

Diversity

To Build a Diverse Company for the Long Term, Develop Junior Talent

by Matt Sigelman and Johnny C. Taylor, Jr.

April 12, 2021



Klaus Vedfelt/Getty Images

Summary. Developing diverse talent from within sounds like a heavy lift. But most people build careers step by step, skill by skill. By understanding how the skills of two jobs overlap or are proximate to one another, companies can create targeted training to support employees... [more](#)

America — and American business — is undergoing much-needed soul searching about race and equity in the workplace. Corporations across America are affirming their commitments to diversity.

Yet commitments have been made before, and to date, diversity efforts have struggled to deliver. Since tech giants began issuing diversity reports in 2014, progress has been slow: Facebook, for example, went from 3% Black workers to 3.8% between then and 2020. But the problem is much older and broader than tech: Between 1985 and 2016, the percentage of Black men in management in larger U.S. companies increased a mere 0.2%, from 3% to 3.2%.

Why aren't these efforts gaining traction? For employers to make meaningful progress, they need to focus less on hiring and more on creating the internal escalators necessary to raise diverse talent up from within.

An impediment to many corporate diversity initiatives is that they focus too heavily just on recruiting. For example, the first two planks in Google's \$175 million diversity commitment involve recruiting and hiring while Target has pledged to boost its diverse hiring by 20%. Similarly, the number of firms recruiting at HBCUs (Historically Black Colleges and Universities) has increased dramatically this year. These are wonderful and laudable goals. But when businesses set their sights on the external talent market, they make the flawed assumption that the pool of diverse talent is fixed and that they are competing in a zero-sum game. Given that rates of minority and female participation in many professional occupations can be low (for example, just 5% of veterinarians, 6% of actuaries, and 9% of pilots are people of color, according to the U.S. Census Bureau), trying to hire your way to diversity is a long-term proposition at best.

Yet most companies overlook their greatest potential asset in creating a more diverse workplace: their own employees. After all, diversity isn't spread evenly throughout an organization. According to a 2018 McKinsey study, women and people of color comprise 64% of entry-level roles but only 32% of the executive suite.

One very promising, closer and more immediate key to promoting diversity is to reskill employees so they can move into jobs that are currently predominantly white or male. This demands a new approach to talent development. Companies spend heavily on learning and development, but much of it is focused on systems, product knowledge, compliance training, or education benefits intended simply to keep employees engaged. Relatively little is spent on measurable training to help workers move up, even among companies making great efforts to recruit a more diverse workforce. Once you're in, you're on your own. The net effect of an exclusive focus on recruitment is an unintended glass ceiling for those laboring further down the org chart, as it shuts down opportunities for advancement.

Developing diverse talent from within sounds like a heavy lift. But most people build careers step by step, skill by skill. By understanding how the skills of two jobs overlap or are proximate to one another, companies can create targeted training to support employees in bridging the skills and diversity gaps.

For example, Census data shows that 27% of compensation analysts are African American, Hispanic, or Native American as compared to 15% of financial analysts, despite many overlapping skills. Training compensation analysts in budgeting and financial reporting would help them make that jump, not only building equity for the company but also offering real returns to workers, to the tune of a \$31,000 a year pay hike.

Businesses need to do five things to make this happen:

Don't just track representation, track mobility.

An axiom of management theory is that what gets measured gets done. Yet most companies only have broad statistics on how many women or people of color comprise their workforce. That doesn't offer much insight on whether your company is enabling those you hire to succeed. To evaluate progress toward a truly inclusive culture, it's important to track who is moving up within the firm. After all, the

proof is in the pudding: If employees are choosing to stay and advance their careers, that's a good indication that they feel respected.

Benchmark to set actionable goals.

Not knowing how your progress stacks up against that of peers keeps you from appreciating what's possible. In an analysis we conducted, we found that disparities in mobility rates for Black vs. white employees varied by almost 50% at Fortune 100 tech firms. Not knowing where your firm stands on that spectrum makes it too easy to write yourself a hall pass by blaming the pool rather than your policies.

Historically, benchmark data could only be gleaned from those few companies which publish annual diversity reports. However, since diversity reports are usually released only at the company-wide level, they are often too broad to be useful. Knowing that 46% of a peer's workforce is Black or Hispanic overall doesn't help you set diversity goals for data scientist hiring. New data sources such as LinkedIn and Burning Glass mine the online profiles of tens of millions of workers to offer benchmarks for specific peers, roles, and locations to ensure greater actionability.

Identify reservoirs of talent.

To fill high-priority roles with the diverse talent already in your ranks, you need to start by mapping where that talent lies. Surprisingly, few firms have a detailed atlas of their own staff to identify underleveraged pools of talent. To start, companies need to track representation role by role, not just at the company-wide level, so that they can understand disparities across functions, business units, and locations.

But unlocking upward mobility depends on knowing what skills employees have, not just what role they are in. Charting the skills of each role identifies capabilities that workers can leverage as they progress. Understanding not only the demographics of each pool of

workers but also their skills highlights opportunities to bridge between talent reservoirs and talent deserts with the specific learning and promotion pathways to advance workers to where they will be of greatest value.

Assess the health of your pipeline.

Most firms track the diversity of their C-suite but fewer work backwards to analyze how robust their internal pipeline is to fill roles as they arise. How many diverse candidates do you have at each level? Knowing where your bench is thin shines a spotlight on bottlenecks to promoting from within and enables you to focus your efforts.

Build talent escalators to advance diversity.

To tap into existing talent, you need to identify a more diverse set of “feeder” jobs for each role. That, in turn, requires that you compare the requirements of each role to see adjacent talent pools that may not be obvious — and the skills that will bridge the gap between them. That will enable you to invest in training resources to support the transition. But building the right upskilling paths isn’t enough. Remember that employees need a map to understand promotion options and the skills that will enable them to move up.

Diversity doesn’t have to be a zero-sum game. Companies can grow the pie of diverse talent by investing in the mobility of their employees while also hiring more. Such a sustainable and organic approach offers the best chance at building cultures that are truly inclusive — and of achieving all of the business benefit that comes with that.

MS

Matt Sigelman is CEO of Burning Glass Technologies, which mines billions of job openings and career histories to track the global market for talent. Matt leads Burning Glass’s work

supporting companies, universities, and governments in building the future workforce.

JT

Johnny C. Taylor, Jr., SHRM-SCP is the president & CEO of the Society for Human Resource Management (SHRM), the world's largest human resources professional association, with more than 300,000 members in 165 countries impacting the lives of 115 million workers and their families.