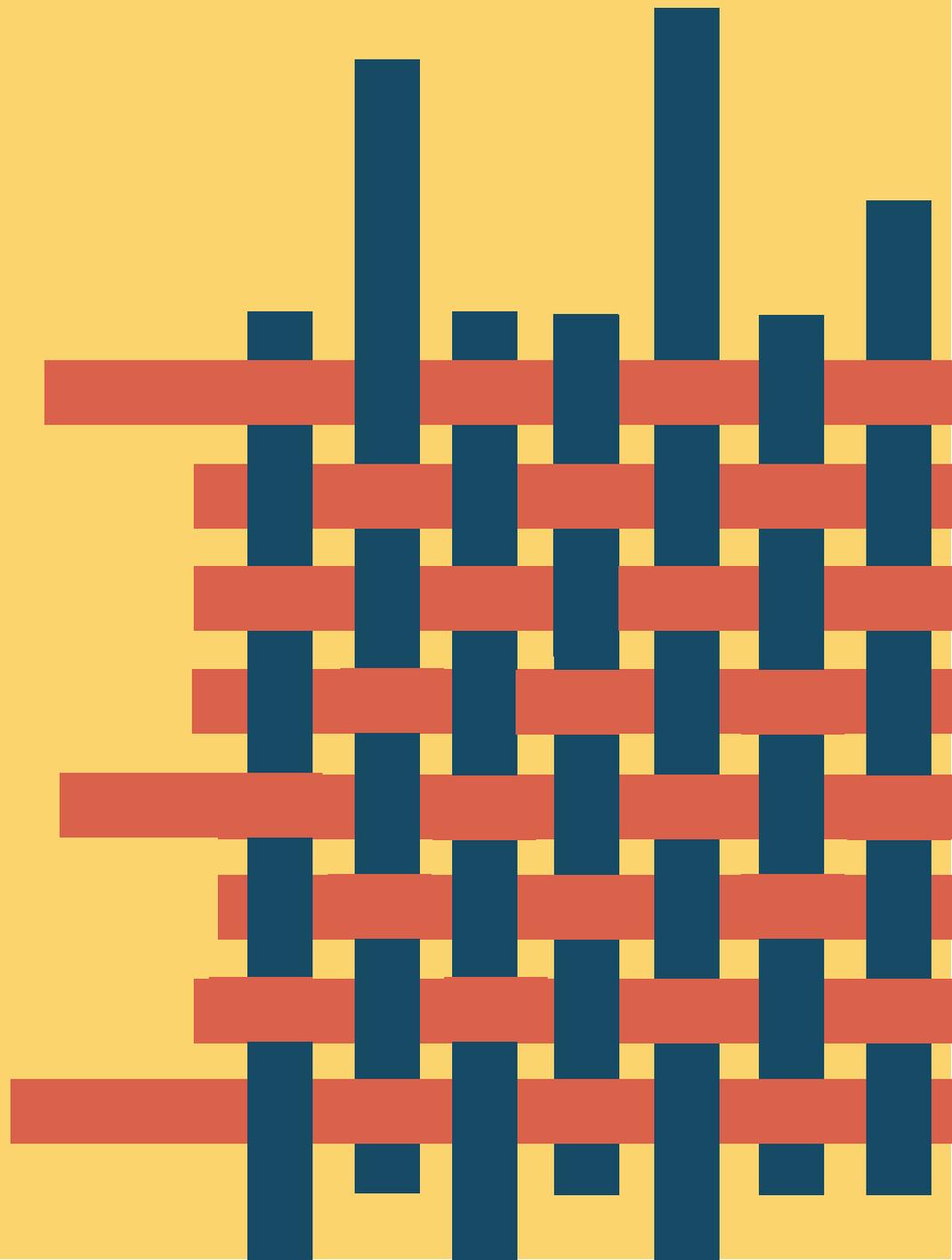


Underrepresentation of
**ETHNIC MINORITY
EXECUTIVES IN
LISTED BUSINESSES**

Learning From The Positive
Changes in Gender Representation





INTRODUCTION

I am standing in front of my screen, listening to a client team speak about their response in the aftermath of the murder of George Floyd. It is a compelling conversation, I am drawn into it and listen intently to plans for CEO letters, brand advertising campaigns, internal communications. And then, from somewhere inside, I found myself saying that these plans were great but as I stood looking at the screen I was looking at fourteen white faces. And throughout the time I had been working with this team, three years, the faces had changed, but they had always been white.

So what was going on with our societal processes and systems that led to this state of affairs?

I wasn't planning to say this and realised I was obviously and visibly emotional while doing so. I was fortunate to be working with a CEO and Executive Team that knew me well, where there was mutual respect and affection. They listened and we had a good conversation. They had already done and have gone on to do, some remarkable work in the field of diversity and inclusion.

As I reflected afterwards, I realised that part of the emotion I was feeling was a self-directed embarrassment, anger and shame. Something rooted in the fact that I had been sitting around large businesses' boardroom tables in the UK and globally for more than twenty years, had almost always been the only non-white face there, but had never raised this fact as a point of inquiry or conversation. I think in common with a lot of ethnic minority executives I kept my head down and didn't want to draw attention to my difference. Particularly as I believed that some of my success was down to my ability to reduce perceived difference in the eyes of the dominant culture.

“In the end it caught me out. I fell into a stereotype. You don't realise you are trying to belong and then end up excluding others unconsciously.”

So I committed to myself that I was going to get under the skin of this situation. As a result of my profession I was fortunate to have a wide network of senior executives I had worked with all over the world. They were the decision makers and I wanted a real, no holds barred conversation with them. What was going on?

As I asked people for their help in speaking to me, one went a step further and offered her network to add participants that she would interview herself. I am very grateful for Janet Chapman's partnership it has made a big difference in sustaining energy through a long process. In partnership with Janet, we have spoken to 62 senior executives and asked them the same three questions.



1. What have you learned from your efforts to redress gender imbalance at Board and Executive Team level?
2. Why do you think we have made little progress against similar aims for BAME representation at Board and Executive Team levels?
3. What should we do next to accelerate representation and equity in the business world? What help do we need from elsewhere?

A couple of notes on the questions.

The first one was intended to be a positive place to start from. To use what we have interpreted as progress on gender balance as a source to learn from. I know and had reinforced many times through the interviews, that we have not gone far enough and there is still more work to be done on this measure.

We chose to compare gender and ethnicity when there are many good conceptual and theoretical reasons not to do so. We have always been interested in the pragmatic side of change, how it really happens. We also believe in looking at what works as much as what is not working or missing. So, we thought the success in redressing some of the gender balance at the most senior end of corporate life, would be an interesting proxy to examine. And a parallel that we haven't seen drawn elsewhere.

We initially used the catch-all of BAME as a short hand. I know that many people object to this categorisation and grouping together of so many different populations. This population was referred to in various ways in the conversations: as BAME, non-white and as ethnic minorities. For the purposes of this work I am interested in non representation of ethnic minorities as a whole. There is more to be done on the differences between them, particularly the black population that is more impacted than any other.

I am grateful to everyone that gave us their time. The voices that are represented on the following pages are of those currently making the decisions on who is recruited, developed, promoted, included or excluded and with the power to change the choices being made. **Khurshed Dehnugara**

I am British by birth but I have spent a lot of my adult life living in the US. I was living in LA during the civil unrest that resulted from the violent arrest of Rodney King in the 90s. When George Floyd died earlier this year, my response was of profound sadness and anger. How can it be that so little has changed? How can it be that things seem to have got worse?

In Britain we like to think our relationship to race is different from in the US, that we are a more integrated, less polarised society where the opportunities are more widely available, the lines not so definitively drawn. I am not so sure. Khurshed's challenge in the weeks after George Floyd's death to the sea of white faces he persistently sees among his clients landed hard with me. Having spent my entire career looking around meeting rooms where I was the only woman, I know how it feels to be the one who is different.

The most profound change I have seen in my thirty five years in the workplace has not been in the capability of women to perform in the most senior executive and boardroom roles but in the recognition of the value of gender diversity among those who make the hiring decisions.

My own career benefited enormously from the support and sponsorship of a few individuals who recognised that my difference had a value, were willing to ignore the norms and back me to succeed.



So why have the levers that have helped increase the representation of women in senior roles in business not worked in creating the same opportunities for ethnic minorities? It is a simple question but one that feels important to answer. I hope this paper helps to do that.

It has been a huge privilege to work with Khurshed on this research. The people I have interviewed spoke openly, with great honesty and challenged themselves. The work has left me with hope that our understanding of the value of diversity continues to take root among the people who make the decisions and whose voices are heard in this paper.

Janet Chapman

“Today everyone has got their ears open and ready to hear something.”



WHAT HAVE YOU LEARNED FROM YOUR EFFORTS TO REDRESS GENDER IMBALANCE AT BOARD AND EXECUTIVE TEAM LEVEL?

High Profile Leadership

The 30% campaign, founded by Dame Helena Morrissey, and the Hampton-Alexander review, were the two most referenced sources of societal and corporate leadership in our conversations. It was felt that these movements for change happening 'from the inside' of corporate life were a key part of stimulating conversation at senior levels. They took a stand for something that then caused a reaction. Even if it wasn't always a positive reaction it didn't matter. In retrospect, the research participants realised that any resulting conversation was an opening for change.

In conjunction, there was an academic interest in showing how diversity positively impacts team and corporate outcomes. This work started to get more publicity and engagement as the campaign grew.

An Emotional Shift

Looking back most participants have a sense of regret, that they carried an assumption that balance would occur in time. A position that now seems naive. That because of their respect for all the talented women in the workplace, the progression to the most senior levels would happen naturally.

As they engaged, leaders' ability to participate in the conversations improved, they were operating at a new level of honesty and discomfort in order to surface the barriers that were implicit and unspoken.

A Mindset of Intervention

The sense through this section was that the work on gender balance needed you to be deliberate and interventionist, as a Board or Executive Team, in order to make a difference.

This needed to take place at both ends of the 'pipe.' What are we doing to change our recruitment practices? What are we doing to change our executive development? What are we doing to change our promotion processes?

"It was not just about me not having bias. I had to take more proactive action to steer the organisation. This is not an easy path and harder than I was expecting. It takes time, effort and an ongoing cultural change."

"Something shifted in me, it became ok to talk about this without it being politically sensitive."



There needed to be both impatience and patience. Impatience in that the gender re-distribution at the most senior levels had to happen quickly. Patience, in identifying women with potential at more junior levels, staying close to them, helping them grow and having the conversations that allowed some extra help and support. Eventually this grows people to the point where they are the obvious choice for a more senior role.

Senior leaders with decision making power report that they had to get over some of their own mindset blocks. As did those women that were appointed to senior positions. This was particularly the case where there were objections raised such as:

“quotas don’t work and are unfair,”

“it isn’t about bias, the women just aren’t there to recruit into the most senior roles,”

“just trust in the talent we have, if they are good enough they will make it to the top table,”

“I don’t want to be singled out as a female leader.”

Research participants reported different ways of getting past these internal blocks. Many recalled those moments when bold public choices were made, to support high potential women through ‘unexpected’ promotions as vacancies arose.

Female Leaders’ Own Position

Most of the women that took part in this research recognised that there was a shift in them too. One that became less sensitive about the direct interventions needed to make progress. From not wanting reference to their gender and not wanting to draw attention to the campaign, to becoming more vociferous and tackling the discrimination. From trying to fit in with the dominant male culture to finding a way to be their authentic selves.

Data and Targets

Data informed baselines and targets have been a big part of enabling change to happen. It started with PLC Board reports on gender balance being widely published. In 2017, Gender Pay Gap reporting was made mandatory for organisations and provided another accelerator to cultural change. Alongside these legal / governance changes, Boards and Executive Teams have been asking for their own cuts of data and pushing for the setting of targets. It is something the business world knows how to do well.

“Accusations of unfair treatment towards men are a nonsense. I am making the field more level not less, we are starting from an uneven point.”

“As a woman I kept asking myself and then I started asking others - why is there no one else here that looks and feels the same as me?”

“As a female executive I learned that ‘you wouldn’t want to get there not on merit’ was just another form of oppression.”

“I am not convinced the gender change in representation has happened. Where are the CEO and CFO roles rather than then non exec and HR roles?”



The unintended positive consequence of target setting and monitoring has been the conversations that are generated as a result. The conversations surface bias, change mindsets and influence relationships. The conversations are as important, if not more important, than the target setting they emerge from.

“It was basically client and societal pressure that made us change. More stick than carrot I am ashamed to say.”

There is a shadow to focussing on numbers, leaving an impression that as long as we can keep reporting over 30% that the change has happened and momentum will take care of the rest. This is something the people we spoke to are wary of. There is also a concern that in order to meet targets we are adding white, middle class females to the white middle class male population at the top of corporate life. What are the broader diversity and inclusion challenges that this may be disguising?

Male Leadership

Something shifted in the discourse when senior male leaders started to make themselves responsible for the changes needed rather than leaving the work to senior female leaders. A growing realisation that members of the dominant culture could have more success, with less exertion, than those in the minority culture.

There were many ways in which this expressed itself. e.g. Mentoring of women by men in power and Chairmen attending networking events to specifically meet women that were ready for Board positions. The willingness of senior male leaders to overcome their discomfort and learn how to engage in dialogue about these sensitive issues was also a key accelerator.

Discomfort

There is a part of the story around gender representation which is about Boards and Executive Teams not wanting to look out of touch or that they were being left behind. The cumulative efforts of change reached a tipping point and then accelerated when Chairmen, Boards and CEOs didn't want an annual report published with photographs of all male Boards embedded in them.

A Galvanising Cultural Moment

Sometimes social progress follows a 'shocking' event. Was Harvey Weinstein's exposure and the resulting Me Too movement an accelerator? Will George Floyd and the Black Lives Matter movement be a parallel? These incidents do get connected in the interviews, in the sense that no one can look at these situations and not be challenged by them.



WHY DO YOU THINK WE HAVE MADE LITTLE PROGRESS AGAINST SIMILAR AIMS FOR BAME REPRESENTATION AT BOARD AND EXECUTIVE TEAM LEVELS?

The over-arching sense of the input on this section, was one of the business world not having engaged in any meaningful way, with the question of ethnic minority representation at Board and Executive Team levels. This was no longer the case post George Floyd's murder but the lack of engagement was due to a number of factors that emerged through the conversations.

Structure and Governance

A Race Disparity audit was carried out by Theresa May's government in 2016. There is an ethnicity equivalent of the Hampton-Alexander Review - the Parker review - an independent review into the ethnic diversity of UK Boards in 2017. There is a Race At Work Charter from Business In The Community that has been researching and campaigning for race equality in the UK for 25 years. Yet most of the contributors to this research had not heard of these activities or had a faint recollection of them. Few used them as an example of external campaigning, governance or structure that was influencing their Boards and Executive Teams to change their practices.

“I always felt that if you sorted out gender then you would positively impact all forms of diversity. It is clear this hasn't happened.”

This is in stark contrast with the infrastructure around the 30% club, which was the most referenced and respected campaigning body in the conversation about gender equality. People talked about their membership, mentoring, events, public relations, partnerships with business schools, development of a research base, influence of investor groups on the importance of diversity, development courses and the establishment of 30% Chapters all over the globe.

Ignorance Or Lack Of Interest

Many of the participants spoke movingly about their awareness of having no ethnic minority people in their lives. At least not in a way that would give them access to what the challenges are of not being white in the workplace. Not as friends they grew up with, not as professional peers, not as people they went to University with, not as neighbours in the places they lived and not in the friends or families they socialised with. This was in contrast with the challenges of gender representation where most men had a female friend or family member they could relate to and wanted to represent more effectively.

“My wife joined us for a team dinner a couple of years ago. On the way home she asked me why there were no women in the team. I don't think she would have asked why there were no ethnic minorities on the team.”



Even where those relationships existed or where participants had the desire to find out more from their workplace colleagues, it was hard to lean into the conversation. It felt clumsy, charged with the possibility of being misunderstood or perceived as ignorant at best and racist at worst. The ethnic minority participants in the research reported finding it difficult, if not impossible, to explain to their white counterparts, in a way that was understood, what their personal experience was like.

“I have never had to confront these themes as a privileged white man. It needs a different kind of education one that makes it personal at an emotional level.”

There was a strong drive in this research population, post George Floyd’s murder, to learn more about the origins and consequences of structural racism in our society. And to find or create the safe spaces that would allow them to do so.

Embarrassment

Ethnicity was a harder issue to address, at least with gender there was a way of (poorly) rationalising why female executive careers stalled, lost momentum or sponsorship. Rooted in the challenges of maternity / child care interruptions and the challenges of then returning to the workplace.

“I notice my despair at the question. Or my own fatigue. I don’t see how it changes.”

Most of the participants had data to hand that demonstrated there was no ethnic minority representation in their Executive Team and usually a small 1-2% representation in their Top 50 or Top 100 leadership populations. This was despite the broader population in the organisation usually reflecting societal distribution of ethnicity. It was harder to explain the loss of sponsorship and momentum for the ethnic minority population.

As the conversation developed there was often an admission that we haven’t been pushing hard enough. That there was something deeply uncomfortable about the recruitment and promotion story. Have we ended up recruiting from pools of talent that are exclusionary in themselves? Have we compromised with recruiters and accepted excuses as to why the short lists are so mono-cultural? Have we turned a blind eye to management practices that may be informed by bias?

“This year we finally understand why racism is systemic, I see the evidence around me. I feel embarrassed and awkward and angry about it.”

Complexity

There are many reasonable reasons provided for why it is hard to get started on this work, despite a growing sense of its importance. There was a unifying ease with gender that doesn’t exist with ethnicity.

The BAME population is varied with differing experiences and needs. To leave this as one population runs the risk of missing complex needs and disguising the imbalance or injustices that exist within ethnicities. To break the BAME population down into each individual ethnicity makes the groupings very small. We are struggling to create a representative group that represents the non-white population. It is harder to identify what fair representation looks like.



Many of the research contributors led global businesses with operations in countries that had very different ethnic histories and requirements to each other.

Having acknowledged the importance to the gender campaign of targets, data collection and monitoring, data on ethnicity is harder to capture and in some countries even illegal to capture.

“Race conversations in Canada, Malaysia, South Africa, the UK and USA are all very different to each other.”



WHAT SHOULD WE DO NEXT TO ACCELERATE REPRESENTATION AND EQUALITY IN THE BUSINESS WORLD?

There are moments in any change effort where there is an opening for something transformative to take place. The research participants felt this was one of those opportunities, a possibility of a collective shift in consciousness and action.

“Change happens slowly and then suddenly.”

This moment was a (needed) form of emotional shock to executive teams and their organisations, even those that were proud of their efforts to date on issues of diversity and inclusion. As they listened to the stories from their ethnic minority staff, with a new interest and openness, they realised that their organisations were not as developed as they had imagined.

“We have been waiting forty years. Our generation was the one to fix all this. We haven’t. Yet. But we can make a good start before we hand it on.”

“Create a fire storm of information that won’t go away.”

This is the summary of what the contributors to this work suggested should happen next, some of them are already acting in line with this list.

1. Be more focussed, clear and demanding with the use of data. Do some counting.

In general people were asking for more transparency, more information, more reporting. Count your Board, count your Executive Team, count your extended leadership team, count your general staff levels, count your regulatory committees. Analyse the data, take it to the Board and represent the insights that emerge. Identify where the failures are in your particular system. Is it a failure to attract candidates? Failure to recruit them? Failure to support them? Failure to retain them? Failure to promote them?

“I always wrestled with wanting to be an activist immediately a problem was pointed out. We need our HR teams to make some clear recommendations. Show me what I have to do. Give me something practical.”

Use the data to trigger conversations at all levels in your business. The data starts the conversation, the conversation enables the change.



2. Break the rules on our current recruitment, development and promotion practices

Participants felt that they needed to start looking in new areas to find ethnic minority candidates. For example, some had success looking in areas such as entrepreneurial and social enterprises or community activation. Importantly, in order to do so, they found they had to challenge and break

the recruitment processes and rules they were constrained by. They also had to challenge the recruitment industry, the headhunters employed to find talent. Not once but many times, in order to get past the “but the candidates aren’t there” excuse. Others had success asking for referrals from the existing ethnic minority employees in their network. All of this points to the fact that the existing recruitment practices are reinforcing the status quo.

“Stop asking for career blue chip experience. This is a repeating doom loop.”

“I have gone to them rather than them coming to me. It will be white senior executives that make this breakthrough happen.”

In acknowledgement of the bias in their development pipelines, some organisations are experimenting with over-recruiting ethnic minorities at more junior levels.

A number of CEOs and executive team members were deliberately keeping an eye on where the key minority talent was in the organisation, mentoring them when necessary, being proactive to find them, rather than waiting for them to show themselves through the standard processes in the business.

Organisations can do a lot to help individuals develop in such a way that professional mobility is supported. Participants talked about work placements, internships for children of different backgrounds, spending more time helping minorities understand what it is like to work in a large organisation, what the behavioural norms are, how you adjust to cope inside them or to challenge them.

3. Develop a stronger campaigning infrastructure around this work

The 30% club analogue that was discussed earlier in the report shows the gap between what has been established in the domain of gender equality and the domain of ethnic equality.

“To make any real change you have to fight on a number of fronts, unless we do so we are not making systemic change.”

Stronger work here would for example:

- provide a constant and ongoing focus on this work
- make connections with social mobility efforts
- amplify the client, investor and regulator voices asking businesses for change
- highlight the shining lights in large businesses that are having success with new approaches
- establish, monitor and publicise targets in a high profile way with public relations support
- develop ongoing media engagement



4. Take personal responsibility for our education as senior white executives

A growing recognition emerged through the conversations that we have been over-relying on a small number of BAME executives, making them responsible for championing the need for change. There was the possibility that this would lead to their burn out. The concept of being a white ally is gathering pace, the idea that change can be led from the centre of the dominant culture rather than from the edges of it.

“I notice the white executives around me changing their mindset. It is now becoming their fight rather than questioning if they have the right to take it on.”

There was a lot of work going on, suggested in the research, that brought senior white executives into contact with ethnic minority populations inside and outside their workplace. For example, CEOs asking for ‘reverse mentoring’ from ethnic minority individuals and groups. Conversation spaces being set up where the ideas of bias, prejudice and discrimination could be discussed openly without fear of being misunderstood or judged. Asking, listening and looking to understand the experience of non-white people in society and in the workplace.

“I had not thought of myself as prejudiced but I have now asked myself the question - how can I create an environment that is more accepting and supportive of minority populations .”

The creation of ‘safe spaces’ by CEOs and others, that allowed all races to talk openly about their lived experience, is a key part of this work. At best this was done with an allowance for clumsiness in expression, while willing to hear all views and encouraging the expression of difference.



CONCLUSION

The gradual redressing of balance when it comes to gender representation at the most senior levels of corporate life, has shown us that under the right combination of conditions change will be achieved and led by Boards, Chairman, CEOs and Executive Teams.

This probe into the environment surrounding senior executives from ethnic minorities has suggested that there is a building of profile, pressure and desire for change coming from a range of stakeholders.

In conjunction with the environment changing, there is a growth in the proportion of decision makers that want to engage, with the sometimes uncomfortable conversation and education that is a pre-cursor to action.

The participants in this research were preparing to 'break the rules' in terms of how their organisations went about recruitment, development and promotion to ensure a level playing field.

There is a growing acceptance that the current processes are likely to be reinforcing the status quo, despite best intentions.

“The attendees at our AGMs are not at the leading edge of ‘wokeness’. Yet diversity and inclusion is the number one question put to the board this year.”

This work will require a decade of focus and substantial effort. The key missing component at the moment, when compared to our previous efforts on gender, is a campaign similar to the '30% Club', that could act as a holding infrastructure, a source of challenge, inspiration and practical resourcing. If this was in place then maybe we could get to fair representation on ethnicity more quickly.

“We have to own this emotionally and be unsettled by the fact that this is not right”.

Overall, our sense from these research interviews is one of cautious optimism, with Executives willing to engage, to exert effort, to make themselves and others uncomfortable in the interests of equity. If all of this can be applied consistently, then we are hopeful that this opening created in 2020 can be expanded into a sustained change for the benefit of us all.

“Many smart, feeling, employees of all races won't stand for it. Stop saying you are listening and do something.”

“Black lives matter (at work) is only the thing my children have ever asked me about in terms of what I do. In their lives it has resulted in accusations of caring too much, not caring enough, it has broken friendships.”

“This moment has captured the youth. There is a movement for change we can capture and use that energy for good.”



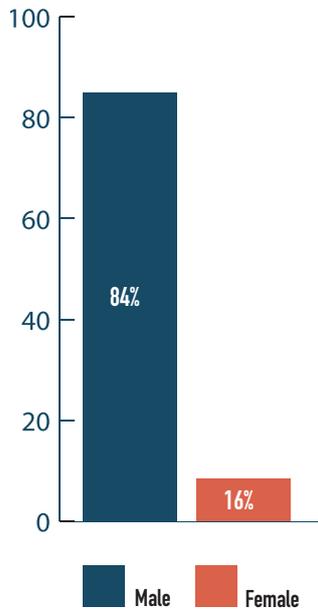
The most promising part of progress on issues of representation is that we may start seeing a leadership population that is a better champion of the society it serves. This is not just about representation of gender or race. It is starting to improve representation on many issues that have long been suppressed, (in order to allow the industrial age paradigm to thrive.) Issues of health, poverty, education, peace and environmental sustainability. The participants in this research had an eye on a bigger context - believing that diversity and inclusion in the broadest sense would allow their organisations to play a fuller, more positive part in the planet's future.



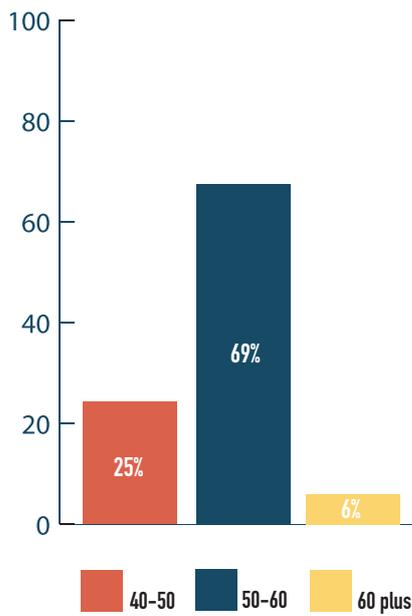
RESEARCH PARTICIPANTS

Total number of participants 62

Gender %



Age %

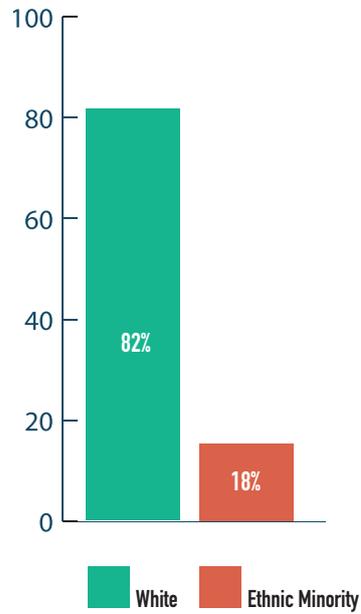




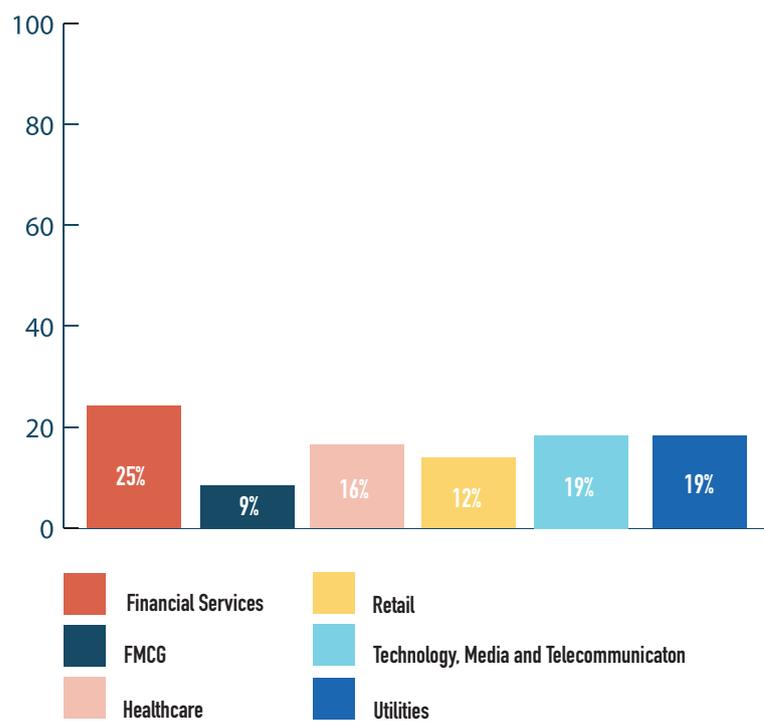
RESEARCH PARTICIPANTS

Total number of participants 62

Ethnicity %



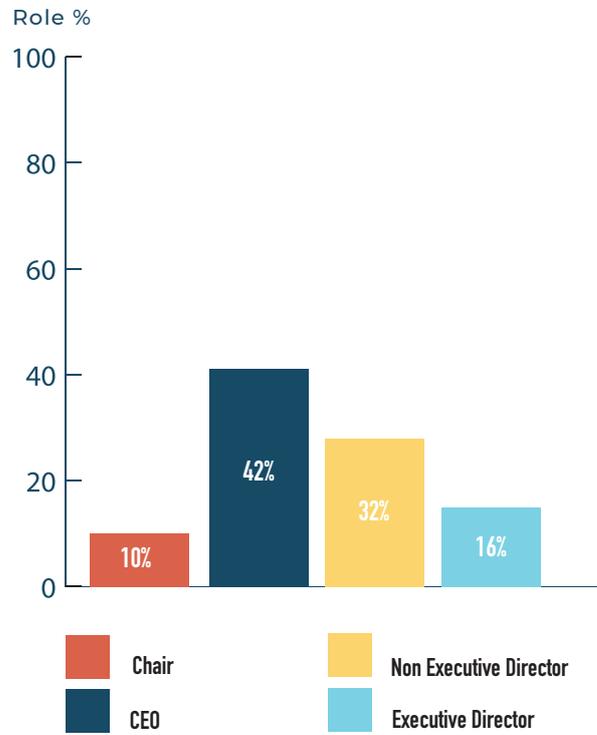
Sector %





RESEARCH PARTICIPANTS

Total number of participants 62





AUTHORS

Khurshed Dehnugara has been a Partner with Relume Ltd. an executive coaching consultancy, for over twenty years. He works with senior executives in large institutions and has a deep interest the ability of organisational leaders to challenge the status quo; to work with the inevitable anxiety this creates in themselves and their businesses. Khurshed has co-authored four books: 100 Mindsets of Challenger Leaders (2019); Flawed but Willing – Leading Large Organizations in the Age of Connection (2014); 20/20 – 20 Great Lists by 20 Outstanding Business Thinkers (2014) and The Challenger Spirit - Organizations That Disturb The Status Quo (2011).



Janet Chapman is a senior executive with Nationwide Building Society where she is responsible for delivering excellent service to the Society's 16 million members. She has a long and distinguished track record in Financial Services working in the UK and US including roles as an Internal Auditor and IT consultant.

She is now based in London where, in more normal times, she enjoys the fabulous range of music and theatre on offer. She is also a proud Mum, with a son based in San Francisco, who is forging a career as a photographer.

