



## Workforce Series – Diversity, Equity, and Inclusion

Center Forward Basics

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### Overview

Diversity, equity, and inclusion, also referred to as DEI, are important concepts in the workplace that have come to the forefront in recent years. Each of these words has a different meaning to different people, but the fundamental concepts define the ways in which workplaces benefit from the inclusion of people from different backgrounds and ensure they have equitable access to success. Diversity may refer to a number of different qualities or characterizations – including gender identification, racial, ethnic, religious or spiritual identification, sexual orientation, disability status, etc. – which all give people unique experiences and perspectives that they can bring to the workplace. Most researchers define equity in a workforce context to mean fair treatment, access, and advancement for each person in an organization; achieving equity for employees often means tailoring a company’s culture to take physical, sociopolitical, or historical disadvantages into account. Being equitable allows more employees to feel included which in turn helps to promote and foster diversity.

Multiple research studies indicate that companies that are more diverse are more profitable and often have happier workforces, which in turn leads to greater productivity. Companies in specific industries, such as health care and tech, must make special considerations for DEI to meet the needs of their clients or patients. To meet the needs of both customers and employees, many companies large and small have made intentional efforts to implement and improve DEI initiatives.

### Importance of DEI in the Workplace and Workforce

Multiple studies conducted by a variety of firms have shown a relationship between having a diverse and inclusive workplace and being a competitive force in respective industries. While these studies cannot prove causation, evidence points to some correlation. In general, the most diverse companies outperform their less diverse peers. According to a 2019 study conducted by McKinsey and Co., companies in the top quartile of gender diversity on executive boards were 25% more likely to experience above-average profitability than companies in the fourth quartile. When the same study looked at ethnic and cultural diversity, researchers found that top-quartile companies outperformed those in the fourth quartile by 36% in profitability. Diverse companies are “better able to win top talent and improve their customer orientation, employee satisfaction, and decision making, and all that leads to a virtuous cycle of increasing returns.”

Fostering a diverse and inclusive workplace can help to strengthen the relationship between executives and the workforce, allowing a company to remain competitive. For example, during crises such as the 2008 financial crisis and the COVID-19 pandemic, companies with diverse workplaces were more likely to emerge from the crisis stronger. Several reports have shown that banks with a higher share of women on their boards were more stable than their peers in the 2008-'09 financial crisis. While these reports focused on banks and the impact women had on their recovery efforts, they hint at a larger trend that companies with diverse leadership are better able to handle crises. Diverse teams have been shown to anticipate shifts in

### Center Forward Basics

Center Forward brings together members of Congress, not-for profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

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customers' and clients' needs and innovate to meet them in a crisis situation more easily than teams with less diversity. This re-emphasizes the idea that being competitive, especially in times of crisis, requires a diverse workforce.

## DEI in Specific Industries

Having a diverse, equitable, and inclusive workplace is important in every industry, but certain industries have aspects that make DEI especially important. Industries that have major customer-focused components need to understand their client base and having diversity within the workforce helps companies in these industries connect with customers and clients, which is especially clear in health care.

Whether it is doctors interacting with patients or developing and distributing medications, trust is essential to the missions of health care organizations, and this begins with having diverse, equitable, and inclusive executive boards and workforces. The challenge with incorporating DEI initiatives in health care, and in any industry, is that no one-size-fits-all solution exists. Organizations in the health care sector need to consider what problems affect the communities they serve. The demographics of patients and customers, the culture and history of the community, and other factors can affect if and when people might seek medical attention or medication. A history of racism or discrimination may make some people hesitant to seek care which can lead to disparities in outcomes. Listening to the concerns of members of the community and taking steps to address them can improve trust between these communities and health care organizations. Legislators can also be helpful to amplify the concerns of their constituents and work with corporations to address them.

Having doctors of different backgrounds can help address some concerns of patients about discrimination, but the demographics of doctors don't often reflect those of the community. Racial and ethnic minorities make up about 26% of the U.S. population, but only about 6% of physicians and 9% of nurses are people of color. This is worrying, especially because Johns Hopkins found that when the physician is of the same race as the patient, higher levels of trust and satisfaction were reported by the patient. Patients even had longer visits by an average of 2.2 minutes.

Physicians who have some form of disability are also rare. Less than 1% of medical students in 2016 self-identified as having at least one disability in comparison to 18.7% of the U.S. population. Empirical research has not yet been conducted on whether seeing a physician with a disability improves the care provided to a patient with a disability, but it is possible that it would follow the same logic as patients and physicians from similar racial and ethnic backgrounds.

A health care workforce that reflects the communities it serves can better understand the health and social needs that exist. In addition to hiring health care professionals of diverse backgrounds, programs aimed at increasing diversity can encourage people from these backgrounds to join the profession, starting in K-12 education and going through university.

Similar principles apply to industries like tech and financial services, where services can also be tailored to their users. In a statement given to Deloitte, an executive at American Express said that "The diversity of the teams at American Express results in being able to get representation of different customer segments and customer needs across various markets, enabling them to drive innovation and growth." This quote highlights the need for a diverse workforce in these industries so that products and services can be tailored to serve a wider range of clients. Having a team with representatives from diverse backgrounds adds new perspectives and ideas which then leads to innovation and advancement.

These industries tell us something that every industry can benefit from—as the U.S. becomes more and more diverse, it is important that this is reflected in the workplace and especially on leadership boards.

## Ideas to Meaningfully Impact DEI

When it comes to improving DEI in a workplace, it cannot go without saying that it should not be on the shoulders of marginalized groups to educate others, especially since problems tend to exist because these groups have a difficult time having their voices heard or having a seat at the table.

Additionally, hiring a diverse workforce is not enough; people need to feel included in their workplace and that they have

equitable opportunities to succeed in comparison with their colleagues. Achieving this can help improve trust, empathy, and connections within the workplace and with customers or clients. Trust begins when leadership staff creates systems to allow for reporting discriminatory behavior without the fear of retaliation. It can also be helpful to engage frontline employees in the process of designing a DEI program and reporting procedures to better respond to their needs and the needs of customers and clients; this could be done by including frontline employees in employee resource groups (ERGs), which are voluntary, employee-led groups whose aim is to foster a diverse, inclusive workplace. ERGs have a larger voice and can act as a go-between for front-line workers and company leadership.

Transparency in the creation and implementation of DEI programs goes hand-in-hand with fairness to enable equitable opportunities. The visibility of a level playing field for promotion and advancement opportunities assures employees of their employers' commitment to DEI programs; this assurance of transparency and fairness can manifest by deploying tools that show the criteria and process for promotions and pay raises. Employers may also be expected to provide reasonable accommodations for workers with disabilities to ensure they can perform their job on par with any other employee.

In the hiring process, some companies are recruiting from under-represented colleges and universities. For example, the Securities Industry and Financial Markets Association (SIFMA) has a new program called SIFMA Invest! which makes a myriad of educational, industry research, and career development opportunities available to students at Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs) who are interested in a career in financial services. These programs and similar ones run by HBCUs, MSIs, and the Hispanic Association of Colleges and Universities (HACU) help to create equitable opportunities for new hires and can help address the underrepresentation of minorities in industries like health care, tech, and financial services. This can also expose students to opportunities that they did not realize existed, further increasing diversity in these sectors.

Creating achievable DEI programs or commitments ensures both their effectiveness and credibility for employees and customers. When employees trust the commitments their employers made, their engagement can increase up to 20%, and the likelihood they will leave their organization decreases by 87%.

Taking meaningful action to understand and implement DEI initiatives results in a happier workforce from frontline employees to the leadership team. Ultimately, this allows companies with a diverse workforce to remain competitive in an increasingly diverse market protected by anti-discrimination legislation.

## Links to Other Resources

American Medical Association - [Why Increasing Numbers of Physicians with Disability Could Improve Care for Patients with Disability](#)

Deloitte - [Build trust in diversity, equity, and inclusion commitments](#)

Deloitte - [Innovating for all: How CIOs can leverage diverse teams to foster innovation and ethical tech](#)

Deloitte - [Mobilizing toward health equity: Action steps for health care organizations](#)

Department of Labor - [Americans with Disabilities Act](#)

Department of the Interior - [Minority Serving Institutions Program](#)

Gallup - [Workplace Equity: the "E" in DEI and Why It Matters](#)

Great Place to Work - [What are Employee Resource Groups \(ERGs\)?](#)

Johns Hopkins - [Diversity in Medicine has Measurable Benefits](#)

McKinsey & Co. - [Diversity wins: How inclusion matters](#)

