Falling Through the Cracks

How has COVID-19 affected Diversity & Inclusion Initiatives

If 2019 ended on a high note for Diversity & Inclusion, the pandemic-led 2020 seems to have other plans. Businesses headed into 2020 with a shared acknowledgment of the importance of D&I in the workplace, find themselves redirecting capital to cater to the economic conditions created by COVID-19. This shift encouraged us to host a virtual roundtable discussion with a cross-section of thought leaders across industries.

Titled "Quarantined in its Tracks: Did COVID-19 end D&I Momentum?" the discussion addressed the current state of D&I initiatives and offered each leader an opportunity to share the concerns and pain points they were experiencing while also identifying solutions and evolving best practices. This piece was written before the protests that took place at the end of May. Still, current events only underscore how diversity and inclusion is a critical part of the national discussion.

Today, Diversity and Inclusion is not limited to gender and race. D&I has grown to now address identity, diversity of thought, and all manner of identifiable demographics and equal opportunity. With 57% of HR professionals agreeing their companies have become more diverse in the past year, firms have been continually introducing and/or revamping their D&I initiatives to focus on global representation and inclusivity.[1]

Then COVID-19 happened.

Until early 2020, firms of varying sizes focused on creating and sustaining inclusive work cultures, celebrating a myriad of skill sets and perspectives. US companies reported spending as much as ~$8 billion in D&I training alone in 2019 — this during a period of economic growth and prosperity. The humanitarian crisis seems to have hit humanity the hardest — and D&I lies at its center.

1 https://clutch.co/hr/resources/diversity-in-workplace-statistics

DIVERSITY & INCLUSION DURING COVID-19

With a significant chunk of 2020 being put on hold by the pandemic, employees are finding themselves left out of D&I conversations. The post-COVID era is driven by the twin problems of:

1. A pause or inability to fund existing programs

Economic and pandemic turmoil poses a severe risk to companies that may have been half-hearted in their approach, ultimately resulting in D&I to fall by the wayside and languish in well-meaning corporate mission statements. With costs facing keen eyes and increasing concern for revenue as the global economy stands at a precipice, employers need to look at their core employees and potential hires and decide what type of culture will propel them past COVID-19 and firmly into this decade.

2. Skyrocketing unemployment

The proof is in the numbers. American unemployment claims rose over the last two months, resting at nearly 20% of the workforce unemployed. As of May 30th, 2020, the data shows that the hardest hit are minorities and women. The evidence as of April 30th, 2020, shows 60% of the eliminated jobs were held by women, increasing their unemployment rate by 0.9% versus a rate of 0.7% for men.[2]

The Department of Labor data illustrates an even more troubling story for African American men and Hispanic men and women. The former saw a 1.2% increase in their unemployment rate, while Hispanics and Asians saw a 1.6% increase, versus a 0.9% increase for Caucasians. The overall unemployment rates for African American men, Hispanics, and Asians were 7%, 6%, and 4.1%, respectively, versus 4.0% for whites. Frequently left out of the workforce diversity debate, are LGBTQ individuals, 40% of whom work or worked in profoundly affected industries like hospitality and the food and beverage services.[2;3]

For those still employed, the heightened guidelines for safety and, in some cases stay-at-home orders, present challenges to D&I and employers' ability to ensure inclusive and egalitarian workplaces. Chief among these changes is remote working, which requires digital accessibility. Without the common ground of a thoughtfully curated office space, employees find themselves in a variety of home situations, some that are easier to adapt to productive professional spaces.

Fueled by this data and the anecdotal knowledge put forth in our roundtable discussion, our panel went to work.

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2   https://hbr.org/2020/04/research-u-s-unemployment-rising-faster-for-women-and-people-of-color

3   https://hms.harvard.edu/magazine/lgbtq-health/margins

D&I THROUGH DIFFERENT 'LENSES'

Current realities require leadership to realize the many 'lenses' through which various employee groups may be experiencing the pandemic. These leaders can then begin to understand the circumstances and the needs of a diverse employee population and seek to identify solutions and map inclusive career paths. "The conversation needs to shift with CEOs to help them understand that this IS the time to talk more about D&I. It's this gap of understanding, the correlation between diversity and inclusion and business value that doesn't get enough conversation," said a thriving financial services executive, award-winning author, and member of our roundtable. "That said, there is an immediate need for a different kind of virtual bias training. There are different lenses that provide a background to each person we're having virtual conversations with," she adds.

A few of the lenses which were highlighted during our roundtable discussion included:

- The 'double-shift' women are currently juggling between the office and household work. According to recent surveys by LeanIn.org and Survey Monkey, 31% of women with full-time jobs and families say they have more to do than they can handle. Only 13% of working men with families say the same. Women are now spending 71 hours every week on housework and caregiving, including the new responsibilities of the pandemic. A woman is essentially performing two full-time jobs—before even starting her full-time job. Meanwhile, men in the same situation are doing 20 fewer hours of labor every week. For women of color and single moms, the demands are even greater.[3]

- Mental health issues could impact employees who live alone and are working remotely. The only option left for them is to work and be 100% dependent on technology, even for casual 'breaks' and human interactions. Such demands lead to the possibility of burnout, anxiety, and stress.

- The onboarding and acculturation of new employees to ensure they are given the same training and opportunities to be on equal footing with those who started pre-pandemic. "We're helping our new hires assimilate virtually by focusing on them and doing regular follow-ups, and the response has been great!" said a talent leader of a renowned tire manufacturing company.

The chief people officer for a leading creative transformation company added in agreement, "we're trying to initiate a sense of belonging and build a relationship with new employees a few days prior to their joining date, so it gives them more time to adapt to our culture."

- The subconscious bias that may accompany the hiring manager in virtual interviews with potential candidates, e.g., interviewers are getting a novel glimpse into 'what's behind the candidate' and home environments during zoom interview calls.

- The opportunities that arise via virtual intern programs make the experience more engaging and knowledgeable for the incoming interns through technology. "We haven't canceled our intern program. We're hosting them virtually so interns can practice on live presentations via conversations with experts (our clients), leading us to believe that this might just be a more robust program from a content perspective," commented a panelist. A Big 4 Accounting Firm is considering hosting a virtual interactive intern program by leveraging technologies to support its 2000-person intern program.

- Managing and supporting more seasoned and/or immune-suppressed employees who may be more hesitant to transition back to an office and who are still essential/need to work.

- Ensuring Asian employees in the US are not subjected to bullying or racism, which may stem from polarized media outlet narratives.

- New work environment accommodations for employees who are handicapped and were initially supported by technologies common to ADA approve workspaces so they can complete their duties at home.

- Ways to be more inclusive of racial/ethnic minority groups via virtual initiatives to ensure a measure of equity and anti-bias training for leaders.

- Remote leaders are acknowledging the contributions of employees who remain in the field.

One of the differences addressed in our virtual Galaxy of Leaders session included distinguishing between diversity and inclusion, and whether either is a necessary prerequisite for the other to be achieved. A leading global human resources business executive focusing on inclusion commented, "we aim to bolster inclusiveness via technology. We want to move out of just talking about it to doing something more relevant and actionable." They are currently using multiple virtual and video tools to complement their plan. Another approach, by a reputed leader of D&I initiatives, involved a primary focus on diversity. "When companies create practices and programs keeping a particular group in mind, you unknowingly disadvantage all groups. One way to avoid this is to use data to figure out who is falling through the cracks and raise a dialog on what it means for everyone," she added.

While we're still waiting on the verdict of that debate, the attendees did agree that achieving both are critical to the success of any D&I program. In a recent news article, Microsoft's Chief Marketing Officer Chris Capossela stated, "Diversity is a fact. Inclusion is a choice. With diversity, you can count how many people from different backgrounds work at your company. … But inclusion? You have to choose it. You have to work hard so that when someone joins your company, they feel welcomed—but three months later, they feel like they belong. And that is a much, much higher bar than just counting the number of employees you have of a particular gender, sexual preference, ethnicity, etc." The idea of representation without making people feel included – not only at the beginning of their tenure but throughout – is a hollow approach and strikes at the heart of my firms need to work hard at inclusivity every step of the way.[4]

3   https://hms.harvard.edu/magazine/lgbtq-health/margins
4   https://fortune.com/2020/05/07/coronavirus-women-sheryl-sandberg-lean-in-employers-covid-19/

ECONOMIC GROWTH AND RECOVERY DURING COVID-19

Given the economic conditions created by COVID-19, the question arises whether D&I initiatives will remain a top priority, or will they fall to the bottom of corporate agendas as money is redeployed to manage the crisis? Is there an opportunity with the economic shift to actually enhance existing D&I efforts?

It is D&I's potential positive effect on an economic recovery that could hold the most interest for senior leadership. A survey by the American Sociological Review, which looked at more than 500 companies, noted that gender and racial equality were significant predictors of a company's success compared to its competitors.[5] In another report by The Wall Street Journal, it is noted that the financial industry was the best performing sector in its study of the link between financial performance and diversity across the S&P 500 companies. The Journal's research determined that the 20 most diverse companies — dominated by banks and insurers — had an annual stock return of 10% over five years, compared to 4.2% for the 20 least diverse companies.[6]

While it remains to be seen what the COVID-19 recovery will look like, and it will undoubtedly vary across industries, companies who do not push forward with these critical D&I programs may not see the growth of those companies that stay the course. McKinsey's 2015 "Diversity Matters" report examined 366 public companies across a range of industries in Canada, Latin America, the United Kingdom, and the United States. While correlation does not equal causation (higher gender and ethnic diversity in corporate leadership doesn't automatically translate into more profit), the relationship does indicate that when companies commit themselves to diverse leadership, they are more successful.[7]

The same trend surfaced during our executive roundtable discussion, which highlighted companies that were deep in their convictions about supporting the D&I agenda. They are moving forward aggressively in their initiatives and flexing approaches from in-person to more virtual. Conversely, companies that were not as deeply rooted in making a difference in D&I have de-prioritized D&I in the short term, with no specific plans on future re-engagement.

Maintaining a competitive advantage is more critical than ever for companies during an increasingly uncertain economic cycle. In December 2019, Fortune discussed a study that showed companies that maintained a focus on inclusivity during the Great Recession, did better financially during and after it. With top tier companies already focusing on D&I, even with retrenchment and reductions, diversity will hold a more reliable place as they look to recovery. Companies that lean into D&I and look beyond narrow accessibility issues are going to recover better economically.[8]

These statistics steered the conversation toward why Diversity and Inclusion are even more critical during a crisis and should not be placed on a back burner – a few of which we've highlighted below:

- Companies who have maintained a focus on D&I during periods of recession experience quicker recoveries.

- Diverse companies have more success in entering new markets.

- Millennials, who are quickly becoming the majority of the workforce, are more likely to seek diverse companies as their career destinations.

- Diverse companies have demonstrated higher financial returns.

- Companies with diverse leadership are more capable of honing their clients' perspectives and needs, which can yield higher customer retention.

Such points create opportunities, and as we navigate through uncharted paths, leaders should focus on specific action items to identify and explore new processes and ways they can be more inclusive. Executives will be better equipped to manage future challenges with a well-developed D&I toolkit.

5   https://www.adweek.com/inside-the-brand/cmo-moves/chief-marketers-weigh-in-on-diversity-inclusion-equity-and-equality/

6   https://www.sciencedaily.com/releases/2009/03/090331091252.htm

7   https://knowledge.wharton.upenn.edu/article/why-leadership-diversity-matters-in-handling-crises-like-covid-19/

8   https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters

CONCLUSION

D&I momentum will not be stopped in its tracks for companies that are genuinely committed and moving the needle forward. With evidence that companies who stayed the course on D&I during the Great Recession rebounded better, senior leadership should be even more incentivized to maintain a focus on D&I. Creating a blueprint to ensure clear messaging among leaders and employees is critical. D&I has not lost all its momentum yet!

Our round table delegates discussed several ways leaders should acknowledge this crisis as an opportunity to distinguish their organization – communication the chief among them. Empathy was high on the list as a way of maintaining a level of engagement to support and build continual D&I momentum. "We need to approach things from a human angle," said one HR leader who is aiming to lead with inclusion as her organization shifts 90% of their workforce to virtual work environments. Such ongoing empathetic and compassionate conversations present leaders with added opportunities to demonstrate their understanding of and articulate the needs, concerns, and accomplishments of their employees. Keeping open the lines of communication throughout an organization can also decrease the post-crisis recovery time.

Leaders need to ensure that employees feel comfortable communicating with them and are aware of and know how to use the tools to do so. In many cases, technology is the foundation on which this whole new virtual work environment exists. One of the main ways to ensure you don't incorporate biased technology is by using it to your advantage. "Use creative crowdsourced ways to get them [employees] excited to interact," said one Global Business Unit leader who encourages the use of new technologies.

Cross-training and upskilling is also fast becoming a primary method of ensuring inclusiveness across diverse groups. A recent Walmart-funded report by FSG and PolicyLink explains that reskilling frontline workers instead of laying them off minimizes the costs and productivity losses associated with hiring new employees. Many retailers already cross-train so that workers can more flexibly fill different functions and prepare for changing environments. Including women and minorities in these efforts during the recession will help you retain your best performers while maintaining diversity.

Southwest Airlines demonstrated this during the Great Recession. Specifically, they redeployed talent to avoid lay-offs and transitioned workers back to their original jobs as the economy recovered. Thinking creatively, supporting a diverse workplace, and encouraging teamwork is vital to developing strategies resulting in fewer lay-offs among women and minorities.[9]

Technology can also ensure D&I momentum by using it to create a window into employee lives and offer flexible solutions to provide motivation, engagement, and efficiency. This, in turn, helps increase overall productivity. Empowering leaders and managers to conduct regular check-ins with their workforce is one ingredient to a successful engagement recipe. This includes the flexibility to move or reprioritize pre-pandemic deadlines and targets, shift performance reviews, or remove low-priority items from the to-do list.

Recent reports state that only 40% of firms have taken steps to increase flexibility since the pandemic began, and fewer than 20% say their employers have shuffled priorities or narrowed their scope. Facebook, for example, has reportedly suspended their usual performance ratings – instead, all employees will receive bonuses based on exceeded expectations for the first half of the year. They have also created extended childcare benefits and new leave options for caregivers. Managers can reshuffle priorities based on a case-by-case analysis, so employees can flag problems, readjust priorities on the fly, and most importantly, ask for help.[10]

Other methods discussed with our roundtable participants included clear messaging among leaders and employees.

Some leaders discussed employee surveys; others discussed manager training; all acknowledged the importance of identifying methods to ensure clear "handshakes" to make sure critical information is not lost in an untraceable game of "telephone." The only way to combat this humanitarian virus is by taking the humanity route.

Firms like Citigroup facilitated a Diversity & Inclusion based initiative via live stream hosted across 96 countries. This stream included senior executives sharing personal stories of times they were excluded and/or stereotyped. These stories from senior leadership on their struggle to fit in or be authentic at work transformed into a powerful tool that nurtured a sense of belonging among the workforce.[11]

Overall, our roundtable highlighted that the Global Covid-19 pandemic has challenged business leaders to step up and catch up where they have fallen behind. The Covid-19 Pandemic has posed a challenge to businesses asking them to either keep up, catch up, or get out of the race. To be relevant and sustainable, companies must be inclusive. Though our delegates had different opinions on whether diversity begets inclusion begets diversity –the data and anecdotal evidence all seem to conclude the businesses that will be most successful will have both. As change is inherent in a time of crisis, let's focus on positive change. Let's take this time to reevaluate, realign, and reconsider our strategies from a more diverse and inclusive point of view.

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9   https://fortune.com/2019/12/20/diversity-inclusion-key-to-beating-next-recession/

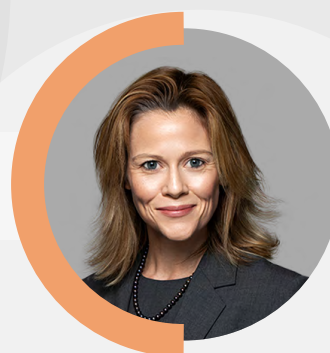10   https://hbr.org/2020/04/research-u-s-unemployment-rising-faster-for-women-and-people-of-color

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