

SPECIAL REPORT

V

D

I

E

R

S

I

KEEP
UP THE
MOMENTUM

T

Y

In the two years since George Floyd's murder, firms have taken some key steps to improve racial equality in the workplace. But with war, inflation, and other news taking up resources, will many become sidetracked?

By Nathan Penn



Doctor Atira Charles was where she wanted to be in her career. She was both a professor of management at Florida A&M, a historically Black university in Tallahassee, and the head of a thriving boutique firm, where she consulted on diversity issues with clients in industries

ranging from professional sports to financial services.

But the world change in May of 2020, when George Floyd was murdered by a Minneapolis police officer, an event that sparked horror and outrage nationwide. Within eight months, Charles, who had already left academia, also gave up her consultancy to join a major international conglomerate. The role? Its first chief diversity officer. "People were hitting a fever pitch, emotionally and psychologically," she says.

For two years, the world has been at that fever pitch, the result of a pandemic, lockdowns, the steady ratcheting up of inflation, and, perhaps most of all, a racial reckoning that has reverberated throughout the corridors of corporate America. Firms have been engaged in a kind of "soul searching," says Dorian Boncoeur, an assistant professor of management and organization at Notre Dame's Mendoza College of Business. "They've been asking, 'Why this? Why now? And where do we go from here?'" Employees have been asking the same anguished questions. An open conference call at Northrop Grumman to discuss Floyd's murder drew 2,000 participants. Leaders are recognizing that diversity, equity, and



inclusion has to be more than a catchphrase.

In the process, there has been progress. According to a study by ISS Corporate Solutions, the number of Black directors jumped 40 percent in 2021. They now hold 7.4 percent of directorships, up from 4.5 percent at the end of 2019. Many firms—among them Starbucks, McDonald's, and Nike—are tying executive compensation to diversity goals. And others have raised the profile of the once-obscure post of chief diversity officer, which Boncoeur cites as a primary corporate response to the Floyd murder. Indeed, in the first four months afterward, hiring at S&P 500 companies for the position increased by 300 percent. "We've never seen a jump like that before," Boncoeur says.

But experts say there is more to do to keep up the momentum. Fortune 500 firms include only six Black, 20 Latinx, and 40 Asian CEOs, far short of each group's proportional representation in the US population. Representation of LGBT and disabled executives is also, by firms' own admission, substantially below their goals. The problem isn't confined to senior levels, either. In late

Collage photos: Getty Images

Experts say companies must treat DE&I as they would any other business issue and use data analytics to understand why things aren't working.

Beyond hiring a chief diversity officer, experts say organizations need to understand what their particular problems are and why they have them. Tapia observes that firms often rush in with plans based on faulty assumptions—plans that inevitably fail. He and others say companies must treat DE&I as they would any other business issue and use data analytics to understand why things aren't working. They must develop or recruit inclusive leaders and managers who can build trust. Firms should seek to embrace different perspectives, he says, and encourage innovation. They must position those inclusive leaders to develop other inclusive leaders and create inclusive teams. An inclusive workforce will produce new strategies for talent, promotion, and development that will improve a company's odds not only of diversifying in the short term but also of sustaining that diversity for years to come.

Simply as a matter of changing demographics, the talent pool of the future will be increasingly diverse, and companies will be left out if they can't adapt, says Ron Porter, a senior client partner in Korn Ferry's Global Human Resources Center of Excellence. Tapia cautions, however, that progress in DE&I won't be achieved simply by bringing a mix of people into the firm; that mix has to cohere, to be more than the sum of its parts. Companies will have to do necessary and important work in such areas as engagement, belonging, psychological safety, unconscious bias, team optimization, collaboration, talent process redesign, and conflict management. They will also have to leverage diversity in how the firm goes to market.

For her part, Charles has left her CDO role and returned to private consulting, where she continues to champion the benefits of diversity in the workplace. Studies have been documenting those benefits—diverse, equitable, and inclusive organizations have 70 percent higher growth and 36 percent better profitability, among other things—since the early 1990s. Tapia says that while many CEOs have recognized the manifold business advantages of diversity, plenty still don't. "A chief diversity officer's No. 1 challenge is to get the organization to understand that diversity is not a social feel-good issue," Porter says. "It's a business imperative."

2021, Korn Ferry surveyed more than 5,000 HR executives and diversity specialists. Fewer than half said their firms had seen an increase in hiring rates of underrepresented talent during the prior 12 months. Fewer than one-third said they had observed an increased promotion rate among underrepresented talent. Some experts worry that diversity efforts begun after Mr. Floyd's murder have, in many cases, been sidelined in favor of other corporate priorities, such as devising back-to-office plans and grappling with the Great Resignation.

Andrés Tapia, global strategist for Korn Ferry's Diversity, Equity, and Inclusion (DE&I) business, preaches a mix of determination and patience. To their credit, he says, organizations spend billions a year, year after year, on diversity and inclusion programs. But real progress needs to come from the top. "This is going to take humility and personal commitment on the part of leaders to be able to self-reflect and move with the courage required to dismantle processes and structures embedded with unconscious biases," he says.