

APRIL 2024

Sustaining DEI Efforts as Obstacles Grow & Advocacy Declines

Slayton Search Partners



Should organizations renew their efforts to advance diversity, equity, and inclusion? As legal challenges and burnouts rise, leaders must evaluate the best path forward.

As the world grows aware of workplace inequities, a paradoxical challenge is starting to surface. Business leaders have become active participants in diversity, equity, and inclusion conversations—with a historic [85%](#) of executives setting a DEI budget in 2024—and yet complacency increasingly impedes action. So, is diversity fatigue setting in?

While modern companies recognize the importance of DEI, the sense of urgency and momentum behind these efforts has waned. Businesses that once vowed to be at the forefront of diversity are now scrutinizing their own investments, and the executives who led the charge are exiting the stage. Legal pressures are further creating setbacks in DEI adoption, leaving the path forward unclear.

However, the facts haven't changed. The benefits of diversity, equity, and inclusion are [well-documented](#), and creating environments where *everyone* can thrive remains key to profitability, innovation, and organization-wide engagement. Businesses need to determine the most strategic path forward as the complexity of DEI grows.

The De-Prioritization of DEI

When racial injustices regularly made headlines in 2020, passionate consumers and employees continually led the dialogue for change. Companies that *didn't* actively include underrepresented groups faced backlash—but now, consumer fervor has cooled and external forces are exerting pressure in the opposite direction.

In the summer of 2023, the [Supreme Court decision](#) to ban race-based admissions created a domino effect that quickly reached the corporate world. Aggressive DEI policies—such as setting hiring targets based on demographics—have come under scrutiny, and lawmakers across the country are [introducing legislation](#) to restrict diversity initiatives. What's more, conservative legal activists have [initiated lawsuits](#) of their own against companies with diversity policies, including Comcast, Starbucks, and Amazon.

Many companies remain committed to DEI. In fact, a [recent survey](#) found 91% of executives have not lessened their prioritization of DEI since the Supreme Court decision. However, the same study shows senior leaders are now pulling back from legally complex initiatives, such

as diversity fellowships and incentives for executives who advance DEI. Rather, companies are opting for safer initiatives, such as implicit bias trainings and professional development opportunities for underrepresented groups, that—while effective—tend to be slower to take effect.

Fear of legal repercussions may be a core motivator behind heightening DEI worker attrition. While demand for these employees exploded between 2020 and 2022, companies have increasingly viewed DEI roles as a [lower priority](#) in the midst of layoffs.

Battling Attrition in the C-Suite

For companies with recent layoffs, the attrition rate for DEI roles was [twice as high](#) as that for non-DEI positions. Plus, Chief Diversity Officers (CDOs) are experiencing [40%](#) higher turnover and longer job searches than [CHROs](#), who no longer view DEI as a top-five priority, according to McLean & Company's [2023 HR Trends Report](#). Diversity fatigue has decreased the willingness of organizations to invest in specialized roles—and the DEI leaders who retained their positions are now feeling the pressure as they fight for funding in the C-suite. This leads us to another critical cause for attrition: burnout.

CDOs are struggling to get the support they need. While 82% of diversity and inclusion leaders feel influential, this marks a [6% decrease](#) since 2022. Furthermore, the [Center for Creative Leadership](#) reports that senior DEI leaders face difficulties aligning middle managers behind initiatives and fully integrating DEI into their company culture.

As CDOs exert more effort to do their job—which already requires substantial emotional labor in itself—burnout is rising fast. However, there remains a clear business case to support diversity initiatives and sustain the growth of DEI.

The Business Case for Sustaining DEI Efforts

Despite current challenges, elevating [diversity in the C-suite](#) and across the workforce continues to spark organizational success. According to the [Workday DEI Landscape Report](#), companies with DEI teams receive more positive ratings from their employees. Plus, senior leaders still agree DEI is a driver of business success, employee engagement, and diverse hires—crucial assets who offer new perspectives that drive innovation.

Cutting DEI roles, on the other hand, has proven to have a direct, negative effect on diverse hiring. Companies where layoffs occurred—including TripAdvisor, Wells Fargo, and

Honeywell—have experienced some of the [largest declines](#) in POC (people of color) hires, further exacerbating racial and ethnic disparities.

Moving toward DEI, rather than away from it, can drive improvements in long-term business performance.

Reigniting DEI Initiatives

The progress of business initiatives has always hinged upon a sense of urgency. In a time of diversity fatigue, organizations can benefit from executive leaders who re-commit to their support of DEI initiatives—propelling them forward by treating them as critical to short-term *and* long-term business success.

How is your company supporting DEI initiatives in today's challenging landscape?