

## Insights

# HOW TO EFFECTIVELY PROMOTE INCLUSION AND DIVERSITY (“I&D”) IN YOUR WORKPLACE

WHAT CAN WE LEARN FROM THE FINANCIAL SERVICES SECTOR TO BRING ABOUT SUBSTANTIVE CHANGE?

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## SUMMARY

Moving towards inclusive and diverse workplaces remains a key priority for many Boards. This blog explores what workplaces have done to date and what can be done to improve I&D, including promoting a psychologically safe environment and advancing data collection.

Inclusive and diverse workplaces thrive on differing backgrounds, experiences and thought processes making them more economically sound, innovative and profitable. It is therefore unsurprising that advancing workplace I&D initiatives has remained a top agenda item for many Boards. The new challenges around unconscious bias created as a result of hybrid working brings this all the more into focus.

It is generally recognised that more needs to be done to improve I&D in respect of all underrepresented groups and also that progress to date has been slow. However, improving I&D needs to go hand in hand with ensuring that workplaces are psychologically safe, i.e. that workplaces support an environment in which everybody feels free to speak up and share ideas and experiences without fear of repercussions - an environment where people can ‘belong’.

A key component in advancing any I&D agenda is data collection. The regulators in the financial services sector focus on this critical component. It is very difficult to address I&D issues without data. Companies which are successful in collecting data on staff makeup will have the tools to make more rapid changes in the I&D space and be leaders in the field, whereas poor data collection, or a lack of interest in it, will hinder I&D initiatives and may be or be perceived as, an indicator of a workplace that does not address I&D issues and/or is psychologically unsafe.

**So what have workplaces done to promote I&D and is data collection a game changer?**

The following initiatives are fairly well established in seeking to address the underrepresentation of particular groups:

- Embedding I&D as an integral part of the company's values
- Implementing an equal opportunities policy which sets out the company's expectations, standards of staff behaviour and zero-tolerance towards any form of unlawful discrimination
- Implementing an I&D policy setting out the company's strategy and its action plan to improve the representation of underrepresented groups
- Appointing a diversity champion(s)
- Providing a platform for discussion by creating networks for underrepresented groups
- Offering or imposing mandatory training on the effects of unconscious bias
- Reviewing recruitment processes to eliminate possible bias
- Reverse mentoring
- Voluntarily publishing of ethnicity pay gap figures (currently only carried out by a handful of companies)
- Improving the succession pipeline by increasing the numbers of recruits from underrepresented backgrounds
- Introducing voluntary internal diversity targets and/or aspirational goals
- Tying diversity targets to remuneration of Board members/senior executives

Better data collection is a game changer. An example of effective data collection is gender pay gap reporting, which has prompted companies to examine their own statistics and set out action plans to address the lack of representation of women in roles which are better remunerated.

Companies which have transparency on the current makeup of their workforce will be ahead of the curve. They will also have an appreciation of how far they need to go to achieve a more inclusive and diverse workplace and perhaps an appreciation of where the roadblocks lie. This all means they should be quicker off the mark in addressing the blockers.

Achieving an environment in which employees feel comfortable self-declaring personal and sensitive data to their employers depends on the employer fostering a culture of trust and transparency both generally and in relation to what the information will be used for. An effective way to seek engagement from employees is through questionnaires and the messaging around questionnaires will be absolutely key.

BCLP is experienced in assisting large institutions with their global I&D questionnaires in the context of multi-jurisdictional employment and data protection regimes. The differences in legal and cultural restrictions between jurisdictions can be significant and even those questions which on their face seem innocuous can lead to potential breaches. There is a risk dynamic where we can advise. Please get in touch if you would like to find out more.

### **What can we learn from the approach in the financial services sector?**

We have seen an increase in the number of financial services companies looking to collect employee data, particularly around ethnicity. The Bank of England, Prudential Regulation Authority and Financial Conduct Authority published a joint Discussion Paper on 7 July 2021 (DP21/2) on *"Diversity and inclusion in the financial sector – working together to drive change"*. A link to our blog on this discussion paper ("DP") can be found [here](#).

The DP addresses ways in which financial services companies can bring about meaningful change to the makeup of their workforces. There are a number of interrelated areas by which meaningful and rapid progress on I&D can be made. While some are specific to financial services and the senior managers and certification regime, others can apply more widely, for example:

- Boards to set I&D strategy, including goal setting
- Robust Board succession planning being in place
- Ensuring diversity of candidates in senior roles
- Elevating the seriousness of non-financial misconduct such as bullying and sexual harassment
- Fostering/creating a psychologically safe workplace
- Holding individuals to account for I&D goals
- Aligning remuneration of senior managers with I&D goals and targets

The DP recognises that good data and data collection are critical to assess the state of play, to monitor progress and to identify where the barriers are. One possible approach being considered by the regulators is the introduction of regular reporting by firms to the regulators. There is reference in the DP to any future proposal for data collection most likely involving firms approaching staff to complete a questionnaire. This will involve individuals self-identifying and the regulators have referred to their hope that firms create a culture in which staff are encouraged to self-declare. This raises an interesting point which is relevant to all companies. If companies have low levels of individuals self-declaring is this sending a message about the culture of the company? Does it point to there being a workplace which is not psychologically safe? Possibly.

## Conclusion

There is momentum for more rapid and meaningful change on I&D in the workplace. This is all the more important as many move towards hybrid working where discrimination and unconscious bias may be more likely to arise. Data collection is a critical step in this drive for change.

## RELATED CAPABILITIES

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## MEET THE TEAM



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