

DEI and Talent Retention: *Workers Expect Meaningful Diversity, Equity, and Inclusion*



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Companies must prioritize diversity, equity, and inclusion if they expect to retain top talent.

DEI has become an organizational imperative because today's talent wants to work for companies whose core values mirror their own. They seek out organizations that demonstrate a commitment to creating diverse, equitable, and inclusive working environments.

In fact, according to a 2022 [GoodHire survey](#) of workers in the U.S., 81 percent of respondents would consider leaving their jobs because of a lack of DEI commitment by their employers.

In short, DEI initiatives have become mission-critical to talent retention.



People Recognize How DEI Can Improve Their Workplaces

DEI is a component of company culture that has become inextricably linked to employee satisfaction and, therefore, retention.

“Workers who are satisfied with their company’s efforts on [DEI] issues are actually happier with their jobs,” writes [Laura Wronski](#), director of research at agile experience management company Momentive.ai.

That’s largely because employers that prioritize DEI enable their employees to be their best selves. People who work in diverse, equitable, and inclusive environments are encouraged to share their unique perspectives, so they feel more respected on the job and valued for their contributions. That helps them achieve their full potential.

DEI Makes Work More Meaningful

For many people, work is more than simply a means to collect a paycheck. They see work as a way to contribute to something bigger than themselves, a greater purpose, [Melanie Langsett](#), principal in Deloitte’s Human Capital practice, et al. write. It’s an opportunity for people to make a difference, whether that’s bettering the company, impacting societal change, or improving the lives of coworkers. DEI is one area they look to find that meaning.

In diverse, equitable, and inclusive workplaces, people are respected for their differences and the value they bring to the organization. This creates a working environment that allows all workers to thrive, which makes them happier and more productive.

People want to work for such organizations because they feel their work contributes to the creation of that environment. They perceive their work as more meaningful.

DEI Facilitates Workplace Fairness

People expect everyone in a company to be treated equally and fairly regardless of age, race, gender, or sexual orientation. When DEI is a core value, people have confidence that their organization emphasizes the importance of equality and fairness. That leads to greater satisfaction and employee retention.

“Diverse and inclusive workplaces earn deeper trust and more commitment from their employees,” notes [Matt Bush](#), principal strategic advisor at Great Place to Work. In fact, research by that organization found that when employees trust that everyone at the workplace will be treated fairly, they are 5.4 times more likely to want to stay a long time at that business.

DEI Helps People Build New Skills

Developing new skills is important for forward-thinking workers who want to grow in their careers. Working in diverse, equitable, and inclusive environments helps people build new skills that will aid them at different phases of their careers.

“If you are working in a diverse and inclusive environment, you will automatically be exposed to a wider range of different opinions, ideas and skills far more regularly,” explains [Yvonne Smyth](#), head of diversity and inclusion at Hays. “This, in turn, will allow you to open your mind and become more curious about different ways of thinking. You will also be more likely to learn new skills from your colleagues.”

Happiness at work is key to talent retention, and DEI is critical to job satisfaction. By focusing on meaningful DEI, employers create environments in which employees feel as though they belong and their work matters, which motivates them to be loyal to the company.

A photograph of three women in an office environment. One woman is leaning over a desk, looking at a laptop screen. Two other women are seated at the desk, looking at the laptop. The office has a modern, industrial feel with concrete walls and a glass desk.

An analysis of Glassdoor ratings data finds that a firm's overall rating is highly correlated with the firm's DEI rating.

DEI Performance Is Difficult, But Not Impossible, to Measure

People want to see results from DEI initiatives. The challenge for many organizations is quantifying DEI performance in ways that demonstrate the success of their DEI efforts.

Most business leaders acknowledge that their organizations benefit from a diverse, equitable, and inclusive workplace, but not everyone has figured out how to quantify and measure the impacts of their efforts.

Equity and Inclusion Are Particularly Hard to Measure

Quantifying diversity is relatively straightforward. Diversity focuses on demographics such as race, ethnicity, gender, gender identity, sexual orientation, age, and socioeconomic class.

The hard part is defining what success in diverse representation looks like for the individual organization. This requires leaders to set benchmarks they want to achieve, such as building a workforce that mirrors the demographics of their local community, or setting a goal for the number of hires that need to come from underrepresented groups. Success or failure of diversity efforts is then determined by comparing performance to baselines and benchmarks.

Equity and inclusion are more difficult to quantify. “Although organizations have found ways to successfully measure and track diversity, they haven’t been able to do the same for inclusion,” write [Lauren Romansky, Mia Garrod, Katie Brown, and Kartik Deo](#) in a Gartner report on measuring inclusion. This is largely due to the fact that inclusion has to do with people’s perceptions instead of hard numbers, so organizations struggle to define and measure it.

“Without a shared understanding of inclusion, people are prone to miscommunication, progress cannot be reliably evaluated, leaders can’t be held accountable, and organizations default to counting diversity numbers,” explains [Juliet Bourke](#), former partner at Deloitte Australia.

That said, companies do attempt to gauge their progress on equity and inclusion through evaluation tools such as surveys and interviews, but meaningfully quantifying the feedback can be challenging.

That’s why when attempting to measure inclusion, HR teams turn to comprehensive data points, such as attrition rates, that can tell their DEI story.

Use Attrition Rates to Measure DEI

Measuring retention is one way to measure DEI qualitatively. A high turnover rate, or attrition rate, may indicate that employees aren’t feeling included in the workplace, particularly if those who are leaving are the company’s diverse hires. That’s because research suggests DEI and attrition are inversely related.

Dr. Maliha Singh, an economist at Eightfold, recently analyzed data from 31 Fortune 500 companies, along with some of the data from Revelio Labs. Singh found that:

- > Increasing the share Black or Hispanic employees by 10 percent can reduce a company’s attrition rate by 4.4 percent.
- > Increasing the percentage of women in the workforce by 10 percent can reduce an organization’s attrition rate by 1.4 percent.

Diversity, equity, and inclusion matter to employees. They want to see evidence of an organization’s commitment to not only diversifying its workforce but also making everyone feel accepted for who they are and valued for their differences.

That’s why business leaders and HR teams need to make a concerted effort to establish baselines, set goals, and regularly ascertain the distance between the two. In doing so, they can communicate the impact of their DEI efforts.

4 Key Qualities of DEI-Focused Organizations

Becoming a truly DEI-focused company requires leadership to invest time, energy, and resources. It means deploying the right technology, transforming company culture, rethinking benefits offerings, and incorporating employee feedback into DEI initiatives.

Here are four things those organizations have in common:

They Use Talent Intelligence to Make More Equitable Decisions

Mitigating biases is essential to improving diversity, equity, and inclusion. Humans, whether consciously or unconsciously, make decisions based on their own innate biases. This can lead to the exclusion of certain groups of people from talent acquisition and management decisions, such as hiring, promotions, and raises.

Technology is critical to overcoming biases and eliminating barriers for underrepresented groups. With AI-powered tools, HR teams and hiring managers can create talent acquisition and management processes that are more equitable for everyone.

When it comes to hiring, AI can be taught to ignore demographics and instead focus solely on matching applicants' skills to job-related capabilities. For example, when using Eightfold's platform, [Vodafone](#) hired 144 percent more women in five months than it had during the previous year.

Talent intelligence platforms can also be used to create performance reviews that measure all employees against the same performance standards, or to build career maps that are personalized to each employee based on skills, goals, and values.

Through technology, organizations put all qualified candidates on equal footing for hiring, promotions, and raises.

Vodafone hired 144 percent more women in five months than it had during the previous year.

They Work to Build Equitable, Supportive Cultures

Effectively implementing DEI initiatives requires companies to ingrain diversity, equity, and inclusion into their culture. By creating a sense of belonging for everyone across the organization and getting all employees involved in DEI efforts, business leaders earn employees' trust and commitment.

So, how are leading organizations embedding DEI into their company cultures? They start by having open conversations about DEI with their employees. Listening to all voices in the company is critical to understanding shortfalls and where the organization needs to focus its DEI efforts. Leaders at DEI-focused organizations ask others to share their DEI stories and experiences as well as what they expect from the company's culture. They encourage two-way conversations that are uncomfortable sometimes but essential for understanding employees' perceptions of DEI.

Leaders then take that feedback and use it to change the norms that keep the company from making progress.

For Groupon, this meant changing the company's mindset from one of "culture fit" to one of "culture add," says [Yemi Akisanya](#), global head of DEI at Groupon. The company, Akisanya explains, made a commitment to hiring people who "bring their uniqueness, their differences, their skills, and their perspectives" to help its culture evolve rather than to find candidates who fit into the existing culture.

They Have Mechanisms to Facilitate Employee Involvement in Improving DEI

More than likely, employees have a lot to say about DEI. Gathering their feedback requires organizations to implement processes and mechanisms that facilitate two-way connections among employees at all levels of the company.

For starters, employees should have access to leadership so they can express their grievances, share their concerns, or offer their opinions for improvement to those in charge of making DEI decisions. That high-level access makes employees feel that their insights are valued by the company and that DEI is truly part of the organization's core values and culture.

It's also a great way to encourage valuable one-on-one conversations. These conversations can be a source of feedback that employees may not be comfortable sharing with others but that can positively impact DEI initiatives.

Also critical is building a communication plan that advances DEI strategy, and sharing it with everyone. "Leaders owe it to both their organizations and individuals to communicate the importance of DEI early and often," write Christina Brodzik, Melissa Yim, Abigail Leonard, and [Jacob Custer](#) at Deloitte.

"To engage employees and promote positive change, communications that promote authentic conversations and two-way dialogue should be a priority" because "one-way communication tactics where participants are asked only to listen and not actively participate may not help employees feel heard or involved in the larger organizational goals," the authors explain.

That communication plan should outline specific metrics for assessing progress as well as a variety of mechanisms for collecting employee feedback. Gallup's [Natasha Jamal and Teresa Tschida](#) suggest collecting the data from those metrics on a regular basis, whether that be monthly, quarterly, or annually. This ensures consistent reporting and review of progress.

Jamal and Tschida also recommend using a variety of mechanisms to collect employee feedback from workers at all levels of the company, including pulse surveys, annual surveys, and listening posts. These mechanisms could also include individual interviews and focus groups. By using different methods to solicit feedback, employers give employees the opportunity to respond in the ways that are most comfortable for them.

All of these efforts at keeping employees engaged with and involved in DEI conversations contribute to the creation of a more inclusive culture that increases employee satisfaction and retention.

Their Benefits and Policies Are Inclusive

"Benefits are not one-size-fits-all," writes [KeyAnna Schmiedl](#), global head of culture and inclusion at Wayfair. "Whether it's health care, paid time off, parental leave, or in-office perks, benefits that are limited or inflexible can pose challenges for already marginalized groups."

DEI-focused organizations recognize this and have made efforts to address gaps and disparities in benefits offerings to ensure they are inclusive for everyone. Schmiedl says this includes addressing issues such as creating physical spaces that are inclusive of all employees' needs, transgender-inclusive coverage, fertility benefits, and paid time off to vote, among many others.

All of these factors contribute to the creation of a DEI-focused culture that makes employees feel valued and safe. "With benefits a key component of the employee experience, the way health, risk protection, and well-being benefits are designed and delivered can play a key part in enabling the desired workplace culture and employer brand," the [Mercer Marsh Benefits](#) team writes in a report on inclusive company benefits and policies.

Organizations that are leading the way in becoming more diverse, equitable, and inclusive are able to highlight these qualities and, in turn, gain a competitive advantage in attracting and retaining top talent.



The Greater Implications of DEI

The implications of DEI are far-reaching. Investment in DEI initiatives has the potential to add significant value to not only an organization but the economy as a whole.

A 2015 [McKinsey Global Institute report](#) surveyed 95 countries and the gender gaps in those countries' workforces. That report found that if those countries closed their economic gender gaps at the same rate as their top-performing regional peers, the global GDP in 2025 would increase by \$12 trillion. And that's just from addressing a gender gap.

That value is largely derived from the ability of DEI-focused organizations to retain top talent, which promotes stability and growth.

As demonstrated earlier in this report, happy employees are loyal employees. To keep today's talent happy, companies have to invest in improving DEI. When they do, their employees tend to be more motivated because their work has more meaning and they have opportunities for greater personal and career growth.

In fact, Dr. Singh, the Eightfold economist, also analyzed Glassdoor ratings data, finding that a firm's overall rating is highly correlated with the firm's DEI rating. "This suggests that efforts to increase DEI lead to an overall increase in employee satisfaction," she says.

To create the types of environments that encourage the creation of more diverse workplaces that put all employees on equal footing and make everyone feel included, organizations must:

- > Invest in talent management technologies that mitigate biases and broaden talent pools to make them more diverse.
- > Ingrain diversity, equity, and inclusion into the company's culture.
- > Implement mechanisms to collect insights and feedback from all employees at all levels of the organization.
- > Offer benefits and build processes that are inclusive to all employees' needs.

In doing so, business leaders weave DEI into the fabric of their companies. This leads to greater employee satisfaction, higher talent retention, greater organizational strength, and economic growth.

About Eightfold AI

Eightfold AI's market-leading Talent Intelligence Platform™ helps organizations retain top performers, upskill and reskill their workforce, recruit talent efficiently, and reach diversity goals. Eightfold's patented deep learning artificial intelligence platform is available in more than 155 countries and 24 languages, enabling cutting-edge enterprises to transform their talent into a competitive advantage. For more information, visit www.eightfold.ai.



The Eightfold Talent Intelligence Platform™ is a purpose-built, deep-learning artificial intelligence technology that is powered by an ever-refreshing global data set of billions of talent data points and over 1.4M unique skills.