

ETHNICITY PAY REPORTING

CASE STUDY: SODEXO

Lessons from the first adopter of ethnicity pay reporting in the hospitality sector

Sodexo, a food services and facilities management company, was the first in the hospitality sector to publish its 2020 ethnicity pay data. It found a mean ethnicity pay gap of 5%.

Global events, such as the murder of George Floyd in Minneapolis and the worldwide protests that followed, highlighted topics around race and equality. This helped encourage organisations to better understand the specific issues to tackle to raise awareness and create safe, inclusive spaces for our colleagues to work and develop.

As part of Sodexo's commitment to help bring about real and meaningful cultural change across its workforce, it has:

- Signed an open letter from business leaders in July 2020, pledging action and to report annually on progress.
- Committed to publish ethnicity pay reporting, signing a mandate to support it led by Empower, and published its first report in 2021.
- Signed the Business in the Community's (BITC) Race at Work Charter (2019) and supported BITC's Race at Work 2021 Survey, where participants from all ethnic groups share experiences and lend their voices to drive change on workplace equality.
- Started a project to improve data quality for five areas under the umbrella of 'culture and origins' (including race, ethnicity, religion and how to work with people from different cultures). The other four areas are gender, sexual orientation and gender identity, disability and generations.

Creating an inclusive culture is everyone's responsibility

Sodexo has a global Cultures and Origins strategy, which is adapted by regional heads of diversity, equity, and inclusion, in accordance with their local conditions and business strategy.

Raj Jones, Head of Diversity, Equity and Inclusion, leads on work for the UK and Ireland region, which has around 30,000 employees. Her team works closely with colleagues across

the business, including executive level sponsors and employee networks. HR colleagues provide workforce data and expert insights to drive progress. The UK&I approach includes external partnerships (for example BITC and EMpower) as well as links with other businesses to share insights and to learn.

Raj says: *'Diversity, Equity and Inclusion is not a topic owned by my team - everyone in the organisation has a role to play in creating an inclusive culture for our colleagues, customers and clients. By working together across our business, we can better understand different experiences and perspectives and drive positive change.'*

Following the murder of George Floyd and subsequent protests, a strategic taskforce was formed in June 2020, made up of senior Black and other ethnic backgrounds leaders. The taskforce leads on company-wide change programmes, for employees to share their lived experiences and provide guidance on how to conduct positive conversations around race.

It launched its Be Heard series of listening groups to give Black colleagues a voice and a forum to share their lived experiences of working at Sodexo, with a view to putting their inclusion efforts under the microscope. This has helped Sodexo to understand the specific issues to tackle and reinforced the need for more work.

Senior leaders from business segments are now using feedback from this series to help develop specific action plans. They are fusing together the direct experiences of colleagues with the data available to them regarding representation, pay, and other factors. Each business segment is partnered with a member of the Be Heard group, to assist and provide reverse mentoring.

Sodexo's Regional Leadership Committee also participated in a session with John Amaechi OBE, an experienced organisational psychologist, consultant and high-performance executive coach, discussing and exploring issues raised by the Black Lives Matter protests. Learning sessions have also been held to help all colleagues understand privilege, micro-aggressions and the actions they can all take to be anti-racist.

Another focus area for Sodexo is the development of internal talent. It has expanded its internal coaching programme to frontline under-represented ethnic groups who could benefit from coaching to help them develop their career with Sodexo. Other initiatives include:

- Establishing the Origins employee network in 2015, which currently has around 500 members.
- Producing an annual D&I calendar to recognise, support, and celebrate religious faiths that colleagues may observe/follow.
- Profiling of role models through internal campaigns such as My Culture and Me and through award nominations such as EMpower's annual Ethnic Minority Future Leader Role Model list.
- Launching a global conversation guide that is available in five languages, to help colleagues have healthy conversations about race, ethnicity, and cultural origins.

Improving data quality

Ensuring the data quality of ethnicity pay reports is an essential starting point for productive conversations about ethnicity pay gaps within an organisation.

Understanding the workforce demographics of the organisation is key to informing future priorities and action. Whilst Sodexo currently collects ethnicity data the quality of the data and disclosure rates could be improved. An employee demographic project is therefore

underway not only to collect more robust ethnicity data but also a wider project to improve the quality of all the diversity data it holds about its employees.

Overcoming challenges

To gather workforce diversity data, Sodexo had to address two challenges: the transient nature of its industry, where employees often transfer when organisations change hands; and the very complex reasons people may not choose to tell their employer their diversity characteristics.

As well as having the right response categories and appropriate data protection protocols in place, employees need to feel confident sharing their characteristics.

Plans to encourage colleagues to share their data focus on three points:

- **Articulating why employees are asked for this information** - Showing how the request is linked to Sodexo's D&I commitments and strategy is essential to encourage people to share their data.
- **Language is important** - the words 'declare' or 'disclose' can have negative associations, and make the request seem daunting. Instead, the words 'sharing' and 'telling' are being considered.
- **Employee networks** - the 'Origins' employee network is working with colleagues in the diversity and inclusion team, as well as enabling senior managers and people professionals to better understand employee experiences. Their assistance, and that of other employee networks, is crucial in explaining to all employees the importance of sharing their diversity characteristics.

Ethnicity pay reporting - what we learnt

Ethnicity pay reporting is complex, with unique challenges and opportunities arising from it for each organisation. As such, it is important to learn from the process and take an iterative approach.

Raj Jones says: 'We are firm believers in the value of transparency internally and externally. By measuring and reporting on how we are doing, it shows how we are performing currently and enables us to pinpoint where our systems and processes are not operating in an equitable way so that we can redesign these for everyone's benefit. Transparency promotes action internally and encourages constructive collective dialogue externally. That is why we chose to publicly and voluntarily report our ethnicity pay gap and be an early adopter as we were with gender pay.'

Sodexo adopted the same methodology used for gender pay reporting. For gender pay it is required to report for five separate legal entities that meet the minimum threshold of 250 or more employees. Due to varying data quality on the ethnicity of the workforce in the different legal entities, it was not possible to report for each separate entity. Instead, it published the overall figure (e.g., one entity had a 14% disclosure rate at point of reporting – with such small data there are challenges with the data not being truly reflective and a risk of identifying people). Sodexo's overall disclosure rate is 75% for 2020 reporting.

Sodexo deliberately chose not to just compare White to BAME, as this could hide disparities, and instead used the following categorisation: White, Black, Asian and Mixed Ethnic. It then compared the earnings for each under-represented group with White colleagues

A robust internal comms plan is important, as groups that ethnicity pay data is drawn from are most likely under-represented in the workplace, and merely highlighting a pay gap isn't going to help the situation. The focus should be on what you are doing to close that gap and showing real commitment to do so. Sodexo produced a series of short 'explainer' videos to show what the numbers meant in practical terms. It also chose to publish the pay report internally first. This way it could ensure it was communicated with colleagues ahead of any media attention, and hopefully indicate a genuine commitment to change. Sodexo was also careful to be clear in any comms that the ethnicity pay report does not relate to 'Equal Pay' and that there are measures to ensure those doing like-for-like roles are paid equally.

Sodexo's mean ethnicity pay gap is quite small, but given the nature of the business, where staff come in and out of the organisation through TUPE, and its focus on continually improving disclosure, it recognises that this figure may go up in future years. It believes it's important to take robust actions to improve representation, rather than focusing just on improving the pay gap, as that is a by-product of better representation.

When reporting, Sodexo includes its disclosure rate so that it's clear it is only reporting on the pay data of colleagues who have shared their ethnicity data. It involves its employee network and Diversity & Inclusion champions, as it is crucial to make sure they understand the data and action plan.

The disclosure rate can be difficult for many organisations, but Sodexo advises being realistic, as achieving 100% disclosure is extremely unlikely. Whilst it is important to decide when the time is right for your organisation to report pay data, organisations should consider whether a desire for better data may be holding them back from reporting.

Understanding what other organisations have done or are intending to do is also important. Raj Jones is a member of some external steering committees that have been very helpful in preparing Sodexo to report. It is crucial to work with internal comms and the PR team to help tell the narrative, she explains. After all, they are the experts at story telling.

Raj says: 'Having an action plan on how you intend to close the gap that is shared, understood and owned by the business is critical when reporting. Our colleagues want to see change happen, it can't just be a talking shop.'



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