

# Time to act

Seven principles for effective diversity,  
equity and inclusion data collection



# About this report

*Time to act: Seven principles for effective diversity, equity and inclusion data collection* is an Economist Impact report that is sponsored by Zellis. It explores how data can be used for the advancement of diversity, equity and inclusion (DEI); employee perspectives of DEI initiatives and sharing of personal data in the workplace; and actions employers can take to advance DEI in their workplaces. The report is based on a survey of 1,000 employees in the UK and Ireland working across five sectors: manufacturing, financial services, retail, technology and other services. The survey was conducted in July and August 2021.

## Expert interviews

To supplement the survey results, Economist Impact conducted an in-depth interview programme with DEI experts and senior executives in September and October 2021. We thank the following individuals (in alphabetical order) for their time and valuable insights:

- **Zaheer Ahmad**, Global head of inclusion and diversity—consumer healthcare, GlaxoSmithKline
- **Fleur Bothwick**, EMEA director of diversity and inclusion, Ernst & Young
- **Binna Kandola**, Senior partner and co-founder, Pearn Kandola
- **Amanda McCalla-Leacy**, Global managing director—inclusion and diversity, Accenture
- **Katy Murray**, Director, Catalyst Collective
- **Maria Angelica Perez**, Head of diversity, equity and inclusion, Fitch Group
- **Ade Rawcliffe**, Group director of diversity and inclusion, ITV
- **Dan Robertson**, Director, Vercida Consulting
- **Amanda Scott**, Director of talent, learning and D&I, CompassGroup
- **Natalie Sigona**, Head of diversity and inclusion, BAE Systems

# About Economist Impact

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# Executive summary

Workplace diversity, equity and inclusion (DEI) measures transform an organisation. A more diverse workforce and inclusive environment increases company profitability, strengthens talent retention and attraction, and improves product strategy and development. A 2018 Boston Consulting Group study found that firms with greater diversity on their management teams generate almost 20% higher revenue from new products and services developed than those with below-average levels of diversity.<sup>1</sup> Companies that do not embrace DEI are at risk of falling behind. They lack varying perspectives, limit the talent they have access to, may face lower employee-retention rates, and are at risk of public backlash and regulatory intervention. Yet, companies are still too slow in their embrace of DEI. A 2020 McKinsey report confirms this: globally gender diversity in leadership teams increased by only 1 percentage point from 2017 to 2019, from 14% to 15%, and ethnic minority representation rose from 12% to 14%.<sup>2</sup>

The success of DEI programmes depends on good-quality data. Data enables companies to identify areas of poor DEI-related performance and develop fact-driven solutions. Ade Rawcliffe, group director of diversity and inclusion at ITV says that organisations can set themselves DEI goals, but “won’t know if [they’ve] met those targets unless you give [them] the data”.

Data is central to DEI efforts, yet it is notoriously difficult to collect. The reasons

behind employee hesitancy to disclose personal information and experiences with employers include lack of clarity around how the data will be used; confusion over why the data is necessary; concerns regarding anonymity, data storage and protection; and fears of negative consequences of disclosure on job safety and career advancement. Ultimately, it is lack of trust in an employer that discourages disclosure.

While some companies manage to successfully collect data on their employees’ characteristics and experiences, many fall short. This data gap severely inhibits their ability to make effective DEI interventions. However, these firms cannot hide behind employee unwillingness to share data as an excuse for poor DEI-related performance: an Economist Impact survey of 1,000 employees in the UK and Ireland found that the majority of employees are willing to disclose diversity data to their employers, and that this willingness is especially pronounced when employees perceive that their organisations have made significant progress in encouraging DEI in recent years.

With employee willingness to share diversity data on the rise, it is the role of companies to take action. First, they must focus on becoming more inclusive: employees in non-inclusive workplaces are less likely to feel comfortable sharing their data. Organisations must create a culture where the voice of each employee, regardless of background, is valued. People from minority backgrounds in terms of gender,

<sup>1</sup> <https://www.bcg.com/en-us/publications/2018/how-diverse-leadership-teams-boost-innovation>

<sup>2</sup> <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

sexuality, ethnicity, race and religion, as well as individuals with disabilities, must feel safe and welcome in the workplace. It is only then that companies will be able to collect comprehensive data from their employees and make progress on diversity.

To further encourage data sharing, companies must then regularly communicate with their employees, ensuring that employees understand how the data will be used and why it needs to be collected. Firms must embed data collection as part of a company-wide cultural transformation, and ensure that it covers all identity characteristics and avoids broadly grouping together characteristics. Finally, companies must employ data-collection processes that are simple and continuous.

This report explores how the rapidly changing DEI discourse is developing, discusses the role of data in DEI initiatives and examines employee perspectives on sharing personal data with employers. It then considers actions that employers can take to encourage data-sharing and hit DEI targets. Key findings include:

- **The discourse around DEI has changed.**

The culture of DEI has shifted considerably in the past few years, against a backdrop of various social and political movements. Employees are placing increasing importance on workplace culture and values. They are more vocal about demanding change when it comes to DEI and the fair treatment of all colleagues. DEI is no longer only good for business; it is increasingly being seen as the right thing to do.



- **However, progress on DEI remains slow.** Despite the recent waves of public commitment to increasing DEI and reducing institutional bias, underrepresented communities remain marginalised in the workplace, and companies remain unaccountable. Our survey finds that more than three-quarters of employees (77%) agree that their organisations do a good job of treating people equally and being inclusive, regardless of their minority characteristics—but minority groups do not share such positive views.

- **The success or failure of DEI depends on good-quality data.** Data eliminates uncertainty and roots organisations' DEI-related discussions in evidence. The monitoring of DEI metrics is critical to the development of impactful DEI initiatives, enabling companies to hold themselves to account, design policies that apply to the specific demographics of their employees, and improve employee retention, progression and engagement.

- **The majority of employees are willing to share data.** Our survey finds that three-quarters of UK-based employees and 62% of Ireland-based employees have been asked to disclose personal data pertaining to their demographic characteristics by their current employers, and a majority are willing to share this data. Over two-thirds (70%) of UK-based respondents and 60% of Ireland-based respondents are "likely" or "very likely" to participate in such processes, while only 9% and 13% are "unlikely" or "very unlikely" to.

- **However, employers must take action to make sure that all employees feel comfortable disclosing data, regardless of their characteristics.** Not all employees are equally comfortable with disclosure.


Those identifying as a minority are more inclined to be "very likely" to participate than employees who do not. But willingness varies among minority groups: only a third of racial and ethnic minorities and employees with a cognitive/mental or physical disability are "very likely" to participate, for instance, compared with 44% of individuals identifying as LGBTQ+.

- **There is a correlation between where progress has happened and willingness to share data.** It is difficult for a firm to encourage employees to disclose data if it has a poor track record on DEI. Over two-fifths (43%) of employees in organisations that have made significant progress are "very likely" to participate, compared with only a quarter of employees in organisations that have made less than significant progress. But poorly performing firms need data in order to make the "right" DEI interventions.
- **To improve their performance on DEI, firms must first focus on increasing inclusion in the workplace.** To encourage data sharing, companies must work to create an inclusive culture where employees feel welcomed and valued regardless of their personal characteristics. Initiatives to advance inclusion include ensuring a whole-of-company approach to DEI—through which all employees are consulted and engaged in the development of programmes—and acknowledging the overlapping nature of identities, ensuring that programmes do not address minority groups in siloes.

## What can companies do to drive higher disclosure?

Seven key principles of good data collection:





**“A failure to recruit and retain people from a variety of different backgrounds and identities would waste the talent that is naturally distributed across all communities.”**

Binna Kandola, senior partner and co-founder, Pearn Kandola

# Section 1:

## The DEI landscape today

### DEI has been on the agenda for decades

The importance of DEI in the workplace is well documented, and initiatives to improve it have been on company agendas for years. Amanda McCalla-Leacy, global managing director for inclusion and diversity at professional services firm Accenture, explains that her company's dedicated taskforce was established "30 years ago due to a desire to represent the communities that we serve, making sure that we have the broadest possible representation and the best talent". But the importance of DEI is stronger than ever. Between 2018 and 2019,

it was estimated that job postings for DEI professionals increased by 106% in the UK.<sup>3</sup>

### DEI is fundamental to the financial performance of organisations

Why is DEI in the workplace so important? Business psychologist Professor Binna Kandola, co-founder of diversity consultancy Pearn Kandola has the answer: "The people behind a company are its greatest asset. A failure to recruit and retain people from a variety of different backgrounds and identities would waste the talent that is naturally distributed across all communities."

Increasingly, employees are searching for a "values fit" when considering a potential employer, and an inclusive environment is a key consideration as they plan their careers. Two-fifths (39%) of respondents to a 2020 McKinsey survey reported that they have decided not to pursue or accept a job because of a perceived lack of inclusion at that organisation.<sup>4</sup> Pivotal moments, such as the murder of George Floyd in 2020, says Dan Robertson, director at Vercida Consulting, a DEI consultancy, "have accelerated a new conversation where people are saying that they want their organisations to be tuned into how they, as diverse individuals, think, feel and experience the world." Organisations that are able to articulate their inclusive cultural values will be far more successful in attracting diverse talent, he says.

#### What is meant by diversity, equity and inclusion in the workplace?

**Diversity:** A diverse workplace is one that acknowledges the benefit of having a range of perspectives in decision-making and in which the workforce is representative of the organisation's customers, comprising individuals with a range of characteristics, such as gender, religion, race, age, ethnicity, sexual orientation, education and socio-economic class.<sup>5</sup>

**Equity:** An equitable workplace is one in which all employees have equal opportunities and support to succeed and grow, regardless of their characteristics.<sup>6</sup>

**Inclusion:** An inclusive workplace is one in which employees' differences are valued and used to enable everyone to thrive at work. Employees feel that they belong without having to conform, that their contribution matters and they are able to perform to their full potential, no matter their background.<sup>7</sup>

<sup>3</sup> <https://www.cnbc.com/2020/01/02/demand-for-diversity-and-inclusion-professionals-set-to-rise-in-2020.html>

<sup>4</sup> <https://www.mckinsey.com/business-functions/organization/our-insights/understanding-organizational-barriers-to-a-more-inclusive-workplace>

A diverse and representative workplace has the perspective to create solutions and products that best serve people. According to Ms McCalla-Leacy, significant innovations, such as the development of seatbelts and airbags, were not produced with a diverse group of users in mind. And, even in 2018, almost 80% of the UK's design workforce was male.<sup>8</sup> Unsurprisingly, personal protective equipment (PPE)—the primary defence for healthcare professionals on the front-line of the Covid-19 pandemic—was designed to fit men.<sup>9</sup>

Companies must sell the “best” products in order to maximise sales and profits, and the “best” products are those that cater to all people. And so, the “business case” for workplace DEI initiatives continues to hold importance. Evidence suggests a link between the level of DEI in the workplace and company profitability: the UK government's Department

for Business, Energy & Industrial Strategy estimated in 2016 that the total benefit to the UK economy from full representation of black and minority ethnic individuals in the workplace is £16.8bn (US\$23.2bn) per year.<sup>10</sup>

### But DEI is, more importantly, the right thing to do

For many, the enduring appeal to profitability in the wake of seismic cultural and political shifts is dissatisfying. “Black Lives Matter, [the] #MeToo [movement], and the COVID-19 pandemic acted as wake-up calls to organisations as to the ‘why’ of DEI,” says Ms McCalla-Leacy. DEI is a dynamic, constantly evolving field, and, ultimately, the conversation has moved from “there is a business case for DEI”, says Amanda Scott, director of talent, learning and D&I at CompassGroup—a British foodservice company—to “DEI is the right thing to do, and it makes business sense as well”.

And yet, companies remain unaccountable. Despite public commitments to improvement, underrepresented communities remain marginalised in the workplace. Looking beyond profitability and the “business case” reveals a deep need for change, leaving those responsible for advising on such initiatives, such as Katy Murray, director of Catalyst Collective, a consultancy that aids leaders who want to shift the dial on DEI, asking: “How can we transform the world of work to enable people to thrive and flourish?”

# 39%

**of respondents to a McKinsey survey decided not to pursue or accept a job because of a perceived lack of inclusion at that organisation.**

Source: McKinsey



<sup>5</sup> <https://www.cipd.co.uk/knowledge/fundamentals/relations/diversity/factsheet#ref>

<sup>6</sup> <https://www.forbes.com/sites/forbeshumanresourcescouncil/2019/08/15/the-difference-between-workplace-equity-and-equality-and-why-it-matters/?sh=6673eb7b3d31>

<sup>7</sup> <https://www.cipd.co.uk/knowledge/fundamentals/relations/diversity/factsheet#ref>

<sup>8</sup> <https://www.designcouncil.org.uk/resources/report/design-economy-2018>

<sup>9</sup> <https://www.independent.co.uk/news/uk/home-news/coronavirus-ppe-women-wrong-size-doctors-nurses-uk-cases-a9476766.html>

<sup>10</sup> <https://www.gov.uk/government/statistics/bme-individuals-in-the-labour-market-analysis-of-full-representation>

## Section 2:

# Data—the critical first step

### Organisations need data in order to undertake the right DEI interventions

The quality and efficacy of companies' DEI initiatives can be hard to measure. In many cases, organisations are unaware of the scope and scale of the issue and their areas of weakness; in others, there is no tangible way to measure the impact of existing initiatives. Without this information, targeted improvement is impossible.

The antidote to this problem is good-quality, systematically collected data. "If you do not have data that shows where the bias or discrimination is, it's impossible to implement effective DEI strategies," says Mr Robertson. To implement successful strategies, organisations must understand the make-up of their workforce, how employees feel they are treated, and how this make-up and its feelings change over time.

But collecting personal data alone is not enough. According to Mr Kandola, companies must also gather information on employees' daily experiences: "These experiences are in

many respects the things that give employers information on the way they need to tackle these issues because they hear what is actually going on from their employees."

### Employee willingness to share data is on the rise

Companies can no longer attribute poor DEI performance to a lack of data. An Economist Impact survey of 1,000 employees in the UK and Ireland finds that employers are asking about DEI—three-quarters of UK-based employees and just under two-thirds of Ireland-based employees have been asked to disclose data pertaining to their demographic characteristics. A majority of employees are willing to share this data: 68% of respondents said that they are "likely" or "very likely" to participate in such processes. While those who identified as a minority group are even more inclined to be "likely" or "very likely" to participate (75% compared with 66%), the still-high willingness to participate among employees that do not identify as belonging to a minority group suggests that fears regarding "positive discrimination" are minimal.

### The role of data in DEI

Data helps organisations to:



## Section 3: Concerns regarding data-sharing and possible remedies

### Employee willingness to share data is tied to their company's progress on DEI

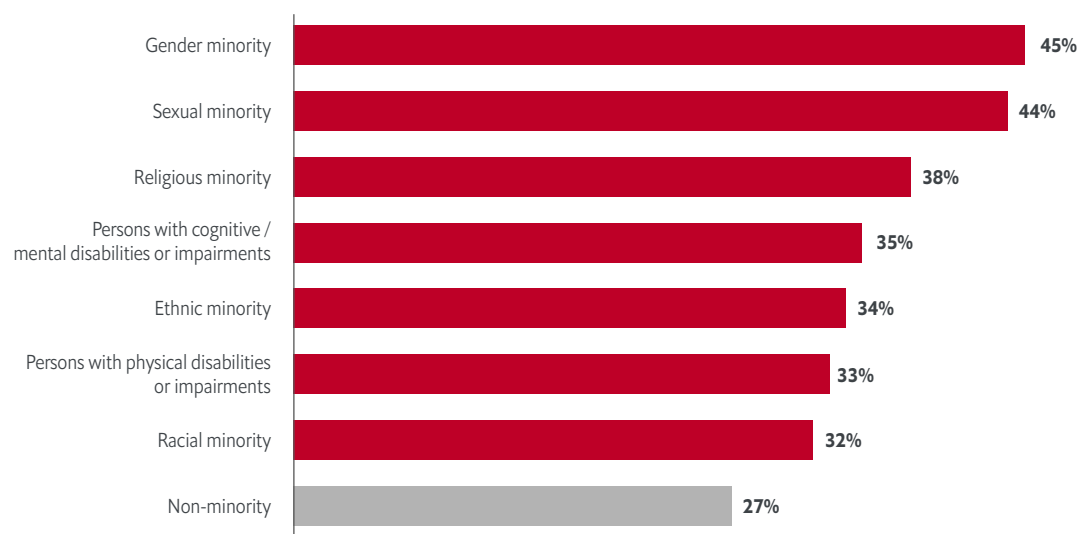
Despite their general willingness to share data, employees still have concerns. Respondents in organisations that have made less progress in encouraging diversity and inclusion in recent years are less willing to share personal data: only 42% of employees that believe their organisations have made no progress are “likely” or “very likely” to participate in data sharing, compared with 66% of employees who believe that their organisations have

made some progress. Reluctance also varies between minority groups: just a third of racial and ethnic minority workers and employees with a disability are “very likely” to participate in data collection, compared with 45% of those belonging to gender minorities (see Figure 1).

Before companies can improve their DEI, they must understand the factors behind some employees' unwillingness. “These range from concerns about how HR is going to use this data to concerns around who is going to see it,” says Maria Angelica Perez, head of diversity, equity and inclusion for Fitch Group.

**Figure 1: To share or not to share**

% of each minority group that say they are “very likely” to participate in employer-run processes to gather personal data on diversity



Source: Economist Impact survey.



## Concern 1: A lack of communication

### Employees are unclear about how their data will be used and why it needs to be collected

Dissatisfaction with employers' communication levels is employees' primary concern around sharing personal data. One-third of respondents to our survey cited a lack of clarity about how the data will be used and why it needs to be collected as the biggest deterrent to data-sharing (see Figure 2).

Lacking a clear rationale for how and why a company needs employee data may mean that "employees do not consider it to be of any relevance to their situation, aspirations or position within the organisation," says Fleur Bothwick, EMEA [Europe, the Middle East, India and Africa] director of diversity and inclusion at Ernst & Young (EY).

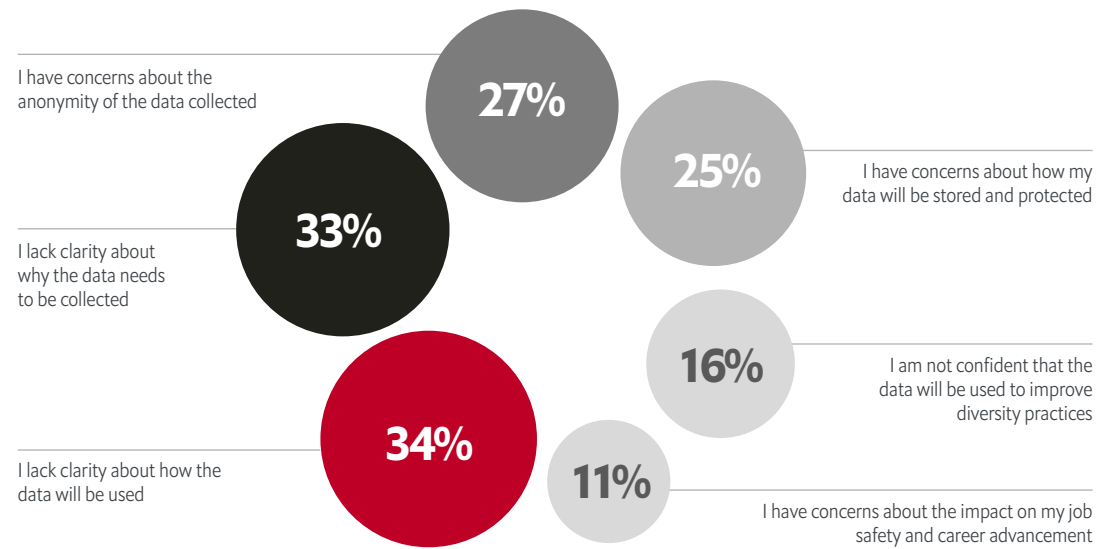
This is particularly the case for those with a disability. "Employees may feel it is unnecessary for their employer to be aware

of their disability unless they need a special adjustment, such as a screen reader or flexible hours," says Ms Bothwick. Our survey results confirm this: just one-third of employees with a disability are "very likely" to participate in data-sharing compared with 45% of gender minorities and 44% of employees identifying as LGBTQ+. Ade Rawcliffe adds that unclear communication around data collection creates other misunderstandings: "Often people don't necessarily know that what they're living with would be classed as a disability."

These misunderstandings extend to the sharing of personal data that has previously gone unaddressed in the DEI space. "People still do not quite feel comfortable giving data on their socioeconomic background," says Ms Rawcliffe. "Diversity data collection is a journey", she states, and employees must understand why they are being asked to share data that may initially feel odd to them.

## Figure 2: Unaddressed concerns

What do you regard to be the main factor discouraging you from disclosing personal data to your employer?  
(% of respondents)



Source: Economist Impact survey.

### Employees have fears about whether data will be attributable to them and who will be able to see it

Communication is closely tied to data protection, anonymity and confidentiality, which is another area of concern. According to our survey, over a quarter of employees are worried about “the anonymity of the data

collected” and “how the data will be stored and protected”. Employees who believe that there is risk associated with the sharing of demographic data are less willing to disclose. “In all organisations, you need the trust of your staff in order for them to give you their diversity data”, says Ms Rawcliffe.

**“The conversation has moved from “there is a business case for DEI” to “DEI is the right thing to do, and it makes business sense as well”.”**

Amanda Scott, director of talent, learning and D&I, CompassGroup



## Solution 1: Communicate regularly and with a consistent narrative

### Companies must be clear with their employees about how the data will be used

To achieve high disclosure rates, firms need to prioritise full transparency and communication on why they are collecting data to build trust. Our survey finds that the most popular actions that employers can undertake to increase disclosure are “providing clear explanations of how the data would be used” and “providing assurances of confidentiality and/or anonymity”—as cited by 44% and 43% of respondents respectively (see Figure 3). “Organisations must take the time to position the request for data carefully and make sure employees are clear on why they are asking for this data, how it will be used, and what impact it may have,” says Ms Bothwick.

Communication is critical, as employees have a desire to understand how they will benefit from data sharing. According to Ms McCalla-Leacy, employees are more likely to participate “if [they] understand that you’re using the data to make sure that they are progressing at the same rate as other groups and that their pay is equal to other groups, or that they would be able to take advantage of certain development programmes.”

And, as data collection efforts are undertaken, employers must provide updates to their employees on the activities that are underway from when the data is collected until when the outputs are revealed. “Employees must feel connected to the work,” says Ms Murray. “When asked to model new behaviours, managers are far more likely to make the change when they can connect with the rationale behind it”, she adds.

### Figure 3: Comfort is key

What actions do you think your employer should take to help employees feel more comfortable disclosing personal data? (% of respondents)



Source: Economist Impact survey.

## Concern 2: A non-inclusive culture

### Employees lack the trust that the data they share will not be used against them

A non-inclusive culture is a significant deterrent to employees disclosing their personal data. This is particularly true among minority groups who have not experienced inclusivity in the workplace. Such experiences can lead to a perception that disclosing

personal data could result in an increased risk of facing consequences. For example, our survey revealed that 39% of employees identifying as LGBTQ+ have concerns regarding the impact of disclosure on their “job safety and career advancement”, compared with 8% of employees who do not identify with a minority group.

### Employees have greater fears disclosing “invisible” identity characteristics

Employees, particularly in non-inclusive workplaces, are more reluctant to share data on an aspect of their identity that is not visible or immediately obvious to their colleagues. Our survey shows that employees feel least comfortable sharing data on characteristics that are invisible, including a cognitive/mental disability or impairment, economic background and socio-economic class (see Figure 4).

The benefit to the UK economy from full representation of black and minority ethnic individuals in the workplace is



**£16.8bn per year**

Source: UK Government Department for Business, Energy & Industrial Strategy

**“ In all organisations, you need the trust of your staff in order for them to give you their diversity data”**

Ade Rawcliffe, group director of diversity and inclusion, ITV

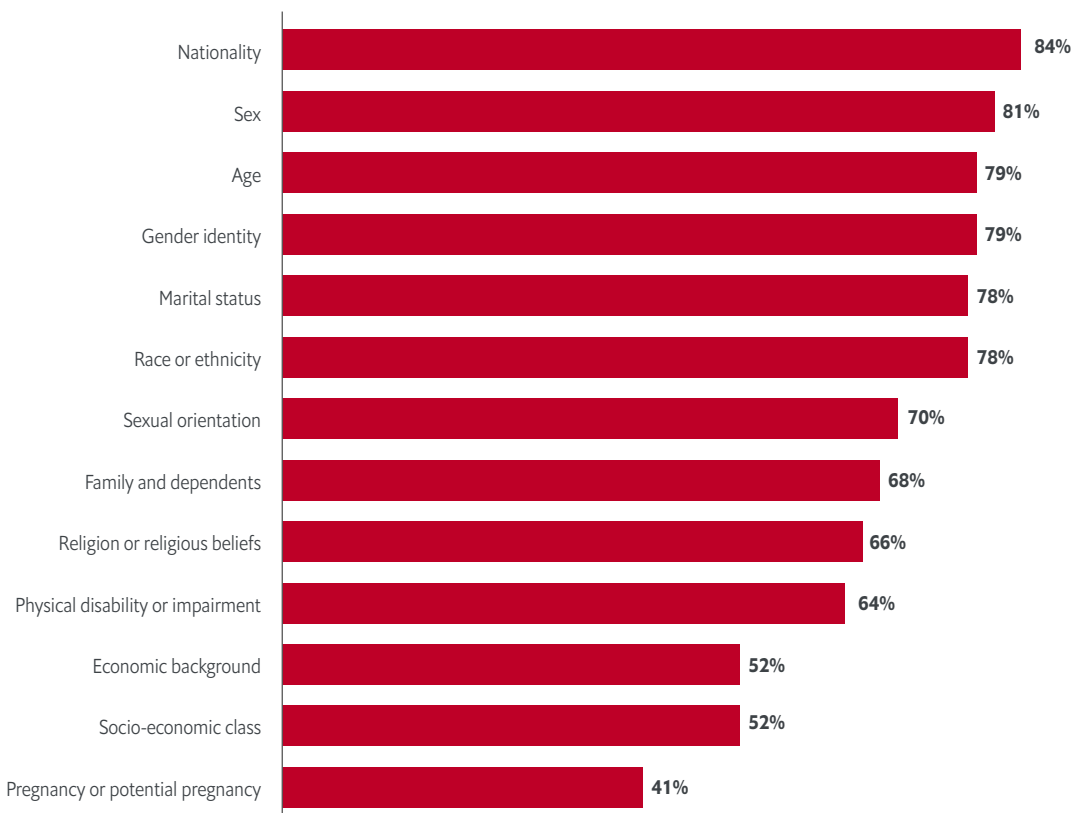


According to Ms McCalla-Leacy, Accenture has less accurate data on persons with disabilities. Although a fifth of the population of the UK has a disability, and approximately four-in-five of those disabilities are not apparent, employees living with such disabilities are particularly reluctant to disclose this to their employers. It is no surprise why: adults with

autism, a spectrum disability affecting each individual differently, face the lowest employment rate of any disability category in the UK.<sup>11</sup> And only a quarter of respondents to the UK government's 2021 Disability Survey felt that their promotion opportunities were the same as their colleagues.<sup>12</sup>

#### Figure 4: Out of sight, out of mind

% of employees that feel "comfortable" or "very comfortable" sharing each type of personal data



Source: Economist Impact survey.

<sup>11</sup> <https://hiddendisabilitiesstore.com/autism-employment-gap>

<sup>12</sup> <https://www.gov.uk/government/publications/uk-disability-survey-research-report-june-2021/uk-disability-survey-research-report-june-2021>

## Solution 2: Revise anti-discrimination policies and mechanisms for reporting and communication

### Companies must foster an inclusive workplace in which all employees feel valued and heard

To be successful in data collection efforts and, in turn, make progress on diversity, companies must first focus on becoming more inclusive. A recent Chartered Institute of Personnel and Development report highlights the importance of fostering an inclusive workplace environment beyond diversity-minded policies such as hiring quotas.<sup>13</sup> “In addition to a culture more orientated towards DEI, a large part of our commitment focuses on embedding inclusion into our policies, processes, systems and behaviours,” says Natalie Sigona, head of diversity and inclusion at BAE Systems. It is inclusive practices—which build a culture where employees feel valued and can thrive—that are the key drivers of change. It is not enough for diverse talent to be hired, it must be equally valued.<sup>14</sup>

One in three respondents to our survey cited “providing visible evidence of the organisation’s dedication to creating a fairer and more inclusive organisation” as an action that employers could undertake to increase employees’ comfort with disclosure. According to Ms Rawcliffe at ITV, “companies must show that they want both a diverse and inclusive workforce. These things go hand in hand.” Employees who believe that their organisation has made no progress encouraging DEI are more urgently demanding change, with those who identified with a minority group leading the charge (38% of those who identified with a minority group demanded change, compared with 26% of those who did not).

Our survey results highlight that strengthening anti-discriminatory policies, creating open communication channels for employees to voice inclusion concerns and simplifying processes for reporting incidents of discrimination are the actions designed to increase inclusion in the workplace that employees would most value (see Figure 5).

**68%**

of employees surveyed are “likely” or “very likely” to participate in employer-run data collection processes.

Source: Economist Impact survey.



### Larger companies in particular must make it easier for employees to report discrimination

Our survey reveals that DEI-related reporting mechanisms are perceived as overly complicated in larger organisations, which could limit employee engagement in reporting processes. Over a third (36%) of employees in organisations with more than 5,000

<sup>13</sup> [https://www.cipd.co.uk/Images/building-inclusive-workplaces-report-sept-2019\\_tcm18-64154.pdf](https://www.cipd.co.uk/Images/building-inclusive-workplaces-report-sept-2019_tcm18-64154.pdf)

<sup>14</sup> [https://www.cipd.co.uk/Images/building-inclusive-workplaces-report-sept-2019\\_tcm18-64154.pdf](https://www.cipd.co.uk/Images/building-inclusive-workplaces-report-sept-2019_tcm18-64154.pdf)



employees think that their employers should “simplify processes for reporting incidents of discrimination”, compared with only a quarter of employees in smaller organisations.

The development of open communication channels for employees to voice inclusion concerns has been a focus of various organisations over the past year. According to Ms McCalla-Leacy, since the start of the Black Lives Matter movement, Accenture has been working to ensure that employees feel comfortable raising concerns around a lack of inclusion. To make the process of voicing concerns more transparent, Accenture started

to disclose aggregate-level information on how these complaints were dealt with, and introduced an advocate role to support employees during the process.

**36%**

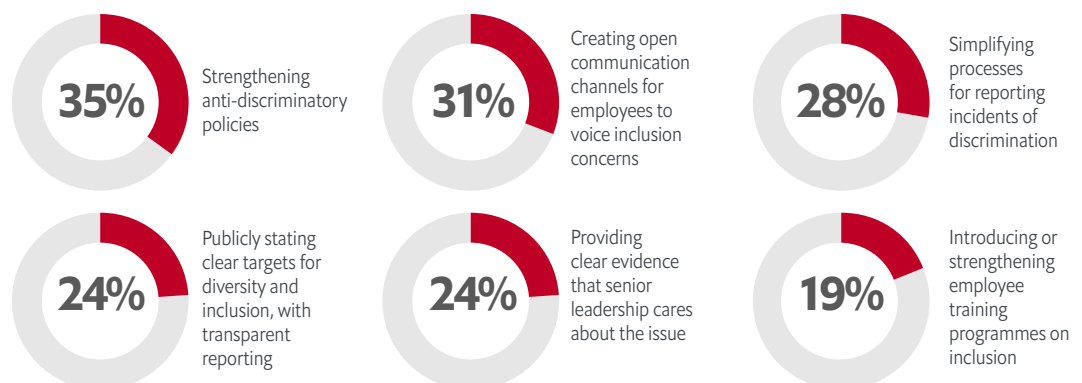


**of employees in organisations with more than 5,000 employees think their employers should simplify processes for reporting incidents of discrimination**

Source: Economist Impact survey.

### Figure 5: In need of change

What actions do you think your employer should take to increase inclusion in the workplace?  
(% of respondents)



Source: Economist Impact survey.

## Concern 3: Slow progress

### Employees are unwilling to share data in companies with a poor track record on DEI

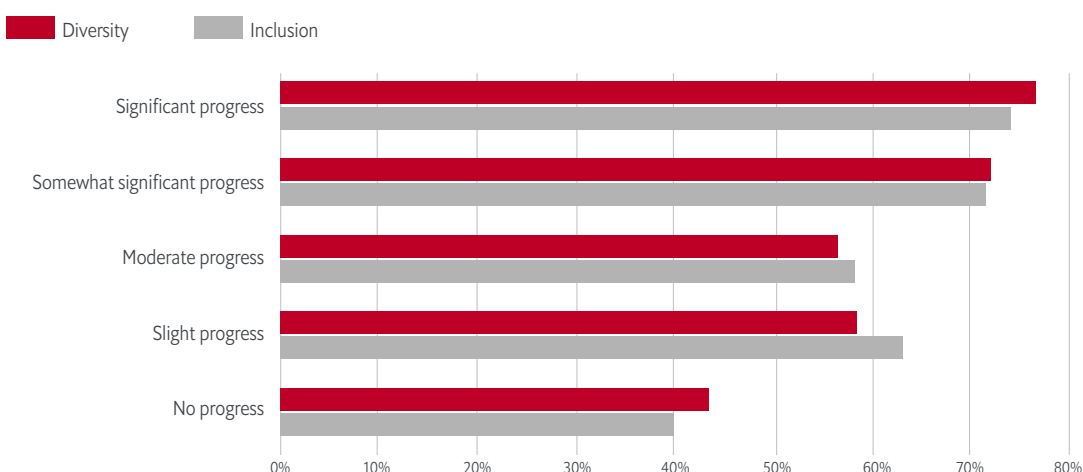
Globally, progress on gender and ethnic diversity has been slow. A 2020 McKinsey report finds that between 2017 and 2019 gender diversity in leadership teams increased by only 1 percentage point (from 14% to 15%), and ethnic minority representation grew by only 2 percentage points (from 12% to 14%).<sup>15</sup> Such lack of progress prohibits personal data sharing. Employees who do not believe that their organisation has made progress in encouraging DEI are less confident that the data they share will be used to improve diversity practices. Almost half (47%) lack such confidence, compared with 13% of those in

organisations that have made more progress. There is a risk of firms finding themselves trapped in a negative cycle, with those that have made less progress facing lower employee participation rates, in turn reducing their ability to achieve their DEI targets (see Figure 6).

Overall, more than three-quarters of employees surveyed agree that their organisations do a good job of being inclusive and treating people equally, regardless of their minority characteristics. A clear majority of employees (65%) also feel that their organisations have made “significant” or “somewhat significant” progress in encouraging more diversity and inclusion.

### Figure 6: High progress, high participation

% of employees that are “likely” or “very likely” to participate according to their perceived level of their organisations’ progress on diversity and inclusion over the past few years



Source: Economist Impact survey.

<sup>15</sup> <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

### Employees identifying with a minority group feel that less progress has been made

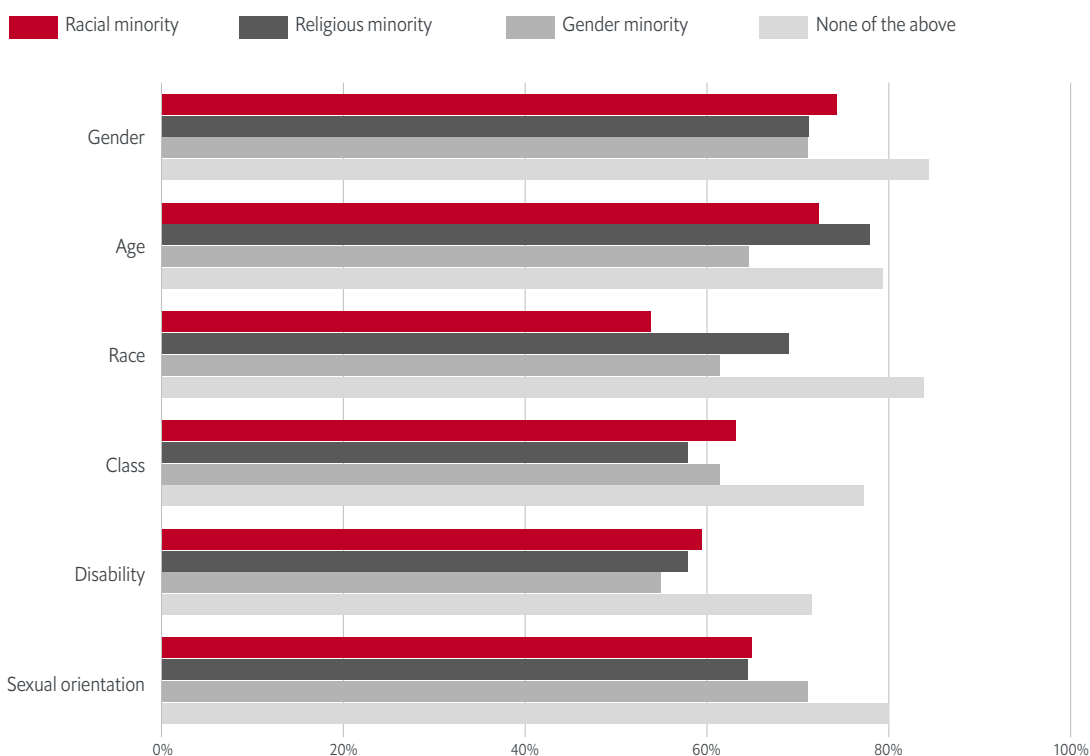
Members of minority groups tend to have more of a negative perception of DEI efforts. Individuals identifying as belonging to a gender-based, religious or racial minority in particular feel that things are much less fair (see Figure 7). Around three-quarters of employees that do not identify as any minority agree that their organisation does a good job of treating people equally regardless of

class (77%) and disability (71%), compared with only 61% and 57% respectively among employees identifying with a gender-based, religious or racial minority.

And these beliefs trickle down to data sharing: although employees identifying as belonging to a minority grouping are more inclined to be “very likely” to participate in data-gathering processes than employees who do not, only 32% of racial-minority workers are “very likely” to participate, compared with 44% of individuals identifying as LGBTQ+.

### Figure 7: Treated unequally

% of employees identifying as a racial, religious or gender minority that feel that their organisation does a good job of treating people equally and including people regardless of certain characteristics



Note: This figure shows that, on the whole, minority groups are more likely to believe that within their organisations they are treated less fairly than non-minorities.

Source: Economist Impact survey.

## Solution 3: Strive for a company-wide transformation

### Companies must frame data collection as part of a company-wide transformation that involves employees of all ranks

Providing change requires a culture reset—a company-wide transformation—not a “tick-the-box” programme.<sup>16</sup> Organisations tend to underestimate the depth of change required, and often adopt a legal-, HR- and DEI teams-led approach. Instead, an integrated approach involving everyone from non-managerial employees and line managers to the leadership team is needed to implement DEI policy that lasts.

At the top, “leaders must continually talk about DEI-related issues in order to allow others to feel that they can talk about them too,” says Ms McCalla-Leacy. It is also crucial that initiatives are implemented and actively upheld by the organisation’s leadership team. “Leadership buy-in must involve more than just signing-off on HR to do the work,” says Ms Murray. “Leaders must take action and change some of their behaviours.”

**“Leadership buy-in must involve more than just signing-off on HR to do the work. Leaders must take action and change some of their behaviours.”**

Katy Murray, director, Catalyst Collective

But there is more to a whole-of-company approach than the work of senior leaders. Local-level initiatives tend to have better participation rates than centrally driven ones, according to Zaheer Ahmad, global head of inclusion and diversity for consumer healthcare at GlaxoSmithKline. The responsibility to implement DEI programmes, he says, ought to lie with line managers. “An email from somebody an employee has never heard of will not resonate, but when the issue is raised by their line manager and an explanation is provided as to why it’s important and needed, the response rate is much more positive.”

A 2020 Boston Consulting Group study of 16,500 employees across 14 countries confirms the importance of local engagement. Just under two-thirds (65%) of those surveyed in companies where the senior leadership team is committed to diversity but their line-manager is not said that they feel able to be authentic at work, compared with 81% in companies where employees see consistent support through all leadership ranks.<sup>17</sup>

Companies also ought to ensure that their non-managerial employees are both engaged in existing DEI measures and able to contribute to the development of new ones. One approach that companies are taking, says Ms Perez at Fitch Group, is “starting to map out the influencers within their companies, almost like a network analysis”. This is helpful, she says, as the organisation is able to target these individuals—who are not necessarily the executive team—to drive some of their DEI initiatives.

<sup>16</sup> [https://www2.deloitte.com/content/dam/insights/us/articles/4209\\_Diversity-and-inclusion-revolution/DI\\_Diversity-and-inclusion-revolution.pdf](https://www2.deloitte.com/content/dam/insights/us/articles/4209_Diversity-and-inclusion-revolution/DI_Diversity-and-inclusion-revolution.pdf)

<sup>17</sup> <https://www.bcg.com/publications/2020/frontline-leaders-make-break-progress-diversity>

## Concern 4: Types of data collection

### Employers are not asking the right questions

Our survey shows that there is a disconnect between the types of data that employees think should be collected and the data that employers are collecting. The most commonly requested data by employers is age, nationality and sex, but employees consider data on race and ethnicity and physical disability or impairment to be the most important for the development and implementation of effective DEI strategy (see Figure 8).

The least frequently collected data types relate to socio-economic class and cognitive/mental disability or impairment (3% of employees have been asked to disclose the former and 12% the latter), which could explain why employees feel that their organisations do a worse job of treating people equally in terms of class and disability than other minority characteristics.

Experiences of types of data collected differ substantially across the geographies in our

study. UK-based employees were significantly more likely to have been asked to disclose data pertaining to race or ethnicity (42% versus 14%) and physical disability or impairment (33% versus 13%) than their Ireland-based counterparts. This might factor into why UK-based respondents are more inclined to be “very likely” to participate in data-sharing processes than those based in Ireland (31% versus 22%).

### Companies’ data collection is often insensitive to individuals’ identities

Organisations struggle to keep pace with the ever-evolving DEI dialogue. Companies often opt to align the identity characteristics that they offer as answer options with those provided in the national census. However, national census categories might not be able to cover the diverse demographics present in an organisation. According to Mr Ahmad, “employees often do not find the right box to tick—the box which represents their true identity, particularly with regard to ethnicity.”

Companies might also use broad categorisations that bundle together minority groups. Pooling together minority groups (e.g., as “black and minority ethnic”—BME—or “people of colour”) presents risks. Employees might not identify with such categorisations, and research suggests that one-size-fits-all diversity approaches do not benefit all employees equally.<sup>18</sup> Companies that offer categorisations that employees feel are dated will face lower disclosure rates.

**81%**

**of employees in companies where all leadership ranks are committed to diversity feel they are able to be authentic at work.**

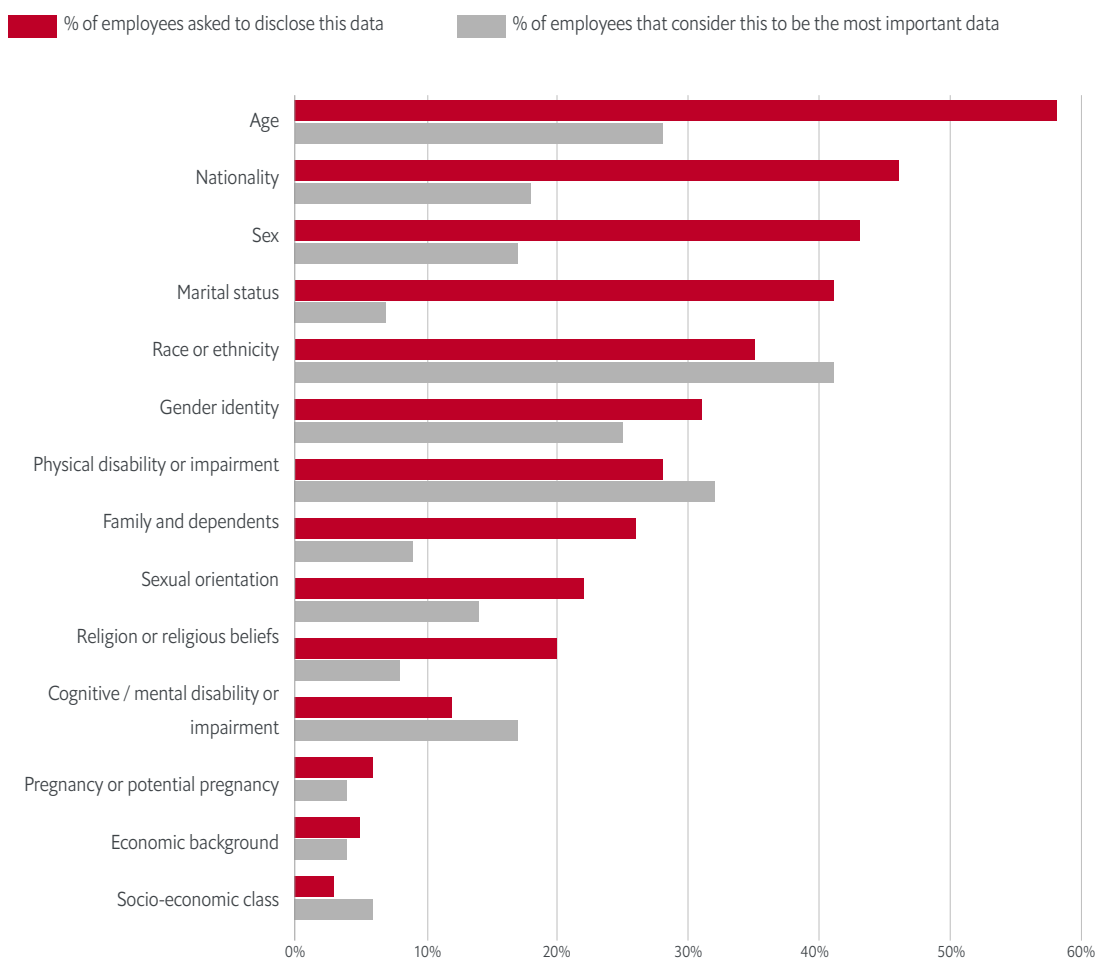
Source: Boston Consulting Group.



<sup>18</sup> <https://hbr.org/2020/12/how-to-best-use-data-to-meet-your-dei-goals>

**Figure 8: Wrong questions, wrong data**

% of employees that consider a type of data to be the most important for employers to collect versus the % of employees that have been asked to disclose that type of data



Source: Economist Impact survey.

### Companies often ignore that identities are multifaceted

Some companies focus data collection on characteristics they believe matter most, citing a lack of resources to track and monitor every aspect of diversity data. But such an

approach is dangerous. Mr Kandola states that organisations that focus on individual characteristics ignore the fact that employees have multiple, overlapping identities. Companies that do not account for individuals' multifaceted identities may face disillusioned employees and low participation rates.

## **Solution 4: Focus on the specificity of identity and account for its intersectionality**

### **Companies must avoid broad categorisations of identity characteristics**


Some organisations are making changes to their categorisations of identity. EY stopped grouping together ethnic and racial minority groups under the category of “Black, Asian and minority ethnic” (BAME) 18 months ago. This move, says Ms Bothwick, was a “significant milestone in beginning to understand the distinct needs and challenges facing the black and minority ethnic communities at EY.” ITV has taken a similar approach, says Ms Rawcliffe: “In the past we would bunch together a group of non-white people and talk about “BAME”, but now we are trying to divide these groups up because their experiences are very distinct.”

### **Companies must recognise that employees can be impacted by more than one characteristic**

Looking to the future, it will be crucial for companies to account for the fact that their employees typically never fit just one of the identity options they present. Companies

must ask for data pertaining to more identity characteristics. For example, while organisations are getting more women into leadership roles, more nuanced data is critical to gain insight on the race or ethnicity and socio-economic background of these women.

According to Ms Perez, organisations are beginning to explore an approach that acknowledges that employees have multiple, overlapping identities. The ability for a company to adopt such an approach, she says, is closely tied to the maturity of DEI within the organisation. Mr Robertson of Vercida Consulting agrees. He observes that although much of companies’ understanding of and action around intersectionality remains at the conversational level, policies and initiatives that take this into account are quickly gaining traction and significance. For instance, some organisations have started to investigate the pay gap disparities between white men and black women. Nuanced data collection ensures that companies are accountable to representing the best interests of those most marginalised in the workplace.



**“Employees often do not find the right box to tick—the box which represents their true identity, particularly with regard to ethnicity.”**

Zaheer Ahmad, global head of inclusion and diversity—consumer healthcare, GlaxoSmithKline

## Concern 5: Methods and timing of data collection

### Employees are often asked to share data irregularly and through complicated methods

Employee willingness to share data might be influenced by when and how the data is collected. Data collection is more effective at certain points of an employee's time with the company.

Our survey finds that two-fifths of employees have been asked to disclose data through self-declaration, which is the method of

data collection that they most welcome. Nearly half of employees (44%) were asked to disclose personal data through a job application questionnaire during the application process for a position. However, only a quarter of employees welcome this method of personal data collection. In fact, it is the third least-welcome method considered, which could be due to employees' unfamiliarity with the level of inclusivity and data protection practices in the organisation that they are applying to.





## Solution 5: Modify the methods used to collect data

### Companies must make it easy for employees to update data at all points of their career

The methods used to collect data must be simple and continuous. Characteristics are not always static and systems must allow for employees to easily update their personal information should their characteristics change. "Making it easy for people to give information, and embedding such mechanisms into the systems employees already use, is a practical step employers can take to increase disclosure," says Ms Rawcliffe.

Asking employees to input data into the company's HR system simplifies the collection process, says Mr Robertson.

### Companies must collect or prompt employees to share data on a regular basis

Employees that do not believe that attempts are continuously being made to advance DEI are at risk of becoming disillusioned. "Companies must take a long-term view of how long it will take them to obtain sufficient data, and data collection cannot be a one-time exercise," says Mr Kandola. "Organisations are at risk of regression on DEI if they fail to sustain their progress over the long-term, so actions such as surveys need to be repeated." Employers must also regularly remind employees to update their data. Regular points for data collection are important, as trust typically builds with an employer over time. Employee willingness to disclose data increases once they have experienced the company's culture.

**47%**

**of employees who who feel that their organisation has not made progress in encouraging DEI lack confidence that the data they share will be used to improve diversity practices.**

Source: Economist Impact survey.



# Conclusion



The culture of DEI has shifted considerably over the past few years. Employees are placing increasing importance on an inclusive culture, employers are acknowledging the intersectional nature of identity and firms are making waves of commitments. Despite this progress, discrimination remains entrenched in many workplaces today.

This study highlights employees' experiences of workplace DEI in the UK and Ireland. The findings make it clear that minority groups of all types feel that their organisations do a worse job of treating people equally than those that do not identify as a minority.

Several factors discourage employee disclosure of personal data: lack of communication; a non-inclusive culture; slow progress; and inappropriate types, methods and timings of data collection. To adequately address concerns around data collection, companies should regularly communicate and follow a consistent narrative, revise policies and mechanisms for reporting, ensure a company-wide transformation, account for the overlapping nature of identity, and modify the methods used to collect data.

Our survey also emphasises the importance of asking employees the right questions. Simply collecting some data is insufficient: employers must overcome the fundamental disconnect between the types of data that they actually collect and those that employees consider important. Employees are willing to share personal data with their employers; if companies are struggling to collect such data, they should be looking at whether they are asking for the wrong types of data or doing so in the wrong way.

There is no “quick fix” to eliminating bias and discrimination in organisations, but employee willingness to share personal data and their experiences of inclusion—key to the successful implementation of DEI initiatives—is increasing. Firms in the UK and Ireland are in a good position to drive progress on DEI going forward, making effective use of the data available to them to develop targeted policies and programmes that resonate with their employees. There is much to be done to make workplaces diverse, equitable and inclusive environments for all. In employee data, companies today have the potential to equip themselves with a tool that can enable positive change; they must choose to make use of it.

While every effort has been taken to verify the accuracy of this information, Economist Impact cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report. The findings and views expressed in the report do not necessarily reflect the views of the sponsor.

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