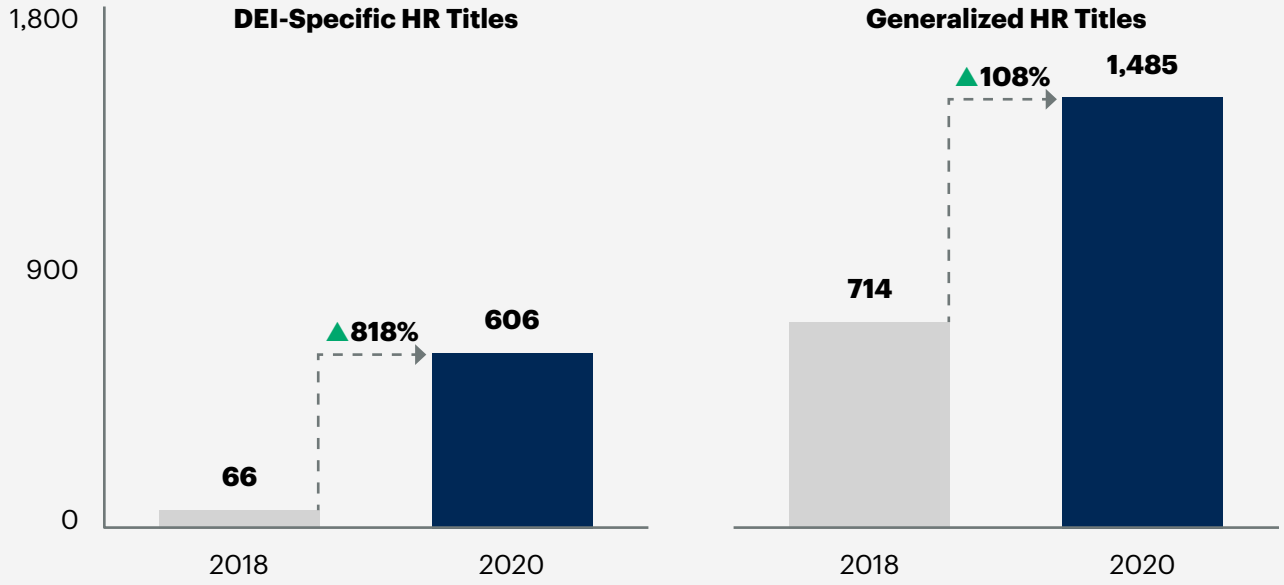
Quant Corner
Demand for Diversity Recruitment Skills on the Rise in U.S.

By Peter Vail

As Diversity, Equity and Inclusion (DEI) has become an increasingly high priority for U.S. organizations, Gartner TalentNeuron data shows that they have placed a particular emphasis on diversity recruitment skills in their HR functions. Between 2018 and 2020, we saw an 818% increase in DEI-specific job titles requiring diversity recruitment skills, compared to 108% among generalized HR job titles across all organizations in the U.S.

The staggering rate of growth in DEI-specific HR titles that include diversity recruitment skills reflects the increasing investments these organizations are making in DEI. However, the increase in demand for these skills in generalized HR roles is also noteworthy: In the same timeframe (2018-2020), the proportion of generalized HR titles requiring diversity recruitment skills jumped from roughly 1 in every 10 job postings to 1 in every 2 in the U.S. This illustrates the extent to which increasing the representation of underrepresented talent has become a strategic priority for many employers.

Figure 1. Increase in Job Postings With Diversity Recruitment Skills for DEI-Specific and Generalized HR Job Titles
Number of Job Postings



Source: Gartner TalentNeuron