

20 STATE OF
WORKPLACE
23 EMPATHY

DEIB Special Report

Amid Layoffs, Inflation,
and Return to Office,

DEIB Efforts Backslide

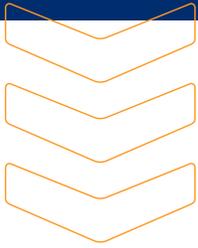


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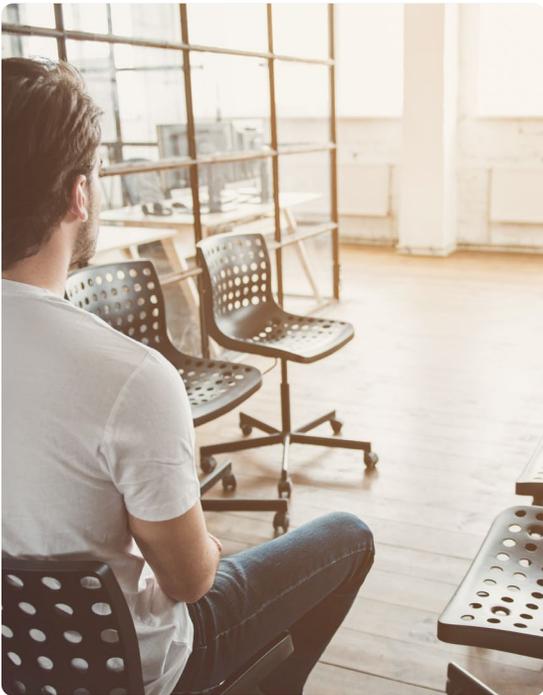
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The DEIB Backslide:

Two Steps Forward, One Prodigious Leap Back



The B in DEIB stands for Belonging: Diversity, Equity, Inclusion, and Belonging. But right now, it might easily be misconstrued for Backslide. That's because, after taking several steps forward since 2020, DEIB momentum has taken one prodigious leap back.

Our 2023 State of Workplace Empathy report reveals a DEIB backslide and widening empathy gap among all audiences we surveyed: employees, HR professionals, and CEOs. While all audiences largely agree that implementing DEIB initiatives is empathetic and important to workplace culture, awareness has dropped across all groups and even fewer have seen action on the DEIB front.

While all audiences surveyed agree that implementing DEIB is empathetic, initiatives have become less visible in the past year:

	 EMPLOYEES	 HR PROFESSIONALS	 CEOs
Developing/implementing DEIB programs is empathetic	↑ 80% up 4 points from 2022	↑ 80% up 9 points from 2022	↓ 92% down 3 points from 2022
DEIB initiatives are important to my organization	↓ 71% down 3 points from 2022	↓ 85% down 2 points from 2022	↓ 93% down 1 point from 2022
DEIB initiatives have become more visible at my company in the past year	↓ 62% down 4 points from 2022	! ↓ 70% down 17 points from 2022	↓ 87% down 2 points from 2022

HR and employee empathy levels decline alongside visibility of DEIB programs from 2022.

HR professionals' visibility of DEIB programs at their companies dropped significantly this year: **70% of HR professionals** say DEIB initiatives at their company have become more visible over the past year, a **17-point decline from 2022**. This double-digit decline in visibility of DEIB programs corresponds with dramatic declines in both HR professionals' and employees' empathy perceptions.

HR professionals play an essential role in helping to turn a company's DEIB vision into everyday reality, but the lack of program awareness among HR professionals is just one contributing factor to a gaping problem: **Investment in people to move DEIB programs from awareness to visible action in the organization.**

In 2020, the global market for DEIB (meaning the dollars spent by organizations) on DEIB-related efforts, was estimated at \$8 billion. George Floyd's murder and the #BlackLivesMatter movement sparked DEIB investment, but that flame has now fizzled alongside the economy.

Over the past year, some of the largest and most influential technology companies laid off hundreds of DEIB leaders—essentially losing the people that were holding these organizations accountable for their DEIB commitments.

My CEO is Empathetic



My Organization is Empathetic



Since DEIB is not viewed as a revenue-generating role, it's one of the first to go. Critical champions have been lost, leaving programs to stall or regress as our findings show:

25 point gap | **Declining DEIB program awareness and growing CEO-employee gaps: 62% of employees** are aware of their company's DEIB programs versus **87% of CEOs**, illustrating a 25-point gap.

DEIB ACTION | **Demonstrated action is dismal: 55% of HR Professionals** (-11 points from 2022) and **61% of CEOs** (-12 points from 2022) say they have DEIB initiatives in place at their organizations, yet only **35% of HR** and **38% of CEOs** have seen action demonstrated.

20 point gap | **Gaps in pay perceptions are vast and growing: 74% of employees** (-7 points from 2022) feel compensation and benefits at their employer are equitable versus **94% of CEOs** (+3 points from 2022), illustrating a 20-point gap between CEOs and employees.



DEIB programming favors women but falls short for other groups:

Roughly half of non-white employees (Black, Hispanic, and Asian-American) feel that the DEIB initiatives implemented at their organizations reflect their needs.



Benefits gaps are contributing to inequities: 20-point or higher gaps

exist between what employees and HR feel are table stakes benefits versus CEO perceptions of the same benefits.





DEIB is a shared responsibility that should be embedded in all business functions, yet in reality, for many companies forward momentum directly falls on DEIB representatives and HR. With downsizing and burnout in these critical roles, it will be difficult for organizations to follow through on their DEIB promises when their champions have virtually and literally left the building.

Whether the economy is to blame or whether companies have intentionally taken their foot off the DEIB gas pedal remains to be seen. Either way, organizations that have allowed their DEIB efforts to backslide are already seeing significant impact to the business, including weaker performance, lower bench strength, declining engagement, and reduced ability to meet customer needs, according to [research by DDI](#).



As we look at Businessolver's 2023 DEIB findings through an empathy lens, there are three key areas where organizations need to focus their efforts:

- 1** Reinvest in people and identify inequities in DEIB programs
- 2** Bring equity and inclusivity to pay and benefits
- 3** Foster flexibility for more DEIB wins



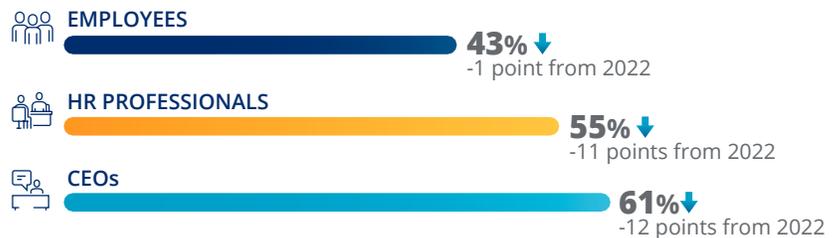
1 Reinvest in People and Identify Inequities in DEIB Programs

In 2020, DEIB leadership roles increased 55%, however, by the end of 2022 the attrition rate for DEIB roles was 33% compared with 21% for non-DEI roles. DEIB is about empowering people success, and through that success, organizations flourish—seeing higher engagement, performance, loyalty, innovation, and more. In fact, racially and ethnically diverse companies are 35% more likely to see performance gains and outperform competitors.

Without a people-first mindset—and without the people who protect that mindset—culture begins to erode. That’s what we’re seeing now in our 2023 State of Workplace Empathy findings: declining empathy perceptions, mental health, and DEIB program awareness are driving a widening empathy gap between CEOs and their HR partners and employees.

All audiences agree that DEIB is important and empathetic, but they aren’t seeing actionable progress. In particular, **55% of HR Professionals** (-11 points from 2022) and **61% of CEOs** (-12 points from 2022) say they have DEIB initiatives in place at their organizations, yet only **35% of HR** and **38% of CEOs** have seen action demonstrated. At **48%**, **Gen Z** is the most likely generation to say their company has a DEIB program in place. Of this group, **75%** say their DEIB program has become more visible over the past year.

My organization has DEIB initiatives



I've seen DEIB initiatives demonstrated at my organization



CEO data reveals widespread DEIB dissatisfaction: 79% of CEOs say their company spends more time talking about DEIB initiatives than actually implementing DEIB initiatives.

And, 84% of CEOs feel their company should be doing more to foster a diverse and inclusive workplace. Both sentiments are among the highest dissatisfaction of any group surveyed.

But, while leaders may feel that DEIB is important, employees feel that they themselves are placing higher importance on DEIB than their CEO—a sentiment that’s especially felt by non-white employees.

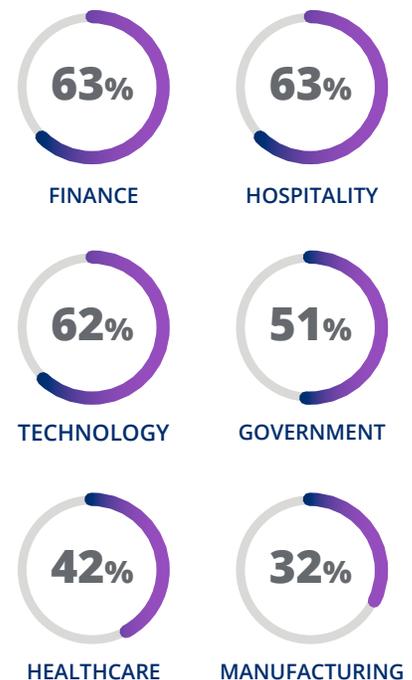
If I ran my own company, I would place higher importance on DEIB than my CEO



This backslide in DEIB progress is likely driven by a combination of layoffs, budget cuts, widespread burnout (especially among HR professionals), and return-to-office (RTO) mandates that are testing even the best cultures. But those organizations that have lost their DEIB champions face the greatest challenge with getting a people-first culture of DEIB back on track.



Percentage of employees that say their organization has DEIB initiatives segmented by industry:



AWARENESS TO ACTION

Reprioritize investment in DEIB personnel and people-first cultures

Fixing the DEIB backslide will require CEOs and executives to put dollars against their disappointment and reinvest in people-first cultures. This starts with filling the critical roles that move DEIB programs forward while paying attention to plummeting empathy, awareness, and mental health, especially among HR teams who often share responsibility for executing on DEIB efforts. Right the rails by ensuring you have dedicated DEIB leaders and delegates throughout every business function.



Identify Inequities in DEIB Programming

Our 2023 Empathy data reveals a lack of equity within DEIB programs. To assess where implemented DEIB programs might be falling short, we asked respondents to identify which demographics their organization's DEIB efforts address.

Roughly half of non-white employees feel that the DEIB initiatives implemented at their organizations reflect their needs.

While all ethnicities, and particularly minority women, should be a focus, employers must go beyond gender and race to create more inclusive cultures for the neurodiverse, people with mental health conditions, physically disabled, and LGBTQ+ individuals who are being left behind at disproportionate numbers.

Our data reveals **52% of CEOs** list women as the top group that their DEIB initiatives seek to address, with **LGBTQ+ at 25%** and **employees with mental health conditions trailing at 24%**. HR professionals also point to women as the group with the most focus followed by Hispanic and Black employees.

Which of the following groups do your company's DEIB initiatives actively seek to address?

	EMPLOYEES	HR PROFESSIONALS	CEOs
WOMEN	52%	63%	52%
MEN	32%	43%	44%
BLACK	54%	51%	34%
ASIAN-AMERICAN	45%	45%	34%
HISPANIC/LATINO	56%	54%	36%
WHITE	26%	37%	35%
PHYSICALLY DISABLED	40%	39%	26%
MENTAL HEALTH CONDITIONS	26%	35%	24%
LGBTQ+	53%	40%	25%
NON-BINARY	35%	33%	26%



AWARENESS TO ACTION

Address gaps in DEIB programming

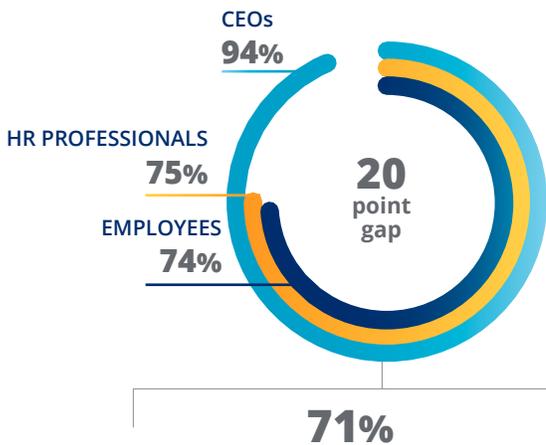
Creating an equitable culture is no easy task, but as organizations focus on building more inclusive environments, analyzing shortcomings

and blind spots across all demographics can help employers know which groups are woefully underrepresented. Equality and strength of DEIB programs are especially important to the next generation of leaders. Nearly one in five female leaders have left a job that failed to prioritize inclusion and 76% of millennials said they'd leave their employer if DEIB initiatives were not offered. Likewise, 83% of Gen Z job candidates said that a company's commitment to diversity and inclusion is important when choosing an employer.



2 Bring Equity and Inclusivity to Pay and Benefits

Perception that compensation and benefits at employer are equitable



71% of women feel their compensation and benefits are equitable compared with 94% of CEOs, a 23-point gap in pay perceptions

This year's Empathy data reveals that gaps in pay equity perceptions are becoming even more pronounced: **74% of employees** (-7 points from 2022) and **75% of HR professionals** (-11 points from 2022) feel compensation and benefits at their employer are equitable. In contrast, **94% of CEOs** feel that compensation is equitable (+3 points from 2022), illustrating a **20-point gap** between CEO and employee pay and benefits perceptions.

For women, the pay gap is even wider: only 71% of women feel compensation is equitable. When looking at ethnicity and gender, women generally are less likely than men to feel compensation is equitable, with **Asian-American women (73%)** expressing the most dissatisfaction in comparison to **Asian-American men (82%)**. Likewise, only **73% of Black women** feel compensation is equitable versus **76% of Black men**.

As of 2021, women made about 80 cents for every dollar of male wages—up only 3 cents from 1994. And, women of color are at an even greater disadvantage: **Black women were paid 64% and Hispanic women 57% of what white non-Hispanic men were paid in 2020, according to the U.S. Department of Labor.**



AWARENESS TO ACTION

Conduct a salary audit to identify and correct compensation gaps

In the end, the wage gap seriously impacts women's economic security over their lifetime. Employers should examine their data and take steps to address pay inequities while enabling women to make better financial decisions and optimize their total benefits packages via personalized decision support during benefits enrollment and throughout the benefits lifecycle.



Gaps in Benefits Further Highlight Demographic Inequities



Beyond DEIB programming and pay inequities, benefits gaps contribute to inequalities and less inclusive workplaces by not addressing the holistic needs of different populations. Traditional plans are often constructed around the average employee, neglecting to account for ever-evolving workforce diversity.

Women and single mothers are among the least confident that they can afford healthcare yet typically take on a disproportionate share of caregiving responsibilities. Benefits such as maternity leave, childcare, and even workplace flexibility are now table stakes. They are absolutely baseline benefits for attracting and retaining women employees.

Bolstering baseline benefits, like subsidized childcare and robust mental health programs, while also prioritizing empathetic benefits that account for the whole person—including extended leave and flexibility programs, tuition reimbursement, and financial coaching—is essential to driving equitable workplaces and attracting and retaining talent. Yet, our Empathy data reveals **20-point or higher gaps** exist between what employees and HR feel are table stakes benefits versus CEO perceptions of the same benefits.



85% of employees are (still) confused about their benefits

But with decision support technology, they're 3X more likely to elect a cost-effective health plan and savings vehicle.

[See the data for yourself](#)





For example, **78% of employees** view paid time off (PTO) as a must-have benefit versus **46% of CEOs**. Similarly, core medical benefits and employer contribution plans (401k, HSA, FSA) also show **20+ point gaps** between what employees require from an employer and what CEOs feel are must-haves.

Likewise, **9 in 10 employees** have consistently asked for family-related benefits such as paid maternity and paternity leave and flexible work schedules and hours, yet less than half say they have these benefits currently offered at their organizations.

TOP BENEFITS VIEWED AS EMPATHETIC	EMPLOYEE BENEFIT IMPORTANCE	EMPLOYEE BENEFIT OFFERED 
 Flexible Work Hours	96%	39%
 Paid Maternity Leave	94%	44%
 Flexible Work Location	93%	33%
 Family Benefits <small>(e.g. paid after school programs, daycare)</small>	93%	17%
 Paid Paternity Leave	92%	27%



ACTION TO AWARENESS

Leverage technology and data for more inclusive, equitable benefits

Benefits technology in the form of personalized decision support can help create a more inclusive and equitable benefits program by enabling all individuals to equally understand and optimize their benefits selections so that their dollars go further and work harder for them.

Case in point: Our 2023 Benefits Insights Report revealed that decision support at enrollment helps guide employees toward right-fit plan choices—which are often also the most cost-effective plan options. In fact, **60% of employees** who used the MyChoice® Recommendation Engine decision support tool elected a high-deductible health plan (HDHP) and a health savings account (HSA). When decision support is not available or not used at enrollment, only **20% of employees** enrolled in an HDHP and an HSA.

Additionally, by gathering employee feedback, looking at enrollment and utilization data, and auditing against other organizations' total rewards packages, employers can identify gaps in their benefits programs.



3 Foster Workplace Flexibility for More DEIB Wins

This year's Empathy findings show that workplace flexibility continues to top the list of most empathetic benefits an employer can offer: **96% of employees** say flexible working hours is a top empathetic benefit, closely followed by flexible workplace location at **93%**. Even so, **flexible working hours are only offered by 39% of organizations**.

While it may not be surprising that employees value flexibility, our Empathy study confirms that the benefits of flexible and remote work run much deeper than work-life balance. Across the board, remote workers not only have higher feelings of empathy toward their organizations, HR professionals, and CEOs, but also significantly higher feelings of inclusivity, belonging, and connectedness—revealing that in-office attendance isn't a prescription for inclusivity.



Empathy, inclusivity, belonging, and connectedness score highest among remote workers.

Overall, **67% of employees** view their organization as empathetic—the lowest level ever recorded. Yet this number rises to **76%** when filtered by remote workers.

My organization is empathetic



I can be my true authentic self at work



I feel like I belong at my company



I feel connected to my peers



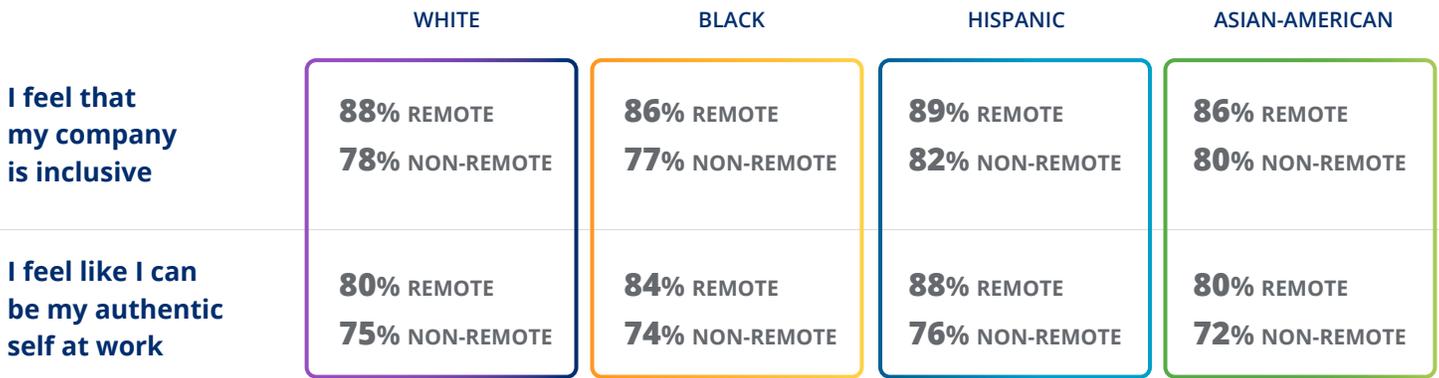
I feel my company is inclusive of everyone





Inclusivity trends higher among remote workers, especially women.

Our Empathy data found that employees of minority ethnic and racial backgrounds who work remotely are more likely to feel a stronger sense of inclusion than their non-remote peers. Black and Hispanic workers, in particular, benefit from remote work environments with **88% of Hispanic employees** and **84% of Black employees** saying they can be their true authentic selves at work.



Overall, non-remote women are the least likely group to feel they can be their authentic selves at work or feel that their company is inclusive.

This is particularly evident for non-remote Black and Hispanic women: **66% of non-remote Black women** and **76% of non-remote Hispanic women** feel they can be their authentic selves at work. In contrast, **87% of remote Black women** and 90% of remote Hispanic women feel they can be their true selves at work—those are **21-point** and **14-point gaps** respectively. Non-remote Asian American women also struggle with only **72%** saying they can be their authentic selves.

I feel that my company is inclusive



I feel like I can be my authentic self at work



C-Suite Has Much to Gain from Flexible Workplaces



Despite inclusivity trending higher among remote workers, 85% of CEOs feel an equitable and inclusive culture is harder to maintain in a hybrid or remote workplace. Yet, 89% of CEOs admit they can recruit a more diverse workforce in a hybrid work environment.

As we've seen with the recent RTO push, there's a large gap between CEO perceptions regarding RTO versus employee feelings on the matter. While **63% of CEOs** (+8 points from 2022) say RTO has positively impacted their mental health, only **39% of HR professionals** (-12 points from 2022) and **21% of employees** (-8 points from 2022) say the same.

Despite RTO contention, our Empathy data—while counterintuitive to the traditional constructs of workplace thinking—is clear: **Remote workers, and particularly remote workers of minority ethnic and racial backgrounds, score higher for inclusivity, belonging, and connectedness than their non-remote peers.**



RTO has positively impacted mental health



Data shows that **79% of employees** say they feel like they belong at their companies, with **Black (81%) and Hispanic (82%)** employees along with **remote workers (83%)** most likely to say they feel like they belong.

And, while employees are the least likely of our three audiences surveyed to say they feel connected to their peers at work—**employees (79%), HR professionals (84%), and CEOs (96%)**—feelings of connectedness rise to 84% for employees when filtered by remote workers. When filtered by ethnicity, Black, Hispanic, and Asian-American workers score higher feelings of connectedness than their White peers.

However, only **63% of employees** say they feel connected to their leaders at work, but this number rises to **70% for remote workers**. Combine this finding with record-low employee feelings of empathy toward CEOs, and it's clear that the C-suite has much to gain from remote and hybrid work environments.

The data is clear: By broadening their view of flexibility, C-suite leaders can create more inclusive, diverse, and accessible workplaces—particularly for workers who experience bias and high barriers to entry into the workplace.



WHITE	BLACK	HISPANIC	ASIAN-AMERICAN
79%	81%	82%	79%



WHITE	BLACK	HISPANIC	ASIAN-AMERICAN
78%	81%	82%	80%



WHITE	BLACK	HISPANIC	ASIAN-AMERICAN
62%	69%	72%	68%



AWARENESS TO ACTION

Flexibility for All

Remote and hybrid work are especially advantageous for women and employees of minority ethnic and racial backgrounds.

As employers strive for equitable workplaces, they need to equalize the flexibility playing field. Remote work opportunities are often concentrated among knowledge workers and higher-income positions. As such, it's important to consider the evolving facets of flexibility including location, hours, and job sharing for workers who must be in person.



Regaining DEIB Momentum



DEIB progress requires accountability, and companies who have lost DEIB leaders are now left without their north stars. In the short term, these companies may have checked all the right diversity boxes and feel as if their DEIB guardrails are sufficiently in place. In reality, people matters move fast and are constantly evolving. Keeping up requires continued investment and focus.

But investment without action has limited value. For too many organizations, DEIB has been viewed as an optional line item on budget sheets—as a “thing” that sits siloed rather than integrated among all functional areas of an organization.

DEIB must be driven at a macro leadership level, but everyone has a stake as stewards of inclusive, empathetic cultures.

Moving from superficial “feel good” DEIB to transformative “real good” DEIB requires everyone—from investment on the part of executives to allyship on the part of employees. C-suite can light the torch, but employees too must carry it.



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About the State of Workplace Empathy Study

Over the past eight years, Businessolver has studied the evolution of empathy in the workplace—hearing from collectively more than 20,000 employees, HR professionals, and CEOs about their views on a variety of workplace issues.



Learn more about our findings, trends, and recommendations across eight years of data at Businessolver.com/empathy



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