THE INVESTMENT ASSOCIATION

pwc

DIVERSITY DATA GUIDE

Collecting and analysing data on the inclusion and diversity of your workforce

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IA FOREWORD

FOREWORD

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**Pauline Hawkes-Bunyan,
Director, Business: Risk, Culture &
Resilience, The Investment Association**

**The Investment Association and our
members are committed to building a
diverse and inclusive industry; an
environment in which all individuals are
empowered and enabled to thrive. It is
one of the IA's key guiding values, both
internally and in our support of our
members.**

The IA's suite of diversity reports and pocket
guides have been central to the way we
actively encourage diversity and inclusion
(D&I) in the investment management industry.
These documents seek to stimulate important
discussions, encourage firms to reflect on
progress made as well as what more must be
done, and provide practical examples of
initiatives which have been embedded across
the industry to encourage meaningful action.

These resources, as well as the IA's wider work
on D&I and culture (including our industry-
leading Culture Framework) touch on a
multitude of factors which go into cultivating
a truly inclusive culture. From ensuring
workplaces are psychologically safe and
employees feel able to speak up, to assessing
the impact of policies and processes on
different groups.

As highlighted in our most recent publication,
Ethnicity in Investment Management,
underpinning all these factors is the
requirement to have data on the protected
characteristics of your workforce (which we
refer to as 'diversity data'). For employers to
know their starting point, to set stretching
targets and desired outcomes, to evaluate the
success of their diversity strategy or specific
initiative, or to know where the areas of
underrepresentation exist, they need to
understand the composition of their workforce
and be able to measure the impact of any
interventions implemented. Successfully
collecting, storing, and analysing diversity data
is therefore fundamental to driving greater D&I
in the workplace, as evidenced in this guide.

Our members recognise this, as well as the importance of having this data for external purposes, including increasing requests from clients and pay gap reporting requirements. They are, however, also aware of the many challenges in successfully collecting diversity data.

At the end of 2020, the IA proactively engaged by forming the Diversity Data Working Group (DDWG). This provided members with a forum through which they could discuss difficulties faced, as well as any good practice firms had picked up on the way. It became apparent that, whilst some obstacles were unique to individual organisations, there were a number of shared issues faced across the industry, and that a practical guide to help firms to navigate and mitigate these would be of great value. We were delighted to partner with PwC to make this a reality, and I would like to take this opportunity to extend my thanks for all their effort and insights, as well as the invaluable input from the DDWG members.

It is our hope that this practical guide acts as a tool which enables the industry to utilise their workforces' diversity data to drive sustainable and continued change. The IA, as an employer, will also deploy the knowledge captured to support our continued work in this space. This is, after all, not a one-off exercise, but a dynamic and continuous journey for us all.

PWC FOREWORD

FOREWORD

The uncertainty of the last few years has created a greater trust gap than ever before. However, as shown in the 2021 Edelman Trust Barometer, business is for the first time the most trusted institution in the world. This creates an opportunity and also a responsibility for organisations to address societal issues such as fairness and equality. A focus on D&I within the workplace is therefore a social and business imperative, particularly as we emerge from the COVID-19 pandemic and need to ensure business decisions are not causing unintended inequities.

To truly create change you need data to identify where interventions are needed and hold leaders to account, just as you would for any business priority. Often a lack of robust data and measurement has been behind the lack of progress within businesses and at a societal level.

Diversity data can offer a window into your organisation's make-up, showing you how things are changing, where to focus your efforts and how you compare against the available talent pool.

Yet despite this, the majority of businesses still do not have or report diversity data beyond gender. Recent PwC research found that in the UK the number of companies who have voluntarily disclosed their ethnicity pay gap is around 10%, down to only 4% when looking at Financial Services (FS) respondents. But things are changing, around half of FS respondents are planning to disclose within the next 3 years.

Beyond this research we have seen an increasing desire from organisations we work with to collect and analyse data on the diversity of the workforce, globally and across many dimensions of diversity.

Katy Bennett, Director, Inclusion and Diversity Consulting, PwC

Jason Buwanabala, Senior Manager, Inclusion and Diversity Consulting, PwC

The journey of diversity data collection can be complex but in this report we aim to provide you with guidance to support you on the way, helping you answer questions you may have such as:

- How can I build the case for gathering diversity data?
- What data should I be collecting?
- Who should I involve in the process?
- What are common pitfalls along the way?
- How can I use the data I gather to gain insights from it?

The focus of this report is collecting diversity data on an attributable basis, allowing you to link the data to existing data on your employees such that you can apply a diversity lens on your workforce and calculate metrics such as pay gaps and break down representation by location, departments and grades.

To bring to life some of the content in this guide you will find throughout: case studies from organisations in the industry, videos from our subject matter experts and polling questions to see how you compare against other readers.

We would like to thank the IA for masterminding the creation of this report and all of the members of the IA's DDWG who have contributed their ideas and experiences. We hope this guide is a useful tool for organisations wishing to collect and analyse diversity data in order to proactively improve fairness and equality in the workplace and beyond.
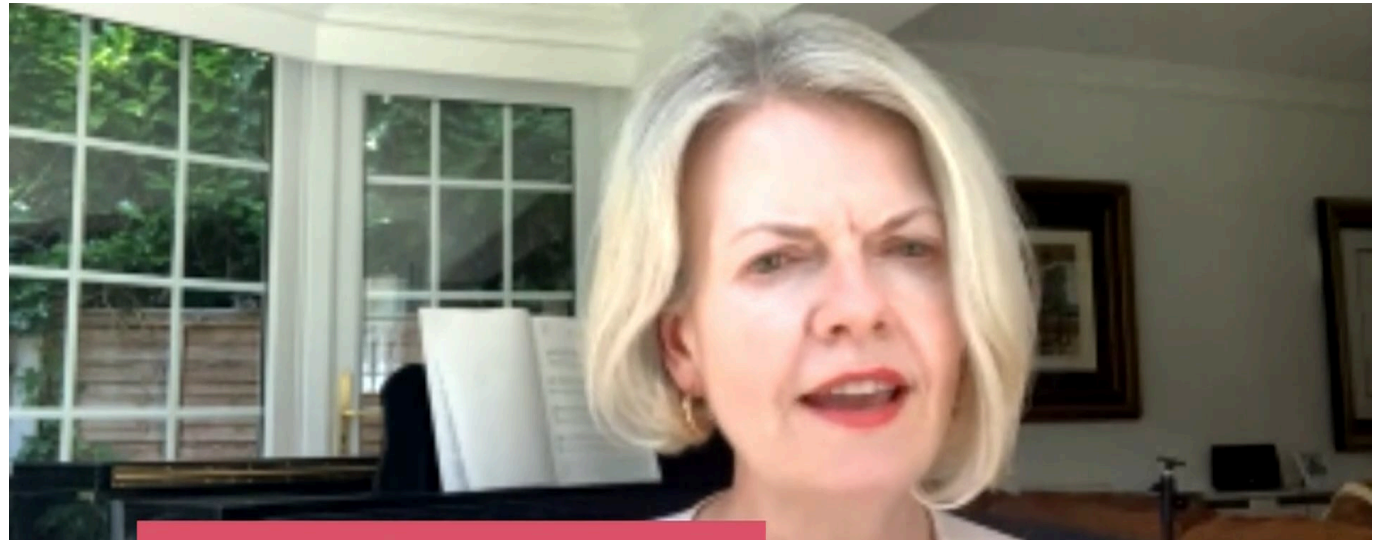
WHY SHOULD ORGANISATIONS COLLECT DIVERSITY DATA?

Section 1

WHY SHOULD ORGANISATIONS COLLECT DIVERSITY DATA?

THE IMPORTANCE OF COLLECTING DIVERSITY DATA

Pauline Hawkes-Bunyan, Director, Business: Risk, Culture & Resilience, The Investment Association

The Black Lives Matter movement and the coronavirus ('COVID-19') pandemic have increased societal focus on equality and fairness generally and race and ethnicity specifically. At the same time, companies that fully embrace diversity will be better equipped to foresee and act on risks and opportunities, make better long-term decisions, nurture talent and command the trust of the consumers they serve.

Accordingly, key stakeholders including regulators and clients are expecting more transparency and greater commitments from organisations in respect of diversity. Building a diverse and inclusive workplace is therefore more of a business imperative than ever before and the first step to achieving meaningful change in this space is by collecting data.

KEY BUSINESS DRIVERS FOR COLLECTING DIVERSITY DATA

Regulators - Governments and regulators have been increasingly focused on diversity in the workplace, for example there has been an ongoing discussion around introducing mandatory ethnicity pay gap reporting in the UK. Within financial services, the Financial Conduct Authority ('FCA') include in their supervisory principles a focus on culture, and have explicitly called out diversity as a topic they will review in order to hold organisations to account.

Employees - Your approach to D&I can have a significant impact on both current employee engagement and the attraction of new and future talent. Prospective employees, particularly those at the beginning of their professional career, are actively seeking employment from organisations whose purpose align with their personal values. Furthermore, seeing diversity in senior leadership can also motivate and retain emerging talent throughout your organisation.

Investors - Some organisations are facing increasing pressure from investors on their D&I policies and practices. This year, the IA's

Institutional Voting Information Service (IVIS) is highlighting companies that do not meet certain gender and ethnicity criteria as having a significant issue to shareholders ahead of voting at the company's AGM.

Other stakeholders - Increasing numbers of customers, suppliers and clients are making business decisions based on performance against D&I metrics e.g. by introducing diversity clauses in contracts and request for proposal documentation.

ESG agenda - An organisation's approach to Environmental, Social, and Corporate Governance (ESG) issues is increasingly understood as contributing to both its economic wellbeing and its purpose. Many organisations are now focusing and reporting on non-financial metrics covering D&I alongside other areas such as emissions, health and safety.

Transparency & accountability - Being transparent about the diversity of your workforce is an important step towards making meaningful change. Transparency not only demonstrates a strong commitment to diversity,

but it also strengthens accountability for addressing the causes of inequality.

Better understand your workforce - Collecting data on the diversity of your workforce will enable you to understand your people, your workforce composition and the lived experiences of individuals. Collecting diversity data can help you identify the issues, gaps and biases that may be present and help you work towards rectifying them.

Identifying actions that will drive change and embed fairness - By completing further analysis on diversity data, you can also help to ensure fairness is embedded across decisions such as those related to pay and progression, identifying the D&I focus areas and determining positive actions that would have the biggest impact. It is important to scrutinise the entire employee lifecycle with a diversity lens to ensure fairness and inclusivity in all areas such as recruitment, retention, progression, performance ratings and pay.
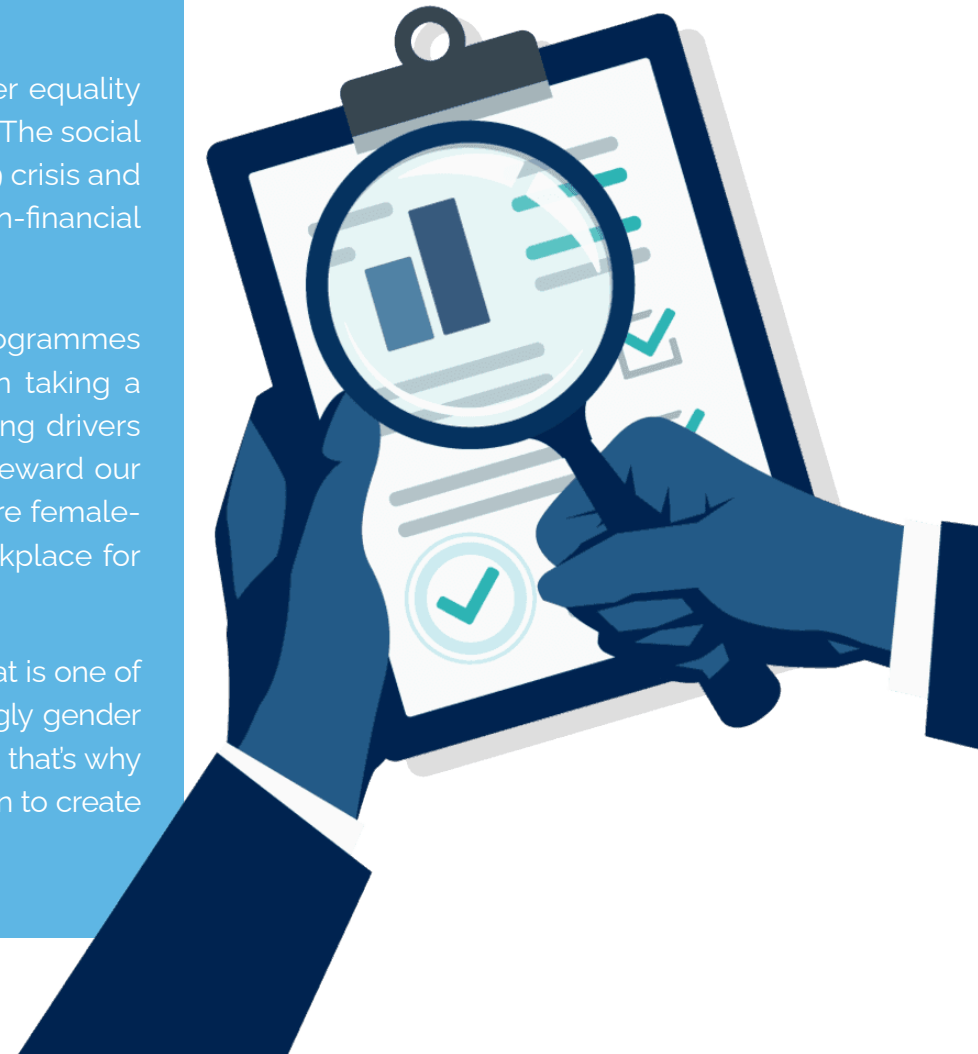
LEGAL & GENERAL INVESTMENT MANAGEMENT (LGIM)
MICHELLE SCRIMGEOUR, CEO

We at LGIM have consistently been a champion of D&I and take the issue of gender equality very seriously, both in our own organisation and in the companies in which we invest. The social inequalities that lead to the pay gap have once again been laid bare by the COVID-19 crisis and its economic impact to which we have responded with a range of financial and non-financial support for our employees.

We are expanding our family-friendly, agile working practices, our apprenticeship programmes and investment in training for line managers and leaders. Since 2019, we've been taking a more data-driven approach to understanding our people and tackling the underlying drivers of imbalance in our business. We have actively and deliberately targeted how we reward our people, particularly those who may be in lower-grade roles, which we know are more female-dominated. This is just one step in our commitment to create a more inclusive workplace for everyone.

I have long spoken of the importance of being a leader of a firm that seeks equality; that is one of the reasons why I am so proud to work with a leadership team at LGIM which is strongly gender balanced. However, as in most investment management firms, we have more to do and that's why we will continue to focus on actions with long term impact, centred around our ambition to create a diverse workforce and an inclusive workplace for everyone.

CAN ORGANISATIONS COLLECT DIVERSITY DATA AND WHO SHOULD BE INVOLVED?

Section 2

CAN ORGANISATIONS COLLECT DIVERSITY DATA AND WHO SHOULD BE INVOLVED?

LEGAL CONSIDERATIONS

Anna Sanford, Director and Solicitor, PwC UK

The first step in running a successful data collection project is ensuring the restrictions and considerations of collecting this data are understood and the right stakeholders are involved in the process.

KEY AREAS TO CONSIDER

Legal - Due to variation in data protection, employment law and legal regulations globally, the restrictions and practicalities around collecting and processing diversity data will need to be considered on a country by country basis. In the majority of territories, collecting diversity data should be possible provided there is a relevant lawful basis for doing so and certain conditions and requirements are met. This is the case, for example, in the UK where a number of large public and private sector organisations have already voluntarily gathered, analysed and disclosed diversity data, such as data on ethnicity, disability and sexual orientation.

THE GLOBAL PERSPECTIVE

For global organisations it is important to understand where there are any existing requirements in place to collect, monitor or report on diversity data in each of their locations. For example, in China, it is mandatory to report on disability data within the workplace therefore gathering this data is essential.

In certain territories while it may be legally permissible to collect diversity data, it is also important to consider cultural sensitivities. Consideration should be given to whether individuals are accustomed to sharing this type of data, whether the categories used may offend and any other social norms that would impact the perception and trust that employees would have while engaging with the process.

It is important to work with your local legal and data protection teams on a territory by territory basis to understand any local restrictions or documentation required to gather, process and analyse this data. In order to ensure appropriate steps are taken, you may wish to build a 'term sheet' for data collection in each territory setting out any required legal steps and restrictions, the type of data intended to collect, categories which can be used for collection and any local cultural considerations which may be relevant.

Systems - It is important to identify the best technology and systems for data collection. For those with a single HR system in place with self-service capability, this may be the best option. However, where organisations have disparate HR systems and/or disconnected employees, companies will likely need to consider a variety of tools and technology to reach different employee populations whilst ensuring the process remains simple and the data is appropriately protected.

Communications - As diversity data is almost always collected on a voluntary basis, to be successful it is vital to plan your communications. Getting good response rates can be challenging and so building a clear communications strategy from the start will be critical to success. Identify your key messages, channels and stakeholders and how these can be adapted to reach different employee groups. Consider collaborating with employee networks (where they exist) to refine your message and gain their support. It is important to build trust with employees and be transparent as to how the data will be used. This will ensure greater engagement and lead to higher response rates.

STAKEHOLDERS TO INVOLVE

Given the potential complexity of collecting diversity data and the multitude of external and internal stakeholders, it is important that it is not seen purely as a HR initiative. You may wish to consider forming a working group, composed of some of the stakeholders outlined on the next page, to plan and execute any diversity data collection campaign.

Leadership - Board level buy-in is crucial, as it acts as an internal and external signal of your organisation's intent and commitment. Involving senior management in firmwide communications can have a positive impact on employee disclosure as it demonstrates how the business is prioritising the campaign. Leadership can also ensure the activity is prioritised, resources are allocated and internal challenges are overcome.

Human Resources - HR have a key role to play in building the internal business case, ensuring the data collection campaign aligns with existing D&I initiatives, stakeholder engagement and analysing and reporting on the data as it is collected.

HR Systems / Information Technology - Some organisations will have internal HR systems teams who can help with configuration of the system to collect data, whilst other organisations may need to liaise with their IT department or use external advisors to support this process.

Legal, data protection and compliance - Internal legal professionals and data protection experts or external lawyers should be consulted to ensure compliance with relevant data protection and employment legislation and considerations. Compliance teams can also help you ensure the process is run in a safe, compliant and legal way.

Communications - It is important to include your communications team in the process to create a strategy that is able to effectively engage your employees in the data collection process and aligned to other internal and external communications activity.

Employee networks - Utilising existing internal diversity networks or employee resource groups in your organisation ensures that the messaging can be tailored to different employee groups, leveraging channels that are pre-existing and, crucially, trusted by individuals.

Employees - Involving employees early on in the process will allow you to get input as to how the process may be received and any areas of concern that communications should address. It is important to consider how employees feel about sharing their data, therefore it may be helpful to use focus groups or involve divisional leaders who are closer to the individual employees.

External advisors - Many organisations, especially those without the available resources, skills or experience, may wish to seek support from external advisors especially given the sensitivities around the topic, legal risks and requirements and the additional complexity of global data.

Unions - For some organisations, it will be important to engage with unions to help them understand the process and reasoning behind collecting diversity data. The unions in turn may be able to help engage employees in this exercise and support them in disclosing their diversity data.

SCHRODERS

Schroders diversity data communications strategy is split across three main areas; leader-led, FAQ's and ongoing encouragement of diversity profile completion.

1. **Leader-led includes the sharing of diversity profile completion targets and actions** that will be taken once the targets have been reached. Management team podcasts have highlighted the importance of diversity data collection and global town-halls have included reminders for everyone to complete or review their diversity profiles.

2. **FAQ's and a dedicated Inclusion and Diversity Intranet page** are available to clearly explain the purpose of collecting diversity data, set out the overall I&D objectives, identifying Employee Resource Groups and Diversity Committees, and providing contact details for any further questions.

3. **Encouraging diversity profile completion is considered on an ongoing basis** – this is particularly important as employees' data changes as well as the introduction of new questions to capture increased data over time. Employees are first asked to complete their diversity profiles during onboarding and then receive opportunities to complete as part of other employee lifecycle activities as well as consistent reminders through banners on the Intranet home page and a link from the HR system homepage. Regular internal communications promoting D&I events also serve as another opportunity to remind employees to keep their diversity profile up to date.

WHAT PROCESS SHOULD ORGANISATIONS FOLLOW WHEN GATHERING THIS DATA?

Section 3

WHAT PROCESS SHOULD ORGANISATIONS FOLLOW WHEN GATHERING THIS DATA?

THE GLOBAL PERSPECTIVE

Jason Buwanabala, Senior Manager, Inclusion and Diversity Consulting, PwC

The diagram below sets out the key stages in a typical diversity data collection exercise. The scope and complexity of each step will likely be influenced by the type of data collected.

Identify scope, key priorities and desired outcomes	Review of permissibility of proposed approach (legal and cultural)	Detailed legal and privacy analysis	Diversity analytics and reporting	Communicate and take action
		Systems selection, design and enablement		
		Communications & engagement strategy and campaign		

Typical steps involved in diversity data collection (source: PwC)

Identify scope, key priorities and desired outcomes: It is important to understand key objectives and agree on an appropriate scope before undertaking your diversity data collection process. A key input into this is an understanding of long-term aims and the purpose of data collection. Once this is understood, decisions will need to be made around which diversity categories to collect (see section 4), which territories you would like to explore collecting them in, which stakeholders to involve (see section 2), roles, responsibilities and other relevant factors.

Review of permissibility of proposed approach: A review of local laws and cultural expectations or requirements should be undertaken for every territory in which data will be collected to ensure requirements are met and cultural sensitivities are considered. Conducting this initial review will help identify territories where data collection may be more complex or require additional steps. It will also help to identify any territories where local regulations or commercial considerations mean that work should be prioritised. Completing this review early in the process will help ensure a tailored approach and project plan can be developed for each of your territories and that any

required variations in tools and processes are identified. At this stage, information on diversity data categorisation sources or approaches may be collected to support later systems design and configuration (see section 4).

Detailed legal and privacy analysis: After the initial permissibility is understood, more detailed analysis should be conducted to identify key legal and privacy steps in priority territories. In relation to data privacy, for territories where data can be collected only if there is a lawful basis for processing, it is crucial to identify the appropriate lawful basis, put in place appropriate documentation (if required) and cover any additional requirements which may arise. For some territories, this may be a case of drafting an appropriate data privacy notice and consent documentation, while others will also require more detailed documentation to be put in place, or data assessments to be carried out. It will also be important to consider any discrimination laws in each territory so that relevant safeguards can be put in place to ensure data is not used in a way that may be deemed discriminatory.

Systems selection, design and enablement: A single technology tool can help to collect data in a consistent and secure way. Tool selection will likely depend on the existing tools available (and their capability) and the required use of the data (i.e. if it would need to be attributable to the employer). Most commonly, any current HR system is leveraged as this typically allows ongoing vs point in time collection and makes reporting simpler. However, where a HR system is not available, some form of online survey tool may be appropriate, providing that required steps have been taken in relation to data privacy. The tools used for data collection will also require configuration on a local level to ensure local laws and cultural adjustments are followed, with a particular focus on data privacy and handling.

Communications & engagement strategy and campaign: One of the key challenges in collecting diversity data is encouraging employees to provide this personal and sensitive data. Careful communication planning is therefore critical, with a focus on building trust with staff, assuring them that their data will be protected and reinforcing the positive reasons for data collection. In doing this planning, it is important to recognise that

employees' perspectives will differ. For example, some employees may be reluctant to provide this data as they are uncomfortable sharing this data, or may even fear it will be used for negative reasons, whilst others may assume that communications related to diversity do not apply to them. To address this, communication should start before any data is collected, using multiple channels and approaches to reach different employees, and should be seen as an ongoing process rather than a point in time communications campaign.

Support and guidance should be made available to employees and it should be made clear where further information can be found and queries and concerns can be directed. Where appropriate, it may also be helpful to engage with unions and works councils so they can support with employee engagement.

Diversity analytics: Once data has been collected, it can then be analysed and assessed to identify key trends and areas where action may be required. This analysis can also be used to look at response rates and identify where a needed. Data dashboards could also be developed to support reporting (including internally) and visualisation of data outcomes. These should be carefully designed to comply with data privacy requirements and ensure individuals can never be identified.

HSBC ASSET MANAGEMENT

Like most, we initiated our use of diversity data with a focus on gender. Figures were accessible across markets globally, using existing data stored and readily available in the HR system. Through analysis of the data we were able to better understand disparities across levels of seniority, teams and geographies. This allowed us to set gender balance benchmarks for which we now regularly monitor progress against, inclusive of tracking leavers and joiners.

Amidst conversations and awareness sparked by 2020 social unrest and the Black Lives Matter movement, we began steps to tackle collection and measurement of ethnicity statistics as the next step in our use of diversity data. There was no existing ethnicity data held via the HR system, thus requiring us to reach out to staff directly in commencing a voluntary data collection process in markets where it was legally permissible.

As a group subsidiary, challenges in accessing the information submitted by staff became apparent. Without direct access to the HR system where the data was collected, there was an inability to view and evaluate figures specific to the asset management business. Awaiting clarifications regarding privacy rights and appropriate aggregating of the data led to significant delays in gaining the needed visibility. Furthermore, inability to see staff response rates prevented follow-ups or an active campaign to encourage self-submission, as there was no clarity on existing submission levels.

Once visibility was gained it became clear that submissions were uneven across markets. Use of employee resource groups and a more active campaign appear to have been effective in driving higher response rates in a particular market. Additional challenges of a group structure also became apparent. Given various central functions provide support to multiple group businesses, it is necessary to address how individual support staff are counted and allocated to the asset management business in order to generate the most accurate diversity statistics. We are now integrating learnings to build a more robust approach to analysis into both ethnicity and gender data moving forward.

WHAT DATA SHOULD ORGANISATIONS BE COLLECTING?

Section 4

WHAT DATA SHOULD ORGANISATIONS BE COLLECTING?

DIMENSIONS OF DIVERSITY

As part of the scoping process, it is important to be clear on which diversity data points (referred to here as dimensions of diversity) are going to be collected. Most organisations will already have data on sex (but not necessarily gender identity) and age, as this is usually collected from employees on joining. However, other dimensions of data will likely need to be identified. Identifying which dimensions to collect will be an individual organisation's decision, but will often include consideration of:

- Data required to meet D&I goals and overall strategy;
- External data requirements (e.g. under local reporting requirements / requests from clients);
- Legal permissions and restrictions;
- Local cultural considerations; and
- Market practice.

Globally, this can become more complex as local law may prevent the collection of data on some dimensions, while local market practice and cultural considerations will also vary.

Given this, most organisations identify any priority dimensions globally, but then allow for local variation on a country by country basis. This allows a balance between the need for globally consistent data and compliance with local law and awareness of local cultural norms.

MARKET PRACTICE

Typically collected in the UK:

- Sex
- Age
- Ethnicity
- Sexual orientation
- Gender identity
- Disability

Increasingly collected in the UK:

- Socioeconomic status / background ('social mobility')
- Faith
- Caring responsibilities
- Further detail in relation to disability (e.g. neurodivergence)

DIVERSITY DATA CATEGORIES

Once the relevant dimensions have been identified, it is important to then think carefully about the way questions will be asked and the options provided for answering each question (referred to here as diversity data categories). Organisations should seek a reputable local source to determine the categories and question wording where this exists. Where possible, a national government census can provide a good initial source, which may then be supplemented by best practice guidance from specialist groups where organisations wish to collect more granular data, or data not within the census. Using any census or government source will also make benchmarking against any central demographic data easier. In the UK, market practice is to use the UK Census as an initial source for diversity data questions and categories, particularly as these questions have recently been reviewed for the 2021 census.

It is important for global organisations to note the complexities involved in categorising diversity data globally as often there is no 'one size fits all' approach. You must ensure that your categories are tailored to each territory to reflect the diversity of the country and not cause offence. For example, the individual categorisations of ethnicity data would differ depending on the jurisdiction. It is important to tailor your approach to data collection and how you communicate to suit each country.

More generally, to recognise that diversity categories may not capture everyone's identity, it is also considered best practice to include an option to allow individuals to self-describe. This should be in addition to a "prefer not to say" option, which is also advisable and may be required depending on local laws.

Dimension of diversity	Diversity data categories	
Ethnicity	English, Welsh, Scottish, Northern Irish or British	Pakistani
	Irish	Bangladeshi
	Gypsy or Irish Traveller	Chinese
	Any other White background	Any other Asian background
	White and Black Caribbean	African
	White and Black African	Caribbean
	White and Asian	Any other Black, African or Caribbean background
	Any other Mixed or Multiple ethnic background	Arab
	Indian	Any other ethnic group

Example diversity dimension - Ethnicity categories in the UK (source: PwC)

What categories of diversity data are you planning to collect and analyse?

- [ ] Age
- [ ] Sex
- [ ] Ethnicity
- [ ] Sexual orientation
- [ ] Gender identity
- [ ] Disability
- [ ] Socioeconomic background
- [ ] Religion/ Faith
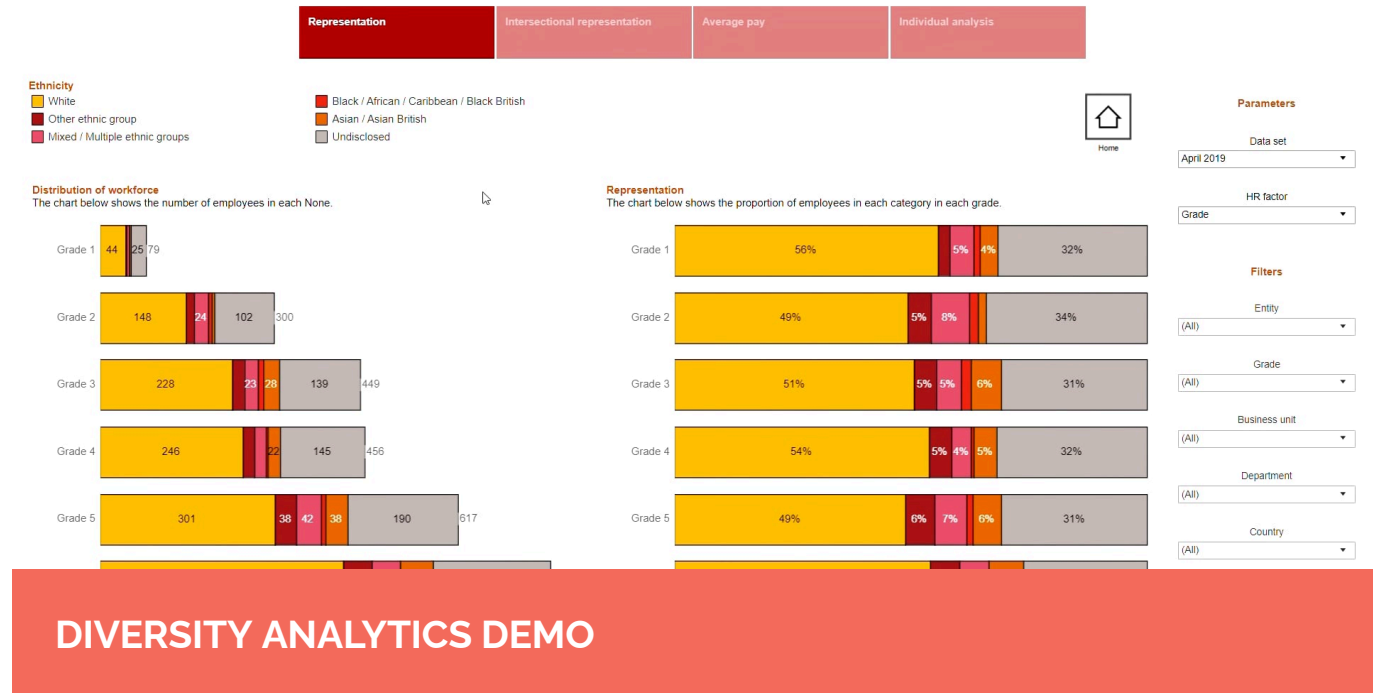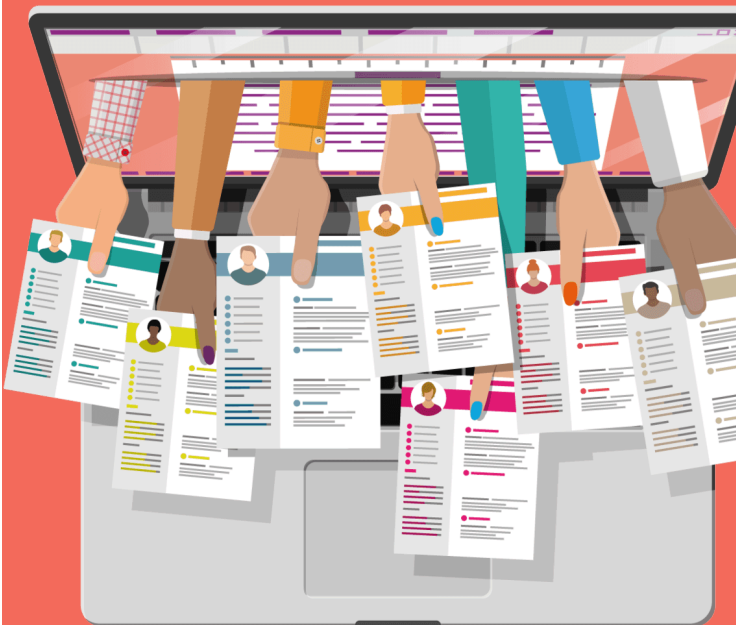- [ ] Caring responsibilities

Send answer

HOW DO ORGANISATIONS ANALYSE THIS DATA?

Section 5

HOW DO ORGANISATIONS ANALYSE THIS DATA?

DIVERSITY ANALYTICS DEMO

Representation | Intersectional representation | Average pay | Individual analysis

Ethnicity
- White
- Other ethnic group
- Mixed / Multiple ethnic groups
- Black / African / Caribbean / Black British
- Asian / Asian British
- Undisclosed

Home

Distribution of workforce
The chart below shows the number of employees in each None.

Grade 1	44	25	79
Grade 2	148	24	102	300
Grade 3	228	23	28	139	449
Grade 4	246	22	145	456
Grade 5	301	38	42	38	190	617

Representation
The chart below shows the proportion of employees in each category in each grade.

Grade 1	56%	5%	4%	32%
Grade 2	49%	5%	8%	34%
Grade 3	51%	5%	5%	6%	31%
Grade 4	54%	5%	4%	5%	32%
Grade 5	49%	6%	7%	6%	31%

Parameters

Data set
April 2019

HR factor
Grade

Filters

Entity
(All)

Grade
(All)

Business unit
(All)

Department
(All)

Country
(All)

UNDERSTANDING AND IMPROVING DATA QUALITY

The more robust your data set, the more insight you will gain. While organisations will ideally aim for a response rate of 80% of their population, you can still gain insight with less (60% is suggested as a minimum). If response rates are low, you may wish to begin your analysis on areas with higher disclosure, and supplement this with focus groups to gain initial insights.

Having gathered and reviewed diversity data, organisations could then look to communicate findings with their employees and, potentially, externally. Using the data, you can identify areas of the business with lower rates of disclosure and use targeted communications to positively engage employees in low response areas on how the data is being used, why data is needed and how responses will drive actions. Many organisations have found this transparency after the data has been first collected has significantly improved response rates on an ongoing basis.

Response rates can also be improved by making data collection part of 'business as usual' activity by embedding it within standard processes such as annual year end, training or compliance exercises. It is also beneficial to review other employee communications where nudges on data collection may be included, such as whenever new diversity initiatives are launched.

CALCULATING AND DISCLOSING PAY GAPS AND OTHER METRICS

Once you have gathered your data, you will need to decide what information you wish to report on and share with leaders, employees or externally, with a clear focus on the messaging and narrative that supports any disclosures.

In the UK, this is most commonly seen through pay gap reporting given the existing regulation around gender pay gap reporting. When calculating pay gaps beyond gender, you first need to agree your methodology for calculating them and on what basis you may wish to disclose (e.g. for ethnicity this could be Ethnic Minority vs Ethnic Majority or broken down to individual ethnicity categories).

If you have previously calculated your gender pay gap, you may wish to replicate your calculations with other diversity dimensions to maintain consistency in your approach. Consider consulting your key stakeholders, including employee networks, to understand their views and expectations.

Beyond pay gaps, you may wish to track and disclose other metrics to build accountability and encourage positive change. Organisations often disclose representation across grades, seniority levels or divisions but each organisation may choose to focus on additional metrics that they would like to improve on e.g. recruitment proportion or differences in average tenure.

Understanding requirements from investors and other organisations can help you decide on additional metrics you will want to track, for example, you may want to have the ability to provide prospective clients an insight into the diversity composition of your investment teams. You may also wish to understand how diverse the organisations you are working with are, but as you begin to request and metrics

from other organisations, it is important to be able to demonstrate that you have calculated and analysed this data yourself.

When communicating insights, it is important to acknowledge the quality of the data, you may wish to share the level of self identification and the size of the cohorts being compared to provide an understanding of how robust, reliable and statistically valid your analysis is.

DETAILED ANALYSIS AND INTEGRATING INSIGHTS

In order to fully understand your data and uncover insights, detailed analysis, looking across the entire employee lifecycle, is often critical to understanding where there may be issues or differences. This can help you investigate variances in how different groups enter, grow, and leave your organisation, and understand where action may have the biggest impact.

Taking entry level recruitment as an example; you may wish to look at the diversity of the applicants at each stage of the recruitment cycle, e.g. looking at the proportion of applicants from a lower socioeconomic background and how this proportion changes through CV sifts, assessment centres, interviews and ultimately, offers. This can give you an understanding of whether there is evidence for biases in the recruitment process.

Similar analysis can be undertaken to help influence talent management and succession planning with a diversity lens, identifying the next generation of leaders and using diversity data to ensure that people from all backgrounds are able to succeed will help you proactively improve diversity in leadership.

When analysing the data it is valuable to break the data down into categories and sub categories in order to fully understand the differences between them; for example breaking down ethnicity into subgroups may show interesting trends or disparities between people of different ethnicities. Once you have uncovered these insights, or found areas for further investigation, you may wish to test what may be causing these differences and conduct further analysis, in order to identify possible interventions that may help mitigate any biases. It is also important to look at how intersectionality affects your people. Looking at data holistically through multiple lenses can give you a deeper understanding of the lived experiences of your employees.

HOW DO ORGANISATIONS RESPOND TO THIS DATA?

Section 6

HOW DO ORGANISATIONS RESPONSE TO THIS DATA?

FORMULATING AN EVIDENCE-BASED APPROACH TO D&I

Although there has been lots of positive activity, at times organisations have developed D&I initiatives which have not necessarily been implemented as part of a wider D&I strategy, or with a specific purpose or intention in mind. They have also often not been tested using data specific to the organisation. This means that, despite considerable activity and investment by many organisations, there has been little concrete output and these activities have not succeeded in "moving the dial" on its own.

Using your diversity data and combining this with a clear set of D&I priorities will help you identify the targeted actions and activities that will have the largest impact and generate the greatest return on investment.

You will also be able to test any hypotheses that may exist around the diversity of your organisation which will help dispel any myths and allow you to take a more evidence based approach to prioritising actions and formulating or refining your D&I strategy, policies and initiatives.

Current state analysis → Hypotheses testing → Detailed diagnostics → Investigate areas of focus / Target and metric setting → Agree inclusion and diversity priorities and action plan → Communicate, measure and monitor

Test and refine

Developing an evidence based approach to D&I (source: PwC)

Whilst it is important to identify interventions and actions at a local level, organisations with an international presence should aim to look at this at a regional or global level in order to understand the priorities globally and in each territory. This will allow for better collaboration when dealing with these issues and help each territory through the sharing of success stories and positive interventions.

It is often helpful to socialise how the data was used to identify your actions. When communicating with leadership it helps improve buy-in and accountability when they can see the evidence behind any proposed interventions, making it easier to build the case for implementing them. With employees it will show how their data is being used to drive positive action and externally it shows an authentic and deliberate approach to D&I within your organisation.

ONGOING MONITORING AND TARGET SETTING

Whilst it may be helpful to compare your organisation's D&I data to other organisations within the industry, a comparison with your

own historic data is important to see how you are progressing over time.

It is important therefore to not treat diversity data collection and analysis as a one off exercise; you'll need to ensure that you're continuously engaging with employees to collect this data, analysing to understand how things are changing and identifying whether the interventions you have implemented are having a meaningful impact. Integrating monitoring into the existing HR processes will help you do this in a successful way, e.g. having a diversity overlay when reviewing pay decisions and performance outcomes.

Organisations that have multiple years of diversity data can begin to understand how things are changing and use this to project their diversity data forwards and understand where diversity representation is trending towards, based on historical talent flows. This can be a useful exercise in setting realistic targets based on interventions that are achievable, focusing on inputs such as retention, recruitment and progression rather than a general representation figure.

Staying aware of developing regulations and reporting requirements in each of your territories is important as the number of requirements are increasing and this may impact the types of data you wish to collect. By working with local teams and external advisors, you can ensure awareness of any new requirements which will allow you to be prepared for them as they are introduced.

INCLUSION AND EMPLOYEE SENTIMENT

Collecting, analysing and publishing diversity data is an important step in driving change, but at the same time it is important to recognise that this change will be hard to sustain and achieve if it does not occur within an inclusive culture. As such, it is important to also consider and measure the inclusiveness of your organisation to ensure that you create an environment and culture where people from any background can thrive.

Inclusion questions such as 'do you feel part of a team?', 'do you feel valued?' and 'do you feel you can be yourself at work?' can be used to gain a deep understanding of employee sentiment. These answers can then be broken

down by demographics such as location, grade, gender and other diversity metrics. This will help identify where your inclusion hotspots are and highlights development opportunities to prioritise in future.

In some cases, it may be useful to supplement survey data with focus groups, in order to understand the experiences of certain groups, explore challenges related to key processes, and identify experiences of, and barriers to, inclusion from employees. This can enable an understanding of themes of inclusion and provide greater insight into the challenges your employees may face. When designing focus groups, it is important to think about the format of the sessions and how to ensure employees are comfortable in sharing their experiences candidly.

FIDELITY INTERNATIONAL

Fidelity International has a deep commitment to building a diverse workforce and an inclusive culture where everyone feels they belong and can thrive. As a data-driven company, we believe it is critical that we can use data to measure how we are doing on D&I and what we need to focus on.

In January 2020, we started to invite all employees globally to share information about their personal identity with us on a confidential and voluntary basis through our HR system. This involves them answering questions about their ethnicity, sexual orientation, gender identity, religion or belief and whether they have a disability or health condition. We also included diversity monitoring questions in our anonymous Inclusion Survey.

We have set a global target to achieve 70% disclosure rates by December 2023. We have already seen the differences that this type of information can make. Tracking the gender balance in our global workforce over the last few years helped us to identify the right actions to drive progress on and exceed our global gender targets. We want to bring this insight to all aspects of D&I and use the information in an anonymised, aggregated format to:

- Ensure we are treating everyone fairly and achieving the right outcomes for everyone
- Build a more accurate understanding of the full diversity of our workforce
- Track progress towards a broader range of diversity metrics
- Understand any differences in perceptions of inclusion for diverse groups of employees
- Hold leaders to account for achieving progress on D&I in their areas
- Tailor our D&I activities to focus on the areas that need it the most
- Respond to requests from stakeholders, such as regulators and customers, about our diversity

To ensure employees are informed, engaged and enabled about diversity monitoring, we developed the Count Yourself In campaign with the support of senior business leaders and our employee-led D&I networks. We have now reached a 52% disclosure rate and were able to use this data to set concrete targets in our Cultural Diversity Action Plan.

Where are you with ethnicity data collection?

○ We don't collect data on ethnicity from our employees

○ We try to collect ethnicity data, but response rates are low

○ We have some data, but are yet to report or set metrics

○ We have data and already report and set metrics

Send answer

CONCLUSION

CONCLUSION

CONCLUDING REMARKS

Katy Bennett, Director, Inclusion and Diversity Consulting, PwC

This guide seeks to articulate the value of collecting and reporting diversity data for your employee population. Although this is an area that can seem complex, it aims to set out the practical steps to follow in order to collect diversity data in a way that meets your legal obligations, utilises existing systems and, most importantly, positively engages your workforce and leaders.

Collecting diversity data is an ongoing process rather than a point in time exercise. To maintain the quality and quantity of your data, it is important to continue to ask and encourage your staff to share information on their identity on an ongoing basis. You need to ensure that you continue to collect data for new staff and also recognise that how your staff respond to questions may change over time. The questions you ask and the categories under which you ask them should also be reviewed regularly, to ensure they reflect changes in your own D&I strategy as well as wider changes in societal context.

Having said this, much of the work set out in this document will not need to be repeated and will provide an important legal and systems baseline from which you can begin your data and reporting journey. As some of the case studies show, this is something many organisations within and beyond the industry are already embarking on and, at least in the UK, should be achievable regardless of your size or the sophistication of your HR processes and systems.

This guide seeks to provide the tools and guidance you need to collect this data. More importantly, it hopes to also help guide you on how to best use and interpret this data to deliver meaningful insight which drives your D&I strategy. Ultimately, collecting and analysing this data should be the starting point, rather than the end. Using this data as part of every key people decision will ensure that you fully embed your D&I priorities into your wider business and people agenda, while a data driven D&I strategy will help focus actions and interventions where their impact will be greatest, and help hold leaders to account for its delivery.

The pandemic has led to many changes in the way people work. The introduction of flexible and hybrid working patterns will have an impact on your employees' experience in the workplace. These shifts will likely have a disproportionate impact on certain employee groups which, without care, could lead to different outcomes in relation to key decisions relating to pay, performance and promotion. In the longer term, fundamental changes in ways of working will likely lead to large-scale reskilling and redeployment of staff, which may have different experiences and risks for different groups. There are already concerns from employees, as shown in PwC's Upskilling Hopes and Fears survey, an alarming 41% of respondents in the UK believe they have been overlooked for career advancement or training due to their gender, ethnicity, age, religion, disability, social class, caring responsibilities or

In these contexts, your D&I data is a critical tool in understanding whether employees have the right level of support through these changing times and ensuring wider business and workforce changes do not have unintended consequences from a D&I perspective.

DISCLAIMERS

Thank you for reading

IA Diversity Data Guide

The Investment Association
www.theia.org
@InvAssoc

Diversity & Inclusion page:
www.theia.org/campaigns/diversity-and-inclusion

Culture expert page:
www.theia.org/industry-policy/positions/culture

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