



# Diversity, Equity, and Inclusion Study 2021 Executive Summary

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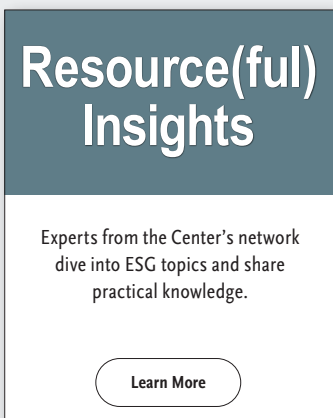
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# DIVERSITY, EQUITY, AND INCLUSION STUDY 2021

## FOREWORD

### Letter from the Executive Director

This study by the Boston College Center for Corporate Citizenship, sponsored generously by Howmet Aerospace, draws on our research and engagement with the nearly 500 member companies we serve each year and a wealth of research by equity and inclusion experts.

Action to create an equitable future cannot wait. Equity and inclusion are business imperatives, whether we are thinking about our workforce, our suppliers, or our customers. The United States is projected to experience a demographic shift over the next 30 years that will change our nation and our workforce significantly. We have work to do to prepare.

So where are we today? We have all seen vigorous protest of racial injustice in recent weeks, months, and years. If we dig a little deeper, Gallup's perennial poll of American sentiment regarding race relations has fallen to a new low this year. Gallup's extensive poll found that only 18% of Black respondents are satisfied with the way they are treated in this country today, compared with 51% of White respondents who indicated they are satisfied with the way Black people are treated. Well over half of Black people believe that they are treated less favorably than Whites in dealing with the police, in stores and malls, and on the job. Approximately half of Black people say they are treated less favorably in neighborhood shops, in restaurants, and in getting health care.<sup>1</sup>

Corporate leaders have a role to play in helping to create common ground—if for no other reason than work is where we spend the majority of our time outside of that spent with our families. What can we be doing differently? Large things and small. Many BCCCC member companies are stepping forward to provide support to the communities most challenged by the current opportunity gap. Many more have expressed support for the sentiment that drives the protests for racial justice. We can also look inward and examine every aspect of our programs—from compensation practices, to how we develop staff, to how we prioritize social issues, to how we structure our team activities—and ask ourselves whether we are doing everything we can to make every person feel included and valued, and to allow them to achieve and contribute to their full potential.

Many companies now include diversity and inclusion goals in their CSR and corporate citizenship programs. Research shows that companies that invest in diversity and inclusion programs can benefit not only from improved teamwork<sup>2</sup>, innovation<sup>3</sup>, and productivity<sup>4</sup>; they

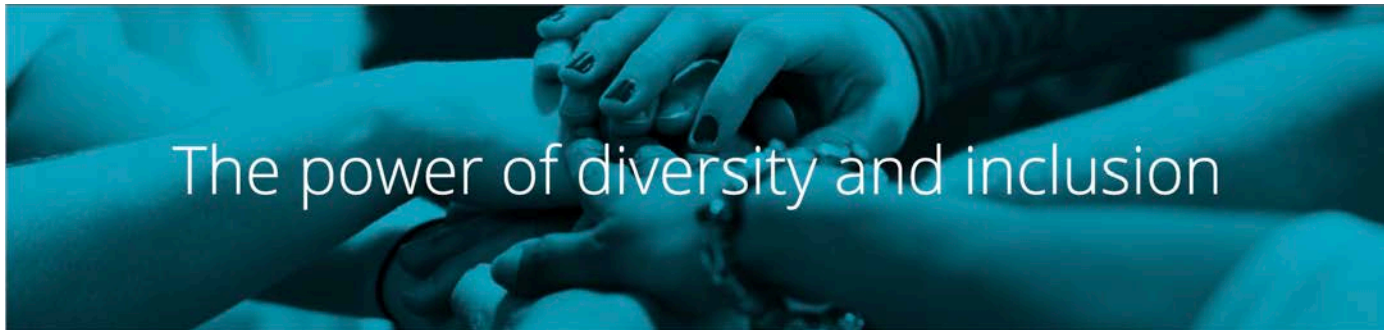
also can facilitate a much-needed national dialogue about what it means to commit to a truly inclusive environment. This is not easy work, but it is imperative to our social and economic future.

Though our diversity can be nurtured as an asset, the wage and wealth gaps that exist along racial, ethnic, and gender lines do not make us stronger as a society. The differences in how we, as individuals, are able to move through the world inform the differences in how we approach each other. These differences must be acknowledged and addressed to overcome the mistrust and misunderstandings that impede our ability to work together for the common good. This has played out in dramatic ways recently, but these kinds of differences play out in myriad subtle ways through everyday life.

The proportion of the U.S. population predicted to classify themselves as White-only is projected to drop from its current levels of almost 74% to approximately 47% of the total population.<sup>5</sup> Taking labor participation projections into account, the majority of workers will no longer be White. Competition for skilled workers over the same period is expected to increase. For those in the current majority who might not feel it should be in the purview of corporate America to address issues of race and inequality from the perspective of social justice, enlightened self-interest can provide ample motivation.

We are going into this period of transition in our workforce with workers bringing with them very different perspectives along racial and ethnic lines about civil rights and equality in our society. The June 2020 Gallup polls on race suggest that White people, in marked contrast to other groups polled, generally believe that the aspirations of the civil rights movement have been met.<sup>6</sup> As we move toward the future, it will benefit us all to come understand the perspectives of all of our citizens and fellow workers so that we can create a just, stable, and sustainable economy within which our companies can thrive. This report is intended to support your company as it sets forth on this journey.

Katherine V. Smith  
Executive Director  
Carroll School of Management Boston College  
Center for Corporate Citizenship



This report is made possible in part through the generosity of Howmet Aerospace.

### Letter from Howmet Aerospace

As a leading global provider of advanced engineered solutions for the aerospace and transportation industries, Howmet Aerospace's success depends on our ability to create innovative solutions that exceed our customers' goals. We understand the only way we can achieve our goals is by fostering a culture that values the open exploration of ideas and the creative spirit that comes from a diversity of backgrounds, experience, and thought.

While Howmet has made considerable strides during its corporate history, we know there is much more to be done to ensure that inclusion and diversity become true operational priorities—both in our business and in our industry. We believe we have the responsibility to be a leader in this area.

Inequalities continue to exist in race, gender, sexual orientation, and for people with disabilities, despite legislation and best efforts of many people and organizations. Action to create an equitable future cannot wait. If not now, when? As the workforce demographics continue their evolution of change, having an open and inclusive

corporate culture will only become more important. It is clear that we must all be allies and champions for inclusion and diversity. Our hope is that by sponsoring this report and toolkit with the Boston College Center for Corporate Citizenship, we will provide the impetus for organizations to change tactics, taking diversity, equity, and inclusion strategy to the next level.

This is Howmet's philosophy and aspiration for the future. We are creating an environment where all of our people feel—and are—valued. We encourage them to bring their differences to work each day and challenge them to contribute their authentic best in every encounter to achieve better business results. This is where our innovation comes from, and it is the only way we can continue to deliver world-class solutions to our customers.

Cindy Penney  
Corporate Human Resources Director  
Howmet Aerospace

# Executive summary

Early data suggest that the COVID-19 pandemic and its economic fallout have widened inequalities.<sup>7</sup> The evidence that the pandemic is disproportionately affecting the health and the economic resilience of our most vulnerable populations provides an opportunity to examine our assumptions about how that world works and for whom.

Corporate citizenship professionals have an essential part to play in elevating discussions of equity and inclusion, building inclusive programs, and engaging stakeholders to understand how equity can be achieved. Throughout this report, you will see an array of examples of how companies are working to lead with

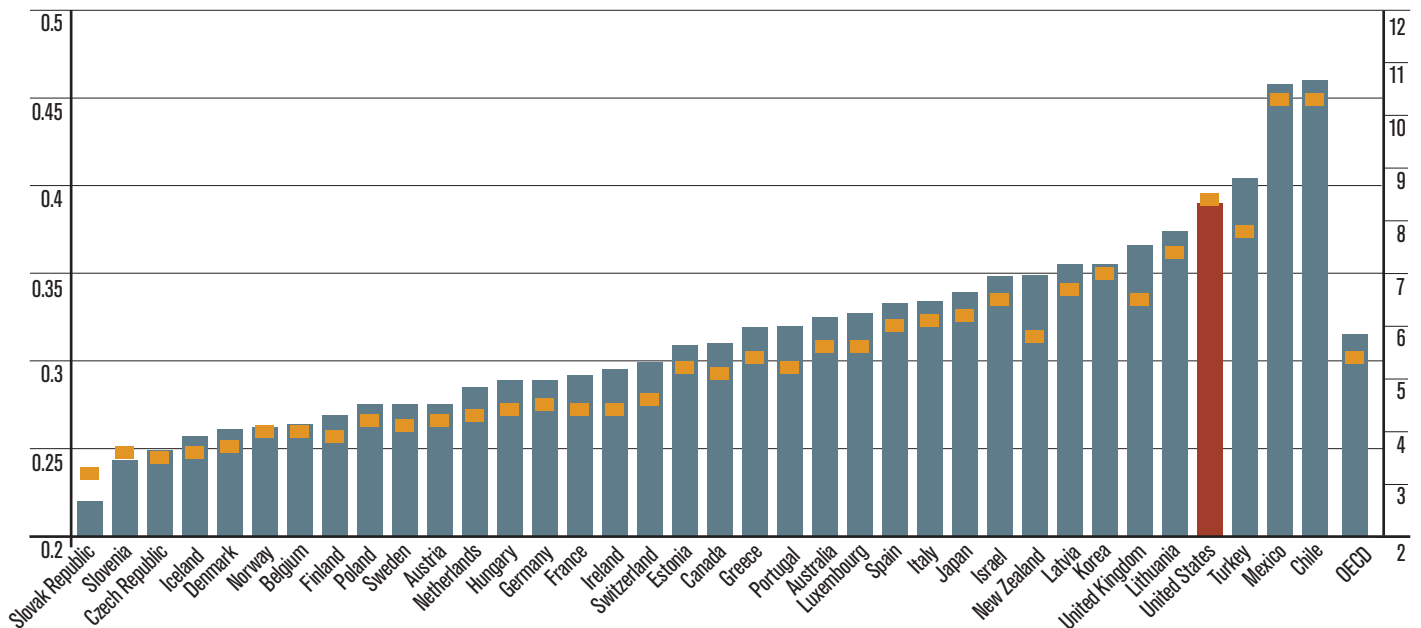
meaningful, and potentially transformative, actions to actively address any and all issues of bias, harassment, discrimination, or under-representation.

While the United States becomes a more diverse nation with each passing year, economic participation is not proportional. Income inequality in the United States is higher and has increased more than in most Organisation for Economic Co-operation and Development (OECD) countries. The vast divergence in wealth equality is similarly staggering, with top 0.1% of U.S. households holding nearly as much wealth as the bottom 80% (See **Figure 1**).<sup>8</sup> This inequality—which both stems from and results in unequal access to

**FIGURE 1**  
Large differences in levels of income inequality across OECD countries, 2017

*This graph measures the Gini coefficient, a measure of inequality in which 0 means everyone has the same income and 1 means one person has all the income, and the gap between richest and poorest 20% of households.\**

■ Gini coefficient ■ S80/S20 income decile share (right axis)



Note: New definitions of Gini (post-2011) & Gini disposable income definition were used

Source: <https://stats.oecd.org/Index.aspx?DataSetCode=WEALTH#>

\*OECD. (2014, June). United States: Tackling Inequalities, Creating Opportunities for All. <http://www.oecd.org/unitedstates/Tackling-high-inequalities.pdf>

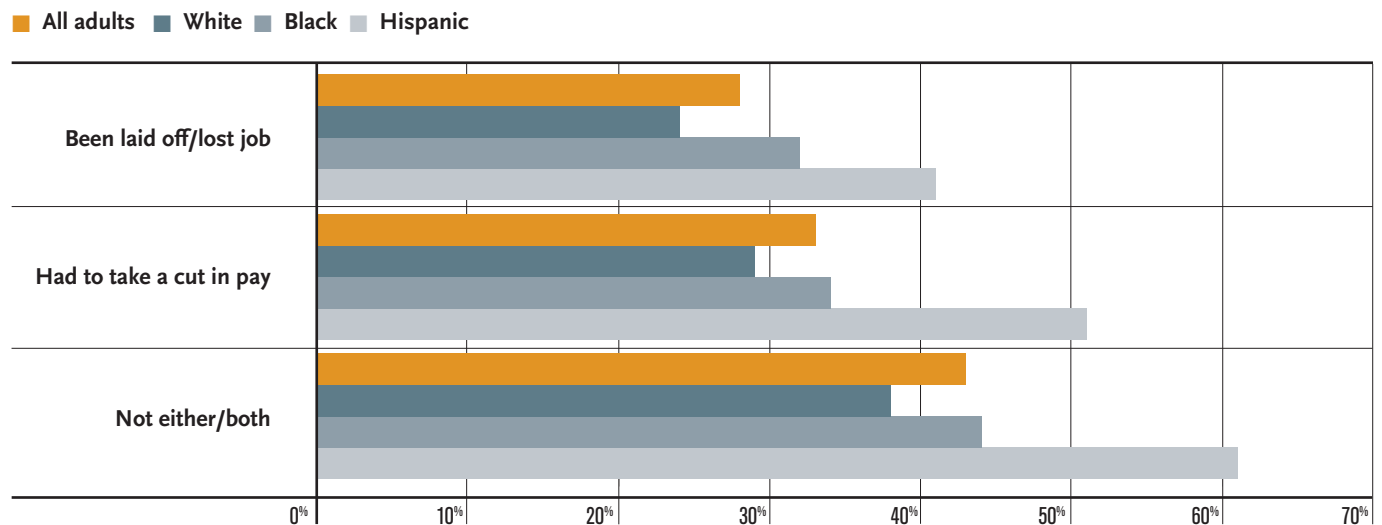
education, health care, and infrastructure—disproportionately affects people of color, disabled individuals, women, and LGBTQ+ communities. Ultimately this hurts economic growth, environmental sustainability, rule of law, and health for us all.

These trends have been accelerated by the pandemic. As of the end of April 2020, nearly half of the global workforce—or 1.6 billion workers in the informal economy—were in immediate danger of having their livelihoods destroyed due to the COVID-19.<sup>9</sup> People of color are more likely to experience loss of work at this time, especially among Hispanic adults, of which 61% say that either they or someone in their family has lost a job or had a pay cut due to the pandemic. (See [Figure 2](#).) We also know that while Black individuals account for

just 18% of the population, this group accounted for 33% of the patients hospitalized for COVID-19 in March.<sup>10</sup>

Against this backdrop, this report is intended to help corporate citizenship professionals better understand the context in which their firms operate with regards to diversity, equity, and inclusion (DEI)—from historic foundations, to present actions and future trends. It will help corporate professionals continue to make the business case, not just for value of DEI in general, but also provide tips and best practices for gaining buy-in for initiatives across different departments. Finally, the report will provide tactical next steps for companies to operationalize DEI practices as a critical means to achieve equity and engage employees.

**FIGURE 2**  
People of color more likely to have suffered economically due to COVID-19



Source: Pew Research Center



# Howmet Aerospace: Diversity and inclusion engineered

To recruit, attract, develop, and retain world-class talent, Howmet Aerospace has created a culture that embraces diversity, drives inclusion, and empowers and engages employees. While it separated from Arconic earlier this year, Howmet continues and builds on its legacy of inclusion by providing learning and development opportunities and equipping managers to provide ongoing coaching and feedback so employees maximize their performance and potential, delivering success back to the company.

Howmet's global network of employee resource groups (ERGs) brings together individuals with common backgrounds and interests—from ethnicity, gender, and sexual orientation, to life experiences and career paths—to help employees support one another. ERGs are internal corporate networks dedicated to fostering unity among employees of similar background and their allies, as well as building connections among employees and in the communities where Howmet operates. These ERGs help drive employee engagement through community outreach around science, technology, engineering, and mathematics (STEM) education; provide learning and development opportunities for employees; and inform company policies around diversity and inclusion.

Each of Howmet's six ERGs brings together individuals with common interests for community building, networking, mentorships, volunteering, recruiting outreach, and more. In addition to the collaboration and support each group offers its members individually, ERGs also come together to improve Howmet, its local communities, and the world. They share best practices, brainstorm ideas, and participate in training. Howmet's ERGs include the Howmet African Heritage Network, Howmet Hispanic Network, Howmet Next Generation Network, Howmet Pride Network, Howmet Veterans Network, and Howmet Women's Network.

The Howmet African Heritage Network serves as a vital resource for people of African heritage and the broader organization. The company sponsors mentoring programs, professional training and webinars, career development and networking events, employee engagement opportunities and volunteer activities aimed at empowering members to reach their full potential. Howmet also collaborates with the National Society of Black Engineers and Howard University, one of the country's premier historically Black universities, to advance the academic and professional success of African heritage students and professionals.

Similarly, founded in 2016, the Howmet Hispanic Network has hundreds of members working to celebrate Hispanic culture, support the attraction, retention and development of Hispanic employees and build external community partnerships that help support the STEM education and career success of Hispanics broadly. The Howmet



**Employee resource groups (ERGs) at Howmet create an environment of belonging and inclusion, reflecting an inclusive, respectful and values-based company culture.**

Hispanic Network hosts *conociéndonos*, or “getting to know each other” events, that offer Hispanic perspectives on leadership. And network leadership participates in conferences and panel discussions with community partners on issues relevant to the Hispanic community.

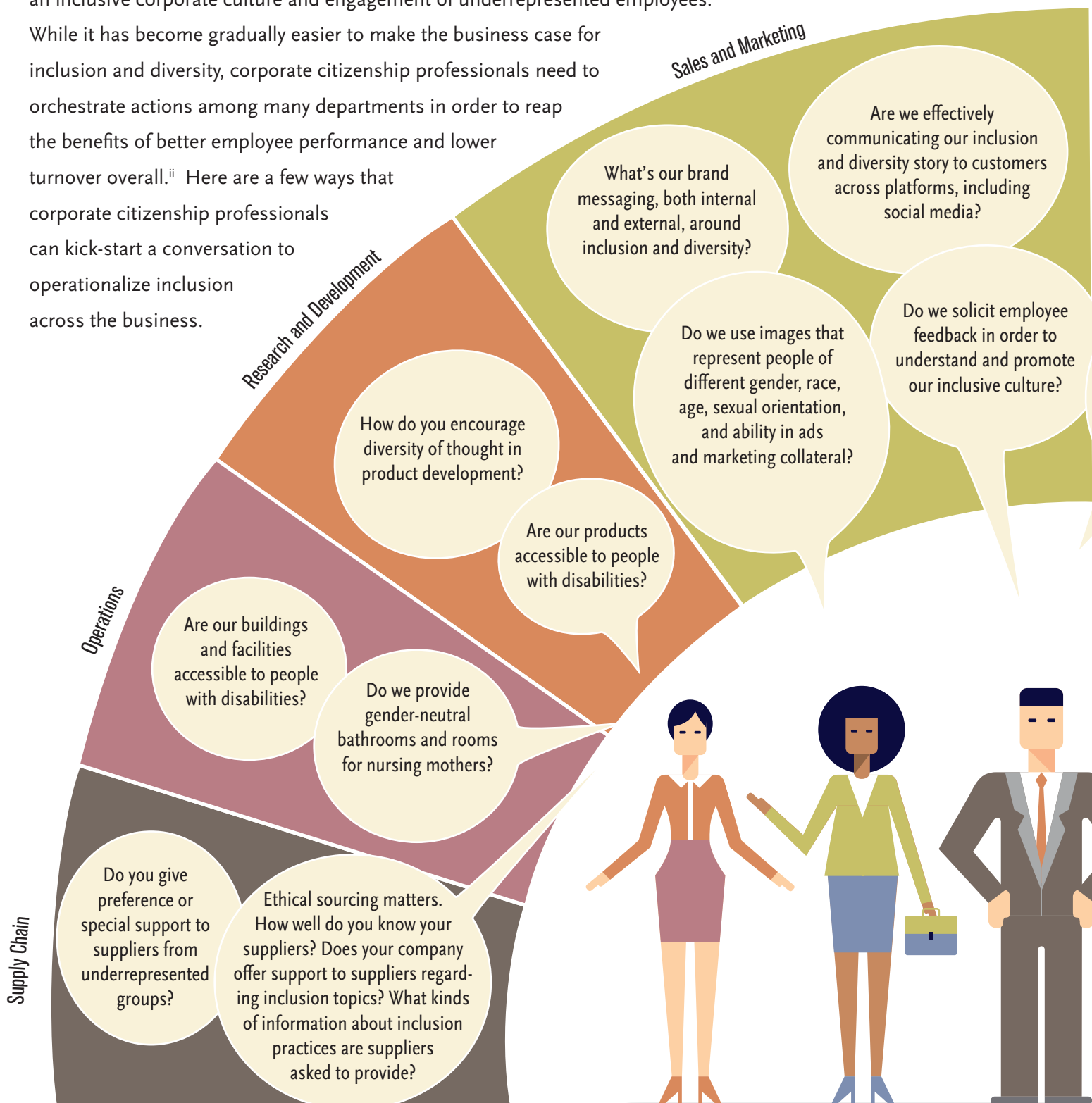
Howmet Pride Network (previously known as EAGLE) is Howmet's network of lesbian, gay, bisexual, and transgender (LGBT) employees and their allies. Howmet Pride Network works to create an affirming work environment where all employees are empowered to reach their full career potential while bringing their “whole selves” to work. Howmet Pride Network has been instrumental in driving policy changes such as an expansion of domestic partnership and transgender health care benefits. For several consecutive years, Howmet has proudly received a perfect score on the Human Rights Campaign Corporate Equality Index, a U.S. national benchmarking tool on corporate policies and practices pertinent to LGBTQ+ employees.

Such ERGs at Howmet create an environment of belonging and inclusion, reflecting an inclusive, respectful, and values-based company culture. Howmet firmly believes that by combining diverse voices, it is able to make an even greater impact.

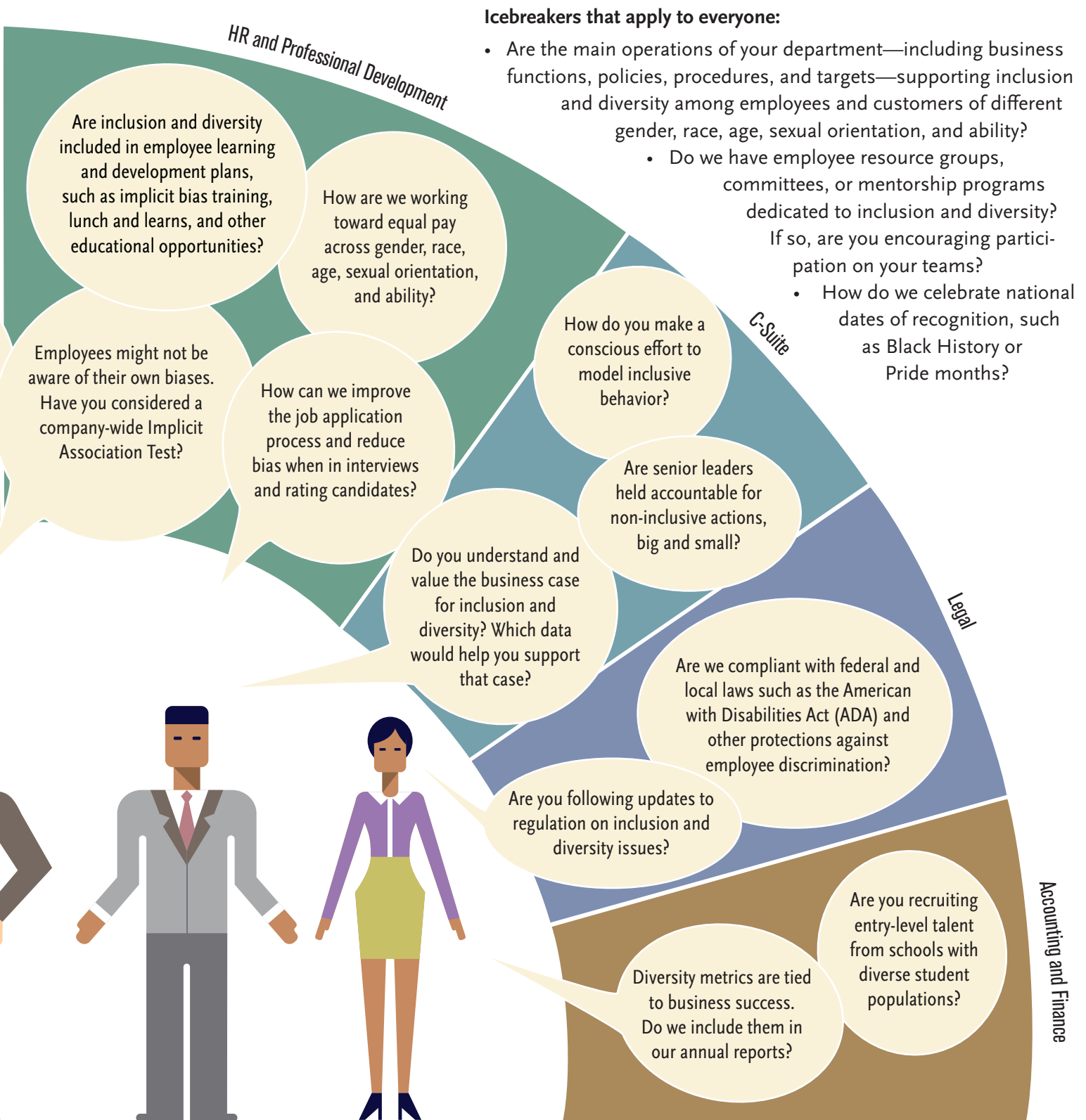
# Conversation Starters

Research shows that implementing inclusion and diversity policies and procedures contributes to both an inclusive corporate culture and engagement of underrepresented employees.<sup>i</sup>

While it has become gradually easier to make the business case for inclusion and diversity, corporate citizenship professionals need to orchestrate actions among many departments in order to reap the benefits of better employee performance and lower turnover overall.<sup>ii</sup> Here are a few ways that corporate citizenship professionals can kick-start a conversation to operationalize inclusion across the business.







# Communicate value across departments

Corporate citizenship professionals play a key role in promoting diverse and inclusive practices across their companies. By partnering with other business units, you can support employee resource groups (ERGs), mentorship programs, and other initiatives that foster the connection, development, and advancement of underrepresented groups. As a citizenship leader you can connect with counterparts across the organization to help develop and execute a strategy improving diversity, equity, and inclusion (DEI).

## BENEFITS OF DEI

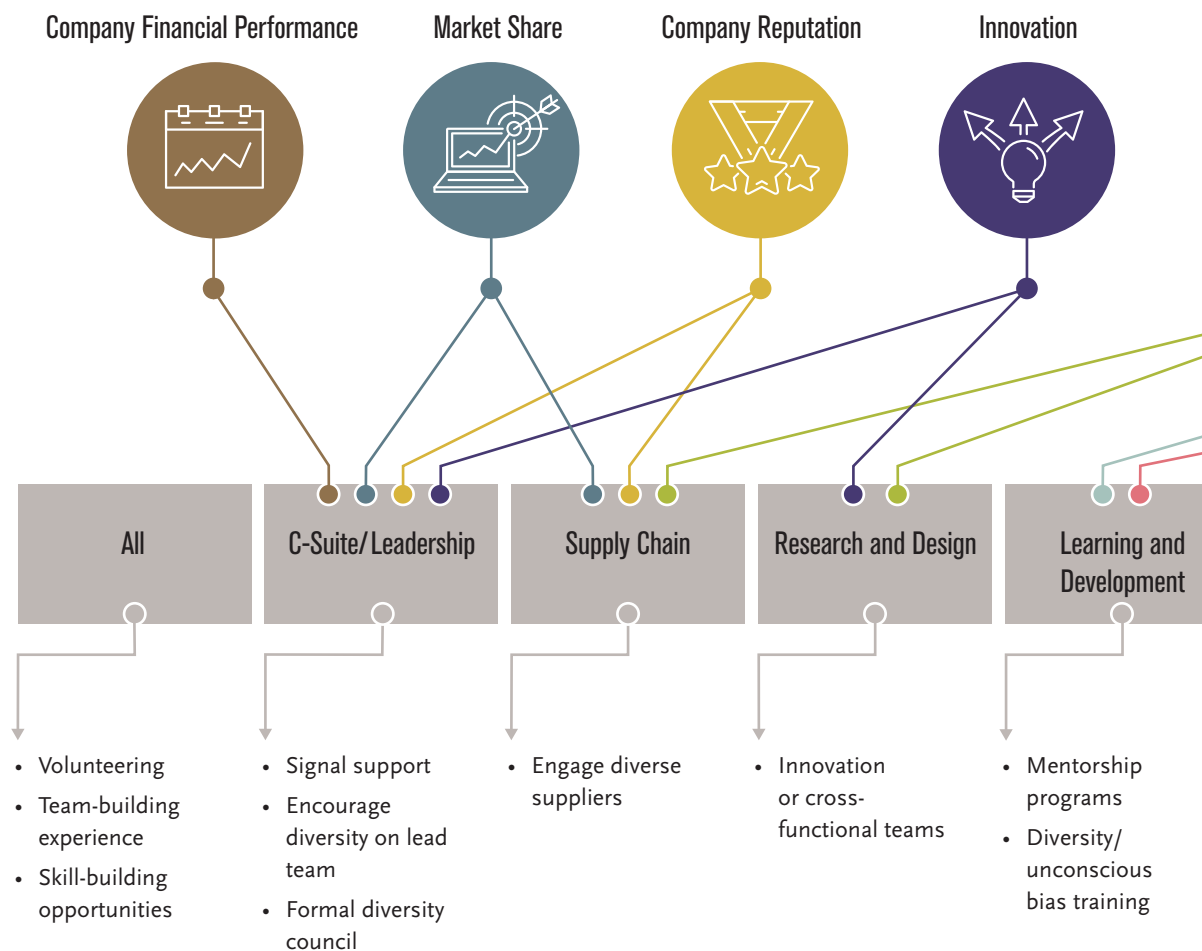
Highly diverse and inclusive businesses perform better on a variety of business dimensions, which corporate citizenship professionals should bring up in conversation with their colleagues across the firm.

## DEPARTMENTS INVOLVED

Depending on audience, corporate citizenship professionals should emphasize benefit(s) of DEI that are most pressing to the department's motivations and needs.

## ACTIVITIES

Corporate citizenship professionals should explore ways to support and coordinate these activities, which are traditionally handled by other corporate departments.



### Value Drivers: Fast Facts

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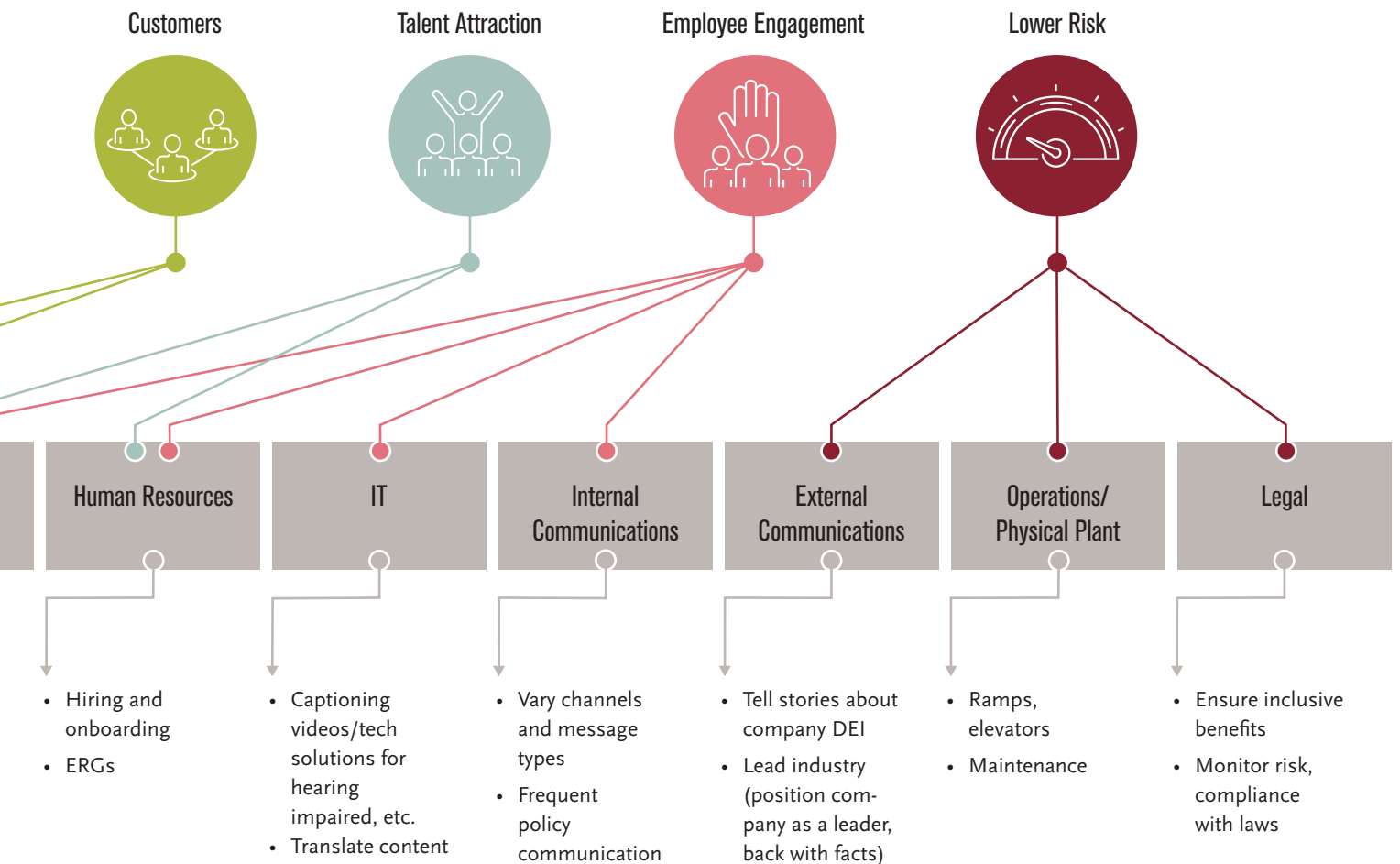
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## Value Drivers: Fast Facts

✓ Publicly traded companies employing a workforce with diverse inherent characteristics and managers with numerous cultural experiences are more likely to expand their market.<sup>i</sup>

✓ Racially diverse management teams in high growth potential industries initiate more competitive actions such as new products, product improvements, price cuts, new advertising campaigns, and new market entries.<sup>ii</sup>

✓ Employees are more engaged when they feel valued for their distinct contributions and are given equal opportunity to perform and develop. Increased engagement reduces turnover, which, in turn, translates to increased customer satisfaction.<sup>iii</sup>



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### Innovation

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### Employee Engagement

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Based in the **Carroll School of Management**, the Boston College Center for Corporate Citizenship combines the most valuable aspects of a professional community and the resources of a leading academic institution for our members. We integrate the perspectives and experience of some of the leading corporate citizenship professionals in the field today with management best practices, helping you align your corporate citizenship objectives and business goals. Center resources support positive outcomes for your functional area, your organization as a whole, and for you as a leader.

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