



**clarkston**  
CONSULTING

2024 INDUSTRY TRENDS:

**DIVERSITY, EQUITY,**

**AND INCLUSION**

Over the last three years, we've seen tremendous progress with formal [Diversity, Equity, and Inclusion](#) (DE+I) initiatives and key performance indicators (KPIs) in business operations beginning to take shape. It's becoming more and more clear that industry leaders are beginning to recognize ["the why"](#) of DE+I. It's time for businesses to now begin shifting toward ["the how."](#)

With all this momentum, there will still be challenges, but there will also be tremendous opportunities. How can organizations navigate the year ahead, and what are some trends worth tracking in 2024?

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# I INCREASED USE OF GENERATIVE AI IN THE DE+I SPACE

The [use of generative AI](#) has been the topic of discussion among just about every industry, including within DE+I. The first thing that's important to address is the '[mythical aura](#)' of generative AI and the tools for which it's responsible. These programs aren't magical entities that can churn out job-replacing applications at will, but they can enhance and optimize task execution that typically requires some degree of decision-making, critical thinking, and even creativity. Despite what its critics may believe, [DE+I is rooted in and backed by data](#) as well as [critical thinking and decision-making](#). Therefore, it falls under the wide umbrella of generative AI's applicability. In 2024, we'll see organizations leverage the intersection of DE+I and Generative AI in a number of ways:

## Supporting DE+I initiatives during recruiting with the use of generative AI.

One of the most obvious candidates for generative AI's applicability in the DE+I space will be in recruiting. Organizations getting hundreds, or even thousands, of applications for a single position have likely employed some sort of tools to search and analyze résumés. With the rise of customizable AI models, organizations will likely be able to tailor such programs to [streamline the process](#) that would typically require significant human effort. In fact, [99% of the Fortune 500 already uses AI to screen résumés](#). An increasing number of AI-based tools are also now available for [diversifying candidate sourcing](#), [producing inclusive job descriptions](#), [analyzing interview responses](#), and more.

- *Possible future pitfalls and how to manage them:* The [prevalence of biases](#) has been documented and will need to be managed as organizations transition to the use of such tools. Even Amazon [failed with its initial use of AI in recruiting back in 2018](#). Oversight of AI-powered tools in recruiting will require a holistic understanding of statistical analysis and DE+I-related people practices.

## Automating employee evaluations and performance tracking through AI-powered tools.

Organizations tend to maintain a central database that tracks the performance of their employees over time through structured and unstructured feedback and input. Several AI-powered tools are now [available to generate evaluations](#) based on this performance data and [make recommendations related to training and growth](#). In addition to biases, it's prudent to consider the degree to which these tools can understand unique instances of nuance. Performances are the product of work, yes, but also the result of circumstances and individual journeys that at times may supersede objective performance metrics. DE+I initiatives generally provide a certain degree of safety in areas of such nuance.

- *Possible future pitfalls and how to manage them:* An overreliance on Generative AI during its rise in performance management will [threaten DE+I practices](#) if it progresses unchecked. Algorithms need to be trained based on [trusted data sets](#) that have been [validated to reflect the world today](#). Organizations will need to maintain historical data and fully understand the current state before any such large-scale performance management implementation. This will allow for structured comparison to understand possible biases and provide the basis for re-training.

## **Providing a massive boost to retaining a diverse workforce with generative AI-powered organizational network analytics.**

A slightly less common version of tracking performance data is tracking workflow via [organizational network analysis](#), a method of studying workflow patterns and communication flows within an organization. Through employee survey data, ONA tools, which can now leverage AI models, will generate a web-like diagram [clearly identifying bottlenecks, areas of risk, patterns of communication](#), etc. With AI's newfound capabilities, ONA will require less human intervention and thus become more financially feasible for more organizations in the coming years. As it's increasingly clear that [DE+I is a core consideration among prospective both prospective and existing employees](#) when it comes to employee retention, organizations should leverage the [increasingly powerful ONA](#) tools to track the success of DE+I initiatives and practices. For example, in fictitious organization XYZ:

- ERGs ([employee resource groups](#)) were encouraged in early 2023; ONA can be used to track how represented communities developed as a result and how they can be guided in the future.
- Additional recruiting for people with military backgrounds was initiated in 2022 – how did their leadership impact the channels around them?

ONA and advanced people analytics could not only test and track the success of existing DE+I initiatives, but also reveal new ones.

- *Possible future pitfalls and how to manage them:* Generating the output is quite simply data in, data out, so DE+I expertise is required to interpret the results and strategize consequential actions. Like the risk mitigation strategy for performance management, recognizing the current state of DE+I in an organization will be key to fully understanding the impact as well as the pitfalls. Additionally, the implementation of such solution [requires long-term investment](#) and [structured executive support](#).

The milestones that this generation has seen with AI is unprecedented, and thus the “lessons learned” will come from our experiences. The combination of data governance, technical guidance, and [DE+I support](#) will be critical for organizations integrating generative AI within their people practices.

## 2

## GETTING AHEAD OF DE+I FATIGUE

Organizational DE+I is at an inflection point and carrying a great deal of momentum, which explains why you may be hearing about it more often than ever before. This also provides a natural segue into this next trend: the increased presence of DE+I fatigue.

As we continue to recover from the residual effects of the pandemic and nationwide racial protests, we see how companies are reacting to this change in public focus. A recent report by LinkedIn notes that Chief Diversity Officers (CDOs) were the only C-Suite position to experience [hiring declines in 2022](#). As we move into 2024, there are several internal and external factors contributing to this perceived DE+I fatigue, or the idea that individuals feel tired of talking about and/or participating in DE+I-related initiatives or topics.

### Common Causes of DE+I Fatigue

We often see employees experience emotional exhaustion when continuously engaging in discussions and efforts related to diversity, equity, and inclusion. Constantly addressing sensitive topics, listening to others' experiences, and trying to create inclusive environments can be emotionally draining. In our experience working with clients, we also see that when diversity and inclusion efforts are met with resistance or pushback, it can lead to fatigue. When DE+I tasks become an additional workload for employees, it adds to employee stress and dissatisfaction. We're seeing this become more prevalent as more DE+I roles become absorbed into other functions as a result of [full-time DE+I roles being cut](#).

When companies invest time and resources into DE+I initiatives but fail to see significant improvement or tangible results, it may also lead to fatigue. From costly employee turnover to damages to brand reputation, these causes inevitably lead to long-term negative impacts on organizations.

### So, how can your organization address DE+I fatigue, and how can you be intentional about potentially avoiding DE+I fatigue in the first place?

- 1. Provide Executive Leadership Access to Your DE+I Advocates:** Proactively recognizing and equipping your DE+I advocates with access to executive leadership is integral when it comes to getting ahead of DE+I fatigue. One thing we've seen organizations that are successful at empowering their DE+I advocates do is have executive leadership sit on a DE+I council alongside leaders of ERGs.

- 2. Set Smaller, Achievable Feeder Goals:** Now, more than ever, DE+I leaders must be intentional about goal setting. In a recent DE+I survey, [half of employees surveyed](#) cited lack of accountability as one of the biggest DE+I issues they're seeing at companies. We know [what isn't measured isn't managed](#), but as businesses set these big, ambitious goals, they should also be setting smaller goals that feed into the larger initiatives and help benchmark progress.
- 3. Be Transparent with Your People About Your Organization's DE+I Challenges:** When employees are aware of what's happening in the organization, and the actionable steps being taken to improve it, trust in leadership will improve. In 2023 among the Fortune 500 companies, [154 have proactively published Diversity reports](#), up from 79 in 2022. Organizations should strongly consider publishing DE+I data publicly but do so in a way that's showing vulnerability, not as a glorified marketing ploy.

## The Risk of Doing Nothing

Organizations who fail to get ahead of potential DE+I fatigue are in danger of backtracking on the progress and strides they made over the years. Key DE+I champions and faithful employees alike are more likely to leave your organization, which will negatively impact financial targets as well as overall brand impression.

To foster a truly diverse, equitable, and inclusive ecosystem, you will have to look for ways to extend its influence. One such approach that organizations have found [to be win-win](#) in recent years has been supplier diversity. Given its recency, there have been some questions on its sustainability. Here is our take on that in forecasted trend #3.



**Chief Diversity Officers (CDOs) were the only C-Suite position to experience hiring declines in 2022. – SOURCE**

# 3 SUPPLIER DIVERSITY IS HERE TO STAY

[Supplier diversity](#) has been a strategic business imperative for organizations. A “diverse” supplier is defined as a company that [is at least 51% owned and operated](#) by a traditionally underrepresented group. Supplier diversity promotes inclusion and equity in business, while also helping companies to increase innovation and drive down costs through competitive sourcing. Due to the ethical and business benefits of supplier diversity, businesses have begun to prioritize the development of key metrics to demonstrate the overall impact on business performance.

The utilization of diverse suppliers gives companies the opportunity to demonstrate the value they place on ethical business practices while also meeting the growing customer demand for inclusive business practices. A [Forbes study](#) recently found that over 60% of consumers under 30 thoroughly investigate a company’s ethical values prior to purchasing their products.



## The Impact of Supplier Diversity

The impact of supplier diversity also extends beyond procurement, attracting attention at the executive level. Companies like Google, Pfizer, and Target are [incorporating supplier diversity](#) into their core business practices, highlighting the programs’ strategic significance.

Supplier diversity has continued to evolve as direct business benefits have become more evident. A diverse range of suppliers supports competitive pricing and quality, leading to cost reductions and innovation in product offerings. This approach not only refines internal processes but also widens market reach, connecting with varied customer segments and reinforcing a commitment to inclusivity and social responsibility.





## Breaking Down the Business Case

The ethical and business benefits of supplier diversity can be seen in examples such as a [2019 Coca-Cola study](#). The research found that consumers who were aware of Coca-Cola's supplier diversity program were 49% more likely to use their products. This estimated increase of over 670,000 additional consumers predicts a significant positive impact on revenue and brand reputation.

As the business and ethical advantages continue to grow, accurately measuring the success of a supplier diversity program becomes a priority. Standard metrics like the percentage of spending with diverse suppliers are valuable, but it's also important to evaluate the innovation, long-term relationships, and positive brand impact these partnerships bring. Developing a comprehensive approach to measuring success links supplier diversity directly to overall business performance, reflecting its significance beyond just procurement. As companies continue to adopt new supplier diversity strategies, these broader measures of success will become increasingly important in demonstrating the real value and impact of these initiatives.



**A “diverse” supplier is defined as a company that is at least 51% owned and operated by a traditionally underrepresented group.**

**– SOURCE**



## NAVIGATING DE+I IN ELECTION YEARS: POLITICAL DYNAMICS AND CORPORATE STRATEGIES

Election years often spotlight social issues, including DE+I. Recent events, such as the [U.S. Supreme Court's stance on affirmative action](#) and other political stances, highlight how DE+I initiatives can become tied with politics. Companies must prepare for this intersection, recognizing that their DE+I efforts may face increased scrutiny and debate. An election year not only marks a pivotal moment for political campaigns but also brings new dynamics to the forefront, influencing corporate strategies and public perception.

Understanding the DE+I maturity model is crucial. Immature DE+I programs may feel external political pressures and be tempted to focus solely on numerical quotas and representation to satisfy immediate demands, often making public statements in support of DE+I without implementing considerable changes or updating the policies within the organization. However, mature programs demonstrate an authentic commitment from leadership, create policies that [foster an inclusive culture](#), and prioritize continuous learning and adaptability in response to evolving social dynamics, while maintaining [transparent communication](#) about their DE+I policies, goals, and progress. They view [DE+I as an integral part of their organizational structure](#), prioritizing a comprehensive approach to improve the overall experience of their workforce.

### Decreasing Engagement + Support from Organizations with Less Mature DE+I Programs

One trend to expect in election years is a potential decrease in engagement and support from companies with immature DE+I programs. As external political pressures mount, some organizations with more immature DE+I programs may waver in their commitment to DE+I, becoming more cautious or fearful of political and legal challenges, as they may lack the resources, expertise, or strong internal commitment to navigate these situations effectively. On the flip side, companies with mature programs recognize the tangible benefits of DE+I, focusing less on demographic quotas as the end goal and instead prioritize initiatives that [enhance the inclusion and belonging](#) of all employees. These companies understand that fostering a comprehensive and inclusive program benefits everyone involved - statistically, [85% of CEOs believe a diverse workforce has improved their bottom lines](#), and 67% of job seekers consider diversity a crucial factor when evaluating prospective employers.

### Impact on Employees' View of DE+I

The election year will also have an impact on how employees view DE+I, as we see politicians often use DE+I as an integral, political stance to sway voters. This, in turn, will trickle into the

conversations that surround [DE+I initiatives in the workplace](#) and likely cause more polarization between the different viewpoints of DE+I. For national companies, this increasing gap in the divide will only become more pronounced and differentiated with the local politics surrounding different office locations or organizational headquarters influence the leaders and employees that live there.

Immature programs risk losing focus, while mature ones seize the opportunity to demonstrate the tangible benefits of DE+I. It's essential for companies to recognize that DE+I is not just a political talking point but an integral part of their organizational structure. By prioritizing a comprehensive approach and leveraging an established vision with connected goals to guide them, companies can effectively navigate the political pressures during election years, with lasting benefits for their workforce and business outcomes.



**85% of CEOs believe a diverse workforce has improved their bottom lines. - SOURCE**





## GOING FORWARD

When it comes to organizations looking to advance their DE+I strategies in the complex landscape that is 2024, businesses should consider taking advantage of Generative AI in a strategic way to take their DE+I programs to the level. Companies should look to get ahead of the potential detrimental impacts of DE+I fatigue and continue to invest in sustainable supplier diversity programs. And finally, organizations should acknowledge and be prepared for the DE+I nuances that accompany election years.

Whether it be through our supplier diversity services, multicultural marketing, or coaching and strategic advisory, now is the time to [partner with DE+I experts](#) to take your DE+I program to the next level in 2024.

### ABOUT CLARKSTON CONSULTING

Businesses across retail industries partner with Clarkston Consulting to enhance strategic decision-making, improve operational efficiencies, implement new technologies, and promote business growth and market diversification. Leveraging deep functional and industry expertise, our people discover, design, and deliver solutions that fit your business, your goals, and your future. At Clarkston, your purpose is our purpose.

For more information about how we can help your company, [please contact us](#).

