



Maintaining Diversity & Inclusion During Workforce Reductions

The COVID-19 pandemic has been incredibly disruptive to organizations, with many having to make the difficult decision to reduce their workforce as a result of lost revenue. Companies that are going through layoffs have to contend with a multitude of complicated issues, and often neglect to take into consideration the impact those actions will have on diversity and inclusion in the workplace.

Research shows that women and minorities have historically been disproportionately impacted during layoffs, and that during the first half of this year, unemployment is rising fastest for women and people of color¹. The net result is that layoffs, while undertaken to strengthen a company during a period of crisis, ultimately pose a substantial reputational risk given growing pressures for actionable D&I policies and commitments in the wake of widespread unrest over racial inequality and injustice.

These risks can be mitigated through approaches that incorporate and even elevate D&I objectives while simultaneously helping the company reduce headcount and manage expenses. When performed thoughtfully and transparently, companies making the difficult decision to let employees go can emerge with a re-formed organizational structure that capitalizes on the benefits of having a diverse workforce.



Understand your organization's diversity

By using rigorous workforce analytics, organizations can examine metrics such as representation, which provides a measure of employee diversity at a fixed point in time, to identify where in the organization the diverse employees currently are. Knowing how diverse talent develops in your organization and which roles are vital to providing upward mobility for diverse employees is also important to understand how diverse employees progress in the organization. These “diversity pockets” need to be maintained during layoffs so as to not hinder the growth and promotion of future diverse leaders. For example, middle managers, usually the level most affected by layoffs, play a pivotal role in mentoring diverse junior employees who then grow to become leaders who will nurture the next generation of high potential diverse talent.

This does not mean that all diverse individuals must be protected from layoffs. It is likely that even with an eye toward maintaining workforce diversity, some employees from underrepresented groups will be let go. What is critical is that managers are armed with insightful data about workforce composition, informed about the importance of maintaining a diverse talent pipeline, and make smart decisions as a result.



Make sure layoffs are managed by inclusive leaders

Inclusive leaders are invested in maintaining and leveraging diversity for the benefit of the organization. When leaders who are making decisions about layoffs do so with an inclusive mindset, they are able to make conscious trade-offs that prioritize diversity. Doing so requires a clear awareness of individual bias on the part of the decision maker, and an understanding of how bias can relate to behavior evaluation, stereotyped perceptions, and performance/potential assumptions.

Organizations that fully consider the impact of each layoff decision in the context of D&I, with a goal of being inclusive, can preserve their organization's historical D&I investments, and help continue that work in the future.

1. Kalev, Alexandra. 2014. “How You Downsize Is Who You Downsize: Biased Formalization, Accountability, and Managerial Diversity.” *American Sociological Review* 79(1):109-135



Reinforce your commitment to D&I

It is crucial that employees hear from leadership about the company's commitment to diversity and inclusion even during layoffs. This can include ensuring the workforce that the organization is focused on attracting and developing talent from multiple backgrounds, providing specific development programs, and creating exposure for diverse talent – all of which can be done in a challenging economic environment. Leaders across the organization needs to recommit to the D&I goals and be transparent in discussing the effect that layoffs have had in the company's culture, and the steps leaders took to mitigate any potential unintended and undesired loss of diverse employees.

At a time when external stakeholders are demanding that companies lean into their public remarks about D&I, and employee concerns quickly become public knowledge, reinforcing your company's commitment to D&I and openly discussing the actions leaders took to maintain a diverse workforce is essential.



Prepare for the recovery phase

Once layoffs are decided and implemented, it is essential that leaders begin preparing for the recovery phase. Understand the effect of the layoffs on your company's D&I agenda and what damage may need to be repaired. Establish a scorecard to take a data-driven approach to D&I strategy and allow for thoughtful measurement and analysis of talent representation. This scorecard can be crucial for understanding the effects of the layoffs on the organization and to identify the areas where investments in re-building a diverse workforce are most critical.

Over the long-term, having inclusive leaders and equitable practices ensures that employees feel higher levels of belonging. Leaders will always be faced with tough talent decisions, but those decisions can be made while minimizing the effect on your company's diversity.

AUTHORS

AZRA GUL is a member of Russell Reynolds Associates' Leadership & Succession practice. She is based in New York.

RUBEN HILLAR is a member of Russell Reynolds Associates' Leadership & Succession practice. He is based in Washington, DC.

DIANA HORN is a member of Russell Reynolds Associates' Leadership & Succession practice. She is based in Copenhagen.

TINA SHAH PAIKEDAY leads Diversity & Inclusion advisory services as a member of Russell Reynolds Associates' Leadership & Succession practice. She is based in San Francisco.

ERIC WIMPFHEIMER leads Russell Reynolds Associates' Leadership & Succession practice knowledge team. He is based in New York.

About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

www.russellreynolds.com



GLOBAL OFFICES

AMERICAS

- Atlanta
- Boston
- Buenos Aires
- Calgary
- Chicago
- Dallas
- Houston
- Los Angeles
- Mexico City
- Miami
- Minneapolis/St. Paul
- Montréal
- New York
- Palo Alto
- San Francisco
- São Paulo
- Stamford
- Toronto
- Washington, D.C.

EMEA

- Amsterdam
- Barcelona
- Brussels
- Copenhagen
- Dubai
- Frankfurt
- Hamburg
- Helsinki
- Istanbul
- London
- Madrid
- Milan
- Munich
- Oslo
- Paris
- Stockholm
- Warsaw
- Zürich

ASIA/PACIFIC

- Beijing
- Hong Kong
- Melbourne
- Mumbai
- New Delhi
- Shanghai
- Singapore
- Sydney
- Tokyo