Five Reasons Organizations Should Not Abandon DEI Work

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In light of President Trump's recent Executive Order dismantling federal diversity, equity, and inclusion (DEI) programs (whitehouse.gov), as well as reaching into non-profit and private sectors, many organizations may be reconsidering their commitment to DEI initiatives. However, despite political shifts, the business case for DEI remains stronger than ever. Organizations that abandon these efforts risk falling behind in innovation, talent acquisition, employee engagement, and financial performance.

Unfortunately, DEI programs have become politically controversial, but their impact on business success, workplace culture, and long-term sustainability is well-documented. Despite the very public announcements by some major corporations such as McDonald's and Walmart to roll back their DEI programs, the corporate world, academic research, and global business leaders overwhelmingly support DEI as a critical strategy for growth and stability. Here are five compelling reasons why organizations should continue their DEI work.

1. Enhanced Financial Performance

Numerous studies demonstrate that companies with strong DEI programs achieve better financial outcomes. A diverse workforce brings together varied perspectives, leading to improved decision-making, increased innovation, and ultimately, greater profitability.

A 2023 McKinsey report, Diversity Matters Even More: The Case for Holistic Impact found that companies in the top quartile for ethnic and racial diversity among their Board of Directors were 27% more likely to outperform their industry peers in profitability. (McKinsey & Company).

Boston Consulting Group Boston Consulting Group has conducted several studies demonstrating the benefits of diversity in companies. One of the most recent, published in March 2022, introduced the BLISS (Bias-Free, Leadership, Inclusion, Safety, and Support) Index. This comprehensive tool, based on data from over 27,000 employees across 16 countries, quantifies the impact of workplace inclusion. The findings reveal that employees who feel they can be their authentic selves at work are happier, more motivated, and nearly 2.4 times less likely to leave their jobs. This underscores the importance of fostering an inclusive environment to enhance employee retention and satisfaction. (BCG)

Research by Deloitte found that organizations with inclusive cultures were twice as likely to meet or exceed financial targets and six times more likely to be innovative and agile (Deloitte).

These findings illustrate a clear correlation between DEI efforts and financial success. By fostering a more inclusive workforce, organizations improve collaboration, efficiency, and overall business performance.

2. Improved Employee Engagement and Retention

A workplace that values diversity and inclusion fosters a sense of belonging, leading to higher levels of employee engagement and retention. Employees who feel respected and included are more likely to be satisfied with their jobs and stay with their employers.

A study by Gallup found that highly engaged workplaces experience 59% less turnover than their less engaged counterparts (Gallup).

When employees believe their company genuinely prioritizes inclusion, they are more likely to invest their time and energy in the organization's success. Conversely, companies that abandon DEI initiatives risk losing top talent to competitors that actively promote inclusion.

3. A Broader and More Skilled Talent Pool

In today's competitive job market, organizations that embrace DEI have a significant advantage in attracting and retaining diverse talent. Younger generations, particularly Millennials and Gen Z, prioritize inclusion when choosing employers.

According to a 2023 Glassdoor survey, 76% of job seekers said a diverse workforce was an important factor when evaluating job offers (Glassdoor).

Research by Harvard Business Review found that companies with strong DEI programs were better at recruiting high-performing talent from underrepresented groups, thereby increasing their competitive edge (HBR).

Abandoning DEI could result in organizations losing access to a rich pool of diverse talent. In contrast, companies that continue these initiatives will be better positioned to attract and retain skilled professionals from all backgrounds.

4. Increased Innovation and Problem-Solving

Diversity fuels creativity and innovation by bringing together different perspectives, experiences, and problem-solving approaches. Companies that prioritize DEI are better equipped to develop innovative products and services, adapt to market changes, and remain competitive.

A study by the Harvard Business Review found that companies with higher diversity levels generated 19% more revenue from innovation compared to their less diverse counterparts (HBR).

Diverse teams challenge assumptions, drive creative thinking, and enhance problem-solving. Companies that eliminate DEI efforts risk stagnation, while those that embrace diversity will continue to drive innovation and market success.

5. Stronger Reputation and Brand Loyalty

Consumers, investors, and stakeholders increasingly expect companies to uphold social responsibility, including commitments to DEI. Organizations that abandon DEI efforts may face backlash from customers, employees, and business partners.

A 2022 Edelman Trust Barometer report found that 60% of consumers consider a company's commitment to diversity when making purchasing decisions (Edelman).

A survey by PwC revealed that 76% of investors consider DEI a key factor in their investment decisions (PwC).

Companies that uphold DEI principles strengthen their reputation, attract loyal customers, and build trust with stakeholders. On the other hand, organizations that scale back on DEI risk damaging their public image and losing consumer confidence.

How Organizations Can Safely Continue DEI Work

Despite the challenges posed by these Executive Orders, organizations can adapt and continue fostering equitable and inclusive workplaces. Here are strategies to do so safely and effectively:

1. **Reframe DEI Initiatives**
   - ❖ Use broader and universally accepted terms such as “belonging,” “psychological safety,” and “inclusive leadership” instead of DEI.
   - ❖ Focus on goals like fairness, respect, and workplace collaboration, which are less likely to attract legal scrutiny.
2. **Align with Business Objectives**
   - ❖ Emphasize the business case for diversity, linking inclusive practices to innovation, improved decision-making, and better financial performance.
   - ❖ Use metrics such as employee engagement, retention rates, and productivity to demonstrate the value of inclusive practices.
3. **Develop Universal Training Programs**
   - ❖ Shift the focus of training programs to emphasize interpersonal skills, conflict resolution, effective communication, and equal opportunity, which benefit all employees regardless of background.
   - ❖ Avoid framing training solely around race or gender to mitigate perceptions of preferential treatment.
4. **Prioritize Legal Compliance**
   - ❖ Work closely with legal counsel to ensure policies and practices align with the latest federal mandates.
   - ❖ Regularly review hiring, promotion, and training practices to confirm they comply with “merit-based” standards.
5. **Foster Grassroots Engagement**
   - ❖ Encourage employee resource groups (ERGs) and voluntary participation in diversity-focused initiatives to maintain engagement without creating formal DEI mandates.
   - ❖ Support mentorship programs and community-building efforts that align with broader workplace goals.
6. **Engage Stakeholders Transparently**
   - ❖ Communicate the organization's commitment to inclusion in a way that resonates with employees, customers, and key stakeholders.
   - ❖ Reaffirm values like fairness, respect, and opportunity, even if specific DEI programs are scaled back.

Conclusion

The recent Executive Orders pose undeniable challenges for organizations committed to DEI. However, these challenges also present an opportunity for innovation and adaptation. By reframing initiatives, aligning with business objectives, and prioritizing legal compliance, organizations can continue fostering inclusive workplaces while navigating the evolving regulatory landscape. The key is to remain committed to the core

principles of equity and inclusion, even as the terminology and methods evolve. When DEI efforts are applied correctly, they are not illegal and do not violate state or federal laws.

A recent federal case out of Seattle affirmed this. In *Diemert v. City of Seattle* the Plaintiff alleged that the City of Seattle "discriminated against him and subjected him to a racially hostile work environment because he is white." He alleged he was forced to resign because of this.

The court in this case stated that discussions of systemic racism and implicit bias in DEI training are not meant as personal attacks on white employees. The court emphasized that these discussions do not typically threaten employees' well-being or job performance and should not be equated with true workplace hostility. It also found that feeling uncomfortable or disagreeing with such training does not constitute a hostile work environment. For DEI training to be considered unlawful, it must be "severe or pervasive" enough to alter working conditions and create an abusive environment. Finally, it stated that DEI initiatives aim to address racial inequalities and promote a more inclusive work environment. It affirmed that such efforts are not inherently discriminatory against white employees.

DEI simply gives us a framework to ensure that all persons are getting a fair chance at the opportunities.

Cascade Employers Association stands ready to assist during these turbulent times. We offer several services and trainings that can assist your organization in navigating the road to having a truly inclusive organization. For example, in our Bridges to Inclusion training your staff will learn the four essential components needed to have an inclusive work environment where each employee feels recognized, appreciated, valued, and has their unique talents and skills optimally utilized. For more information about these services please connect with us.