

Businesses say they want to tackle inequalities but they need more data to take action

March 1 2021, by Siobhan Morris



Credit: Patrick Case from Pexels

COVID-19 has brought challenges like no other for businesses. In the UK, where firms have also had to deal with the challenges of Brexit, the

resilience and adaptability amid such adversity has been remarkable. But there has also been recognition of opportunities for change in the longer term. One area of which is the role of businesses in tackling social inequalities.

With a lot of attention given to the shape and make-up of company boards, both over a lack of gender and [ethnic diversity](#), there has been much debate about diversity measures in business. In February it was reported that the number of black people at the top of Britain's biggest listed companies [had fallen to zero](#), despite public commitments to increase diversity in leadership. The [Investors Association also said](#) they will issue warnings to firms if they do not disclose the ethnic diversity of their boards or have a credible action plan to address the issue.

While such actions are incredibly important, structural inequalities span wider than diversity initiatives and action is needed beyond merely the upper echelons of business.

In [a recent survey of 200 companies across London](#) that we conducted with the Confederation of British Industry (CBI), we found a clear desire among business leaders of all sizes and sectors to engage with this issue of inequalities—more than 80% said that the capital's business community can do more.

Despite the current challenging business environment, 75% of respondents said tackling inequalities in society over the next six to 12 months is important to their business. And one in five reported this to be an "extremely important" business priority. As a collective, the business community appears to clearly recognize the need for action to ensure an equitable and inclusive recovery from COVID-19.

The problems involved are also clear. The [gender pay gap](#) in hourly pay across the capital [is still 17.5%](#) and on the rise. For disability, there [is a](#)

[difference of 15%](#) between disabled and non-disabled workers in London. And in our survey, only 9% of firms reported that they collect data on their disability pay gap—the lowest percentage of all answers given. A greater proportion of firms recorded employee education (19%) and the community engagement of employees (12%).

Similarly, while over a fifth of London business leaders stated their firms are tracking their ethnicity pay gap, this still lags significantly behind work on gender reporting.

Yet at an individual business level, analysis of findings from the survey shows that gender equality receives more attention than action on other protected characteristics, such as disability and ethnicity. This is causing a hierarchy of inequalities to persist within the labor market. While a significant majority of firms (both large and small) stated they had continued to report on their gender pay gap [despite not being legally required to in 2020](#) because of the pandemic, reporting on other protected characteristics remains very low.

Greater data collection, conducted in discussion with employees and grounded in employee experiences, can guide actions to reduce inequalities and foster inclusion in employment. And businesses themselves recognize this.

When asked what the most effective and practical ways for business to measure improvements in diversity, inclusion and equality were, 43% of respondents stated greater data collection. Strikingly, this figure rose to 73% for respondents from larger firms. Yet despite this high level of support for greater collection, of the same respondents, only 43% recorded that they currently report ethnicity pay gaps.

Taking action

It is not enough, however, to focus on measuring inequalities alone, we also need to make sure these inequalities are meaningfully addressed. Avoiding creating (or, indeed, cementing) hierarchies of inequalities or prioritizing action to tackle one area of inequity over another is critical.

Businesses should look across the board at the whole range of inequalities they need to tackle, not just focus action on gender or ethnicity for example. And they need to look at what inequalities exist in their own businesses as well as reaching out to understand how wider structural inequalities in society affects business. As an individual's job is more than merely counting hours and collecting a salary, it affects every aspect of lives, from health to housing.

These findings show the need for businesses to undertake analysis of how these characteristics and data groups overlap—taking into account how people's outcomes are simultaneously affected by multiple factors such as gender, disability and ethnicity.

Assessing and comparing data so that we avoid focus being placed on one area alone is urgently needed. Looking at [social inequalities](#), at people's lives as a whole, their many characteristics and the multiple, interlinked and stacked disadvantages they face, it is essential for firms to identify patterns of intersecting inequalities and build action to address different outcomes.

Despite the immense challenges businesses have faced over the past 18 months, the survey responses clearly demonstrate that the business community is up for the challenge. In short, it's not just about getting things going again. It's about capitalizing on this opportunity to rethink and recognize the role of [business](#) in building a more equitable society.

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