DIVERSITY AND ANALYTICS: HOW TO BUILD AND LEVERAGE DIVERSITY TO OUTPERFORM THE COMPETITION
Today’s Presenters

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QUESTIONS
To submit a question, use the floating panel on the top of your screen and click the Q&A button:
Agenda

• Introduction: Four Challenges for D&I
• Challenge #1: Moving from Data to Insight
• Challenge #2: Understanding Cultural Impediments and Opportunities
• Challenge #3: Developing Inclusive Leadership
• Challenge #4: Bringing It Together and Sustaining Change
• Closing / Q&A
Why Diversity and Inclusion Matters  
The business case

| CRITICALITY OF DRIVING PERFORMANCE AND INNOVATION | • Diverse workforces and inclusive workplaces linked to innovation.  
| • Improved culture, greater employee satisfaction and engagement, and increased discretionary effort linked to financial performance. |
| INCREASING LEGISLATION AND REGULATORY PRESSURE | • Legislation emerging in EMEA and APAC to bolster diversity.  
| • Increased scrutiny from enforcement agencies in the US.  
| • Greater focus on pay equity and board diversity globally. |
| MANAGING RISK, AND REPUTATION | • External pressure for transparency from NGOs, government agencies, and watch-dog groups.  
| • Companies lacking D&I awareness face expensive discrimination and harassment lawsuits, lower morale, and recruiting/consumer brand risk. |
| RAPIDLY CHANGING DEMOGRAPHICS | • Global nature of workforce demands greater cultural competency.  
| • Aging population globally; several generations in the workplace; greater awareness of and focus on individuals with disabilities.  
| • Increased purchasing power of diverse groups, including women, minorities, and the LGBT community. |
CHALLENGE #1: MOVING FROM DATA TO INSIGHT
Mercer’s work with the WEF in 2013 identified significant opportunity

**Women participation in labor force lags men at all ages, study shows**

New York, March 7, 2014

A widely released report by the World Economic Forum in collaboration with Mercer reveals females have lower labor force participation rates than males across all age groups. Throughout most of adult life, women’s participation lies around the 60-70% range, whereas the percentage of male participation is in the high 80s. Globally, half of women in their late 50s are in the labor force (compared to nearly 4 in 5 men) and in their early 90’s only a third are in the labor force (compared to nearly two-thirds of men). This pattern holds across geographies. These statistics are part of The Human Capital Report, [www.mercer.com/hcindex](http://www.mercer.com/hcindex), which assesses the quality of human capital across 122 countries. See Figure 1.

“The study brings to light the significant potential for societal and economic benefits of public and private policies that support women’s participation in the workforce,” says Patricia Milligan, Region President for North America at Mercer. “Women’s skill development and workplace inclusion translates to better child health and nutrition, and is linked to increasing investments in children’s education, especially for girls. At the other end of the lifecycle, the benefits are in greater retirement security and a reduced burden on family or government for support in old age.”

Mercer is leading a global research initiative to assess organizational success in realizing the full potential of women in their workplaces. Leveraging elements of an assessment developed by EDGE Certified Foundation, a non-profit organization that provides the only global business certification scheme for gender equity, Mercer’s research will evaluate the effectiveness of organizations in driving value through four actionable pillars: talent management, employee health, compensation and wealth, and culture.
Look Inside: The Internal Labor Market (ILM) Analysis® Perspective

An ILM map represents the flow of people into, through, and out of different career levels. The map clearly illustrates the number of hires, total workers, lateral moves, and exits at each level. For example, at Level 8, there are 11 hires, 168 total workers, 38 lateral moves, and 17 exits. This visual representation helps in understanding the dynamics of employee movement within the organization.
ILM Maps Can Target Particular Workforce Segments

In this case, gender

ILM map illustrating the flow of female talent (as a key talent segment) — women face a “glass ceiling” between levels 6 and 7 and leave the company in high numbers at level 6.
Projections Showed that this Organization Would Not Achieve Its Objectives Unless It Improved Hiring, Promotion, and Retention of Women
A Network of Senior Managers, by Gender
Case example

Male
Female

Men are more likely to be tightly “clustered” with other men.

Clusters — things we know
- Information travels faster within clusters than between (“old boys clubs?”).
- Networks grow “unevenly” — new members tend to attach to others already in a cluster.

Connectors — things we know
- Are in a position to be “brokers” of relationships between distant parts of a network.
- Can be “gatekeepers” that control the flow of information from one part of a network to another.

Women are more likely to be in “connector” positions with links to different parts of the network.
Statistical Modeling Drives Insight
Need a disciplined approach to find evidence and drive strategy

Three conditions must be met to show that one factor drives another:

<table>
<thead>
<tr>
<th>CORRELATION</th>
<th>TIME (Directionality)</th>
<th>ISOLATION (Controls)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The factors are related.</td>
<td>One <em>precedes</em> the other.</td>
<td>Other factors are <em>ruled</em> out.</td>
</tr>
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</table>

The key is to analyze multiple variables and then *isolate* those that *directly impact* the outcome.
What Actions Will Drive Improved Retention of Women and Minorities?
Modeling the drivers of VOLUNTARY turnover

- Stock Option Receipt: -21%
- Stock Option Value ($60K v $50K): -6%
- Rating: Excellent: -12%
- Levels from Sup (+1): 17%
- Rating: Needs Improvement: 17%
- Non-white: 9%
- Tenure in Job (1 more yr): 5%
- Promoted (Grade) in Yr: 12%
- Hired in Yr: 12%
- Female: 15%
- Sup's Span (+10 EEs): 48%
- Base Pay ($70K v $60K): -3%
Identifying Areas of Focus and Ensuring Program Alignment
Assessing risk at varying levels to understand systemic risk, improve diversity, reinforce desired program norms

CLIENT EXAMPLE
Track core metrics, both lagging and leading
Diversity dashboards
CHALLENGE #2: UNDERSTANDING CULTURAL IMPEDIMENTS AND OPPORTUNITIES
The Value of Combining Analysis of Your Internal Labor Market with Assessment of Cultural Dynamics

Cultural Dynamics

- Assess cultural dynamics that pose the most significant risks and opportunities for inclusion
- Measure through interviews, focus groups, and employee surveys
- Provide further insight on particular practices and managerial strategies

Internal Labor Market Dynamics

- Assess the opportunity to improve diversity
- Identify the root-cause drivers of differences in advancement, in compensation, in retention
- Track diversity metrics, both lagging and leading, to assess current state and progress

What employees and managers SAY

What employees and managers DO

By combining what employees and managers SAY with what they DO, we can obtain a holistic understanding of the facts and can effectively prioritize actions.
Culture Assessment
Qualitative research can shed light on employee experiences and perceptions throughout the life cycle.

Happiness Across Career/Life Stages

1. “Explorer”
   Happy to travel, eager to learn. Career is highest priority; no decision yet on career path. Largely content, though some WLB issues.

2. “Career planner”
   Begin to have other priorities in life; WLB becomes an issue. Begin to think about longer-term career path.

3. “Cross road”
   Struggle with balancing career and personal life. Not entirely happy with career development.

4. “Fighter”
   Struggle with WLB; decision between career and family, and significant career progression concerns.

5. “Survivor”
   Pursues career as first priority. Have made consulting work, eager to advance faster but still wonders about other career path.

6. “Juggler”
   Struggle with balancing career and personal life. WLB remains a significant issue and inclusivity is a smaller concern.

7. “Long-termer”
   Found way to balance consulting and other priorities; some thoughts regarding other firm or other career path.

8. “Fulfillment seeker”
   Happy in consulting but consider other firms. Concerned by competing priorities/lack of respect for pers. commitments.

Inclusion and retention study: Women at the mid-career point are least satisfied and are more likely to leave.
Culture Assessment
Qualitative research can be linked to “hard data analysis” to support robust strategies

**Segmentation: Female Manager “Fighter”**

The female manager, late 20s to mid 30s (84%), has been at **ABC** for 3-6 years (74%). She often has significant non-work commitments (54%) such as a partner (74% married/committed partner), but generally has no children (70%). She is equally enthusiastic about consulting as her male counterpart, but struggling more to balance work and personal commitments and is unhappy about career progression and inclusive environment. The professional path forward appears unclear and there are few female role models to emulate.

### Retention drivers

**Work-life Balance**: 2/3 are experiencing WLB challenges; 35% is a pain point; more than 2/3 currently dissatisfied. Reduced travel / local staffing is preferred; ~65% desire occasional travel /no travel, 54% dissatisfied with local staffing opportunities.

**Career Development**: ~4/5 have other priorities equally / more important than career. Only 15% certain about consulting LT. Challenging path forward; dissatisfied with clear path to leadership (63%), availability of female role models (60%), and pace of advancement (54%).

**Inclusive Environment**: Inclusiveness is primordial; and contrary to men, satisfaction gap exists with regards to inclusivity towards women. 75-80% satisfied with relationships with managers, value & respect, and appreciation for individuality; satisfaction with recognition lagging behind at 67%.

**Other characteristics**: 1/3 likely to leave; considerations are industry (77%), becoming an entrepreneur (33%) or joining a non profit (23%), maintaining health & fitness remains a challenge; 57% dissatisfied. Lower satisfaction with respect of personal commitments than male counterpart; 67% satisfied vs. 78% males. Flex work more important to female managers (53%) than to male counterpart (31%).
CHALLENGE #3: BUILDING INCLUSIVE LEADERSHIP SKILLS
The Power of Inclusive Leadership
The Head, Heart, and Guts model

Executive
- Create strategy
- Manage complexity, ambiguity, and risk
- Make tough choices

Manager of Managers
- Execute strategy
- Coach and nurture talent, and align teams
- Manage conflicts, allocate resources, and take risks

First-Line Supervisor
- Use data to understand root causes
- Build trust and manage one-on-one relationships
- Give tough feedback and manage performance

Individual Contributor
- Build self-awareness
- Act with empathy
- Speak up
The Power of Inclusive Leadership

**Cross-cultural competence** is one of the most effective tools in inclusive leader’s toolkit

**Definition:** Cross-cultural competence is the ability to discern and take into account one’s own and others’ worldviews; to be able to solve problems, make decisions, and resolve conflicts in ways that optimize cultural differences for better, longer-lasting, and more creative solutions

<table>
<thead>
<tr>
<th>CULTURAL AWARENESS</th>
<th>CULTURAL KNOWLEDGE</th>
<th>CULTURAL SENSITIVITY</th>
<th>CULTURAL COMPETENCY</th>
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<tbody>
<tr>
<td><strong>“Me-Centered” Analysis</strong></td>
<td><strong>Knowledge Analysis</strong></td>
<td><strong>Sensitivity Analysis</strong></td>
<td><strong>Competency Analysis</strong></td>
</tr>
<tr>
<td>What are my values, beliefs, customs, traditions, styles, biases, stereotypes, and behaviors? (Who am I?)</td>
<td>Why are my values, beliefs, customs, traditions, styles, biases, stereotypes, and behaviors the same or different from others? What additional cultural knowledge, awareness, and/understanding do I need?</td>
<td>Am I open to accepting and respecting differences? Why or why not? What are the challenges for me? Can I avoid assigning judgments (be better or worse, right or wrong) to cultural differences? Why or why not?</td>
<td>What adjustments, both in the way I think and behave, do I need to make in order to effectively operate in a different cultural cortex? How do I realize the value that is inherent in diverse perspectives?</td>
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**Definition:** Cross-cultural competence is the ability to discern and take into account one’s own and others’ worldviews; to be able to solve problems, make decisions, and resolve conflicts in ways that optimize cultural differences for better, longer-lasting, and more creative solutions
The gap shows our perceived level of intercultural sensitivity is higher than our actual level. *(This is common)*. The goal is to close that gap by increasing our cultural navigation skills.
CHALLENGE #4: SUSTAINING CHANGE
Sustaining Change
Company-specific business case, goals, and metrics are the key to success
Sustaining Change
Embedding D&I in key business and HR processes and practices

- Talent Acquisition
- Performance Management
- Leadership and Employee Development
- Corporate Social Responsibility/Sustainability
- Business Processes
- Reward and Recognition
- Culture and Engagement
- Workforce Planning, Talent Review, and Succession
- Communications
- Accountability
- Metrics
- Change
## Sustaining Change

Learn from experts and peers – the power of Networks

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<thead>
<tr>
<th>Key Roles</th>
<th>Key Attributes</th>
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<tr>
<td>Coach</td>
<td>- Strategic thinking</td>
</tr>
<tr>
<td>Leader</td>
<td>- Business proficiency</td>
</tr>
<tr>
<td>Change agent</td>
<td>- Cultural proficiency</td>
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<tr>
<td></td>
<td>- Analytical skills</td>
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<tr>
<td></td>
<td>- Systems thinking</td>
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<tr>
<td></td>
<td>- People management</td>
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<tr>
<td></td>
<td>- Political astuteness</td>
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<tr>
<td></td>
<td>- Process design</td>
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<td></td>
<td>- Program execution</td>
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<td>- Interpersonal insights and influence</td>
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AN INVITATION
Our study will investigate how organizations can accelerate their own representation of women and realize greater value — by linking practices to results.

From understanding how women engage in their work and move through their career to considering their unique health and financial management needs, employers must identify and respond to the critical gender issues impacting their business.

To that end, Mercer is launching a global research effort to benchmark organizational practices in these areas and assess their impact on the representation and advancement of women in the workforce.

**ESSENTIAL STRATEGIES FOR TODAY’S GENDER IMPERATIVE:**
**TALENT, HEALTH, AND FINANCIAL WELL-BEING**

We will release our research findings and collaborate around solutions at Mercer’s inaugural gender conference on **November 5-6, 2014**, in Washington, DC.
MERCER’S 2014 GLOBAL GENDER RESEARCH — AN INVITATION

Benefits of participation

Early, no-cost access to the full white paper report, including a custom Internal Labor Market (ILM)® map, which depicts talent flows for your organization and projects future representation, plus reduced-cost access to custom reports.

 Preferential pricing for global workplace gender equality certification through the EDGE Certified Foundation, with whom we are partnering.

Recognition as a primary participating organization in research reports and at our inaugural gender conference this November 2014.

We invite you to participate in this exciting research initiative by June 30, 2014.

PLEASE SEND AN EMAIL TO LINDA.CHEN@MERCER.COM
CLOSING / Q&A
What’s Coming Up Next
Workforce analytics webcasts, workshops, and data

Webcast Series
www.mercer.com/webcastseries
- Cameco
- Experian
- John Deere
- UMass Memorial Health Care
- Johnson Controls
- Diversity & Analytics
- Value of International Assignments (June 25)

Mercer’s Workforce Metrics Benchmark Reports
www.imercer.com/wmrs
- Workforce composition and retention metrics.
- 66 countries.
- 6,000+ participants.
- Regional and custom editions available.

Mercer’s Global D&I Country Factbook
Questions and Answers

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QUESTIONS
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CLICK HERE TO ASK A QUESTION TO “ALL PANELISTS.”

FEEDBACK
Please take a minute to fill out the feedback form so we can continue to improve. It will pop up in a new window when the session ends. Thank you!