

---

# **Diversity and Inclusion Pulse: A Leader's Guide to Europe**

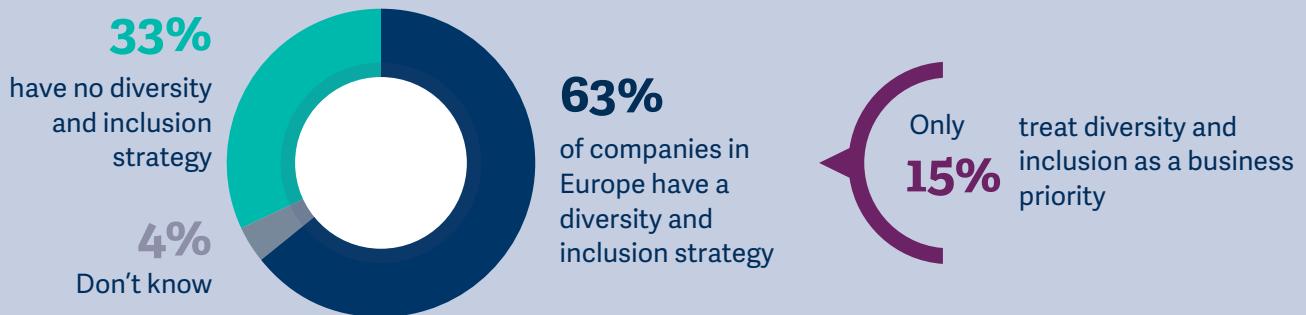
The evidence for the value of diversity is growing. Russell Reynolds Associates research finds firms with advanced D&I strategies are roughly 30 percent more likely to have executives who report high levels of loyalty, innovation and performance.<sup>1</sup>

Increasingly, we see this message starting to resonate at an individual level for leaders. In our 2019 D&I Pulse survey, we asked 573 executives in Europe about their perceptions and experiences of diversity and inclusion in the workplace. A full **70 percent of executives in Europe say it is clear to them personally how diversity and inclusion will improve the performance of their organizations.**

## BUT...

Despite this positive momentum, many organizations need to make further investments—both financial and cultural—in their diversity and inclusion efforts to realize full value from them.

### Many organizations still lack a coordinated approach to diversity and inclusion:



### Dedicated diversity and inclusion leadership is important yet rare:

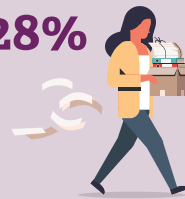
Lack of a chief diversity officer is one of the top five barriers to effective D&I strategy in Europe



Yet, just **34% of the S&P Europe 350<sup>2</sup>** have a chief diversity officer or equivalent

### Building meaningful diversity continues to be a challenge in Europe:

**28%** of European executives acknowledge diverse talent has left their organization due to lack of inclusion



Women are **42%** more likely to report this problem than men — one of many indications that underrepresented groups are more likely to feel excluded than others



**Companies in Europe generally agree on the importance of diversity and inclusion, but they are failing to sufficiently invest in it.**

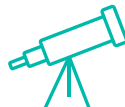
**This report offers a data-driven view of the experiences and perceptions of executives in Europe. It gives leaders:**

**1**



A snapshot of current diversity and inclusion efforts in Europe

**2**



A lens on where organizations fall short in tying diversity and inclusion to business strategy

**3**

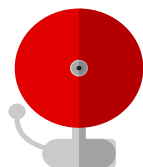


A roadmap on how to advance in their diversity and inclusion efforts

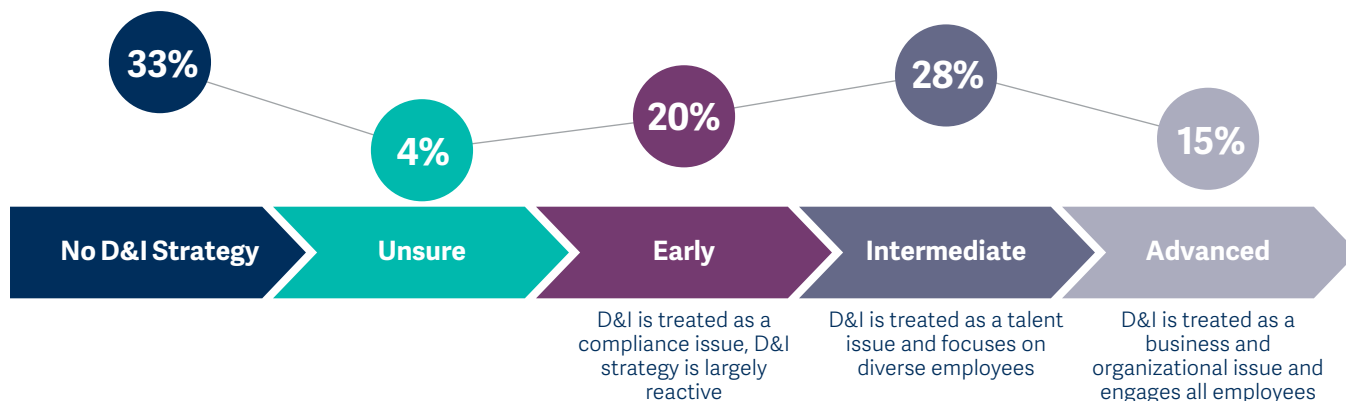
## A snapshot of current diversity and inclusion efforts in Europe

### PREVALENCE OF DIVERSITY AND INCLUSION STRATEGY IN EUROPE

Committing to a diversity and inclusion strategy, rather than relying on scattered, one-off efforts, is critical to enduring success. Equally important, the diversity and inclusion strategy should clearly connect with the business strategy rather than being a separate effort.

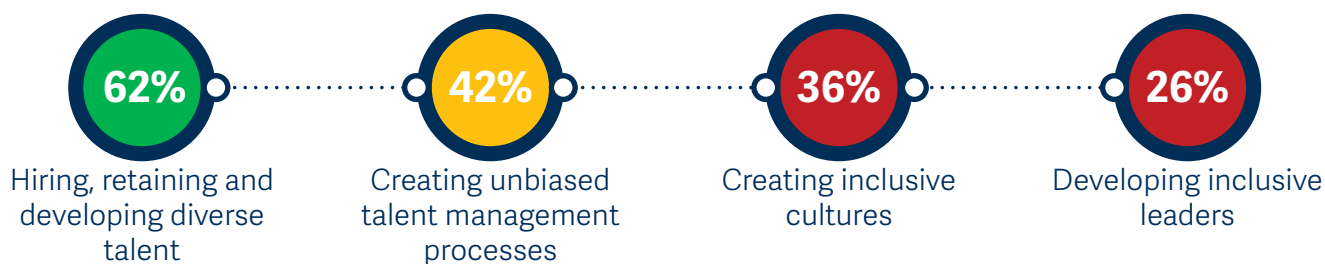


**While 63 percent of executives in Europe say their organization has a diversity and inclusion strategy, many organizations are still in the early stages of this journey, and more than a third have not yet begun. Fifteen percent are advanced in their efforts, treating diversity and inclusion as business issues. We consider this group best in class.**



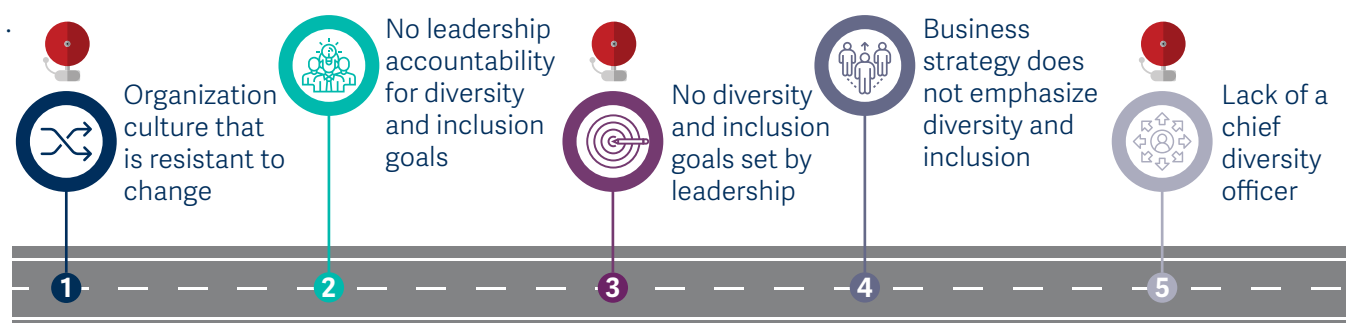
### WHERE ORGANIZATIONS IN EUROPE DEVOTE THEIR EFFORTS

Diversity and inclusion are complementary efforts. Improving the diversity of employee populations is an important first step, but leaders must also create inclusive cultures in which every voice is valued. Currently, most organizations focus on hiring, developing and retaining diverse talent; fewer invest in building inclusive cultures and leaders to maximize the value of diverse talent.



### TOP BARRIERS TO EFFECTIVE DIVERSITY AND INCLUSION STRATEGY

Creating diverse and inclusive work environments requires a certain level of financial investment, but equally important are cultural investments such as leadership commitment and accountability. Executives say these five factors are most likely to inhibit diversity and inclusion.



## Tying diversity and inclusion to business strategy in Europe: Where do companies fall short?

The top two barriers—resistant organizational cultures and a lack of leadership accountability—are what most organizations need to change for diversity and inclusion to take root. Successful organizations position diversity and inclusion as a holistic journey toward a new way of working, where the status quo is questioned and improved. In line with this, our recent study of chief diversity officers in Europe found only one in five has change management experience<sup>3</sup>. Such transformations cannot occur without leaders who are fully committed to changing themselves and inspiring their colleagues to do the same.

Tactically speaking, however, the way to enable leaders and cultures to transform is to focus on the elements mentioned in the other three barriers. To put them in the positive, **organizations need to ensure that the link between diversity and business performance is clear, set defined goals and measure progress against them, and put in place dedicated internal resources like chief diversity officers to ensure that the strategy moves forward.**

As our Diversity and Inclusion Pulse data shows, many organizations lack these three critical elements:

# 01

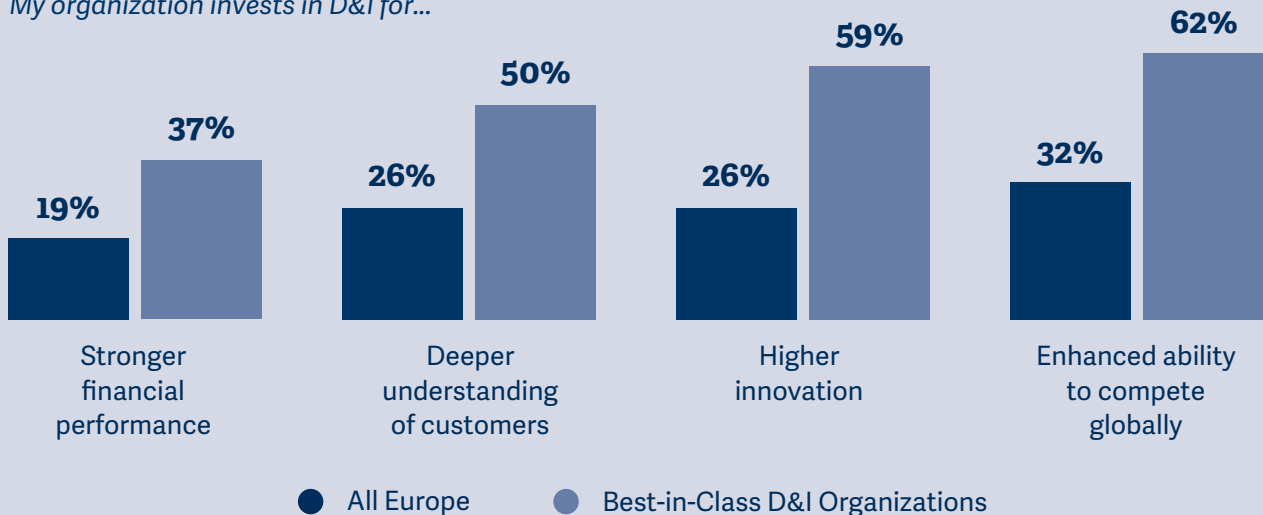
**Most companies in Europe do not treat diversity and inclusion as a business issue.**



Organizations that treat diversity and inclusion as a business issue clearly understand how it affects business performance, including their ability to innovate, serve customers and compete for talent. Yet, as previously noted, **only 15 percent of organizations fall into this best-in-class category**. Not surprisingly, they are about twice as likely to invest in diversity and inclusion for these reasons than the average European organization.

### BEST-IN-CLASS ORGANIZATIONS ARE TWICE AS LIKELY TO INVEST IN D&I FOR BUSINESS REASONS

*My organization invests in D&I for...*

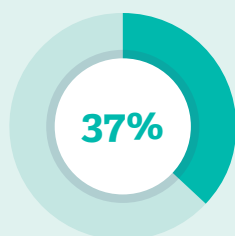


## 02

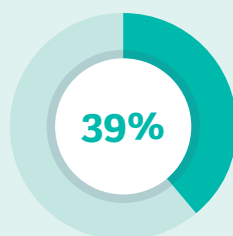
**Most European organizations are not gathering the information they need to measure progress on diversity and inclusion.**



A failure to measure and benchmark relevant demographic information and the extent to which employees feel accepted within their workplaces means leaders are unaware of where their organizations are in their D&I journey.



Say their organization sets senior leadership diversity goals



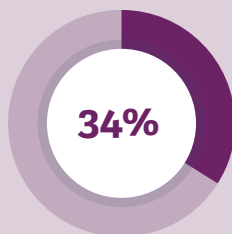
Say their organization uses surveys or employee feedback to measure inclusive culture



Say inclusive behaviors are considered as promotion criteria for leaders

## 03

**Many organizations do not have enough infrastructure to support the large-scale changes that diversity and inclusion strategies require.**



Just 34% have a chief diversity and inclusion officer, or the equivalent

Very few of these diversity leaders report to the CEO, muting the impact of the role. **A recent analysis of the S&P 500 showed just 1 percent of companies had a chief diversity officer in the C-suite<sup>3</sup>; an RRA analysis of the S&P Europe 350 suggests the rate is even lower<sup>4</sup>.**

# What can leaders do to improve their diversity and inclusion efforts?

As many leaders have discovered, simply hiring diverse talent does not ensure lasting diversity. Instead, many other elements—namely, an inclusive culture—are essential to building a resilient organization that reaps all the benefits of diverse talent. **Here is a short diagnostic tool that can help leaders assess where their organizations stand on the diversity and inclusion journey and where to focus future efforts.**



1

## HIRE, RETAIN AND DEVELOP DIVERSE TALENT

- 1 What current efforts does the organization make to hire, retain and develop diverse talent?
- 2 How effective are these efforts?
- 3 Are there metrics and accountability for these efforts?



2

## BUILD INCLUSIVE CULTURES

- 1 Does the organization currently measure inclusivity through employee surveys?
- 2 Does the organization know which employee groups feel less included in the workplace, and why?
- 3 Are there strategies in place to mitigate these inclusion gaps, and are they effective?



3

## DEVELOP INCLUSIVE LEADERS

- 1 Is the importance of inclusive leadership communicated broadly in your organization?
- 2 Are executives trained on how to lead inclusively, including how to mitigate their biases?
- 3 Are executives incentivized and rewarded for leading inclusively? Do they hold themselves and others accountable to do so?



4

## CREATE INCLUSIVE TALENT MANAGEMENT PROCESSES

- 1 Is the organization aware of specific D&I pain points or biases in talent recruiting, promotion, compensation and retention?
- 2 Does the organization know where it loses diverse talent, and why?
- 3 Are there strategies in place to mitigate this talent loss, and how effective are they?



5

## CREATE A SUSTAINABLE D&I OPERATING MODEL

- 1 Does the organization have a chief diversity officer? If so, is the role adequately resourced to achieve and sustain D&I objectives, and is it senior enough to engage and influence the CEO?
- 2 Does the organization have a D&I governance structure, like a D&I committee or council?
- 3 Does the organization have a holistic, long-term approach to D&I along with short-term metrics and accountability mechanisms in place to ensure leaders are meeting key milestones along the way?

1. Alessandra Abate, Dee Fitzgerald, Ryoko Komatsuzaki, Harsonal Sachar, Alix Stuart, Ulrike Wieduwilt, Cissy S. Young, *Diversity and Inclusion: What Separates the Best from the Rest*. Russell Reynolds Associates, October 2019.
2. Alessandra Abate, Harsonal Sachar, Alix Stuart, Ulrike Wieduwilt, *A Leader's Guide to Finding and Keeping Chief Diversity Officers in Europe*. Russell Reynolds Associates, January 2020.
3. Dieter Holger, "Companies Falter in Making Diversity and Inclusion a C-Suite Job," *Wall Street Journal*, October 26, 2019. <https://www.wsj.com/articles/companies-falter-in-making-diversity-and-inclusion-a-c-suite-job-11572091208>.
4. Alessandra Abate, Harsonal Sachar, Alix Stuart, Ulrike Wieduwilt, *A Leader's Guide to Finding and Keeping Chief Diversity Officers in Europe*. Russell Reynolds Associates, January 2020.

## Methodology

Russell Reynolds Associates surveyed nearly 850 executives around the world about their perceptions and experiences of diversity and inclusion at work through its 2019 D&I Pulse survey. In this paper, we focus specifically on the responses of 573 executives from Europe who completed the survey. As part of the survey, we asked executives to classify their organization's efforts into one of the three maturity categories:



Twenty percent considered their firms early stage, 28 percent chose intermediate and 15 percent considered themselves advanced. Thirty-three percent said their firms had no D&I strategy, and about 4 percent were not sure if their organization had one or not.

## AUTHORS

**ALESSANDRA ABATE** co-leads Russell Reynolds Associates' Diversity & Inclusion Practice in Europe, the Middle East and Africa and leads the Global Biotech and Pharmaceuticals Practice. She is based in Amsterdam.

**HARSONAL SACHAR** leads Knowledge for Russell Reynolds Associates' Diversity & Inclusion Practice and is responsible for thought leadership and insight development along with internal strategy and operations. She is based in Toronto.

**ALIX STUART** is a member of Russell Reynolds Associates' Center for Leadership Insight. She is based in Boston.

**ULRIKE WIEDUWILT** co-leads Russell Reynolds Associates' Diversity & Inclusion Practice in Europe, the Middle East and Africa and is a member of its Consumer sector. She is based in Hamburg.

## ACKNOWLEDGEMENTS

The authors would like to thank their colleague Chetna Valecha for her helpful contributions to the creation of this study.

## About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

[www.russellreynolds.com](http://www.russellreynolds.com)

RussellReynolds.com