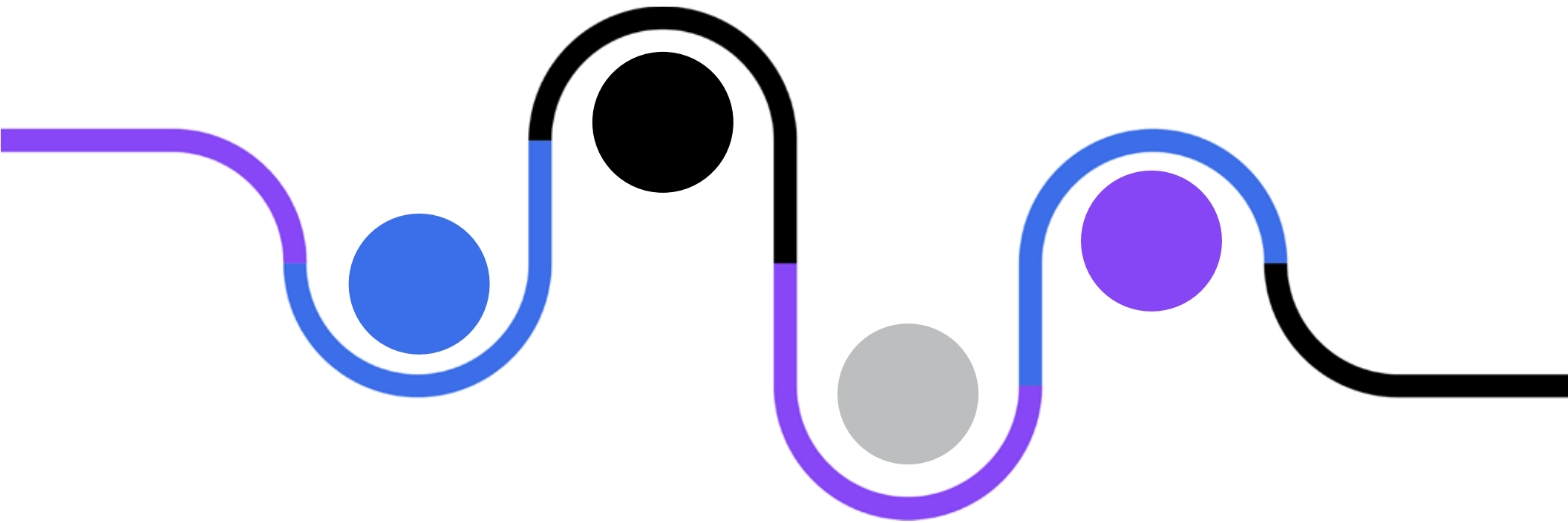




# DIVERSITY, EQUITY, and INCLUSION

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Creating Competitive Advantage Through Fairness, Inclusion and Belonging.



# Welcome Letter

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Karen Greenbaum  
CEO, AESC

I am proud to share with you AESC's report – ***Diversity, Equity, and Inclusion: Creating Competitive Advantage Through Fairness, Inclusion and Belonging***. This research was developed through our Diversity Councils and includes 52 client interviews from around the world.

In this report we present DEI as a journey that includes eight steps toward sustainable change, moves through a DEI ecosystem and identifies key lessons learned through the client interviews.

Our insights focus on results that drive fairness, inclusion and belonging for all.

Complementing our interviews, we conducted a survey of over 1300 business leaders around the world, with over one third being CEOs. We asked about top opportunities in the current business climate, and respondents identified innovation, efficiency and shifting trends. They also identified the criticality of both retaining talent and attracting new talent to achieve these priorities. In fact, we believe that D&I is not only Diversity and Inclusion; it can and should be seen as Diversity and Innovation as the two are inexplicably intertwined.

According to the survey, drivers of attracting and retaining talent centered around culture and the strengths of teams and people. Clients identified top drivers of culture improvement

as the importance of communication and transparency, leadership and development, and accountability.

In the context of culture, we asked leaders to identify the highest impact DEI strategies in their organizations. The top three strategies are:

1. Foster a safe and inclusive environment.
2. Communicate the importance of Diversity, Equity, and Inclusion.
3. Leadership is publicly committed.

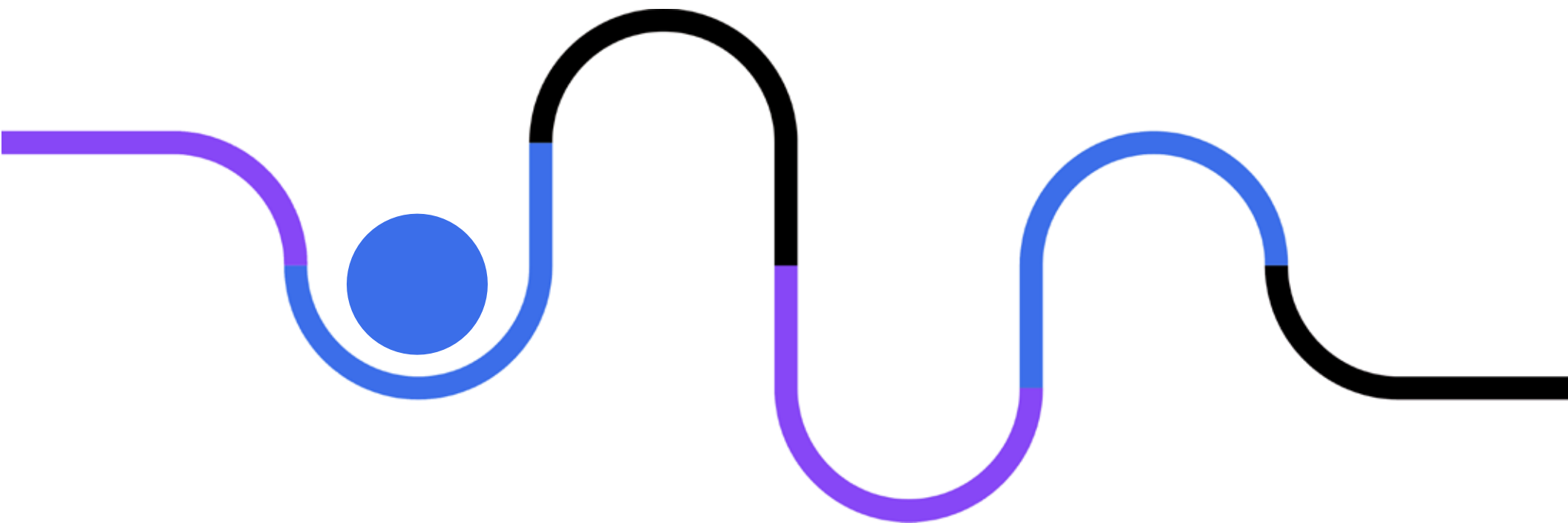
The identified strategies fit within the overall DEI Change Model highlighted in AESC's report. They focus on creating a climate for change, engaging and enabling the organization, and ensuring lasting sustainable change on the ongoing journey of ensuring fairness, inclusion, and belonging for all.

As the CEO of AESC, the global association for the executive search and leadership consulting profession, I am proud of the commitment of our profession to help create a world that is inclusive, diverse, equitable and accessible for all.

Karen

A handwritten signature in black ink, appearing to read "Karen A. Greenbaum". The signature is fluid and cursive.

# 1. Introduction



# 1. Introduction

The overarching goal for those committed to diversity, equity, inclusion, and belonging is to create lasting change— building a world that is inclusive, diverse, equitable and accessible with a sense of belonging for all. Achieving lasting DEI change is a journey – one with twists and turns and opportunities along the way to celebrate success. It is founded on respect for each individual and is based on positive change for all.

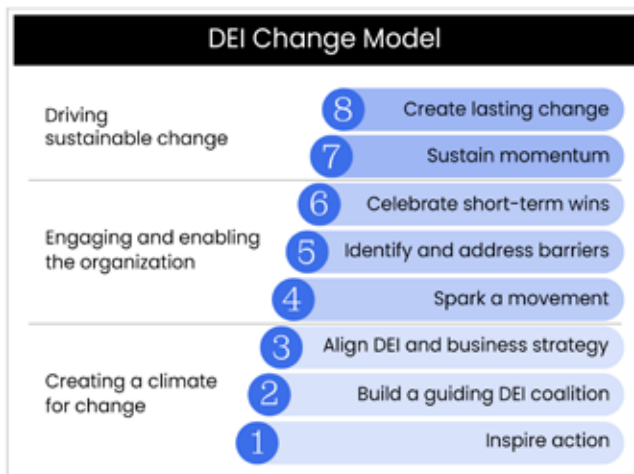
To better understand this journey and how sustainable DEI is achieved, we interviewed 52 leaders selected for their commitment to DEI. Then we turned to the work of the foremost expert on leading change, [John Kotter](#). We organized our learnings from client interviews around the world with his 8-step framework for leading change.

We know that change happens in context --within an ecosystem. The business organization itself – internally –has its own ecosystem

of leaders, teams, culture, and aligned business and talent strategies. Each business operates in an ecosystem of employees, suppliers, customers, the communities they reach with their products and services, their industries, investors, and the broader society where they live and work. The DEI ecosystem must also operate within an often complex regulatory environment. And these ecosystems influence the ability to achieve sustainable change.

Rather than simply exist within this ecosystem, the change leaders we interviewed work to shape, influence, and lead their internal and external ecosystem toward greater fairness, inclusion and belonging for all.

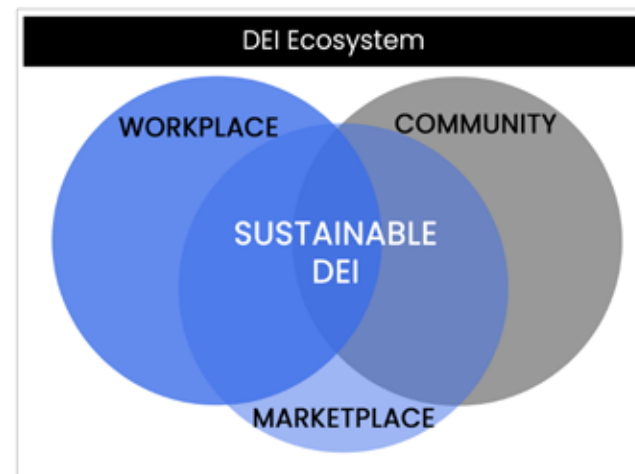
**JOHN KOTTER** is an author, and the founder of **Kotter International**, a management consulting firm based in Seattle and Boston. He is a thought leader in business, leadership, and change.



## 1. The DEI Change Model

We have organized our learnings from client interviews around the world within this model for creating lasting change.

Source: Adapted from Kotter's Leading Change Model



## 2. The DEI Ecosystem

We also understand that lasting change happens in context -- within an ecosystem.

Finally, we highlight the insights we've drawn from the interviews. These broad lessons are just a highlight of the many lessons that are learned on this journey.



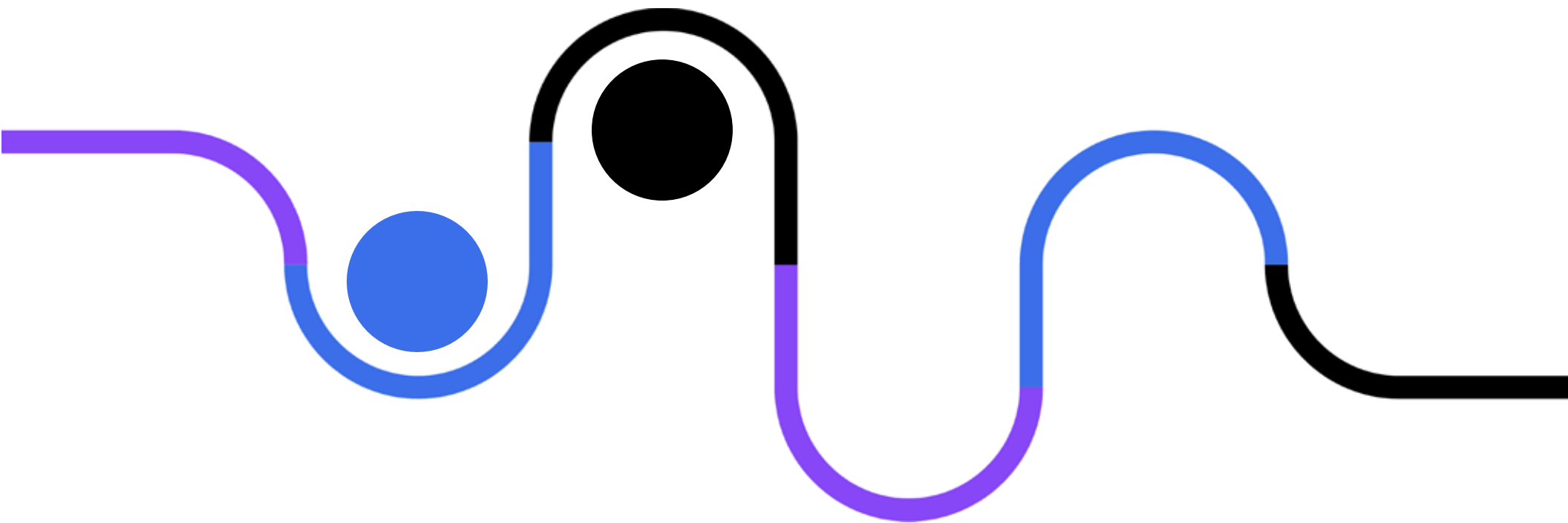
### 3. DEI Lessons Learned

On the long journey toward lasting change, these are just a few of the important lessons learned along the way.

Throughout this report, we have highlighted specific examples identified in our interviews with 52 clients around the world. We'd like to add one more lesson that we have learned:

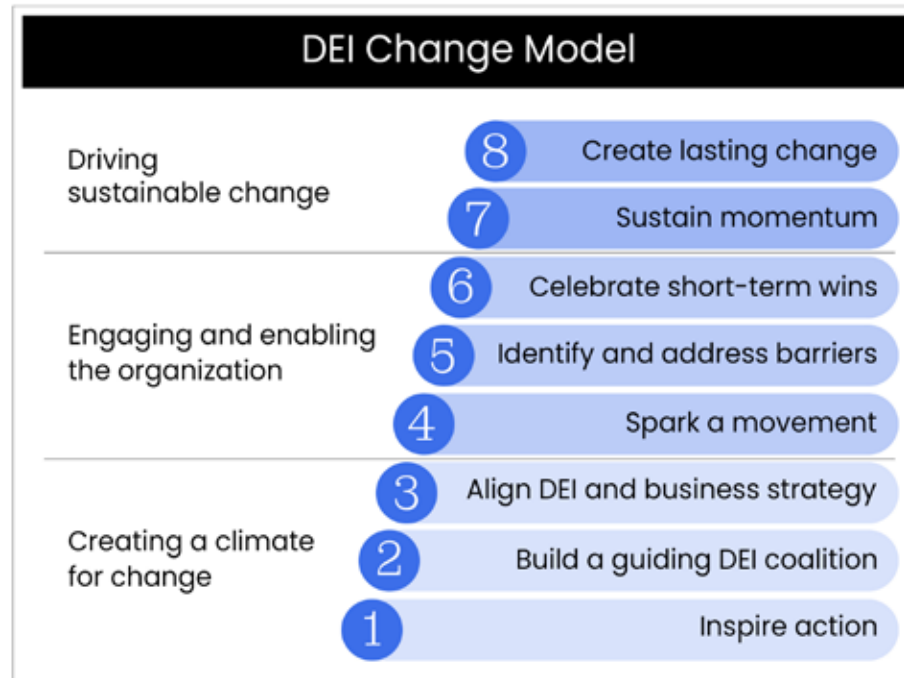
When we share lessons learned,  
everyone benefits.

# 2. The DEI Change Model



## 2. The DEI Change Model

We chose the Kotter [Leading Change Model](#) as a framework to analyze the collected interview data. We present our adapted, DEI-centered version of that 8-step model. This model captures the general process of leading change – from creating a climate for change to engaging and enabling the organization to driving sustainable DEI.



Source: Adapted from Kotter's *Leading Change Model*

### 1 INSPIRE ACTION

Every journey begins with a step. For many interviewees, that first step was a bold commitment by their boards and CEOs and a clear vision of an equitable and inclusive future, inspiring employees to share ownership of the change. In many instances, CEOs and members of the Board provided constant encouragement, motivation, and accountability for their organization's DEI measures. Interviewees also reported an added sense of accountability for those public and internal commitments, which motivated their organizations toward higher performance on their DEI strategies.

Respondents to AESC's 2023 global client survey identified **“communicating the importance of DEI”** as the second-most impactful strategy to engage the workforce on DEI initiatives.

Respondents to AESC's 2023 global client survey identified "leadership is publicly committed to DEI" as one of the top three most strategy to engage the workforce on DEI initiatives.

## 2 BUILD A GUIDING DEI COALITION

Who leads DEI, and who takes ownership? Some companies report having their DEI work narrowly housed within human resource teams; others drive DEI ownership that spans the Board, CEO, leaders of business units and individual employees. Many work with external advisors or partner with other companies doing similar work. In only a few instances did interviewees report that DEI work was isolated with one individual or team. The critical factor for building coalitions was the combined, aligned efforts among top leadership including the Board and C-suite officers, DEI subject matter experts, business unit leaders and employee cohorts including Employee Resource Groups (ERGs).

## 3 ALIGN DEI WITH BUSINESS STRATEGY


When DEI strategies are part of the business strategy, they have a greater likelihood of being implemented. Many companies build data-informed strategic plans. Goals are frequently presented in terms of targets and representation in hiring, development, promotion, and retention of people from underrepresented groups; employee sentiment; and external impact, for example customers, suppliers, communities. Some interviewees report the DEI strategies that are independent of the business strategy could be at risk of being abandoned for other priorities.

## 4 SPARK A MOVEMENT

Interviewers asked clients how they engage their workforces in DEI. Companies that indicate momentum in their DEI work identify high participation in DEI-related campaigns and activities among the leadership and general employee population, thus creating a movement within the organization.

### FOR EXAMPLE:

These efforts can be led by corporate leadership, employee groups, or external advisors or a combination.

- Town hall meetings to increase awareness of bias or the lived experience of people from underrepresented groups 
- Executive engagement and communication
- Cultural celebrations and discussions
- Employee Resource Groups
- Inclusion training
- Course work to improve understanding of people with differences 
- Unconscious bias training and more



## 5 IDENTIFY AND ADDRESS BARRIERS

Challenges to change are inevitable. Frequently mentioned challenges include matters beyond companies' immediate influence, including regulatory environments and broadly-shared beliefs and biases that are embedded in the external culture. Examples of other frequently cited challenges include:

- The absence of adequate metrics, addressed by instituting benchmarking, goal setting and reporting;
- The lack of exposure to people from underrepresented groups that allowed biases to go unchallenged, addressed by building a more representation in the workforce including in leadership roles, bringing in speakers and role-playing.
- The challenge of managers or supervisors resistant to inclusion or who hold biases, addressed through training, accountability, and mentoring.

The key is identifying those challenges and barriers, and working toward solutions. ●

## 6 CELEBRATE SHORT-TERM WINS

Success motivates. Generating and celebrating short-term wins demonstrates progress, provides proof of concept, and can win over the doubtful. Celebrating incremental DEI progress created momentum for several sources. Short-term wins reported by interviewees include:

- Results of employee engagement surveys,
- Increases in people speaking up on matters of interest or concern,
- Participation rates in awareness events such as talks and cultural celebrations,
- Improved representation in functional roles, and
- Programs and initiatives that raise representation among underrepresented groups.

Respondents to AESC's 2023 global client survey identified as #5 **“conducting unconscious bias training”**

Respondents to AESC's 2023 global client survey identified **“Employee led activities celebrating diversity”** showed up as #4 on the list.

Respondents to AESC's 2023 global client survey identified the #1 action with greatest impact as **“foster a safe and inclusive culture.”**

## 7 SUSTAIN MOMENTUM

Sustaining momentum is about transformation. If progress toward DEI ends when its leader moves on, that effort was not sustainable. The interviews identify sustainable DEI policy changes such as:

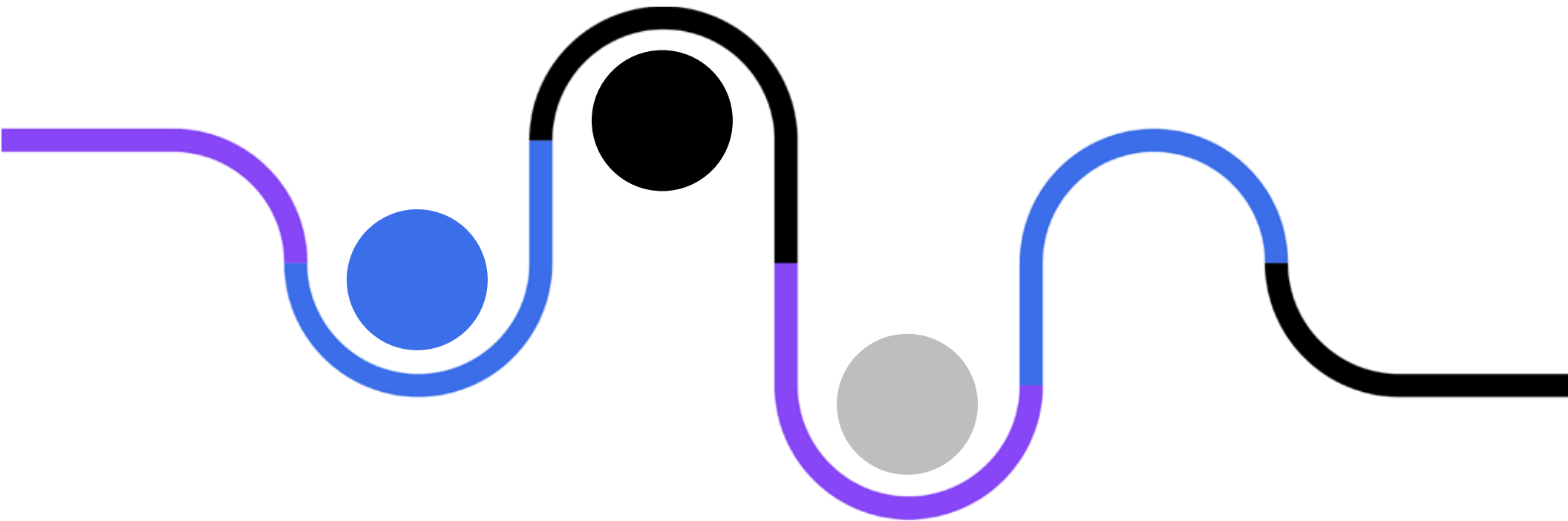
- Establishing diverse hiring committees,
- Requiring representation on interview panels,
- Enforcing codes of conduct that prohibit harassment and discrimination,
- Connecting DEI progress to individual performance measures, and
- Instituting pay equity audits and corrective measures.

Achieving an inclusive culture and shifting the aggregated attitudes of the community, in this instance the workplace, also contribute to sustaining momentum in DEI.

## 8 CREATE LASTING CHANGE

This is where practices become habits, where something new becomes normal. This is when the DEI effort is no longer a program or campaign, it is part of the organization, and when diversity and inclusion move beyond the walls of the company and affect the broader society. While no interviewee claimed success in instituting this level of change... yet, several made significant strides in reshaping attitudes within the organization and beyond – influencing customers, suppliers, service providers, communities and even leading change in their industries. In many cases, recognition by independent third parties serves as validation of meaningful progress. ●

# 3. The DEI Ecosystem



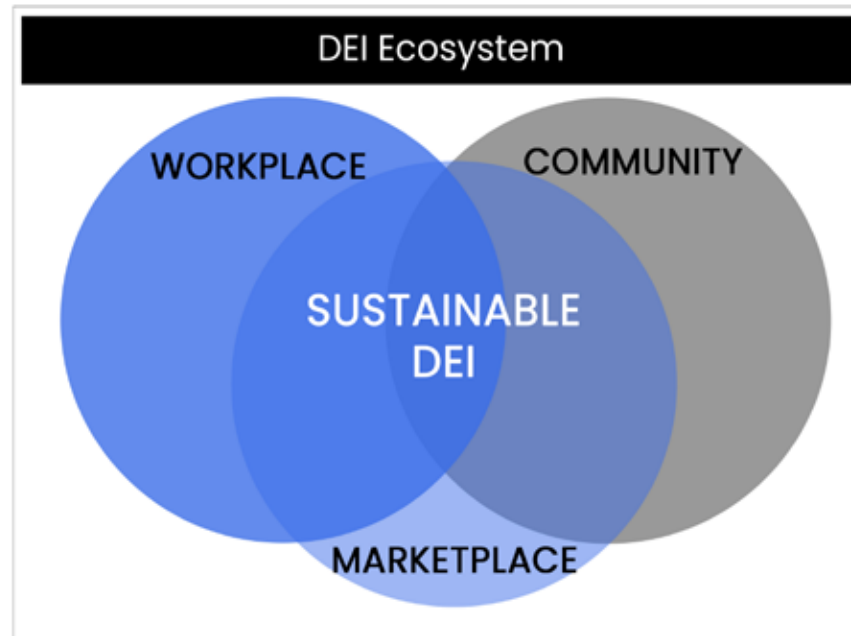
# 3. The DEI Ecosystem

*“When trying to pinpoint the cause of a given effort ‘s success or failure, it may be tempting to look first at the specific individuals or groups who were integrated. This urge, however, fails to appreciate the myriad ways in which all levels of an organization collectively create an environment that allows for the success or failure of individuals and initiatives.”*

Doughty and Moore,  
[“Understanding Inclusive Organizations through Ecological Systems Theory.”](#)  
International Journal of  
Research in Business Studies  
and Management, 2021

People experience DEI in context. Those experiences are nested within their interpersonal relationships, the organizations and structures within which they live, work and play (e.g., schools, workplaces, companies, and neighborhoods) and society: all concentric spheres of an ecosystem. The ecosystem can have a positive or negative impact on the sustainability of DEI efforts.

The data collected from our interviewees makes a strong case for taking a holistic approach, inspired by the socioecological model ([Bronfenbrenner](#)) and aligning internal and external DEI-informed business strategies. We present these findings within a DEI Ecosystem that aligns strategies from three perspectives: internal – the workplace; adjacent – the marketplace, and external – the community.



## WORKPLACE

All employees are connected within the organization through culture, teams, leaders, business strategies and policies. Within the internal ecosystem, leaders have an outsized influence on the organizations understanding and valuing of all people. By understanding each step of the DEI change model and working together on a shared vision, an inclusive culture that fosters belonging for all can be created. It makes good business sense to create an environment where everyone feels empowered and encouraged to contribute. When diversity, equity and inclusion work together – that is when organizations can see the power of belonging to enhance performance, innovation and strengthen retention.

“As a service provider our objective is to reflect the racial and gender plurality of the population in our workforce, reinforcing society’s trust in [all we do.]

*Latin American F&B Executive*

### THE WORKPLACE ECOSYSTEM AT WORK

Betterfly is a Chilean wellbeing and insurance platform that implements their DEI strategy with a focus on the employee experience, where everyone shares ownership and personal responsibility for creating an inclusive culture and working toward company goals.

One-on-one mentoring and sponsorship relationships are highly effective. Talent from underrepresented groups benefit from connection and advocacy of such relationships in order to contribute their strengths fully.

One financial services company helps the integration of employees from underrepresented groups by meeting with the new hire at three months to evaluate and support their integration and identify any gaps. Where there are gaps, they implement an integration improvement plan. The engagement continues until the new hire is successfully integrated.

Another financial institution “ensures implementation of D&I Best Practice” including capturing candidate data (where legally permissible), ensuring diverse candidate shortlists, creating diversity measurements for senior management succession plans and building a sustainable supply chain management strategy and roadmap.

A unique example comes from Latin American beverage company Compañía de Cervecerías Unidas. The company created gender



For example, many interviewees report their companies provide mentorship to incoming leaders, sponsorship for high-potential talent, and re-entry support for **women returning to the workforce** to mitigate career disruption for caregivers.

diversity in its logistics teams by inviting women from communities surrounding their production facilities to learn how to drive forklifts, and hiring them.

## MARKETPLACE

Alignment within the DEI Ecosystem is important. Creating lasting change means being consistent about your vision with your people, your customers, your suppliers, your advertising, and within the greater community. Some of the most inspiring visions we have seen have captured the spirit of this alignment. Their internal commitments match their external commitments – especially when it comes to customers and brands.

Many organizations weave DEI into their customer, vendor and supplier strategies. Interviewees report significant strategic DEI engagement in the marketplace.

“Customers can see themselves in our employees and vice versa.”

– UK Bank Executive

### THE MARKETPLACE ECOSYSTEM AT WORK

For a global professional services firm, the external strategies vary according to business and practice area but include “a purposeful sharing of policies and ways of working with clients, building alliances (such as Women in Finance), and building more diverse teams to face off to clients.”

Regional Supermarket Company SMU encourages employees to innovate on DEI initiatives. For example, a group of workers proposed a system of in-store shopping assistance for people with disabilities.

SMU also develops opportunities for organizations that work with people with disabilities to join their network of suppliers. SMU also provides awareness training to vendors, and works with organizations addressing diversity and inclusion for a broad range of communities.

A global life sciences company extends their DEI strategy to external activities. “We’re advocating for health equity, engaging employees in the communities we serve and making meaningful contributions to create a more inclusive society.” They are “committed to building diversity, equity and inclusion into every aspect of our company, including our supply chain. We support small and diverse businesses that share our dedication to advancing science and improving the quality of patient care.”

A global beverage brand actively campaigns to mitigate racial stigma in the hospitality industry where their products are served, and provides grants and mentoring to gastronomy business owners from underrepresented groups who have been less likely to receive traditional business loans.

## COMMUNITY

The broad culture, social norms and regulatory environment influence the experience of and attitudes about people with differences. A key differentiator in the sustainability of a company's DEI success is whether surrounding environments reinforce or undermine their goals. Many of our interviewees are actively engaged in leading change in their industries and communities.

### THE COMMUNITY ECOSYSTEM AT WORK

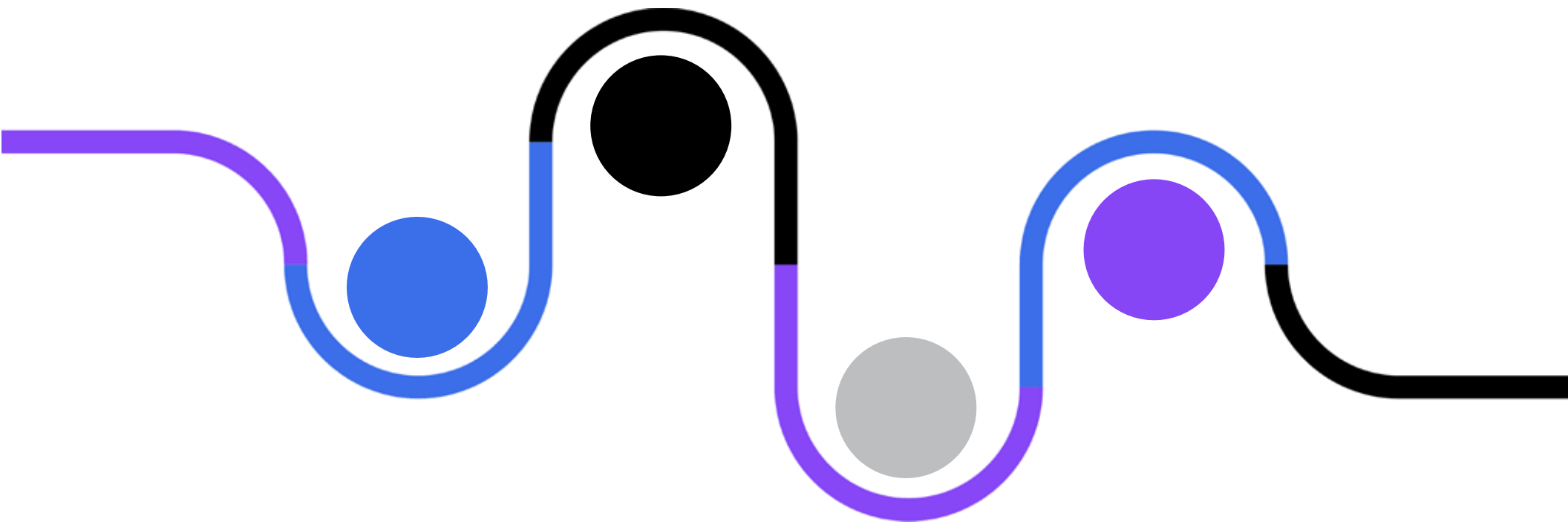
A global pharmaceutical client is an active member of REDI, a trade association promoting D&I along with other influential, global corporations.

Italian energy company Snam set up a parenting and care giving working group to strengthen the policies of 25 participating companies and achieve greater gender balance in Italy. The group produced a paper collecting more than 200 European and global best practices, in the belief that reaching a better care giving and parenting balance between men and women can improve gender parity both at home and in the workplace.

Several financial institutions are engaged in impact lending and grant making to support businesses led by people from underrepresented communities who are less likely to receive funding through traditional means.

A number of interviewees have been recognized as national and international leaders in DEI with prestigious awards. The awards elevate the principles of diversity, equity and inclusion and hold the winning organizations up as an example of how to make a difference, and a reminder of why we should. ●

# 4. DEI Lessons Learned





## 4. DEI Lessons Learned

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The ideal goal of DEI is to create an environment where everyone is respected and valued, creating an inclusive environment where all have a sense of belonging. Within the organization, this creates the competitive advantage of attracting great talent at all levels, retaining that talent, and allowing each person to grow and contribute. The benefits are significant in terms of driving innovation, growth and enhancing overall success. An authentic commitment to DEI can multiply that positive impact across the broader DEI ecosystem.

We observed several overarching themes in our analysis of the client interviews.



## REPRESENTATION MATTERS

The positive impact of representation in the workforce is significant. According to a report published by the Equality and Human Rights Commission ([Abrams](#)), prejudice, “bias which devalues people because of their perceived membership in a social group,” can be reduced through close and meaningful between-group contact.

Constanza Bertorello is CEO of Pernod Ricard. “If you don’t commit with change, nothing happens. When I was promoted to CEO, it was a huge change—I was the first human resources person, Latin-American, woman, married with children.

That example speaks more than a thousand words. When you see clear examples, you see that your Board has representativeness, that is more powerful than any program you announce.”

For organizations to successfully recruit talent from underrepresented groups, candidates need to see themselves in leadership roles. Additionally, younger cohorts look for workplaces that share their values including a commitment to DEI. When interviewees report using diverse hiring committees and interview panels to reduce bias in hiring, they also represent diversity to candidates.

Critical mass is an antidote to tokenism. For example, solo status on a short-list can imply that a person doesn’t belong and increases the likelihood the person will be perceived stereotypically. Two or more individuals on a short-list increases the likelihood that someone from an underrepresented group will receive a job offer ([HBR, 2016](#) ).

Interviewees report efforts to drive understanding of people from underrepresented groups through exposure to difference. For example, a global, UK-based consumer company reports running a conversation series that reached 30,000 people. “Invited guests and colleagues shared their stories – often deeply personal. These conversations have helped

“Structured situations that promote mutual sharing of experiences and views can provide an important route for ensuring intergroup friendships form and generalise.”

*Source: Equality and Human Rights Commission Research report, 56 Processes of prejudice: Theory, Evidence and Intervention, Dominic Abrams Centre for the Study of Group Processes, University of Kent*

“If you don’t have representation, nothing else matters because it starts there. If you can’t see someone like yourself on the executive team, then you will doubt if the company really believes in diversity, equity and inclusion.”

– Global Tech CEO

build trust at all levels of the company... They help us all consider how different experiences affect people's life chances.”

Employee Resource Groups (ERGs) provide community for cohorts from underrepresented groups, and according to some interviewees, ERGs had an impact on opening new markets for the business; others report their ERGs influenced policy and benefit decisions that impact the cohort and all employees. In one case, a global transportation technology company changed their compensation practices driven by the expressed needs of team members from a lower socioeconomic status.

## ACCOUNTABILITY MOTIVATES

Compliance is a significant motivator. Several geographic jurisdictions require or incentivize public reporting on DEI measures. For example, gender pay gap reporting is a requirement for companies of a certain size in the United Kingdom. Several countries require employers of a certain size to meet a minimum threshold of employees with disabilities, including but not limited to, Argentina, Austria, Brazil, Chile, France, Germany, and Spain.

- Investors expect companies to live up to their DEI commitments. In 2022, 60% of US investors said they would prioritize Board diversity and workforce DEI (EY 2022). According to the [Wall Street Journal](#), DEI is essential for many marketers selling their products and services to a broader consumer base. Organizations like the [Center for Board Diversity](#) in Singapore are marshalling the combined will of investors and regulators to keep the pressure on companies slow to diversify their Boards and C-suites.

Internal accountability drives DEI performance as well, with several interviewees reporting DEI goals are linked to compensation and incentives. One multinational hospitality company requires any employee who is eligible for incentives to have at least one personal goal on how to achieve DEI, which drives people to think deeply about their own ability to lead change.

An executive at UC San Diego Health in the United States says, “People think EDI and Health Equity is just about education, e.g. ‘Provide the training and it will solve the issue of structural inequity.’ The Biggest challenge is that education is necessary, but not the end. We need to shift everybody’s mind

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and make them realize that equity is a cross-cutting issue for anything we do across the health system. Everything we do has an equity implication. We need to create some accountability and make sure everybody plays a role. If people don't align with what we do, it will not happen."

Failing to meet employee DEI expectations comes at a cost according to a recent survey by [Deloitte Insights](#). The report indicates 40% of their respondents would consider leaving, and 56% would not feel comfortable recommending that organization as a place to work, if the company did not keep their DEI commitments.

40%

of their respondents would consider leaving, and

56%

would not feel comfortable recommending that organization as a place to work, if the company did not keep their DEI commitments.

## ENGAGEMENT FROM ALL DIRECTIONS

What is the most effective way to engage the workforce in DEI? A multifaceted approach is more likely to result in a workforce engaged in DEI and ultimately more equitable and inclusive.

Employees take cues from leaders, and CEOs have a powerful influence on employee engagement. CEOs who demonstrate DEI is a core value, who are vocal and active, can reinforce an inclusive culture in the organization.

Many of our interviewees' employees helped build their DEI strategies from the ground up, identifying priorities and even leading DEI initiatives such as employee resource groups (ERGs), making employees part of the change.

An executive with a USA-based global tech company identified "employee engagement" as core to delivering on the DEI strategy, with senior leaders "serving as ambassadors" and every employee becoming an "exemplar and advocate" for their inclusive culture.

Organizations drive engagement by investing in and supporting affinity groups, practicing active listening, providing equal access to opportunities, and creating understanding and appreciation for different experiences and cultures within a workforce. For example, an organization can provide talks or share elements of a cultural celebration with the broader employee population.

In AESC's 2023 client survey, the DEI workforce engagement strategies that had the greatest impact are:

- **FOSTER**  
a safe and inclusive culture
- **COMMUNICATE**  
the importance of DEI
- **LEADERSHIP**  
is publicly committed to DEI
- **EMPLOYEE-LED**  
activities celebrating diversity
- **CONDUCT**  
unconscious bias training

## PROOF IS IN THE POLICIES

Strong anti-discrimination policies that are accessible and most importantly, enforced, are important indicators of an organization's commitment to DEI. ([Diversity in Tech UK](#))

### **Policies that Reinforce DEI Reported by Interviewees**

- Codes of conduct that prohibit harassment, discrimination
- Accessibility
- Discrimination reporting and mediation
- Flexible work
- Family leave for all gender caregivers
- Required diverse short lists and diverse hiring committees
- Domestic partner benefits
- Employee well-being resources
- Accessible reproductive health
- Compensation audits
- Equal pay requirements

Global engineering consultancy Hatch has set policies to improve gender diversity, for example every candidate offer made must show that 1/3 of the finalist candidates were female.

One interviewee from the UK described changing career-progression policies so that women who take parental leave are not penalized when they return to work.

Another interviewee has “inclusive leadership” incorporated into senior job descriptions and its succession planning.

DEI-related policies create a more equitable and inclusive workplace and give the entire organization a clear picture of where the organization stands. DEI-related policies also communicate an organization's commitment to the public, including prospective employees.

## MUST HAVE METRICS

Key metrics can help an organization direct their efforts where they will have the most impact. For example, an interviewee shared a meaningful anecdote about the impact of providing hiring data to team

leaders. “What a leader will see, for example, is they increased the number of women by 6% through hiring, but their attrition of women was 10%. So while strategically they may want to focus on hiring, they actually need to focus on development and retention.”

Setting benchmarks and tracking DEI metrics are important through the entire employee lifecycle ([HBR, 2023](#)). Measuring who applies for roles could signal a need to reevaluate job postings and job descriptions to attract a broader range of candidates. Who is hired, developed, promoted, and retained is telling, especially if there is a significant drop off in the diversity of employees ascending in the organization. Metrics identify whether you have the kind of culture where you can attract and retain the best talent – all talent. Metrics can identify whether you are the employer to whom talent wants to come, and wants to stay; a place where people feel recognized and valued, and have an opportunity to make an impact.

Employee engagement metrics are equally important. María de Santos is Employee Experience and Culture Director at CEPSA. “We launch an annual survey on diversity and inclusion with a focus on LGTBI and women’s perception of professional careers, and disability. We closed 2021 with a Diversity and Inclusion Survey. A novelty in this survey has been to ask by gender and sexual orientation, which allowed us to deploy specific questions for these groups; and to better understand their perception.

Some positive conclusions from the survey are that 87% of respondents believe that CEPSA treats people with dignity and respect, and 80% that the company supports diversity in the workplace. The survey has also allowed CEPSA to detect areas for improvement.

An example of a motivating metric: according to a [CNBC US](#) poll, 80% of workers want to work for a company that values DEI.

## NO EASY SOLUTIONS

Transforming a workplace into one that is diverse, equitable and inclusive is not simple.

Barriers identified by our interviewees include the difficulty of aligning DEI with organizational goals, conflicting priorities and managing DEI initiatives

“What a leader will see, for example, is they increased the number of women by 6% through hiring, but their attrition of women was 10%. So while strategically they may want to focus on hiring, they actually need to focus on development and retention.”

▲  
6%

10%  
▼

**An example of a motivating metric:**

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across myriad cultures and legal environments. Data from AESC client research indicate bias, culture and leadership are the top three barriers to gender equality.

Changing mindsets is a particularly thorny challenge for our interviewees, as their organizations work against generations of deeply embedded attitudes. Interviewers identified such barriers as racial prejudice, misogyny, transphobia: attitudes hostile to or devaluing of a person based on one's association with a group. Difficult mindsets can also be attitudes such as, girls don't "like" math and science, only women can be caregivers, or only men can operate heavy machinery.

A Middle East financial services executive identified sourcing female talent as a key challenge, stating "This could be for various reasons, for example one of the causes we've witnessed is that young girls who are just starting to explore their career interests do not choose finance as their first career option. Also, as an industry, finance is still thought of as a male-dominated field that's difficult to break into."

To overcome this challenge, the organization created programs to generate interest in finance as a career among young female talent and focuses on developing existing talent for high-demand niche roles.

A North American consumer group is meeting the challenge of the talent shortage by providing attractive incentive and reward programs; identifying different sources of labor and skills; and sometimes temporary work arrangements. "It is critical that we also focus on succession plans and the early identification of high-potential individuals to ensure that they have clear and effective development plans, including mentorships."

Overcoming challenges may depend in part on the credibility of organizational leadership. AESC's [2021 global leadership study](#) indicates that executives who self-identify as being from an underrepresented demographic are twice as likely to agree that trust in leadership has declined in their organizations during the pandemic, and more than a quarter of executives globally do not believe their organization's culture & leadership support DEI.

AESC's 2021 global leadership study indicates that executives who self-identify as being from an underrepresented demographic are twice as likely to agree that trust in leadership has declined in their organizations during the pandemic, and more than a quarter of executives globally do not believe their organization's culture & leadership support DEI.

The potential for resentment and intergroup conflict is another challenge. According to a [2023 study](#) published in *Industrial and Organizational Psychology*, a leadership and organizational approach that highlights the value of different perspectives coming together has been associated with reduced tension and greater comfort with - and appreciation for – diversity.

Understanding the barriers to change and addressing them is part of this critical work.

## DRIVE LASTING CHANGE

While the work of DEI is never done, our data suggests many organizations are putting DEI into the heart of their business strategies. They are holding themselves accountable and applying new ideas – often generated by employees themselves—to drive change that improves organizations and their business outcomes. And they are reaching beyond their own walls and driving improvements in their industries and communities.

Sustainable DEI permeates an organization. Movements dependent on single individual or team can suffer from “founder’s syndrome.” When the creator or advocate of a movement leaves the organization, the initiative or program can falter. Without champions, practices, and policies at each level of an organization there is no institutional memory or momentum beyond an energetic leader.

Sustaining change means DEI is embedded in how the company operates. It’s part of the culture. Some interviewees recognize organizational change isn’t enough – the change must extend beyond the organization and into their industries, communities, and even societies, to be truly sustainable.

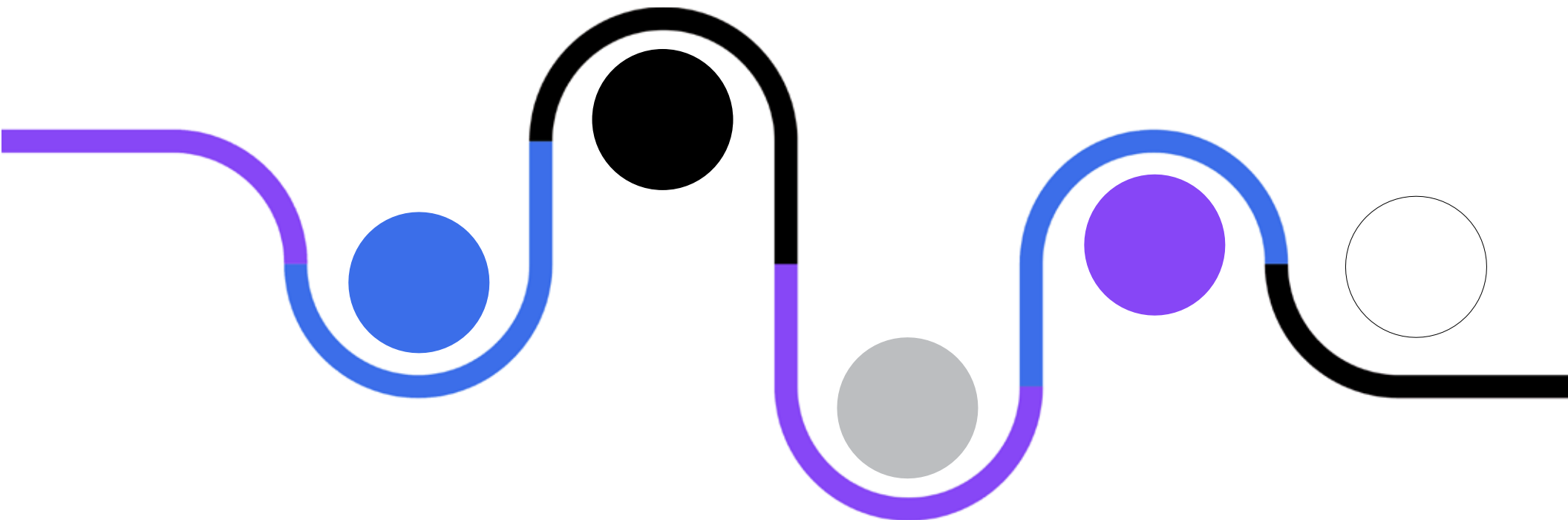
The Howard Hughes Medical Institute in the United States demonstrated its commitment to advance racial, ethnic, and gender diversity in academic science and pledging \$2 Billion to support those efforts. Dewanna D. Planter, Director of Legal Operations, Office of the General Counsel for HHMI says, “HHMI is working to build and sustain a more diverse scientific workforce through recruitment, professional development, community, and healthy work environments, influencing the experience of academic science at every major career stage.” ●

Several interviewees spoke of addressing the language they use in the organization, conducting audits across organizations to eliminate terms that are discriminatory or offensive. ●

“HHMI is working to build and sustain a more diverse scientific workforce through recruitment, professional development, community, and healthy work environments, influencing the experience of academic science at every major career stage.”



# 5. Conclusion



## 5. Conclusion

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For AESC, DEI remains a business imperative regardless of economic uncertainty, disruptive technologies, or the hot-button issues of the times. AESC members know first-hand how diverse teams and inclusive cultures offer organizations a competitive edge. They view diversity in the broadest sense. They know that leaders committed to DEI intentionally welcome the contributions of all while encouraging individuals to voice different perspectives, views, and opinions. When teams include voices with different lived experiences, they are more likely to develop more innovative solutions – whether tackling a specific problem or creating a new product or service.

We are inspired by the example of the leaders who contributed their strategies and tactics, challenges, and goals to inform this work. We are equally inspired by AESC members who share a commitment to create a world that is inclusive, diverse, equitable and accessible for all.

In this report we aim to provide motivation and inspiration to everyone on the DEI change journey. The findings from clients and the work we do every day within our own firms, with our clients and candidates, and in our communities leave us optimistic for the future – one in which diverse thinking and lived experiences, fairness and a shared sense of belonging drive innovation, better decision-making and greater prosperity for all. ●

# Our Contributors

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## Maureen Alphonse-Charles, Koya Partners, a Diversified Search Group

The best practice I recommend is to ensure that DEI roles, especially if they are inaugural, have buy-in from the entire organization and are not orchestrated in a vacuum. A high level of engagement at the outset of the search and ensuring widespread agreement around the organization's needs and how the search will unfold reinforces organizational values around belonging and inclusion, uplifts staff morale and engagement, and creates the conditions for success for the incoming leader. A true win/win for all.



## Cecelia Besa, TestaNova – EMA Partners

For a pharmaceutical company seeking transformative change, we initially pursued industry-specific CEO candidates. As we dug deeper, we recognized the need for a young leader from a different sector, heralding fresh perspectives. Four candidates emerged: three in line with client expectations, and one unconventional choice. The outcome exceeded expectations. The new CEO attracted talent from diverse industries and rejuvenated the company's culture. His innovative ideas, dynamic leadership, and fresh methods energized long-serving employees. This diversity-driven decision ignited the company's growth and innovation.



## Werner Boel, WittKieffer

While working on a search with a leading academic medical center, institutional leadership was looking for somebody who embodied the organization's mission to deliver outstanding patient care while embedding anti-racism, equity, diversity, and inclusion as key values. We were able to identify a phenomenal leader, and the CEO's visionary leadership inspired our candidate to accept the role. The ultimate reward for a consultant is to see sparks fly when creative minds meet and ultimately align.



## Cristina Bomchil, Valuar

"I have a client, President of the board of an important bank who wanted to bring a woman to the board but wasn't sure that a pool of candidates with the needed expertise would be available, which was comprehensive risk management. If this was not possible, he would go for a man. We introduced to him a slot of five brilliant and very well-prepared women, and instead of one he brought two new women board members!"



### Ornella Bono, Humanitas/Cornerstone Chile

We have worked since the beginning to include and promote women in executive roles. Since we signed the IPG Chile agreement hand in hand with AESC in 2016, we have focused on increasing female participation in leadership roles, in order to enrich discussions and look at the challenges of organizations from a different point of view. We stand out for our ability to think outside the box to find seek female executives for positions or industries where female presence is low.



### Jennifer Borrer, Borrer Executive Search

As a small boutique firm, we embrace the significance of cultivating diversity in the workplace. We actively encourage our clients to envision a broader spectrum of talent, challenging them to consider non-traditional profiles for leadership roles, thus delivering meticulously curated and inclusive candidates, ensuring that our clients have access to a diverse pool of exceptional talent. Our approach is not just about fulfilling quotas or checking boxes; it's about building stronger, more innovative, and inclusive teams that can drive sustainable success for our clients.



### Wai Leong Chan, Eric Salmon Partners

A client found a female candidate from a minority community to have the drive and raw potential to lead the regional business. But, she has not “been there, done that” 100% and she has to earn the respect of the existing team. To the client’s credit, they gave her the opportunity and, more importantly, they agreed to engage a coach to support her as she brought her tested capabilities into a new situation.



### Eleri Dodsworth, Stanton Chase

A client engaged us to refresh their board and bring greater diversity with a search for 4 non-executive directors. We advised our client to look outside their sector and hire for potential rather than experienced non-executives, only. This allowed us to significantly widen the pool of candidates. The final appointments were split equally by gender and include a neurominority candidate and a very broad age range. The end result is a board that more fairly represents the community it serves.”



### Janice Ellig, Ellig Group

To assist clients in assimilating new employees, we provide coaching for the first 100 days with our in-house certified coach. This ensures good communication, understanding of the role/responsibilities, and culture fit. We present a written 100-day plan including outcomes, with reporting at the midway point and upon completion of the coaching. I personally do a 6-month, 9-month and 1-year check-in as well. In fact, we pride ourselves on always staying in touch with the candidates we place.



### Laura Fabbro, Eric Salmon Partners

When one cannot find the right skills on the market, do not force one's hand on a choice that does not convince just because that choice is "diverse." Do look at the potential and support the manager in growth with a clear and shared development plan.



### Rose Gailey, Heidrick & Struggles

With our clients we can co-create a DEI strategy based on real and perceived gaps within their organizations. We are uniquely qualified to help clients attract, promote, and develop the best talent, to build visible representation. Ultimately, increased representation alone is not enough. We help clients shift mindsets, build new behaviors, and drive deep insights that allow for inclusion to live in the day-to-day interactions of individuals and teams, while also building the fundamental building blocks of a sustainable inclusive culture.



### Ina Kota, Spencer Stuart

At Spencer Stuart, DE&I is important to us because it's a part of our purpose: to develop and discover leadership for a better future. We are a force for change by serving as a strong voice for progress on DE&I. Spencer Stuart helps clients advance their diversity and inclusion objectives, and focus on equity and equality when presenting candidates, with the goal of increasing the representation of historically underrepresented groups in senior leadership roles.



### Bongani Magudulela, SPi / AltoPartners

One challenge for our client, BMW, SA, is changing mindsets. We work with HR Director Julia Modis to advance the clear DEI priority of the CEO and Board, improving gender representation on the leadership team. BMW SA's CEO is leading change in the industry while internally, BMW SA is building awareness and appreciation for all their people, focused on age, gender, culture, heritage and LGBTQ plus, so that everyone is accepted and respected. We are proud to be a part of their success.



### Sandra Olive, Backer Partners / AltoPartners

We work with clients on DEI from day one.

*Sandra: "We're ok with diversity, right?"*

*Client: "Sure, you can include women in the search."*

*Sandra: "When I say diversity I mean gender, age, sexual orientation, religion, etc. Ok?"*

*Client has an insight: "Yes, of course."*

Diversity is inviting someone to the party and Inclusion is asking them to dance. Our clients should be conscious about that. Be sure clients are ready to dance when hiring diversity.

OSSER & OSSER

EXECUTIVE SEARCH

### [Anna Luiza Osser, Osser & Osser](#)

‘Conducting these interviews with C-level executives on the DEI topic was an enlightening experience for us. We were pleased to see the initiatives these organizations are implementing and how they are addressing this matter to raise awareness among both internal and external stakeholders. 20 years ago, Osser&Osser was founded with this DNA of diversity and inclusion, something we are very proud of. Therefore, we always approach this theme with our clients, candidates, and suppliers in a natural and constructive manner.’



### [Tina Shah Paikeday, Russell Reynolds Associates](#)

As Shareholder proposals for Equity audits mount, our client, a large retailer, commissioned RRA to conduct a workforce composition analysis to uncover representation gaps, and talent management equity audit to shed light on pockets of potential bias in the company’s talent practices. The resulting insight informed Board and executive DEI recommendations and a roadmap. To drive strategic action, we also recruited a new Chief Diversity Officer to act as a lead on DEI strategy and implementation.



### [Mina Paul, Russell Reynolds Associates](#)

Our global DEI team addressed a pressing DEI issue for a prominent Middle East client by introducing an “Inclusive Leadership Master Class” emphasizing empathy, courage, vulnerability, empowerment, unconscious bias, and how to foster an inclusive culture. Since then, we have witnessed enhanced collaboration, reduced bias, and increased employee engagement. This case exemplifies how our focused and bespoke training programs for top leaders can catalyze positive DEI transformations, creating a more inclusive and harmonious workplace and better team and business performance.



### [Adriana Prates, Dasein Executive Search | EMA Partners Brazil](#)

I’m delighted to contribute to the AESC report on Diversity, Equity, and Inclusion. One compelling example of positive impact in DEI involved a mining company. We successfully filled two key positions, one with a woman and the other with a person of color, significantly diversifying their team. This not only enriched their talent pool but also fostered an inclusive work environment, highlighting the tangible benefits of diverse representation in traditionally homogeneous sectors.



### [Neha Rajdev, Coulter Partners](#)

“We are frequently asked by clients to seek out female Board members with very specific industry CEO and Board experience. This can be challenging, but it can be done if the hiring team can flex on demands of prior Board experience, and if they are willing to look at broader C-level female profiles. It sometimes requires some coaching of the client hiring team on how to evaluate and assess the (usually younger) female candidates and to approach the hiring process with a broader diversity lens.”



### Ximena Rodriguez, SommerGroup

We have developed alliances with the main Executive Search Firm members of AESC in Chile to expand this good practice in the market, through the: Code of Best Practices on Gender Diversity. This agreement was signed in 2017 in the presence of Karen Greenbaum President of AESC.



### Warren Rushbrook, Quinton Anthony

“We partner with clients in sectors where challenges remain in attracting and retaining executives from diverse backgrounds. They benefit from our internal behavioural assessment capability to qualify candidates in a more informed and objective manner. These insights help support the decision-making process and provide an increased willingness to consider a more inclusive talent pool. They also guide stakeholders during the critical early phase of employment, providing further reassurance around the perceived risks associated with appointing a less traditional profile of candidate.”



### Luis Truchado, Eurogalenus, ECI Group

ECI group member firms often have briefings with clients who are willing to implement a solid Diversity, Equity & Inclusion policy, but are confused about how to translate it on paper. They often need to reconcile instructions from HQ with local practice and customs. The work on the AESC report is a reliable voice for many of them, and several companies that have worked with ECI Group member firms have been grateful that we have assisted on this.



### Helen Tudor, Sheffield Haworth

Our client in the Middle East wanted an equal number of female and male candidates in their talent pipeline. We led a 6-month engagement of targeted approaching, resulting in increased female hires and insightful data. Female candidates took twice as long to engage in the opportunity, and took longer to complete the hiring process. Importantly, to achieve a gender balanced pipeline (50% male, 50% female) it was necessary for us to approach 26% more female candidates than male.



### Susana Perez de Vries, Talengo / Panorama

Assisting organizations in building inclusive cultures is no easy task; there is no perfect solution, and it doesn't rely on a single initiative that changes everything. This entails approaching challenges from a multifactorial perspective, focusing on DEI (Diversity, Equity, and Inclusion) in leadership, awareness, processes, and accelerating the presence, voice, and development of minority groups. In essence, it involves applying a strategy that has a 360-degree impact on all stakeholders.



## Ryna Young, Odgers Berndtson

Representation is imperative to dismantling systemic barriers that value and uplift one group at the peril of others, and representation starts at the top. In a recent CEO search mandate, we helped the Board and the Selection Committee develop a holistic candidate profile, and held a guided workshop teaching how to identify, understand, communicate, and move beyond the specific biases related to selection. Bias is inevitable. Developing tools for awareness and accountability ensures an inclusive assessment process.

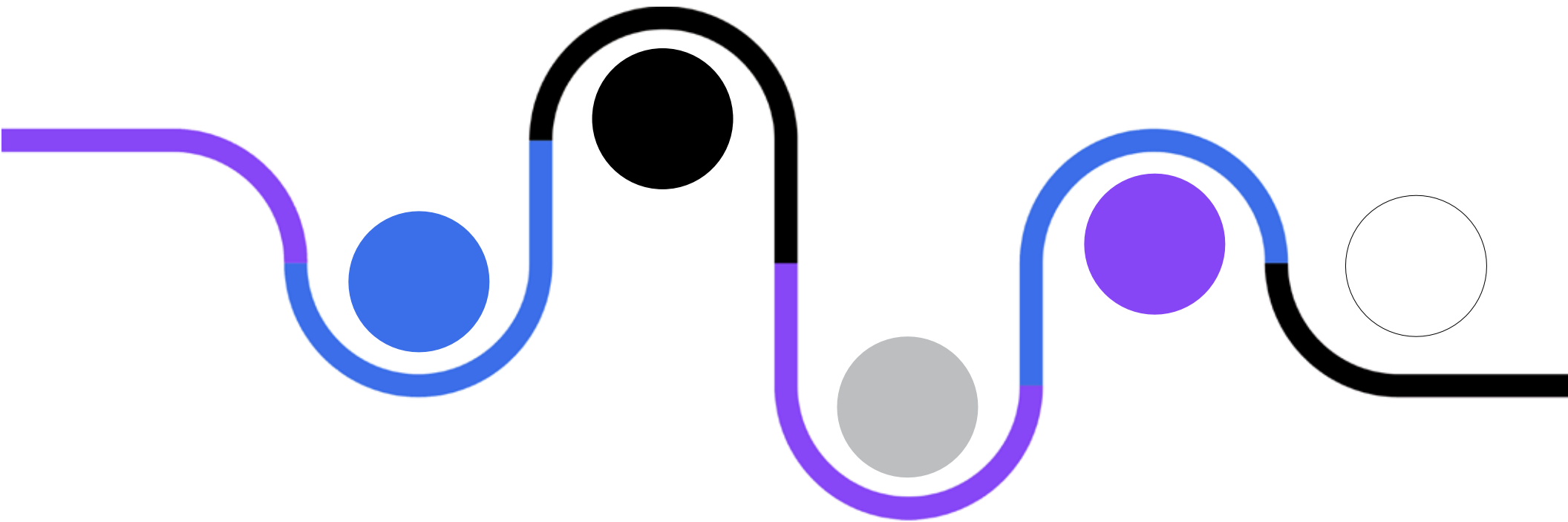


## Silvana Zenere, Spencer Stuart

Through coaching, we help first time CEOs as well as Boards and C-suites be more effective, with a particular focus on under-represented executives including women. For example, with large family-run companies preparing to bring women family members onto their Boards, when for generations the board was male only, we work with the board to ensure that they create an open and inclusive environment, and we work with the “first woman” board member to have a positive impact on the board dynamic.



# Appendix



## THE PROJECT

An organization’s ability to withstand rapid change and disruption and thrive depends on characteristics enhanced by DEI: agility, adaptability, innovation, resilience, and the ability to attract and retain the best talent.

To further our understanding of how organizations are leading DEI transformation, we turned to selected clients of AESC members who are driving DEI in their own companies.

AESC began this project in June 2022. AESC Diversity Council members around the world conducted 52 interviews from July 2022 to May 2023. The data from those interviews is the basis for this report. We used a mixed-method approach using quantitative and qualitative data in our analysis. To ensure rigor in our analysis and presentation of findings, AESC enlisted the support of an internationally recognized academic research partner to co-author this report.

Every leader interviewed provided value to our research, and we are grateful.

In addition to the qualitative data drawn from the interviews, we have added quantitative data pulled from AESC’s recent Global Leadership surveys and our 2023 State of the Profession report.

AESC research and our members’ thought leadership address how DEI and belonging drive organizational success by multiple measures. This report addresses the various ways our participating interviewees strive for a DEI level that achieves those desired outcomes. It is important to note that this is an evolving field where new and emerging best practices continue to develop and vary around the world.

## ACKNOWLEDGMENTS

AESC would like to thank our research consultant Dr. Catherine Cerulli for her expertise and academic rigor, advising us on our methodology and the analysis of the data, and providing a framework to illustrate the findings.

We recognize and thank the members of AESC’s Regional Diversity Councils – all AESC members – who contacted their clients for interviews



and prepared written reports to inform our project. These AESC members are leaders in their fields and their contributions to AESC and to the profession are immeasurable.

We give special thanks to the organizational leaders who contributed to this report, both for generously answering our questions and for their DEI leadership—both in their companies and their communities.

## METHODOLOGY

AESC began this project in June 2022. We asked members of our regional Diversity Leadership Councils to interview one client (or prospective client) based on a semi-structured interview AESC prepared and provide a writeup of the interview for our analysis.

AESC provided the following instructions to council members for selecting the subject for an interview:

- Select a client to interview who you believe has a strong commitment to diversity.
- The organization can be a multinational or a regional firm.
- It can be public, private, nonprofit, family.
- Select a senior individual at the organization (Board member, CEO, CHRO, DEI Leader) who is knowledgeable about DEI priorities.

Council members conducted interviews and recorded the responses in a written report submitted to AESC. Council members submitted interviews from July 2022 to May 2023.

## **QUALITATIVE SEMI-STRUCTURED INTERVIEWS:**

### **THE INTERVIEWERS ASKED 7 QUESTIONS:**

1. Does your organization have a formal Inclusion & Diversity strategy? What are the main components? Is your strategy incorporated into your overall business strategy? Does it cover both internal issues as well as customer and vendor strategies?

2. Who is the ultimate leader of your Inclusion & Diversity initiatives? Who is responsible for the day-to-day implementation of your Inclusion & Diversity strategy? Do you have different leaders responsible for internal strategies versus customer and vendor strategies?
3. What overall role does your Board play in your Inclusion & Diversity strategy? Is your CEO leading the Inclusion & Diversity strategies?
4. How do you engage your workforce and support workforce advocacy (move from activism to advocacy)?
5. As part of your Inclusion & Diversity strategy, do you set any targets, quotas, or goals? What are those goals? Do they vary in different countries or regions?
6. What initiative(s) have had the greatest impact on results? What are you most proud of?
7. What is your biggest challenge and how are you tackling it?

#### **ANALYSIS:**

To analyze the collected interviews the research team used a framework analysis, mapping the interview responses onto Dr. John Kotter's Leading Change Model. Applying rigorous processes including random assignment of interviews, two rounds of double-coding and establishing inter-coder reliability, the coders worked to ensure that all the interviews were assessed confidently within the framework. Following the coding, the research team engaged in discussions about meaning.

#### **LIMITATIONS: THERE ARE SEVERAL CAVEATS TO CONSIDER WHEN READING OUR REPORT:**

- We assessed information provided from a single interview from each company, which should not be deemed a complete representation of any one company's DEI strategy or progress.
- Our interviewees do not comprise a random sample, so our

findings cannot be generalized.

- Our interviewers are our members who volunteered, who selected participants for their commitment to DEI and were not incentivized in any way.
- Our sample is not geographically representative.
- Certain countries are not represented because either we did not have members in that location, or they did not select a client living in that geography.
- The legal, regulatory and cultural landscapes in different countries may bar organizations operating across those landscapes from employing consistent DEI efforts, and complicate AESC’s ability to report on them.

**ABOUT OUR SAMPLE:**

The sample is comprised of 52 semi-structured interviews. Interview subjects come from 17 countries, with one anonymous participant refusing to identify their country:

APAC	Europe	Lat America	Middle East	N. America
4	14	19	3	12

Our 52 interviewees represent views from organizational leaders. Of our respondents 40% are Board Directors or C-Suite leaders, including seven CEOs.



### INDUSTRY

- 23% Consumer/ Retail
- 19% Industrial/ Manufacturing/ Energy
- 13% Financial/ Insurance
- 13% Healthcare/ Life Sciences
- 13% Technology
- 8% Other
- 6% Business Services/ Professional Services
- 4% Government/ Education/ Not for Profit
- 0% Private Equity/VC



### SCALE OF ORGANIZATION

- Global – 58%
- National (single country) 31%
- Regional: 11%

### ANNUAL REVENUES (in USD)

Under 5m	5m - 50m	50m - 100m	100m - 1b	1b - 10b	Over 10b
4%	8%	4%	13%	44%	27%

### TYPE OF ORGANIZATION

- Private: 25
- Public: 21
- Non-profit: 3
- Family Business: 3

### ABOUT CATHERINE CERULLI, PH.D., J.D.

Our research consultant Dr. Catherine Cerulli is a PhD, practicing attorney, professor of psychiatry, and internationally recognized leader in intimate partner violence research and prevention. The World Health Organization and various US federal agencies have funded Dr. Cerulli's work, including the Centers for Disease Control and Prevention, the National Institute of Mental Health, and the Veteran's Administration. Dr. Cerulli was named a Health Policy Fellow by the Robert Woods

Johnson Foundation and the National Academy of Medicine. She has published over 100 peer-reviewed journal articles. She has received several awards for her research, teaching advocacy and mentoring. We are deeply grateful for her pro bono support and guidance.

### **About AESC**

Since 1959, AESC has set the quality standard for the executive search and leadership consulting profession. AESC Members represent 16,000+ trusted professionals in 1,200+ offices, spanning 70+ countries. AESC Members are recognized experts providing consulting services in the areas of leaders, teams, and culture to the world's leading organizations. They leverage their access and expertise to place more than 100,000 executives each year in board of directors and C-level positions across industry sectors.

Dedicated to strengthening leadership together, AESC and its members share a deep commitment to the highest quality standards in executive search and leadership consulting—for the benefit of clients, candidates, and the profession. Our Code of Conduct has long included a commitment to Diversity and Inclusion and each AESC member commits to this code.

At AESC, we Shape. Connect. Educate. Innovate. Learn more about us at [aesc.org](http://aesc.org).

### **About BlueSteps**

AESC's career services, BlueSteps, help executives position themselves for success whether moving up in an organization, seeking a new position, preparing for board service or considering a career pivot. To learn more, visit [bluesteps.com](http://bluesteps.com).