

GLOBAL DIVERSITY AND INCLUSION

Fostering Innovation Through a Diverse Workforce



IN ASSOCIATION WITH:



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L'ORÉAL
USA

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KEY FINDINGS

- **Diversity is a key driver of innovation and is a critical component of being successful on a global scale.** Senior executives are recognizing that a diverse set of experiences, perspectives, and backgrounds is crucial to innovation and the development of new ideas. When asked about the relationship between diversity and innovation, a majority of respondents agreed that diversity is crucial to encouraging different perspectives and ideas that foster innovation.
- **A diverse and inclusive workforce is crucial for companies that want to attract and retain top talent.** Competition for talent is fierce in today's global economy, so companies need to have plans in place to recruit, develop, and retain a diverse workforce.
- **Nearly all respondents reported that their companies have diversity and inclusion strategies in place.** However, not all of the plans are identical. About a third said their companies have global strategies that allow for minimal regional deviation, while half said that their organizations have a global plan that also allows for different strategies and programs in order to address regional needs or cultural differences.
- **Organization's diversity goals and priorities won't change significantly over the next three years.** When asked about their company's current diversity and inclusion priorities, 43% cited retention and development of talent, followed by ensuring diversity in the workplace in general (35%), developing a robust pipeline of diverse talent (29%), and managing cross-generational issues (28%).
- **Responsibility for the success of company's diversity/inclusion efforts lies with senior management.** In order for a diversity/inclusion plan to have real meaning, there needs to be accountability and oversight. Seven out of ten companies reported that the buck stops at the C-level and their board of directors.
- **Significant progress has been made to build and retain diverse workforces, but there are still some impediments to companies' efforts.** Respondents feel they've made progress in gender diversity, but they feel they've fallen short in areas such as disability and age.

DIVERSITY AND INCLUSION

A Formula for Success

What does it mean to be diverse? What do your diversity efforts entail? Do the diversity efforts you maintain in your home market carry through to other markets around the globe? And perhaps most importantly, what is the business case for diversity and inclusion?

The basic formula for diversity is rapidly evolving. It is no longer simply a matter of creating a heterogeneous workforce, but using that workforce to create the innovative products, services, and business practices that can set a company apart and give it a competitive advantage in the marketplace. And as companies compete on a global scale, diversity and inclusion frequently have to shift, as different markets and different cultures have varied definitions of what diversity means.

Today, diversity and inclusion efforts are de rigueur for almost all companies. Executives understand that their companies can't be successful on a global platform if they don't have a diverse and inclusive workforce. A diverse and inclusive workforce is necessary to drive innovation, foster creativity, and guide business strategies. Multiple voices lead to new ideas, new services, and new products, and encourage out-of-the-box thinking. Companies no longer view diversity and inclusion efforts as separate from their other business practices, and recognize that a diverse workforce can differentiate them from their competitors and can help capture new clients.

To gain a better understanding of the role that diversity and inclusion play in companies around the globe, Forbes Insights conducted a comprehensive survey of more than 300 senior executives. All of the executives were involved in developing, implementing, or managing strategies or programs related to diversity and inclusion for their companies' workforce. The companies that participated in the survey had revenues of at least \$500 million and went up to more than \$20 billion. Geographically, respondents were from the three global regions: the Americas, Asia Pacific, and Europe, Middle East and Africa.

In addition to the survey, one-on-one interviews were conducted with more than a dozen diversity officers, board members, and senior executives from large, multinational corporations. The interviews not only reflected the findings of the survey, but also provided a detailed look at how companies are putting diversity to work for them, and how a diverse and inclusive workforce is essential for driving innovation and guiding business practices.

METHODOLOGY

The information in this report is based on the results of a survey and one-on-one interviews conducted by Forbes Insights.

Forbes Insights surveyed 321 executives with direct responsibility or oversight for their companies' diversity and inclusion programs. All respondents worked for large global enterprises with annual revenues of more than US\$500 million. More than 40% worked for companies with annual revenues of \$US5 billion or more.

Nearly half (44%) of respondents had C-level titles or were board members. The remainder had titles of director or above. In terms of function, a third (33%) of respondents were involved in corporate management, 32% were in HR or talent management, 21% were in business operations, and 12% were in finance.

Geographically, respondents were fairly evenly split between the Americas (35%), Asia-Pacific (34%), and Europe/Middle East/Africa (31%).

Diversity Is a Key Driver of Innovation

“Diversity fosters creativity. We need to generate the best ideas from our people in all levels of the company and incorporate them into our business practices.”

—FRÉDÉRIC ROZÉ, chief executive officer, L’Oréal USA

The business case for diversity and inclusion is intrinsically linked to a company’s innovation strategy. Multiple and varied voices have a wide range of experiences, and this can help generate new ideas about products and practices. Survey respondents overwhelmingly agreed that a diverse and inclusive workforce brings the different perspectives that a company needs to power its innovation strategy. (Fig. 1)

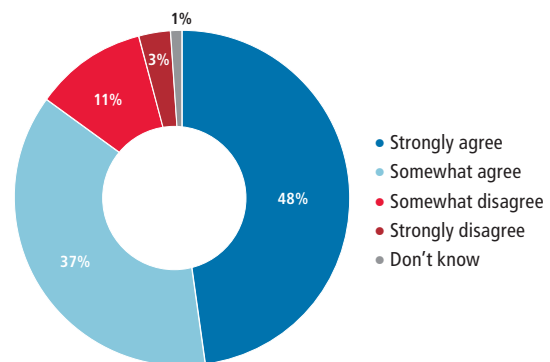
This is particularly true for the largest companies. Among companies with more than \$10 billion in annual revenues, 56% strongly agreed that diversity helps drive innovation. “Because of our diverse workforce, we’ve experienced a boost in productivity. When you can move people to contribute to their fullest, it has a tremendous impact,” noted Rosalind Hudnell, director of global diversity and inclusion at chip maker Intel.

“We have a vast amount of diversity [within the company] that comes into work every day to build technology that plays out around the world. You can’t be successful on a global stage without it,” Hudnell added.

Respondents in Asia also were more likely to see a link between diversity and innovation. In the APAC region, 56% “strongly agreed” with this notion, compared to 48% in the Americas and 41% in EMEA. “In Asia Pacific, we’re focused on leveraging diverse skills in growth markets and getting better gender representation in senior management,” explained Niki Kesglou, head of diversity and inclusion, Asia Pacific, for financial services firm Credit Suisse.

A diverse and inclusive workforce can also help ensure that a company’s products and services are respectful of their clients’ cultures. Companies such as AT&T, Mattel, Intel, and others have employee groups that foster inclusion among women and other minorities within their organizations, and also provide valuable insight into the markets

FIGURE 1: A diverse and inclusive workforce is crucial to encouraging different perspectives and ideas that drive innovation.



they reflect. “Our Employee Resource Groups (ERGs) are very important to us. They help us define products that work for their regions or demographics,” said Mattel diversity board member Huey Wilson, the company’s vice president of human resources, worldwide operations. In addition, he continued, these diverse employee groups have saved the company from making some embarrassing and potentially costly mistakes. “We have to make sure that we’re culturally sensitive. There have been some big near misses that we might not have avoided without the ERGs.”

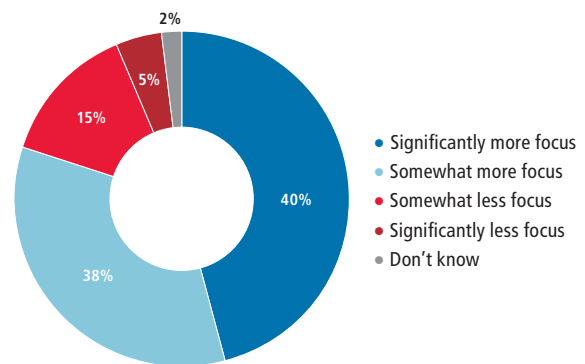
Frédéric Rozé, CEO of L’Oréal USA, said that given his company’s global footprint, it is critical to have executives and employees representative of different regions and ethnicities. “I have worked in Russia, Argentina, and Europe, and it has helped me to understand the different cultures and people,” he said. Rozé added that these insights help

inform product development and can also guide business practices. “We have different brands that meet the diverse needs of our consumers, but another benefit of being a player in different regions is that you can pick up ideas from the outside and apply them to the business.”

“At the end of the day, when you’re creating an environment where people can come together and bring their own views and feel respected, competitively, your company will do so much better,” added Debbie Storey, senior vice president of talent development and chief diversity officer at AT&T.

Looking ahead, more than three quarters of respondents reported that their companies are looking to focus more on leveraging diversity for innovation and other business goals over the next three years. (Fig. 2)

FIGURE 2: Over the next three years, how will your focus change on leveraging diversity for your business goals (including innovation)?



Mattel

EMPLOYEE RESOURCE GROUPS DRIVE INNOVATION

Mattel knows the value of harnessing the unique insights and experience its employees bring to the table. Two years ago, company executives decided to launch a line of dolls that were going to be marketed to African-American girls. In order to ensure that the dolls were culturally sensitive, senior management enlisted the aid of MAAF, Mattel’s African-American Employee Resource Group, to advise and guide Mattel’s marketing team through the launch of the product. Today, it is one of the company’s best-selling, minority-focused brands.

During the course of several meetings, MAAF members helped to come up with the name of the line, “So In Style,” and weighed in on the overall look and concept of the doll. “They asked us very candid questions about the look of the doll. Did they get the skin tone right? What about the nose and the hair?” said David Simmons, associate manager of account planning and MAAF member.

MAAF members also weighed in on the dolls’ names in order to make sure they also were culturally sensitive. “They wanted to make sure we were comfortable with the names they’d chosen,” said Simmons.

A Diverse Workforce Attracts Top Talent

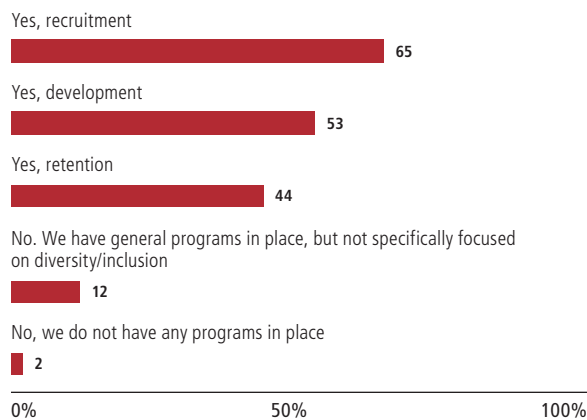
“We are in 75 countries and we want to hire the best talent in each locale. Diverse teams and companies make better decisions.”

—EILEEN TAYLOR, global head of diversity, Deutsche Bank

In the fight for global talent, diversity and inclusion policies are being designed specifically as recruiting and retention tools, helping to broaden the pool of talent a company can recruit from, while also helping to build an employment brand that is seen as fully inclusive. “If you want to attract the best talent, you need to be reflective of the talent in that market,” said Eileen Taylor, Deutsche Bank’s global head of diversity.

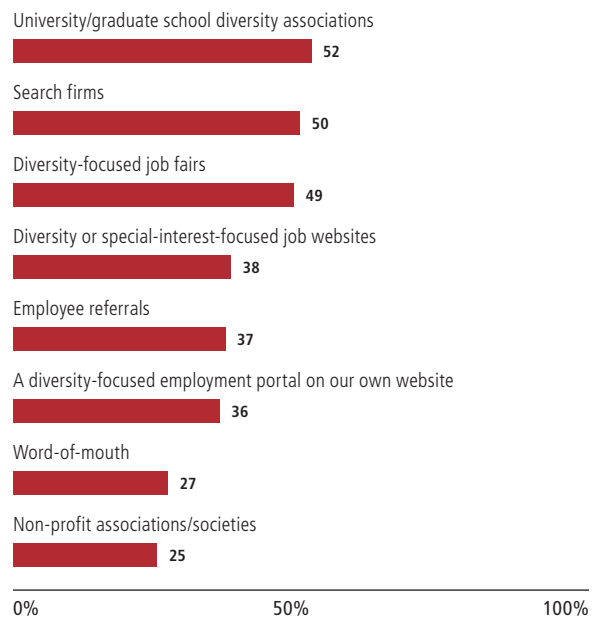
Among survey respondents, most (65%) have in place programs specifically to recruit diverse employees. (Fig. 3) Fewer follow that up with diversity-focused development (53%), and just 44% have specific diversity retention programs.

FIGURE 3: Do you have any official programs in place specifically to recruit, develop, or retain a diverse or inclusive workforce?



Companies take a variety of tactics to engage the kinds of diverse populations they hope to bring on board. Many organizations including AT&T and Mattel enlist their employee groups to act as company ambassadors. These groups reach out to talent by attending external job fairs, conferences, and community events. “The more they reach out to the public, the more it will help fill our talent pipeline,” said Mattel’s Wilson. In addition to the employee outreach efforts, companies such as Intel and Credit Suisse forge long-standing relationships with universities to tap into talent, while many others also rely on other outsourcing channels, including vendors, to reach a broad range of candidates.

FIGURE 4: When it comes to recruitment of a diverse workforce, where do you go to find your talent?



L'Oréal USA

HARNESSING EMPLOYEE'S DIVERSE PERSPECTIVES FOR INNOVATION

At cosmetics giant L'Oréal USA, the importance of diversity and inclusion is expressed by its formula for diversity management: DIVERSITY + INCLUSION = INNOVATION & SUCCESS®. This formula permeates many functions of the company from recruitment to sales to community outreach.

"The recruitment of diverse talent for our organization is critical to our ability to build our business and drive future growth," said Sumita Banerjee, vice president, talent recruitment at L'Oréal USA. To that end, company executives connect with more than 3,000 students on campus each year via business games, professor partnerships, student organizations, and campus presentations. Additionally, executives maintain a network of strategic partnerships to connect with "experienced" talent. These relationships include Junior Military Officers, outstanding women in science, National Diversity recruitment fairs, and others. "The diversity of thought, industry, and multi-market backgrounds of the candidates that we recruit directly impact our ability to innovate and give us a foundation upon which we are able to help to achieve our business goal of reaching a billion new consumers in the next 10 years," added Banerjee.

But it's not enough to build a diverse and inclusive workforce if you don't put that talent to use. L'Oréal USA executives understand the value and insight the company's diverse workforce can provide in building consumer brands and offerings that cater to specific ethnic groups. One case in point is a research project focused on foundation for women of color. Balanda Atis, group leader, research and innovation at L'Oréal USA, worked on a project designed to shed light on the problem that non-Caucasian women face. "As a woman with darker skin, I have always had a difficult time in trying to find a shade of foundation that was appropriate for my skin tone. Furthermore, I know that this is a concern for consumers." Through a series of studies conducted nationally that interviewed women and measured skintones, Atis and a team of scientists were able to demonstrate scientifically that women of color have specific needs.

"Diversity gives us a competitive advantage," added Howard Lewis, vice President of sales and education for Mizani, a L'Oréal brand that targets women of color. "In order to create a sustainable business model, we have to include as many consumers as possible and provide the best products." One such product is Mizani's True Texture line. Scientists at L'Oréal spent two years studying 1,000 heads of hair and came up with a "curl key" that defines eight types of hair and how to treat each specific hair type. The True Texture line, for women of color who want to wear their hair naturally curly, was one of the products that arose from the research project.

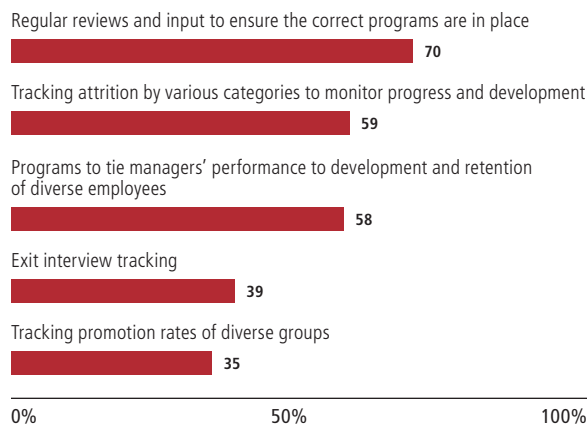
The company is also always looking for new and innovative ways to engage its customers. Recently, executives at L'Oréal USA and Telemundo developed an innovative program that touches on a passionate point of one its core customer groups—telenovelas for the Hispanic community. This program, "Club de Noveleras" (CDN), is a "community" that lives on Telemundo.com that gives consumers more behind the scenes telenovela content that ranges from videos to pictures as well as an exclusive beauty blog written in Spanish. Not only is the "community" aspect of CDN a first for the Hispanic market, but so is the Spanish-language beauty blogger. Club de Noveleras also has experiential touch-points for all the L'Oréal brands, explained Daniel Villarroel, assistant vice president, Maybelline New York*Garnier. "For example, Maybelline New York and Garnier can touch the consumer and sample in large market tours where Telemundo brings the novela talent as the draw." In addition to being able to meet Telemundo talent and being able to access exclusive content, CDN members can earn loyalty points by engaging with the online and mobile content that they can then redeem for virtual or physical prizes.

By building a diverse and inclusive workforce and then harnessing the ideas and perspectives of its pool of talent, L'Oréal USA continues to create products that address a multitude of consumer concerns while also building communities within diverse populations.

FIGURE 5: Which of the following programs do you currently have in place specifically to develop diverse/inclusive talent?



FIGURE 6: Which of the following programs do you currently have in place specifically to retain diverse/inclusive talent?



Among survey respondents, outward-facing recruiting efforts are still the predominant method for diversity recruiting—essentially supporting groups and events that specifically cater to diverse job candidates. (Fig. 4) More than half (52%) of respondents go to university or graduate school diversity associations to recruit talent; 49% are involved in diversity-focused job fairs.

This is not to say that word-of-mouth and employee referrals are not being used. At Mattel, for example, employees receive a monetary reward when they refer new hires, and the company recently hosted a women's conference in Southern California to attract more women to the company. At technology companies such as Intel and AT&T, some of their efforts are aimed at getting more women and minorities into STEM (Science, Technology, Engineering and Math) Programs. "The gap for women and minorities in STEM is long-standing and will continue to be, so we're working to get women and others into this field," said Intel's Hudnell.

Ultimately, there is a strong link between recruitment and development programs; a company's ability to recruit diverse talent successfully often depends on its ability to execute on its promise to provide solid job advancement opportunities. These programs can range from continued skills training to tuition reimbursement to active mentoring by senior management. One such program is AT&T's "Know and Grow" initiative. The company ensures that all high-potential candidates in the program, particularly females and minorities, are exposed to senior executives who spend a significant amount of time advising and mentoring them. Among survey respondents, 62% rely on professional development groups to foster employee development, followed by employee resource/networking groups (61%), and diversity-focused mentoring groups (61%). (Fig. 5)

Closing the loop, among the companies that offer diversity-focused retention programs, 70% track progress through regular employee reviews and feedback on company policies, 59% track attrition by various categories, and 58% use programs that tie managers' performance to development goals. (Fig. 6)

AT&T

ENSURING AN EDUCATED WORKFORCE FOR THE FUTURE

An educated workforce is one of the components necessary for companies to be competitive on the global stage. But when AT&T chairman and CEO Randall Stephenson found out that nearly one out of three high school students doesn't graduate with his or her class, he knew that his company needed to take action.

According to one estimate, by 2020 close to three quarters of all American jobs will require advanced skills and offer high pay. It will take approximately 123 million American workers to fill these positions, but at current high school and college graduation rates, only 50 million Americans will be qualified for them. In addition, the United States currently ranks only 20th out of 28 industrialized democracies in high school graduation rates.

These statistics illustrate an astonishing shortfall that threatens the ability of American business to find and develop the talent that is critical to our country's long-term economic competitiveness in the world marketplace. That is why Stephenson championed action by his company to focus efforts on high school success and workforce readiness.

In 2008, AT&T launched Aspire, a four-year, \$100 million initiative to address the dropout crisis. The Aspire initiative takes a multi-faceted approach to giving students the support and tools they need to stay in school. By working with some of the top education organizations and thought leaders in the country, Aspire strives to advance understanding through research, identify and invest in initiatives that work, provide students with first hand career exploration, and directly engage youth and families.

"Over 1 million of our students drop out from high school each year. Not only does this directly affect them, their families and communities, but it's detrimental to our nation's future economic competitiveness," said Laura Sanford, president of the AT&T Foundation, "Aspire is working to reverse this trend, by bringing programs that work to scale, supporting the good work of educators, and helping our students get excited about achieving their goals."

One of Aspire's success stories is a \$375,000 multiyear grant to Louisiana State Youth Opportunities Unlimited (LSYOU), a dropout prevention program that targeted at-risk students who had been displaced by Hurricane Katrina. The LSYOU program provided students with long-term strategies that foster academic achievement and workforce readiness. The graduation rate among students who completed the four-year program is 79% compared to 50% of inner-city youth in similar situations.

Another successful Aspire program is its job shadow initiative. In partnership with Junior Achievement, the initiative provides students with the opportunity to learn more about career options and what it takes to be successful in today's workforce. By the end of first quarter 2011, the initiative reached more than 72,000 students in 211 cities and is expected to reach 100,000 students by the summer of 2013.

Diversity and Inclusion Efforts Are a Given

“We couldn’t have gone through all of the mergers and acquisitions and continue to be successful without having a diverse workforce. It’s important to our business strategy and it makes us more innovative and competitive.”

—DEBBIE STOREY, senior vice president of talent development and chief diversity officer, AT&T

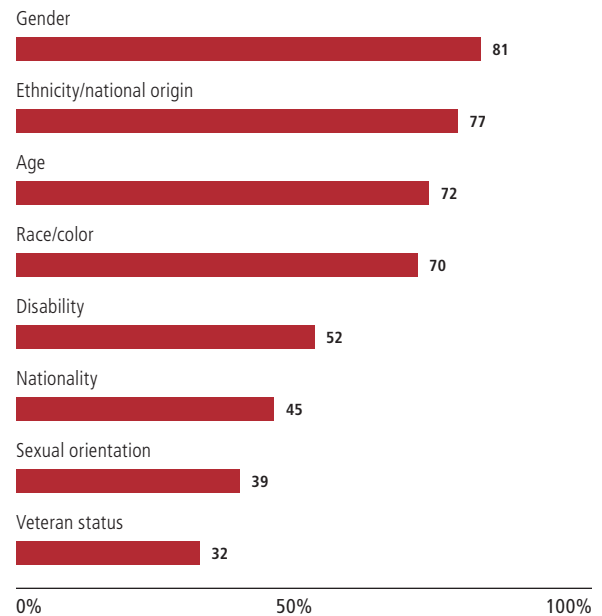
Competing on the global stage presents companies with a series of challenges. In addition to the routine concerns that companies face such as managing growth, building a sound infrastructure, and keeping an eye on the bottom line, expanding overseas has its own special challenges. Laws and regulations vary from region to region, and there are language and cultural barriers that can create unanticipated problems or challenges. Which is why organizations have found that the best way to ensure their continued success on a global scale is by having a diverse and inclusive workforce.

Today, diversity and inclusion efforts are a given. Companies aren’t paying lip service to the notion of a diverse workforce. Instead, they have robust programs and policies in place to recruit and retain a cadre of diverse employees. Nearly every company in the survey (97%) had formal diversity and inclusion strategies in place. “Companies have to have a diverse workforce,” said Credit Suisse’s Kesglou. “It’s very important to our business strategy and helps capture new clients and address business needs.”

L’Oréal USA’s Rozé concurred. “While we work hard to retain our current consumers, the potential for adding new consumers is in the emerging markets. And diversity is key in this, whether we’re trying to reach men, women of different ages, or women of different ethnicities.”

Diversity and inclusion is not just about gender and race. Certainly, programs focused on gender diversity are the most common; 81% of respondents indicated their companies have them. (Fig. 7) That was followed by programs focused on ethnicity (77%), age (72%), and race (70%). Further down the list, about half of companies have disability-based programs (52%).

FIGURE 7: Which of the following is currently part of your organization’s diversity and inclusion efforts?



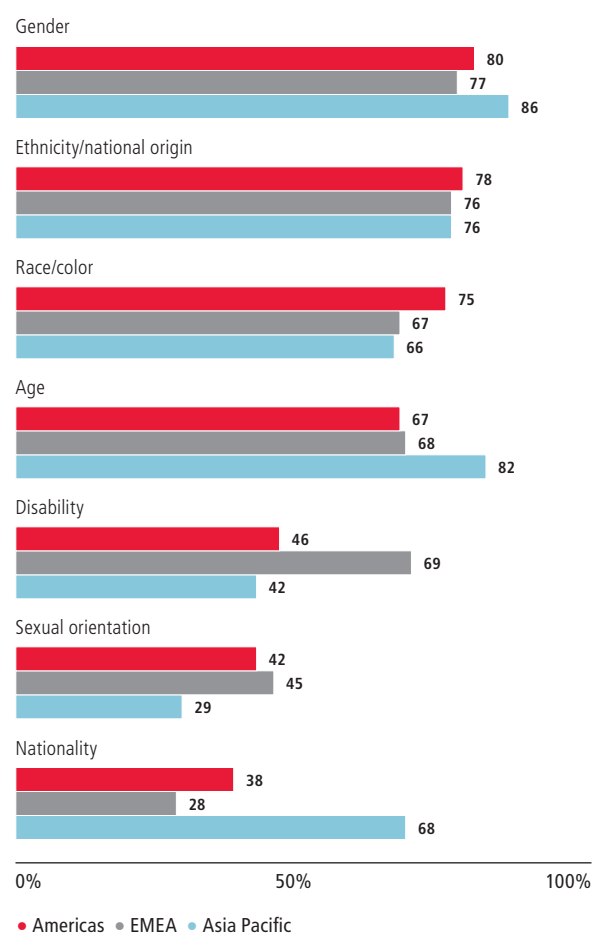
Interestingly, while gender diversity and ethnicity programs are common around the globe, there are significant regional differences. (Fig. 8) It's probably not a surprise given different ethnic make-ups and distinct cultural preferences. For instance, Asia-Pacific companies are much more likely to have diversity programs related to age or nationality. European companies are more likely to look at disability or sexual orientation.

According to the executives from large, multinational corporations that were interviewed, companies that want to be successful need to have a workforce that reflects the demographics of the region they are doing business in. For one, it's important to foreign investors and clients to see themselves reflected in the company's junior and senior teams. Secondly, local hires can help overcome language barriers and navigate cultural nuances. And thirdly, it helps firms attract new talent.

Age is another top concern among the respondents. Today's workforce can span four generations—World War II, Boomers, Gen X and Millennials. Each generation has different expectations about work as well as differences in communication styles, how they use technology, what motivates them on the job, and how they deal with others in positions of authority. These differences, if not addressed, can be disruptive and lead to serious misunderstandings.

However, the common thread among the interviewees is that diversity and inclusion efforts are an integral part of how they operate, and that their companies are committed to their programs and strategies.

FIGURE 8: Which of the following is currently part of your organization's diversity and inclusion efforts? (by region)



Diversity Goals and Priorities

“Our goal is to be the world’s best bank, in terms of the value we represent and the innovativeness of the products we offer. Having a diverse workforce is very important to our strategy. It allows us to capture new clients and address the needs of our existing businesses.”

—NIKI KESGLOU, head of diversity and inclusion, Asia Pacific, Credit Suisse

Organizations’ diversity goals and priorities won’t change significantly over the next three years—but the impact of diversity on innovation may be coming into sharper focus as executives increasingly try to harness the power of this issue for driving business goals.

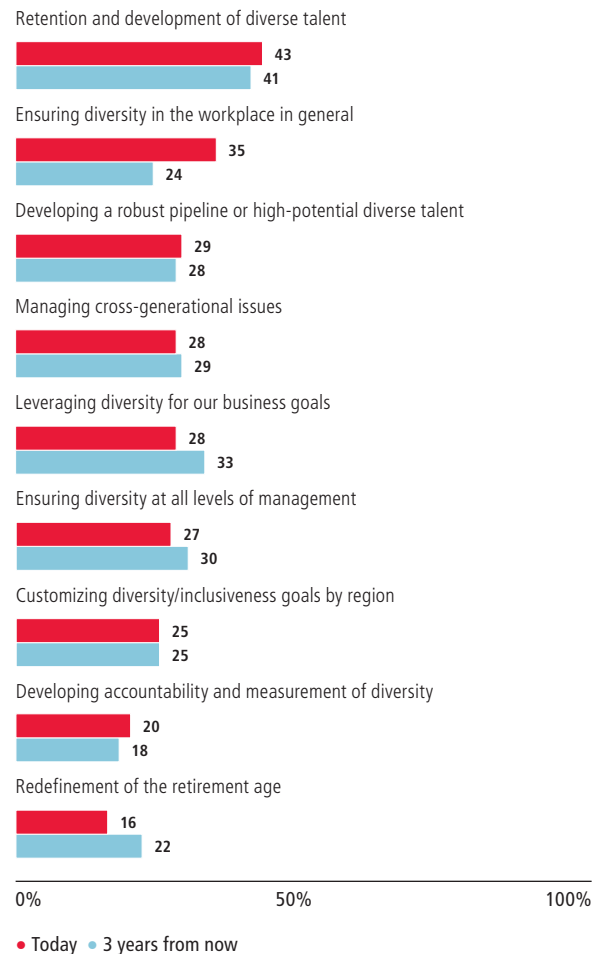
Companies spend significant amounts of money recruiting, training, and developing their employees, so it’s not surprising that among some of their top priorities is the retention and development of diverse talent. When asked about their company’s current diversity and inclusion priorities, 43% cited retention and development of talent, followed by ensuring diversity in the workplace in general (35%), developing a robust pipeline of diverse talent (29%), and managing cross-generational issues (28%). (Fig. 9)

Goals and priorities three years from now are nearly identical. However, more respondents said that leveraging diversity for their business goals, including innovation, was an increased priority over the next three years. (33% compared to 28%).

“Diverse teams and companies make better decisions. And in the aftermath of the financial crisis, diversity is even more of a priority,” said Deutsche Bank’s Taylor

In some instances, the emphasis on certain priorities varies according to the size of the company. Companies with at least \$5 billion in revenues are putting significantly more focus on retention and recruitment in regards to diversity/inclusion programs than their smaller counterparts. “It’s critical to our business strategy to hire, retain, and develop our employees. They are our current and future leaders,” said AT&T’s Storey.

FIGURE 9: Which of the following issues do you see as a top priority in your diversity/inclusion efforts?



Additionally, respondents from the largest companies are placing more focus on customizing diversity and inclusion policies to reflect the trends of each region the company has a presence in. For example, one executive pointed to how the company's efforts in Asia differ. Hong Kong is very multicultural, so diversity and inclusion efforts there resemble those in the U.S. However, in China, the company's diversity efforts are focused more on persons with special needs, people with disabilities,

and people from different socio-economic backgrounds.

Similarly, Deutsch Bank's India diversity efforts are focused on individuals with disabilities. The company is working with a Non-Governmental Organization (NGO) to train people with disabilities to work at the company. "In India, disability is a big issue. You still see people with polio or people who are blind because the drugs to treat certain diseases weren't available," said Taylor.

Credit Suisse

REGIONAL PROGRAMS HELP EMPLOYEE DEVELOPMENT

For many multinational companies, one of the keys to keeping and creating a diverse and inclusive workforce is to allow for some regional customization. In 2009, Credit Suisse realigned its global diversity strategy to allow regional CEOs and senior managers to create programs that addressed the needs of their regions. In Asia Pacific, Credit Suisse executives created The Edge a new women's development program targeted at middle level and senior women.

The program helps women become better acquainted with the company's corporate culture and gives them insight into how they can better achieve their career goals. "For women in the Asia Pacific region, they sometimes need more help developing their confidence, working on their communication skills, and figuring out how to weather their way through the ranks," said Niki Kesoglou, Credit Suisse director and regional head of diversity & inclusion in Asia Pacific.

Women who've participated in The Edge have also benefited from the program's personal branding and mentoring components, as well as its networking element that allows women to mix with other women across divisions and share ideas, information and support on both a personal and professional basis.

The program has been very popular with female executives in Asia Pacific; 61% of female directors and 37% of female vice presidents have participated thus far. As a result, Credit Suisse is planning to offer The Edge in other regions, and last year completed a pilot in the Americas.

The Buck Stops at the C-Level

“If we couldn’t measure the impact of our diversity and inclusion efforts and programs, it would be a hard sell among company executives.”

—**HUEY WILSON**, vice president of human resources, worldwide operations, and diversity board member at Mattel

When it comes to the strategy and implementation of a diversity program, responsibility for the success of company’s diversity/inclusion efforts lies with senior management. Seven out of ten companies reported that the buck stops at the C-level and their board of directors. In fact, 35% feel ultimate accountability lies directly with the CEO. (Fig. 10)

Since 2003, L’Oréal USA’s office of diversity has reported directly to the CEO. “I have to be the champion of diversity

and inclusion,” said L’Oréal CEO Rozé. “It is my job to be a role model and show how important this is to our company. It is part of my responsibility to set objectives and monitor progress within our teams.”

Still, responsibility for creation of diversity programs and overall implementation can lie elsewhere. “At Mattel, the buck stops with the CEO but it’s the [global diversity] board’s responsibility to be the driving force and determine how we go about measuring our success,” said diversity board member Wilson.

FIGURE 10: Who is ultimately accountable for the success of diversity and inclusion programs within your organization?

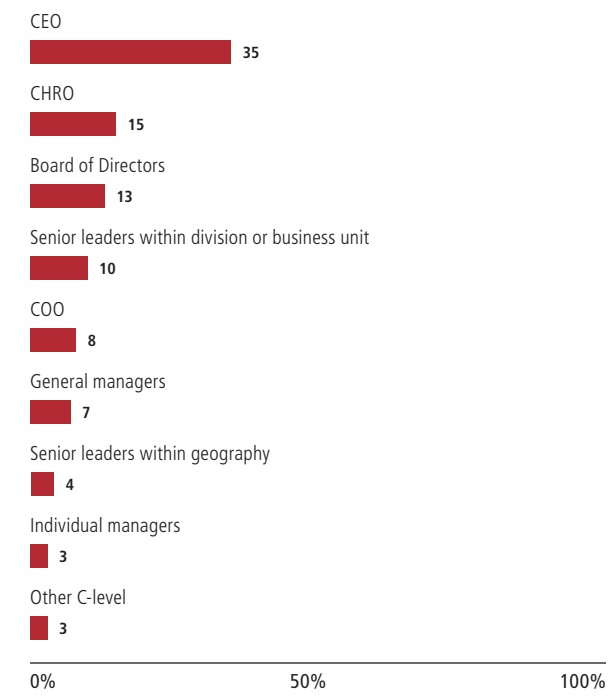
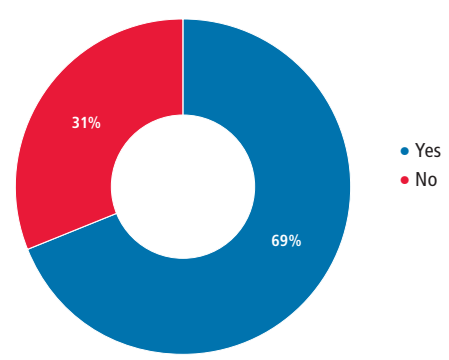


FIGURE 11: Does your organization have an internal board or committee in place to oversee diversity/inclusion strategy and initiatives?



Among survey respondents, nearly seven out of ten have some kind of internal board or committee to oversee diversity and inclusion strategy. (Fig. 11) These are typically made up of managers and executives from across the organization, but, as might be expected, members of the human resources department are the most common. (Fig. 12)

In fact, when it comes to implementing policies and programs, the responsibility shifts to HR or other senior level executives. When asked about who is responsible for implementing policies and programs, 65% said it fell to HR while 45% said it's the responsibility of senior leaders within a business unit or division. At AT&T, for instance, goals are developed by the business units, and the unit heads sit down once a year with Storey, the chief diversity officer, to discuss those goals and how they plan to implement them.

Just as with other corporate initiatives, gauging the success or efficacy of diversity and inclusion efforts requires companies to have measurable outcomes in place. Six out of ten survey participants said that their company has metrics in place to monitor the success of their initiatives, and another 28% said they are currently developing them. (Fig. 13) The most popular measure used to monitor success is employee productivity (77%), followed by employee morale (67%), and employee turnover (58%).

The tools for holding senior executives responsible for their diversity programs performance are a mix of monetary awards and reviews. According to the participants, accountability is measured by performance reviews (66%), bonuses (51%), salary increases (42%), business/department reviews (48%), and promotions (41%).

FIGURE 12: Who are the members of your company's diversity board or committee?

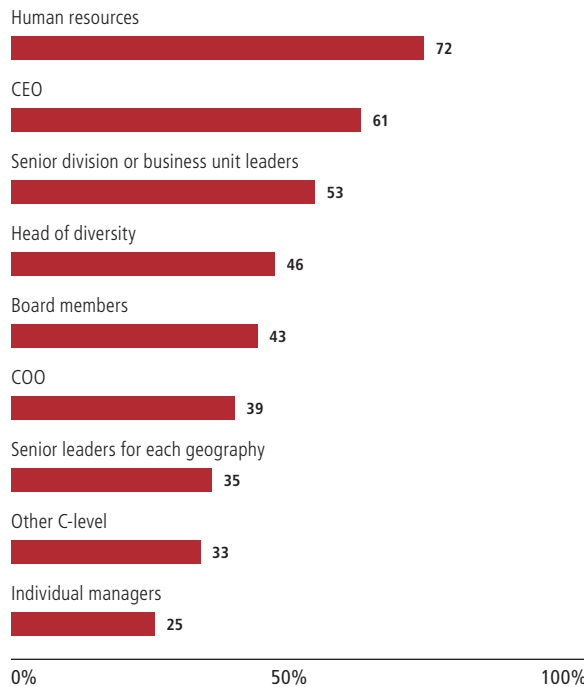
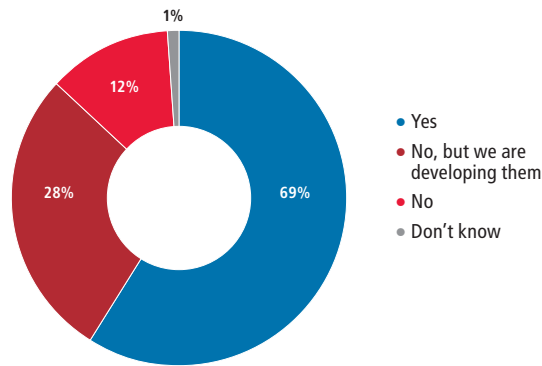


FIGURE 13: Does your organization have metrics in place to measure the success of your diversity and inclusion initiatives?



Progress Has Been Made But Barriers Still Exist

“We want our management to be culturally prepared. We have a vast amount of diversity that comes into work every day in order to create and build technology that plays out around the world.”

—ROSALIND HUDNELL, director of global diversity and inclusion, Intel

Significant progress has been made to build and retain diverse workforces, but there is still work to be done and barriers to overcome.

Survey participants were asked in which areas they feel their companies have made the most progress, and in which they feel they need the most improvement. In terms of progress, gender, ethnicity, and race are the areas where they feel they’ve done best. (Fig. 14) But they believe that there can be improvement in programs related to disability, age, and sexual orientation. (Fig. 15)

Moreover, just 7% of respondents said they felt that no barriers existed at their organizations to continuing to develop and implement their diversity and inclusion programs. (Fig. 16) While budget issues were cited as a top concern, respondents also felt that middle management failed to execute diversity programs adequately. This is something that diversity and inclusion boards will need to deal with over the coming years.

FIGURE 14: Where do you feel you’ve made the most progress in diversity /inclusion?

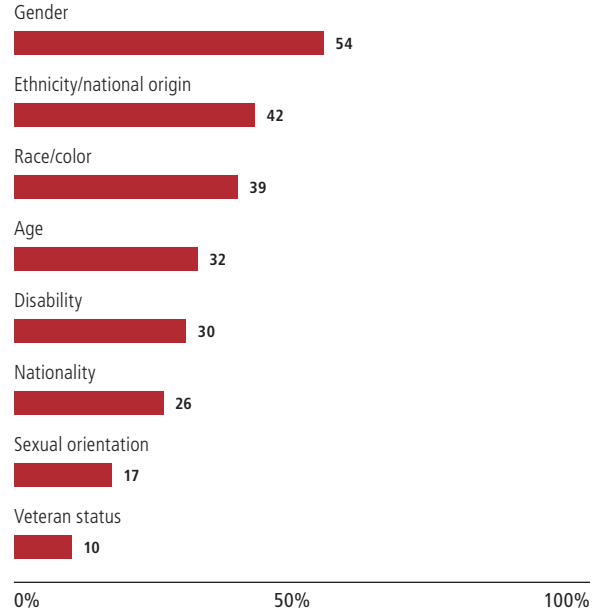


FIGURE 15: Where do you feel you need the most improvement in diversity /inclusion?

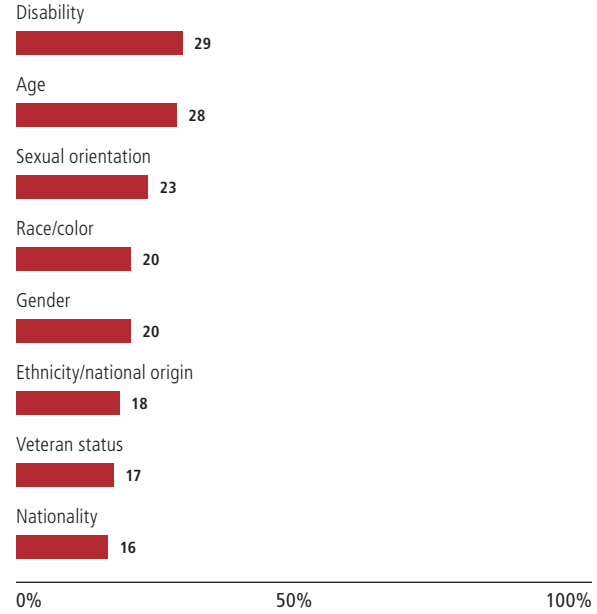
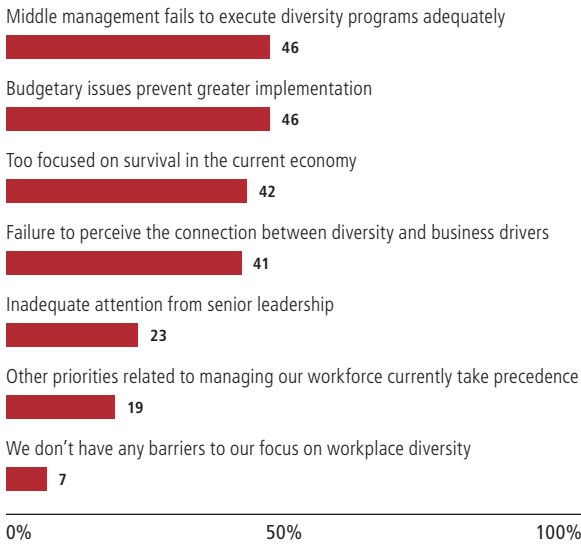


FIGURE 16: What barriers do you see to continuing to develop or implement a strategy for workplace diversity and inclusion?



Intel ATTRACTING HIGH-TECH TALENT

Technology companies face several challenges when trying to recruit top talent. While there is no shortage of engineers graduating from universities, many of them are choosing careers in finance and consulting instead of traditional technology jobs. Compounding this problem is the fact that few women and minorities pursue STEM (Science, Technology, Engineering, and Math) careers, making it even harder for tech companies to attract diverse talent.

In order to address some of these issues, Intel created the “Rotation Engineers Program” (REP). The program was founded in 1987 by then-chief executive Craig Barrett, who designed the program to develop and foster new, diverse talent at the tech giant. In REP, recent college graduates hired as engineers at Intel move through three, six-month-long rotations that allow them to gain deep technical knowledge from multiple areas within the company. The program allows engineers to forge their own career paths and build networks across a variety of groups and teams within Intel.

The unique experience that REP provides has helped the company’s efforts in recruiting top, diverse talent while also strengthening Intel’s leadership pipeline. “The ability to have a program that builds upon the core of diversity—diverse talent, experiences, connections, and training—is a unique opportunity for us not only to attract diverse talent, but to bring diversity of experience to those that participate and experience the program,” said Laurie Tortorella, Intel’s college manager.

CONCLUSION

A Diverse and Inclusive Workforce Is Critical for Success

The globalization of business has created a sophisticated, complex, and competitive environment. In order to be successful, companies need to continually create new products and services. And the best way to ensure the development of new ideas is through a diverse and inclusive workforce.

A diverse and inclusive workforce is necessary to drive innovation, foster creativity, and guide business strategies. Multiple voices lead to new ideas, new services, and new products, and encourage out-of-the-box thinking. Today, companies no longer view diversity and inclusion efforts as separate from their other business practices, and recognize that a diverse workforce can differentiate them from their competitors by attracting top talent and capturing new clients.

And while diversity and inclusion efforts at companies are a given, organizations still face external and internal challenges in implementing these policies and procedures. Internally, companies are still struggling with negative attitudes about diversity among their rank-and-file, while externally, a rocky economic recovery has impeded many companies' hiring efforts.

Looking forward, companies must also grapple with an aging workforce, a declining pipeline of qualified talent, and the challenges of managing a multigenerational workforce. But as long as organizations can keep their "eye on the prize," that is, to keep diversity and inclusion efforts at the top of their priority list, it will position them to weather these challenges and come out ahead of the competition.

Deutsche Bank BRINGING WOMEN UP THROUGH THE RANKS

In the aftermath of the financial crisis, a diverse workforce has become even more of a priority for financial service companies. "The crisis made our diversity efforts more intense," said Eileen Taylor, managing director and global head of diversity at Deutsche Bank. "We are a survivor because of our relative diversity."

One area of diversity that Deutsche Bank paid particular attention to was getting more women into senior positions. Internal company research revealed that female managing directors who had left the firm did so because they were offered better positions elsewhere. In response, Deutsche created a sponsorship program aimed at assigning women to critical posts. The company paired female executives with executive committee members who served as mentors. This not only raised the women's visibility, but also ensured that they would have a powerful advocate when promotions were being considered. As a result of this program, one third of the participants were in larger roles, and another third have been deemed ready to move up by senior management.

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