

Investors and workers in diversity data challenge

Rankings

Employee surveys are an imperfect measure of work around inclusion, writes *Matthew Vincent*

Europe's employees may be swapping Zoom calls for meeting rooms — office occupancy rates have risen to 70 per cent of pre-pandemic levels — but who they are encountering there remains largely the same. Recent research has shown little change in the diversity of workforces across the continent.

A study of the European banking sector published by DBRS Morningstar in September concluded that gender diversity in executive roles is still “lagging behind”. Entitled ‘More Work Still to be Done’, the report found women made up only 26 per cent of executive management teams.

Similarly, a report from the UK Financial Reporting Council in the same month found “a persistent lack of representation of people from minority ethnic groups in senior positions” within FTSE 100 and FTSE 250 companies. “The percentage of workers from the Black ethnic group employed in senior level roles is 4.6 per cent,” the

authors observed. “For comparison, this figure is 10.7 per cent for White British workers.”

For employers, this absence of employee diversity should be a concern, not only to counter the strategic risk of “groupthink” or the legal risk of discrimination claims, but also to protect financial performance.

In a paper updated earlier this year, behavioural science consultancy MindGym quoted McKinsey data showing that companies in the top quartile for gender diversity are 21 per cent more likely to deliver above-average profits than those in the bottom quartile, while those in the top quartile for ethnic diversity are 33 per cent more likely to outperform the bottom quartile.

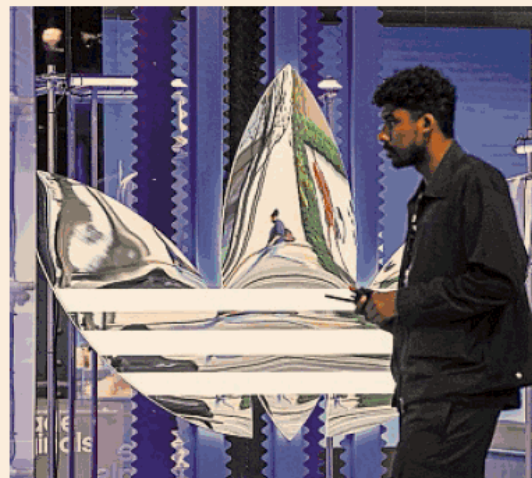
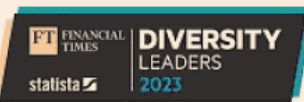
Disclosures of increased diversity lift share prices, too, the paper added. Even on non-financial metrics, inclusive companies appear more successful — being four times more likely to report high wellbeing and six times more likely to be innovative, according to MindGym.

Investors and employees, therefore, have an interest in knowing which European companies are leading the way on diversity and inclusion. However, the paradox remains that while some companies are doing more, and some regulators demanding more, authorities will not let companies ask or report more.

Last year, for example, German sportswear group Adidas sought to gather data on ethnicity, nationality, gender identity and sexual orientation to improve workforce diversity — but participation had to be voluntary. UK regulators at the Financial Conduct Authority also wanted companies to disclose whether they meet board diversity targets — but they can choose to comply or simply explain why they cannot. In the EU, the data collection handbook says: “Legal obligations to collect equality data [are] limited in almost all Member

Methodology online

THE RANKING
The FT-Statista ranking of Europe's Diversity Leaders is based on independent surveys of more than 100,000 employees across the continent. For the full methodology visit ft.com/diversity-leaders



Criteria:
companies taking part had to show evidence of commitment to diversity

Hollie Adams/
Bloomberg

States to duties of equality bodies to monitor (in)equality and to publish reports.” It also warns that “certain kinds of administrative registers with sensitive data may be illegal.”

That is why the FT and Statista have compiled this fourth ranking of Diversity Leaders — but have again had to base it on surveys of employee perception, rather than reported data. As such, it cannot be definitive, as employees may overstate or understate a company's actual work on inclusion. This year, however, the scope for misconception has been reduced by stricter eligibility criteria: only those companies with a written policy on diversity and inclusion, or a public commitment to diversity, are ranked.

On that basis, Infineon, Start People, Techint Group, FincoBank Banca Finco and Giorgio Armani emerge as this year's leaders. Infineon, for example, was one of the first companies in Germany to sign the Diversity Charter in 2007 and has built on its strategy ever since.

Among other companies in the top ten, Allegro has started a “D&I Champions” initiative, and Keysight Technologies is promoting science, technology, engineering and mathematics learning among girls, women and under-represented communities.

But even ranked companies are not without diversity challenges. For example, in the due diligence process, FT journalists noted historic discrimination claims against some of the companies that employees had ranked highly. Where these claims were one-offs, or more than three years old, or not about European operations, they did not affect places in this ranking. However, where the claims were about European operations and not one-offs, Statista adjusted the companies' relevant diversity scores downwards to recognise the issue.

Leading companies are beginning to show a consistent approach, though: 80 per cent of those ranked here were also deemed “Diversity Leaders” in previous years.