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# The 5 employee data concerns that are hindering your DE&I efforts; and how to overcome them

In a project led by Zellis we asked Economist Impact to define the key principles for DE&I data collection, the concerns of employees around data collection; and some solutions for organisations to improve DE&I insights. Here's what they uncovered from a survey of 1,000 employees...

# Concern #1:

*"I don't know how my data will be used and why it needs to be collected"*



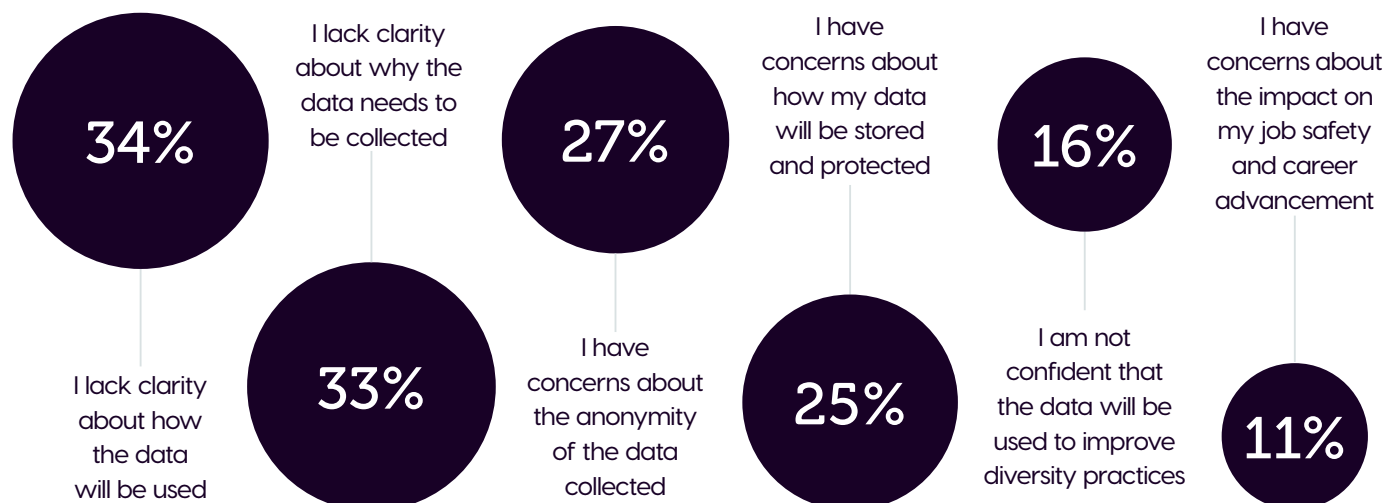
Dissatisfaction with employers' communication levels is employees' primary concern around sharing personal data. One-third of respondents to our survey cited a lack of clarity about how the data will be used and why it needs to be collected as the biggest deterrent to data-sharing.

Lacking a clear rationale for how and why a company needs employee data may mean that "employees do not consider it to be of any relevance to their situation, aspirations or position within the organisation," says Fleur

Bothwick, EMEA [Europe, the Middle East, India and Africa] director of diversity and inclusion at Ernst & Young (EY).

This is particularly the case for those with a disability. "Employees may feel it is unnecessary for their employer to be aware of their disability unless they need a special adjustment, such as a screen reader or flexible hours," says Bothwick. Our survey results confirm this: just one-third of employees with a disability are "very likely" to participate in data-sharing compared with 45% of gender minorities and 44% of employees identifying as LGBTQ+.

## What do you regard to be the main factor discouraging you from disclosing personal data to your employer?



## Solution #1:



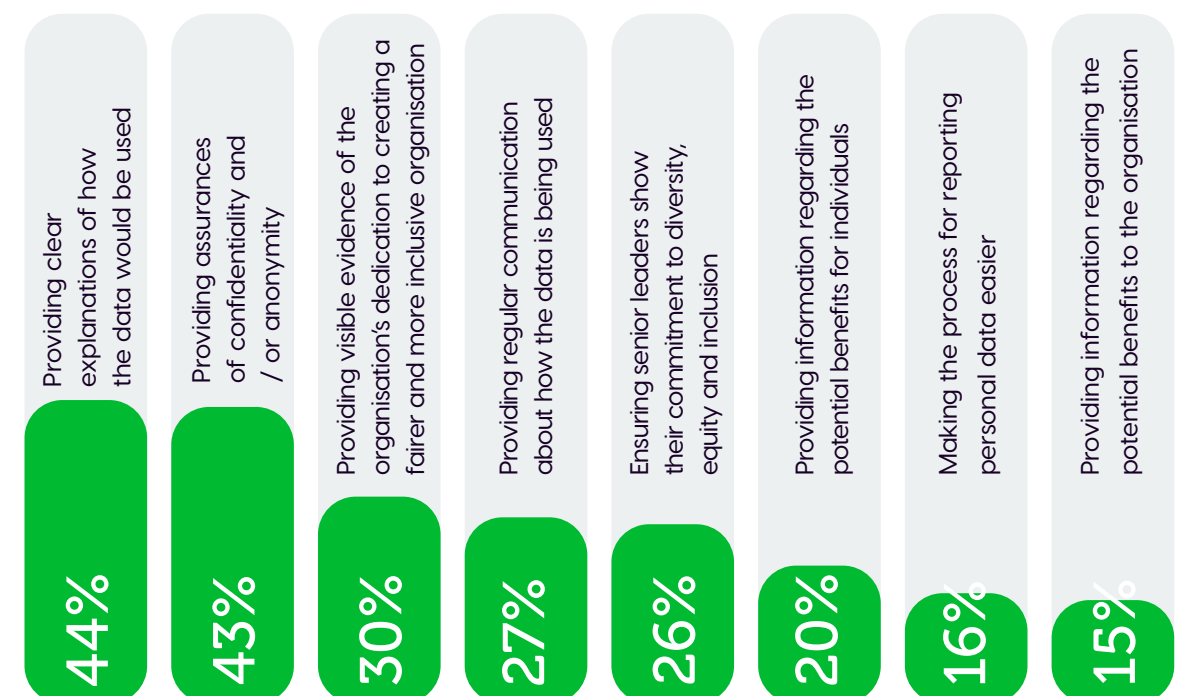
Communicate regularly and with a consistent narrative

To achieve high disclosure rates, organisations need to prioritise full transparency and communication on why they are collecting data to build trust. Our survey finds that the most popular actions that employers can undertake to increase disclosure are "providing clear explanations of how the data would be used" and "providing assurances of confidentiality and/or anonymity"—as cited by 44% and 43% of respondents respectively. "Organisations must take the time to position the request for data carefully and make sure employees are clear on why they are asking for this data, how it will be used, and what impact it may have," says Bothwick.

Communication is critical, as employees have a desire to understand how they will benefit from data sharing. And, as data collection efforts are undertaken, employers must provide updates to their employees on the activities that are underway from when the data is collected until when the outputs are revealed.

## Comfort is key

What actions do you think your employer should take to help employees feel more comfortable disclosing personal data?



# Concern #2:

*"I'm not confident that my data won't be used against me"*

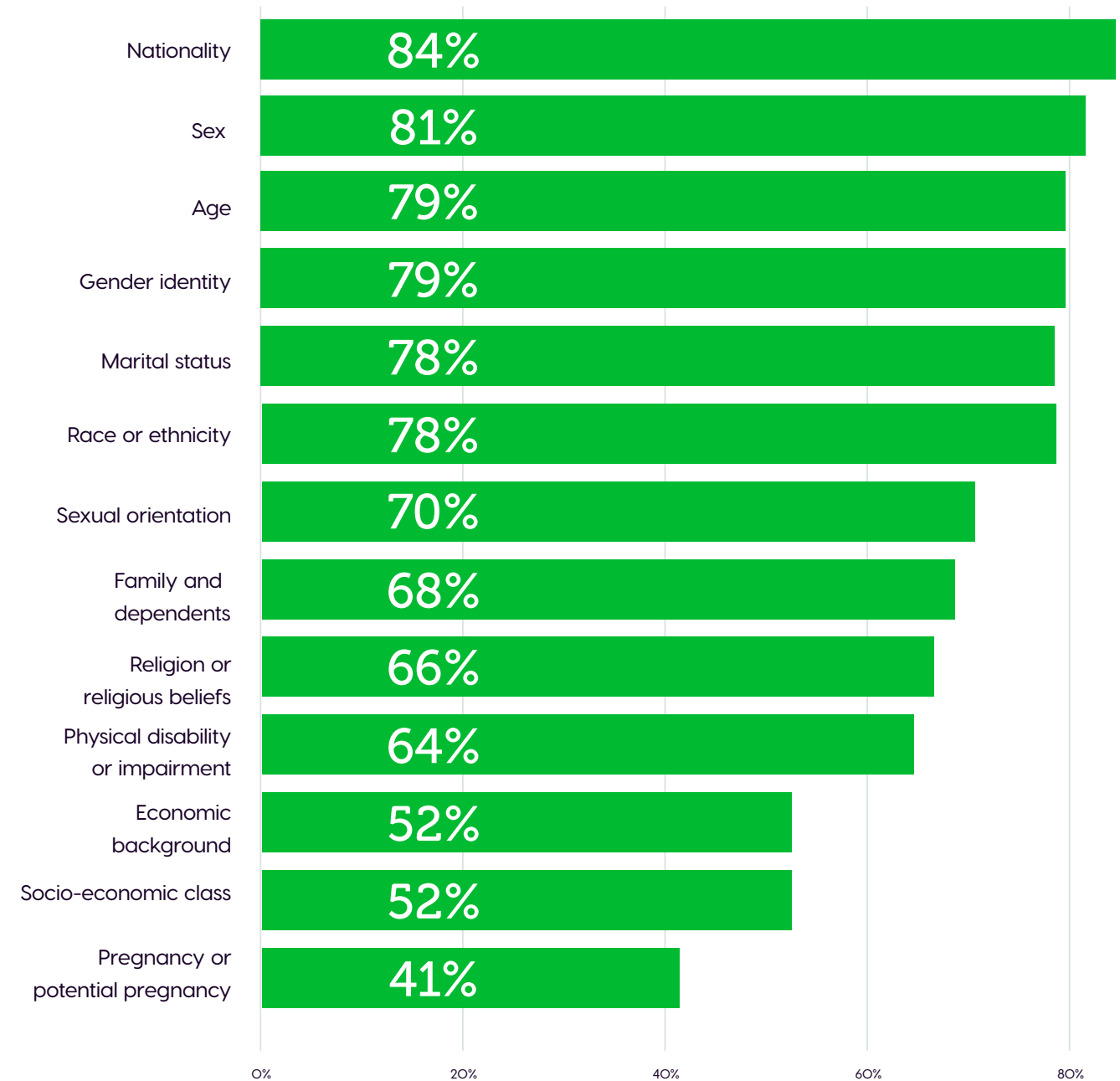


Employees lack the trust that the data they share will not be used against them and a non-inclusive culture is a significant deterrent to employees disclosing their personal data. This is particularly true among minority groups who have not experienced inclusivity in the workplace. Such experiences can lead to a perception that disclosing personal data could result in an increased risk of facing consequences. For example, our survey revealed that 39% of employees identifying as LGBTQ+ have concerns regarding the impact of disclosure on their "job safety and career advancement", compared with 8% of employees who do not identify with a minority group.

Employees have greater fears disclosing "invisible" identity characteristics. Employees, particularly in non-inclusive workplaces, are more reluctant to share data on an aspect of their identity that is not visible or immediately obvious to their colleagues. Our survey shows that employees feel least comfortable sharing data on characteristics that are invisible, including a cognitive/mental disability or impairment, economic background and socio-economic class.

## Out of sight, out of mind

Employees that feel "comfortable" or "very comfortable" sharing each type of personal data







## Solution #2:

### Revise anti-discrimination policies and mechanisms for reporting and communication

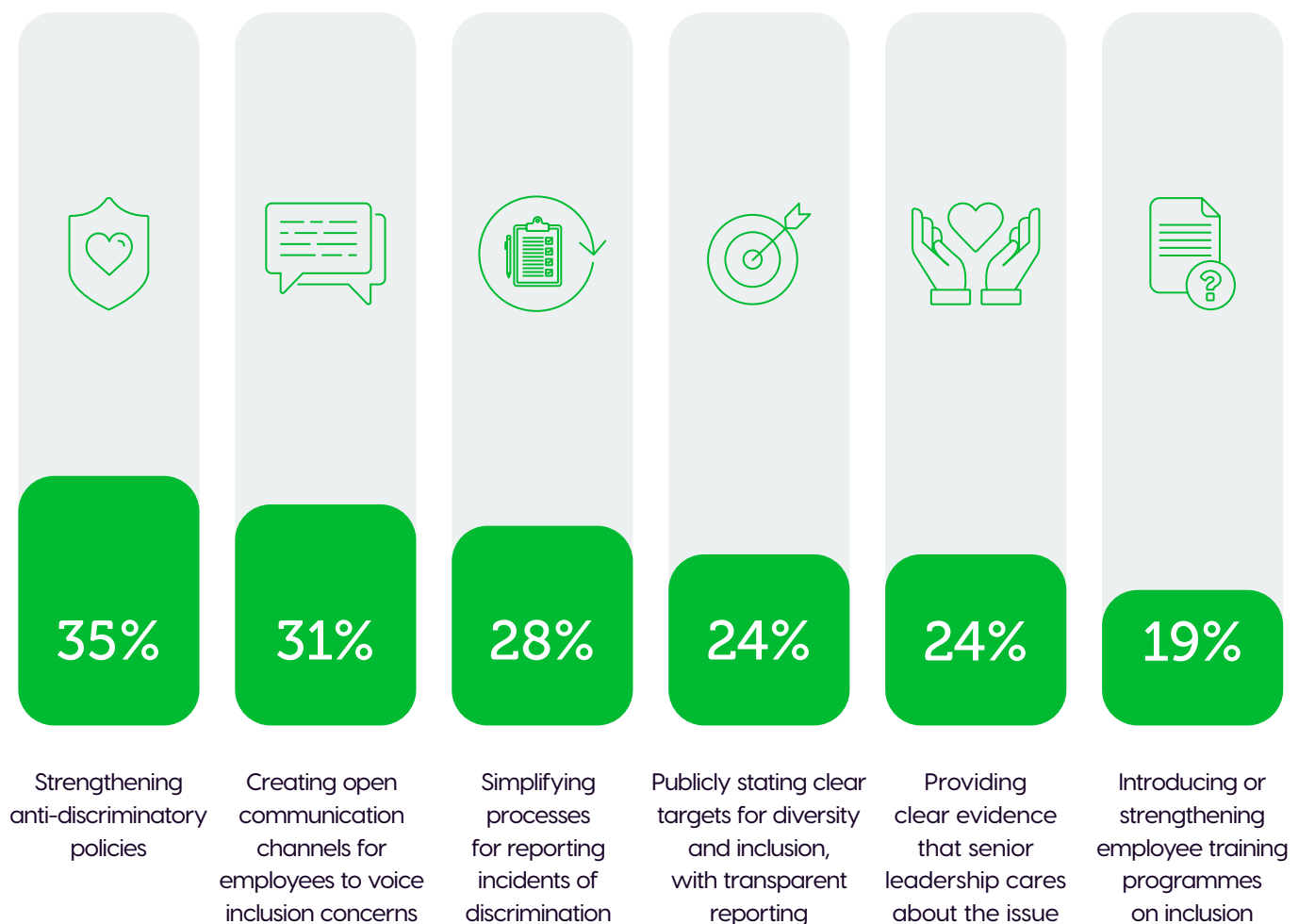
To be successful in data collection efforts and, in turn, make progress on diversity, companies must foster an inclusive workplace in which all employees feel valued and heard. A recent Chartered Institute of Personnel and Development report highlights the importance of fostering an inclusive workplace environment beyond diversity-minded policies such as hiring quotas.<sup>6</sup> It is inclusive practices – which build a culture where employees feel valued and can thrive – that are the key drivers of change. It is not enough for diverse talent to be hired; it must be equally valued.

One in three respondents to our survey cited “providing visible evidence of the organisation’s dedication to creating a fairer and more inclusive organisation” as an action that employers could undertake to increase employees’ comfort with disclosure.

Our survey results highlight that strengthening anti-discriminatory policies, creating open communication channels for employees to voice inclusion concerns and simplifying processes for reporting incidents of discrimination are the actions designed to increase inclusion in the workplace that employees would most value. Larger companies in particular must make it easier for employees to report discrimination. Over a third (36%) of employees in organisations with more than 5,000 employees think that their employers should “simplify processes for reporting incidents of discrimination”, compared with only a quarter of employees in smaller organisations.

## In need of change

What actions do you think your employer should take to increase inclusion in the workplace?



# Concern #3:

*"Your record on DE&I sucks"*

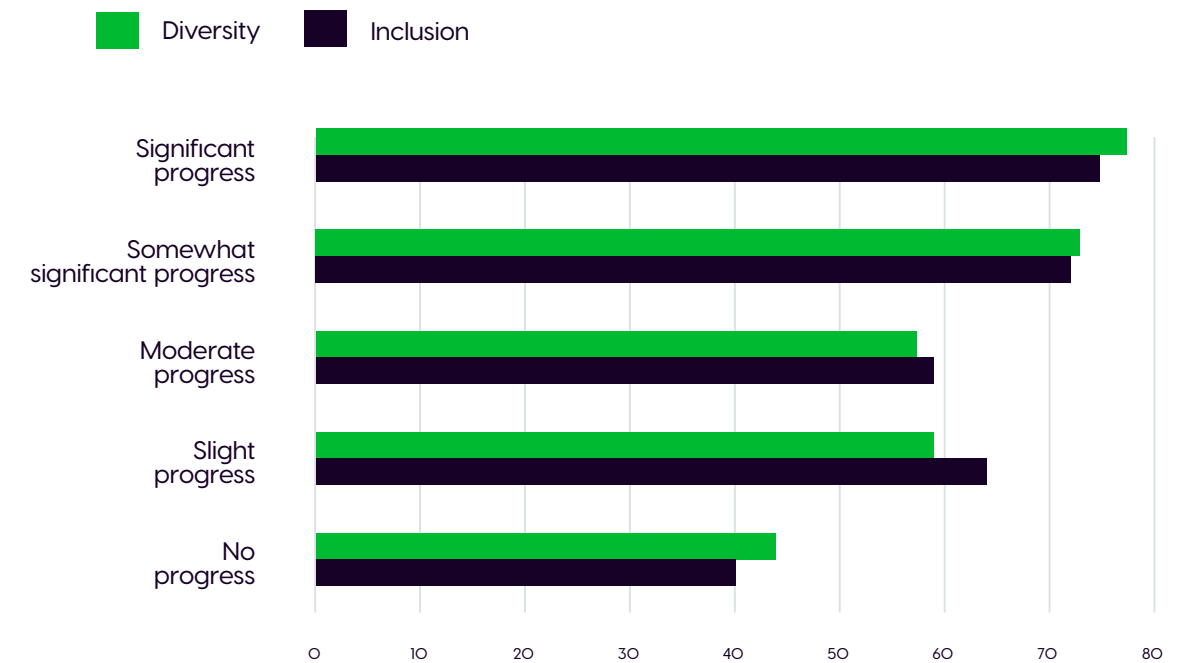


Employees who do not believe that their organisation has made progress in encouraging DE&I are less confident that the data they share will be used to improve diversity practices. Almost half (47%) lack such confidence, compared with 13% of those in organisations that have made more progress. There is a risk of companies finding themselves trapped in a negative cycle, with those that have made less progress facing lower employee participation rates, in turn reducing their ability to achieve their DE&I targets.

Overall, more than three-quarters of employees surveyed agree that their organisations do a good job of being inclusive and treating people equally, regardless of their minority characteristics. A clear majority of employees (65%) also feel that their organisations have made "significant" or "somewhat significant" progress in encouraging more diversity and inclusion.

## High progress = high participation

Employees that are "likely" or "very likely" to participate according to their perceived level of their organisations' progress on diversity and inclusion over the past few years

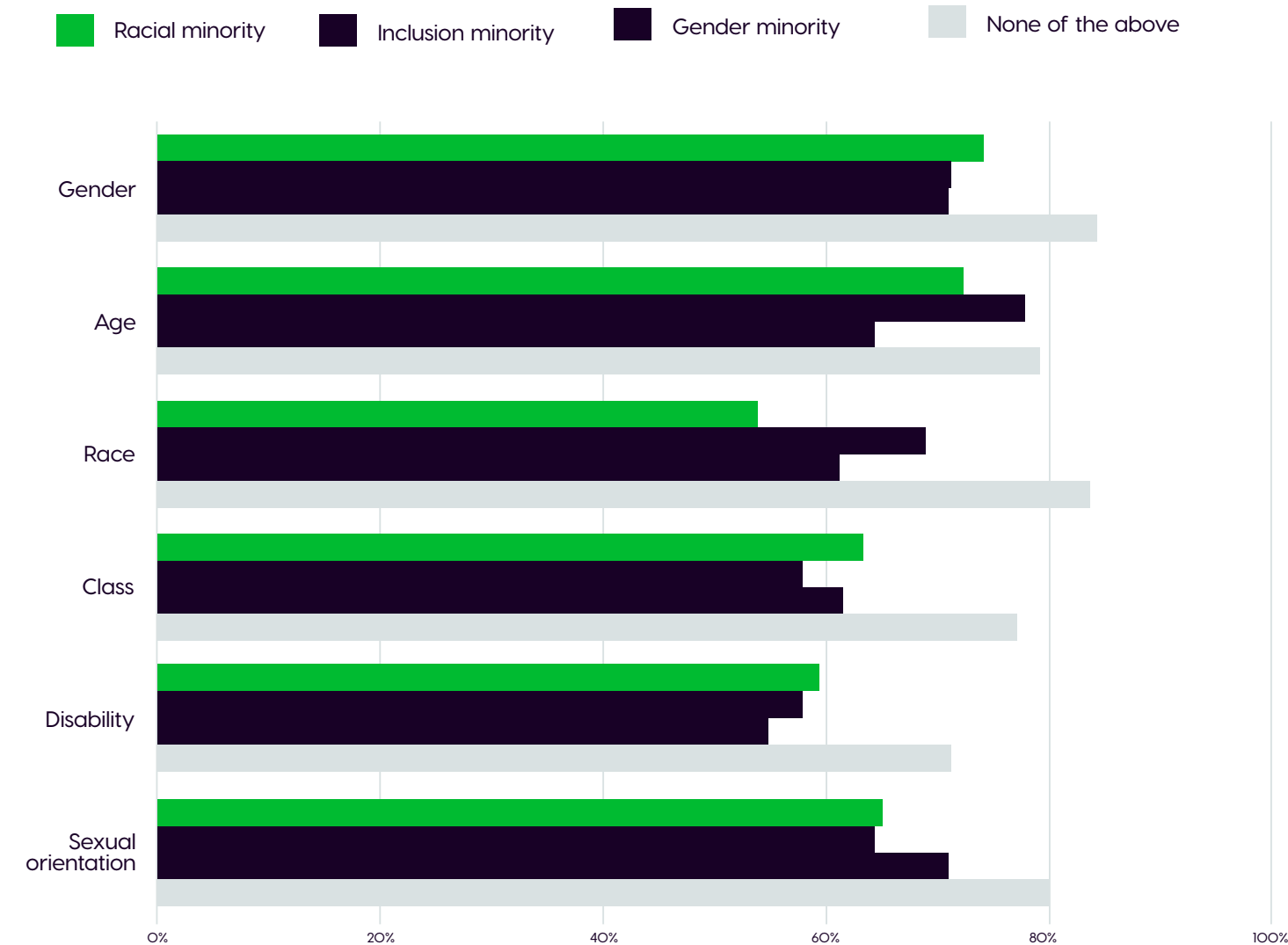


Members of minority groups tend to have more of a negative perception of DE&I efforts. Individuals identifying as belonging to a gender-based, religious or racial minority in particular feel that things are much less fair. Around three-quarters of employees that do not identify as any minority agree that their organisation does a good job of treating people equally regardless of class (77%) and disability (71%), compared with only 61% and

57% respectively among employees identifying with a gender-based, religious or racial minority. And these beliefs trickle down to data sharing: although employees identifying as belonging to a minority grouping are more inclined to be "very likely" to participate in data-gathering processes than employees who do not, only 32% of racial-minority workers are "very likely" to participate, compared with 44% of individuals identifying as LGBTQ+.

## Treated unequally

Employees identifying as a racial, religious or gender minority that feel that their organisation does a good job of treating people equally and including people regardless of certain characteristics



## Solution #3

Frame data collection as part of a company-wide transformation.

Providing change requires a culture reset—a company-wide transformation—not a “tick-the-box” programme.<sup>7</sup> Organisations tend to underestimate the depth of change required, and often adopt a legal-, HR- and DE&I teams-led approach. Instead, an integrated approach involving everyone from non-managerial employees and line managers to the leadership team is needed to implement a DE&I policy that lasts.

It is crucial that initiatives are implemented and actively upheld by the organisation’s leadership team. “Leadership buy-in must involve more than just signing-off on HR to do the work,” says Katy Murray, director, Catalyst Collective. “Leaders must take action and change some of their behaviours.” But there is more to a whole-of-company approach than the work of senior leaders. Local-level initiatives tend to have better participation rates than centrally driven ones, according to Zaheer Ahmad, global head of inclusion and diversity for consumer healthcare at GlaxoSmithKline. The responsibility to implement DE&I programmes, he says, ought to lie with line managers. “An email from somebody an employee has never heard of will not resonate, but when the issue is raised by their line manager and an explanation is provided as to why it’s important and needed, the response rate is much more positive.”

A 2020 Boston Consulting Group study of 16,500 employees across 14 countries confirms the importance of local engagement. Just under two-thirds (65%) of those surveyed in companies where the senior leadership team is committed to diversity but their line-manager is not, said that they feel able to be authentic at work, compared with 81% in companies where employees see consistent support through all leadership ranks.<sup>8</sup>

Companies also ought to ensure that their non-managerial employees are both engaged in existing DE&I measures and able to contribute to the development of new ones. One approach that companies are taking, says Perez at Fitch Group, is “starting to map out the influencers within their companies, almost like a network analysis”. This is helpful, she says, as the organisation is able to target these individuals – who are not necessarily the executive team – to drive some of their DE&I initiatives.

<sup>7</sup> [https://www2.deloitte.com/content/dam/insights/us/articles/4209\\_Diversity-and-inclusion-revolution/DI\\_Diversity-and-inclusion-revolution.pdf](https://www2.deloitte.com/content/dam/insights/us/articles/4209_Diversity-and-inclusion-revolution/DI_Diversity-and-inclusion-revolution.pdf) | <sup>8</sup> <https://www.bcg.com/publications/2020/frontline-leaders-make-break-progress-diversity>



# Concern #4:

*“You’re asking me the wrong questions”*



Our survey shows that there is a disconnect between the types of data that employees think should be collected and the data that employers are collecting. The most commonly requested data by employers is age, nationality and sex, but employees consider data on race and ethnicity and physical disability or impairment to be the most important for the development and implementation of effective DE&I strategy.

The least frequently collected data types relate to socio-economic class and cognitive/mental disability or impairment (3% of employees have been asked to disclose the former and 12% the latter), which could explain why employees feel that their organisations do a worse job of treating people equally in terms of class and disability than other minority characteristics.

Companies’ data collection is often insensitive to individuals’ identities. Organisations struggle to keep pace with the ever-evolving DE&I dialogue.

Companies often opt to align the identity characteristics that they offer as answer options with those provided in the national census. However, national census categories might not be able to cover the diverse demographics present in an organisation. According to Ahmad -, “employees often do not find the right box to tick—the box which represents their true identity, particularly with regard to ethnicity.”

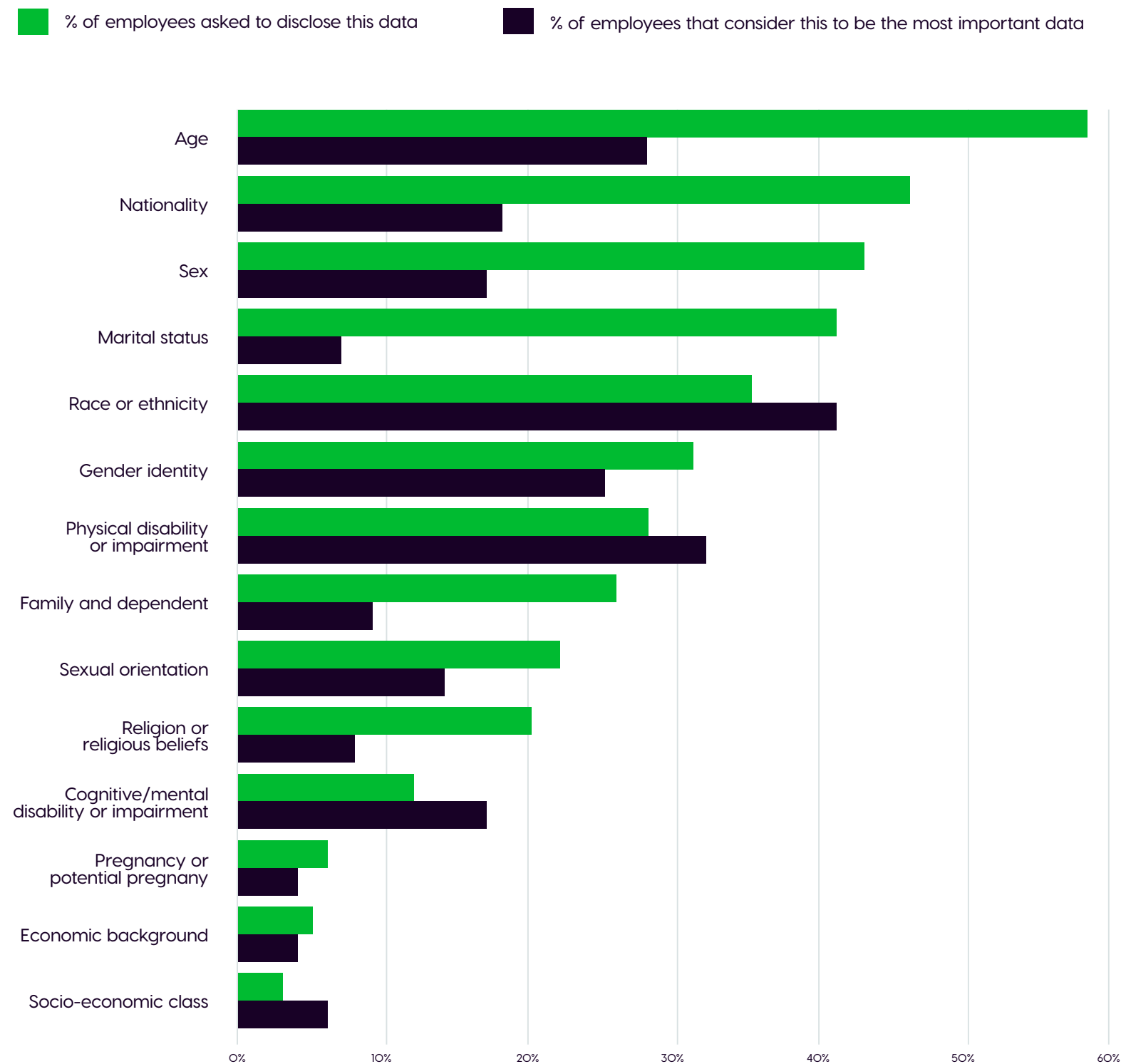
Companies might also use broad categorisations that bundle together minority groups. Pooling together minority groups in this way (e.g., as “black and minority ethnic”—BME—or “people of colour”) presents risks. Employees might not identify with such categorisations, and research suggests that one-size-fits-all diversity approaches do not benefit all employees equally.<sup>9</sup> Companies that offer categorisations that employees feel are dated will face lower disclosure rates.



<sup>9</sup> <https://hbr.org/2020/12/how-to-best-use-data-to-meet-your-dei-goals>

## Wrong questions, wrong data

Employee views of the most important data for employers to collect versus the actual data they've been asked to disclose



## Solution #4:

### Focus on the specificity of identity and account for its intersectionality

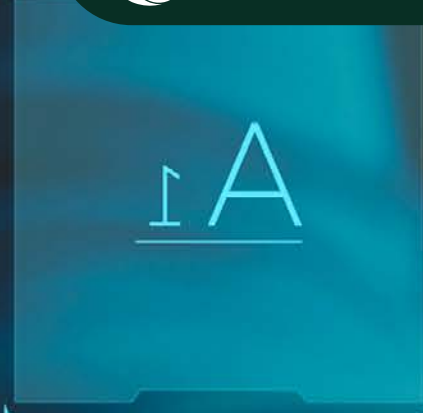
Companies must avoid broad categorisations of identity characteristics and some organisations are making changes to their categorisations of identity. EY stopped grouping together ethnic and racial minority groups under the category of "Black, Asian and minority ethnic" (BAME) 18 months ago. This move, says Bothwick, was a "significant milestone in beginning to understand the distinct needs and challenges facing the black and minority ethnic communities at EY." ITV has taken a similar approach, says Rawcliffe: "In the past we would bunch together a group of non-white people and talk about "BAME", but now we are trying to divide these groups up because their experiences are very distinct."

Companies must recognise that employees can be impacted by more than one characteristic. Looking to the future, it will be crucial for companies to account for the fact that their employees typically never fit just one of the identity options they present. Companies must ask for data pertaining to more identity characteristics. For example, while organisations are getting more women into leadership roles, more nuanced data is critical to gain insight on the race or ethnicity and socio-economic background of these women.

According to Perez, organisations are beginning to explore an approach that acknowledges that employees have multiple, overlapping identities. The ability for a company to adopt such an approach, she says, is closely tied to the maturity of DE&I within the organisation. Robertson at Vercida Consulting agrees. He observes that although much of companies' understanding of and action around intersectionality remains at the conversational level, policies and initiatives that take this into account are quickly gaining traction and significance. For instance, some organisations have started to investigate the pay gap disparities between white men and black women. Nuanced data collection ensures that companies are accountable to representing the best interests of those most marginalised in the workplace.



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# Concern #5:

*“You’re asking at the wrong time”*



Employees are often asked to share data irregularly and through complicated methods. Employee willingness to share data might be influenced by when and how the data is collected. Data collection is more effective at certain points of an employee’s time with the company.

Our survey finds that two-fifths of employees have been asked to disclose data through self-declaration, which is the method of data collection that they most welcome.

Nearly half of employees (44%) were asked to disclose personal data through a job application questionnaire during the application process for a position. However, only a quarter of employees welcome this method of personal data collection. In fact, it is the third least-welcome method considered, which could be due to employees’ unfamiliarity with the level of inclusivity and data protection practices in the organisation that they are applying to.



## Solution #5:


Modify the methods used to collect data

The methods used to collect data must be simple and continuous. Characteristics are not always static and systems must allow for employees to easily update their personal information should their characteristics change. “Making it easy for people to give information, and embedding such mechanisms into the systems employees already use, is a practical step employers can take to increase disclosure,” says Rawcliffe. Asking employees to input data into the company’s HR system simplifies the collection process, adds Robertson.

Employees that do not believe that attempts are continuously being made to advance DEI are at risk of becoming disillusioned. Employers must also regularly remind employees to update their data. Regular points for data collection are important, as trust typically builds with an employer over time. Employee willingness to disclose data increases once they have experienced the company’s culture.



# Seven key principles of good data collection

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1 Be clear about how data will be used, explaining that it is needed to promote fairness and inclusivity for all
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2 Foster an inclusive workplace in which all employees feel valued and heard, ensuring that anti-discriminatory policies are strengthened and reporting mechanisms are simplified
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3 Frame data-collection efforts as part of a company-wide transformation involving everyone, from leadership to non-managerial employees
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4 Focus particularly on reaching groups whose disclosure rates would otherwise be lower, ensuring that they are listened to in order to gain their trust
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5 Ensure that data collection is comprehensive, covering the range of characteristics that employees identify with
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6 Maintain sensitivity when categorising characteristics and analysing data, making effort to ensure that categorisations keep up with the DE&I dialogue
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7 Make sure that it is easy for employees to update their data at all points of their careers



# Conclusion

**The culture of DE&I has shifted considerably over the past few years.**

Employees are placing increasing importance on an inclusive culture; employers are acknowledging the intersectional nature of identity and organisations are making waves of commitments. Despite this progress, discrimination remains entrenched in many workplaces today.

This study highlights employees' experiences of workplace DE&I in the UK and Ireland. The findings make it clear that minority groups of all types feel that their organisations do a worse job of treating people equally than those that do not identify as a minority.

Several factors discourage employee disclosure of personal data: lack of communication; a non-inclusive culture; slow progress; and inappropriate types, methods and timings of data collection. To adequately address concerns around data collection, companies should regularly communicate and follow a consistent narrative, revise policies and mechanisms for reporting, ensure a company-wide transformation, account for the overlapping nature of identity, and modify the methods used to collect data.

Our survey also emphasises the importance of asking employees the right questions. Simply collecting some data is insufficient: employers must overcome the fundamental disconnect between the types of data that they actually collect and those that employees consider important. Employees are willing to share personal data with their employers; if companies are struggling to collect such data, they should be looking at whether they are asking for the wrong types of data or doing so in the wrong way.

There is no "quick fix" to eliminating bias and discrimination in organisations, but employee willingness to share personal data and their experiences of inclusion—key to the successful implementation of DE&I initiatives—is increasing. Organisations are in a good position to drive progress on DE&I going forward, making effective use of the data available to them to develop targeted policies and programmes that resonate with their employees. There is much to be done to make workplaces diverse, equitable and inclusive environments for all. In employee data, companies today have the potential to equip themselves with a tool that can enable positive change; they must choose to make use of it.







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### About this report

This report is based in an Economist Impact report and survey of 1,000 employees in the UK and Ireland working across five sectors: manufacturing, financial services, retail, technology and other services. The survey was conducted in July and August 2021. To supplement the survey results, Economist Impact conducted in-depth interviews with DE&I experts and senior executives in September and October 2021.