



What is Diversity, Equity, and Inclusion (DE&I)?

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What is Diversity, Equity, and Inclusion (DE&I)?

Diversity, equity, and inclusion are three closely linked values held by many organizations that are working to support diverse groups of individuals, including people of different races, genders, ethnicities, religions, abilities, and sexual orientations. You may hear references to both the terms DE&I and ED&I when discussing diversity initiatives. While both of these acronyms describe the concepts of diversity, equity, and inclusion, at the Center for Creative Leadership (CCL).

Diversity, as they say, is the life's spice. If diversity is another word for variety, how can it enhance or flavour the world?

Diversity: Through the lens of race, gender, ethnicity, ability, sexual orientation, neurodiversity, and more — it can help strengthen organizations, as studies have shown time and again. Very Simple, Diversity, Equity, and Inclusion (DE&I) is used to describe three values that many organizations today strive to embody to help meet the needs of people from all walks of life. While concepts such as biodiversity are important branches of the core idea of diversity.

Organisations that are diverse, equitable, and inclusive are better able to respond to challenges, win top talent, and meet the needs of different customer bases. With (DE&I) in mind, companies are considering how to better support employees. Over the past few years, many organisations have made strides to build diversity, equity, and inclusion into their hiring policies and practices.

What are the differences between diversity, equity, and inclusion?

Diversity, equity, and inclusion are often grouped together because they are interconnected, and it is only in combination that their true impact emerges. Some organisations include related concepts, such as belonging, in their (DE&I) strategies. But all of these terms are also easily misunderstood. It's important to grasp the individual meanings and implications of each of these terms:

Diversity refers to people who are represented in the workforce. Some examples of diversity in the workplace include:

Gender diversity: What constitutes the composition of men, women, and nonbinary people in a given population?

Age diversity: Is everyone in a group predominantly a generation, or is there a mix of ages?

Ethnic diversity: Do people in a group share common national traditions or cultures, or do they represent different backgrounds?

Physical abilities and neurodiversity: Are the perspectives of people with disabilities, explicit or not, taken into account?

These are a few of the most common examples, but what is considered diverse can be very diverse. Nobel laureate Richard Thaler mentioned this in an interview with McKinsey about defacing corporate prejudice. "There's a lot of talk about diversity these days," Thaler said. *"We tend to think about that in terms of things like racial diversity, gender diversity and*



ethnic diversity. Those things are all important. But it's important to have diversity in how people think."

Equity refers to treating everyone fairly so that norms, practices, and policies in place ensure identity does not predict opportunities or outcomes in the workplace. Equity differs from equality in a subtle but important way. While equality assumes that all people should be treated the same, equity considers a person's special circumstances, adjusting treatment accordingly so that the end result is equal.

Inclusion refers to how the workforce experiences the workplace and the extent to which organisations embrace all employees and allow them to make meaningful contributions. Companies intending to employ a diverse workforce must also strive to develop an inclusive culture, such that all employees feel their voices will be heard – crucial if organizations want to retain their talent and unlock the power of their diverse workforce.

The LGBTQ+ community is underrepresented in the workplace, especially at higher levels. As a result, many people feel like a "just" at work and are more likely to experience these violations; For example, they may feel unable to talk comfortably and openly about themselves or need to constantly correct assumptions about their personal lives.

Why is diversity important in the workplace?

The latest findings draw from a dataset covering 15 countries and more than 1,000 large companies, as well as research on employee sentiment, and the results, show a correlation between business performance and diversity. It should be noted that greater access to talent and increased employee engagement contribute to this performance effect. The business case for diversity is strong, and the relationship between diversity in executive teams and the ability to excel financially has become stronger over time.

Most employees support diversity, with overall sentiment about diversity 52% positive and 31% negative.

There is a clear correlation between diversity and business performance. Analysis of the 2019 data found that companies in the top quartile for gender diversity in executive teams were 25% more likely than companies in the fourth quartile to have above average returns (up from 21% in 2017 and 15% in 2014).

The greater the representatives of gender diversity, the higher the likelihood of superiority. For example, companies where more than 30% of executives are women are more likely to perform better than companies whose ratio ranges from only 10 to 30. The most gender-diverse companies found significantly different ability to excel—48%— than the least gender-diverse companies.

Progress on building a diverse workforce remains slow.

Despite employee support for diversity, there are high levels of negative sentiment about inclusion—namely, equality, openness, and belonging—especially around equality and equity of opportunity.

Even in a crisis, when business leaders may be tempted to shelve DE&I efforts to ensure a company's financial survival, it's still valuable to prioritize diversity, equity, and inclusion.



What other benefits can organizations realize from inclusion and diversity?

In addition to profitability, there are five key areas in which inclusion and diversity can significantly affect an organization's overall performance:

Talent acquisition: Organizations that track the demographic profile of their workforce are better able to retain top performers while ensuring that diverse talent is not lost.

Improve the quality of decision-making: Diversity brings a variety of perspectives in times when it is necessary to improve problem-solving skills and vision.

Increase customer insights and innovation: Diverse teams are often more creative and better anticipate changes.

Promote employee motivation and satisfaction: Research in Latin America shows that companies committed to diversity are 75% more likely to report a teamwork culture.

Improve global image and company operating licenses: Companies that can maintain or increase their focus on inclusion and diversity during crises are ready to avoid consequences such as struggling to attract talent or losing customers and government supports.

How can organisations promote an inclusive workplace?

For companies seeking to increase inclusion and accelerate their DE&I efforts more broadly, five action areas stand out:

- Ensure that diverse talent is well represented.
- Strengthen accountability and leadership.
- Fairness and transparency, facilitating equality of opportunity.
- Promote openness and address violations, bias, and discrimination.
- Promote belonging through explicit support for all the ways diversity manifests.

Employee engagement is closely linked to a sense of inclusion. People who feel very integrated are more likely than others to say they feel excited and committed to their organisation.

84% of respondents said that they have experienced violations at work. For example, more than a quarter say they need to correct other people's assumptions about their personal lives. High levels of respondents experienced daily scorns stemming from bias, such as not receiving credit for their ideas, being asked to speak as representatives of a group of people like them or being trained to communicate in a way that felt inauthentic.

Nearly 40% of respondents said they declined or chose not to pursue work because they were aware of a lack of inclusion at the organisation.

More than a third of respondents say their organizations aren't doing enough to create a diverse, inclusive environment (while only 6% say too much is being done).

To better serve these employees, organisations can pay attention to four key factors related to employee integration:



1. Diversity, inclusive leadership: The presence of diverse leaders at an organization, as well as an organization's focus on inclusive leadership, correlates with individuals feeling more included.
2. Meritocracy and initiatives to increase fairness in performance evaluation: A meritocratic company culture is associated with a sense of inclusion.
3. Sponsorship: Respondents who said that colleagues in their organization who have done their best to provide opportunities for career advancement are also more likely than others to feel strongly included.
4. Substantive outreach to senior leaders: More than half of respondents said meaningful interactions with senior leaders helped them advance in their careers.

What is intersectionality?

Intersectionality, a term coined by Professor Kimberlé Crenshaw in 1989, refers to how different parts of a person's identity intersect or overlap with each other. For example, gender is one aspect of a person's identity, but so is sexual orientation and race. A Black woman who is gay, or a White woman with a disability, may have views that acknowledge how different aspects of their identities overlap or intersect. For instance, McKinsey's 2021 Women at Work report found that LGBTQ+ women, as well as women with disabilities, are more likely to experience violations at work in general than women.

Allyship is a concept that is closely related to intersectionality. An ally that unites with people in minority groups to help promote equitable and inclusive opportunities for all. In corporate America, for example, white women can take allied actions such as mentoring women of colour, advocating for new opportunities for them, and actively facing any discrimination they may face. However, there is a noticeable disconnect between the allied actions that women of colour say are most meaningful and the actions that White employees prioritize—suggesting an opportunity to focus efforts on the experiences of women of colour and other marginalized groups.

What issues are important to women in their workplace?

Women's representation in the corporate world has largely increased in recent years, but the last Covid-19 pandemic has affected their participation in the workforce. It is worth noting that gender dynamics in the workplace can be regionally specific.

Findings from the 2021 Women at Work report include:

Women's representation in the corporate system (i.e., the journey an employee can take from starting as an entry-level employee to advancing to a position in the C-suite) has increased since 2016. But women — and especially women of colour — remain significantly underrepresented in leadership.

At every step in the career ladder, women of colour lose ground to White women and men of colour.

The “broken rung” problem remains a challenge for women, particularly those seeking their first step up from entry-level to manager. For every 100 men promoted to manager, only 86 women are promoted.

Burnout, stress, and burnout continue to affect women more than men. In the past year, one in three women considered leaving the workforce or reducing their careers, a significant increase from levels seen at the beginning of the COVID-19 pandemic.



Women leaders are doing significant work to support DE&I efforts and employee wellbeing more broadly, but they don't necessarily get recognized for it. For example, employees with female managers are more likely than others to say that their manager has supported and helped them in the past year; Female leaders also spend more time than men on DE&I work outside of their formal job responsibilities. However, less than a quarter of companies recognize this work in performance reviews, for example.

To support women in the workplace, companies need to invest deeply in all aspects of diversity, equity, and inclusion. While there's no quick fix, there are some steps companies should take to empower women in the workplace:

Companies should adopt more measures to ensure that promotions are fair. In addition to reducing potential bias in the hiring process, companies need to extend the same rigor to performance reviews.

Organisations need to track the results of representation recruitment and promotion more fully. A company may track the representation of women in general, but does it break down those numbers to consider representing women of colour in particular?

Companies need to redouble their efforts when it comes to accountability. Only two thirds of companies hold senior leaders accountable for the progress of diversity goals, and less than half review progress on diversity metrics in performance reviews.

To create a culture that embraces and promotes diversity, companies need to promote high-level funding, with top leaders fully and publicly supporting DE&I efforts, modelling inclusive leadership, and actively participating in training and events.

Fostering high employee engagement will also be important. Raising awareness of the barriers many women face can help, and additional training (on bias, anti-racism, and allies) can take staff from awareness to action.

Burnout is on the rise and investing in solutions to help solve this problem will remain an important issue for many organisations. In addition to expanding successfully established policies and trying new approaches, companies can track symptoms and establish new standards to improve the daily experience of employees.

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