

UK CHAMBER OF THE YEAR

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Understanding attitudes and approaches to Equality, Diversity and Inclusion in the East Midlands

2023

Introduction

With acute labour shortages restricting the growth capacity of businesses of all shapes and sizes, East Midlands Chamber is placing an emphasis on people and skills within its policy and business support activity.

It has never been more crucial for firms to seek out new ways of filling vacancies, and there is a growing recognition of how an equality, diversity and inclusion (EDI) strategy embedded into a business plan is a key part of the jigsaw.

Demonstration of a structured EDI approach is also rising up the agenda for public sector procurement policies, while there is a developing body of evidence showing how a diverse and inclusive workforce and leadership can support performance.

With little work on the extent to which companies incorporate a consideration of EDI into their operations – and the drivers behind this – East Midlands Chamber last year conducted dedicated research in this area in association with strategic partner emh group, an affordable housing and care organisation based in the region.

The following paper marks the second instalment of this joint research, providing an opportunity to compare how attitudes and approaches have changed over the past year. The study was carried out in February and March 2023 as part of the Chamber's Quarterly Economic Survey, which also asked questions on key economic indicators to 334 respondents based in Derbyshire, Leicestershire and Nottinghamshire.

The survey

62%

services-based sectors

38%

manufacturing, engineering and construction sectors

37%

fewer than 10 employees (microbusiness)

33%

10-49 employees (small business)

22%

50-249 employees (medium-sized business)

7%

more than 250 employees (large business)

The questions

Does your organisation have a specific EDI-related policy?

What do you view as the main benefits of having an engaged approach to EDI in an organisation?

Thinking about your business plans for the coming 12 months, how much of a role do you think consideration of EDI should play in supporting the success of those plans?

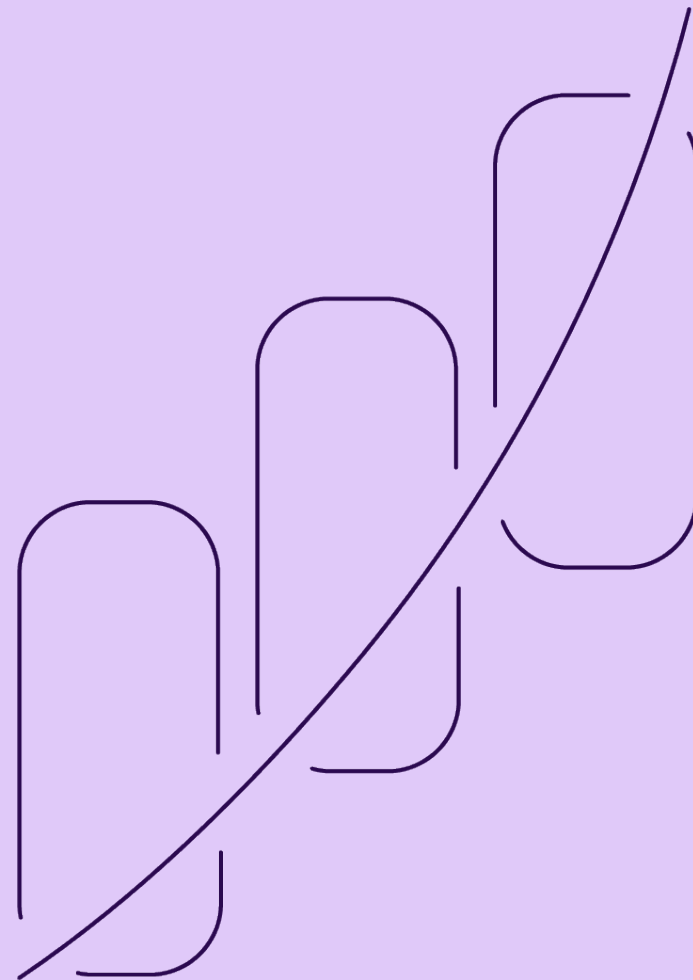
On a scale of 1-10 (1 being low, 10 being high), how important do you think consideration of EDI is to the success of your organisation?

To what extent does EDI form a part of discussions/strategy among your senior leadership team/board?

What, if any, do you think are the barriers to having an effective EDI policy?

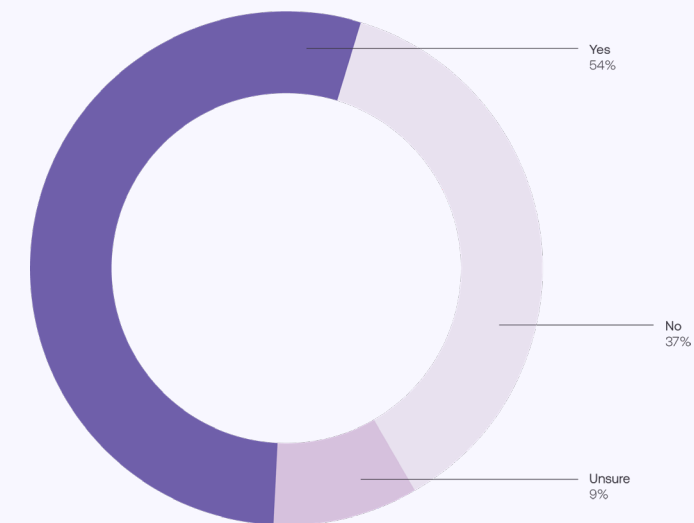
Is there anything that would support you to do more in the area of EDI?

Findings and trends



EDI policies in organisations

More than half (54%) of respondents reported that their organisations had a specific EDI-related policy, compared to 48% in 2022. Thirty-seven percent said they had no such policy and 9% were unsure, each of these answers down by 3% from last year.



When analysing by sector, there was a relatively even split in EDI policy adoption between services-based businesses (55%) and manufacturers (52%).

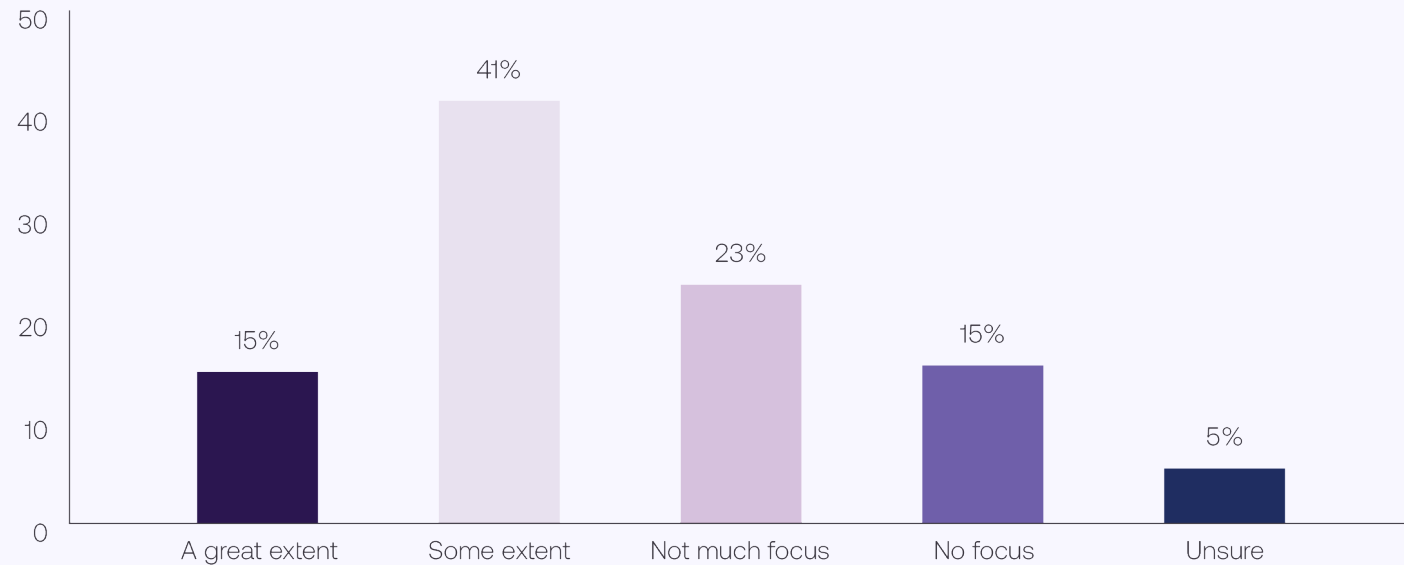
There was significant growth in engagement and understanding among manufacturers – not only is there a 9% increase on the 43% of firms that said they had a policy, but the proportion that were unsure fell from 20% to 8%.

EDI adoption also reduces the further down we descend in the business size spectrum – from 90% of large firms having a dedicated policy, this reduces to 68% of medium businesses, 57% of small companies and 37% of microbusinesses.

This perhaps reflects how larger organisations are more conscious of the need to create a more inclusive environment for a wider pool of people from various backgrounds, as well as the greater resources available to them.



EDI in strategic decision-making



Some 56% of respondents said EDI formed part of strategic discussions at leadership or board level, with 15% believing this was to “a great extent” – although the same proportion said there was no focus on EDI at all. These figures were almost identical to last year.

There is also little disparity between manufacturers (54%) and services (57%) when it comes to agreement on EDI being involved in overall strategy. However, the gap widens when it comes to those with no EDI focus between manufacturers (19%) and services businesses (13%).

Again, the results diverge significantly according to business size – while EDI forms part of senior leadership

discussions to a great extent for 55% of large firms (and to some extent for 35%), between 10% and 14% agreed among micro, small and medium-sized companies.

A quarter (26%) of microbusinesses say there is no focus, and 28% say not much focus, suggesting the smallest outfits haven’t identified any significant benefits.

Business benefits of EDI engagement

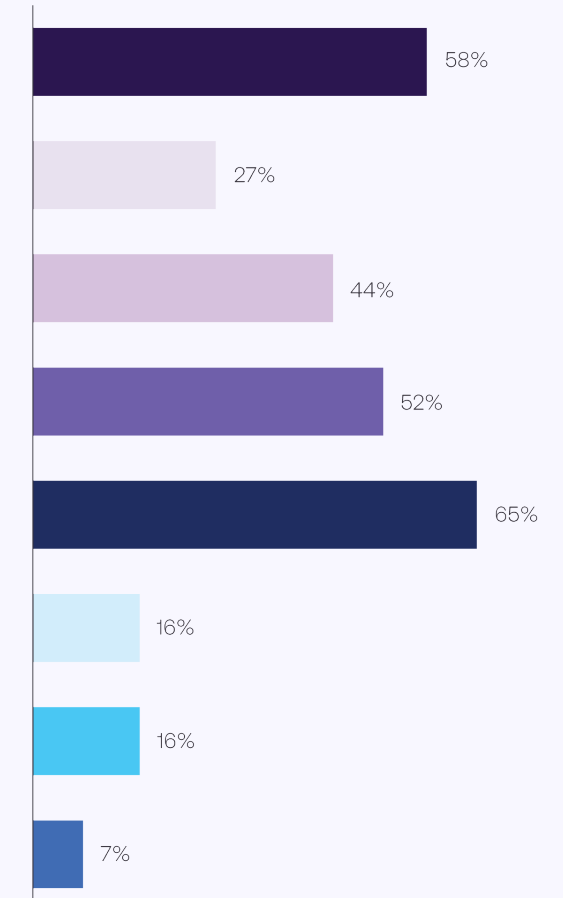
The biggest benefit attributed to having an engaged approach to EDI was its ability to create an inclusive working environment, which was cited by 65% of respondents.

Other popular reasons included the role it plays in supporting diversity of thought in decision-making (58%), staff recruitment and retention (52%), and better representing customers and clients (44%).

These findings were broadly shared across all business sizes and followed a similar trend to last year, although the importance of EDI in supporting innovation fell from 45% to 27%. This dropped further to 22% among manufacturers. Despite a growing requirement for companies to demonstrate EDI in certain tender processes, only 16% believe it plays a key role in winning contracts or increasing revenue – and only 8% of manufacturers.

EDI is deemed to have no real benefits for 16% of all respondents, a similar level to last year, rising to 19% for manufacturers – compared to 13% of services businesses.

Comments around this included EDI consideration being an additional burden to running a business, and a perception of it being a political issue, “tick box” exercise or not relevant to their organisation.



- Supports diversity of thought
- Supports staff retention/recruitment
- No real benefits
- Supporting innovation
- Creates an inclusive environment and office culture
- Other (please specify)
- Helps to better represent customers/clients
- Helps to win contracts or increase revenue

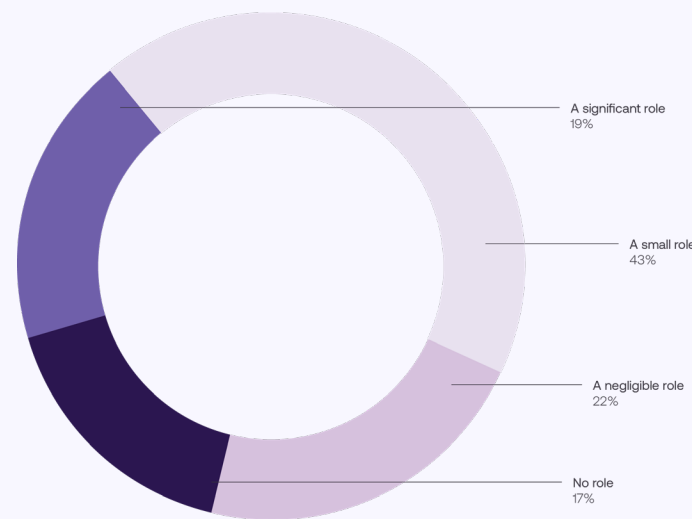
Importance of EDI to a successful business

Six in 10 businesses (61%) believe having specific approaches to EDI can play a role in achieving the goals of business plans over the next 12 months, with no significant disparity between manufacturers and services businesses.

It has a significant role to play for 19% of respondents – rising to 21% in the services sector compared to 15% in manufacturing.

More than half (52%) of large organisations agreed with this sentiment, versus 19% of small and medium-sized firms, and 11% of microbusinesses.

The overall figures are down from last year, when 68% felt EDI had a role to play and 26% felt it would be significant. In 2022, 11% said it would play no part but this has now increased to 17%.



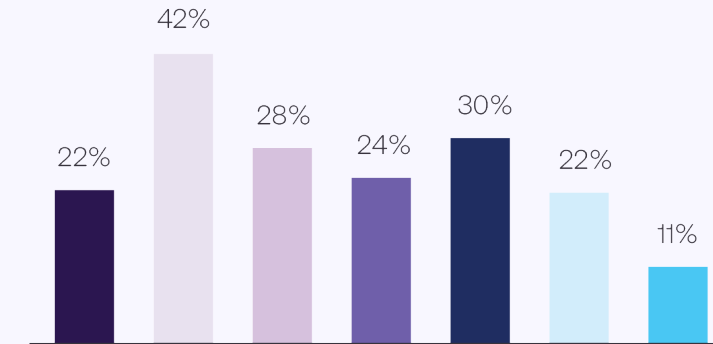
When asked to give a score between 1-10 in terms of how important EDI consideration would be to the success of their organisation, the average score was 5.

This represents a significant decrease from last year, when it was 5.6, but suggests that while it still may not be integral to the respondents overall, it is not an insignificant consideration within business activity in the East Midlands. For manufacturers, this was 4.4 and for services businesses, it was 5.3.

The cohort returning the highest score is large organisations at 7.3, significantly above medium-sized (5.1), small (5) and microbusinesses (4.3).

While it is difficult to benchmark this figure against other indicators, separate Chamber research into the role of corporate social responsibility returned a score of 5.7 for a similar question.

Barriers to EDI adoption



- Understanding amongst leadership team
- Not viewed as a priority
- Time it takes to develop a policy
- Ensuring buy-in from wider staff
- Concern about getting it wrong and causing inadvertent upset
- Don't believe it's needed in my workplace
- Other (please specify)

In a new question for this year's research, organisations were asked which barriers, if any, existed to having an effective EDI policy, with some options provided.

The top barrier was it not being viewed as a priority, cited by 42% of respondents and rising to 45% for manufacturers.

This was followed by a concern about getting it wrong and causing inadvertent upset, which was the case for 30% of all respondents. There was a sizeable disparity between services businesses (32%) that felt this to be a barrier and manufacturers (26%).

Other barriers among all respondents included the time it takes to develop a policy, ensuring buy-in from staff, a lack of understanding among the leadership team and a perception it isn't needed in their workplace.

The latter response ranked bottom for all but microbusinesses, where it was the second-most cited reason – suggesting there remains a significant information gap on the direct correlation between EDI and business success.

Respondents were also asked whether there was anything specific that would support them to engage more with EDI. Suggestions included:

- > Bringing organisations that are leading on EDI together to discuss best practice in forums such as roundtables and explore partnership opportunities
- > Support on how to get buy-in from leadership and employees
- > Free training programmes and webinars related to EDI
- > Support on how SMEs can attract a wider talent pool
- > A downloadable EDI policy starter kit

However, many organisations – particularly microbusinesses – mentioned in their comments that they did not believe further support was required.

Recommendations for business support and policymakers

There are a number of things that need to happen next to support businesses in their EDI journey, creating more inclusive and successful workplaces. These include:

- > Embedding EDI learning within wider leadership training, including support for how to achieve staff buy-in and resources on what a successful EDI policy looks like in practice
- > Curating business support programmes on how to develop EDI policies and procedures
- > Celebrating EDI successes and raising awareness of the business benefits of EDI by using case studies as “champions”
- > Bringing together organisations that are leading on EDI to discuss best practice and explore partnership opportunities in forums such as roundtables

The Government could also consider the following:

- > Collaborating with employer representative bodies to develop EDI training and development programmes
- > Working with businesses of all shapes and sizes to develop messaging that highlights the importance of EDI engagement to overall business success, as well as how it involves a continuous learning exercise
- > Providing toolkits and resources to businesses on best practice in recruiting and retaining diverse talent
- > Advocating for EDI in the supply chain by embedding it into public sector procurement exercises

By taking these steps, the Government can help businesses in the UK create a more inclusive and equitable society.



Commentary

“This research shows that while it has slipped slightly – perhaps due to the persistent pressures on firms caused by a cost-of-doing-business crisis that has occupied leaders’ minds over the past 18 months – EDI remains an important consideration for many businesses in the East Midlands.

“More than half of firms have an EDI-related strategy and it is recognised for playing a key role in supporting innovation, staff recruitment and retention, and better representing customers.

“However, there are still barriers to EDI adoption, including a lack of understanding among leadership

teams and a fear about getting it wrong.

“The good news is these hurdles are not insurmountable, and we know that providing businesses with the support they need to implement EDI policies can lead to greater adoption – and ultimately help with plugging skills shortages and address issues in filling vacancies, an issue that is creating a virtuous circle of driving inflation.”

Chris Hobson, director of policy and insight at East Midlands Chamber



“I’m encouraged that the second year of our strategic partnership research has seen a positive shift in some areas of engagement among members of the business community.

“This demonstrates a strong commitment to equality, diversity and inclusion, as well as acknowledgement of its contribution to business success.

“A key aspect of this research was to explore the barriers to engagement on EDI. The results strongly indicate an appetite for support, and increased engagement on the broader spectrum of EDI.

“The findings also provide a platform to explore opportunities

to share good practice and collaborate for better business outcomes.

“EDI is at the heart of what we at emh do, and I look forward to our continued work with the Chamber and its members to help deliver the actions that will make a real difference.

“I’m proud that the diversity of our communities is one of the biggest unique selling points of the East Midlands, and a key factor in its economic success.”

Chan Kataria OBE, chief executive of emh group

Case studies

Cosy, a sustainable nursery and educational equipment supplier based in Tutbury, near Burton-on-Trent, is a keen advocate of EDI within its workforce of 93 employees.

The company recognises there are large groups of people who have substantial experience in jobs, but might find it difficult to get into work.

One cohort is ex-offenders and to help them with reintegrating into society, Cosy hires current prisoners who are released on temporary licence, offering them equal pay and flexible work.

The company celebrates different cultures and backgrounds, and has at least 14 different languages spoken among its staff – which also helps to engage with clients and suppliers across the world.

An open and inclusive environment encourages employees to share their experiences across teams. An on-site prayer room supports employees during Ramadan, while parents are assisted with flexible working shifts.

“The ethos of Cosy from the beginning has been that everybody is deserving, and all communities should be treated with respect and valued. As a result, we have people from different backgrounds and ethnicities working with us. EDI is not about probing – it’s just about knowing what’s important to your staff. And if you know what’s important to them, this can lead into how we can create a better workplace for them.”

Laila Riggott, head of people and culture



Guilford Fabric Textiles, part of Lear Corporation, is the biggest automotive textile manufacturer in Europe. The company has embraced EDI by creating multiple resource groups and campaigns to support staff, and create “communities” within the business.

Lear has resource groups that advocate for women empowerment, African ancestry, the LGBTQ+ community, Indian origin professionals, young professionals and military veterans.

It champions EDI strategically, with CEO Ray Scott passionate about this topic, and senior leadership teams filter down initiatives through the corporate structure to all its sites, which includes the Guilford Fabric Textiles plant in Alfreton, Derbyshire.

An inclusive working culture within the business has enabled the company to maintain extremely low employee turnover rates of below 1% and low absence rates, which rarely go above 2% across a team of 257 people in various roles.

“With diversity, you get so much talent because people have different views, different perspectives, different life experiences – all the things that, when combined, make an organisation far greater than the sum of its parts.”

Chris Biddulph, operations director

TTK Confectionery is a food gifting business based in Nottingham that creates packaged sweets, chocolate fudge and biscuits for major retailers in the UK and overseas.

Being an ethical business that treats employees well was a founding principle when it was set up in 2017 by husband-and-wife owners Martin and Jess Barnett.

At the heart of this is a comprehensive EDI policy for its 16-strong team. Potential new hires are given a trial, not only so they and the business can get to know each other but to avoid excluding people who might struggle with a traditional job application.

Staff are given training on autism and inclusivity to help them make reasonable adjustments, while an “employee autism” programme has provided work experience to graduates living with neurodiversity.

The company also supports an employment advisory board at HMP Foston Hall, in Derbyshire, to help female prisoners find work when they leave prison, and future plans include using a micro bakery it recently acquired as a base for offering work experience to people who struggle to find employment.

“We strive to have a rich and diverse workforce, as that’s where you get a really good patchwork of skills. It has made us a more creative workforce and has helped our community work as we are able to empathise with chatities.”

Jess Barnett, brand director



Michael Smith Switchgear, a Leicester-based manufacturer of electrical controls, has rolled out EDI training across its 36-strong team to cement inclusivity within the organisation.

One area of engagement is around promoting women in STEM subjects to help provide equal opportunities for manufacturing and engineering careers. Women currently only make up about 29% of manufacturing roles, with 18% at senior management level.

The company lent on its experience of encouraging staff to get involved with environmental work, finding that when employees feel like their voices are heard and they are part of positive change, it helps to drive forward productivity.

Activities that aim to build an effective and inclusive culture include “lunch and learns” for team-building and training, and suggestion boxes that are regularly reviewed. Two senior leaders also took part in a “train the trainer” EDI course to help them deliver training internally.

“EDI is so important in modern workplaces. Creating a company culture that encourages and welcomes diversity has a really positive impact. Staff are happier and more productive, and customers are keen to see that companies share and implement their own values – meaning it is good for business too.”

Emily Smith, operations and finance director

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