

HR Toolkit

Diversity and Inclusion

Provided by: Risk Strategies Company



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Introduction

There are many different priorities and factors to be weighed and considered by organizations as they attempt to grow and pursue their goals. Prominent among these factors are diversity and inclusion initiatives. As greater attention has been paid to these concepts in recent years, organizations have realized that these are not just trends. Diversity and inclusion initiatives are here to stay.

Many employers that cultivate an inclusive work environment have noticed a positive impact on employee morale, productivity and the company's bottom line. For example, inclusion can be a valuable component of employee retention, as employees who feel included are generally more likely to stay at an organization. And increased employee retention means that organizations can avoid excessive offboarding time, hiring costs and training expenses.

Diversity and inclusion initiatives and approaches taken by one employer may not be the right option for others. Human resources (HR) professionals and leaders may seek to immerse themselves in these topics to evaluate what potential impact they could have on their own organizations.

This HR Toolkit offers an overview of diversity and inclusion, trends shaping today's workplaces and how such efforts can impact organizational performance. In addition, it discusses potential legal implications and analyzes several strategies used by employers in various industries.

Overview

Diversity and inclusion are complicated subjects. As an employer thinks about the current state of their work environment and considers various initiatives, it can be helpful for them to learn more about what these concepts entail. This section defines foundational terms and their connection to the workplace.



Diversity

Broadly, diversity represents the full spectrum of human demographic differences, such as race, religion, gender, sexual orientation, age or disability. Additionally, some employers also consider different characteristics, such as lifestyles, backgrounds, personality traits, experiences, family compositions or education, to be elements of diversity. To put it another way, workforce diversity refers to the individual characteristics that employees have that make them unique. This overall uniqueness in the workplace can allow for new ideas and creative solutions that can help organizations grow.

Inclusion

In general, inclusion refers to a cultural and environmental feeling of belonging. Inclusion can also be defined as how welcome, comfortable and valued an employee feels within the workplace. Inclusion is a two-way street that is achieved when employees are inclusive of colleagues while also feeling included themselves.

Having team members from different backgrounds is often the first step to establishing a diverse and inclusive culture, but unless employees feel comfortable and safe to be themselves and present new ideas, their unique skills and knowledge may not be utilized to their full potential. In an inclusive work environment, every member of a team is able to feel confident in expressing their own ideas. When paired with diversity, this higher level of engagement can improve productivity if employees feel encouraged to present and collaborate on solutions.

Equity and Equality

Equity is a key element in fostering a workplace that is both inclusive and diverse. Equity in the workplace refers to fair treatment in access, opportunity and advancement for all employees. This term can sometimes be confused with “equality,” which is different, yet similar, to equity. Equality means that each employee is given the same resources or opportunities, without factoring in any personal needs and requirements. While equality implies sameness, equity implies fairness.

While most organizations strive for both equity and equality, sometimes workplace barriers get in the way. Barriers often transcend a single organization and are seen across entire sectors. Obstacles to an equitable workplace can include systemic issues, such as:

**Cultural barriers**

These may include a certain type of dress code or work-related social event making an employee feel uncomfortable.

**Communication barriers**

As an example, someone for whom English is not their first language may not feel comfortable expressing their opinions. Furthermore, communication barriers may also be nonverbal. For example, a person who suffers from anxiety may have difficulty communicating with colleagues.

As employers consider what diversity and inclusion mean for their workplaces, equality and equity—specifically, equitable treatment of employees—are relevant topics to review. Employers that provide equity for all employees may garner a variety of benefits, such as better workplace morale, increased retention and even greater profits.

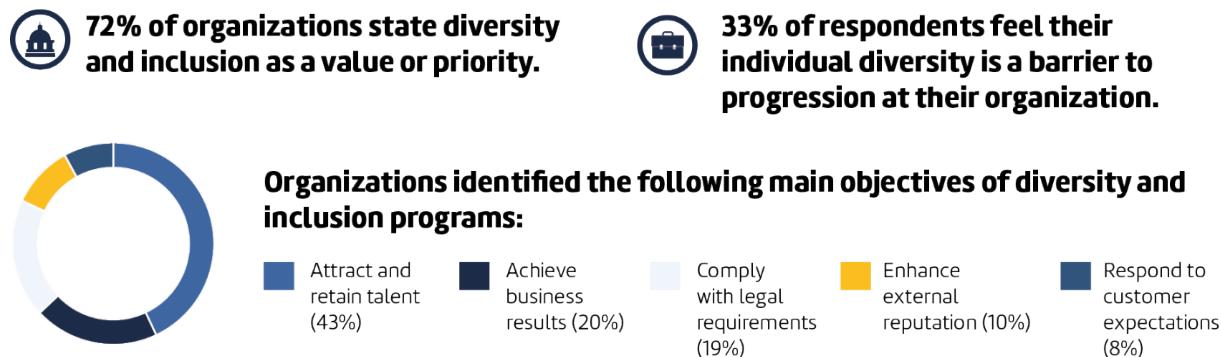
Workplace Trends and Impact

In some cases, diversity and inclusion not only impact the culture or comfort of a workplace, but also lead to measurable financial growth. Studies indicate that organizations that prioritize diversity and inclusion may experience better employee retention and even an improved brand reputation with the general public. This section explores the current diversity and inclusion landscape through statistics and trends and explains how they impact the workplace.

By the Numbers

There's no denying the current employment market is impacted by diversity and inclusion efforts, and there are numbers that support that impact. Not only is the demand for a diverse workforce increasing, but so is the demand for talent to lead diversity and inclusion efforts in the workplace.

Organizations continue to publicly discuss their commitment to diversity and inclusion. PwC's Diversity and Inclusion Benchmarking Survey explored how North American companies have executed strategies and how those efforts are impacting the employee experience. Consider the following key findings from PwC's 2020 survey:



Although a majority of surveyed organizations list diversity and inclusion as a value or priority, general findings from the survey suggest that many organizations still have progress to make when it comes to meeting those objectives and reaching their full potential. There appears to be a disconnect considering one-third of respondents feel that their diversity is a barrier for professional growth. The survey further suggests that organizations can improve employee perceptions of diversity and inclusion efforts by better empowering leaders on the topics of diversity and inclusion.

On a related note, career websites and employment search engines noticed an uptick in job postings for diversity and inclusion roles in the United States. Glassdoor noted a 30% year-over-year increase in 2019, while Indeed saw diversity and inclusion positions on their site grow 23% in 2019. Not only are organizations hiring for these roles, but employees are increasingly expressing interest in them as well and searching online for new opportunities.

Trends and Driving Forces

As diversity and inclusion efforts gain momentum, today's workplaces will likely transform as well. In addition to increasing awareness and education, employers may notice other situations that can positively impact or influence diversity and inclusion efforts, as well as help ensure all employees feel comfortable, respected and safe in the workplace. Consider the following three influences that can shape today's workplace diversity and inclusion efforts.



1. Remote Work

Remote work is likely to stick around as a top trend in the post-pandemic workplace. Whether workplaces are operating fully remote or implementing a hybrid work model (a mix of on-site and remote work), these approaches broaden the talent pool and create more opportunities for hiring diverse employees and cultivating an inclusive working culture. Remote work also removes any barriers related to geographic location or the ability to travel to a job.



2. Multigenerational Workforces

Employers may also be experiencing a greater focus on the multigenerational workforce. The American workforce continues to age and there are now four generations active together in many workplaces, ranging from baby boomers (those born between 1946 and 1964) to the newest workers, Generation Z (those born between 1995 and 2010). Each generation has their own set of values or expectations that can impact workplace culture.



3. Workplace Injustice

More employees may be inspired to call out injustice at work as they learn how to be better allies and advocates for others in both the workplace and their communities. Today, certain employees may also be more likely to call out or report discrimination in the workplace. Potentially uncomfortable, but crucial, conversations about social issues will continue to drive education and inclusion across organizations.

These are just a few driving forces and shifts in today's world. As a result, some employers may be rethinking or adjusting their workplace policies and training to address a broader range of topics.

Bottom-line Benefits

The perception that improving diversity and inclusion in the workplace can lead to greater financial success appears to have become much more common among organizational leaders in recent years. According to a study by Deloitte, 69% of executives rated diversity and inclusion as an important issue for their organization. This represented more than double the 32% of respondents who made note of the subject only a few years previously.

According to further research by Deloitte, organizations that have implemented an integrated approach to diversity and inclusion observed the following benefits:



The most inclusive and largest organizations generate 2.3 times more cash flow per employee compared to smaller businesses.



Smaller companies that focus on inclusion perform even better, generating 13 times more cash flow than comparable organizations.



Overall, organizations that were classified as “highly inclusive” generated 1.4 times more revenue and were 120% more capable of achieving financial goals than comparable organizations.

There are many reasons why organizations with greater diversity and inclusion are able to see that commitment translate into monetary success. The financial benefits that certain employers have enjoyed can be traced back to a variety of different diversity and inclusion initiatives. However, monetary success isn’t the only value of increased diversity and inclusion. Below are some additional benefits:

Greater Profitability

It is possible that employees of some organizations may be hesitant to recognize that diversity and inclusion exist if such a culture is not represented among leaders. According to a study by McKinsey & Company of employers in the United States and U.K., organizations in the top quartile of gender diversity in their executive teams were 21% more likely to achieve above-average profitability compared with those in the fourth quartile. Similarly, respondents in the top 25% of ethnic and cultural diversity for executive teams were 33% more likely to accrue above-average profitability than those in the fourth.

Retention Savings

All organizations understand the importance of retaining employees. Finding, interviewing, hiring and training new candidates is both time-consuming and costly. Even after finding the right new hire, overall productivity will be naturally stunted during the onboarding and training process. According to the Society for Human Resource Management, the average cost to replace a salaried employee is estimated to be between six to nine months of the individual’s salary. This means that in order to replace an employee earning \$60,000, the cost could be as high as \$45,000. With that in mind, most employers prioritize retaining their existing talent.

Employees who do not feel that their workplace is accommodating—or do not feel included and welcome—are less likely to have feelings of loyalty toward their employer. An employee may have the capability to provide unique insight and innovation for a team, but if they do not feel valued or are not comfortable speaking up, they may keep those ideas to themselves, to the detriment of both themselves and their company.

Employee Demand

Diversity and inclusion have become a high priority for a large percentage of workers. Generation Z now makes up the highest percentage of the world’s population. As these young people become a growing

part of the workforce, their priorities and influence will have a major impact on their respective workplaces.

Many surveys have shown that millennial (those born between 1980 and 2000) and Generation Z employees are likely to value diversity and inclusion in the workplace. Furthermore, younger generations may be more likely to report instances of discrimination compared with older generations.



3 in 5 employees in the United States have witnessed or experienced discrimination based on race, age, gender or LGBTQ status.

Source: Glassdoor and the Harris Poll

The percentage of respondents who said that they had witnessed or experienced discrimination decreased with age. In addition, while approximately 38% of surveyed employees over 55 years believed that their employers should do more in regard to diversity and inclusion, that figure increased to 62% among millennials. Employers that satisfy the values of their employees may be more likely to see positive results.

Case Studies

As with any workplace initiative, diversity and inclusion efforts can vary from industry to industry. The following real-life examples demonstrate how some organizations have been embracing or addressing diversity and inclusion in their own way.

Using Data to Hire Diverse Talent

A professional golf association recognized the lack of diversity in their industry, so they partnered with a career advancement platform for Black, “Latinx” and Native American students and professionals to find new ways to recruit and retain talent from underrepresented communities. While two-thirds of research respondents believed the golf industry was not diverse or inclusive, the majority also felt that a career in golf could be enjoyable and rewarding. The top reasons those respondents didn’t apply for jobs at the association was a lack of awareness and access to contacts in the industry. The association then turned that data into an action plan to improve accessibility, increase awareness and create accountability within the company culture.

Expanding the Talent Pipeline

A Fortune 500 consumer goods corporation realized their talent pipeline consisted of too few women and wanted to ensure women have the same opportunities for prominent roles as men. The company developed a talent strategy to build a diverse talent pipeline, based upon developing plans that incorporate retirement and attrition projections and potential promotions. One of those specific goals was to achieve a 50-50 representation across all job levels. Today, 47% of their global workforce represents women at the manager level—and more than 40% at the leadership level.

Identifying and Filling Skill Gaps

A shortage of skilled labor in the construction industry led several companies to identify that military veterans could fill existing talent gaps with transferable skills like problem-solving, discipline, leadership and camaraderie. A publicly-traded construction company began targeting veterans in their national talent acquisition and recruitment program, in addition to offering training and mentoring programs. According to an internal company survey, the available learning and development opportunities are highly appreciated and a key motivational driver for their employees.

Summary

Many organizations have benefited from implementing programs and initiatives related to diversity and inclusion. Employers may have varying business needs, and these examples show that efforts can be tailored to fit a wide variety of specific circumstances and goals. The next section explores general ways that organizations can develop and manage their diversity and inclusion efforts.

General Workplace Initiatives

Diversity and inclusion programs are often used by employers with the intention of tapping into the strengths of their current and future workforces. An employer's specific business case for pursuing these initiatives is typically closely aligned with the organization's overall mission and goals.

The value from diversity and inclusion efforts can often be achieved through an employer emphasizing awareness, education and positive reinforcement of the qualities and experiences that make each employee unique. When employees feel welcomed and supported, employee engagement and retention are both likely to increase. Some examples of internal diversity and inclusion initiatives include changes in company policies and practices, employee education and training, and employer-sponsored diversity and inclusion awareness events.

This toolkit is meant to be educational, and the following sections outline common workplace diversity and inclusion initiatives and strategies used by employers. Before updating policies or implementing any workplaces initiatives referenced in this toolkit, employers should consult with local legal counsel.

Workplace Policies

Reviewing workplace policies is often the first effort when incorporating and encouraging diversity and inclusion initiatives. Organizations may have outdated policies that can be reassessed or updated. Policies tend to be more successful when organizations focus on establishing measurable and achievable goals, attaining employee buy-in, developing advocates or champions, and establishing companywide accountability.

Organizations that compose formal, written policies may observe greater acceptance of diversity and inclusion within the workplace. These documented policies provide clear framework and constraints for employees. If there happens to be a dispute, written policies can be essential for a quick and clear resolution, and protection against potential legal claims.

Employee Resource Groups

Employee resource groups (ERGs) are voluntary, employee-led groups that aim to foster a diverse, inclusive workplace. ERGs are usually led by and participated in by employees who share a common interest, lifestyle, background or demographic factor (e.g., gender, race or ethnicity). These groups focus on employee support and inclusivity and provide resources for personal or career development. Generally, all employees are welcome to join an ERG to support their co-workers and be allies.

The following are common types of workplace ERGs:

- Volunteer programs to support charities or other volunteer initiatives
- Affinity clubs where employees with similar interests get an opportunity to socialize
- Professional development groups that provide employees the opportunity to share knowledge and advance their careers

ERGs are often used by organizations to aid in building workforces that reflect the demographics of their customer bases. ERGs can help foster a sense of belonging for employees, bolster connections, inspire conversations, bring new perspectives and drive innovation in the workplace. The overall goal is to create a safe space in which employees can be themselves and engage in candid conversations about specific topics or issues.

Recruitment and Hiring

As part of diversity and inclusion initiatives, many employers have focused on their recruiting and hiring practices. Here are some common initiatives used by employers intended to aid in building a diverse workforce.

Employer Branding

An important aspect of an organization's reputation—both internally and externally—is its employer brand. Employer brand refers to how the employment market views an organization, and the efforts used by an employer to adapt or shift this perception. Employees, including both current and former, can be some of the best brand ambassadors. Branding encompasses a variety of components, including both tangible benefits (e.g., salary, benefits and other perks) and intangible benefits (e.g., workplace culture, values and mission). It is a core component of recruiting and retaining employees.

Like most aspects of the workplace, the ongoing needs and desires of employees change. Employers that take care of their employees and communicate transparently and effectively will typically see an advantage in attracting an expanded talent pool. When an organization's brand resonates with those seeking employment and supports employees from diverse backgrounds, the employer may observe an increase in recruiting and retention success. By attracting and retaining a diverse candidate pool, employers can promote and demonstrate an inclusive culture. Companies that publicly commit to diversity and inclusion will attract like-minded partners—including employees, customers, clients and vendors.

Talent Sourcing and Hiring

Talent sourcing and hiring are common components of diversity and inclusion efforts. Some organizations use various outreach programs, job fairs and talent acquisition consultants to expand the reach of their talent sourcing. In addition, some employers have found that reviewing and modifying job descriptions to avoid potentially exclusionary language may attract a more diverse collection of candidates.

Retention

Inclusion is critical for retaining an organization's diverse workforce. Diverse workforces have a variety of different needs and preferred way of doing things. While employers may be focused on attracting more employees, those that go one step further and cultivate an inclusive workplace culture may be less likely to lose top talent. Employees with a diverse background are generally more likely to stick around with an organization if they feel that their perspective and contributions are valued by the organization, their manager and colleagues.

Onboarding and Offboarding

Onboarding can be a critical moment for employees to feel included starting on their first day with their new employer. Establishing a healthy and comfortable onboarding process can help all team members, including the newest ones, to feel comfortable and valued. It may also help colleagues understand what each other's duties and responsibilities entail. Many employers conduct a review process with new employees after initial onboarding in order to help the organization assess the effectiveness of its current practices.

In addition to checking in with new employees, some employers use exit surveys with departing workers as a tool to gauge organizational culture and evaluate issues or necessary areas of improvement. Discovering a common cause of attrition—such as issues related to diversity and inclusion—can be invaluable in helping an employer mitigate further consequences.

Both onboarding and offboarding are critical processes for making the workplace inclusive. Former employees are brand ambassadors when discussing their work experiences, and they might even be future employees again. So, that's why it's important for employers to maintain positive relationships with employees, from onboarding through offboarding. Organizations that use these learning opportunities to make the workplace safe and welcoming for employees may garner positive results when attempting to achieve a diverse and inclusive environment.

Culture

Diversity is nothing without an inclusive workplace culture. If an organization touts diversity initiatives or makes statements that are not reflected by day-to-day interactions, employees may become discouraged. An inclusive culture cultivates respect, fairness, positive recognition and receptivity of differences among employees, and it values employees' abilities—instead of focusing on their limitations.

There is not a one-size-fits-all approach for fostering an inclusive workplace. Policies or plans may look different based on the specific organization or industry.

It often takes a comprehensive effort and continued investment from employers to attract, hire, develop and maintain a diverse and inclusive workforce. When employees feel accepted and valued, they are likely happier in the workplace and remain with the organization for a longer tenure. In today's workplaces, employers putting time, energy and resources into a culture of inclusion can be a key component of employee retention.

Legal Considerations

Many organizations recognize that a diverse and inclusive workforce can provide them with a crucial competitive advantage. But, it's just as crucial for employers to be aware of applicable laws when creating, expanding or restructuring their diversity and inclusion initiatives. This section outlines agencies, employment laws and insights for employers to be familiar with so they can avoid potential legal consequences and financial penalties. Employers should consult local legal counsel when faced with any issues involving the laws discussed in this toolkit.

Equal Employment Opportunity Commission

The U.S. [Equal Employment Opportunity Commission](#) (EEOC) is the federal agency charged with enforcing federal anti-discrimination laws and advancing equal opportunity for all in the workplace. Equal employment opportunity (EEO) means freedom from discrimination on the basis of protected classes, such as race, color, sex, national origin, religion, age, disability or genetic information.

The EEOC recommends that all employees are trained on EEO laws, particularly HR professionals. Fortunately, the EEOC offers educational materials and training for employer compliance with federal labor laws. Training is a good time for organizations to remind employees of any company policies in place.

Federal Laws

There are several federal laws that impact diversity and inclusion initiatives in the workplace. Employers can help protect their organizations from discrimination lawsuits by being familiar with the following employment laws enforced by the EEOC:

- **Title VII of the Civil Rights Act of 1964** (Title VII) prohibits employment discrimination on the basis of race, color, religion, sex and national origin. Title VII applies to private employers with 15 or more employees, employment agencies, labor organizations, and state and local governments.
- The **Equal Pay Act of 1963**, amends the Fair Labor Standards Act and protects against wage discrimination or disparity based on gender. This act applies to all employers and protects both men and women.
- The **Pregnancy Discrimination Act** (PDA) forbids discrimination based on pregnancy when it comes to all aspects of employment, including the hiring process, terminations, pay, job assignments, promotions, layoffs, training and fringe benefits. The PDA applies to private employers with 15 or more employees.
- Title II of the **Genetic Information Nondiscrimination Act** of 2008 (GINA) prohibits discrimination against employees or applicants because of genetic information. GINA applies to private employers with 15 or more employees, employment agencies, labor organizations, and state and local governments.

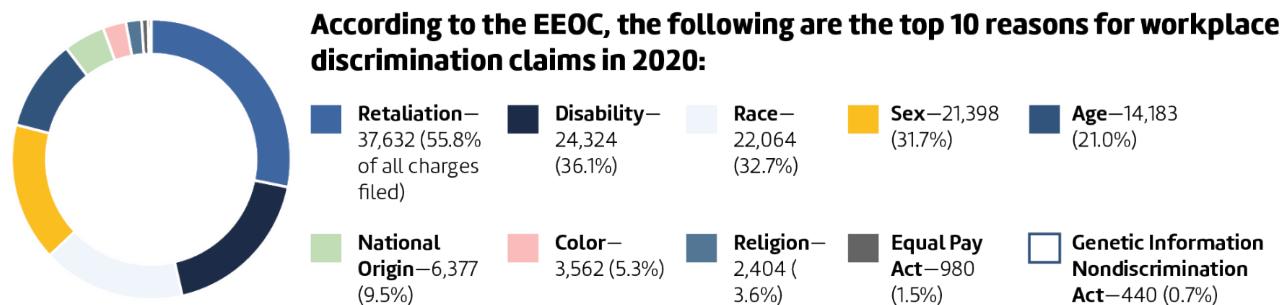
- Title I of the **Americans with Disabilities Act** of 1990 (ADA) prohibits discrimination in employment against a qualified individual with a disability and requires employers to provide reasonable accommodations for applicants and employees with disabilities. Title I applies to private employers with 15 or more employees, employment agencies, labor organizations, and state and local governments.
- Sections 501 and 505 of the **Rehabilitation Act** of 1973 (Rehab Act) prohibit discrimination against qualified individuals with disabilities who work in the federal government.
- The **Age Discrimination in Employment Act** of 1967 (ADEA) prohibits employment discrimination against people 40 years of age and older. Age discrimination involves treating an applicant or employee less favorably because of their age. The ADEA applies to private employers with 20 or more employees, employment agencies and labor organizations.

State Laws

Some state governments have also passed legislation to prevent unlawful and unfair employment practices in addition to applicable federal laws. Employers must also check and monitor the state laws where their company is located to ensure compliance and prevent litigation.

Discrimination Claims

Discrimination lawsuits can be very time-consuming and expensive for employers, and they can result in degraded employee morale or community reputation. In 2020, the EEOC resolved more than 70,804 charges of workplace discrimination. The agency secured approximately \$439.2 million for victims of employment discrimination in private sector and state and local government workplaces through mediation, conciliation and settlements.



These percentages add up to more than 100% because some lawsuits were filed alleging multiple reasons for discrimination.

Keep in mind that even one discrimination claim can cause employers to deal with legal consequences, financial penalties, low employee morale and a higher employee turnover rate.

Summary

This toolkit is only an introduction to diversity and inclusion in the workplace. Inclusion revolves around the day-to-day interactions between employees, managers and leaders. Genuine inclusivity typically relies on both leadership support and participation from employees at all levels of an organization.

Many employers have benefitted from the creation and cultivation of a workplace where all employees feel welcome and where everyone feels like their unique voice is heard. The case studies shared in this toolkit are examples of how organizations are focusing on diversity and inclusion and how those efforts have paid off for them. These initiatives are important for satisfying compliance obligations, but, in many cases, they can also increase an organization's bottom line thanks to a more diverse workforce that brings its unique skillsets and perspectives.

Along with tangible financial benefits, diverse and inclusive workplaces can also earn deeper trust and commitment from their employees. As such, it's possible that organizations may observe greater retention rates when employees feel included, valued and supported. To ensure authenticity and effectiveness, any workplace initiative needs to align with the organization's mission, values and business goals. It comes down to listening to employees and other stakeholders.

Contact Risk Strategies Company for additional information and resources to support employees in today's workplace.

Appendix

Diversity and inclusion are complicated subjects. As such, this toolkit is only meant to be an introduction to those workplace initiatives. To learn more, organizations can reach out to Risk Strategies Company for additional resources, such as those listed below.



Fostering Inclusivity in a Post-coronavirus Workplace

Diversity and inclusion in the workplace are not new concepts. However, as the threat of COVID-19 shifts, it's important for businesses to not simply have a plan, but fully embrace those concepts. People have gained new and varied perspectives while living through and preparing to emerge from the pandemic. This article explores how businesses can promote diversity and inclusion in a post-coronavirus workplace.



Addressing Bias in the Workplace

Many employers seek the benefits of a diverse and inclusive workplace, but struggle to overcome challenges such as bias. While most leaders and employees strive to make fair decisions and avoid unfair judgments, there exists the possibility that bias impacts some workplaces. Employers may be able to help mitigate bias in a number of ways, such as establishing a dialogue with employees, offering educational opportunities and evaluating current practices. This article outlines considerations for mitigating bias in the workplace.



Diversity Policy

Organizations can adapt this sample template when formalizing their diversity policy. This example diversity policy explains that the employer values each individual's differences and the unique contributions that they make. Once the template is updated to reflect the organization, it may be used as a stand-alone policy or as part of an employee handbook.



Equal Employment Opportunity Policy

This additional sample policy template can help explain that an employer provides an equal employment opportunity to all individuals and values a diverse workforce. Once the template is updated to reflect the organization, this can be used as a stand-alone policy or as part of an employee handbook.