

THE FACTS

Business leaders recognize that systemic racism isn't just morally wrong – it's also bad for business. Companies that want to remain competitive must find ways to attract, retain, and promote talented workers of every race and ethnicity.

Winning in business means getting the right person in the right seat, and leaving no one behind. COVID-19 created partnership opportunities for workforce boards, colleges, and employers to create new career training opportunities – now it's time to scale those opportunities for the future.

Despite decades of efforts by public-, private-, and social-sector organizations, racial employment, income, and wealth gaps are worse today than in 1965. Racial equity and justice in workforce management practices IS good business.

Building companies that achieve the dividends of racial equity requires businesses to change their policies, practices, and resource flows – and to be accountable for their own progress over time. Any good leader will tell you; people are an organization's best asset. Who organizations hire matters tremendously to long-term sustainability and profitability – and research repeatedly finds that companies with racially diverse teams outperform more homogeneous teams.

On average, participants in the [2023 Racial Equity Dividends Index](#), an analytical tool to help companies assess how their current policies and practices support racial equity and identify opportunities for improvement, have implemented 3.6 of 6 racial equity standards related to hiring. Most companies set goals for hiring a racially diverse workforce (89%). A smaller share set goals for retaining or advancing workers of color (59% and 50%, respectively), while just over half hold leadership accountable for meeting these goals (59%).

Approximately a third of companies have taken significant action to remove bias from the application process (36%). While nearly all review job applications and remove unnecessary criteria on a regular basis (95%), fewer take action to focus background checks on job specific factors (59%) or consistently create diverse hiring committees (36%), and only a few companies have implemented second-chance hiring practices (14%).

THE BUSINESS CASE

A 2020 McKinsey report presenting research on more than 1,000 large companies found that, “The most diverse companies are now more likely than ever to outperform less diverse peers on profitability.”

Ethnic and Cultural Diversity – Top quarter companies in ethnic and cultural diversity among executives outperformed bottom quarter companies by 36% in profitability.

Gender Diversity – Top quarter companies in gender diversity on executive teams 25% more likely to have above-average profitability than those in the lowest quarter.

PROMISING PRACTICES

1. **PricewaterhouseCoopers'** Thrive initiative supports new diverse employees over their first 24 months of employment through culture workshops, mentoring, and leadership engagement. Mentorship programs help ensure long term retention and fit for new BIPOC employees.
2. Founded in 2021, **Southwest Airlines'** Diversity Recruiting Center of Excellence expanded recruiting channels, forging over 400 partnerships that resulted in the addition of 5,000+ diverse individuals (e.g. BIPOC, LGBTQ, Veteran, Disabled) to their talent pipeline.



LET US HELP YOU BUILD AN ANTI-RACIST, ECONOMICALLY INCLUSIVE WORKPLACE!

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