

### **Question**

What are the emerging talent management practices in a post-COVID, hybrid workplace that help advance diversity, equity, and inclusion (DEI) strategies?

### **Introduction**

Sparked by a pandemic and a racial justice movement, the year 2020 served as a catalyst for organizations to increase their commitment to advancing diversity, equity, and inclusion (DEI).<sup>1</sup> Now, three years into this period, organizations face internal and external challenges that threaten DEI progress and existing commitments. As companies tighten their purse strings in anticipation of an economic downturn, there's risk that DEI efforts may slow and be seen as non-essential.<sup>2</sup> Return-to-office policy considerations place diverse talent retention and acquisition efforts in a precarious position. Amid this uncertainty, organizations can focus on talent management practices that strengthen and sustain DEI initiatives, as well as drive organizational success.

### **Importance of DEI in a Post-COVID Era**

The business case for promoting talent diversity has become familiar in recent years. For example, companies in the top quartile of diversity were 36% more profitable than companies in the bottom quartile and companies with an executive team that was at least 30% female outperformed companies with less female executives.<sup>3</sup> In the face of economic uncertainty, these outcomes are more crucial than ever.

Historical research shows that companies with robust DEI strategies outperformed those without during the Great Recession and had accelerated recovery. In fact, “while the S&P 500 suffered a 35.5 percent decline in stock performance from 2007–2009, companies whose key employee groups reported very positive experiences posted a 14.4 percent gain in performance, and companies with consistently inclusive workplaces thrived before, during, and after the Great Recession, earning a 4x annualized return.”<sup>4,5</sup>

If economic pressures mount and layoffs are considered, companies should be mindful that DEI progress can quickly be erased. The most common model of layoffs is a last-in, first out approach which usually impacts a newer, diverse employee population.<sup>6</sup>

Post-pandemic return-to-office policies can also impact DEI strategies if hybrid work is not offered. Black, LGBTQ+, women, nonbinary, and disabled employees face higher exit likelihoods, with 14%, 24%, 10%, 18%, and 14% respectively, than their peers if hybrid work were no longer offered at their current job.<sup>7</sup>

### **Shifting DEI Learning for DEI-Driven Talent Management**

Research suggests that for diversity, equity, and inclusion to be embedded in talent management practices, “Three Shifts” must happen in DEI learning within the workplace:

**Shift 1 - Unconscious Bias Focused Training to a DEI Learning Strategy:** Unconscious bias training, often generic and used alone, falls short in addressing DEI barriers. A holistic DEI learning strategy includes tailored unconscious bias training, but looks to all aspects of the company to create a DEI roadmap. This is crucial for sustainable progress across all organizational levels. For example, leaders at Nike set specific, measurable DEI goals for 2025 and connected them to the company’s executive compensation, setting themselves apart as leaders in the DEI space.<sup>8,9</sup>

**Shift 2 - DEI Awareness to DEI Fluency:** Some organizations use passive, awareness-only DEI training that lacks contextualization, reinforcing existing oppressive systems. To drive meaningful change, a purposeful DEI learning approach aligned with business strategy is crucial. DEI fluency goes beyond awareness, enabling teams to apply concepts like intersectionality, leading to improved products and business outcomes.<sup>10</sup> To ensure DEI initiatives prioritize equity genuinely, organizations must avoid creating an illusion of inclusion and utilize a framework with key questions about access, allyship culture, public commitment, and measurable progress. This guides leaders in embedding DEI into the organization's core values for shared responsibility and accountability.<sup>11</sup>

**Shift 3 - Individual Compliance to Personal Action and Systemic Change:** This shift encourages connecting personal experiences with corporate inequities, empowering leaders to commit to DEI visions, and enabling workers to drive collaborative change. For instance, leaders at a tech company addressing low Black representation engaged learners in reflecting on biases, organizational culture, societal policies, and historical inequities for informed decision-making and improvement.<sup>12</sup>

## **Emerging DEI Practices in Talent Management**

### ***Talent Acquisition***

In a post-pandemic era, companies may need to compete harder for diverse talent and reevaluate existing hiring policies and practices. The 2023 Supreme Court case *Students for Fair Admissions v. Harvard* has curtailed affirmative action in college admissions, potentially impacting the talent pool of college-educated individuals to hire from.<sup>13</sup> Companies may need to compete for this talent by building relationships with them early through diverse student groups and professional organizations.<sup>14</sup>

A key success factor that enables success in DEI initiatives is having a nuanced understanding of root causes.<sup>15</sup> To achieve this in talent acquisition, companies can examine factors such as their job qualifications, talent sources, interview processes, and hiring policies with input from the target population. For example, in an effort to hire more neuro-diverse individuals, EY conducted a review of their hiring processes and discovered barriers which were screening out this population. Implemented solutions to this root cause resulted in 400+ neurodivergent team members being hired and trained.<sup>16</sup>

### ***Flexibility***

Companies should offer hybrid work arrangements when possible. Traditionally underrepresented groups, including employees with disabilities, nonbinary individuals, and LGBTQ+ employees, exhibit a stronger preference for hybrid work. The data shows an 11% higher preference among employees with disabilities. Hybrid work, with its increased flexibility and improved work-life balance, has the potential to significantly benefit diversity, equity, and inclusion (DEI) efforts, along with enhancing overall performance.<sup>17</sup>

### ***Leadership Involvement***

**Promote Accountability:** Despite demand for inclusive and equitable workplaces, around 24% of organizations fail to implement accountability or measure progress in DEI commitments.<sup>18</sup> This can be combated with clear communication, goal setting, and regular leader check ins.<sup>19</sup> Leaders can be held accountable by tying DEI outcomes to performance incentives, which enables the top of the organization to continually focus on the effectiveness of DEI initiatives. For example, Shiseido increased their ratio of women leaders in Japan by ~24% by tying senior leaders' compensation to improvements in the ratio of women in management.<sup>20</sup>

**Gain Leadership Support:** Leadership commitment to DEI goals is essential for making progress. According to surveys, 50% of respondents from DEI-laggard companies identify a lack of leadership commitment as a hindrance to their diversity, equity, and inclusion efforts, while only 5% from DEI-leader companies report facing this issue.<sup>21</sup> Similarly, the CEO of Shiseido set DEI as a key pillar of the company's corporate strategy, actively promoted the gender parity in leadership program both internally and externally, and participated in coaching program participants and reviewing succession planning decisions that involved female candidates.<sup>22</sup>

## **Conclusion**

As we navigate the challenges of a post-COVID work environment, it is clear that DEI is an essential component of a thriving and resilient organization. Embracing emerging DEI practices, such as shifting DEI learning, adjusting talent acquisition practices, and establishing leadership structures that foster accountability and support, enables organizations to not only sustain their DEI progress but also weather the challenges of the economic landscape and shifting employee needs successfully.

## Cited References & Further Reading

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