

BLUEPRINT REPORT



The State of Data-Driven DEI: 2023 Trends & 2024 Opportunities





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2023 was a year of change — and challenge — for corporate diversity, equity, and inclusion (DEI). After two years of unprecedented investment sparked by 2020's racial justice movement, this year, global momentum around DEI slowed. There are a number of headwinds contributing to this shift: the first is economic uncertainty that not only led to reduced spending across the board, it also firmly shifted the power balance back to employers. When the race for talent slowed, it was easy for organizations to deprioritize programs focused on attracting and retaining employees. At the same time, the anti-diversity political attacks on DEI became increasingly aggressive, from specious lawsuits targeting DEI programs to unfounded rhetoric blaming DEI for events like banking collapses and train derailments. Finally, many DEI champions — navigating the previously mentioned challenges after two years of hyperfocus on and demand for DEI — were understandably fatigued.

While these headwinds have stalled progress, at Paradigm we're still seeing many companies across sectors remain committed to DEI impact. And it's critical to note that events happening in the world around us have DEI-related implications that weigh heavily on employees' minds: the Israel-Hamas war, legislation targeting the LGBTQ+ community, the upcoming U.S. Presidential primaries, and more.

In 2023, we partnered with 500+ companies on their DEI efforts to help navigate this evolving landscape and execute initiatives that drive impact. To analyze DEI efforts this year, we looked at data from 143 organizations, representing hundreds of thousands of employees. These organizations all used our Blueprint platform to assess DEI maturity and benchmark key metrics, giving us access to a significant aggregated, anonymized dataset.



Data in this report was pulled in September 2023, three months after the U.S. Supreme Court effectively overturned affirmative action and activist lawsuits caused organizations to pause investments for Black women founders and fellowship programs for marginalized groups. While the impact of these events is not likely reflected in the data, we believe they will have significant downstream consequences on DEI for years to come, which is reflected in our insights and recommendations.

Overall, we found that while organizations made some positive strides on impactful DEI efforts in 2023, many of the trends we see, combined with the effects of the current economic and political environment, show there is significant risk to DEI progress in 2024 and beyond. To combat that risk, organizations need to adapt their strategies with a focus on continuing to drive progress in a new DEI landscape. Below we dive deeper into what's changed year over year, and outline four areas companies should focus on in 2024.



Key Changes: 2022 vs. 2023

How have things changed
over the last year?

↑6
points

Organizations
with a DEI leader

↑3
points

Organizations that track race/
ethnicity representation within
each executive's line of business

↓4
points

Organizations
with a DEI budget

↓9
points

Organizations with
a DEI strategy



1. Key Changes: 2022 vs. 2023

In our 2022 report, two of the areas of focus we recommended for this year were more **specific goal-setting** — the success of which was shown in other **recent data** — and **increased accountability for leaders that instilled a sense of ownership in DEI outcomes**. That accountability is not only critical for DEI and HR leaders, but executives and people managers throughout an organization who are critical to the success of DEI programs.

In 2023, we saw significant progress in both of these areas. Specifically:

- There was a 6-point increase in companies having a senior DEI leader.
- There was a 3-point increase in organizations who track race/ethnicity representation within each executive's line of business — 40% of companies now do this. Even more companies — 51% — now track gender representation within each executive's function, a 2-point increase year over year. Tracking these metrics under each executive is one impactful way to hold leaders accountable for progress within their respective functions.
- There was an 8-point increase in organizations who had gender representation goals — e.g., increasing the representation of women in leadership roles — 34% of companies now have these goals in place.
- There was a 4-point increase in organizations who had race/ethnicity representation goals — 20% of companies now have such goals.

While these numbers are trending in the right direction, there is still significant room for improvement: organizations committed to progress should be establishing explicit goals for what they hope to achieve through their DEI efforts, identifying strategies for holding themselves accountable, and prioritizing giving leaders the skills necessary for bringing DEI to life. Unfortunately, representation goals are the exact type of DEI initiative caught in the crosshairs of anti-progress activists. In the coming year we urge organizations to consider what types of goals they can commit to, and what methods of accountability will be most impactful for them.

While organizations made progress in some areas between 2022 and 2023, we also saw a **decrease in budgets dedicated towards DEI (down 4 points year over year)**, as well as a **decline in the percent of organizations that have a DEI strategy (down 9 points year over year)**. While the number of companies with budgets have decreased, **54% of companies still have a DEI budget**, and in our work with clients we've seen most companies who have prioritized DEI in the past intend to continue to prioritize DEI in 2024.

Based on our overall dataset, the trends we've observed in 2023, the headwinds we anticipate in the months ahead, and the hundreds of conversations we've had with HR and DEI leaders over the past 3 months, here are four areas we recommend companies consider as part of the 2024 strategy.



Use Data to Make the Case for DEI

How many organizations are unlocking the potential of data they're collecting?



Of organizations analyze hiring outcomes by race/ethnicity



Of organizations analyze promotion rates by race/ethnicity



Of organizations analyze attrition by race/ethnicity



2. Use Data to Make the Case for DEI

Over the past several months, we've heard from a number of HR leaders who are de-emphasizing data and analytics as a part of their DEI efforts, in response to the changing legal landscape and increased scrutiny on DEI efforts. Perhaps counterintuitively, this is the exact wrong approach: companies that want to make progress on DEI and mitigate risk should actually be making data more central to their DEI efforts.

DEI programs drawing the most scrutiny in the current environment are those designed specifically for marginalized groups — for example, a fellowship for underrepresented associates in a law firm, or a mentoring program for Black employees. The groups challenging these initiatives are basing their attacks on the notion that program participants are being given an unfair advantage over others in the organization. However, data make clear that marginalized groups are, time and again, on the losing side of inequity in a company: they're often hired or promoted at lower rates than their counterparts, and they leave organizations at a higher rate.

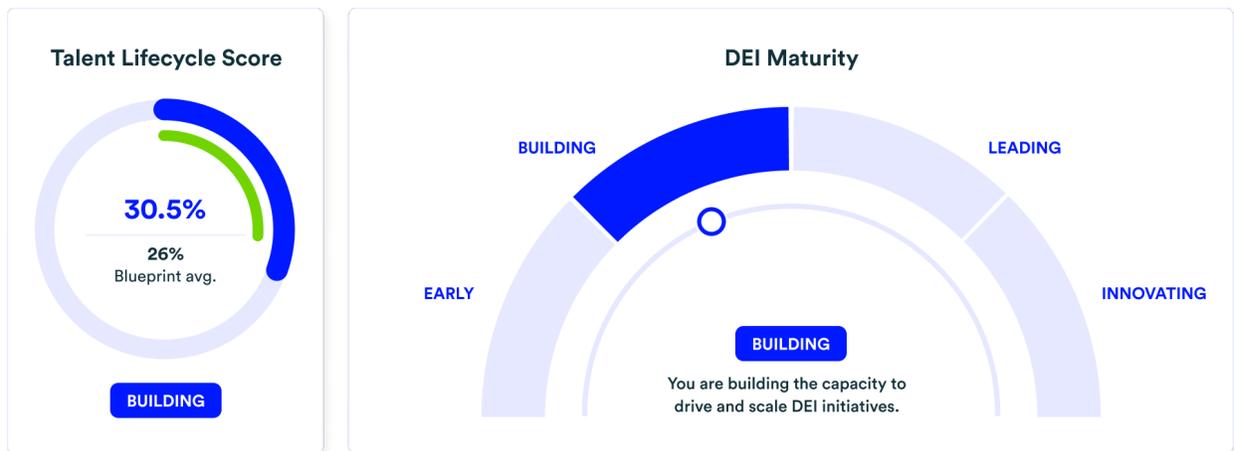
When companies collect and analyze data, they can identify these types of patterns and develop a clear defense of initiatives designed to close fairness gaps. For example, if organizational data shows Black employees are being promoted at a lower rate than other groups because they're receiving less support from senior leaders outside of their manager, the company has a data-backed case for considering something like a mentorship program.

To use data in this way, companies need to go beyond simply collecting data, and track the outcomes of key people processes. Our data shows the majority of companies are not doing this:

- Less than one-third of companies — 26% — analyze hiring outcomes by race/ethnicity; 31% analyze this metric by gender.
- Only 33% of organizations analyze promotion rates by race/ethnicity; 46% analyze this metric by gender.
- Just over one-third of companies — 36% — analyze attrition by race/ethnicity; 52% analyze this metric by gender.



Moreover, organizations that want to make progress on DEI should be measuring not only demographic data, but also quantifying the maturity of their DEI efforts. This allows organizations to report progress in a measurable way beyond just simple representation numbers and speak more to the leading indicators of an inclusive organization — whether talent processes are structured to mitigate bias, for example, or whether employee benefits and policies are becoming more inclusive over time.



Sample DEI maturity scores from the Paradigm Blueprint platform.

 **2024 Guidance**

Don't be afraid to use data to guide DEI efforts. Regardless of the political climate, companies need data to understand their unique DEI challenges and opportunities and track progress. Going beyond simple representation metrics and regularly looking at data throughout your hiring, promotion, attrition processes — as well as feedback on the employee experience — will help companies craft the right long-term strategies and identify potential issues early. We have more guidance on data-driven DEI programs [here](#).



Use DEI Training to Reset Understanding

Can DEI training change behaviors?

Before Paradigm



Before Paradigm training, 87% of people said they were motivated to foster an inclusive culture, but only 40% understood how.



After Paradigm



After training, 83% of people felt equipped to take action — a quantifiable (and significant) impact.

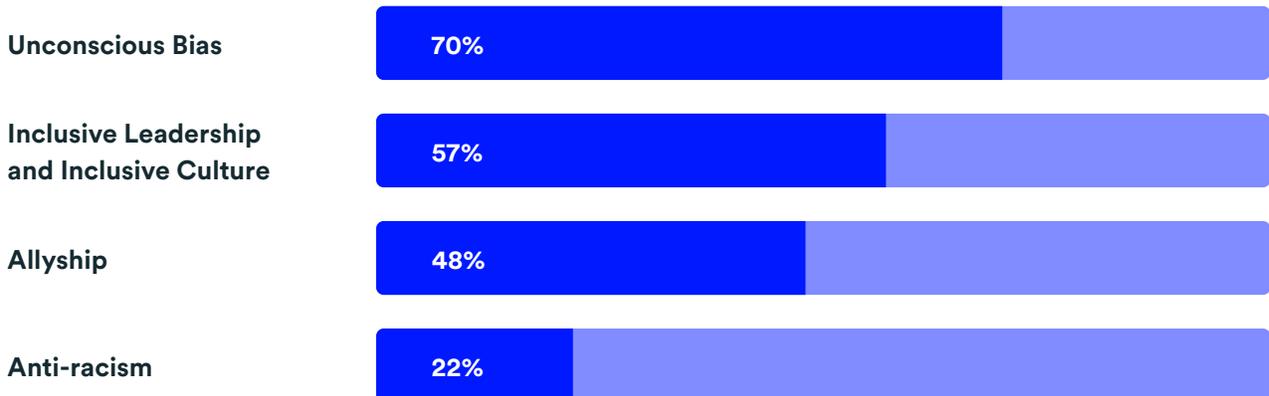


3. Use DEI Training to Reset Understanding

Given the politicization of DEI over the past year, this is a critical moment to reset the narrative, invite people into the conversation, and empower all employees to actively contribute to inclusion.

DEI education, when done well, can reshape people's relationship to the concept of DEI, and frame DEI as something that is relevant and helpful to everyone. It's also a powerful way for organizations to reinforce their values and foster employee connection and engagement. But in many cases, DEI education programs miss the mark. Trainings can feel compliance driven, punitive, exclusionary, or even just boring. Trainings that aren't thoughtfully designed don't just undermine internal culture efforts, they can also pose brand risks.

Most companies are already engaged in some form of DEI education. Below are the DEI topics organizations had training around according to our data (percentages represent how many organizations offer training on that topic):





While a large majority of companies are doing DEI training, **only 35% measure the impact of training**. Measuring the efficacy of DEI training can be done with pre- and post- training surveys that explore changes in people's awareness, motivation, and enablement. Importantly, changing awareness alone is not enough — it is critical that people leave training more motivated to take action and more equipped to do so. For example, our own data show that **before Paradigm training, 87% of people said they were motivated to foster an inclusive culture, but only 40% understood how**. After training, 83% of people felt equipped to take action — a quantifiable (and significant) impact.

2024 Guidance

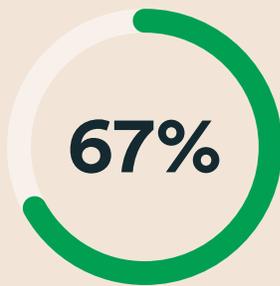
Thoughtfully designed learning programs can be one of your most powerful DEI tools — don't make it a check-the-box effort. Companies should map out a strategy that's focused on delivering effective learning journeys, measure the outcomes of their training, then adjust course depending on what the data show. We have more in-depth guidance in our [Effective DEI Learning whitepaper](#).

While training should be an organization-wide initiative, we recommend organizations pay particular attention to training for audiences who play outsized roles in advancing inclusion. Leadership teams are a critical audience for DEI training in many organizations already, and should continue to be in the year ahead. In 2024, we recommend organizations also focus learning efforts on their HR teams, enabling HR leaders and HR business partners to navigate thorny DEI issues, champion inclusion throughout the organization, and embed DEI into key processes and practices throughout the business.



Take a Holistic Approach to Inclusion

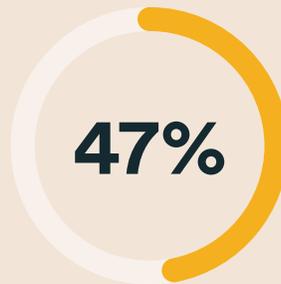
How many organizations are taking steps to foster inclusion?



Have executives communicate the importance of DEI to the company



Train leaders on how to create inclusive team environments



Integrate DEI into their leadership and management competencies

↓13 points

Number of companies that collect employee feedback through inclusion surveys and/or focus groups



4. Take a Holistic Approach to Inclusion

Given the economic uncertainty of 2023 and the resulting layoffs and hiring freezes, one of the most common refrains we heard from DEI and HR leaders this year was “our DEI efforts need to focus on the talent we have.” This is not only the right thing to do, it’s good for business: our data show that employees who feel their company values diversity are 150% more likely to be engaged at work.

Focusing on inclusion is also a low-risk, effective way to show your entire workforce that these efforts are for them. That your goal is to build an organization where everyone can do their best work and thrive, and that you will address gaps that are standing in the way of that for anyone.

Managers and executives play an outsized role in reinforcing the importance of inclusion and taking concrete action to foster it. While our data show that companies are increasingly recognizing the role their leaders play here — 67% of organizations have executives communicate the importance of DEI to the company — but, there is still room for growth:

- 51% of companies train leaders on how to create inclusive team environments
- 47% of companies integrate DEI into their leadership and management competencies

In 2023, we also saw a troubling year-over-year trend that shows companies are doing fewer of the key initiatives to measure inclusion throughout their organization, identify gaps, and take action. For example:

- We saw a 12-point decline in the number of companies that collect employee feedback through inclusion surveys and/or focus groups.
- We saw a 4-point decline in companies who analyze differences in employee engagement by race/ethnicity — just 40% of companies did this in 2023. Analyzing engagement by gender was more common — 51% — but less than 10% of companies analyzed by sexual orientation, trans, veteran, or caregiver status.

Without collecting or analyzing this type of data, it’s impossible for companies to understand the employee experience or make informed decisions about where to focus.

2024 Guidance

Inclusion is a critical prerequisite to attracting, advancing, and retaining a diverse workforce — investing in it won’t just improve DEI outcomes, it will improve the experience and engagement of every employee regardless of their identity. While every company will need to prioritize different inclusion initiatives based on their specific workforce, there are two things that will benefit the vast majority of organizations: empowering leaders to foster inclusion and amplify your DEI efforts, and collecting and analyzing data on your employee experience with a DEI lens. We have additional resources on inclusive leadership [here](#), and inclusive surveys [here](#).



Get Ready to Respond to External Events

One of the most complex inclusion-related challenges we hear about from leaders is how to respond to what's happening in the world around us. Leaders are being asked to speak out about what's happening in the world on an increasingly frequent basis, and many organizations find themselves starting from scratch each time this comes up.

For example, at this moment, the Israel-Hamas war is weighing heavily on people's minds. Over the past year, the U.S. Supreme Court's decisions on affirmative action and abortion rights were two other topics that presented leaders with this challenge. In 2024, with ongoing global conflict and the U.S. Presidential election, we only expect this challenge to continue. Often the themes leaders are being asked to speak out about have employee audiences with a range of perspectives and lived experiences related to the topic. While it's impossible for companies to plan for every event and come up with the "right" answer, leadership teams can and should align on a framework for navigating these events that they can turn to to make the right decisions each time. We recommend:

1. Creating a task force or group that is responsible for leading these conversations and taking action. For example, your CEO, HR and/or DEI leader, and communications lead. Also consider if any additional audiences need to be informed before communications go live (e.g. people managers who have team members directly impacted by an event). This will speed up execution.
2. Decide when you'll communicate around external events. It's especially helpful to create guidelines around what warrants a response — e.g., an event that impacts employees' day-to-day lives, rhetoric that targets marginalized groups, legislation that affects geographies in which you do business. While some decisions will need to be made in the moment, having guidelines will help you make measured decisions and reduce anxiety around responding to every event.
3. For each event, identify:
 - a. Who will communicate (e.g. the CEO, head of HR, a relevant leader in the organization).
 - b. To which audiences. Is this a company-wide message? Do some internal groups need a different message than the entire company (e.g., if a group is directly impacted, you might explicitly offer additional resources like time off)? Is it something your company needs to communicate externally about (e.g., if you have offices in a geography impacted by the event, it might warrant an external statement)?
 - c. And how (e.g. in an all team meeting, via email, through a Slack message, one-on-ones with a manager).
4. Default to your values. While responses to some events might be straightforward — e.g., denouncing explicit racism or laws undermining human rights — many of these topics are complex. If you have a well-defined set of values, use these to guide your communications.



Prepare for Challenging Shifts in the Talent Pool

How many organizations have practices in place to hire a diverse workforce?



35%

develop rubrics to consistently assess candidates answers to interview questions



26%

have a process for writing inclusive job descriptions



26%

analyze hiring rates by race/ethnicity



5. Prepare for Challenging Shifts in the Talent Pool

The Supreme Court’s affirmative action decision will make it harder for companies to hire a diverse workforce in the coming years. Specifically, by preventing colleges and universities from considering race in admissions, the Court’s decision will likely diminish the diversity of skilled entry-level professionals in the workforce. Many major global corporations share this concern. In fact, more than 20 American employers, from Bristol Myers Squibb to Google to Starbucks, urged the Supreme Court to uphold affirmative action because they “depend on universities to recruit, admit, and train highly qualified, racially and ethnically diverse students to become the employees and business leaders of the future.” Historical data indicate that we can expect this challenge to emerge over the next few years.

Our data also show that most companies don’t have best practices in place throughout their hiring funnel to attract a diverse pool of candidates, make the hiring process inclusive, or identify differences in how candidates from different backgrounds move through their hiring process. Specifically, our data show:

- 38% of companies develop rubrics to consistently assess candidates answers to interview questions.
- 26% of companies analyze hiring rates by race/ethnicity.
- 26% of companies have a process for writing inclusive job descriptions.

How to Improve

Because diversifying the workforce through traditional approaches to university hiring will become increasingly challenging over time, companies need to act now if they don’t want to see representation backslide. Companies should focus on best practices that cast a wide net to attract candidates from a range of backgrounds and communities, create an inclusive candidate experience, and level the playing field for all candidates. In addition, organizations should continually assess how candidates are moving through their hiring funnel to identify and address inequities. We have more in-depth insights on inclusive hiring [in this webinar](#).



Conclusion

2023 has undeniably shifted the DEI landscape for years to come. External forces are no longer pushing companies to invest in DEI; instead, in some cases, external forces are pushing back on companies' investment in DEI. We believe that companies — recognizing that, in addition to the moral case for DEI, diverse organizations are more innovative, have higher revenues, and attract top talent — can continue to drive DEI impact in spite of this shift. While every company will have varying levels of comfort on the goals they set and the programs they pursue, there are plenty of low-risk, high-reward DEI initiatives that can help any organization continue to advance DEI for their employees and the world around them.



Need help building an effective DEI strategy and tracking key metrics?

Learn more [here](#), or email us at contact@paradigm.com



About Paradigm

Paradigm exists to radically transform organizations, building a world that is just, equitable, and inclusive. We envision a world where organizations reimagine their role in, and responsibility to, society. To do this, we provide customers with a comprehensive suite of technology, tools, and consulting services designed to advance diversity, equity, and inclusion (DEI).

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