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Why Your Diversity Strategy Needs to Be More Diverse

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AT A GLANCE

Although diversity has clearly moved up the UK business agenda in recent years, nearly half of the respondents in a BCG study said that in the past three years, their employer had made no progress in improving diversity and inclusion (D&I). Even more troubling: employees who don't believe that their organisation is fully committed to diversity are three times more likely to leave than those who do.

Diverse Groups Need Diverse Interventions

A common set of interventions—such as antibias measures, visible role models, and mechanisms that give employees a voice—are valued by all underrepresented groups. Some interventions, however, resonate better with certain groups than with others. The study also revealed that D&I programmes typically focus more on recruitment than on retention and advancement. Organisations need to consider individual employees' entire career journey and implement D&I interventions that address their changing needs at different career stages.

Employers Must Diversify Their D&I Strategy

Creating a D&I strategy that addresses these crucial differences involves several key steps: Start with an up-to-date baseline. Investigate the root causes of workplace inequities and D&I ineffectiveness. Select appropriate interventions. Define and track targets, and adapt them as needed. And regularly communicate what you are doing and why.

I T'S A SAFE BET that most business leaders in the UK today would recognise the importance of workplace diversity. Those who don't—or who believe that their work is done—should consider this sobering statistic: nearly half of UK employees who believe that their organisation is not committed to diversity and inclusion (D&I) are likely to head for the exit within three years. This finding, from our recent survey of 2,000 employees, has dramatic implications at a time when talent is increasingly regarded as a company's most valuable asset. (See the sidebar, "Our Methodology".)

Commitment calls for more than good intentions. Our research reveals a significant gap between existing D&I efforts and their impact. Although it's clear that diversity has moved up the agenda in recent years—in both UK businesses and society as a whole—nearly half (45%) of our survey respondents said that their employer had made no progress in improving D&I in the past three years.

Addressing D&I should, by definition, entail recognising differences: the policies and programmes that work for women in the workplace, for example, do not always hold the same value for black, Asian, and minority-ethnic (BAME) or LGBTQ employees. Furthermore, individuals' needs change over the course of their careers. Many D&I programmes focus on recruitment, giving short shrift to retention and advancement interventions. What good are these initiatives if they fail to keep the talent you've invested in?

We should, therefore, not be surprised that a one-size-fits-all approach to D&I is insufficient.

Successful companies segment their customers with the aim of doing a better job of serving and retaining them. In the same spirit, organisations should dig deep to discover which minority groups they are underserving and in what ways—and then develop strategies that will address their diverse needs now and throughout their careers. Organisations can realise the ultimate return on their "diversity dollars"— attracting and keeping top talent—by taking a holistic and diverse approach to creating an inclusive culture.

The Cost of Not Committing

Commitment to D&I can have a significant impact on an organisation—and not least on employee retention. In our study, which spanned a broad range of industries and sectors, we found that those who don't believe that their

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OUR METHODOLOGY

To understand employees' perspectives on workplace diversity and the obstacles they (and their colleagues) face, BCG surveyed approximately 2,000 employees of UK organisations with a workforce of 1,000 or more. The study included part-time as well as full-time employees representing a range of demographics: there were approximately 1,000 women; 380 black, Asian, or minority ethnic; and 260 who identify as LGBTQ. (Many respondents represent more than one group.) The organisations include such industries as financial services, health care, media, consumer goods,

energy, industrial goods, technology, and transportation, as well as the public sector.

The survey covered 31 discrete diversity initiatives, including flexible working arrangements and blind screening. Respondents were asked to identify those initiatives that their organisations offered and to indicate which of those they considered most and least effective.

This research was undertaken as part of a global BCG study of more than 13,000 employees in nine countries.

organisation is fully committed to diversity are three times more likely to leave in the next three years than those who do (48% compared with 16%). (See Exhibit 1.) In other words, nearly half of all employees are likely to seek employment elsewhere. Among BAME and LGBTQ respondents, the percentage who indicated that they would probably leave their employer was significantly higher. And among white heterosexual male employees, the percentages were nearly the same (43% likely to leave compared with 14%).

Although it is difficult to put a price tag on the value of an individual employee, the cost of hiring and training a new employee is, according to the Society of Human Resource Management, worth from six to nine months of the individual's annual salary. Thus, in addition to its impact on culture, the cost of not committing to D&I—today and in the future—has clearly significant financial consequences.
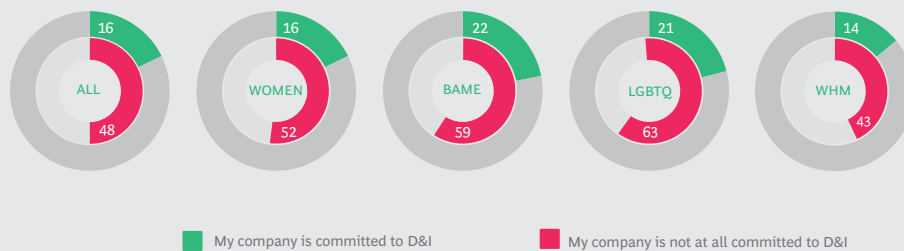
Quantifying the Disconnect

Despite UK employers' significant expenditures on D&I programmes, only a little more than half of all the respondents in our study (56%) consider their organisation's management to be committed to D&I. (Management was defined as including everyone from the C-suite to midlevel ranks.) Among BAME employees and those who identify as LGBTQ, the percentage drops markedly to 46% and 39%, respectively. (See Exhibit 2.) The contrast with perceptions among the majority cohort—white heterosexual men—is stark: 63% said that their organisation's management is committed to D&I.

It's interesting that the percentage of female respondents who viewed their organisation as committed (55%) was almost identical to the overall respondent pool (56%). There are several possible reasons for this. Attention to gender diversity

EXHIBIT 1 | Employee Retention Is Tied to Management's Commitment to D&I

Share of respondents likely to seek a new employer within the next three years (%)

ALL	WOMEN	BAME	LGBTQ	WHM
16 / 48	16 / 52	22 / 59	21 / 63	14 / 43

■ My company is committed to D&I   ■ My company is not at all committed to D&I

Source: BCG UK Diversity Study, Q4 2018.
Note: Commitment = C-suite to midlevel management's commitment; BAME = black, Asian, and minority ethnic; WHM = white heterosexual men.

issues has grown in recent months, owing, in no small part, to the media's attention to the Time's Up and #MeToo movements, as well as the new legal requirement to publish gender pay gap statistics. This in turn has led to the public's increased awareness of and conversation on gender-related concerns. Over the past 12 months, for example, the term *gender equality* was the subject of more than four times as many Google searches as either *LGBT* or *racial equality*. Still, despite the greater focus on improving diversity in the workplace (for women in particular), 46% of female respondents said that their employer had not improved diversity in the preceding one to three years. LGBTQ and BAME respondents felt even more strongly: 50% and 52%, respectively, said that there had been no improvement.

THE INTENTIONS-IMPACT GAP

No matter how big the budget, how widespread the initiatives, or how well-intentioned the initiatives, D&I programmes in the UK are falling far short in the eyes of their intended beneficiaries. Although nearly three-quarters (74%) of the employees we surveyed were aware that their organisation had established one or more diversity programmes, only one-third (33%) of the intended beneficiaries said that they had personally gained from them. In other words, two-thirds of the participating organisations' diversity dollars are having little or no effect.

The gap between intentions and actual impact is troubling, and understanding it has important implications for the nature and extent of diversity efforts.

DIVERSE GROUPS NEED DIVERSE INTERVENTIONS
Our study revealed a clear set of interventions that are valued by all underrepresented groups. Measures that combat bias, such as antidiscrimination training, blind screening, diverse interview slates (pools of job candidates from a specific minority pool), and bias-free evaluation and promotion decisions are

EXHIBIT 2 | Perceptions of Management's Commitment to D&I
Vary Considerably

Share of all respondents who said that their company is committed to D&I (%)
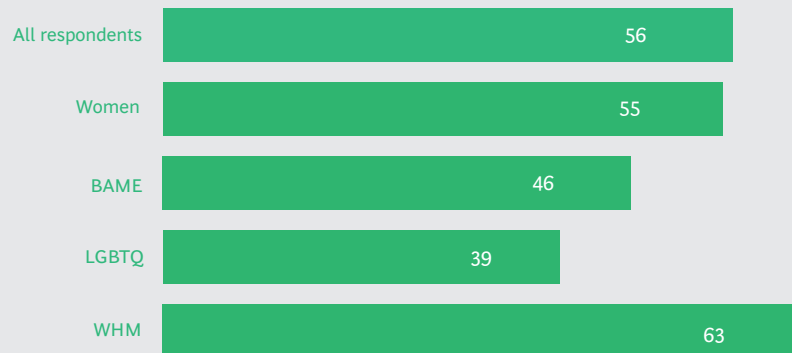
All respondents	56
Women	55
BAME	46
LGBTQ	39
WHM	63

Source: BCG UK Diversity Study, Q4 2018.
Note: Commitment = C-suite to midlevel management's commitment; BAME = black, Asian, and minority ethnic; WHM = white heterosexual men.

considered important. So too is having visible role models at all levels of the organisation. In addition, all groups value initiatives that empower employees by giving them a voice through such mechanisms as surveys and pulse checks and serve as yet another example of the link between acknowledging the need to be heard and creating an inclusive culture. Finally, minority groups value an organisation's efforts to track D&I progress. These no-regrets moves apply universally and throughout the various stages of employees' careers, so organizations should adopt them immediately if they haven't already put them in place.

Yet we also uncovered important differences among the groups. In comparing preferences, we found that certain interventions—"differentiated moves"—resonated better with some groups than with others. (See Exhibit 3.) These findings were consistent with what we hear in our informal discussions with clients and other organisations:

- **Female Employees.** Female respondents in particular value flexible work arrangements, parental leave, and childcare policies that ease the pressure of balancing work and family. Previous BCG research has shown that all women (as well as men under age 40) rank such work-life balance measures as the top gender diversity initiatives, highlighting the shifting perception on sustainable working models. (See "How Millennial Men Can Help Break the Glass Ceiling", BCG article, November 2017.)

- **BAME Employees.** These employees prize mentoring—especially coaching and sponsorship programmes—that helps them navigate the internal job market, forge career roadmaps, and develop professionally. They also value public signs of the company's commitment to promoting D&I, including explicit statements by the CEO, participation in external events, and recruitment materials that authentically reflect diversity.
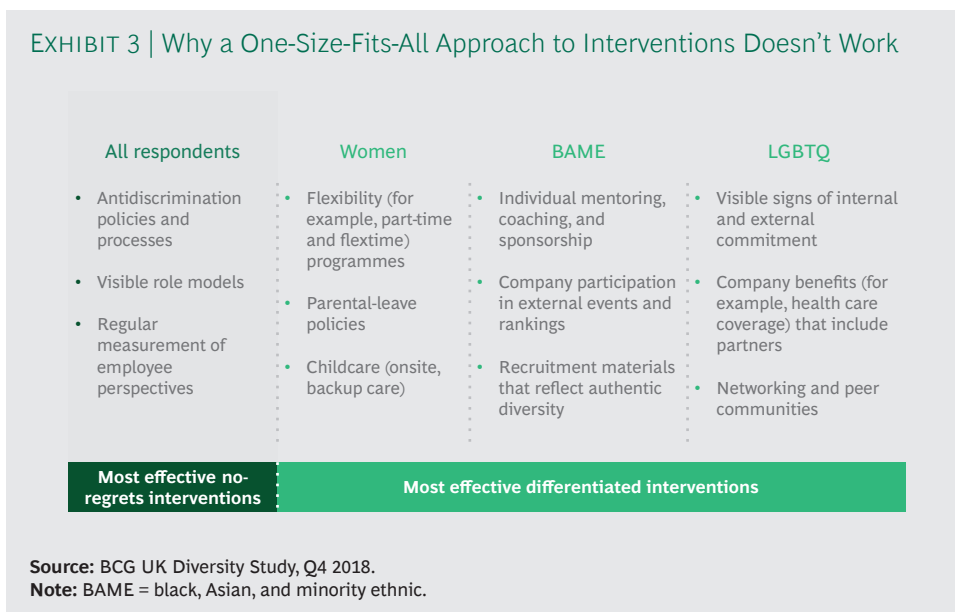
- **LGBTQ Employees.** Overt demonstrations of commitment to an inclusive culture are especially important to LGBTQ employees. Gender-neutral restrooms and nonbinary gender choices on written forms, for example, signal an organisation's tolerance and support. The CEO's public affirmation of support counts, as does the company's participation in external events and workplace rankings. LGBTQ employees also value health care coverage that includes their partners. Opt-in networking and peer communities that are sources of mutual member support are also important.

Different employee populations do, of course, face different issues. It is important to consider individuals' specific needs and whether they will likely value initiatives that reflect the multiple aspects of their diverse identities. Just as companies develop specific product marketing, sales, and support strategies for various customer segments, so too should they tailor their D&I solutions to their diverse employee groups.

DIVERSE INTERVENTIONS FOR DIFFERENT CAREER STAGES

Minority employees face persistent and changing obstacles throughout their careers. Yet organisations' diversity programmes tend to focus predominantly on recruitment; few address retention or advancement with a similar level of investment. By definition, recruitment programmes cannot have a lasting impact on an individual's workplace experience. Retention and advancement programmes, however, play an important role in creating an inclusive culture at all levels of an organisation. They are, in fact, the real test of success. Exhibit 4 illustrates that in addition to designing interventions tailored to the various groups, organisations must also develop D&I practices, policies, and initiatives that address employees' changing needs at different stages of their careers.

Attracting candidates to interview for a job or to accept a job offer takes one set of programmes and practices designed to combat perceptions that "this company is

EXHIBIT 3 | Why a One-Size-Fits-All Approach to Interventions Doesn't Work

All respondents	Women	BAME	LGBTQ
• Antidiscrimination policies and processes	• Flexibility (for example, part-time and flextime) programmes	• Individual mentoring, coaching, and sponsorship	• Visible signs of internal and external commitment
• Visible role models	• Parental-leave policies	• Company participation in external events and rankings	• Company benefits (for example, health care coverage) that include partners
• Regular measurement of employee perspectives	• Childcare (onsite, backup care)	• Recruitment materials that reflect authentic diversity	• Networking and peer communities
Most effective no-regrets interventions	**Most effective differentiated interventions**		

Source: BCG UK Diversity Study, Q4 2018.
Note: BAME = black, Asian, and minority ethnic.

not for people like me" and to address potential bias in the recruitment process. Such interventions include targeting candidates from diverse populations, balanced interview slates, and blind screening. Retaining employees requires another set that addresses four essential needs: building relationships within the company, adjusting to lifestyle changes, overcoming day-to-day discrimination, and feeling connected to management. Promoting employees calls for yet another set of interventions. To advance in an organisation, employees must be able to envision themselves in leadership roles and to feel confident that the promotion process is free of bias—conscious or unconscious.
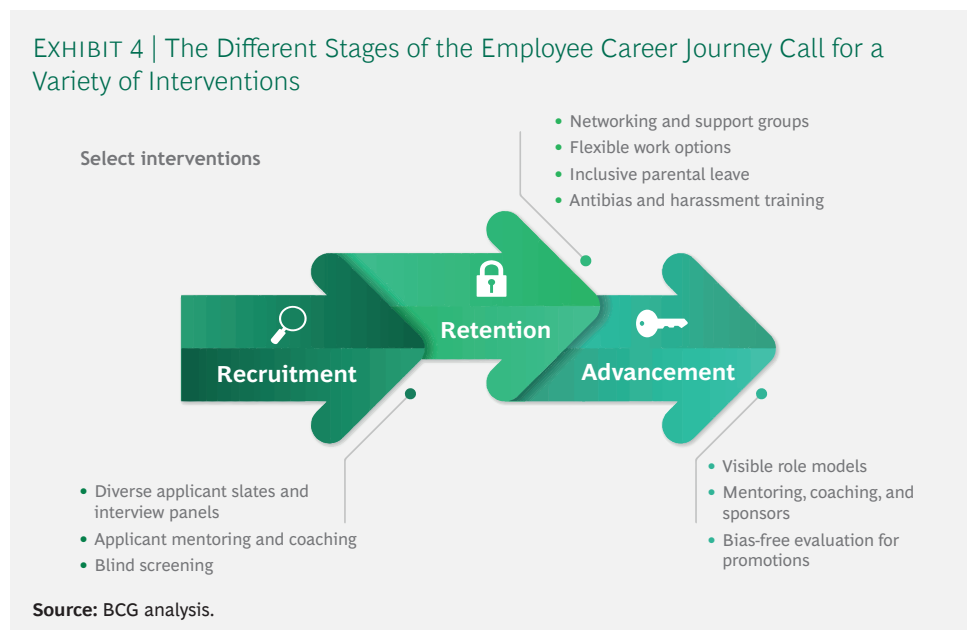
Such initiatives must, therefore, be conceived as part of a coherent whole—a continuum that is based on the organisation's clear perception of the journey that employees in each group might follow—from initial interview to leadership position.

Employers Must Diversify Their D&I Strategy

The question is no longer whether to commit to D&I. Instead, management should ask, How can we ensure that our D&I investments are working?

So what does it take to design and implement a sound D&I strategy?

Start with a clear, up-to-date baseline. Management must understand the current makeup of the organisation's workforce and the obstacles that minority employees face. In which specific areas of the organisation are minority employees underrepresented? Which groups have high rates of attrition? At what point (or points) in their career cycle are employees leaving? Do the organisation's current D&I initiatives match its demographics? Once a clear picture emerges, the leadership should dig deeper into the underlying causes.

EXHIBIT 4 | The Different Stages of the Employee Career Journey Call for a Variety of Interventions

Select interventions

- Networking and support groups
- Flexible work options
- Inclusive parental leave
- Antibias and harassment training

Retention

Recruitment

Advancement

- Diverse applicant slates and interview panels
- Applicant mentoring and coaching
- Blind screening

- Visible role models
- Mentoring, coaching, and sponsors
- Bias-free evaluation for promotions

Source: BCG analysis.

Investigate the root causes of workplace inequities and D&I ineffectiveness. Work to clarify management's understanding of employees' perspectives, and give employees a voice. Use a variety of tools—such as confidential surveys, pulse checks, and focus groups—to identify the underlying causes of inequities and programme ineffectiveness. Talk to employees about the impact of different behaviours, signals, and perceptions. Probe to determine what needs to change and to understand the potential hurdles that employees envision. By talking directly with them, leaders can set the tone for open dialogue and a foundation for an inclusive culture.

Select interventions that address the root causes. The choice of interventions varies from company to company, just as interventions need to vary from group to group. Organisations should select the most appropriate interventions on the basis of where they are in their D&I journey. Those in the early stages need to start with the no-regrets and obviously in-demand measures, such as antidiscrimination policies. Those that are further along should focus on inclusion initiatives—initiatives that establish the culture—and ways of working that foster the spirit of diversity. It's best to launch initiatives in waves rather than in a big-bang manner. This approach allows adequate time for promoting the initiatives, providing any necessary training, and allowing for employees' uptake.

Define the targets—then track, measure, and adapt. A successful D&I strategy is one that sets specific goals and defines KPIs for monitoring progress and measuring outcomes. Having explicit goals that are tied to metrics not only helps management stay focused on D&I but also sends a positive signal to employees and prospective hires.

KPIs can also help management determine where and how to change course or fine-tune interventions. Timing is important: perceptions are constantly changing. A measure that may not have worked two years ago may be successful today. Agile ways of working can help companies develop, test, and evolve interventions at a fast, responsive pace.

Regularly communicate what the company is doing and why. No matter what steps the organisation decides to take, they must be visible and communicated widely and frequently, internally and externally. Everyone, including the talent the company aims to attract and the customers it seeks, must know about these initiatives. In fact, everyone must be made aware that the organisation is tackling multiple diversity issues.

Timing is important. A measure that may not have worked two years ago may be successful today.

IMPROVING D&I IN the workplace is no easy endeavor. Beyond addressing the most basic need—creating an inclusive and bias-free environment—it requires not only structural changes but also a shift in organisational culture. And achieving the intended results is a long-term proposition that can take years, rather than months.

Clearly, there is no such thing as a one-size-fits-all approach. As with any strategy, the set of interventions an organisation chooses must be tailored to its particular ethos, the needs of its workforce, and its particular place in the D&I journey.

Furthermore, management will have to revisit and adjust the strategy over time: as the world changes, the company's workforce dynamics and circumstances change, and new solutions arise.

Many needs and initiatives apply across the board, and although many have proved successful, organisations must consider the full spectrum of individuals who contribute—and those yet to contribute—to the company's success. Management must take thoughtful action to support top employees throughout their career journeys.

For Further Reading

Boston Consulting Group has published other articles and reports on the D&I topic. Examples include those listed here.

Two Groups You Can't Ignore (but Probably Do) in the War for Talent
An article by Boston Consulting Group, October 2018

Measuring What Matters in Gender Diversity
An article by Boston Consulting Group, April 2018

How Diverse Leadership Teams Boost Innovation
An article by Boston Consulting Group, January 2018

How Millennial Men Can Help Break the Glass Ceiling
An article by Boston Consulting Group, November 2017

Getting the Most from Your Diversity Dollars
A report by Boston Consulting Group, June 2017

How UK companies can stretch their diversity spend
A report by the London office of Boston Consulting Group, April 2017

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