



# HR Barometer 2023

Diversity, Equity & Inclusion





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# I. About the HR Barometer

For the ninth year in a row, **Vlerick Business School** and **Hudson** have carried out an HR Barometer to examine the HR trends and challenges in Belgian organisations.

The HR Barometer explores both the current HR priorities in Belgium and the changes in these priorities over time. In this report, we provide an overview of the most important findings from the 2023 study, putting an extra spotlight on 'Diversity, Equity & Inclusion' (DEI). What is the current state of affairs in leading Belgian organisations? What areas form the top HR priorities and challenges? And also, how does HR in Belgium approach DEI?

## Approach

The starting point for the HR Barometer is an online survey that was conducted among the HR Directors and Managers from the leading for-profit organisations in Belgium, i.e. the 200 largest for-profit organisations in terms of employees – including the BEL 20 organisations.

Between January and February 2023, these HR leaders were invited to participate in an online survey on the HR priorities and challenges that they perceive within their organisations. We enquired about their experiences and concerns in their HR department, as well as about their views as HR leaders.

## Survey

The HR Barometer comprises two parts. Part 1 focuses on the strategic importance of various HR domains, by examining organisations' priority and mastery levels within those domains. By using the same questionnaire over the years, we can compare this year's answers with those of previous years to identify trends (a barometer). Part 2 examines a hot topic in HR: for this edition of the HR Barometer, we take a closer look at Diversity, Equity & Inclusion (DEI). What DEI initiatives are being taken by HR? What are the major DEI drivers and challenges, and what are the current outcomes?



## Response

In total, 111 organisations completed the online survey this year, which equates to over half the largest for-profit organisations in Belgium, together employing more than 321,000 people across a broad spectrum of industries and sectors and a range of different-sized companies. This sample is quite similar to that of last year, when 115 organisations responded.

Having such an extensive reach enables us to generate a comprehensive overview of the HR policies that are applicable to a large proportion of private-sector employees in Belgium.



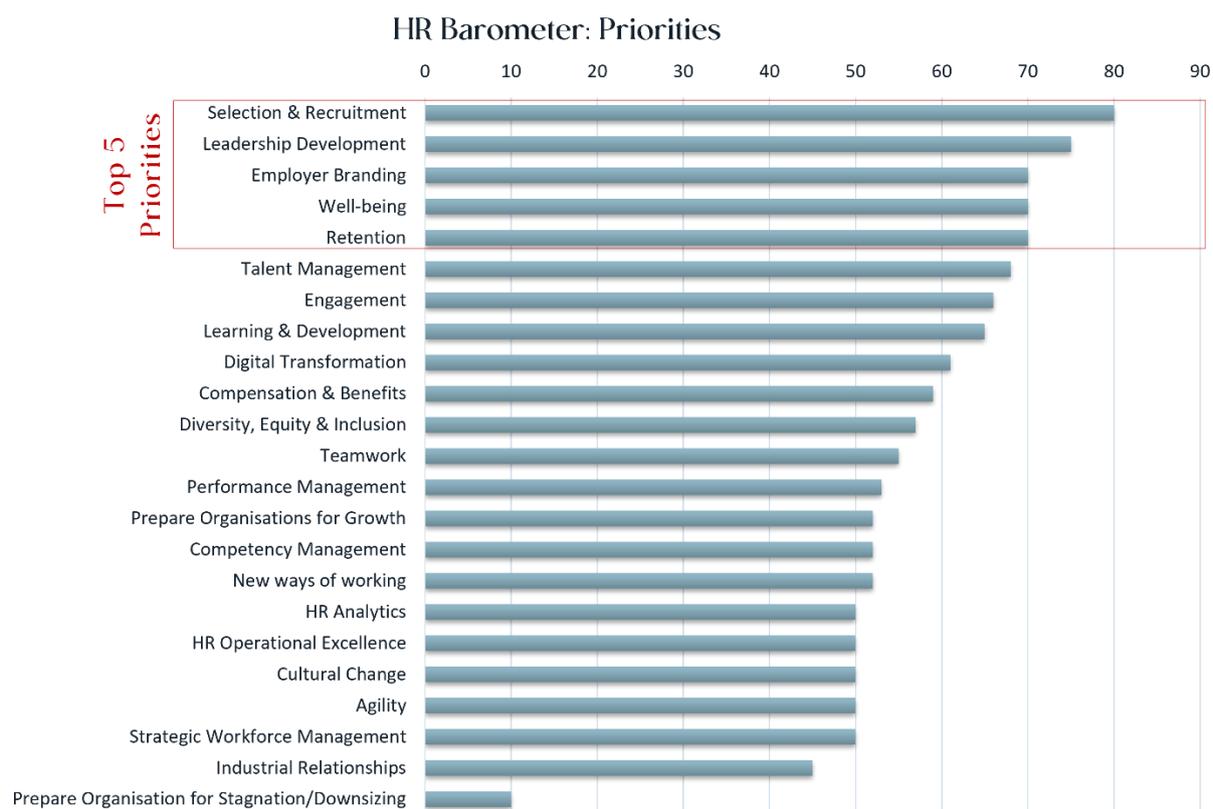


## 2. General results

To get an idea of the challenges that HR departments face, we looked at two clear indicators: (a) what are the priorities for the various HR domains and (b) how well do organisations perceive themselves to master these domains.

### Priorities

The 'priority' level indicates both how **important** and **urgent** a specific HR domain is. Domains that are both important and urgent are highest on the agenda. However, if a domain scores lower on the priority list, it does not necessarily mean that it is perceived as unimportant: certain HR domains can be very important but simply not as urgent as others.



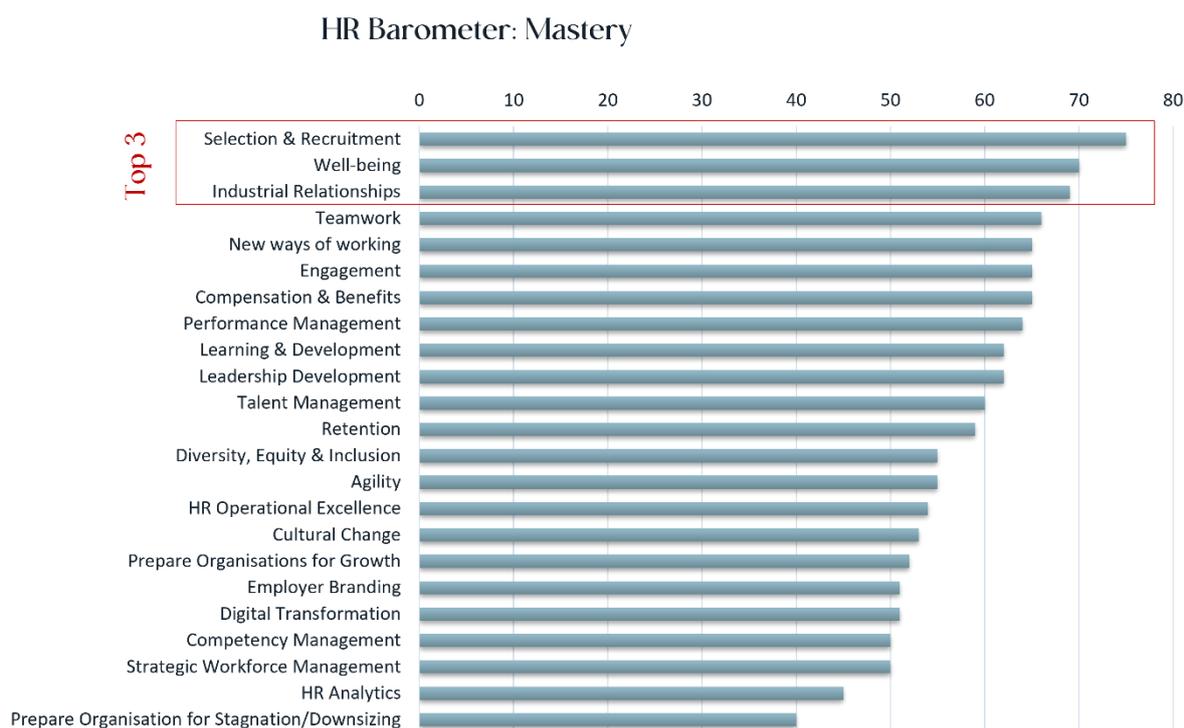


The **top 5 priorities** for the past year (January to December 2022) in HR were: Selection & Recruitment, Leadership Development, Employer Branding, Well-being, and Retention.

The **lowest priorities** were Industrial Relationships and Prepare Organisation for Stagnation/Downsizing.

## Mastery

The second indicator examined by the HR Barometer looks at how well Belgian HR Directors and Managers **think their organisations master** the various HR domains. While the HR Barometer does not allow us to assess the true performance of HR departments, it does provide insights into how HR leaders feel about their departments' performance.



The HR leaders perceive their mastery to be **highest** in Selection and Recruitment, Well-being, and Industrial Relationships. As was the case last year, Selection & Recruitment scores highest on both the priority and mastery indicators.



HR Directors and Managers feel **less** confident about their departments' performance in the following domains: Competency Management, Strategic Workforce Management, HR Analytics, and Prepare Organisation for Stagnation/Downsizing.

On a side note: domains such as Preparing Organisations for Stagnation/Downsizing and Preparing Organisations for Growth can often be linked to economic changes.

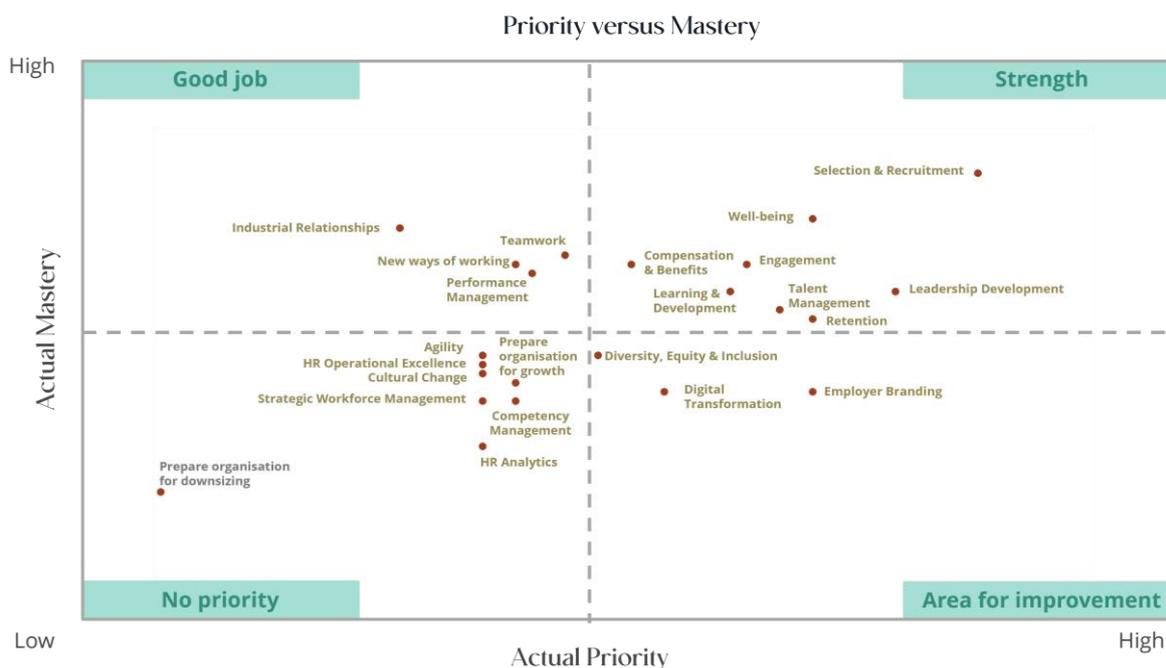
- The priority levels for both domains remain stable (very low for Preparing for Downsizing and average for Preparing for Growth).
- The mastery level for Preparing for Growth remains high, while the mastery level for Preparing for Stagnation/Downsizing remains on the lower side, despite showing a 15-point increase from last year, making it the highest riser.

This could indicate that HR is still rather optimistic about the future but is strengthening itself slightly in Preparing for Downsizing/Stagnation.

### 3. Quadrant of challenges

Combining the priority and mastery indicators allows us to create a quadrant that provides interesting insights into the challenges that HR departments face. The quadrant is composed of the following fields:

- Domains with high priority and high mastery are 'strengths' for HR departments.
- Domains with high priority but low mastery are 'areas for improvement'.
- Domains with low priority but high mastery indicate that HR departments are doing a 'good job' in those domains.
- All other domains, i.e. with low priority and low mastery, are labelled 'no priority'.



## Strengths

The domains about which HR leaders feel confident in their HR departments' ability to succeed and perform well in, and which are also very high on the HR agenda, are: Selection & Recruitment, Well-being, Leadership Development, Talent Management, and Retention. However, the strengths are not limited to these domains. Additionally, 'secondary' strengths of HR departments are: Engagement, Learning & Development, and Compensation & Benefits.

Given that the 'Strengths' field contains more domains than any of the other three fields in the quadrant, we can state that while HR faces a lot of high-priority challenges, HR departments on the whole feel rather assured of their capabilities.

## Areas of improvement

While the 'Strengths' quadrant paints a promising picture, improvements can still be made in other domains that are high on the HR agenda but for which mastery levels are



not always sufficiently high. There is most room for improvement in Employer Branding, followed by Digital Transformation, and then Diversity, Equity and Inclusion – it is important for HR leaders to pay attention to these domains. Diversity, Equity & Inclusion is also this year's spotlight topic, and the responses clearly show a demand for improved mastery in this area.

## Good job

The domains in this quadrant are those that HR leaders believe they manage well but which are not seen as a priority as such. HR departments generally regard Industrial Relationships as the domain they master best, followed by Teamwork, New Ways of Working, and Performance Management. Not every domain requires the same amount of focus; HR departments can be in complete control of a practice without actively prioritising it.

## No priority

The 'No Priority' quadrant contains the HR practices that score low both on priority and on perceived mastery level. In essence, this means that while HR leaders feel less confident about their capabilities in such domains, they are also less concerned about it. Prepare Organisation for Stagnation/Downsizing and HR Analytics score lowest on both indicators. Prepare Organisations for Growth, Competency Management, Agility, HR Operational Excellence, Cultural Change, and Strategic Workforce Management can also be found in this quadrant.

## Unicorns, mustangs, peacocks and hummingbirds

Because images usually stay in our minds longer than words, we would like to use a metaphor to summarise our quadrant of challenges.



The elements which your organisation is constantly dealing with, which demand high priority and which your HR department also masters perfectly are your **Unicorns**: these are the areas in which you can make a difference. Nurture them, feed them, keep them warm and dry, because you must also continue to pay attention to your strengths.



→ **Unicorns: Selection & Recruitment, Well-being, Leadership Development, Talent Management, Retention, Engagement, Learning & Development, and Compensation & Benefits.**

Domains that are high priority but that you do not currently master enough can be considered points of attention. Often, these are issues that evolve faster than you expect. They are wild and elusive: these are your **Mustangs**. Try to figure out how to tame them, how to become their masters. With a little luck (and a lot of hard work), these Mustangs have the potential to grow into true thoroughbreds.



→ **Mustangs: Employer Branding, Digital Transformation, and then Diversity, Equity & Inclusion**

If any domains are a low priority for you, but you perform well in them, then you can be very pleased with yourself: these are your **Peacocks**. They may not be the domains that you put all of your energy into, but they manage to attract attention and stand out from the crowd.



→ **Peacocks: Industrial Relationships, Teamwork, New Ways of Working and Performance Management**

Having little mastery over a low priority domain does not necessarily have to be a problem – the organisation just keeps running. In an ideal world, you would free up space for these little (but oh-so fascinating) **Hummingbirds**. However, remember that in order to do so, you will have to move other things on your priority list.



→ **Hummingbirds: Preparing for Stagnation/Downsizing, HR analytics, Preparing for Growth, Competency Management, Agility, HR Operational Excellence, Cultural Change, and Strategic Workforce Management.**



## 4. Changes

Compared with last year's HR Barometer, some domains have changed in priority or perceived mastery level – or even from one field of the quadrant to another – while others have stayed where they were. So what do these changes tell us?

### Little Change at the Top

Firstly, the **top priorities have remained relatively stable** over the last number of years, although a few small shifts can be seen this year. Selection & Recruitment, Leadership Development and Well-being retained their places in the top 5 priorities, but this year they are accompanied by Employer Branding and Retention instead of Engagement and New Ways of Working.

Secondly, the top 5 masteries overall are similar to those of last year, the only difference is that Teamwork has replaced Compensation & Benefits.

### Similar strengths but more focus

Compared with last year, the 'Strengths' quadrant has not changed drastically: Selection & Recruitment, Well-being, Learning & Development, and Leadership Development have all remained stable. The domains of Talent Management and Retention have moved into this quadrant, while Teamwork and New Ways of Working have decreased significantly in terms of priority.

**Most changes have occurred at priority** rather than **mastery** level. In this regards, we see that New Ways of Working is the biggest faller, going from high to low priority. It has now moved from the 'Strength' to the 'Good Job' quadrant, as it is regarded as being well mastered but no longer needing specific extra priority. The priority that was put on the New Ways of Working in the aftermath of COVID-19 has paid off, and this change reflects the fact that this domain is normalising again.



HR Operational Excellence and Cultural Change have both moved into the 'No Priority' quadrant, having dropped slightly both in priority level and also in perceived mastery level.

Having increased in both priority and mastery, this year's spotlight topic, Diversity, Equity & Inclusion, has moved out of the 'No Priority' quadrant for the first time in years and is now regarded as an 'Area for Improvement'.

## Talent Pipeline

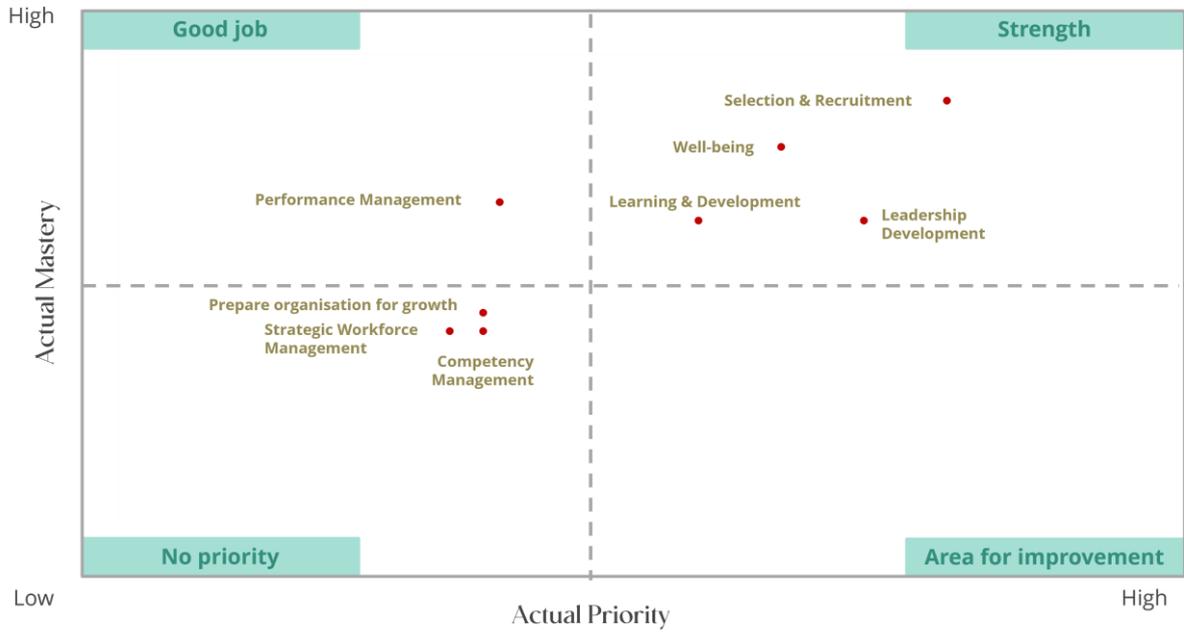
Last year, we particularly noted the increasing challenge that HR departments face to **find and retain the right employees**, also referred to as the 'struggle to secure the talent pipeline.' This year's results suggest that this struggle is still continuing. Selection & Recruitment is still the number one priority and mastery. Finding the right talent remains of high importance, but so does attracting and keeping that talent within organisations. Last year, we noted that the score for mastery over Talent Management was a little lower; this year, it seems to be going in the right direction again: it has re-entered the 'Strengths' quadrant from the 'Area for Improvement' quadrant, which indicates that HR has regained more control over it. However, mastery over Employer Branding remains an area for improvement.

## Expectations for 2023

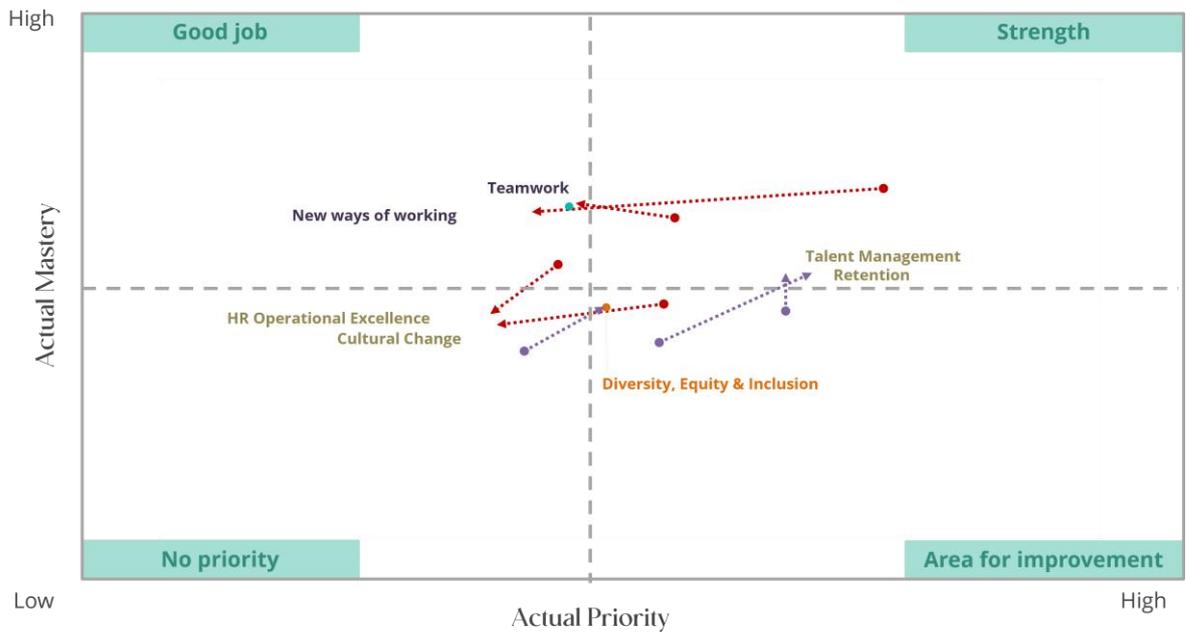
When examining the indicated planned priorities for the coming year, i.e. the areas in which HR departments expect their main focus to be, we note that HR Directors and Managers **plan for Selection & Recruitment** to be their top priority, probably as a result of current scarcities on the labour market. Leadership Development, Talent Management and Learning & Development also continue to be among the top 5 priorities, but Employer Branding has been replaced by Retention. We can conclude that HR departments will continue investing in attracting and retaining the right talent in order to maintain their position in the war for talent.

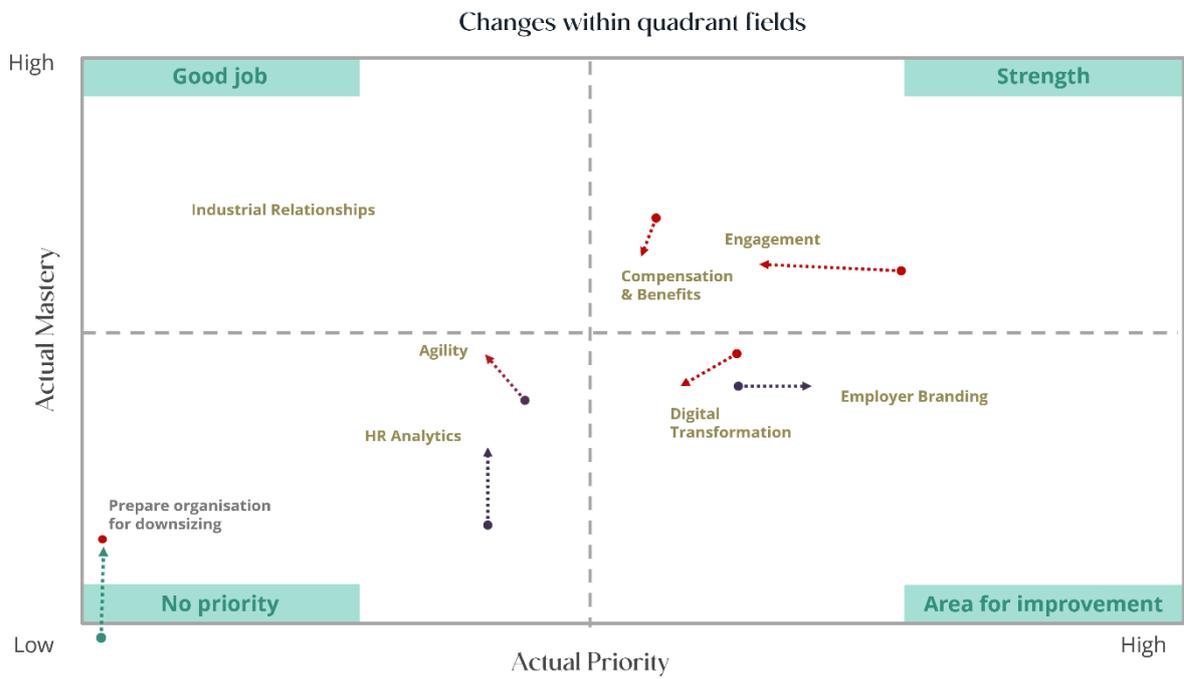


### Domains that have remained relatively stable



### Changes across quadrant fields







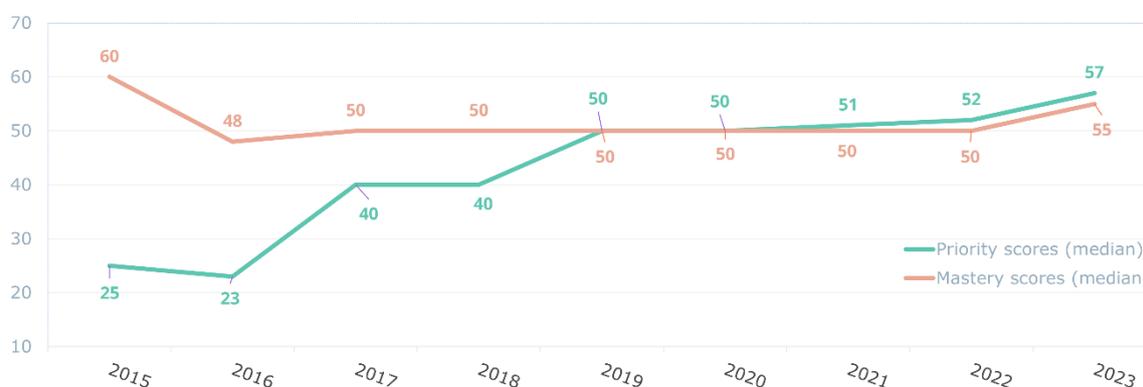
## 5. Spotlight: Diversity, Equity & Inclusion (DEI)

DEI has become increasingly important in the workplace, where including and recognising diverse voices is key. The concept seems to have gained extra attention in the HR world as well. As requested by last year's HR Barometer respondents, we are zooming in on 'Diversity, Equity & Inclusion' as this year's specific topic: what are the prevailing ideas on this topic among HR professionals? What DEI initiatives are being taken by HR? What are the drivers of and also the challenges to Diversity, Equity & Inclusion in organisations? What are the current outcomes? And how does all of this impact HR?

### DEI – Barometer

#### Increased priority on DEI but still an area for improvement

When looking at the evolution of DEI in the general HR barometer results, we see that, over time, the domain has slightly increased in terms of priority while the perceived mastery has normalised: mastery levels are now less overestimated, resulting in a smaller gap between priority and mastery. This year is the first time that DEI has ever moved from 'No Priority' to 'Area for Improvement' in the Quadrant of challenges. This suggests that even though HR leaders perceive DEI to be a higher priority, they also believe that there is still room for improvement in terms of mastery of this domain.





## DEI – Driving Forces

### HR has embraced the DEI mindset

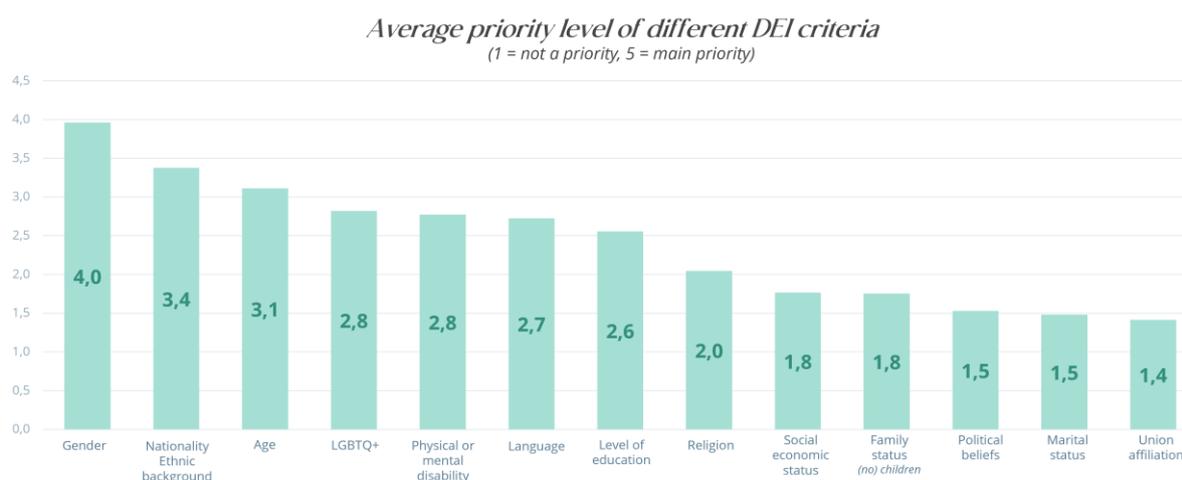
Of the surveyed HR leaders, 73% indicate that DEI is not only the right thing to do but also **essential for business survival** – which confirms the importance of DEI in the workplace.

On the other hand, 11% think that too much attention is currently being given to DEI. Despite this, the responses show that the vast majority have embraced a DEI mindset.

### DEI demographic variables

Given the wide range of criteria that can fall under the domain of DEI, it might first be helpful to identify the demographic variables that HR departments consider the most important when planning their organisational DEI strategies.

Most HR leaders indicated the important variables to be **Gender, Nationality** and **Age**, followed by **LGBTQ+** and **Physical/Mental Disability**. Other variables, like **Language, Level of Education, Religion**, and **Social Economic Status** are also considered important, but to a lesser extent.

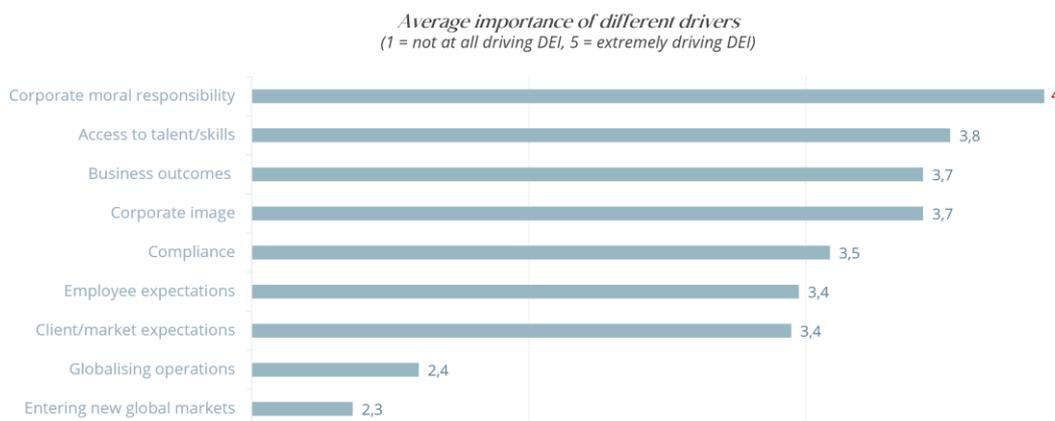




## DEI drivers

By giving it a score of 4 on a scale from 1 (not at all) to 5 (extremely), HR leaders indicate that **Corporate Moral Responsibility** is by far the biggest factor driving organisations to invest in DEI; in other words, the main reason organisations invest in DEI is because they feel it is their moral responsibility to do so.

The second most important driver is Access to Talent/Skills, while Business Outcomes and Corporate Image are joint third. Other drivers include Compliance, Expectations of Employee or Client/Market. Globalising Operations and Entering New Global Markets also drive DEI but only to a lesser extent.



## DEI – Organisational Perspective

### Organisational Investments

The increasing importance of DEI has an impact on various areas of an organisation and requires organisations to first invest in a DEI strategy tailored to their own needs. What have Belgian organisations already done or what are they currently preparing for?

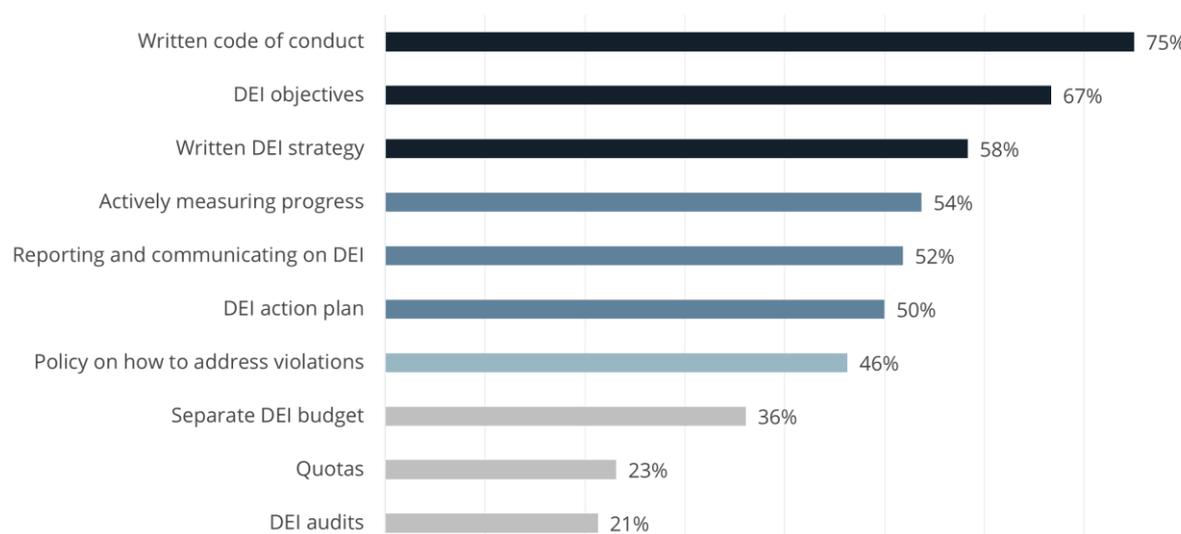
The responses indicate that 78% of HR leaders regard DEI as a **key part of their mission**.





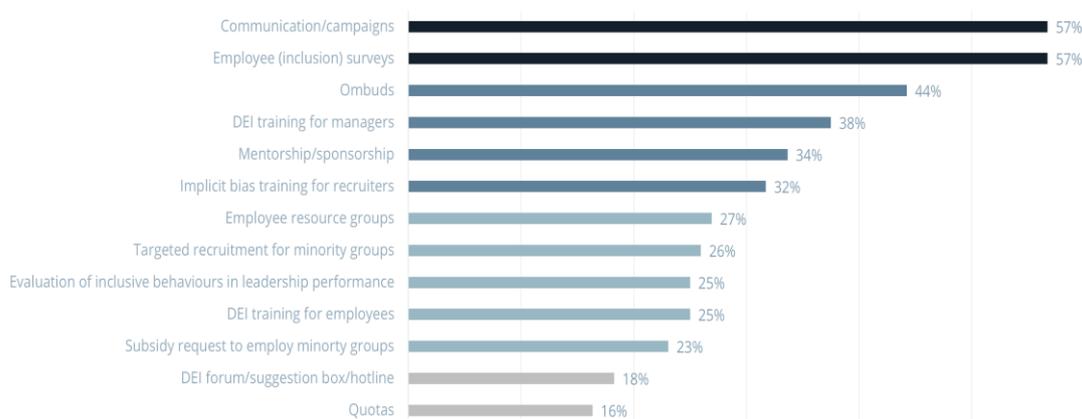
DEI is **strategically embedded** within organisations mostly in the form of a **Written Code of Conduct** or **set DEI Objectives**: 75% of HR leaders state that their organisation has a Written Code of Conduct, while 67% state that their organisation already sets DEI Objectives.

Only 58% of organisations have a Written DEI Strategy, which is remarkable given that 78% of HR leaders indicate that DEI is a key part of their mission. Furthermore, creating a Separate DEI Budget (36%), setting specific Quotas (23%) and conducting DEI Audits (21%) seem to be the least chosen options for strategically embedding DEI in organisations.



## DEI initiatives and investments

In terms of **DEI initiatives**, at the moment, only 57% of the participating organisations indicate that they **frequently or continuously invest** most in **Communication/Campaign** and **Employee Inclusion Surveys**. Other investments are also currently being made, though to a lesser extent. For example, 44% of organisations invest in **Ombuds**, 38% in **DEI Training for Managers**, 34% in **Mentor/Sponsorship** and 32% in **Implicit Bias Training for Recruiters**. **Quotas** are used frequently only by 16%.



This can potentially be explained by the fact that only 36% of HR departments have a separate budget to spend on DEI, which suggests that DEI initiatives, alongside some communication and employee surveys, **are usually undertaken on an ad hoc basis without a separate budget.**

### Interesting Links



While analysing the results, we tried to identify any particular aspects that might go together, such as the link between DEI drivers and initiatives. Interestingly, it appears that the DEI drivers **Corporate Moral Responsibility** and **Employee Expectations** are the only two drivers that are related to *all* DEI initiatives, while **Compliance** seems to have the weakest link with concrete DEI initiatives.



We also zoomed in on the use of quotas, as these appear to yield some interesting insights. Firstly, in organisations that frequently or continuously invest in setting quotas, DEI seems to be driven mostly by **Corporate Moral Responsibility** and **Corporate Image**. Secondly, the HR directors of these organisations also indicate that their HR teams are more diverse and more satisfied with the DEI outcomes within their organisation. Lastly, when used, quotas seem to be one part of a broader range of DEI initiatives rather than an isolated measure, which is a frequently made criticism of quotas.



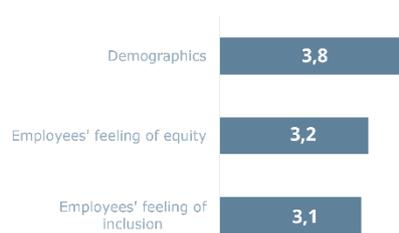
Of course, these are only observed correlations that describe a relationship between DEI driver and initiative: we cannot make any conclusive statements about cause and effect.

## DEI data approach

Another element examined in the survey is whether organisations take a data-driven approach to DEI. The majority of HR leaders indicate that their organisations **gather data on Demographics** – average result of 3,8 on a scale from 1 (never used) to 5 (always used) – and also on **Employees' feeling of equity** (3,2) and **Employees' feeling of inclusion** (3,1).

However, this data is not always **analysed** to investigate discrepancies between employee groups (2,9), and it is even less often used to **predict** and anticipate future scenarios (2,2).

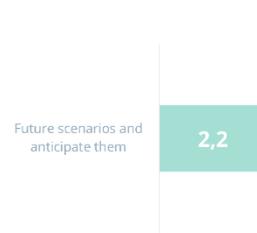
1. Do you **gather** data on... ?



2. Do you **analyse** data to... ?

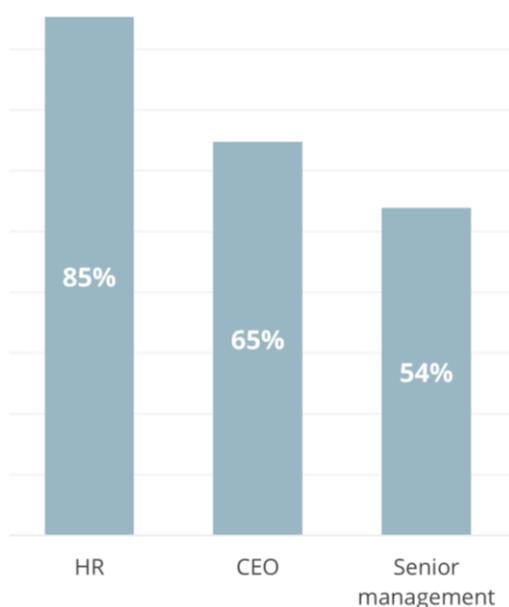


3. Do you use DEI data to **predict**... ?



## DEI – Roles & Responsibilities

DEI is undoubtedly having an impact on the world of HR. We have already touched on the factors that drive organisations towards investing in DEI and on the strategies and initiatives they have implemented. But who is mainly responsible for making all this happen? In general, the HR directors of responding organisations believe that the **biggest responsibility for DEI lies mostly with HR (85%), the CEO (65%) and senior management (54%).**



When we take a closer look at the **formalised DEI roles** within organisations, we see that 41% of HR departments have at least one employee with 'DEI' in their job title. Of the remaining 59% of organisations (i.e. those that do not have at least one employee with 'DEI' in their job title), 49% do have at least one employee with DEI responsibilities listed in their job description. We also note that in terms of reporting, 48% of the people who are most responsible for DEI in their organisation report to the HR Director, 26% to the CEO and 14% to others. In total, 13% of organisations do not have someone who is mainly responsible for DEI. It therefore seems that (a) opinions are divided on who should be responsible for DEI and also that (b) some responsibilities are more formalised than others.

## DEI – HR Perspective

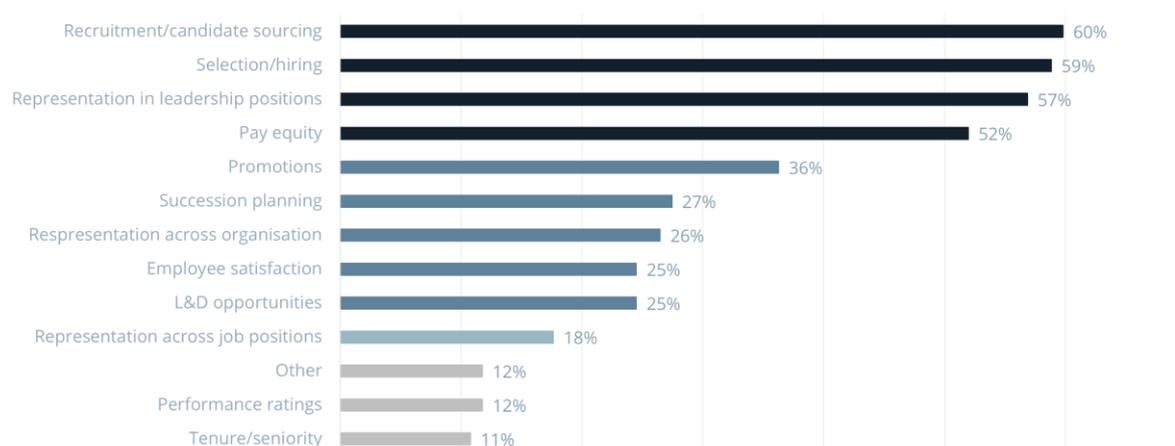
### Is HR on the right track?

As mentioned above, DEI forces HR departments to rethink (part of) their strategies: 85% of HR leaders indicate that their **HR practices help to embed and support DEI** in their organisations. However, they are rather **neutral in terms of their satisfaction** with the outcomes of the DEI actions carried out in their organisations: perhaps their lower perceived mastery level of DEI also has a part to play in this.



For the majority (87%) of participating organisations, a diverse and inclusive work environment forms **part of the employee value proposition (EVP)**. However, only half the HR leaders (51%) seem to be convinced that **their HR departments are setting a good example**, in terms of being diverse. A further 21% are more neutral in this regard, while 28% believe that HR could be setting a better example, which indicates that there is still some room to create a more diverse employee population, starting within HR.

When looking at **HR processes**, we can see that when HR teams set DEI objectives, they tend to focus mainly on Recruitment/candidate sourcing (60%), Selection/hiring (59%), Representation in leadership positions (57%) and Pay equity (52%). Focus is put much less frequently on objectives related to Tenure/seniority (11%), Performance ratings (12%) and Representation across job positions (18%).



Taking into account the increased priority level, the driving forces, the potential strategies and already implemented initiatives, we can say that while HR is on the right track, it is not quite 'there' yet. Not everyone has the same perception of DEI: one half of the respondents currently believe that DEI is more than just **'window dressing'** but the other half either do not agree with or are rather neutral on this point. Interestingly, the perception of DEI as mere 'window dressing' is most strongly linked with whether or not a department has a separate DEI budget, followed by whether or not a department has a less positive DEI mindset and finally by the extent to which DEI objectives are integrated in HR processes.



## Barriers to Further Evolution

As the final topic, HR Directors and Managers were asked to indicate what challenges might be hindering their ability to adapt to DEI. The main challenges for HR currently seem to be a **Lack of Awareness**, **Time Constraints** and a **Lack of Access to a Diverse Population**. HR leaders seem to be less worried about **Fear of Slower/More Complex Decision-making**.

These three main barriers – in combination with others such as a **Lack of Other Sources** and a **Fear of Opposite Effects** (e.g. stigmatisation) – make it more challenging for organisations to further integrate DEI, something that will be necessary if HR departments want to fully utilise future opportunities. However, considering that 78% of HR departments indicate that DEI is a key part of their mission, these challenges can definitely be overcome.

### Main challenges for HR to further boost DEI

1	<b>Lack of Awareness</b> <b>Time Constraints</b> <b>Lack of Access to Diverse Population</b>
2	<b>Lack of other resources</b> <b>Fear of Opposite Effects</b> (e.g. stigmatisation) <b>Resistance to Change</b> <b>Lack of Skills/Expertise</b>
3	<b>Buy-in Leadership</b> <b>Buy-in Employees</b> <b>Fear of Negative Reaction to (Positive) Discrimination</b>



## 6. Conclusion

The HR Barometer provides an insight into the main HR priorities and masteries and identifies the most important trends and challenges in the HR environment of Belgium's largest private-sector organisations. Additionally, we took a deep dive this year into Diversity, Equity & Inclusion and what it might entail for HR departments and organisations as a whole.

Over the last year, HR's focus has remained on **Attracting and Retaining new talent: Selection and Recruitment** is the number one priority and **Employer Branding** is number three, while **Retention** is this year's biggest riser, moving in the top 5. **Leadership Development** (2nd) and **Well-being** (4th) also continue to be important. The New Ways of Working is no longer a top priority.

In terms of **mastery**, HR leaders felt most confident about their department's capabilities in domains such as **Selection and Recruitment**, **Well-being** and **Industrial Relationships** –the top 3 domains in perceived mastery. While the perceived mastery of **Prepare for Stagnation/Downsizing** increased this year, it remains the lowest priority domain.

As was the case last year, **Selection and Recruitment** scored highest on both the priority and mastery indicators and is therefore the most important Strength.

HR leaders believe that there is still **room for improvement** (high priority/low mastery quadrant) in domains such as **Employer Branding** and **Digital Transformation**, and also in **Diversity, Equity & Inclusion (DEI)**, which this year moved for the first time from the "No Priority" to the "Area for Improvement" quadrant. The priority given to DEI has increased gradually over the years, while the perceived mastery has normalised (less overestimated).



Regarding DEI, HR leaders are convinced of the **importance** of **DEI** for **business survival** and they claim that their HR practices support DEI. However, few are happy with the current outcomes of DEI actions in their organisations.

DEI seems to be a **shared responsibility**, with HR and CEOs playing leading roles. Moreover, 70% of organisations employ someone who has DEI in their specific job title or job description.

There is still room for improvement for strategically embedding DEI in most organisations, even though many indicate that DEI is a key part of their mission. DEI initiatives take place on a rather **ad hoc** basis, **without a separate budget**. The more regularly conducted initiatives focus mainly on communication and surveys. DEI objectives specifically in HR most commonly relate to (1) Recruitment, (2) Selection, (3) Leadership Positions and (4) Equal pay.

Despite most respondents agreeing that DEI is essential for business survival, further initiatives and investments still need to follow. A **Lack of Awareness, Time Constraints** and a **Lack of Access to a Diverse Population** are the main obstacles that HR must overcome in order to adjust to today's DEI challenges.

**Corporate Moral Responsibility seems to be the main driver** of DEI, in particular for organisations that use quotas. Interestingly, the organisations that do use quotas seem to have a more positive outlook on DEI in general, and quotas seem to be part of a broad range of DEI initiatives rather than used as an isolated measure.

There are many opportunities for organisations in the future, starting with **diversifying their own HR teams**.

