MAYOR OF LONDON

Diversity, Equity and Inclusion challenges in Digital Sector

Workforce Integration Network (WIN)

INDUSTRY OVERVIEW

The UK digital sector is a cornerstone of innovation, driving economic growth and technological advancements. However, challenges related to Diversity, Equity, and Inclusion (DEI) remain pervasive. Marginalised groups, including ethnic minorities and women, face significant barriers in accessing and thriving within the sector. Underrepresentation in leadership, persistent pay gaps, and limited access to educational and career pathways exacerbate these disparities. Cultural biases, coupled with systemic challenges such as the digital skills gap, hinder meaningful inclusion.

KEY DATA POINTS

- 25% of UK's tech employs are ethnic minorities, out of which 5% are Black. These figures further drop to 14% and 12% when considering senior roles (TechTalent Charter, 2024). Black women in tech make up just about 0.7% of UK's IT workforce (Robinson, 2024).

- Tech startups in the UK are paying women 26% less than their male counterparts. The figures show that women working in the UK tech industry are on average paid 74p for every £1 earned by men. Women in software development earn 85% of what men earn, while women in computer network architecture earn only 77%. Women hold only 16% of executive positions in the global technology sector (Ly, n.d.).

CHALLENGES

Engagement and Recruitment

- An estimated 52% of the UK population lacked digital skills in 2019, with the COVID-19 pandemic worsening the gap to 69% as technology became more integral to work and collaboration. Additionally, 30% of job vacancies are challenging to fill due to applicants' insufficient digital skills (Minor, McLoughlin and Carlisle, 2024). Lack of role models can make it difficult for Black individuals to believe in a future in tech. Considering the education required to enter the sector, only 3.4% of UK's IT students are black individuals, while black women are merely 0.2% (Robinson, 2024).

- Nearly three-quarters (73%) of all respondents felt that the IT industry could take greater steps to attract job applicants from diverse backgrounds. This sentiment was even stronger among tech professionals (83%) and cybersecurity specialists (90%). Addressing this issue will require a collaborative effort involving the tech ecosystem, the education sector, and government stakeholders (Ferretti, 2024).

Retention and Progression

- The lack of diversity in the digital sector poses a challenge as 64% of businesses stated that they struggle to retain diverse tech talent (Wiley Edge, 2023).

- The male-dominated reputation of the tech sector remains a significant obstacle for 39% of young people, while worries about ethnic diversity have climbed from 8% to 14% (Williams, 2024).

- Black women bear the brunt of microaggression and discrimination at work, which stands as a barrier in their retention and progression. The term ‘diversity hire’ is also used for women, creating a hostile work environment often leading to a lack of belonging (Robinson, 2024).

- Research shows that Asian women are 49% more likely to highlight the lack of technological education at primary or secondary levels (Ferretti, 2024).

Commitment and Collaboration

- According to research around 63% of the companies in the UK are taking some kind of initiative to improve ethnic diversity (TechTalent Charter, 2024).

- London’s tech ecosystem has characteristics of a closed sector; therefore, it takes time for newcomers to enter and make the right connections (TurkishBritish Magazine, 2024).

Building an inclusive culture:

- The average disclosure rate for ethnic diversity information is 79% as employees don't feel comfortable sharing this data (TechTalent Charter, 2024).

- Pakistani and Bangladeshi women in the UK, often face multi-faceted challenge in the Labour market. They experience a pay gap related to both gender and ethnicity and also contended with the ethnicity motherhood pay penalty. They also experience Islamophobia at workplaces that do not accommodate diversity in religious practices (Turcatti and Stockland, 2024).

KEY TAKEAWAYS

AI driven inclusion :

Using AI as a tool for equity rather than a barrier would be beneficial for the sector in inclusion of the marginalised sector. This would require a holistic approach of mandating diverse representation in AI development teams, implementing rigorous bias testing protocols, and creating targeted AI literacy programs that specifically address the skill gaps and access challenges faced by the ethnic minorities.

Structural recruitment:

The sector demands a complete redesigning of hiring and progression mechanisms to eliminate systemic biases that are embedded in the current technological and organisational practices. This involves creating dedicated career pathways for underrepresented groups, developing robust mentorship frameworks, and establishing transparent metrics that track accountability for inclusive hiring and promotion practices across all levels of tech organisations.

Cultural Competence:

Focus should be on creating a genuinely supportive and understanding workplace environment. The strategy requires comprehensive cultural awareness training, developing technological infrastructures that are inherently inclusive, establishing strong support networks for minority tech professionals, and implementing clear accountability mechanisms that ensure meaningful cultural integration and professional development for all employees, regardless of their background.

EVOLUTION OF AI

Opportunity:

- A July 2023 OECD report highlighted that AI is transforming the workplace by supporting employees and reducing the time spent on repetitive tasks, rather than directly leading to job displacement (Bhatnagar and Gajjar, 2024).

- AI models can estimate market-based pay for jobs even with limited data, addressing challenges posed by the creation of new, tech-focused roles and the rise of remote work. According to Stefan Gaertner of Aon, these models help infer fair compensation where traditional data is scarce, reducing bias and fostering a more equitable pay environment (Aon, 2024).

Risks and Challenges::

- Facial Recognition Technology: A 2018 study titled *Gender Shades* revealed a stark disparity in error rates: 0.8% for light-skinned men compared to 34.7% for darker-skinned women (Fergus, 2024). Biases represent a critical oversight with significant consequences, particularly for marginalised and underrepresented groups.

- Algorithms have become standard in candidate pre-screening, using employer-defined attributes to filter applicants. Basic systems may apply "knockout" criteria to exclude candidates based on a single trait, while advanced machine learning models analyse patterns from historical data. However, such approaches risk embedding and perpetuating biases present in the input data, leading to a cycle of discriminatory decision-making in recruitment processes (Mahon and May, 2024).

References and further reading: TechTalentCharter, Wiley Edge, NIESR