



# FROM **MOMENT** TO **MOVEMENT**

DEI at the Tipping Point



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RESEARCH PAPER

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The Global Black Economic Forum is dedicated to elevating and advocating for Black and marginalized communities around the world through thought leadership, global summits, workplace training, and policy advocacy. Learn more: [gbef.com](https://gbef.com)

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# EXECUTIVE SUMMARY

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In just four years, DEI (Diversity, Equity, and Inclusion) has undergone major fluctuations—from the field being immensely valued, especially in the wake of George Floyd’s murder in 2020, to facing existential threats due to political opposition. The current disruption raises several critical questions about DEI’s relevance, direction, and resilience as a discipline and a standard business practice.

To find answers, the Korn Ferry Institute (KFI), the Global Black Economic Forum (GBEF), and GBEF’s leadership development company, the Academy for Advancing Excellence, embarked on a comprehensive study of DEI’s evolution and effectiveness. The research revealed both strengths and weaknesses within the DEI movement independent of—as well as driven by—major societal and political headwinds.

While some of the weaknesses are long-standing, they have remained largely unnoticed until recent scrutiny of DEI brought them to the forefront. Despite these challenges, there is a deeply grounded resilience within the field and an ongoing urgency to

address these issues. But the situation varies across companies and industries: While some are losing investment, others are strengthening their DEI responses. For instance, top sectors like financial services and advanced technology have consistently invested in DEI since 2020, emerging stronger than ever. Over the past five years, they’ve witnessed a notable surge in creating specific DEI roles, with a 64% rise in financial services and an 89% increase in advanced tech firms. These efforts have correlated with increased brand recognition, higher employee engagement, and organizational growth, which in part explain why these companies have experienced a boost in stock prices and revenue.

On the other hand, although most industries increased their DEI investments following George Floyd's murder, not all have sustained their commitments, and some efforts have faltered over the past four years. This is particularly true for certain commodity-driven industries: The natural resources sector, for example, initially experienced a surge in companies with at least one DEI role, rising from 39% to 43% within six months of Floyd's murder. However, since then, it has consistently declined, punctuated by sporadic spikes. As a result, we do not see in these industries the same correlation between net headcount growth and financial performance. Net headcount growth is an important metric for both talent management and business performance—one that leaders are

beginning to leverage to understand a more holistic look at the impact of organizational growth on performance.

When companies prioritize DEI in their values and strategy, they thrive. So, how can more organizations create cultures that are both transformative and inclusive, driving growth and competitiveness? Drawing from survey data, interviews, and an analysis of nearly 5,400 public companies, we've identified five essential steps to make DEI part of business operations, helping organizations grow, innovate, and stay competitive. In short, businesses must adopt a systems-level approach that moves DEI from *moment* to *movement*.



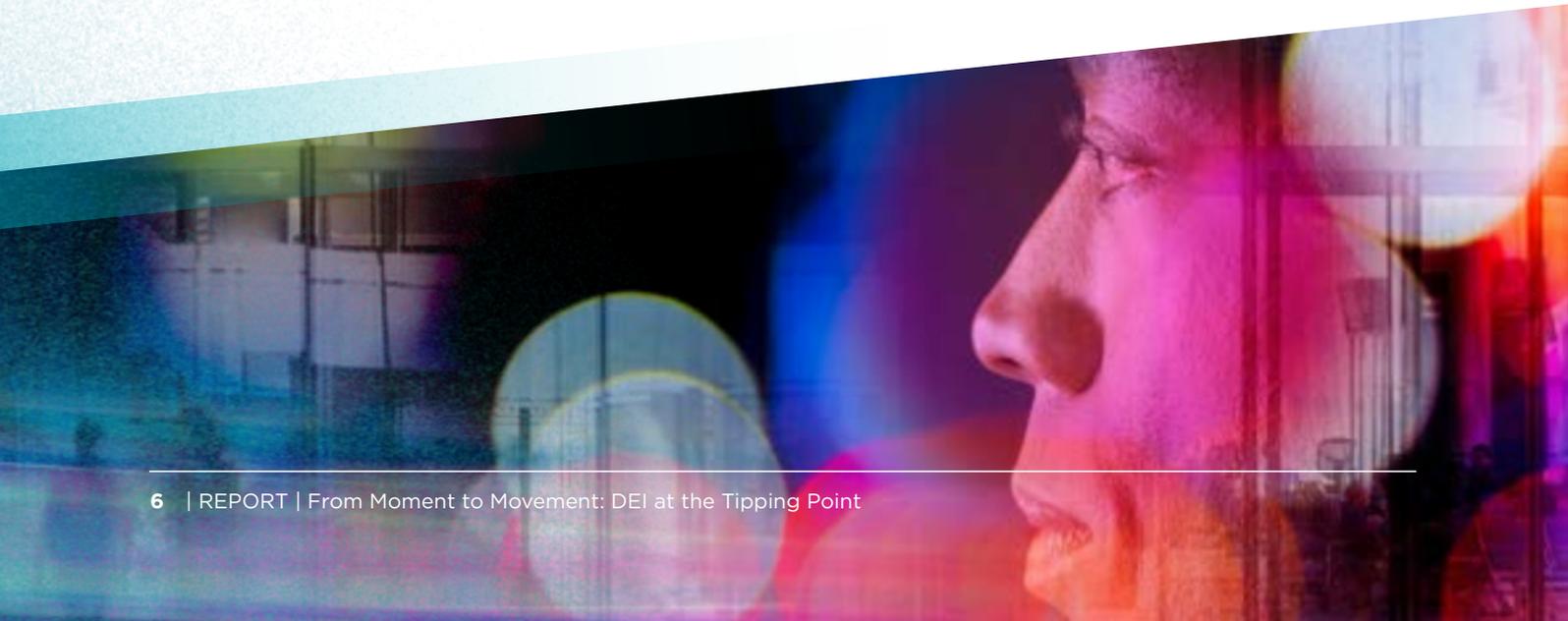
# 5 ACTIONS FOR DEI PROGRESS

## [ 1 ] EMPOWER ALL LEADERS TO OWN DEI

After George Floyd’s murder, organizations invested more in DEI training and leadership development—these were seen as growing areas, according to 67% of the DEI professionals who responded to our survey. These results underscore the importance of educating and developing leaders, empowering them to drive progress forward. Senior leaders determine strategies and set goals, while middle managers translate those goals into actionable plans. Sustainable change requires collaboration across leadership tiers, integrating DEI metrics with clear accountability measures. It is vital to develop inclusive leaders and involve chief diversity officers and those responsible for diversity and inclusion initiatives in strategic decisions. Embracing DEI at all organizational leadership levels is critical for business success.

## [ 2 ] LEVERAGE DEI TO ACHIEVE GREATER INNOVATION

A culture of inclusion drives innovation: Research shows diverse companies see 19% higher innovation revenue and inclusive teams are 75% more likely to execute ideas successfully. Furthermore, empowering diverse teams results in an 87% increase in better solutions and a 70% higher chance of accessing new markets. Attaining such results requires intentional actions: nurturing trust and respect, creating open spaces for reflection, addressing engagement barriers, and promoting awareness of social, cognitive, and cultural differences. Despite challenges, these efforts provide sustainable, long-term benefits, necessitating collaboration between organizations and employees to develop systems that leverage a diverse workforce’s unique abilities for better outcomes.



### [ 3 ] **BUILD TALENT SYSTEMS WITH INCLUSIVE DESIGN**

As global demographics shift, talent systems must adapt to accommodate greater diversity. Inclusive design offers a solution by considering the needs of all individuals, not just a specific group, and requires a human-centric approach. Leaders must understand the diversity within their organizations and identify who feels excluded and why. With this insight, organizations can develop more effective talent management systems that level the playing field for overlooked employees, ultimately preventing the loss of hidden potential.

### [ 4 ] **TRANSFORM TEAMS THROUGH TECHNOLOGY**

All our survey respondents agree that technology is essential for promoting DEI. Companies that employ technology and advanced analytics can seamlessly integrate evidence-based, equity-centered strategies into their culture and values. Leveraging artificial intelligence (AI) and analytics tools can help better track retention, address skill gaps, and promote inclusivity, as well as gauge employee sentiment through the lens of behavioral and structural issues. Digital platforms can also amplify diverse voices, aligning initiatives with organizational objectives.

### [ 5 ] **PROVIDE VALUE TO ALL STAKEHOLDERS**

Our survey data reveals that, like employees, community groups and consumers have been key drivers of DEI initiatives, signaling a strong demand for more equity at the intersections of business and society. Research shows that in addition to broadening market reach and stimulating innovation, strategic investments in DEI increase brand growth and consumers' purchase intent and loyalty. Companies that embrace DEI not only improve their societal impact but also position themselves for long-term success.

# INTRODUCTION

In just four years, DEI has gone from being a critical organizational imperative to now facing threats to its existence. Following George Floyd's murder in 2020, the DEI field surged to become a multibillion-dollar practice but has since contracted considerably due to recent political challenges.

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**How does this swing impact a field born out of the Civil Rights movement? Or the dedicated professionals advancing a common corporate practice covered in leading business magazines? And how do these changes affect the underlying objectives supporting DEI, so that it doesn't devolve into bold statements that are nothing more than performative?**

Both the aftermath of George Floyd's murder and the current attacks on DEI raise profound questions about the present and future of the practice. The business world today is facing new challenges like globalization, changing demographics, looming skills shortages, and the demand for constant innovation. These factors underscore the need for DEI practices to be at the core of how business must be done in the future. Korn Ferry, in partnership with the Global Black Economic Forum (GBEF) and its Academy for Advancing Excellence, wanted to know whether the industries that drive the US economy—like financial services and technology—are embracing DEI or walking away from it. Have these sectors integrated DEI into

their business models, making it an embedded part of business operations rather than another human resources (HR) initiative?

We collectively embarked on a comprehensive study to answer this question. What we have found is the organizations sustaining their commitments—especially those in leading industries like financial services and technology—have experienced a positive impact on organizational growth. On the other hand, many other organizations have tackled inequity with efforts that have been more reactive and fragmented—leading to unfulfilled promises and ultimately little impact on company-stated goals.

Building an inclusive organization goes beyond hiring and promoting a diverse workforce—it's about how people, *when included*, can drive your business forward. DEI is an essential business initiative that requires strategic alignment to bridge the gap between intentions and actions. And when prioritized, it becomes a powerful lever for innovation and growth by creating a workplace where everyone thrives.

# METHODOLOGY: OUR APPROACH

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We conducted a comprehensive study on the evolution and effectiveness of DEI initiatives, particularly after the murder of George Floyd. Our approach included a literature review of academic studies, historical data, and corporate diversity policies. We analyzed responses from more than 5,380 US-based public companies across various industries—including healthcare, education, financial services, and retail—focusing on public statements and policy announcements. Additionally, we performed a DEI benchmark analysis, comparing investments with industry standards.

To complement the quantitative data, we surveyed more than 70 DEI professionals and conducted qualitative interviews with leaders across sectors. We also analyzed employee engagement data from across 193 public companies, focusing on DEI-related metrics and other employee perceptions. Furthermore, we examined DEI engagement data from Korn Ferry's global employee opinion database for 2021, 2022, and 2023, encompassing 545 companies and 6.8 million employees across various sectors. Finally, we integrated findings from both our quantitative and qualitative analyses to gain a comprehensive understanding of DEI initiatives and their evolution.



**5,380**

US-based public  
companies across  
various industries

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**545**  
**6.8M**

companies and  
employees across  
various sectors

# FROM MOMENT TO MOVEMENT

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“Talent is everywhere. Opportunity is not.”

- Executive Vice President and Chief Operating Officer

**Before 2020, DEI initiatives faced an uphill battle, often faltering in execution and impact. Despite leaders acknowledging the significance of diversity, grasping DEI’s value beyond its HR function was a slow process.**

At the time, DEI commitments varied greatly across industries. Sectors like consulting, financial services, healthcare, and retail made significant strides, recognizing the benefits of diversity in innovation and customer service. But others, especially those in commodity-based industries, invested far less in DEI programs. What’s more, despite the value of having a point person dedicated to DEI, most organizations lacked a chief diversity officer (CDO) and instead focused their efforts on talent acquisition for DEI initiatives. Addressing representation took precedence over reforming processes and policies to guarantee equity for everyone.

But the murder of George Floyd ignited a global movement against racial and systemic injustice. Suddenly, DEI wasn’t just a buzzword—it became the center of societal discourse. This awakening called for a fundamental reassessment of how organizations both perpetuate *and* combat systemic inequity. Organizations reacted to a moment and were compelled to act. Among other initiatives, they pledged support to advance DEI causes, implemented unconscious bias training, invested in underserved communities, and hired CDOs. In one Korn Ferry survey, 56% of respondents said their company established its CDO role after the summer of 2020.

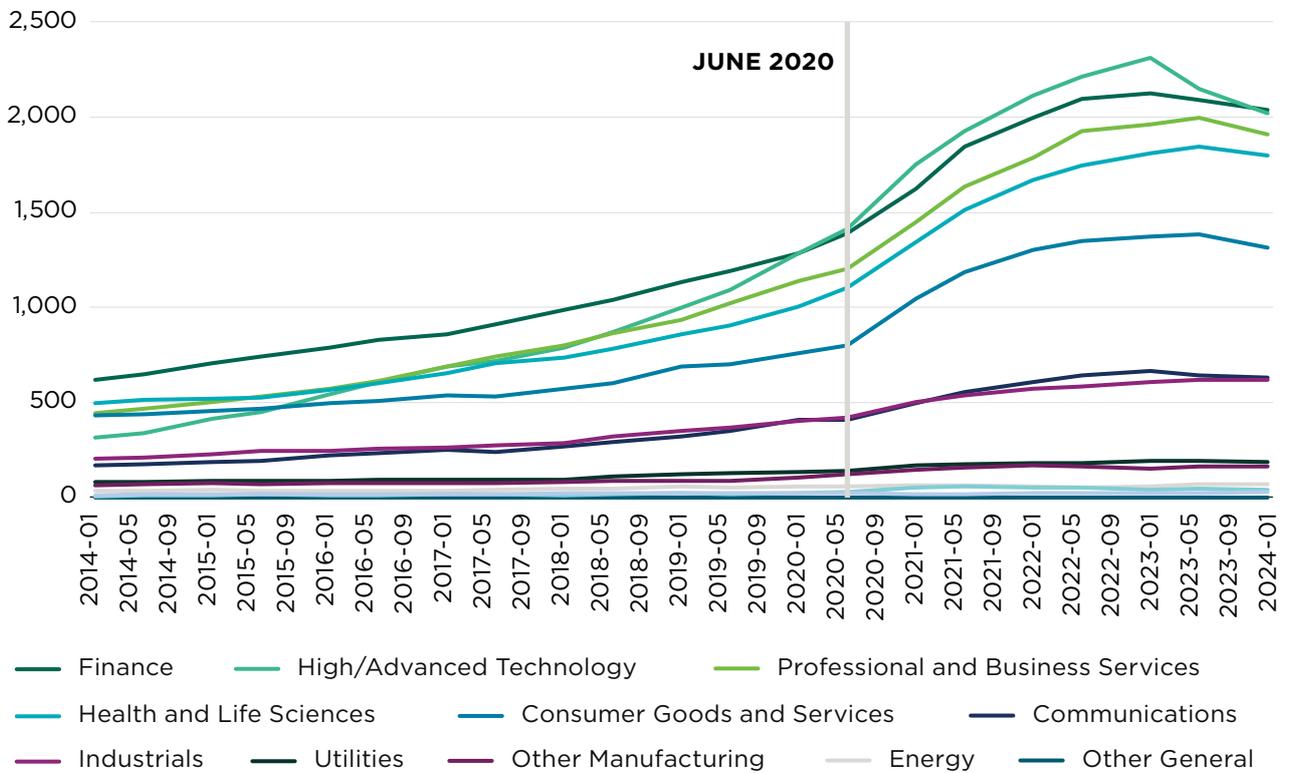
Floyd’s murder heightened the urgency and dedication to DEI efforts within organizations. Our study of more than 5,380 public companies shows a considerable increase in the hiring of DEI-specific roles across all industries

in the six months following the man’s death—particularly notable in June 2020. The events of May 2020 also shifted momentum: In our analysis of DEI roles over the past five years, we found significant growth across various industries. Natural resources saw a nearly 124% rise in these positions, while other sectors like advanced technology, professional

and business services, and financial services also experienced notable upticks of about 89%, 84%, and 64%, respectively. This surge in DEI-specific roles suggests that many companies recognize the importance of creating inclusive workplaces, marking a positive shift toward more inclusive corporate cultures.

**Figure 1.** Increase in the total number of DEI roles by industry\* from January 2014 to January 2024.

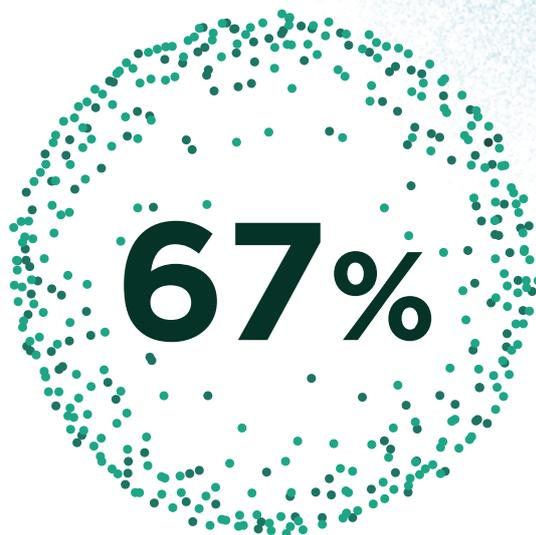
**Number of DEI roles by Industry**



**\*Note:** These industries do not include public sector, not-for-profit, or education, which had on average twice the number of DEI roles in place.

We also found that, after May 2020, organizations ramped up their investments in two key areas: educating leaders to drive DEI programs and integrating DEI principles into the overall employee experience. In our survey of DEI professionals, 67% of respondents identified DEI employee programs and leadership training as being the initiatives that saw the most growth—suggesting a focus on education and development as a vital first step to drive progress. What’s more, 50% reported companies adopting DEI pledges, highlighting a commitment to public accountability. Inclusive hiring practices and financial contributions to civil rights groups closely followed, with 42% of respondents noting an increase in each practice following Floyd’s murder. These efforts reflect a layered approach to improving DEI.

Yet we start to see a tipping point two years after Floyd’s death. While some organizations upheld their commitments, others fell short of delivering long-term, tangible success. Efforts have been fragmented—quick fixes for deep-seated inequities exposed by a tragic event. Many organizations, our survey found, have only moderately integrated DEI into their core business practices, and despite the initial rush to bring on DEI practitioners, the integration of these roles into company operations has been slow. Our research also revealed discrepancies between promised and *actual* spending on DEI programs, with a significant portion of pledged funds remaining unused—possibly due to either inadequate strategic planning or changing priorities. And our DEI engagement data show that only 55% of employees believe their senior leadership’s goals, plans, and actions reflect a real commitment to diversity.



Percentage of survey respondents who identified DEI employee programs and leadership training as two initiatives that saw the most growth after May 2020.

DEI today faces deep-seated challenges. While the latest Edelman Trust Barometer report shows people trust businesses more than they do governments, consumers and employees are losing trust in organizations that overpromise and underdeliver. They are seeing vows for equitable workplaces as empty words without any real action. At the same time, DEI fatigue is growing as corporate diversity awareness efforts fail to bear fruit while organizations cut DEI budgets, teams, and targets. Legislative hurdles only further complicate these matters; according to news reports, lawmakers in more than 30 states, such as Alabama, Florida, Texas, and Utah, have introduced or passed more than 100 anti-DEI bills in the current legislative session. As a result, these laws make it difficult for leaders—specifically CDOs—to meet their organization’s commitments and address the evolving needs and expectations of their increasingly diverse workforces.

But the issue isn't that DEI is irrelevant. Instead, the struggle stems from its lack of strategic integration into organizational frameworks. For several industries, DEI remains reactive and not regarded as core to the business. Despite early investments, the initial surge in DEI hiring after 2020 has now waned, with some sectors we analyzed seeing decreased DEI roles and slower headcount growth. And because many companies saw DEI as optional or driven by regulatory compliance, they were ill-prepared for the events following Floyd's murder—and all that was to come.

To achieve genuine progress, organizations must integrate DEI principles into the business model. They also need strong leadership and infrastructure to support strategies that will ensure success, both now and in the future. Without these elements, DEI efforts can become futile and fail to produce results that improve organizational performance.

As society becomes more interconnected and businesses grapple with the rise of AI and digitization, companies must see DEI not as an HR checkbox but as an essential strategy for building the skills needed for the future. Organizations should

not wait until the next major crisis to act; they must adopt systems-level thinking today to pave the way for business transformation tomorrow. This approach offers a holistic view of organizational dynamics, enabling leaders to both pinpoint the root causes of inequity and understand how all the moving parts contribute to the whole. It empowers them to develop comprehensive strategies that embed DEI principles into every aspect of the organization—be it policies, culture, or leadership.

Embracing systems-level thinking helps organizations build resilient structures that enable them to address challenges and seize opportunities with audacious confidence. More research is needed to understand the evolving skills that leaders, in partnership with CDOs, require to drive systemic transformation. Moreover, we need to closely examine how to develop these skills to make sure these leaders are set up for success and can lead collaborative and agile enterprises. However, companies that recognize DEI's impact on and connection to performance *will* see a boost in growth and innovation. Because, as our study shows—which is supported by decades of research—investing in inclusion is investing in higher performance.

INVESTING IN INCLUSION  
IS INVESTING IN **HIGHER  
PERFORMANCE.**

# DEI'S BUSINESS IMPACT

## AN INDUSTRY PERSPECTIVE

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“People need to realize that DEI strategies are for everyone and that this is being done for business value. We want people to understand the true definition of DEI.”

– Vice President, Global Talent Acquisition, and Chief Diversity and Inclusion Officer

**Since 2020, companies have faced unpredictable shifts in the social, geopolitical, global health, and economic landscapes. These headwinds have led them to reimagine their structures and how roles, people, and business strategies fit together.**

To stay relevant, organizations are accelerating efforts to transform their business, addressing macroeconomic issues that undoubtedly affect their operations. The lasting impact of the COVID-19 pandemic—coupled with ongoing supply chain disruptions, geopolitical challenges, technological advancements, uncontained talent movements, and a global skills shortage—has changed how organizations engage with the global marketplace.

Now more than ever, companies are focused on value creation. Many organizations are increasing their strategic, large-scale investments in talent management and development initiatives to optimize performance. This ensures that employees' knowledge and skills align with business strategies, particularly in today's tightened labor market.

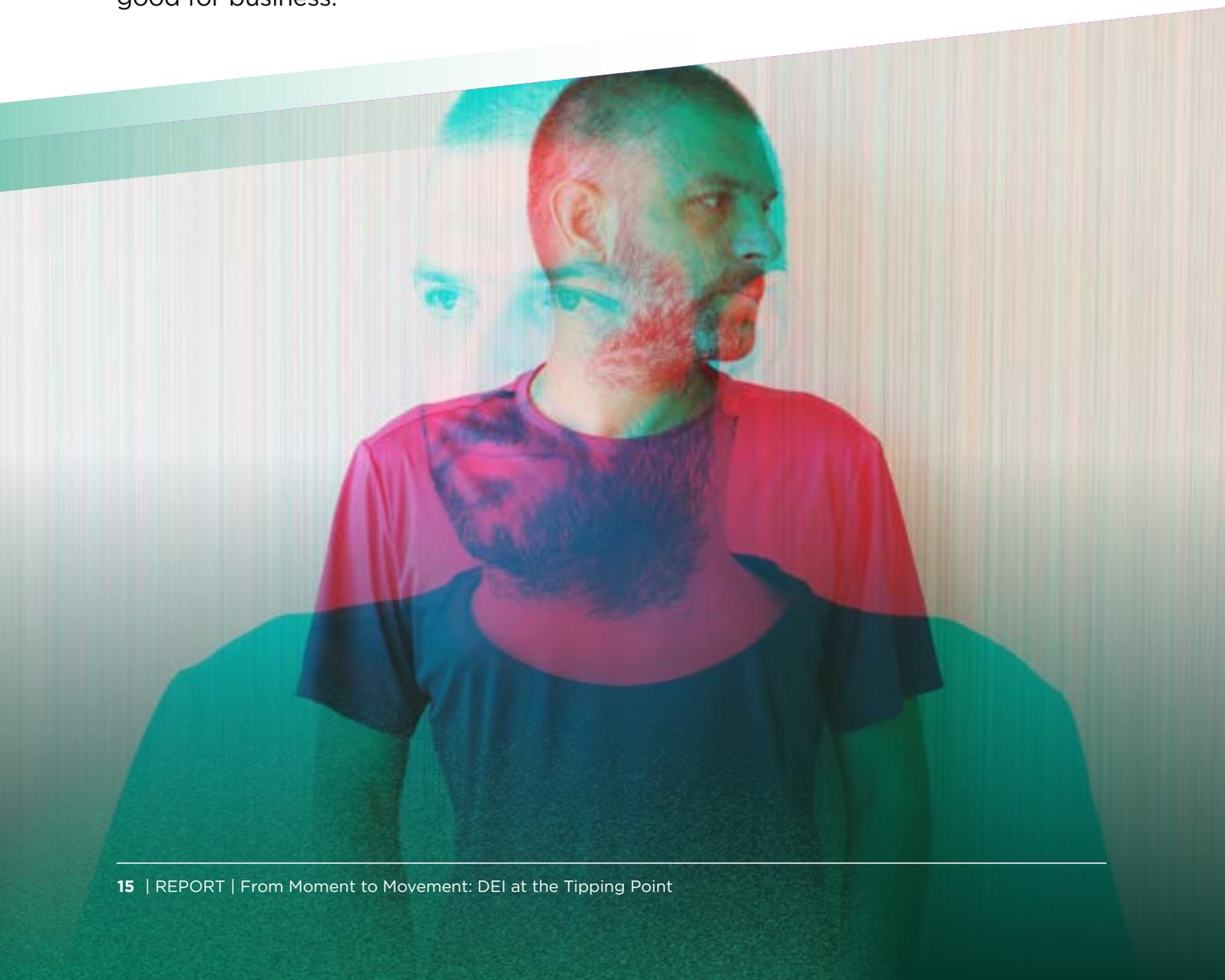
But it seems that the labor market is starting to ease, thanks to more women working post-pandemic, increased attention on younger talent, evolving immigration policies, and greater workforce diversity—including racial and ethnic minorities and people with disabilities. These changes, in turn, can help businesses and industries innovate and remain competitive.

In fact, the World Economic Forum has connected diverse workforces with higher levels of business success. What's more, in a Korn Ferry survey, 87% of *Fortune* magazine's "World's Most Admired Companies" reported a positive impact of DEI on business performance.

Despite critics' claims that companies are quitting DEI, we have seen that the opposite is true. Our study uncovers a compelling trend: The most innovative organizations are integrating DEI deeper into their business models. They are committed to advancing equity through inclusive workplace policies, investments in underserved communities, and diversifying their businesses and supply chains. As our findings confirm: DEI initiatives are good for business.

## INCLUSION IMPROVES ORGANIZATIONAL OUTCOMES

We discovered that leading industries like financial services and technology see better business outcomes when they experience higher net headcount growth. These sectors have seen a consistent rise in the number of companies with dedicated DEI roles, with a 64% increase in financial services and an 89% uptick in advanced tech firms over the past five years. These industries drive the US economy, and our analyses highlight the importance of developing a strategy to boost net headcount growth, especially with the presence of DEI roles embedded in functions across the business.



**Figure 2.** We noted a marked increase in DEI roles across sectors post-June 2020, suggesting a widespread organizational response to calls for diversity, equity, and inclusion.

Sector		Percentage of companies with at least one DEI role (by month)																							
		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024			
# of Companies		Jan	Jun	Jan	Jun	Jan	Jun	Jan	Jun	Jan	Jun	Jan	Jun	Jan	Jun	Jan	Jun	Jan	Jun	Jan	Jun	Jan	Jun		
Education	679	69%	69%	70%	71%	74%	74%	76%	76%	78%	77%	80%	81%	82%	82%	85%	86%	86%	86%	86%	86%	86%	86%		
Public Sector	244	46%	47%	47%	49%	52%	52%	54%	54%	56%	59%	58%	61%	60%	61%	65%	70%	72%	74%	73%	71%	71%	71%		
Not-for-Profit	77	34%	34%	36%	36%	43%	47%	48%	47%	49%	53%	55%	57%	57%	60%	62%	66%	70%	71%	70%	69%	69%	69%		
Finance	591	26%	28%	29%	30%	31%	34%	35%	36%	39%	43%	45%	46%	46%	47%	55%	57%	58%	60%	59%	59%	59%	59%		
High/Advanced Technology	547	18%	19%	21%	22%	24%	25%	26%	29%	32%	33%	36%	36%	39%	42%	48%	51%	53%	54%	56%	55%	55%	55%		
Utilities	96	35%	35%	36%	35%	34%	35%	36%	37%	37%	37%	41%	43%	43%	43%	50%	51%	58%	58%	54%	54%	54%	54%		
Health and Life Sciences	849	23%	23%	24%	25%	25%	26%	26%	28%	30%	31%	31%	33%	37%	39%	47%	50%	53%	55%	54%	55%	54%	54%		
Communications	216	27%	27%	26%	27%	27%	28%	31%	31%	34%	36%	39%	39%	43%	42%	46%	48%	51%	50%	51%	51%	51%	54%		
Professional and Business Services	714	19%	19%	21%	21%	23%	24%	27%	28%	30%	33%	34%	35%	36%	37%	42%	43%	47%	47%	50%	50%	50%	50%		
Industrials	388	20%	20%	23%	22%	24%	26%	24%	26%	26%	28%	32%	32%	35%	35%	40%	42%	47%	46%	49%	49%	49%	49%		
Energy	70	8%	8%	12%	11%	22%	22%	23%	25%	25%	26%	28%	25%	27%	27%	26%	25%	15%	14%	24%	45%	47%	47%		
Other Manufacturing	82	22%	22%	22%	22%	21%	22%	23%	23%	27%	27%	30%	29%	34%	35%	40%	41%	44%	43%	41%	45%	45%	45%		
Natural Resources	22	21%	21%	21%	21%	21%	24%	24%	30%	38%	43%	43%	47%	43%	39%	43%	39%	43%	41%	45%	41%	41%	41%		
Consumer Goods and Services	745	17%	17%	18%	18%	20%	20%	21%	22%	23%	24%	27%	26%	29%	30%	36%	40%	41%	41%	42%	42%	41%	41%		
Other Wellness	63	6%	8%	8%	8%	8%	9%	9%	9%	8%	8%	8%	8%	11%	14%	22%	23%	23%	23%	23%	23%	23%	25%		

Net headcount growth is an important metric for both talent management and business performance—one leaders are beginning to leverage to understand a more holistic picture of organizational growth and performance. Our study of public companies found that those with a proportional mass of DEI positions (more than 10 roles or exceeding 0.2% of the total headcount) tend to excel in hiring and engaging higher-performing talent with greater diversity. Though difficult to quantify, our analysis of the financial services and technology industries shows a positive correlation between headcount

growth, stock prices, and revenue. Korn Ferry employee engagement data backs this up, suggesting that using DEI roles strategically across organizations positively impacts both corporate culture and the bottom line.

However, we found that industries focused on commodities, such as basic materials and energy, invested less in DEI hiring and did not maintain their commitments as strongly as many service-based industries. As a result, they did not experience the same positive impact on stock prices and revenue.

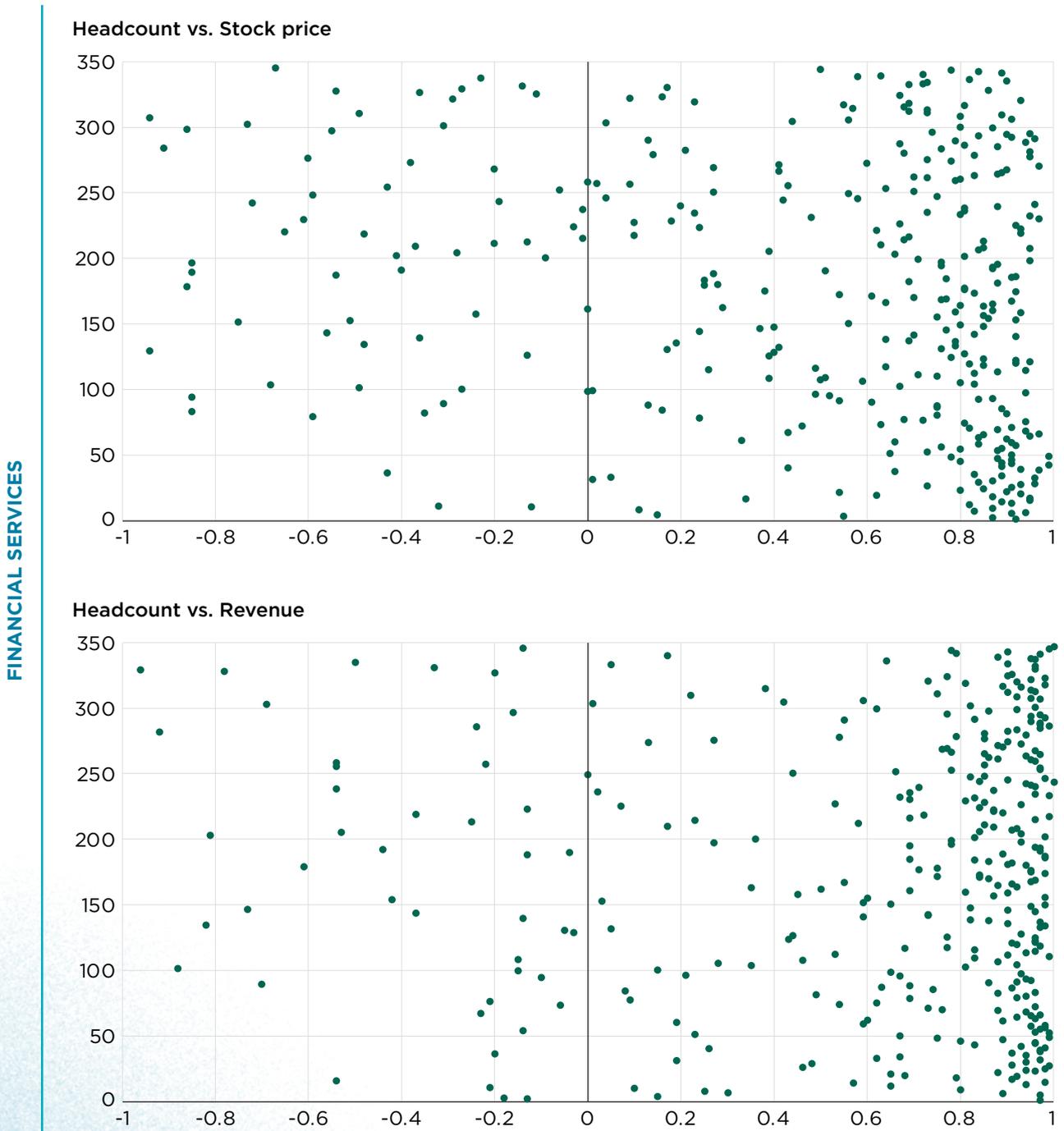


**Figure 3.** Scatter plots for the financial services, technology, energy, and basic materials sectors, illustrating differences between people-oriented and commodity-based industries. Financial services and technology, with strong DEI commitments, display a positive link between headcount growth, stock prices, and revenue. In contrast, energy and basic materials, with lower DEI investments, show little to no correlation between headcount growth and financial performance. Each dot represents a public company.

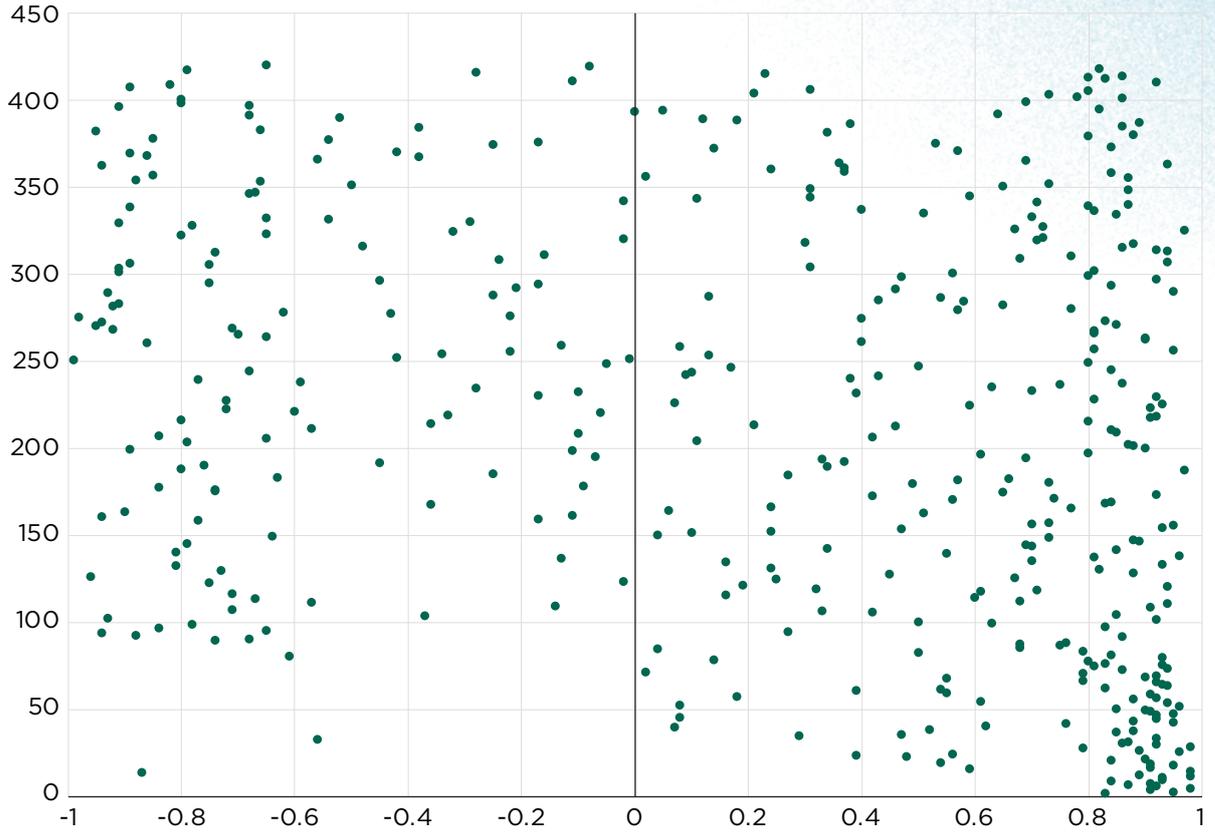
**in general, headcount growth correlates with financial performance**

Examples of sectors with positive correlations between Headcount<>Stock price and Heacount<>Revenue.

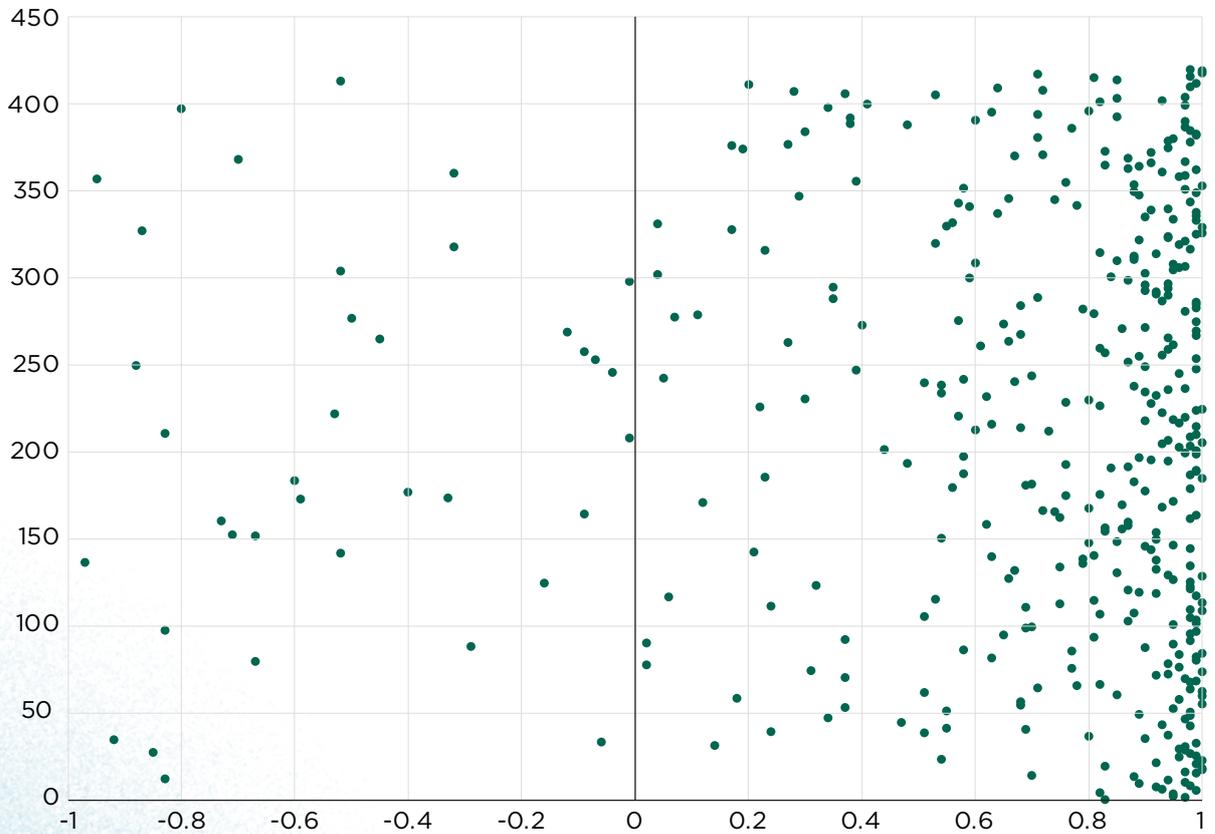
- > Each dot is a public company
- > Dots on the far right side mean positive correlation. Middle means no correlation. Far left means negative correlation.



Headcount vs. Stock price



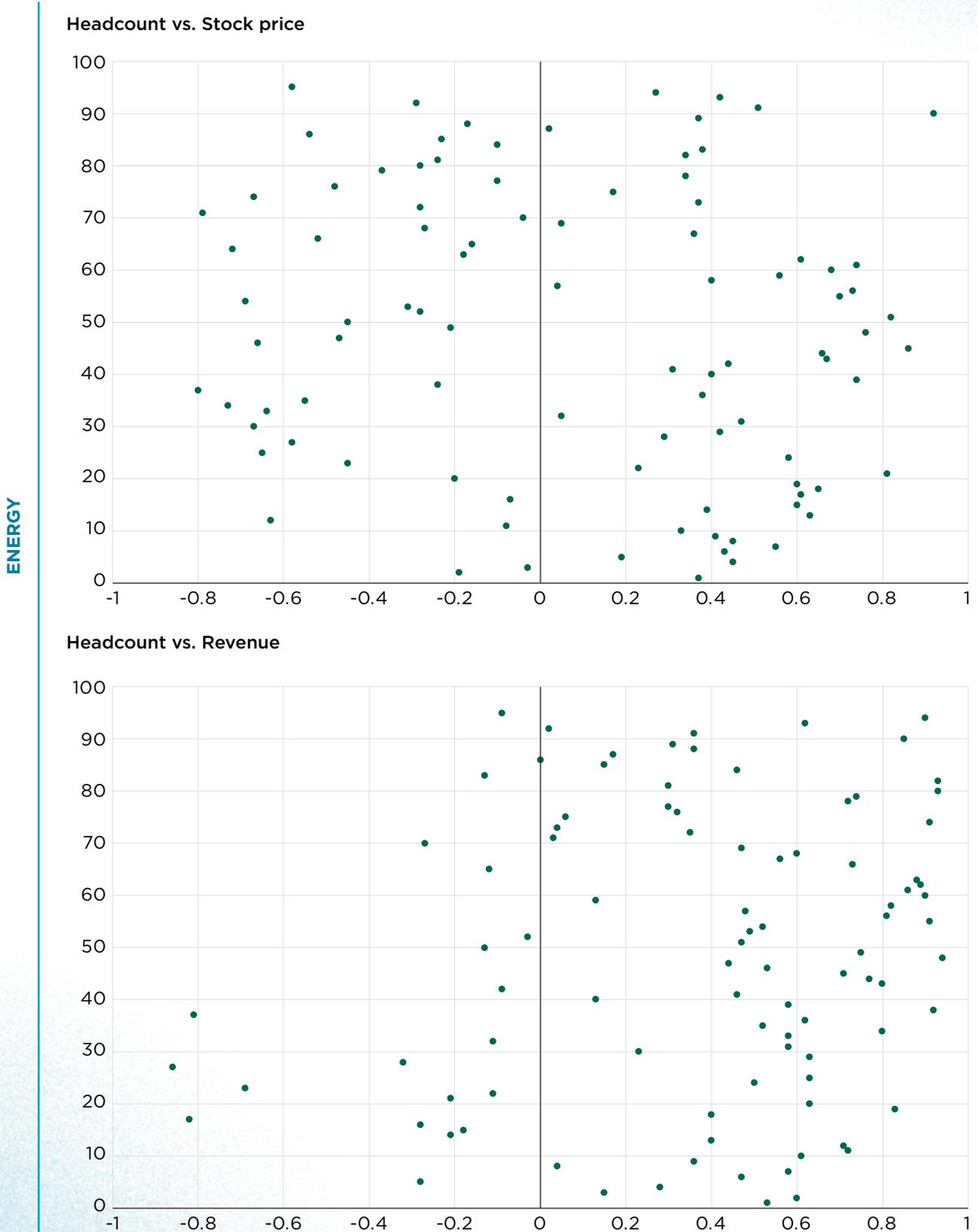
Headcount vs. Revenue



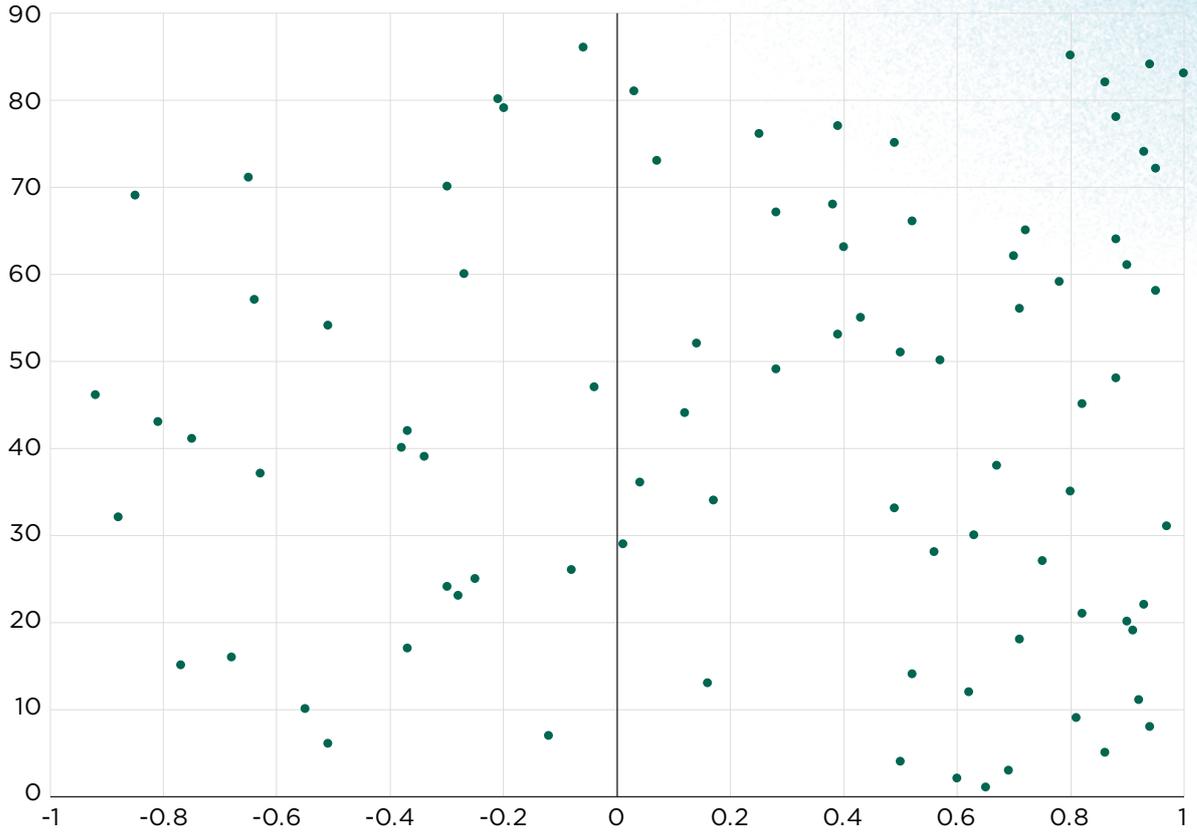
## CapEx intensive sectors and/or those driven by commodity prices tend to show little or no correlation

Examples of sectors with positive correlations between Headcount<>Stock price and Headcount<>Revenue.

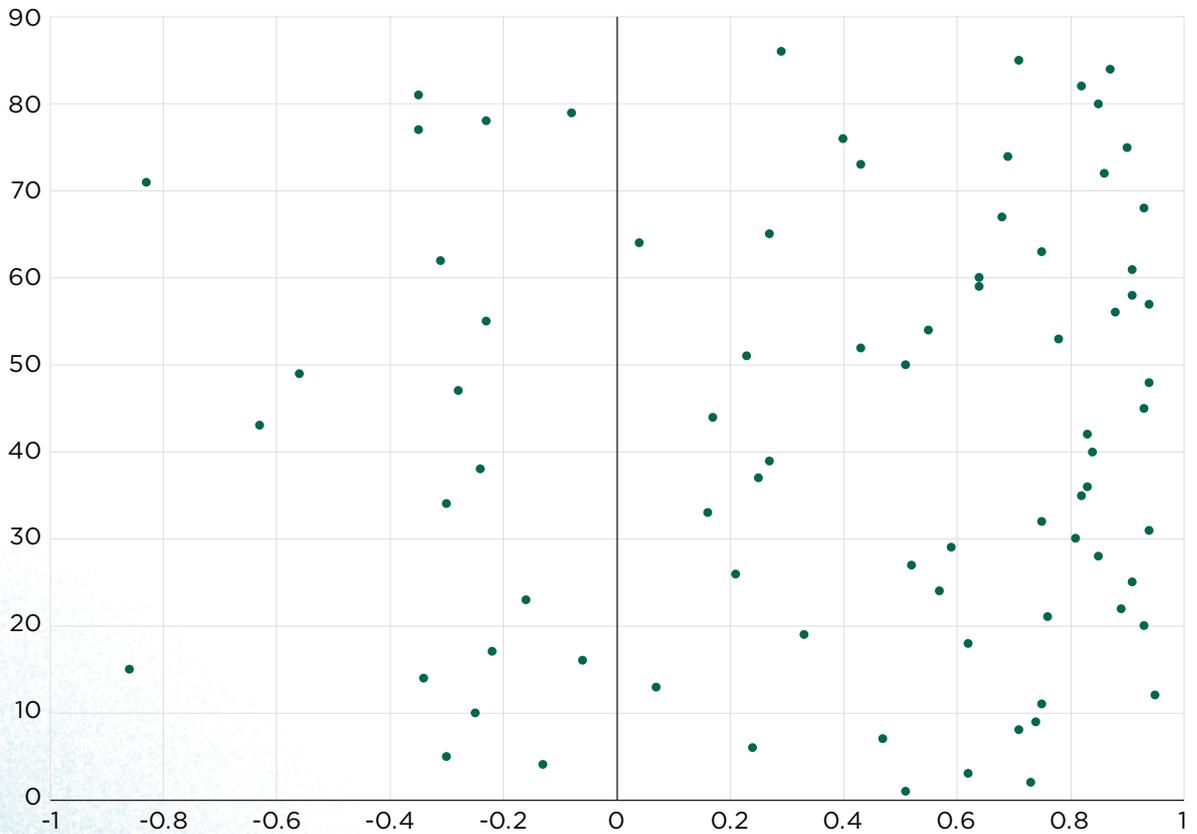
- > Each dot is a public company
- > Dots on the far right side mean positive correlation. Middle means no correlation. Far left means negative correlation.



Headcount vs. Stock price



Headcount vs. Revenue



Although the broader picture in commodities appears disappointing, certain commodity-based industries have started to improve their DEI efforts. The energy sector, in particular, saw a sizable jump in organizations with one or more DEI roles, rising to 47% in January 2024 from its 14% low in June 2022. Manufacturing experienced a smaller bump from 41% to 45% during the same period.

Given these insights, it is evident that when organizations have a substantial number of visible DEI roles, it helps them better integrate DEI principles into business operations. In turn, organizations reap the strategic benefits of inclusive behaviors and structures that yield higher performance—through better teaming and collaboration and higher resilience, risk-taking, and engagement from more talent.

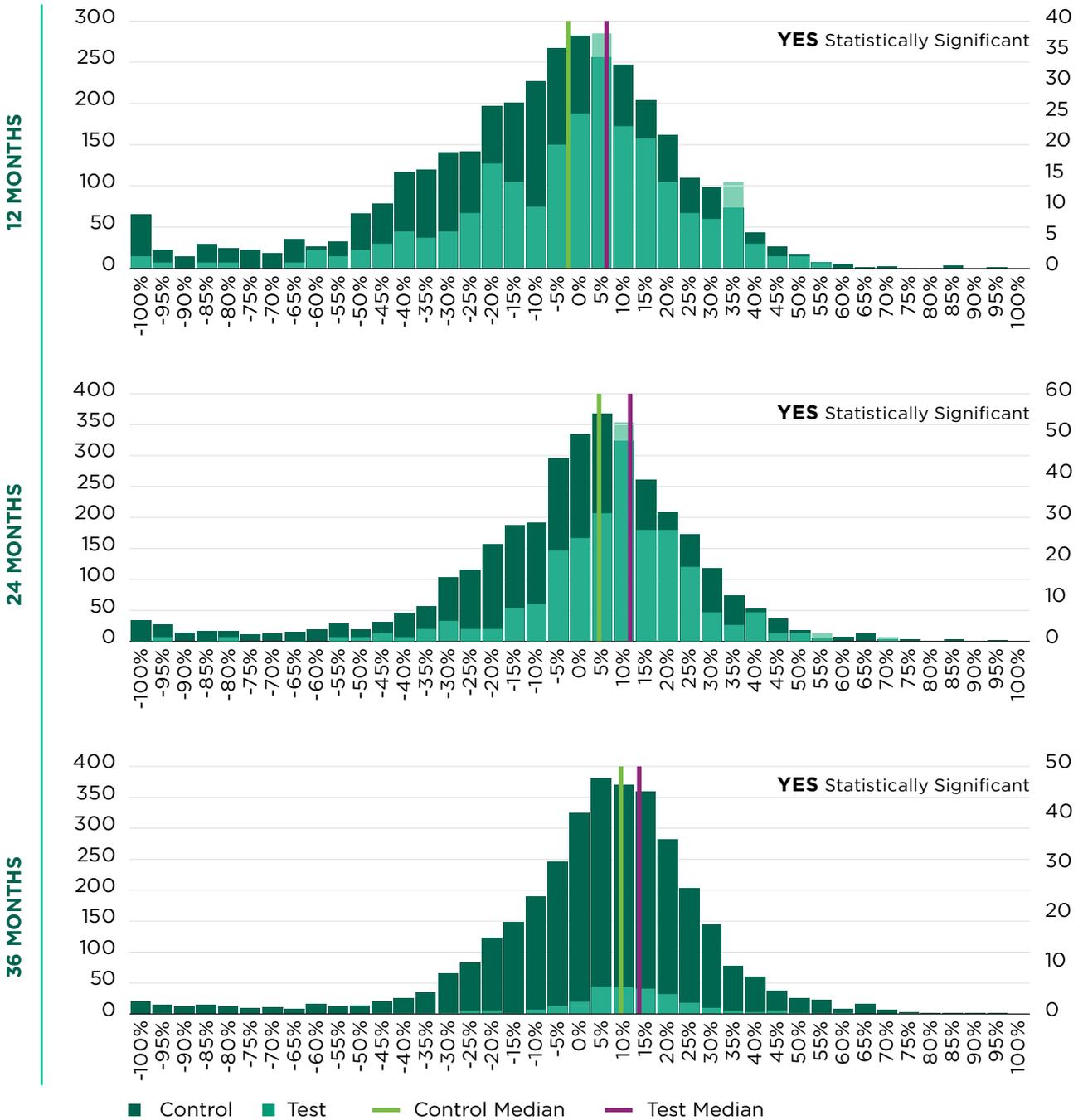
This is not a suggestion that hiring more employees just to have a bigger workforce is a smart business strategy—simply adding employees without a plan can waste money and time. However, research shows that when a company's growth matches its workforce expansion, several

advantages emerge. Balanced teams can handle increased workloads without overburdening employees, leading to higher productivity and efficiency. Large, diverse teams can drive greater creativity, specialization, and innovation through collaboration, drawing from a wide range of backgrounds and skills. And as the company grows, it can benefit from economies of scale, producing goods more affordably by spreading fixed costs, negotiating better rates with suppliers, and streamlining operational processes. As a result, a company can capture more market share for revenue growth.

Indeed, strong correlations exist between DEI and growth efficiency, especially in people-oriented industries like communications, consumer, financial services, healthcare, technology, and professional services. Our analysis shows that effective DEI strategies in these sectors result in significant growth metric improvements over 12-, 24-, and 36-month periods. Moreover, employees in these organizations tend to stay longer in their roles, within the company, and throughout their careers.

**Figure 4.** In talent metrics, growth efficiency involves enhancing employee engagement, retention, and development. Effective DEI strategies yield notable enhancements in these metrics over 12-, 24-, and 36-month spans.

**Growth efficiency**



Organizations implementing DEI initiatives strive to create inclusive workplaces where everyone feels valued. Companies with effective DEI strategies often grow more efficiently due to the innovation of diverse teams and their ability to serve diverse customers better. Focusing on DEI can drive short-term growth and long-term stability by preserving company and career tenure, ensuring a stable and experienced workforce crucial for sustained success.

## INCLUSION BOOSTS DIGITAL TRANSFORMATION

Still, it is not enough to attract and retain talent with diverse backgrounds, cultures, perspectives, and experiences; organizations must quickly assess how to keep them engaged. This means seeing business growth and performance in the context of the whole person *and* the whole company. Organizations will need to prioritize inclusive design principles to improve business outcomes by ensuring that all talent, regardless of differences, can actively contribute to mission-critical activities—whether it’s in people management, leadership, business performance, or external stakeholder engagement.

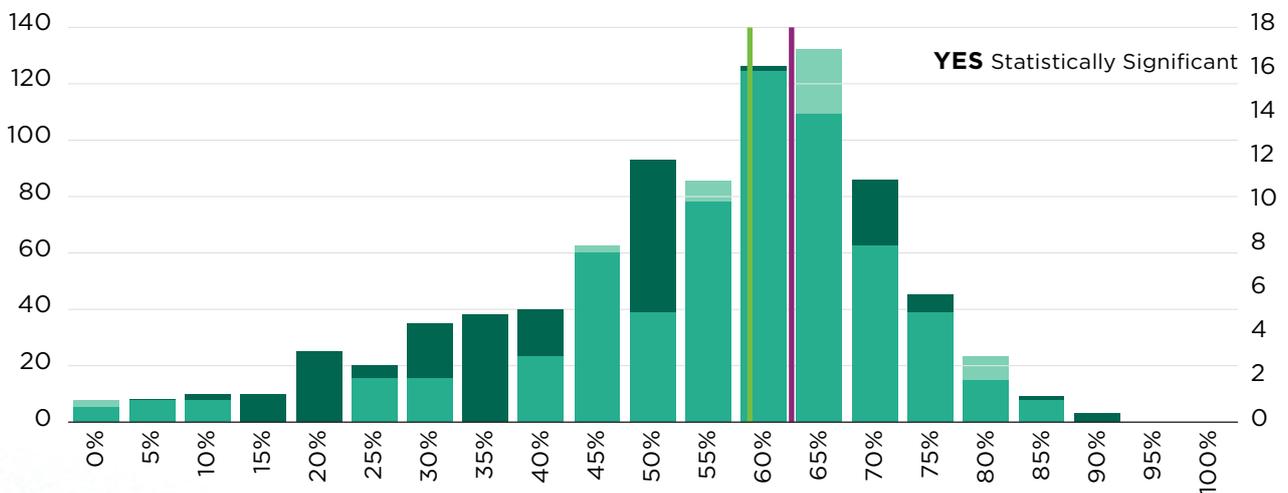
This is especially important for organizations undergoing large-scale digital transformations. Studies show that over 75% of companies plan to adopt Big Data, cloud computing,

and artificial intelligence (AI) within the next five years. At the same time, digital technologies are expected to create significant labor and market disruptions, requiring organizations to pivot quickly to keep pace with the ever-changing business landscape.

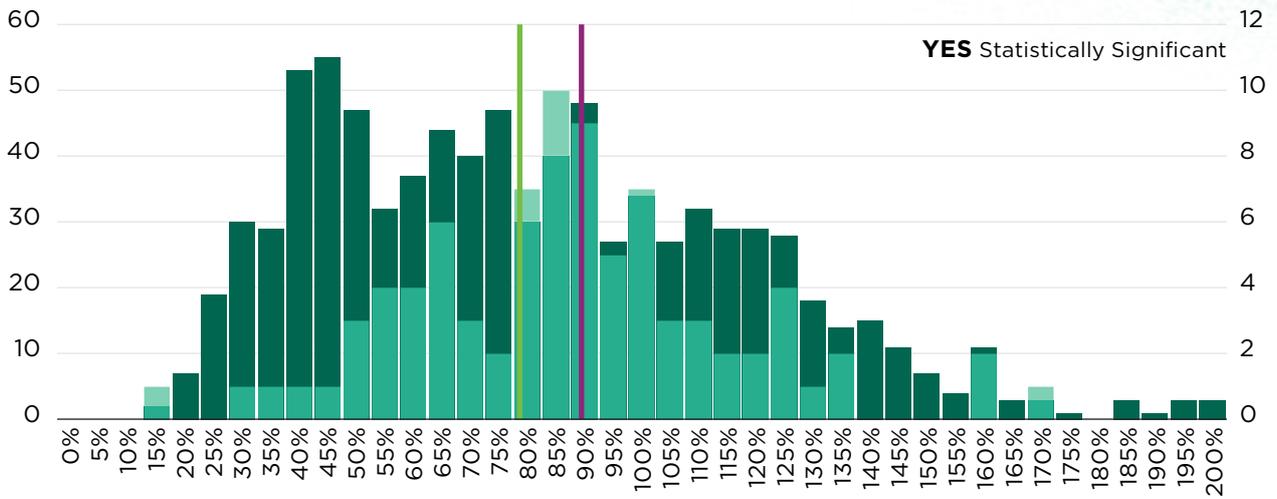
Our research shows that DEI is crucial even among highly digital companies (those in the top 25th percentile for digital adoption). We examined top-performing companies with advanced digital presence and found that companies investing in DEI not only stay relevant but also enjoy clear benefits. These include higher retention rates, longer employee tenure, and better gender diversity than digital companies that do not focus on DEI. These numbers suggest that DEI is a key strategic element for digital transformation, fueling growth and a more inclusive workforce.

**Figure 5.** Highly digital companies that prioritize DEI see higher retention rates, longer employee tenure, and better gender diversity compared to other highly digital companies that do not focus on DEI.

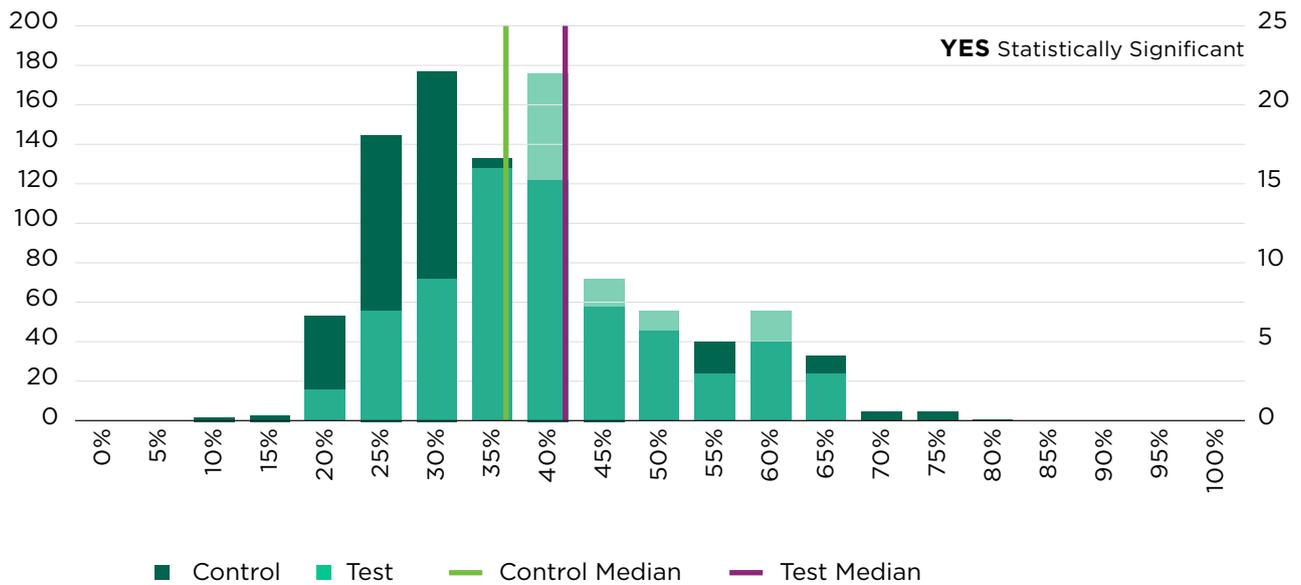
### Retention rate (36 months)



### Average company tenure



### Percentage of females



By prioritizing DEI, companies can attract, retain, and develop the talent and skills essential for navigating this tech-driven future. As our analysis reveals, high-performing digital organizations that embrace inclusive approaches to people, culture, and digital transformation strategies experienced better gender diversity than those lacking strong DEI initiatives. And studies show that organizations with the greatest gender diversity made around 34% of their revenue from innovative products and services in the most recent three-year period.



## INCLUSION FUELS INNOVATION

Making progress on DEI, even incrementally, can boost a company's readiness for change, according to a *Harvard Business Review* (HBR) study. The better an organization can adapt, the better it performs: HBR research found that change readiness is associated with twice the profitability, twice the total shareholder return, and up to three times more revenue growth.

We know that a culture of inclusion fosters innovation—and our study found that organizational leaders prioritize comprehensive DEI training for managers. They recognize the need for inclusive leadership behaviors like social influence, empathy, and effective communication in today's dynamic and globally diverse workforce.

Indeed, we analyzed various industries using Korn Ferry's leadership assessment data, focusing on the "Diversify Perspectives" construct, which includes competencies key to

driving innovation, such as "Valuing Differences," "Cultivating Innovation," and "Situational Adaptability." We found that industries where these skills are strongest—such as life sciences, advanced technology, and healthcare—are also highly innovative. On the other hand, commodity-based industries like utilities rank very low on this metric.

This finding is particularly relevant for companies focused on innovation. Sectors like energy, industrials, and media, which emphasize growth and innovation, score below average on the "Diversify Perspectives" construct, suggesting room for improvement. With business challenges becoming more complex, leaders must embrace these essential skills, as fostering diverse thinking and creating an inclusive environment are crucial for achieving innovation goals. By helping employees develop these competencies, they can boost their innovation capabilities, adapt better to market changes, and stay ahead of competitors.

## A DRIVING FORCE FOR SUSTAINABLE GROWTH

While ongoing debates about DEI programs persist, organizations face pressing challenges: a tight labor market and a shortage of adaptable skills. Previous Korn Ferry research suggests that by 2030, the United States [may face a deficit of 12 million workers](#), costing the country \$1.748 trillion in unrealized revenue. What's more, today's wealthiest industrial nations are aging, and their working-age populations are having fewer children, which means there will be fewer workers in the future. And not only will there be fewer employees, but research also shows they will lack the training, skills, and experiences needed to handle challenges that impact business and society globally.

Given this newfound reality, companies must look beyond their traditional practices for attracting and retaining talent. They are being challenged to adapt—expanding their view of potential through the lens of competencies and skill-based hiring. They are also embracing forward-looking approaches like remote, hybrid, and flexible work models, as well as shorter-term, project-based contract employment. This gives both employees and employers greater flexibility in navigating a volatile labor market.

Alongside shifting labor trends, significant demographic changes are reshaping the wealthiest nations, forcing organizations to take a critical look at their cultures. With more women returning to work, racial and

ethnic populations expanding, and younger talent gaining prominence in talent strategies, organizations must evolve to meet the needs and expectations of a more diverse workforce—one that has historically sat on the sidelines. Embracing intersectionality is important for creating an engaging work environment that empowers everyone to maximize their contributions. To sustain organizational growth and competitiveness, companies must address issues like pay equity, social and cultural differences, and mental and cognitive abilities to attract, engage, and retain employees in the near term.

Of course, there's no one-size-fits-all solution. Each industry has its own talent challenges, so organizations must address them equitably, considering internal and sector-wide issues. While it's important to understand industry-wide obstacles, solutions must be tailored to each organization. Customizing DEI strategies to fit specific industry challenges makes them more effective, providing a focused approach to problem-solving.

But to make real, lasting changes, organizations will need to do more than make surface-level promises. They must weave DEI into every aspect of their current and long-term operations and strategies. After all, DEI isn't a problem to solve but rather a driving force for sustainable business growth. Leaders must understand that DEI is not the end goal but a *means* to transform the organization and ensure its sustainability and success.

# DEI PROGRESS ACROSS 5 INDUSTRIES

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## [ 1 ] FINANCIAL SERVICES

The sector shows DEI commitment through substantial headcount and consistent hiring practices. Remarkably low attrition rates suggest the success of retention strategies, including showcasing DEI's integration into the industry's core values.

## [ 2 ] RETAIL

While the sector grapples with maintaining a diverse workforce, moderate DEI headcounts and high attrition rates reveal ongoing challenges. Factors like seasonal fluctuations and economic shifts may contribute to this struggle, creating the need for adaptive strategies.

## [ 3 ] CONSUMER PACKAGED GOODS MANUFACTURERS

Manufacturers are spearheading inclusivity efforts with robust growth in DEI headcounts and aggressive hiring tactics. However, focus on retention strategies is crucial as the industry undergoes a deliberate shift toward inclusivity.

## [ 4 ] MEDIA

With stable DEI headcounts and minimal hiring growth, the sector exemplifies a successful integration of diversity initiatives. Low attrition rates further underscore the industry's commitment to fostering an inclusive environment.

## [ 5 ] APPAREL

The sector shows a modest increase in DEI headcounts with significant hiring spikes. High attrition rates, driven by industry competitiveness and rapid cycles, underscore the need for tailored strategies to retain underrepresented talent.

# CASE STUDIES

## CASE STUDY:

### A GLOBAL FINANCIAL SERVICES FIRM

This financial services firm announced a multibillion-dollar commitment over five years to advance racial equity. This comprehensive plan includes efforts to promote and expand affordable housing and homeownership for underserved communities, improve financial health, and grow diverse enterprises.

**Figure 1.**

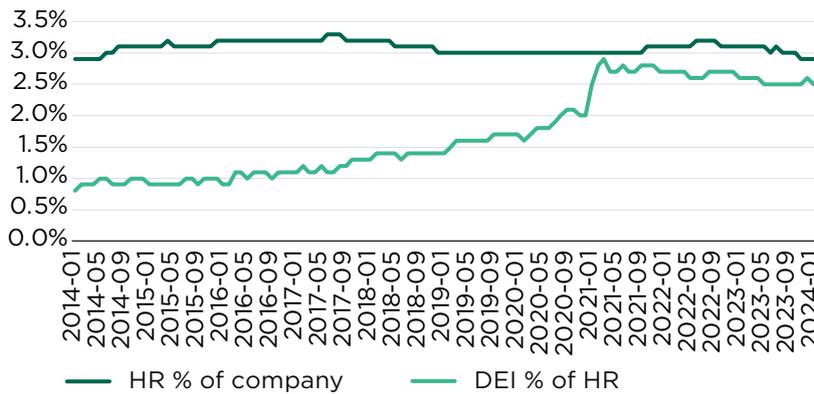


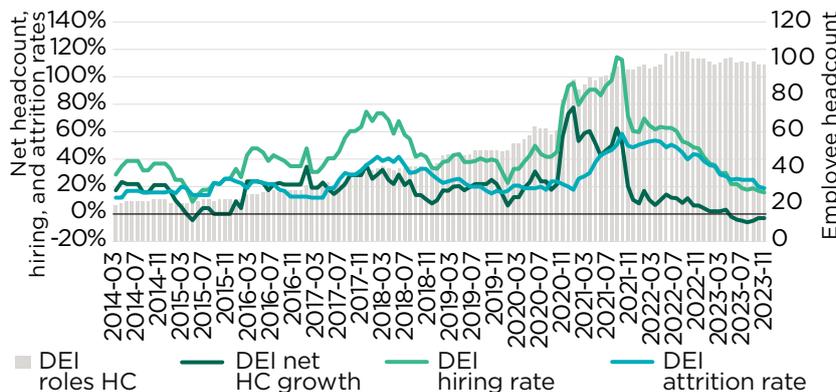
Figure 1 shows this financial services firm's HR function is approximately 3% of the total workforce, and DEI in the years preceding the death of George Floyd was approximately 1% of the HR function, increasing significantly around June 2020.

**Figure 2.**



In Figure 2, there is a significant increase in the hiring of DEI roles in the firm during the couple of years leading up to 2020, but certainly a much higher increase after the death of George Floyd.

**Figure 3.**



In Figure 3, you see an overall increase in net headcount growth (even though there are steadily rising attrition rates).

**Figure 4.**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Executive/ Leadership	9.8	10.4	12.7	14.5	20.8	23.5	27.5	38.6	40.3	39.0	38.0
Management	2.1	4.0	6.2	7.2	7.3	6.9	5.2	6.2	5.6	5.3	5.0
Individual Contributor	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.9	1.2	2.0	3.0	4.3	5.3	7.8	10.5
<b>Total</b>	<b>11.9</b>	<b>14.4</b>	<b>18.8</b>	<b>22.6</b>	<b>29.3</b>	<b>32.4</b>	<b>35.7</b>	<b>49.1</b>	<b>51.2</b>	<b>52.1</b>	<b>53.5</b>

In Figure 4, you see a dramatic increase in DEI roles, quadrupling between 2014-2021.

**CASE STUDY:**

**A GLOBAL CONSUMER GOODS COMPANY**

This consumer goods company pledged several hundred million dollars over five years to supply Black communities and increase Black representation within the company. Efforts include scholarships for Black students and more substantial business with Black-owned suppliers. However, you see as initial investment, then a decrease in effort and DEI roles.

**Figure 1.**

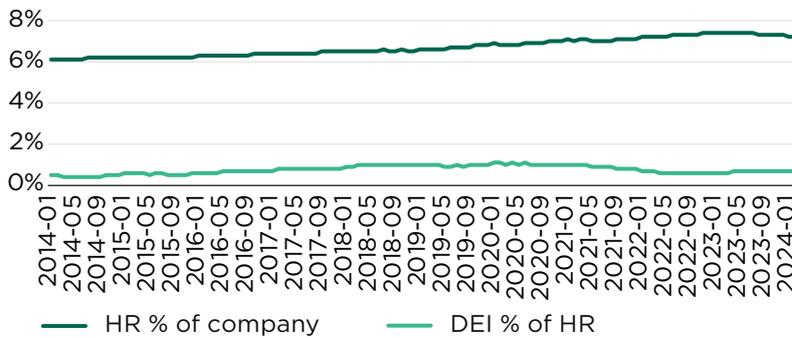


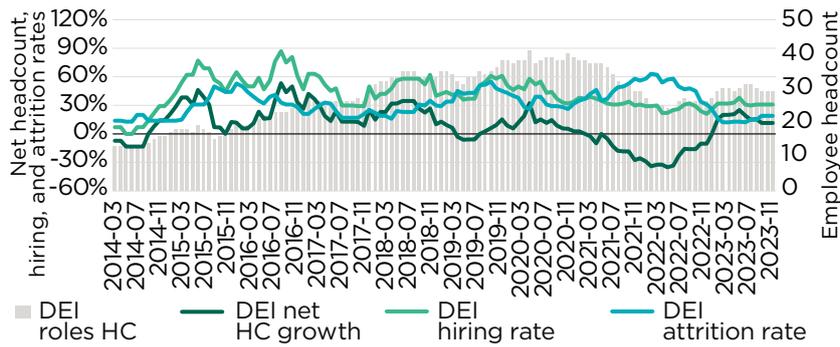
Figure 1 shows this consumer firm's HR function is approximately 6% of the total workforce, and DEI in the years preceding the death of George Floyd was approximately 1% of the HR function, decreasing after January 2022.

**Figure 2.**



In Figure 2, there is a significant increase in the hiring of DEI roles in the firm, both in the couple years leading up to and around 2020, but then there is a significant decrease in hiring DEI after 2022.

**Figure 3.**



In Figure 3, you see a decline in net headcount growth after January 2022.

**Figure 4.**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Executive/Leadership	2.7	2.8	3.0	2.3	4.9	5.8	5.0	3.0	2.3	3.1	2.0
Management	8.9	10.7	14.3	16.7	20.5	20.8	24.0	22.2	17.3	15.9	15.0
Individual Contributor	2.3	3.8	4.3	5.2	6.5	7.3	9.3	10.7	6.5	6.9	7.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	5.0
<b>Total</b>	<b>13.9</b>	<b>17.3</b>	<b>21.5</b>	<b>24.2</b>	<b>31.9</b>	<b>33.8</b>	<b>38.3</b>	<b>35.8</b>	<b>26.1</b>	<b>29.0</b>	<b>29.0</b>

In Figure 4, you further see the larger investment in DEI between 2015–2020, which then peaks in 2021. Then DEI roles begin to decline significantly despite a large financial commitment in 2020 toward supporting DEI initiatives.

## CASE STUDY:

### AN ENTERTAINMENT/MEDIA COMPANY

This media company pledged to allocate 2% of its cash holdings into financial institutions and organizations that directly support Black communities in the United States.

The entertainment/media company committed to invest in diverse content and creators.

**Figure 1.**

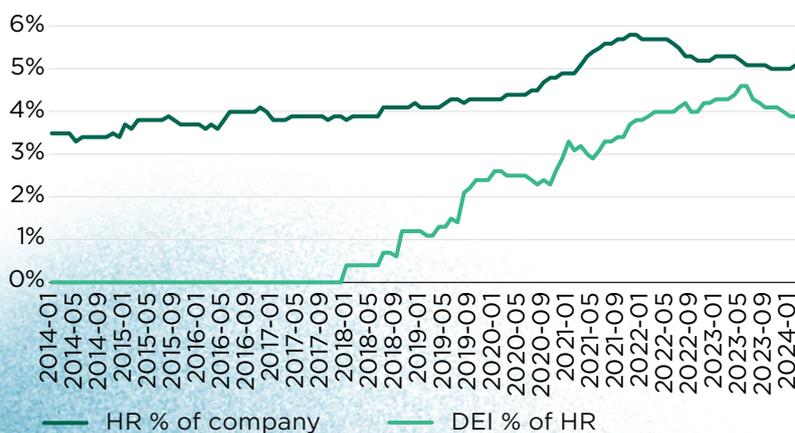
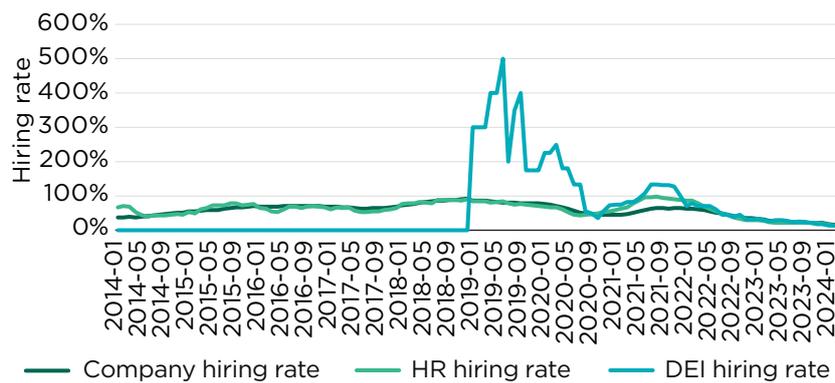


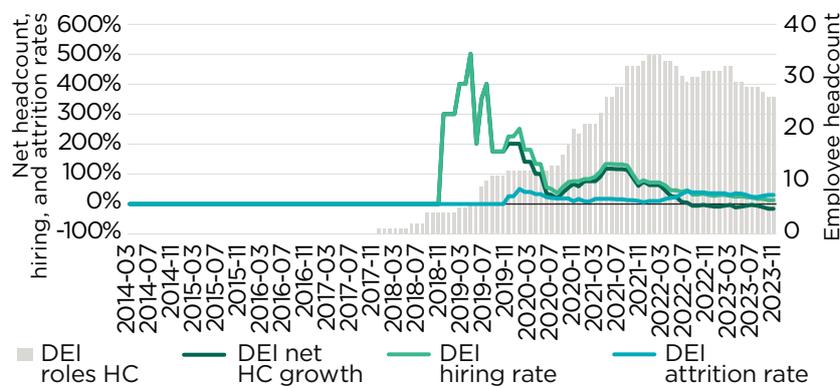
Figure 1 shows this media company's HR function is approximately 4% of the total workforce and growing, and DEI wasn't really on the map until 2018, with steady increases until 2022 and then a small decline.

**Figure 2.**



In Figure 2, there is a significant increase in the hiring of DEI roles in the firm, both in the couple of years leading up to and around 2020, but then there is a significant decrease in hiring DEI roles after 2022.

**Figure 3.**



In Figure 3, you see an overall growth in DEI and net headcount growth until late 2023.

**Figure 4.**

Function	2018	2019	2020	2021	2022	2023	2024
Executive/Leadership	1.0	1.3	2.0	2.0	2.5	3.0	2.0
Management	0.3	2.2	6.8	16.1	19.7	17.0	17.0
Individual Contributor	0.8	3.8	4.1	6.5	8.4	6.6	5.0
Other	0.0	0.0	0.0	0.2	1.4	3.2	2.0
<b>Total</b>	<b>2.0</b>	<b>7.2</b>	<b>12.8</b>	<b>24.8</b>	<b>32.0</b>	<b>29.8</b>	<b>26.0</b>

In Figure 4, you further see the larger investment in DEI between 2019 and 2022. Then DEI roles begin to decline significantly despite a large financial commitment in 2020 toward supporting DEI initiatives.

# 5

## ACTIONS FOR DEI PROGRESS

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Successful transformation requires more than good intentions—it demands a systems-level approach involving a long-term vision and deep structural reform. We need to go from *moment* to *movement*—from reactive compliance to proactive commitment. When organizations embed inclusion into their values and strategy, they build stronger businesses with higher performance.

For companies looking for a sustainable way forward, we have the answers. Drawing from surveys, interviews, and an analysis of more than 5,380 US-based public companies, we've identified five essential actions for companies to integrate DEI into operations seamlessly. Focusing on these areas can cultivate inclusive cultures that drive innovation, growth, and competitiveness.

[ 1 ]

# EMPOWER ALL LEADERS TO OWN DEI

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## MAIN ACTION

**Encourage leaders to lead by example and embed effective DEI policies, showing how they contribute to the company's purpose and success. Hold leaders accountable for linking DEI with business results and maintaining a strong commitment to these values at every level.**

Before May 2020, our survey found that challenges in DEI stemmed from a lack of awareness of DEI efforts and a lack of leadership commitment. DEI was often viewed on the periphery of business strategy, with limited engagement and commitment from leaders.

In the last four years, more CEOs have taken charge of DEI initiatives in their organizations, underlining the crucial role their leadership plays in meaningful organizational change. These leaders have moved beyond merely supporting to embodying inclusive leadership principles. But transformative progress requires commitment from leaders at *all* levels, clear accountability standards, and thorough review processes. It also involves upskilling behavioral competencies to create work environments that embrace divergent

and analytical thinking, risk-taking, and creativity—skills critical to driving innovation in today's economy, as recognized by many organizations.

It is not enough for leaders to make public declarations. Instead, they must prioritize DEI by integrating it into their company's strategic direction and across all business functions, beginning with senior leadership and cascading down, to ensure ownership and accountability for the effort. While CEOs may acknowledge this need, an analysis of Korn Ferry's normative data revealed that 47% of managers doubt senior leadership's goals, plans, and actions reflect a real commitment to diversity. The most effective leaders see DEI as essential for advanced leadership, providing opportunities for

employees to succeed, and benefiting both individuals and the company. Their active involvement is key for driving meaningful transformation and setting a positive example for the whole organization. Positioned strategically, leaders can promote the value of DEI, advocate for its benefits, and show its impact on business outcomes, inspiring others to recognize its importance for both organizational success and broader corporate goals.

This level of commitment, though, cannot happen without organizations also investing in—and empowering—middle managers. Middle management’s proximity to both senior leadership and frontline employees is fundamental to implementing corporate strategy effectively and delivering results. Korn Ferry’s research shows that

developing leadership qualities like seeking a diversity of perspectives and trust in partnering within the middle of the organization can lead to an innovative and inclusive culture. To leverage this potential, organizations must redefine middle management’s responsibilities and equip them with the tools and support to shape employee attitudes toward DEI initiatives. A clear communication framework and consistent practices enable middle managers to drive change, conveying DEI principles to employees and embedding them into the culture.

Integrating DEI metrics into performance evaluations would serve as a tangible test of leadership commitment. Our DEI engagement data found only 54% of employees believe people managers are

“You can have a chief diversity officer, but when they are not reporting to the CEO or have the type of sway or authority in the organization, then it becomes ineffective.”

– University President

held accountable for their company's diversity plans and goals. In another Korn Ferry survey, only 23% report middle managers being assessed on DEI key performance indicators (KPIs), despite over 55% believing their organizations meet DEI objectives. By setting evidence-based goals and quantifying their progress, organizations can show leaders are actively involved in fostering inclusive cultures.

Alongside DEI metrics, organizations must focus on developing all leaders to be *inclusive leaders* who nurture trust, respect diverse thinking, and systematically integrate inclusion into talent processes and decisions. Inclusive leaders inspire others to adopt an inclusive mindset, leverage diversity within their teams to drive improved performance, and foster a culture of trust and belonging.

## WHAT ORGANIZATIONS SHOULD DO:

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- > Enable the CDO to contribute in strategic decisions to ensure DEI principles are integrated throughout business operations.
- > Encourage all leaders to align DEI with core values and commitments.
- > Develop comprehensive training programs and educational resources for all leaders to increase understanding of DEI across the organization.
- > Integrate DEI metrics into leaders' performance evaluations to hold them accountable for making tangible progress.
- > Identify and develop inclusive leaders to activate the performance of diverse teams across the organization.

[2]

# LEVERAGE DEI TO ACHIEVE GREATER INNOVATION

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## MAIN ACTION

**Create a culture that encourages creativity and flexibility for all employees, whether they work remotely, in a hybrid arrangement, or at the office. Support policies and practices that make the workplace safe for everyone to grow and thrive, respecting people's individual identities. Empower leaders to lead by example, driving cultural change.**

A culture of inclusion is a culture of innovation.

Our research shows that companies with above-average diversity report 19% higher innovation revenue—that is, revenue share from improved or new offerings. Moreover, teams led by inclusive innovators are 75% more likely to turn their ideas into products. When organizations build teams that are diverse by design and allow them the freedom and flexibility to be creative, these teams produce better ideas and solutions 87% more often than those that are less diverse and empowered. They are also 70% more likely to capture new markets.

So, how can organizations create a culture of inclusion, where innovation is the result?

Unlocking innovation isn't just about bringing together diverse-by-design teams. It's also about empowering teams to collaborate, learn from mistakes, share perspectives, take risks, provide timely feedback, and help manage conflicts. Fostering this psychological safety calls for intentional actions from organizations: nurturing trust and respect among their employees, creating open spaces for regular reflection, promptly addressing barriers to engagement and productivity, and increasing awareness of social, cognitive, and cultural differences. Though no easy task, these efforts produce sustainable, long-term benefits. Organizations must partner with employees to develop systems and processes that meet the needs of a diverse workforce and tap into their unique gifts, skills, experiences, and analytical thinking to deliver better results.

Consider the COVID-19 pandemic, which turned the world upside-down and led organizations across sectors to mandate that non-essential workers work from home. This shift forced *all* organizations to rethink work arrangements, with many quickly pivoting to virtual office setups. Informal office chats gave way to prescheduled video calls, impacting how many teams worked together. Four years later, discussions on remote, hybrid, and office work models persist.

But workplace policies made solely by executives, without considering the diverse needs of their workforce, often fall short. Instead, organizations that involve employees in defining their needs and ideal working conditions enable them to deliver their best. During the pandemic, remote work led to record employment gains for people with disabilities. Black and Brown employees—in particular, women—saw their mental health

improve because they had less exposure to discrimination. The same is true for some LGBTQ+ employees, who also reported less discrimination. Neurodiverse professionals benefited from controlling their work environment and accessing accommodations lacking in traditional workplaces. And working parents favored the perks of remote work—like using time otherwise spent on commuting for appointments. In fact, in an Institute for Family Studies and the Wheatley Institute survey, 53% of fathers and 63% of mothers said the pandemic made them more likely to prefer working from home most or half of the time. What's more, a recent Korn Ferry study showed that senior executive women going through menopause were more likely to stay in their roles if provided with increased work flexibility.

“We are currently looking at the correlation between productivity and inclusion. ... If companies do not have a diverse talent pool, they would not be as innovative and would be less competitive.”

Vice President, Global Talent Acquisition,  
and Chief Diversity and Inclusion Officer

As a result, the engagement of these employee populations skyrocketed. In one Korn Ferry survey, 84% said they were more productive working from home, and another study found most employees feel they perform better remotely. Yet, despite evidence that flexible work arrangements are effective, organizations continue to push for a return to the office. This move risks undoing the progress made by underrepresented and marginalized employees, exposing them once again to certain unconscious biases and microaggressions. Moreover, it threatens to disrupt the flexibility and balance that remote and hybrid work offer, which can be especially challenging for employees who rely on public transportation or have caregiving responsibilities.

As companies decide whether to continue embracing remote and hybrid work, they should consider the role they want employees to play in driving their organization's strategic vision. This requires organizations to understand how to accommodate their employees' unique differences. Leaders involved in these discussions must assess talent analytics, engagement data, and HR policies to determine the best ways to include employees in shaping inclusive policies. When done right, organizations can improve productivity, well-being, and performance—three important factors that attract top talent, drive growth, and inspire innovation.

## **WHAT ORGANIZATIONS SHOULD DO:**

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- > Measure and monitor psychological safety at work by regularly assessing employees and team outcomes.
- > Invest in technology and infrastructure to provide employees with the right tools for flexible work arrangements.
- > Create a culture where employees feel comfortable sharing ideas and feedback. Model vulnerability to help employees feel safe expressing themselves without fear.
- > Encourage employees to take calculated risks and explore new ideas, recognizing and rewarding innovative thinking, even when things don't go as planned.
- > Promote collaboration through shared virtual workspaces and project management tools that enable teamwork and idea sharing.
- > Enable diverse teams to maximize their impact with additional inclusive design training, toolkits, and coaching.

[ 3 ]

# BUILD TALENT SYSTEMS WITH **INCLUSIVE DESIGN**

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## MAIN ACTION

**Use inclusive design principles to make sure talent systems and processes work for everyone. Utilize robust talent analytics to guide decisions that support DEI goals. Continuously assess talent and rewards practices to keep them aligned with DEI objectives. Invest in talent management and rewards to support DEI and create a better workplace for all.**

When organizations overlook the differing needs of both current and future employees, their talent systems often perpetuate exclusion—not inclusion. This happens when they prioritize pre-established talent processes for the sake of tradition over adapting to evolving expectations.

Understandably, many organizations want to simplify and streamline their talent systems to make them more efficient and aligned with their strategic goals. Yet, when not managed with intention, these changes can prevent all talent from being recognized and supported for their contributions to their organizations.

As demographics continue to shift globally, talent systems will need to be refreshed at the least and disrupted at best. Organizations will need to

quickly adapt their processes and practices to meet the demands of a burgeoning workforce with greater gender, racial and ethnic, cognitive, and cultural diversity.

Inclusive design is the solution. It considers a diverse range of needs and aims to meet the needs of *everyone*, not just a standard set dictated by a specific group.

Inclusive design requires a human-centric approach—one where leaders learn about the diversity within their organizations and gain clarity on who feels excluded and why. With these insights, organizations can create more effective talent management systems that level the playing field for employees who are often overlooked. When organizations lack a line of sight into talent with hidden potential, they lose.

As businesses face an unprecedented skills shortage, it is critical for all top talent to feel connected to their organization's mission and culture, and to be supported in expanding their capabilities. Our data suggest that there is a positive correlation between building and retaining a diverse workforce and better assignments and advancement opportunities. In companies with more mature practices, senior leaders tend to be more approachable and accessible, which helps build a culture of trust and open communication. What's more, when promotions and tasks are distributed fairly, employees feel they are being treated equitably. This not only makes them want to stay with the company but also helps them feel more invested in its success and improves their job performance.

However, our DEI engagement data reveal that, within two years of joining an organization, women and people of color often feel their employer isn't fully embracing diversity and inclusion. Only 49% of women think their organization does well at developing women for leadership, compared to 69% of men. Similarly, only half of the respondents believe their company prepares racially and ethnically diverse employees for leadership, with significant gaps between White employees (53%) and people of color (43%)—particularly Black/African American individuals (31%). The data also show dissatisfaction with promotions and assignments across all demographics: 46% of White employees, 44% of men, 38% of women, and 38% of Black/African American employees feel their companies are not ensuring fair treatment.

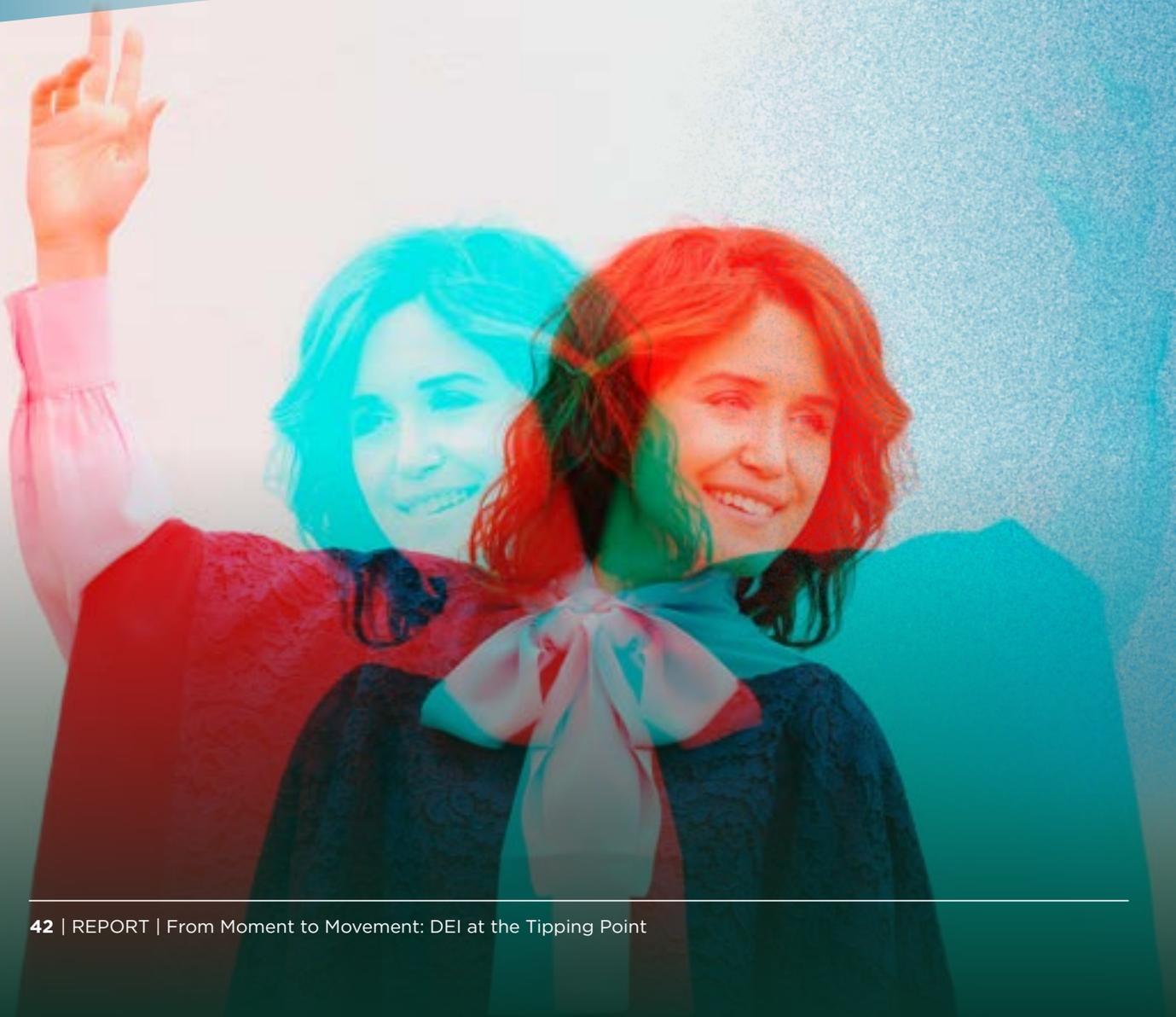
“If companies reduce their focus on DEI initiatives, I don't think they will be able to attract and retain the best talent. It's not anyone's goal or intention to join a company where they don't feel accepted.”

- Executive Vice President

How can organizations close these gaps and ensure employees feel they are being treated fairly? By communicating a strong and consistent message around DEI and its role in driving strategic business outcomes. Transparent DEI goals boost employee perception: Our DEI engagement data show that 59% see their organization effectively communicating its diversity and inclusion strategy, increasing confidence in organizational success. Organizations must abandon the idea that DEI is a zero-sum game—that it is good only for some, especially those who are most disadvantaged.

Everyone has a role to play in driving an organization's culture forward. Inclusion and equity are strategic business levers that empower leaders and employees to work together, creating systems of accountability that reinforce behaviors and structures for effective and sustainable change. The first step? Ensuring inclusive design principles are embedded into organizational decision-making, processes, and practices.

Organizations will need to define equality, unearth inequities, learn from diversity, and start with the most in need of accommodations.



This ensures fairness for all by defining and integrating equality into talent management, addressing biases through data analysis, revising HR practices for equity, evaluating systems through an inclusive lens with input from all users, and redesigning talent systems to prevent biases and unfair outcomes for marginalized groups.

To put these principles into action, organizations must review talent management policies, practices, and data for unconscious biases and barriers. Inclusion should be woven into policy design and implementation to improve objectivity, accountability, and consistency in talent practices. By following inclusive design principles, organizations will create talent systems that remove disparities and accommodate all human differences.

Success can be measured by assessing equity in access to resources and opportunities, consistency in support and feedback, and fairness in rewards across different work experiences.

When inequities exist in organizations, they are often not intentional. Instead, they can stem from oversight, misalignment, unconscious bias, lack of awareness, and poor strategic planning. That's why organizations must examine their talent systems and processes, identify the root causes of disparities, and then reimagine these systems with inclusive design in mind. By embracing inclusive principles, organizations will create equitable and supportive workplaces where every contribution is valued, driving innovation and collective success.

## WHAT ORGANIZATIONS SHOULD DO:

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- > Use inclusive design to integrate DEI into talent systems, prioritizing the needs of marginalized communities to develop solutions that improve outcomes for all.
- > Implement and reinforce inclusive recruitment practices among recruiters and hiring managers.
- > Improve retention of underrepresented talent by providing equitable advancement opportunities, approachable and accessible leadership, and fair promotion and assignment practices.
- > Encourage and help employees set boundaries and prioritize self-care, such as taking regular breaks and designating flexible work hours that promote work-life balance.

[4]

# TRANSFORM TEAMS THROUGH TECHNOLOGY

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## MAIN ACTION

**Use technology and advanced analytics to enhance organizational culture and employee experience, spark innovation, and achieve business goals through the power of insights.**

Data remove the guesswork from decision-making processes. When leveraged appropriately, data can provide deeper insights, context, and a holistic view of complex organizational challenges. As organizations strengthen their culture across geographic boundaries, leaders must understand and appreciate the important nuances between regions. How we look at diversity in North America is, in fact, quite different from Europe, the Middle East, Africa, and Asia. Even within these regions, unique social, political, cultural, and economic factors among countries and localities shape how employees engage with each other, the organization, and external stakeholders.

Adopting data-driven methods is key to building an equitable and inclusive workplace where diversity thrives. Without proper data and insights, it's challenging to identify which policies, practices, and structures need reinforcement to attract, retain, engage, and promote a diverse range of high-performing talent. Strategic data collection and analysis can help guide decisions related to external headwinds like social issues, geopolitical tensions, global economic shifts, and evolving business practices. When done right, data enables fair, evidence-based strategies, helping organizations leverage insights from people with diverse experiences and perspectives to meet the changing business needs and demands.

Given the nuances of DEI, we wanted to understand its relationship with digital transformation. In our study of more than 5,380 public companies, we discovered that when digitally advanced organizations prioritize DEI, they see better recruitment, retention, and tenure. Similarly, organizations that have already invested in DEI witness improved retention rates and internal mobility—offering more opportunities to existing employees—as they embrace digital transformation. And for companies with a critical mass of DEI roles, investing in digital roles also proves crucial, leading to improved retention rates.

Using technology can help companies track employee retention and attrition, keeping the organization competitive amid skills shortages. AI platforms can pinpoint gaps in skills, while analytics tools can measure employee sentiment and culture metrics, sorting data by demographics to reveal and address disparities in talent management to promote inclusion. Technology can

also improve workplace accessibility by addressing diverse needs—physical, cognitive, emotional, and social—beyond legal requirements.

What's more, tailored training and immersive experiences can foster DEI education and allyship, promoting commitment and support across the organization. Digital platforms can amplify diverse voices, nurturing a sense of belonging and encouraging authenticity at work. Moreover, technology can provide intersectional data for deeper insights into diverse experiences, highlighting the value of DEI and aligning initiatives with organizational goals.

Yet many organizations struggle to unlock the power of data to understand DEI trends and return on investment (ROI)—either because they lack the right technology or don't know what data to collect and how to use it. Overcoming these barriers requires strategy, investment of resources, and an understanding of the risks involved.

“Sometimes, we craft our systems or programs with good intentions, but don't recognize or acknowledge that they are inadequate because the people we want to impact don't have much input, and that is a recipe for disaster.”

- University President

While AI can help promote inclusion, it comes with risks that organizations need to manage. This means checking algorithms for potential biases, controlling access to data, safeguarding personal information, and monitoring how AI is used. Companies should not shy away from these risks; instead, they will need to set up robust governance to help ensure ethical and effective use. They should also provide continuous training for employees to ensure responsible AI use. When organizations prioritize risk-mitigation tools in their criteria for choosing data systems, integrating technology into other business processes becomes smoother.

Technology can drive change management and promote inclusion by fostering collaboration across all levels of the organization, from senior leadership to frontline staff. Companies that utilize tech platforms and advanced analytics can implement evidence-based, equity-centered strategies, seamlessly integrating DEI into their organizational culture and values as a foundational aspect of their operations.

## **WHAT ORGANIZATIONS SHOULD DO:**

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- > Create clear, evidence-based DEI strategies and objectives using intersectional data to track progress and effectiveness.
- > Provide training and support for all leaders on how best to leverage technology as they execute their DEI metrics.
- > Leverage technology and AI to improve accessibility, encourage allyship, offer nuanced data insights, facilitate deliberate storytelling, and aid in change management efforts.
- > Consider cognitive, emotional, and social aspects for a truly inclusive workplace. Utilize data to recognize and address the specific challenges different subgroups face.
- > Monitor retention to identify skills gaps and unrecognized culture and attrition issues.

[ 5 ]

# PROVIDE VALUE TO ALL STAKEHOLDERS

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## MAIN ACTION

**Maintain authentic and trusted relationships with DEI-focused customers, communities, and partners. Continuously seek out ways to lead industry transformation through innovative approaches rooted in DEI.**

Data from our quantitative survey revealed the primary drivers of DEI initiatives have been employees, community groups, and consumers, signaling a strong demand for more DEI commitments both internally and externally. This has been a consistent trend over time, with 63% of respondents to a previous Korn Ferry pulse survey crediting employees and 59% crediting social justice movements for the acceleration of their organization's DEI investments. In many ways, this reflects a growing recognition of the significance of social impact, beyond purely financial considerations.

Consumer impact had been particularly poignant in the months following George Floyd's murder in May 2020, with boycotts demanding accountability and transparency from

organizations. This consumer activism resulted in major corporations pledging a total of \$200 billion for anti-racism and criminal justice reform. These organizations aligned their actions with consumer values, emphasizing the link between customer preferences and business strategies.

A year after Floyd's death, only 3% of the financial commitments pledged by American corporations had been fulfilled, according to one analysis. Doubts have also been raised about the sincerity of these commitments. Organizations that fail to deliver on their promises risk damaging their reputation and losing market share, as stakeholders—including customers, employees, and entire communities—increasingly want transparency and accountability in return for brand trust and loyalty.

Organizations can boost brand trust and loyalty by embracing supplier diversity, which is emerging as a critical component of scaling DEI efforts. Supplier diversity not only improves an organization's reputation for being inclusive and socially responsible, but it also attracts both customers and future employees who value DEI. What's more, building inclusive supply chains can stimulate local economic development, as well as improve health equity and environmental conditions—thus promoting financial stability, wealth creation, and ethical practices.

Prioritizing supplier diversity helps organizations foster a more equitable and inclusive business ecosystem while they benefit from a diverse and innovative supplier base. Otherwise, failing to actively address inequities through supplier diversity may pose operational challenges and hinder organizational growth and competitiveness. As organizations develop supplier diversity programs,

they will need to focus on short- and long-term goals, including organizing supplier data for better accuracy and efficiency, establishing diversity spend baselines, and updating onboarding processes for diverse suppliers.

When evaluating the entire supply chain, organizations must consider how investing in DEI practices and policies can strengthen their operating model. Investing in DEI empowers companies to tap into new markets, ignite innovation, and improve decision-making. It also enhances attractiveness to stakeholders. With transparency into company practices at an all-time high, organizations that say one thing publicly but act differently behind the scenes will be exposed to consumers as inauthentic. Given consumers' increased scrutiny of brands, organizations must prioritize aligning business operations with public statements to provide real value to all stakeholders.

“If our customers have all these unique and different needs, then it must be reflected in the people who work here.”

– Vice President and Chief Community Impact and Equity Officer



## **WHAT ORGANIZATIONS SHOULD DO:**

- > Acknowledge employees as catalysts for DEI efforts within organizations, encouraging their participation and offering platforms for their voices to be heard.
- > Engage with community groups to gain insights into their perspectives and needs, involving them in decision-making processes and initiatives that resonate with community values.
- > Respond to consumer feedback and demands for accountability and transparency, aligning business strategies with consumer values to cultivate trust and loyalty.
- > Establish supplier diversity programs with well-defined short- and long-term objectives to champion inclusion.
- > Embed social impact considerations into all aspects of operations, assessing the potential societal repercussions of business decisions and prioritizing actions that benefit both the organization and society.
- > Educate stakeholders on available resources to improve the impact of DEI funding and philanthropy.

# CONCLUSION

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While every industry strives for diversity and inclusion, our study reveals that there are stark differences among industries, which impact their bottom line. Further, the most innovative industries and companies are going beyond mere lip service. Forward-thinking organizations are deeply embedding DEI principles into their operations. And by maintaining their investment in DEI, they are reaping tangible benefits for their businesses. Our research shows that when financial services and advanced technology—two industries vital to our economy—prioritized DEI, they also experienced business growth.

Despite ongoing debates about its relevance, DEI is not a distraction—nor is it a passing trend. Leading industries continue to invest in it, while sectors such as energy and manufacturing are ramping up their DEI efforts, even four years after George Floyd’s murder. DEI is not just a checkbox—it is essential for effective business strategy. It drives innovation, enhances employee

engagement, and positively impacts overall organizational performance. These industries demonstrate that DEI can promote business transformation.

To be truly innovative and inclusive, organizations must integrate DEI principles into all aspects of their culture and operations. It isn’t enough to react; DEI must become a lens through which strategic decisions are made. By making DEI a part of who they are and what they do, companies—and entire industries—can overcome challenges and succeed in the face of future disruptions.

Our world continues to grow more interconnected. As demographics shift and skills become more in demand, companies that embrace DEI in talent management *and* business strategies will outperform their peers. By championing diversity, equity, and inclusion, they play a vital role in promoting resilience and growth. More importantly, they help create a more equitable, more inclusive world.

# DEFINITIONS

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**Attrition:** Measures an organization's loss of employees over time.

**Bias:** A judgment or preference.

**Culture:** Customs and values shaped by the normative behaviors of a community of people to survive and thrive.

**Diversity:** The presence of differences that make each person unique and can be used to differentiate groups and people from one another.

**Engagement:** The emotional connection people have with a company, influencing the extent to which they are willing to demonstrate consistently high levels of commitment and contribution.

**Equality:** Treating everyone the same. Equality aims to promote fairness, but it can only work if everyone starts from the same place and needs the same help.

**Equity:** Giving everyone what they need to be successful. Equity appears unfair, but it actively moves everyone closer to success by "leveling the playing field."

**Inclusion:** Valuing all individuals, respecting their differences, and supporting their development, which leads to engagement and drives business results.

**Inclusive design:** A design approach that ensures products and environments are accessible and usable by people of all abilities and backgrounds.

**Inclusive leadership:** A set of disciplines and characteristics needed for leaders to be inclusive in their thoughts, perceptions, and actions, as well as inspire an inclusive mindset in others.

**Psychological safety:** A workplace condition where employees can be authentic and fully involved without worrying about adverse effects on their self-image, status, or career.

**Retention:** The act or process of keeping employees within an organization over time.

**Tenure:** The length of time or the conditions under which a person is held relevant and credible.

**Unconscious bias:** A judgment made without awareness.

**Working models:** The methodologies, systems, or frameworks that individuals or organizations employ to accomplish tasks, solve problems, or achieve goals within a specific context or industry.

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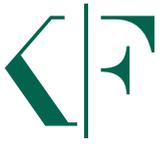
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