Innovation Insight for Diversity, Equity and Inclusion Technologies to Power Organizations Beyond Resilience

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Initiatives: HCM Technology Transformation

COVID-19 and movements of social justice have elevated the importance of DEI for organizations to thrive in turbulent times. Application leaders supporting HCM technology transformation must implement technologies as essential components across various stages of their organizations' DEI journey.

Overview

Key Findings

- Organizations are turning a critical eye toward their diversity, equity and inclusion (DEI) policies in the wake of the coronavirus pandemic and heightened social movements. The number of HR leaders indicating diversity and inclusion efforts as a top priority in 2020 is almost double that of 2019.

- Most organizations already know that creating a diverse, equitable and inclusive environment contributes to talent and business results. Progressive organizations now look to DEI as the engine to move beyond mere resilience into antifragility, the ability to thrive during turbulent times.

- The scope of technologies that support DEI is increasingly expanding with the center of gravity moving from dedicated startups to established human capital management (HCM) suite and specialist vendors. At the same time, only 10% of DEI leaders are considering technology as a 2021 priority, affected by low organizational maturity or budget limitations.

Recommendations

Application leaders supporting HCM technology transformation should:

- Increase scalability and effectiveness of DEI programs by establishing technologies as an integral part of their design with all potential owners — DEI leaders, HR leaders and operational leaders.

- Enhance antifragility at organizational and team level by aligning technologies not just to HR and DEI professionals but also to operational leaders, line managers and employees across countries.

- Pursue opportunities for optimized DEI technology support by continuous evaluation of large HCM vendor offerings and through integration between HCM suites and dedicated DEI applications.

Strategic Planning Assumption

By 2022, more than 75% of large enterprises will include diversity and inclusion (D&I) enablement criteria in their selection process for HCM technologies.

Introduction

Organizations are turning a critical eye toward their diversity, equity and inclusion (DEI) programs in the wake of the coronavirus pandemic and heightened social movements (see Note 1 for more detailed DEI definitions). According to a Gartner survey, when organizations move from doing nothing to taking action on societal issues, the proportion of highly engaged employees jumps 20 percentage points (see The New Employment Deal). Employees are on board, too, with 9 out of 10 committed to taking action on DEI initiatives (see Revamp Diversity, Equity and Inclusion Strategy in IT With Creative Talent Acquisition).

HR leaders therefore face a growing expectation to step forward and are responding by placing a higher priority on DEI initiatives as well. The number of HR leaders indicating DEI efforts as a top priority in 2020 is 1.8 times that of 2019 respondents (see Diversity, Equity and Inclusion Primer for 2021).

Description

DEI technologies include a range of solutions to enhance diversity, equity and inclusion in organizations. These solutions aim at maximizing data-driven decision making and specific value drivers — such as transparency, accountability and efficiency — across people processes.

Organizations cannot scale and evolve their top-down or grassroots DEI programs without technology support. At the moment, however, technology focus is very low across DEI leaders, with only 10% of them considering it a 2021 priority. [1] Instead, DEI leaders prioritize DEI strategy, leadership engagement, metrics or process aspects. DEI technology efforts are also affected by fragmentation of technology budgets across DEI, HR and other functions or total lack of it in about 30% of cases (see Diversity, Equity and Inclusion Functional Benchmarking Report, 2021).

On the supply side, HCM technology vendors are increasingly covering the DEI domain. The current vendor landscape of HCM applications supporting DEI includes two main categories:

- An increasing number of HCM suite or specialist (e.g., talent acquisition or HCM analytics) vendors have made DEI a distinct element of their roadmap and positioning, delivering applications across different functional areas.

- A substantial number of dedicated startups provide point solutions across the talent management life cycle. Adoption of these solutions is typically at early stages, and they would all compete for a slice of relatively small organizational budgets dedicated to DEI activities.
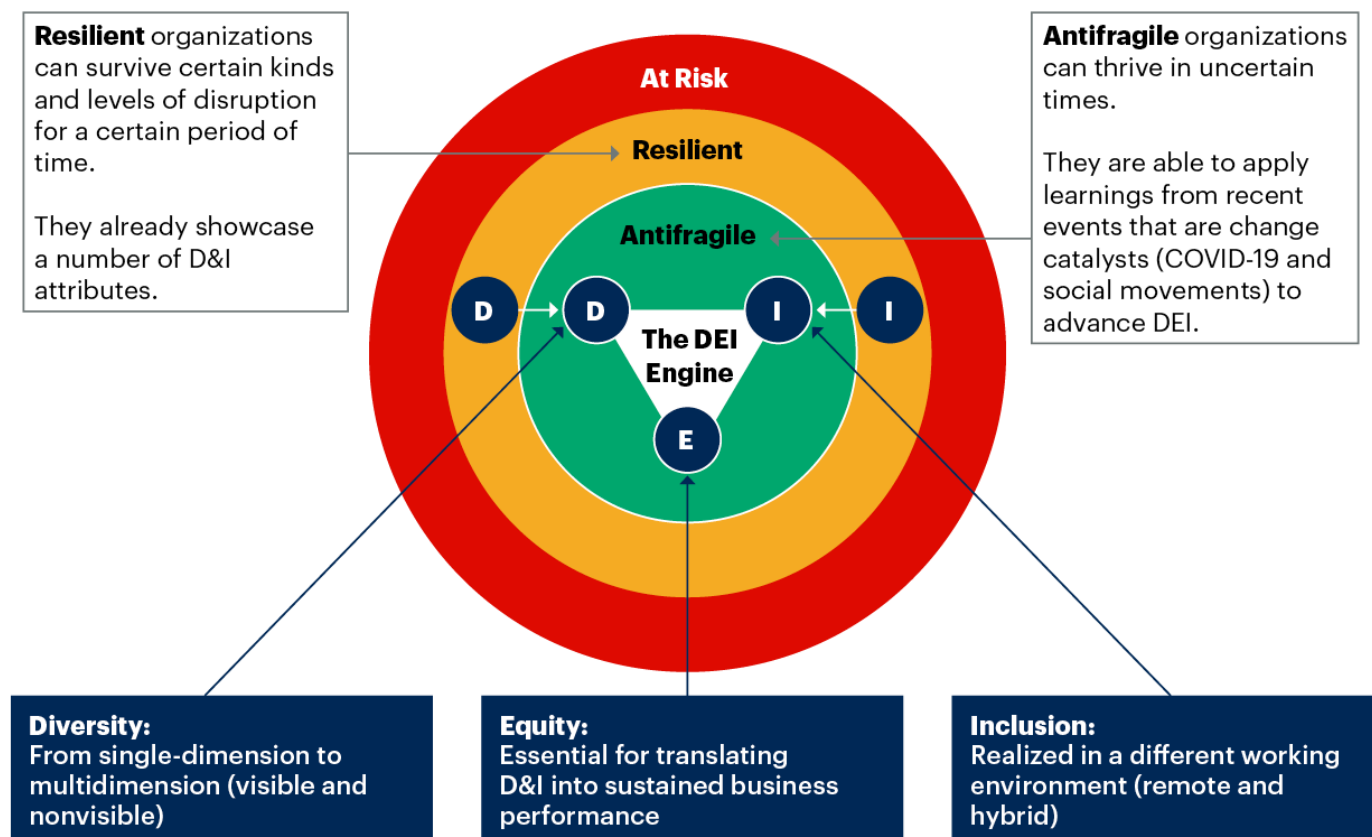
Benefits and Uses

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Organizations in the top quartile for racial and ethnic diversity are 36% more likely to have financial returns above their respective industry median (see Diversity, Equity and Inclusion Primer for 2021). But 2020 has been full of events that moved the needle beyond mere organizational agility and resilience, the ability to survive in the face of uncertainty for a limited period of time. What is now needed is an organizational state called antifragility, the ability to become stronger during turbulent times (see COVID-19: Beyond Agility to Antifragility in Turbulent Times).

DEI is a key part of the DNA of an antifragile team. Attributes of diversity and inclusion already exist in resilient organizations. But these attributes are not sufficient to make DEI the engine of organizational antifragility, as shown in Figure 1.

Figure 1: The DEI Engine Toward Antifragility

The DEI Engine Toward Antifragility

Resilient organizations can survive certain kinds and levels of disruption for a certain period of time.

They already showcase a number of D&I attributes.

Antifragile organizations can thrive in uncertain times.

They are able to apply learnings from recent events that are change catalysts (COVID-19 and social movements) to advance DEI.

At Risk

Resilient

Antifragile

D D The DEI Engine I I

E

Diversity:
From single-dimension to multidimension (visible and nonvisible)

Equity:
Essential for translating D&I into sustained business performance

Inclusion:
Realized in a different working environment (remote and hybrid)

Source: Gartner
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- On **Diversity,** organizations have to move beyond single-dimensional views of diversity dictated by compliance. The Black Lives Matter movement provided a number of lessons to organizations as to the current state of ethnic diversity. The same is true for many other forms of visible and nonvisible diversity — such as age, disability, sexual orientation and neurodiversity — where organizational programs are much thinner (if existent).

- On **Inclusion,** the ways work happens have changed for the majority of employees, potentially forever. Women have been the most challenged in the remote/hybrid environment due to the typically unbalanced distribution of work and childcare in the household. These conditions create new work challenges even in teams that were already inclusive before COVID-19.

- Finally, **Equity** becomes a specific, indispensable companion to diversity and inclusion. Pay equity is a tangible starting point at the organizational level (see Gartner's EPIC Program — Call to Action to Achieve Gender Pay Equity).

The use of DEI technologies has profound effects on the effectiveness and scalability of DEI programs across all levels of the organization to forge antifragility. As technologies cover a large number of HR processes, we provide a consolidated view of benefits in Table 1.

Table 1: Summary of DEI Technology Objectives and Benefits Across HR Processes
Enlarged table in Appendix

Category	Top Objectives	Top Benefits
Diversity Analytics	- Obtain a real-time granular view of diversity in its many forms across the employee base to map to DEI strategy goals. - Examine intersectionality effects, how multiple aspects of social identity discrimination — for example, race and gender — overlap ("intersect").	- Quickly identify workforce clusters that require targeted programs or proactive support. - Develop a clear line of sight between cause and action at various levels (DEI team, HR, line of business leaders and line managers).
Inclusion Surveys and Analytics	- Establish a continuous feedback loop with employees to understand how individuals perceive the state of inclusion and its embodiment into the organizational culture. - Collect employee demographic data that cannot be provided as part of the employee record due to required consent (e.g., sexual orientation in some countries).	- Develop faster fine-tuning of operational mechanisms and measures toward leader accountability and personal/team ownership. - Develop an enhanced picture of diversity demographics to drive more holistic program objectives and business cases.
Employee Resource Groups (ERG) Support	- Increase effectiveness of each ERG in managing memberships, activities and events. ERGs are made up of volunteers with limited available time. - Scale ERGs to cover multiple aspects of DEI and geographies (make them "glocal").	- Enhance ERG participation and engagement through less time spent on administration. - Increase the number of ERGs to better shape meaningful activities due to specificity of focus.
Candidate Sourcing, Selection and Equity	- Contain bias across talent sourcing and selection activities through the use of artificial intelligence (AI). - Increase the funnel of potential candidates through better job description formulation, candidate engagement, programmatic advertising of jobs and other tools to augment outreach in diverse talent pools. - Tailor the candidate experience to the needs of various aspects of diversity across candidates.	- Improve selection decisions by recruiters, hiring managers and other hiring team members through AI augmentation. - Reduced dropout rate in underrepresented gender, ethic and other groups due to improved equity in candidate experience (see Measuring Equity in Candidate Experience).
Pay Equity	- Meet pay equity compliance rules across countries. - Increase proactive detection of pay inequity.	- Reduced cost of noncompliance (fewer penalties and less employer brand impact due to negative press). - Better integration with downstream processes (compensation management, payroll and talent acquisition) as compared with using services.
Development — Learning/Mentoring/Coaching	- Foster development of inclusive leaders across all levels of the organization (not just at the executive level). - Evaluate and reward incremental progress against DEI metrics to motivate employees and managers to continue owning the DEI strategy.	- Create inclusive leadership development at scale through experiential approaches (not just by training). - Increased contribution of DEI into performance through discretionary effort at all levels.

Source: Gartner (April 2021)

Risks

Gartner is experiencing a substantial increase in inquiries related to DEI and especially on the use of technologies to support DEI programs. Through these interactions, we have identified some risks that affect positive contribution of technology in DEI program scalability and effectiveness:

- **Narrow DEI focus:** There is often a concentration on just a single aspect of diversity (gender or ethnicity). In other cases, focus and associated metrics are driven by compliance needs as opposed to business impact. These create a very thin business case, as compared with the overall DEI potential, that makes the associated technology spending prohibitive or piecemeal.

- **Technology as an afterthought:** A number of DEI programs introduce technology at later stages instead of as part of the early design — unconscious bias training is a typical example. Just porting offline DEI program experiences into digital methods results in substantial decline in engagement and applicability to daily activities.

- **Disconnects between global and local sponsors/owners of DEI programs:** Multinational companies often experience conflicts in prioritization between the global team and local operations. This leads to local purchase of technology solutions — that will need consolidation at a later stage — and lower economies of scale in technology spending.

- **Lack of integration among technology tools:** Many technology tools fulfill a very specific aspect of the DEI scope and lack integration with adjacent technologies due to narrow vendor vision or insufficient ability to execute their integration roadmap. This is particularly true for very small vendors and impacts both employee experience and analytics.

- **Too much focus on HR/DEI function as the primary user:** Business outcomes require DEI to become part of the culture and involve roles across the enterprise. Therefore, technology purchases need to have balance between functionalities and user experience (UX) targeting the HR/DEI function and functionalities that are mostly performed by managers and employees (e.g., in surveys, learning, mentoring, coaching, recognition and ERG support). The UX is particularly important when related to accessibility aspects that are paramount for specific diversity groups (disability and neurodiversity).

Adoption Rate

We have seen two gears of technology adoption and a substantial change in it since the second half of 2020. This change is driven by the impact of COVID-19 and fueled by social justice movements such as Black Lives Matter (2020) or events such as the Asian American event in Atlanta, Georgia (2021): [2]

- **Progressive organizations** already had a DEI team, a number of DEI programs and some dedicated DEI technologies in place before the pandemic (especially in talent acquisition). The pandemic skyrocketed the use of digital tools as additional activities became digital and continuous (e.g., voice of the employee [VoE], learning, mentoring, recognition and feedback). These organizations are mostly aiming at streamlining their technology landscape at the global and local levels by filling in gaps and enhancing integration and at establishing better connections between DEI programs and analytics.

■ **Intermediate and laggard organizations** had few DEI programs in place before the pandemic, supported mainly by services (e.g., for bias training or pay equity analysis) or homegrown tools (in Excel, SharePoint, etc.). In the second half of 2020, they had their DEI team reinforced and the executive mandate about DEI heightened, which resulted in more resources. These organizations are looking for technologies to report on diversity, to support ERGs and to enhance digitization of development activities.

Recommendations

■ Increase scalability and effectiveness of DEI programs by establishing technologies as an integral part of their initial design. Don't wait until these programs hit the scalability wall.

■ Map out all potential owners of DEI programs. These include DEI leaders, HR leaders, operational leaders and especially the CEO.

■ Antifragility is very connected to team autonomy and initiative. Enhance antifragility at organizational and team levels by aligning technologies not just to HR and DEI professionals but also to operational leaders, line managers and employees.

■ Team up with local HR and operations leaders too. Progressive organizations increasingly blend local variations in their DEI programs to fit local objectives and culture (i.e., make them "glocal").

■ Familiarize DEI leaders with the benefits of technologies. Very often, they have very limited understanding of what is possible.

■ Pursue opportunities for DEI technology consolidation and alignment to employee experience by continuous evaluation of large HCM vendor offerings and through integration between HCM suites and dedicated DEI applications.

Representative Providers

The vendor landscape for DEI technologies is substantially more populated as compared with just a few years ago. The business importance of the DEI case has powered up investment in dedicated startups. At the same time, established HCM suites and specialist applications (especially in talent acquisition and VoE categories) have elevated their functionalities and positioning toward DEI as an outcome of their solutions.

Table 2 provides a limited set of DEI technology providers by category. It is not an exhaustive list as many categories — especially talent acquisition — are crowded with more providers. Many new providers are emerging. In addition, more established HCM and talent management providers are investing in this functionality through acquisition or native development.

It is important to note that there is a good number of DEI providers who are services-focused instead of technology-focused. This research does not include these services-only providers.

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Table 2: Overview of DEI Technology Providers
Enlarged table in Appendix

Category	Main Functionalities	Sample Providers
Diversity Analytics	▪ Descriptive analytics combining data from various sources for HR and manager roles (team view) ▪ Ability to drill down based on various criteria (diversity criteria, job, location, etc.) ▪ Organizational modeling and scenarios	ADP, Ceridian, ChartHop, Cornerstone OnDemand (CSOD), Learning Technologies Group (LTG), Oracle, SAP, UKG, Visier, Workday
Inclusion Surveys and Analytics	▪ Survey creation ▪ DEI question banks ▪ Sentiment analysis for unstructured data	ADP, Allie, Humu, In Diverse Company, Pulsely, Qlearsite, Oracle, SAP Qualtrics, UKG, Workday
Employee Resource Groups Support	▪ ERG administration ▪ ERG events management ▪ ERG analytics for management and HR	Diverst, Espresa, LTG, Phenom, Planbox, Teleskope, WeSpire
Reporting Discrimination	▪ Anonymous or confidential reporting of workplace discrimination ▪ Workplace discrimination case management, investigation and feedback ▪ Workplace discrimination analytics and insights	Clusjion, Spot, Vault
Candidate Attraction and Sourcing	▪ Augmented job description creation ▪ Programmatic job advertising ▪ Candidate sourcing based on diversity filters ▪ Job matching (candidates to jobs) and job recommendations (jobs to candidates)	Censia, Eightfold, Entelo, JumpStart, Hiretual, HiredScore, Phenom, SeekOut, Talenya, Text io
Candidate Selection and Equity	▪ Blind selection ▪ Interview execution ▪ Onboarding for people with disabilities ▪ Campus, graduate and early talent recruiting	Applied, Greenhouse, iCIMS, Headstart, HiringSolved, Oracle, SAP, TalVista, Yello
Assessments for Talent Acquisition and Development	▪ Skills assessments ▪ Cultural assessments	Accendo, Aleria, Bryq, Fortay, MESH/diversity, MyInnerGenius, Plum, pymetrics, Thomas, Toggl Hire
Pay Equity	▪ Pay equity reporting/dashboard ▪ Regression analytics ▪ Budget to fix calculation and pay changes execution	ADP, beqom, CURO, Gapsquare, Oracle, SameWorks, SAP, Syndio, UKG, Workday
Development — Learning	▪ Immersive DEI learning (VR) ▪ Dedicated DEI microlearning	BeingVR, Crescendo, Equal Reality, Strivr, Translator
Development — Mentoring	▪ Mentor matching ▪ Mentoring session execution ▪ Mentoring program analytics	Chronus, Fuel50, Gloat, MentorcliQ, Mentorloop, PushFar, Oracle, SAP, Together, Workday
Development — Coaching	▪ Action plan creation ▪ Coach network ▪ Coaching session execution ▪ Coaching program analytics	BetterUp, Bravely, CoachHub, Pluma, MoovOne, Landit, Sounding Board, Torch
Performance Management and Succession Management	▪ Blind performance review ▪ Diversity filters for successors ▪ Performance feedback writing augmentation for biased wording ▪ Microcoaching for managers	ADP, Centrical, CSOD, Culture Amp, Oracle, SAP, Talentsoft, Workday

Source: Gartner (April 2021)

Evidence

[1] 2021 Gartner Diversity, Equity and Inclusion Functional Benchmarking Survey. The survey is a global survey of 39 D&I leaders conducted from 27 October through 14 December 2020. It captured information on the following DEI function or center of excellence (CoE) themes:

▪ D&I leader's background

▪ Managing the DEI function

▪ D&I Executive Councils

▪ Priorities of DEI leaders

▪ Partnerships with other functions

- DEI-focused training

- DEI as employer value proposition

- DEI metrics

- Employee resource groups (ERGs)

We collected survey responses from heads of D&I to understand how organizations are designing and managing their DEI functions, CoEs and initiatives.

[2] Hundreds in Atlanta Rally to Support Asian Americans After Fatal Shootings, Reuters.

Note 1: DEI Definitions

- Diversity: The collective mixture of differences and similarities that includes, for example, individual and organizational characteristics, values, beliefs, experiences, background, preferences and behaviors.

- Inclusion: The achievement of a work environment in which all individuals have equal access to opportunities and resources and can contribute fully to the organization's success.

- Equity: Fair treatment and equality of access to opportunity, information and resources, built through identification and elimination of unfair biases, stereotypes or barriers that may inadvertently exclude underrepresented employees.

Recommended by the Author

Incorporating Equity Into D&I Efforts

Measuring Equity in Candidate Experience

How HCM Technologies Can Scale Inclusion in the Workplace

Diversity, Equity and Inclusion Functional Benchmarking Report, 2021

Revamp Diversity, Equity and Inclusion Strategy in IT With Creative Talent Acquisition

Gartner's EPIC Program — Call to Action to Achieve Gender Pay Equity

Understanding What Equity Means in IT for CIOs

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Candidate Sourcing, Selection and Equity	■ Contain bias across talent sourcing and selection activities through the use of artificial intelligence (AI). ■ Increase the funnel of potential candidates through better job description formulation, candidate engagement, programmatic advertising of jobs and other tools to augment outreach in diverse talent pools. ■ Tailor the candidate experience to the needs of various aspects of diversity across candidates.	■ Improve selection decisions by recruiters, hiring managers and other hiring team members through AI augmentation. ■ Reduced dropout rate in underrepresented gender, ethic and other groups due to improved equity in candidate experience (see Measuring Equity in Candidate Experience).
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	▪ Interview execution	
	▪ Onboarding for people with disabilities	
	▪ Campus, graduate and early talent recruiting	
Assessments for Talent Acquisition and Development	▪ Skills assessments	Accendo, Aleria, Bryq, Fortay, MESH/diversity, MyInnerGenius, Plum, pymetrics, Thomas, Toggl Hire
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