Diversity and Inclusion Solutions: Market Primer

Matthew Shannon, Senior Research Analyst, SP Market Research
Bersin, Deloitte Consulting LLP
Kathi Enderes, PhD, Vice President, Talent & Workforce Research Leader
Bersin, Deloitte Consulting LLP

Overview

Today’s workforce is increasingly diverse with five generations in the labor market, globalization and technology are making the world of work smaller, and alternative workers are becoming mainstream. However, workforce diversity and inclusion aren’t necessarily synonymous. An organization can have a highly diverse workforce, but if people don’t feel included, the organization won’t be able to fully reap the benefit from that diversity. As a result, organizations need to understand how to create a diverse and inclusive culture.

Many HR technologies have been created or enhanced to support a diversity and inclusion strategy across the talent lifecycle. Technology can be leveraged across the talent lifecycle to increase objectivity in hiring decisions, check biases in performance evaluations, and better understand worker experiences and workforce composition. This article will provide an overview of the diversity and inclusion solutions market, a model for how technology can support diversity and inclusion strategy, and an introduction to the primary areas of functional support impacting the workforce experience.

In This Article

☑️ The current state of the diversity and inclusion solutions market
☑️ Key ways HR technology solutions activate diversity and inclusion strategy
☑️ Six HR functional areas supported by diversity and inclusion solutions
The State of the Diversity and Inclusion Solutions Market

While diversity and inclusion has been recognized as an important component of organizational culture for decades, it’s only within the last few years that society has seen increased awareness on the topic. The media and various social movements have helped shed light on the underrepresentation of women and minorities in the technology industry as well as public admissions and mishandling of sexism and harassment in the workplace. Through these developments, organizational emphasis on diversity and inclusion efforts has become more purposeful and prominent. Traditionally, diversity or sensitivity training programs have been seen as a reactive policy to negative behavior. However, organizations are starting to take a more proactive stance and prioritizing diversity and inclusion as part of a more holistic strategy. Some organizations are formalizing their focus by appointing a C-suite officer such as a chief diversity officer or a chief diversity and inclusion officer. Others are extending toward other concepts such as belonging and equity, or are embedding this focus into the CEO’s role.

While many organizations and technology providers have their own position on the key concepts in this space, the primary lens for looking at the solutions market in this study—and the primary terminology used in this research report—is diversity and inclusion.

We define diversity as the variety of people and ideas within a company. Organizations can make specific reference to and even measure and track the various types of seen and unseen traits such as ethnicity or race, gender, age, disability, and veteran status that comprise an individual's identity. The intersection of these traits is what constitutes an individual's
understanding of themselves and an organization’s understanding of its workforce composition in comparison to the external world.

Inclusion is the creation of an environment in which people feel a sense of respect, belonging, safety, and authenticity. These feelings combined is what helps constitute people’s perception of their involvement in the workplace. Metrics can be a powerful tool to gauge perceived experiences through sentiment and workforce experience surveys, which can guide organizations in shaping their culture and improving productivity.

Diversity and inclusion each have different purposes and strategies, but their execution can serve as part of a holistic strategy as well as an understanding of the supporting role HR technology can assume in that strategy.

**Diversity and Inclusion as a Business Imperative**

The need for a holistic strategy for diversity and inclusion is not just a product of shifting trends with technology and demographics. There is a workforce expectation and, more importantly, a business imperative to promoting diversity and inclusion.

Millennials, as the most diverse generation to date and the largest generation in today’s workforce, view inclusion as a mandatory part of corporate culture that defines how the company listens to them at work. They believe that businesses should create a culture that encourages diversity, inclusion, and social mobility. As well, more than 66 percent of executives rate diversity and inclusion as an important issue, and 78 percent of organizations believe that having a diversity and inclusion strategy is a competitive advantage.

Our High-Impact Diversity and Inclusion research found a variety of benefits associated with inclusive cultures, including improved performance, agility, innovation, business outcomes, and financial results (see Figure 1).
Yet, despite these encouraging statistics, only 12 percent of organizations have an inclusive culture. In contrast, 40 percent of organization are primarily focused on compliance when it comes to diversity and inclusion.

HR Technology: Dedicated and Supportive Solutions

Recognizing the urgency and importance for strategic investment, organizations need to understand how HR technology solutions can activate their diversity and inclusion strategy.

New expectations and business imperatives around diversity and inclusion are focused on experiential learning, process change, data-driven tools, transparency, and accountability. But the technologies to support diversity and inclusion can appear in a range of solutions that support the talent lifecycle from talent acquisition to people analytics.

While capabilities to support diversity and inclusion work can be found in many categories of solutions, they are also evident in different levels of focus for HR organizations. Some solutions are explicitly dedicated to diversity and inclusion efforts, whether through solution or capability name, description, or intent. For example, a talent sourcing solution could target job advertisements and listings to a specific demographic group based on sex or race. In contrast, other solutions can be implicitly supportive of diversity and inclusion efforts through the effect, impact, or implication of a solution or capability. An example of a solution with this type of supportive focus could be a performance management solution that offers an objective approach to evaluating performance and high performance. This type of support tends to be more objective and provides structure to help limit the influence of human bias from the evaluation decision.
Diversity and Inclusion Functional Support Areas

Just as organizations need a more holistic strategy for supporting diversity and inclusion across the talent lifecycle, so too can the HR technology market offer support for diversity and inclusion work in different categories of solutions.

Yet, the diversity and inclusion solutions market isn’t as transparent as other segments of HR technology markets (e.g., talent acquisition or performance management). For instance, an application tracking system (ATS) is clearly recognized as a talent acquisition solution, but it may also offer capabilities that support people analytics activities of measuring and tracking representation of diverse categories throughout the candidate application experience. As such, most HR technology solutions categories can offer either dedicated or implicit support to diversity and inclusion efforts across multiple functional areas.

To best represent the range of capabilities solution providers offer across these areas, Figure 2 lists six HR functional areas where technology acts as a catalyst of diversity and inclusion strategy.

Figure 2: Technology’s Role in Diversity and Inclusion Support across the Talent Lifecycle

Across the solution providers categories that participated in this study—including human capital management suites, talent management suites, talent acquisition solutions, workforce experience and engagement solutions, people analytics solutions, and pure-play diversity and inclusion solutions—the functional support areas offered most included talent acquisition (63 percent), people analytics (60 percent), and workforce experience and engagement (47 percent). The areas least covered by the providers that participated in our study were rewards and recognition (27 percent) and learning and development (37 percent).

KEY POINT: HR technology solutions for diversity and inclusion are either explicitly dedicated to or implicitly supportive of diversity and inclusion efforts.

KEY POINT: The functional areas most supported by solutions with diversity and inclusion capabilities are talent acquisition and people analytics.
**Talent Acquisition**

Talent acquisition is often one of the first areas for addressing diversity and inclusion challenges because it offers an organization the opportunity to bring in a more diverse workforce. Not surprisingly, 63 percent of surveyed solution providers offer support in this functional area.

There are many activities across the candidate experience—from initial sourcing through evaluations and hiring decisions—that can be supported with HR technologies such as ATS, candidate relationship management platforms, and pure-play sourcing solutions, among others. While capabilities for addressing bias in talent acquisition activities are still limited, the ability to anonymize personally identifiable information in resumes and applications to help mitigate potential human bias from affecting evaluation decisions is a common capability. On the more technical side of capabilities, some solutions can suggest language changes to job requisitions to make them more inclusive and more likely to generate interest among various demographics. Other solutions can review candidate communications and recommend ways to be more inclusive based on legal principles and training content.

**People Analytics**

Of the providers that participated in this study, 60 percent support people analytics—the second most commonly supported functional area. People analytics capabilities complement talent acquisition, which focuses on the opportunity to bring new talent into an organization and better understand its state of diversity and inclusion.

There are a multitude of worker identity traits and expressions of inclusion that people analytics tools can measure and analyze. While primary systems of HR information management like human capital management systems and ATSs commonly capture legally required information regarding ethnicity, gender identity, age, education, and disability, pure-play people analytics and workforce experience solutions can analyze most any type of worker identity information that organizations view as a valuable part of their holistic strategy. Inclusion analysis is one of the top three most common out-of-the-box uses cases offered by people analytics solutions. Inclusion-related capabilities within people analytics solutions can help identify certain business units or teams that are disproportionately represented compared to other groups and then suggest reasons why.

**Workforce Experience and Engagement**

Similar to people analytics functional support, which focuses on the gathering and analyzing of data around diversity and inclusion, workforce experience functional support focuses on the collection and assessment of workforce experience and engagement data. Solutions in this category of support can offer capabilities for measuring worker sentiment around such inclusion metrics as belonging, psychological safety, feeling valued, and opportunity. Insights from workforce experience measurement and analysis can provide greater perspective into the experiences of inclusion compared to reporting on representation. Further, some solutions can
also offer suggested actions to help improve the inclusion experience across the workforce.

**Talent Management**

Talent management can include a range of activities from talent acquisition to performance management to learning and development. For the focus of capabilities that support diversity and inclusion in this study, talent management indicates the activities of performance management, high-potential identification, coaching, and mentoring.

HR technologies—whether available as human capital management suites, talent management suites, or pure-play performance or coaching tools—can offer capabilities to help objectively manage talent opportunities and evaluation across diverse workforce populations. Some solutions can help calibrate goals and projects to identify an equal share of development and stretch project opportunities. Other performance-related solutions can support diversity and inclusion work by utilizing multisource feedback and ratings from various people, raters, and defined criteria to support objective assessment and evaluation.

**Learning and Development**

While learning can be thought of as a reactive approach to educating workers about diversity and inclusion topics (e.g., sensitivity training), it also can be used more proactively to support team member and leader development. Any number of learning solution providers can offer content and courses on bias identification and understanding intersectionality. More recently, however, some providers have begun to support learning experiences through various delivery methods and technologies such as augmented or virtual reality. The latter of those technologies are the focus for inclusion in this study. For example, some solutions can help individuals experience a workplace environment through another identity. This type of learning environment creates a safe space for learning and expression without people feeling like they’re offensive to others.

**Rewards and Recognition**

The rewards and recognition functional area has the least amount of covered support from the solution providers in our study. The categories of solutions that provide support for this functional area include human capital management suites, talent management suites, people analytics solutions, and pure-play diversity and inclusion solutions.

In assessing rewards and recognition programs, one area of opportunity is around compensation measurement and management. Solutions can help identify the amount of promotions or pay differences that exist across different worker identity traits. Furthermore, solutions can also help analyze recognition, feedback frequency, and content to better understand if there are differences in the way that managers and peers recognize the contributions of individuals with different identity traits.
Additional Support Area for Diversity and Inclusion

Beyond the functional support areas we've identified, there are solutions that offer dedicated capabilities to support specific diversity and inclusion initiatives within and beyond the talent lifecycle.

For instance, organizations often sponsor employee or business resource groups focused on specific identities (e.g., gender, ethnicity, veteran status) to offer group members support and engagement opportunities. Specific solutions can support the development, management, and communication of these groups through programming and resource management and reporting. As well, solutions can also offer access to and reporting on information that helps organizations better connect workforce diversity and inclusion programs with those for their customer bases and communities.

Conclusion

Leading organizations aren’t the only ones recognizing the importance of a more diverse workforce and a more inclusive environment. The HR technology market also seizes the opportunity to provide tools to help organizations implement a holistic diversity and inclusion strategy. More than 75 percent of executives believe that diversity and inclusion is a competitive advantage.14

While organizations require a strategic approach to supporting diversity and inclusion across their workforce, evaluating their investments in HR technology to understand how the functional areas and activities that they support can impact the experience of their diverse workforce has become a must-have. It’s no longer good enough for workers to hear about an organization’s efforts around diversity, they need to see that organizations have prioritized investing in diversity and inclusion and personally experience its effect as part of an inclusive environment. Only then will they truly understand its potential impact.
Key Takeaways

- Changes to the nature of work, the workforce, and the workplace present opportunities for organizations to be more intentional in their support of diversity and inclusion.
- HR technology cannot solve for diversity and inclusion, but it can offer capabilities to help activate an organization’s diversity and inclusion strategy.
- HR technology solutions offer capabilities to support diversity and inclusion across the functional areas of talent acquisition, people analytics, workforce experience and engagement, talent management, learning and development, and rewards and recognition.
- Solutions can be either explicitly dedicated or implicitly supportive of diversity and inclusion efforts.
- HR technology buyers should use the opportunity of investing in a new solution to explore the capabilities that support diversity and inclusion and the impact the solution will have on the diversity of their workforce and inclusiveness of the culture.
According to our research, inclusion comprises four elements. People feel included when they feel that they are (1) treated equitably and with respect, (2) valued and have a sense of belonging, (3) psychologically “safe” to speak up without fear of embarrassment or retaliation, and (4) empowered to grow. Source: The diversity and inclusion revolution: eight powerful truths, Deloitte Review / Juliet Bourke and Bernadette Dillon, January 22, 2018.
The Bersin™ Membership Program

Our research-driven insights are provided exclusively to organizational members of Bersin. Member organizations have access to the Bersin suite of offerings, including our proprietary tools and services. In today’s business-driven HR landscape, we offer research, analytics, and industry insights to help design and execute innovative talent, leadership, and change programs, including:

- **Content and Insights**—Market-leading, proprietary research including research reports, high-impact industry studies, videos, webcast replays, process models and frameworks, and case studies.

- **Interactive Factbooks**—Covering a wide spectrum of Human Capital metrics, this platform allows members to filter by industry and company size and create custom benchmarks, analyze trends, and identify drivers of variance.

- **Maturity Scorecards**—Research-based maturity assessments, integrated with business feedback, deliver actionable custom analysis, relevant research resources, and guidance from member advisors. These scorecards help members develop a plan to progress in maturity.

- **Tools and Job Aids**—Practical materials in the form of checklists, worksheets, templates, guiding questions, and more. Members can use these materials to help promote thinking, facilitate discussion, enable self-assessment, outline steps, direct processes, and aid decision-making.

- **Member Advisors**—Through virtual and in-person activities, our specialized member advisors help members understand our research, uncover deeper insights, prioritize human capital issues, and map solutions to some of their most pressing challenges.

- **Networking**—Member-only online Communities, working groups, and member exchanges let you connect with peers and industry leaders to discuss and learn about the latest industry trends, emerging issues, and leading practices.

- **IMPACT Conference**—Our executive conference brings research-driven insights to Human Capital leaders and their teams, offering them the opportunity to exchange ideas with other senior-level practitioners, industry thought leaders, and Bersin team members.

For more information about our membership program, please visit us at www.bersin.com/membership.
About Us

Bersin is the indispensable digital destination for the HR Professional to build capability, community and credibility, stay informed, and lead on workforce issues. Our membership delivers research-based people strategies designed to help leaders drive exceptional business performance. A piece of Bersin research is downloaded on average approximately every minute during the business day. More than 5,000 organizations worldwide use our research and consulting to guide their HR, talent and learning strategies.

As used in this document, “Deloitte” means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Copyright © 2020 Deloitte Development LLC. All rights reserved.

Member of Deloitte Touche Tohmatsu Limited.