

‘Snowy Peaks’: Ethnic Diversity at the Top

Runnymede: Intelligence for a Multi-ethnic Britain

Runnymede is the UK's leading independent thinktank on race equality and race relations. Through high-quality research and thought leadership, we:

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- Provide evidence to support action for social change;
- Influence policy at all levels.

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We would also like to acknowledge that this project would not have been possible without the hard work of Runnymede researcher Klara Schmitz and the project support and input of Andrew Wakelin, Maria Fletcher and Fiona Cannon from Lloyds Banking Group.

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Foreword

Lloyds Banking Group is delighted to have been involved with, and sponsored, this thought provoking piece of research.

We are proud to have made a great deal of progress over the years in creating a diverse and inclusive organisation, but we still have work to do, particularly at the top levels. The findings of the research will help us to recognise what we can do differently to build on what we've already achieved and to form more diverse leadership teams, making the most of the talented Black and Minority Ethnic people within our organisation, and also those we hope will join us in the future.

As Lloyds Banking Group's executive sponsor for ethnic diversity, my commitment to the agenda is, of course, motivated by the business benefits our organisation can gain – a diverse and vibrant workforce reflective of our customer base clearly makes good business sense. But fundamentally, I also believe that it's the right thing to do.

I hope the findings of this research will be as valuable to other organisations as they are to us.

Angie Risley

Group HR Director
Lloyds Banking Group
November 2010

Preface

Across the private sector we have what I call the 'snowy peaks syndrome' - a mountain represents an organisation's workforce. At the base you find large numbers of women and ethnic minority workers whereas at the summit you find a small amount of white, middle class men. The snowy peaks won't melt overnight, but if there is a real commitment to equal opportunities and fair employment practices from the top we can reverse this trend.

Trevor Philips, then Chair of the Commission for Racial Equality, made this statement in 2003. Since then the 'Snowy Peaks' have barely thawed and we have seen only slow progress in changing this pattern in many organisations. Runnymede are keen to work with leaders in reflecting on how to ensure that the senior levels of organisations capitalise on talent regardless of ethnic background, and embrace the diversity of staff teams as a tool for ongoing improvement. We were particularly pleased to work with Lloyds Banking Group in conducting research and publishing this paper. We welcome their leadership and willingness to engage with an issue that many struggle to address. We hope that this paper, and the discussions that it provokes, lead to change so that more organisations can benefit from all the talents in our multi-ethnic society.

Rob Berkeley

Director
Runnymede
November 2010

EXECUTIVE SUMMARY

Quotation 1

What do we do to shape a better future?

Source: Former HSBC Chairman Stephen Green in ‘Crisis of Conscience’ *Newsweek*, US Edition, 3 May 2010.

In January 2010, Lloyds Banking Group commissioned the Runnymede Trust to conduct research and make recommendations on how it can ensure greater ethnic diversity in its top tiers. Despite their considerable progress over the years with increasing diversity at an overall level, they have found the very top of the organisation more challenging to change. In our search for solutions to this issue, the views of FTSE Chief Executives and senior managers participating in this research kept directing us to the topic of workplace cultures and the values, beliefs, behaviours and communication styles that shape them. This is our response to their steer.

The report identifies key challenges and opportunities arising from efforts to grow diversity. Its purpose is to engender considered thought and debate on leadership and commitment to building workplace cultures rooted in diversity and inclusion. This report is intended to raise questions and expand vision, rather than focus attention on prescriptive answers. However, we have included an appendix of recommendations that are some practical steps that organisations can take.

The primary proposition is that business leaders seeking a visionary management approach will commit to an organisational culture that fosters diversity and inclusion, with ethical values at its heart. The result will be more vibrant, thriving workplaces that generate value for

the organisation by: meeting people’s fundamental needs to contribute, be respected, and be valued; being rooted in trust, fairness, and responsibility; enhancing the decision-making and communication skills of their leaders.

Where are We Now, Why Does It Matter, and How Did We Get Here?

A workplace is only as good as the relationships of the people within it. Research published by the business-led National Employment Panel, and other sources, shows that many workplaces continue to suffer from cultures which allow bias and prejudice to disadvantage professionals unfairly in their careers. The consequence is talent being wasted, and individuals being tested by the experience of feeling undervalued and disrespected. The issue first and foremost presents a moral and ethical imperative to go further in promoting cultures of diversity and inclusion: to contribute to the well-being of others by valuing and respecting them and their creative potential.

However, there’s even more reason for leaders to get passionate about ethical values and diversity. The story of values being undermined in the workplace is not just the story of individuals. It is the story of workplace cultures that harm both individuals and the business as a whole. The same dynamics of values, beliefs and behaviours

that limit diversity or stifle a sense of inclusion within an organisation also minimize its capacity to build a workplace geared towards collaboration and creativity and driven by a widespread sense of both shared and individual responsibility.

Lack of success at creating a truly diverse and inclusive workplace can be seen as a warning sign about the overall health of an organisation – an indication that the organisation is beset with behaviours that are putting it at risk. Organisations without leadership rooted strongly in ethical values and having a narrow vision for, and commitment to, diversity and inclusion can display the following characteristics: workplaces suffering from unhappy, under-committed employees; tense, conflict-ridden working relationships; individuals being hired on the basis of being familiar in their appearance and background, without sufficient scrutiny of their abilities; competitive edges dulled as a result of senior teams drawing upon narrow pools of experience and thinking which limit capacity to build new relationships and innovate. In a worst-case scenario, a group of ‘yes-men’ at the top of an organisation can lose perspective on risk and responsibility and pose a serious threat to the sustainability of their business.

Yet, despite these consequences, diversity and inclusion can sometimes be a low-priority commitment for big business. Where senior leaders don’t take it seriously, middle managers may view it as being about discretionary responsibilities. Often, executives and managers are not seeing the connection between striving for diversity and bringing value to their leadership and their business.

In some organisations with limited commitment, the issue is lack of passionate leadership at the top. Other organisations have committed high-level leaders, yet they are perplexed as to why their organisations look

like exclusive clubs at the top – filled with people who look, dress, talk, manage, and think in similar ways.

An array of factors contributes to the limited popularity and success of diversity and inclusion as a business commitment. A deficit in leadership can be the result of disbelief that workplaces are in fact discriminating and excluding people, i.e. ‘We have no problem in my organisation’, and/or the belief that pursuing the diversity and inclusion ‘agenda’ does not sufficiently enhance the commercial value of a business.

Another factor limiting the impact of diversity and inclusion as a business commitment is that some organisations take it forward with a narrow vision and delivery approach. In turn, a constrained diversity and inclusion commitment plays out in ways that can: be alienating to people; fail to address the ‘fear factors’ associated with it; be perceived as undermining meritocracy; overlook the importance of trust; marginalize the importance of ethical values. This creates a vicious cycle, where leaders fail to see the value of the commitment and therefore do not seek to grow it. Finally, a commitment to diversity and inclusion often has limited effect because people lack the communication skills and essential language, e.g. the language of ethical values, necessary to manage it successfully.

Where Can We Be?

We make four propositions for looking to the future:

1. Visionary Diversity and Inclusion management has the potential to transform workplaces in ways that maximize how they contribute to individual, social and organisational well-being. When explicitly tied to embedding ethical values into the workplace, the commitment can:

- build workplace cultures rooted in trust where people feel valued and respected;
- foster more effective communication between colleagues;
- bring to the workplace multiple perspectives, new insight, varied experience, the ‘positive’ conflict and the necessary risk-taking integral to innovation;
- result in individuals taking greater responsibility for the consequences of their actions and for improving the overall health of their organisation;
- support business leaders in decision-making, by providing a helpful framework and language for addressing tough choices.

2. Organisations wanting to harness a diversity and inclusion commitment more effectively will expand their focus beyond formal processes and systems, headline messages and numbers to working with people (their values, beliefs, behaviours, and relationships) and the informal systems within workplace cultures.
3. An essential tool for culture change rooted in ethical values is open and empathic communication. Empathic communication is about being able to see and articulate an experience, issue, or challenge through the eyes of another. It is a valuable tool for transforming both ‘negative’ and ‘positive’ conflict into consensus and opportunity. If our workplaces abound with individuals able to communicate empathically, they will be much better equipped to flourish in creativity and collaboration.
4. A critical culture change driver is more ‘enlightened’ lead-

ership rooted in a demonstrable personal commitment to valuing and respecting all people and their creative potential.

The framework for such leadership has the following components:

- Reflection and self-awareness;
- Re-framing and multiple perspective taking;
- Identifying roles and responsibilities;
- Calculated risk-taking;
- A sense of humour.

INTRODUCTION

Quotation 2

Instead of being a time to relax and share, it became a time for worry and reflection.....about a system that suddenly seemed built on sand instead of rock, and about the whole direction of economic and social development....I find myself wondering about the people – myself included – who work within it. Where did we fall short? What do we do to better shape the future? And, beneath it all, what have we learned about ourselves as human beings?

Source: Stephen Green, Former HSBC Chairman in ‘Crisis of Conscience’, *Newsweek*, US Edition, 3 May 2010.

Lloyds Banking Group asked the Runnymede Trust to investigate the current dynamics of the Black and minority ethnic talent pool, and explore how large private sector companies can bring a more ethnically diverse array of professionals into senior management and executive level positions.

Our starting point was to build on what works, learning from the success stories of individuals and organisations. The research kept drawing our attention to broader topics which in fact seem very pertinent not just to diversity and inclusion, but to the overall health and success of any organisation: culture, values (particularly ethical values), beliefs, behaviours, leadership and communication.

To address Stephen Green’s question (see Quotation 2 above) ‘What do we do to better shape the future?’, we had our own specific questions. We wanted to know “Why does a strong and active organisational commitment to diversity and inclusion seem to have so little traction with business leaders generally?; ‘What inspires and enables a business leader to have the vision and boldness to lead by ethical values?; ‘What catalyses a business leader to reflect thoughtfully on their

roles and responsibilities in ensuring their organisation strives for diversity and has an inclusive workplace?”

The purpose of this report is to help business leaders think about and debate the significance of ethical values, diversity, and inclusion to the health of their organisations and the strength of their leadership by:

- Telling the story of where we are now, setting out: what is the workplace issue, with a focus on ethnic diversity and inclusion; why this issue matters; what is being done about it; the constraints to progress; and lessons from leaders that take us forward. (Section 1)
- Telling the story of where we can be: providing an expanded vision for what diversity and inclusion can mean for big business; outlining a people and behaviours-centred workplace culture change framework; explaining what we mean by ‘ethical values’ and open, empathic communication; and setting out a framework for ‘enlightened’ leadership. (Section 2)

The main proposition is that a serious commitment to diversity and inclusion is essential for big businesses wanting to be

visionary and to grow the long-term health and value of their organisation. The ethical values at the heart of a commitment to diversity and inclusion are the same ones that, when effectively instilled within organisational cultures, lay the foundation for a culture of integrity and highly engaged, collaborative, creative, and responsible workforces and leadership.

We recognize that this is not necessarily a particularly popular topic. In the boardroom it can be seen as a ‘soft’ CSR issue subject to marginalization or limited to ‘Have we ticked the necessary boxes?’ type discussions. Outside the boardroom, many managers see workplace diversity issues as subject to discretionary responsibility. In other words, there are business people who do not see commitment to diversity and inclusion as hugely relevant to them, and are even less likely to do so in the currently strained economy.

Low-levels of engagement with diversity and inclusion are partially because diversity and inclusion is often a misunderstood, underestimated, and sometimes ‘un-trusted’ ‘agenda’. Lack of interest/commitment is also the result of the reality that, both in business and in society more widely, we do not talk very easily, often, or substantively about ethical values. This is relevant because ethical values are an essential part of any foundation for successfully creating cultures that foster diversity and inclusion.

While we set out a leadership framework in this report, we do not believe that there is a single prescriptive approach to leading change because, as one Chief Executive says, leadership on diversity is ‘an art, not a science’. The art is in knowing how to bring others along on the journey. Ultimately, the real source of transformative and sustainable change will be more individuals who lead with personal passion and conviction in relation to striving for

greater diversity and inclusion, and who feel empowered to talk openly about ethical values and the beliefs and behaviours shaping their workplace cultures.

The Format of this Paper

You will see that we have kept interview quotes and the few corporate case studies in the report anonymous. We did this for two reasons:

1. To enable frank interviews and discussions with research participants, allowing them to feel confident that any controversial comments could not be traced back to them or their organisations.
2. We did not want to seem like a PR exercise for particular companies.

Methodology

The research for this project took place over six months. The analysis for this report began with a literature review spanning research conducted over the last five years, which included 53 interviews with business leaders (Chief Executives, Chief Financial Officers and Chairmen) from FTSE 100 or similar size organisations, in-depth focus groups, and a survey of 300 Black and minority ethnic (BME) women leaders. To add to this, we conducted a focus group in London with Black and minority ethnic minority senior executives and managers, a small indicative survey (just under 200 respondents), and 17 interviews with White, Black and minority ethnic private sector senior managers and executives, executive recruiters, in-house company diversity specialists, and diversity consultants. Within these interviews we asked senior professionals about factors key to their success and their experience of leading change.

SECTION 1: WHERE ARE WE NOW?

Quotation 3

People will always have built in prejudice...one guy has his favourite store managers of same shape and size...women of certain appearance, who tell a good story.....some are good performers and some not...people pick this up with him...making it not underground....'Everybody does have built in preferences and prejudices.'

Source: FTSE 250 Chief Executive (Retail)

Section I tells a story of diversity and inclusion, through the lens of promoting ethnic diversity in the workplace, and sets out: the issue, why it is important, what is being done about it, the constraints to progress, and lessons from leaders to take us forward.

Over the last two decades, the discrimination and equality 'agenda' has evolved in terms of language and focus. Anti-discrimination became 'equal opportunities', which then became 'promoting equality' and which is now broadly referred to as 'diversity and inclusion'. Pursuing diversity and creating an inclusive workplace includes a commitment to ensuring equality of opportunity and tackling harassment and discrimination.

1.1 What is the Workplace Issue?

How people end up where they end up professionally is influenced by a range of interacting factors, e.g. family support, education, socio-economic background, self-belief, perceptions of different industries, peer and community influence, etc. For the purposes of this report, we want to draw attention to the issue of how prejudice, discrimination and exclusionary practices in the workplace can limit people's professional opportunities and the contribution they make to their organisation.

The Basic Premise

The starting point for entering this story is to accept a few premises:

1. Everyone has biases and prejudices that influence their behaviour, consciously and unconsciously and this behaviour impacts on day-to-day business (see Quotation 3 above).
2. It is true that formal and informal practices exist in workplaces which are unnecessarily and unfairly disadvantaging people and some of these stem from racism, bias and prejudice. (For supporting statistical evidence, see Box 1 on page 9 and Box 2 on page 10.)
3. People perceiving that they are being discriminated against, or unfairly excluded from participation and recognition, is an issue to be taken as seriously as proven discrimination or prejudice; it is in itself important to acknowledge that a person believes that their values, e.g. respect, fairness, are not being upheld.

Haven't We Made Enough Progress on This?

In the last two decades, we have made progress. Numerous companies recognize that they have formal recruitment systems and processes that unfairly or artificially exclude candidates from different back-

Box 1 Prejudice, discrimination, disadvantage – the evidence/perceptions

- In 2007, the business-led National Employment Panel reported that up at least 25% of the ‘ethnic minority employment gap’ (the difference between how many Black and minority ethnic people are employed compared to the general population) is caused by discrimination in employment practices (National Employment Panel 2007).
- One-third of Asian and 20% of Black managers surveyed say that racial discrimination had been a barrier to succession (Hooker et al., 2008).
- Subjected to CV testing, private sector employers showed a discrimination rate of 35% compared to 4% for the public sector (Wood et al 2009).
- 70% of 300 professional Black and minority ethnic women surveyed by The Diversity Practice said they had experienced at least some discrimination based on their race, and 65% because of their gender (The Diversity Practice, 2007).
- More than a fifth of individuals surveyed by Race for Opportunity said they had been offended by a racial remark in their place of work, with Chinese respondents the most egregious victims with 35% citing an example, followed by a quarter of Pakistani respondents (Race for Opportunity, 2010).

grounds. Companies are increasingly likely to have equal opportunities policies. Some companies leading in this agenda have significantly increased the ethnic diversity of their entry level recruitment. Some can show ethnic diversity in middle management positions. A few leaders are doing well at diversity at the top: one FTSE 100 company stands out as having 12 per cent of its senior managers coming from Black and minority ethnic backgrounds.

However, in many companies equal opportunities policies are not translating into culturally different workplaces that feel fair and inclusive at all levels. Many organisations considered leaders in promoting diversity still struggle to see talent rise to the top positions. The issue is that process-focused activities to diversify entry-level recruitment, e.g. scrutinizing job specifications for potential indirect discrimination or advertising more widely, are not impacting on the behaviours that disadvantage individuals in their career progression. Leaders in big business thought that bringing in

more diverse recruits at entry level would automatically result in culture change and greater diversity at the top. They acknowledge, however, that this has not happened (Lines and Hamill, 2008).

The lack of progress is not surprising given that, according to one research study, ‘Forty per cent of line managers regard diversity as a discretionary effort... not an essential factor in their day-to-day responsibilities’ (Kandola, 2009). One senior manager in the financial sector, who is active in promoting diversity, highlights that a root cause of slow progress is that there is a lack of widespread recognition that racism and prejudice are an issue. This is not always an easy matter to address. For example, one CEO’s response to the question of whether they would take action to address racial discrimination suggests that in some organisations there is a catch 22 – leaders will listen and take action if given evidence about what’s going on in their own organisation; however, they are not driving managers to invest time and energy into

Box 2 Different experiences of fairness in the workplace

In my organisation recruitment at senior levels is based solely on merit – 32% Black and minority ethnic v. 55% White respondents say this statement is accurate

Prejudice and bias exist in my organisation and impact on day to day decision making – 45% Black and minority ethnic v. 26% White respondents say this statement is accurate

Black and minority ethnic employees have to work harder than their white colleagues to get the same performance recognition – 51% Black and minority ethnic v. 12% White respondents say this statement is accurate

Only 40 per cent of Black and minority ethnic respondents felt confident that if they asked for career support from their employer they would receive it – This compares to 61 per cent of White respondents having this view.

Source: Runnymede Trust 'Taking Talent to the Top' Survey Findings*

*Due to the small sample size, this survey can only be seen as 'indicative'.

getting that evidence. Given that so many managers see the matter as discretionary, it seems unlikely they will take action without a push from leadership.

What Discriminatory and Exclusionary Behaviours are We Talking About?

The behaviours that impact negatively on Black and minority ethnic professionals' career progression opportunities and their workplace experience can range from the overt, e.g. name calling and derogatory remarks, to more subtle behaviours that often play out in informal systems and relationships. Research suggests perceptions of unfair treatment are not solely held by Black and minority ethnic professionals; some White professionals also sense that subtle, discriminatory managerial behaviours exist (Sanglin-Grant, 2005). A number of reports and our own research document that these more subtle forms of discrimination broadly fit into two inter-related categories: unfair differential treatment and exclusive environments (CIPD, 2010; Diversity Practice, 2007; Equal Opportunities Commission, 2007).

Examples of subtle, unfair differential treatment by managers include (see also Box 2):

- White managers having lower expectations for Black and minority ethnic professionals and not supporting their professional development.
- Black and minority ethnic professionals being subjected to different performance and behaviour standards, e.g. having to work twice as hard as White peers to receive the same amount of recognition; or White employees behaving 'inappropriately' but still getting promoted.
- Senior managers and executives preferring to recruit and appoint in their own image, because it feels more comfortable and going with 'different' people feels like a risk. This can result, for example, in Black and minority ethnic professionals being over-looked for appointments to high-profile project teams and then missing out on the corresponding experience necessary to help them move up the ladder.

Examples of behaviour characterizing 'exclusive' workplace environments:

Quotation 4 Exclusive ways of forging workplace relationships

I have felt the impact when parts of the office, e.g. your boss and peers, gather round to talk cricket/football, or go to the pub for many rounds of drinks. This latter point has been the biggest barrier to forming closer relationships, as when your boss's only way of connecting is by drinking four pints with the team, you either have to join in or be excluded.

Source: Black and minority ethnic Senior Manager (Financial Services, London)

- **Out-of-office relationship-building:** Senior colleagues doing informal business in venues that feel exclusive or inappropriate to some people, having a post-work alcohol-centred culture (see Quotation 4 above), and building professional relationships through out-of-office activities that make it challenging for some people to participate. These practices are perceived as an issue because it is: (a) believed that people need to participate in these informal gatherings and activities in order to 'fit in' and the ones that 'fit in' are the ones more likely to get promoted; (b) sometimes important business and relationship-building takes place at exclusive gatherings, and this disadvantages non-participants.
- **A hidden life:** Some Black and minority ethnic individuals may feel as if they have to choose between bringing their true character to the office and meeting the cultural norms of the organisations. While the workplace may look diverse, e.g. more women, more visible Black and minority ethnic professionals, this 'diversity' is superficial. Getting to the top might require conformity in style, perspective, ways of working, cultural interests, e.g. a financial services organisation diversity manager explains that while they are recruiting more women into senior positions, these women are expected to 'behave like men' and some successful Black and minority ethnic professionals are conscious that they find it relatively easy to navigate their

workplace because they are culturally 'White.' (See Box 3 on page 12.)

- **A 'closed club' mentality:** Tied to the above issues is the sense that the top tier of big business is a 'closed club.' In some cases, it might be so exclusive that even those who 'play the game' well (including going out for drinks in the evenings) are still unlikely to advance purely because those in the 'club' have prejudice and bias that dictates who is allowed to enter.

To many people some of these issues might seem trivial, or a matter of being 'over-sensitive.' The reality is that derogatory remarks and subtle forms of discrimination and exclusion can result in a series of incidents that on their own may seem small, but cumulatively push people to their limits in terms of tolerance of their treatment. In other words, these behaviours can undermine individual well-being. Sometimes antagonistic behaviour is rooted in racism. Sometimes it is not. Regardless, prejudicial and exclusive cultures mean that people with valuable skills, experience, and ability are being prevented from making a full contribution to the workplace.

1.2 Why is this Issue Important?

The persistence of workplace discrimination, prejudice and exclusionary behav-

Box 3 Do Black and minority ethnic professionals have to be 'White' to get the top?

Three Black and minority ethnic senior managers interviewed for this research said that their colleagues don't perceive them as different; on the surface to their White colleagues they are 'just like them.' – they are 'White.' One professional explains that she's always had White friends and social circles. Another explains that she doesn't talk about her Asian family roots and cultural ties. As she has become more senior, however, she is starting to realise that perhaps being open about her different identities could help others in the future. For example, it might open a new space for those who have always been more outwardly and perhaps more deeply rooted in a minority culture. She considers that people should not have to feel like they have to hide part of themselves away when they come to the office and should not have grounds to believe that their 'difference' might have a negative impact on their professional success. Consequently, she is increasingly being more open in the workplace about her multiple cultural ties.

hours matters primarily for ethical reasons. It undermines the values of respect, fairness, and justice. It impacts on the well-being of individuals, in part by preventing people from manifesting their full creative potential but also by being a source of the stress and frustration that results from unmet values. It undermines meritocracy, because people are hiring as much on what/who is familiar to them as they are on merit, and creates workplaces that are shutting themselves off from new ways of thinking and working. However one looks at it, an organisation is less than it could be if it has a culture that allows for discrimination, prejudice and exclusion to shape workplace relationships. (See Box 4 on page 13.)

Some business leaders who are visibly committed to tackling discrimination and promoting diversity present the ethical argument as: 'It is the right thing to do' driven as they are by personal passion to create a workplace that is fair and where people are committed to respecting and valuing each other, to growing human potential and to promoting individual well-being.

Senior professionals interviewed for this research identified a case for a strong diversity and inclusion commitment that can be seen as having good synthesis between doing 'good business,' e.g. be-

ing in the interest of shareholders seeking to enhance profit and viability and doing the 'right thing':¹ when leaders surround themselves only with people like them, e.g. 'yes men', they risk creating a culture where people do not hold each other accountable for responsible behaviour. One research report highlights that business leaders see a 'lack of diversity at board level as a weakness precisely because it reduces the quality of debate and limits the ability to think differently' (Lines and Hamill, 2008).

This issue also matters because it affects everyone in a workplace in one way or another. Potentially this is about degrees of impact – to what extent are people being affected by exclusive, unhealthy, work environments? Many British businesses perhaps can do better at valuing people, can have fairer and more responsible hiring, promotion and reward practices, and can be more effective at supporting individuals from all backgrounds to utilize their skills effectively and feel confident and comfortable in the workplace. However, the negative impacts of poor people management in an organisation are likely to be exacerbated for Black and ethnic minority individuals who potentially face additional challenges in the workplace resulting from targeted forms of discrimination, prejudice and exclusion.



1.3 What is Being Done to Address this Issue?

A change framework and a range of 'good practice' activities have evolved and are being used by organisations to tackle discrimination and promote equality and diversity. At the heart of this framework tends to be 'business case' arguments for change; equality and diversity advocates use these arguments to try and get and keep the issue on the Boardroom agenda.

The Change Framework for Promoting Workplace Equality and Diversity

The findings of numerous research reports, often the fruits of business-led commission or task forces, suggest that organisations are generally following a change framework with the main strategic components of: vision, leadership, communication, education and training, measurement and accountability systems. Below, we outline the framework with examples of standard implementation actions.

- A vision of success that has broad ownership, across all areas of organisational life, and at all levels of management.

Action: internal and external statements of commitment to equal opportunities and diversity, often setting out the agenda as it relates to different groups and legal requirements, e.g. gender, race, disability.

- Leadership that influences every level of decision-making and sets clear priorities with ambitious but realistic targets, and centres around a high-level champion.

Action: a board level diversity or issue-specific, e.g. gender or race, champion appointed to take responsibility of the agenda who reports regularly on progress.

- Communication of the vision, success indicators, and goals, and business case for change.

Action: highlighting the business benefits of diversity and reinforcing messages across an organisation, e.g. 'we are an equal opportunities employer' or 'we value diversity' or 'we will not tolerate discrimination'.

- Education and training of managers and employees so they know how to implement their obligations and deliver 'best practice'.

Action: equality and diversity training, including on-line courses and cultural awareness workshops.

- Measurement and accountability systems that include targets, written policies and procedures, provide information on both employee representation and satisfaction, and are transparent, data-driven, and outcome focused.

Action: reporting on representation figures, e.g. ethnic diversity in recruitment, retention and promotion. Some companies also use employee engagement and satisfaction surveys to measure progress, looking for disparities, e.g. are White staff more likely to feel engaged than Black and minority ethnic staff? Using organisational score cards and embedding equality and diversity objectives into performance measurement. Some companies report publicly on their performance, in terms of representation metrics and awards received.

The framework also translates into operational activities companies take to provide targeted professional development support to Black and minority ethnic professionals and influence formal recruitment processes:

- supply-side: taking 'positive action' to support individuals, particularly from 'disadvantaged' backgrounds, who might need extra experience before applying to jobs or be unfamiliar with the application process, and establishing ethnic minority networks which offer a form of support in the workplace preferred by some professionals.
- recruitment processes: reviewing processes for potentially indirect discriminatory impacts and changing them accordingly, advertising more widely, etc.

Making the 'Business Case'

As one FTSE 250 CEO explains, 'Whether it is a diversity issue or another CSR issue... the culture of the organisation is that... if you are presenting something because we

should just be ticking the box because it is legal, appropriate or within an agreed standard... then we'll listen. If there is a choice, it will come down to... if there is a business case that says "the company will be better in this way"... We're in the business of creating value for shareholders'.

In response to this reality, advocates often veer away from promoting the intrinsic ethical value of diversity and inclusion and from saying it is simply 'the right thing to do'. Instead, workplace equality and diversity advocates tend to use the 'business case' as their route into getting the issue onto boardroom agendas, usually highlighting the following intersecting arguments and wherever possible making a link with profitability and/or compliance:

Demographics: Black and minority ethnic individuals are the future UK workforce. Black and minority ethnic individuals make up 11 per cent of the working age population, and one in four pupils in primary school education has a minority ethnic background (Race for Opportunity, 2009).

Widening the talent pool: If a business is blocking Black and minority ethnic professionals from entering or from progressing, as times passes, their talent pool will get smaller and smaller. This minimizes their prospects of getting 'the best'.

Maintaining and growing the customer base: Certain sectors, e.g. retail, find that it benefits them to have customer-facing staff who mirror their potential customer base. Sectors that have government bodies as customers are increasingly likely to find that they will be questioned about what they are doing on promoting equality in the workplace as part of the tendering process.

Legal compliance: Having processes in place can limit the risk of, or at least potentially mitigate, the impact of a discrimination case and therefore save money.

Reputation: Being able to say you have equal opportunities policies with the aim of being diverse and inclusive can be attractive to graduates. One study shows, for example, that people are more attracted to a company which articulates valuing diversity (Kandola, 2009). Negative publicity can damage a brand and knock shareholder confidence, e.g. litigation, national press and threat of formal investigation into Ford by the then Commission for Racial Equality in the 1990s.

The business-led National Employment Panel in a report on workplace race equality concludes that 'the business case... in practice seldom convinces businesses [to make a strong commitment]' (National Employment Panel, 2007). In the next section, we consider the weaknesses of the conventional 'business case' approach.

1.4 What is Holding Us Back?

Runnymede Trust research (Sanglin-Grant, 2005) documented how the messages of 'we value diversity' and 'we are committed to equal opportunities' are not translating into the changed behaviours necessary to make them believable. What more needs to be done and what is holding us back? As said already, in some cases senior leaders don't think there is an issue in their organisation and many diversity managers view active commitment as discretionary. People seek to 'tick boxes' and focus on processes. While some of the process change brings benefits, ultimately it is not bringing about the necessary culture changes that result in decreased prejudice and bias and create diverse and inclusive workplaces.

The story is more complex than senior leaders and managers thinking 'It's not an issue' and/or 'The commitment is not

important'. These attitudes are an important issue and need to be addressed. However, if we really want to experience the benefits of diversity and inclusion commitments we need openly to engage with the reasons why diversity is a widely misunderstood, underestimated and sometimes distrusted 'agenda'. We also need to recognize that engaging with diversity and inclusion issues successfully requires better communication skills than those that tend to dominate our workplaces.

Factors Constraining Diversity and Inclusion Commitments

The problematic and constraining aspects of diversity and inclusion commitments include the ways in which they:

1. Can be alienating to people;
2. Can have a number of 'fear factors' associated with them;
3. Can be perceived as undermining meritocracy;
4. Can tend to overlook the importance of trust;
5. Frequently marginalize the importance of ethical values.

Looking to the future, we need to acknowledge and respond to these factors. The reality is that when these factors go unaddressed the result can be a vicious circle whereby organisations experience limited outcomes from a diversity commitment and then leaders stick to the attitude of 'It's not worth more investment' and the commitment remains marginalized.

1. Can be Alienating to People

Managers understandably often frame this work in relation to a legal compliance focus on the 'strands', e.g. race, disability, gender, age. Yes, they need to be aware of the specificity of different issues and

how they impact on different individuals. However, they also need to ensure as many people as possible feel that diversity and inclusion is about them and their needs as well as their responsibilities. Yet, a narrowly envisioned and implemented commitment can be alienating, for example, in the following ways:

A. Focusing managerial attention on putting people into single-identity boxes can often result in stereotyping. For example, a manager having read some report about young Bangladeshi women and their career interests might simply assume everyone she encounters from that ethnic background has the same interests. Or labelling groups as 'disadvantaged' can easily lead to unconscious beliefs that people from those groups are 'under-qualified' or 'less than capable.'

B. The commitment can feel 'exclusive' and seem divisive. The 'strand' approach readily creates a story that people from certain backgrounds are radically different from the majority or some 'norm' and have 'special' workplace requirements and are likely to need 'extra' support in their careers. This story-line points people away from a sense of having a shared agenda and notion of 'common good' by:

- being heard as a tale of 'us' and 'them';
- creating a sense that some groups are being asked to change and adapt to meet the needs of others without any reciprocity;
- emphasizing how people are different from each other without highlighting what they have in common (including in relation to what brought them to the same workplace and their shared values); and
- creating a sense of competition between groups when it comes to 'extra' or 'special' support.

Consequently, large numbers of profes-

sionals are likely to feel that diversity, and specifically ethnic diversity, has nothing to do with them or their values. In some cases (see Meritocracy section below), some people believe the commitment undermines their values, e.g. fairness, rather than upholds them. Some people hear about diversity and inclusion and think 'This is someone else's responsibility', e.g. the diversity team's. Some people think 'What about me and my needs?', e.g. a White male professional who is the first in their family to go to university and often worries about 'fitting in' with his peer group. Equally, some Black and minority ethnic professionals want nothing to do with the formal 'agenda' because they don't want to find themselves in the 'them' category or be stereotyped.

C. Where the commitment is being delivered through a focus on process (see Quotation 5), ticking boxes and initiatives with unclear outcomes, the perception from senior managers is understandably that this is all the 'agenda' is about. They believe that a diversity and inclusion commitment has little intrinsic value and is about basic compliance with some standard/law, political correctness or is simply window-dressing, rather than seeing it as a vehicle for visionary transformation.

D. The commitment can be framed in a way that does not resonate with senior business leaders. Recent research has found that executive business leaders do not think 'strands,' e.g. race, disability, gender, age when they think 'diversity' (Lines and Hamill, 2008). For leaders in big business, diversity is likely to be about how people think and their ideas; new global markets; or global trends that are bringing in new investor groups.

The obvious intersection between the CEO understanding of diversity and what is meant by it within the conventional 'agenda' is in relation to people – the conditions

Quotation 5

Most of the research participants [53 senior leaders from big business] expressed a dislike for the stereotypical Human Resources-led diversity agenda, which they characterized as having metrics and tick-boxes.

Source: Lines and Hamill, 2008

required to sustain diversity and build an inclusive workplace culture are prerequisites for bringing about and harnessing the variety in knowledge, perspective, experience and openness to different ways of working necessary for success, particularly at a global level.

Yet, the way a diversity and inclusion commitment is often presented does not make this connection or it makes the connection in narrow and potentially pernicious ways, e.g. implying that when you hire Black and minority ethnic professionals their main value is that they will bring in customers who share their ethnic or racial background.

2. A Number of ‘Fear Factors’

Visionary commitment to diversity and inclusion requires that managers acknowledge and engage with the different fears associated with it. Previous Runnymede Trust research (Sanglin-Grant, 2005) suggests that this ‘agenda’ can generally be plagued by ‘fear of the unknown.’ This refers to a lack of understanding about what the end result looks like of going down a path labelled ‘diversity and inclusion’. Afraid of the commitment and what it means for them, individuals will at best remain passive and at worst will actively seek to undermine it. Other ‘fear factors’ surrounding this commitment are: it is a ‘zero-sum game’; people are afraid to talk about the undermining of values; people in ‘in-groups’ can generally feel threatened by it.

Some people fear this agenda because they believe we are playing a ‘zero sum game.’ This issue refers to the belief that

for there to be more Black and minority ethnic ‘winners’ in the game, there will need to be White ‘losers’. If diversity and inclusion are promoted actively then the talent pool should theoretically become more competitive as it opens up. Are White people losing to Black and minority ethnic professionals? No. At least no more than they are losing out to each other in competitive job markets. But some individuals who are feeling insecure about their own abilities, and perhaps cynical generally, will understandably feel threatened by a strong diversity and inclusion commitment.

Fear is the also the reason people don’t speak up about their own experiences of exclusion, discrimination, harassment, bullying, etc and/or speak out when they see or perceive others to be behaving inappropriately. In the Runnymede Trust indicative survey, 45 per cent of respondents who said they experienced bullying, harassment or discrimination in the workplace said they would not report it for fear that it might damage their career.

One White Senior Executive highlighted that people are afraid of saying the ‘wrong’ thing and the potential legal implications of doing so. Anecdotal evidence suggests that some White managers are saying that they feel they cannot constructively criticize Black and minority ethnic staff because they are afraid that if they do they will have the ‘race card’ thrown at them. They feel frustrated in response to the perception that they cannot be forthright in their workplace relationships.

Quotation 6

But let's be clear. We want to hire the best.

Source: Former RBS Chief Executive, Fred Goodwin, reported to have said this after watching a video about positive action in 2006.

Finally, occupational psychologist, Binna Kandola writes that in a system, dominant groups want to maintain the status quo and opening 'their' space to wider communities can leave people feeling disoriented, resentful, and consequently likely to resist change (Kandola, 2009). He explains that as a diversity and inclusion commitment takes hold and expands in organisations, there is a likelihood that individuals in a 'club' mentality will seek to cling even more to their exclusive behaviour.

3. Perceived as Undermining Meritocracy

The quotation from Fred Goodwin (Quotation 6 above) is telling: leaders, at times, associate the diversity agenda with lowering standards and they do this openly. This sends an important message to others that discredits the commitment. Let's be clear, in response to Mr Goodwin's view: an active diversity and inclusion commitment is in part a response to the fact that current recruitment and promotion systems and processes are often neither based solely on merit nor on hiring the best.

This is not just a 'race' issue. One executive recruiter gave the example of an investment banker who moved organisations and then proceeded only to hire people from his old organisation, or we hear stories of companies which only hire individuals from certain universities and use this credential as their main determinant for talent and ability. Currently, people are often not hiring the best people; they are

hiring the people most familiar to them and most likely to share their views and behaviours. Fred Goodwin's own story, of course, points to the risks of this approach.

Fred Goodwin's perspective is not unique (see Box 5 on page 19). Strong affirmative action programmes in the US are both praised for the success of changing the appearance of American companies and criticized for being 'unfair'. The issue is complex. Some Black and minority ethnic professionals, for example, express the worry that positive action steps to deliver diversity send the message that when a 'different' person is hired, they weren't hired on merit and are less-qualified; 'different' people become thought of as tokens.

Controversy over 'positive action' and what it means to have a commitment to diversity in recruitment/promotion can result in senior managers losing sight of the key issues at hand: (a) current approaches to recruitment and talent management can be geared towards perpetuating homogenous, exclusive workplaces where the 'best' professionals in terms of experience, skills and abilities are not being hired; (b) getting to the 'best' requires that senior managers are reflecting on what criteria they are using to assess the assets people bring to a role and how prejudice and bias are impacting on their selection process.

4. Overlooks the Importance of Trust

Trust is a cornerstone of the workplace. Working in teams and/or with clients successfully relies on forming professional rela-

Box 5 Positive Action – Is it discrimination and is it undermining meritocracy?

One recruiter interviewed for this research gave the following hypothetical example of what he called ‘positive discrimination’ to show how it undermines meritocracy: let’s say you have a long list of twenty five and a short-list of ten. In the short-list there are 6 men and 4 women. A client, wanting greater diversity, might ask the short list to have a fifty-fifty male/female split. This would require knocking out one man from the top ten and replacing him with a woman not in the top ten. To the recruiter this means wrongly giving preference to a woman over someone who has been identified as a better performer.

tionships built on trust. Creativity and innovation are about risk-taking and require trust. The issues about ‘exclusive cultures’ and the need to ‘fit in’ have trust at their heart; in those out-of-office meetings people are forging personal relationships that build trust. Speaking out, or challenging colleagues to hold them accountable, requires trust.

Commitments to diversity and inclusion can be constrained by their lack of engagement with the matter of trust. For example, the Runnymede Trust indicative survey suggests that there is a significant difference in trust levels between people from different racial or ethnic backgrounds, with 38 per cent of Black and minority ethnic professionals saying the statement ‘I trust my colleagues’ is accurate as compared to 77 per cent of White professionals. This finding raises the question: ‘What might be some of the causes for such different levels of trust, and how can they be addressed?’

5. The Importance of Ethical Values is Being Marginalized

The starting point for the importance of a diversity and inclusion commitment is an ethical imperative (see Quotation 7 on page 20). Diversity advocates have tended to take the path of looking for a commercial imperative as a way of creating a ‘burning platform’. ‘Burning platform’ refers to a condition that creates a sense of urgency and is the basis for commit-

ment to action geared towards changing the status quo. This has become standard practice, even though leaders who have had relative success driving diversity and inclusion commitment are driven by personal passion and conviction about what is the ‘right thing to do’.

Leaders themselves and their passion for nurturing human potential, challenging discrimination and exclusion, and upholding values such as respect, honesty, and fairness are the most effective ‘burning platform’. Yet, too often a diversity and inclusion commitment is discussed without articulating the importance of ethical values as a motive for action; as essential for success; and for their intrinsic value to business generally.

The bottom-line and compliance ‘business case’ approach, when not joined up with a strong ethical-values based platform, has four fundamental flaws:

- Drawing a direct line between long-term culture change activities and short-term profit gain will be hard to do, and thus the business case will not be sufficient to sustain commitment at any level. It will be easy – given the high-pressure, short-term, and complex decision-making environment in which business leaders and managers are operating – to make it a low priority.
- If we say commitment to diversity and inclusion is contingent on the busi-

Quotation 7

I get very nervous about people arguing the business case... if you accept it as a business case then you must accept what the market does... markets give you a price at which you stop doing things... and you have to accept the consequences... There might be a business case, might make more out of it – but that's not why you do it.

Source: FTSE 250 Chief Executive (Engineering and Design)

ness case, we are saying that if you can make a good financial case for ignoring the 'agenda', then it is acceptable to drop it. One research report states that where leaders feel a tension between doing 'good business' and doing the 'right thing'... doing 'good business' predominates (Lines and Hamill, 2008).

- Addressing the problem of prejudice, discrimination and exclusionary cultures hinges on bringing values, particularly ethical values, to the fore. In order for diversity and inclusion to be delivered, ethical values need to be upheld. This involves talking about them – discussion, deliberation and negotiation. Limiting engagement to the 'bottom-line' business case with no or little talk of ethical values misses out a crucial piece of the puzzle and significantly diminishes the positive impact of an organisation's diversity and inclusion commitment. This creates a vicious cycle because leaders, in turn, continue to see little value in the commitment and keep asking for stronger bottom-line business cases, while they avoid ever bringing about meaningful commitment.
- Finally, in the absence of an 'ethical values' platform advocated by others, some leaders might be less likely to stand by the position that 'doing the right thing' is alone enough for action.

Inadequate Communication Skills and Language

Embedding ethical values, diversity and inclusion into an organisation's culture involves much more than having a vision statement and sending out headline message, e.g. 'We are committed to equal opportunities' or 'We are a fair employer'. These commitments are about how people relate to each other, the day-to-day business decisions they make, the responsibilities they believe they have to themselves and the organisation. What's more, addressing many of the challenges to effective commitment raised in this section requires dialogue, conversations and negotiations. Yet, communication around diversity and inclusion can tend to centre around sending out top-down messages about commitment rather than supporting thoughtful and open dialogue between people (Sanglin-Grant, 2005).

Individuals, in any community – including the workplace – have a right to speak up when they feel their values have been undermined. However, racism, sexism, discrimination, prejudice, bias, bullying, harassment, values, respect, recognition, and fairness are all sensitive subjects to discuss and address. The conversations to be had are about values and how people are experiencing the workplace.

Equally, in conformist environments, it can be hard to present difference of opinion or come at an issue from an unusual perspective. Harnessing diversity for all

its potential requires being able to communicate well, so that disagreements and seeming ‘conflicts’ can be turned into creative opportunities.

1.5 What is Taking Us Forward?

General leadership lessons from successful culture change, including innovative action being taken by organisations to engage more substantially with bias, prejudice and exclusionary practices, are instructive for the future.

Leading Change

Stories of business leaders driving change in their organisations and managing challenging relational situations are valuable. They can help us to set out the qualities we need in leadership to deliver success. From our interviewees, we learned that driving culture change in a business requires that leaders:

- Have a ‘burning platform’;
- Are visibly living the behaviour(s) they are trying to embed in the organisational culture;
- Are clear on the change required – stating explicitly what it looks like in practice;
- Acknowledge and openly discuss inappropriate behaviour;
- Are clear about the values that drive their commitment;
- Consistently reinforce the importance of the change agenda to them and for the organisation;
- Engage as many people as possible as change agents in a collaborative effort;
- Accept that leading people through a process of culture change will at times feel ‘risky’;
- Can talk about culture change issues openly, empathically and with an appropriate sense of humour.

Action to Influence Bias, Behaviours and Informal Systems

The suggestion to expand management emphasis beyond process to people is not to dismiss the way in which formal processes and systems can drive culture change. (See Box 6 on page 22.)

However, to address the workplace matters set out previously in this section, e.g. prejudices and bias and ‘closed club’ behaviours, organisations need to reflect on, understand and raise awareness of how unconscious beliefs and behaviours can be unfairly giving advantages to professionals from certain backgrounds over others. To engage with this, some organisations are starting to conduct intensive training on bias and prejudice awareness with managers (see Quotation 8). Others have created programmes that take leaders on awareness-raising journeys. (See Box 8 on page 23.)

Leadership training and support programmes offer opportunities to influence behaviours by engaging openly with challenging questions and issues: In what ways might leaders be choosing to create teams of like-minded ‘yes men’ rather than ones built on the strength of diversity? In what ways are their beliefs (conscious and unconscious) influencing who they employ, develop, promote, and select for high-profile teams and positions? How might they be perpetuating cultural norms and informal dynamics that block talented individuals from realizing their potential and progressing in their careers? Do they see ‘positive action’ steps as fair and responsible or as unfair and irresponsible? What nuances of workplace prejudice and discrimination do they and/or others need to understand better in order to feel more comfortable and confident in playing an active role in delivering a diversity and inclusion commitment?

Box 6 Formal systems shift culture to be more flexible

One FTSE 250 retail company has a holiday trading scheme – buy more holiday when you need it or you can trade it. The Chief Executive explains: ‘You can do that, for example, to see a kid’s school play. It isn’t seen as a stigma. All of the Board members buy extra holiday – for whatever reason to show that it is OK. Where practical to be flexible in time, the company accommodates individuals – in some cases it is not practical. Business need must be prioritized, but if it can accommodate flexibility the company will do it.’

Quotation 8 Raising Awareness of Unconscious Bias

It resonated with the types of things I’ve seen in my organization.... Looking at organizations in the future and what we can do, I think helping me understand the environment in which I work, the values that the organization aspires to and how I can fulfil them in recognizing my own preconceptions and barriers is a good thing and I think that would be equally good for colleagues across my organization.

Source: A senior banking professional commenting on his exposure to unconscious bias training in a large professional services business.

Other research (Diversity Practice, 2007 and Hewlett et al., 2005) and our interviews with recruiters and senior managers highlight that workplace culture change also includes opening up approaches to assessing talent and ability in individuals. For example, leaders can recognize that individuals develop significant abilities through non-professional roles, e.g. volunteering and life experiences more generally, e.g. having to navigate complex multicultural environments or having to be resilient amidst adversity and find creative approaches to overcoming obstacles. Recruiters, in particular, also emphasized that achieving greater diversity can arise from being prepared to hire people who may not have a well-established track record in doing precisely what you are asking them to do, but have high potential to step up and deliver in a leadership role at the next level.

One CEO is aware from personal experience of how the style of some aggressive leaders can knock down highly capable people. This CEO emphasises the importance of ‘using your power for good’ to

ensure everyone is able to flourish. One of the most powerful culture change drivers is leaders who actively uphold the values they are espousing and the change that they want to create. See Box 7 below.

Box 7 Leading by example

- One senior manager in investment banking explains how she substitutes a lunch event, in place of the normal practice of drinks after work to celebrate success.
- A senior manager from financial services openly recognized that racial prejudice might be unfairly disadvantaging some people in his new team. He became a visible advocate for individuals, actively supporting them to open up their career opportunities where previous managers had overlooked their interests, abilities and development needs.

Box 8 Cultural change – Raising awareness of, and changing, the unwritten rules

A major professional services company wanted to change the macho working environment of its ‘deal-making’ business, noting that very few women were coming through to senior roles. They decided to create a women’s leadership programme. The aim of the programme was to help participants understand organisations as systems and understand the barriers to progression for women created by the systems. Participants included women leaders and their sponsors, who were male executives. For the men, the idea was to educate them to be more aware about how the systems were favouring male attributes and qualities. A programme goal was to make the men change agents with the awareness that “I can see how this system might work against others who aren’t like me.” As a result of this programme, the division increased the number of women coming through to senior levels significantly. Since the process involved changing attitudes and behaviours of male leaders, it is hoped that culture change has begun to become institutionalized.

The women’s leadership programme was considered high risk because it involved drawing in women and focusing their attention on how systems were potentially working against them, getting them a bit agitated about the injustice of their situation. However, due to its success, the programme is now being rolled out across the organization. The male executives were motivated to participate because of a ‘passionate leader who wanted to bring about change, who was embarrassed by the slow pace of change... and willing to take a risk and try and experiment’.

1.6 Believing in the Value of Diversity and Inclusion

We seem to be in a situation where in some organisations narrowly envisioned and delivered commitments have created a vicious cycle where their weaknesses in turn become a rationale by leaders to keep their commitment limited. The key is not to let these experiences constrain our understanding of, and vision for, what strong diversity and inclusion commitments can bring to our workplaces. Some leaders are pushing boundaries and showing that culture change is possible.

At this point in this story, we have three additional fundamental premises:

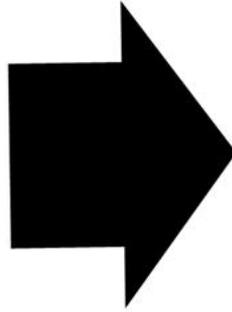
1. A diverse and inclusive workplace is intrinsically valuable, an asset to be grown (see Quotation 9 on this page);
2. Everyone within an organisation has a responsibility and a role in making it diverse and inclusive;
3. Success requires ethical values being at the heart of the organisational commitment to diversity and inclusion.

Quotation 9

...When diversity is actively managed to create a positive diversity climate it has beneficial effects on employees’ attitudes and organizational outcomes.... Research has shown that when employees are satisfied with their jobs, managers and careers, the organization benefits from increased staff retention, motivation and performance.

Source: Kandola, 2009

Box 9 Outcomes of inclusive workplace cultures



Good communication

SECTION 2: WHERE CAN WE BE?

Whatever their background and different identities, all individuals need to be equally reflective about their self-beliefs and their responsibility in determining their journey as well as how they contribute positively to the journeys of others. Everyone has a role to play in creating a diverse and inclusive workplace. The beneficiaries are individuals and their organisations.

Where can we be? The overall vision of a diversity and inclusion commitment can be directed towards building a diverse and thriving workplace, one where all people are being respected and their talents and abilities are being fully recognized and utilized. To deliver this vision, organisations can be working within a change framework that brings behaviour drivers and informal rules and systems to the surface in order to address how they might be reshaped to bring people in and raise them up, rather than keep them out and/or push them down. The commitment can be rooted in shared ethical values with the most critical components being an inclusive and expansive workplace vision, open and empathic communication and ‘enlightened’ leadership.

2.1 A Vision

Commitment to promoting diversity and inclusion, rooted in ethical values, can create the necessary conditions for a thriving workplace where all people feel confident, respected and valued and work together collaboratively, creatively and responsibly. See Box 10 on page 26.

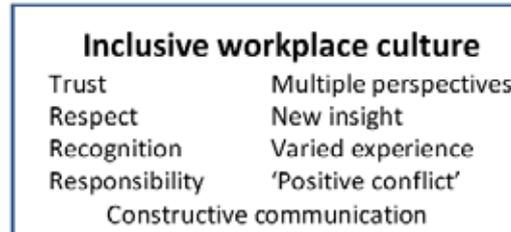
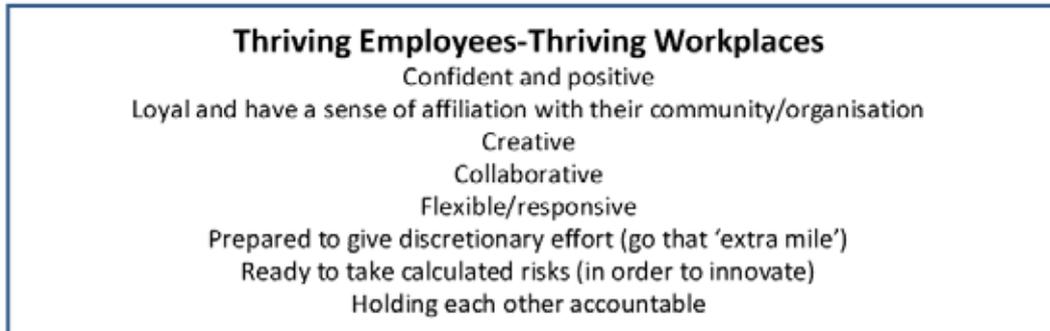
Visionary leaders can imagine organisations that are very different from where we are now. They recognize that the new story can be about how:

- Commitment to diversity and inclusion creates a thriving workplace led by ethical values, where all people feel they belong, and are valued and respected.
- Workplace cultures understand that ethically-driven efforts to tackle bias and prejudice are about ‘doing the right thing’, and this has intrinsic value. In turn, this brings additional value to the business by creating the conditions for healthy workplace relationships and growing diversity in thought, perspective and experience.
- A culture rooted in ethical values is one where people not only feel valued and confident that skills and abilities will be recognized and rewarded, but also one where people trust one another. In turn, they are more likely to take the risks characteristic of meaningful and innovative collaboration and creativity.
- A workplace built on trust and a commitment to upholding ethical values lays the foundation for a culture where people hold one another accountable for their actions and their shared responsibility. Together, people seek to minimize unnecessary risk to themselves, others and the organisation as a whole.

2.2 A Change Framework

The conventional framework for diversity and inclusion, outlined in Section 1, would look different given an emphasis on ethical values, or the *real* business case – and on transforming workplace culture.

- A detailed vision rooted in shared ethical values and developing the diversity and inclusion commitment in a way that generates an organisation-wide sense of responsibility and benefits.

Box 10 A Vision

- Leaders who are reflective and self-aware, dispersed across all levels of the organisation, who are the 'burning platform', and who visibly demonstrate behaviours in line with the vision.
- A communications strategy that has two strands: (1) a focus on reinforcing messages linked to the vision; (2) a focus on ensuring that people at all levels are able to communicate constructively and openly about diversity and inclusion issues arising in the workplace.
- Education and training of managers at all levels to support them to be reflective and self-aware and to identify and execute their roles and responsibilities in creating a diverse and inclusive workplace.
- Measurement systems that work with quantitative and qualitative data, measure progress on outcomes in terms of representation, competencies in managing diversity and inclusion, and the experience of employees in relation to inclusion and well-being.
- Accountability systems that (a) are visibly reinforced by leaders at the top of an organisation who are consistently requiring evidence of progress, but also (b) have an element of day-to-day mutual accountability with individuals feeling able to hold one another to account for upholding ethical values and being inclusive.

Does Success Require that Organisations Create Large Diversity and Inclusion Divisions?

One CEO passionate about diversity emphasized that his organisation does not have a separate diversity division because the idea is that diversity is everyone’s responsibility. He suggests that if you section it off, then people think it is someone else’s job. This is a very real challenge to how a diversity and inclusion commitment is managed: how to create a sense of responsibility across an organisation. If there is a diversity team in an organisation, its task must be to help disperse leadership and equip managers to lead with ethical values and strive for diversity, embedding a new way of communicating and working into their day-to-day responsibilities. The commitment is ultimately about spreading a mindset, a shared responsibility, and a tool.

2.3 Ethical Values

A long-standing public policy debate has been whether or not to create a legal duty on private sector employers to promote workplace equality. Advocates for a duty argue that the approach of allowing business to self-regulate has been inadequate. Putting aside debates over the merits/disadvantages of stronger legislation, we do need to recognize that some of the behaviours we are seeking to change fall outside the realms of legal enforcement. Legislation and regulation can only have so much impact on cultural transformation in the workplace. Even if we were to have stronger legal requirements for employers, we would still need to move leaders away from approaching diversity and inclusion as a matter where the focus is on asking ‘What boxes do we need to tick to meet basic compliance requirements?’ Such a shift requires us to engage with ‘ethical values’ to work in the space between – where

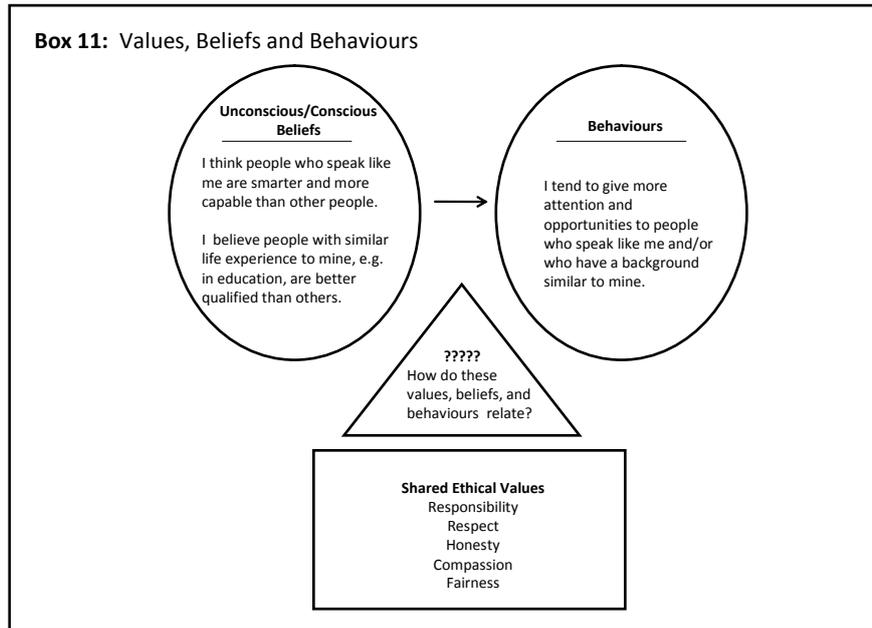
laws and regulations are unable to reach.

This section sets out what we mean by ‘ethical values.’ It also outlines how engaging with ‘ethical values’ plays an important role in giving individuals, leaders, and communities a language both for articulating experience and for analysing dilemmas, including those beyond the scope of diversity and inclusion. Our proposition is that a visionary diversity and inclusion commitment will have ethical values at its heart. This commitment can then be a vital vehicle for creating an organisational culture where people feel equipped and confident to talk about difficult and sensitive issues, navigate difference positively, and make tough choices about ‘what is the right thing to do’ in relation to all aspects of running a business.

The Institute for Global Ethics (IGE), founded in the United States in 1990, has facilitated thousands of workshops around the world during which participants go through a process of finding consensus on their shared ethical values. Based on these workshops, the Institute’s founder concludes that, broadly speaking, people of all cultural backgrounds share the following core ethical values: responsibility, respect, honesty, compassion, and fairness.

All behaviour is values-led; the important information is what are the values and beliefs driving a person’s behaviour. In relation to the core ethical values identified in IGE’s work, we ask the following questions:

- In what ways can people end up behaving in ways that undermine their own values (See Box 11 on page 28)?
- To what extent are people aware that they are behaving contrary to their values?
- What beliefs are people holding which cause them to undermine their own values?



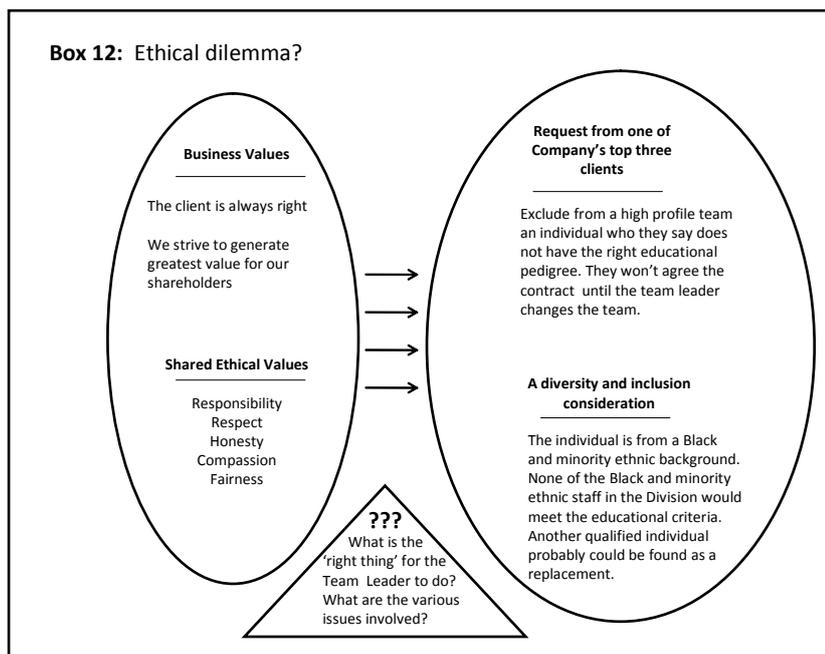
- Would people change their beliefs and behaviour if they knew they were going against their own values or undermining the values of others?
- What does it mean to embed these values into a workplace culture?

We use the term 'ethical values' as opposed to 'values' to make an important distinction. People are motivated by an array of values. In the private sector, for example, people are driven by 'business values' such as profit and quality customer service. 'Ethical values' are those rooted in what is important to people for moral purposes.

We are fully aware that ethical values are complex. They do not provide answers nor is invoking them an end in and of itself, e.g., as addressed in Section 1, one person's idea of 'fairness' is not always the same as another's. Sometimes people behave in ways that seem contrary to their values without realizing it. In both cases, ethical values are a tool to raise and discuss the

issue. This is why we emphasize the importance of open and empathic communication when it comes to working with values.

Sometimes, situations lend themselves to clear cut 'right versus wrong' scenarios, where taking one course of action seems definitely like the 'wrong thing to do'. However, many times, people face dilemmas and conflict arises from a seeming 'clash' of values or what IGE calls 'right versus right'. For example, a company's value-driven motto might be that the 'client is always right'. The company says that it is an equal opportunities employer. What happens when a Team Leader is faced by a client expressing a preference not to work with a service-provider from a particular educational background and meeting that preference would prevent any person of minority ethnic background in the company from being part of the team? Feeling uncomfortable, the Leader is likely to face a dilemma in this situation in terms of being responsible for upholding business values and upholding a commitment to fairness and respect. If leadership in



their organisation talks only about business values, but not ethical values, either this leader might not consider the fairness issue at hand and automatically keep the minority ethnic employee out of the team, or might be concerned about the situation, but feel uncomfortable about raising the issue and keep silent. See Box 12.

Such dilemmas are not limited to the diversity and inclusion arena. Knowing one's values and being able to talk about them is an essential vehicle for making tough choices generally. Reflecting upon their values helps leaders weigh up what is important in a given situation and helps them understand the implications of different choices. The ability to engage with ethical values, in particular, helps leaders to make decisions by evaluating a wide range of considerations that go beyond the financial profit-motive. A thoughtful analysis where ethical values can be articulated provides leaders with a 'back-stop' to support them when making complex and controversial decisions. Ethical values provide a framework for reflective decision-making and behaviour.

2.4 Open and Empathic Communication – What Do We Mean?³

Effectively delivering a diversity and inclusion commitment rooted in ethical values requires open communication, robust dialogue and negotiations. Being open and empathic is the way forward both to tackle prejudice and discrimination and also to grow the trust and sense of mutual respect necessary for creative collaboration.

By 'open' communication we mean talking openly about diversity issues, including race and ethnicity, discrimination, bias and prejudice. We also mean being open about difference of opinion and views. If an organisation is to tackle bias and prejudice, people need to be able to talk about it. If organisations want to build cultures of creativity and collaboration, people need to be able constructively to disagree with and challenge each other.

By empathy we are referring to listening actively and being able to demonstrate

Box 13 Values and empathic communication – Negotiated shared space

An employment broker had two young male students who wanted to go into investment banking and had received an offer by the same employer. These students said they could not take the posts unless they were able to take two hours every Friday to go to their mosque for prayers. The employer said the company could not meet the request and that might have been the end of it. However, the broker facilitated a meeting between the hiring manager (notably not an HR manager or someone from a diversity team) and the students. The hiring manager explained that on Fridays the investment bank does back trade tickets and it would be very difficult to accommodate a two hour absence.

The manager saw talent in these young men and wanted them to come on board. He took the position of trying to balance business needs with individual working preferences tied to religious values. Rather than lay down a firm line, he sought to understand the needs of the students. Likewise, the young men did the same for him. The outcome: the manager suggested that as a compromise he could ensure they had a space in the workplace to do their prayers together. The young men accepted this compromise and have since been thriving.

to others that they have genuinely been heard and understood. This involves being non-judgemental and being able to reflect what people are feeling and needing in terms of their values, e.g. a need for greater fairness or respect.

Notably, often the best way to understand workplace exclusion issues is to talk with people about their experiences and hear their stories. One Senior Executive from a professional services company highlighted that he became a leader in tackling racial discrimination when internal focus group research (conducted by external researchers) revealed individual stories of serious prejudice and exclusion playing out in his organisation.

Many of the executives and senior managers whom we interviewed emphasize that their success to date has been heavily dependent on knowing how to engage in open and constructive communication. What these leaders have in common is that they usually have their values front of mind. For example, in conflict situations they will try to communicate with others in a way that says ‘I’m prepared to respect you, connect with the positive contribu-

tions you are making, and to try and understand where you are coming from on this particular issue. I want us both to be clear where we disagree and why I am seeking to challenge you.’ This approach can apply equally to challenging perspectives and behaviours. (See Box 13.)

2.5 ‘Enlightened’ Leadership Framework

With our business and political leaders expecting a lot from us in the decade ahead, we have an opportunity to set new standards for what we expect of ‘good’ and ‘visionary’ leaders. As one Senior Executive Banker pondered (see Quotation 10 on page 31), the worry is that people are inclined to stick with what/who they know, even in the face of its failure. They will continue to go with what feels comfortable, because of its familiarity, even though it is not serving them well.

In this context, we set out below the components of an ‘enlightened’ leadership framework in relation to creating ethical, diverse and inclusive workplaces. This framework is heavily informed by the lead-

Quotation 10

The perception of what is competent in a particular environment still continues even in the face of failure.... In the last decade we have selected exclusively from Harvard, Yale, Oxford, Cambridge and they have run the sector into the ground... the so-called greatest and best really did some dumb things.

Source: Senior Executive, FTSE 100 (Banking and Financial Services, London)

ership qualities identified by Black and minority ethnic professionals as critical to their success (see, for examples, The Diversity Practice, 2007).

This leadership framework is relevant to a wide spectrum of individuals in relation to how they lead themselves and those in their sphere of influence. People tend to think of leaders in relation to vertical hierarchical relationships; the people at the top. However, most people can take on or fall into the role of leader at some point in any environment. That is, we can loosely define 'leader' as someone who at least one other person is observing and therefore is in their sphere of influence. Thus, every organisation can be abundant with 'enlightened' leaders – should people choose to accept the responsibility.

Reflection and Self-awareness

Enlightened leaders will be conscious of their ethical values. They will reflect on and recognize the assumptions, prejudice and pre-judgements they bring to their day-to-day interactions, how they are impacting on their relationships and decision-making, and what they signify about their own con-

fidence and sense of self-belief. They will reflect on their personal, professional and organisational stories (which are likely to be entwined) to gain awareness of the behaviour their beliefs are driving and how these align with their ethical values. In engaging with others, leaders will acknowledge the multiple facets of any individual's identity and their relevance (or not) to their environment. Yet, ultimately, enlightened leaders will be able to step away from simple labels for people (individuals and groups).

Re-framing and Multi-perspective Taking

Enlightened leaders will re-frame their approaches to 'talent' spotting for themselves and others, expanding their views on what experiences, both personal and professional, can help build a leader and what traits in a leader are valuable (see, for example, The Diversity Practice, 2007, and Hewlett et al., 2005). (See Box 14.)

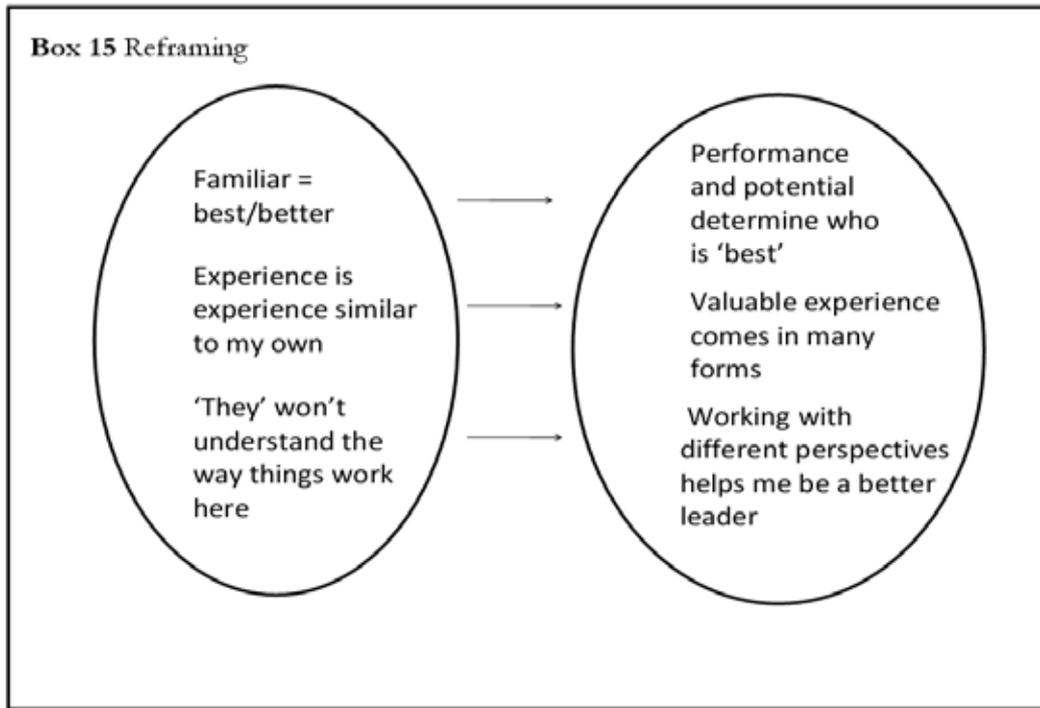
Leaders will seek to understand complex situations and to negotiate shared spaces on a situational, multi-perspective basis. In conflict situations, they will be able to empathize with their 'adversaries' and facilitate parties to find the common ground that is being overshadowed by their differences. They will view hurdles as opportunities rather than barriers.

Identifying Roles and Responsibilities

Enlightened leaders, having recognized that some behaviours are not serving them and/or those around them well, will review

Box 14 Enlightened' leadership

- Reflection and self-awareness
- Re-framing and multi-perspective taking
- Roles and responsibilities
- Calculated risk-taking
- Having a sense of humour



their beliefs and the role(s) they are choosing to play. In doing so, they will clarify for themselves and others their responsibilities and how they intend to meet them and how they seek to help others to meet theirs, including by constructively challenging behaviours that contradict ethical values. The roles leaders choose to take up visibly set a standard for others. See Quotation 11 from KPMG and Roffey Park research (Lines and Hamill, 2008)

Calculated Risk-taking

Enlightened leaders will take actions which may appear to others to be, and might feel, 'risky.' For example, in the workplace this might entail recruiting people for high profile teams who are not the 'usual sus-

pects'. They will be prepared to go out of their comfort zone in order to innovate for the organisation and to use their talents and abilities fully.

Having a Sense of Humour

They will balance the seriousness of issues, raised in the journey of cultural change, with appropriate humour. This helps take the edge off the discomfort people can be experiencing and the tensions that can arise when engaging with a sensitive issue, e.g. prejudice. One Chief Executive suggested that drawing attention to people's behaviours is best done in 'a gentle way... a way that people feel comfortable about it', and often this includes a touch of humour. This Executive stressed that leaders need to be able to apply that sense of humour to a critique of themselves and their own behaviour as well.

Quotation 11

The leadership sets the tone for the social rules in an organization. As leaders their actions are visible and others will follow their example. So, to develop a culture of thinking differently and more widely, leaders need to be conscious of how their leadership style creates openness to different views and perspectives, or closes down diversity of thinking.

Source: Lines and Hamill, 2008.

CONCLUSION

The economic situation is calling out for greater collaboration, innovation, and creativity. In all sectors this is going to require new ways of working and abandoning of standardized practice. Success will demand more people venture into the realm of the unfamiliar, feel secure about their own strengths (a prerequisite to power sharing and going into uncharted waters), be visionary, and act for a greater good. Sometimes, taking what feels like the ‘right action’ will also feel risky and the challenge will be to overcome the pull to stick with the familiar.

When it comes to big business and our workplaces, we conclude with three beliefs that we think are essential for delivering the transformative change we need: (1) the status quo ways of managing workplaces are not going to deliver the people power and commitment we need to create cultures of integrity and necessarily thriving workplaces; we need to do things differently; (2) we want to manage our workplaces differently because we believe it is in line with the ethical value we put on respecting people and their creative potential; (3) a diverse and inclusive culture, fostered by upholding ethical values, is intrinsically an asset to organisations.

This report is intended to encourage and support reflective thought and debate on leadership and diversity. For ongoing consideration and deliberation we present reflection/discussion/debate questions on page 34.

Notes

1. The KPMG and Roffey Park report (Lines and Hamill, 2008) highlights that for senior leaders in big business ‘the synthesis between doing “good business” and doing the “right thing” is important for them to find’.
2. See Kidder, R.M. (2009). IGE has an affiliate in the UK; see www.globalethics.org.uk
3. For more information about empathic communication see also Rosenberg (2003).

Questions

1. What is an example in the workplace or elsewhere where you felt someone was being ethically driven in their behaviour? What impact did it have on you? On others?
2. What are your core ethical values? What are concrete examples of how you live them in your workplace? What value does living your ethical values bring to your organisation? How could you live them with more commitment? What challenges do you face to your commitment?
3. What are your roles and responsibilities in supporting all individuals to succeed, flourish and thrive in your organisation? Who do you need to work with to make this happen?
4. What does diversity and inclusion mean to you? What fears and/or concerns arise when you think about fostering diversity and inclusion in your organisation? What is the relationship between your ethical values and your commitment to diversity and inclusion?
5. How might the culture of your organisation (including through bias and prejudice) be limiting the professional recognition and opportunities given to people and/or be diminishing their sense of belonging? What is an example of when you felt excluded and undervalued in a workplace? What conditions/experiences gave you that feeling? What impact did it have on you?
6. When have you felt truly included and valued in a workplace? What conditions/experiences gave you that feeling? What impact did it have on you?
7. What opportunities can you see in embedding a strong commitment to diversity and inclusion into the culture of your organisation? What might some of the ripple effects be?
8. In what ways do you believe trust is important to your business? How much do you think people trust each other in your organisation?
9. What are your strengths as a leader? What is an example of when you felt you were being a particularly effective leader? What/who helped you in that situation?
10. What support do you need to lead with ethical values and strive for diversity?

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APPENDIX: RECOMMENDATIONS

Our research highlighted a range of recommendations and established practices that organisations may want to consider for their own diversity and inclusion commitments.

- Introduce **Bias awareness training** in the workplace targeted at Senior Executives, followed up by support in behaviour change, e.g. support in becoming a leader that creates an inclusive workplace environment.
- **Measure for inclusion and engagement** through quantitative and qualitative data, and create a set of diversity competencies tied to managerial performance assessment.
- Turn Graduate Recruitment Programmes into **‘High-Potentials Programmes’** and recruit not just graduates but individuals with high-potential from all backgrounds. Assess potential on life experience, e.g. role in the family and community, not just conventional professional experience, e.g. internships, work experience.
- When recruiting senior managers, **re-think the person and leadership specifications** - consider which knowledge can be quickly learned on the job and which knowledge is acquired through experience – and be open to the different types of experience an individual can transfer into the new environment.
- Ensure recruiters are **monitoring and reporting on race and gender at all stages of the executive recruitment process** - require that recruiters look for potential (open up recruitment to the level below the position being recruited) and be clear on the distinction between required specific-technical knowledge needed in advance, that which can be learned and skills and abilities that are transferable across work areas. Work with executive recruitment agencies to do a mapping out of the Black and minority ethnic talent pool, and consider going global.
- **Start young** – government, social entrepreneurs and businesses work together to expose young people from disadvantaged communities to the ‘glass-building’ cultures and de-mystify them and the occupations within them.

What Organisations are Doing

Supply-side

- Targeted re-recruitment activities, e.g. work experience, pre-placement training.
- Targeted career and leadership development support and training, including with opportunities that are not featured in ‘mainstream’ training.

- Black and minority ethnic professional networks (that provide both support and contacts).
- Mentoring for students (future employees), Group mentoring of employees, one-to-one executive coaching.
- Individual mentoring.
- Learning groups to understand challenges faced by Black and minority ethnic professionals in recruitment and promotion (in one case study, a business realized and addressed the fact that it needed to do awareness raising with the families of employees to change perceptions of the industry).
- finance, IT etc) and against demographics.
- Training managers on diversity and inclusion.
- Linking Talent Management and Diversity Functions.
- Creating diversity coaches who run group discussions on diversity and equality issues and are spread throughout the organisation (the organisation which has done this trained 2000 people).
- Treat diversity mid and year end reviews with the same importance as all other financial and business reviews.

Culture Change

- Top-level leadership and commitment, which according to one business comes from personal insight of senior individuals.
- Communicate organisation's commitment to diversity in all leadership and management materials.
- Gain commitment for targeted action to attract more applicants from ethnic minority communities to front-line sales and services positions.
- Link key individual management performance indicators to performance on diversity, as measured with a diversity scorecard.
- Monitoring workforce profile and benchmarking across internal organisation sectors (e.g. HR,
- Monitoring Black and minority ethnic employee participation rates in development and training courses and programmes.
- Celebrating cultural and religious diversity.
- Value non-professional experiences and their role in skills enhancement.

Recruitment & Promotion Systems/Processes

- Recruiting from 'non-traditional' universities, i.e. looking beyond the Russell Group.
- Making Employment Agencies, Recruitment Consultants and Headhunters aware of race equality policies and objectives.
- Managers and staff who sit on interview panels undergo equality training.

- Working both on-line and offline, particularly advertising in local press.
- Focus groups on recruitment materials with customers (prospective employees).
- Ensure transparency.
- Monitor each stage of the promotion and selection process.
- Take Positive Action.

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The Future Ageing of the Ethnic Minority Population of England and Wales

A Runnymede/Centre for Policy on Ageing Report by Nat Lievesley (2010)

The Costs of 'Returning Home': Retirement Migration and Financial Inclusion

A Runnymede Report by Omar Khan and Phil Mawhinney with research assistance from Camille Aznar (2010)

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A Runnymede Thematic Review by Omar Khan (2007)

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