



BLUEPRINT REPORT

The State of Data-Driven DEI: 2022 Trends & 2023 Opportunities



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Over the past two years, there has been an explosion in corporate diversity, equity, and inclusion (DEI) efforts, catalyzed by the racial injustice zeitgeist in 2020. As more organizations invest in DEI and are eager to make progress, they're asking themselves if they're focusing on the right efforts — those that will drive measurable improvements in the diversity of their company, the equity of their processes, and the inclusivity of their culture.

While there is no universal DEI strategy that will drive impact for every organization — every company has its own set of unique challenges and opportunities a strategy should address — leaders want to know if they are getting the foundational elements “right.” If there is something they can learn from what other organizations are (or aren't) doing. If there are emerging trends or best practices they should explore.

At Paradigm, we have worked with more than 1,000 organizations on their DEI efforts. More than 150 of those companies have used our Blueprint strategy and analytics platform to assess their DEI maturity, benchmark key metrics, and create strategies that will drive impact, giving us access to a significant aggregated, anonymized dataset.

To analyze DEI efforts this year, we looked at 48 organizations' data from 2022: these organizations represent 100,000+ employees around the world. We identified the DEI efforts that were most and least common in 2022, and compared that to our research and insights on what's most likely to drive impact.

Encouragingly, we found that the majority of companies have built a strong DEI foundation in areas that are critical to success: strategy, data collection, talent lifecycle processes, infrastructure, and communications. However, in each of these areas, far fewer organizations built on that foundation with programs or initiatives that will drive long-term, sustainable results (e.g. a more diverse workforce).

As organizations head into 2023, the companies who make the most progress will be the ones who capitalize on the momentum they've built and focus on empowering their leaders and DEI teams to drive real impact.

Here are the five areas companies should focus on.



Build Accountability into DEI Strategies

How many organizations are following key accountability practices?





1 Build Accountability into DEI Strategies

While a majority of the companies in our Blueprint dataset have a strategy in place and budget to support their DEI efforts, few have specific goals they are working towards. We've found in our work with organizations that a strategy without goals rarely leads to significant impact, and it makes it more challenging to track progress.

Similarly, many of the organizations that have worked so hard to develop concrete DEI strategies haven't yet put in place accountability measures. A wealth of research indicates that organizations need to make their leaders at least partly responsible for the success of DEI efforts; that responsibility begins with ensuring leaders are aware of the current state, challenge areas, and held accountable for improving in those areas. For example, tracking key DEI metrics for each executive or leader's organization and reviewing the data with them on a regular basis helps build a sense of ownership and engages a broader team of leaders in driving change. And, if those metrics remain stagnant over multiple review cycles, it then becomes the responsibility of the leader to explain the reason(s). Despite the benefits of this kind of review and accountability, less than one-third of organizations in our data set are even reviewing metrics — like new hire representation, attrition rates, promotion rates, and/or engagement survey trends by demographic group — broken down by each executive. A key barrier here is that organizations are often not even tracking data in this way. Only 49% of organizations track gender representation within each executive's function. That number drops to 37% for race/ethnicity, and is much lower for other key demographics, like sexual orientation, trans status, veteran status, and caretaker status.



How to Improve

Companies that want to see meaningful change on DEI need to make sure they are measuring key data points, defining short- and long-term goals for improvement, and creating leadership accountability for outcomes. Establishing a regular cadence (e.g., monthly, quarterly) for reviewing DEI outcomes within each line of business helps drive leadership accountability. Where there are improvements, engage leaders in a discussion about what worked well, and seek opportunities to replicate those efforts in other lines of business. Where things remain stagnant or worsen, engage leaders in action planning for how they will improve results.

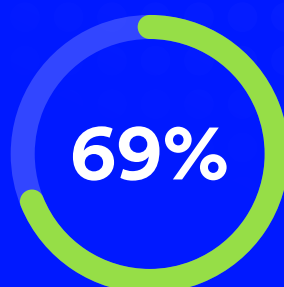


Analyze DEI Data Throughout the Talent Lifecycle

How many organizations are unlocking
the potential of data they're collecting?



collect race/ethnicity
data in their HR
information system



collect race/ethnicity
data in their applicant
tracking systems



analyze attrition by
race/ethnicity



analyze promotions by
race/ethnicity



2 Analyze DEI Data Throughout the Talent Lifecycle

Companies that see the most progress on DEI don't treat it as an independent initiative. Instead, they embed DEI into every aspect of their talent lifecycle, from how they attract and hire candidates to how they evaluate, grow, and reward their team. Inequity in organizations often shows up as demographic differences in the outcomes of key people processes like hiring, promotions, and attrition. It's crucial to track these outcomes to understand if your talent strategy is contributing to or undermining DEI at your organization. While the vast majority of companies in our dataset are collecting foundational data from employees and candidates in their HR information and applicant tracking systems (HRIS and ATS), they're not analyzing it and monitoring trends over time.

For example, 75% of companies collect gender data in their ATS and 69% collect race/ethnicity data, but only 40% of companies analyze hiring outcomes by gender and 31% by race/ethnicity. Even fewer — just one quarter of companies — analyze progression throughout the hiring process (for example, from application to interview to offer) by gender or race/ethnicity. When it comes to other parts of the talent lifecycle, 46% of organizations track promotion by gender and 33% track that metric by race/ethnicity. A little more than half (52%) look at attrition by gender, and 40% by race/ethnicity.



How to Improve

By analyzing the data they're already collecting, companies can pinpoint their most significant barriers. For example, if a candidate pool becomes less diverse as the interviewing process progresses, it can signal that there are barriers to equity and/or inclusion in your process. Additionally, if attrition rates are higher for your employees of color, it can signal that there are cultural issues that need to be addressed. By looking at data in this way across the talent lifecycle, you'll see a more comprehensive picture of the employee experience.



Understand How People Experience Culture Differently Depending on their Identity

How many organizations are making the most of their employee survey data?



collect employee feedback through inclusion surveys and/or focus groups



analyze differences in employee engagement by race/ethnicity



take an intersectional approach to understanding employees' experiences



analyze differences by sexual orientation, veteran status, trans status, or caretaker status



3 Understand How People Experience Culture Differently Depending on their Identity

While many organizations collect feedback on the employee experience, most look at how all employees are feeling on average, and perhaps dig deeper into how employee sentiment varies by team. However, few take the additional steps to understand the ways in which people from different backgrounds experience the culture differently: more than half of companies aren't analyzing engagement survey data by gender, and even fewer analyze that data by race/ethnicity. When they do look at their data in this way, companies typically focus on gender (60%) and, to a lesser extent, race/ethnicity (48%). By failing to consider how the experience of LGBTQ+, veteran, caregivers, and trans employees may differ from their majority group counterparts, organizations miss the opportunity to uncover key barriers to inclusion. In our work across company sizes and industries, we've seen that differences in experience are very common. For example, when we look at aggregated data from our Inclusion Surveys, we find significant differences between racial/ethnic groups that show many companies struggle with perceptions of fairness. White employees are far more likely to say the processes used and decisions made at their company are fair: there is a +7 point difference in their favorable responses compared to the next highest-scoring group (Latinx/e employees).

How to Improve

By analyzing survey data by demographics, and including a wide range of identities in this analysis, organizations can build an understanding of gaps in experience so they can take more meaningful and effective action. It's also important to track and measure how these gaps trend over time so you can see if your DEI strategy is having an impact. Finally, since identity is complex and multi-faceted, it's critical to analyze data by intersectional identities (e.g., not just looking at gender, but looking at the unique experiences of women, men, and non-binary folks from different racial and ethnic groups).



Create a Framework for DEI Communications

How many organizations are effectively communicating about DEI?



have executives communicate the importance of DEI to the company



have a DEI statement

↓15
percentage
points

Black employees' belief in their employer's commitment to diversity compared to White employees



4 Create a Framework for DEI Communications

In 2020, many organizations realized they needed to quickly determine how to respond to external events that were affecting communities within their organization. They navigated a rise in anti-Asian violence spurred by the COVID-19 pandemic and a renewed focus on anti-Black racism following the murders of George Floyd, Breonna Taylor, and Ahmaud Arbery in the first half of the year.

With that, we saw the majority of organizations (60%) go beyond rote EEOC statements to develop internal DEI statements that made clear their philosophy on inclusion and how it impacted their work. Executives also learned to communicate proactively about the importance of DEI (65%). However, according to aggregated data from our Inclusion Surveys, that message might not be resonating equally with employees from different demographics: 62% of White employees had a favorable view of their employer's commitment to diversity while only 47% of Black employees had the same sentiment.

This might be due in part to organizations' struggle with how, and when, to respond to external events that impact people from underrepresented and marginalized communities.

In our conversations with leaders, we find that they're reluctant to engage in ongoing conversations on DEI for many reasons. First, it can be daunting to determine which events warrant a statement. And when there are multiple perspectives on an issue, making a statement risks alienating employees and customers who may have a different perspective. As a result, companies may determine it's better not to say anything at all.



How to Improve

Instead of making these decisions ad hoc, we recommend creating a process for when to respond, the channels to use, and who will speak. Not every event warrants a company-wide email from the CEO, but it may be impactful for people leading meetings to begin with a brief acknowledgment of whatever is going on at the time. Different companies will reasonably reach different conclusions on what makes sense for them. Your approach may look different across regions and countries, as well. A war that is directly impacting the safety of employees in one country may require you to think about how to support those employees in relocation efforts. For those outside the region, it may be appropriate to provide a primer on what's going on, why, and how to support colleagues who are directly impacted. By developing this process, companies can reduce uncertainty and improve consistency with how their commitment to DEI manifests.



Build Infrastructure to Sustain DEI Efforts

How many organizations are
investing in internal resources?



have ERGs



of companies have
a senior role fully
dedicated to DEI



gather information
on ERG members'
time investment



of DEI leaders have
a team under them
dedicated to DEI work



5 Build Infrastructure to Sustain DEI Efforts

As we've seen, companies are implementing many programs and initiatives that are foundational to DEI, but they're not yet taking key next steps that will accelerate progress. To drive the impact many organizations are so eager to see, they should consider how they're resourcing DEI.

While more than half of the organizations in our dataset are standing up employee resource groups (ERGs), they may not be accounting for the supporting infrastructure required to sustain these efforts over time. For example, only 15% of companies understand how much time ERG members are investing, and only 21% compensate, reward, or recognize employees for their ERG involvement.

Many companies have lots of different initiatives, and it can be challenging to identify a person who is responsible for driving DEI initiatives forward. There are many models of responsibility for DEI, but one of the most effective is having a senior role fully dedicated to it. A designated DEI leader will serve as a connection point between the agenda of each of your leaders and DEI. They will facilitate the ongoing development of your strategy, measure its effectiveness, and generate buy-in from both leaders and employees. Ultimately, this person will not be executing every aspect of your DEI strategy; instead, their primary role is to make sure DEI stays a priority and that progress is made against stated goals.



How to Improve

Whether or not an organization is at the right place and time for a dedicated DEI role is a nuanced decision. However, a DEI leader cannot accomplish all these things on their own; they need the support of the CEO and executive leadership team, proximity to strategic decision-making, leadership authority, access to employee data and analytics capabilities, and budget in order to be successful.



Conclusion

While these five areas are the “right” areas to invest in for the organizations in our dataset, it’s critical for every organization to remember three things. First, DEI is a journey and success doesn’t happen overnight — be resilient, and focus on building on the foundations you have and positioning your efforts with long-lasting results in mind. Second, data is key to DEI success — find a way to track the metrics that matter, and use them to guide your efforts. Third, rigorous prioritization will make your efforts sustainable. There are many initiatives you might choose to implement, but using your own organization’s data, focus your efforts on the ones that will truly have an impact in 2023 and beyond.



Need help building an effective DEI strategy and tracking key metrics?

Learn more [here](#), or email us at contact@paradigmhq.com



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About Paradigm

Paradigm exists to radically transform organizations, building a world that is just, equitable, and inclusive. We envision a world where organizations reimagine their role in, and responsibility to, society. To do this, we provide customers with a comprehensive suite of technology, tools, and consulting services designed to advance diversity, equity, and inclusion (DEI).

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