

DEI and ESG: Speaking About Value Versus Acronyms

February 22, 2024



Where are we as business today?

5+ Years Ago

Companies were Aggressively Speaking Out on DEI and ESG

**The
Economist**

Business | Diversity memo

**How to make your firm more
diverse and inclusive**

Tips for chief executives

**McKinsey
& Company**

**How the E in ESG creates
business value**

For executives and investors alike, understanding the links between ESG and business value is essential to making sound decisions about how to allocate capital and other resources.

Bloomberg

Equality

**BlackRock to Push Companies on
Racial Diversity in 2021**

- The firm also will press on climate, lobbying-related issues
- Fink has put sustainability at center of investment strategy

The New York Times

DealBook / Business & Policy

***Investors Sharpen Focus on Social and
Environmental Risks to Stocks***

THE WALL STREET JOURNAL.

STOCKS

**More Companies Are Making Noise
About ESG**

Big U.S. firms are increasingly talking up environmental, social and governance factors on earnings calls

Today, Companies Are Retreating *DEI and ESG are Politically Divisive*

Bloomberg

Newsletter

**Why Companies Are Scaling Back DEI
in America**

The New York Times

*Facing Backlash, Some Corporate
Leaders Go 'Under the Radar' With
D.E.I.*

THE WALL STREET JOURNAL.

How ESG Became a Dirty Word in Corporate America

The Economist

**How ESG became part of
America's culture wars**

A focus on social issues by big business has angered some
Republicans

yahoo! finance

**Companies test out different ways
to talk about ESG without saying
'ESG'**

AXIOS

**Companies are backing away
from "DEI"**



What's Next: Speaking About Value Versus Acronyms

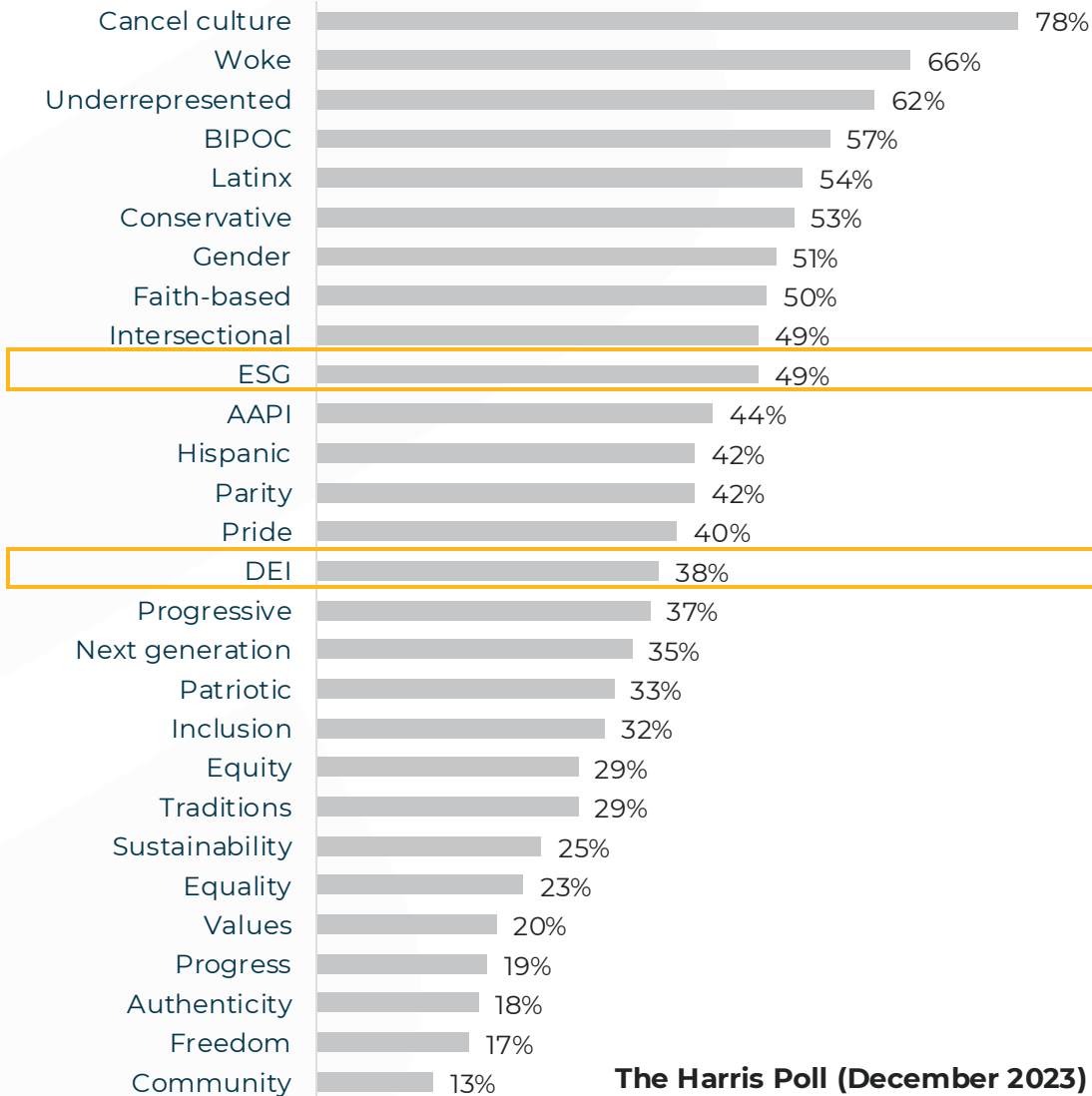
**IT'S NOT WHAT YOU SAY,
IT'S WHAT THEY HEAR**

*Especially with acronyms many
Americans don't understand*

THE WORDS THAT DIVIDE US

In your opinion, are the following words more likely to bring people together or divide people?

% Word Will Divide People Among Those Familiar With Terminology



The Harris Poll (December 2023)

	Republicans	Democrats	Partisan Split
Cancel culture	80%	73%	7%
Woke	73%	59%	14%
Underrepresented	72%	52%	20%
BIPOC	65%	46%	19%
Latinx	60%	47%	13%
Conservative	37%	59%	-22%
Gender	59%	40%	19%
Faith-based	40%	51%	-11%
Intersectional	57%	41%	16%
ESG	59%	38%	21%
AAPI	47%	38%	9%
Hispanic	42%	39%	3%
Parity	50%	33%	17%
Pride	44%	34%	10%
DEI	47%	27%	20%
Progressive	50%	26%	24%
Next generation	37%	29%	8%
Patriotic	23%	36%	-13%
Inclusion	35%	26%	9%
Equity	31%	23%	8%
Traditions	22%	33%	-11%
Sustainability	31%	19%	12%
Equality	27%	19%	8%
Values	21%	17%	4%
Progress	22%	15%	7%
Authenticity	18%	17%	1%
Freedom	16%	17%	-1%
Community	13%	10%	3%

HOW ACRONYMS DRIVE POLARIZATION

For each of the following words, do you have a positive, negative, or neutral feeling when businesses use it?

% Among those familiar with the term

■ Positive ■ Neutral ■ Negative

Cancel culture

12%

26%

62%



It's been hijacked by people to silence anyone criticizing them

Woke

23%

29%

48%



It's associated with excessive political correctness

Underrepresented

19%

43%

38%



It leads to preferential treatment based on identity

DEI

40%

34%

26%



It prioritizes identity over merit

BIPOC

31%

43%

26%



It's used to get minorities special privileges and treatment

ESG

33%

42%

26%



It's used by companies to improve their public image rather than genuine commitment to social and environmental responsibility

Latinx

27%

48%

25%



The Hispanic/Latino community does not use it

**THE OPPORTUNITY WITH
ESG AND DEI
IS HOW THEY ARE FRAMED**

WORDS THAT UNITE US

Instead of...

“DEI”



“Equality”

38% say divisive

23% say divisive

15 points less divisive

Instead of...

“ESG”



“Sustainability”

49% say divisive

25% say divisive

24 points less divisive

MOST AMERICANS AGREE WITH THE CONCEPTS BEHIND DEI

81%

of Americans **agree** that corporate America should **reflect the diversity of the American population.**

78%

of Americans also **agree** that corporate America should **reflect the racial diversity of the American population.**

78%

of Americans **support** businesses taking active steps to make sure **companies reflect the diversity of the American population.**

Support businesses taking steps to make sure companies reflect the **diversity of the American population.**

83% Gen Z
83% Millennials
76% Gen X
74% Boomers+

67% Republicans
76% Independents
90% Democrats

88% Black
78% Hispanic
75% White

**BLACK
ECONOMIC
ALLIANCE**
WORK • WAGES • WEALTH

 **The Harris Poll**



[Dive into the full reporting here](#)

EMPLOYEES ESPECIALLY ALIGN WITH DEI OBJECTIVES

6 in 10

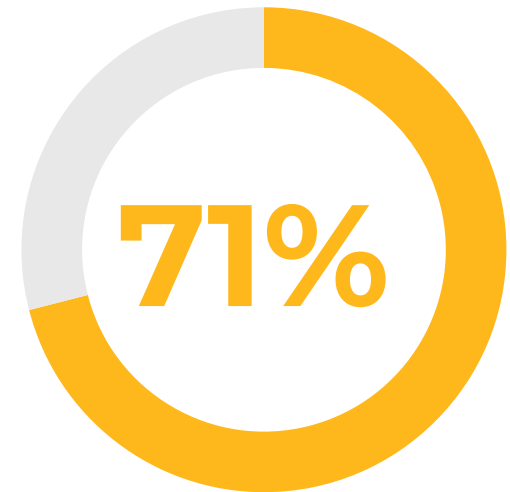
would describe DE&I efforts **positively** if they were talking to a friend about corporate America

64%

of young people (18-34) describe DE&I efforts **positively**, more than any other age group.

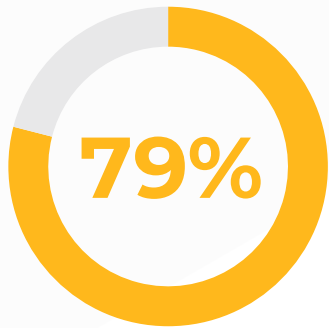
2 in 10

Black (21%) and Hispanic (19%) Americans mention the **treatment of employees** as a positive benefit of corporate DE&I efforts (vs. 13% white).



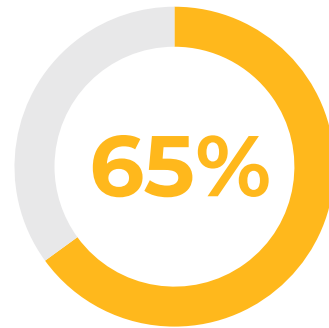
Of employed Americans rate their company's efforts as **"good" or "excellent"**

AMERICANS SEE DIVERSITY AS CRITICAL TO BUSINESS SUCCESS

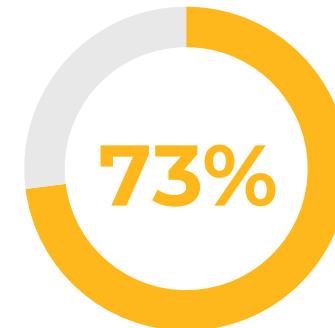


Of Americans think having **more diverse leaders** would allow for **better outcomes** in government, business, etc.

(DEM: 86% v. GOP: 70%)



Believe there **isn't enough diversity in corporate America** today



Business leaders should be **addressing DEI more in the workplace** than they currently are

(DEM: 86% v. GOP: 61%)

AT THE SAME TIME, WE HAVE WORK TO DO

3x

Black professionals are nearly **3x** more likely to “code-switch” than white professionals at work

(Black: 34%, White: 12%)

44%

Of Black professionals see “code-switching” as a necessity at work

(Hispanic: 37%, White: 22%)

26%

Of Hispanic professionals felt embarrassed and judged by their peers for “code-switching”

(Black: 21%, White: 8%)

FORTUNE

Some Black workers say if they stopped code switching at work it would hurt their careers

USA TODAY

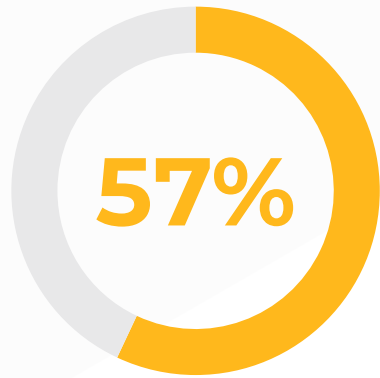
[CAREERS](#)

Workplace diversity

[Add Topic +](#)

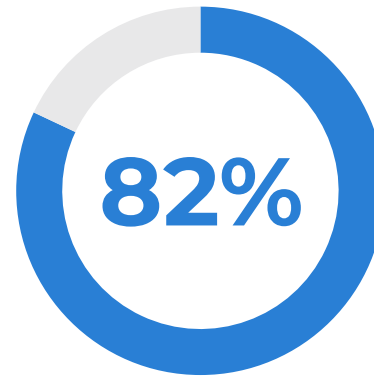
What is code-switching? Why Black Americans say they can't be themselves at work

ENVIROMENTAL ISSUES ESPECAILLY CRITICAL FOR GEN Z

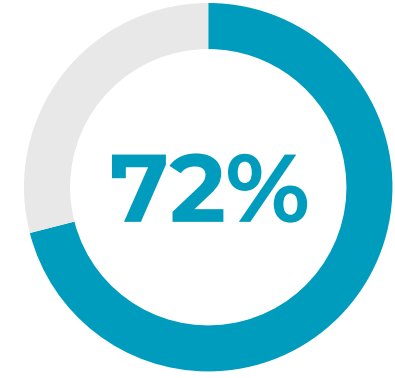


of Gen Z/Millennials have **dreamt about climate change**

(Gen X: 35%, Boomers+: 14%)



of teens (13 to 19) believe their **“future life decisions will be influenced by the state of the environment”**



of global executives say most organizations in their industry would be **caught greenwashing if investigated**

Where does the responsibility fall?

- Gen Z and Millennials expect policy makers and big companies to impact change
- More Gen Z and Millennials believe sustainability needs to come from the top down
- Boomers place more of the onus on people

Sustainability needs to come from...

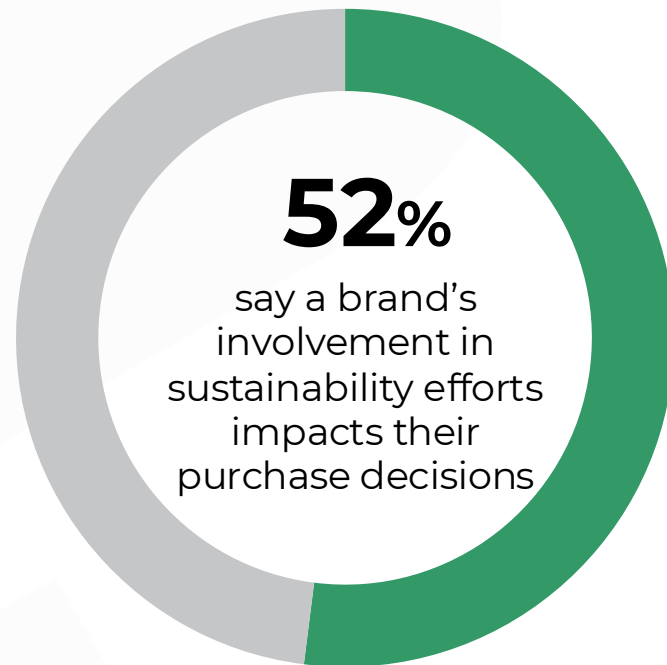
Top-Down, driven
by government &
large business

Bottom-Up, driven
by ordinary people

38%	Total	31%
41%	Gen Z	33%
41%	Millennials	28%
35%	Gen X	32%
32%	Boomers	35%

WHAT THE DATA SAY: SUSTAINABILITY MATTERS

A brand's sustainability efforts positively impact purchase decisions



% who believe brands should be doing more to market their sustainability efforts



+ **40%** trust a brand **more** if they communicate their sustainability efforts

Even among Republicans and Conservatives, "trust more" far outweighs "trust less"

**When we change the language
and back it up with our actions,
WE CHANGE THE CONVERSATION**

Our Recommendations For Business Leaders Today

- 1. Avoid jargon**
Don't invite business risk with acronyms and politicized language: Be intentional and specific
- 2. Only use language you can defend**
Companies ask for trouble when they virtue-surf
- 3. When you divide, you subtract**
Whether you have a red or a blue brand, you have less of a brand: Strive to unite
- 4. Less is more**
Instead of making bold proclamations, narrow what you talk about and be able to celebrate tangible results
- 5. Never backtrack on ethics and values**
Once you decide to speak out, never retreat

Thank you!

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