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ENNIS&CO

Making Diversity & Inclusion a Business Reality

Report into the current state of the automotive industry

#diversityinauto

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Making Diversity & Inclusion a Business Reality

What does diversity and inclusion (D&I) mean to your organisation? How much progress has been made? What do you want it to achieve? These are just some of the questions we put to a group of senior executives across the global automotive industry in what is the first report of its kind for the automotive industry.

The results offer a snapshot of how organisations are translating this complex issue into actionable policies. We hope it prompts a re-evaluation of how to take diversity and inclusion to the next stage in its evolution; where its commercial value becomes an integral part of business performance.

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1. D&I Research: Key Findings

High priority

Perhaps not surprisingly given the universal drive to embrace diversity and inclusion (D&I) in the workplace, the vast majority of respondents (85%) report that the issue is a priority for their organisation.

Clear commitment

There is also evidence of support for creating a more inclusive working environment at all organisational levels:

- Over three quarters of those questioned either agree (48%) or strongly agree (30%) that the executive/senior leadership team demonstrates commitment. Although none strongly disagreed, 8% did disagree and 14% neither agreed or disagreed.
- Even greater commitment is believed to be present among employees. A total of 83% strongly agree or agree that this is the case, while 17% neither agree nor disagree. Interestingly, there was zero response for both disagree and strongly disagree.

Work in progress

In terms of how much headway has been made around D&I over the last 12 months, overall opinion points to a certain level of positive change – but further action is needed:

- Over a third of respondents evaluate progress as either good (36%) or fair (31%)
- 18% assess it as very good.

However, with 8% of respondents believing progress has been poor and only 7% reporting it as excellent, there does not appear to have been a uniform step forward.
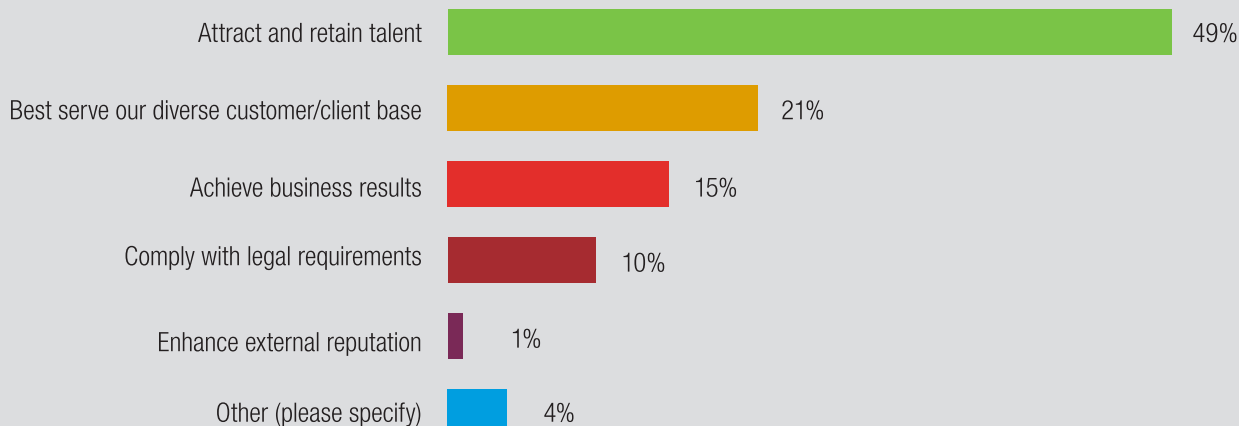
Familiar top objective

Defining the primary objective of D&I efforts provides a useful insight into the motivating factors behind activity:

- For almost half (49%) of those surveyed, "attract and retain talent" is the number one goal; a relatively common desired outcome which has been part of the D&I agenda for some time.
- 21% see it as beneficial to serving a diverse customer / client base.
- 15% believe it is integral to achieving business results.
- Legal requirements (10%) and external reputation (1%) are lower down the rankings.

Figure 1: Talent attraction/retention is the primary objective of efforts

"The primary objective of my organisation's D&I efforts is to:"

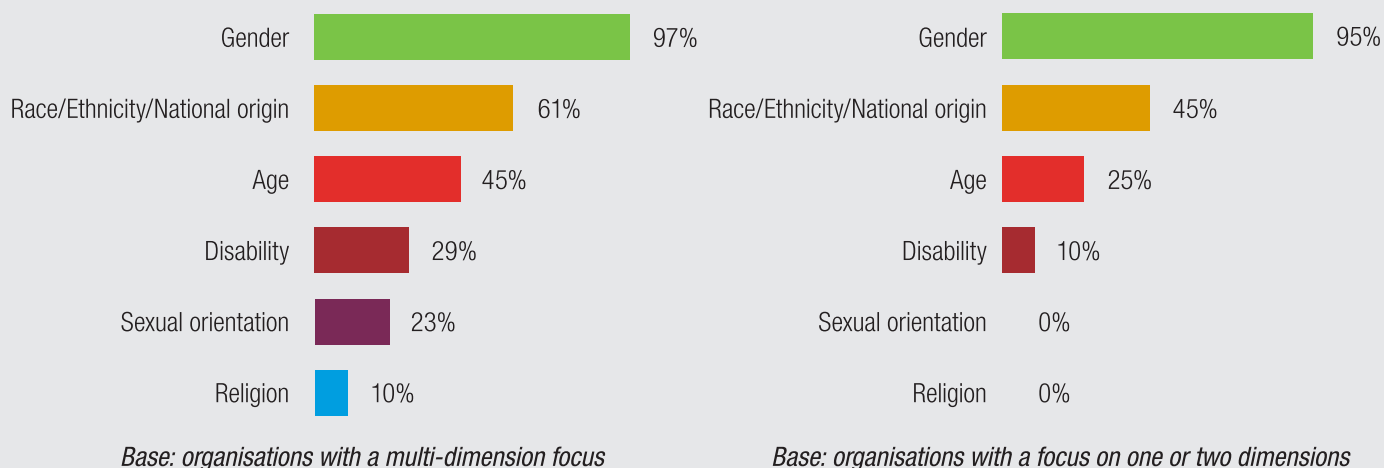|	
Attract and retain talent	49%
Best serve our diverse customer/client base	21%
Achieve business results	15%
Comply with legal requirements	10%
Enhance external reputation	1%
Other (please specify)	4%

Narrow focus

Given the breadth of issues associated with D&I (which includes age, disability, ethnicity, gender, religion and sexual orientation), there remains a surprisingly narrow focus in terms of activity that organisations are actively addressing in their policies and programmes:

- Over half (56%) of respondents are concentrating efforts on "creating an inclusive environment for all employees."
- 28% are looking at one or two dimensions of diversity
- 15% are focused on a broad range.

And in terms of which elements are of most concern, gender, ethnicity and age are the top three areas of focus for all organisations surveyed – irrespective of whether they take a narrow or broad approach to diversity (see figure 2). A finding which indicates other important aspects of D&I, such as religion or disability, are still being marginalised.

Figure 2: Which elements of diversity are the focus?

Gender		97%
Race/Ethnicity/National origin		61%
Age		45%
Disability		29%
Sexual orientation		23%
Religion		10%

Base: organisations with a multi-dimension focus

Gender		95%
Race/Ethnicity/National origin		45%
Age		25%
Disability		10%
Sexual orientation		0%
Religion		0%

Base: organisations with a focus on one or two dimensions

Top activities

From the extensive list of D&I activities organisations now have at their disposal, some have been more widely adopted than others, with the top three shown to be:

- Flexible working policies and practices (93%)
- Monitoring and reporting on the diversity make-up of employees (71%)
- Active recruitment of diverse employees (51%)

Systems to evaluate and measure progress, however, appear to be less commonly established.

Figure 3: Which D&I activities are most/least commonly in place.

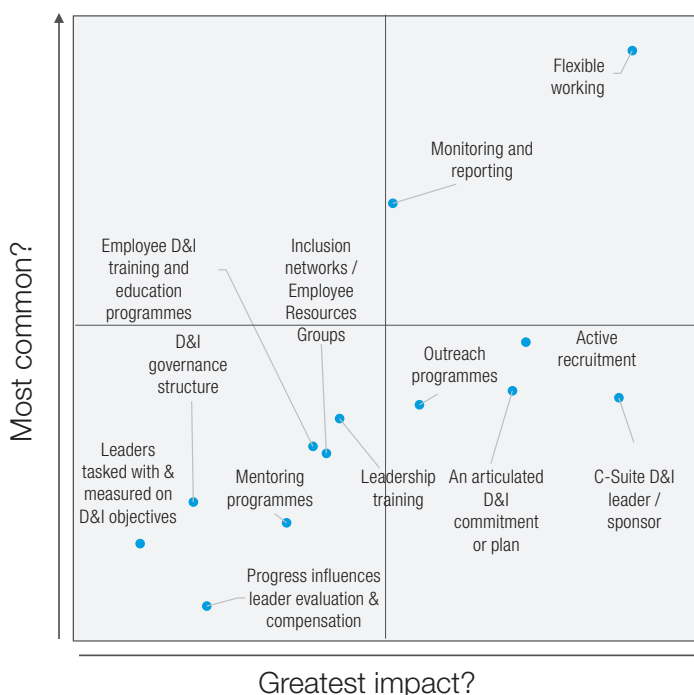| Activity	Percentage
Flexible working policies and practices	93%
Monitoring and reporting on the diversity make-up of employees	71%
Active recruitment of diverse employees	51%
An articulated D&I commitment or plan (e.g. D&I Strategy)	44%
A D&I leader or sponsor at the C-Suite level	43%
Outreach programmes, such as internships, scholarships, targeting recruitment in the community	42%
Leadership training on managing diverse populations	40%
Employee D&I training and education programmes (e.g. awareness-building,overcoming unconscious bias)	36%
Inclusion networks/Employee Resources Groups (i.e. groups formed around a shared interest, experience or demographic)	35%
An established D&I governance structure	28%
Mentoring programmes for minority or underrepresented employees	25%
Leaders tasked with specific D&I objectives and progress is measured	22%
Progress towards meeting D&I goals influences performance evaluation and compensation outcomes for leaders	13%

Wasted potential

When looked at in the context of what has the greatest impact, there are clear gaps in terms of realising the full potential of a number of key activities:

- C-suite sponsor or D&I leader: In place at 43% of organisations questioned, but only 42% of those questioned believe the role is making a positive difference.

- D&I strategies: Developed by 44% of companies surveyed, but only 34% rate it as having the most impact.

- Active recruitment of diverse employees: Over half of respondents (51%) do this, but just 35% see it as driving positive results.

- Outreach programme targeting recruitment in the community: Reportedly running at 42% of organisations, but valued as highly impactful by just 27%.

Activity ≠ Results

If the activities most commonly in place are cross-referenced with those that are seen to make the greatest impact, what becomes apparent is that – with the exception of flexible working – organisations are not making the link between the two.

Figure 4: Usage vs Impact.

Most common?

Flexible working

Monitoring and reporting

Employee D&I training and education programmes

Inclusion networks / Employee Resources Groups

D&I governance structure

Outreach programmes

Active recruitment

Leaders tasked with & measured on D&I objectives

Mentoring programmes

Leadership training

An articulated D&I commitment or plan

C-Suite D&I leader / sponsor

Progress influences leader evaluation & compensation

Greatest impact?

Recipe for success

Interestingly, when the results of business leaders who report excellent or very good D&I progress has been made in their organisation are viewed in isolation, there is a clear shift in the response pattern. And this offers a different perspective in terms of where these organisations are focusing activity:

- Broad range of D&I dimensions: 36%
- Creating an inclusive environment: 33%
- Only one or two dimensions: 5%

As well as how they define the primary objective of D&I efforts:

- Achieve business results: 27%
- Best serve our diverse customer base: 27%
- Attract and retain talent: 23%
- Comply with legal requirements: 14%

2. Where do we go from here?

These findings, together with personal viewpoints gathered from respondents as part of the survey, show that the D&I journey is only just getting started. Fresh thinking and innovative debate are particularly needed around three key topics which emerged from the research as common themes – but currently raise more questions than answers.

Flexible working

An established tool to show commitment to the D&I agenda – and seen as largely successful in addressing gender imbalance – does "flexible working" need to be re-invented for the next generation? Can a successful balance be achieved between employee wants/needs and commercial imperatives? And what could a realistic model look like?

"This remains an initiative driven by the HR function and not the business."

Selective focus

The dominance of the gender dimension, fuelled by high-profile media coverage of associated issues, has unintentionally created a narrow view of the D&I agenda – and much of the activity has consequently been tailored for this purpose. The conversation needs to move on and inspire equally effective strategies targeting a broader diversity demographic.

"Monitoring is primarily on gender only at the moment and I recognise that our ethnic mix is not representative of the population or our customer base."

Brand engagement

Could this be the undiscovered star of the D&I story? With the potential to boost brand reputation and image, positive brand engagement could be instrumental in reaching a new talent pool. And bring with it trust and behavioural changes that will deliver strong commercial benefits to the organisation.

"Our biggest barrier is our ability to recruit from a diverse population."

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3. Analysis and Opinion. Lynda Ennis, founder of Ennis & Co

It is now generally accepted that a diverse workforce will deliver a competitive advantage. But I believe that many organisations in the automotive industry still don't understand what diversity and inclusion really means for the big picture and for the future of business. Yes, there is a lot of noise and activity around making sure relevant policies look great or fit with what they think the market wants – but has anyone actually asked recently?

So for me, this conference provides the ideal platform to find out what people really think about D&I; to dig deeper and bring greater clarity to this important issue. And in terms of what direction those conversations should take, a number of findings within our research report raise important questions which deserve further attention.

First of all, the fact that "attract and retain talent" is the top objective of D&I efforts doesn't surprise me; this would have been the case five years ago. The problem we have with it now is that the way people want to work is very different. So this is no longer just about finding great people, it also means aligning working conditions with expectations of diversity. But is this happening or even being taken seriously enough?

Equally noteworthy is the low take up of "achieve business results" as a D&I goal. At the end of the day, an organisation can't invest in any form of diversity programme if it doesn't drive a commercial result for the business. Finding this balance is without doubt one of the biggest challenges. But the fact that this is not a priority begs the question – is D&I seen as something that needs to be done just because it's expected? This is a hard reality to face, but we need to have an open and honest discussion about it.

We also need to think long and hard about the focus of D&I activity. "Creating a positive environment for all employees" is a lovely aim and makes us all feel good, but should it be the only one? And how is it being addressed and evaluated? An annual questionnaire rolled out at the end of year review is not going to cut it anymore. We live in a "now" world, so what you need is a current view. Think about Dieselgate and falling cars sales – if you really want to know about employee engagement, you need to gauge sentiment when it matters. Real time people management may frighten some business leaders, but how effective would that be in terms of demonstrating your organisation is an inclusive employer? The technology, process and capability exist to create real time dialogue, but not enough organisations are using tools.

The breakdown of most common D&I activities is also pretty standard. I would like to see more interesting ideas designed to really push the boundaries of what it means to be a diverse and inclusive company. Self-learning is a good example. Some may see this as too much of a risk, but if you don't provide the infrastructure for people to learn, you won't be in a position to fill new roles which demand certain capabilities.

In fact, what the research tells me is that although there is a lot going on, the bigger picture is muddled; where nothing – apart from flexible working – is having a tangible impact. As things stand, D&I seems to be more about objectives than building a long term sustainable plan. So perhaps we need to ask what really makes a difference and focus firmly on that, rather than doing 20 different things to keep up with the competition or enable us to own the latest buzzwords.

What's most striking about the findings of the research to me, is a general lack of vision. Why aren't we talking about how technology will influence jobs in the future? What will these roles look like and what do we need to do to upskill the workforce? Let's be bold about it. And create the environment that gets the best out of the people you want to attract and retain – after all, isn't this what diversity is all about? Naturally, any strategy also needs to work for the business – so to make these changes, you need the foresight to anticipate the consequences and the infrastructure to control them effectively.

Whether we like it or not, the automotive industry is changing. It's probably the most exciting time to be working in this environment – and the people bit is going to be critical to securing success. We need to take this energy, excitement and impetus to launch a new D&I narrative, not regurgitate the same old way of thinking. Let's think big, broad and differently – and be a bit braver too.

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Ennis & Co is an executive search firm that works exclusively across the automotive sector. A niche provider, with excellent industry knowledge, the consultancy works globally across all aspects of the sector to source the best people in the market. From manufacture and retail, through to support services and related associations, Ennis & Co delivers superb candidates at senior management, board and C-suite levels.

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