# _DEI_ in the workplace

The State of Workplace Diversity, Equity, and Inclusion in the United States and Canada, 2023

Culture Amp

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# Executive summary

## Methodology

Culture Amp commissioned Censuswide to conduct two pieces of research. The first piece of research was an online survey to 503 human resource (HR) decision-makers with six or more years of experience in the field from the United States (US) and Canada, between March 27-April 3, 2023. Respondents came from all company sizes and sectors. The second piece of research was an online survey to 2,006 full-time employees (18+), who are not responsible for HR in the US and Canada, between March 24-April 3, 2023. Again, respondents came from all company sizes and sectors. Censuswide abides by and employs members of the Market Research Society, which is based on the European Society for Opinion and Marketing Research's principles, and is a member of The British Polling Council.

## DEI value & priorities

The study revealed that HR decision-makers and employees are aligned on diversity, equity, and inclusion (DEI) priorities at their organization. Both groups rank the three key pillars of DEI in the same order. The following includes Culture Amp's definitions of DEI:

1. **Equity:** The process of recognizing that advantages and barriers exist that create unequal starting places, and addressing and mitigating the imbalance.

2. **Diversity:** The range of human differences including but not limited to race, ethnicity, gender, sexual orientation, age, social class, etc.

3. **Inclusion:** The act of making a person part of a group or collective, where each member is afforded the same rights and opportunities.

Even though both groups are aligned, HR decision-makers think improvements can be made to DEI. Half (50%) of them state their company could do more to include people from marginalized groups.

HR decision-makers believe that greater inclusion of underrepresented minorities would help across a range of issues including:

**66%** retaining and attracting talent

**63%** fill skills gaps

**63%** better customer service

**60%** better corporate performance

# DEI experiences

**25%** of employees reveal they have experienced discrimination at work based on their identity. Additionally, 34% have suffered unwelcome comments or conduct.

**23%** of HR decision-makers say their organization has received gender discrimination-related complaints.

**36%** of the leadership team are women - is the average percentage ranked by HR decision-makers when asked about the percentage of women who hold an executive seat within their organization.

**22%** of HR decision-makers have encountered race-related discrimination complaints at their company. Against this backdrop, 38% of HR leaders cite hiring more employees from different racial backgrounds as their number one priority for the next 12 months.

**33%** of HR leaders state their organization aims to establish development plans for employees from marginalized and underrepresented racial and ethnic minority groups in the year ahead.

**22%** of HR leaders have witnessed a decision to not hire or promote someone due to their age.

**11%** of HR leaders do not believe that people at their organization with disabilities have equal access to development opportunities.

# DEI strategy

**61%** of employees state they have not received any DEI training from their employer; just 24% received this during onboarding.

**26%** of employees say DEI was not emphasized during the recruitment process. This rises to 30% of women in Canada, compared to 24% of men.

**18%** of employees do not know where to find resources to help them learn more about DEI.

**33%** of employees would not recommend their organization as a great place to work.

**22%** of HR leaders have no plans to implement any DEI initiatives or strategies during the next 12 months. This could harm employee retention strategies and contribute to a revolving door of talent.

HR leaders list a range of issues preventing them from implementing better DEI policies, including:

**52%** of people from marginalized groups lack an active role in DEI policy/action.

**48%** of other employees, from non-marginalized groups, do not play an active role in DEI design and rollout.

**47%** of people from marginalized groups find it difficult to speak up against discrimination.

**23%** of organizations are not using any tools to measure DEI with no plans to implement one soon – largely due to budget constraints.

# Introduction

Diversity, equity, and inclusion (DEI) are a critical part of business strategy across the globe. A focus on DEI has been <u>proven to drive tremendous benefits</u> to almost every part of a company. A few of the areas where businesses have seen improvements by prioritizing DEI include greater innovation, new and differing perspectives, a wider talent pool, <u>improved performance</u>, and reduced attrition. Even with the benefits associated with prioritizing DEI, it's not always a priority or core value for organizations. And as a result, it's commonplace for DEI-related employment issues to make headlines in the US and Canada.

In the US, there has been a steep rise in the volume of cases heard by the Equal Employment Opportunities Commission (<u>EEOC</u>), which is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy and related conditions, gender identity, and sexual orientation), national origin, age (40 or older), disability, or genetic information.

The <u>total number of cases</u> in the EEOC's purview recently reached a backlog of more than 51,000; some 20% larger than the previous backlog of just under 43,000 in 2022. The commission's website features a significant list of employment disputes and adjudications relating to <u>race and color</u>.

In Canada, the <u>Employment Equity Act</u> is in place to protect workers' rights across a comprehensive range of DEI issues. The country's Workplace Equity Program has two stated functions for employees from all backgrounds:

- encourage the establishment of working conditions that are free from barriers (i.e. equity)

- seek to correct conditions of disadvantage in employment

In a high-profile ruling in 2022, the Human Rights Tribunal of Alberta awarded record damages of CAN$50,000 to HR recruiter Tara Yaschuk as part of a sexual harassment case brought under the banner of gender discrimination against Emerson Electric Canada. And in the US, the average out-of-court settlement for employment discrimination claims is about $40,000 per employee, according to EEOC data. Larger organizations have paid in the millions, such as the Dept. of State paying $37m to settle disability discrimination cases, and Goldman Sachs agreeing to pay $215m to end its gender bias lawsuit. These are just a couple of US organizations which have made recent headlines in costly discrimination lawsuits.

Instances of discrimination and complaints from employees about their treatment by employers or colleagues are commonplace. At a time when businesses claim that DEI is a priority, resources are often slashed for corporate and university DEI programs.

With this in mind, we sought the views of HR decision-makers and employees at organizations throughout the US and Canada. We wanted to understand the DEI strategies that are in place, to what extent the distinct pillars of DEI are prioritized, and the positive and negative experiences of employees at their workplace.

What's clear from our research is that a large number of organizations have yet to even measure the status quo or progress in DEI, let alone make strides in implementing comprehensive, fully functioning DEI strategies.

In a world where work is changing and employee demands are growing rapidly, DEI is no longer a nice-to-have; it's a strategic differentiator that can make or break a business.

# Prioritizing _DEI_

## Key findings

In this section, we share nine key findings that shed light on the balance between diversity, equity, and inclusion at organizations in the US and Canada. We'll examine what HR leaders are prioritizing, whether employees are aligned with their goals, and the extent to which businesses value DEI.

# 01 HR decision-makers and employees align on DEI priorities

When ranking DEI pillars, both HR leaders (37%) and employees (34%) are aligned in ranking **equity** as the top priority in creating a truly diverse and inclusive workforce. In this, they are aligned with employees' priorities in the US and Canada as 34% of employees also ranked equity as the top priority.

Equity is defined as the process of recognizing that advantages and barriers exist that create unequal starting places, and addressing and mitigating the imbalance. If workplaces are equitable first and foremost, they can subsequently invest in hiring and driving up diversity. When equity and diversity are established this allows inclusion to follow, building in the perspectives of the newly added groups and further developing equity efforts. When these efforts work in harmony, DEI flows throughout the organization, with a combination of equity, representation, and inclusion creating a virtuous cycle of best practice.

So, equity cultivates a foundation for diversity, developing an open mindset, and inviting genuine participation that fosters an environment for justice and inclusivity. However, when equity fails or is not updated, all of the diversity efforts flounder; employees become frustrated and leave.

Some employees do not believe their company is doing enough in this area. More than one in 10 (12%) disagree that their company invests time and resources to ensure people from all backgrounds are treated equitably.

Furthermore, 11% of employees disagree that people from all backgrounds, and with a range of identities, have equitable opportunities to advance at their company. Culture Amp's 2022 DEI Report showed that these perceptions often vary by demographic group, with White employees both making up the majority, and being least likely to think that unfair treatment was happening – a sentiment not shared by their Black peers. Almost a fifth (18%) of employees state the process for career advancement is not transparent to all employees.

HR decision-makers name **diversity** (31%) as their second priority, with employees also ranking this second (25%). But one in 10 employees (10%) disagree that their organization values diversity, and nearly one in seven (15%) say their company doesn't allocate enough time and resources to building diverse teams.

Some employees (12%) are skeptical that their organization grasps the importance of diversity for achieving future success. And 15% do not feel their employer invests time and resources into building diverse teams.
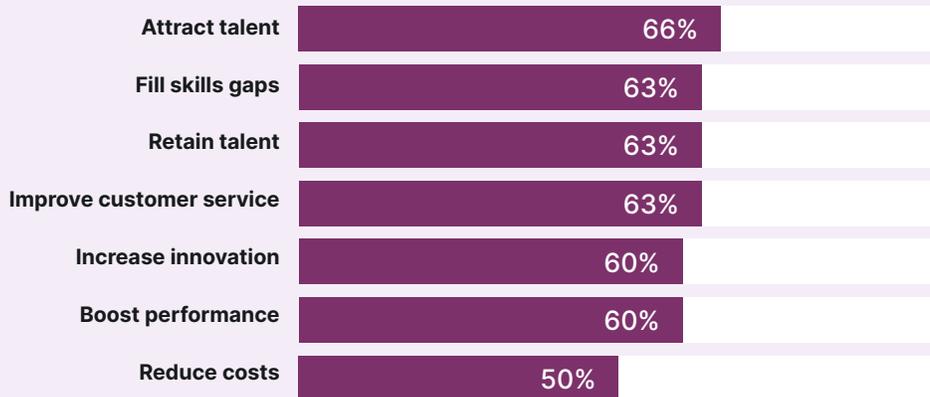
**Inclusion** is ranked as the third-highest priority by HR leaders as well as employees. Almost a quarter (24%) of each group name it their organization's top priority. Once again, however, a significant proportion of employees feel a greater effort is needed to create a more inclusive company, with 13% disagreeing that their organization allocates time and resources to doing so.

## 02  HR leaders question the impact of DEI efforts by their organization

After years of emphasis on the business case for DEI, most leaders are aware of the potential benefits of attracting a more diverse applicant pool.

Many HR decision-makers believe hiring people from marginalized backgrounds is a business imperative, as it has been proven to help their organization to:

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|---|---|
| **Attract talent** | 66% |
| **Fill skills gaps** | 63% |
| **Retain talent** | 63% |
| **Improve customer service** | 63% |
| **Increase innovation** | 60% |
| **Boost performance** | 60% |
| **Reduce costs** | 50% |

As a case in point, hiring people from marginalized backgrounds is a key part of a successful DEI strategy, but equally important is ensuring that those employees are treated well once they enter an organization. HR leaders believe that their companies could do better across the employee lifecycle.

HR leaders say there is more their company could do to:

**50%** be more inclusive of people from marginalized groups

**49%** hire people from marginalized groups

**49%** treat people from marginalized groups equitably

Organizations could certainly be doing more to amplify the employee experience. A quarter (25%) of employees reveal they have experienced discrimination at work based on their identity. This includes 11% who have suffered unfair, negative, or adverse treatment on multiple occasions. The figure is higher among US-based employees (29%) than those in Canada (20%). Employees at mid-sized organizations, with a workforce between 301 and 1,500, are most likely (28%) to experience discrimination. This could potentially be the result of a lack of alignment and investment in DEI strategies.

Meanwhile, roughly a third (34%) of employees say they have been a victim of unwelcome comments, conduct, or microaggressions at their organization. Incidents have left them feeling embarrassed, offended, or hurt.

**Next, we'll look at their experiences in more detail.**

# Employee *DEI* experiences

In this section, we focus more closely on how employees feel they have been treated at their organization. We also take a closer look into HR leaders' growing concern over the prevalence of discrimination against people from various backgrounds.

## 03 Gender: women still struggle for workplace equity

A significant share (23%) of HR decision-makers are aware of complaints relating to gender discrimination at their company.

Nearly one in five (18%) HR decision-makers state they've witnessed someone get passed over for promotion or not hired because they were female.

Furthermore, 7% of HR leaders disagree that men and women have equal access to development opportunities at their organization; an additional 19% say they are unsure – neither agreeing or disagreeing. This significant portion of practitioners who are unsure suggests that companies need to do more to measure the equity of experience at their organizations.

Furthermore, HR decision-makers also reveal that, on average, only around a third (36%) of their company's leadership team are women. This proportion is slightly higher in Canada (38%) than in the US (35%).

# 04 Age: a common factor in discrimination complaints

According to HR decision-makers, age discrimination is as problematic at organizations as gender discrimination.

More than one in five (22%) HR leaders reveal they have witnessed a decision in their business not to hire or promote someone because they were in a specific age range. Even more, (23%) claim there have been discrimination complaints relating to the age of the affected person.

In particular, 18% of employees aged between 18 and 26 – the youngest age group surveyed – disagree that every generation in their workplace has the support they need to feel included, regardless of their individual age. This proportion is high, compared to older employees.

# 05 Race: a prominent issue – and a recruitment priority

HR leaders reveal organizations are taking steps to tackle issues of race, particularly in recruitment.

More than a fifth (22%) of HR decision-makers have encountered race-related discrimination complaints at their business; while almost as many (19%) believe a decision has been made not to hire or promote someone due to their race.

Despite these issues, a relatively low proportion of HR decision-makers (6%) disagree that equal access to development opportunities is available for employees of all ethnic backgrounds. This paradoxical result suggests that the findings may reflect aspirational thinking on the part of HR professionals about the experiences of employees with various racial identities in the workplace.

However, race is still a taboo topic for many employees. Around one in six (16%) employees do not feel comfortable talking with their team about racism. This figure rises to 18% in the US, compared to 13% in Canada.

Many organizations are putting plans in place as part of wider DEI initiatives to rebalance the racial makeup of workforces.  When asked about DEI strategy for the next 12 months, 38% of HR leaders cite hiring more employees from different racial backgrounds as their number one priority. This increases to 42% of respondents in Canada versus 34% in the US.

Furthermore, 33% of HR leaders say their organization aims to establish development plans for employees from marginalized and underrepresented racial and ethnic minority groups in the year ahead. This rises to 55% of HR decision-makers at organizations with between 1,501 and 10,000 employees but drops to 19% at companies with one to 100 employees.

## 06  Disability: a case for more inclusive workplaces

One in 10 (11%) HR leaders disagree that people at their organization with disabilities have equal access to development opportunities.

Over a fifth (22%) of HR leaders claim complaints about discrimination have been made around disability/accessibility, and the same proportion (22%) state an individual with a disability/accessibility needs has been passed over for promotion or in recruitment.

These results similarly reflect the gap between HR professionals' observed experience of disabled people and their incongruent belief that equal opportunities exist despite significant discrimination.

HR leaders estimate that the proportion of leaders within their business who have a disability is, on average, 17%. But nearly a third (32%) of HR decision-makers say the proportion of people on their leadership team who have a disability is lower than 10%.

## 07  LGBTQ+ policy: increasing employee numbers deemed important

Organizations should consider what they can do (beyond posting vague social media messages) to support the larger mission of creating a better world of work for everyone, including LGBTQ+ community. It's important that they avoid rainbow-washing and performative support initiatives.

While 28% of HR leaders estimate that LGBTQ+ individuals account for fewer than 10% of an organization's executive team, almost one in four (23%) plan to hire more LGBTQ+ employees during the next 12 months.

# *DEI* strategy

In this section, we put employees' general attitudes towards DEI at their organization under the microscope, and consider how DEI policy and performance affect their overall sentiment towards their employer.

We also discover what HR decision-makers feel is holding back greater DEI success at their business.

## 08 DEI has yet to become a core value for organizations

A substantial majority (61%) of employees state they have not received any DEI training from their employer. Just 24% received this training during onboarding, and the remaining 15% were trained at a later stage.

In addition, of those employees who have received some form of DEI training, more than one in 10 (12%) say that any initiatives or processes about DEI that were shared during the recruitment process have not subsequently remained consistent at their organization.

This shows that while many companies are willing to invest in bringing in more people from marginalized groups, they are often unwilling to invest the resources to ensure that these employees have a positive experience – or to retain them.

Employees share an additional concern, that a desire to "do DEI better" often falls flat from the outset; more than a quarter (26%) of them say DEI was not emphasized during the recruitment process.

Some 18% of employees also say they do not know where to find resources to help them learn more about DEI, and just 56% say they can locate this.

# 09 It's time to give HR leaders the tools and support true DEI demands

For their part, HR decision-makers feel there's far more their organizations can do to make DEI a core value that runs throughout the business, from talent recruitment and onboarding to development and retention.

At present, there are multiple challenges preventing DEI strategy from being rolled out. HR decision-makers say:

**52%** people from marginalized groups do not play an active role in DEI policy/action

**48%** other, non-marginalized, employees do not play an active role in DEI design and rollout

**47%** people from marginalized groups do not feel comfortable speaking up against discrimination

**43%** economic factors mean DEI is deprioritized

**43%** there is not enough unconscious bias training at their organization

**42%** there is a lack of information/training on marginalized employee groups

**40%** employees are struggling to follow DEI policy daily

**39%** there is no forum for employees from marginalized groups to share information with peers

**35%** managers are not putting DEI plans into action

**33%** the leadership team is not supportive enough of DEI

For HR leaders, problems run from recruitment to measuring the success of DEI policy.

Only a minority of HR decision-makers – 43% in Canada and 41% in the US – say they currently use a tool to measure DEI. In addition, 17% are in the process of setting up a DEI tool to use, and 16% say they don't have one but it is in their plans.

However, that leaves almost a quarter (23%) of organizations that are not measuring DEI with technology at present, and have no active plans to do so. This rises to 29% in the US, compared to 17% in Canada. Culture Amp's 2022 Workplace DEI report showed that measuring DEI, and using that data to make decisions, is a key component to success in any DEI program – and to keeping commitments companies have made.

The main reasons HR decision-makers have given for not having a DEI tool include:

| | |
|---|---|
| **30%** | cite budget constraints as the reason they do not have DEI tools |
| **28%** | cite a lack of data means they lack a strong business case for DEI tools |
| **22%** | cite the current economic state as the reason they do not have DEI tools |

# DEI by *design*

## Overall, employees and HR leaders have a lot of positive things to say about DEI at their organization.

A large majority (69%) of HR decision-makers feel their company understands DEI's value, while a similar proportion (70%) of employees say their organization values diversity. Once more, this potentially reflects respondents' aspirational values rather than a level of concrete financial and time investment, given the much smaller proportion of organizations actively measuring, and consistently investing in DEI-related policies and programs.

But that's clearly not the whole picture. Swathes of senior HR professionals and workers alike claim inequity, a lack of diversity, and even discrimination are still prominent at companies in the US and Canada.

Collectively, HR decision-makers and employees across the US and Canada seem to agree it's time for businesses to roll up their sleeves and push for better DEI in the workplace. Demonstrating commitment to the cause can reap the rewards of a better reputation, improved staff morale and, as a result, better business success.

The most important first step for individual organizations is to develop an understanding of the current state of DEI in their workplace – for example, using anonymous employee engagement surveys and auditing the outcomes of their core talent processes. This will help leaders identify areas for improvement, define DEI gaps, and devise strategies and targets for the whole team to strive towards.

Additionally, effective performance management has also proven to drive impact and equity. According to a Culture Amp study, in just one performance review cycle, companies were able to significantly narrow gender gaps around recognition, growth, and workload.

But implementation means having the right technology to enable everyone to pull in the same direction, ensuring DEI policies can be more efficiently and comprehensively put in place – and successfully measured.

The right balance of people and platforms will be key to delivering on the promise of better DEI at organizations throughout the US and Canada, making work a fairer, more diverse, and inclusive place for all.

A more diverse, equitable, and inclusive workplace starts with a clearer view of the employee experience. Learn how Culture Amp can help you understand employee sentiment and prioritize DEI initiatives with the most meaningful impact.

Contact us

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