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How the Forbes "America's Best Employers for Diversity" Listing Actually Tells Us Nothing About Corporate Diversity, Equity and Inclusion: The Case of Maximus

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November 1, 2023

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Executive Summary

In this report, we take a detailed look at the methods used to determine the *Forbes* list of "America's Best Employers for Diversity." Based on the principles of survey and social research, we examine the data used, how it was collected, and analyzed to determine the DEI rankings. We look specifically at Maximus as a case study for our assessment. As we will document, this research is deeply flawed on a number of dimensions, and in no way can it be considered a valid assessment of firms' actual efforts at diversity, equity, and inclusion, nor their outcomes.

- The research to determine inclusion in the listing does not examine any actual data about diversity, equity, or inclusion in the companies evaluated.

- Instead, the research relies on employees' attitudes and their individual assessments of DEI. Even in a very carefully conducted survey, the attitudes of individuals may say very little about actual corporate behavior.

    - Further compromising the survey data is that we do not know how many employees completed the survey or who they are. This casual inclusion of anyone who responded violates the basic principles of survey research that those included in the sample should mirror the entire firm.

    - Additionally, the data includes responses from people who work at other firms. The inclusion of these data cannot be considered a valid assessment of DEI of a firm where they do not work.

- The DEI ratings also evaluate the diversity of the firm's board of directors. Unfortunately, this score is incomplete in that it only includes gender and no other types of racial and ethnic diversity.

    - Data from the Morgan Stanley Group provide objective information on the board and corporate governance. Despite Maximus's #13 rating on the

Forbes list, MSG identifies issues with the board and rates it far lower than their peer group.

- The Forbes listing also includes assessing the firm's releasing of data on DEI. This is a long way away from demonstrating that actual changes at the corporate level have been made. While this is an important first step, including these data indicates the very low floor Forbes is setting for commitments to DEI.

- Also included in this listing is whether firms have diversity-based employee resource groups. Again, while this may be an important first stage, what needs to be assessed is not just the presence of a diversity committee but its actual activities in the workplace as related to promoting DEI.

- A cursory review of the Forbes list of only ten hours of internet research on the top 50 on the list identified 12 firms with significant DEI violations that should have disqualified them, including Maximus.

- The robustness of *Forbes* data is questionable, given its inclusion of casual survey data, a poor assessment of board diversity, and failing to disqualify DEI violators

    - For example, there is virtually no overlap (how much) with the *Fortune* list on diversity.

    - It is highly suspect that Maximus jumped up 207 spaces in a single year, indicating a high volatility in the data.

- In conclusion, we cannot rely on the Forbes Diversity listing as an objective measure of Diversity, Equity and Inclusion. It is little more than a public relations tool, for which high listers can pay Forbes to promote their firm.

Diversity, equity, and inclusion (DEI) have quickly become the new corporate buzzwords. Corporate America has been scrambling to develop policy statements and strategic plans to address issues of inequality and buttress their reputations as good corporate citizens. *Forbes* reports that corporations based in the U.S. spent $3.4 billion in 2022 to address DEI.[1] They go on to ask the most important question. "While many of these financial investments in the U.S. were made in an attempt to address the countless racial and socioeconomic inequalities in our workplaces and communities – which were reignited during the pandemic and in the wake of events such as George Floyd's death in 2020 – has the spending led to meaningful change?"[2]

To answer this question, *Forbes* used the market research firm Statista to compile their sixth listing of "America's Best Employers for Diversity." Inclusion on this and similar lists takes center stage on company websites and social media. Companies display their scores as badges of honor and real markers of their commitment to diversity. These ratings have quickly become significant components of corporate public relations around diversity and inclusion.

For example, Maximus, a leading provider of government services, jumped 207 spots on the Forbes 2023 list to #13. This top place on the Forbes list is everywhere in Maximus's PR materials. Michelle Link, Chief Human Resource Officer, suggests, "This ranking and DE&I favorability scores that rose to 79% on our 2022 employee engagement survey are indications that we're making progress."[3]

Overall, the research done for *Forbes* sounds impressive. "To determine the rankings, Statista surveyed more than 45,000 people in the U.S. working for businesses with at least 1,000 employees. Participants were asked to anonymously rate their organizations based on criteria such as age, gender, ethnicity, disability and LGBTQ+ equality, as well as general diversity." In addition to these surveys, "…each company's diversity-related best practices—such as the presence of employee resource groups, the publication of diversity data and the percentage of women in board and executive positions—were reviewed and incorporated into the rankings." In a new twist, in this year's Forbes listing, "Respondents belonging to underrepresented groups were also asked to recommend businesses other than their own."

In this report, we take a detailed look at the methods used to determine the *Forbes* list of America's Best Employers for Diversity. Based on the principles of survey and social research, we examine the data used, how it was collected, and analyzed to determine the DEI rankings. We look specifically at Maximus as a case study for our assessment. As we will document, this research is deeply flawed on a number of dimensions, and in no way can it be considered a valid assessment of firms' actual efforts at diversity, equity, and inclusion, much less the outcomes that such efforts are presumably intended achieve.

What Data is Used to Construct the Forbes List?

What is surprising is that Statista does not examine any actual data about diversity, equity, or inclusion in evaluating the companies. They do not analyze any data from the firms themselves on corporate diversity, equity, and inclusion. Nor do they analyze any information about the firms from third parties such as EEOC.

Instead, the research relies primarily on employees' attitudes and their individual assessments of DEI. As Forbes details, "Participants were asked to anonymously rate their organizations based on criteria such as age, gender, ethnicity, disability and LGBTQ+ equality, as well as general diversity."[4] Of special note here is that the survey focuses on employee attitudes and not on actual employer behaviors and outcomes in the workplace, which would be a more direct measure of DEI. The survey research literature is very clear that attitudes are quite distinct from assessing behavior.

Robinson and Leonard write, “Respondents’ own perceptions or their sense of others’ perceptions of them may get in the way of accurate reporting.”[5] They continue, “One type of bias, called social desirability bias, can make respondents reluctant to tell the truth about any behaviors or attitudes that could be perceived by others as negative or unflattering, or they may be more likely to overestimate responses about positive behaviors and underestimate responses about negative ones.”

Further compromising the survey data is that we do not know how many employees completed the survey for each firm or who they are. The goal in all survey research is that the people filling out a survey look just like the overall group being studied. This ensures reliable and valid findings. As sociologist Floyd J Fowler argues in his *Survey Research Methods*, “One fundamental premise of the survey process is that by describing the sample of people who actually respond, one can describe the target population.”[6] Without more information about respondents, there is no way for us to evaluate the representativeness of those completing the survey.

From a survey research perspective, it would be best if Statista drew a random or stratified sample of employees to respond to its survey to ensure representativeness and avoid bias. However, this is not how the process worked. Instead, employees at firms “volunteered” to participate. What we don’t know is actually how many people participated in each firm or who they were,

What is equally unclear is the role that firms played in “encouraging” workers to participate, raising serious red flags. A responsible employer would take this opportunity to select a representative sample of employees to participate in this study to assess how they are doing on diversity issues. However, the design of the study does not prevent diversity-washing and a firm surveying only office positions and not manufacturing jobs, choosing from the most diverse division or where diversity training has been implemented. Given that inclusion on these lists is so coveted, what stops a company from cherry-picking who is selected to participate?

Additionally, this year, in a very surprising move, *Forbes* and Statista include responses from people who work at other firms. These individuals do not have any direct experience with the firms, only indirect impressions from friends, family, or social media and it is a puzzle why they are included in the analysis. Therefore, these data cannot be considered a valid assessment of the DEI of a firm where they do not work.

One accepted way of evaluating corporate diversity is to look at its Board of Directors. The composition of the board often reflects a firm's values and its commitment to diversity. The *Forbes* ratings now include a measure of board diversity. However, they only include analysis by gender and make no other effort to gather other types of data on racial and ethnic diversity. This is a deeply flawed assessment of board diversity.

There are more objective measures available on corporate boards and corporate governance. The Morgan Stanley Group ESG Ratings provides objective information on the board and corporate governance. Despite Maximus's #13 rating on the Forbes 2023 Diversity List, MSG identifies issues with the board and rates it significantly lower than their peer group. [7]

The Forbes listing also assesses if the firms release their own data on DEI. This is a long way away from demonstrating that actual changes have been made at the corporate level. While this is an important first step, including these data indicates the very low floor Forbes is setting for commitments to DEI. It is important to note here that these data released by firms were not analyzed by Statista for the diversity listing.

Also included in this listing is whether firms have diversity-based employee resource groups. Again, while this may be an important first stage, what needs to be assessed is not just the presence of a diversity committee but its actual activities in the workplace as related to promoting DEI. Is this a committee that meets annually with an agenda set by management, or does it meet monthly with full employee participation that problem-solves around issues of diversity, equity, and inclusion? This is the kind of data we need, that real change is taking place, not just an indication that a committee exists.

Why Some Companies Should Not Be on the List

As we have reviewed, Statista rates firms based on employee surveys, board composition, whether the firm disclosed data on diversity, equity, and inclusion, and the presence of employee resource groups. Because they do not gather data from the firm directly or from third parties, what we have discovered is that firms have been placed on the lists that have significant, and in some cases serious, DEI infractions. While Statista may look at other data on the firm, it is clear that they have not done their due diligence in accessing company records and disqualifying violators.

We did not put the companies on the Forbes list under a microscope. Instead, we spent a total of ten hours doing some general internet searching on the top 50 companies on the *Forbes* list. We were able to identify infractions at twelve firms that should have disqualified them from the list. This includes Maximus.

In the case of *Tucker v. Maximus*,[8] Aug. 2022, an employee sued Maximus for hostile work environment, gender discrimination, age discrimination, disability discrimination, and retaliation. In July 2022, *Richardson v. Maximus*[9] a suit was filed for discrimination based on race and sexual orientation by an executive who claims harassment from a supervisor, being undermined in public meetings, having most of their subordinates transferred from them following an acquisition, and retaliation upon reporting. Court filings from this suit reveal Maximus' own, internal ethics investigation quotes two witnesses as saying, "there appears to be a systemic problem with discrimination within the Maximus leadership team." Maximus agreed to an out-of-court settlement with the plaintiff to avoid a trial concerning the racial discrimination charges.

In March 2023, a joint CWA-NAACP study found that despite making up 48% of Maximus' low-wage frontline workers, Black and Latina women are only 5% of the company's top executives, an indicator of alarming racial and gender disparities that starkly contradicts the notion that Maximus is a leader in diversity, equity, and inclusion. The same study notes that Maximus' shareholders voted for a racial equity audit *against* the opposition of its Board of Directors.[10] These indicators do not indicate a willing partner in DEI efforts, but rather a reluctant participant.

In terms of other firms that should be disqualified, TD Bank, #2 on the Forbes list, faced a racial discrimination suit in 2022 which is still active. #30 on the Forbes list, Ulta, was sued by a former employee in 2022 for racial discrimination and retaliation after using the company's EEO hotline to report her concerns. In June of the same year, Ulta settled with the North Dakota U.S. Attorney's office following an Americans with Disabilities Act lawsuit for refusing entry to a woman with a service animal. Procter & Gamble settled an employment discrimination lawsuit with the Department of Justice merely a month after appearing as #12 on the Forbes list. Some firms' "commitment to diversity" has been government-mandated: Marriott, #46 on the Forbes list, was levied a $630,000 fine by the Department of Labor and compelled to offer jobs to 49 applicants out of 250 the company was found to have discriminated against. With these oversights in mind, it is unclear what incentive companies on the *Forbes* list have to avoid infractions if they will not affect their standing. Details on all the other violators are below.

<u>Other Listees with Incidents</u>

TD Bank, #2 on Forbes List

Blount v. TD Bank, originally filed August 2022, partial dismissal but partially upheld in appeal September 2023[11]

Citigroup, #8 on the Forbes list

Given $1.4 million penalty for gender discrimination against a broker in FINRA arbitration in June 2022.[12]

Booz Allen Hamilton, #10 on the Forbes list

Cosmann v. Booz Allen Hamilton, Inc., in active litigation, begun in August 2022 for ADA discrimination against an employee's requests for remote work due to migraines. Still pending initial judgement.[13]

Procter & Gamble, #12 on the Forbes list

Department of Justice settlement May 2023: Procter & Gamble was named among 30 companies that posted jobs that only accepted U.S. citizens as applicants despite not being a prerequisite for the work. Paid $8,930 in settlement.[14]

Verizon Communications, #21 on the Forbes list

Associated Press/MarkUp report October 2022: named as one of the ISPs offering exorbitant prices for slow internet in disproportionately poor and minority communities. Verizon denies these allegations.[15]

As of September 2023, facing EEOC suit for ADA discrimination in Maryland.[16]

Ulta, #30 on Forbes List

Curet v. Ulta, September 2022: employee filed suit for racial discrimination and retaliation, having been subject to arbitrary discipline following a report on the former charge to Ulta's EEO hotline.[17]

Department of Justice ADA Settlement June 2022: Ulta employees refused an individual with a service animal from entering the store.[18]

Salesforce, #36 on the Forbes list

Currently being sued by a former DEI executive for discrimination.[19]

Thermo Fisher Scientific, #43 on the Forbes list

Caison v. Thermo Fisher Scientific: Had active litigation in 2022 from a Black employee for discrimination and retaliation. Retaliation has since been dismissed in September 2023, but the discrimination portion has been allowed to proceed.[20]

Marriott International, #46 on the Forbes list

Department of Labor settlement September 2022: Fined $630,000 after it was found that a convention center in Nashville run by Marriott discriminated against 250 Black, Asian and female applicants—49 of whom the DOL stipulated be offered jobs as part of the settlement.[21]

Gilead Sciences, #50 on the Forbes list

Mr. S. Beltsos v. Gilead Sciences Ltd and Mr. T. Whitehead: Ordered to pay £35,000 to a UK employee for violation of Section 26 of Equality Act 2010[22]

Questions About the Robustness of the *Forbes* Data

Given its inclusion of casual survey data, a poor assessment of board diversity, failure to analyze diversity and equity data, and failing to disqualify DEI violators, the robustness of *Forbes* data is questionable. One way to measure this is to compare the Forbes listing with a similar one done at *Fortune*. As we can see below, what is shocking is that there is virtually no overlap between the lists. For example Maximus, #13 on the Forbes listing is nowhere to be found on *Fortune*'s "100 Best Companies to Work for." The methods that Fortune uses are similar to Forbes, but they employee a different methodology. However, that these two lists are so divergent questions the validity of either.

It is also highly suspect that Maximus jumped up 207 spaces in a single year on the *Forbes* list. This would have required Herculean efforts at improving diversity, equity and inclusion, significantly outpacing 206 other firms. There is no evidence supporting this claim, and, in fact, we identified ways in which Maximus should be disqualified from the listing. What this huge jump in the listing indicates is a high volatility in the data.

Company in Forbes Top 20	**Forbes Place**	**Fortune Place**
Progressive	#1	#54
TD Bank	#2	N/A
TIAA	#3	#95
Air Products & Chemicals	#4	N/A
Clorox	#5	N/A
Humana	#6	N/A
Interpublic Group (IPG)	#7	N/A
Citigroup	#8	N/A
Williams-Sonoma	#9	N/A
Booz Allen Hamilton	#10	N/A
Intel	#11	N/A
Procter & Gamble	#12	N/A
Maximus	#13	N/A
ICF International	#14	N/A
Levi Strauss & Co	#15	N/A
Cummins	#16	N/A
TTEC	#17	N/A
Mastercard	#18	#93
The Hartford	#19	N/A
Brown-Forman	#20	N/A

Conclusions

We have documented a number of serious methodological issues in the construction of the *Forbes* "America's Best Employers for Diversity." It begins with their reliance on attitudinal data based on employee surveys rather than collecting direct data in DEI. Their measure of board diversity is incomplete, and the presence of a diversity committee or the release of company data on diversity are indications of the low bar that Forbes sets for DEI. Furthermore, a significant number of employers on the top 50, should have been disqualified for DEI violations that we have documented.

Given that the *Forbes* and *Fortune* listing are almost mutually exclusive, we have to ask what the Forbes list is really measuring? And that a single firm could jump 207 places in a single year indicates just how volatile these data are. From our analysis it is clear that we cannot rely on the Forbes Diversity listing as an objective measure of diversity, equity and inclusion.

It is little more than a public relations tool, for which high listers can pay Forbes to promote their firm. While listees do not pay for placement on the Forbes list, they can elect to pay for "enhanced features" on their listing online, giving them a prominent label in the list as well an extended explanation of their ranking. Though not a conflict of interest on its own, the ability to pay for a more visible listing in Forbes' ranking is indicative of the primary purpose of such lists: burnishing companies' DEI bona fides for good PR without critically examining their real efforts at equity and inclusion.

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