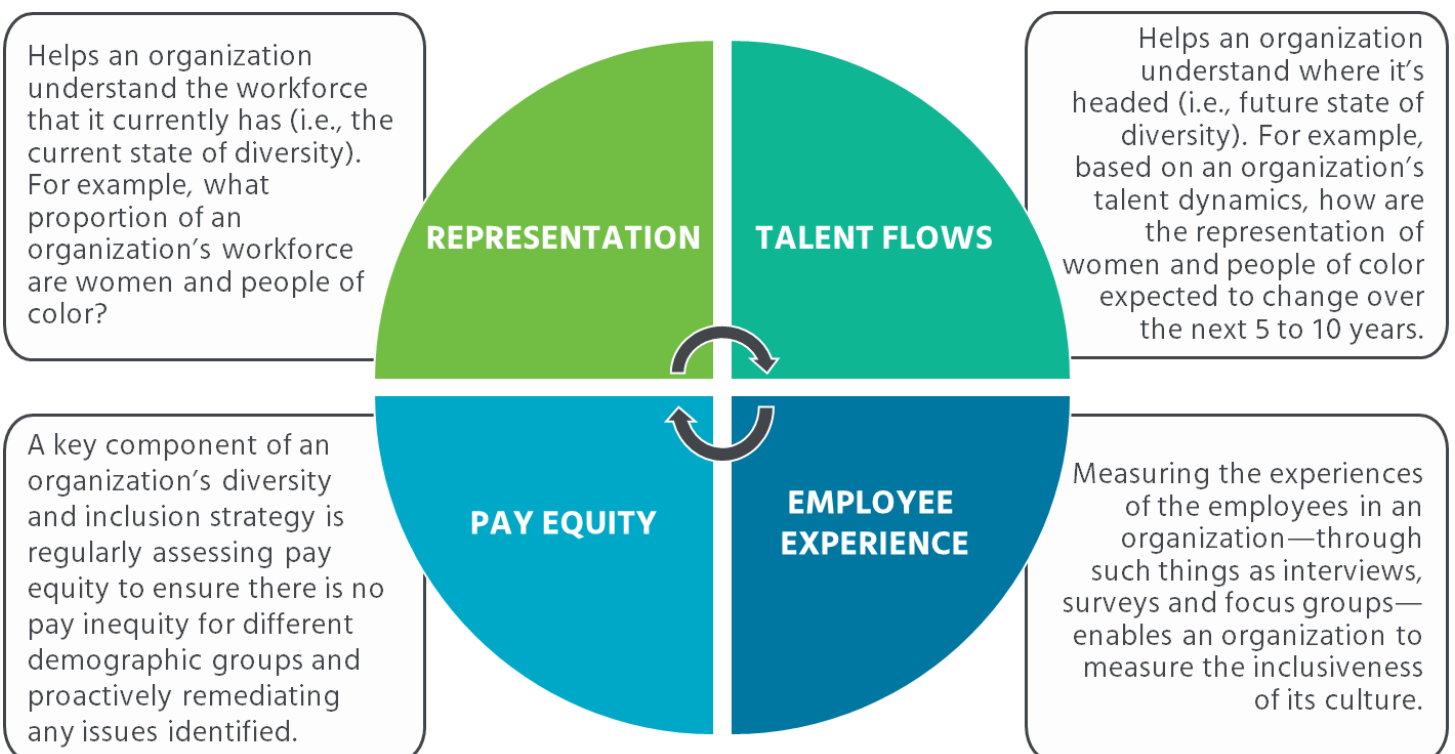# MERCER

DIVERSITY AND INCLUSION ANALYTICS

BUILDING AN EVIDENCE-BASED DIVERSITY AND INCLUSION STRATEGY

Workforce diversity is an outcome that organizations ought to actively manage. Mercer believes an organization's diversity strategy is more likely to be effective if it is evidence-based. The key is understanding what type of workforce an organization has created, where it's headed, where it wants to go, and focusing on interventions shown to be most effective in building a diverse workforce. Diversity can only be sustained, however, if it is supported by an inclusive culture—as defined by an organization's values, norms, behaviors, leadership, and organizational practices—and works hand in glove with an organization's underlying talent strategy.

MERCER'S APPROACH FOR DEVELOPING AN EVIDENCE-BASED DIVERSITY & INCLUSION STRATEGY

In developing an evidence-based diversity and inclusion strategy, Mercer recommends focusing on four key measures of diversity and inclusion: Representation, Talent Flows, Employee Experience, and Pay Equity.

Helps an organization understand the workforce that it currently has (i.e., the current state of diversity). For example, what proportion of an organization's workforce are women and people of color?

REPRESENTATION

TALENT FLOWS

Helps an organization understand where it's headed (i.e., future state of diversity). For example, based on an organization's talent dynamics, how are the representation of women and people of color expected to change over the next 5 to 10 years.

A key component of an organization's diversity and inclusion strategy is regularly assessing pay equity to ensure there is no pay inequity for different demographic groups and proactively remediating any issues identified.

PAY EQUITY

EMPLOYEE EXPERIENCE

Measuring the experiences of the employees in an organization—through such things as interviews, surveys and focus groups—enables an organization to measure the inclusiveness of its culture.

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WHAT YOU CAN DO TO ADVANCE DIVERSITY AND INCLUSION IN YOUR ORGANIZATION

1. Build a business case to understand where diversity and inclusion issues may be impeding achievement of business objectives.

2. Understand the current state of diversity in your organization and where it's headed.

3. Identify the cultural dynamics that pose a risk to your organization's culture of inclusion.

4. Conduct a pay equity assessment and remediate issues identified.

5. Engage senior leaders in the development of data-driven diversity and inclusion strategies that are aligned with business goals.

HOW MERCER WORKS WITH ORGANIZATIONS TO DRIVE DIVERSITY AND INCLUSION

1 Baseline Diagnostic	**2** Deep-dive Quantitative Analysis	**3** Culture Assessment	**4** Implementation Strategy
▪ **Internal Labor Market (ILM) Maps** illustrating current talent flows, identifying bottlenecks, and raising critical questions ▪ **Diversity Projections** estimating future trajectories under different scenarios ▪ **Leadership Workshop** to interpret data, formalize hypotheses and set priorities for further diagnostics/actions	▪ **ILM Analysis**® to statistically model the drivers of key workforce outcomes—e.g., promotion, retention, performance rating, pay—and identify the actions that can be taken to accelerate progress on diversity objectives ▪ **Pay Equity Assessment** to determine if, and to what extent, there are unexplained pay disparities by gender and, as feasible, other dimensions of diversity	▪ **Interviews** with key business leaders to solicit their views of current culture, including strengths and opportunities for improvement ▪ **Survey and/or focus groups** with employees to explore deeper culture risks and opportunities and compare experiences of different employee segments ▪ **Social network analyses** to better understand employee experiences and connections	▪ **Recommendations** on key measures and HR/business interventions ▪ **Identification** of organizational and cultural changes required to sustain recommended interventions ▪ **Development** of implementation strategy, including accountability