State of Diversity & Inclusion in the UK – Trends, Initiatives, Sample Diversity Dashboards

DBP RESEARCH REQUEST
Introduction

This report highlights recent D&I trends in the UK including population changes, statistics on ethnic minorities and gender gap numbers in the UK workplace.

It also offers information on initiatives to help UK companies improve the representation of ethnic minorities and women at all levels, but especially at senior leadership and board levels.

This report also includes information on and examples of diversity dashboards.
Diversity in The UK: Ethnic Minorities
There have been large changes in the ethnic composition of the UK in the last ten years. The key change is a decline in the number of people describing themselves as 'white British' from 87.5% to 79.8%.

This is a result of several factors, including:

- **Increased migration**
- **Development of a multicultural society**

Source: [BBC](https://www.bbc.co.uk)
• According to the 2011 Census, the most ethnically diverse region in England and Wales was London, where 40.2% of residents identified with either the Asian, Black, Mixed or Other ethnic group.

• Out of all regions, London had the smallest percentage of White British people, at 44.9%, and the North East had the highest percentage, at 93.6%.

• People from the White ethnic group were more likely to live in the South East than any other region, with 16.2% doing so; people from the Black, Asian, Mixed and Other ethnic groups were more likely to live in London than any other region, with 58.4%, 35.9%, 33.1% and 49.9% doing so respectively.

• Of the general population, 81.5% lived in an urban location, and 18.5% lived in a rural location – the ethnic groups most likely to live in an urban location were Pakistani (99.1%), Bangladeshi (98.7%), and Black African (98.2%).

Source: Gov.UK
A 2019 survey of 2000 UK adults from Global Future suggests nearly seven in 10 agree that diversity has improved British culture, against 15% who disagree.

More than seven in ten believe diversity has had a positive impact on food (77%), music (72%) and sport (78%) – while less than one in 20 think diversity has had a negative impact. 69% of the public agree that diversity has improved British culture, against 15% who disagree.

Young people are most likely to celebrate diversity in British culture – 18-45 year-olds are less than half as likely to feel diversity has had a negative impact on British culture than those aged 55 and over.

Source: Global Future Think Tank
Ethnic Diversity Lacking at UK Companies

According to the **2020 Parker Review**:

- More than half of the largest companies in the UK do not have a director with a BAME background on their board.
- The 2020 Parker Review found 59% of the 256 firms it reviewed did not meet the Parker Review target: to have at least one director of an ethnically diverse background on their board.
- 37% of the FTSE 100 did not have a BAME director — but less ethnic diversity was observed on the boards of FTSE 250 companies, where only 31 per cent of firms met the target.
- Overall just 9.7% of directors in the FTSE 100 where people of colour, compared to 5% for FTSE 250 firms.
- To improve ethnic diversity, the Parker Review recommends each FTSE 100 board should have at least one director of a BAME background by 2021 and by 2024 for the FTSE 250.

Source: [FTAdviser](https://www.ftadviser.com)
According to the **2020 Parker Review**:

- Over the past two years, FTSE 350 companies have slowly but steadily increased the number of non-white female directors. In the UK, female directors of color held 43 percent of board positions in 2017.

- Since the launch of the Parker Review in 2017, only 1 percent of growth has taken place: in 2019, 44 percent of board positions were held by non-white female directors.

- Of the FTSE 250 directors of color holding positions last year, 45 percent were female.

- The proportion of female directors of color in the FTSE 100 has decreased by 2 percent since 2017, down to 42 percent in 2019, compared to the number of non-white, male directors.

Source: *IR Magazine*
Racial bias & discrimination is prevalent:

- Hiring & promotion discrimination disproportionately impacts ethnic minorities:
  - 43% of ethnic minorities were *unfairly overlooked* for a work promotion in last five years (vs. 18% of Whites)

- A 2018 *Business in the Community Race at Work Survey* revealed that 25% of ethnic minority employees have witnessed or experienced racial harassment or bullying from managers

- Over 40% of employees who reported a racist incident said they were either ignored or labeled “trouble maker”

- Only one in 16 people at senior levels in the private and public sector are from a BAME background

- Only 33% of employees stated that they have a senior-level champion for D&I in their workplace

- In the UK, 22% of university students identify as black and minority ethnic, yet *only 8% of UK executives in one study sample* hold senior-executive positions

Sources: Business in the Community Race at Work Charter; The Guardian; TUC Racism at Work Survey; McKinsey
Key Facts About UK Equity Efforts in the Workplace

Inclusion of Ethnic Minorities is crucial and beneficial:

- Race equality in the UK will potentially bring a **£24 billion per year** boost to the UK economy
- Organizations with more culturally and ethnically diverse teams have **33-35% better financial returns**
- One in eight of the UK working-age population is from a BAME background
- To improve ethnic diversity, the Parker Review recommends each FTSE 100 board should have at least **one director of a BAME background** by 2021 and by 2024 for the FTSE 250.
- The UK is considering legislation to **mandate minority ethnic reporting**
- Gender-diverse companies are more likely to perform **21% better**
- The UK has often led the EMEA region in D&I policies such as **gender pay equity and reporting gender pay gap data**

Sources: Business in the Community Race at Work Charter; The Guardian; TUC Racism at Work Surey; McKinsey
Organizations are examining minority ethnic reporting:
- The Parker review recommended that each FTSE100 board has a list of directors from an ethnic minority background by 2021.
- Ethnic examination (e.g. White Irish v White British; definitions vary across regions)
- The pay gap between white British workers and those from ethnic minorities remained stubbornly wide in 2018: White British workers earned on average 3.8% more.

UK is considering legislation to mandate minority ethnic reporting

The UK has often led the EMEA region in D&I policies such as gender pay equity and reporting gender pay gap data

Race at Work Charter Signatories:
- Signatories of the Charter agree to principles in the recruitment and progression of ethnic minorities at UK companies. Similar to the CEO Action for Diversity and Inclusion, signing this charter shows that a company is committed to improving the representation of ethnic minorities as well as other diverse dimensions at all levels.
The Business in the Community Race at Work Charter encourages businesses to take strategic action on diverse leadership.

- Leaders and executive sponsors should encourage their employees to declare their ethnicity and set targets for representation.
- Leaders should engage in reverse mentoring.
- The executive team and board members should make a personal commitment to bring the issue of race equality to the top table within their organization and to the attention of their peers.
- Appoint an executive sponsor for race: Executive sponsors for race provide visible leadership on race and ethnicity in their organization and can drive actions such as setting targets for ethnic minority representation and supporting mentoring and sponsorship.
- Capture ethnicity data and publicize progress
- Commit at board level to zero tolerance of harassment and bullying

Source: Business in the Community Race at Work Charter
The Bank of England and 14 other UK organizations stated in 2019 that they are going to begin voluntarily reporting any gaps in pay between employees based on ethnicity.


- A handful of companies already publish ethnicity pay gap data.

- Accountancy giant Deloitte is one of the firms that is already reporting its ethnicity pay gap, and has been doing so since 2017 (its mean ethnicity pay gap is 12.9% as of its latest report, mainly due to a lack of ethnic diversity in the most senior jobs).

Source: Quartz
Diversity in The UK: Gender
Gender Gap Findings From The Gender Equality Index

- With 72.2 out of 100 points, the United Kingdom ranks fifth in the EU on the European Institute on Gender Equality’s Gender Equality Index. Its score is 4.8 points higher than the EU’s score.

- Between 2005 and 2017, the score of the United Kingdom increased by only 1 point. The United Kingdom is progressing towards gender equality at a slower pace than other EU Member States. Its ranking has dropped by one position since 2005.

- The median pay gap remains near-identical (11.9% in 2019 vs. 11.8% in 2018)

- There are still no sectors in the UK economy where women are paid the same as men: Parliament, House of Commons, and House of Lords have not reached gender parity.

- When it comes to the women’s share of executive roles, the share in the United Kingdom is 15% versus 19% in the US. The same holds true for board positions: with UK companies at 22%—and for women at the whole company level, compared to US companies at 26 percent.
Gender pay reporting requirements were first introduced as part of the Equality Act 2010 and came into force in 2017. All UK employers with 250 or more staff — totaling some 10,500 employers with more than 15 million employees — were mandated to report pay, bonuses and other data on March 31, 2019 for public sector entities and April 5, 2019 for private employers on the government’s gender pay website.

The data show that the pay gap persists in all 20 sectors of the economy, with none paying women more than men on average. Of the employers that reported both last year and this year, 48% (4,595) narrowed their gender pay gap while 44% (4,230) widened it by an average of 3 percentage points.

Four central UK government departments have reported that their gender pay gap grew over the last year, while the gap shrank at 13 departments and remained at zero at the Department of Work and Pensions. The figures reveal that the department which saw the biggest increase in its gender pay gap was the Department for International Trade.
The Gender Pay Gap in the UK

Gender Gap Wage Earnings

The **Office for National Statistics** data for all full-time employees in 2017 shows that men on average were paid £1.32 more per hour than women, which, as a proportion of men’s pay, is a **pay gap of 9.1%**. For larger companies, the gap is 11.8%.

Between 2011 and 2017, men’s pay has grown by 10.4% from £13.12 to £14.48 per hour while women’s pay has grown by 12.0% from £11.75 to £13.16 per hour.

*Full-time is defined as employees working more than 30 paid hours per week.*
Key Facts About UK Equity Efforts in the Workplace

- Gender-diverse companies are more likely to perform **21% better**

- The UK has often led the EMEA region in D&I policies such as gender pay equity and reporting gender pay gap data

- Employers with 250 or more employees must publish and report specific figures about their gender pay gap.

  Employers must both:
  - publish their gender pay gap data and a written statement on their public-facing website
  - report their data to government online - using the gender pay gap reporting service.

- Employers that fail to report on time or report inaccurate data will be in breach of the regulations and risk facing legal action from the Equality and Human Rights Commission (EHRC), leading to court orders and fines.

Source: Gov.UK
Gender Diversity in the Boardroom

A 2019 Deloitte report, ‘Women in the Boardroom: A Global Perspective,’ shows the UK and other countries are making very little progress on improving gender diversity in the boardroom.

- UK boards now have less than a quarter of female representation (22.7%), compared to 20.3% when the report was last released in 2017.
- Women only hold 16.9% of board seats globally, a 1.9% increase from the report’s last edition. Meanwhile women hold 12.7% of CFO roles globally – nearly three times that of CEO positions.
- Companies with a female chair or chief executive have almost twice as many women directors as corporations led by men.

Another study released in early July by the Hampton-Alexander Review shows that the FTSE 250 index of the UK’s biggest publicly listed companies is on track to meet a 33% target for women in senior leadership positions by 2020.
By 2022, women are predicted to only represent 30% of the UK’s digital workforce.

Digital technologies offer democratization of access with people able to teach themselves skills that are in high demand for free without the need for formal education.

Some AI has been shown to offer companies the opportunity to reduce human bias in the recruitment processes but conversely, historic data has shown AI can also increase employment inequality.

Research tells us that women are ambitious, confident and actively seeking opportunities to progress their careers, yet they are still underrepresented at the more senior levels of business. Employers need to get the basics right if they are to create truly inclusive workplaces where both women and men can thrive.

This means developing excellent line management, which is far more important to women than creating more female-only programs – and far more valuable to business.

Source: Business in the Community
Gender Gap Findings in The UK

The gender pay gap widened at almost half of British firms in 2018. Data from the UK Government website showed that almost 80% of firms had a gender pay gap that favored men, while 14% of firms paid their female employees more than men.

On average, men were paid 11.8% more than women in the U.K. last year, based on a list of companies with more than 250 employees.

According to a BBC analysis of the data, the pay gap widened at 45% of British firms in 2018, while 7% of companies reported no change.

According to the World Economic Forum’s Global Gender Gap Report 2020, the UK scored 76.7%, a slight fall compared with 2018 bringing it to a new ranking of 21st compared to 15th most equal nation in 2018.

The WEC report noted that the gender wage gap in the UK was 16%, compared with 7% in Sweden and Norway. In the UK, more than three times the number of women are in part-time roles compared with men.

There are also “massive inequalities in almost all of [the UK’s] fastest-growing job clusters of the future”, including cloud computing, engineering and artificial intelligence.
Diversity Dashboards
Key Metrics for Diversity Dashboards

When it comes to moving your organization toward healthy diversity, tracking these diversity and inclusion key performance indicators is imperative, according to idashboards:

- **Recruitment** – Take a quick look at the people your organization hires and who it’s turning away. Most importantly, examine the type of employee it seeks. Who you enlist (your “ideal” employee) says a lot about how your organization can improve its diversity outlook.

- **Training** – Assess the time and effort you put into workplace diversity training and the participation levels of current team members. As an organization, are you transparent about your diversity goals? Do you invest in training related to diversity so every level of your organization understands these goals?

- **External Diversity** – Measure the diversity of your clients and vendors. Whom does your organization attract? Your clientele should be as diverse as you want your company to be.

- **Advancement** – Do the math. Are advancement opportunities ready for persons of differing professional and educational backgrounds, etc.? If your organization tends to transition a specific “type” of employee more than others, you might be missing out.

- **Culture Metrics** – Are fairness, trust, honesty, and a welcoming environment part of your organization’s climate? Seek to gain an understanding of your organization’s culture and how team members perceive diversity within it.

Source: idashboards
Diversity Metrics to pay close attention to when tracking

- Is your retention level consistent across women and minorities? It is not enough to only recruit women and under-represented ethnicities. It is important that work environments are conducive to these individuals, and new hires are not left looking for greener pastures, only a few days/months into their tenure. For example, women who are not offered a flexible, family-friendly workplace report dissatisfaction, leading to a 40 percent probability of voluntary turnover within a year.

- Are your diversity metrics uniform across different departments? Average male/female ratios may not be an accurate indicator of gender diversity. For roles such as HR or marketing, organizations have traditionally hired more women than men, while in technology or managerial positions, biased hiring remains a challenge.

- Are organizational practices perpetuating bias? Often, internal policies carry forward existing biased attitudes, instead of battling them.

Source: HR Technologist
Key Metrics, Key Measurements for Effective Dashboards

- Evaluate present or recent-past activity
- Show trending information
- Signal warnings when results fall outside of acceptable parameters
- Contain measurements that management wants to monitor
- Support your Diversity Scorecard or contain “pilot” metrics

Source: Talentconnetions.net
External Measures/Dashboards

- DBP Inclusion Index
- Gender Equality Index
- GGGI – Global Gender Gap
- CPI – Corruption Perception
- HDI – Human Development
- Edelman Trust Barometer
- Pew Research
- Metrics from your industry/sector/function...growing data everywhere

Source: Diversity Best Practices
Diversity Dashboard Examples

Source: Mercer
Diversity Dashboard Examples

Sources: Cornell; UBA
Diversity Dashboard Examples

Source: AIHR Analytics
Diversity Dashboard Examples

Source: City of Cambridge
## Human Capital Dashboard

**Organization Name**: Business Line ABC

**Reporting Period**: Date

### Measurement

<table>
<thead>
<tr>
<th>Talent Acquisition</th>
<th>Q# Result</th>
<th>Defined</th>
<th>Trend</th>
<th>Evaluation Criteria</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Racial/Ethnic Diversity New Hire Rate</td>
<td>13%</td>
<td>Number of new hire employee that self-identify as racial/ethnic minority as a percentage of all New Hires in the period</td>
<td>Trend arrow indicates an improvement over last Q</td>
<td>Target Rate is above 15%</td>
<td>Red flag</td>
</tr>
<tr>
<td>% of Employee Referral New Hires</td>
<td>7%</td>
<td>Number of new hire employee that are sourced through employee referral as a percentage of all New Hires in the period</td>
<td>Trend arrow indicates a worse result compared to last Q</td>
<td>Target Rate is above 15%</td>
<td>Green flag</td>
</tr>
<tr>
<td>First Year Termination Rate</td>
<td>22%</td>
<td>Number of employees that terminate in the first year as a percentage of all New Hires in the period</td>
<td>Trend arrow indicates an improvement over last Q</td>
<td>Target Rate is less than 15%</td>
<td>Yellow flag</td>
</tr>
</tbody>
</table>

### Talent Retention

| Overall Termination Rate | 11% | Number of employees terminated from the organization as a percentage of the average number of employees during the period | Trend arrow indicates an improvement over last Q | Target Rate is between 4% - 14% | Red flag |
| Termination Rate of Lower Performers | 24% | Number of employees terminated from the organization with a performance rating of 1 or 2/5 as a percentage of the average number of low rated employees during the period | Trend arrow indicates a worse result compared to last Q | Target Rate is above 30% | Green flag |
| % of employees retirement eligible | 8% | Number of employees whose tenure + age equals 70 as a percentage of the average number of employees during the period | Trend arrow indicates an improvement over last Q | Target Rate is between 3% - 7% | Yellow flag |

### Talent Development

| Average Training Hours per employee | 10 | Number of Training Hours recorded in Learning Management System (annualized) per average number of employees during the period | Trend arrow indicates an improvement over last Q | Target Hours is between 15 - 20 hours | Red flag |
| % of Employee Performance Plans in Place | 93% | Number of completed Performance Plans recorded in the Performance Management System per average number of employees during the period | Trend arrow indicates a worse result compared to last Q | Target is above 90% in place | Green flag |
| Number of employees participating in Formal Mentoring program | 542 | Number of employees matched with a mentor as part of the “Mentoring” program | Trend arrow indicates an improvement over last Q | Target is above 500 employees | Yellow flag |

### Employee Engagement

| Employee Engagement Index | 71 | Number of employees that responded positively to the 5 Employee Engagement questions that compromise index | Trend arrow indicates an improvement over last Q | Target is 70 or above | Red flag |
| Unplanned Absences Rate | 3.1 | Number of unplanned absence hours recorded in the Time-Keeping system (annualized) per average number of employees during the period | Trend arrow indicates a worse result compared to last Q | Target is less than 3.5 days per employee | Green flag |
Diversity Dashboard Examples

Representation of women, ethnic minority and disabled civil servants by department

The trends of BEIS, CO, DCMS and DEFRA for Year broken down by Characteristic. Color shows details about BEIS, CO, DCMS and DEFRA. Details are shown for BEIS, CO, DCMS, DEFRA, BEIS, CO, DCMS and DEFRA. The view is filtered on Year and Characteristic. The Year filter keeps 8 of 8 members. The Characteristic filter keeps Ethnic minority.

Representation of women, ethnic minority and disabled civil servants over time by department (2010-19)

<table>
<thead>
<tr>
<th>Year</th>
<th>BEIS</th>
<th>CO</th>
<th>DCMS</th>
<th>DEFRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11.3%</td>
<td>10.2%</td>
<td>12.1%</td>
<td>6.6%</td>
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<tr>
<td>2013</td>
<td>10.6%</td>
<td>11.6%</td>
<td>12.1%</td>
<td>6.8%</td>
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<tr>
<td>2014</td>
<td>12.1%</td>
<td>15.4%</td>
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<tr>
<td>2015</td>
<td>13.7%</td>
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<td>7.4%</td>
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<tr>
<td>2016</td>
<td>16.2%</td>
<td>17.4%</td>
<td>17.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>2017</td>
<td>16.3%</td>
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Diversity Dashboard Examples

Representation of women, ethnic minority and disabled civil servants by department

Select options on the right to see how the representation of women, ethnic minority and disabled civil servants changes over time for departments (Departments include agencies). For best viewing option, select a limited number of departments.

The trends of BEIS, CO, DCMS and DEFRA for Year broken down by Characteristic. Color shows details about BEIS, CO, DCMS and DEFRA. Details are shown for BEIS, CO, DCMS, DEFRA, BEIS, CO, DCMS and DEFRA. The view is filtered on Year and Characteristic. The Year filter keeps 8 of 8 members.

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<td>49.6%</td>
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<td>50.0%</td>
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<td>50.4%</td>
<td>53.1%</td>
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