

**Becoming More Competitive:
How Diversity and Inclusion Can Transform Your Organization**

Human Capital Shared Interest Group (SIG)

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In June 2010, the ACT-IAC Human Capital - Shared Interest Group (HC SIG) of the IAC-ACT received a request from Ms. Angela Bailey, Deputy Associate Director, Recruitment and Hiring, Office of Personnel Management, to undertake a Diversity and Inclusion (D&I) study of companies and federal agencies which have demonstrated best D&I practices.

The purpose of the study was to identify best practices and emerging trends for building D&I cultures in both public and private sector organizations and to provide information to be used by the Government to transform cultures, inform policy, and identify change management initiatives and training required to implement proven D&I strategies.

“There were never in the world two opinions alike; any more than two hairs or two grains. The most universal quality is diversity.”

- Michel de Montaigne

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Human Capital Shared Interest Group

The mission of the Human Capital Shared Interest Group (HC SIG) is to bring human capital management professionals from industry and government together to share research, best practices, and future trends. The goal is to enhance the government's ability to recruit and retain an effective workforce and to improve overall organizational performance.

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Executive Summary

The face of America is rapidly changing. By 2042, there will be no single majority demographic; people of color will comprise more than 50% of the U.S. population and the majority of new entrants into the labor market will be from diverse backgrounds. Our labor market, like our world is becoming increasingly more diverse. Careful attention to Diversity and Inclusion (D&I) is required for any future enterprise or organization to be successful.

In response to the expected changes in the US workforce the ACT-IAC Human Capital Shared Interest Group (HC SIG) received a request from Ms. Angela Bailey, Deputy Associate Director, Recruitment and Hiring, Office of Personnel Management (OPM), to undertake a D&I study of companies and federal agencies which have demonstrated best D&I practices. The purpose of the study was to identify best practices and emerging trends for building D&I cultures in both public and private sector organizations and to provide insights that can be used by the Government to help transform current cultures, inform new policies, and to identify key factors required to implement proven D&I strategies. Twelve organizations (6 commercial and 6 Federal), recognized for leadership in D&I efforts, were interviewed for this study.

Despite the inherent differences between government and commercial organizations, we identified a number of “best practices” that spanned both the public and private organizations. In addition, we identified a number of best practices that were primarily used in either public or private organizations but not in the other. We also identified a number of “emerging trends” where a practice was used in some but not the majority of organizations and some “special practices” that were identified by an organization as key but were not widely implemented among the study group. An overview of the key findings detailed in this study includes:

- Diversity should be broadly defined, including and not limited to legally protected groups; and Inclusion practices must be incorporated into the policies, practices and training.
- Leadership must champion these efforts. D&I efforts need to be built into the fabric of the culture and not be a separate program run by HR.
- D&I strategies must be strategically aligned with business goals.
- D&I in the workplace enhance performance and productivity; intolerance to diversity breeds disastrous and costly results.
- Metrics and accountability are keys to ensuring effective D&I strategies and outcomes.

- When organizations reflect the diversity of their stakeholders, their workforce provides a wider range of solutions to complex problems.

D&I strategies will have to be employed and adopted by any organization that wants to stay competitive and recruit the talent needed to perform their mission. Research and demonstrated outcomes have shown that D&I strategies can enhance workforce engagement and productivity. However, in order for D&I initiatives and outcomes to be sustainable and successful, they must be implemented as strategic imperatives and be embedded into the framework of the organization and culture. Finally, from this research it is apparent that there are several D&I “Pillars,” best practices, emerging trends and special practices which can aid the transformation of organizational cultures to successfully achieve and sustain desired D&I outcomes.

Purpose

In June 2010, the ACT-IAC Human Capital Shared Interest Group (HC SIG) received a request from Ms. Angela Bailey, Deputy Associate Director, Recruitment and Hiring, Office of Personnel Management, to undertake a Diversity and Inclusion (D&I) study of companies and Federal agencies which have demonstrated best D&I practices. The purpose of the study was to identify best practices and emerging trends for building D&I cultures in both public and private sector organizations and to provide information to be used by the Government to transform cultures, inform policy, and identify change management initiatives and training required to implement proven D&I strategies.

Background

The initial HC SIG workgroup consisted of the Chair, RGS Human Capital Consulting Director Dr. Susan Grunin, DHS Diversity Senior Executive Mr. Gene Sexton, U.S. Navy and RGS Consultant Mr. John Engstrom, PwC Diversity & Inclusiveness Director Ms. Monica Oldham and later in the process, the Office of Personnel Management's Director of Diversity and Inclusiveness Ms. Veronica Villalobos was added to the working group. This working group utilized the Diversity Inc., March 2010 edition to identify the 50 Top Companies recognized for implementing D&I Best Practices. [Post study note: four of the six companies included in this study also made the top ten March 2011 edition of Diversity, Inc.].

OPM provided recommendations for identifying the best D&I agencies in the federal government. In addition, the 2005 GAO Report on Diversity Management¹ in the federal government was useful in helping the working group to identify other federal agencies which had previously been cited for employing D&I Best Practices. The GAO report, along with a 2004 private sector study², entitled, "Leveraging Diversity to Improve Business Performance: Research Findings and Recommendations for Organizations," were utilized to provide a framework and a baseline for analyzing D&I Best Practices.

The workgroup devised a list of 21 questions (Appendix I) that would provide insights into organizational D&I Best Practices, along with determining if there were any special D&I practices that these organizations were employing and any "Lessons Learned" for implementing and deploying a D&I strategy and program. Ten of the top 35 companies and 8 Federal organizations were sent an email

¹ Government Accountability Office Report, Diversity Management, 2005, (Report No. GAO-05-90)

² Jayne and Dipboye, "Leveraging Diversity to Improve Business Performance: Research Findings and Recommendations for Organizations," Human Resources Management, Winter 2004, Vol. 43, No. 4, pp. 409-424

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describing the purpose of the study with a copy of the 21 benchmark questions (Appendix I). Twelve organizations (6 commercial and 6 Federal) (Appendix II) agreed to participate in the study. For those who preferred an interview over providing written submissions, follow-up telephone interviews were scheduled with the D&I points of contact for these organizations. Following the interviews, the organizations were sent a copy of their scribed answers and asked to review and make any additional changes to their answers; they then returned their edited answers. Subsequently, all 12 participating organizations were asked to review and provide comments to this study; all comments have been incorporated into the final draft of this document.

Key Findings

The findings in this report indicate that in both industry and the federal government there are D&I practices that can significantly impact and transform organizational culture and workforces. These findings also demonstrate that D&I strategies and initiatives help to make workplaces more productive, competitive and resilient. Key findings of our research include:

- D&I in the workplace enhances organizational performance and productivity. Diversity should be broadly defined, including and not limited to legally protected groups; and Inclusion practices must be incorporated into the policies, practices and training.
- The Six Pillars of Diversity & Inclusion (detailed below) or their equivalents need to be built into the fabric of the culture and not be separate programs run by HR.
- Leadership (beginning at the top) must champion these efforts.
- D&I strategies must be strategically aligned with business goals. Metrics and accountability are also key to ensuring effective business outcomes.
- Diversity management strategies are not enough alone. They must be complemented with inclusion and engagement strategies and effective conflict management training.
- Intolerance to diversity breeds disastrous and costly results; but agencies must first guarantee equity and trust in their workplace before diversity can thrive.
- As our organizations, markets, and society become more diverse in their ethnic makeup, agencies must adopt D&I strategies including accountability and employee resource groups as part of their core strategies in order to stay competitive.
- Organizations that reflect the diversity of their stakeholders have been shown to provide a wider range of creative solutions to complex problems.

This study begins by first defining D&I and understanding why and which D&I initiatives are critical for the success of organizations in this global market. The study also includes findings from research that impact D&I outcomes. Finally, the study identifies best practices, emerging trends and special or unique D&I practices found only in one or a few of the organizations. From the interviews and literature review it appears that many, if not all, of these initiatives can aid Federal agencies in the transformation of organizational cultures to successfully achieve and sustain D&I strategies and outcomes within their organizations.

Discussion: Defining Diversity & Inclusion

One of the first tasks the HC SIG undertook was to distill a common definition of D&I that would fully encompass the views of the participating organizations. The following definition is representative of how these organizations commonly view D&I³:

***Diversity** is the **similarities and differences** in the individual and organizational characteristics that shape our workplace. **Inclusion** is the **means** by which we optimize the benefits to mission inherent in our diversity; for example, the policies, procedures, and practices that an organization puts in place to create more inclusive work environments.*

Studies also show that defining diversity solely as race and gender can have a detrimental effect and that inclusion and multi-dimensionality are essential in defining diversity. These definitions indicate that broad inclusion efforts demonstrate an organization's commitment to creating and maintaining work environments that are conducive to:

- Building fairness, trust and open communication between managers and employees.
- Achieving employee engagement and fully utilizing the talents, backgrounds, and capabilities of individuals and teams.
- Treating people with dignity and respect while encouraging them to lead and feel empowered to reach their full potential.
- Expressing honestly stated ideas and opinions.
- Welcoming and valuing vigorous discussion on diverse ideas and viewing this diversity as critical to identifying and implementing effective solutions.

³ NASA's definition was adopted (although most of the participating agencies and companies use very similar definitions)

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- Accessing and retaining the full talents of our diverse society.

The literature also shows that the success of D&I initiatives depends upon how they are framed and incorporated into the organizations' culture. Success is highly dependent upon the method used to communicate these initiatives to leaders, managers, supervisors and employees within and throughout an organization. Furthermore, based on qualitative data found in the 2003 study⁴ by Howard-Greenville Hoffman & Wirtenberg, the authors found that it is best to use an integration-and-learning perspective approach when introducing D&I as a strategy into an organization. This approach views D&I as a vehicle for rethinking the primary organizational tasks and processes without raising many of the territorial defenses other approaches generally do. The authors concluded that the integration-and-learning perspective contains the rationale that will best motivate management and employees in a sustained manner to ensure the long term success of a D&I program.

The Navy provides an excellent example of a diversity vision that is rationale-based to motivate management and employees to adopt a D&I approach:

"We must not be locked in time. As leaders, we must anticipate and embrace the demographic changes of tomorrow, and build a Navy that always reflects our Country's make up. We must lead in ways that will continue to draw men and women to service to our Country and to our Navy. Diversity of thoughts, ideas, and competencies of our people, keeps our Navy strong, and empowers the protection of the very freedoms and opportunities we enjoy each and every day."

- Chief of Naval Operations, Admiral Gary Roughead, 2008

Justification: Why Organizations Need to Adopt D&I Best Practices

From these organizations and other research cited, it is clear that there are three imperatives (business, economic, and human) that describe the importance and advantages to an organization of strategically designing and implementing D&I policies and practices. Major advantages cited in research and by the study participants included:

Business Imperative -

- Workforce diversity has a quantifiable effect on business/performance outcomes.

⁴ Howard-Greenville, J.A., Hoffman, A.J., & Wirtenberg, J. (2003), *"The importance of cultural framing to the success of social initiatives in business."* Academy of Management Executive, 12(2), 70-87.

- Leading organizations find that visible benefits to the bottom line result from leveraging inclusive ways of thinking.
- Key motivators (Sirota Survey⁵) for employees are equity, achievement, and camaraderie. Empirical data show a quantifiable link between diversity, employee engagement, and performance outcomes.

Economic Imperative -

- There are financial/economic benefits to workforce diversity.
- Demonstrated research shows that firms with effective D&I strategies are more profitable (Pepperdine University Study⁶).

Human Imperative -

- D&I improves organizational performance by enhancing creativity and problem-solving.
- Creating a D&I climate and workforce helps an organization to attract and retain a talented, diverse workforce.
- Employee engagement (Gallup Survey⁷) is a validated predictor of organizational performance; diverse workplaces with culturally competent workforces have the highest employee engagement.
- Cultural diversity is the biggest potential benefit to work teams with complex tasks and problems that require creativity and innovation.

Couple these findings with the fact that the face of America is rapidly changing and the need for D&I becomes more urgent. By 2042, there will be no single majority demographic and the bulk of new entrants into the labor market will be considered diverse. Our labor market, like our economy is becoming more diverse and careful attention to D&I will be required for any future enterprise to be successful. Finally, these imperatives are important because in order to achieve success and remain competitive; organizations must be able to draw on the skills of their workforce. We have also learned that organizations that promote D&I and achieve a diverse workplace will attract and retain quality employees and increase customer loyalty. For public organizations, this translates into effective delivery of essential services to the public.

⁵David Sirota et al. *The Enthusiastic Employee: How Companies Profit by Giving Employees What They Want*, 2005.

⁶Roy D. Adler, [Business & Economics March-April 2009 Miller-McCune Research Essay](#), February 27, 2009, Profit, Thy Name Is ... Woman?, Study by Pepperdine University

⁷*The Gallup Organization. Employee Discrimination in the Workplace, Public Opinion Poll. December 8, 2005 and Q12 Employee Engagement Survey, performed in the Food and Drug Administration, February 2005.*

Lack of Diversity Is Not Neutral

As part of the D&I process, it is important to build a culture based upon core values of integrity and equity. An effective culture is one that embraces different viewpoints and that manages conflict through training, coaching, and mentoring and other teambuilding practices. While much of the research speaks to the positives of implementing D&I within an organization; it also shows that a cultural lack of appreciation for D&I and related practices can have significant negative impact on an organization. Below are several examples of lessons learned⁸ from the intelligence, scientific and business world for situations when diversity of viewpoints were neither sought nor embraced and therefore failed to recognize important information that was critical to the outcome:

Intelligence Community: 9/11

"Diversity in the Coast Guard is a Service imperative as my intent is to be an employer of choice. This means we must maintain a workforce that is reflective of the physical ability, gender, ethnic and racial diversity in American society. And we must ensure our ranks embody our core values of Honor, Respect and Devotion to Duty, in which they value the contributions of each individual. People are our greatest strength and we honor them by promoting a climate of equality and respect so all can achieve their full potential and serve our great Nation."

Admiral Bob Papp, Commandant, U.S. Coast Guard⁹

- Obstacles leading to intelligence failures included:
 - Hardened attitudes against change
 - Insular organizations/resistance to external recommendations
 - Insistence on preserving the status quo¹⁰

- Recommendations for improvements in performance culture include:
 - Agencies should encourage dissent, not smother it

⁸ Georgia Coffey, US Department of Veteran Affairs Diversity and Inclusion Officer, <http://www.diversity.hr.va.gov/index.asp> (accessed September 9, 2010)

⁹ Quote sent by US Coast Guard on April 12, 2011

¹⁰ *Walter Pincus and Peter Baker. "Dissent on Intelligence is Critical, Report Says," Washington Post, March 30, 2005.*
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- Move away from tradition of searching for consensus in favor of open debate and more diverse spectrum of views¹¹

Scientific Community: NASA

“Organizational culture refers to the values, norms, beliefs, and practices that characterize the functioning of a particular institution.”¹²

- Causes that contributed to the Columbia accident included:
 - An organizational culture that squelched dissent
 - A performance culture that stifled differences of opinion
 - Resistance to external criticism and doubt
 - Imposition of the “party line vision...(which) led to flawed decision-making, self-deception, introversion, and diminished curiosity”
 - Organizational barriers that prevented open, effective communication
- NASA has since implemented one of the strongest diversity management programs in the federal government; they began this effort by building a framework upon the core values of fairness and equity and key D&I principles.

Economic Community: Lehman Brothers

“A culture that is too strong can also end up too rigid and can shut out diversity, especially diversity of perspective.”¹³

- Issues leading to its bankruptcy and one of the worst economic meltdowns of the 20th century included:
 - Insular organization/hoarding information
 - Narrow decision-making; failure to gain broad input/perspective

¹¹ *The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, March 31, 2005.*

¹² *Columbia Accident Investigation Board Report, 2003.*

¹³ *Hope Greenfield. “Culture Crash” The Conference Board Review, Fall, 2009.*

- Outmoded, embedded cultural habits
 - Misuse of talent
 - Rigid, inflexible culture
- Many of these issues are identical to those that led to Enron's failure a decade earlier.

While D&I will not eliminate organizational failures, it has been shown to help organizations become more competitive and resilient. Through increased heterogeneous backgrounds in their workforces and preparing their cultures to manage increased diversity of thinking, organizations also begin to build a high performing culture. Our research shows that D&I is a critical strategy for unlocking potential and keeping organizations productive particularly as we face a more diverse society in the United States.

Attributes of Inclusive Organizations

From the surveyed organizations and the research literature, it is apparent that organizations which embrace D&I principles and best practices exhibit common attributes including:

- Commitment for D&I comes from the very top leader of the organization that cascades throughout the leadership of the organization.
- Transformational leaders who celebrate diversity and understand and value differences are the type of leaders who make D&I happen.
- Clear and measureable accountability for results to help ensure D&I success.
- Demonstrated equity in employment, advancement, and recognition as principles and practices to establish a workplace environment that helps to retain employees.
- D&I strategies and goals that are incorporated in the organization's strategy, policies, procedures, process and actions of leaders and employees.
- Diverse, broad based recruiting pipelines which are proactively used for sourcing talent.
- Demonstrated accommodation for diverse physical, cognitive, and developmental abilities.
- Communication and sharing of information in a transparent manner across the organization.
- Use of continuous learning techniques supported by competency-based diversity training and change management initiatives to transform the culture.
- Participatory work processes with employee engagement and feedback strategies.
- Interdisciplinary, pluralistic teams for optimum perspectives.

- Use of employee exit interviews to gather data on employee turnover and feedback strategies for acting on the information.
- Collaborative, constructive conflict management training and OD strategies, along with D&I training provided to all in the organization.
- Performance and compensation plans which are aligned to reflect D&I goals that hold leadership and management accountable.

Clearly, there are a number of excellent strategies that organizations need to adopt and adapt to transform their cultures if they are going to be competitive and stay effective in an increasingly diverse environment. These include heeding lessons learned, understanding the attributes of a D&I organization, and recognizing why D&I strategies are critical to the future of every organization. Furthermore, from the literature and this study, we found that there are specific strategies that need to be part of the organization's foundation in order for an organization to have the successful D&I outcomes that have been discussed. These essential strategies have been referred to in the literature and by various organizations as the "Pillars of Diversity."

Critical to Measure: The Six Pillars of Diversity

From our interviews and literature research, the following were identified as the foundational elements or "Pillars" of successful D&I programs. Leading organizations in the D&I area:

1. Have commitment from the top leaders who champion this cause
2. Have a Strategic D&I Implementation Plan tied to Strategic goals of the organization
3. Build the D&I strategies into the fabric and framework of the organization
4. Hold all leaders and managers accountable through compensation and performance management goals
5. Communicate the D&I strategies and vision and have action plans that are periodically reviewed by the top leaders of the organization
6. Establish D&I metrics and publish score cards/indexes that capture key data such as:
 - Organizational composition
 - Organizational culture
 - Representative key diversity measures

These six “pillars,” or their equivalents, simultaneously drive the D&I vision and tie it to the organization’s strategic goals and objectives, enabling leadership to continuously communicate the vision throughout the organization and hold leaders and managers accountable for the outcomes and success. These Six Pillars of Diversity are foundational elements in creating diverse, inclusive, high performing organizations.

Best Practices, Trends, and Special Practices

In addition to the foundational elements described above, we found that there are other specific D&I strategies and practices that positively impact an organization’s culture and outcomes. We categorized these strategies into three tables: Best Practices, Trends and Special Practices.

Best Practices were defined as those practices that the organizations cited as foundational to their D&I success and they were found in the majority of the industry and/or government organizations. The practices are shared between government and industry, unless they are labeled “Industry” or “Government.”

Best Practices - Despite the inherent differences between government and commercial organizations, we identified a number of “best practices” that spanned both public and private organizations. Furthermore, we identified a number of best practices that were primarily used in either public or private but not in the other sector. While there was some cross-over between public and private organizations in these areas, we labeled these as either “industry” or “government” best practices depending on where the practice was principally applied.

Diversity and Inclusion Best Practices	
Committed Leadership	
	Tie vision, role, commitment of D&I to strategic organizational goals and leadership plans and behavior that demonstrates D&I principles and practices and integrates these practices into the culture of the organization.
Industry	Ensure top leadership reflects the diversity of its employees and stakeholders.
	Think big—don’t be afraid to take on an issue that appears unachievable. You must know your organization and find the game-changers that achieve real gains.
	Establish a Diversity Council which is chaired by organizational head and includes all

	business leaders at the highest level(s) of the organization.
	Recognize that diverse talent increases the value of an organization's intellectual property and that this talent can bring broader solutions to complex problems.
Rigorous Management	
Industry	Build D&I strategies into the critical success factors for the organization's performance. Install measures of effectiveness that drive change.
	Establish employee (resource or affinity) groups with a senior organizational advisor and a charter that sets forth roles, responsibilities, activities, funding parameters, recognition, community outreach, talent management and outreach roles.
	Take a broad view - focus initiatives on: 1) Employees, 2) Customers, 3) Community, 4) Stakeholders, and 5) suppliers.
Integrated Infrastructure	
	Weave D&I strategies into all elements of the organization from recruitment and professional development to the way clients are served.
Industry	Have an outside organization administer climate surveys annually to all employees and utilize data to adjust D&I strategies. Communicate needs to top leadership.
	Make D&I a business imperative that is embedded in the fabric of the organization's structure, policies and processes.
	Separate EEO and D&I functions, management and oversight responsibilities.
Aligned Culture and Systems	
	Link D&I goals to compensation and performance bonuses for all leaders, managers and supervisors. Sustainment is key. It's not a sprint, but a marathon.
	Establish mentoring programs for all employees that are sponsored by both the organization and by employee groups.
Industry	Utilize succession planning efforts as a strategic process for identifying and developing a diverse pool of talent for an organization's potential future leaders.
Intensive Communications	
	Communicate the visible outcomes and how D&I impacts the organization, adds values and contributes to the organization's mission and results. Celebrate gains.
	Build an aggressive strategic communications plan to enable coherent, compelling, and consistent messaging from senior executives to every employee. Determine and publicize how employees can contribute to driving D&I throughout the organization.
	Provide diversity training for all with action plans for Senior executives, managers,

	supervisors and employees to ensure the message is understood and acted upon.
Targeted Diversity Policy and Initiatives	
	Sponsor organization employee resource or affinity groups which have a formal and informal role in recruitment, retention, communications, and community service and in many cases talent development.
	Establish diverse pipelines for recruiting diverse candidates and develop a diverse talent pool – include minority and other types of Professional Associations and Groups; along with different types of college and universities.
	Build strategic partnerships: conduct special outreach fairs and programs working with various diverse professional associations, universities and affinity groups.
Industry	Develop specialized D&I training for supervisors in order for them to learn how to best engage others.
Metrics – Performance Management – Accountability	
Industry	Establish and institutionalize key D&I Metrics. Deploy Scorecards that capture key D&I data elements which are reviewed periodically by top management.
	Establish key D&I metrics including statistics on employee hiring, retention, promotions, EEO compliance, grievances and diversity of talent pipeline/outreach efforts and ERG accomplishments.

These “best practices”, in one form or another, appeared in the majority of the organizations we surveyed and were validated by the background research we conducted. The table provides a simple and easy to use categorized checklist for organizations to conduct an initial assessment of their D&I programs and supporting initiatives to look for gaps and overlaps.

Trends - We also found that several organizations have begun to experiment with strategies that they believed would assist them in building a better D&I culture and framework for their organization. We labeled these strategies as “trends” and defined a trend as something that appears to be occurring in a number of organizations but has not yet been translated into a “best practice.”

Diversity and Inclusion Trends	
Committed Leadership	
	Create a “leaders engaging leaders” program which includes leaders advising high performing individuals.
Rigorous Management	
	Establishment of a Leadership Council (with representative leaders from all areas of an organization) which is charged with developing/overseeing the implementation and monitoring of D&I Implementation Plan. Reports progress and issues to Diversity Council or Diversity Advisory Board.
Integrated Infrastructure	
Government	Identify specific D&I competencies for those managing the D&I function.
Aligned Culture and Systems	
Industry	Link leadership development efforts to D&I and ensure that these opportunities and mentoring are available to all interested candidates.
Intensive Communications	
Industry	Establish a Diversity Outreach Board of Leaders that serve as ambassadors, speakers and meet with community, cultural and outreach groups.
Targeted Diversity Policy and Initiatives	
	Have ERGs sponsor training and development programs. They can also provide orientation, leadership and other development programs to their group members.
	Work with employees and employee resource groups to build a commitment to youth, education and workforce readiness – from sponsoring tutoring programs after work to engage employees in community activities.
Industry	Use technology – social networking tools to reach more diverse communities and help to establish a variety of pipelines from which to recruit needed talent. Update D&I outreach to include the latest technologies and social media tools.
	Set up Employee Resource Group Conferences and Recognition Banquets to communicate and recognize D&I initiatives and accomplishments.

The above table provides a number of trends that are occurring in both Industry and Government organizations. Yet, we did find one trend that is occurring in the government and not in industry which had to do with defining the competencies of the D&I managers and we noted three other trends found predominately in industry which had to do with establishment of a Diversity Board of Leaders to serve

as outreach ambassadors, increased use of social networking and technology for outreach and linking leadership development and succession planning to their D&I programs. These trends are strategies that other organizations may want to study and assess how these they might impact their own D&I strategies and initiatives.

Special Practices - These strategies are somewhat unique practices that were observed in a specific industry or government organization and are identified by these organizations to be a strategy that in their view has a strong positive impact on D&I outcomes. These practices have not yet been broadly adopted but should be evaluated by any organization seeking to improve their D&I program and supporting processes.

Diversity and Inclusion Special Practices	
Committed Leadership	
Industry	Utilize a diverse, senior leadership team to identify and work diverse pipelines for recruitment.
Government	Brief the next level leader personally each year on your direct reports diversity/gender health. The focus of these reviews is on middle career management — one key area is determining “who are the diverse ‘hot runners’ in each enterprise and what is the plan for their career progression?”
Rigorous Management	
Industry	Create a Center of Excellence, staffed on a rotational basis, with a Committee charged to develop and implement strategic D&I initiatives. Committee should include leaders, managers, supervisors and employees.
Integrated Infrastructure	
Industry & Government	Support employee groups to become the “heart and soul” of the organization’s D&I strategies. Have the groups provide opportunities for employees to contribute to the organization’s goals and build relationships with their peers.
Aligned Culture and Systems	
Industry & Government	Develop and deliver conflict management training to all employees and supervisors in order to enhance dialogue between and among diverse staff.
Intensive Communications	
Industry & Government	Conduct/hold an annual D&I Leadership Summit. Provide the opportunity for all organizational leaders to utilize D&I tools, be exposed to dynamic D&I speakers,

	and gain experience that allows them to foster positive relationships, improve interpersonal skills, and link D&I to enterprise-wide business strategies.
Targeted Diversity Policy and Initiatives	
Industry & Government	Develop “D&I” internship programs that provide opportunities and outreach to college students from various schools and programs and provide a scholarship for interns who successful complete the internship program.
Industry	Develop or utilize a series of training courses to create a highly interactive learning environment designed to help participants to understand the impact of viewing the world through "cultural" lenses and thinking styles. Participants learn to work productively with people of any background.
Metrics – Performance Management – Accountability	
Industry	Build your organization’s Diversity Performance Factor or a check list that provides leaders with a self-assessment of how they are performing their D&I roles and responsibilities.

From the Special Practices table, we can see that there are a number of emerging initiatives that may be useful to your organization, along with the trends, which will need to be tracked and researched to determine their impact on D&I success and outcomes. Clearly these organizational changes are going to continue to affect the ways in which successful leaders lead and effective managers manage for some time to come. Furthermore, from this research we determined that the government is making progress in implementing D&I strategies; but, it appears that industry has definitely taken the lead in terms of introducing new initiatives and experimenting with unique special practices that all organizations can likely benefit from.

Federal Agencies’ Organizational Structures and Division of Responsibilities

We were also asked by OPM to include in this study for the federal agencies on how they divided up the Human Resources’ work among the various Human Resources offices and functions. The following table represents the typical allocation of key duties and responsibilities from the six federal agencies included in this benchmark study:

Key Duties and Responsibilities	Chief Human Capital Officer	Office of Civil Rights / Civil Liberties & EEO	Office of Diversity and Inclusion
Strategic Human Capital Planning and Organizational Assessments/Climate Surveys	Leads process	Has input	Builds D&I Strategy aligned with overall plan and/or co-leads SHC planning efforts
Workforce Planning- Workforce Analysis	Leads process	May have input	Has input
Writes Vacancy Announcement	Leads - coordinates with line	Has input	Has input
Outreach and Assistance	Has input	Works with D&I to identify pipelines & organizations that are disadvantaged including disabled	Leads process - handles outreach and works with Affinity or Employee Resource Groups
Hiring Process	Leads process	Provides data/metrics	Provides data/metrics
Reasonable Accommodation	Has Input	Leads process	Has input
Training – Supervisor/ On-boarding – Orientation etc.	Manages overall training program	Focus on EEO, EDR and Complaint process/Grievances	Focus on D&I and Conflict Management
Writing Policy	Lead on all HR policies	Focus on EEO, EDR and Complaint process – reviews other HR policies	Focus on D&I – reviews other HR policies
Communications Plan and Metrics	Communicates all HR policies and collects data	Focus on EEO, EDR and Complaint process	Focus on D&I – works with Diversity Councils
Talent Management	Leads process	Has input - mentoring	Ensures opportunities are fair, transparent

Key Duties and Responsibilities	Chief Human Capital Officer	Office of Civil Rights / Civil Liberties & EEO	Office of Diversity and Inclusion
			and open to all
Awards/Recognitions/ Accountability Framework – bonuses and compensation	Leads process	Has input	Ensures opportunities are fair, transparent and open to all
Exit Interviews etc.	May manage	Reviews data	May manage process

From this benchmark study, we noted that no “one size fits all” solution exists and that agencies assign and perform the various HR functions differently, depending on the size and geographic locations of the offices and HR offices performing the work. One key organizational finding was that regardless of who was assigned responsibility for a particular function, it must be clear that input and feedback are required from other HR specialists for the process to work efficiently and effectively. A second key finding was that flexibility and collaboration were key to ensuring that all HR functions are effectively managed across any federal agency to ensure that D&I strategies are developed, implemented, and acted upon.

Recommendations: What Does this Mean for the Federal Workforce?

First and foremost from our research we have found that there are a number of underpinnings that should be included in an agencies’ D&I strategy. The five findings listed below are those that have been found useful by most of the government agencies included in this study:

1. Effectively implementing D&I programs in the workplace enhances organizational performance and productivity.
2. Diversity should be broadly defined, including and not limited to legally protected groups, and Inclusion practices must be incorporated into the policies, practices and training.
3. D&I strategies must be strategically aligned with business goals. These efforts need to be built into the fabric of the culture and not be separate programs run by HR.
4. Diversity management strategies must be complemented with inclusion and engagement strategies and effective conflict management training, along with mentoring.
5. Metrics and accountability are keys to ensuring effective D&I strategies and outcomes.

We also learned from this study that there are D&I practices that are shared by both the private and public sectors; and we saw in some situations where both sectors have introduced practices that can be described as “trends” that may eventually lead to a best practice. Finally, we found that both government agencies and private sector companies have introduced unique “special practices” that they have offered as key D&I strategies to help transform their organizations and have successful D&I outcomes. We would recommend that all of these special practices be reviewed and considered by both private and public sector organizations.

Conclusion

Research and demonstrated outcomes have shown that D&I strategies can enhance workforce engagement and productivity. However, for D&I initiatives to produce sustainable successful outcomes these D&I strategies must be implemented as strategic imperatives and embedded into the framework of the organization and culture. This report is designed to provide the reader with an overall framework for analyzing their D&I program, best practices for implementing D&I, along with emerging trends and special practices, and finally, to provide government organizations with an idea of the typical assignment of roles and responsibilities within strategic Human Capital, HR, and EEO components of their organizations.

Today’s employers are responsible for both engaging employees and responding to the needs of their customers, who are more ethnically and culturally diverse. We also have four generations working side-by-side in the workforce and more workers with various challenges and disabilities. Clearly, whether the goal is to be an employer of choice, to provide better customer service or to maintain a competitive edge, D&I is increasingly recognized and utilized as an organizational imperative. Furthermore, this study has shown that there are Pillars of D&I, best practices and perhaps D&I special practices (and/or trends) that can impact employee engagement and hence an organization’s productivity and ability to recruit and retain talent. Through benchmarking studies such as this one, the Federal civilian sector – which employs over 1.5 million persons – has the opportunity to learn more about D&I from organizations which have successfully navigated and created D&I cultures and diverse workforces.

Dr. Hubbard, author of *Measuring Diversity Results*¹⁴, concludes in his book:

¹⁴ Hubbard, Edward E, *Measuring Diversity Results*, Butterworth-Heinemann: 1st edition 1997, p. 217.
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“When aligned with organizational objectives, diversity [& inclusion] can be a powerful contributor to the organization’s competitive advantage.”

From this benchmarking study and other research, D&I have proven to be effective strategies for positively transforming cultures and organizations. The time is now – given our changing world, current budget climate, and need for employees to be more productive, to build the D&I framework, lay the foundation and begin the process of implementing D&I strategies. It is incumbent upon the leaders of our Federal agencies to use the knowledge, tools, best practices and core strategies identified in this benchmarking study and others, to improve upon their human capital strategic and tactical practices and implement and sustain D&I strategies in order that these agencies and organizations can be more competitive, efficient, effective and productive.

Appendices

APPENDIX I: Interview Questions

APPENDIX II: Appreciation of Federal Agencies and Private Sector Organizations Interviewed

Author(s) & Affiliations

HC SIG Workforce Diversity and Inclusion Working Group

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Monica Oldham, PwC Diversity & Inclusiveness Director

Veronica Villalobos, Office of Personnel Management's Director of Diversity and Inclusiveness, sponsor of the project

APPENDIX I -IAC-HR SIG-Diversity Working Group Key Questions

Question 1: What does it mean to have a diverse workforce in your organization?

Question 2: Has your organization established a Diversity Management function, office, staff, and/or program manager? If so what does the structure look like?

Question 3: Do you have a Diversity Vision, Diversity Strategy, Diversity Statement, and/or Other documentation reflecting your personal support and/or expectations for diversity? Or for your organization?

Question 4: What current diversity based initiatives do you currently have underway?

Question 5: What diversity based initiatives or actions are you planning to implement over the next two years?

Question 6: Do you currently have a means or process for recruiting a more diverse candidate pool to senior management and/or executive positions?

Question 7: How do you ensure that you have inclusion in your diversity program?

Question 8: Is your leadership team fully engaged in and committed to the diversity program efforts?

Question 9: Have you conducted any diversity-based training to executives, managers, and or employees?

Question 10: Have you conducted any type of formal organizational cultural audit or assessment relative to diversity?

Question 11: What is the most effective means to ensuring retention of your best talent in your organization?

Question 12: Have you established any type of metrics to determine the effectiveness of your diversity efforts? If so what are they? How often do you capture and review the data? Who reviews the data? How are the results incorporated into your operations?

Question 13: Does your customer demographics influence the diversity make-up of your organization? If so, how?

Question 14: Does your organization use employee social or retention groups? If so - how have they helped? How do you determine which ERGs to support? How is your leadership involved with the ERGs?

Question 15: What diversity issues and/or challenges do you feel are unique to your organization?

Question 16: In your view, what does your organization need to do to enhance diversity?

Question 17: What can we learn about diversity –programs from your organization?

Question 18: Does your organization have a mentoring program? If so how does it work?

Question 19: Would you be willing to share with us one of your lessons learned about diversity?

Question 20: Why do you think your company ranked in the Top 50 on the March 2010 Diversity Inc. list?

Question 21: Can you identify for us your number one best practice in regards to diversity?

Question 22: (OPM's D&I Director added this question to our survey) - How would you define the D&I roles and responsibilities in a matrix for the three functions: HR/EEO and D&I?

APPENDIX II - Participating Organizations and Representatives

Participating organizations and individuals, who contributed and provided invaluable information to this study, include the following:

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Industry Partners and Points of Contact:

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Ms. Doreen D. Hurley, Director, HR Communications, KPMG

Mr. James Norman, Vice President Diversity, HR, Kraft Foods

Ms. Monica Oldham, Diversity Practice, PwC, and subsequently Sonia M Alvarez- Robinson and Ashley Mattison, Washington Federal Practice

Marriott Diversity Chief (requested anonymity)

Vice President, Corporate Diversity, Sodexo (requested anonymity)