A Mature Approach to Diversity, Equity, and Inclusion Delivers Real Results

How Enterprises Foster Mature DE&I Programs and the Business Impacts Their Efforts Drive

By Adam DeMattia, Senior Director of Research
Enterprise Strategy Group
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Introduction

Few topics in corporate management over the last few years have garnered as much discussion as diversity, equity, and inclusion (DE&I), that is, multi-pronged organizational strategies to promote:

1. **Diversity** - The employment of underrepresented groups based on race, ethnicity, gender, gender identity, sexual orientation, age, physical and mental disabilities, and socioeconomic class.

2. **Equity** - The act of ensuring that processes and programs are impartial and fair and provide equal possible outcomes for every individual.

3. **Inclusion** – The practice of ensuring that people feel a sense of belonging in the workplace and are empowered to be their authentic selves.

But as with many initiatives that fall under the broader category of environmental, social, and governance (ESG) programs, questions abound about doing DE&I “right.” Many organizations fail to fully embrace DE&I, employing initiatives that are more focused on DE&I optics than about driving real change within the organization. Still others are sluggish to enact initiatives, as the DE&I landscape can seem daunting to navigate. While cultural movements such as Me Too and Black Lives Matter show that many in the general public, including both customers and employees, are genuinely interested in resolving the inequities endemic to society, others in the general public push back against corporations seen as being too “woke.” Finding an approach that aligns with organizational values, as well as customer and employee expectations, can seem intimidating. Finally, measuring how DE&I investments drive a positive return is difficult for many organizations, which makes both funding and focus problematic.

In light of this final consideration, the focus of this report is to help DE&I-focused business strategists by measuring differences in business results and employee engagement that correlate to differing levels of DE&I program maturity. To do this, TechTarget’s Enterprise Strategy Group partnered with Amazon Web Services (AWS) to survey 2,000 business leaders across the globe on these topics (see Appendix I – Research Methodology and Respondent Demographics for more details). The results show if—and how much—the focus, processes, and investments organizations have made in DE&I have had an impact across a multitude of business metrics.

Organizations can also use this research as a guide on how to improve their DE&I program maturity and outcomes. Figure 1 illustrates the relationship between DE&I maturity, the direct impacts ascribed to DE&I investments, the correlations with improved business outcomes, and the correlations with underrepresented individuals’ level of engagement discussed in this report.
Figure 1. Relationship Between DE&I Maturity and Results Explored in this Research

<table>
<thead>
<tr>
<th>An organization’s DE&amp;I program maturity can be measured in terms of:</th>
<th>An organization’s DE&amp;I program should directly help the organization in key areas:</th>
</tr>
</thead>
<tbody>
<tr>
<td>How the vision is communicated to employees</td>
<td>Customer understanding and empathy</td>
</tr>
<tr>
<td>How collaboratively strategies are built and agreed upon</td>
<td>Staff recruitment and retention efforts</td>
</tr>
<tr>
<td>How success is defined and measured</td>
<td>Diversity of opinion drives better decisions and innovation</td>
</tr>
<tr>
<td>How the organization trains staff and management</td>
<td>Ability to meet customer and employee expectations</td>
</tr>
<tr>
<td>Other initiatives the organization supports (e.g., affinity groups)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DE&amp;I program impacts should correlate to success on key business objectives:</th>
<th>DE&amp;I program maturity should correlate to greater engagement among underrepresented staff:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time-to-market advantages</td>
<td>Motivation/inspiration</td>
</tr>
<tr>
<td>Greater market share growth</td>
<td>Feelings of respect and belonging</td>
</tr>
<tr>
<td>Achievement of revenue goals</td>
<td>Belief in equitable treatment</td>
</tr>
<tr>
<td>Greater representation among employees</td>
<td>Intention to continue working for the organization</td>
</tr>
</tbody>
</table>

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

Key aspects of the DE&I programs at organizations inspected in the research include:

- how DE&I strategies are developed and discussed with the organizations
- how the organizations track and drive accountability for DE&I goal achievement,
- the types of training programs organizations institute to educate employees about DE&I concepts, and
- other investments organizations can make to foster a productive DE&I culture like supporting affinity groups.

This report details the segmentation criteria Enterprise Strategy Group used to group organizations into four cohorts (Leading organizations, Evolving organizations, Emerging organizations, and Nascent organizations). It also discusses the specific differences in outcomes between the categories. For example, when it comes to explicit impacts associated with DE&I initiatives, Leading organizations were:

- 2.7x more likely to see their DE&I investments as having a very positive impact on their business’s competitive position (75% versus 28% among Nascent organizations).
- 2.1x more likely to have seen an extensive positive impact from DE&I efforts on agility/innovativeness (63% versus 30% among Nascent organizations), 2.1x more likely to have seen an extensive positive impact on
brand perception (68% versus 33%), and 2x more likely to have seen an extensive impact on recruitment and retention (64% versus 34%).

- 3x more likely to view their DE&I ROI as very positive (71% versus 24% among Nascent organizations).

Beyond the outcomes respondents directly ascribe to DE&I initiatives, the research also showed a strong, positive correlation between DE&I program maturity and a variety of positive business outcomes. Leading organizations were:

- 2.1x more likely to report usually beating their competitors to market (71% versus 34% among Nascent organizations). Delving further, on average, Leading organizations enjoy a 4-month time-to-market advantage.
- Growing their market share 51% more (seeing an average 11.67% gain in market share in the last 12 months versus 7.73% growth among Nascent organizations).
- 2.6x more likely to have beaten their most recent fiscal year revenue expectations by more than 10% (36% versus 14% among Nascent organizations).

Finally, as it relates to representation, Leading organizations see their DE&I strategies paying dividends:

- 33% increase in representation (relative to Nascent organizations) both in terms of the percent of managers and new hires that are members of one or more underrepresented groups (e.g., women, black, indigenous, persons of color, LGBTQ+, and/or individuals with disabilities).

Furthermore, underrepresented individuals in the survey belonging to Leader organizations were:

- 2.1x more likely to strongly agree to say their organization values diversity (74% versus 36% among individuals at Nascent organizations).
- 2.1x more likely to strongly agree their work is appropriately recognized (63% versus 30%).
- 2x more likely to strongly agree they feel a sense of inclusion at their organization (68% versus 34%).
- 2.2x more likely to strongly agree they feel inspired to give their best to their organization (73% versus 33%).

**Establishing DE&I Program Maturity Levels**

Enterprise Strategy Group used 10 data points from the survey to segment and compare organizations based on maturity of their DE&I programs. Based on the answers to these questions, respondents’ organizations could earn between 0 and 100 maturity points. Leading organizations were defined as those organizations earning more than 85 maturity points, Evolving organizations as those that earned between 76 and 85 points, Emerging organizations as those that earned between 60 and 75 points, and Nascent organizations as those that earned fewer than 60 points (see Appendix II – Criteria for Evaluating Organizations’ DE&I Maturity for more details).

**The Seven Tenets of Enterprise Strategy Group’s DE&I Maturity Model**

- **Employee enablement is key.** An organization’s DE&I program depends on its people. If the program is going to thrive, the organization’s teams need frequent and comprehensive training on subjects spanning inclusivity, tools for connecting with peers of different backgrounds and experiences, managing diverse populations, overcoming unconscious bias, and more. The maturity model stipulates that organizations that do not conduct regular training, or conduct training on just a subset of topics, will hinder their DE&I programs from having a truly transformational impact.

- **DE&I strategies should evolve over time as the organization’s progress develops.** Fostering a positive culture related to DE&I is a journey, not a destination. Each organization’s DE&I strategy must grow and change as its priorities shift, challenges arise, and successes are realized. As such, the maturity model ascribes more maturity points to an organization with a constant and regular feedback loop from business
leaders to human resources staff relating to DE&I enablement tools such as the organization’s training curriculum, eLearning resources, and programs to promote DE&I.

- **Business leaders should discuss DE&I strategies with employees regularly and within the context of the organization’s mission.** To help the organization understand both what the organization is doing to drive DE&I and, just as importantly, why these efforts are being made, the maturity model posits that business leaders should disseminate information about the organization’s DE&I philosophy both regularly and in the context of the organization’s other business strategies and goals.

- **Human resources should co-own DE&I strategies with other line-of-business leaders.** A DE&I strategy that is developed and implemented by the human resources alone is vulnerable in a number of ways. First, organizational adoption may suffer due to the perception that DE&I is not core to the business and is an ancillary priority. Secondly, the human resources team may not have the expertise to develop the best strategy for most impact. While the human resources department will be instrumental to an organization’s DE&I success, the maturity model advocates for a collaborative approach.

- **DE&I goals should be SMART (specific, measurable, achievable, realistic, and timely).** As the saying goes, “you can’t improve what you can’t measure.” This adage rings true for DE&I programs. Too many organizations implement DE&I strategies without specific quantifiable goals or, worse, with no stated goals at all. For a DE&I program to serve as a change agent within the organization, the organization must have a concept of what it is looking to change (e.g., representation goals, elimination of known discrepancies in compensation or advancement, etc.) and set benchmarks against which progress can be measured.

- **The mature organization should hold itself accountable.** In the same way that many organizations do not set SMART DE&I goals, many organizations do not hold themselves accountable if progress against those goals languishes. As such, the maturity model advocates for frequent inspection of DE&I program progress by the organization’s C-suite or board of directors.

- **Organizations should find additional avenues (beyond training, goal setting, and communication) to foster a culture of DE&I.** While training, goal setting, and communication are valuable pillars to a mature DE&I approach, organizations can do more. As a proxy for this level of organizational commitment, the maturity model considers the presence of corporate-sponsored affinity groups as a characteristic of a DE&I Leader.

**Figure 2. The Current State of DE&I Program Maturity**

Respondents (and the organizations they represent) by DE&I maturity level. (Percent of respondents, N=2,000)

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
As shown in Figure 2, a mere 13% of organizations represented in the survey earned enough maturity points to achieve Leader status, meaning that 87% of the market today has meaningful room to improve their adherence to the tenets in Enterprise Strategy Group’s maturity model. Conversely, most of the organizations represented were segmented as Nascent organizations, with the most room for improvement, but also standing to gain the most from that improvement.

**While Market-wide Maturity Is Low, Organizational Focus on DE&I Is High**

Note that only respondents at organizations with a stated strategy or goal of promoting DE&I were allowed to participate in the survey. This may appear to indicate that overall DE&I program maturity is even lower than the data displayed, as organizations with no DE&I strategy would by definition be Nascent. And while that is true, there is a more optimistic takeaway. When we asked respondents if their organization has a stated strategy or goal of promoting DE&I, 89% reported that they did, and just 11% lack a strategy or goal of promoting DE&I and were disqualified. The fact that 89% of organizations today are actively implementing strategies to promote DE&I is a bullish indicator for the market’s maturity over time.

**A Global Perspective on the State of Organizations’ DE&I Program Maturity**

This report was based on global research, with near-equal participation from respondents in North America, Latin America, Western Europe, and the Asia-Pacific region. Assessing organizations’ DE&I program maturity is instructive, as some material differences exist. Relative to the rest of the world, respondents based in Western Europe report their organizations are further along in their DE&I journeys, with 17% of organizations achieving Leader status. Conversely, in North America, only 8% of organizations are reported to achieve Leader status, with the highest percentage of organizations being categorized as Nascent (46%). Relative to other regions globally, organizations in North America clearly have the most catching up to do in terms of DE&I program maturity.

**Figure 3. The State of DE&I Program Maturity Across the Globe**

![Bar chart showing the percentage of organizations in each maturity level by region.](chart.png)

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
The Direct Impacts of a Mature Approach to DE&I

The first question this paper attempts to answer is: Does a mature approach to DE&I directly contribute to business success? Enterprise Strategy Group’s research definitively showed that Leading organizations in DE&I maturity regularly report their DE&I efforts drive significantly more and better business advantages than their less mature peers. The degree of differences in the data shows us just how much an organization’s approach to DE&I matters, and it also serves as strong validation for the tenets of the maturity model.

DEI Delivers a Competitive Edge

Our research shows that organizations, regardless of where they stand today, know that increasing DE&I matters. When respondents were asked if their organization’s investments in DE&I have had a positive, neutral, or negative impact in competitive positioning, 90% reported they have seen either a very positive or moderately positive impact (see Figure 4).

Figure 4. DE&I Investments Improve Organizations’ Competitive Position

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very positive impact</td>
<td>47%</td>
</tr>
<tr>
<td>Moderately positive</td>
<td>43%</td>
</tr>
<tr>
<td>No impact</td>
<td>8%</td>
</tr>
<tr>
<td>Moderately negative</td>
<td>2%</td>
</tr>
<tr>
<td>Very negative impact</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

However, the level of DE&I program maturity matters: while 75% of Leading organizations have seen a very positive impact on their competitive positioning as a result of their DE&I investments, just 28% of their Nascent peers have seen the same result (see Figure 5). This shows that, while nearly all organizations have seen a material return on their efforts, those leaning into their DE&I strategies the most see a greater pay off.
How DEI Delivers a Competitive Edge: A Deeper Look

Most survey respondents report their organizations’ DE&I investments give them a competitive edge, which raises the question, “How?”

The research delved to this depth. Respondents were asked to what extent, if at all, their organization’s DE&I strategies were positively impacting eight different areas of their business, from improved company reputation, to the ability to understand and better engage customers, to employee recruitment and retention, to organizational agility and innovation. As a whole, more than four out of five respondents said their organization’s DE&I strategies were having a measurable positive impact in areas like representation of underrepresented groups within management roles (81%); organizational agility (83%); recruitment and retention efforts (84%); meeting the expectations of employees (84%); understanding of, and the ability to engage, customers (84%); and company reputation (86%).

Moreover, we see strong validation that a more mature approach to DE&I drives greater impact. When we compare the percentage of respondents reporting that DE&I has an extensive positive impact in each of these areas, we see that Leading organizations are 2.1x more likely to have seen an extensive positive impact from DE&I efforts on agility/innovativeness (63% versus 30% among Nascent organizations), 2.1x more likely to have seen an extensive positive impact on brand perception (68% versus 33%), 2x more likely to have seen an extensive impact on recruitment and retention (64% versus 32%), and more (see Figure 6).
In interpreting these findings, it is worth calling out the demographic mix of respondents: Just 14% of respondents were employed in a human resources role, while 86% were managers, directors, VPs, or C-suite-level individuals in lines of business, like finance (18%), IT (16%), manufacturing/operations (11%), sales (9%), application development (8%), or some other function. This data is not reflective of just HR respondents espousing the value of DE&I, but rather a horizontal mix of business leaders.
The Direct Business Justification for DE&I Investment

Ultimately, businesses are rational economic actors, and those in the private sector (which comprises ~95% of our respondent base) seek to maximize profit. This means, particularly in times of macroeconomic uncertainty, organizations make investments based on the return they expect to receive. From this perspective, it is clear that DE&I delivers value that outstrips its cost for that vast majority of organizations: 86% of respondents report their organization’s DE&I strategies are delivering a positive or very positive return on investment (see Figure 7). And once again, we see strong evidence that those organizations leading the way on DE&I maturity reap the greatest rewards: Leading organizations were 3x more likely to view their DE&I ROI as very positive (71% versus 24% among Nascent organizations).

Figure 7. DE&I’s ROI

Business Outcomes Observed to be Correlated with a Mature Approach to DE&I

The preceding section of this report discusses the causal impacts of DE&I and how those impacts vary when comparing organizations based on their DE&I maturity level. The research also covers a series of business outcomes correlated with DE&I maturity. These questions were aimed at quantifying the business advantages organizations may achieve by improving their DE&I posture. For example, we saw that 68% of Leading organizations reported their strategies have driven improved brand perception for their company versus just 33% of organizations with a Nascent approach to DE&I. We wanted to test whether a difference existed across these organization types with respect to market share gains. As another example, we saw that 63% of Leading organizations reported their strategies have driven increased organizational agility versus just 30% of organizations with a Nascent approach to DE&I. We wanted to test whether a difference existed across these organization types with respect to time to market. The same analysis can be conducted with respect to representation and revenue performance. This section of the report answers these questions.
DE&I Maturity Delivers Agility and Innovation

The research already addressed if an organization’s DE&I strategies can improve its agility and innovation by making better decisions thanks to a broader set of viewpoints being applied to business decisions. But to get a more objective view of the impact, two additional questions were asked in the research. First, we asked, “Does your organization typically beat, move in-line with, or lag behind competitors when launching new products and services to market?” For those respondents that reported they typically beat or lag behind competitors, we then asked them to estimate by how many months.

Looking at the data by DE&I maturity, we see some clear differences: Leading organizations are 2.1x more likely to report usually beating their competitors to market (see Figure 8).

Based on respondents’ estimates, Leading organizations beat their competitors to market by a reported median of 4 months. By contrast, Evolving organizations reported a median time-to-market edge of 3 months, Emerging organizations enjoy a 2-month edge, and Nascent organizations have no edge.

Figure 8. Organizations’ Time-to-market Performance, by DE&I Program Maturity

DE&I Maturity Helps Organizations Win the Hearts and Minds of Their Customers

The research shows DE&I initiatives help companies’ reputations and enable them to better understand and engage customers. These advantages should bolster an organization’s market share performance. Looking at the data, we see this is, indeed, the case.

We asked respondents how their organization’s market share had changed over the last twelve months—had it increased market share, maintained market share, or decreased market share? Leading organizations were 68% more likely than their Nascent peers to report a growth in market share (see Figure 9).

We also asked respondents reporting a change in market share to estimate how much more or less of the market their organization captures today versus a year ago (in percentage points). In total, Leading organizations reported an average uptick in market share of 11.67%, while Nascent organizations reported an average uptick of 7.73%.
Said another way, Leading organizations have seen 51% larger market share gains over the past year, relative to Nascent organizations.

**Figure 9. Organizations’ Market Share Performance, by DE&I Program Maturity**

DE&I Maturity Is Correlated with Top-line Business Success

The data is clear: DE&I programs are seen as delivering real benefit across a host of areas of the business. To gain insight into the collective impact of these benefits to the organization, the research included a question to assess overall business success. More specifically, respondents were asked how their organization’s actual revenues compared to expectations in their most recently completed fiscal year. What we observed was that Leading organizations were 2.6x more likely to have beaten revenue expectations by greater than 10%. On the other hand, Nascent organizations were 2.2x more likely to report having only met or missed their revenue expectations (see Figure 10).

**Figure 10. Organizations’ Revenue Performance Relative to Plan, by DE&I Program Maturity**

DE&I Leading organizations were 2.6x more likely to have beaten revenue expectations in their last fiscal year by more than 10%.
DE&I Maturity Delivers Increased Representation

One of the expressed goals of many organizations’ DE&I programs is to increase representation within the organization. Efforts to recruit and retain underrepresented individuals will succeed when they are hired more, recognition is equitable, bias is eliminated, and these individuals feel welcomed by the organization.

The research data tells two stories in this respect. First, in the aggregate, the market has a long way to go in order to achieve true representation. All respondents beginning the survey were asked if they identified as being a part of one or more underrepresented groups, and 39% reported that they did. Using this as a benchmark, two data points from the survey are particularly interesting. We asked respondents to consider their functional group or team and to estimate both how many managers and how many new hires are members of one or more underrepresented groups. In both cases, the median response was 17%, meaning that real representation is at half the level it should be, considering the 39% benchmark.

Second, the data indicates that more DE&I program maturity correlates to higher levels of representation. Leading organizations report a 33% increase in representation among both managers and new hires (relative to Nascent organizations, see Figure 11). While the data indicates that even organizations with the most mature DE&I programs still have work to do, it is heartening to see that DE&I program maturity is correlated to greater representation.

Figure 11. Organizations’ Level of Representation, by DE&I Program Maturity

How an Organization’s Approach to DE&I Impacts Perception of the Organization among Underrepresented Employees

When it comes to DE&I, numeric representation is not all that matters. In many cases, these quantitative measures serve as a lagging indicator and may be less important than assessing how underrepresented individuals feel about their organization. Over time, as these feelings become more positive, retention among underrepresented individuals improves and representation increases. As noted, respondents were asked if they identify as being a part of one or more underrepresented groups. Individuals that did were asked to agree or disagree with a series of statements about their organization that we hypothesized may vary with DE&I program maturity.
Across the board, individuals employed by organizations with Leading DE&I programs were more likely to strongly agree with this series of statements (see Figure 12) and were:

- 2.2x more likely to strongly agree they feel inspired to give their best by their organization (73% versus 33% among individuals at Nascent organizations).
- 2.1x more likely to strongly agree to say their organization values diversity (74% versus 36%).
- 2.1x more likely to strongly agree their work is appropriately recognized (63% versus 30%).
- 2x more likely to strongly agree they feel a sense of belonging at their organization (68% versus 34%).

**Figure 12. Perceptions of Underrepresented Individuals, by DE&I Program Maturity**

**Please rate your level of personal agreement with each of the following statements. (Percent of underrepresented respondents that "strongly agree" with each statement)**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Nascent (N=335)</th>
<th>Emerging (N=245)</th>
<th>Evolving (N=103)</th>
<th>Leading (N=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>My organization values diversity</td>
<td>36%</td>
<td>60%</td>
<td>61%</td>
<td>74%</td>
</tr>
<tr>
<td>My company inspires me to give my very best at work</td>
<td>33%</td>
<td>53%</td>
<td>57%</td>
<td>73%</td>
</tr>
<tr>
<td>I feel respected by my colleagues</td>
<td>37%</td>
<td>53%</td>
<td>65%</td>
<td>72%</td>
</tr>
<tr>
<td>I would recommend my company as a great place to work</td>
<td>37%</td>
<td>49%</td>
<td>57%</td>
<td>70%</td>
</tr>
<tr>
<td>I feel a sense of belonging at my company</td>
<td>34%</td>
<td>50%</td>
<td>63%</td>
<td>68%</td>
</tr>
<tr>
<td>I feel supported in my career growth</td>
<td>30%</td>
<td>54%</td>
<td>61%</td>
<td>66%</td>
</tr>
<tr>
<td>I feel my work is appropriately recognized in ways beyond compensation</td>
<td>30%</td>
<td>48%</td>
<td>56%</td>
<td>63%</td>
</tr>
<tr>
<td>I intend to be working at this company a year from now</td>
<td>39%</td>
<td>59%</td>
<td>66%</td>
<td>62%</td>
</tr>
<tr>
<td>I believe I am properly compensated for my work compared to my peers</td>
<td>31%</td>
<td>52%</td>
<td>58%</td>
<td>54%</td>
</tr>
</tbody>
</table>

*Source: Enterprise Strategy Group, a division of TechTarget, Inc.*
Learning from the Leaders: 5 Steps to Improve Your Organization’s DE&I Strategies

In many ways, the data shows us that organizations taking the right approach to building a DE&I program enjoy a high degree of success, but how can business leaders position their organizations to reap these rewards? Beyond shifting the organization to align with the tenets of Enterprise Strategy Group’s DE&I maturity model, five key learnings emerged from the research showing how Leading organizations instrument their DE&I programs in fundamentally different ways than their less mature counterparts.

Appoint an Empowered (C-level) DE&I Chief

Change is hard, but embracing DE&I often requires fundamental shifts to an organization’s hiring and human capital management processes. To effect that change, Leading organizations much more consistently assign a C-level employee in the organization (either in the HR group or from within a line of business) to lead their DE&I strategies (see Figure 13, 70% versus 43% among Nascent organizations). We believe this sort of top-down approach to developing and implementing strategy improves organization-wide mindshare and adherence.

Figure 13. DE&I Leaders More Often Assign a C-level Individual to Lead DE&I Programs

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

Who at your organization leads its DEI program? (Percent of respondents)

- A C-level line of business leader (e.g., CEO, COO, etc.):
  - Nascent (N=788): 23%
  - Emerging (N=642): 31%
  - Evolving (N=301): 37%
  - Leading (N=269): 41%

- A C-level human resources leader (e.g., CHRO, chief diversity officer, chief people officer, etc.):
  - Nascent (N=788): 20%
  - Emerging (N=642): 26%
  - Evolving (N=301): 29%

- DEI or diversity consultants:
  - Nascent (N=788): 8%
  - Emerging (N=642): 10%
  - Evolving (N=301): 11%

- An executive human resources leader who is not in the C-suite (e.g., VP/director of human resources):
  - Nascent (N=788): 15%
  - Emerging (N=642): 20%
  - Evolving (N=301): 13%

- An executive outside of the human resources department (e.g., VP/director of a line of business):
  - Nascent (N=788): 10%
  - Emerging (N=642): 15%
  - Evolving (N=301): 10%

- A non-executive human resources staff member:
  - Nascent (N=788): 6%
  - Emerging (N=642): 1%
  - Evolving (N=301): 3%

- A non-executive staff member outside of the human resources department:
  - Nascent (N=788): 5%
  - Emerging (N=642): 1%
  - Evolving (N=301): 1%

- We do not have a DEI leader:
  - Nascent (N=788): 1%
  - Emerging (N=642): 1%
  - Evolving (N=301): 1%
Leverage More Advanced Metrics to Assess Progress

The survey asked respondents the types of metrics in use to assess their organizations’ current DE&I status, and two trends emerged. First, Leading organizations were more likely to report each metric listed was used, meaning these organizations tend to evaluate their DE&I status using a more holistic set of data (see Figure 14). Second, the gap in use between Leading organizations and all other maturity levels tended to be widest for metrics like discrepancies in performance and compensation observed when looking at the data by diversity dimensions. Conversely, putting Nascent organizations to the side, Evolving, Emerging, and Leading organizations all tended to use data from employee surveys and employee demographics at a near-consistent rate. While that data is valuable in assessing DE&I program impacts, more nuanced and harder-to-collect discrepancy data is clearly informative and a resource Leading organizations rely on to evaluate their progress, and your organization should too.

Figure 14. DE&I Leaders Use More Metrics to Evaluate DE&I Program Status

<table>
<thead>
<tr>
<th>Metric</th>
<th>Nascent (N=662)</th>
<th>Emerging (N=630)</th>
<th>Evolving (N=300)</th>
<th>Leading (N=269)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee perceptions based on DEI surveys</td>
<td>47%</td>
<td>64%</td>
<td>64%</td>
<td>67%</td>
</tr>
<tr>
<td>Employee demographic mix/profile</td>
<td>47%</td>
<td>57%</td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td>Discrepancies in performance by gender, race, disability and/or other dimensions of diversity</td>
<td>35%</td>
<td>44%</td>
<td>47%</td>
<td>57%</td>
</tr>
<tr>
<td>Discrepancies in compensation by gender, race, disability and/or other dimensions of diversity</td>
<td>40%</td>
<td>42%</td>
<td>42%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

Incentivization Is Key, Up and Down the Org Chart

The research shows us money is a motivator when it comes to incentivizing business leaders to prioritize DE&I initiatives. The survey asked respondents how their organizations incentivize DE&I goal achievement, and Leading organizations consistently report that tying progress to the compensation of C-level executives, HR stakeholders, and even rank-and-file middle management is a method they use. And it makes sense, for many DE&I programs will upset the status quo, and change is hard. If we expect or hope to affect real change, key organizational stakeholders need to be provided with motivation.
Figure 15. DE&I Leaders More Often Tie Compensation to DE&I Program Performance

Does your organization do any of the following to incentivize DEI goal achievement? (Percent of respondents, multiple responses accepted)

- DEI outcomes/goal achievement are reported to the C-suite/board
  - Nascent (N=662): 43%
  - Emerging (N=630): 56%
  - Evolving (N=300): 54%
  - Leading (N=269): 69%

- DEI outcomes/goal achievement influence performance evaluations and compensation of C-suite executives
  - Nascent (N=662): 44%
  - Emerging (N=630): 52%
  - Evolving (N=300): 56%
  - Leading (N=269): 65%

- DEI outcomes/goal achievement influence performance evaluations and compensation of human resources leaders
  - Nascent (N=662): 43%
  - Emerging (N=630): 52%
  - Evolving (N=300): 57%
  - Leading (N=269): 62%

- DEI outcomes/goal achievement influence performance evaluations and compensation of line of business managers
  - Nascent (N=662): 44%
  - Emerging (N=630): 52%
  - Evolving (N=300): 51%
  - Leading (N=269): 59%

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

Increase Funding of DE&I Initiatives

In the same way that individuals tasked with driving DE&I can be motivated with money, organizational investment in DE&I also matters. This is a fact that Leading and Evolving organizations recognize and are reacting to. We asked respondents to estimate how much of their organization’s human resources budget currently is allocated to DE&I investments, excluding staff salaries, and we asked how this level of funding is expected to change two years from now. Today, there is a material difference between maturity levels, with Leading organizations investing 14% more of their HR budget to DE&I initiatives. Moreover, as organizations look ahead, those with less program maturity forecast a contraction of investment, while those with greater program maturity report investments will rise. The data shows us that the gap in investment will widen between Leading organizations and Nascent organizations to 38% (18.9% of the HR budget among Leading organizations versus 13.7% among Nascent organizations, see Figure 16). As macroeconomic uncertainty ratchets up, DE&I stakeholders would be well served to double down on proving the ROI of their DE&I programs to protect funding.
Figure 16. DE&I Leaders Plan to Increase Investment, Less Mature Organizations Forecast Reductions

Considering your organization’s current human resources budget (excluding staffing costs), roughly what percentage is allocated to investments aimed at promoting DEI? What percentage will this be 24 months from now? (Estimated mean, N=824)

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

Adopt the Actions of Leaders Spanning D, E, and I

Shifting to tactics, there are several lessons that can be learned from Leading organizations. We asked respondents what actions their organization is spending significant time and effort on to promote DE&I in the hiring process, as well as within their ongoing operations. There were several areas where the majority of Leading organizations report they are leaning in:

- Ensuring job postings are worded to eliminate bias (56% versus 39% among Nascent organizations).
- Updating standardized interview questions and rubrics to be more inclusive (55% versus 31%).
- Enforcing formal policies aimed at fair consideration of employees for promotions (55% versus 34%).
- Adopting flexible policies that can be adjusted depending on an employee’s unique needs (51% versus 38%).
- Establishing partnerships with educational institutions to create a pipeline of diverse candidates (51% versus 33%).

Organizations should evaluate their level of effort and attention in these areas to determine if more can be done to support their DE&I priorities.
Appendix I – Research Methodology and Respondent Demographics

To gather data for this report, Enterprise Strategy Group conducted a comprehensive online survey of 2,000 line-of-business leaders who have knowledge of their organization’s efforts to promote diversity, equity, and inclusion. Organizations represented span all private- and public-sector organizations across the globe, including respondents based in Australia, Brazil, Canada, France, Germany, India, Japan, Mexico, New Zealand, Singapore, the United Kingdom, and the US. The survey was fielded between August 26, 2022 and September 15, 2022. The margin of error for this sample size is + or – 2 percentage points.

All respondents were provided an incentive to complete the survey in the form of cash awards and/or cash equivalents. Note: Totals in figures and tables throughout this report may not add up to 100% due to rounding.

Figures 17-20 detail the demographics and firmographics of the respondent base.

Figure 17. Respondents by Job Function

Which of the following best describes your current job function? (Percent of respondents, N=2,000, one response accepted)

- Finance: 18%
- IT/technology: 16%
- Human resources: 14%
- Manufacturing operations: 11%
- Sales: 9%
- Application development/software engineering: 8%
- Procurement: 8%
- Engineering/research & development: 7%
- Marketing/communications: 6%
- Legal/compliance: 2%

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
Figure 18. Respondents by Role/Seniority

What is your current role at your organization? (If you do not see your exact role, please choose the role that best matches your level of responsibility.) (Percent of respondents, N=2,000)

- C-level member of the management team, 30%
- Vice president, 15%
- Director or equivalent senior management role, 41%
- Mid-level management, 14%
- 30%
- 15%
- 41%
- 14%

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

Figure 19. Respondents by Company Size

How many total employees does your company have worldwide? (Percent of respondents, N=2,000)

- 20,000 or more, 12%
- 500 to 999, 13%
- 10,000 to 19,999, 11%
- 1,000 to 2,499, 21%
- 5,000 to 9,999, 20%
- 2,500 to 4,999, 23%

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
What is your company’s primary industry? (Percent of respondents, N=2,000)

- Manufacturing, 22%
- Financial, 21%
- Technology, 16%
- Retail/wholesale, 12%
- Business services, 6%
- Healthcare, 3%
- Communications and media, 3%
- Government, 3%
- Other, 14%

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
Appendix II – Criteria for Evaluating Organizations’ DE&I Maturity

To evaluate how an organization’s DE&I program maturity is correlated to business outcomes, Enterprise Strategy Group developed a DE&I maturity model that put forward 7 aspects of DE&I approaches and processes against which organizations could be assessed via 10 distinct data points reported in the survey. Organizations with a mature approach earned more maturity points, and those with an immature approach earned fewer. Based on the answers to these questions, respondents’ organizations could earn between 0 and 100 maturity points. Leading organizations were defined as those organizations earning more than 85 maturity points, Evolving organizations as those that earned between 76 and 85 points, Emerging organizations as those that earned between 60 and 75 points, and Nascent organizations as those that earned fewer than 60 points.

The questions Enterprise Strategy Group asked to assess digital work technology maturity are shown in the following figures, along with the number of maturity points ascribed to each response.

Figure 21. Communication by Executives of the Organization’s DE&I Philosophy

![Bar chart showing communication by executives regarding the organization’s DE&I philosophy.](chart)

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
Figure 22. Collaboration between HR and LOB Stakeholders in the Development of DE&I Strategies

Think of strategies in place to improve your organization’s culture related to DEI. Which of the following best describes how these strategies were developed and implemented? (Percent of respondents, N=2,000)

- Strategies have been led by human resources with minimal input from other parts of the business: 20% (8 points)
- Strategies have been led by human resources with a moderate amount of input from other parts of the business: 33% (0 points)
- Strategies have been led by human resources with a significant amount of input from other parts of the business: 31% (0 points)
- Strategies have been co-led by human resources and other parts of the business: 16% (0 points)

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

Figure 23. The DE&I Enablement Feedback Loop

Think of strategies in place to improve your organization’s culture related to DEI. Which of the following best describes how these strategies were developed and implemented? (Percent of respondents, N=2,000)

- Strategies have been led by human resources with minimal input from other parts of the business: 20% (10 points)
- Strategies have been led by human resources with a moderate amount of input from other parts of the business: 33% (8 points)
- Strategies have been led by human resources with a significant amount of input from other parts of the business: 31% (0 points)
- Strategies have been co-led by human resources and other parts of the business: 16% (0 points)

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
Figure 24. DE&I Program Goal-setting Practices

**How does your organization treat DEI goals/desired outcomes?**
(Percent of respondents, N=2,000)

- **0 points**
  - We do not set any goals, 6%
  - Don’t know, 1%

- **5 points**
  - We set informal, qualitative goals, 33%

- **10 points**
  - We set specific, quantifiable DEI goals, 60%

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

Figure 25. DE&I Program Accountability

**How often are DEI outcomes/goal achievement reported to the C-suite/board?** (Percent of respondents, N=1,861)

- **10 points**
  - Quarterly (or more regularly), 53%

- **5 points**
  - Biannually, 30%

- **2 points**
  - Annually, 14%

- **0 points**
  - Less often, 2%
  - Never, 0%
  - Don’t know, 1%

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
**Figure 26. DE&I Training Frequency**

How often do the typical staff- and manager-level employees at your organization attend live (in-person or virtual) training sessions on the topic of DEI? (Percent of respondents, N=2,000)

- The typical executive leader (VP or higher) attends DEI training sessions
- The typical middle manager (director/manager) attends DEI training sessions
- The typical individual contributor attends DEI training sessions

Source: Enterprise Strategy Group, a division of TechTarget, Inc.

**Figure 27. DE&I Training Completeness**

Which of the following specific topics do you feel your organization adequately covers in training from a DEI perspective? (Percent of respondents, N=2,000, multiple responses accepted)

- How inclusive behaviors can be embedded into my everyday job activities and responsibilities: 60%
- Effective ways for people from different backgrounds or experiences to connect: 56%
- Teaching leaders how to manage diverse populations: 55%
- Overcoming unconscious bias: 47%
- Non-discrimination and regulatory compliance: 46%
- None of the above: 1%

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
Figure 28. Corporate Support of Workplace Affinity Groups

To the best of your knowledge, are corporate-supported workplace affinity groups present within your organization? (Percent of respondents, N=2,000)

10 points
Yes, 83%

0 points
No, 14%
Don't know, 4%

Source: Enterprise Strategy Group, a division of TechTarget, Inc.
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