

How to Measure Inclusion at Your Organization

*"Diversity is being invited to the party,
inclusion is being asked to dance."*

– Vernā Myers,
Inclusion Strategist and
Head of Inclusion at Netflix

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Executive Summary

There is growing evidence that diverse organizations outperform their non-diverse counterparts on business metrics such as *innovation, growth, employee retention, well-being, and more*. By measuring empirical differences in subjective experience, companies can unlock these key inclusion opportunities to achieve their business objectives.

This report will provide organizations with an empirically validated framework to measure and drive employee inclusion across their operations. Additionally, the report will spotlight three leading organizations that have leveraged Diversio's framework and technology to transform their culture and lead their industries in diversity & inclusion.

Introduction

The business benefits of diversity & inclusion (D&I) are well-documented, with multiple studies finding a strong correlation with innovation, productivity and talent attraction¹. In 2020, the Black Lives Matter movement highlighted another business imperative – the risk associated with failure to create a diverse and inclusive workplace. This risk is closely related to the “I” in D&I, and corresponds to employee and customer perceptions that a company has created a safe and empowering workplace for all employees.

When assessing an organization’s **diversity**, it is common practice to look at indicators of different backgrounds and perspectives, such as gender, race, ethnicity, sexual orientation, disability, and socioeconomic background. However, diversity on its own is insufficient to drive outcomes. Individuals must be empowered to share their perspective freely and honestly, and must not be impaired by bias or cultural barriers. This is where inclusion becomes invaluable.

Inclusion is about creating the right environment for diverse employees to thrive and is a key ingredient of organizational success. While it is generally understood that a lack of inclusion within an organization presents significant risk, corporate leaders struggle to understand what this risk looks like, how to quantify it, and most importantly, how to mitigate its effects. Based on experience data and research across more than 500 companies in 30 countries, Diversio has identified a set of Inclusion Metrics that can be tracked to ensure diverse employees are treated equally and valued in the workforce.

This paper is designed to help people managers track inclusion and the impact it has on business performance. While there is no silver bullet, tracking these metrics will give companies a strong sense for what factors may be disproportionately impacting diverse employees, and more importantly, where they can allocate resources to maximize impact.

There are three distinct sections in this report:

- [1](#) Defining a set of Inclusion Metrics that organizations can use to track employee experience.
- [2](#) Explaining how Inclusion Metrics can be used to drive interventions and focus resources where they will have the most significant effect.
- [3](#) Introducing the Inclusion Scorecard and illustrating how this tool can be used to drive progress and mitigate risk.

For more information on how Diversio helps organizations implement and track inclusion metrics and benchmark their performance against peers, visit www.diversio.com.

¹ Diversity wins: how inclusion matters 2021; The diversity and inclusion survey – framework and psychometric properties 2021; How diverse leadership teams boost innovation 2018.

Defining Inclusion Metrics for Organizations

”

What gets measured gets improved.

– Peter Drucker

Until recently, there has been a widespread misconception that inclusion is “fluffy”, amorphous, and hard to define. While it is true that experience is subjective, measuring empirical differences in subjective experience can shed light on key inclusion opportunities.

Using our internal dataset and public data from more than 20,000 companies worldwide, Diversio has identified a common set of characteristics shared by highly diverse, productive, and engaged organizations: they are inclusive, fair, engaged, flexible, and safe. Additionally, analyzing feedback from over 50,000 employees across 30 countries allowed us to define the specific practices that feed into each characteristic. This analysis enabled us to formulate simple questions that can be asked of employees to measure their performance on each factor. We refer to these five factors and their sub-components as **Inclusion Metrics**.

Inclusion Metrics: The characteristics of a highly inclusive workplace

Inclusive Culture – This term refers to the openness of team environments to diverse opinions and perspectives. In other words, this factor measures whether “non-dominant” employees feel equally empowered to share their ideas. The sub-factors that contribute to this characteristic include **collaborative teamwork, employee engagement, adequate resourcing, respect and compassion, and inclusive leadership** (“tone from the top”).

Fair Management – This term refers to an employee feedback and review system that is **fair, objective, and free from unconscious bias**. Fair Management also looks at whether all employees have equal opportunity to advance within their organization. Sub-factors contributing to this characteristic include the **absence of nepotism and favouritism, clear communication, employee recognition, pay equity, transparency of expectations, and unbiased management**.

Career Development – This term refers to a **culture of mentorship and sponsorship** that is open to all employees. Said differently, it looks at whether junior employees from diverse backgrounds are able to develop relationships with senior employees in the “dominant group.” Sub-factors include **mentorship, career development, adequate training, and networking opportunities**.

Flexible Work Options – This term refers to a workplace that does **not inadvertently exclude diverse employees** through rigid protocols. For example, a culture of “face time” that prioritizes in-person interaction above results. Contributing sub-factors include **remote work, parental leave, flexible time off, and mental health support.**

Safe Work Environment – This term refers to a workplace **free from mental, physical, and sexual harassment.** It is worth noting that while many forms of harassment are explicitly gendered or racially-motivated, other forms are unconscious. Sub-factors include **discrimination, toxic leadership, harassment, recourse, and retaliation.**

In addition to these key factors, organizations should have a strong **recruiting and hiring** pipeline that reflects the diversity of the communities they operate within. We find that highly inclusive organizations do this more easily, often because they have developed a reputation as a great place to work. Organizations that cannot rely on word-of-mouth must take bolder action to attract diverse talent. Some common steps required to build a strong recruiting and hiring pipeline include **transparency and communication of open positions, celebrating organizational diversity, engaging with external networks and community groups, and removing bias from the hiring process.**

Obtaining quality data for each metric

Through our work with organizations, we’ve observed a clear relationship between employee-centric data collection practices and data quality. In other words, employees will only provide detailed, objective feedback if they have confidence in the process by which that information is collected. By ensuring that relevant safeguards are in place, our survey consistently provides enough data to identify key opportunities and track performance.

The most important data collection safeguards:

- Ensuring employees trust the data collection process, and in particular, that their responses will be **completely anonymous.** Working with a third-party provider can help build employee trust, particularly in smaller organizations.
- Keeping the survey **short, succinct, and understandable** in order to avoid survey fatigue.
- Providing an opportunity for employees to provide **free text responses** to an open question about their experience. This is a key source of insight into Inclusion Metrics sub-factors and how acutely they are experienced by different groups.



The following questions can be used as a template to measure the Inclusion Metrics. As demonstrated throughout this report, it is critical to simultaneously collect data on the employee's diversity characteristics and role within the organization.

1

To measure **Inclusive Culture**, ask employees whether their opinion is sought and valued by their teams.

2

To measure **Fair Management**, ask whether employees have experienced bias in manager feedback or reviews.

3

To measure **Career Development**, ask whether employees have a senior leader who is invested in their success.

4

To measure **Flexible Work Options**, ask employees if they feel they have the flexibility needed to balance work and home obligations.

5

To measure **Safe Work Environment**, ask employees whether they have experienced any form of harassment in the workplace.

6

To obtain additional and more granular insights, include one or two **Free Text Questions** that ask employees what their company does well to support inclusion and belonging at work and what they could do better.

Measuring Inclusion Pain Points using free text data

In addition to standardized Inclusion Questions, organizations can obtain a wealth of insight by asking employees to share their stories through free text. In our experience, this data provides granular insights on specific dynamics and challenges among teams. These insights are invaluable for guiding interventions.

We analyzed over 50,000 employee free text responses to identify specific challenges contributing to each metric. Through this process, we discovered and validated 27 “Inclusion Pain Points” (also referred to as “sub-metrics”) using artificial intelligence.

The value of tracking sub-metrics is that it reveals granular insights into challenges faced in the workplace, which allows companies to focus their resources on solving the most pressing concerns.

Inclusion Pain Points

Inclusion Metric: Inclusive Culture

- Team Building:** Low connectivity and poor team mentality between colleagues.
- Empathy Building:** Lack of support, compassion, and low empathy from team members and management.
- Employee Engagement:** General apathy and low engagement with role and team. Poor team collaboration.
- Adequate Resourcing:** Poor access to the resources required to succeed in a role.
- Inclusive Leadership:** Leadership is not embracing diversity & inclusion values.

Inclusion Metric: Unbiased Feedback

- Nepotism/Favouritism:** Management unfairly favors some employees over others.
- Feedback Culture:** Challenge giving and receiving fair feedback to/from management. Poor communication, few or no opportunities to communicate to management.
- Biased Management:** Managers treat one group of employees differently than they treat another group.
- Transparency:** Not enough openness and communication in the organization.
- Employee Recognition:** Feeling that employees are not praised or recognized for good work or their contributions.
- Pay Equity:** Perceived inequality in pay or title (i.e. pay gap or title gap).

Inclusion Metric: Access to Networks

Mentorship:	Employees do not have a senior teammember providing advice and career guidance.
Career Development:	Lack of career growth opportunities.
Training:	Too few training or development opportunities.
Networking:	Employees do not have a strong professional network to leverage for career development.

Inclusion Metric: Flexible Working Options

Parental Leave:	Employer is not supportive of or does not empower employees to start families or transition to and from parental leave.
Time Off:	Sentiment that employees cannot take time off without reprimand.
Remote Work:	Lack of ability to work remotely.
Mental Health:	Employees struggle with mental wellbeing and workplace obligations.

Inclusion Metric: Safe Work Environment

Toxic Leadership:	Leadership that engages in bullying and harassment.
Harassment:	Reports of physical, mental, or sexual harassment in the workplace.
Discrimination:	Reports of discrimination across the organization including sexism, racism, homophobia, and more.
Recourse:	Lack of trusted, robust processes of reporting, investigating, and resolving instances of harassment or discrimination.
Retaliation:	Reports of retaliation from perpetrators against victims of harassment or discrimination after a complaint has been made.

Inclusion Metric: Recruiting & Hiring

Leadership Diversity:	Lack of diversity across senior management.
Organizational Diversity:	Lack of diversity at all levels of the organization.
Hiring / Recruiting Bias:	Organizational barriers prevent hiring of individuals from underrepresented groups.

Using Inclusion Metrics to Drive Action and Results

Measuring inclusion at an organization requires a different approach than typical employee engagement assessments. When measuring inclusion, it is critical to look at questions about belonging (such as the questions outlined above) and segment responses by demographic. This allows managers to accurately identify, and ultimately address, systemic differences in employee experience.

Consider this illustrative example. Imagine that a company has 1,000 employees, 20% of whom are women and 80% of whom are men. Let's assume the company surveys all 1,000 employees and asks them to score their experience with workplace harassment from 1 to 5 (1 being terrible and 5 being great). After analyzing the data, the company finds that the average safety score across the workforce was 4.6 out of 5. This score suggests the workplace is very safe and is mostly free from harassment. However, when the company disaggregates the responses of men from those of women, it learns that men scored the workplace 5 out of 5 on average, while the average score from women was 3 out of 5. This delta signals there is some form of harassment faced by women that is not faced by men, highlighting a key issue relating to inclusion.

At Diversio, we use an approach that first identifies the "dominant group" in a given organizational context and compares that group's experience to "non-dominant groups" in the same organizational unit. The dominant group is defined as the demographic group that is most commonly represented in leadership at that organization. For example, North American companies typically have a dominant group of heterosexual white men without a disability.

We then apply filters to look at specific departments and roles/titles. Larger organizations tend to develop distinct cultures within different regions or functional areas. They also often develop different behavioural or cultural expectations at each stage of the employee life cycle (entry-level, manager, vice president, etc.). Most often, the barriers faced by junior employees in one department are different than those faced by senior employees in another. The functional and role/title overlays are therefore critical sources of insight.

Common barriers and solutions

A detailed examination of employee feedback reveals strong correlations between identity and experience. For example, nonbinary employees are much more likely to give their workplace poor ratings for **Inclusive Culture, Career Development, Flexible Work Options, and Safe Work Environment**. Non-heterosexual employees are more likely to give their workplace poor ratings for **Safe Work Environment** and are less likely to occupy senior roles. Female employees tend to give their workplace poor ratings for **Inclusive Culture, Career Development, and Safe Work Environment**.

When we apply a role/title overlay, we find a significant difference in **Safe Work Environment** scores for female employees in support versus non-support roles. Specifically, women in more senior, non-support roles tend to report lower safety from harassment than women in less senior roles, conversely men in more senior roles report higher safety from harassment than men in less senior roles.

Linking insights to actions

Once the most significant pain points have been identified, the next step is to strategically identify solutions that will address weaknesses efficiently and effectively. Our approach at Diversio is the integration of technology and matching algorithms to guarantee success. When considering which solutions to implement, it is important to account for both the combination of idiosyncratic challenges and organizational context (a program or policy that is well suited for a financial institution will likely not move the needle in a construction company). **Different environments require different strategies.** At the same time, there are many learnings companies can take from organizations in adjacent industries, sectors and regions. Understanding best practices is a great way to start building out your own D&I strategy.

Ironically, some of the most impactful programs and policies are some of the least-widespread (and vice versa). We did not find a correlation between the most common diversity programs (such as common HR trainings) and sustained, widespread impact. This is consistent with research showing the most common diversity programs [tend to fail](#). On the other hand, research shows that diversity, equity, and inclusion initiatives driven by data [create accountability](#), which is a key indicator for programming success.

Example interventions:

A few less common programs that we've observed having a meaningful impact.

40% Rule - A policy mandating a minimum requirement of 40% women and 30% racial minority candidates at the first stage of every interview process. This is especially crucial when interviewing for senior leadership roles. This policy has demonstrated impact on diversifying organizational hierarchy. For example, one of Diversio's clients was able to increase representation of women at the Director level in its technology department from 14% to 40% 12 months after launching this policy.

Returnship Program - A formal program that provides employees with additional resources and support as they transition back into the workplace after an extended leave of absence (i.e. family leave, bereavement leave). Returnships should last an average of 10 weeks, offer full pay during the phase-back period, and be customized depending on the unique needs of the individual. It is critical that returnships are offered to all employees regardless of their identity or position within the organization.

Leadership Open Door Days - A program where employees can 'drop-in' for a Zoom conversation with a senior leader. Employees should be encouraged to ask questions, make suggestions, and bring actionable ideas for improvement to the meetings. The program should require each member of senior management to host 1-2 hours of Open-Door-Days each month and ensure that employees from underrepresented groups are given the space to participate. This program has been found to catalyze sponsorship and mentorship relationships, leading to a 9% to 24% increase in the representation of women and minorities in management roles.

Crowdsourcing Skills - A bi-annual exercise where employees anonymously recommend which skills their direct managers should upgrade over the subsequent 6 months. If any manager receives the same recommendation from 3 or more colleagues, they should be provided with training in this area.

Reverse Job Shadowing - A program that encourages the CEO or company executive to step into the role of an individual contributor or junior employee to meet different workers, gain insight into current issues, and learn more about the experience of diverse employees within the company.

Tying Compensation to the Inclusion Scorecard - Culture at the bottom is often influenced by the culture at the top and executive incentives. Linking management compensation to inclusion drives accountability for the implementation of inclusion policies, programs, and procedures.

Tying Inclusion Metrics to organizational KPIs

High Inclusion Scores correlate with business performance metrics like **talent attraction, employee retention, productivity, innovation, and revenue**. Tracking business KPIs alongside Inclusion Metrics can help organizations further entrench diversity & inclusion as a core value.

Inclusive Culture - Asking employees about whether their opinion is valued by their teams can identify if a company has created a culture conducive to innovation and whether teams enable the free flow of ideas.

Fair Management - Understanding whether employees experience bias or unfair treatment in the feedback and review process tells you whether the company has created a true meritocracy. It can also identify whether talented employees are falling through the cracks.

Career Development - Asking employees if they have a "sponsor" in the organization can inform leadership whether the company provides adequate coaching and support, and also identify whether the "homophily effect" (the phenomenon of people gravitating to others like themselves rather than diversifying their networks) is taking place.

Work-Life Balance - Asking employees if they have the support needed to manage home care obligations can help companies determine if they will have trouble attracting certain groups. It is well-established that women tend to shoulder childcare responsibilities and as that failure to create flexibility will limit the company's ability to recruit and retain women and other caregivers.

Safe Work Environment - Last but not least, understanding if employees feel their workplace is free from mental, physical, and sexual harassment is key to the safe work environment risk metric. Multiple studies have illustrated the catastrophic impact that a #MeToo or similar harassment scandals can have on a business. This metric is integral as it can provide an early warning signal that change is necessary.

Inclusion Metrics and other engagement data should be reviewed in combination with **recruiting and hiring** and organizational diversity statistics. Together, these statistics give a full picture of diversity & inclusion within an organization.

Using the Inclusion Scorecard as a Key Performance Indicator

As noted earlier, Inclusion Metrics provide diagnostic and predictive information that can be used to guide organizational interventions. The Inclusion Scorecard helps managers communicate and validate existing strengths and weaknesses and track improvements over time. At Diversio, we use smoothing and normalization algorithms to account for factors such as sector, region, and size, which enables organizations to benchmark their performance.

Each metric on the Inclusion Scorecard is measured on a scale of 1 to 10. The higher the number, the more inclusive the workplace and the more likely it is to experience performance benefits associated with diversity & inclusion. Regardless of the organization’s score, there are always improvement areas and the Inclusion Scorecard highlights the specific area(s) on which to focus attention and resources.

The Inclusion Scorecard’s configuration also provides managers with two unique categories of insight. First, the Scorecard disaggregates data by looking at experience according to identity group. As such, managers can quickly and empirically identify systemic differences in experience across varying groups of employees. This process can shine a light on explicit and implicit biases or barriers that need to be addressed, helping managers make data-driven D&I decisions that address the needs of employees.

Second, comparing company results to industry averages can also help managers debunk the misconception that a particular inclusion challenge is isolated to a specific industry, sector, or working environment. Industry averages hold management accountable by setting performance benchmarks, reinforcing the notion that an inclusion culture is a ‘must-have’ to remain competitive.

Exhibit: Inclusion Scorecard

■ Strength ■ Area for Intervention

	Inclusive Culture	Fair Management	Career Development	Work-Life Balance	Safe Work Environment
Industry Average	XX	XX	XX	XX	XX
Overall Score	XX	XX	XX	XX	XX
Dominant Group	XX	XX	XX	XX	XX
Women	XX	XX	XX	XX	XX
Racial and Ethnic Minorities	XX	XX	XX	XX	XX
LGBTQ2+ Employees	XX	XX	XX	XX	XX
Persons With a Disability	XX	XX	XX	XX	XX

Example 1: Asset manager headquartered in the United States

■ Strength ■ Area for Intervention

	Inclusive Culture	Fair Management	Career Development	Work-Life Balance	Safe Work Environment
Industry Average	5.9	5.8	5.7	6.0	7.6
Overall Score	8.1	6.1	7.2	8.0	8.5
Dominant Group	9.1	6.5	7.0	8.9	9.3
Women	7.1	6.4	7.9	7.9	7.6
Racial and Ethnic Minorities	7.8	5.8	8.1	7.8	8.3
LGBTQ2+ Employees ¹	-	-	-	-	-
Persons With a Disability	7.0	4.0	5.3	6.7	7.3

In 2019, Diversio worked with a leading U.S.-based asset manager with the goal of creating a more inclusive culture in order to better serve diverse communities. The company’s results highlighted systemic differences in experience for women, racial and ethnic minorities, and persons with a disability. A company-wide issue with biased management, particularly towards racial & ethnic minorities and persons with a disability was also identified. A deeper dive into employee free-text feedback revealed that employees felt they did not have mentors or sponsors invested in their success at the firm and that leadership did not uphold D&I values.

To address these issues, the company implemented targeted solutions recommended by Diversio’s matching algorithm, including a mentorship program, open-door days with leadership, employee resource groups, and an internal Code of Conduct and Harassment Policy.

¹ In order to protect anonymity, the results for this group of employees are not available as the minimum reporting threshold was not met.

Example 2: Global professional services company with offices in Europe, North America, Africa, Asia and Latin America

■ Strength ■ Area for Intervention

	Inclusive Culture	Fair Management	Career Development	Work-Life Balance	Safe Work Environment
Industry Average	5.7	5.6	5.5	5.8	7.4
Overall Score	6.2	5.8	5.7	5.1	6.5
Dominant Group	6.2	5.0	5.6	5.6	7.3
Women	6.1	5.7	5.7	5.0	5.9
Racial and Ethnic Minorities	6.2	6.2	5.7	5.0	6.4
LGBTQ2+ Employees	5.7	5.3	5.0	4.2	6.0
Persons With a Disability	6.1	5.5	5.8	4.2	5.7

Following a renewed organizational commitment to D&I in the wake of the Black Lives Matter movement, a global professional services organization engaged Diversio to better understand the state of D&I within their business. The company’s results provided management with a clear understanding of employee experiences, highlighting the unique biases faced by women and LGBTQ2 employees within the firm. Additionally, the results signalled that the work-from-home conditions of the pandemic had eroded employee work-life balance.

Upon reviewing the Scorecard results, management committed to an aggressive plan proposed by Diversio to improve D&I within the firm, implementing policies and practices including employee resource groups, a pay-equity audit, and personal days off for employees.

Example 3: Government

■ Strength ■ Area for Intervention

	Inclusive Culture	Fair Management	Career Development	Work-Life Balance	Safe Work Environment
Industry Average	6.9	6.4	5.3	6.4	7.4
Overall Score	5.7	4.8	3.9	5.3	6.4
Dominant Group	6.2	5.0	3.8	5.5	7.9
Women	5.5	4.7	3.9	5.1	5.8
Racial and Ethnic Minorities	5.7	5.1	4.1	5.4	6.3
LGBTQ2+ Employees	4.9	4.5	3.4	4.9	4.9
Persons With a Disability	4.7	4.1	3.1	4.4	4.8

Following a number of documented instances of systemic bias and discrimination, Diversio worked with a regional government to deploy the Inclusion Scorecard. The results, which included data from thousands of employees in more than 40 departments, provided leaders with a clear picture of what employees had experienced in the workplace.

While the organization scored below industry-average across all metrics, the Scorecard indicated that LGBTQ2+ employees and persons with a disability faced particular challenges across the organization. The organization also faced a unique challenge with respect to employee career development. Using Diversio’s Recommendation Engine, the organization developed an action plan to address the systemic issues identified through the Scorecard, which included specific initiatives such as an inter-divisional sponsorship program, the introduction of a back-up emergency care program, and the development of a shift-swapping program.

Conclusion

While there has been increasing attention given to diversity & inclusion, there has been no universal way to measure and compare organizational inclusion until now. With the introduction of the Inclusion Scorecard, organizations and stakeholders now have a way to analyze and compare inclusion data against industry peers and the historic performance of the organization itself.

We see organizations using these metrics in multiple ways: to measure the inclusivity of their workplace, develop data-driven and measurable action plans, and to prepare themselves for potential scandals and reputational risk. These uses ultimately prepare the company to increase growth and lower risk in precisely the manner anticipated by academic research.

Organizations know the business case for inclusion. Our goal with this White Paper is to provide them with a standard to measure it.



DIVERSIO

The Global Standard For Inclusion.

Let's talk

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