

Hidden Pieces of the D&I Puzzle





I don't know about you, but sometimes I feel frustrated by how little progress we've made on diversity and inclusion over the past 30 years.

But it's a new decade. And these days I walk with a little spring in my step when it comes to creating cultures of genuine equity and belonging. This hope has much to do with the report you're about to read.

It turns out there've been some hidden pieces of the D&I puzzle.

Our latest research has uncovered three of them. And these now-visible puzzle pieces offer new tools and insights to boost D&I and take it into the future.

One of the pieces has been right in front of our noses for years: the importance of **restructuring** events on perceptions of fairness. We can turn this puzzle piece into a plan of action that transforms mergers and the like into moments to build and deepen a sense of inclusion across an organization.

The same is true for the other hidden puzzle pieces — on the surprising business resilience D&I can bring during a **recession** and on the choice one in eight employees make not to **reveal** aspects of their identity.

We're going to dig even deeper into this new research and on how to move forward on equitable organizations at our 2020 For All Summit. I invite you to attend our March event in San Francisco, where more and more organizations learn, get fired up and join the movement to make great workplaces for everyone, no matter who they are or what they do. We are aiming to build a better world by creating Great Places to Work For All, everywhere by 2030.

It's a tall order for the next 10 years, I know. But we're at a turning point. This latest report adds to my hope that we can make the future of work great For All.

And if your spirits need a lift after years in the D&I trenches, read on.

Michael C. Bush

Let's take D&I into the future.

Despite progress, D&I still has a long way to go. And it's going to take new ideas to move us farther faster.

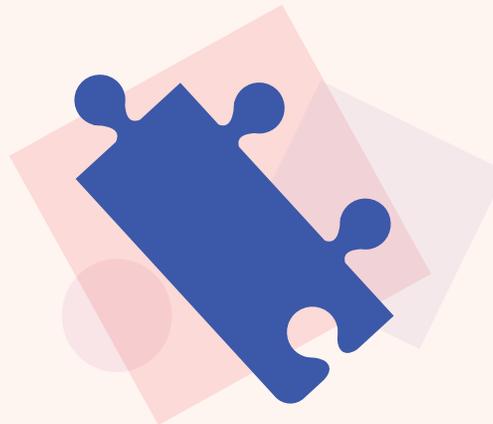
We've found some.

In this report, we show how these three “Rs” amount to hidden pieces of the D&I puzzle – to new opportunities to advance equity and belonging.



RECESSION

D&I is the key for thriving during recessions.



RESTRUCTURING

Restructuring is a chance to preserve and improve equity.



REVEAL

When people choose not to reveal parts of their identity, they're actually telling you a lot.

Our data show new ways forward.

As the global authority on workplace culture, we have been gathering employee experience data for more than 30 years.

We have the largest data set on employee experience in the world, giving us unique and deep insights into experiences of people across all backgrounds.

Our team used advanced analytic and machine learning approaches to uncover the most significant drivers of people's experience of their workplaces, how and why they differ between demographic groups, and what it means for a company's performance. We considered key factors, including median household income and company-specific factors like industry, size, and performance.



3,915,336
survey responses

2006-2019
years analyzed

1,672
companies represented

Our data set is the largest for understanding the experience of employees from all backgrounds.

3,915,336

Total survey responses, representing approximately:

1,481k People with no Disabilities	85k People with Disabilities	167k Prefer not to respond	76k LGBTQ+	1,702k Straight/ Heterosexual	122k Prefer not to respond	37k Gen Z	1,428k Millennials	1,089k Gen X	730k Boomers +
1,793k Men	2,005k Women	18k Non-binary	319k Hispanic/ Latinx	315k African American/ Black	2,564k Caucasian/ White	280k Asian	17k American Indian/ Alaskan Native	15k Native Hawaiian/ Other Pacific Islander	138k Two or More Races

*Totals above reflect data collected since 2006; disability status, non-binary gender identity, and sexual orientation data collection began in 2017. Totals do not add to overall surveys collected due to non-responses.

PUZZLE PIECE #1

D&I plays a crucial role in helping companies thrive during recessions.

Recessions haven't been a big part of the diversity and inclusion conversation.

But Great Place to Work research has found that D&I efforts represent a potent source of strength for organizations as they weather tough times.

The bottom line: Double-down on equity efforts to prepare for great performance in a recession.



RECESSION

GPTW's metrics of employee experiences predict company success during a recession.

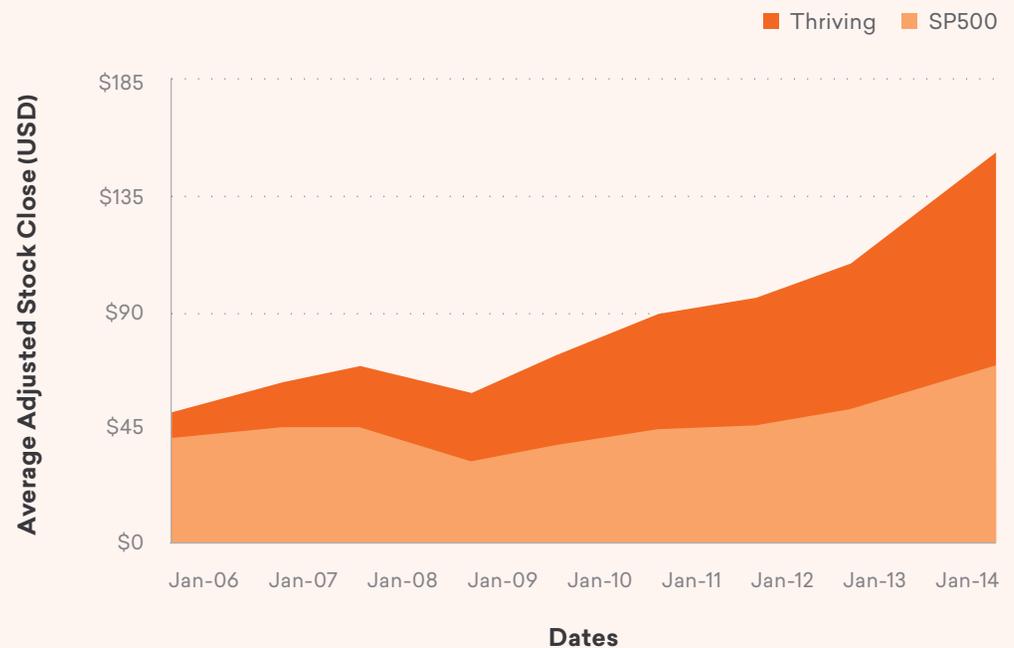
We discovered this link between D&I and success during a downturn in a study of the Great Recession.

In particular, the experience of certain groups of employees – including historically disadvantaged groups – predicts whether organizations flatline, survive or thrive during a recession.

While the S&P 500 suffered a 35.5 percent decline in stock performance from 2007-2009, **companies whose key employee groups had very positive experiences posted a remarkable 14.4 percent gain.**

For that group of “Thriving” companies, the good news wasn’t limited to the recession. Their gains started before the downturn and continued well past it as competitors lagged. From January 3, 2006 to February 1, 2014, the Thriving group saw their stock performance increase 35 percent, while the S&P 500 had just a 9 percent gain. **That’s nearly 4X outperformance.**

Companies with consistently inclusive workplaces thrived before, during, and after the Great Recession, earning a 4x annualized return.



“Thriving” describes publicly-held companies in GPTW’s data set that achieved returns of 14% or greater between 2007 and 2009.

The charts represent change in the average adjusted stock closing prices for the S&P 500 and our “Thriving” company group. The adjusted stock close is the stock value after accounting for corporate actions, such as stock splits, dividends and rights offerings.

Often-marginalized employees turn out to be bellwethers when the business climate turns bad.

The key groups of employees are women, people of color, front-line workers, hourly male workers and long-tenured employees. Why do these groups act as bellwethers for an organization?

For one thing, historically marginalized groups are often first to feel the effects of a business running into trouble – whether those impacts are wage cuts or the threat of layoffs.

The employees we found to be critical populations play vital roles in a business in good times and bad. They often serve customers directly and are plugged into the reality of how the business is doing. And they are a source of good ideas that many companies overlook – whether those are ideas for cutting costs or generating revenue in new ways.



It is vital for businesses to create positive experiences for these employees in several key arenas.

These areas are **inclusivity, innovation, fairness and integrity.**

In effect, an inclusive culture in critical areas enabled organizations to soar past the deep decline most companies experienced during the recession.

Key Employee Groups



Hourly Male Workers



Women



People Of Color



Long-Tenured Employees



Front-Line Workers

X

Key Experiences

- ▶ Treated as full member
- ▶ Innovation By All*
- ▶ Management delivers on promises
- ▶ Promotions are fair
- ▶ People are welcomed to new teams

=

**THRIVING
DURING
RECESSIONS**

* Innovation By All is a composite measure of Trust Index Survey statements that assesses whether an employee is invited to contribute their creativity to the organization. For more on this concept, see our [Innovation Insights report series](#).

D&I leaders can help their organizations get in front of the next recession.

During downturns, most companies follow the last-in, first-out approach. They lay off recent hires, which usually erases progress made towards a more diverse employee population. What's more, organizations often overlook how frontline and historically disadvantaged groups are faring and fail to solicit their ideas. These are missed opportunities to thrive.

Here's how D&I leaders can help not only recession-proof their organization, but prepare it to grow when rivals are shrinking:



Double down on listening

Measure and monitor the experience of employees, especially key groups on their experiences of inclusivity, innovation, fairness and integrity. Encourage and equip leaders at all levels to ask powerful questions to better understand these key groups' experiences and perspectives on the state of the business.



Build a different plan of last-resort

Data suggests layoffs are rarely effective. But if there's no other choice to get through a recession, apply a D&I lens to the decisions. Preserving and improving equity and belonging during a downturn will prove vital to the long-term success of the company.



Start now

Paying attention to the inclusiveness of your culture when economic bad news hits is likely too late. To thrive during bad times—just as in good times—organizations need to have a People-First culture that brings out the full potential of their entire workforce. An inclusive, For All culture ensures long-term sustainable results by building resilience that other organizations lack.

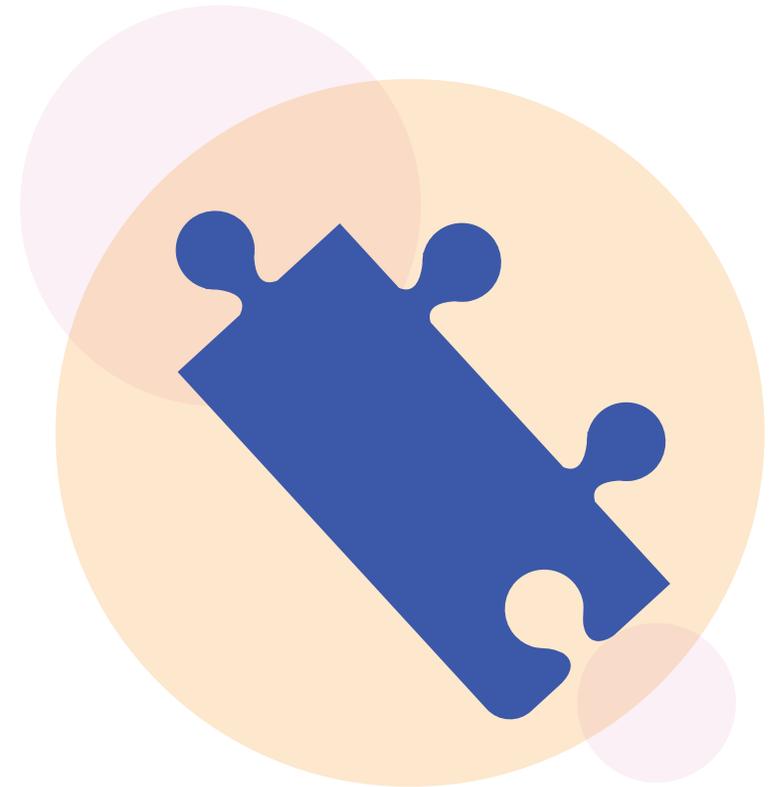
PUZZLE PIECE #2

Restructuring is a critical moment to preserve and improve equity.

For good reason, strong D&I strategies focus on recruitment, hiring, promotions and pay. These moments are essential for diverse workplaces where all employees feel they belong and can bring their best. Yet they haven't been the catch-all solution to equity.

Are there other moments that matter? Yes. Restructuring is a critical one.

The bottom line: Revisit restructuring strategies to maintain and elevate inclusion.



RESTRUCTURING

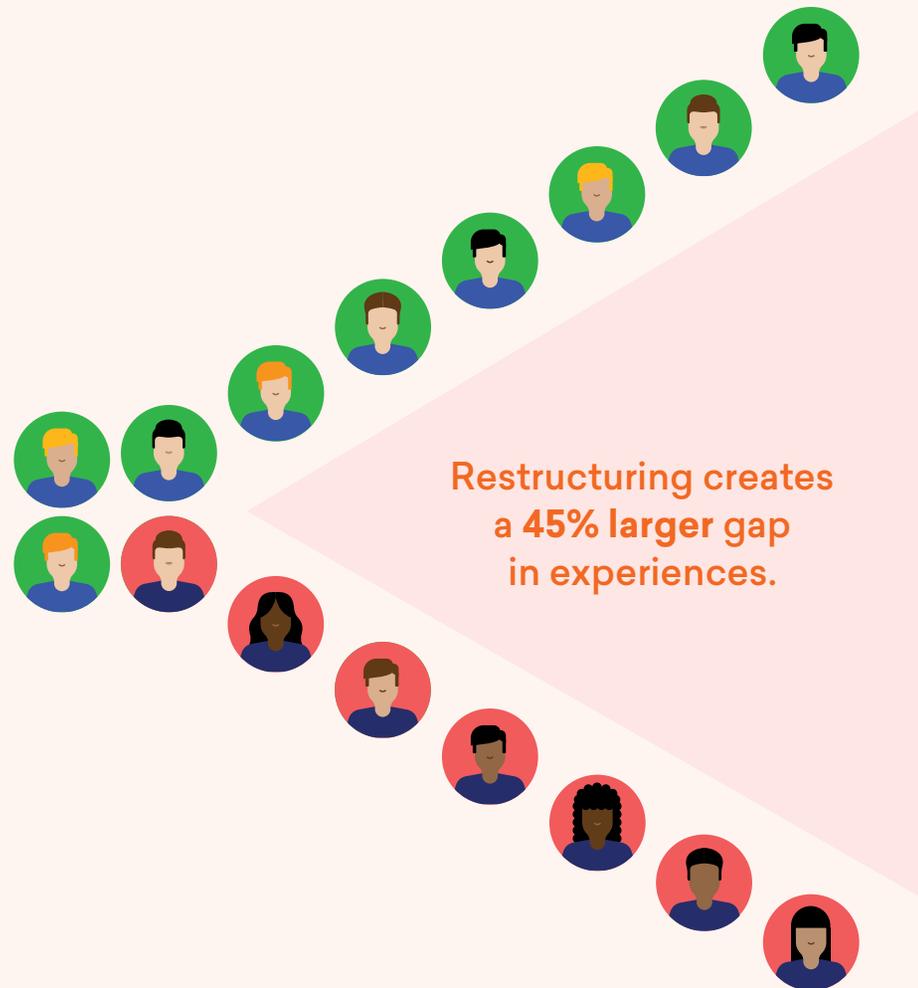
When companies restructure, the For All gap grows.

Using Great Place to Work's data, researchers at The Wharton School and Harvard Business School analyzed employees' workplace experiences based on their race and gender*. As you might expect, they found women and minorities typically have less positive experiences than white men.

But they also discovered something striking. Gaps in experiences grow in companies that engage in corporate restructuring, specifically mergers and acquisitions, divestitures, and layoffs.

In fact, companies that engage in one or more of these activities typically have a gap 45% larger than companies that did not restructure.

And it only took one event to see the larger gap. With just one layoff, merger, or divestiture, the gap grows.



*Creary, S., Gartenberg, C., Serafeim, G., "Purpose and fairness inequality in the workplace", submitted to Organization Science, October 2019

D&I leaders can step in to preserve and build equity and inclusion.

Leaders usually are looking to grow profits, not differences. But unconscious bias may color decisions around reorganizations and resulting job changes. Also, the lack of transparency that typically surrounds M&As and other restructurings may breed fairness concerns among groups that have been mistreated historically.

Here is how D&I leaders can step in:



Give human support

Executives are human. No, it's true. Restructurings create high stakes, high pressure, and isolation. Remembering this experience, find moments to offer empathy and support to top leaders. Executives need your expertise in creating belonging and connections. Those human moments will strengthen the credibility of the perspectives you share and help leaders extend the same support to others.



Bridge perspectives

Restructuring is a crisis moment for many leaders. At those times, it's a natural reaction for executives to huddle with people they know and trust already, but it's a behavior that restricts thinking and limits the perspectives considered. As a D&I leader, you have unique insights and connections in the business that let you see things that other leaders won't. Encourage the executive team to include other stakeholders in restructuring decisions and to explore questions like, "how will this change be experienced by different employee groups?"



Leverage your networks

The networks and ERGs you've built up to support D&I are powerful. Tap into their strengths to help get the messages out about the restructuring. The added communication can go a long way to promoting transparency and building up a sense of safety as the company goes through changes. These networks can act as a reality check on whether employees believe they've been heard by leadership or whether decisions are being widely and clearly communicated.

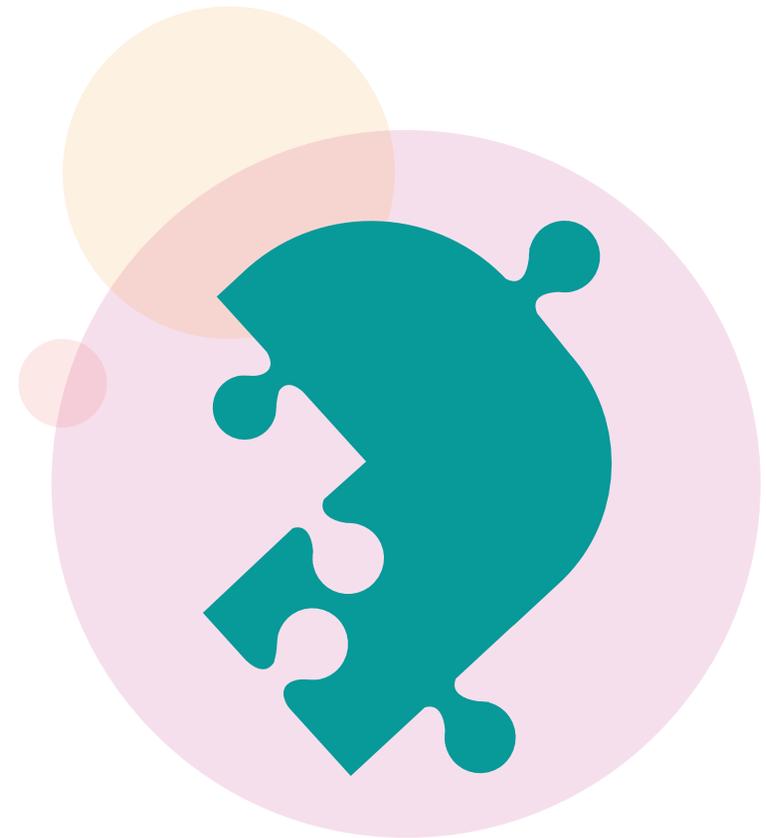
PUZZLE PIECE #3

If employees decline to reveal their full selves, your business can't run at full strength.

In our survey, we ask several questions about people's personal characteristics to understand trends in workplace experiences. These can be sensitive questions, so we give people a way of indicating they 'prefer not to respond' to ensure they feel comfortable answering.

What we didn't expect: one in eight employees actively decline to reveal one or more aspects of their identity.

The bottom line: Discover how often your people choose not to reveal their full selves – so you can boost inclusion, growth and innovation.



REVEAL

Why choose not to respond?

An analysis of written comments from employees who selected 'prefer not to respond' sheds some light. And it's not a pretty picture.

These employees often experience a climate of favoritism, toxic work relationships, passive aggressiveness, a lack of trust to speak up, and fear of retaliation.

The environment may not be defined by harassment. But it's 'Harassment Adjacent' – rife with microaggressions and fear.

What people write in their survey comments when they select 'prefer not to respond':

How can you trust a system/business that rewards its malicious employees...? It's quite discouraging for those who are aware of the offense.

I don't have full trust in our HR department. I would not share confidential information with them because I do not feel it would stay confidential.

There should not be retribution for speaking up and there should be required change and follow up to these dated and out of touch behaviors. This behavior is also holding us back as a company.



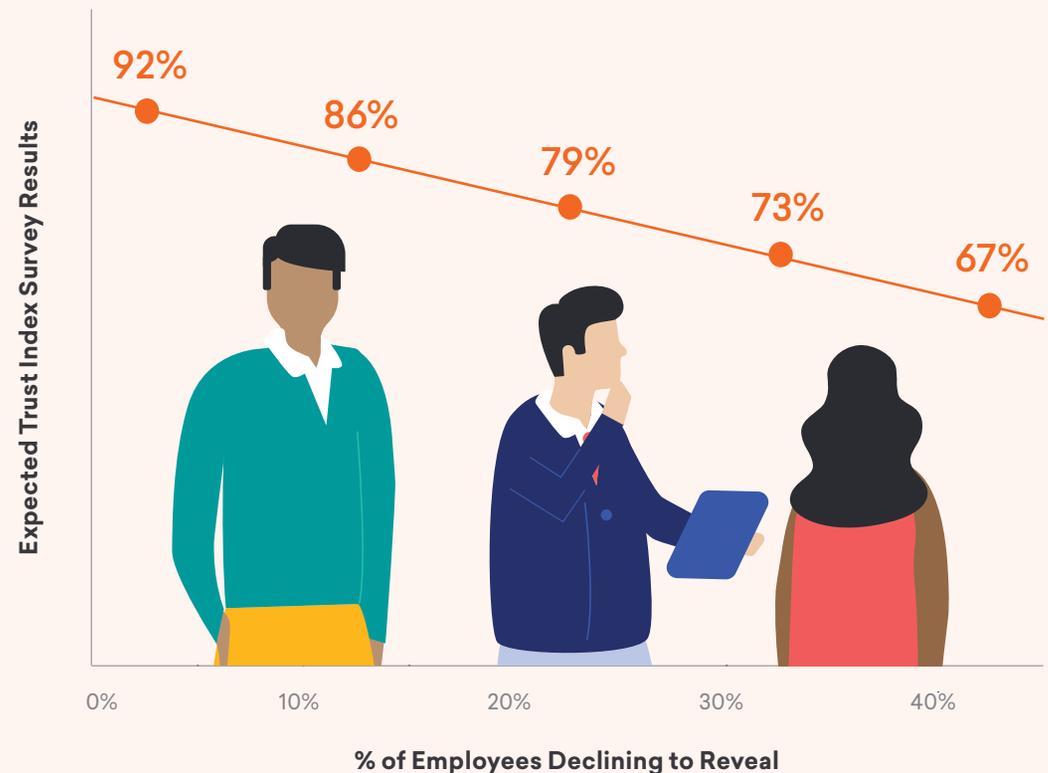
As more people choose not to respond, trust and innovation suffer.

The pattern is particularly striking for how people answered questions about their sexual orientation and disability status. For every two people who positively identified as LGBT or living with a disability, there were three who actively refused to share their identity.

This ratio has a big impact on a company's overall workplace culture. **For every 10% of employees that chose not to respond, there was a 6-point decrease in a company's overall levels of trust, pride, and camaraderie.**

More specifically, as the percentage of employees' choosing 'prefer not to respond' grows, there are drops in employees' faith in management, their sense of safety in the work environment, and signs of teamwork – all critical to effective innovation and strong business results.

As % of employees who “prefer not to respond” rises, overall trust levels in the organization fall.



D&I leaders can lead the way in responding to decline-to-reveal signals.

Choosing “prefer not to respond” (PNTR) is a signal of fear in the workplace. Organizations can use this insight to tailor their strategies, find undiscovered pockets of strength, and monitor people’s ability to bring their full selves to work.

Here’s how D&I leaders can help organizations tune into these signals and take effective action:



Under 10%: find your strengths

If a business unit or location has less than 10%, it means a potential group that you can learn from, build upon, and replicate. It also might mean there is a leader who others can learn from and be inspired by.



Between 15-20%: adjust your throttle

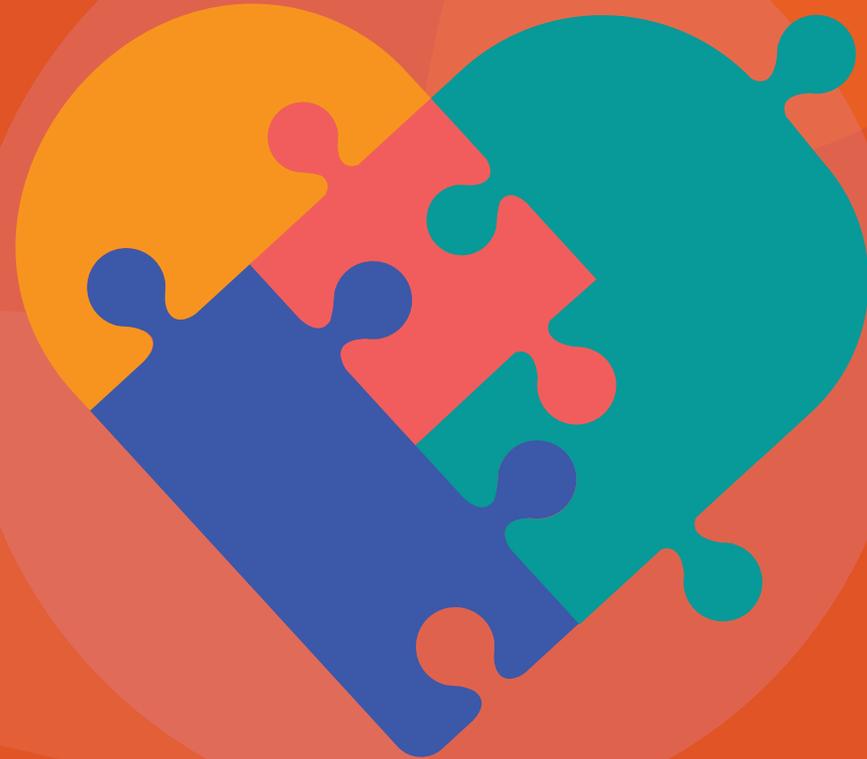
If you see a large percent of PNTR (~15-20%), it’s a sign to slow down current initiatives and deepen trust between employees. Focus on reinforcing messages about the company’s commitment to inclusion, creating safe forums for people to raise concerns, and learning more about people’s experiences through surveys and focus groups.



Over 20%: sound the alarm

When more than 20% of your employees choose PNTR, it’s time for all hands-on deck. Tap your partnerships with leaders and employee networks to understand what’s driving your employees’ experiences. Look to organization-wide communications and strategies to respond.

A New Decade, A New Hope



Sometimes a clearer picture of a problem leads to new solutions.

That's why we're excited about the findings in this report.

The diversity and inclusion puzzle has had missing pieces. We found three of them.

They offer new hope at the start of a new decade. A decade that marks a turning point in the quest for high-performing, For All organizations, where every employee feels they belong, brings their unique talents and reaches their full potential.

D&I professionals and other business leaders now know to:

- ▶ Double-down on equity efforts to prepare for a recession
- ▶ Revisit restructuring strategies to preserve and elevate inclusion
- ▶ Discover how often your people decline to reveal their full selves—so you can boost inclusion, growth and innovation

There are doubtless other insights that will emerge over time when it comes to diversity, equity and belonging. But these three hidden puzzle pieces provide a fuller picture.

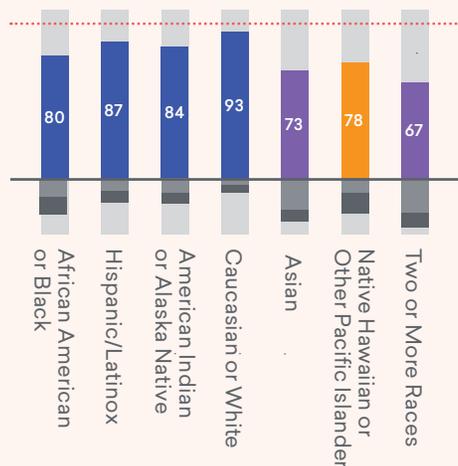
They offer new strategies for advancing D&I. They offer new tools for achieving our mission to build a better world through Great Places to Work For All by the end of this decade.

They are the latest sign that the future of work is For All.

Start today with our culture management platform, Emprising™

Recession-Proof your Business.

Benchmark the current experience of your critical employee groups now so you're ready when the market shifts.

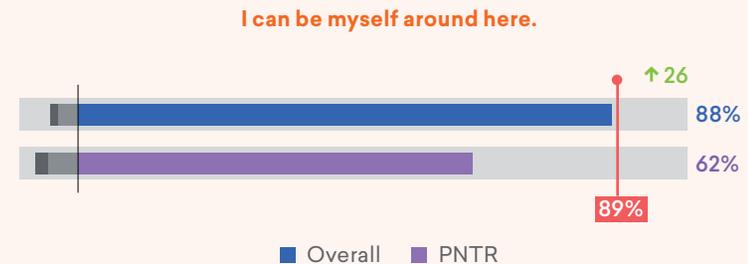


Give us 20 minutes, and we'll show you how Emprising can dramatically accelerate and expand the impact of all your initiatives.

It's too late to start paying attention to the inclusiveness of your culture when economic bad news hits. The time to reinforce your high-trust workplace with D&I initiatives is now. We can help.

What's your Prefer Not to Respond Rate?

Find out which groups don't feel safe enough to share their full selves so that you can rebuild trust now.



Want to learn more about For All culture and how it supports D&I, innovation, growth and more? Sign up for our newsletter here:



About Great Place to Work®

Great Place to Work® is the global authority on workplace culture. Since 1992, we have surveyed more than 100 million employees around the world and used those deep insights to define what makes a great workplace: trust. We help organizations quantify their culture and produce better business results by creating a high-trust work experience for all employees.

Emprising®, our culture management platform, empowers leaders with the surveys, real-time reporting, and insights they need to make data-driven people decisions.

We use our unparalleled benchmark data to recognize Great Place to Work-Certified™ companies and the Best Workplaces™ in the U.S. and more than 60 countries, including the 100 Best Companies to Work For® list published annually in Fortune.

Everything we do is driven by our mission: to build a better world by helping every organization become a Great Place to Work For All™.

To learn more, visit greatplacetowork.com, listen to the podcast Better by Great Place to Work, and read “A Great Place to Work for All.” Join the community on LinkedIn, Twitter, and Instagram.

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