CMI
Chartered
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Institute

WALKING THE WALK?

MANAGERS, INCLUSIVITY AND ORGANISATIONAL SUCCESS

CONTENTS

FOREWORD

Few issues matter more to our economy than how best to maximise the value and productivity of our human capital – in ordinary English, how we get the most out of people's talents and hard work. But we know that the answer does not lie purely in individual effort. What organisations do to recognise the range of capabilities that different kinds of individuals bring to the workplace can make the difference between a leader and a laggard in a competitive economy.

That is why understanding the significance of diversity is essential to modern thinking about the economy. Indeed, a whole new field of thinking – identity economics – has emerged in the past two decades; voices which question the importance of data and insight on diversity are in danger of fighting last century's battles instead of contributing to a contemporary grasp of how to foster prosperity.

That does not mean that everything undertaken under the label DEI or EDI is sacred. As in every other field we learn with experience. More and better information about what works and what does not is vital. And crucially, we need to know whether the picture that leaders and managers have of their own organisations is shared by those who work for them.

The Chartered Management Institute's recently convened Everyone Economy Advisory Committee seeks to pull together the evidence that demonstrates why meaningful workplace inclusion brings benefit to not just individuals, but employers and the wider economy.

This piece of work surveyed 529 HR decision makers and 1,021 employees with no management responsibilities to better understand the current state of workplace inclusion, specifically asking about the impact of skilled management practices, and to gauge what was making a difference to organisational success.
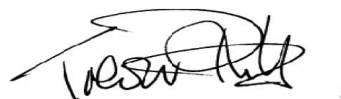
Perhaps the most intriguing result is the gap that exists between what HR decision-makers think is happening through their policies, and what employees understand of their organisation's performance and behaviour in this area. The CMI refers to this as the enduring "say-do gap" that sweeps across a host of policies aimed at creating inclusive workplaces.

This research also lays bare the business benefits seen by organisations that take a "business-critical" view of inclusion policies and their implementation. Employees clearly make a distinction between, on the one hand, activities which are designed to demonstrate concern but make little difference to everyday behaviours in their organisations; and on the other, changes in the way that their managers carry out their functions. There is little doubt that it is the latter factor that matters to them.

This report shows that there is a clear line to be drawn between those employers that weave inclusion into their everyday work – and into the ways that managers are trained and developed – and their business outcomes, and those who do not. The first group appear to meet more of their objectives, finding it easier to recruit and retain talent, and have more success in implementing new innovative technology, and they also are more likely to embed inclusion as an expectation in their supply chains. Whether it's the case that better managed organisations are more inclusive or vice versa, the association seems clear.

The aim of this research is to feed into and help inform a mature and evidence-based wider national conversation on inclusion. With a new Government having now taken office we are also at a time of possible policy change and inclusive workplaces is one area of potential policy opportunity.

It is our sincere hope that individuals, employers of all sizes and policy-makers find this work helpful in their discussions on what good looks like within their relative spheres. We hope to explain how better outcomes can be achieved through thoughtful, skilled management that consistently embeds action on inclusivity and works to close the "say-do gap". Many thanks to the team at CMI for their hard work, to my colleagues on the Everyone Economy Advisory Committee who contributed their insights and expertise, and to the noted academics who reviewed our work to ensure it is both credible and robust.

Trevor Phillips, Chair

A NOTE ON TERMINOLOGY

In this report, we mostly use the term "inclusive workplace" because we want to emphasise the importance of creating an environment that actively welcomes and supports all employees, regardless of their backgrounds or characteristics, rather than merely complying with regulations, policies or targets. "Equality, diversity, and inclusion (EDI)" is the most widely-used term in the UK when addressing issues of workplace inclusion. We acknowledge that the terminology around workplace inclusion has become contested in recent times but our hope is that people will engage with the data and insights within this report which focus on the relationship between workers, staff and their employer. We do cover aspects of equality, diversity and inclusion but we also explore what good work and organisational success looks like. Our priority is to help managers and leaders better appreciate - and value - the role that an overall inclusive environment plays, given that our research suggests it helps in establishing a culture in which employees feel secure and valued. This, in turn, is essential for fostering innovation, and promoting wider organisational performance.

WHY THIS MATTERS NOW

There's a tendency to think that discussions about equality, diversity and inclusion are separate from discussions about performance, delivery and results. We think they belong in the same room. As Trevor Phillips says in this report, "understanding the significance of diversity and inclusion is essential to modern thinking about the economy".

But it's important to recognise that it's okay to have misgivings about "EDI initiatives".

Because if, in reality, all an organisation is doing in its "commitment to EDI" is ticking boxes or virtue-signalling, then it is perfectly legitimate to call them out. As this study indicates, plenty of employees do feel that their organisation is "talking the talk" but not yet "walking the walk".

What really matters in the whole debate – whatever the terminology used – is how people feel and are treated in your organisation. Are they getting a fair chance? Are obstacles being put in front of them because of who they are or where they come from? Are they treated with respect and dignity in their day-to-day work? Do they feel able to bring their best selves to work (remembering that individuals themselves have multiple dimensions)?

An organisation may have its cultural pillars emblazoned over the walls and a well-stocked "ESG" section on its website, but if the day-to-day experiences of its people are dispiriting and marginalising, then you're living a lie (or at best a mismatch).

And what is it that bridges that gap between aspiration and reality? We believe that it's the behaviours, skills and outlooks of your managers and leaders. That belief is stacked up by the findings in this research.

If your managers and leaders buy into, role-model and develop the behaviours related to equality, diversity and inclusion (in other words, they're fair, open-minded, relational and empathetic), then you will see your stated positions and your day-to-day realities starting to converge. And who doesn't want an organisation where objectives and culture are aligned?

So, yes, it is important that organisations develop EDI strategies and carefully monitor their progress. This will underpin your commitment. But at CMI we don't put EDI or indeed management models on a pedestal. What we want to see are great outcomes for employees, managers and organisations' bottom lines. Those great outcomes happen when managers and leaders behave right – when they treat colleagues with respect, when they listen and communicate, and have coaching-style conversations.

BE THE DIFFERENCE,

SEE THE DIFFERENCE.

KEY FINDINGS

A large proportion of HR leaders and employees say their organisation believes that a focus on EDI is important for success.

81%
HR

62%
EMPLOYEES
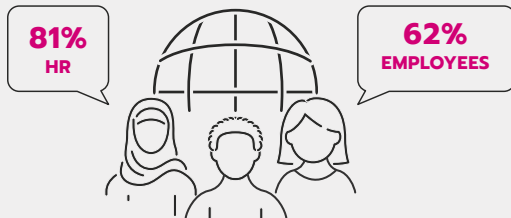
And both HR decision makers (**79%**) and employees (**67%**) believe their organisation has an inclusive culture overall.

Yet half of HR leaders and a third of employees report having seen discrimination and / or micro aggressions in their workplace.

DISCRIMINATION

48%
HR

34%
EMPLOYEES

There is strong evidence of a "say-hear" gap which may indicate a "say-do" gap - suggesting organisations have been focusing too much on a "tick box" approach:

8 in 10

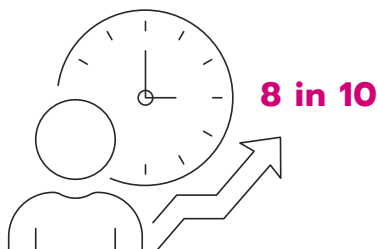Almost 8 in 10 (**78%**) HR leaders believe senior management identifies and deals with inappropriate behaviour in a timely manner, compared to fewer than 6 in 10 (**57%**) employees who are not in a management role.

➜ 3 out of 4 (73%) HR leaders believe their organisation has clear and transparent progression and promotion criteria, only half (50%) of employees say the same of their workplace.

➜ Even in those organisations that state that EDI is business-critical, 90% of HR decision-makers say they collect at least one type of pay data yet a far smaller percentage use this data to identify barriers to progression (55%), to identify and address training needs (54%) or to identify recruitment process improvements (57%). This suggests a significant underutilisation of valuable data that could drive meaningful change.

Inclusive practice seems to be more prevalent in firms whose HR leaders consider that the organisation is achieving its organisational objectives:

➜ Where HR leaders report their workplaces as viewing equality, diversity and inclusion (EDI) as business-critical they report that their organisation:

* Is meeting most or all of its overall objectives (75% vs 47% of organisations who do not share this "business-critical" view).

* Offers formal management training at every level and inclusion training to all managers.

Where HR leaders say their workplace views EDI as business-critical they also report:

Better success rates in attracting talent.

80%
VS
52%

Better retention of existing employees.

76%
VS
57%
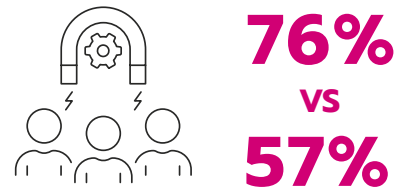
Better use of technology to enhance business performance.

83%
VS
64%

We find a strong association between inclusive cultures and wellbeing at work:

➔ Employees report significantly higher job satisfaction rates in workplaces where inclusion is deemed business-critical (79% vs 52%).

60%

Having a supportive manager was the most influential factor in people feeling supported and included at work (**60%**) higher than workplace culture (**53%**), flexible working arrangements (**47%**) and diversity and inclusion initiatives (**24%**).

➔ Those who said they are satisfied with their jobs are significantly more likely to say that senior managers in their organisation identify and deal with inappropriate behaviour in a timely manner (70% vs 20% who say they are not satisfied with their jobs).

➔ Those who say they are satisfied with their jobs are significantly more likely to say that senior managers have developed concrete action plans to improve inclusivity (61% vs 16% vs who said they are not satisfied with their job).

➔ This suggests that psychological safety plays a crucial role in employee satisfaction and manager behaviours are critical to creating a psychologically safe environment at work.

Management training appears to have a strong association with inclusivity:
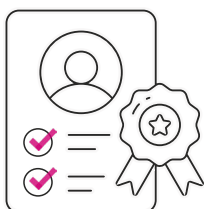
30%

30% of employees are aware that their manager has received formal training. These employees are significantly more likely to feel supported (**87% vs 38%**), fairly treated (**90% vs 47%**) and that they can be themselves at work (**91% vs 55%**).

➔ In fact, employees who say their manager has received formal management training are significantly more likely to agree with all the positive statements about their manager compared to those who say their manager has not received formal management training.

There are practical actions that organisations / managers and leaders can take that appear to make a positive difference:

➔ For HR decision-makers, this includes senior management diversity and having an inclusive strategy that includes formal management training.

➔ For employees, the presence of feedback platforms like EDI committees and inclusion hubs appears effective in creating a positive, inclusive work environment.

NB.

We recognise there is an important debate about what kind of diversity matters more for success: demographic diversity, which includes differences like race and gender, versus cognitive diversity, which involves variations in how we think, believe, and what we know. This is a complex issue, highlighted for example by the Financial Conduct Authority,[1] which points out that diversity's impact on workplace success is nuanced and involves multiple factors. Both are valuable.

Through this work, we have identified many strong associations between workplace inclusion and organisational performance. However, establishing causation – directly linking inclusion efforts to improved performance – is beyond the scope of our study. Although our findings do suggest a significant link between the effective management of inclusion initiatives and positive company performance, we cannot conclusively say that workplace inclusion is the direct cause of these improvements or, indeed, whether it might be that more successful organisational environments give greater prioritisation to inclusion.

SUMMARY OF RECOMMENDATIONS

RECOMMENDATIONS FOR LEADERSHIP TEAMS

➜ Actively engage in and support your organisation's inclusion strategy, use data, model inclusive behaviour, provide manager training, communicate and act swiftly against discrimination.

RECOMMENDATIONS FOR MANAGERS

➜ Push for formal management training. Embrace new perspectives by committing to ongoing learning and actively encouraging feedback, creating positive ripple effects across the organisation.

POLICY RECOMMENDATIONS

➜ The Government should commit to a UK-wide management development strategy, collaborating with devolved governments and consulting on incentives to improve management capability.

➜ The Government should build on Labour's Business Partnership for Growth to make sure public procurement is fair and transparent by pushing for greater EDI accountability including through public sector procurement requirements.

➜ The Government should champion the role of trained managers and leaders in improving inclusivity and organisational outcomes and enhance public sector management, culture and training.
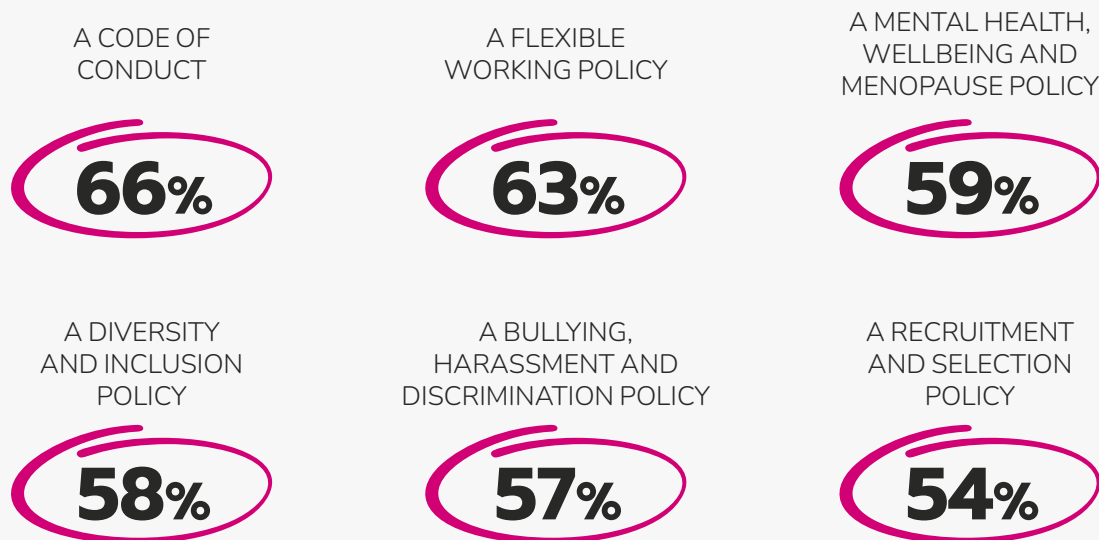
Further detail on pages 32-33

SECTION 1.

WORKPLACE INCLUSION – WHERE WE'RE AT (OR CLAIM TO BE)

Before we look at the connection between organisational performance and a commitment to inclusion at work – and at the role of management behaviours in creating equitable workforces – we need to understand the current landscape. Do our organisations appear to be committed to inclusion? What are they doing – or claiming to do?

In our survey 98% of HR decision-makers say that their organisation has at least one of the diversity and inclusion policies tested in the research. 7% said they have all of the policies tested:

A CODE OF CONDUCT	A FLEXIBLE WORKING POLICY	A MENTAL HEALTH, WELLBEING AND MENOPAUSE POLICY
66%	**63%**	**59%**

A DIVERSITY AND INCLUSION POLICY	A BULLYING, HARASSMENT AND DISCRIMINATION POLICY	A RECRUITMENT AND SELECTION POLICY
58%	**57%**	**54%**

The least common policy was a trans inclusion policy, with just 26% of HR decision-makers saying their organisation had one.

Beyond workplace policies, the drive towards inclusion in the workplace has seen organisations adopt various interventions, with data collection and analysis playing a crucial role in identifying and addressing disparities.[2,3] Research underscores the significance of engaging employees in decision-making processes to cultivate an inclusive and supportive culture.[4,5] Further studies have claimed a positive impact of demographic diversity on long-term business performance.[6,7] Meanwhile, the integration of technology, including AI, into the workplace is accelerating, aimed at boosting efficiency and processes. Yet, there's evidence suggesting these technologies could unintentionally reinforce existing workplace biases.[8]

According to HR decision-makers in our research, organisations are also commonly:

Collecting pay data across a range of characteristics – 85% say their organisation collects at least one type of pay gap data.

Setting targets and objectives – over half say their organisation has targets in place around pay levels (62%) and recruitment (59%) to address inequalities.

Establishing mentoring schemes – these are widely available across organisations, with only 11% saying that their organisation doesn't have one.

Diversifying recruitment – half say that their organisation is taking active steps through its recruitment processes to increase the proportion of female employees (50%), and employees from Black, Asian and ethnic minority backgrounds (45%); employees from lower socio-economic backgrounds (42%); disabled employees (41%); and older employees (40%).

Engaging employees – almost all (96%) report that their organisation has a mechanism to enable their employees to engage with decisions around inclusion and diversity including employee surveys (65%) and a dedicated EDI committee/group (45%).

Embedding EDI in products and services – 78% believe that their organisation's products and services are designed considering diverse needs and accessibility and their marketing strategies reflect the diversity of their audience. It should be noted that less than half of HR decision-makers say that their organisation requires suppliers and/or partners to evidence a commitment to equality and diversity during the procurement process (48%).

Implementing and managing new technology – 78% believe that their organisation considers the impacts of new technologies on a range of different groups before introducing them.

Providing equality, diversity and inclusion training – 88% claim that their organisation offers at least one of the types of training tested to all staff, but 46% of employees were either unsure whether they had undertaken training (20%) or had not completed any of the types of EDI training (26%). Two-thirds report that their organisation trains all of its managers in EDI (66%).

Training managers – Over half of HR decision-makers say their organisation offers formal management and leadership training to all managers at junior/middle management level (55%), three-quarters at senior management level (75%) and just over a third at board of director/trustee level (35%). Although when employees were asked about their own managers, only 30% stated that they knew that their manager had formal management training.

Despite the positive picture painted by HR decision-makers, a significant "say-hear" gap appears to exist between HR leaders and employees regarding these initiatives. Our research found many employees are uncertain about whether their organisation systematically collects data on diversity, including pay gaps – only a minority are aware of such efforts, with 30% knowing about gender pay gap data collection and 25% about disability data. The lack of employee awareness extends to mentoring programmes, with over a third of employees either believing their organisation lacks any formal mentoring schemes (35%) and 22% are unsure of their existence.

Employee awareness of engagement mechanisms around inclusion initiatives are also surprisingly low, with almost a fifth saying there aren't any (18%) and 12% unaware of any feedback options available to them. This disconnect not only emphasises the need for better communication and engagement strategies but also calls into question the effectiveness of current practices in truly involving employees in the ongoing dialogue around inclusion and diversity.

SECTION 2.

DO ORGANISATIONS GET IT?

Organisational commitment, culture, and lived experiences

We've looked at where organisations claim to be on EDI (via their HR decision-makers). But is that commitment reflected in their actions? How genuinely committed to inclusion are organisations? And what's the day-to-day experience of employees?

The research found that 81% of HR decision-makers say their organisation believes that a focus on EDI is fairly (45%) or very (36%) critical to its success. For employees, this proportion drops to 62%. The full results are in the table (see Figure 1).

Are organisations placing enough emphasis on EDI? While 78% of HR decision-makers reckon they're getting it right, this proportion drops to 64% among employees. 1 in 5 employees (19%) say their organisation is placing too little emphasis on EDI compared to 1 in 10 HR decision-makers (11%).

Another key question: are employees' experiences of inclusivity consistent with organisations' claims?

SHORT ANSWER:
NOT SO MUCH.
HERE'S THE EVIDENCE: ➡

Figure 1.

How critical organisations perceive EDI to be: differences between HR decision-maker and employee perspectives

Category	HR decision-makers	Employees
Very critical	36%	28%
Fairly critical	45%	33%
Not very critical	13%	14%
Not critical at all	3%	6%
Don't know	3%	18%

HR decision-makers ● Employees ●
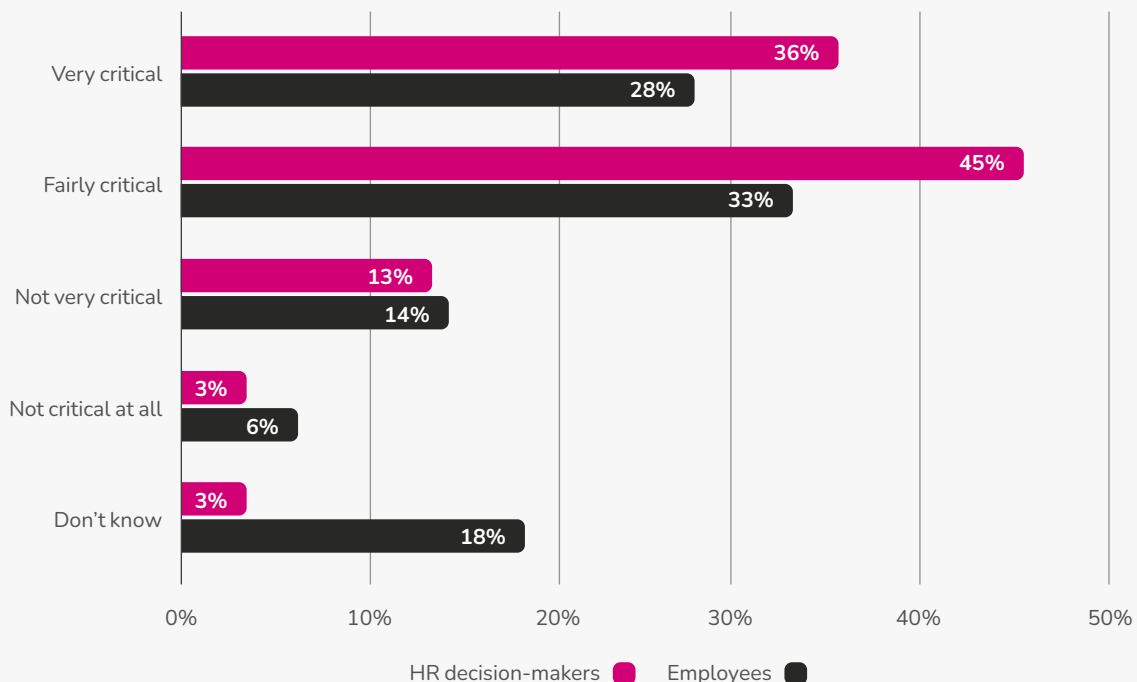
Figure 2.

Differences in HR decision-maker and employee views on workplace inclusion commitments

Statements	Net agree ratings - HR decision-makers	Net agree ratings - employees	Percentage point difference (pp)*
Employees have the opportunity to input into creation and review of my organisation's policies and practices	76%	47%	29pp
There are clear and transparent progression/promotion criteria for staff	73%	50%	23pp
My organisation regularly updates its inclusive policies	74%	55%	19pp
My organisation effectively communicates its equality, diversity and inclusion strategy to staff members	77%	59%	18pp
My organisation has clear objectives relating to workforce diversity and inclusion	76%	61%	15pp
I have witnessed discrimination and/or micro aggressions in my organisation	48%	34%	14pp
In general, I believe my organisation has an inclusive company culture	79%	67%	12pp
Employees in my organisation are mostly satisfied with their jobs	76%	70%	6pp

* A percentage point is the difference between percentages. Please refer to the ONS page

HR decision-makers and employees were asked to what extent they agreed with a number of statements about their organisation, with a focus on inclusivity. As Figure 2 shows, significant discrepancies were seen between the two groups against all the statements.

These are issues of real concern because of the negative impact on individuals and organisations. Previous CMI research found that over a third of managers say they have previously left a role because of a negative work culture[9] and over the last year, a number of organisations have seen a host of behavioural failings that have catapulted them into the headlines for all the wrong reasons.

On the other hand it is encouraging that a high percentage of HR decision-makers and employees believe their organisation has an inclusive company culture. Three-quarters of employees somewhat (51%) or strongly (24%) agree that they can be themselves at work and almost 7 in 10 somewhat (48%) or strongly (21%) agreed that they feel supported and included at work. However, only half (50%) agreed that they felt like their voice is heard and acted upon by their organisation, with over a quarter disagreeing (27%) (see Figure 3).

CONTINUED ➡️

Figure 3.

Experience of work: employee views

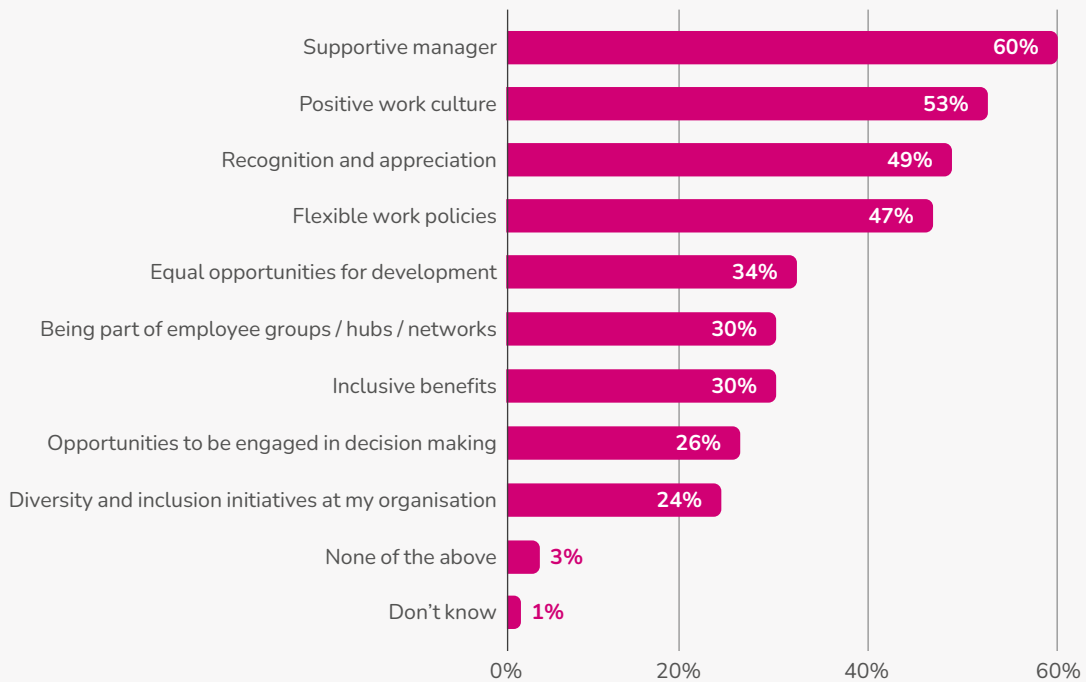|	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Don't know
I feel like I can be myself at work	24%	51%	12%	9%	4%	1%
Overall, I am satisfied with my job	23%	47%	16%	10%	5%	
I feel supported and included at work	21%	48%	16%	10%	4%	1%
I feel like my voice is heard and acted upon by my organisation	15%	35%	22%	17%	10%	1%

Strongly agree ■ Agree ■ Neither agree or disagree ■ Disagree ■ Strongly disagree ■ Don't know ■

In all this, we see a critical role for managers. Those who said that they feel supported and included at work (69%) were asked a subsequent question about the factors that contributed to this. Having a supportive manager was the most influential factor in people feeling supported and included at work (60%) (see Figure 4). We explore the impact of management behaviours in detail later in this report.

Figure 4.

Factors contributing to feeling supported and included at work: employee views

Factor	%
Supportive manager	60%
Positive work culture	53%
Recognition and appreciation	49%
Flexible work policies	47%
Equal opportunities for development	34%
Being part of employee groups / hubs / networks	30%
Inclusive benefits	30%
Opportunities to be engaged in decision making	26%
Diversity and inclusion initiatives at my organisation	24%
None of the above	3%
Don't know	1%

SPOTLIGHT ON SECTOR

PRIVATE-SECTOR HR LEADERS REPORT STRONGER COMMITMENT TO DIVERSITY AND INCLUSION THAN PUBLIC-SECTOR COUNTERPARTS

The data reveals that HR decision-makers in private-sector organisations are significantly more likely than those in public-sector organisations to say they are doing a number of things around equality, diversity and inclusion. For example, they are more likely to be using pay gap data to address training needs (55% vs 37%) and progression (55% vs 42%) and their middle managers are more likely to have objectives related to EDI (69% vs 52%). They are also more likely to be offering formal management training to their senior managers (77% vs 66%). This is both intriguing and somewhat counter-intuitive: does the public sector hold higher expectations for diversity and inclusion? Or, is it possible that they assume better outcomes are inevitable and therefore do not take systematic action to effectively implement inclusive behaviours/ practices? The other factor is also funding - private sector organisations may be better resourced in this area.

HR decision-makers in private-sector organisations are also more likely to rate their senior management team positively with regards to inclusive behaviours such as identifying and calling out bad behaviour (80% vs 67%) and supporting managers to develop an inclusive culture in their team (79% vs 66%). And, from the employee perspective, those in private-sector organisations are more likely to feel supported and included at work (71%), more likely to feel like they can be themselves at work (77%) and to feel like their voice is heard and acted upon by their organisation (53%) compared to those in public-sector organisations (64%, 70% and 39% respectively).

On the other hand, HR decision-makers in private-sector organisations are significantly more likely to say that their organisation does not require supply chain companies and/or partners to evidence a commitment to EDI during the procurement process (35%) compared to those in public-sector organisations (23%).

SECTION 3.

THE LINK BETWEEN DIVERSITY AND INCLUSION AND BUSINESS SUCCESS

Seeing EDI as business-critical boosts all performance metrics

Some critics maintain that equality, diversity and inclusion aren't central to organisational performance; that focusing on EDI is a distraction from core business priorities. While it's difficult to draw direct causal links, our research does find some strong associations between strong organisational EDI commitments and organisational performance metrics.

Figure 5 looks at the findings in detail.

Figure 5.

Delivery against key performance metrics at organisations where EDI is critical/not critical: HR decision-maker views

Key performance metrics	Net good ratings - HR decision-makers		
	EDI is critical	EDI is not critical	Percentage point difference (pp)
Attracting talent	80%	52%	28pp
Upskilling staff	80%	54%	26pp
Creating a positive and inclusive work environment	85%	60%	25pp
Promoting the best people	76%	53%	23pp
Addressing staff under-performance	75%	52%	23pp
Fostering a culture of innovation and improvement	81%	59%	22pp
Retaining talent	76%	57%	19pp
Communicating its goals, expectations and performance results	85%	66%	19pp
Using technology to enhance business performance	83%	64%	19pp
Recognising and rewarding good performance	79%	61%	18pp
Promoting collaboration and teamwork	83%	70%	13pp

To take one crucial performance metric: whether your organisation is meeting its objectives. HR decision-makers in organisations that believe a focus on EDI is critical are significantly more likely to state that their organisation had met all or most of its objectives over the past 12 months (75% vs 47% for organisations where EDI is not seen as critical). Similarly, 61% of employees whose organisations see EDI as critical state that their organisation had met all or most of its objectives over the past 12 months. Less than a third of those working in organisations that do not consider EDI critical agreed (31%).

Significant differences were also seen – among both HR decision-makers and employees – when it came to attracting and retaining talent, creating a positive and inclusive work environment, and recognising and rewarding good performance.[10] Again, these numbers track significantly higher when EDI is seen as critical.

We see a similar outperformance on crucial organisational metrics such as attracting talent (80% vs 52% among HR decision-makers), upskilling staff (80% vs 54%) and creating a positive and inclusive work environment (85% vs 60%). Fostering a culture of innovation and improvement seems to be easier in organisations where EDI is seen as critical. These organisations dramatically outperform those where EDI is sidelined, according to employees (76% vs 35% for employees whose organisations do not see EDI as critical). This raises interesting questions about the importance of cognitive diversity and the extent to which innovation capacity is improved in diverse organisations because they are able to access a wider range of perspectives. Research from Deloitte[11] cited in the Inclusion at Work Panel report found that "high-performing teams are both cognitively and demographically diverse."

The same trend is true for organisational retention rates[12] – better perceived performance at organisations where EDI is seen as critical. In these organisations, HR decision-makers in organisations that perceive EDI as critical to success are significantly more likely to have retention rates of 60% or above (60%) compared to those whose organisations do not (48%).

THE IMPORTANCE OF MANAGEMENT BEHAVIOURS

So, what's going on at these outperforming organisations? What role are leaders and managers playing?

This research reveals that the diversity of senior leadership and the attitudes of management appear to be more strongly correlated to creating an inclusive work environment and positive business outcomes than other metrics, such as data collection and action planning.

For example, when we asked HR decision-makers and employees whether they agreed with a list of statements about positive management and senior leadership behaviours, these strongly correlated with those organisations being able to meet business objectives and create a positive and inclusive workplace. (These statements included: managers are confident calling out micro aggressions; managers are comfortable having conversations about inclusivity; senior managers are active and vocal about promoting an inclusive and diverse culture; and senior managers actively address EDI issues in the workplace.)

For both HR decision-makers and employees, meeting business objectives and creating a positive and inclusive workplace were strongly correlated[13] with:

- The diversity of the senior management team and board
- Having inclusive product and marketing strategies
- Managers having objectives related to EDI
- The existence of employee feedback platforms/surveys
- Formal management training
- EDI training for managers
- Having targets in place to increase diversity across a range of characteristics

For employees, the existence of employee feedback platforms/surveys such as an EDI committee, a general employee forum and dedicated inclusion hubs, as well as other feedback mechanisms, was strongly correlated with meeting business objectives, feeling supported and included at work and having a positive and inclusive work environment.

THE IMPACT OF TRAINING

Training is another factor that's driving the outperformance of "EDI is critical" organisations.

Our research reveals a positive correlation between HR decision-makers who say that their organisation provides EDI training to all managers and those who say their organisation has met all or most of its business objectives. Over three-quarters of these HR decision-makers say that their organisation has met most or all of its objectives in the past 12 months (76%) compared to under two-thirds of those who said their organisation trained only some or none of its managers in EDI (62%).

As Figure 6 shows, organisations seem to be much better at communicating equality, diversity and inclusion strategy to staff members if they have EDI-trained managers. HR decision-makers who say their organisation trains all of their managers in EDI report significantly better results on almost all inclusive practices compared to those whose organisation trains only some managers or none. Although the evidence on EDI training is contested, this finding suggests that training managers is one way to improve awareness and understanding of EDI. This, in turn, makes individuals more likely to implement changes in their organisation.

These HR decision-makers (who say their organisation trains their managers in EDI) are also much more likely to say their organisation has targets in place to address a range of inequalities across pay levels (68% vs 54% in organisations that don't train managers in EDI), recruitment (64% vs 52%), take-up of training and development opportunities (62% vs 46%) and career progression (60% vs 46%).

Figure 6.

Performance against key metrics in organisations that EDI-train managers vs those that do not: HR decision-maker views

Statements	Organisation trains all managers in EDI	Organisation trains some or none of its managers in EDI
Employees in my organisation are mostly satisfied with their jobs	83%	67%
In general, I believe my organisation has an inclusive company culture	86%	68%
My organisation has clear objectives relating to workforce diversity and inclusion	84%	64%
My organisation effectively communicates its equality, diversity and inclusion strategy to staff members	84%	67%
My organisation regularly updates its inclusive policies	80%	64%
There are clear and transparent progression/promotion criteria for staff	79%	62%
Employees have the opportunity to input into creation and review of organisational policies and practices	82%	66%

Employees who say that their manager has received formal management training – not just EDI training - are significantly more likely to feel supported (87% vs 38% whose managers haven't been formally trained), fairly treated (90% vs 47%) and that they can be themselves at work (91% vs 55%). In fact, employees who say their manager has received formal management training are significantly more likely to agree with all the positive statements about their manager compared to those who say their manager has not received formal management training (see Figure 7).

Figure 7.

Impact of management training: employee views

Statements	Manager has had formal training	Manager has not had formal training	Percentage point difference (pp)
My manager treats me fairly	90%	47%	43pp
My manager ensures that all members of my team feel like they belong regardless of background	89%	40%	49pp
My manager is able to have sensitive conversations with me	88%	45%	43pp
I feel comfortable expressing my thoughts and concerns without fear of judgement or reprisal	85%	39%	46pp
My manager proactively encourages me to take up opportunities for learning and development	80%	31%	49pp
My manager is good at responding to my suggestions	80%	34%	46pp
My manager role models diversity and inclusion	78%	28%	50pp
My manager is confident calling out micro aggressions or offensive language from team members	75%	23%	52pp
My manager asks me for feedback on a regular basis	74%	30%	44pp

INCLUSIVE CULTURE AND PRACTICE – AND EMPLOYEE SATISFACTION

This research finds a strong link between an organisation's inclusive practices and reported employee satisfaction.

As Figure 8 shows, employees who say they are satisfied with their job are significantly more likely to say that their workplace has an inclusive culture compared to those who are not satisfied with their job (81% vs 25%). Unsatisfied employees are significantly more likely to have witnessed discrimination and/or micro aggressions in their organisation (55%) compared to those who are satisfied (30%).

Figure 8.

Inclusive culture: satisfied vs unsatisfied employee views

Statements	Satisfied with job	Not satisfied with job
My organisation effectively communicates its equality, diversity and inclusion strategy to staff members	72%	27%
My organisation regularly updates its inclusive policies	67%	27%
My organisation has clear objectives relating to workforce diversity and inclusion	73%	27%
In general, I believe my organisation has an inclusive company culture	81%	25%
There are clear and transparent progression/promotion criteria for staff	64%	12%
Employees have the opportunity to input into the creation and review of my organisation's policies and practices	60%	12%
I feel like my voice is heard and acted upon by my organisation	65%	10%
I feel supported and included at work	85%	16%
I feel like I can be myself at work	91%	28%
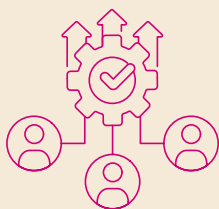
Satisfied employees and inclusive managers seem to go hand in hand. Managers clearly play a central role in creating an inclusive culture. The following table shows the correlation between job satisfaction and positive ratings of managers. The biggest differences between satisfied/unsatisfied employees are seen for feeling comfortable expressing thoughts and concerns without fear of judgement and reprisal (81% vs 23%); managers ensuring that all team members feel like they belong regardless of background (85% vs 31%); and managers being good at responding to their suggestions (71% vs 18%) (see Figure 9). This suggests that psychological safety plays a crucial role in employee satisfaction and manager behaviours are critical to creating a psychologically safe environment at work.

Figure 9.

Manager ratings: satisfied vs unsatisfied employee views

Statements	Satisfied with job	Not satisfied with job
My manager treats me fairly	88%	37%
My manager ensures that all members of my team feel like they belong regardless of background	85%	31%
My manager is able to have sensitive conversations with me	82%	32%
I feel comfortable expressing my thoughts and concerns without fear of judgement or reprisal	81%	23%
My manager is good at responding to my suggestions	71%	18%
My manager proactively encourages me to take up opportunities for learning and development	70%	19%
My manager role models diversity and inclusion	69%	17%
My manager asks me for feedback on a regular basis	64%	20%
My manager is confident calling out micro aggressions or offensive language from team members	64%	24%

Senior management behaviours and job satisfaction are also connected. For example, take the ability to identify and deal with inappropriate behaviour in a timely manner. As Figure 10 shows, there's a huge 70% vs 20% differential here between satisfied and unsatisfied employees.

Figure 10.

Senior manager ratings: satisfied vs unsatisfied employee views

Statements	Satisfied with job	Not satisfied with job
Senior managers identify and deal with inappropriate behaviour in a timely manner	70%	20%
Senior managers actively address equality, diversity and inclusion issues in the workplace	65%	20%
Senior managers are active and vocal about promoting an inclusive and diverse culture	64%	19%
Senior managers support more junior managers to develop an inclusive culture in their teams	64%	16%
Workplace inclusivity is high on the agenda for my organisation's board of directors/trustees or other governance bodies	63%	18%
Senior managers have developed concrete action plans to improve inclusivity	61%	16%
Senior managers listen to the lived experiences of those from under-represented groups	58%	10%

It is no surprise then that employees who say they are satisfied with their job are much more likely to say that their manager has had formal training (36%) or that they think they have (35%) compared to those who are not satisfied with their job (16% and 25%, respectively). Employees who are not satisfied with their job are significantly more likely to say that their manager has not had formal management training (27%) compared to those who are satisfied with their job (7%).

## POLICIES AND PRACTICES IN PLACE

So how should organisations go about achieving an inclusive culture – with all the performance and employee engagement benefits that flow from that?

Answer: put the right policies and practice in place (designed in consultation with those with lived experience of discrimination) and make sure that managers and senior managers are equipped to role-model inclusivity.

In our survey, HR decision-makers in organisations where EDI is seen as critical to business performance are significantly more likely to take a number of actions (see Figure 11 below).

These include:

➔ Gathering pay gap data across all the different characteristics

➔ Using this pay gap data to identify areas for improvement

➔ Ensuring EDI policies are in place

➔ Ensuring that managers have formal management training - not just EDI training
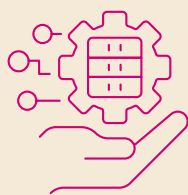
However, our research suggests many firms are collecting – or feel obligated to collect – data without interrogating it to understand what is driving gaps in their organisation and use it as the basis for driving improvements.

This suggests evidence of "tick box" behaviours, even in those organisations that state that EDI is business-critical.
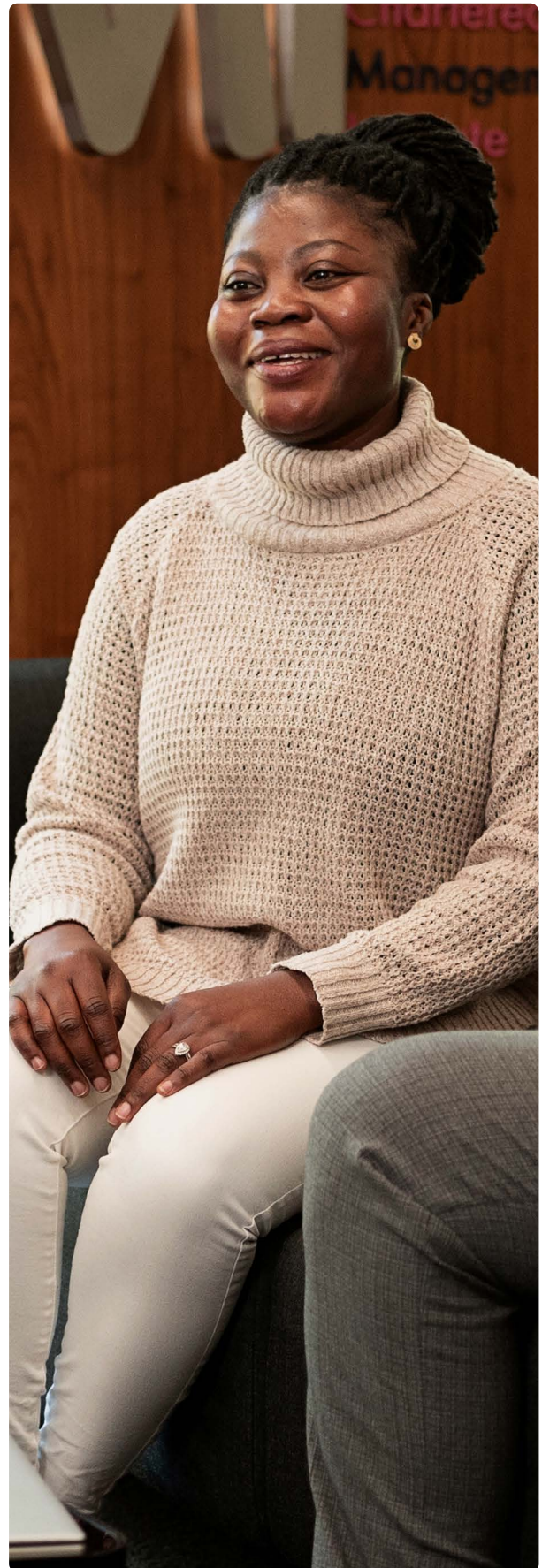
Figure 11.

Inclusive policies and practices at organisations where EDI is critical/not critical: HR decision-maker views

Statements	EDI is critical	EDI is not critical
Pay gap data		
Collect at least one type of pay data	90%	64%
Uses pay data to identify barriers to progression	55%	38%
Uses pay data to identify and address training needs	54%	32%
Uses pay data to identify recruitment process improvements	57%	36%
Policies		
Diversity and inclusion policy	61%	45%
Bullying, harassment and discrimination policy	60%	42%
Disability and reasonable adjustments policy	50%	29%
Trans inclusion policy	30%	8%
Training & objectives		
Offer at least one type of EDI training offered to staff	94%	69%
Formal management training for junior/middle managers	58%	40%
Formal management training for senior managers	79%	58%
Formal management training for board of director/trustees	38%	20%
Trains all managers in EDI	71%	45%
EDI objectives for managers	90%	67%

Organisations where EDI is seen as critical are also more likely to consider the inclusivity of their products, services and partnerships (see Figure 12).

Figure 12.

Inclusive products and services where EDI is critical/not critical: HR decision-maker views

Statements	EDI is critical	EDI is not critical
Products and services are designed considering diverse needs and accessibility	83%	59%
Marketing strategies reflect the diversity of their target audience	85%	51%
Organisation is committed to reducing barriers and enhancing accessibility in all aspects of its business operations	82%	66%
Requires supply chain companies and/or partners to evidence a commitment to equality and diversity during the procurement process	53%	18%

MORE DIVERSE AND INCLUSIVE MANAGEMENT

Seeing EDI as business-critical also appears to have a number of cultural benefits for organisations.

HR decision-makers in these organisations are significantly more likely to agree that their senior management team is diverse across a range of characteristics (see Figure 13).

Figure 13.

Agreement that senior management is diverse where EDI is critical/not critical: HR decision-maker views

Chartacteristics	EDI is critical	EDI is not critical
Gender	80%	60%
Age	80%	58%
Ethnicity	79%	57%
Socio-economic background	74%	49%
LGBTQIA+	61%	41%
Disability	64%	45%

In these organisations managers are seen as being more comfortable having sensitive conversations around inclusivity with their teams, and to encourage their teams to take up development opportunities.[14]

In organisations where EDI is critical, senior managers are seen as capable of listening to the lived experiences of those from under-represented groups; identifying and dealing with inappropriate behaviour in a timely manner; and being active and vocal about promoting an inclusive and diverse culture.[15]

Employees seem to enjoy working in organisations where EDI is seen as critical. In these organisations, they say that their manager treats them fairly (83% vs 63% for employees in organisations that don't see EDI as critical); that they ensure all members of the team feel like they belong (81% vs 53%) and that they are able to have sensitive conversations with them (80% vs 56%).[16] They also score senior managers more highly across these metrics.[17]

BETTER EMPLOYEE ENGAGEMENT

HR decision-makers in organisations that consider EDI as critical are significantly more likely than those in organisations that don't to say that their organisation considers the impacts of new technologies on a range of different groups before introducing them (83% vs 60%) and consults with employees when introducing new technologies (78% vs 60%).

So which inclusive practices should organisations focus on? We asked HR decision-makers and employees (in organisations where EDI is both rated critical and not critical) whether they agreed with a number of statements about inclusive practice. See Figure 14.

We encourage organisations to live up to all these inclusive practices – but perhaps pay particular attention to those with the widest differentials (ie, that seem to be a low priority in organisations where EDI is not seen as critical):

➔ Regularly update inclusive policies
➔ Have clear objectives relating to workforce diversity and inclusion
➔ Communicate workplace inclusion strategy to staff
➔ Give employees the opportunity to input into the creation and review of policies and practices
➔ Have clear and transparent progression and promotion criteria for staff

Figure 14.

Inclusivity in practice: HR decision-maker and employee ratings (in organisations where EDI is seen as critical vs non-critical)

Statements	Net agree ratings - HR decision-makers		Net agree ratings - employees	
	EDI is critical	EDI is not critical	EDI is critical	EDI is not critical
My organisation effectively communicates its equality, diversity and inclusion strategy to staff members	82%	54%	78%	32%
My organisation regularly updates its inclusive policies	81%	41%	71%	34%
My organisation has clear objectives relating to workforce diversity and inclusion	81%	59%	80%	35%
In general, I believe my organisation has an inclusive company culture	84%	57%	80%	45%
There are clear and transparent progression/ promotion criteria for staff	77%	54%	63%	31%
Employees in my organisation are mostly satisfied with their jobs/ Overall, I am satisfied with my job	80%	64%	79%	52%
Employees have the opportunity to input into the creation and review of my organisation's policies and practices	81%	53%	61%	29%

Employees were also asked an additional set of questions about whether they feel supported and heard at work. Again, there were stark differences (see Figure 15).

Figure 15.

Inclusivity in practice: employee ratings (in organisations where EDI is seen as critical vs non-critical)

Statements	Net agree ratings - employees	
	EDI is critical	EDI is not critical
I feel like my voice is heard and acted upon by my organisation	63%	34%
I feel supported and included at work	79%	50%
I feel like I can be myself at work	83%	58%
I have witnessed discrimination and/or micro aggressions at work	32%	45%

SECTION 4.

ARE MANAGERS AND LEADERS WALKING THE WALK (OR TICKING BOXES)?

Management behaviour and practice

What is the prevailing management culture when it comes to creating inclusive workplaces? Are leadership, behaviours and practices evolving in line with societal changes? Are line managers stepping up?

To answer these important questions, we asked our two survey groups – HR decision-makers, and employees without management responsibilities – about the managers in their organisation/their line managers. Each group was asked to rate the extent to which they agreed or disagreed with a number of statements about management practices and behaviours.

8 in 10 HR decision-makers feel that managers in their organisation are able to have conversations about inclusivity with their teams (81%) and have sensitive conversations with team members (80%). They also agree that managers are good at responding to suggestions from employees (78%) and confident at calling out micro aggressions or offensive language (74%). The full results are in Figure 16.

But when we put a similar set of questions to employees, we got some very different answers.

Employees are significantly less likely to say that their manager encourages them to take up opportunities for learning and development, responds to their suggestions or is confident calling out micro aggressions or offensive language from team members.

Overall, three-quarters of employees say their manager treats them fairly (76%) and ensures that all team members feel like they belong regardless of background (71%). 1 in 10 disagree with each of these statements (10% and 12% respectively). The full results are in Figure 17.

Figure 16.

Management behaviours – HR decision-maker and employee perspectives

Statements	Net agree ratings - HR decision-makers	Net agree ratings - employees
Managers in my organisation proactively encourage their team to take up opportunities for learning and development	82%	58%
Managers in my organisation are able to have sensitive conversations with their team members	80%	70%
Managers in my organisation are good at responding to suggestions from employees	78%	58%
Managers in my organisation are confident calling out micro aggressions or offensive language by team members	74%	52%
Managers in my organisation are comfortable having conversations about inclusivity with team members*	81%	/
My organisation prioritises training managers in equality, diversity and inclusion*	78%	/

*Only asked of HR decision-makers

Figure 17.

Management behaviours: employee perspectives

Statements	Net agree ratings - employees	Net disagree ratings - employees
My manager treats me fairly	76%	10%
My manager ensures that all members of my team feel like they belong regardless of background	71%	12%
My manager is able to have sensitive conversations with me	70%	14%
I feel comfortable expressing my thoughts and concerns without fear of judgement or reprisal	65%	18%
My manager proactively encourages me to take up opportunities for learning and development	58%	21%
My manager is good at responding to my suggestions	58%	19%
My manager role models diversity and inclusion	55%	16%
My manager is confident calling out micro aggressions or offensive language from team members	52%	18%
My manager asks me for feedback on a regular basis	52%	26%
My manager has overlooked me for projects and promotions	31%	43%

SENIOR MANAGEMENT BEHAVIOUR AND PRACTICES

Our two survey groups – HR decision-makers and employees with no management responsibilities – were asked to rate the behaviours and practices of senior management teams in their organisations across a number of statements.

There were some significant differences of opinion. Indeed, there's a 21–26 percentage point differential in agreement across all the key statements, and higher levels of disagreement with the statements for employees[18].

What does this mean? Frankly, that on some of the central tenets of equality, diversity and inclusion – such as dealing with inappropriate behaviour or listening to the lived experience of under-represented groups – a sizeable proportion of employees view senior management behaviour in a less positive light than the organisational line (as expressed by HR decision-makers).

The "say-do gap" is all around us – and this should be a cause of real concern.

Perhaps unsurprisingly, employees in medium sized organisations are significantly more likely than those in large organisations to say that their senior managers listen to the lived experiences of those from under-represented groups (51% vs 40%), have developed concrete action plans to improve inclusivity (51% vs 45%) and support more junior managers to develop an inclusive culture in their teams (56% vs 47%). They are also more likely to say that they identify and deal with inappropriate behaviour in a timely manner (63% vs 51%). All this translates into employees in medium sized organisations more likely to rate their organisation as good across a range of performance metrics such as promoting the best people (59% vs 41%), attracting talent (55% vs 46%), creating a positive and inclusive work environment (69% vs 63%) and recognising and rewarding good performance (58% vs 46%).

SPOTLIGHT ON UNDER-REPRESENTED GROUPS

MEN REPORT MORE POSITIVE WORKPLACE EXPERIENCES AND PERCEPTIONS OF MANAGEMENT THAN WOMEN

Men are on the whole more positive about their managers, senior management teams and experiences of the workplace than women across a range of metrics. For example, male employees are significantly more likely than female employees to agree that they feel comfortable expressing their thoughts and concerns without fear of judgement or reprisal around their manager (71% vs 61%). Male employees are also significantly more likely to agree that senior managers identify and deal with inappropriate behaviour in a timely manner (65% vs 50%).

In terms of the organisation's focus on EDI, male employees are significantly more likely to say that their organisation is placing too much emphasis on EDI (13%) compared to women (3%). They are also more likely than women to feel that their voice is heard and acted upon (56% vs 45%), that they have the opportunity to input into the creation and review of their organisation's policies and practices (53% vs 43%) and that there are clear and transparent progression pathways for staff (57% vs 44%).

Disabled employees report less support and inclusivity in the workplace

Disabled employees are on the whole more negative about their managers, senior management teams and experiences of the workplace than employees who did not report a disability. Furthermore, a quarter of disabled employees feel like their organisation is placing too little emphasis on EDI (25%) compared to employees without disabilities (16%). Unfortunately the same trends continue where employees are asked about their workplace and workplace culture. Most notably, compared to employees who did not report a disability, disabled employees are significantly more likely to disagree that there are clear and transparent progression / promotion criteria for staff (43% vs 23%) and that they feel their voice is heard and acted upon (40% vs 24%). Disabled employees are also more likely to disagree that they feel supported and included (23%) and that their organisation had an inclusive company culture (20%) compared to employees who did not report a disability (12% and 9% respectively).

Employees from working class backgrounds report less managerial support and lower workplace inclusivity

There are very few significant differences in responses based on the socio-economic background* of employees, however there are some around ratings of their manager. For example, employees from lower socio-economic backgrounds are significantly more likely to disagree that their manager proactively encourages them to take up opportunities for learning and development (25%) and that they regularly ask them for feedback (29%) compared to those from high socio-economic backgrounds (17% and 22% respectively). They are also significantly more likely to disagree that their manager is good at responding to their suggestions (23% vs 14%). Employees from lower socio-economic backgrounds were also significantly less likely to agree that workplace inclusivity is high on the agenda for their organisation's Board of Directors / Trustees or other governance bodies (46%) compared to those from intermediate (56%) or high (55%) socio-economic backgrounds.

Employees from diverse ethnic backgrounds see higher commitment to inclusion in the workplace

There are very few differences between white employees and those from diverse ethnic backgrounds. Perhaps surprisingly, employees from diverse ethnic backgrounds are significantly more likely to say that their organisation perceives EDI as critical to business success (72%) compared to white employees (60%). Perhaps suggesting that employees from diverse ethnic backgrounds are more likely to seek out organisations that value diversity and inclusion.

This is further backed up by the fact that those from diverse ethnic backgrounds are significantly more likely to say that they feel like their voice is heard and acted upon by their organisation (61%), and their organisation regularly updates their inclusive policies (65%) compared to employees from white backgrounds (49% and 54% respectively).

*This was measured using a standard question about the occupation of the main household earner when aged 14.

SECTION 5.

CONCLUSION & RECOMMENDATIONS

This report underscores the importance of organisations maintaining a genuine - rather than performative - commitment to equality, diversity, and inclusion. Focusing on inclusive practices and leadership by example leads to better business results, higher employee satisfaction, and increased retention.

Effective workplace inclusion practices have broad impacts. When managers and leaders demonstrate inclusive behaviours, it sets a strong example and helps foster a culture of respect and equality, which can help to foster greater innovation and collaboration.

Based on these observations, we offer recommendations for policymakers, HR leaders, and organisational managers and leaders. These guidelines aim to integrate inclusive practice deeply and sustainably within organisations. By continuing to prioritise EDI, organisations can ensure they remain adaptive, competitive, and capable of meeting the diverse needs of their workforce and clients.

RECOMMENDATIONS FOR LEADERSHIP TEAMS

➔ Actively engage with and collaborate on your organisation's inclusion at work strategy.

➔ Link inclusion ambitions and objectives to organisational performance, with clear accountability and success measures. Ensure that managers' objectives cover inclusion as part of the annual review process.

➔ Establish a baseline for action by gathering information about the composition of the workforce. Analyse this data to gain a better understanding of progression, recruitment and retention and identify if there is any bias, pay or engagement/ satisfaction gaps. Use this data to develop an action plan, track progress against this plan and review as part of the board's annual review cycle.

➔ Be a role model and a story-teller to address communication and engagement gaps. Not all diversity is visible so there is a need to actively share experiences - good and bad - to create a psychologically safe culture for others. This is especially important at senior levels as it sets the tone for the rest of the organisation though it is important at all levels of management.

➔ Prioritise guidance, training and support for managers alongside clear and robust workplace inclusion policies. Clearly communicate policies and systems with new and existing staff and review their effectiveness / relevance at regular intervals. Demonstrate consistent actions when incidents of harassment or discrimination occur including dealing swiftly with bad behaviour.

RECOMMENDATIONS FOR MANAGERS

➔ Push for formal management training. If you're not being equipped with the skills, how can you expect to drive progress within your team and organisation?

➔ Ask your team for feedback on new initiatives and make an effort to listen to, and take on board, team suggestions for improvement. They'll bring different perspectives and help you to understand the implications of initiatives for under-represented groups.

➔ Encourage development and training for your team. This will drive up the whole organisation's knowledge and skills base.

➔ Communicate your willingness to learn and embrace new perspectives. This could take the form of actively encouraging feedback or by personally committing to training and development. These kinds of actions by senior leaders will have ripple-effects across the organisation.

POLICY RECOMMENDATIONS

1. Building on its manifesto mission to "Kickstart Economic Growth" and improve skills across the UK, the Government should commit to the development and implementation of a high quality UK-wide management development strategy, covering both the public and private sectors and working with devolved administrations. This strategy should be part of Ministerial responsibilities around the future of work. The strategy should also put additional emphasis on the demand side - stimulating employer demand for strong management capability - alongside ensuring a strong supply of these skills.

2. Recruiting people from diverse backgrounds is one of the first hurdles that any organisation needs to overcome to break down barriers to opportunity. Managers are critical in supporting organisations to succeed in this, but they are currently not recognised in any employment support schemes. The Department for Work and Pensions should establish a 'Help to Hire' scheme to support SMEs in addressing biases in hiring and progression by building capability and capacity for managers to integrate and retain under-represented groups.

3. Bolster the ability of government, parliament and public sector organisations to drive significant improvements in inclusion at work, by:

   a. Making it clearer exactly what the government's requirements are for public sector contracts when it comes to EDI and how this is being assessed. This includes giving these requirements more prominence on the Crown Commercial Service website.

   b. Building on Labour's Business Partnership for Growth to make sure public procurement is fair and transparent. Give a more prominent role to the Equality Hub to assess the progress of government departments in improving EDI through the public procurement decision-making process. This should include:

      i. Setting targets for each government department and highlighting where inadequate progress is being made. Publish progress on an annual basis to improve transparency and accountability.

      ii. Sharing good practice in government departments and supply chains which can serve as examples for employers to learn from.

   c. Requiring organisations with 50 employees or more to evidence improvement and progress over time when it comes to inclusion in the workplace (e.g. improved monitoring processes or progress against targets). These measures should be qualitative as well as quantitative measures i.e. how employees feel, how good is it to work here, not just how many people are employed or in certain roles.

   d. Setting up a 'Good Work Taskforce' to identify and implement international best practices for delivering good work, experimenting with behavioural change approaches to shifting employer practice, and mitigating insecure work. The taskforce would recommend how to incorporate good, inclusive work within government procurement - and how that could be assessed.

4. The Government should set the public tone by making a stronger shared commitment to championing what works including the role of trained managers in improving inclusivity, well-being, job satisfaction and improved organisational success and outcomes in both the civil service and wider public sector.

5. The Government should pledge to foster a public sector management culture focused on enabling success. This means building on existing programmes and mandating robust management capability standards, such as the new civil service line management capability standards, across central and local government, and all public services. This should include the necessary training. Government should monitor training, development and performance against this framework, including within procured goods and services, to ensure continuous improvement.

METHODOLOGY

In September 2023 we convened a working group, composed of members of the Everyone Economy Advisory Committee to develop two surveys – one for HR decision-makers to establish the organisational picture, and another for employees with no management responsibilities to understand whether their views matched those of HR decision-makers. It is worth noting that the two groups of respondents were not from the same organisations – the intention was to develop a representative sample of the two populations, not to match employers to employees.

The questions were developed around six organisational pillars:

➔ Data and metrics

➔ Policies, action plans and targets

➔ Quality of management and leadership

➔ Recruitment, procurement and training

➔ Organisational performance

➔ Workforce representation, wellbeing and engagement

In order to ensure robustness, we engaged two academic advisors – Professor Dilshad Sheikh and Professor Kai Peters – to review the questions and methodology.

We partnered with Savanta, a leading market research consultancy, and launched the two surveys online in November 2023. The organisational survey was in the field from 17 November until 21 November and was fully completed by **529 HR decision-makers** in UK organisations. Respondents were all from organisations with 50 or more employees and organisations were representative by region, size and industry. The employees survey was in the field from 17 November 2023 until 27 November 2023 and was fully completed by **1,021 UK employees**. Respondents were all from organisations with 50 or more employees and representative by region, size and industry.

METHODOLOGY NOTES:

→ We didn't ask managers themselves as we wanted to get an unbiased view of management behaviour from those who were not currently in a management position.

→ We screened out HR decision-makers and employees in organisations with fewer than 50 employees as smaller organisations may not have standalone HR functions or the same array of policies and practices as larger organisations.

→ HR decision-makers and employees were not from the same organisations, therefore any differences between the two samples are indicative of a gap rather than conclusive.

→ We did not gather any information on the organisations that HR decision-makers and employees are from and were therefore not able to independently verify any of the data and metrics provided around diversity, policies, initiatives and retention. These metrics are therefore purely self-reported and should be treated as estimates and with caution.

→ Although correlations suggest a relationship between two variables, we cannot infer causality.

APPENDICES

APPENDIX 1:

Differences in HR decision-maker and employee views on organisation performance based on perceived importance of EDI

Key performance metrics	Net good ratings - HR decision-makers		Net good ratings - employees	
	EDI is critical	EDI is not critical	EDI is critical	EDI is not critical
Attracting talent	80%	52%	62%	36%
Retaining talent	76%	57%	60%	33%
Promoting the best people	76%	53%	63%	36%
Addressing staff under-performance	75%	52%	59%	38%
Promoting collaboration and teamwork	83%	70%	79%	53%
Creating a positive and inclusive work environment	85%	60%	78%	48%
Communicating its goals, expectations and performance results	85%	66%	80%	54%
Fostering a culture of innovation and improvement	81%	59%	76%	35%
Recognising and rewarding good performance	79%	61%	64%	33%
Using technology to enhance business performance	83%	64%	76%	44%
Upskilling staff	80%	54%	71%	39%
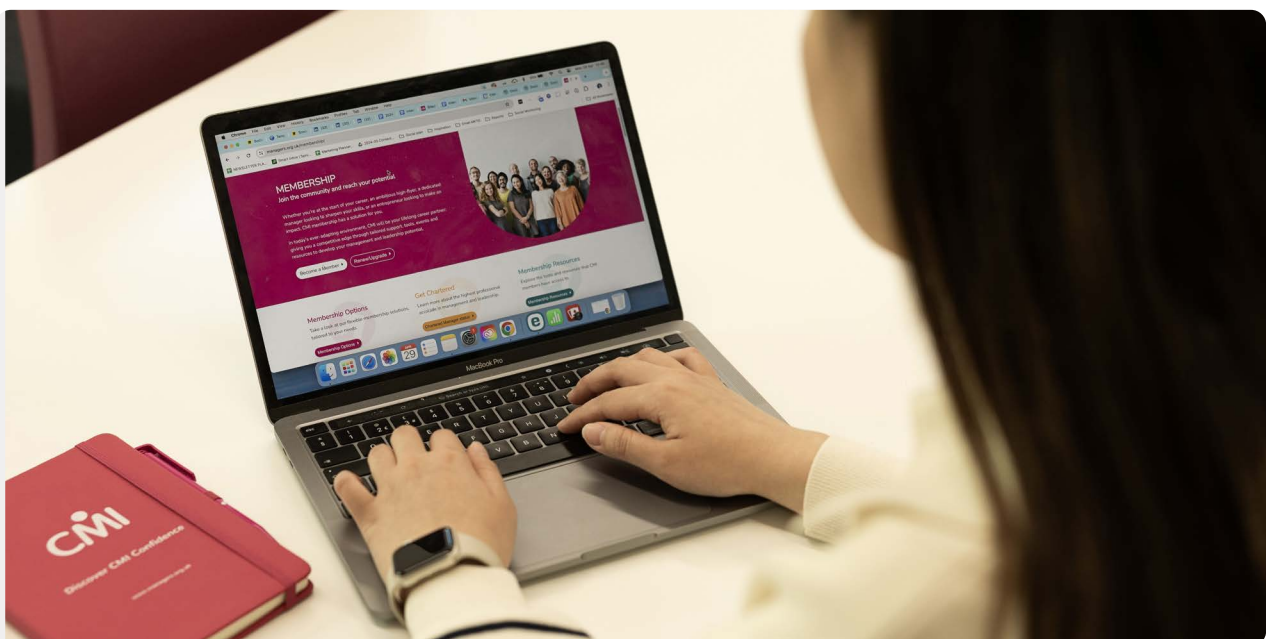
APPENDIX 2:

Manager ratings where EDI is critical/not critical: HR decision-maker views

Statements	Net agree ratings - HR decision-makers		
	Overall	EDI is critical	EDI is not critical
Managers in my organisation proactively encourage their team to take-up opportunities for learning and development	82%	85%	67%
Managers in my organisations are comfortable having conversations about inclusivity with team members	81%	84%	66%
Managers in my organisation are able to have sensitive conversations with their team members	80%	84%	61%
Managers in my organisation are good at responding to suggestions from employees	78%	82%	64%
My organisation prioritises training managers in equality, diversity and inclusion	78%	84%	52%
Managers in my organisation are confident calling out micro aggressions or offensive language by team members	74%	79%	52%

APPENDIX 3:

Senior manager ratings where EDI is critical/not critical: differences between HR decision-maker and employee views

Statements	Net agree ratings - HR decision-makers		Net agree ratings - employees	
	EDI is critical	EDI is not critical	EDI is critical	EDI is not critical
Senior managers identify and deal with inappropriate behaviour in a timely manner	84%	52%	67%	43%
Senior managers support more junior managers to develop an inclusive culture in their teams	81%	58%	65%	33%
Senior managers actively address equality, diversity and inclusion issues in the workplace	82%	57%	70%	30%
Workplace inclusivity is high on the agenda for my organisation's Board of Directors / Trustees or other governance bodies	81%	51%	69%	27%
Senior managers are active and vocal about promoting an inclusive and diverse culture	80%	55%	68%	29%
Senior managers have developed concrete action plans to improve inclusivity	79%	51%	64%	30%
Senior managers listen to the lived experiences of those from under-represented groups	76%	48%	59%	26%

APPENDIX 4:

Manager ratings where EDI is critical/not critical: employee views

Statements	Net agree ratings - employees		
	Overall	EDI is critical	EDI is not critical
My manager is able to have sensitive conversations with me	70%	80%	56%
My manager is confident calling out micro aggressions or offensive language from team members	52%	62%	43%
My manager proactively encourages me to take-up opportunities for learning and development	58%	72%	39%
My manager treats me fairly	76%	83%	63%
My manager role models diversity and inclusion	55%	69%	34%
I feel comfortable expressing my thoughts and concerns without fear of judgement or reprisal	65%	75%	49%
My manager asks me for feedback on a regular basis	52%	63%	37%
My manager is good at responding to my suggestions	58%	67%	44%
My managers ensures that all members of my team feel like they belong regardless of background	71%	81%	53%

APPENDIX 5:

Differences in HR decision-maker and employee views on senior management behaviour

Statements	Net agree ratings		Net disagree ratings	
	HR decision-makers	Employees	HR decision-makers	Employees
Senior managers identify and deal with inappropriate behaviour in a timely manner	78%	57%	8%	16%
Senior managers support more junior managers to develop an inclusive culture in their teams	77%	51%	7%	13%
Senior managers actively address equality, diversity and inclusion issues in the workplace	77%	53%	7%	16%
Workplace inclusivity is high on the agenda for my organisation's Board of Directors / Trustees or other governance bodies	76%	51%	6%	16%
Senior managers are active and vocal about promoting an inclusive and diverse culture	75%	52%	6%	19%
Senior managers have developed concrete action plans to improve inclusivity	73%	48%	7%	15%
Senior managers listen to the lived experiences of those from under-represented groups	71%	46%	9%	17%

ACKNOWLEDGMENTS

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12. For the purpose of the research an employee retention rate was defined as the percentage of employees who stayed on-staff from the beginning to the end of a specific time period.

13. Variables that are strongly correlated have a p value of less than 0.001 which is strong evidence of a real effect or difference rather than a random variation. Please note that correlation is an indication of a relationship between two variables and does not imply causation.

14. See Appendix 2

15. See Appendix 3

16. See Appendix 4

17. See Appendix 3

18. See Appendix 5

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