Equity
UNDER THE SPOTLIGHT

From Great Resignation to Great Reimagination

Deloitte
An Intersection Explored

The last two years have been challenging and trying for many organizations globally. Amidst the COVID-19 pandemic, economic uncertainty, the war in Ukraine, major policy changes in the United States and beyond, and an increased focus on systemic racism, organizations are facing significant challenges that make change no longer just an option – but a necessity.

Just as CEOs anticipated putting the COVID-19 pandemic in the rearview mirror, many leaders began grappling with a new set of challenges brought on by the Great Resignation, which has proven to be a global phenomenon.¹ Since the beginning of 2021, more than 40% of workers across 31 global markets have considered leaving their jobs.² In November 2021, the “quit rate” in the United States reached a 20-year high as workers left their jobs in search of higher pay, better opportunities, greater job satisfaction and a sense of belonging.³ This left many organizations scrambling to urgently fill labor and skill gaps needed to meet current and future demands.

As organizations look to the future, one area that should not be overlooked is the intersection of workforce equity and the Great Resignation. Expanding on our broader Great Resignation to Great Reimagination series, we’ll explore the impact that current labor challenges are having on organizations’ Diversity, Equity, and Inclusion (DEI) efforts, and tangible actions organizations can take to sustain focus on DEI while making the shift from the Great Resignation to the Great Reimagination.⁴
As organizations look to the future, one area that should not be overlooked is the intersection of workforce equity and the Great Resignation.
Current labor situation and challenges

At the beginning of 2022, CEOs ranked labor/skills shortage as the leading disruptor of business strategy over the next year. As of June 2022, labor/skills shortage remains a top disruptor for over half (59%) of CEOs. The United States Bureau of Labor Statistics estimates that over 47 million Americans voluntarily left their jobs in 2021, as opposed to about 42 million Americans in 2019 and 40 million in 2018. Industries like trade, transportation and utilities were among the most affected in 2021. Data from a government report showed US employers were still desperate to hire in May 2022 - there were 11.3 million job openings, approximately 4.3 million Americans quit or changed jobs, and layoffs were extremely low.

Nonetheless, it has been an extraordinary market for workers in the United States, with nearly twice as many open positions as unemployed workers. Layoffs have been unusually low, with businesses reluctant to lay off workers due to challenges with identifying and recruiting new workers. This “employees’ market” has elevated the focus on talent strategy and greatly influenced how organizations think about attracting and retaining workers. CEOs believe that providing more flexibility at work and training leaders to better empower and engage employees will likely have the greatest impact on combating the Great Resignation. Developing employee-centric work environments that value culture, engagement and development has shown to influence retention by making employees less likely to entertain new opportunities.

These labor market disruptions are not unique to the United States. The German Federal Employment Agency said that Germany would need to import 400,000 skilled workers each year to make up for shortfalls in several industries, from nursing to technology. In China, authorities in Beijing are concerned about a growing shortage of skilled workers in its vital technology and manufacturing industries.
As we look forward to the remainder of 2022, organizations are pivoting again as many disruptors are in flux. The Great Resignation has made many headlines, but an area that warrants further exploration is how new workforce policies and hybrid work models have impacted workers from historically marginalized identity groups. A topic which organizations should be considering is where workforce equity stands in light of the shifts and unknowns we are experiencing. Data shows that the COVID-19 pandemic in many geographies disproportionately affected workers from historically marginalized identity groups. Unfortunately, we see a similar trend with the Great Resignation. Historically marginalized identity groups are quitting their jobs at higher rates than the majority identity group, and a lack of professional opportunities is a key reason for leaving. “Low wage workers, employees of color and women outside of the management ranks” are those most likely to change roles.

Data shows that the COVID-19 pandemic in many geographies disproportionately affected workers from historically marginalized identity groups.

1 in 4 women considering leaving their jobs as opposed to 1 in 5 men

58% of workers report they are likely to consider leaving their jobs if they do not have access to professional development opportunities. This percentage is higher for women when compared to men (61% vs. 55% respectively). The breakdown by race is even more staggering – 68% of Black, 70% of Latinx and 80% of Asian workers are likely to leave without access to such opportunities.

24% of workers who identify as Asian American or Pacific Islander (AAPI) or Hispanic/Latinx have left their jobs this year.

Toxic culture, which includes failure to promote DEI efforts, is 10.4 times more likely to contribute to attrition than compensation.
Furthermore, amidst the Great Resignation, there have been increasing expectations that employers reflect their workers’ values. For example, workers today are expecting organizations to enable more equitable outcomes via transparency in data and pay equity, the impact they have on the communities where they operate, and representation of historically marginalized identity groups at all levels within the organization. During the early days of the COVID-19 pandemic and amidst increased social unrest and demands for racial justice globally following the murder of George Floyd, 79% of organizations ranked inclusion and belonging as a topic important for their success, and 93% agreed that a sense of belonging drives organizational performance.20 America’s 50 biggest public companies and their foundations collectively committed at least $49.5 billion in an effort to address racial inequality.21

As organizations attempt to address near-term labor market and related economic challenges, efforts to advance DEI are at risk of being deprioritized. This is cause for grave concern. Today, workers generally trust their employers’ DEI efforts and commitments. The challenge for organizations is to retain that trust.22 In a survey recently conducted by Deloitte, more than half of respondents reported that if they cannot trust their organization to fulfill its DEI commitments, they would not feel comfortable recommending it as a place to work - “nearly 40% of respondents—including 41% of respondents from ethnically or racially diverse groups and 50% of LGBTQ+ respondents—also believe that a commitment drift is likely to happen.” Once employees feel that leaders will not fulfill their DEI commitments, organizations run a serious risk of losing talent – fast.
Historically marginalized identity groups are quitting their jobs at higher rates than the majority identity group, and a lack of professional opportunities is a key reason for leaving.

Moreover, external factors to an organization must also be considered given the outsized impact they may have on equitable outcomes. For example, the United States Supreme Court’s decision to overturn Roe v. Wade amidst real wage disparities threatens workforce participation rates. The social and political climate of such factors may take a serious toll on the mental health of historically marginalized identity groups.23 Furthermore, a recession of any size would likely have a further negative impact on historically marginalized identity groups.24 As leaders prepare to steer their organizations through the ongoing and forecasted wave of disruptive events, it’s imperative to maintain organizational commitments that prioritize employee wellbeing.
The Great Resignation through a DEI lens

In 2020, many organizations reassessed their commitment to DEI and either established or enhanced teams dedicated to these efforts. Approximately $18.3 billion was collectively invested in DEI and approximately 100 Chief Diversity Officers are actively leading DEI efforts that support organizational commitments. In Deloitte’s first CDIO Summit, polling results showed that these commitments vary from driving equity through the workforce to market and societal organizational impact. This increased attention on DEI has uncovered more areas of opportunity for organizations to drive equity and avoid generating varying experiences and outcomes for historically marginalized identity groups.

INCLUSION AT WORK

Inclusion via workplace flexibility, well-being, and burnout is an important factor influencing the Great Resignation and retention of talent from historically marginalized identity groups. Women who felt excluded in the workplace were 3 times more likely to voluntarily leave the organization. Additionally, nearly 1 in 10 LGBTQ+ people in the US experienced workplace discrimination in the last year—including being passed over for a job, harassed at work, denied a promotion, and even excluded from company events, leading to 34% of LGBTQ+ workers leaving their jobs.
For workers seeking opportunities for advancement, a renewed sense of respect, and/or better work-life balance, leaving their jobs has been the solution. Workers that left their jobs last year saw improvements in the following areas: 56% are now earning more money, 53% have more opportunities for advancement, 53% have an easier time balancing work and family responsibilities and 50% have more flexibility to choose when they work. Furthermore, workers from historically marginalized identity groups experienced workplace burnout at higher rates than their White counterparts.
**WORKPLACE BURNOUT**

In the past year, workers or professionals from historically marginalized identity groups experienced workplace burnout at higher rates than their White counterparts, with reports showing 47% of Hispanic/Latinx and Asian American and Pacific Islander workers, and 41% of Black workers have reported feeling burnt out.\(^3\) Black mothers are more acutely affected than mothers of any other race, with nearly half at risk of experiencing workplace burnout.\(^3\) With many workers saying burnout is the main reason for leaving their jobs, it’s no surprise that popular music artist, Beyoncé, highlights this prevalent reality in her newly released single “Break My Soul”. The single highlights issues such as mental health, lack of purpose, exclusion, and burnout, all of which are prevalent in the workplace today.

**HYBRID AND REMOTE WORK**

Another important factor influencing the Great Resignation and different outcomes for talent from historically marginalized identity groups is hybrid or remote work. Many organizations are still debating the right hybrid and remote work policies to implement. On one hand, hybrid or remote work provides workers the opportunity for greater flexibility. On the other hand, it may further disenfranchise and exclude certain workers. For one, hybrid or remote work may not be a feasible option for all workers, even within the same organization, due to the nature and requirements of a given job. Also, hybrid or remote work options may be over-utilized by some segments of the workforce and under-utilized by others.

Data suggests that women take advantage of hybrid and remote work options more often than men – and this is even more so the case for women of color.\(^3\) One study found that only 3% of Black knowledge workers wanted to return to full-time on-site work, as compared to 21% of their white peers.\(^3\)

These trends may lead to decreased sense of belonging for certain workers and less “face time” with senior leaders who spend more time working in a physical office. Leaders who do not proactively think about or recognize proximity bias may make decisions about assignments, promotions, recognition and more that disproportionately impact workers who opt into or prefer a hybrid or remote work schedule.

There is significant opportunity for organizations to reimagine the workforce, the workplace, and work itself. In our recent series on the Great Resignation, Deloitte shared perspectives on how organizations can transition from the Great Resignation to the Great Reimagination by capitalizing on the current labor challenges to rearchitect, recharge, and reinvent how work gets done.\(^3\) Those who are up for the challenge and aim to pursue equitable outcomes will create substantial opportunities and unprecedented outcomes for their organizations, their people and their communities.
It’s time to take action

Leaders must be ready to listen to the needs of their workforce and provide the necessary and desired support. Now is the time to reimagine – to rethink talent strategies more broadly and recruiting and hiring more specifically, all within the context of the organization’s values, purpose and commitments to building a more diverse, equitable and inclusive workplace.

RECOMMENDATIONS

#1 UNDERSTAND YOUR CURRENT WORKFORCE... INVEST IN THE DATA

#2 REIMAGINE TALENT ACQUISITION PROCESSES

#3 EMPOWER AND ELEVATE EXPECTATIONS OF MIDDLE MANAGERS
Let us explore three recommendations for how organizations can take tangible steps to continue to advance DEI as they shift from the Great Resignation to the Great Reimagination.

**#1 UNDERSTAND YOUR CURRENT WORKFORCE... INVEST IN THE DATA**

Organizations cannot manage, address, or improve what they do not measure – this is certainly true when it pertains to achieving DEI commitments. Setting goals and tracking DEI progress through metrics was a top priority for DEI leaders in 2021.\(^{35}\)

It is important to note that if an organization is solely focused on output metrics, they are simply measuring the outcome of potentially disparate inputs.\(^{36}\)

Organizations should invest in a DEI data strategy where a core tenet is to disaggregate data. This is critical to understand and glean powerful insights on the “story” or what is happening for different intersectional identities within an organization’s workforce, which may be missed when data is aggregated at a broader identity group and to enable pursuit of targeted interventions that will make a difference. For example, it would be more meaningful to explore outcome metrics for a specific business unit or function for women, black women, early career women, women who are middle managers, and so on.
Many organizations are deploying self-ID campaigns to collect data from employees on many aspects of identity, enabling them to better understand the diversity across their workforce. Armed with disaggregated data, organizations will be able to better understand the lived experience of different segments of their workforce, pinpoint bright spots or areas for improvement, and drive accountability for equitable outcomes. Additionally, measuring inputs and outputs at each stage of a process, versus only the outcome at the end of the process, allows organizations to identify and address root causes of disparate or disproportionate impact.

Additionally, another important tenet of a DEI data strategy is transparent reporting. Organizations must define what success looks like for them and be ready to track and report on progress in a consistent way over time. Publicly available DEI transparency reports have become a common mechanism through which organizations (including our own firm) are sharing DEI data. Between 2019 and 2021, there was 225% growth in the number of companies that disclosed DEI data. This number is likely to continue to grow as organizations realize with the power of data comes real accountability, action, and change.

#2 REIMAGINE TALENT ACQUISITION PROCESSES

While organizations should prioritize auditing processes and policies across the entire talent lifecycle with a DEI lens, and challenging the status quo or traditional orthodoxies, the ongoing labor challenges create an imperative for organizations to rethink how and where they recruit talent to further diversify their applicant and candidate pools. As highlighted in The Equity Imperative, this means reimagining how an organization identifies and matches talent to roles and positions, from talent pipeline development to extension of an employment offer.

Explore new talent pools.

Most organizations focus on more visible aspects of identity, such as race and gender, when recruiting diverse talent. A recent study found that fewer than half (47%) of organizations accounted for people with disabilities in their diversity goal setting, and only 11% accounted for the LGBTQ+ community. Broaden the definition of diversity to increase access to new talent pools.
Expand sourcing channels. In order to reach more talent from historically marginalized identity groups, organizations need to be willing to engage new – and perhaps less traditional – sourcing channels for recruiting candidates. Explore unconventional networks, leverage workforce ecosystems and pursue new community-based partnerships to feed your talent pipeline. Many organizations today, especially as it relates to diversifying the pipeline for STEM careers, are rethinking their strategies for developing and engaging talent earlier in their education journey – starting in elementary school.41

Create more inclusive job descriptions and postings. Organizations can benefit from revamping the way in which they advertise their open positions by:

- Proactively identifying and eliminating traditional entry qualifications and job descriptions that merely check a box. Candidates from historically marginalized identity groups might have highly relevant skills for a job but an unconventional talent profile.
- Eliminating exclusory language and gender-coded words like “rockstar”, “ninja”, “hacker” or “dominate” which can significantly reduce the number of women or job seekers from historically marginalized identity groups applying to open positions. In a recent study of job seekers from historically marginalized identity groups, 50% of respondents reported having observed exclusionary language in a job posting.42
- Calling out well-being and other benefits like parental leave, childcare subsidies, and mental-health incentives, that can play a pivotal role in supporting support diversity and inclusion, while also boosting retention and morale.

Educate hiring managers. It is imperative organizations empower their hiring managers with the training and resources required to ensure a more equitable and unbiased hiring experience for candidates. One study43 found that 62% of job seekers from historically marginalized identity groups observed bias in the hiring process. Introducing a highly structured approach to the interview process and removing single point decision making (e.g., replacing 1:1 interviews with panel-style interviews) can help to minimize and eliminate unconscious biases that can influence outcomes of the hiring process.
#3 EMPOWER AND ELEVATE EXPECTATIONS OF MIDDLE MANAGERS

Organizations often focus on the role of senior leaders in taking action to address disparate impact. Not only senior leaders – but all leaders – are important to achieving success. As Jonathan Byrne of MIT observes, “Regardless of what high-potential initiative the CEO chooses for the company, the middle management team’s performance will determine whether it is a success or a failure.” The role of middle management is arguably just as important to not only achieving a more equitable and inclusive workplace, but also to helping organizations make the Great Resignation to Great Reimagination shift. We know that the behaviors of leaders (be they senior executives or managers) can drive up to 70 percentage points of difference between the proportion of employees who feel highly included and the proportion of those who do not. Middle managers are often the ones to bring organizational policies to life and have an outsized impact on the day-to-day, lived experiences of workers – especially in providing allyship and actively using their voice and power to advance equity. However, they are not always clear on the intent, the outcome and/or relevance of active allyship to their work.

It is critical that organizations recognize that managers’ attitudes and approaches can range from those who are deeply committed to driving change, to those who are outright saboteurs. An obvious complicating factor - which is not always addressed head-on – is that white men often make up the majority of the middle management ranks. For many white men, diversity discussions make them feel excluded, or worse, that they are part of the problem. In her book, “White Fragility,” Robin DiAngelo argues that white people have largely not participated in difficult or genuine conversations about race, and therefore, they have not had a safe
space to think about their own identity and explore the topic. Our research details the importance of effectively engaging middle managers and outlines several ways in which senior leaders can influence, especially when it comes to driving honest conversations about the pivotal role managers play in building an equitable workplace with their teams.

Organizations need to reframe the role of middle management in their equitable workplace narrative, clearly communicate expectations of middle managers and provide resources to equip them to effectively play the role they must play. Key actions to engage middle managers more effectively include:

- **Clearly connect DEI goals to business goals:** these tangible goals should incorporate measures of inclusion, not just diversity.
- **Establish clear accountability structures:** managers taking direct accountability shows the importance as a business priority.
- **Embed a DEI lens into performance management and rewards systems:** goals are always more effective when they are directly tied to recognition and reward. Conversely, organizations need to call out poor diversity and inclusion results.
- **Shift ownership of DEI-related communications to groups beyond HR:** arming middle managers with a deep understanding of what goals are intended to do (and not do) makes it easier for managers to incorporate inclusion as part of regular communication with their teams.

Empowering and effectively engaging middle managers will help keep equity and inclusion top of mind and central to the conversation as organizations continue to make the Great Reimagination shift.
Organizations need to reframe the role of middle management in their equitable workplace narrative.
Conclusion

The Great Resignation is still upon us but, the time for a Great Reimagination is here – and what a unique and exciting opportunity it presents for organizations.

When approached with an equity mindset, the Great Reimagination can lead to better outcomes including creating a culture of trust, reaching higher profits, becoming stronger innovators, and building stronger brand reputations. Although the work of pursuing organizational equity stretches past what we know or can imagine, we believe that those who embrace this pursuit will be the winners today and tomorrow.

Now is the time to push boundaries and think differently. As organizations focus on their business, and the multitude of demands for their attention and resources, they should dispel the assumption that driving equity and growing or sustaining the business are mutually exclusive. An empowered workforce is demanding more diverse, inclusive, and equitable work environments and benefits. The market is expecting organizations to address and pursue equitable outcomes. Society is depending on businesses to enact change and advance equity at a systemic level. Is your organization up for the challenge?
ENDNOTES

1. Deloitte, From Great Resignation to Great Reimagination, 2022.
7. CNN Politics, What to make of a looming recession amid a strong labor market, 6 July 2022.
10. NBC News, The Great Resignation is still on — but workers won’t have the upper hand forever, 29 March 2022.
12. LMA, How Important is Culture for Employee Retention?, accessed 2022.
21. Washington Post, After George Floyd’s death, big business pledged nearly $50 billion for racial justice. This is where the money is going, 23 August 2021.
25. Bain & Company, Women are leaving their jobs at faster rates than men; Inclusion is the key to curb this exodus, 21 March 2022.
26. UCLA Williams Institute, LGBT People's Experiences of Workplace Discrimination and Harassment, September 2021.
27. UCLA Williams Institute, LGBT People's Experiences of Workplace Discrimination and Harassment, September 2021.
31. Great Place to Work, Curbing Workplace Burnout in Young Mothers of Color, 05 January 2022.
34. Deloitte, From Great Resignation to Great Reimagination, 2022.
36. Deloitte US, The Equity Imperative
38. JUST Capital, Just Over Half of the Largest U.S. Companies Share Workforce Diversity Data as Calls for Transparency from Investors and Regulators Grow, 06 February 2022.
39. Deloitte US, The Equity Imperative
41. Global Diversity and Inclusion at Microsoft, Beyond Microsoft, accessed 2022.
44. Deloitte Insights, Eight truths about diversity and inclusion at work
46. Deloitte US, The Equity Imperative
**KEY TERMINOLOGY & DEFINITIONS**

**Marginalized Identity Groups:** Marginalized is defined as ‘to relegate to an unimportant or powerless position within a society or group.

**Low-wage Workers:** Defined by the United States Census as a wage lifting a family of two (one adult and one child) above the official poverty threshold, a wage lifting a family of three (one adult and two children) above the threshold, and a wage bringing a family of three to 125 percent of the threshold.

**Toxic Culture:** Defined by MIT Sloan Review as disrespectful, non-inclusive, unethical, cutthroat, and abusive workplace culture which have the largest negative impact on how employee experience.

**Belonging:** Defined by Deloitte as historically primarily focused on making every individual feel respected and treated fairly in an inclusive work environment. However, the definition has expanded to include strengthening workers’ connections with their teams and fostering their sense of contribution to meaningful shared goals.

**Proximity Bias:** The tendency for people in positions of authority to show favoritism or give preferential treatment to employees who are closest to them physically.

**Allyship:** The practice of empathizing with the experiences of systemically-disadvantaged groups, looking out for biases, and actively using your voice and power to advance equity.
READY TO REIMAGINE WHAT’S NEXT?

CONTACTS

ALEX YOUNOSSI
DC PRINCIPAL
ayounossi@deloitte.com

JOANNE STEPHANE
DC PRINCIPAL
jstephane@deloitte.com

ASHLEY DANIELS
SENIOR MANAGER
asdaniels@deloitte.com

CONTRIBUTORS AND ACKNOWLEDGEMENTS
SANJANA MALIREDDY,
CHRIS MOGEE,
ABY RODRIGUEZ,
DAVID PHILBROOK
This publication contains general information and predictions only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

About Deloitte
Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.com.

Liability limited by a scheme approved under Professional Standards Legislation.

© 2022 Deloitte Touche Tohmatsu

CoRe Creative Services. RITM1186882