Diversity, Equity and Inclusion as a key retention strategy

QuestionPro Workforce

EQ Community

EXECUTIVE SUMMARY

The U.S. labor market is experiencing one of the most chaotic moments in history. While news of layoffs fill the media, both high turnover and demand that favors candidates continue despite a looming recession[1].

These changes have greatly hindered diversity, equity and inclusion (DEI) progress that organizations have been working towards over the last years. For example, since 2020 a growing number of women have been exiting the workforce, and the increased stress those who stayed faced[2] has been threatening to undo much of the DEI progress achieved in recent years. In 2022 the White House, for example, praised for having exceptionally diverse staff, has suffered an exodus of black employees[3], and across workplaces high attrition risk for women of color[4] surfaced as a significant challenge. Near the end of 2022 we saw that women managers have been quitting their jobs at record rates[5] throughout the year.

What this amounts to for 2023 is immense pressure on organizations to deliver on DEI. To contribute to this important conversation, QuestionPro and EQ Community partnered to gather deeper insights into DEI in the workplace, and what organizations can do to better attract and retain diverse talent.

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[1] Fall 2022 Fortune/Deloitte CEO Survey
[2] Gallup - Gender Gap in Worker Burnout Widened Amid the Pandemic
[3] Politico - Biden sees exodus of Black staffers and some frustration among those who remain
[4] McKinsey&Company - Why women of color are leaving, and how to rethink your DE&I strategy
[5] Lean In - Women in the workplace

Whereas 70% of employees indicated their experience working for their current company was overall positive, on average 60% said they were satisfied with DEI efforts at their company.

Key DEI areas where employees were rarely satisfied with their company's performance were **diversity of top leadership (57%), amount of action being taken to foster inclusivity (57%), and how frequently the company discussed the importance of diversity (52%).**

Key DEI areas where employees were rarely satisfied with their company's performance

57%
Diversity of top leadership

57%
Action being taken to foster inclusivity

52%
How frequently the company discussed the importance of diversity
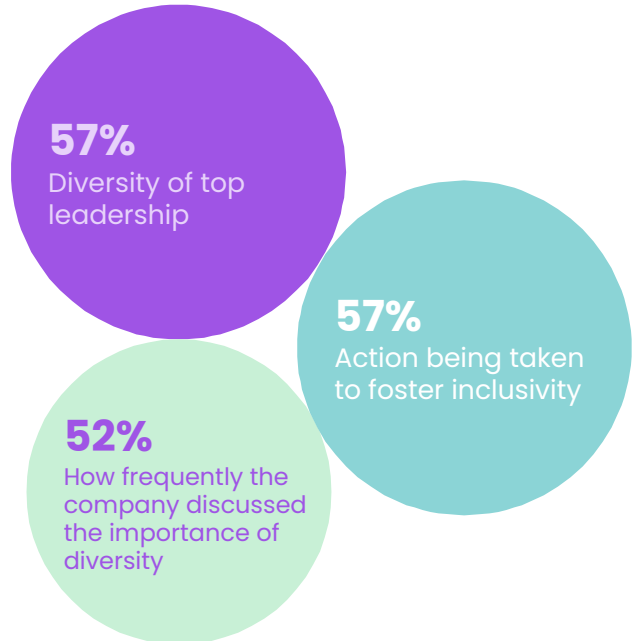
At the same time, employees have a strong desire for more inclusive environments, with **37% of workers overall, 45% of Black workers, and 54% of managers indicating they would switch jobs to be part of a more inclusive culture.**

37% Overall

45% Black

54% Managers

KEY INSIGHTS
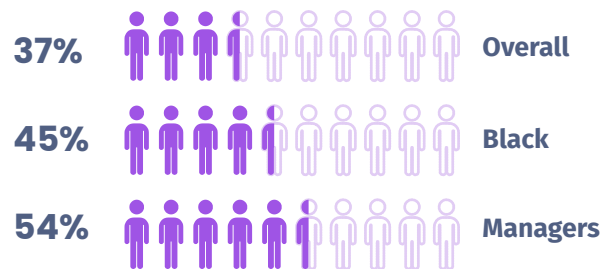
THE GREAT ROLE DEI PLAYS IN RETENTION

Keeping their best employees continues to be one of the key goals across organizations. While factors such as pay, benefits, and location are often examined as key drivers of turnover, we found that over a third of workers (37%) would consider leaving their current employer to be part of a more inclusive environment elsewhere. Even more Black workers shared this sentiment (45%) and over half of those in management positions (54%). The desire to be a part of a more inclusive culture is clearly an often overlooked factor by organizations as a reason for their workers to change employers.

Although an increasing number of HR leaders identify DEI as a top priority for their organization[6], many employers have yet to realize the magnitude of negative impact that not having a diverse and inclusive culture can have on employee retention. Companies usually commit to DEI goals for ethical reasons - because it's the right thing to do; or for business reasons - to access new talent pools or facilitate innovation. Many have seen modest progress[7], of which a lot has been undone during the pandemic. However, with DEI becoming so much more important for employees, this gives companies an additional reason to make it a central part of their employee value proposition.

37%

would consider leaving their current employer to be part of a more inclusive environment

[6] Gartner - Innovation Insight for Diversity, Equity and Inclusion Technologies to Power Organizations Beyond Resilience

[7] Catalyst - Despite Modest Gains, Women and People of Color See Little Change in Representation on Fortune 500 Boards

WHERE DO WE STAND WITH DEI TODAY?

We were encouraged to see that a great number of workers had a very positive experience and found great value in working with colleagues of different backgrounds.

92% had a **positive experience** working with colleagues of different backgrounds across their career.

90% **enjoy learning** from colleagues from different perspectives, and this was consistent across race/ethnicity.
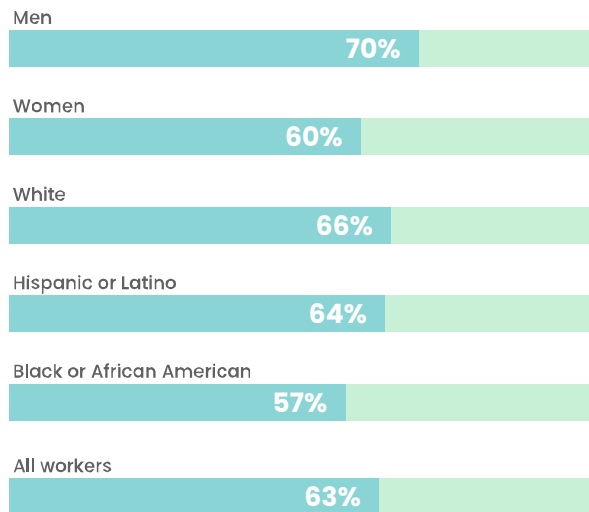
87% have **learned a great deal** from colleagues who had a different background than theirs.

83% **find it easy to work** with colleagues that have different perspectives.

While workers say they have a positive experience and see value in collaborating with colleagues of different backgrounds, organizations still have a great opportunity to create cultures, especially ones that better support DEI initiatives. Just over 2 out of 3 employees (70%) said they had a positive experience working for their current organization.

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Satisfaction with DEI inside their organizations was even lower. Only 63% of workers were satisfied with how inclusive their company is, with Black workers expressing even less satisfaction (57%) compared to Latinos (64%) and Whites (66%). Women (60%) were also less satisfied with how inclusive their employer organization was compared to Men (70%).
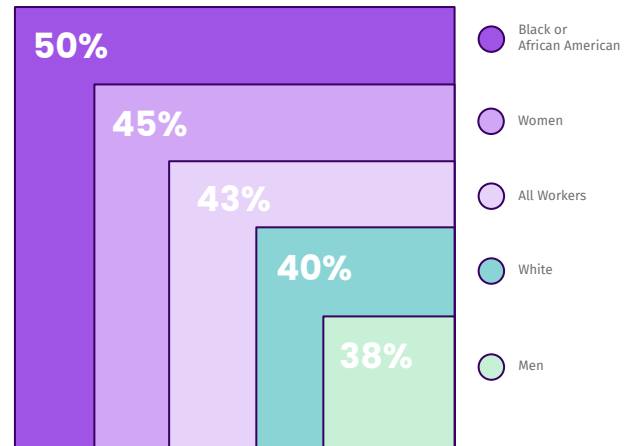
Employees who are satisfied with how inclusive their company is

Men
70%

Women
60%

White
66%

Hispanic or Latino
64%

Black or African American
57%

All workers
63%

Now let's flip how we look at this data, and instead of looking at those who are satisfied, see how many people are not quite there yet.

Just under a half, or 43% of workers were anything but satisfied with how much action their employer was taking to foster an inclusive culture. The greatest lack of satisfaction was among Black and African American workers at 50%. Clearly there is ample opportunity to improve the perception around actions that organizations are taking to create and support inclusive environments.

Employees who are not satisfied with how much action is being taken to foster an inclusive culture inside their organization

- Black or African American — 50%
- Women — 45%
- All Workers — 43%
- White — 40%
- Men — 38%

That particularly so many Women, Latino, and Black employees say they are both dissatisfied with how inclusive their company is and ready to act on that dissatisfaction by changing jobs, should give pause. Women managers have already started to act on their dissatisfaction by leaving their jobs[8], with these data further suggesting that lower than expected inclusion will further eat away at diversity efforts over time.

It is important to remember that not all talent who leaves your organization, indeed likely not even the most of it, is leaving the labor market altogether. A significant number will go work elsewhere. If there ever was a business case for diversity, it's about to get stronger as these employees seek out companies with a better employee value proposition in terms of inclusion. This is why we expect the gap to become even wider between those companies who are ahead of the curve on DEI and better able to both attract and retain diverse employees, and those who are lagging behind.

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[8] McKinsey&Company – Women in the Workplace 2022

HOW CAN LEADERS
IMPACT DEI?

Huge opportunities in diversifying leadership teams remain

Many organizations who focus on DEI create a goal around the diversity makeup of their top leadership team. Our research shows that there is still a big opportunity to make improvements in this area as workers are generally not satisfied with the diversity they're seeing at the top management positions in their organizations.

Only 57% of workers were satisfied with how diverse their company's top leadership is. It was even lower for Women (55%) compared to Men (61%)

Employees who are satisfied with how diverse their top leadership is

61% MEN
55% WOMEN

|	
White	59%
Black or African American	57%
All workers	57%
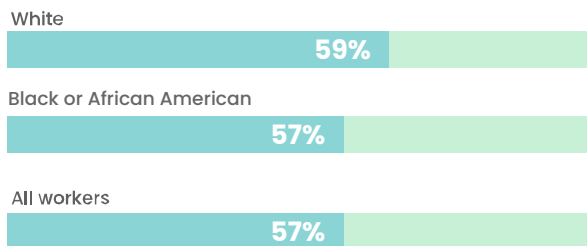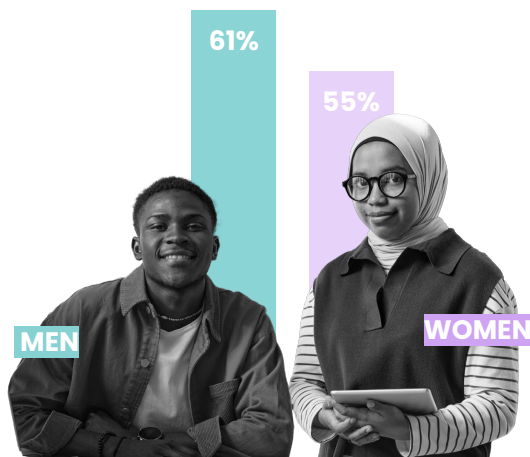
Diversity of top leadership (or lack thereof) remains one of the most talked about indicators of progress in an organization when it comes to DEI, and is equally visible for everyone inside the organization as it often is outside of it. A lack of diversity at the top usually reflects an equal or larger lack of diversity on the way there, with researchers pointing out a "broken rung," or disproportionate promotion into the lower level of management that carries over to all subsequent levels. It is important for companies that lack diversity at the top, and on the way there, to carefully evaluate both their retention, as well as their hiring strategy. Whether hired or promoted into a management position, research shows that teams led by managers with a diverse background are more inclusive, and become more diverse over time. When these leaders quit, this threatens to undo what they achieved. How well they are able to hold on to these valuable employees should thus be top of mind for organizations.

How managers can help their companies realize the impact of DEI initiatives

An inclusive workplace won't be born solely from organization-wide initiatives, or culture projects driven by HR departments. In fact, 70% of variability in individual employee engagement can be traced back to their manager[9]. This is one of the reasons why managers have the greatest opportunity to impact how inclusive their teams are, and in turn how inclusive their organization is as a whole.

Similar to the lack of satisfaction on the company-level effort that we shared earlier, 39% of workers were not satisfied with the effort their direct manager makes to create an inclusive team environment. The lack of satisfaction was greater among Black (44%) and Latino (46%) workers compared to Whites (36%), as well as Women (41%) compared to Men (34%).
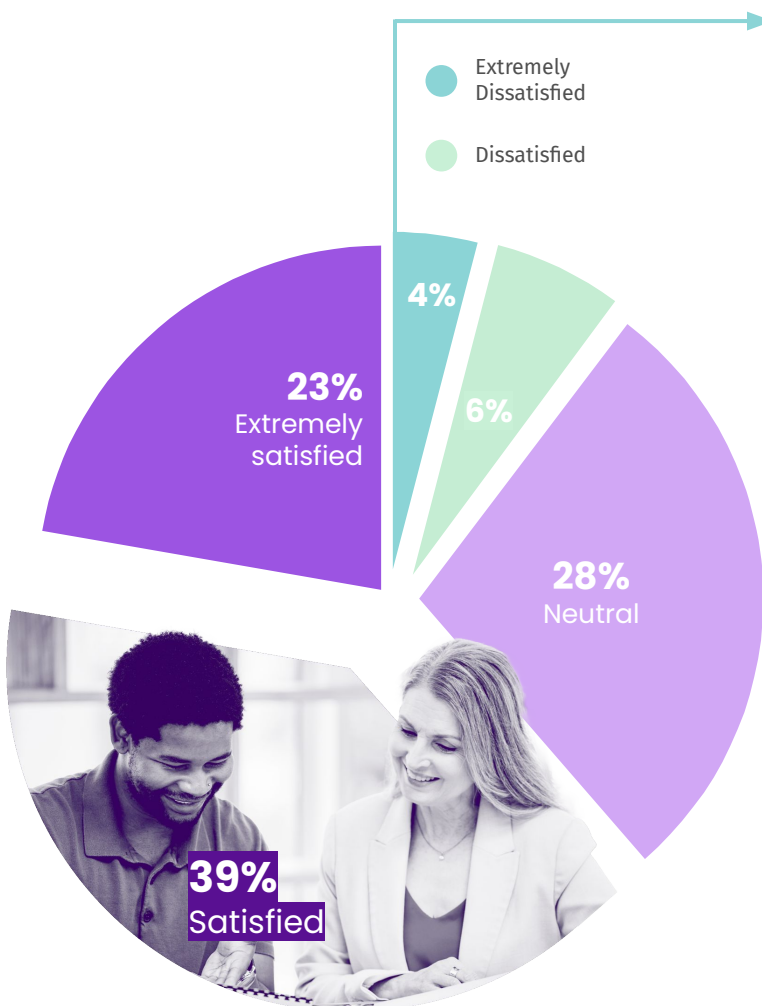
Extremely Dissatisfied

Dissatisfied

4%

6%

23%
Extremely satisfied

28%
Neutral

39%
Satisfied

The effort your direct manager makes to create an inclusive environment

Employees who are not satisfied with the effort their direct manager makes to create an inclusive environment

Men	**34%**
Women	**41%**
White	**36%**
Black or African American	**44%**
Hispanic or Latino	**46%**
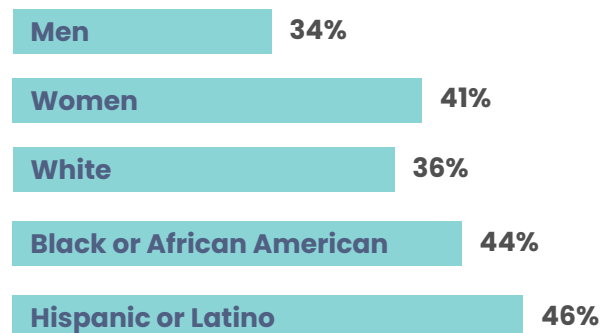
Oftentimes organizations are not fully attuned with what it is that their people are looking for professionally, and hence they don't know how to effectively communicate if it is truly available in their organization. When this information is not effectively exchanged, and people are not aware of the opportunities available in their organizations for long enough, they will look to leave, and at the point they have decided to look externally it may be too late to get them to change their minds and stay.

[9] Gallup - Managers Account for 70% of Variance in Employee Engagement

It is incredibly important to listen when your team speaks up

As the saying goes, leaders who don't listen will eventually be surrounded by people who have nothing to say. People are not wrong to leave teams (and workplaces) where their contribution is not acknowledged. Yet, only 65% of workers said that their opinion is taken into account when they speak up. That means 35% of the workforce does not feel seen and heard.

When I speak up, my opinion is taken into account.
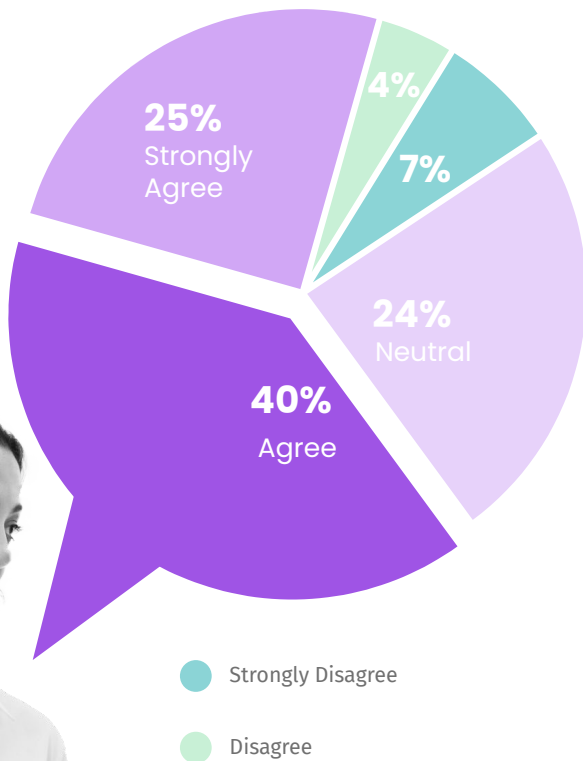
Digging deeper into the data, only 60% of Black and 60% of Latino employees say their opinion is taken into account when they speak up, compared to 68% of White workers, and only 61% of Women compared to 72% of Men. However, the strongest difference was between Individual Contributors (58%) and Managers (76%). Because those in management positions have their opinions taken into account more, they also have a unique opportunity to elevate others and amplify their voice. They can't do that if they themselves don't take the opinions of their team members into account.

When I speak up, my opinion is taken into account.

25% Strongly Agree

4%

7%

24% Neutral

40% Agree

● Strongly Disagree

● Disagree

72% MEN

61% WOMEN

76% MANAGERS

58% INDIVIDUAL CONTRIBUTORS
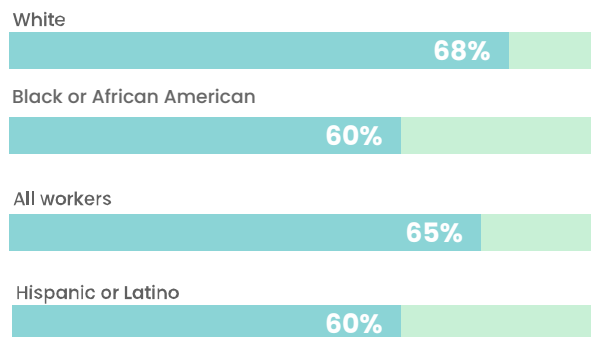
White **68%**

Black or African American **60%**

All workers **65%**

Hispanic or Latino **60%**

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64%

of workers felt that they have the same advancement opportunities as others in the organization.

Career advancement as a priority for DEI programs

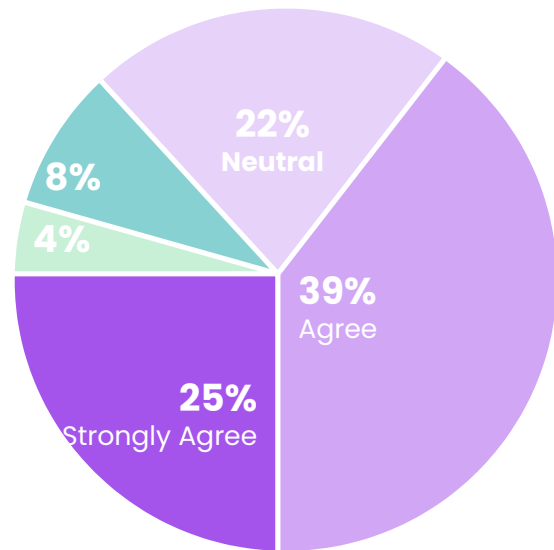A lack of advancement opportunities is another key reason people leave organizations, and we found that only 64% of workers felt that they have the same advancement opportunities as others in the organization.

I have the same advancement opportunities as others in the organization.
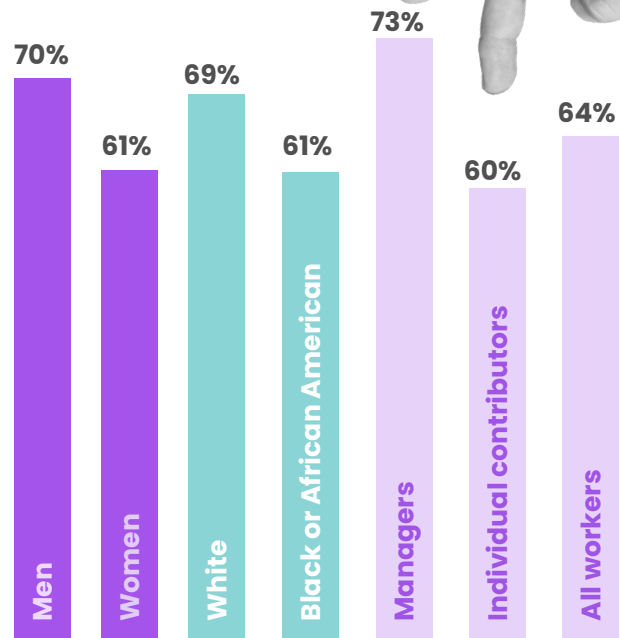

22% Neutral

8%

4%

39% Agree

25% Strongly Agree

Strongly Disagree   Disagree

This trailed lower for Black employees (61%) compared to Whites (69%); it also trailed lower for Women (61%) compared to Men (70%), as well as Individual Contributors (60%) compared to Managers (73%)

One of the most important things companies can do to prevent feelings of favoritism or discrimination is to be transparent with employees about criteria for promotion ahead of time. When these criteria are not communicated early on, they can be viewed as after-the-fact justifications for bias. In turn, knowing that the company strives to promote based on objective criteria rather than subjective opinions or biases, and knowing what those criteria are, will help foster a sense of fairness. When employees are aware of the criteria that will be used to evaluate them, they can better understand what's expected of them and how they can work toward meeting those expectations. This can also help motivate them to perform at their best and to strive for professional growth.

I have the same advancement opportunities as others in the organization.

Men	Women	White	Black or African American	Managers	Individual contributors	All workers
70%	61%	69%	61%	73%	60%	64%

In order to ensure that the promotion criteria they establish are actually fair and equitable, it is important for companies to establish a system to periodically review on the one hand the promotion criteria and on the other how they are applied, to more carefully scrutinize them for bias. Communicating internally that this is being done and how is also an important way for companies to continue to gain the trust of their employees.

How we work has changed significantly in the last couple of years, and so far data points to these changes only accelerating. Being able to effectively create an inclusive culture on their teams may be challenging for managers who are adjusting to the different market dynamics at the same time as their teams are. This is where human resource, culture, diversity & inclusion teams and similar can play an important role, by helping to educate and train all leaders on the most effective strategies that are working today to help create more inclusive environments.
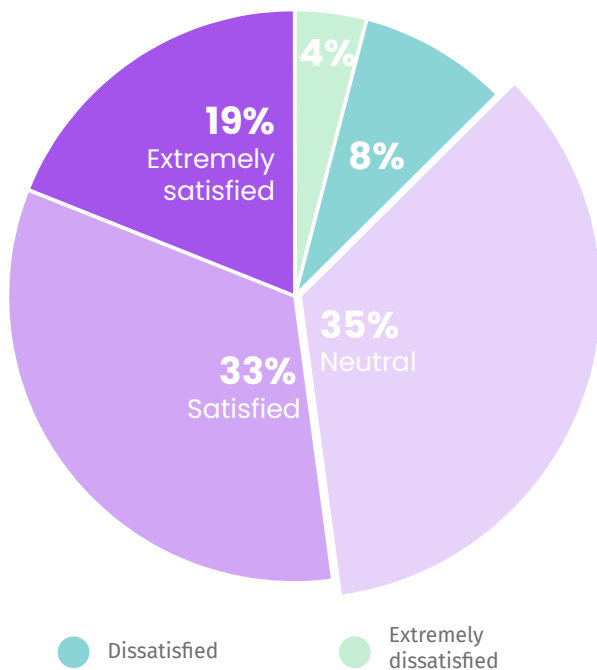
COMMUNICATION ABOUT DEI **NEEDS TO BE A DIALOGUE TO BE EFFECTIVE**

When it comes to effective communication for DEI efforts it's both about employers communicating their intention and progress, as well as about involving their employees in the initiatives and giving them direct ability to make a significant difference.

Do workers feel included in conversations about DEI? Just over a half (52%) said they were satisfied with **how frequently their company discusses the importance of diversity**.

Employees who are satisfied with how frequently their company discusses the importance of diversity by demographics

Men	57%
Women	50%
White	55%
Black or African American	48%
Hispanic or Latino	46%

How satisfied workers are with how frequently their company discusses the importance of diversity

- **19%** Extremely satisfied
- **4%**
- **8%**
- **35%** Neutral
- **33%** Satisfied
- Dissatisfied
- Extremely dissatisfied

Involving employees in the DEI process as active participants, as opposed to the mere recipients of DEI initiatives, can make a lot of difference. Giving employees the opportunity to contribute to the conversation where they are concerned is especially important for the success of any initiative. This includes determining shared goals, deciding appropriate action on them, and keeping everyone accountable for the results.

Here too we saw that fewer Black (48%) and Latino employees (46%) were satisfied compared to Whites (55%). And fewer Women were satisfied (50%) compared to Men (57%).

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MAKING A
BIG DIFFERENCE
AHEAD

The way we work is continuously evolving. QuestionPro and EQ Community conducted this research across hundreds of organizations to best understand DEI efforts in the U.S. today. We hope that this data and insights ignite your passion to take even greater action inside your own organization.

So, what do you do from here? While this report shines light on general patterns across the country, each organization has its own unique culture and is in a different stage of its DEI journey. This is why we believe looking at your own organization's data will help you even better understand where you stand, and the greatest areas of strength as well as opportunity.

Whether you're looking at existing data, or planning to survey your employees, keep in mind what is most important to your specific culture, and how DEI initiatives tie in to your unique organizational values. It is impossible for each organization to excel in every aspect of DEI overnight. This is why choosing specific targets will give you focus, and placing your energy there will give you the greatest chance at advancement.

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Based on our experience, we suggest a few key areas of focus.

1

Excel at onboarding. Regardless of the robustness of your recruitment strategy, talent will always have limited visibility into what it's truly like to work for your organization until they actually start. This is why preparing a strong onboarding, and having frequent checkpoints (these can effectively be done through surveys) during the process is critical in making sure that you are providing an inclusive environment for your new starters. We would recommend checking in very early in the process, as early as the first week, and having meaningful touchpoints over the first quarter, as each phase of the journey can have a different impact on the new employee.

2

Experiment with initiatives. There is a huge opportunity to advance DEI across organizations. But of course, making significant gains doesn't come easy. Try different initiatives tied to the goals you set up, involve employees across the organization to help you, and check in with the wider employee-base to see how you're doing, what is going well and what you can adjust. Getting employee input will make a huge difference and give you great information on how to advance, and even whether to stop a particular initiative. Make sure to have a mindset that not every initiative will have a big impact on DEI, but it's important to learn from each one, because that in itself has big value.

3

Know the reasons why employees leave. One of the key findings from this study is that a large number of workers would leave their employer to be a part of a more inclusive culture. Yet, in exit surveys when organizations ask their employees why they are leaving, they rarely include this as one of the determining factors. We would suggest adding this desire for an inclusive culture as a reason for leaving in your exit surveys. It is a really strong data point that can be used with leadership and various stakeholders to get buy-in for additional effort and resources for DEI initiatives.
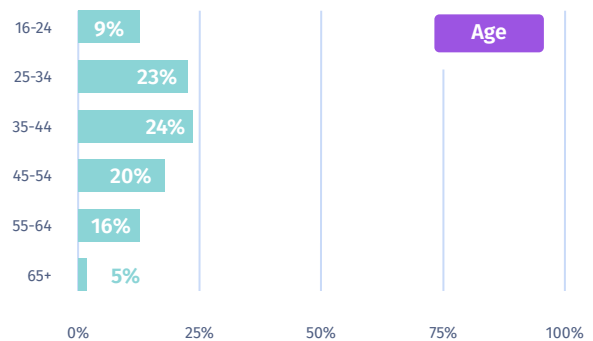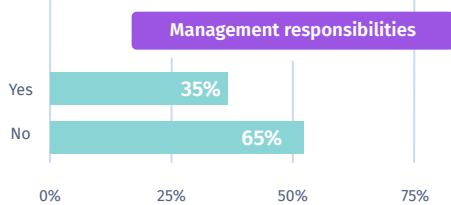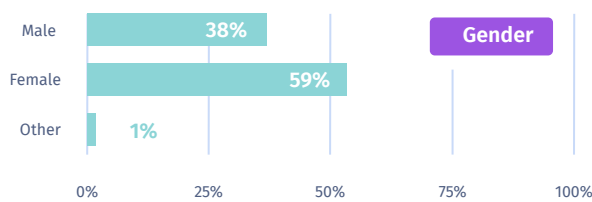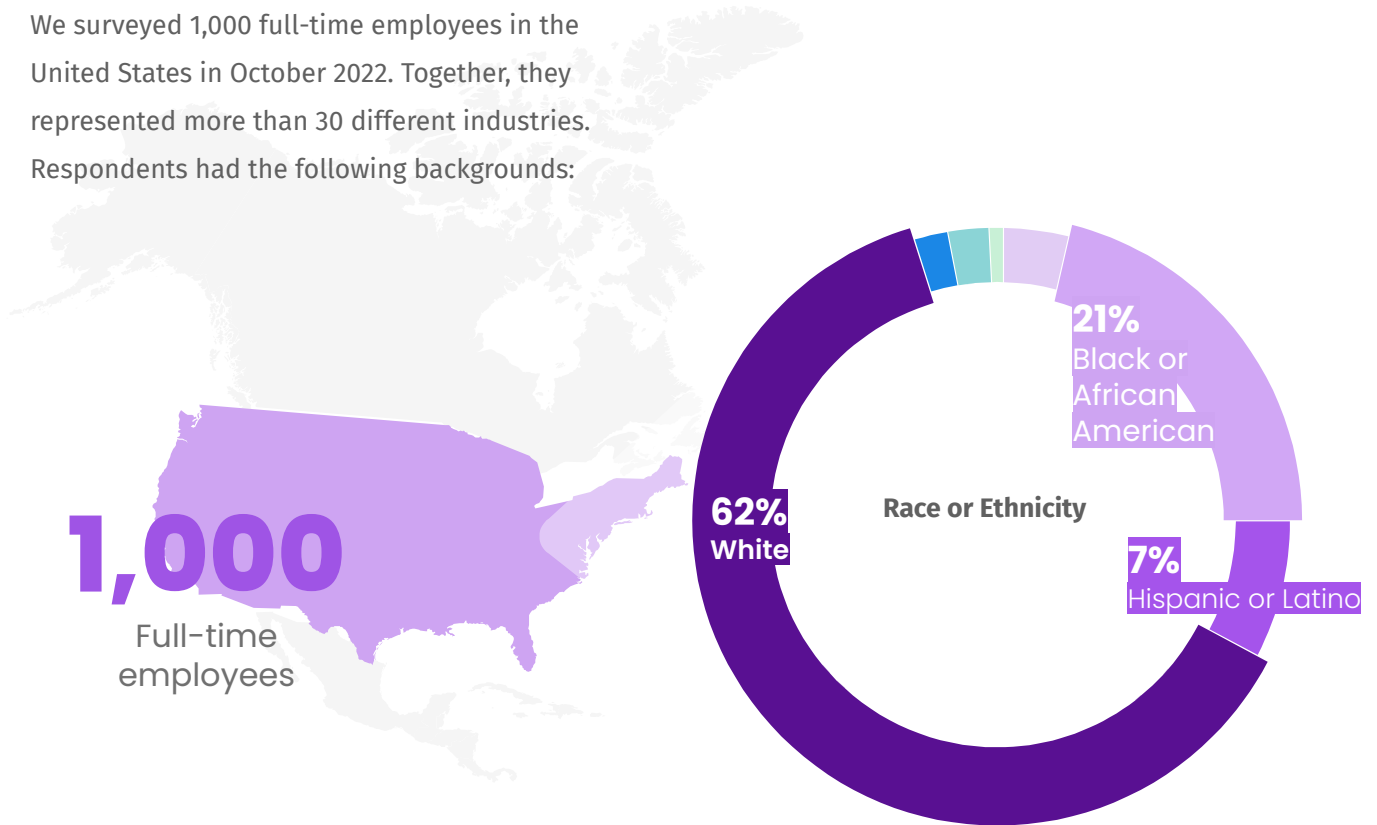
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4

Lead by example. Having a diverse leadership team gives workers optimism about their own chances of growing and advancing inside the organization. Also, leaders with diverse backgrounds can bring additional perspectives for how to effectively advance DEI efforts across the organization and grow executive support and buy-in for the initiatives. These are some of the key reasons why either promoting diverse leaders from within, or bringing them from outside the organization, should be an important priority for organizations.

Of course there are various other paths you can take to advance DEI inside your organization, these are just a few we have seen have greater chances of making a significant impact for a wider variety of organizations in the near term. If you would like to talk about and get input on your unique journey do not hesitate to reach out to us, we are so glad that you are taking this critical step in making your organization more diverse, equitable and inclusive.

ABOUT
THE STUDY

We surveyed 1,000 full-time employees in the United States in October 2022. Together, they represented more than 30 different industries. Respondents had the following backgrounds:

1,000
Full-time employees

Race or Ethnicity

- **62%** White
- **21%** Black or African American
- **7%** Hispanic or Latino

Gender

- Male **38%**
- Female **59%**
- Other **1%**

0% 25% 50% 75% 100%

Management responsibilities

- Yes **35%**
- No **65%**

0% 25% 50% 75%

Age

- 16-24 **9%**
- 25-34 **23%**
- 35-44 **24%**
- 45-54 **20%**
- 55-64 **16%**
- 65+ **5%**

0% 25% 50% 75% 100%

QuestionPro Workforce

QuestionPro Workforce, a division of QuestionPro, partners with organizations globally to help them create the best employee listening strategy. Coupling our deep market expertise with a market-leading survey and analytics platform makes us partners of choice for our clients to help them build exceptional culture and drive the best kind of organizational change. With our Empathy at Scale philosophy, we are fully committed with accompanying employers on the mission to make the world of work better.

Learn more at

www.questionpro.com/workforce

Professionals have a place to connect with people that care about helping each other progress & accessing to exclusive opportunities, e.g roles (usually under the radar for POC) - particularly Board & Senior level roles. We ensure that professionals benefit from these opportunities, EQ is a community that looks out for each other, where you can share and learn in a safe space.

EQ Community

Learn more at

https://www.eq.community/