CIPD

Championing better work and working lives

RACE INCLUSION REPORTS

Report 2 – Encouraging ethnicity data disclosure

Report

March 2021

1
2
3
4
5
6

The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

The Institute for Employment Studies (IES) is an independent, apolitical, international centre of research and consultancy in public employment policy and HR management. It works closely with employers in all sectors, government departments, agencies, professional bodies and associations. The IES is a focus of knowledge and practical experience in employment and training policy, the operation of labour markets, and HR planning and development. The IES is a not-for-profit organisation.

Report

Race inclusion reports

Report 2 – Encouraging ethnicity data disclosure

Contents

Acknowledgements

① Series introduction

Every person, regardless of their ethnicity or background, should be able to fulfil their potential at work. That is the business case as well as the moral case. Diverse organisations that attract and develop individuals from the widest pool of talent consistently perform better.

Baroness McGregor-Smith, Race in the Workplace: *The McGregor-Smith review (2017)*[1]

Racism has no place in our society. Businesses must be part of the change we all need, to step up and stamp out prejudice, and to build diverse and supportive cultures of respect and fairness for all.

Peter Cheese, CIPD CEO (2020)[2]

The moral case for fairness in and access to the workplace is self-evident to any people professional. There is also considerable strength in the business case, as evidenced by McKinsey in their 2020 report, *Diversity Wins: How inclusion matters:*[3]

> *In the case of ethnic and cultural diversity, our business-case findings are equally compelling: in 2019, top-quartile companies outperformed those in the fourth one by 36 percent in profitability, slightly up from 33 percent in 2017 and 35 percent in 2014. As we have previously found, the likelihood of outperformance continues to be higher for diversity in ethnicity than for gender.*

Despite this, evidence persists of continuing racial injustice and inequalities in UK society and in our workplaces. In employment, according to Baroness McGregor-Smith's review (2017),[4] while one in eight of the working-age population are from a BME background, only 10% of the workforce are BME individuals and only 6% of top management positions are held by people from BME backgrounds.

Recent events such as the Windrush scandal[5] and the Grenfell Tower disaster[6] and, more recently, the COVID-19 pandemic,[7] alongside the major 2020 anti-racism protests after the death of George Floyd,[8] have highlighted the range of continuing racial injustice experienced in the UK. The COVID-19 crisis in particular has shown how intertwined economic and social indicators such as low pay, inadequate housing and poor health and wellbeing are with ethnicity and ethnic pay and representation gaps. They have also underlined the need for stronger action to be taken in society and in its workplaces to address these areas and to implement lasting and effective solutions.

Nor is the HR community itself immune from racial inequality: 88% of CIPD members identify as white and this increases with seniority, with only 7% of senior-level people professionals identifying as being from an ethnic minority. This is in line with Office for National Statistics figures showing that only 9.5% of HR professionals come from an ethnic minority background, contrasting with 14% for the general working-age population in the UK.[9] According to a recent *People Management*[10] study, 69% of ethnic minorities in HR felt that their career has been obstructed because of their race, compared with just 6% of white HR professionals. The HR profession urgently needs to take steps to improve its own diversity.

Warm words are not enough – firm action is now needed to tackle race inequality, and the demonstrations of summer 2020 show that there is a groundswell of support for much-needed change. There has already been increased action in this area by employers in 2020, beyond just voicing support for Black Lives Matter, with plans developed by organisations ranging from the English Football League to the CIPD itself. For instance, the BITC *Race at Work: Black*

voices report (2020)[11] states that more than 100 employers signed up for their Race at Work Charter within a six-week window in 2020, bringing the total to more than 400 employers. A petition to government to introduce mandatory ethnicity pay gap reporting in summer 2020 rapidly acquired more than 130,000 signatures.[12] More than 80 employers already report the differences voluntarily, including the House of Lords, Barclays, Network Rail, the Met Police, John Lewis and PwC.[13] The CIPD's plans focus on increasing ethnic diversity among people professionals, including mentoring and coaching programmes, as well as continuing its educational and policy activities in support of greater transparency and structural and cultural change in organisations.

However, actual progress in recent years in implementing review findings and action plans has been frustratingly slow. The Parker Review on UK FTSE board composition (2017)[14] set out the voluntary target that, by the end of 2021, no member of the FTSE 100 would lack a person of colour as a director. But its 2020 update[15] found just 11 more of the FTSE 100 companies had a person of colour on their boards and the target looks likely to be missed by a third of them.

Individual employers are in a strong position to make important changes, both for the benefit of the organisation and its employees. The CIPD states in its anti-racism strategy guide that *'employers need to maintain a zero-tolerance approach to workplace discrimination – as is required by the Equality Act 2010 – and commit to planned action'.*[16] It notes that *'race inequality cannot be tackled half-heartedly or by sporadic, one-off, disconnected initiatives; employers' actions need to be well planned, strategic, sustainable and taken seriously. Employers must stand against the cause (racism) and the effect (inequality).'*

As a means of addressing the barriers to change, the CIPD has set out its anti-racism policy, supported by a new anti-racism hub,[17] which includes a host of webinars, FAQs and practical guides. It has commissioned this series of reports on race inclusion, looking at specific barriers to progress. The CIPD continues to call for mandatory ethnicity pay reporting, but also strongly encourages employers to immediately bring further transparency and public scrutiny to ethnic inequality in the workplace by voluntarily reporting their ethnicity pay gaps and their proposed actions to address them.

This series of reports will outline some of the key areas on which employers can act now, rather than waiting for legislative obligation. Supported by literature reviews and survey evidence, they are designed to help the HR community and their employers to act on racism in three key ways:

- **by talking about race at work**, which has been highlighted by our research as a critical barrier and underpinning determinant of progress (Report 1)
- to encourage **ethnicity disclosure and reporting** (Report 2)
- to address **career progression inequities** (Report 3).

There are, of course, many other areas to tackle before equality of opportunity is achieved for people of all ethnicities. However, making progress on these three vital issues should be within the capability of every employer and should provide a foundation for further, more wide-ranging work and progress.

These three reports are informed by new CIPD research from a survey of **2,102 UK employees**. The research was conducted pre-COVID, between 29 November 2019 and 10 January 2020. The findings are still very relevant as they reflect long-term inequalities rather than being influenced by short-term current events. Employees were asked for their views on:

- how inclusive they feel their organisation is
- how they feel about talking about race at work
- how employers can promote conversations about race at work

Series introduction

- any barriers to talking about race at work
- the factors affecting whether they disclose their ethnicity to their employer
- their career progression – barriers and enablers.

Given the research is based on a survey of employees' views, not mediated through HR or their employers, it has helped to ensure these reports provide findings and recommendations that are tailored to the problems that employees actually experience in the workplace.

In each report, we:
- describe why the topic is important
- profile the main survey findings and relevant variations within the survey data on the basis of ethnicity
- draw out practical recommendations for both employers and policy-makers.

For more information, see Report 1 – *Talking about Race at Work* and Report 3 – *Ensuring Equality of Career Progression Opportunities*, or access our anti-racism hub.

Note on the CIPD's current position on terminology

We recognise that any one term will not resonate with everyone. As such, we advise employers to be sensitive in the language and terminology used when talking about race and ethnicity, being sure to engage and invite input from both their own staff and external experts.

We follow the Race Disparity Audit's recommendation, referring to 'ethnic minorities' rather than the terms BME/BAME, which highlight particular groups while omitting others. BME refers to black and minority ethnic, while BAME refers to black, Asian and minority ethnic. But research conducted by the Race Disparity Audit suggests that very few people recognise these acronyms, while few ethnic minorities identify with them.

However, both terms are widely used by government departments, public bodies, the media and other groups when referring to ethnic minority groups in the UK. We therefore reference the terms BME and BAME only in relation to research that has already been conducted using these terms (such as the government review by Baroness McGregor-Smith and previous CIPD research).

People of Colour (PoC) is a term prevalent in the USA and is gaining popularity in the UK. While it lends itself more to common parlance, it shares the issues of defining ethnic groups in relation to the white majority and that of masking issues.

We also recognise that terms like BME and BAME encompass people from a diverse range of backgrounds, cultures and traditions, who will likely be facing different barriers in the labour market, in career progression, and in their experiences at work. The Policy Exchange (Saggar et al 2016)[18] highlights the problem of conflation: *'Each ethnic minority group has its own cultural tradition and history, occupies a certain place on the socio-economic ladder, is on its own distinct trajectory, and sometimes has several internal divisions,'* it says. *'Looking at "BME" or "BAME" alone does nothing to tell us who is making progress and who is falling behind. Moreover, improvements in minority representation could be made by improving the lot of those already doing well rather than increasing the representation of those who need it most.'*

The CIPD wants employers and the people profession to put the spotlight on inclusion, with a continued effort to build diverse talent pipelines. Inclusive organisational culture is essential for attracting, retaining and nurturing diverse talent. The CIPD will therefore use the term 'inclusion and diversity' in all our material going forward.

② Encouraging ethnicity data disclosure

Employers need to collect ethnicity data on their workforce:

- to tailor and monitor their diversity strategy
- to prepare for the likely introduction of compulsory ethnicity pay gap reporting
- to support an effective, evidence-based HR strategy that will promote organisational performance.

The CIPD report *Diversity Management that Works* (2019)[19] established that *'the more – and better-quality – people data employers collect, the better they can design and target I&D activity and evaluate progress'*. This is in agreement with the McGregor-Smith Review,[20] which states that *'organisations need to establish a baseline picture of where they stand today, set aspirational targets for what they expect their organisations to look like in five years' time, and measure progress against those targets annually'*.

Professor Pamela Newkirk recounts: *'Following a landmark discrimination lawsuit settlement in 2000, Coca-Cola was able to overcome systemic bias among its professional ranks. Essential to the change were transparent metrics – a clear-eyed examination of salaries, positions, opportunities and bonuses across racial and gender lines. Only then could managers detect and disrupt patterns of bias that had metastasised in unequal pay, promotions, bonuses and hiring on racial and gender lines.'*[21]

It is clear that collecting ethnicity data across the organisation, at different levels of seniority, in different functions, and in different HR processes such as recruitment and promotion, will enable employers to understand their current position in relation to ethnic diversity. Knowing where they are should help them to look forward and to set realistic ambitions and targets, to prioritise their agendas and actions and, ultimately, to monitor the impact of their diversity initiatives by tracking the changes that follow from them over time.

The 2018 EHRC report on disability and ethnicity pay gaps discusses the importance of general data collection and points out that *'most employers fail to collect this data or do so inconsistently… [which] means they are unable to remove the barriers to the progression and representation of disabled and ethnic minority staff in the workplace'*.[22]

As well as progressing a diversity strategy generally, the ability to report on ethnicity pay gaps is an important reason to collect workforce ethnicity data. The compulsory publishing of gender pay gaps for organisations with more than 250 employees since 2017 has:

- resulted in greater prominence and clarity on the current experience of employees
- prompted organisations to produce action plans to tackle their gaps
- enabled tracking of the impact of these action plans because reporting is an annual requirement (although paused for COVID-19).

Ethnicity pay gaps can be defined as *'the difference between the average hourly pay of ethnic minorities and White British people… expressed as a percentage difference, with White British people's earnings representing 100%'*.[23] Collecting and publishing data on these gaps should help similar outcomes to be achieved in relation to ethnicity. Following a government consultation on ethnicity pay reporting in 2018/19, and numerous subsequent calls for this to become mandatory, including a petition to government which reached over 130,000 signatures in summer 2020,[24] it is expected that this will also be made mandatory. It appears likely that ethnicity pay reporting will be introduced with

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similar reporting requirements to the gender pay gap (for example applying to employers with over 250 employees and showing ethnic representation breakdowns at different quartiles across the organisation).

However, as the consultation showed, there are some big differences and additional challenges for employers in preparing for ethnicity pay reporting as opposed to gender pay gap reporting. Data on the gender of employees is already held by organisations, as it is a requirement for pay and pensions. The quality of ethnicity data in organisations is typically far more varied. The reporting task is also more complex as there are many more categories and it may be harder to establish what an appropriate comparator is: the national working-age population, the local working-age population or an industry-related benchmark (if this is known). Making ethnicity pay reporting mandatory and public should enable better benchmarks to be selected as more data will be publicly available.

The CIPD believes ethnicity pay reporting will spur progress through bringing further transparency and public scrutiny to issues of fairness and equality that need to be addressed by many employers as a matter of urgency.

Pay reporting in itself will not bring the solutions – it's the subsequent action employers take to address ethnic inequalities in pay, recruitment and progression opportunities in particular that will bring about real, substantive and permanent change. We strongly encourage employers to voluntarily report ahead of the introduction of legislation given the benefits this openness should bring.

Good data and analytics not only help employers and their HR and diversity professionals to meet their diversity and equality strategy aims – having good people analytics is an important requirement for HR departments and effective implementation of their people strategies more generally. According to the CIPD (2020),[25] people analytics forms a fundamental element of evidence-based HR, and organisations that don't use this type of evidence in their decision-making risk losing out on performance, productivity and job quality gains.

Where are we now with ethnicity data disclosure?
There is evidence of progress on both general ethnicity data collection and ethnicity pay gap reporting. The BITC reported in its *Race at Work: Black voices* report[26] that its 2018 survey had found that only 11% of employers were reporting on their ethnicity pay gap voluntarily. The EHRC 2018 research on measuring and reporting on ethnicity and disability pay gaps[27] found that *'36% of employers record or collect data on employee ethnicity'*. In 2019, a CIPD survey[28] found that just half (49%) of 731 organisations (with over 250 employees) surveyed said they currently collect ethnicity data for employees on standard employment contracts. Whereas in 2020, a survey of more than 100 employers carried out by PwC[29] found that 67% collect ethnicity data, 23% calculate their ethnicity pay gap and that 40% of these have published it voluntarily. We feature some case studies of organisations that are already reporting voluntarily in this report.

Overcoming barriers to ethnicity disclosure
Research supports the contention that there are genuine barriers to ethnicity data collection and disclosure beyond those experienced with gender statistics, such as costs of analysis. In 2018, the EHRC found that half (51%) of employers said they face barriers to collecting employee ethnicity data, including data collection being intrusive and onerous and employees not wanting to share the information, for example because they feel it might damage their chances of recruitment or promotion.[30] The survey findings in this report provide insight into the steps employees believe their employers should take to encourage disclosure.

Considerations around the terminology to be used in ethnicity data collection are important and are covered in depth in the first report of this series. Employers need to be aware of the differences between terminology to be used in addressing individuals, where it is important to use terms that reflect the individual's preferences. They also need to be aware of the terms and categories used for employer-wide data analysis and reporting, where the importance of confidentiality is paramount and where assessments of the impact of diversity initiatives could be skewed if there are very small numbers of employees in each ethnicity category.

This second report focuses on ethnicity disclosure, the current barriers, the key issues and how these are being overcome, considering in turn:

- current levels and patterns of ethnicity data-gathering and disclosure
- specific considerations around the ethnicity pay gap
- employee attitudes and beliefs around ethnicity data and its disclosure
- enablers to help overcome the barriers to disclosure, including providing evidence of employee views on ethnicity disclosure.

The report also makes recommendations to employers and policy-makers based on the survey findings.

(3) Survey data

3.1 Summary of key findings
The key findings of the report are outlined below. More detailed breakdowns of the data are available in the full findings section and data tables.

Where is ethnicity disclosure already taking place and how does this fit with other inclusion and diversity (I&D) activity?
- Nearly half (47%) of employees have been asked to disclose their ethnicity, with significant differences between sectors. 69% of public sector employees are most likely to have been asked to provide their ethnicity, followed by 55% in the third/voluntary sector and only 36% in the private sector.
- Employees are most likely to be asked to disclose their ethnicity during the application process (44%) or on joining the organisation (21%).
- While 46% have been asked to disclose their ethnicity, only 33% say they have talked about race at work, only 26% say there are employer-supported conversations about diversity in their organisation, and only 18% say their employer has been externally recognised for their work on inclusion and diversity.

Employee attitudes and beliefs about disclosure
- A substantial majority of employees (84%) are comfortable disclosing their ethnicity to their employer, with only 10% saying they are uncomfortable with it. There is little variation by sector or by size of organisation.
- 18% said that their employer could not be trusted to retain their anonymity and confidentiality when collecting ethnicity data.
- 32% agreed that their employer would use the data to make positive changes in their organisation.
- 31% agreed that their employer would use the data to identify any inequalities in promotions and employee progression.
- 30% said their employer would say they're acting on inequalities but with no change evident (34% of BAME group respondents and 21% of white British).
- 30% said that their employer wouldn't do anything with the data.

Specific considerations around the ethnicity pay gap

Employees were asked how they expect their employer would respond if they were required by law to report pay information by ethnicity:

- 38% said their employer would comply but would just do the legal minimum.
- 37% said that their employer would comply and take the process seriously, using the data to identify and address inequalities at work based on ethnicity.

Enablers to disclosure

- 62% of respondents said they agree that they'd want to know why their employer wanted to know their ethnic background and this is even higher for wanting to know how information about people's ethnic background would be used (72%).
- The majority (61%) of those who said their employer had tried to get more people to disclose their ethnicity in the last year also said that their employer had made it clear why this information is wanted.
- When asked what steps employers should take to encourage disclosure, the top four are:
    - a clear explanation of how the data would be used
    - assurances of confidentiality
    - visible evidence of the organisation's dedication to creating a fairer and more inclusive organisation
    - senior leaders showing their commitment to diversity, equality and inclusion.

The key findings show that more than half of employees are not being asked about their ethnicity. Although a great majority are happy to disclose their ethnicity, a substantial number are sceptical and don't believe any positive change will happen as a result. However, employers can reassure employees by clearly explaining how the data will be used and that their confidentiality will be protected.

3.2 Full survey findings

3.2.1 Methodology

In an online survey of a sample of UK employees by YouGov, the CIPD asked a series of questions in relation to employees' views of their workplaces and about issues relating to race at work. The fieldwork for this survey was undertaken between 29 November 2019 and 10 January 2020, so pre-dates the COVID-19 pandemic and the surge of activity and awareness around Black Lives Matter in the summer of 2020. The findings are still very relevant as they reflect long-term inequalities rather than being influenced by short-term current events.

The 2,102 respondents were:

- BAME group: 65%; white (British): 22%; white (other): 9%; with the remainder not disclosing their ethnicity – this sample contains a much higher proportion of ethnic minority respondents than the UK population level of 14%
- private sector: 62%; public sector: 27%; third/voluntary sector: 11%
- SMEs: 40%; large organisations: 60%.

The survey asked respondents to select which of the ethnicities listed in the left column of Table 1 they identified with. These options come from the ONS categorisation.[31] The majority ethnic group in the UK is white British, which we use in this report to contrast with other groups to explore differences of views and reflecting the fact that there is disadvantage for any ethnicity group that is not the majority.[32]

Where possible in this report, we have explored the differences by using other individual ethnicity groups in the text and by presenting the full breakdown in the accompanying tables so that all the variations in responses can be seen. It is, however, not possible to present findings from all of the individual groups across all the questions as some of them are too small to be statistically reliable. To ensure these views have been captured, we provide them in combinations, as shown in the second and third columns of Table 1.

We are acutely aware of the limitations and problems of combining disparate ethnicity groups: it is inappropriate culturally to blend groups together and present them as having a single view and, mathematically, doing so also masks some of the bigger differences between the white British majority and some ethnic minority groups. While this blending should therefore not be done in conversations with individuals or in communications with groups of employees, many employers will be in the position of needing to do this for reporting and monitoring purposes because using all the ethnicity categories for reporting and monitoring where an organisation has very small numbers of employees in some groups would result both in individuals being identifiable and also in the risk that any tracking of the success of an initiative will reflect a single individual's experience.

In order to provide benchmarks to employers in this situation, we have contrasted the experience of those in the majority ethnic group (white British) with a combination of those in other groups using the term BAME. Again, we are aware of the challenges of this term and the misunderstandings that can arise about which groups are included or not in it. In this case, the structure of the survey did not allow a comparison between white British and a single combination of all the other groups. This approach is described in the Government's ethnicity facts and figures service guidance on writing about ethnicity.[33] In this survey, BAME does not include 'white other'. As mentioned above, we present information from as many groups as possible in the tables as well as commenting in the text on differences for this 'white other' group.

Table 1: Survey ethnicity categories and structure

English/Welsh/Scottish/Northern Irish/British	NET: White British	NET: White (combined)
Irish Gypsy or Irish Traveller Any other white background	NET: White other	
White and black Caribbean White and black African White and Asian Any other mixed/multiple ethnic background	NET: Mixed/multiple ethnic groups	NET: BAME
Indian Pakistani Bangladeshi Chinese Any other Asian background	NET: Asian/Asian British	
African Caribbean Any other black/African/Caribbean background	NET: Black/African/Caribbean/black British	
Arab Any other ethnic group	NET: Other ethnic group	

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It is also important to note that there can be confusion between terms for nationality, a legal status, and our ethnicity terminology, which refers to much broader identity. For instance, the ethnicity grouping 'Chinese' is not limited to people with Chinese nationality but also includes British and other nationals who have Chinese ancestral origin. For clarity, in this report, we therefore refer to Chinese ethnicity respondents and so on.

The order of the categories used is that from the ONS usage for surveys.[34] Employers may wish to consider using these categories in alphabetical order to avoid suggestions of relative importance of the groups.

Another limitation of the survey is that it does not allow reporting on the intersection of gender and race. Prior research shows intersectionality is important when discussing matters of inclusion and diversity,[35] that is, that different aspects of diversity and of protected characteristics interact and that there is strong evidence that this can multiply disadvantage; for example, if someone is female and also a member of an ethnic minority group.

3.2.2 Where is ethnicity disclosure taking place?

The survey respondents were asked whether their current employer had ever asked them to disclose or provide their ethnicity. Nearly half (47%) have been asked to disclose their ethnicity, with significant differences between sectors (Table 2). Sixty-nine per cent of public sector employees said they have been asked to provide their ethnicity, followed by 55% in the third/voluntary sector and only 36% in the private sector (Table 3). This difference may be a reflection of the obligations under the public sector equality duty (2011), which requires them to understand the profile of their workforce to be able to take appropriate action to adhere to the requirements of the duty.

Table 2: Has your current employer ever asked you to disclose or provide your ethnicity? (%)

Yes	47
No	39
Don't know	14

Base 2,102.

Table 3: The percentage of employers who have ever asked employees to disclose or provide their ethnicity (by sector) (%)

Public sector	69 (563)
Voluntary sector	55 (229)
Private sector	36 (1,310)

Bases shown in brackets.

Large employers are significantly more likely to have asked employees to disclose their ethnicity than those with fewer than 250 employees (58% vs 30%). This may be because many of these large employers are public sector and are responding to the public sector equality duty. Larger employers are also more likely to have larger HR teams, which have the resources to collect and store data appropriately. In any case, it is positive that larger employers are collecting this data as it is expected that mandatory ethnicity pay gap reporting will apply to those with over 250 employees and this suggests there is

some level of preparedness among this group (although clearly much work to be done for the employers of the remaining 42%). Ethnicity data collection is important for all organisations, of any size, in order to understand their workforce and any steps that need to be taken to support under-represented employees.

There are also differences in response to this question by ethnicity (Table 4). Overall, the BAME group (49%) were more likely to say they have been asked to provide their ethnicity to their employer than those from a white British background (41%) and this gap is also present in the more granular ethnicity groupings. We found that 57% of African ethnicity respondents and 50% of Caribbean ethnicity respondents have been asked to disclose, in contrast to only 39% of Chinese ethnicity respondents and 41% of Indian ethnicity respondents. It is not obvious what might explain this gap as it would be expected that employers either ask all or none of their employees to disclose, so this is an area for future research.

Those who said their employer has been recognised for work in inclusion and diversity were significantly more likely to say they have been asked to disclose their ethnicity than those who said their employer hasn't been recognised for work in the area (68% vs 39%). This is to be expected, as collecting ethnicity data is likely to be the first step for any organisation carrying out work in this area that could lead to a recognition or an award.

We also wanted to understand at what stage in their employment journey employees are being asked to disclose their ethnicity and found that this is most likely to be during the application process (44%) or on joining the organisation (21%) (Table 5). There are only minor differences in responses by ethnicity to this question.

Table 4: Employees who have ever been asked by their employer to disclose or provide their ethnicity (by ethnicity) (%)

Net: BAME	**49**
Net: White (English, Welsh, Scottish, Northern Irish, British, Irish, Gypsy or Irish Traveller, any other white background)	42
White British (English/Welsh/Scottish/Northern Irish/British) (465)	**41**
Any other white background (133)	47
White and Asian (139)	53
Any other mixed background (116)	48
Indian (202)	41
Pakistani (130)	45
Chinese (111)	39
African (119)	57
Caribbean (103)	50

Bases shown in brackets.
Note: Base numbers for Irish, Irish Traveller and Arab groups are not high enough to report on.

Table 5: When were you asked to disclose or provide your ethnicity? (%)

When I applied for a role at the organisation	44
When I joined the organisation	21
There are regular emails asking employees to update their details on the HR system	14
In employee surveys	16
Other	2
Don't know	3

Base: 983 (all who have been asked to disclose; respondents were asked to choose one option)

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We can see that asking employees to disclose their ethnicity is the most common step an employer has taken at 47%, compared with employer-supported conversations about diversity (26%) and gaining external recognition (18%) (Table 6). It is to be hoped that encouraging disclosure is many employers' starting point for understanding their organisation's ethnicity profile and that future surveys would see this higher percentage progressing through to those organisations where conversations are happening and ultimately employers are recognised for their work.

Table 6: Steps an employer has taken in relation to ethnicity (%)

	Yes	No
Has your current employer ever asked you to disclose or provide your ethnicity?	47	39

	Ethnicity	None of the above
In your current organisation, are there any conversations happening about diversity and inclusion for any diversity groups (for example, via an employee network group or through training, communications or initiatives about diversity and inclusion)?	26	27

	Yes	No
Has your current employer been externally recognised for their work on diversity and inclusion (for example, winning an award)?	18	45

Base: 2,102.

3.2.3 Employee attitudes and beliefs around disclosure

The survey enables us to shed some light on employee attitudes to disclosing their ethnicity generally, and to their beliefs about what their employer would do with this information.

Overall a substantial majority of employees (84%) are comfortable disclosing their ethnicity to their employer, with only 10% saying they are uncomfortable and little variation by sector or by size of organisation (Figure 1). This finding should give employers confidence that most employees are prepared to disclose this information if asked, in contrast to the traditionally accepted view in this area that a key reason for the poor quality of ethnicity data in many employers is employees' fear of being discriminated against if they disclose.

Figure 1: How comfortable or uncomfortable do you feel about disclosing your ethnic background to your current employer? (%)

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84

Net: Comfortable*

Net: Uncomfortable**

Don't know
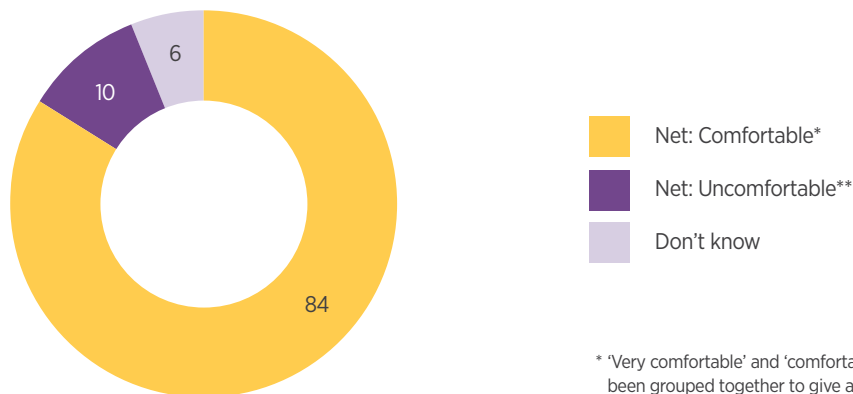
Base: 2,102

* 'Very comfortable' and 'comfortable' responses have been grouped together to give a net comfortable score.

** 'Uncomfortable' and 'very uncomfortable' responses have been grouped together to give a net uncomfortable score.

While all groups are comfortable, there are differences by ethnicity (Table 7), with 82% of those in the BAME combined group saying they are comfortable disclosing compared with 91% of the white British. Those in the mixed white and Asian group are very comfortable disclosing their ethnic background (90%), while those from the 'other' ethnic group are much less so at 69%.

Table 7: How comfortable or uncomfortable do you feel about disclosing your ethnic background to your current employer? (%)

	Net: Comfortable	Net: Uncomfortable
Net: BAME	**82**	**11**
Net: White (English, Welsh, Scottish, Northern Irish, British, Irish, Gypsy or Irish Traveller, any other white background)	90	6
White British (English/Welsh/Scottish/Northern Irish/British) (465)	**91**	**6**
Any other white background (133)	85	9
White and Asian (139)	90	6
Any other mixed background (116)	78	13
Indian (202)	80	12
Pakistani (130)	81	12
Chinese (111)	87	8
African (119)	86	8
Caribbean (103)	76	18
Other (104)	69	22

Bases shown in brackets.

As was evident in our first survey report, we see a big difference in views on this question based on levels of trust (Table 8). Those employees who say there is a strong level of trust between employees and senior management are more likely to say they feel comfortable disclosing their ethnicity (92%) than those who say the level of trust between employees and senior management is weak (77%).

Table 8: Employees who feel comfortable disclosing their ethnicity to their employer (by level of trust between employees and senior management) (%)

Strong level of trust between employees and senior management	92 (848)
Weak level of trust between employees and senior management	77 (583)

Base: shown in brackets.

We asked employees for their level of agreement with a number of scenarios of what their employer would do with ethnicity data if they had it about all employees (Figure 2). Eighteen per cent agree that their employer could not be trusted to retain their anonymity and confidentiality, while nearly half (49%) believe that they could be trusted with it and another 20% neither agree nor disagree.

Twenty-five per cent of Pakistani ethnicity respondents said their employer could not be trusted to retain their anonymity compared with 14% of 'white: other' and mixed ethnicity respondents. So while most respondents are comfortable disclosing their ethnicity, there is clearly work for employers to do to ensure that all of their employees have confidence and trust in this data collection so that this becomes less of a concern.

Survey data

Figure 2: If your employer had ethnicity data on all employees, to what extent do you agree or disagree that… (%)

	Net: Agree	Net: Disagree	Don't know and Neither agree nor disagree
My employer would use the data to identify any inequalities in promotions and employee progression	31	17	52
My employer would not do anything with the data	30	21	49
My employer would use the data to make positive changes in my organisation	32	15	53
My employer would not be trusted to retain my anonymity and confidentiality	18	49	33
My employer would say they're acting on inequalities but with no change evident	30	21	49

■ Net: Agree   ■ Net: Disagree   ■ Don't know and Neither agree nor disagree

Base: 2,102

For most of the other scenarios suggested, around half the respondents said they don't know or that they neither agree nor disagree; however, a third do agree that their employer would use the data to make positive changes in their organisation (32%) and would use the data to identify any inequalities in promotions and employee progression (31%).

Less positively, 30% also said that their employer wouldn't do anything with the data and that their employer would say they're acting on inequalities but with no change evident.

Employees in the private and voluntary sectors are more likely than those working in the public sector to believe their employer would not do anything with the data (33% and 31% vs 24%). However, employees in the public sector are most likely to think that their employer would say they're acting on inequalities but with no change evident (34% vs 29% and 26%), suggesting inaction in some public sector organisations or an impatience with the slow pace of change in others.

For most of these statements, BAME and white British responses are similar. However, 34% of respondents from the combined BAME groups believe that their employer would say they are acting on inequalities but with no change evident compared with 21% of white British respondents (Table 9), suggesting these groups are more cynical about data stimulating real change and progress.

There is variation within the individual ethnicity groups, with 41% of Pakistani ethnicity respondents agreeing that their employer would use the data to identify inequalities in promotions and employee progression, while only 22% of Chinese ethnicity respondents feel the same. Pakistani ethnicity respondents are also most likely to believe that their employer would use the data to make positive changes in their organisation (39%) compared with 23% of Caribbean ethnicity respondents. Despite the positive perceptions by Pakistani ethnicity employees, studies have shown that they suffer the biggest ethnicity pay gap.

Forty-three per cent of the mixed white and Asian respondents believe their employer would not do anything with the data compared with 23% of the 'any other white background' respondents. Forty-two per cent of Caribbean ethnicity respondents said that their employer would say they're acting on inequalities but with no change evident compared with 26% of Chinese ethnicity respondents.

Survey data

Table 9: If your employer had ethnicity data on all employees... (by ethnicity) (%)

| If your employer had ethnicity data on all employees, to what extent do you agree or disagree that:	Base: All	My employer would use the data to identify any inequalities in promotions and employee progression		My employer would not do anything with the data		My employer would use the data to make positive changes in my organisation		My employer would not be trusted to retain my anonymity and confidentiality		My employer would say they're acting on inequalities but with no change evident	
		Net: Agree	Net: Disagree	Net: Agree	Net: Disagree	Net: Agree	Net: Disagree	Net: Agree	Net: Disagree	Net: Agree	Net: Disagree
English/Welsh/ Scottish/ Northern Irish/British	465	35	15	28	22	34	15	16	55	21	28
Any other white background	133	32	14	23	25	34	8	14	54	24	23
White and Asian	139	30	21	43	19	27	22	16	60	35	23
Any other mixed/multiple ethnic background	116	30	15	30	22	26	16	14	51	26	22
Indian	202	35	19	28	24	35	16	19	45	33	16
Pakistani	130	41	12	34	15	39	9	25	34	35	12
Chinese	111	22	16	27	17	30	11	19	41	26	17
African	119	25	13	24	24	34	13	23	37	39	17
Caribbean	103	34	20	25	21	23	20	18	49	42	17
NET: White British	**465**	**35**	**15**	**28**	**22**	**34**	**15**	**16**	**55**	**21**	**28**
NET: White other	182	32	13	25	26	33	8	14	55	24	20
NET: White (combined)	647	34	14	27	23	34	13	15	55	22	26
NET: Mixed/multiple ethnic groups	404	31	18	35	21	29	17	14	58	32	22
NET: Asian/Asian British	583	32	16	31	20	35	14	21	42	33	16
NET: Black/African/ Caribbean/black British	272	29	18	25	22	29	17	21	42	40	18
NET: Other ethnic group	104	28	25	36	14	26	19	18	46	28	20
NET: BAME	**1,363**	**31**	**18**	**31**	**20**	**32**	**16**	**18**	**47**	**34**	**18**

3.2.4 Specific considerations around the ethnicity pay disclosure

We asked employees specifically how they expect their employer would respond if they were required by law to report pay information by ethnicity. Similarly to the previous section, where we saw mixed views on the extent to which employers would use general ethnicity data to make improvements to the workplace, we see scepticism that their employer would make good use of the specific pay-related data (Figure 3). Although three-quarters said their employer would comply, for 38% that would be complying to do just the legal minimum, while 37% said that their employer would comply and take the process seriously, using the data to identify and address inequalities at work based on ethnicity. Another fifth (18%) said they do not know and, concerningly, 7% think their employer would try to avoid reporting the data.

Figure 3: If a law was introduced requiring organisations to report pay information by ethnicity, how do you think your employer would respond? (%)

Base: 2,102

My employer would comply but would just do the legal minimum

My employer would comply and take the process seriously, using the data to identify and address inequalities at work based on ethnicity

Don't know

My employer would try to avoid reporting the data
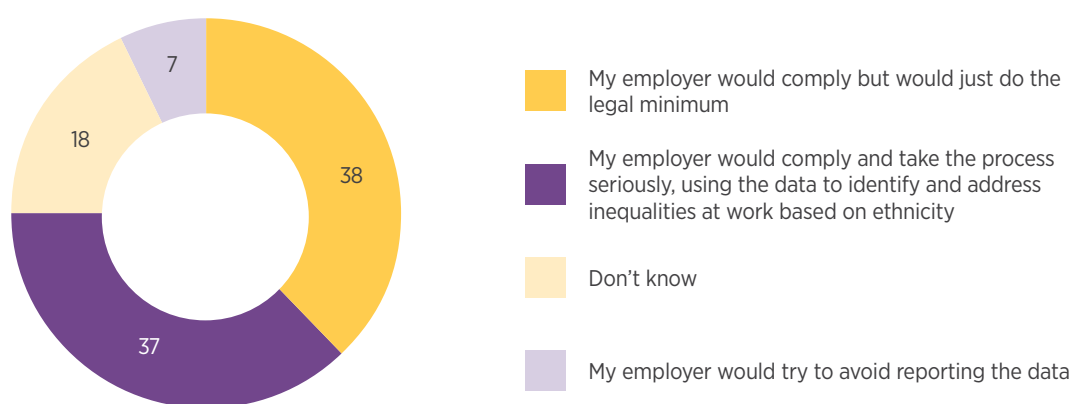
Those in the public sector and the third/voluntary sector are more likely to say their employer will comply and take the process seriously rather than comply and do just the legal minimum (third/voluntary: 47% vs 36%; and public sector: 45% vs 35%); whereas in the private sector they think their employers are more likely to just do the legal minimum (40%) rather than take the process seriously (32%). Employees in large organisations are also slightly more likely to think their employer will take the process seriously (40%) rather than just comply (38%) compared with employees in smaller organisations (34% vs 37%).

There are also significant differences by ethnicity (Table 10), with only 34% of respondents in the combined BAME group believing that their employer would comply and take the process seriously, while a larger percentage (39%) believe they would comply to the legal minimum only. White British respondents, in contrast, are more likely to believe that their employer will take the process seriously (46%) as opposed to just complying with the legal minimum (34%). Looking at individual ethnicity groups, 47% of those of mixed white and Asian ethnicity believe their employer will just do the legal minimum compared with 29% of those in the 'other' ethnic group.

Forty-five per cent of those from mixed white and black Caribbean ethnicity believe their employer will take the process seriously, while only 28% of those of Pakistani ethnicity believe this.

Clearly employers need to persuade all their employees – but those from ethnic minority groups in particular – that their intention is to make changes beyond simply complying with any reporting duty.

Table 10: If a law was introduced requiring organisations to report pay information by ethnicity, how do you think your employer would respond? (by ethnicity) (%)

	Base: All	My employer would comply but would just do the legal minimum	My employer would comply and take the process seriously, using the data to identify and address inequalities at work based on ethnicity	My employer would try to avoid reporting the data	Don't know
Total	2,102	38	37	7	18
English/Welsh/Scottish/Northern Irish/British	465	34	46	5	15
Any other white background	133	40	40	5	15
White and Asian	139	47	37	5	11
Any other mixed/multiple ethnic background	116	37	41	3	19
Indian	202	32	34	11	22
Pakistani	130	41	28	12	19
Chinese	111	36	32	7	24
African	119	35	26	13	25
Caribbean	103	42	34	8	17
NET: White British	**465**	**34**	**46**	**5**	**15**
NET: White other	182	42	40	4	14
NET: White (combined)	647	37	45	4	15
NET: Mixed/multiple ethnic groups	404	40	39	5	16
NET: Asian/Asian British	583	38	31	9	21
NET: Black/African/Caribbean/ black British	272	42	30	10	19
NET: Other ethnic group	104	29	39	11	21
NET: BAME	**1,363**	**39**	**34**	**8**	**19**

The correlation with trust in senior management is bigger than with ethnicity, sector or size of employer (Table 11): those respondents with strong trust in senior management are nearly twice as likely to believe that their employer will take the process seriously rather than just do the legal minimum (51% vs 27%); while the reverse is true for those with weak trust. Those with weak trust are also more likely to believe that their employer would try to avoid reporting the data than those with strong trust (11% vs 6%). This suggests that, as in the <u>first report</u> in this series, creating greater trust in senior management should be a focus for employers.

Table 11: If a law was introduced requiring organisations to report pay information by ethnicity, how do you think your employer would respond? (by trust) (%)

	Strong trust in management	Weak trust
My employer would comply but would just do the legal minimum	27	49
My employer would comply and take the process seriously, using the data to identify and address inequalities at work based on ethnicity	51	25
Don't know	17	14
My employer would try to avoid reporting the data	6	11

Base: 848 (strong trust in management); 583 (weak trust in management).

3.2.5 Enablers to disclosure

A series of questions were asked about factors that may affect employees' decision to disclose their ethnicity. Sixty-two per cent of respondents said they agree that they'd want to know why their employer wanted to know their ethnic background, and 72% wanted to know how information about people's ethnic background would be used (Table 12).

Agreement with both of these statements was highest in the public sector (64% and 77%) and lowest in the third/voluntary sector (57% and 66%) and higher in larger organisations (64% and 75%) than smaller ones (58% and 67%).

There is variation in response to these two statements between BAME group and white British respondents (Table 13) and further differences within the individual ethnicity groups.

Table 12 : What do employees want to know from their employer about ethnicity disclosure?

	Net: Agree	Neither agree nor disagree	Net: Disagree
I would want to know why my employer wanted to know my ethnic background	62	23	12
I would want to know how information about people's ethnic background would be used	72	18	8

Base: 2,102.

Table 13: What do employees want to know from their employer about ethnicity disclosure? (by ethnicity) (%)

To what extent would you agree or disagree with the following statements?	Base: All	I would want to know why my employer wanted to know my ethnic background		I would want to know how information about people's ethnic background would be used	
		Net: Agree	Net: Disagree	Net: Agree	Net: Disagree
Total	2,012	62	12	72	8
English/Welsh/Scottish/Northern Irish/British	465	55	17	63	13
Any other white background	133	54	11	63	7
White and Asian	139	69	9	75	6
Any other mixed/multiple ethnic background	116	58	16	68	10
Indian	202	63	10	70	10
Pakistani	130	70	10	75	7
Chinese	111	55	14	72	5
African	119	67	8	75	5
Caribbean	103	75	10	84	6
NET: White British	**465**	**55**	**17**	**63**	**13**
NET: White other	182	59	11	67	6
NET: White (combined)	647	56	15	64	11
NET: Mixed/multiple ethnic groups	404	64	12	74	7
NET: Asian/Asian British	583	64	11	74	7
NET: Black/African/Caribbean/black British	272	69	10	79	5
NET: Other ethnic group	104	61	12	75	12
NET: BAME	**1,363**	**65**	**11**	**75**	**7**

Seventy-two per cent of Caribbean ethnicity respondents want to know why their employer wanted to know about their background, in contrast to only 55% of Chinese ethnicity respondents. In relation to wanting to know how information about people's ethnic background would be used, 84% of Caribbean ethnicity respondents agreed while only 63% of those from 'white other' ethnicity agreed.

While the majority (61%) of those who said their employer has tried to get more people to disclose their ethnicity in the last year also said that their employer has made it clear why this information was wanted, over a third said they have not (Table 14). This varied from 64% in the private sector to 54% in the public sector, and by size of organisation, where 76% of those in smaller organisations said the purpose was made clear in contrast to only 56% of those in larger organisations. This may reflect the fact that communication about these types of initiatives is easier in smaller organisations but highlights a critical need for greater communication of the employer's intention in any increase of data collection.

We also asked respondents which steps they felt it is most important for employers to take when asking for employees to disclose their ethnicity (Table 15).

Overall, the top four steps are:

- a clear explanation of how the data would be used
- assurances of confidentiality
- visible evidence of the organisation's dedication to creating a fairer and more inclusive organisation
- senior leaders showing their commitment to diversity, equality and inclusion.

Table 14: You said your employer at your current organisation has tried to get more people to disclose their ethnicity. Have they made it clear why they want this information? (%)

Yes	61
No	35
Don't know	3

Base: 379.

Table 15: Which, if any, of the following do you think are the MOST important steps for employers to take when asking for employees to disclose their ethnicity? (Please select up to five) (%)

A clear explanation of how the data on employees' ethnic background will be used	46
Assurances of confidentiality (for example how the data is stored and who has access to it)	36
Visible evidence of the organisation's dedication to creating a fairer and more inclusive organisation	35
Senior leaders showing their commitment to diversity, equality and inclusion	33
Regular communication about how the data is being used	27
Understanding the potential benefits to the organisation	25
Understanding the potential benefits for individuals	24
Senior leaders talking about why it's important for employees to disclose their ethnicity	18
Having an easy process for reporting your ethnicity (for example an online form)	16
Asking people to disclose their ethnicity when they join the organisation	12
Having employee 'champions' or an employee network helping answer questions about ethnicity reporting	11
Regular reminders to update personal information when information is missing	9
Other	1
Not applicable – I don't think they should take any steps	8
Don't know	12

Base: 2,102.

There is variation in response by ethnicity (Table 16). 'A clear explanation of how the data on employees' ethnic background will be used' is the most important step for nearly all groups, although there are differences in strength – for instance, 61% of mixed white and Asian ethnicity respondents put this in first compared with 39% of Pakistani ethnicity respondents. 'Visible evidence of the organisation's dedication to creating a fairer and more inclusive organisation' is the most important reason for African ethnicity respondents (48%) but is less important for Pakistani ethnicity respondents (30%).

In nearly all the groups, there is a large gap in importance between senior leaders showing their commitment to diversity, equality and inclusion and 'senior leaders talking about why it's important for employees to disclose their ethnicity'. This probably reflects the fact that employees wish to see ethnicity data disclosure as part of a wider action plan to address racial inequalities, rather than just as an end in itself.

These variations again underline the importance of employers consulting with staff to understand their views and preferences in the steps organisations should take to encourage disclosure. Having established this, it is important that the organisational and HR communications around disclosure take these preferences into account.

Table 16: Which, if any, of the following do you think are the MOST important steps for employers to take when asking for employees to disclose their ethnicity? (Please select up to five) (by ethnicity) (%)

	Total	English/Welsh/Scottish/Northern Irish /British	Any other white background	White and Asian	Any other mixed/multiple ethnic background	Indian	Pakistani	Chinese	African	Caribbean	NET: White British	NET: White other	NET: White (combined)	NET: Mixed/multiple ethnic groups	NET: Asian/Asian British	NET: Black/African/Caribbean/black British	NET: Other ethnic group	NET: BAME
Base:	2,102	465	133	139	116	202	130	111	119	103	465	182	647	404	583	272	104	1,363
A clear explanation of how the data on employees' ethnic background will be used	46	43	44	61	46	42	39	36	46	57	43	44	44	54	42	53	38	47
Assurances of confidentiality (for example how the data is stored and who has access to it)	36	39	36	38	41	30	28	32	41	43	39	36	38	37	30	40	31	34
Visible evidence of the organisation's dedication to creating a fairer and more inclusive organisation	35	30	32	45	36	33	30	32	48	34	30	33	31	42	31	42	32	36
Senior leaders showing their commitment to diversity, equality and inclusion	33	28	35	41	33	32	27	35	42	29	28	35	30	37	31	36	28	34
Regular communication about how the data is being used	27	23	23	31	24	24	33	28	36	23	23	26	24	27	28	31	24	28
Understanding the potential benefits to the organisation	25	23	24	22	29	28	29	20	27	27	23	23	23	26	26	29	17	26
Understanding the potential benefits for individuals	24	23	21	21	28	22	27	17	39	27	23	23	23	26	22	32	21	25
Senior leaders talking about why it's important for employees to disclose their ethnicity	18	13	14	15	16	16	22	7	21	31	13	15	14	20	17	26	17	20
Having an easy process for reporting your ethnicity (for example, an online form)	16	13	11	19	15	17	14	15	16	14	13	14	13	20	15	16	19	17
Don't know	12	15	17	9	9	14	12	12	7	7	15	14	15	8	13	7	16	11
Asking people to disclose their ethnicity when they join the organisation	12	10	12	10	11	10	9	10	20	17	10	13	11	12	10	17	13	12
Having employee 'champions' or an employee network helping answer questions about ethnicity reporting	11	8	8	8	8	15	12	6	19	13	8	9	9	9	12	17	13	12
Regular reminders to update personal information when information is missing	9	8	9	11	9	8	13	6	14	9	8	9	8	10	9	13	3	10
Not applicable – I don't think they should take any steps	8	10	5	4	12	5	7	14	3	7	10	8	9	6	7	4	13	7

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④ Recommendations for employers and for policy-makers

4.1 Recommendations for employers

Employers are in a position to make important changes to improve their inclusion and diversity for the benefit of the organisation and its employees. The CIPD states that *'race inequality cannot be tackled half-heartedly or by sporadic, one-off, disconnected initiatives; employers' actions need to be well planned, strategic, sustainable and taken seriously'*.[36]

An important aim of this survey is to use it to help practitioners to improve racial equality at work. The recommendations below are intended to support employers in encouraging ethnicity disclosure and taking steps to report ethnicity data generally and ethnicity pay gaps in particular.

Collect ethnicity data across all the various HR processes in your organisation (recruitment, promotion, career development, and so on), as well as pay awards and bonuses.

Recommendations from the CIPD *Diversity Management that Works* report[37] include:

- Make sure you have employees' consent when collecting data (especially sensitive personal data).
- Ensure that workforce data is representative.
- Protect collected data in line with legal requirements (explain how it will – and won't – be used and ensure that data categories are suitable).
- Aim to analyse reliable data throughout the employee lifecycle.
- Reflect on what data/analysis is needed to progress I&D, and how it can be best collected.
- Review your in-house people analytics capability.
- Make the best use of the data you have and, where data allows, take an intersectional view.
- Disaggregate data (where possible).

Prepare for ethnicity pay gap reporting before it becomes mandatory. The CIPD's recent *Gender Pay Gap Reporting* guide (2020) includes useful pointers for ethnicity pay reporting in its appendix.[38] Key steps are:

- Get to know the definition of an ethnicity pay gap.
- Get to know your own labour market.
- Get to know your own recruitment practices.
- Carry out a data audit.
- Engage with your employees.
- Introduce or improve your ethnicity monitoring.

Terminology

Ensure you consult your employees on the terminology they are comfortable with for direct communications, consider which are best suited to your organisation for data collection and reporting purposes, and ensure your systems are flexible as terminology in this area changes over time. For instance, Census 2021 will include a new tick box for the category Roma, which employers may also wish to start to track to ensure the comparability of their data with local and national population statistics.

Build trust

As trust in senior management is a big differentiator, confidence in disclosing ethnicity data and in the employees' expectations and beliefs about the use that the organisation will make of this data, it is important that people professionals and employers work on

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strategies that develop trust across the whole workforce. CIPD resources on employee voice are useful in understanding how organisations might do this.[39]

Steps employers need to take to encourage disclosure based on the survey findings:

- A clear explanation of how the data will be used – ensure there are good communications around any data collection processes and that employees understand how this data collection fits within the organisation's people strategy, rather than just being a compliance exercise.
- Assurances of confidentiality – ensure systems are secure and meet data protection requirements and that your employees know what steps are being taken to protect their confidentiality and their data.
- Visible evidence of the organisation's dedication to creating a fairer and more inclusive organisation – ensure there are effective communications about your people and I&D strategies and that initiatives and actions that are taken as part of these are visible to employees and communicated to them. Wherever possible, track the impact of these actions and initiatives and report these to employees so that they are aware of changes and progress being made.
- Senior leaders showing their commitment to diversity, equality and inclusion – ensure there is senior-level buy-in to these strategies and that their commitment and engagement is demonstrated through involvement with inclusion and diversity activities and initiatives.

4.2 Recommendations for policy-makers

These reports are primarily intended as a guide for practitioners rather than policy-makers. Overarching recommendations for policy are made in the underlined executive summary. However, there are some policy recommendations emerging from the findings presented in this report.

Make general employee data collection mandatory as part of compulsory reporting of a much wider range of human capital information

Organisations need to understand the diversity profile of their employees in order to be able to take action to address any inequalities. Making data collection mandatory would provide the impetus needed for all organisations to do this. This wider data collection and reporting could become part of the annual report format alongside more traditional financial measures. Relevant diversity statistics could include application and recruitment rates, promotion data, relative levels of investment in training and employee turnover rates. These would enable organisations to have a better understanding of their workplace from a diversity perspective.

Make ethnicity pay reporting mandatory

Although there is some movement in this area, compulsion is needed to ensure the widest possible reporting of ethnicity pay gap data. This will enable transparency across organisations about their ethnicity pay gap and ensure steps are taken to address this. Making ethnicity pay reporting mandatory and requiring publication of the data will enable employers to benchmark themselves against other employers in their own sector, region or of a similar size. The Government will need to provide guidance on the categories and methodology to be used so that data from different organisations is comparable. The reporting requirement should also include the duty to provide an action plan to address any gaps. Tracking of these action plans in each annual reporting round will allow development of evidence of what works in tackling inequality and can act as recommendations for action for other employers.

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⑤ **Conclusion**

Employee data collection is the cornerstone for all employers to understand the profile of their organisation and to assess whether their stated commitments to inclusion and diversity are being realised for all ethnic groups in practice. It is a means for people professionals to measure the diversity of their organisation and the impartiality of processes such as recruitment and promotion. Ethnicity data collection will highlight where changes of practice and policy are required and will also enable the monitoring of inclusion and diversity actions across the spectrum of HR and diversity processes.

The CIPD recommends all employers collect, analyse and act on ethnicity data on their workforce following the recommendations above. They should ensure that this is done with the support of employees. The data should include identification of their ethnicity pay gaps as one important measure of the success of their diversity strategies and as a means to monitor progress, as well as areas such as levels of representation at different levels and in different parts of the organisation.

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