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The Evolving DEI Landscape: How Data will Help you take *Actions that Really Matter!*

Metro Milwaukee Association of Commerce

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A business of Marsh McLennan



Megan Connolly

- Megan Connolly is a Principal and Senior Consultant within Mercer's Employee Listening Practice.
- I/O Psychology practitioner with 20 years' experience partnering with Fortune 500 global organizations to help anchor their talent strategies in evidence-based insights.
- B.Sc. (Hons) in Psychology from the University of London, England, an M.A. in Industrial/Organizational Psychology from The Chicago School of Professional Psychology, and an M.Sc. In Applied Positive Psychology from The University of East London, England.



**When I am not working,
you can find me...**

Spending time with family,
gardening, walking my
german shepherd/husky
mix (she needs a lot of
walking!) and attending a lot
of my kids' sporting events

Today's agenda

Understanding the DEI landscape

Actions that matter

- 1 Target turnover
- 2 Pivot the pipeline
- 3 Create pay equity
- 4 Dig into disparities
- 5 Explore employee experience



Today's DEI landscape is rapidly evolving



Global pandemic



Global spotlight on systemic racism



Global economic distress



Backtrack on gender parity



New expectations on purpose and social responsibility



External pressure through activism and regulation



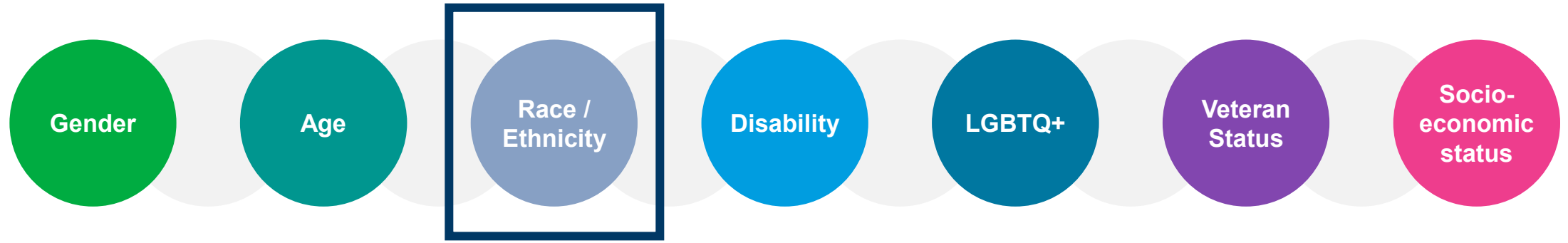
A strong sense of purpose and a commitment to stakeholders helps a company connect more deeply to its customers and adjust to the changing demands of society.

Ultimately, purpose is the engine of long-term profitability.



- Larry Fink, CEO, BlackRock in his 2020 letter to CEOs

Creating workforce equality requires a multi-dimensional approach



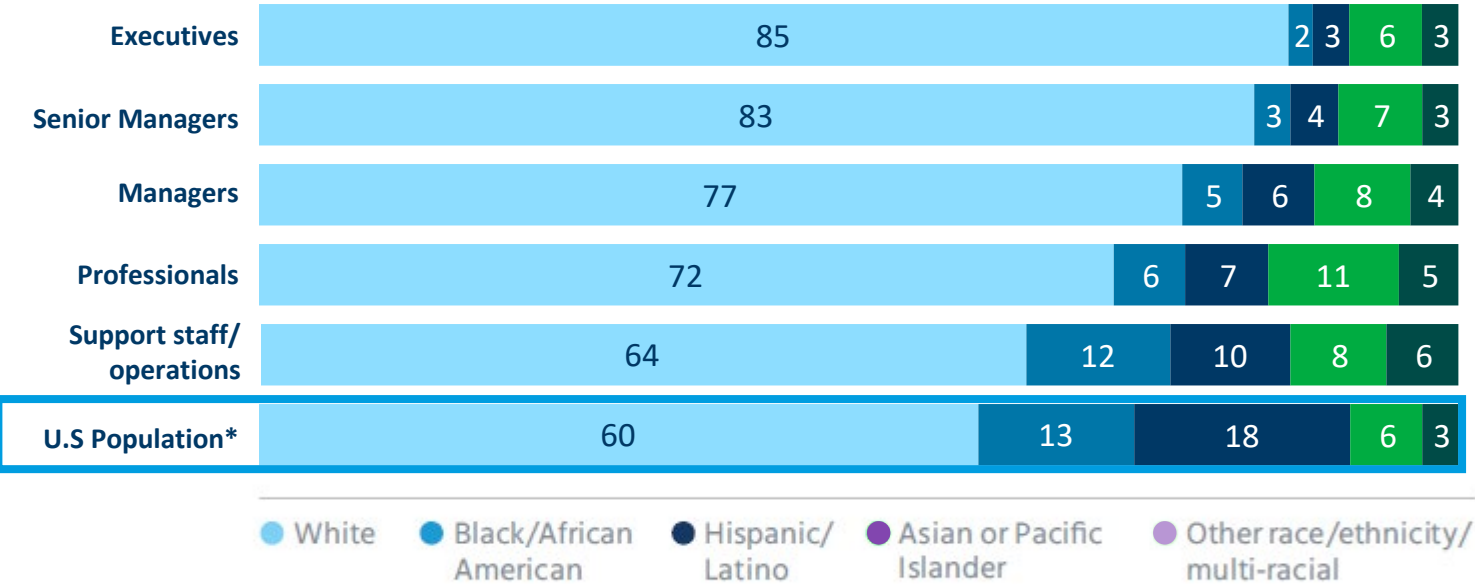
Diversity = Increasing representation

Equity = Designing to ensure equal access to opportunity, experience, and pay

Inclusion = Fostering belonging

BIPOC are underrepresented in the US workforce, and at leadership levels, the disparity is even more stark

Data is from Mercer’s 2020 “Let’s Get Real About Equality” Research; it includes data points from 100 US companies



Source: Mercer’s “Let’s Get Real About Equality” 2020 Global results. Data points are US specific and includes data points from 100 companies

*Source: U.S. Census Bureau Data, 2018



Recruiting is only one part of the workforce composition equation



Blueprint for action

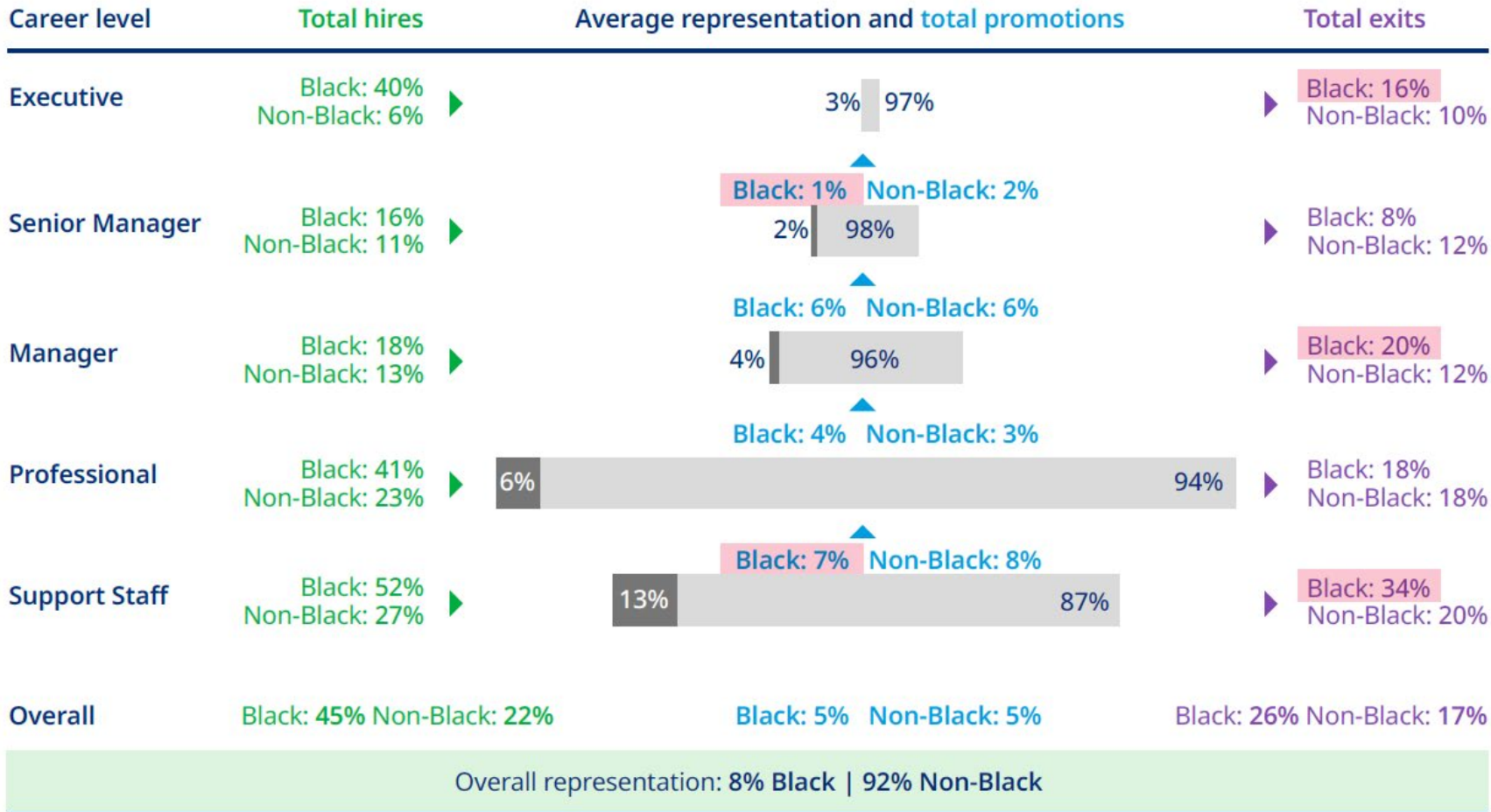


Track critical workforce data by race/ethnicity beyond basic workforce composition.

Target turnover

Rigorously test for equity in career advancement and the factors that best predict employee success.

Understanding your talent flow...



Employers are hiring Black employees at rates substantially higher than white employees...

...but individuals are leaving employers much more quickly, especially at the critical manager and executive levels

Note: ILM map reflects average representation and talent flows over the most recent 12 month period across 22 participating organizations. The rates shaded in pink highlight where Black employee hire, promotion or exit rates are unfavorable as compared to non-Black employee rates.

Pivot the Pipeline

Employers are not yet developing **strong internal talent pipelines for Black and Brown employees** – which will require accessing **previously untapped sources of talent**



Tracking career equity is equally important, but employers are struggling to advance Black and Brown employees

say:

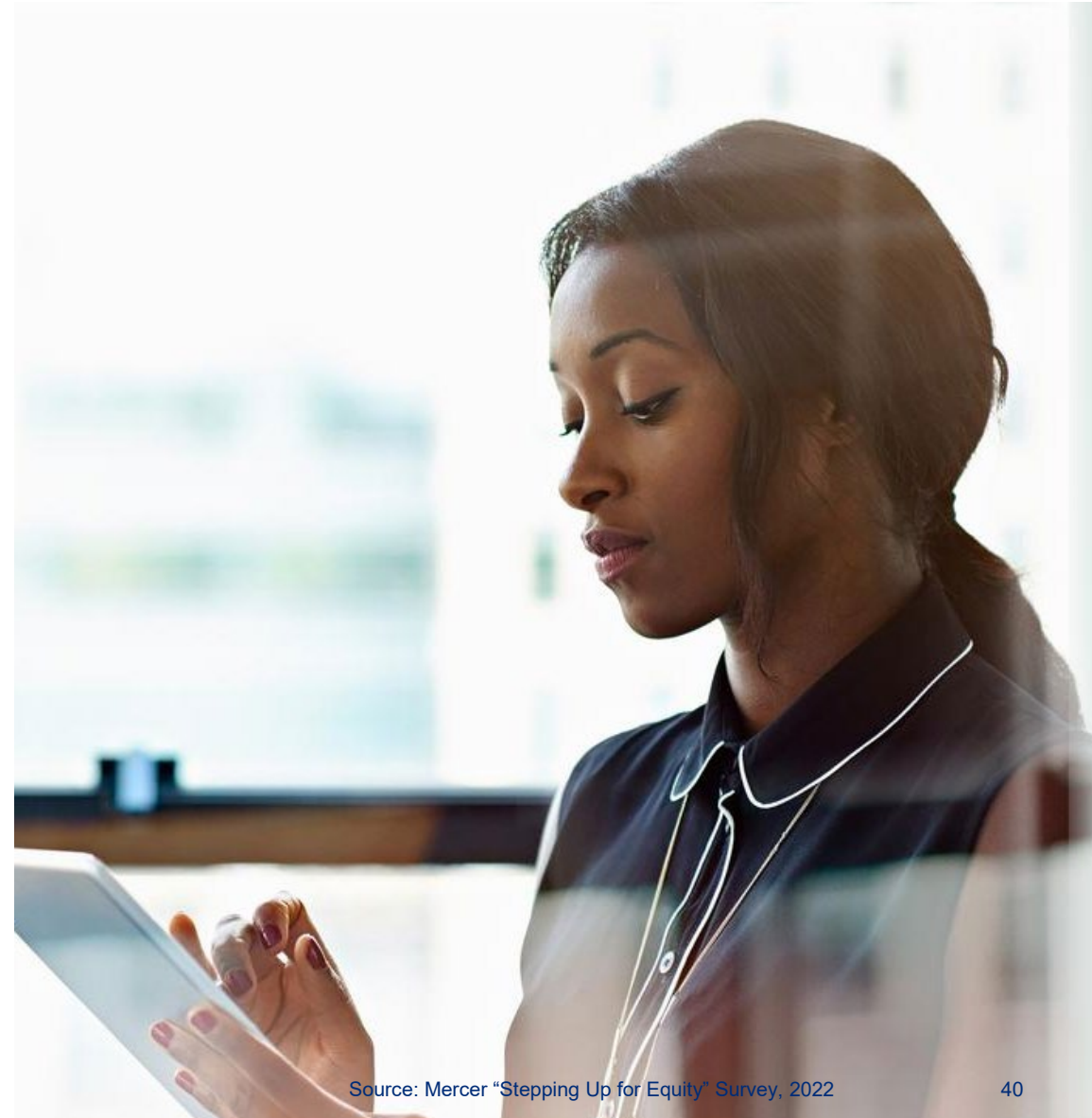
71%

advancing Black and Brown employees is a challenge for their organization

but only:

<50%

are tracking career mobility by race/ethnicity



Many employers lack an effective succession planning process

say:

58%

have a **formal succession planning** process for all employees

but only:

<10%

said these efforts are very successful for **driving career progression** for Black and Brown employees or **supplying their pipeline** with Black and Brown talent



Blueprint for action

Prioritize retention and growth of the internal pipeline of Black and Brown talent.

Pivot the pipeline

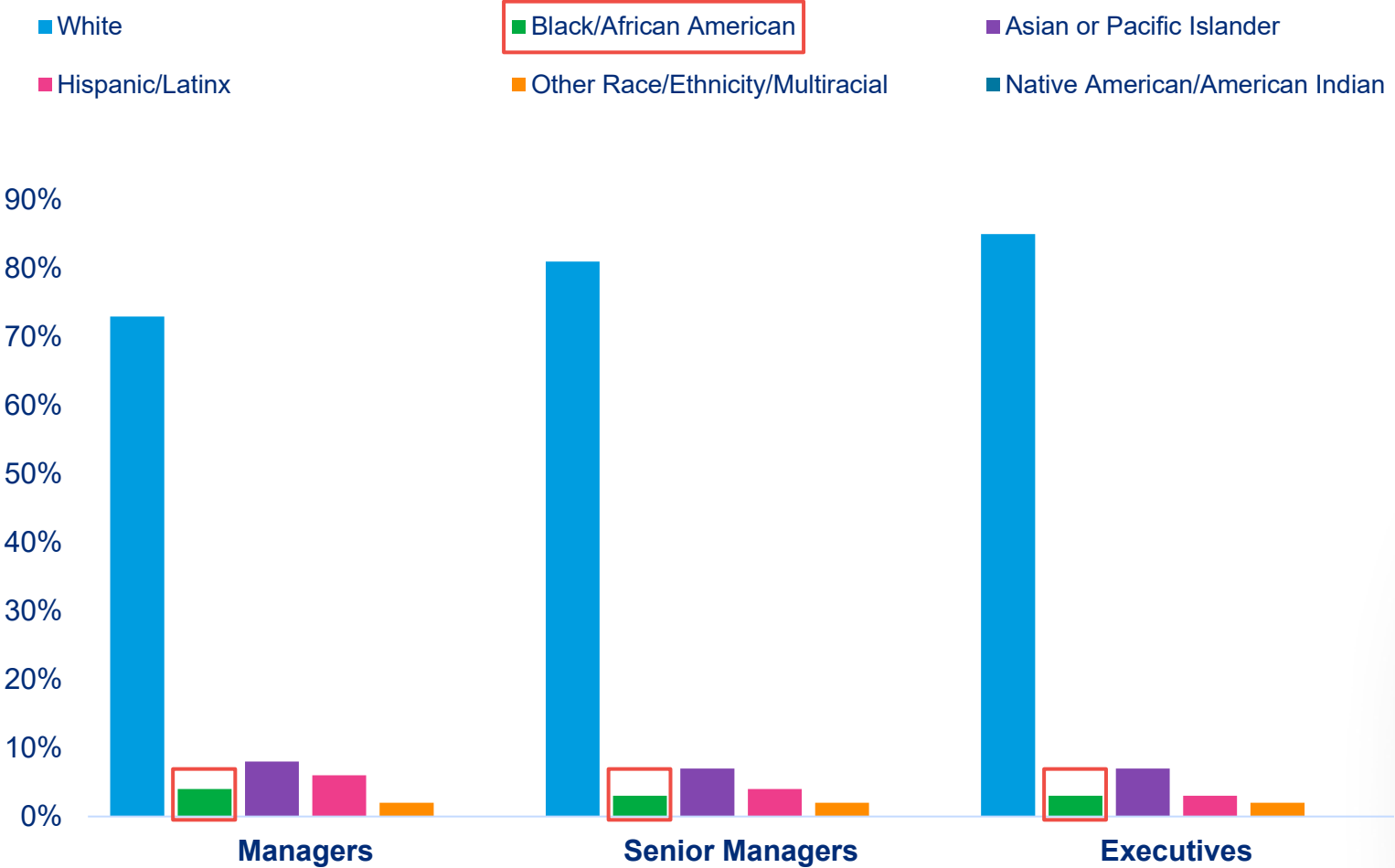
Use rigorous, bias-checked succession planning and formal sponsorship.



The pipeline of Black and Brown employees is inadequate

Black representation in leadership and people manager roles is lagging that of white employees

Workforce data



Create Pay Equity

Achieving **pay equity** by race has become a more conscious part of the employers' **compensation philosophy**, but it is **not the whole compensation story**



Employers are tracking pay equity closely, but are not effectively achieving pay equity for Black and Brown employees

say:

85%

assess pay equity

but only:

26%

describe their efforts as “**very effective**” in achieving **pay equity** for Black and Brown employees



Black employees are less likely to receive high performance ratings, yet employers are not reviewing data by race/ethnicity

say:

62%

track employee
perceptions of fairness
of the **performance**
management process

but only:

29%

review **performance**
management data
routinely by race/ethnicity

48%

offer **supervisor bias**
training for the performance
management process



Blueprint for action



Regularly assess and ensure pay equity relying on robust statistical analyses.

Create pay equity

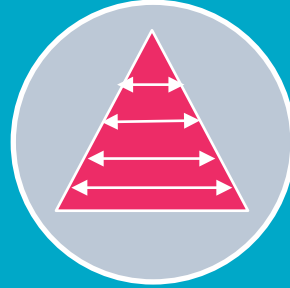
De-bias the performance management process.

Important differences between pay analysis



Raw Pay Gap

- Raw pay gap, i.e. aggregating all factors
- Average difference between the remuneration for men and women who are working in the organization
- Driven by differences in gender representation and location
- No efficient remediation plan



Equal Pay Analysis

- Equal pay gap examines salary discrepancy between men and women with equal roles (e.g. similar grade, work location and job title)
- Age, tenure in organization and performance is also considered
- Remediation is focused on apparent outliers in roles with unexplainable gaps



Pay Equity Analysis

- Adjusted pay gap due to gender after isolating impact of each explained factor (e.g. experience, role type, performance, location etc.)
- Identify the legitimate and illegitimate drivers of pay for through regression analysis
- Remediation focuses on “outlier” employees
- **Unbiased, consistent, comprehensive, efficient... linked to disclosure**

Simple, Focus on Compliance

Comprehensive Disclosure and Remediation Focus

Dig Into Disparities

Effective corporate DEI strategies need to address sizeable disparities in health and financial wellness that afflict the Black and Brown workforce



Employees have different experiences due to inequity and injustice within Health and Financial well-being

Health



Childbirth

Black women have historically had the highest maternal mortality rates. Black mothers died at a rate of 3.2 times that of White mothers.



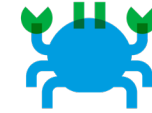
Food deserts

8% of Black Americans live in a census tract with a supermarket, compared to 31% of White Americans.



COVID-19

Long-standing systemic health and social inequities have put Black and Latinx communities at increased risk of getting COVID-19.



Disease

The impacts of historical and structural racism are linked to higher occurrences of high blood pressure, diabetes and strokes for Blacks.

Financial well-being



Wealth Gap

White families own 90% of the national wealth in the U.S., while Black families own only 2.6%.



Redlining

3 of 4 Black neighborhoods “redlined” on government maps 80 years ago continue to struggle economically.



Education

Black high school students are still twice as likely (12.8 percent) to be suspended as White (6.1 percent) high school students.



Disenfranchised

1 out of every 13 Black Americans has lost his or her voting rights because of a felony conviction.

Employers are not leveraging the data available to them to close the health gaps

13%

Identify **health disparities** through claims reporting

10%

Incorporate data on race/ethnicity in the **data warehouse** and/or with the **health plan**

6%

Track the use of **prevention services** or **refills** by race/ethnicity



Blueprint for action

Address health and financial well-being disparities through employee-sponsored benefit plans.

Dig into disparities

Take a more thoughtful approach to health benefits and education.



Using data as a catalyst for equity

Identifying and closing race-based gaps



Many known factors affect benefit elections and behaviors ... employee age, income, marital/partner status

After accounting for these factors, this employer found substantial differences by race/ethnicity

To help close gaps in personal savings and investible assets, the employer devised new strategies to engage targeted segments of their workforce and boost their participation in the company's wealth-building opportunities

Case Study: Ethnicity and Employee Actions

Source: Mercer client case

	401K Balance	401K Contribution Rate	ESPP Contribution Rate	Insurance (Life & Disability)	Managing Asset Allocation
Black or African American vs. White	●	●	○	●	●
Hispanic or Latino vs. White	●	●	●	○	○
Asian vs. White	●	●	●	●	●

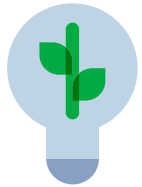
Explore Employee Experience

We see significant gaps in how employers approach the everyday experience for Black and Brown employees

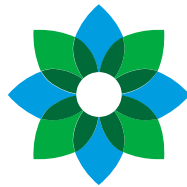


The employee experience is crucial...

It includes patterns of:



Personal &
psychological safety



Mental well-being



Financial well-being



Physical well-being



...but not everyone has the same positive workplace experience...



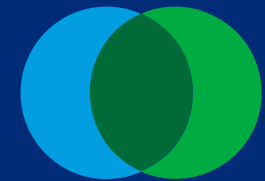
Black employees are

2X

as likely as white employees to **experience retaliation** for speaking up about pandemic-related concerns

56%

look at **belonging** through a racial lens and find **Black employees' results are lower** than other employee groups



Personal and psychological safety is the top-ranked concern for Black employees

...some employers don't understand the experiences of Black employees

say:

87%

conduct **regular**
engagement-type surveys

82%

measure **inclusion/**
belonging

but only:

64%

look at the data with the lens of
race/ethnicity



Blueprint for action



Identify significant gaps in Black and Brown employee experience, and implement programs that will help close them.

Explore the employee experience

Ensure that both leaders and managers are equipped to participate effectively in these efforts through training and accountability.

Pulling it all together: Journey maps reveal the lived experiences of your employees



The time for
action is
now



Thank you!

