What is EDI?
(Equality, Diversity and Inclusion)

What are companies trying to achieve with EDI initiatives and what does a successful outcome look like?

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The Homage Group

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Abstract

EDI has taken momentum in the 21st century, increasing equilibrium between men and women, improving minorities' public status and opening greater acceptance of differences. Simultaneously, 2024 marks a tipping point where EDI is getting questioned. From the legitimacy of the initiatives to the outcomes they lead to, companies are reevaluating priorities and reassessing how EDI impacts their ventures.

In this research, we are defining EDI through the lens of research and understanding what its results within the last decade have been. Beyond documented research and tested approaches, we are exploring the common thread through successful projects and elaborating on tangible outcomes. Building upon psychological theories around empathy and compassion, we touch upon the power of these skills in EDI realisation.

Finally, we develop the concept of diversity as a prerequisite to a responsible society in a technology-driven world, concluding with The Homage Group's unique approach to reach awareness and mutual understanding.

What are companies trying to achieve with EDI initiatives what does a successful outcome look like?

EDI has been put in place for a while now; over time, it has come through multiple stages of understanding and relative actions, and still, certain companies keep cold feet.

First, the development of EDI can be attributed to the 60s[1] with the rise of the social rights movements and the gradual increase in gender equality, minority recognition and additional concerns around intersectionality and identity aiming to rectify historical injustices and treat people as equals. Afterwards, a study by McKinsey in 2015 showed that "diversity" in teams led to an increase in profitability and reiterated its findings in 2020[2]. Since the early 2010s, many companies and industry leaders have undertaken EDI initiatives. Solutions ranged from specialized recruitment, diversity programs within the company, specialized teaching for diverse teams, and resource groups (official name for ethnic or regional groups within a company, e.g. Black Network at XYZfrim or Asian Group of ZYXcompany) and accrued accountability practices. Despite the improvement and the spotlight on the subject, more and more companies are finding inclusion to be a struggle and fear that is only a box-ticking exercise. **Why so?**

In 2019, we entered an era, with George Floyd's murder, where the diversity focus has been on the black and African community and many initiatives have spawned to support the community. Plenty of opportunities arose to enter "elitist" or "privileged" spaces thanks to inclusion initiatives in high-end finance, top-tier universities, and managerial positions in companies to shake the status quo. A few years later, in 2023, we saw the "wokeism" take a toll and the "anti-wokeism" movement flourished.[3]

"Wokeism: Attitude of people sensitive to social and political inequalities[4]"

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[1]AcademyHealth, "Glossary of Terms for Translational Science: November 2021", https://academyhealth.org/sites/default/files/publication/%5Bfield_date%3Acustom%3AY%5D-%5Bfield_date%3Acustom%3Am%5D/deiglossary_nov_2021_1.pdf , Accessed on: January 18th 2024

[2] McKinsey & Company, How diversity matters, https://www.mckinsey.com/~/media/mckinsey/featured%20insights/diversity%20and%20inclusion/diversity%20wins%20how%20inclusion%20matters/diversity-wins-how-inclusion-matters-vf.pdf , Accessed on: January 18th 2024

[3] Shulle Ahn. "Wokeism: the tug-of-war over the term.", https://www.tidalequality.com/blog/what-is-wokeism , Accessed on : January 18th 2024

[4] Collins Dictionary, "Wokeism", https://www.collinsdictionary.com/dictionary/english/wokeism#:~:text=noun,to%20social%20and%20political%20injustice , Accessed on : January 18th 2024

The "anti-wokeism" movement aims to abolish the talks about EDI and social inequalities as it arguably does not provide a better environment but rather raises concerns that are irrelevant or changing already. Many people feel that the social awareness movements have been taken too far and led to the radicalisation of the population.

Therefore, people are getting sick and tired of hearing about discrimination and social justice as they see it as a brake to progress and meritocracy. Even though most people very often agree that we are all equal, phrasing it as an absolute in any condition and subjecting people to privileged positions because of their physical attributes does not satisfy the majority. Neither should these attributes allow for excusing extreme behaviours, which in turn create segregation or animosity.

Why am I speaking of wokeism? Today, this movement has received a negative connotation for extreme tolerance, which leads to many questions including one I see in many places and many different groups (from all ethnicities, regions, ages, and sexes).

"What is really EDI?"

When looking on the internet and typing "EDI", you will see that the 20 first links are that of universities or research institutions. According to them, EDI stands for **Equity**, the removal of imbalances and reduction of overly-favourable situations to the advantage of one type of community, **Diversity** is the ability for people to be subject to a multitude of experiences, and speak about them freely in their environment, and eventually, **Inclusion** is defined as one's ability to join any environment with the multiplicity of their selves and be accepted, respected and valued for these experiences and facets. [567]

This simplistic definition can appear fairly straightforward for many people operating in a diverse environment.

Therefore, we should dig deeper and ask ourselves, what is the real outcome that we are seeking with EDI to understand its pertinence.

[5] TechTarget, "Diversity Equity, and Inclusion (DEI) Definition" https://www.techtarget.com/searchhrsoftware/definition/diversity-equity-and-inclusion-DEI , Accessed on 20th January 2024

[6] ARC South East Coast "Equality, Diversity, and Inclusion (EDI), https://arc-kss.nihr.ac.uk/public-and-community-involvement/pcie-guide/how-to-do-pcie/equality-diversity-and-inclusion-edi , Accessed on 20th January 2024
[7]University of Oxford, "What is EDI and Why does it matter", https://edu.admin.ox.ac.uk/what-is-edi-and-why-does-it-matter , Accessed on 19th January 2024

What is the purpose of EDI?

All information converges to the same point.

Make More money.

I do not say this with an ounce of judgement. It is a fact that all EDI consultants and all EDI officers would agree with: EDI is good for business and EDI is a business itself.

Money is the currency by which the world runs, and it has been proven that to make more money in a capitalist society, the best way is to solve one's problem (through a service or a product). From this stems the microeconomic concept of optimum. With a specific limit or finite budget, the optimum we can reach is composed of a specific basket of goods; more of one or the other to reach a set expected value. Regardless of one's desire, limited resources lead to a maximum.

Progress has shown us that if you have specific resources, such as the steam machine, electricity, or the internet, you can increase your expected value with the same limited resources. These innovations lead to productivity gains and empower the resources at hand to multiply their efficiency. Thanks to the steam machine, horses did not have to pull a carriage anymore, instead a train would pull 100 people to their destination at the same time. With the internet, you can disseminate an article to 100 people by publishing it only once rather than printing it several times and distributing it around. You get the gist - More productivity, more outcomes, more clients served, more value, more money.

In our time, there are plenty ways of to increase profitability and be more productive, and it turns out that having a diverse workforce is one of these productivity drivers. In its study, McKinsey and Company showed that diverse companies (including gender diversity and ethnic diversity) outperformed the market by 20% in 2019[8].

Hence, more diversity, more productivity, more productivity with the same resources, more outcomes, and very often outcomes lead to money. The more diverse, the happier our capitalist fathers are.

However, diversity alone does not suffice, or rather creating a productive environment does not only signify an increase in the number of nationalities you have in your executive team. While companies focus on visible diversity (gender, ethnicity, disability and more), the

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[8] McKinsey & Company, How diversity matters, May 2020, https://www.mckinsey.com/~/media/mckinsey/featured%20insights/diversity%20and%20inclusion/diversity%20wins%20how%20inclusion%20matters/diversity-wins-how-inclusion-matters-vf.pdf ,Accessed on: January 18th 2024

employees do not feel more understood and up to 60% of the workforce does not feel like evolving into an inclusive environment.

This reality is embodied by the ongoing concerns of companies and employees calling EDI a "box-ticking" exercise and questioning its overall validity.

What do we know so far?
Good EDI is a productivity mechanism and leads to financial gains. These gains equalled 20% beyond the industry average in 2019, meanwhile, more than half of the employees do not feel "included" in their workplace.

To truly absorb and redistribute the power of diversity we need a synergy with two other words, Equity and Inclusion that respectively rewards and empowers a diverse workforce. Thereby, one question remains.

How can we establish an "Inclusive" environment allowing individuals to thrive, while delivering great financial performance?

So far, we have seen a lot of initiatives, that can be segmented into three broad categories:

Material Changes:

This encompasses the tangible practices within the organisation that are put in place by a company to establish a diverse and inclusive workplace. These are often generated by HR and Operations departments to support a continuous improvement of business. (Positive discrimination recruitment, genderless toilets, inclusive discourse in writing, resource groups)

Behavioural changes:

This category is represented by training, continuous learning and development programs initiated to make the workforce acknowledge and change behaviour to the profit of a more inclusive workplace. These changes often start at a decision-making level, gain approval and drip down the ladder to affect team leaders and eventually recent new joiners. (Communication workshop, leadership for diverse leaders, problem-solving for diverse team workshops, unconscious bias training)

Process and regulatory changes:

Process and regulatory changes are embedded in the ways of working and support the implementation of EDI initiatives from the top. Regulators, boards of directors, and executives are the main drivers of the change and the execution is supported by enforcement. (Recruiting policy, healthcare support, data collection and reporting, referral quality change, FCA diversity consultation paper[9], Equal pay gap, paid internship bill, flexible arrangements)

All these can be condensed into various techniques to value people on their capacities rather than their origination (ethnicities, school, parenthood, inherited privileges, social status, wealth) and equip disadvantaged people with the necessary tools to grow and flourish.

Each company is adopting specific ways of adopting their EDI. However, there is a set of issues that prevail across firms and industries. Each industry has tailored elements but the following aim to present the most often talked about across the board.

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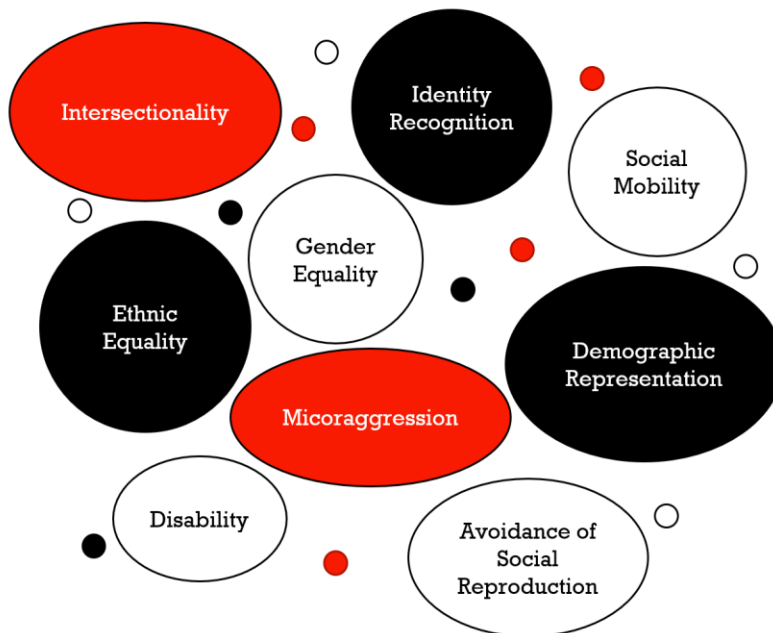
[9] FCA & PRA, Diversity and inclusion in the financial sector – working together to drive change, https://webinars.fca.org.uk/diversity-and-inclusion-in-the/room , Accessed on 21st January 2024

I will not dive into each of these as they are quite self-explanatory. What I will do however is to try to boil down what is at their core and what could be a common thread.

1. **Diversity of thought:** Having people exchange, hear, accept and challenge divergent ideas with the ultimate objective of coming up with the best outcome regardless of its generator.
2. **Identity recognition:** Understanding that each person is not defining or expressing him/herself based upon what other external person sees but rather how they feel within and having an environment that accepts, recognises their needs and supports their development.
3. **Intersectionality:** Understanding that each person has a different life, set of experiences and skills that go beyond the workplace that has led them to the workplace, hence that they have the chance to express each part of themselves to the benefit of the group.
4. **Demographic representation:** Ensuring that the colour of someone's skin, age or gender is not the reason for discrimination (either positive or negative), but rather that their skills are the true vector of advancement or position within the organisation.
5. **Social Mobility:** Ensuring that people from all horizons and socioeconomic strata are welcome as equals and treated fairly at all stages of their careers.
6. **Microaggression:** Avoiding that people are piqued by other coworkers based on specific traits of their being.
7. **Disability:** Treating people fairly and giving opportunities based on skills rather than physical or hidden disabilities.
8. **Social reproduction:** Avoiding that only the same type of people are coming from and to the same place to ensure the workplace is welcoming to all.

Many of the above relate to understanding the person in front of us, rather than assuming whatever based on external factors.

It also echoes the necessity to leverage the skills of these individuals to determine their place within the organisation.

Eventually, it stresses the need to not shame, blame, favour or praise anyone based on non-

objective factors in the workplace, while accounting for their overall situation to make sense of behaviour.

What are the EDI techniques at the moment?

As explained, we can segment the initiatives into three buckets and among these solutions, some have empirically proven more fruitful than others. Let's look at the effective and less effective practices.

What does not work:

- *Behavioural and analytical tests:* McKinsey showed that these tests are used rather as a confirmation tool for recruiters' initial biases and therefore enhance discriminations.
- *Mandatory diversity training***:** Research shows that they provide negative results if forced upon managers and reinforce their biases., while if they are taken voluntarily, they decrease biases.
- *Grievance systems:* They have shown not to provide substantial support to the EDI enhancement because they let people believe that the organisation will take care of the matters and thus employees loosen their efforts.

What works:

- *Voluntary participation training:* As opposed to the above, if the training is voluntarily taken, it proves to be bias-reducing.
- *Accountability and transparency:* Studies demonstrated that people tend to act more fairly when their decision is subject to common discussion or review. Thus, conversations among employees have been shown to provide fairer outcomes.
- *Diversity officers:* The concept of having a dedicated person in charge of the EDI matters, whose work is solely dedicated to the topic, increases confidence and fairness amongst the employees.
- *Diversity task forces:* The task force is a cross-departmental group formed with heads and employees representing the vastness of the needs of the organisation. Their proximity to the issues and the mixture of experiences enhance positive outcomes.

By looking at these results we see that policy-related and coercive elements have little to no positive effects on EDI. In contrast, if initiatives are taken from within and driven by the workforce, the outcomes are positive. And finally, we see that when decisions are taken collegially, the outcomes turn out fairer. For instance, if the employees discuss their end-of-year bonus with their colleagues and the decision-maker is made aware of that, the likelihood of fair distribution of bonuses is greater than with secretive practice.

So what can we do?

I will end this piece here by thinking about what is possible to do and what I personally feel can be done, hence inviting people to react and share their own ideas on the routes of corporate health.

In the light of the above what stands out is the importance of communication with teams and managers and across departments. The more communication and interplay of ideas, issues and decisions, the more scrutiny will be accorded to each. Thereby emphasising the materialisation of fair reactions.

During a conversation with a diversity consultant, operating in the industry for more than 15 years, she stated two pitfalls of EDI adoption and effectiveness, **Education** and **Empathy**.

In her context, operating in the UK and India, her work focuses on quantitative reporting of diversity, yet she still faced the incomprehension of stakeholders regarding the positive effects of EDI. Here we understand that the measurement is only the tip of the iceberg and that it will reveal the state of development of a company about diversity. As a financial statement, it only provides a still image of the company's profile in time. To understand the global picture, numbers must be compiled and interpreted alongside training participation, employee satisfaction and overall company diversity practices.

> **"If only people had more empathy, our work would be so much easier."**[10]

Dr. Paul Ekman[11] professor in San Fransisco and researcher of human emotions, who co-wrote a conversation with the Dalai Lama, expressed his understanding of empathy as intrinsically related to compassion. Through his work, he sought to understand compassion from an evolutionary perspective and took on the Dalai Lama's knowledge to build his theory.

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[10] Personal interview with EDI consultant, January 7th 2024
[11] The Paul Ekman Group, Paul Ekman's biography, https://www.paulekman.com/about/paul-ekman/ Accessed on: 22nd January 2024

According to him, empathy is recognizing that someone is feeling a certain way, and compassion is the action of sharing this feeling as well as adding to the willingness to act upon this emotion.

Compassion operates at different levels, first through the concept of "resonance", whereby one learns to feel within its being the suffering of others. Studies prove that pain can be generated or felt by the power of thought. The development of that physiological response is what he calls *identical resonance*. On the other side of the spectrum where one does not feel it but tries to make the counterpart feel like it did by saying "I am sorry about that", that is called *reactive resonance*. One is the physiological reproduction of an emotion; the other is a gentle phrase to support you through the issue. After the resonance comes compassion, at different levels, familial, worldwide, sentient, and heroic resonance.

Familial	Global	Sentient	Heroic
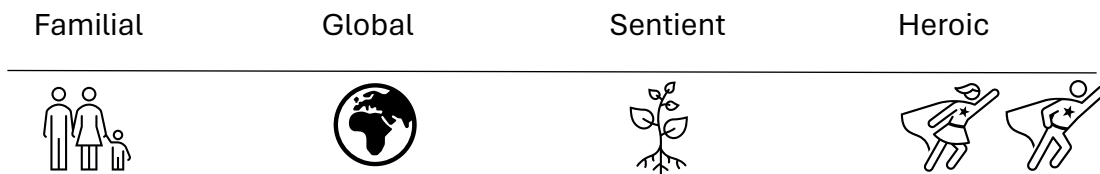
As the resonance level moves to the right it amplifies and adapts to larger environments, starting with the familial cocoon and feeling what our parents or kids are feeling and supporting them solve their issues, moving on the "global" scale where you could empathise with the victims of a catastrophe on the other side of the planet and donate to their relocation, the "sentient" level appears where you can express resonance with any beings, not only human (e.g. plants, animals, minerals,..) and finally "heroic", whereby you can not only resonate but also take risky action to free the burden of the counterpart. For instance, a little girl is leaving the sidewalk towards the road, and you jump on the road to save her from the coming car. This is where your feelings and willingness to help supplant your well-being to the benefit of another while incurring risks.

While most people feel empathy, it is to the benefit of all to enhance its practice of resonance to truly achieve deliberate solutions. Everyone has a different degree to which he or she is attuned to resonate, however, if we could raise that level at least to the global level, hence making people care not only about themselves and their immediate circle but about other human beings in general, we could achieve transformational improvement in company's directions and outputs. Therefore, the workplace would become a much more auspicious place for discussion and implementation of EDI, not only because people would hear the matter but because they would care and act towards the resolution of the issue.

As we build empathy, not only do we build a stronger relationship with others, but we also improve the working environment as a whole and make it more permeable to people's unique ways of life, thereby increasing diversity.

While the WEF 2024 is happening in Davos at the moment of writing, The Financial Times led a panel conversation in collaboration with Accenture, L'Oréal, Allianz and DHL called *"How is Generative AI driving business reinvention?"*[12].

The session delivered two major outcomes:

- The first one is the importance of the disruption to come, especially in the "white collar" industry, where delivery of work will soon be reinvented and whereby the ability to analyse, decipher complex thoughts and take a stand based on relevant information will become incredibly essential.
- The second is that at a time when AI is taking more and more place in our existence, the guidelines, the rules, the lines of codes and every single element integrated within the computing system needs to be coming from diverse sources, failing which bias and discrimination will be embedded in the system we use every day.

Thereby we see that EDI, beyond its impact on profitability, is critical to the establishment of our moral and ethical guidelines. Not only does it yield better solutions but also prevents the integration of systemic biases for future generations, especially in our era of corporate remodelling and critical thinking necessity.

How does The Homage Group impact EDI?

The Homage Group is a diversity consulting company that supports enterprise transition towards a more inclusive workplace through art.

We are proposing **empathy training** and **artist talks discovery** to unveil the power of art and increase the creativity and problem-solving skills of your workforce.

While the evidence demonstrates the negative effects of forced training, we agree that only self-motivated change-makers can create a flourishing environment for themselves and their peers.

We also believe that it is easier to get attracted and motivated by a ludic and stimulating activity than a presentation whose simple objective is to change one's behaviour.

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[12] The Financial Times, *"How is Generative AI driving business reinvention?",* https://businessreinvention.live.ft.com/ , Accessed on 4th January 2024

Therefore, we invite companies and their workforce to participate in co-created sessions introducing art and technology as empathy-, sensitivity- and alertness enablers to share emotions and initiate actions towards intersectionality implementation and creativity enhancement.

You can join our program or initiate a conversation with our team here and follow our social media, LinkedIn, and Instagram.

Bryan Bovey, CEO, The Homage Group

This article is written as part of the research of The Homage Group on EDI and the power of creativity in increasing diversity.