

2023
DIVERSITY, EQUITY,
AND INCLUSION
TRENDS

It's no secret that in the last few years, organizations have begun to make their diversity, equity, and inclusion (DE+I) initiatives more of a priority. Over the past three years, in particular, we've seen many companies make bold DE+I commitments, but what are they doing to sustain this movement and make measurable impact? What DE+I challenges should businesses be anticipating in 2023?

In this report, we break down these four 2023 DE+I trends:



DE+I PUBLIC REPORTING AND ACCOUNTABILITY



A HISTORY-MAKING FIVE-GENERATION WORKFORCE



DE+I POLICIES AND THE FUTURE OF REMOTE WORK



THE INTERSECTION OF DE+I AND LAYOFFS AND WORKFORCE SHIFTS



DE+I PUBLIC REPORTING AND ACCOUNTABILITY

More and more companies will be reporting DE+I data and goals publicly in 2023.

In 2022, we saw an increase in companies creating and communicating tangible action plans to their employees surrounding DE+I. Organizations started integrating DE+I as a core business strategy that was actionable, discussed regularly internally, and measured.

In 2023, we can expect more companies to go public with their DE+I data, action plans, and goals to further drive accountability toward making meaningful progress. Furthermore, leading companies will report with more detail and include data for groups previously left out of reporting, such as LGBTQ+ employees, people with disabilities, religious minority groups, and others.

Why are companies increasingly driven to go public with their DE+I data and goals?

Shift in perceived risk versus reward: In the past, companies have been hesitant to share DE+I data transparently largely due to concerns about [legal exposure](#). They feared that putting data shining a spotlight on disparity could target them for class-action briefs and lawsuits. They also had concerns that transparently sharing their goals related to representation would lead to a belief that hiring and promotions were based on diversity metrics and not performance, experience, and expertise. The risk tolerance is shifting, and while these concerns still exist, companies are recognizing that the benefits of data transparency and accountability outweigh the concerns. Furthermore, companies are becoming savvier at [data, analytics, and reporting](#) in virtually every other area of business, so ignoring this opportunity within the DE+I space could signal apathy or even that the company is allowing bias to persist.

Greater confidence in the data and analytics: Companies have increased investments in tools and systems for capturing data, tracking trends, and defining key measurements that provide confidence in the understanding of the current state and the necessary actions to improve. Businesses are using third parties and partners to help collect, [analyze](#), and report DE+I data, which [adds credibility and confidentiality](#) to the information, trends, key performance indicators (KPIs), and action plans. [Leading companies](#), such as Toyota, Wells Fargo, and Google, have expanded analytics capabilities beyond the traditional gender, ethnicity, and minority data to gain insights into trends and opportunities to improve DE+I for other marginalized groups through Self-ID campaigns to encourage employees to self-report. These measures not only help in reporting, but provide insights into how to improve performance, inclusion, and a culture of belonging for all demographics.

Growing importance for retaining employees, attracting talent, and appealing to customers: As an organization, demonstrating commitment publicly is important for both employee retention and future talent recruitment. Public reporting builds trust and confidence with employees that the company is truly committed to DE+I, as research shows this is important to employees. A recent [study](#) found that 50% of all employees would consider switching jobs for a company with a more developed DE+I strategy or greater pay equity, and 21% of job seekers said they wouldn't apply to a job if the company doesn't publicly share diversity goals. As younger generations are becoming a larger portion of the workforce, this factor will become an even greater differentiator for employers. According to a recent [survey](#), 83% of Gen Z respondents said a company's commitment to diversity and inclusion is an important factor when choosing an employer.

DE+I public reporting will continue to be a growing trend in 2023. Companies are seeing that there's more to be gained by being transparent about their DE+I data, intentions, and aspirations than there is to be preserved by managing risk and not reporting. With public reporting comes greater accountability, and likely meaningful change and ultimately better business performance. Companies on the forefront of this trend will see greater results and enjoy the benefits of diverse and inclusive workplaces. Companies that aren't prepared or equipped to transparently report their DE+I data, goals, and progress will likely face increased challenges in employee engagement, talent acquisition and retention, and suboptimal business performance.



A HISTORY-MAKING FIVE-GENERATION WORKFORCE

What's happening in 2023?

With [57% of Americans in their early 60s still working](#), compared to only 46% of people in that age group still working two decades earlier, it's safe to say that the current workforce makeup is more generationally varied than we've ever seen. For the first time in history, [we're seeing five generations working simultaneously](#). With a shifting multi-generational workforce, how can we expect this changing dynamic to impact businesses in 2023, and what should organizations be doing to get ahead?

Due to many baby boomers delaying retirement, we expect the "The Great Retirement" to continue, causing a large knowledge gap for businesses in 2023 and beyond. With [40% of America's baby boomers](#) having stayed with their employer for more than 20 years, businesses are losing highly skilled workers quicker than new employees can receive the necessary skills and training to replace them. Gen Z is steadily entering the workforce and is predicted to make up over [27% of it by 2025](#), bringing a whole new set of dynamics to play. We'll also see more and more Gen-X and Millennials begin to enter C-Suites, challenging the established norms of

traditional executive makeups. A new opportunity for a shift in leadership positions may arise soon, as [40% of C-Suite executives](#) have stated they'll leave their roles in 2023.

How can your organization get ahead?

Organizations must be proactive in their approach to fostering inclusion in a multigenerational workforce. Consider incorporating age diversity as a core part of your DE+I initiatives, alongside inherent aspects many businesses already focus on, such as race, gender, and sexual orientation. We know [what isn't measured, isn't managed](#), and in fact, a survey by [the Living, Learning, and Earning Longer Collaborative Initiative](#) shows more than 80% of global leaders recognized that multigenerational workforces are key to growth, yet less than half of companies include age diversity in their DE+I initiatives.

While it's key to acknowledge and cater to differences among generations in terms of working style, it's also important to acknowledge the similarities as well. As leadership dynamics change, consider doing an analysis of your company's core values. As the demographics of your workforce and your consumers change, the values prioritized by your organization may shift and may differ from those in the past.

As we conquer the "Great Retirement," businesses should also place a renewed emphasis on succession planning and consider what an inclusive succession plan may look like. Being intentional about incorporating activities [like upskilling and reskilling](#) into your knowledge-sharing strategies can help ensure your organization has inclusion in mind and close the organizational knowledge gaps with your tenured employees.



DE+I POLICIES AND THE FUTURE OF REMOTE WORK

Businesses often talk about how COVID-19 changed everything in the workplace. It absolutely did, but change was coming anyway. Nearly every aspect of our workday has been on an [evolutionary path](#) that has significantly accelerated since the 21st century, which begs the question of, what's next?

During the pandemic, full workdays at home increased from [5% to 45%](#), and with large investments in remote work from organizations and individuals, working from home is here to

stay. The post-pandemic period is expected to see a slight reversal of remote work at [22% of full workdays](#), as the flexibility will allow a natural optimization of work environments for different groups.

Remote and hybrid work will continue into 2023 and onwards, as we have seen [measurable benefits](#) through [increased worker productivity](#), a broader talent pool for a diverse workforce, and more flexibility for some [women+ and caregivers](#) with childcare and caretaking responsibilities. Additionally, [women, POC](#), and [LGBTQ+](#) populations have shown significant preference for remote work, allowing for a safer and more comfortable environment and reducing the need to code-switch to avoid bias in the workplace. Code switching is more than simply adjusting your language, [but extends to](#) appearance, behaviors, and expressions. By taking away that fear of being unfairly judged, remote work can make contributing to the actual work far easier.

While a hybrid model brings significant benefits for some underrepresented populations, challenges to DE+I still exist. Remote work can be potentially isolating for underrepresented groups, and there will be increased difficulties in monitoring harassment and bias in remote work. Imbalances in attention and preferences for on-site employees may emerge, furthering difficulties in the career progression of remote minority workers. As the working landscape continues to evolve, DE+I initiatives will become critical in addressing these challenges. Helping organizations identify their unique weaknesses and provide actionable insights will be necessary to support the increasingly diverse workforce.



THE INTERSECTION OF DE+I AND LAYOFFS AND WORKFORCE SHIFTS

Many companies have made a commitment to focus on developing more equitable hiring practices and creating more diverse and inclusive workplaces. But many industries have struggled with “over-hiring” since mid-2020, and with rising interest rates and changes in business and consumer behavior, deep cuts have been announced to compensate. Companies like Amazon, Meta and Twitter together cut over [97,000 jobs in 2022](#) alone. In the tech industry, where minorities are already underrepresented, these layoffs could put a huge halt in the progress of DE+I initiatives taking place within these organizations and have long-term effects on company culture and talent retention in the future.

Layoffs are disproportionately affecting minority employees and could put a halt to DE+I efforts in this industry.

In recent years, tech companies have launched initiatives to recruit more diverse talent, and while progress has been made, layoffs threaten to derail these efforts. Companies making cuts

in human capital investments don't come as a surprise since they [don't provide an easily visible, bottom-line return](#), especially for consumer tech companies, which prioritize engineering, research, and development. [Women and Latino workers represent 46.64% and 11.49%](#), respectively, of the tech layoffs from September to December 2022, while those segments make up 39.09% and 9.96%, respectively, of the entire industry. One speculation as to why these groups have been more affected has been linked back to [diversity recruitment efforts in this industry in recent years](#).



Previously, diversity recruitment efforts have resulted in an [increase of new hires](#) from underrepresented communities. However, many of these new hires also tended to populate roles that were less valuable to the bottom line of these tech companies, as they didn't often fall within the engineering, research, and development departments. As a result, layoffs using a “last in, first out” method had a greater impact on these underrepresented communities. In an industry that has long suffered from [underrepresentation of women and minorities](#) (83% of tech executives and 62% of all workers in the sector are white), layoffs in human capital investment departments or even “last in, first out” techniques have had a much greater impact on underrepresented groups, causing the industry to lose some of its momentum in increasing its diversity metrics.

Despite layoffs in the tech industry, expect companies to focus on DE+I initiatives to retain and attract top talent in 2023.

Even though companies in the tech industry have begun experiencing layoffs, there's still not much evidence that this represents what is happening in the economy. In fact, the labor market seems to be “cruising into 2023,” with the [layoff rate being at or below 1%](#). Furthermore, job openings remain well above pre-pandemic levels, with a ratio of job openings to unemployed individuals sitting at 1.7, meaning there are almost twice as many jobs available as there are people looking for work.

With [76% of job seekers](#) and employees reporting that a diverse workforce is an important factor when evaluating companies and job offers and [36% of workers](#) saying their company's position on social issues affects their decision to stay, companies will need to prioritize investments in their DE+I initiatives as well as focus on improvements in DE+I reporting to retain and attract talent.

CONCLUSION

For businesses looking to advance their DE+I strategies in 2023, going public with their reporting and increasing accountability will help spark new conversation and drive their goals forward. Between a more multi-generational workforce than ever before to mounting challenges of new workweek norms, organizations must acknowledge that things are changing and adapt to stay agile. Finally, in spite of increased tech industry layoffs, companies must keep DE+I initiatives at the forefront in order to hold onto top talent.

Whether it be through our advisory, survey and analytics platform, trainings, or workshops, now is the time to partner with DE+I experts to take action in establishing and achieving your DE+I goals. For more information on Clarkston's [DE+I services](#), please contact [Brandon Miller](#).

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