



# **GDIF Think Tank and Solutions Driven Institute: White Paper**

## **A Look at Transparency in Sharing Diversity and Inclusion Practices**

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## Transparency

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The discipline of diversity and inclusion has evolved during the past couple of decades. Organizations are becoming more deliberate about aligning diversity with business strategy. Best practices have been identified and shared. Although companies are willing to share their practices in anonymous surveys, how transparent are they in telling their story in more public forums? Given diversity and inclusion efforts are a competitive lever, are companies willing to disclose detailed information on their activities and their progress? In part, transparency enables companies to position themselves as an employer and business partner of choice.

This paper is Part 1 of a series of white papers written to address transparency and the extent to which diversity and inclusion information is shared across companies.

### Defining Transparency

Transparency is in the eye of the beholder. What seems transparent to some may not be perceived so by others. Consequently, transparency occurs when a business or organization *intends* to be perceived as open in disclosing information. There is general agreement that transparency often includes clarity of processes; governance; access to and awareness of information; visibility of behavior, partnerships, supplier relationships; and clear communication.

### Benefits of Transparency

The concept of corporate transparency is based on building/increasing trust with a company's constituencies – customers, employees, investors, etc. Benefits noted range from increasing sales and finding new clients, to recovering/repositioning the company from negative publicity or circumstances, and being in control of the company's image and presence.

In reviewing specific perspectives on transparency, several benefits are cited across various internet media sources and blogs:

- *"Users gain trust and have the ability to see the human side of the business."*
- *"[Transparency] is the new operating standard."*
- *"Transparency is about being open, honest, and accountable. It's about responsibility."*
- *"Authenticity leads to value."*

- *“Committing to transparency shouldn’t be confused with sharing confidential information. Rather, it means providing some insight into your thinking and considerations so that those around you can feel involved and empowered.”*
- *“...spending time and money on transparency is an investment. It is about who you are now and who you want to be.”*

## Potential Risks

While there are benefits to being transparent about diversity and inclusion efforts, there are at least a few reasons why an organization could also view it as a potential risk.

*Unknown benchmarks* – if the organization is not in the position to tell a story, then it may actually be hurting its image by becoming transparent. This could be high risk as some benchmarks may not be very visible. What internally may seem like a big change in the right direction, may actually be seen outside the company as confirmation of an initially poor position and subsequently continued poor position, despite the improvement! For example, doubling the number of women on one’s board of directors may sound great until it is disclosed that it is now 2 of 28 total directors. By offering the public the information, the organization is actually putting itself in a position to be judged by the world at large, and will likely have some critics that feel the efforts are not enough.

*Confusion of “transparency” and “accountability”* – Simply disclosing metrics (% POC, % change in female retention, total number of events designed to increase awareness of culture, etc.) does not ensure that an organization is actually becoming accountable to take the actions that represent true efforts to improve diversity and inclusion within the organization. Organizations can spend time creating and collecting data to publish and make available, but the data alone shouldn’t be the focus. Transparency that has true value will be telling the full story or journey the organization has begun or continued in order to embrace and enhance diversity and inclusion efforts.

*Responsibility to stakeholders* – The organization may risk loss of focus on its primary objectives and lose sight of the true stakeholders. While to some extent the greater world is a stakeholder for all businesses, the reality is that businesses exist to provide return for the capital invested. This return can arguably be enhanced long term by taking the right steps in the diversity and inclusion journey. However, as an organization becomes more transparent, it may attract stakeholders that have little invested or little to gain, but that none-the-less have a great deal of opinions to share. These stakeholders could potentially demand a say relative to the performance the organization is reporting on in its efforts to be transparent.

Ultimately, the overall risk is high that an organization will open itself to critical oversight from new and less invested stakeholders as it becomes more transparent.

## Cisco's Philosophy

One company that has taken the high road on transparency is Cisco Systems, Inc. Founded in 1984 by a group of computer scientists from Stanford University, *Cisco has shaped the future of the Internet by creating unprecedented value and opportunity for its customers, employees, investors and ecosystem partners and has become the worldwide leader in networking - transforming how people connect, communicate and collaborate.* A publicly traded company, with headquarters in San Jose California, Cisco employs approximately 73,408 employees in close to 250 locations worldwide (North America, Africa, Europe, Latin America, Asia/Pacific and the Middle East). Cisco has won numerous awards for being one of the best companies to work for. These recognitions have been based on Cisco's core competency as well as the work environment it has nurtured for diverse employees.

Cisco is well known for its generosity in sharing its expertise and experiences on inclusion and diversity. Understanding the benefits and risks, transparency is part of Cisco's culture. Cisco is transparent internally and this is reflected externally; it is part of the DNA of the company. Chief Diversity Officer Marilyn Nagel has been a champion of inclusion at Cisco for more than a decade. She along with Global Inclusion & Diversity Leader, Stace Millender, provide insights on Cisco's philosophy on transparency for this white paper.

*Cisco's rationale for sharing is three-fold: 1) sharing for sharing's sake; 2) sharing to get better and more information; 3) and sharing to build a spirit of trust. Ultimately sharing advances the work overall in the diversity and inclusion arena. It is our belief and many of our colleagues' beliefs that "all boats rise with this work". If we share what's working and what's not, we all benefit. Inclusion and diversity is about respect for all human beings [not just those in our organization].*

*Additionally, our relationships are built on trust. Building trust brings us more respect. Externally, we found the more we shared, the more we received open information from our corporate peers, enabling us to strengthen our own best practices. Our experience shows that sharing benefits us all in the I&D community.*

*We have structured our external website with a Resource Center specifically to share our I&D knowledge, including turnkey tools, templates, videos, white papers, and research. Among the information we share are best practices to help other companies build their I&D teams, create a powerful advocacy program, and develop their employee resource groups. We also share our Cultural Advisor app, developed for Apple devices, to allow everyone access to key cultural knowledge. Our stance is "here -- use this information if you can." We don't feel threatened in doing so, or*

*that we are competing with other technology colleagues in this respect. For example, we are not typically going after the same talent and even if we were, we would want them all to feel included [regardless of which organization they chose to work with].*

*Along with describing programs on our web-site, Cisco publishes a series of white papers on various inclusion and diversity topics and sponsors a number of research papers. We have membership in most of the major diversity organizations (here and internationally) such as “Diversity Best Practices” and the “Conference Board,” and have sponsored research for an organization in Asia called “Community Business.” When we can, we also host various diversity related events on Cisco’s campus.*

*However, Cisco is strategic about when and how we share information. We have shared our numbers on representation when asked. We choose not to disclose information on a program in development; but once we have developed, implemented, and evaluated the success of a program, we are willing to share. This helps other companies avoid the trouble and struggles we may have encountered. Why reinvent the wheel?*

*Our stance on transparency is integral to who we are as a company: Cisco believes in the transformational impact that inclusion and diversity can have on innovation, collaboration, and global business results and we demonstrate that impact through the information we share.*

## **Transparency within the Top Companies for Diversity and Inclusion**

Cisco has been recognized as a top company for diversity and inclusion. Do other top companies align with Cisco on transparency? One hypothesis tested for this paper was that companies acknowledged and recognized for their efforts on diversity and inclusion would also be transparent about their activities and results. The sample included 20 companies that appeared multiple times on the top lists for diversity and inclusion during 2009 and 2010. This included companies across various industry sectors including professional services, healthcare, consumer goods, technology; as well as a mix of business to business and business to consumer entities. The method for determining transparency included visiting the web-sites of each company to determine what type of information was readily available.

Nine areas were explored including:

1. General philosophy on diversity & inclusion
2. High level overview or listing of programs
3. Detailed information about workforce inclusion programs
4. Detailed information about supplier diversity programs

5. Detailed information on efforts in diverse communities
6. Information on awards won
7. Demographic information (e.g., workforce composition)
8. Demographic information on board members
9. Sponsorships or partnerships with diverse organizations

In general, our search uncovered that companies were quite generous in sharing information about their general philosophy on diversity and inclusion and details about the types of awards won (see Exhibit 1). The majority of companies also provided detailed information on their activities within diverse communities aligning this with their corporate social responsibility efforts. Additionally, a high level listing of internal programs and network structures were listed (most commonly – a listing of the various Business Resource Groups in existence, or mention of mentoring and development programs).

Less than half of the companies sampled went into detail about their internal activities and programs or commented on how programs were executed. An exception would be with respect to Supplier Diversity efforts – where it was common to find a micro-site with information on how the process worked and how small businesses could get involved.

Not surprisingly, the least amount of information shared was on workforce demographics. When information was shared, it ranged from a breakdown of women and people of color in the work force to specification of demographic groups at different job levels. While there were no statistics provided for board of director composition, many companies provided photographs on their web-sites so that one could make reasonable assumptions about a board member’s gender and ethnicity.

**Exhibit 1 – Number of Top 20 Companies presenting information on Diversity Efforts**

	General Philosophy on Diversity & Inclusion	High level overview or listing of programs	Detailed information about workforce inclusion programs	Detailed information about supplier diversity programs	Detailed information on efforts in diverse communities	Information on awards won.	Demographic information (e.g., workforce composition)	Demographic information on board members	Sponsorships or partnerships with diverse organizations
<b>Count</b>	19	15	9	15	17	20	9	11	14
<b>Percentage</b>	95%	75%	45%	75%	85%	100%	45%	55%	70%

## **Other Venues for Transparency**

Web-sites are only one venue for sharing information. Organizations that are transparent tend to share diversity and inclusion data in a variety of forums. These include internal and external conferences, CEO and other roundtables, association meetings, through varied forms of written communication including white papers, surveys, reports, metrics, and industry related summits, conferences, seminars & events. While not surveyed for this study, the assumption is that many organizations would mirror their on-line content in their annual reports to stockholders.

## **Looking Forward**

This paper was written to introduce the topic of transparency of diversity and inclusion information. The data collection methods were limited to interviews and reviews of web-site data. For future papers, it is recommended that additional sources be reviewed. One would include looking at annual reports on the companies that were surveyed in this white paper, to compare the level of transparency of information shared in these reports to that shared on their web-sites. Another approach would be to focus on specific categories of organizations to determine where transparency is most prevalent (e.g., health care industry, retail, academia, non-profits, etc.). Delving more deeply into transparency of Board composition is another direction for this topic as is looking at the contextual factors impacting businesses (e.g., economic, mergers, growth cycles) and their relation to transparency on diversity and inclusion efforts. Determining whether transparency aligns with performance outcomes, retention and other metrics is yet another topic for study.

With an expanded data gathering effort, it would be possible to create a robust and meaningful framework to understand the drivers for transparency and identify what inhibits building the body of knowledge of diversity and inclusion across organizations. As illustrated in the example below, companies could be plotted on the maturity of their diversity and inclusion efforts (or some other dimension) and their degree of transparency to see where there are meaningful correlations. Initial observations suggest that there are, indeed, specific factors linked to transparency and that there is more to tell on this story.

## Exhibit 2 – Potential Framework for Transparency

