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Prioritizing DEI During Times of Economic Uncertainty

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In the past few years DEI has been top of mind for boardrooms, C-suites, and your employees, with many companies making large, public pledges about how much they'll invest. But as the threat of a global recession looms, are companies meeting those promises?

The short answer: no. According to a 2023 report from DDI, a global leadership consulting firm, there's been "an 18% decrease in leaders' endorsement of their companies' overall DEI efforts in the last two years. In addition, the data showed that the number of companies that didn't offer DEI programs increased from 15% in 2020 to 20%."

While the short-term savings of reducing investment in DEI may seem appealing, the long-term damage to your company culture, hiring, and yes, even profit, is not worth it.

The declining DEI job market

- DEI roles are diminishing at a faster pace than non-DEI roles, beginning in 2021 and continuing to accelerate during layoffs in 2022. Across all companies, DEI roles tend to have more employee turnover.
- More than 300 DEI professionals have left companies that have experienced recent layoffs, sometimes amounting to the exodus of entire diversity teams.
- Companies with DEI teams tend to have more diverse new hires and higher employee satisfaction.

Source: “Cutting Costs at the Expense of Diversity,” Revilo Labs, 2023

Why should you invest in DEI?

Getting DEI right is inherently good for the employee experience. The more people feel they are valued and belong in your organization, the more committed they are to the overall mission and goals.

Numerous studies demonstrate the business benefits of diversity, equity, and inclusion, but here are a few of note:

Retention: According to Workhuman® research, 72% of employees say DEI is somewhat to very important to them in terms of staying at their job.

Innovation: The International Labour Organization found companies that establish inclusive business cultures and policies see a 59% increase in creativity, innovation, and openness, and 38% better assessment of consumer interest and demand.

Absenteeism: Deloitte research found that a 10% improvement in perceptions of inclusion reduces absenteeism, adding nearly one day a year in work attendance per employee.

The damage that not getting DEI right can do to your employee brand and culture could take years to come back from. As Khalil Smith, VP of inclusion, diversity, and engagement at Akamai, put it during the 2023 Workhuman Live conference:

“People talk about what’s going on in your company. And so, if you go out of your way to bring a bunch of people into what you know is a toxic environment or a suboptimal experience, not only do you lose them, but you’ll likely lose their networks as well. That’s why [at Akamai] we’ve really tried to think about these things more holistically, to just pause for a moment and instead of taking a bunch of action, let’s be clear about what it is that we want to accomplish, because getting it wrong has a bunch of negative implications downstream.”

The time it takes to come back from that damage is not time you have. Glassdoor research found that when employees and job seekers aged 18-34 are considering a new job, 80% say that diversity, equity, and inclusion are very or somewhat important to them. This is a huge difference compared to the number of individuals aged 55-64 (67%) and 65-plus (61%).

Your future employees, managers, and leaders need you to commit to DEI now.

Interested in using recognition as a strategic tool to scale DEI for organizational impact? Contact us today or read more.

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