Diversity & Inclusion – Moving beyond training and a core value of respect

Maryland State SHRM Conference

October 7, 2019
Agenda
A discussion focused on diversity & inclusion (D&I)

- Why D&I is more important than ever
- The path forward w D&I
  - Bias
  - Awareness, exposure and inclusion
  - Creating a D&I roadmap
- Closing
Why should we care about Diversity & Inclusion?

Regulation and investors

Your talent’s expectations

It affects your brand

We support FAIR PAY TODAY!

Good for business! Good for us all!
Why should we care about Diversity & Inclusion?

**Matching the Market**

- today’s consumers are forcing organizations to match the market by structuring a workforce that mirrors the diversity of their end users

**Serial Innovation**

- research provides compelling evidence that diversity unlocks innovation and drives market growth

**D&I DRIVES AND SUSTAINS GROWTH**

*Source: The Center for Talent Innovation*
Diversity and Inclusion defined

**Diversity**

“getting an invitation to the dance”

**Inclusion**

“feeling comfortable to get on the dance floor”
Diversity is perceived different by generations

Millennials view workplace diversity as the combining of different backgrounds, experiences, and perspectives, and they believe taking advantage of these differences is what leads to innovation.

Gen Xers and Boomers, on the other hand, view workplace diversity as equal and fair representation regardless of demographics without necessarily considering diversity’s relationship with business results.

Source: Deloitte
Diversity – encompasses visible things such as

- Race
- Gender
- Nationality
- Physical attributes
- Age
Diversity – encompasses invisible things such as

**VISIBLE**

**VISIBLE/INVISIBLE**
Veteran Status, Religion, Sexual Orientation, Disabilities (physical and learning)

**INVISIBLE**
Values & Beliefs, Working-Style Preferences, Family Status, Socio-Economic Status

Diversity – ALL things that make each of us unique
15 percent of the world’s population – 1 billion people – have a disability.

94% of DEI companies reported having a Senior Executive (within the first two levels reporting to CEO) who is internally recognized as being a person with a disability and/or an ally for people with disabilities.
Inclusion

How employees come together to create a work environment that values the uniqueness of each individual and allows each to utilize their talents to contribute to the success of the organization.
We see a lack of inclusion and diversity on many levels

Only 1/3 of females report male senior leaders supporting their advancement, compared to 2/3 of males

Disability inclusion lags behind…

59% of companies reported disability resource groups (93% groups for other diversity)

77% reported disability inclusion in senior leader public promotion (94% other diversity)

In a hiring study, candidates with Caucasian-sounding names received 50% more call-backs than the candidates with African American-sounding names, regardless of industry or occupation

1 Source: McKinsey and Lean In Foundation 2015 Women in the Workplace study
2 Source: National Organization on Disability 2017 Disability Benchmarks
3 Source: Deloitte University, Kenji Yoshino 2013 Uncovering talent: A new model of inclusion
Why is diversity and inclusion important ... Drives financial results

85% of CEOs whose organizations have an inclusion and diversity strategy say it has improved their bottom line.

Fortune 500 companies with a higher representation of women on their boards of directors outperform their peers by 53% in returns on equity and 42% in returns on sales.

Organizations that have high ratings for inclusion and diversity are 70% more likely to have success in new markets, and 45% more likely to improve their market share.

PwC’s 2015 CEO survey
Catalyst
The Center for Talent Innovation
... with gender inclusion playing a major role

Companies with 50% women in senior operating roles show **19% HIGHER** return on equity (ROE) on average.

For profitable companies, a move from 0% to 30% female leaders is associated with a **15% INCREASED** net revenue margin.

The most gender-diverse companies are **15% MORE LIKELY** to have financial returns above their industry means.
Diversity and inclusion are a key point of focus for employers...

Inclusion is a key to attracting, retaining and engaging the best employees in the industry.

In order to grow as a company, organizations have to move away from compliance-oriented diversity quotas.

Diverse skills and viewpoints can make organizations more innovative and effective in their business decisions.

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Having an Inclusion & Diversity strategy helps organizations fill the global talent gaps they may face.

Embedding D&I into the culture makes organizations a good corporate citizen, and it’s the right thing to do.

It demonstrates commitment to a shared purpose and empowerment of the workforce.
Top reasons D&I is a priority — attract and retain critical talent and boost work engagement

Which of the following are the most important factors behind your organization taking action to promote inclusion, diversity and equity across your workforce? *(Percent of selected as the three most important factors)*

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attract and retain critical talent</td>
<td>82%</td>
</tr>
<tr>
<td>Drive employee engagement</td>
<td>62%</td>
</tr>
<tr>
<td>Address goals of senior leadership</td>
<td>34%</td>
</tr>
<tr>
<td>Support brand and talent value proposition</td>
<td>31%</td>
</tr>
<tr>
<td>Modernize workforce, pay and benefits</td>
<td>27%</td>
</tr>
<tr>
<td>Enable talent expansion</td>
<td>20%</td>
</tr>
<tr>
<td>Improve environmental, social and governance (ESG) metrics</td>
<td>8%</td>
</tr>
<tr>
<td>Address goals of Board of Directors</td>
<td>6%</td>
</tr>
<tr>
<td>Manage/reduce litigation risks</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

Sample: Companies with at least 100 employees
Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey
To thrive in today’s rapidly changing world, organizations must adopt a healthy company culture, where inclusion and diversity is steeped in the talent experience, and employees bring their best selves to work.
D&I is integral for every company's continued success

But….it is hard
And one of the reasons why it’s hard is

Unconscious Bias
What is bias?

**Bias** is an inclination of the mind or a preconceived opinion about people or things. It often emerges without our conscious awareness. Biases can be favorable or unfavorable.
Bias is biological as well as learned

11 MILLION PIECES OF INFORMATION AT ANY ONE TIME

40-50 PIECES OF INFORMATION GET ABSORBED

Perceptions

Interpretations

Preferences

Selective Attention

Intelligence, judgment, and behavior (frontal lobe)

Memory (temporal lobe)

Language (parietal lobe)
Learned bias … blue eyes – brown eyes

A class divided

Infamous experiment that divided a third-grade class of students based on eye color

Jane Elliott, after the assassination of MLK in 1968, labeled students as inferior or superior based solely upon the color of their eyes and exposed them to the experience of being a minority – an example of learned bias based on shared inherited physical characteristics.
Completely eradicating bias is impossible
But you can make strides with building

Awareness of bias is a necessary step for dealing with it

Exposure to people who are different – this includes visible and cognitive diversity.
Building awareness

North American: Transitioning at work guidance

“Inclusion and diversity have a direct impact on Willis Towers Watson’s ability to grow and succeed. This is why we are committed to creating an inclusive work environment where everyone is heard, respected and valued for their true selves. We believe building a diverse workforce – where everyone is able to bring their whole self to work – is not only important for our colleagues’ wellbeing, but has a real impact on our company’s performance. All colleagues may express their gender identity, characteristics or expression without fear of discrimination.”

46% of LBGTQ+ workers are STILL uncomfortable coming out in the U.S.

2018 Human Rights Campaign
Building awareness
Case Study

At, Willis Towers Watson, we do many things to support our LBGT+ community.

- Participate in local events across the country
- LBGT+ Inclusion Networks across the world including OUT@WTW network
- Provide resources and tools to educate and increase awareness including
  - providing training on unconscious bias
  - transitioning at work document
- Identified LBGT+ role models, allies and supporters

"Pride" celebrates people across the spectrum of sexual orientation and gender identity. It is an opportunity to recognize diversity, promote acceptance and build communities, as well as continue the fight against prejudice and discrimination.”
Increasing exposure
Challenge colleagues to consider how their own assumptions and behaviors may be influencing their peers, teams and clients/prospects.

Action Example -
Ask employees to think how they can expand their “everyday” network
Our latest research shows a focus on eliminating bias

71%
Global companies with processes to remove bias on hiring

56%
Global companies with processes in place to remove bias on promotion

Source: 2018 Getting Compensation Right Global Pulse Survey 2018
Fostering a diverse and inclusive workplace is no small task …
## Creating a D&I roadmap
What to ask yourself?

### Where are you now?
- Understand who your workforce is today – and how it is shifting for the future
- What is your organization doing now to support D&I?
- What does “D&I” mean at your organization?
- What are your existing activities and initiatives?
- What are your pressing D&I needs right now?
- Where do you know you currently have gaps?

### Where do you want to go?
- What does the future look like for your organization?
- Are you confident your business is as innovative as it can be?
- What other change is happening in your organization?
- What are your planned D&I activities?
- What are similar organizations doing?

### What if you don’t know?
- How do you know you have the right talent for the future?
- Are you retaining critical workforce segments?
- Is your existing workforce engaged?
- Are your programs, processes and systems holding you back?
- How is the company’s culture perceived internally and externally?
# The path to driving progress

## Short-term Actions

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Make the commitment</strong></td>
<td><strong>Build the momentum</strong></td>
<td><strong>Embrace the culture</strong></td>
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</table>

### Leading
- Solidify commitment from the leadership team
- Establish external partnership or alliances
- Establish D&I guidelines for engagement in the community

### Measuring
- Determine baseline key performance indicators (KPIs)
- Shift from compliance metrics and expand the performance indicators
- Conduct linkage analysis between D&I indicators and financial measures

### Communicating
- Create a communication strategy, articulating the leadership commitment to D&I (internal and external stakeholders)
- Update communication strategy for people managers and employees
- Update communication strategy for external stakeholders

### Involving
- Establish D&I Council membership
- Launch or expand existing Business Resource Groups (BRGs) to increase employee involvement (bottom-up)
- Utilize the D&I Council and BRGs to involve customers and partners

### Learning
- Provide intentional, targeted learning opportunities for the leadership team
- Provide a toolkit for what it means to be an inclusive leader
- Provide ongoing D&I training to managers with reinforcements throughout

### Sustaining
- Establish governance and operating model
- Perform audit of talent management programs to ensure alignment
- Identify and sponsor internal and external diverse candidates
Surprisingly, only one in five organizations has formally structured and managed programs targeted at diverse employee populations.

Does your organization have formally structured and managed programs targeted at diverse employee populations?

- Yes: 23%
- No: 77%

North America: 20%
Latin America: 22%
Europe, Middle East and Africa: 28%
Asia Pacific: 22%

Source: 2018 Willis Towers Watson Getting Compensation Right Survey
Where diversity & inclusion programs exist, gender is a top focus

<table>
<thead>
<tr>
<th>Employee Group</th>
<th>Target Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>87%</td>
</tr>
<tr>
<td>People with disabilities</td>
<td>61%</td>
</tr>
<tr>
<td>Age</td>
<td>55%</td>
</tr>
<tr>
<td>Racial and ethnic groups</td>
<td>53%</td>
</tr>
<tr>
<td>Sexual preference</td>
<td>41%</td>
</tr>
<tr>
<td>Religious groups</td>
<td>22%</td>
</tr>
<tr>
<td>Previous military service</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
</tr>
</tbody>
</table>

Note: Based on respondents that have formal programs targeted at diverse employee populations
Source: 2018 Willis Towers Watson Getting Compensation Right Survey
Simply focusing on numbers is not enough

Point in case

David, in charge of workplace diversity management at a global company was recently assigned a seemingly basic task. “Focus on minorities,” the executive sponsor of the initiative told him. “I’d like to see our numbers climb from 25 to 45 percent,” he said.

Minorities are largely underrepresented at the company, but David knew that was only a small part of a larger problem. Women are also grossly underrepresented, especially among senior employees. Additionally, there are no current initiatives to hire people with disabilities, nor is there a policy in place that promotes diverse ways of thinking.

Frustrated at the narrowed focus of his duty, David immediately felt discouraged and thus later that day, chatted with a team of his coworkers in different countries about this. Some of them echoed something he has heard plenty of times in the past. Jason, a colleague in Singapore, stated, “Simply focusing on hiring minorities isn’t enough. The offices here, for example, employ a huge number of minorities, but they aren’t included as key decision makers, and they’re rarely promoted to executive positions.”

Through his experiences, he has learned that to achieve greater diversity and inclusion (D&I), organizational efforts will need to focus beyond just the numbers. To effect positive and measurable change within an organization, David knows it is imperative to focus efforts on a collective and multidimensional solution.
What steps are being taken to promote inclusion, diversity and equity?

To what extent has your organization taken steps over the last three years to promote inclusion, diversity, and equity across the following areas? To what extent will your organization take steps over the next three years?

<table>
<thead>
<tr>
<th>Workplace culture and policies</th>
<th>Benefit programs (e.g., health care, retirement, voluntary benefits, perks)</th>
<th>Employee pay</th>
<th>Wellbeing programs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><img src="image1" alt="Last three years" /> <img src="image2" alt="Next three years" /></td>
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<td><img src="image1" alt="Last three years" /> <img src="image2" alt="Next three years" /></td>
</tr>
</tbody>
</table>

Sample: Companies with at least 100 employees
Note: Percentages indicate “To a great extent” or “To a very great extent”
Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey
**What should you address in order to drive D&I?**

**Identify tangible business outcomes of the program you want to implement**

<table>
<thead>
<tr>
<th>What we’re solving for...</th>
<th>How...</th>
<th>Through...</th>
</tr>
</thead>
</table>
| Improve Representation    | Relook at our recruiting and campus sourcing approach | Job description bias  
Recruiter accountability  
Diverse candidate slates |
| Ensure Fair Pay           | Assess where you stand on achieving equal pay and address root cause issues | Fair pay analysis, root cause diagnostic and reward program refinement |
| Enhance Career Development| Refine existing D&I programs and policies to improve career path progression for all employees | Process review for bias  
BRG focus  
HRBP enablement |
| Improve Retention and Engagement | Equip leaders with the skillsets to foster and manage an inclusive workplace | Leadership toolkit  
Business imperative education  
Middle management training |

**TA-led**

**Rewards-led**

**HRBP-led**

**Leader-led**
What are others doing …

- **Talent acquisition strategy** for diversity, including metrics on diverse candidate slates.
- **Employee resource groups** to support a variety of groups and to help the company become a better place for everybody to work.
- **Diversity champions and committees**.
- Companywide **engagement survey** that includes questions about diversity and inclusion.
- **Unconscious bias training**.
- Increasing **diversity among suppliers**.
- Promoting a **commitment to diversity externally**, particularly in the communities where team members live.

What, if anything, has your organization done?
Case study

Within ExxonMobil’s executive employee population,

- 20% are women
- 16% are minorities

To increase representation of minorities and female employees in their U.S. operations,

- 30 technical scholarships provided to minorities in 2017
- 38% campus engineering hires were women

19.1% of disabled people are employed, compared to 65.9% of non-disabled
126 companies truly prioritizing the inclusion of people with disabilities

“Ernst & Young seeks the best talent — period. To find the specialized skills we need, we have to tap the broadest available talent pools, including people with a wide range of physical, cognitive and mental health abilities. We know that diverse teams produce better solutions, so there’s a clear performance advantage to bringing together people with all kinds of differences — in gender, ethnicity, orientation, age, background, and abilities. Employees with disabilities have higher retention rates, so for many businesses, there can be a real cost savings through reduced turnover. Studies show that consumers prefer doing business with companies that employ people with disabilities, so there’s brand value.”
Assess your current benefit programs

“Organizations need to think holistically about how they are emotionally, socially, physically and financially supporting the LGBTQ+ portion of their workforce, as well as the LGBTQ+ dependents of the workforce covered under these benefits”

Katherine Dillard, Client Advocate Willis Towers Watson
Companies are beginning to audit and measure the inclusivity of their current benefit programs.

Example

Of employers who enhanced their fertility benefit in 2018 did so to support inclusion, diversity, & (equity) goals and objectives.


Data-driven insights to determine area for focus

Example

My financial situation is a source of stress.

Source: 2017 Global Benefits Attitudes Survey, United States. Percentage indicates “4 and 5 on a 5 point extent scale.”

My financial situation is a source of stress

Females: 53% Males: 40%
Gen Y: 52% Gen X: 46% Boomers: 35%
Financial wellbeing, core medical and maternity are the most important D&I priorities for benefits over the next three years

Which of the following areas will your organization prioritize over the next 3 years to support your business objectives around inclusion and diversity? (% of selected as top three priorities)

<table>
<thead>
<tr>
<th>Benefit Programs</th>
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</thead>
<tbody>
<tr>
<td>Leave of absence programs</td>
<td>18%</td>
</tr>
<tr>
<td>Employee resource groups (ERGs)</td>
<td>12%</td>
</tr>
<tr>
<td>Program eligibility provisions</td>
<td>8%</td>
</tr>
<tr>
<td>Core medical and/or pharmacy benefits</td>
<td>30%</td>
</tr>
<tr>
<td>Maternity benefits, family planning/fertility programs</td>
<td>27%</td>
</tr>
<tr>
<td>Perks and lifestyle benefits</td>
<td>25%</td>
</tr>
<tr>
<td>Voluntary benefits</td>
<td>23%</td>
</tr>
<tr>
<td>Core medical and/or pharmacy subsidy strategy</td>
<td>10%</td>
</tr>
<tr>
<td>Transgender benefits</td>
<td>5%</td>
</tr>
<tr>
<td>Financial planning</td>
<td>37%</td>
</tr>
<tr>
<td>Mental health and substance abuse</td>
<td>27%</td>
</tr>
<tr>
<td>Student loan repayment program</td>
<td>19%</td>
</tr>
<tr>
<td>EAP</td>
<td>12%</td>
</tr>
</tbody>
</table>

Workplace culture & policies

Sample: Companies with at least 100 employees.
Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey
Leave of absence programs have been and will continue to be a cultural touchstone

Has your organization taken actions around the following benefits plans, programs and policies to ensure that they support the business objectives around inclusion and diversity and does it plan to do so in the next few years?

Workplace culture and policies

- **Leave of absence programs**
  - 45% Actions taken and plan to do more in 2019-2020
  - 18% Actions taken, but NO plans to do more in 2019-2020
  - 12% No actions taken, but planning actions in 2019-2020
  - 3% No actions taken, but considering actions in 2021
  - 22% No actions taken or planned/Don’t offer program

- **Program eligibility provisions**
  - 32% Actions taken and plan to do more in 2019-2020
  - 23% Actions taken, but NO plans to do more in 2019-2020
  - 7% No actions taken, but planning actions in 2019-2020
  - 3% No actions taken, but considering actions in 2021
  - 35% No actions taken or planned/Don’t offer program

- **Employee resource groups (ERGs)**
  - 24% Actions taken and plan to do more in 2019-2020
  - 7% Actions taken, but NO plans to do more in 2019-2020
  - 5% No actions taken, but planning actions in 2019-2020
  - 4% No actions taken, but considering actions in 2021
  - 59% No actions taken or planned/Don’t offer program

Sample: Companies with at least 100 employees
Source: 2019 Willis Towers Watson Emerging Trends in Health Care Survey
Benefit programs
Leave of absence programs continue to be a starting point

Three-quarters (75%) of respondents have either taken actions or plan to this year or next - looking at leave programs more broadly past regulatory requirements.

- Parental leave for both genders and it being broader than natural births
  - Distinguish between "primary caregivers" and "secondary caregivers" rather than "mothers" and "fathers." If offering paid parental leave, throw out designations and provide all new parents with the same paid leave (outside of the time for medical recovery due to childbirth).

- Adopt flexible work arrangements.
Think beyond visible diversity … embrace cognitive diversity

The difference in way employees think, act, and are motivated

Encourage people to reveal and deploy their different modes of thinking and make it safe for them to try things multiple ways.

Teams Solve Problems Faster When They’re More Cognitively Diverse

Include visionaries, task-oriented, analytical, conceptual, social, and structural thinking employees.
In Closing
Assess the D&I challenges you are facing
Assess where you sit on the D&I strategy spectrum
And determine where you want to go

**Initiating (compliant)**
- Diversity programs driven by HR

**Advancing**
- Articulated ID&(E) strategy and goals linked to HR programs and policies

**Leading**
- ID&(E) integrated into all relevant company policies and procedures

**Transforming**
- D&(E) goals support the business strategy and position the company externally as a leader
A multi-faceted approach and consideration

- **Portfolio:** Optimal alignment of benefits
- **Financing:** Cost and risk efficiencies
- **Analytics, Insights and Reporting:** Data-driven decisions
- **Admin and Operations:** Operational efficiencies
- **Talent Experience:** Talent engagement
- **Diversity & Inclusion:** A multi-faceted approach and consideration
Remember - full integration is a multi-year journey…

Year 1
Make the commitment

Year 2
Build the momentum

Year 3
Embrace the culture

Culture  Gender  LGBTQ  Veteran Status  Ethnicity  People with Disabilities

D&I is not an HR program, but rather a business strategy. It is true that the “needle is driven by HR”; however, it is not enough for it to be solely an HR program.
Looking for someone to emulate ...

"INCLUSION: We're all IN" is about learning from, and growing with, one another.

- It is about taking individual and unique strengths and using them to form a stronger and more cohesive whole.
- It is the promise we are making as a team to take in different perspectives and, in the process, build a system focused on respect and understanding.
- It emphasizes the all-encompassing scope of our diversity and inclusion strategy. We are speaking not only to our colleagues, but to our partners, patients, and to their families.

https://player.vimeo.com/video/49917025?wmode=transparent
“What we need to do is learn to respect and embrace our differences until our differences don’t make a difference in how we are treated.”

- Yolanda King
Thank You

Pamela Murray
Associate Director, Talent & Rewards

225 Schilling Circle
Hunt Valley, MD 21031

E  pamela.murray@willistowerswatson.com