# *All in*
# Shaping tomorrow's manufacturing workforce through diversity and inclusion

pwc

MANUFACTURING Institute

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This report is a result of a collaboration between PwC and The Manufacturing Institute.

# *Introduction*

## A new urgency surrounds D&I

The US has a long tradition of promoting diversity and inclusion (D&I) in both the public and private sectors, with legal frameworks, programs and policies aimed at shaping more equitable and welcoming work environments. On numerous levels, it has become imperative to make workplaces amenable to—and represented by—all groups, whether differentiated by gender, age, sexual orientation, religious or political beliefs, or by experiences such as educational background, military service or physical disabilities. Today, leaders recognize that D&I efforts need to be stepped up further and are increasingly tethering D&I to overall management performance, company innovation progress—and even the bottom line.

As US demographics shift, and public perceptions and demands around diversity change, the case for redoubling efforts around D&I programs intensifies. The latest US Census showed that 13.7% of the US population (or 44.5 million people) is foreign-born, the highest percentage recorded since 1910.[1] And, by 2045, the US white population is projected to be a minority (at 49.9%) followed by Hispanics at 24.6%, Blacks (13.1%), Asians (7.8%), and multiracial (3.8%), according to the US Census Bureau.[2] This sea of change has been underway for decades. In 1940, white workers comprised 88% of the working-class (non-college-graduate workers) labor force, which fell to 60% by 2015; over the same period, the percentage of white working-class women rose to 45% from about 25%.[3]

***13.7%***

of the US population (or 44.5 million people) is foreign-born, the highest percentage recorded since 1910

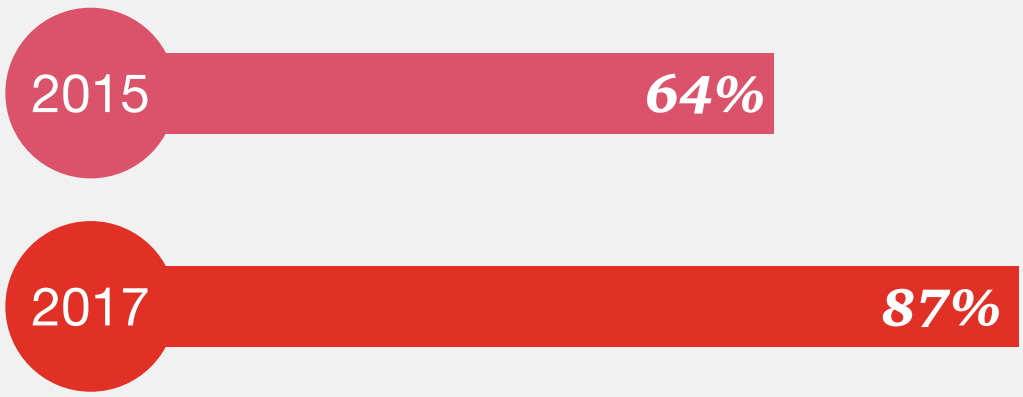
Corporate efforts to bolster D&I in the workplace are ***intensifying*** as US demographics shift.

1 "U.S. Has Highest Share of Foreign-Born Since 1910, With More Coming From Asia", *The New York Times*, September 13, 2018. https://www.nytimes.com/2018/09/13/us/census-foreign-population.html

2 The US will become 'minority white' in 2045, Census projects", Brookings Institute, March 14, 2018.

3 Rowell, Alex, "What everyone should know about America's diverse working class", American Progress Action, December 11,2017.

## *The percentage of CEOs who said they focused on talent diversity and inclusiveness*

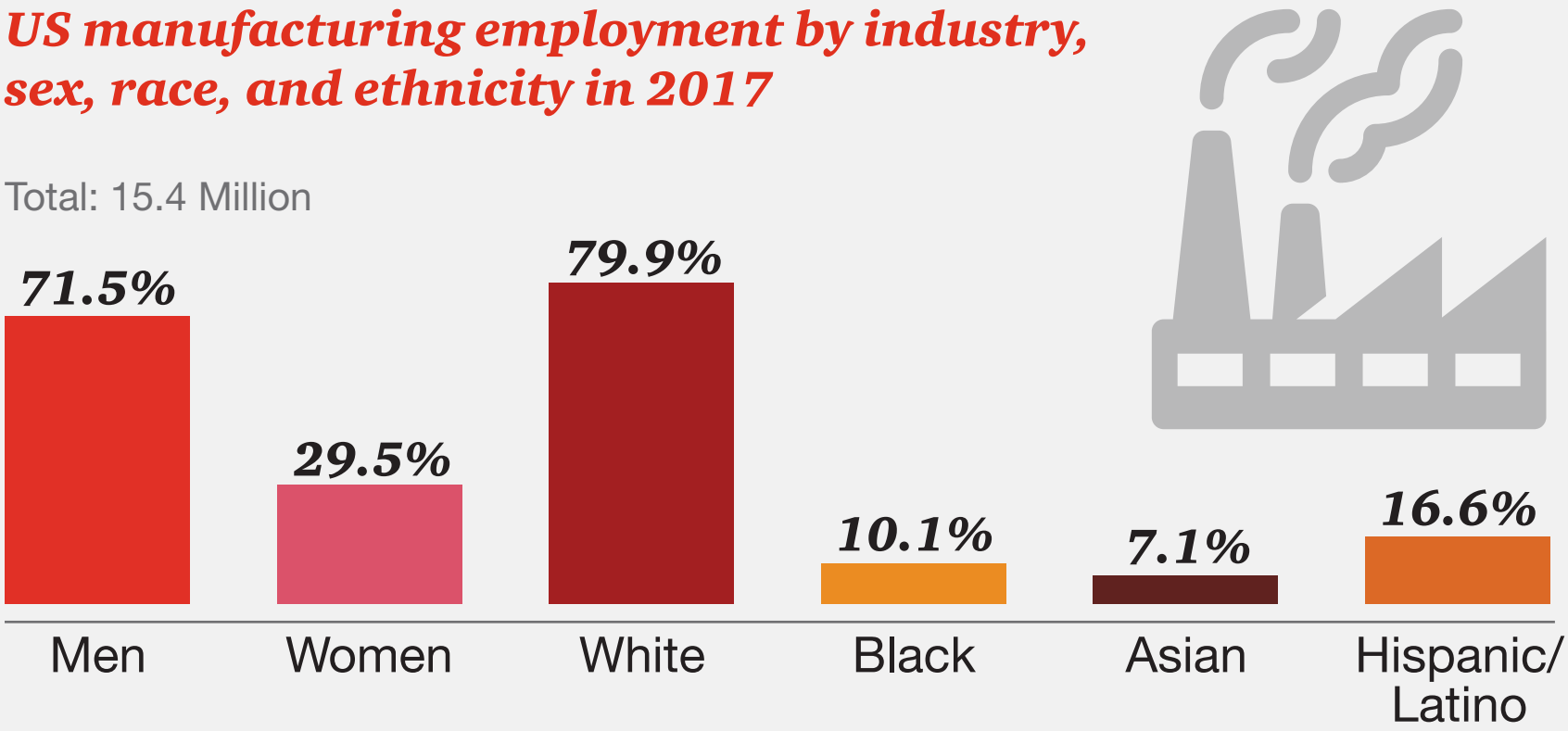



Sources: 2015 PwC Annual Global CEO Survey and 2017 PwC Annual Global CEO Survey

### Writing a new D&I playbook

For manufacturers, expanding D&I initiatives will likely become more important, as the industry continues to struggle to draw new talent into its ranks during an increasingly tight labor market. Moreover, as a traditionally white- and male-dominated industry, manufacturing faces a relatively steeper climb than others to widen their representation of non-white and female cohorts of the population. Consider that, in 2016, women comprised 47% of the total US labor force, yet represented only 29% of the manufacturing sector.[4]

## *US manufacturing employment by industry, sex, race, and ethnicity in 2017*




Source: US Bureau of Labor Statistics https://www.bls.gov/cps/cpsaat18.htm

4 “Women in the labor force: a databook”, Bureau of Labor Statistics, US Department of Labor, November, 2017.

## D&I: a rising business imperative

In this report, we share insights, experiences and plans from a chorus of D&I professionals—interviewed by PwC and The Manufacturing Institute—from consumer and industrial manufacturing companies and other sectors. While all organizations are developing D&I initiatives in different ways and at different paces, it is clear from our conversations that D&I initiatives are increasingly becoming embedded into organizations as a core business goal. This is happening as securing and retaining talent becomes more challenging in a tight labor market, and as organizations strive to cultivate innovation through building more diverse workforces. Toward this aim, some the following core directives emerged in our conversations (see graphic).

## *Next-Gen D&I: Key Directives*

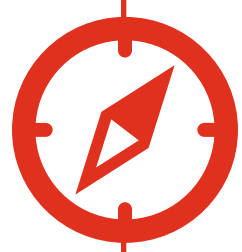
# *Leading with D&I: setting the tone—and culture—from the top*

C-suite and executive leadership mandates on company priorities and values can effect cultural change throughout an organization. Not surprisingly, then, all D&I specialists interviewed for this report agreed that D&I success hinges on executive leadership. Leadership can take place on numerous fronts—from public statements on D&I issues, institution of training programs and establishing policies, such as setting representation targets around recruitment and promotions—and even tying compensation, bonuses and promotions to D&I performance.

Yet, a gap seems to exist between acknowledging the importance of D&I to a company's success and the level of commitment at the highest levels of organizations. A recent PwC study, for instance, found that while 87% of consumer and industrial products organizations surveyed agreed that D&I is a stated value or priority—and 46% agreed that lack of diversity is a barrier to progression in their organization. The study also found that only 33% of industrial manufacturing and mining companies have a C-suite D&I leader.[5]

"First and foremost, any organization—whether it be a non-profit, a private company or a large, publicly traded multinational—needs senior leadership, including the board and especially the CEO to buy in," said Anna Beninger Senior Director, Research and Corporate Engagement Partner, at Catalyst, the women's advocacy group. "It must come from the top and cascade throughout the organization to create a true cultural change. Leaders need to ask themselves: What are my unconscious biases? Am I recruiting people whose backgrounds can challenge these biases? Am I comfortable with others challenging my biases so we can make progress?" Beninger added.

## *On the importance of leadership buy-in of D&I*



*"It's very crucial that D&I efforts have the full support of senior and executive leadership at any enterprise. Leaders have to show intent and communicate their commitment throughout the organization as a top priority."*
**—Willard McCloud III, Global Lead, Diversity, Inclusion & Culture, Pfizer**

5 "Global Diversity & Inclusion Survey", PwC, 2017.

*"When Randall Stephenson became our chairman and CEO in 2007, he established the Chairman's Diversity Council, which he leads, and is composed of his direct report team. The council meets quarterly to discuss diversity and inclusion practices and the company's progress against key metrics."*
**—Corey Anthony, Senior Vice President—HR & Chief Diversity Officer, AT&T Inc.**

*"We have strong, clear direction and support from our leadership to advance our inclusion and diversity efforts. New Dow's ambition is to be the most innovative, customer centric, inclusive and sustainable materials science company in the world."*
**—Karen S. Carter, Chief Inclusion Officer at The Dow Chemical Company**

*"We expect commitments around diversity to come from everyone in the organization. Our leaders are held accountable for promoting diversity and inclusion through a variety of talent tools and metrics. Inclusion plays a prominent role in our Leadership Competencies and the related behaviors form the basis of our leadership performance, assessment and feedback tools. We have created local and global awards to recognize outstanding accomplishments of individuals and teams to help PepsiCo advance our commitment to world-class performance in diversity, inclusion and engagement."*
**—Umran Beba, Global Diversity, Engagement and Talent Officer, PepsiCo**

*"At Ingersoll Rand, we know that our future success and sustainability as a company depends on our continued ability to build a diverse and inclusive workforce at all levels of our organization. Diversity and inclusion is led by our CEO. He sets the tone at the top with his leadership and expects every leader in the company to help advance our diversity and inclusion goals and lead by example. As a company, we have three over-arching strategies: growth, operational excellence and a winning culture, which includes being progressive, diverse and inclusive. We don't treat D&I as an HR issue, rather it is embraced as a business strategy; how our company grows is just as important as the growth we achieve."*
**—Michelle Murphy, Chief Diversity Officer and VP, Global Talent, Ingersoll Rand**

# *Measuring the state of your D&I (and targeting future goals)*

## Setting D&I metric goalposts

Success cannot be measured without a clear picture of where you are now—and where you want to go. The journey begins by capturing the status of D&I programs and policies via metrics on D&I-related employee recruitment, hiring, retention and promotions (as well as employee exits). It continues by responding coherently to the outcomes of the various programs and policies. Measuring *diversity* (how different employee cohorts are represented) is nothing new to most organizations; however, measuring *inclusion* (the degree to which an employee feels valued, respected, welcome, and understood) can be a challenge.

Anna Beninger, of Catalyst, noted the rising importance of measuring inclusion: "Diversity is really about metrics—who is being recruited, hired, developed, promoted, and who's in the leadership echelons by gender, race/ethnicity, sexual orientation and other backgrounds. Though notably, some companies have been promoting workforce diversity for decades, but have yet to focus on inclusion," she said in an interview with PwC. "What we've seen is a significant change in the focus on inclusion. The most successful efforts promote both diversity and inclusion. There is a way to quantify inclusion, which can at the surface look like a very squishy subject," Beninger added. "Organizations need to find out what drives a culture of inclusion, and then track the outcomes they produce."

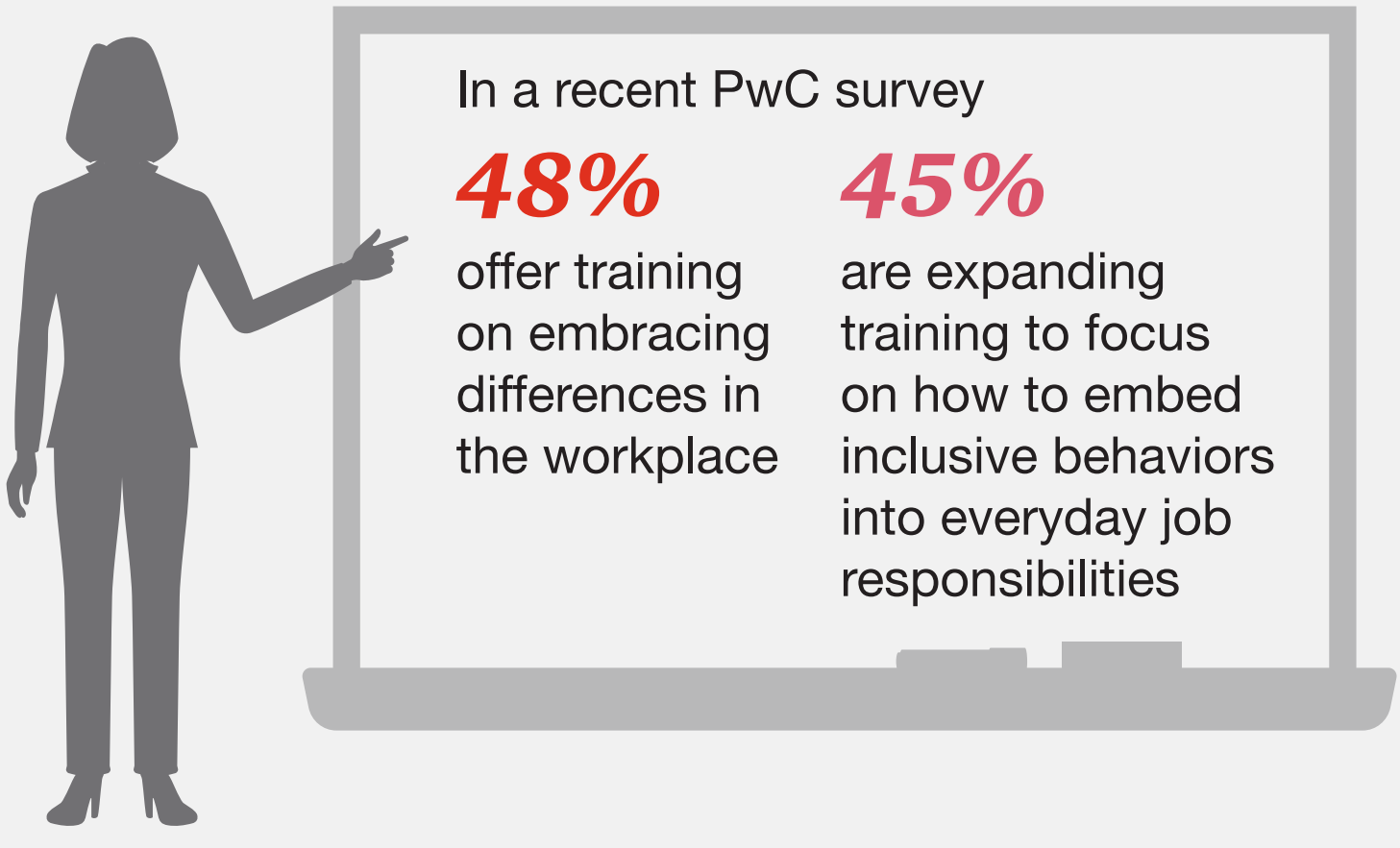
"There is a way to ***quantify inclusion***, which can at the surface look like a very squishy subject,"—Anna Beninger, Senior Director, Research and Corporate Engagement Partner, Catalyst

For example, AT&T seeks employee views on the company's culture and diversity practices every two years as part of its Employee Engagement Survey. Its "Executive Women's Leadership Experience" annually targets upper-level female managers who have the potential to move to more senior roles and "Lift & Connect", is a program providing a platform to increase exposure and build a talent pipeline for high-potential female leaders. Each year, AT&T's Human Resources breaks down the percentage of its workforce via race, gender, and self-identification areas such as LGBTQ, people with disabilities and veterans of military service.

## Benchmarking and scoring D&I progress

D&I metrics are often used to create scores and benchmarks to track improvement—or lack thereof—and signal areas of attention. "Dow has embedded inclusion and diversity metrics into our overall corporate scorecard as a component of a holistic, global strategy that drives inclusion as a business imperative for our Company," said Karen S. Carter, Chief Inclusion Officer at The Dow Chemical Company, in an interview with PwC. "We are institutionalizing inclusion into our employee experience in order to transform our culture and deliver breakthrough business results. And because we are preparing to separate the new Dow from DowDuPont, this is a very good time to do that," Carter added.

***Nearly half of consumer and industrial products companies are rolling out D&I training***




Source: Global PwC study: Diversity & Inclusion Benchmarking Survey, 2017

"Since we are members of the Bloomberg Gender Equality Index, our leaders have strengthened their commitment to ***gender inclusion***. It's our first year as part of the Index, so we expect a greater positive impact in talent attraction and retention."[6]—Ana Marfil, Diversity and Inclusion Lead, Schneider Electric Energy

Pfizer Inc. analyzes its employee engagement surveys to help assess the company's D&I efforts. "Our annual engagement survey has an inclusion index which reveals areas in which there may be gaps, where some groups of the workforce may be feeling less included in the organization than others, so we can actively address those situations," said Willard McCloud, Global Lead, Diversity, Inclusion & Culture at Pfizer, in an interview with PwC. Pfizer also benchmarks its D&I progress against corporate peers. "We also measure where Pfizer is in diversity and inclusion compared to other organizations to see where we land—at or above in specific areas," said McCloud.

## Consolidated D&I metrics in real-time

For multinational corporations with hundreds of thousands of employees across numerous territories, tracking D&I can be a sprawling, complex task. Umran Beba, Global Diversity, Engagement and Talent Officer, at PepsiCo, describes how the food and beverage company is tracking data not only within the organization, but also externally from customer bases to college campuses: "We have about 260,000 employees globally, and we have real-time, consolidated data on all employees on a single platform—including gender, race, promotion and retention rates—to help us see where we need to place our efforts to make improvements."

She added that the company also pulls data on diversity and skill sets on college campuses where it recruits to help target colleges that are the best fit for what PepsiCo needs. "Going forward, we feel that the talent we need will not be just from four-year colleges, but more also from community colleges to help us more efficiently promote our diversity, inclusion, and engagement mission in the hiring process at the local and community levels while bringing the specialist skills to the organization."

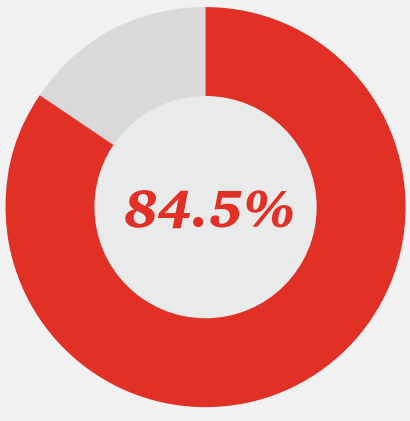
6 Note: The Bloomberg Gender-Equality Index is based on a self-disclosure survey, listing over companies that have made strong commitments to gender diversity. (Retrieved on September 24, 2018.) https://www.bloomberg.com/professional/solution/gender-equality-index/

"We seek to embed D&I into the organization through the employees and the business. I believe that at the intersection of D&I and business performance, you do create a ***competitive advantage*** for the company."—Celeste Warren, Vice President, Human Resources, Global Diversity and Inclusion, Merck

Schneider Electric SE, similarly, is building out a global D&I dashboard, consolidating D&I information "to get a real-time picture of where our gaps are, and to drive and measure success of D&I initiatives," said Ana Marfil, Diversity and Inclusion Lead, Schneider Electric, in an interview with PwC.

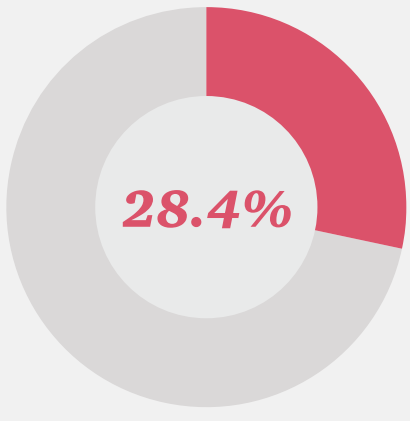
## *The challenge of diversifying manufacturing in 2017*

**Attracting a diverse pool of candidates for open positions**




US manufacturers and industrial production professionals rated as "very high" or "high" challenge

**Intercultural integrations**




US manufacturers rated as "very high" or "high" challenge

Source: "Help Wanted! Results of the 2017 Plant Service Workforce Study", plantservices.com, February 14, 2017.

## Using metrics to set targets

Once an organization obtains metrics capturing detailed snapshots of their D&I status, it can then set realistic targets. Merck & Company, Inc., for example, has set goals to advance women within the organization. “For the last four years, we have had goals for advancing women, and we have been able to achieve those goals,” said Celeste Warren, Vice President, Human Resources, Global Diversity and Inclusion, in an interview with PwC. “We found we needed to support and build out company-wide policies, processes and practices to meet our goals, for example in how we do recruitment and on-boarding. We also discovered something very interesting. In setting goals in one particular area, like the advancement of women at management levels within the organization, it actually created a ripple effect on D&I behavior and practices at all levels—both above and below the director-level band,” she added.

Ingersoll Rand Inc. found that committing to a D&I target has resulted in greater interest among female applicants and has improved retention rates of female employees, said Michelle Murphy, Chief Diversity Officer and VP, Global Talent at Ingersoll Rand, in an interview with PwC. “In 2017, Ingersoll Rand was the first in our industry to join Paradigm for Parity and pledge to bring gender parity to our corporate leadership structure by 2030. Since setting that goal, we have had more women seek us out. While we still see a large percentage of male applicants, our commitment to diversity and inclusion and inclusive hiring practices is helping us attract and recruit more women so that our hiring pools reflect the full breadth of candidates,” Murphy said.

“We are always looking for ways to benchmark ourselves against other high-performing companies to ensure we’re at the forefront of progressive practices. For, example, we increased our maternity leave and added two weeks of secondary caregiver benefits, in addition to our comprehensive benefits which include work/life resources and family care programs. It’s important that our employees feel supported when they need to take time to care for a child or parent, or when something unexpectedly arises. We believe these efforts are contributing to positive shifts in promotion and retention rates among women at Ingersoll Rand,” added Murphy.

“Our promotion at the director level, actually created a ***ripple effect on D&I behavior and practices*** at all levels—both above and below the director-level band.”—Celeste Warren, Vice President, Human Resources, Global Diversity and Inclusion, Merck

## Connecting D&I scores to performance

Increasingly, companies are seeking to tie D&I involvement and effectiveness to overall compensation schemes. That could mean computing a D&I "scorecard" and using it to calculate an overall performance score that drives decisions around promotion, salary increase or bonuses, for example. Here are examples of how some companies are approaching this aim.

*"We conduct a leadership effectiveness survey, which includes employee assessments of managers who have at least five direct reports. These surveys play a part in overall performance reviews and are a consideration for promotion and compensation decisions."*
**—Karen S. Carter, Chief Inclusion Officer at The Dow Chemical Company**

*"When we go through a leadership review, one thing that's looked at is a diversity score—how do your employees and colleagues perceive your D&I impact? Every person that manages has a D&I goal in their leadership description. At the end of the year, you need to show how you been an inclusive leader."*
**—Michelle Murphy, Chief Diversity Officer and VP, Global Talent, Ingersoll Rand**

*"Right now, we don't have a hard link tying compensation specifically to D&I achievements, but we do recognize high D&I performance through awards. There is, however, a conversation brewing to tie financial compensation to inclusion and diversity in the workforce."*
**—Ray Dempsey, Chief Diversity Officer, BP America**

*"Some companies will base bonuses or salaries or promotions based not only what accomplishments were achieved, but also how they were achieved."*
**—Anna Beninger, Senior Director, Research and Corporate Engagement Partner, Catalyst**

# *Organizing—and empowering—your D&I employee groups*

## ERGs: grassroots action and intelligence

It's becoming commonplace for companies to spearhead the creation of employee resource groups (ERGs) that not only open opportunities to share experiences, but also serve to advocate for positive change around diversity and inclusion. ERGs are also becoming important for companies to draw important insights that can guide company policy—both internally and externally—around D&I issues.

Union Pacific, for example, has eight ERG groups, including LEAD (for women), the Latino Employees Network (LEN), Black Employee Network (BEN), and BRIDGES (for the LGBT network). According to Polly Harris, Senior Director for Diversity & Inclusion at Union Pacific, ERGs help inform the company what steps it can take to make the company more attractive and engaging for certain constituencies. "With Union Pacific in the transportation and logistics industry, many jobs operate in a 24/7 environment, and we see the need to accommodate women's needs," Harris said in an interview with PwC. For example, Union Pacific now uses a vendor which provides access to at-home and childcare resources for employees who need it. Additionally, Union Pacific has headquarter and regional office locations with lactation rooms, is improving the quality of bathrooms in its field facilities and is exploring ways to improve the overall employee experience. "It is important to demonstrate that we are listening and that we are focused on attracting women and fostering an inclusive work environment," said Harris. Union Pacific has expanded their benefit plan to include transgender health services, and that this was done through collaboration with its BRIDGES ERG, added Harris.

"AT&T has 12 ERGs and 13 employee networks. One example is the Inter-Tribal Council of AT&T Employees (ICAE) ERG which recruits and mentors Native Americans. The ICAE's work, along with AT&T's support for the College Fund internship program and an outreach effort from one of our Native American senior managers, led in 2017 to recruiting Native American candidates for internships," said Corey Anthony, Senior Vice President—HR and Chief Diversity Officer, AT&T Inc. "The company's annual ERG Conference has become one of AT&T's biggest internal events, with more than 2,000 members attending the September conference each year with another 2,000 attending via webcast. ERGs are honored for their impactful programs, with some examples including promoting STEM education and literacy, supporting our comprehensive employee reskilling initiative and providing relief for disaster victims," Anthony added.

## *Younger workers see lack of diversity as a barrier to progress*

In a recent PwC survey, across all industries, respondents agreed or strongly agreed that lack of diversity is a barrier to progression in their organization

Source: Global PwC study: Diversity & Inclusion Benchmarking Survey, 2017

At Pfizer, one in five Pfizer employees globally are members of a Colleague Resource Groups (CRGs), with 105 CRGs globally, encompassing various dimensions of diversity including gender, race, LGBT, Asian, Latino, military veterans, and people with disabilities. “We reach out and engage our CRG’s to get valuable feedback from the grassroots of our organization,” said Willard McCloud, Global Lead, Diversity, Inclusion & Culture.

# *Cross-pollinating high-impact D&I efforts*

### Export effective D&I programs from one region to another

The replication of D&I successes from one part of the organization to another emerged as a common pursuit among D&I leaders interviewed for this report. Transplantation can happen across borders, as in the case of multinationals operating in many global territories. But, it also can move locally—as in from one operation to another—or cross-functionally.

"We look at our D&I initiatives through two main paths. One is effecting behavioral change, which is achieved through engagement and training, including a focus on unconscious bias. The second path is focusing on systems and processes, to essentially design inclusion into the way we work," said Ray Dempsey, Chief Diversity Officer, BP America. "These two broad areas of D&I change are applied not only in the US, but also in other regions," Dempsey added.

PepsiCo has also launched anti-bias policies and training across borders. "We have a code of conduct all employees are expected to follow, and we have instituted unconscious bias training in the United States and Europe to elevate discussions around how employees can do more to champion inclusion for different cohorts," Beba told PwC.

In addition, the company is drawing diversity lessons and experiences from one region and spreading them globally. "We operate in more than 200 countries with many different languages, cultures and traditions. We try to span these cultures virtually, so teams from different territories can learn from another. We need to hear each other and connect cultures," said Beba. Chapters of the company's employee resource groups are expanding into other countries; in the last year, for example, EQUAL (for the LGBT+ cohort) launched chapters in Mexico and elsewhere in Latin America, and MOSIAC (for people of African descent) expanded from the US into Canada. Likewise, WIN (Women's Inclusion Network) has taken hold in many countries across the globe.

BP also replicates some of its more successful D&I programs to other regions. “Through our global D&I Center of Expertise we share best practices, and sometimes initiatives we introduced in the US we’ll try in the UK and Europe, in the Middle East & Africa and in Asia Pacific,” said Ray Dempsey of BP. “We are mindful, however, of regional differences. For example, in some countries, the word ‘minorities’ simply doesn’t have the same meaning as it does in the US. But, even with regional or cultural differences, we have some global priorities. Our Global Gender Ambition, an initiative to engage all women, is embraced in the Middle East, where there are many differences in terms of customs and practices for women in the workplace. Despite those differences, we are fortunate to have many fantastic women leaders in that region,” added Dempsey.

## Cross-pollinating across functions

Cross-pollination of D&I efforts can occur up and down the ranks, and across functions and territories. At Merck, training on unconscious bias was rolled out at the vice-president level in 2014, then was offered to the manufacturing and research organizations the following year, said Celeste Warren in an interview with PwC. “In 2017, we launched a new way of approaching the unconscious bias training that specifically targets those moments where we might see more opportunity for unconscious bias behaviors to occur: manager decisions surrounding, hiring, promoting, developing and rewarding employees. As managers are about to make these decisions, they have specific short vignettes which highlight unconscious bias in the particular decision they happen to be making. When you educate in the moment, you’re more successful in having the outcomes you want to see” added Warren.

“In some countries, ***the word ‘minorities’ simply does not even exist*** in the language in the way it is used in the US.”—Ray Dempsey, Senior VP & Chief Diversity Officer, BP America

## Open up D&I dialogue across the organization

One powerful way some companies are spreading the word on their D&I policies is through conferences, meetings and even small group discussions. This lets employees share their perspectives, and allows employers to clearly describe their expectations of the workforce. Such open lines of communication can also enhance D&I efforts by informing leadership of concerns and issues that employees may raise.

BP organizes a series of open-forum discussions and talks on various themes and diversity issues it calls “Real Talk”. “Our goal in these conversation series is not to tell people how to think or act, but rather to get people to talk to one another. These conversations then tend to go outside the room in meaningful ways. We start conversations that continue well after the event,” said Ray Dempsey of BP America. Dempsey added another BP program, called “Ask Me Anything”, gathers small groups of employees of all ranks for authentic conversations around D&I. “We get groups together and welcome them to ask us anything in the world around D&I. We work to create a ‘safe space’ that encourages people to ask the most bold or proactive or even uncomfortable questions,” said Dempsey. “We also do quarterly D&I webcasts with thousands of employees who listen and participate,” Dempsey added.

Ingersoll Rand regularly hosts facilitated dialogue sessions with its employees—both in person and virtually—to discuss complex social issues in a respectful environment. “The series serves to bridge views and raise awareness,” said Michelle Murphy of Ingersoll Rand. “The goal is not to manufacture agreement, but to create a willingness to understand other perspectives that makes us stronger. The dialogue series has contributed to a new level of cohesion by building bridges between worlds that people didn’t even know were different.”

## Taking it on the road

Holding off-site D&I events can give participants a chance to help build networks with others of similar interests outside the organization. Dow recently launched a program called “Discovering Dimensions of Diversity”, which organizes experiences with employees, customers and community leaders—that resonate with employee resource groups (ERGs). A recent trip included employees from eight ERGs who visited the National Museum of African American History and Culture in Washington, DC. “We need ERGs to learn from one another and to advocate for one another,” said Karen S. Carter, Chief Inclusion Officer at The Dow Chemical Company. Carter added that the Company held its first three-day global All-ERG conference, with more than 500 attendees from 35 countries representing all layers of the organization from plant operators to its CEO. “This event took our efforts to another level, and made it clear that our ERGs are a catalyst for culture change within our company and business success,” Carter added.

# *Relationships with "workforce intermediaries"*

## Closing the talent and skills gap with D&I

As the labor market tightens and skills gaps (especially in STEM-related roles) continue to challenge manufacturers, attracting prospective employees is becoming even more important. For example, the Society of Women Engineers found that while 22% of all college engineering majors were women, only 14% of working engineers are women.[7]

Companies that nurture relationships with outside groups, or "workforce intermediaries"—from educational institutions, federal and local employment agencies, and non-governmental organization and national professional groups—seek to broaden their prospects to reach a more diverse workforce. In doing so, such efforts can also serve to close the skills gap, especially for industrial manufacturers and other sectors that are adopting advanced manufacturing technology.

"As more companies embrace automation, artificial intelligence and the internet of things, they are re-writing job descriptions and creating new ones altogether to attract and identify candidates with new skill sets. With the changing demands of the workforce, companies must re-evaluate how they attract new and diverse talent to find rewarding careers within their organizations," said Michelle Murphy of Ingersoll Rand.

## Reaching out…to lure in

BP, for instance, has forged relationships with some 50 colleges to recruit a more diverse pipeline of employees and partners with numerous other organizations including the National Action Council of Minority Engineers. Merck also has an extensive relationship network to recruit new talent, working with groups such as Urban Hispanic League, the Hispanic Group for Corporate Responsibility and Urban Defense League. Merck's diversity efforts extend beyond people strategies and include efforts to drive D&I into other areas important to achieving health outcomes in diverse populations", said Celeste Warren. "We partner with external organizations to promote health literacy in under-served areas customers and communities and cross all demographics" said Warren. Warren added that Merck partners with Tannenbaum [Center of Interreligious Understanding] to address inter-faith issues to "ensure we, as a culture, are mindful of faith issues in the regions in which as operate such as the Gulf region or in Egypt,' Warren added.

7 "An Intervention Strategy to Re-engage Women Engineers in the Workforce" Society of Women Engineers, April, 2017.

"Our underlying talent principle is simple: ***always hire and promote the best person for the job***. In addition to our standard talent sourcing channels, we have excellent partnerships with organizations like the Society for Women Engineers, National Society for Black Engineers and the National Urban League to recruit diverse talent. We seek talent at the national and local level, and develop relationships with organizations that help us identify diverse talent that may be interested in Ingersoll Rand."—Michelle Murphy, Chief Diversity Officer and VP, Global Talent, Ingersoll Rand

AT&T uses "an array of partnerships to bolster our recruiting efforts and promote our reputation as an employer with a strong history of recruiting, developing and advancing women and people of color in the workplace", according to Corey Anthony of AT&T Inc. "These organizations include: HBCUs (Historically Black Colleges and Universities) to recruit and develop talented, diverse employees; The Women in Technology International (WITI); The National Center for Women and Information in Technology (NCWIT): and Levo League (an online community committed to helping Gen Y women reach their career goals," Anthony added.

## Manufacturing and minorities: room for improvement?

There is more manufacturers can do to train and recruit minority workers, asserted Keenan Grenell, Executive Director, Manufacturing Diversity Institute, in an interview with PwC. "One reason we're not seeing greater outcomes in diversifying workforces is that budgets to train or upskill workers have been cut. Manufacturers have to do more aggressive outreach programs to include minorities," he said, adding that manufacturing, especially in America's rust belt, has been "slow to diversify, especially with women and minorities." Grenell added that manufacturing sector increasingly requires a greater commitment by both and employers and employees in the age of digital manufacturing. "Advanced manufacturing is now digitized and lots of factory workers are engineers or technicians, so one needs to be committed to life-learning, to be mindful that it's a career, not just an entry-level job. Grenell calls for more advanced manufacturing upskilling training, apprenticeships for young workers and greater outreach with minority groups and historically black educational institutions.

## America's new arrivals: a growing cohort

As manufacturers seek new talent in traditional channels, such as the school systems and professional groups, they are also likely encountering a rapidly growing cohort: the foreign-born worker. Consider that the percentage of the US population that is foreign-born rose from 9.3% in 1990 to 15.2% in 2017.[8] And, integrating this group of prospective employees could mean taking different approaches to recruitment as well as making cultural changes to the organization. Interestingly, a recent report from the Fiscal Policy Institute found that nearly three-fourths of manufacturers surveyed (operating in four regions with high-percentage refugee placement) reported an average 4% turnover rate for refugee employees in manufacturing—well below the average 11% turnover rate for manufacturing employees overall.[9] "While it can take more time and resources to hire them, companies interviewed in that report said that doing so has made it easier to recruit and retain a more diverse employee base," said David Dyssegaard Kallick, Deputy Director at the Fiscal Policy Institute, and the lead author of the report. "It's interesting to see that employers who have hired refugees almost always find that it is less of a challenge than they think it will be. The issues they have to address are manageable: helping them find transportation to get to work, for example, or working with translators for initial training, or finding ways to pair experienced refugees with newcomers. But the lower turnover rate can easily justify these investments and efforts. It broadens your labor pool and makes it easier for companies to further diversity to other types of candidates, such as people who have been in the criminal justice system, people who don't have a particular educational degree or specific job experience. Working through the challenges, too, made the managers better managers," added Kallick.

8 "Immigration in America by the Numbers" US New & World Report, May 1, 2018.

9 "Refugees as Employees: Good Retention, Strong Recruitment", David Dyssegaard and Cyirra Roldan, Fiscal Policy Institute, May 2018.

# *Conclusion and D&I Self-Assessment*

Based on interviews carried out by PwC and The Manufacturing Institute—and on external trends—companies are expanding their D&I programs with twin purposes. They are at once seeking to create fundamental changes in their cultures through a D&I lens while aiming to improve their business performance through a more diverse workforce. Clearly, there are numerous ways to make both happen.

Successful and progressive D&I efforts hinge on making D&I a pervasive business imperative—both mandated from top-bottom throughout an organization as well as rising up from grassroots levels (e.g., via employee resource groups).

And, in an overarching sense, building an effective and sustaining D&I culture means making it a daily business concern and priority, and tying that to job performance (especially at upper leadership tiers) is one way to achieve this.

Finally, organizations are realizing that D&I will likely play an increasingly pivotal role as the labor market tightens and skills gaps persist, especially in the manufacturing sector, and as organizations seek greater breadth of experience and backgrounds to spur innovation.

## Self Assessment

As manifested by the experiences of companies interviewed for this report, D&I programs can vary widely, progress at various paces and expand at different scales. Clearly, there is no one correct path to make inroads into D&I. However, there are some common approaches that companies with well-integrated and vibrant D&I programs share. Typically, companies rise up through a D&I maturity curve. At the low end, D&I programs comprise of merely tactical initiatives (often in silos, and not well understood or carried out throughout an organization). At the most mature level, D&I programs become strategic and pervasive (embedded through the organization and promoted across the organization). Below are some questions that might help companies self-assess where they are on the D&I maturity curve, and how they may elevate their efforts in the future.

### Leadership from the top

- ☐ Have you designated a D&I leader in your C-suite, or in your second-tier (VP or director) leadership groups?
- ☐ Do your executive leaders receive D&I training on managing diverse populations?

### Recognizing and rewarding strong D&I performance

- ☐ Does D&I performance play a part in compensation and/or bonuses?
- ☐ Does your organization offer special awards or recognition for outstanding and innovative D&I achievements?

### Measuring your D&I DNA

- ☐ Do you have a process to measure or identify gaps in salary or compensation between employee cohorts?
- ☐ Does your organization set D&I future targets for diverse representation in D&I in employee recruitment, hiring, promotion and retention?

### D&I training and enculturation

- ☐ Have you introduced policies that accommodate employees with language barriers or cultural traditions that differ from your traditional workforce?
- ☐ Do your job interviewers receive unconscious bias training?
- ☐ Does your organization have policies and practices in place to train your employees trained to embed inclusion into everyday roles and responsibilities?
- ☐ Does your organization require mandatory diverse slates for open positions?
- ☐ Has your organization instituted D&I in your recruitment, hiring, and promotion and retention practices?

### Community and customer outreach

- ☐ Do you reach out or have established partnerships with “workforce intermediaries” (such as community, cultural and minority advocacy groups)?
- ☐ Has your organization created D&I employee resource groups (ERGs)?
- ☐ Does your organization’s workforce reflect the diversity of the community in which your organization operates?
- ☐ Does your organization’s workforce reflect the demographic you sell to?
- ☐ Does your organization solicit feedback on diversity practices gathered from your customers?
- ☐ Has your organization incorporated D&I in your supply-chain strategy?

# Acknowledgements

PwC and the National Association of Manufacturers would like to acknowledge and thank the following interviewees for their time and insights which greatly contributed to this report.

**Corey Anthony**, Senior Vice President—HR and Chief Diversity Officer, AT&T Inc.

**Umran Beba**, Global Diversity, Engagement and Talent Officer, PepsiCo

**Anna Beninger**, Senior Director, Research and Corporate Engagement Partner, Catalyst

**Karen S. Carter**, Chief Inclusion Officer, Dow Chemical Company

**Ray Dempsey**, Chief Diversity Officer, BP America

**Keenan Grenell**, Executive Director, Manufacturing Diversity Institute

**Polly Harris**, Senior Director—Diversity & Inclusion, Union Pacific

**David Dyssegaard Kallick**, Deputy Director and Director of Immigration Research at the Fiscal Policy Institute

**Ana Marfil**, Diversity and Inclusion Lead, Schneider Electric Energy

**Willard McCloud III**, Global Lead, Diversity, Inclusion & Culture, Pfizer

**Michelle Murphy**, Chief Diversity Officer and VP, Global Talent, Ingersoll Rand

**Celeste Warren**, Vice President, Human Resources, Global Diversity and Inclusion, Merck

# Contact

To have deeper conversations about how this subject may affect your business, please contact:


**Jeff Sorensen**
*Partner, US Industrial Products Sector Leader*
412-316-2365
jeff.sorensen@pwc.com

**Steven J. Barr**
*Partner, US Consumer Markets Leader*
415-498-5190
steven.j.barr@pwc.com

**Bobby Bono**
*Partner, US Industrial Manufacturing Sector Leader*
813-222-7118
robert.b.bono@pwc.com

**Carrie Duarte**
*Partner, US Workforce of the Future Leader*
213-356-6396
carrie.duarte@pwc.com

**Mark McCaffrey**
*Partner, US Technology, Media and Telecommunications Sector Leader*
408-817-4199
mark.mccaffrey@pwc.com

**Niloufar K. Molavi**
*Partner, Global and US Energy Sector Leader*
713-356-6002
niloufar.molavi@pwc.com

**Elena Richards**
*Managing Director, Minority Initiatives & Talent Management Leader, Office of Diversity*
973-236-4498
elena.richards@pwc.com

**Karen C. Young**
*Partner, U.S. Pharmaceutical and Life Sciences Leader*
813-344-9326
karen.c.young@pwc.com

**Manufacturing Institute**

**Carolyn Lee**
*Executive Director*
202-637-3139
clee@nam.org

**Chad Moutray**
*Chief Economist*
202-637-3148
cmoutray@nam.org



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