

Gartner for HR

# How to Measure Diversity, Equity and Inclusion

# How to Measure Diversity, Equity and Inclusion

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Diversity, equity and inclusion is a top priority for organizations, but many professionals remain unsure of how to measure and act on them. This research breaks DEI down into its respective components to help HR professionals track and ultimately take action on measures of each component.

## Overview

Diversity, equity and inclusion (DEI) is an important focus for HR leaders and professionals alike. To help HR professionals better measure and act on DEI, this research defines DEI, suggests potential methods of tracking each component and outlines action steps to take in collaboration with line leaders. It also cautions against common pitfalls that occur when tracking DEI. This will enable HR professionals to be strategic partners to line leaders and create a more diverse, inclusive and equitable organization.

## Key Findings

- Promote diversity by helping line managers set targets for their team and empowering managers to meet those targets.
- Evaluate inclusion through employee surveys, focusing on seven key areas that drive feelings of inclusivity.
- Improve organizationwide equity by looking at the outcomes of diversity and inclusion initiatives throughout every stage of the employee life cycle, especially promotions, recruiting and performance management.

## Recommendations

To successfully act on DEI initiatives and measure them, HR professionals should:

- Avoid looking to just one metric to tell the whole story on DEI, and instead choose metrics based on the desired outcome.
- Ensure employee confidentiality and a sufficiently large n size on all surveys to produce high-quality data.
- Tie equity to diversity and inclusion measures, since equity does not have its own set of metrics to track, rather than trying to completely separate equity out from the other two components.

Even before the events of 2020 cast a spotlight on the importance of DEI, 88% of organizations considered workforce diversity a top priority, and 85% said the same of inclusion. <sup>1</sup> Our research shows the benefits of a strong DEI strategy, yet achieving a diverse, equitable and inclusive workplace is still hard. Many HR leaders and professionals are unsure where to start when it comes to DEI. We have found fewer than half of HR leaders are confident in their organizations' ability to create accountability measures for DEI outcomes. <sup>2</sup> Furthermore, 65% of DEI leaders cite leader and manager unwillingness to own roles and responsibilities as a top barrier to executing DEI strategy. <sup>1</sup>

Setting a sustainable DEI strategy cannot be achieved without reliable metrics that allow HR professionals to help leaders understand the current state of DEI within the organization, track its progress over time and hold themselves accountable to DEI goals. This research helps HR professionals track and act on DEI metrics to ultimately support more diverse, inclusive and equitable organizations.

Although HR professionals don't set organizational DEI priorities and targets, they are key partners on the ground helping line leaders articulate team-specific aspirations and action plans. They have a lot of influence over the day-to-day actions taken to achieve organizational goals. By communicating upward about what the business needs and the constraints they face, HRBPs bridge the gap between organizational DEI priorities and the business unit efforts that support those priorities.

To that end, this research will help HR professionals:

- Understand the components of DEI and how they are all interrelated.
- Measure DEI and take action on those measurements.
- Avoid common pitfalls associated with measuring each component.

## What Are Diversity, Equity and Inclusion?

Before taking action on DEI, it is important to first define each term. Although often spoken about as one concept, DEI is actually composed of three separate parts:

- **Diversity** – A collective mixture of differences and similarities (e.g., individual and organizational characteristics, values, beliefs, experiences, backgrounds, preferences, behaviors) <sup>3</sup>
- **Inclusion** – The achievement of a work environment where all individuals feel respected, accepted, supported and valued to the degree to which diverse individuals are able to participate fully in decision-making processes and development opportunities within an organization <sup>3</sup>
- **Equity** – Fair treatment and equality of access to opportunity, information and resources for all while striving to identify and eliminate unfair biases, stereotypes or barriers that may inadvertently exclude underrepresented employees <sup>3</sup>

- It is important to note that equity is different from equality, which is treating all employees the same regardless of individual characteristics or circumstances. For example, all employees at an organization may have equal requirements for work-related travel within their role. But if a certain subgroup of employees is more likely to face discrimination or harassment while traveling due to their ethnicity, this situation is not equitable.

Of course, each of these concepts relies on the other two; an organization cannot have one without the others. If there is a problem with organizational diversity, there is most likely a problem with equity and inclusion. For example, if not enough women are in leadership roles, it may be due to a combination of unfair promotion standards and women not feeling comfortable applying for senior-level roles because they don't see other women in senior positions.

Having a cohesive DEI strategy and measuring the different components is essential to increase levels of DEI in an organization. However, the overlap between these concepts can make measuring the current state and progress of each feel difficult; it is impossible to separate them out completely, but looking at them individually can help clarify the role each concept plays within the organization. Take a holistic view of all three concepts to enable real action and progress on DEI initiatives. Think of how the three concepts relate to increase all three in the most efficient way possible.

*Note: It is very important to ensure all tracking and data usage is done within legal requirements and ethical guidelines. Partner with DEI, legal and compliance colleagues to learn what the requirements are and how to satisfy them. When doing any type of work with representation data, HR teams must follow limitations and restrictions.*

## Diversity

While diversity is conceptually straightforward, it is complex to evaluate and act on because tracking relevant information could feel invasive to employees or be legally restricted/prohibited.

### Help Line Managers Set Targets for Their Teams

Decide where in the organization needs to see the most change or greatest impact. Senior leaders may have already set targets, so ensure line managers' targets are aligned with these predetermined guidelines, and help managers personalize these guidelines for their team. The HR professional should be focused on partnering with others in HR and business unit leaders to set smaller-level targets and determine the best day-to-day actions to achieve those.

To begin, work with DEI colleagues to follow this four-step process:

1. **Define the target group** — Select the group in the organization or business unit to set targets for, such as women in leadership, and define a clear set of criteria by which to identify that group.

2. **When setting targets, assess the current state internally and externally** – If line managers are considering setting representation goals for their business unit, support them with evaluating the target group's current composition and benchmarking against competitors and even client organizations to determine realistic boundaries for diversity targets.
3. **Predict likely changes to and study the impact of various decisions on rates** – Identify metrics and models to help predict how new initiatives and other changes in the workforce will likely affect overall staff numbers, turnover and recruitment.
4. **Set time frames for achieving targets and clarify accountability** – Set realistic time frames that allow enough time for changes and strategies to take effect, and create a monitoring system to continually assess progress toward goals.

### How to Track It

Whether an organization is working toward specific representation targets or not, representation is still valuable to track to ensure leaders understand the current state and identify opportunities for improvement. Representation data itself can be easily found within HR dashboards; HR professionals who do not have access to this data should work with the HR technology, talent analytics or DEI teams to obtain these metrics. Selecting which data to use and how to go about reporting it is the important part. Be sure to also cut the data into smaller, meaningful slices that provide insight on the specific targets that have been set (e.g., the number of women in leadership rather than women in the organization overall).

### Opportunities for Action

Bring representation dashboards and reports on progress toward diversity targets to meetings with line partners, especially during the performance review cycle and when managers are looking to hire new employees onto their teams. This will ensure diversity is always top of mind for managers during important phases of the employee life cycle and open the door to conversations on what can be done in managers' day-to-day workflows to improve or maintain representation. Be sure to also track results over time to monitor changes in trends and identify any emerging or closing gaps in representation.

For example, if a team is failing to meet goals for hiring underrepresented talent, HR professionals can bring these results to recruiters and hiring managers to discuss interventions. The team may choose to implement blind résumé reviews or a diversity referral program to increase the pipeline of high-quality, diverse talent.

## Potential Pitfalls

- Being opaque about the organization's diversity targets and measurement strategy — Creating transparency with employees about diversity (within legal guidelines) is critical. If employees do not have insight into what the organization is trying to achieve and how it is trying to achieve it, they will likely feel the organization is not doing enough, or even worse, is trying to hide the current state of DEI.
- Reporting results without contextualizing them for managers — When reporting results to business unit leaders, the results must be put into context based on the results for adjacent business units. Results for one very small team are not indicative of organizationwide diversity levels. And although full transparency is important, be sure to report metrics in aggregate, not on an individual basis, to ensure anonymity.
- Presenting leaders with a list of things they're doing wrong — When reporting results to senior and business unit leaders, be sure to present them objectively and offer concrete, positive action steps that leaders should take to improve diversity. Overfocusing on where they have gone wrong risks putting them on the defensive.

## Inclusion

### How to Select the Proper Measures

We identified seven main drivers of inclusion in an organization:

1. Fair treatment — Employees at my organization who help the organization achieve its strategic objectives are rewarded and recognized fairly.
  2. Integrating differences — Employees at my organization respect and value each other's opinions.
  3. Decision making — Members of my team fairly consider ideas and suggestions offered by other team members.
  4. Psychological safety — I feel welcome to express my true feelings at work.
  5. Trust — Communication we receive from the organization is honest and open.
  6. Belonging — People in my organization care about me.
  7. Diversity — Managers at my organization are as diverse as the broader workforce.
- Diversity is included as a driver of inclusion because these two concepts are very closely interrelated and thus are co-dependent to achieving successful outcomes.

### How to Track It

Qualitative perception data from employees is necessary to evaluate inclusion. The seven drivers above can be measured through employee surveys. If these measures cannot be added to an existing organizationwide engagement or climate survey, work with line leaders to gather this data within individual business units. Design questions that address each driver, and then aggregate results to determine which areas need some extra work.

To get accurate and honest results, it is also important to ensure confidentiality and employee anonymity; employees should feel encouraged to provide their true feelings without fear of retaliation of any kind. Once results are aggregated, business unit leaders will benefit from seeing results for their specific unit so they can make the appropriate changes.

### **Opportunities for Action**

Inclusion is an important aspect of every part of day-to-day organizational activities and all talent management processes. Many of these activities will be out of HR professionals' purview, but professionals should be familiar with all of the many ways to foster inclusion so they can partner with and advise colleagues in other parts of the business. The following areas can serve as jumping-off points for managers and business unit leaders to identify opportunities to foster inclusion:

- Communications and PR, which may include campaigns such as regular newsletters, ERGs or CEO statements
- L&D, such as unconscious bias training, minority leadership development programs and accessible training for differently abled employees
- Benefits, including, but certainly not limited to, maternity/paternity leave, fertility/adoption benefits and elder/child care leave policies
- Organization design
  - Decentralized organizations tend to foster more inclusivity than highly centralized organizations because line leaders and frontline managers have the authority to make decisions that influence employees' day-to-day work. Additionally, greater flexibility in where, when and how much employees work can support more inclusive role designs.

### **Potential Pitfalls**

- Neglecting to share the actions taken in result of employee surveys – Employees want to know their opinions lead to real change in the organization. Be sure to create a plan to communicate aggregated survey results and intended next actions following the survey. When employees see firsthand the impact the survey has had, they will be more likely to share their honest opinion on future surveys.
- Conflating inclusion with diversity – Diversity and inclusion are not one thing; rather, they are two distinctly separate, though interrelated, concepts. Therefore, HR professionals should not assume a high level of diversity in an organization or business unit necessarily means there is a high level of inclusion. It is possible to be diverse without being inclusive, so regardless of diversity results, organizations should strive to create effective inclusion initiatives.
- Taking a policy and regulations view of inclusion – Although policies and regulations are certainly one aspect of inclusion, this view is too narrow to encompass all drivers of inclusion. A broader view should take into account employee sentiment, such as feelings of trust and belonging, as well as smaller, day-to-day elements such as decision-making processes and how work is assigned among team members.

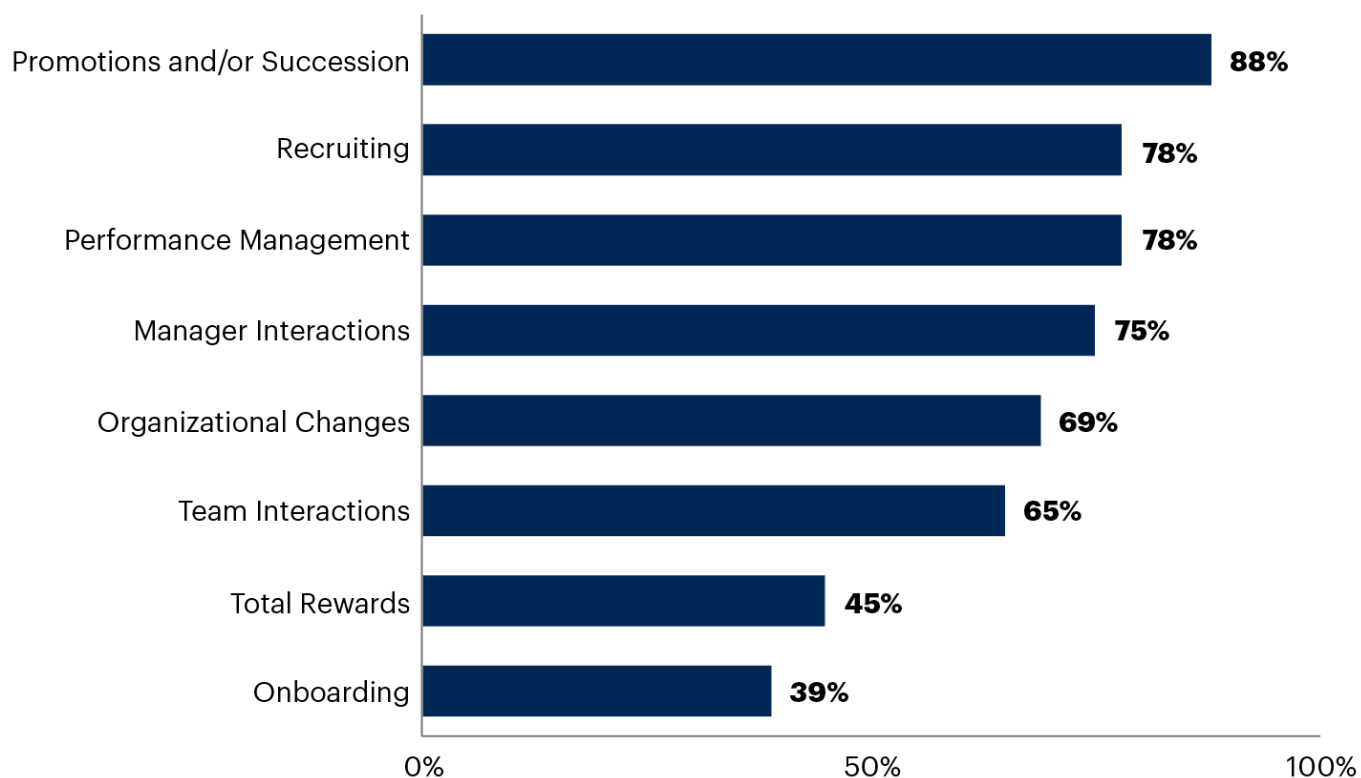
## Equity

### How to Establish Equity Goals

Equity is about both fair treatment and equality of access to opportunity. It comes into play at every stage of the employee life cycle. All talent management processes — from big decision moments such as a major promotion to more ongoing elements such as interactions with teammates — are susceptible to bias (see Figure 1).

**Figure 1: Talent Management Processes Most Susceptible to Bias**

### Talent Management Processes Most Susceptible to Bias



n = 59 D&I leaders

Source: 2019 Gartner Diversity and Inclusion Benchmarking Survey

Note: D&I leaders were asked to select all talent processes they believed were susceptible to bias.

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When setting up initiatives to improve equity, consider opportunities for improvement across the major stages of the employee life cycle. Begin with representation data and find areas where targets are not being met (if applicable) or where opportunity for improvement exists. Then work backward to evaluate the processes influencing that outcome. There is likely an equity issue within one or many of those processes.

Employee survey data on inclusion can add to this discussion and confirm where an equity problem lies. Here are three examples of what that could look like in an organization:

- Promotion outcomes — If underrepresented talent is being promoted at a lower rate than expected, then there is probably room for improvement during promotion decisions. Don't simply consider the promotion discussion; look at the requirements for promotion and determine where certain groups may be at a disadvantage in meeting those requirements (e.g., Do all groups have equal access to high-profile assignments?).
- Hiring — If the organization has trouble recruiting women into the engineering department, take a closer look at the broader sourcing and hiring process. Are both men and women interviewing engineering candidates? Are recruiters actively reaching out to female engineering groups and students at all-women colleges to promote available positions?
- Performance ratings — Consistently low performance ratings for a particular group of employees may indicate a lack of equity in the performance evaluation process. Do certain competencies or evaluation criteria rely on managers' subjective evaluation of employees (e.g., personality-based criteria)? These leave room for a biased view of performance, even when managers make every effort to keep their evaluations objective.

### How to Track It

Find evidence of equity (or a lack of equity) in the organization's diversity and inclusion (D&I) metrics. Look at specific business processes for D&I initiatives that also increase equity; examples may include a mentorship program for early-career women that serves as targeted upskilling, or campaigns to increase engagement within certain employee groups. Measuring the outcomes of these initiatives will give insight into the levels of equity in the organization, albeit indirectly. Measures of equity will lie on a scale of more tangible (eg., diversity standards for promotion) to less tangible (eg., all employees feeling they have been evaluated fairly). Tangible measures can generally be found in diversity dashboards or compensation data, while less tangible measures will come from employee sentiment analysis on inclusion surveys.

The important thing to note is there are no specific metrics to measure equity; rather, equity is correlated with diversity goals and inclusion scores. Thus, an issue with diversity or inclusion can most likely be traced back to an issue with equity somewhere within the organization.

### Opportunities for Action

Appropriate actions will look different based on the stage of the employee life cycle. Consistently revisit diversity or inclusion initiatives to see where there is room for improvement. This process of auditing talent management processes keeps equity a priority within the organization and allows for early course correction, rather than waiting until a larger problem is affecting employee experience. Based on the processes most susceptible to bias cited above, we include some potential actions in Table 1.

**Table 1: Opportunities to Increase Equity in Talent Management Processes**

Talent Management Process	Sample Evidence of an Equity Challenge	Sample Opportunities to Increase Equity
Promotions and/or Succession	Women at leadership levels are underrepresented.	<ul style="list-style-type: none"> <li>■ Revise promotion criteria to focus on objective quality of projects rather than a subjective appraisal of personality. Consider blind appraisals or calibrations to filter out names (and thus any preexisting biases).</li> <li>■ Evaluate how employees are selected for stretch assignments that allow them to display their competence. Instead of giving assignments based on perceived merit, make an effort to ensure everyone gets a chance to lead these projects.</li> </ul>
Recruiting	While hiring managers in the engineering department interview equal numbers of men and women, men are hired at a disproportionately high rate.	<ul style="list-style-type: none"> <li>■ Ensure a streamlined experience for all candidates by taking into account factors such as location, cognitive and physical differences, socioeconomic status, etc.</li> <li>■ Provide unconscious bias training for hiring managers.</li> <li>■ Identify a more diverse set of interviewers.</li> <li>■ Explore new sources of underrepresented talent (like recruiting at women's colleges).</li> </ul>
Performance Management	Underrepresented talent receives consistently lower performance scores than peers in the same business unit.	<ul style="list-style-type: none"> <li>■ Limit the use of highly subjective or personality-based criteria. Run calibration sessions, ideally with a representative from HR in the room, to ensure managers are all scoring employees in the same way.</li> <li>■ Ensure all employees have equal access to opportunities to demonstrate high performance, such as being assigned an important, high-visibility project.</li> </ul>
Benefits/Total Rewards	Employees without children feel excluded/disadvantaged because they do not receive comparable caregiver assistance to care for aging parents, etc.	<ul style="list-style-type: none"> <li>■ Offer comparable benefits to all employees that will support their particular life circumstances.</li> <li>■ Empower employees to take advantage of available benefits. For instance, just offering many days of PTO is not enough if the company culture or the demands of specific business units discourage employees from taking time off.</li> <li>■ Involve employee focus groups in the process to take all voices and needs into account when designing benefits.</li> </ul>

Source: Gartner

## Potential Pitfalls

- Attempting to improve equity without first looking at D&I – Improving equity relies on having strong D&I programs in place and consistently tracking progress on those programs, rather than trying to improve equity separately as a distinct entity. Once a weak spot is identified by representation metrics or inclusion survey outcomes, determine if the issue may be due to a lack of equity. It is necessary to look at both processes (through inclusion metrics) and outcomes (through representation data) to create an equitable organization.
- Forgetting equity is also an issue in role design and business processes – Equity does not just apply to processes and initiatives owned by HR. It is applicable to everything that goes on in the business, from culture to role design to staffing decisions on individual projects. Think of equity as an organizational priority, not just an HR priority. This will make equity feel more urgent to line managers by showing them all the places where they may have overlooked an equity problem.
- Framing equity as a point-in-time policy change – Equity is not a “one and done” initiative or about just checking a box; it is an ongoing process and mindset change, and thus progress will likely be slow and take place over time. Improvement will not be seen overnight, and even after improvement is seen, continuous monitoring is still necessary.

## Conclusion

As organizations continue to pursue DEI goals, HR analytics professionals have a unique opportunity to guide and shape the organization’s DEI efforts. These efforts are proven to be beneficial for both employees and the organization. Analytics professionals can create and maintain high standards for employee inclusion and engagement by approaching DEI as separate entities and partnering with D&I leaders as well as managers to determine the best ways to measure these hard-to-capture concepts.

## About This Research

This research comes from surveys of leaders in both the DEI and talent analytics spaces, as well as insights from previous Gartner research.

## Endnotes

<sup>1</sup> 2019 Gartner Diversity and Inclusion Benchmarking Survey

<sup>2</sup> 2021 Gartner Diversity, Equity and Inclusion Functional Benchmarking Survey

<sup>3</sup> Diversity, Equity and Inclusion Primer for 2021

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