

The Effects of Diversity, Equity, and Inclusion (DEI) Policies on Fairness and Efficiency in Education and Government

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Abstract

Diversity, Equity, and Inclusion (DEI) policies have become central to many educational, corporate, and even government institutions, yet many argue that they give an unfair advantage to certain groups, leading to the elimination of DEI programs from the US government and institutions across the US. This study investigates the impact of DEI initiatives on fairness and institutional performance through a comparative review of seven peer-reviewed studies. Using a mathematical fairness theory (Dwork et al., 2011; Kleinberg et al., 2016), this study provides recommendations for implementing DEI policies that can improve institutional performance while ensuring fairness.

Keywords

Diversity, Equity, Inclusion, Fairness, Institutional Performance, Mathematical Fairness Theory, Education, Government

1. Introduction

Diversity, Equity, and Inclusion (DEI) policies have been a popular topic of discussion on employment policies, government contracting, and even college applications. The purpose of DEI policies is to promote fairness and opportunity, yet many institutions have taken advantage of DEI policies to promote corporate image instead of their original intent of diversity and equity. Moreover, DEI initiatives are promoted to eliminate discrimination and welcome people of all sorts, yet in doing so, many argue that they achieve no real practical advantage or even hurt the opportunities of those who deserve it.

A 2023 NBC News poll found that 49 percent of Americans oppose DEI programs, while 48 percent support them. The main argument against DEI policies

was that they give an unfair advantage to minority groups and unjustly hurt those who deserve the opportunity.

This research addresses two main questions:

- 1) How can DEI policies ensure fairness and equality of opportunity?
- 2) When do DEI policies enhance institutional performance?

To objectively measure fairness, we will apply the Lipschitz condition for fairness from [Dwork et al. \(2011\)](#), meaning a decision is fair if similar individuals are treated similarly. In addition, individuals must also be treated consistently based on their relevant criteria (such as work experience and education) rather than demographic characteristics. Institutional performance refers to the measurable outcomes of an organization, including productivity, innovation, and decision accuracy.

This study answers these two questions in five steps: why DEI policies matter, what the main contentions about DEI initiatives are, how to use game theory to balance DEI and fairness, and recommendations for future DEI policies.

2. Literature Review

We conducted a comparative review of the literature on Diversity, Equity, and Inclusion (DEI) policies across different fields. The goal of this literature review is to connect different domains of institutional practice (such as education, government, business, and justice) to produce metrics for the effectiveness and net impact of DEI practices in these areas.

We searched peer-reviewed journal articles on JSTOR and Google Scholar using variations of “diversity, equity, inclusion”, “fairness”, “bias”, and “institutional performance”. Articles included in our review had to meet three criteria:

- 1) Comparative method: The articles had to provide a measurable or qualitative comparison between the non-DEI and DEI environments (the impact of DEI policies), which was evidenced either in performance or equity results.
- 2) Relevance to fairness: The articles had to address fairness as a concern or a value when using DEI policies.

In total, this paper analyzed seven peer-reviewed articles published between 2006 and 2024. To compare these studies, we first analyzed their institutional outcomes, such as revenue gained or talent-retention rate. Then, we analyzed their effect on fairness. This method highlights the advantages and disadvantages of current DEI models by directly comparing outcomes while keeping in mind the concern of fairness and equality, which is the original purpose of DEI policies (as evident in its name).

3. Why Do We Care about Diversity?

At its core, diversity is about bringing together people with different identities, experiences, and perspectives. A 2023 post on Diversity Social by [Ricee \(2023\)](#) outlines some of the most notable benefits of diversity, including enhancing creativity and innovation, better decision-making, encouraging learning, improving

performance, and fostering inclusion and social cohesion.

Empirical research backs this up. A [McKinsey & Company \(2023\)](#) report analyzing over 1260 companies in 23 countries found that organizations in the top quartile for both gender and ethnic diversity in executive teams were 9% more likely to outperform financially, while those in the bottom quartile were 66% less likely to do so. Another quantitative study in 2014, analyzing Taiwan Region’s fashion industry by Lu et al., found that age diversity strengthens team autonomy, cooperation among team members, and even attracts customers from a broader age demographic. Even in a larger social context, [Bai et al. \(2020\)](#) and her team at Princeton analyzed the interactions between different ethnic groups in the United States and found that exposure to diversity reduced perceived differences between different ethnic groups and improved subjective well-being and more positive intergroup stereotypes. This pattern also holds outside of business. In courtrooms, [Sommers \(2006\)](#) studied real and simulated jury deliberations and found that mixed-race juries made fewer factual errors and were more willing to raise issues of race, compared to all-white juries ([Figure 1](#)).

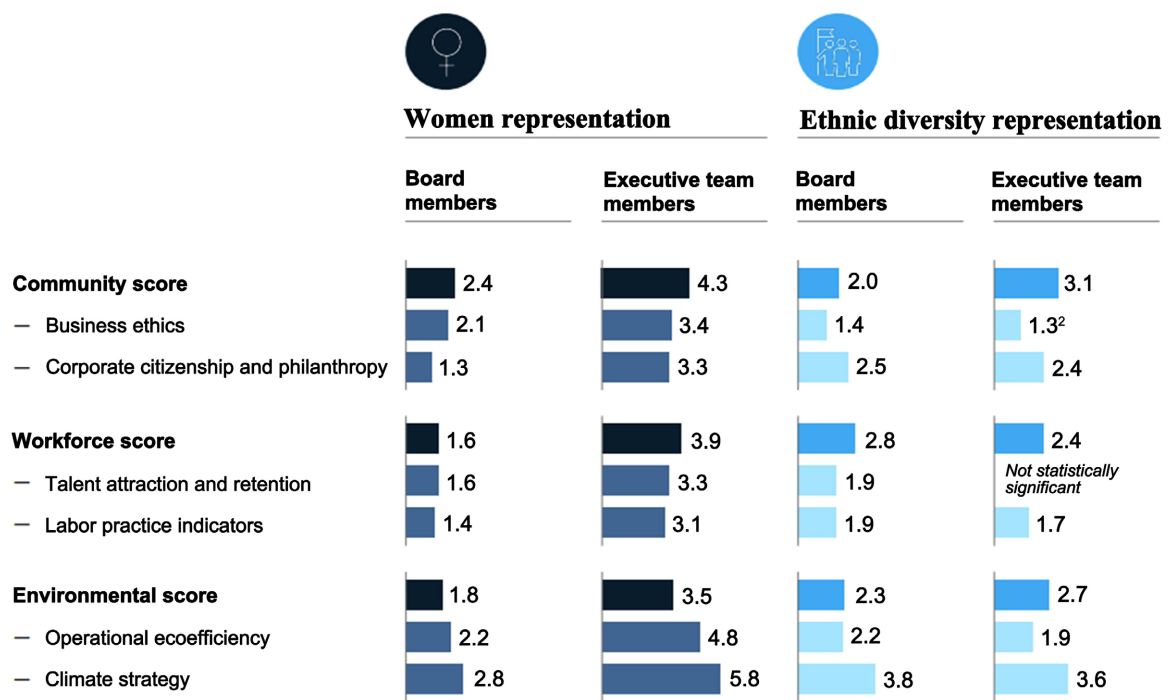


Figure 1. McKinsey & Company (2023): Correlation of representation on leadership teams with a sample of holistic impact metrics.

The same phenomenon appears in economics, specifically in the stock market. Diversification is one of the most important strategies for investing. Investors diversify their portfolios to minimize risks, but not just in any way. Banks invest in a multitude of different financial products that respond to the market in opposing ways, such that when one stock fails, its counterpart will balance out the loss. Investors do not diversify based on CEO demographics or the country of origin; they

choose based on functionality and practicality. Likewise, not all kinds of diversity are equally relevant in every situation.

4. Controversies about Diversity

There are two main issues with today's DEI policies that have yet to be addressed.

First, as diversity becomes more trendy among businesses and government sectors, more people jump on the bandwagon to increase their company's image or comply with government regulations to get more funding than for its original purpose of increasing minority representation. This bias can lead to many premature and overgeneralized conclusions in research. If you take a closer look at all the literature surrounding diversity, there are many studies suggesting diversity creates negative effects—a 2023 study done by Andriessen and her team surveying Dutch citizens in the Netherlands on their attitudes about ethnicity found that greater exposure to diversity in social environments was associated with increased intergroup tensions and more negative attitudes toward immigrants among the majority population. Similarly, a 2023 study on various job application website traffic by [Nichols et al. \(2023\)](#) observed that job applicants tended to view less demographically diverse workplaces as more desirable, suggesting that diversity policies perceived as symbolic or performative may unintentionally deter top-tier candidates.

Secondly, even if we accept that diversity is good for businesses, those benefits alone should not justify diversity policies. Taking a purely utilitarian view—where diversity is valued only when it improves productivity—overlooks the ethical and social aspects of fairness. For example, many colleges reject highly qualified candidates to shape a more diverse incoming class. Instead, we need to consider a more nuanced framework—one that balances diversity, fairness, and equity, without reducing diversity to just a tool for organizational performance.

One of the most persistent criticisms of diversity is the idea of reverse discrimination. When we try to uplift disadvantaged groups, we unfairly harm those who are overrepresented. During COVID-19, some cities prioritized early access to vaccination for marginalized communities. While well-intentioned, these policies led to delays in more densely populated areas, raising concerns about the fairness and effectiveness of these policies. If we aim to be diverse, we might hurt the opportunities of the “majorities”; yet if we remove diversity, we hurt those who are at a disadvantage. To this end, we are picking the lesser of two evils.

But is that really the case? Do we have a third option?

5. Fairness in Game Theory

We can look at social choice theory to answer this question. The impossibility result from [Kleinberg et al. \(2016\)](#)—a computationally grounded, mathematical study—tells us that if the average success rates differ between groups, as they often do due to historical differences and resource inequalities, then it is mathematically impossible to satisfy all notions of group fairness. In other words, policies must make trade-offs: Policies that help one group will almost always affect another.

But this does not mean we have to give up on fairness altogether.

A 2011 study in mathematical fairness theory by Dwork et al. found that by using a combination of relevant attributes, it is possible to design a selection process that treats individuals fairly and consistently. For instance, schools can adopt a weighting system that factors in academic achievements alongside social and family background or life circumstances. While this may still lead to unequal outcomes across demographic groups, such disparities reflect genuine differences in opportunity rather than bias in the decision-making.

What do these two studies tell us in the real world? First, we need to distinguish between a fair selection process and equal access to opportunity. Conflating these two ideas is part of why diversity programs, such as racial quotas, have faced significant backlash, particularly when they appear to favor group identity over individual merit. Instead, we can adopt a more well-rounded decision-making process, such as a holistic review of each candidate's personal background and academic record, and pair it with broader policy interventions, like early outreach, targeted support, and preparation programs, that reduce the underlying disparities between groups. In this way, fairness remains mathematically grounded and transparent, while also promoting meaningful diversity over time.

The two studies point to something important for how we design diversity policies. Dwork et al. (2011) show that fairness works best when it is applied to people as individuals—if two people are similar in ability and background, they should be treated about the same. Kleinberg et al. (2016) show that we cannot make every group perfectly equal at the same time if their starting conditions are different. In other words, no policy can fix every inequality all at once.

Together, these results tell us how to move forward: we should focus on individual fairness when we make decisions such as hiring, admissions, or promotions, and tackle group differences by improving access and opportunity earlier on. That means being transparent about what counts as a fair comparison and ensuring that institutions do not hide behind vague quotas. The next section applies these ideas to real DEI policies that have been tested in government and business.

6. Diversity Policies

If fairness means treating similar people the same, then DEI programs should start by defining what “similar” actually means. For example, in college admissions, that might include GPA, course difficulty, and family background. In hiring, it might mean education, experience, and performance reviews. Once those factors are clear, decisions can be checked to make sure people with comparable profiles are getting similar outcomes. This is how Dwork's model can be used in practice—it gives institutions a concrete way to measure whether their process is fair.

Kleinberg's findings are a warning about what happens next: even a fair process can produce uneven results if different groups start from different baselines. That's why diversity policy can't stop at the point of selection. To make fairness real, we have to change the conditions that create those baseline gaps in the first place—

things like unequal access to education, mentorship, or early career opportunities.

For example, instead of requiring companies to meet a quota for underrepresented groups, a fairness-based rule could give applicants a “context score” that reflects the obstacles they’ve faced—like underfunded schools or family income. People with similar academic or job performance would then have similar chances of being selected, but those who succeeded despite fewer resources would get an extra boost. This keeps decisions merit-based while still accounting for unequal starting points.

Another way to use these ideas is through auditing. Institutions could run fairness checks on their admissions or hiring data. If two candidates with nearly identical records are consistently getting different results, that is a sign the process violates Dwork’s fairness rule. These audits could be done yearly and published so that organizations are held accountable.

Finally, to address the broader inequality Kleinberg describes, governments and schools can invest in programs that raise the baseline for disadvantaged groups—such as early tutoring, vocational training, or scholarships. Over time, that makes it easier for fairness-based rules to work without heavy-handed quotas.

The goal is not to make everyone’s outcome identical—it is to ensure the process is fair and the opportunities to reach the bar are equal. That is how we connect mathematical fairness to real-world policy: define what counts as a fair comparison, test whether institutions follow it, and fix the deeper inequalities that make those comparisons uneven.

In recent years, many governments have enacted diversity programs to help bridge the gap between minority groups and the broader population. For example, Germany’s 2016 leadership quota law (FüPoG I) requires large listed companies to reserve 30% of supervisory board seats for women. Although the law remains in effect and was expanded in 2021 (FüPoG II), researchers and EU reports note that progress has been slow and often symbolic, as many firms appoint only the minimum required number of women.

In the United States, California passed Assembly Bill 979 in 2020, which required each company or organization to have at least one board member from an underrepresented community. This was eventually struck down by the Los Angeles County Superior Court in 2022 for violating the Equal Protection Clause.

These results suggest that diversity laws are ineffective at increasing minority representation at best, and could even harm work environments at worst. Instead, policies promoting minority representation should aim for the root problem—solving the decades-long problem of systemic inequality. For example, a 2019 study on targeted education programs in schools by Goyer et al. finds that negatively stereotyped boys achieve better discipline with educational interventions during school. This demonstrates that early and sustained investment in education can produce lasting benefits for marginalized communities, which levels the playing field for the disadvantaged (**Figure 2**).

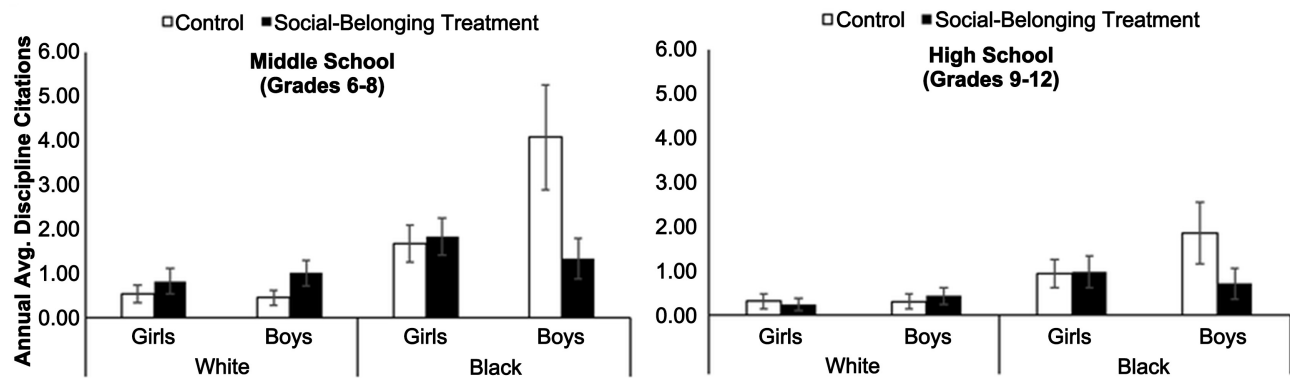


Figure 2. Goyer et al. (2019): Discipline performance by negatively stereotyped boys with and without targeted education programs between grades 6 and 12.

True diversity isn't about meeting quotas or promoting a company's image; it's about uplifting those who have historically been excluded. There are many ways to promote diversity without sacrificing fairness, such as hosting cultural exchange programs, organizing diversity dialogues, encouraging cross-cultural collaboration, or adopting innovative practices developed by scholars from underrepresented regions. All of these are possible and great ways to promote diversity without creating unfair treatment.

More importantly, governments and institutions must address the root causes of inequality. Free education, vocational training, family support grants, and early academic interventions can provide marginalized groups with the tools they need to succeed on equal footing. Real diversity means expanding opportunity, so that people from all backgrounds can compete and thrive, not be placed or tokenized.

7. Conclusion

Diversity is celebrated in schools, companies, and governments—but quietly resisted in sports, the Navy, surgical specialties, in places where performance and tradition are demanded and seen as untouchable. Diversity is valuable, but only if it doesn't affect performance, only if it doesn't disrupt the team, only if it doesn't come at a cost, only if it makes sense. But these "only ifs" are exactly why inequality still exists today.

True diversity is not about meeting quotas or scoring PR wins. True diversity is not about hurting those who are privileged to help those who are not. It's about addressing the root causes of structural inequality—investing in education, creating opportunities, and ensuring fair evaluation. It's not about lowering standards, but opening the gate so more people have a real chance to meet them.

Just at the start of this year, President Trump signed a memorandum removing the "Diversity, Equity, Inclusion, and Accessibility" core precept from foreign service tenure and promotion criteria. Not long after, the administration also ordered the gradual shutdown of several functions of the Department of Education (DOE). Even though we do not need superficial checkboxes, we still need some way to uplift the historically disadvantaged. The true value of diversity lies not in creating

artificial constraints but in helping those in need. Therefore, a different approach could be to reform the DOE to provide extra support to those in need, shut down illegitimate diversity programs that unjustly punish qualified candidates, and provide business incentives for proper DEI policies that broaden people's perspectives and embrace real differences.

Diversity is fashionable. It is also valuable if done right. Diversity is not a means to boost the image of any organization, and any attempt to do so is unjust. Diversity is how we create equal opportunities and access for the marginalized whose voices we have neglected in the past. In Martin Luther King's words, "We are all God's children". It is time we not only care about those who are similar to us, but also those who seem unfamiliar.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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