



Cuts to investment in diversity threaten gains

Reducing funding and staff could undermine progress since George Floyd's murder

Taylor Nicole Rogers MARCH 8 2023



Raymonte Jackson of asset manager T Rowe Price says many black professionals recognise improvements since 2020, but stress that 'the work is not done' © Andrew Mangum for the FT

US businesses are cutting back on their investments in diversity and inclusion as fears of recession grow — in a shift that experts say risks reversing the progress made since George Floyd's murder in 2020.

The number of companies in which staff reported having access to diversity programmes — such as resource groups supporting minorities — fell to 41 per cent in 2022 after two years of gains, says employer review website Glassdoor. Diversity teams have been hit by redundancy programmes in the tech industry.

Twitter, Meta and online real estate broker Redfin have all let go of members of their inclusion teams since the start of the year.

Racial equity became a top priority for corporate America after Floyd's murder sparked a global racial reckoning. Chief executives who had seldom before spoken out on racism — including JPMorgan Chase's Jamie Dimon and Bank of America's Brian Moynihan — did so. Some 271 US companies pledged \$67bn towards racial equity work, according to a tally of public promises compiled by consultants [Creative Investment Research](#).

As companies rushed to hire chief diversity and inclusion officers — in some cases, for the first time — the roles became more in demand than any other corporate function, says Anne Loftus, a director at executive search firm Leathwaite.

But spending began to slow last year amid questions about the impact of diversity programmes and budget cutbacks. "We see waves of interest in the market," she says. "People were sort of over-headhunted and getting a lot of calls."

The slowdown comes as diversity professionals struggle to prove their value to chief executives. There is little evidence to show whether US companies' investments in racial equity have paid off.

One sign of progress is that the share of companies with at least one person of colour on their boards grew from 32 per cent in 2020 to 35 per cent in 2022, according to a Harvard Law School study. Several large corporations have also expanded Black History Month celebrations and added paid days off for "Juneteenth", which commemorates the end of the slavery in the US and became a federal holiday in 2021.



A 'Juneteenth' march organised by the One Race Movement in Atlanta, Georgia, in 2020, commemorating a landmark in the ending of slavery on June 19 1865 © Joe Raedle/Getty Images

Many black Americans criticised the move as a “consolation prize” instead of substantive reforms. However, Raymone Jackson, the global head of diversity, equity & inclusion at T Rowe Price, the asset manager, says a lot of black professionals think their experiences in corporate America have improved since businesses beefed up their diversity teams in late 2020.

However, it is not clear how much of that is due to increased cultural awareness or the work of diversity officers themselves. Academic research has found that many popular diversity programmes, such as sensitivity training and cultural celebrations, do little to reduce discrimination in the workforce. “[Black professionals] say they have appreciated the tighter focus and the programmatic pieces that are necessary to lift their experience,” Jackson says, but adds: “They tell me directly . . . the work is not done”.



President Joe Biden signs the Juneteenth National Independence Day Act into law in the White House in 2021, making June 19 a federal holiday © Drew Angerer/Getty Images

Jackson and other diversity professionals say they are working to shift their focus to expanding career pathways for black employees and addressing growing resistance to anti-racism projects from white staff.

While Jackson is not expecting cuts to his budget at T Rowe Price, he says many diversity leaders facing cutbacks will probably start by streamlining their most expensive initiatives, such as recruiting trips to historically black colleges and universities, and sponsorships at business conferences for black professionals. Other businesses are combining their diversity functions with their sustainability teams, Loftus says.

Even when a company's diversity budget remains intact, broader spending and job cuts can hamper diversity goals. Research firm Revelio Labs found that women and Latino employees were hit hardest in last year's tech job cuts. Women comprise 39.1 per cent of the US tech industry but accounted for 46.6 per cent of job losses from September to December, researchers found. Latinos, who account for 10 per cent of tech workers, were 11.5 per cent of those dismissed. Two former Twitter employees filed a lawsuit in December, alleging that women were unfairly targeted in its November job cuts.

Diversity professionals were more in demand in 2020 than those in any other corporate function

But not everyone in the industry is discouraged by reports of cutbacks. Loftus says that when corporate investment in diversity peaked in 2021, many diversity officers were being poached from their posts before they could make substantive changes.

"It has calmed down a bit, and that is probably a good thing," Loftus says. "All of this work is incremental and leaders cannot accomplish anything if they are recruited away overnight."

Marissa Andrada, the former chief diversity, inclusion and people officer at Chipotle Mexican Grill, says businesses that are the most serious about diversity could be the ones with the smallest dedicated inclusion teams.

"If you embrace diversity, equity and inclusion as part of who you are as a company, as your purpose and also your business strategy, then you don't need this layer of a diversity figurehead and then these diversity people to create programming," she argues.

Copyright The Financial Times Limited 2023. All rights reserved.