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## INSIDE & OUTSIDE YOUR COMPANY WALLS Employees and Candidates Are Watching

WORKFORCE  
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by David Cooper

# Diversity & Inclusion Are Crucial to Increasing Profits



**The global jury has spoken on the benefits of embracing diversity and inclusion (D&I) in the workplace, yet corporate America remains slow on the uptake. Year after year, more and more real-world evidence affirms that the bottom line grows when companies prioritize this initiative for equity and advancement – for their companies and their employees alike.**

Can D&I boost your profits? Yes, it can. Can it reduce or eliminate your challenges in the protracted talent acquisition crisis? Absolutely. Try on these statistics for the size of the potential impact on your organization:

- Companies with racially and ethnically diverse leadership and executive teams have a 36% higher likelihood of financially outperforming companies with little or no diversity.
- Diverse companies enjoy 2.3 times more cash flow per employee as compared to less inclusive, more monolithic work environments.
- Companies with greater gender diversity perform 15 to 21% better than companies with little or no gender diversity among staff members.
- A diverse workforce is a priority for 67% of job seekers when deciding where to work, and 50% of American employees want their company to invest more energy towards promoting diversity and inclusion.
- Diverse businesses are 70% more likely to capture new markets. And according to a report by the Harvard Business Review, diverse teams are also 45% more likely to grow their company's market share.

So, why is the majority of America's workforce still comprised of white people (78%), followed by people of Hispanic or Latino ethnicity (17%), and Black people (13%)?

McKinsey & Company has answers and they don't bode well for companies taking a laggardly approach to the D&I transformation.

### **A weakness that chips away at a company's strength...and future**

After following hundreds of companies from 2014 to 2020, McKinsey & Company found that slow growth in diversity masks a growing polarization among organizations, and that the polarization between high

and low performers is reflected in the increased likelihood of performance penalties. While most organizations they follow have made little progress, some are making impressive gains in diversity, particularly in executive teams. McKinsey says these winners "are adopting systematic, business-led approaches to inclusion and diversity."

The movement is not happening fast enough given the above statistics, and slowness especially has dire implications with the emergence of our next-generation workforce. According to the U.S. Census Bureau, population growth is fastest among minorities. Their 2020 estimation shows that 50% of U.S. children under 18 are members of ethnic minority groups. Projections estimate that over the

**The [D&I] movement is not happening fast enough given the statistics, and slowness especially has dire implications with the emergence of our next-generation workforce.**

next 10 years, people of color will represent the majority of the working class, comprising about two-thirds of the civilian labor force. And by 2050, immigrants and children of immigrants will represent approximately 83% of the U.S. working-age population.

Given today's already striking

dynamics, as well as the trajectory of U.S. demographics, companies must move toward D&I to ensure strong leadership and success remain intact.

### What are the defining characteristics of D&I?

Companies that are intentional and successful with D&I efforts are crystal clear on what they are doing and why. Consequently, their initiatives are extremely well thought out and, well, inclusive! There must be clarity, starting with a fundamental understanding of the concepts.

We hear and read a lot about diversity and inclusion in the workplace, as if it were a single concept or goal – when they are

age, gender, race, ethnicity, sexual orientation/gender identity, creed, cultural backgrounds, education levels and socioeconomic status.

- **Inclusion, on the other hand, represents how diversity is leveraged.** It is the overt action that is taken by a company to create a fair, equitable, healthy and high-performing organization or community where all individuals are respected, feel engaged and motivated, and their contributions toward meeting organizational and societal goals are valued.

### Does D&I go by any other name?

It sure does, and pro-diversity employers take their identities seriously, striving to live up to the meaning of each character in the acronym that defines their unique mission and goals.

Crescendo, provider of an AI-based learning suite designed for modern, agile workforces, brings clarity to the many terms employers are using today to define their values and commitment to diversity and inclusion.

“Which term or acronym should your company use?” Crescendo asks. It depends because every company is unique. In addition to D&I, here are a few more terms that are prevalent:

- **DEI:** diversity, equity and inclusion
- **DIB:** diversity, inclusion and belonging
- **JEDI:** justice, equity, diversity and inclusion



distinctly separate but wholly interdependent concepts:

- **Diversity in the workforce is much more wide-ranging than many think.** It is the dynamic that focuses on the many and specific cultural differences and makeups of groups. These include but are not limited to

Crescendo dissects each one to help companies choose the best fit for their organizations. They stress that “...it’s the work you do that matters, not the acronym you choose. In your decision to choose terminology that fits your company, ensure that there will always be continuous action that reflects the value of this terminology. For instance, if you decide to use ‘DEI’...reflect diversity, equity and inclusion at each leadership level.”

### Use trusted resources to guide and inspire your efforts

In its 2020 report – Diversity Wins: How Inclusion Matters – McKinsey & Company highlights best practices in five specific areas where companies should take bolder action to create a long-lasting, inclusive culture and promote inclusive behavior:

- 1. Ensure representation of diverse talent:** Advance diverse talent into executive, management, technical and board roles. Adopt a robust D&I business case. Think about which forms of diversity to prioritize (beyond gender and ethnicity). Use the right data-driven targets for the representation of diverse talent within the workforce.
- 2. Strengthen leadership accountability and capabilities:** Place core business leaders and managers at the heart of the D&I effort (not just

HR and resource group leaders) and hold all leaders to account for progress.

**3. Enable equality of opportunity through fairness and transparency:**

Ensure a level playing field in advancement and opportunity. Utilize analytics tools to show that promotions, pay processes and the criteria behind them are transparent and fair, and debias these processes.

**4. Promote openness and tackle microaggressions:** Adopt a zero-tolerance policy for discriminatory behavior (bullying, harassment), and help managers and staff identify and address these occurrences. Establish norms for open, welcoming behavior. Ask leaders and employees to assess each other on how they live up the policy.

**5. Foster belonging through support for multivariate diversity:** Build a culture where all employees feel they can bring their whole selves to work. Communicate commitments to multivariate forms of diversity to build connections with a wide range of people. Foster a sense of community and belonging and use internal surveys to assess progress.

The Centre for Global Inclusion, a nonprofit resource for research and education for individuals and organizations in their quest to improve diversity and inclusion practices, offers perhaps the most comprehensive recommendations and best practices. Their 2021 edition of [Global Diversity, Equity & Inclusion Benchmarks: Standards for Organizations Around the World](#) is helping companies worldwide achieve the following goals:

- Create more equitable and better-functioning organizations.
- Cultivate trust, acceptance, physical and psychological safety.
- Lead inclusively, respond with agility, and thrive through disruption.
- Embrace new ways to work, ever-changing technology, and artificial intelligence.
- Promote wellness and self-care as ingredients for lasting change.
- Contribute to creating a sustainable world that works for all.

**If you're not convinced, look at these 63 stats**

I began this article with a few significant statistics published in December by Zippia, the San Mateo-based company hailed as “the most credible career outcomes report because it uses uniform methodology over a longer period of time and employer-verified information provided by the federal government.” Zippia works to bring transparency to the job space by using machine learning and data aggregation. Their tools provide job seekers with unique resources, creating a more complete understanding of job titles, options and career pathways.

I highly recommend the full, data-packed research summary linked here to all business leaders. It is a deep dive on the realities of diversity in the American workforce, reflecting commitments across all 50 states and concluding that, “Although the American labor force is more diverse than ever before, issues surrounding workplace diversity continue to exist.”

**Emulate the best places to work and watch your profits grow**

You know who else knows the importance of diversity and inclusion in the workplace? Your employees probably do.

The organization called Great Place to Work is an authority on people analytics and workplace culture. Fortune and Great Place to Work have published the Best Companies list for 25 years. Check out [this year's list](#) to see what helps a company stand out. And yes, diversity is among the top attributes. Also, explore Best Place to Work's [For All™](#) series, a terrific resource for leaders on how to foster an environment where everyone has a purpose, can contribute new ideas, and has access to the resources they need to thrive within the organization.

“The business case is glaring,” says Miriam Lewis, chief inclusion officer for Principal. “Diverse companies with inclusive cultures outperform more homogenous companies. Revenue, market share, smarter teams, retention – there’s just no lack of evidence. While it’s always the right thing to do to have equity in our organizations, it’s also the profitable thing to do.”

**63 Diversity in the Workplace Statistics (2022): Facts You Need to Know**

# EVOLUTION OF THE OFFICE: IT'S ANYWHERE & EVERYWHERE

**W**hy is there such urgency to get workers back to the office? Unless I have been living in an alternate universe, companies operated just fine for decades using phones, email, audio/visual and other electronic means to conduct business with their people, customers and partners. Texting was also around long before the pandemic. What about businesses with more than one physical location? Electronic tools have facilitated daily interactions between decentralized employees, departments and offices for so long, it's hard to recall when they didn't.

I digress, but seriously, in both principle and practice, remote and hybrid work are not new concepts. It's just that today, embracing or shunning them can be the difference between confident forward motion or stepping off a cliff.

## **Corporate America has a new reality - and it's working**

Things will look different a year or two from now, but if you're planning a 100% return to

in-office attendance anytime soon, you will have trouble finding any assurance or proof that your plan can work. On the other hand, if you're considering whether to adopt, adjust or maintain your



# “There’s been a non-reversible shift in the way business is done thanks to the constraints of COVID-19,”

Alicia Dietsch,  
Senior Vice President,  
AT&T Business  
Marketing



sufficient connectivity. Work schedules, processes, oversight, policies and especially technology

of AT&T Business Marketing. “It’s clear that a successful talent program now requires a hybrid

work policy, but that policy needs to be supported by a strategic tech-first cultural reset to ensure business growth and competition. Firms need to ask themselves if they have the in-house expertise to achieve this, or whether it’s now time to go beyond a partner in remote infrastructure rollout to a partner in tech-first remote business strategy,” she added.

remote, hybrid or flexible work model, or a blend of these, you will find mountains of research-based evidence and real-world testimonies from other companies that confirm you’re on a good and viable track.

Over the past two years, the traditional working model for most companies has morphed into Venn diagrams, some simple, some complex, with interconnected employees, departments and divisions working from various locations to sustain the whole. People are successfully working from anywhere and everywhere... home, office, coffee shops, the park, mobile offices (vehicles), Costa Rica...wherever there is

all combine to enable the demonstrated transformation.

## **There isn’t a standard anymore, but hybrid is formally taking shape**

There is no one-size-fits-all for work models in today’s environment. The pandemic changed all that, and the reverberations keep shapeshifting our modern working models and cultures. That said, a new paradigm is pushing to the surface, but it’s going to take time – and technology.

### ■ **AT&T’s Take:**

According to The State of the Industry: Future of Work, a recent [survey](#) conducted by AT&T and Dubber Corporation, hybrid work will be the foremost working model by 2024 with 56% of work performed offsite. “There’s been a non-reversible shift in the way business is done thanks to the constraints of COVID-19,” says Alicia Dietsch, senior vice president

Artificial intelligence (AI) and machine learning (ML) were identified as the top transformative technologies in the survey, with their value identified in the areas of employee training, intelligent enterprise search and learning, and conversational help. The survey comprised 303 U.S.-based respondents, 87% above director level, across five key industries, with more than one million employees and 34% with companies over \$1B in revenue.

### ■ **Microsoft’s Take:**

Again, it’s hybrid. Based on findings from [Microsoft’s 2022 Work Trend Index](#), “...there’s no going back to the way it once was. Understanding and keeping pace with new [employee] expectations is a challenge facing every leader today – and one that will be key to making hybrid work work.” They surveyed 31,000 people in



31 countries and analyzed trillions of productivity signals in Microsoft 365 and labor trends on LinkedIn. “From the front lines to the C-suite, we explored leadership’s plans for the year ahead and got feedback on what employees want from their employers – what motivates them to stay or go, what they want out of an in-office experience and the role technology plays in creating a worthwhile work experience.”

Five key trends emerged for leaders in charting a course into the uncharted territory of hybrid. Visit the Microsoft link above for the big picture.

1. Employees have a new ‘worth it’ equation: What they want out of work and what they’re willing to sacrifice for a job has evolved.
2. Managers feel wedged between leadership and employee expectations.
3. Leaders need to make the office worth the commute.
4. Flexible work doesn’t have to mean ‘always on.’

5. Rebuilding social capital looks different in a hybrid world (restore and build relationships).

### **Here’s where things stand in the second quarter of 2022**

What has changed? What remains the same? Right now, returning to the way things were is a pipe dream for companies wanting full in-office attendance. The reasons are many. A multitude of genies flew out of the bottle during the pandemic and there’s no forcing them back in:

#### ■ **The biggest genie of all: Workers are not going to give it all up.**

The workforce found life-changing flexibility and freedom in remote and hybrid work during the pandemic, along with reduced stress, fuel savings and more personal and family time without daily commutes to and from work.

The benefits are dramatic and the sound of workers’ heels digging in (and walking out) are louder today than ever.

#### ■ **The pandemic is not over.**

New Covid-19 variants continue to emerge, presenting obstacles for companies and workers alike. Many employers are attempting to bring people back to the office but the threat of new waves is thwarting their efforts. Companies are also lacking in effective strategies for a successful return to the office, hybrid or not. Also, the workforce is more safety-conscious, prioritizing health and well-being and that of their families over their jobs.

#### ■ **The workforce has contracted.**

In addition to record quit rates among employees since 2020, the pandemic spurred a spectacular leap into entrepreneurship, putting another huge dent in a workforce rebound. Furloughed, laid-off, underpaid, overworked and otherwise unhappy people were pushed into freelance and contract work and many started businesses

– all prospects that most would not have entertained pre-pandemic. A [QuickBooks New Business Insights report](#) found that 83% of small business respondents say the pandemic both influenced and accelerated their startup plans. Even more significant, U.S. Census Bureau [data](#) projects that 17 million new small businesses will launch in 2022, compared to 4.3 million in 2020. In other words, employers need to build flexibility into work models to attract and keep talent.

receipts. They recently identified [25 companies](#) switching permanently to fully remote work. Among them are 3M, Twitter, Reddit, DropBox, Facebook/Meta, Hubspot, SAP and Spotify.

#### ■ **It's hybrid and quality of life for Google employees:**

In April, Google [announced](#) plans to invest \$9.5 billion in U.S. offices and data centers around the country this year. They are embracing a hybrid model,

calling for many employees to work in an office three days a week.

"It might seem counterintuitive to step up our investment in physical offices even as we embrace more

flexibility in how we work," Sundar Pichai, the CEO of Alphabet and Google said, adding, "Yet we believe it's more important than ever to invest in our campuses and that doing so will make for better products, a greater quality of life for our employees, and stronger communities."

#### ■ **Great Place to Work says hybrid is here to stay:**

Their [research](#) finds that three out of five Fortune 500 executives believe that up to 25% of their workforce will continue to work remotely full-time post-pandemic.

Hybrid is for government employees, too. In April, IRS Commissioner Charles Rettig [said](#) more than half of the agency's employees work full time from home. "53% of the employees are in a full-time telework capacity.

The rest of the employees either have a blended capacity or they are onsite," he said.

#### **Who are the holdouts and what's their prognosis?**

In March, CNBC [highlighted](#) a statistic from Microsoft's 2022 Work Trend Index revealing that about 50% of business leaders say their company already requires or plans to require employees return to in-person work full-time in the next year – a strategy that runs counter to the 52% of workers who are thinking of switching to a full-time remote or hybrid job this year.

"A lot of business leaders have told me that they don't believe in hybrid work, that it has no place in their culture," Elise Freedman, a workforce transformation practice leader at global consulting firm Korn Ferry who is helping companies coordinate their return-to-office plans, told CNBC Make It. "But the companies who push for a full return-to-office could see serious ramifications if they don't offer employees the kind of flexibility and environment they're asking for... they'll just leave," she said.

Enough said? Not quite.

"Going forward, place shouldn't matter, but flexibility should," says Great Place to Work CEO Michael C. Bush. "I don't think of the hybrid future as one of physical space. I think of it as really caring for people and giving them the flexibility that's needed to have a high sense of well-being."

I couldn't agree more.

## Employees have a new 'worth it' equation: What they want out of work and what they're willing to sacrifice for a job has evolved.

#### ■ **It's still a candidate's job market.**

This will be the case for some time to come. Today's workers wield the power in the hiring market, demanding higher wages, flexible work models, solid benefits and most important for many even above compensation is an employer with demonstrated values and that fosters a positive, diverse and inclusive company culture.

#### **Organizations are staying flex – some for good**

■ **Some are going fully remote:** From its vantage point as a job site providing remote, work-from-home and flexible job opportunities for the past 14 years, FlexJobs has a direct pulse on the work policies of employers large and small. They see many companies learning that permanent 100% remote work is the future of work. And they have



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