

How do organisations approach diversity, equity and inclusion?

A GoodCorporation report

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Introduction

Diversity, equity and inclusion (DEI) in the workplace is the practice of developing a work environment in which each individual experiences equality of opportunity and feels valued for who they are.

Studies show that organisations where DEI is successfully embedded can be more sustainable, with a competitive advantage over their peers. Diverse organisations are up to 36% more likely to financially outperform their less-diverse competitors. They are also more likely to have higher retention levels, greater workforce engagement, the ability to attract top talent, better innovation and stronger decision-making.



DEI helps build better, more ethical businesses, committed to doing the right thing, with stronger staff wellbeing, motivation and fulfilment.

At GoodCorporation, we help organisations to design, build and embed ethics and compliance programmes, to help create more ethical, sustainable businesses. Key to this is culture and DEI is increasingly regarded as a vital component in establishing an ethical workplace culture. To gain a better understanding of how today's organisations approach DEI and the challenges they face, we have surveyed organisations operating across a range of industries and located in a number of countries. This report presents the survey results and can be used to understand your own organisation's position on DEI.

The survey investigated selected organisational practices that contribute to the effective implementation of a DEI strategy. We began with DEI governance issues, asking which role(s) hold responsibility for DEI matters and which relevant policies the organisation has in place.

From there, we analysed DEI statistics, including the DEI indicators that are tracked and whether appropriate targets are set. The survey also touched upon organisations' speak-up systems in relation to DEI. Finally, the survey explored future challenges for organisations in managing DEI. Overall, most organisations have DEI-specific policies and procedures, collecting and analysing information about their workforce's diverse characteristics. This is encouraging; analysing workforce composition is fundamental to understanding where an organisation stands in terms of DEI.

However, there is a divide when it comes to choosing which information should be made public or simply analysed for internal purposes. Our survey also found that most organisations do not set DEI targets, despite established evidence that some candidates are less likely to apply or be considered for a job due to social inequalities and systemic barriers.

In addition, a number of structural and operational concerns were raised in our survey, indicating that promoting DEI in the workplace comes with certain challenges, some of which can be contentious.

Developing a DEI approach, informed by the opinions of all staff (including the most critical ones), and embedding it into corporate strategy is crucial if the sustainable and competitive advantages that DEI can bring are to be achieved.

Survey methodology and respondents

The survey was developed drawing on GoodCorporation's experience in developing and embedding responsible management policies and practices for corporate organisations. The questions sought to understand the systems and procedures in place within organisations to develop and support their DEI efforts.

Forty-three organisations across several industries and geographies took part in the survey, including manufacturing (19%), health and social work activities (12%), financial services (9%), construction (7%), mining (7%) and wholesale and retail trade (7%). Organisations surveyed also included not-for-profits and governmental bodies.

About half (56%) of the organisations surveyed were classified as large enterprises (over 1,000 employees). Medium-sized enterprises (between 250 and 1000 employees) accounted for 14% of the respondents with the remaining 30% comprising small enterprises (less than 250 employees).



Key findings



HR managers or DEI officers tend to have day-to-day responsibility for DEI matters in most organisations.

Having a dedicated person in charge of DEI demonstrates commitment and fosters stronger implementation of DEI policies and processes.



Most organisations have developed a range of DEI-related policies and processes, such as an organisational DEI strategy and a DEI-informed recruitment process.

Written policies help ensure organisational commitment and accountability.



Companies are gradually developing more advanced forms of DEI commitments.

Examples include supplier diversity policies and explicitly referring to DEI in supplier codes of conduct.



Most organisations undertake analysis of workforce composition, but there is a divide when it comes to setting DEI targets for workforce composition.

Setting DEI targets is key to businesses' sustainability as it helps building a more creative, resilient and productive workforce.



Most organisations do not go beyond legal requirements when it comes to publishing DEI statistics, despite collecting this data.

Current ESG trends encourage further disclosure of DEI statistics, in addition to existing legal requirements such as the gender pay gap.



A third of organisations admit to dealing with DEI-specific employee reports “sometimes” or “often”.

Organisations need to understand whether reported concerns indicate a cultural problem or show that staff are happy to raise DEI issues.



Most organisations carry out various forms of DEI training, which have proved to be effective in opening up discussion and making “minority” employees feel supported, but in some situations, this has led to “non-minority” employees feeling marginalised.

To be effective, DEI training should be a holistic, long-term exercise that is informed by everyone’s views and experiences.



Many organisations want future DEI developments to evolve into structural change, embedding DEI considerations across culture and processes.

This is especially important in light of the increased importance of the ESG framework in investment decisions.

Key components of Diversity, equity and inclusion

Governance and responsibility

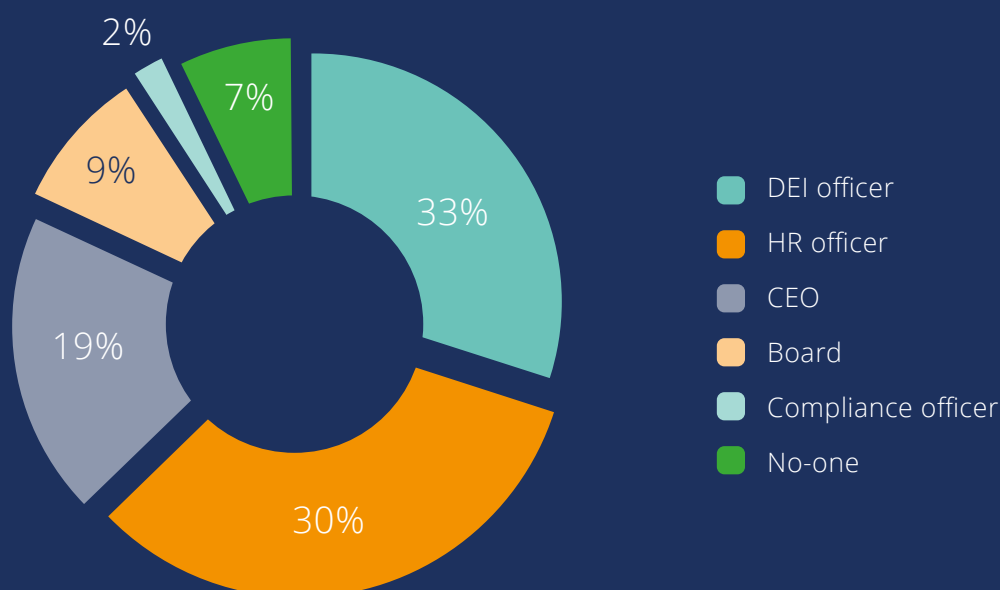
Whilst 7% of respondents declared there is no one with day-to-day responsibility for DEI matters within their organisation, all remaining respondents were able to identify accountable roles. DEI officers (33%) and HR officers (30%) hold day-to-day responsibility for DEI matters, with CEOs (or equivalent) being directly in charge of day-to-day DEI responsibilities in just 19% of organisations. Day-to-day responsibility for DEI lies with the board or a compliance officer in just 11% of organisations.

Responsibility at board level is critical to the successful management of DEI. Our survey found that when the person accountable for DEI on a daily basis is a DEI officer, ultimate responsibility lies with the CEO in more than half (64%) of the cases, followed by board members (21%), a DEI director (7%) and the HR director (7%).

Similarly, If the person accountable for DEI on a daily basis is the HR officer, ultimate responsibility lies with the CEO in almost two thirds (62%) of the cases, followed by board members (31%) and the HR director (8%).

Understanding who oversees DEI in an organisation's structure (if anyone at all) is important from both a corporate governance and implementation perspective. Firstly, having a dedicated person in charge sends out a clear message about the organisation's commitment to DEI. Secondly, it ensures that sufficient time and resources are deployed to implement DEI solutions, which is less likely to be achieved when DEI is an adjunct to an existing role.

Who has day-to-day responsibility for DEI matters within your company?



DEI policies

All organisations surveyed had policies that address DEI matters. Almost 80% had policies dedicated to DEI, such as a DEI strategy, ethics or anti-discrimination policy. This was also the case for related policies, including parental leave, whistleblowing and grievance redress policies.

Less widely adopted were supplier diversity policies or a supplier code of conduct with clear DEI expectations. This is indicative of the current maturity of DEI, with most organisations focusing initially on their own workforce before moving onto suppliers. Size also has an impact on the number of DEI-related policies developed by an organisation. Larger organisations tend to have more developed due diligence programmes than smaller organisations. Only 26% of SMEs had either a supplier code of conduct which covers DEI or a supplier diversity policy, versus 42% of large organisations.

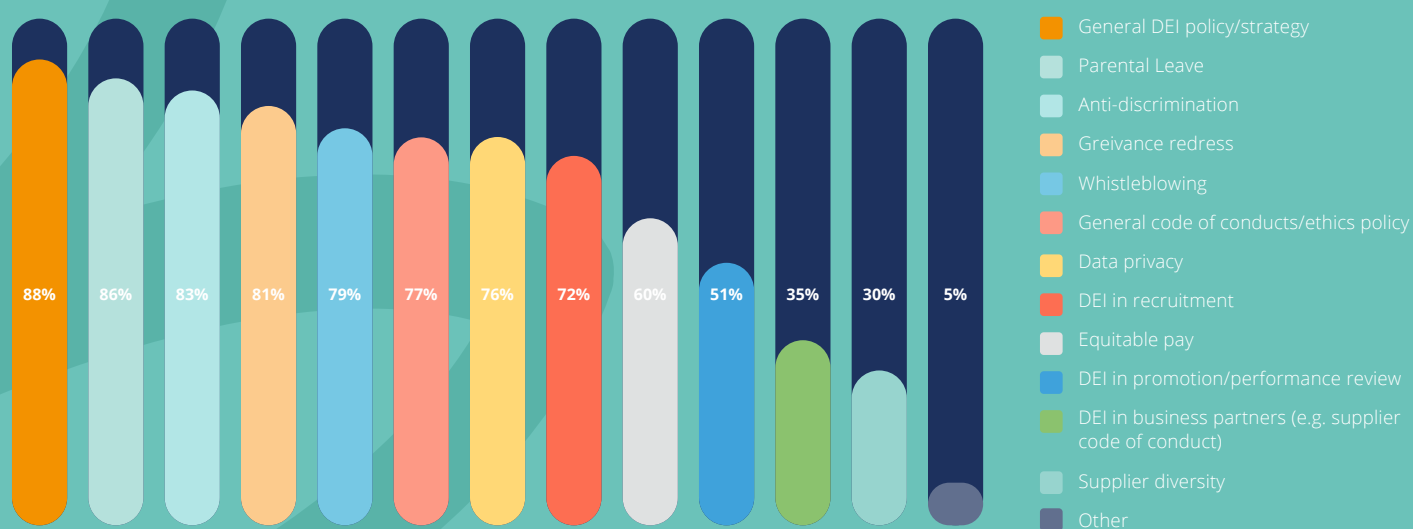
Having written DEI policies allows internal and external stakeholders to clearly understand a company's standards and expectations about DEI.

We know from our work that embedding best practice throughout the supply chain can be a challenge, which is why this is often the hardest area of compliance to get right. It is likely that establishing best practice for DEI in the supply chain will be similarly challenging.

However, with legislation increasingly requiring compliance issues to be managed at supply chain level, supply chain due diligence is rapidly developing.

As expectations around DEI continue to grow, we anticipate that businesses may soon be required to consider DEI issues as part of their wider supply chain management.

What kind of DEI-focused policies and/or procedures does your company have?



DEI indicators

DEI indicators are an individual's identifying characteristics which other people may act upon according to their own perception of said characteristics (consciously or unconsciously). This can put individuals at an unreasonable advantage or disadvantage compared with another individual who does not share the same DEI indicator(s). For the purpose of our survey, DEI indicators include all 'protected characteristics' enshrined in UK law as well as some additional characteristics which, despite not being protected by law, still contribute to one's identity and are considered best practice to take into account in the workplace.

Our DEI indicators include age, disability, educational qualifications, gender, marital status, race/ethnicity, religion or belief, sexual orientation and socio-economic background.

Acknowledging DEI indicators is a critical first step. Investors and stakeholders are increasingly expecting more transparency in this area.

It has also been shown that organisations that collect and analyse data on the diversity of their workforce have a deeper understanding of their employees' experience working for the company and their wellbeing. This information can then be incorporated into business strategies.

Only by measuring DEI indicators is it possible to understand the extent of under-representation in an organisation and whether under-represented people are fully participating and being treated equitably. Possessing this knowledge can allow organisations to design suitable recruitment or training programmes, which can lead to a happier workforce, increased wellbeing, enhanced employee retention, improved organisational culture and ultimately, greater sustainability.

The vast majority of organisations surveyed undertake an analysis of workforce composition (91%). Those that do not are largely comprised of small to medium-sized enterprises, which may not have the capacity or resources to carry out such demographic analysis. Our survey identified which DEI indicators are tracked by the companies that do undertake analysis of their workforce composition.



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Measuring DEI indicators

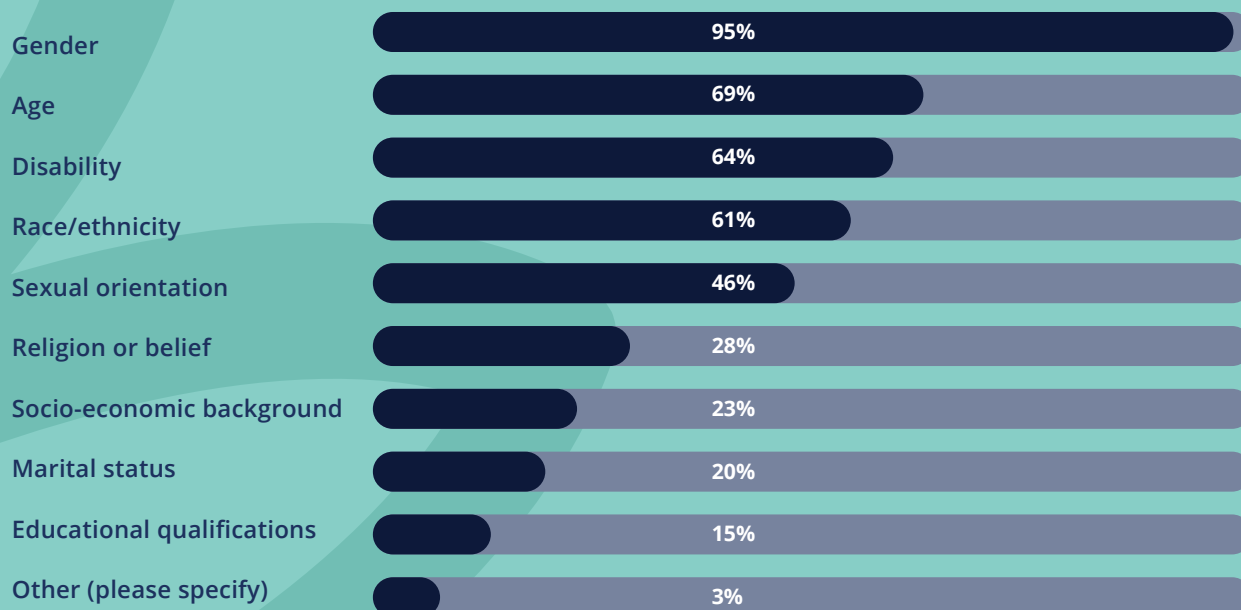
The results below reflect the current prioritisation of DEI indicators such as gender, age, disability and ethnicity, which are all generally protected by law, in particular, gender. This is one of the only DEI indicators with mandatory reporting obligations in a number of jurisdictions, notably on the pay gap.

Although some indicators, such as socio-economic background, educational qualifications and nationality (mentioned under “others”) are only measured by about 25% of organisations or less, emerging best practice is to go beyond legal

compliance and build comprehensive measurement and tracking of DEI indicators into management processes.

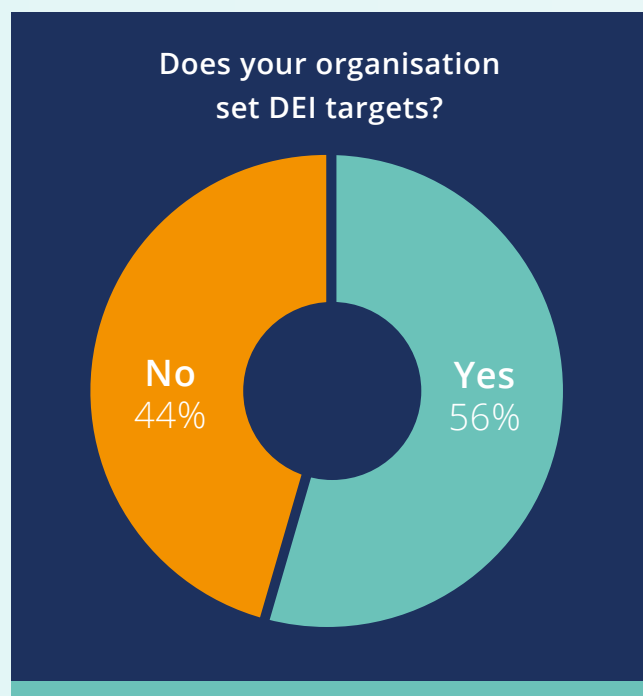
However, it is important to note that organisations which set DEI targets rarely go beyond setting gender targets. This doubtless reflects the fact that in some countries it is illegal to collect data on certain DEI indicators. For example, it is forbidden by law to handle data concerning ethnicity, religion or belief and sexual orientation in France.

Which of the following DEI indicators does your company measure?



Setting targets for DEI indicators

Research suggests that setting realistic targets is an efficient way to promote diversity within an organisation. According to our survey, just under half (44%) of organisations surveyed do not set any DEI target, while 56% do.



As highlighted in the previous section, the relatively high percentage of organisations not setting any DEI targets might relate to the fact that it is not always permissible to collect and analyse the type of data related to DEI, making target-setting difficult.

Our survey shows that gender and ethnicity targets are more common than others.

This is in line with global trends, with gender being the most common reporting obligation. Gender and ethnicity targets are set uniformly across all employee groups (including managers, executive team and board) by more than half of respondents.

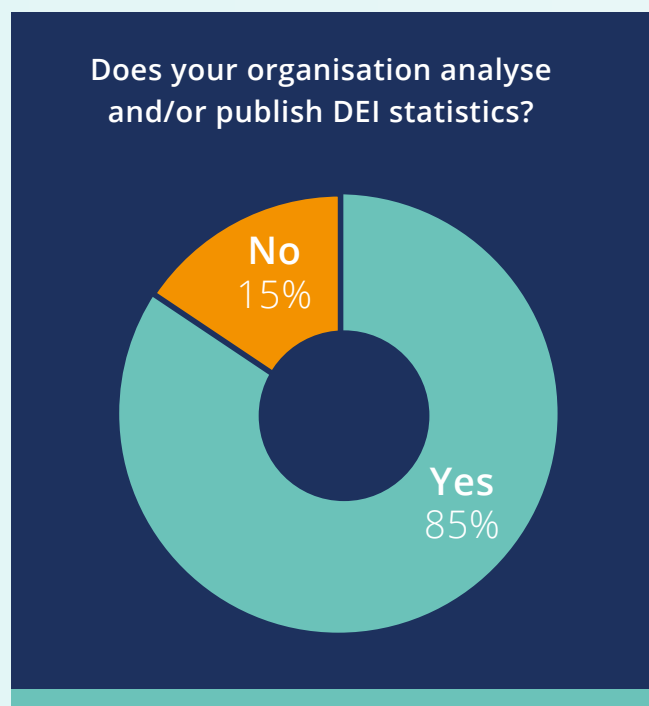
However, our survey results highlighted notable discrepancies around less commonly set targets, such as disability. Respondents declared they set disability targets primarily for employees and managers, with only two companies setting them for executive teams and the board.

Setting DEI targets allows for under-represented groups to overcome some of the barriers they often face in the workplace, such as recruitment, career progression and bullying and harassment. This relates to the difference between equity and equality, with equity acknowledging that each person has a different “starting point”. As such, the amount of resources allocated to reach a universally equal outcome should change from person to person (i.e. some people might need more adjustments than others).

For this reason, setting DEI targets that go beyond legally protected characteristics speaks to the level of DEI maturity of a company and is a form of best practice. We anticipate that organisations will gradually expand their scope for DEI target setting. More and more companies are already asking questions about socio-economic background in their recruitment process to ensure that their workforce is comprised of a more diverse cross-section of their population.

Disclosure of DEI data

We also asked survey respondents to specify whether their organisations publishes DEI statistics or analyses them for internal use only. The DEI data we explored covered workforce composition, ethnicity pay gap, disability pay gap, gender pay gap, proportion of workforce earning below the living wage and pay ratio between CEO and the median employee.



Most organisations surveyed (85%) analyse and/or publish DEI statistics.

Our survey results show that there is a strong discrepancy between organisations who analyse only and organisations who analyse and publish DEI statistics.

For example:

- Half of organisations who analyse general workforce composition data do not make the data public (52%)
- The ethnicity pay gap is made public by only 23% of organisations who analyse it in the first place (33% of respondents)
- The proportion of the workforce earning below the living wage is made public by only 10% of organisations who analyse it in the first place (26% of respondents)
- Only 5% of organisations analyse the disability pay gap
- The gender pay gap fares better, as it is analysed and published by 60% of organisations
- Few organisations collect data on the pay ratio between CEO and the median employee (23%), but only two thirds of those choose to publish the data collected.

In the absence of legislation, which still tends to cover the gender pay gap only, certain organisations have demonstrated a reluctance to voluntarily produce additional reporting. In the UK, DEI reporting obligations are for the [gender pay gap](#) (for organisations with more than 250 employees) and [diversity targets](#) for board and executive teams in listed companies.

In France, the only reporting obligation is for companies with more than 50 employees to publish their annual “[Index de l’égalité professionnelle](#)” (gender equality index). EU-wide, public-interest companies with more than 500 employees need to report on [DEI indicators](#) at board level only.

Many stakeholders recommend additional reporting, such as the [FCA recommending a brief summary of key DEI policies and related risks](#), the IPPR recommending a “[fair pay gap](#)” report encompassing gender, disability and internal pay ratios, and the UK government running a [consultation on ethnicity pay reporting](#) in 2019.

We expect more and more organisations to follow these reporting trends in the future, especially in light of current ESG trends where investors are keen to understand how organisations tackle DEI in practice.

Indeed, there are clear business benefits to disclosing DEI data from an ESG standpoint. Disclosing the data is linked to an improved reputation with investors, consumers and other stakeholders, as this demonstrates a commitment to promoting, protecting and empowering all members of the workforce. It also strengthens accountability and creates a level playing field where peer organisations can together work towards improving industry standards.

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Speak-up reports

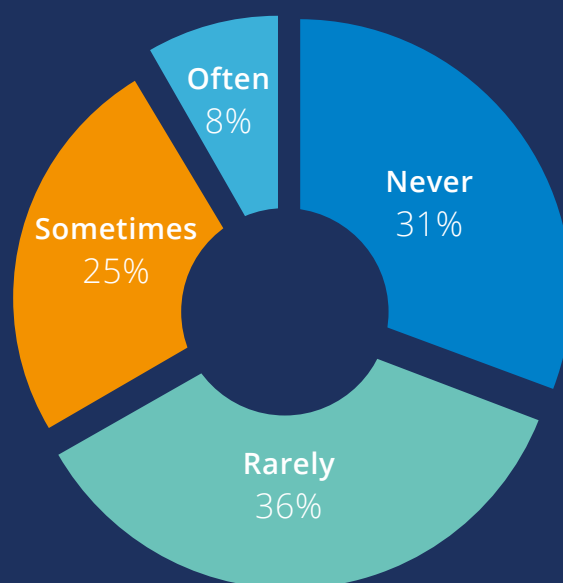
Our survey explored how frequently respondents' organisations dealt with concerns specifically relating to a DEI indicator over the last five years.

The majority never or rarely (31% and 36% respectively) dealt with DEI-specific concerns reported by individuals at their organisations. However, one third of organisations admitted to dealing with DEI-specific concerns "sometimes" or "often".

This last finding shows the growing awareness of DEI issues. Indeed the more developed an organisation's speak-up system is, the more employees are going to be aware of it and as a result more reports are going to be received.

Over the last five years, how frequently did concerns reported by individuals working at your company specifically relate to a DEI indicator?

| | |
|-----------|-----|
| Rarely | 36% |
| Never | 31% |
| Sometimes | 25% |
| Often | 8% |



We know from our work that the extent to which staff feel able to raise concerns is one of the best indicators of a healthy workplace culture.

Therefore, staff feeling able to raise DEI-related issues is an indicator of inclusive culture which businesses can build on by taking the right steps.


It is also worth highlighting that an effective speak-up mechanism should allow for DEI-related speak-up reports to be made, with relevant staff, from hotline responders to managers, trained appropriately in handling such calls. Getting this right is an integral component of a healthy speak-up culture.

Organisations should recognise that DEI concerns are likely to be raised through the speak-up process and thus DEI needs to figure in any speak-up training programme, from hotline first respondents to managers. This fosters a culture of trust and

care where hotline users know that they will be respectfully listened to with a process in place to address their issue.

DEI-related speak-up reports are also useful to monitor an organisation's progress around DEI matters. Conducting analysis on the content of speak-up reports over a long period of time can deliver powerful insights into whether progress has been made.

More holistically, receiving DEI-related speak-up reports is a chance for organisations to identify the need for structural change by gauging areas for improvement and potentially identifying root causes. From our work, we know that an increasing number of organisations are reviewing their whistleblowing and speak-up policies and processes as they work towards building a healthier organisational culture.



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DEI specific training

Many organisations deliver DEI-specific training. Two thirds of our survey respondents offer DEI-focused training, with variations in audience, topic and format. According to our survey results, general DEI training, open to all staff, is the most common training type.

Some organisations choose to tailor training to specific groups, such as training for senior leaders, and even make it intersectional, such as training for women in leadership positions. Other common audience types include recruiters, managers, new starters and graduates.

Training topics are also wide-ranging. General DEI and unconscious bias training are the two most common training topics. Some organisations offer training specific to one DEI indicator (for example, LGBTQ+ awareness training, anti-racism training and neurodiversity training), while others offer training aimed at explaining how DEI is embedded into company strategy.

Survey responses also highlighted that training events were equally divided between online and face-to-face format. Training sessions typically take the form of lectures, group discussions and workshops.

The percentage of organisations offering DEI-specific training suggests that many organisations see a value in raising awareness about DEI.

Multiple organisations reported that training had a positive effect in opening up discussion and supporting employees from a minority background. However, wider research also suggests that there is [mixed evidence](#) about the effectiveness of DEI training.

In particular, one-off or short-term DEI training sessions (of the type often included as a mandatory staff induction requirement) are the least likely to achieve behavioural change in the long term. In fact, this type of DEI training may backfire and end up making non-minority background participants feel marginalised and defensive, as explained in the [Harvard Business Review](#).



The mixed effectiveness of certain DEI training courses does not weaken the case for aiming to implement structural change. Organisations have a growing responsibility to foster more inclusive societies, supported by holistic and tailored DEI programmes, carefully designed to put everyone in a comfortable position to listen, care and speak up.

This is reflected in our survey results, where a minority view conveyed concerns about their ability to share scepticism on DEI training and strategies, which they perceived as “harming social cohesion” and “the decrease of recruiting standards”.

The mixed effectiveness of certain DEI training courses does not weaken the case for aiming to implement structural change. Organisations have a growing responsibility to foster more inclusive societies, supported by holistic and tailored DEI programmes, carefully designed to put everyone in a comfortable position to listen, care and speak up.

Sound DEI programmes require organisations to analyse in detail the root causes of why DEI training

may not be well-received. In our experience, this is best achieved by conducting interviews with a wide range of stakeholders, using the right tone.

Allowing all seniority levels from all backgrounds to confidently and confidentially share their thoughts and concerns provides DEI managers and decision-makers with a thorough insight and a comprehensive set of anonymised data that will help them devise the most appropriate DEI programme for their organisation. This also encourages a “bottom-up” approach, which is key when dealing with DEI matters. From our work, we have seen that this methodology helps embed effective and practical policies and processes.



DEI challenges and prospects

Survey respondents provided a range of insightful comments about what they perceive as the biggest DEI challenges. Some comments related to the implementation of DEI training (e.g. how to promote awareness of various DEI indicators more successfully), whilst others took a “bigger picture” approach and focused on structural DEI challenges.

For example, organisations mentioned the challenge of:

- “Achieving better representation”, both in the sense of a) “promoting opportunities for people identifying as women in technical jobs” in male-dominated industries like finance or in engineering and b) “hiring people identifying as male” in female-dominated industries like healthcare
- “Encouraging managers and leaders to take responsibility for DEI”
- “Managing DEI across multiple geographies”, such as “limitations on what data can be collected and analysed” or “ensuring that DEI-related communications are reaching onsite labourers”

These challenges of representation, leadership endorsement and multiple geographies are going to become increasingly relevant as society and investors’ expectations around DEI develop.

Developing a diverse workforce contributes to reducing stereotypes associated with certain groups, as well as providing them with validation and support. It is widely accepted that “you can’t be what you can’t see”, so to build a diverse workforce at every level, it is important to ensure that leaders and managers correspond to a representative cross-section of society.

People in leadership positions also need to be vocal for a successful DEI programme, regardless of their own background and the DEI indicators they most identify with. This may involve leaders speaking up about inequalities that affect employees of a specific demographic background. Vocal allies are crucial, as research shows that leaders have a powerful impact on organisational culture.

In addition, the challenge of managing DEI across different geographies is increasingly relevant as many organisations operate globally. In this context, cultural and demographic diversity is increasingly regarded as a strength. However, if not managed properly, it may generate trust and communication challenges, potentially exacerbated by distance.



Conclusion

GoodCorporation's diversity, equity and inclusion survey highlighted that many organisations are actively preparing to expand the scope of their DEI strategies.

While building and implementing sensible DEI programmes is not an easy task, our survey results highlight key areas on which organisations can focus to develop sound policies and practices. We hope that these results will also help organisations tackle some of the common challenges faced when designing DEI strategies and promoting

a “bottom-up” approach. From acting on DEI governance – intended as both a leadership and policy commitment – to analysing DEI statistics, DEI training and appropriate speak-up cultures, the implementation of long-term solutions is vital to building sustainable businesses.

If you wish to discuss this survey's results or enquire about GoodCorporation's DEI work, you may contact us at info@goodcorporation.com.

The measure of a good company

About GoodCorporation

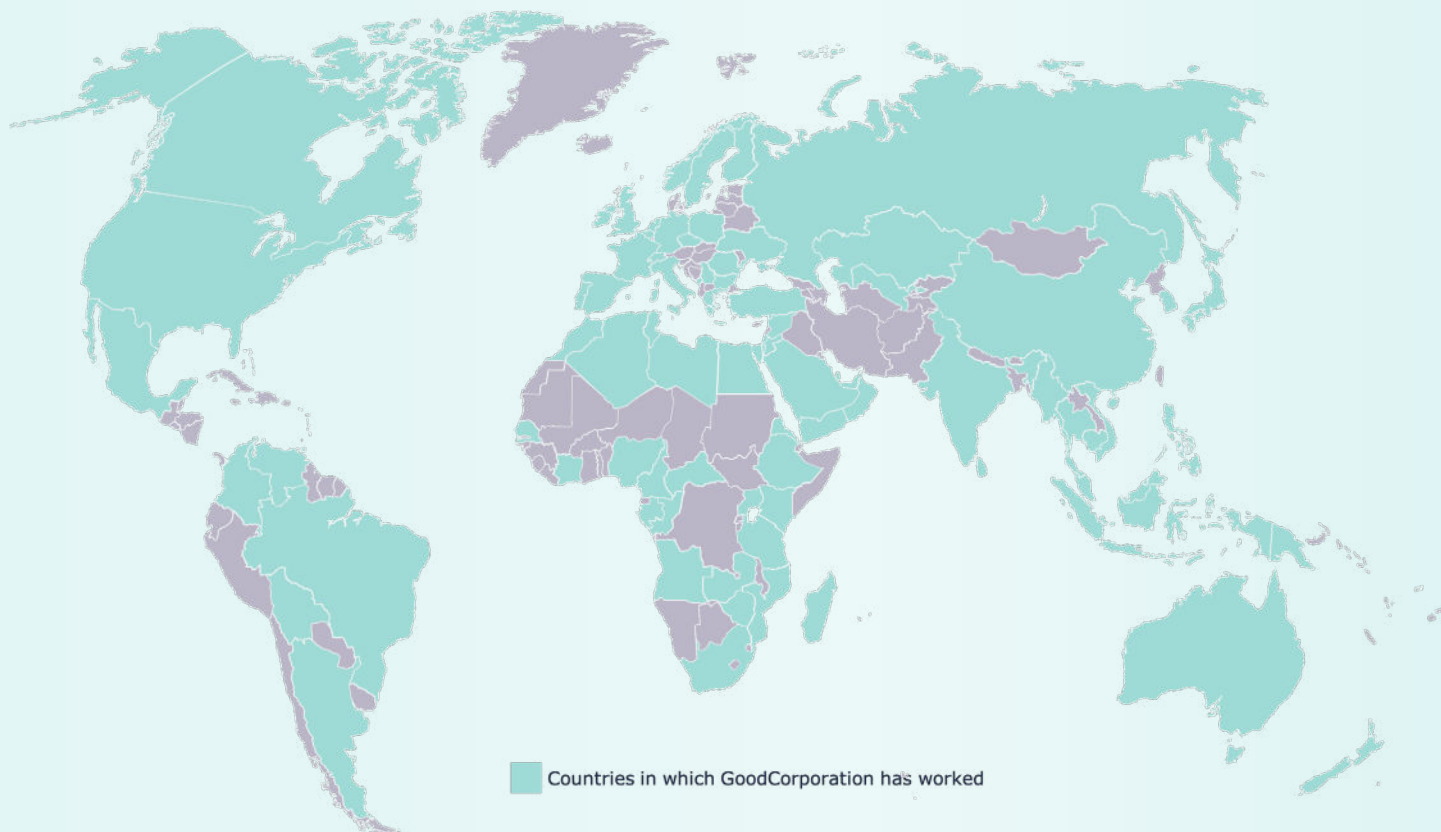
Recognised worldwide in the field of corporate responsibility and business ethics, GoodCorporation has 21 years of experience checking and measuring corporate behaviour. We have over 100 clients, including FTSE 100 and CAC 40 companies, and have conducted more than 600 assessments in 86 countries

Data gathered from our assessments is used to benchmark business behaviour. This enables

GoodCorporation to identify those management practices that are successfully embedded, and highlight weaknesses that might leave an organisation exposed to repetitional damage.

We support our clients through assessment, certification, training and advice. We also provide opportunities to share best practice and thought leadership through our Business Ethics debate series at the House of Lords.

Where we have worked



How do organisations approach diversity, equity and inclusion has been compiled by GoodCorporation, one of the leading practitioners in assessing and measuring responsible business practices. In this white paper, GoodCorporation looks at selected organisational practices that contribute to the effective implementation of a DEI strategy, and the challenges organisations can face in managing DEI effectively.

For more information about our DEI report please contact us at info@goodcorporation.com.