

## **How can a Company's DEI Commitments Impact Employee Engagement and Retention?**

### **I. Introduction**

Employee engagement and retention have always been Human Resource Management issues. When skilled talents leave, companies face disruptions to business operations, lost productivity, and high replacement costs (Ivana, 2020). The Covid19 pandemic has further heightened this issue, now known as the *Great Resignation* or the experienced higher turnover rates of specific sectors. Reasons for attrition are driven by the lack of empowerment and recognition, untrustworthy and non-inclusive managers and issues of trust, fairness and justice (Detert et al., 2022). Employees stay engaged when companies recognise what is truly important and what drives and put meaning to their work, suggesting the need for purposeful employment (Antony, 2018). The Great Resignation has placed the focus on how companies are addressing social injustice as levers to employee engagement and retention (Miller & Davis-Howard, 2022). In 2020, the death of George Floyd, an American killed by a white officer on suspicions of carrying a counterfeit USD20 bill, re-energized the Black Lives Matter Movement, a social injustice issue that triggered many companies to make their Diversity, Equity and Inclusion (DEI) commitments and policies as a top priority for employee engagement (Baum, 2021; Miller & Davis-Howard, 2022; Ritter & Fickess, 2021).

This research aims to answer how a company's DEI commitments can impact employee engagement and retention by reviewing the main article, "It is Time for Organizations to Take a Leap Forward", (Miller & Davis-Howard, 2022), a report that highlights the importance of making DEI a strategic priority. Additional scholarly journals "Roadmap to an ESG Strategy: Five Key Steps for Success in 2022", (Voorhees et al., 2022); "Workplace Well-Being Deserves a Fresh Look", (Ritter & Fickess, 2021); "Diversity, Equity, And Inclusion Policies: Are

Organizations Truly Committed to a Workplace Culture Shift?”, (Baum, 2021); “Human Resource Practices in Improving Employee Retention”, (Ivana, 2020), “Paradigm Shift in Employee Engagement – a Critical Analysis on the Drivers of Employee Engagement”, (Antony, 2018) and “How a Values-Based Approach Advances DEI”, (Beach & Segars, 2022) will provide supporting arguments and present comparisons and differing views on the topic.

## **II. What is DEI, and Why do Companies Invest in them?**

Diversity, Equity and Inclusion or DEI is a company policy and commitment commonly under the umbrella of a company’s Environmental, Social and Governance (ESG) strategy. ESG is intended to address a company’s commitment to managing carbon footprint, DEI and social issues so they can compete in the talent war and attain net zero carbon in the future (Voorhees et al., 2022). *Diversity* is defined as the differences in attributes or characteristics, such as gender, race, colour, sex, religion or age, that can make one perceive that another individual is different from oneself, while *Equity* is treating people or teams equally with consideration of an individual’s needs and characteristics, situations and outcomes, while Inclusion is providing everyone with the same access to information and resources and involvement to team discussions and allowing everyone to contribute and impact decisions regardless of one’s attributes (Baum, 2021). With the Covid19 pandemic and the continuing social injustices affecting employees’ expectations, companies realise the importance of DEI policies and commitments to attract, engage and retain talents through the alignment of shared values (Miller & Davis-Howard, 2022; Voorhees et al., 2022). It is regarded as a critical factor in employee well-being leading to a workforce with a better life quality that impacts productivity and organisational performance (Ritter & Fickess, 2021). DEI is believed to also transform and revitalise an organisation by driving innovation (Beach & Segars, 2022).

## **III. What is the state of DEI commitments and policies in companies today?**

DEI is not something new. Companies, since the 1970s, have been trying to address issues of discrimination and diversity which have led to specific cultural changes, including allowing more women a seat at the corporate table and addressing gender pay gaps. But the pandemic

and social injustice issues have shown that these initiatives are no longer sufficient to address employee expectations (Miller & Davis-Howard, 2022). Thus, DEI is once again becoming a buzzword among companies globally. In the survey “Workplace Well-Being Trends” conducted by WorldatWork in April 2021, results show that 68% of companies have DEI initiatives as part of their well-being programs and that 60% of the workforce agree that these DEI initiatives positively influence their work-life; in a similar online survey done by the Schlesinger Group panel among 303 full-time business professionals, results showed that 85% believe their companies prioritise DEI a great deal and that 74% feel that their employers are putting adequate effort to these initiatives leading to more than 80% saying they now feel at ease to talk about their background and culture openly and that they feel respected (Ritter & Fickess, 2021). Although these surveys show high DEI commitments satisfying employee expectations and impacting engagement and retention, other studies are saying otherwise, as evidenced by the Great Resignation (Miller & Davis-Howard, 2022). Studies show challenges to instituting DEI initiatives to promote workplace equality. The number of companies with dedicated DEI Officers only increased by 8% from 2018 to 2021, and 60% of Americans have experienced discrimination because of their race, gender, colour, sex, religion or age (Baum, 2021). Not all companies recognise the impact of addressing DEI to influence employee engagement and retention and feel that no additional action should be taken in this area (Miller & Davis-Howard, 2022).

#### **IV. How can DEI Commitments Impact Employee Engagement and Retention?**

DEI commitments impact employee engagement and retention because of the shared values and beliefs between the employer and employee in addressing social issues (Miller & Davis-Howard, 2022). However, companies can only get their employees to stay engaged and committed if they remain true to these commitments deemed by employees as psychological contracts (Antony, 2018). Thus, DEI policies and commitments cannot stay on paper; they should be translated into concrete actions to create the desired impact. Small initiatives like diversity councils and DEI training are no longer sufficient (Miller & Davis-Howard, 2022). Similarly, employees will know if the DEI programs implemented are solely for compliance reasons (Baum, 2021; Beach & Segars, 2022; Miller & Davis-Howard, 2022).

For DEI policies and commitments to address the issues of employee engagement and retention, it should be fundamental and treated as a strategic priority and not a discretionary choice. Companies should holistically treat DEI and not look at it piecemeal (Miller & Davis-Howard, 2022). Even if a person of colour is hired but is deliberately excluded from working groups or whose opinion is not solicited or given the same pay or opportunities for growth, inclusion and equity are not addressed (Baum, 2021). To manage employee retention and engagement through DEI, policies and commitments should be integrated into the company's culture supported by new mindsets, behaviours, and ways of interacting and operating (Miller & Davis-Howard, 2022). Making these sustainable changes in company culture will require momentum play, and the DEI changes should continuously happen with the leaders driving a continuous effort to measure DEI success (Beach & Segars, 2022; Miller & Davis-Howard, 2022).

## **V. Conclusion:**

This report set out to answer the research question, *how can a company's DEI commitments impact employee engagement and retention?* The research and findings from the reviewed studies in this report have shown that the critical reasons for employees to attrite or stay engaged and committed to their companies are driven by empowerment, social injustice, and purposeful employment (Antony, 2018; Detert et al., 2022). These reasons are what DEI commitments and policies address. Thus, DEI impacts employee engagement and retention by aligning shared values between the employer and employee (Miller & Davis-Howard, 2022; Voorhees et al., 2022). In an inclusive workplace, DEI is an integral factor of employee well-being and companies with well-being programs result in an engaged and productive workforce (Ritter & Fickess, 2021).

However, there are contrasting views on the importance of DEI policies in companies. While several organisations recognise its value and importance, others see DEI as a compliance requirement (Baum, 2021; Beach & Segars, 2022; Miller & Davis-Howard, 2022). As evidenced in the study, DEI commitments without action will not address and create the impact it has

set out to make. It is not a nice-to-have but a must-have policy and discipline for companies to thrive in the 21<sup>st</sup> century (Miller & Davis-Howard, 2022). DEI is not a checklist of things to do for compliance but rather a commitment to nurturing the correct values and transforming principles into actionable programs until it becomes an organisational norm (Beach & Segars, 2022).

While DEI impacts engagement and retention, more research is needed to better understand and appreciate the success rate in mitigating employee attrition and building a committed workforce in companies where DEI has been successfully integrated into its company culture and where all operating policies and processes have been transformed to embed DEI measures. The reviewed articles in this report were limited to the observations and studies on what has been done only from 2020 at the onset of the Black Lives Matter movement and the onslaught of the Covid-19 pandemic.

## **VI. References:**

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