

DELIVERING DIVERSITY.

Race and ethnicity in the management pipeline.

July 2017

FOREWORD



Pavita Cooper
Chair of the Delivering Diversity
Research Advisory Board,
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We've made significant progress with workplace diversity in recent years. Managers have heard and understood the business case: when you have ever-more diverse customers, you need diverse management and leadership to thrive.

Action to achieve diversity has been most visible on gender but when it comes to race and ethnicity, real progress has been much less tangible.

The recent McGregor-Smith and Parker reviews have outlined the scale of the challenge. Only 6% of top management jobs are held by Black, Asian and minority ethnic (BAME) leaders, which just isn't good enough when BAME groups make up 12% of the working population. Parker called for at least one "leader of colour" on FTSE 100 boards by 2021. About time too: many boardrooms remain diversity-free zones.

But just as with gender, we won't make the progress that's needed if we only talk about the boardroom. We have to go deeper into companies to understand why so few BAME managers reach the top, and how we can create a more diverse management pipeline at every level of business.

This research does just that. By talking to diversity leaders and to BAME managers themselves, it provides a rounded picture of the challenges.

It's resoundingly clear that we have to reboot the conversation about race and ethnicity. Business leaders need to set the tone and work with managers throughout the line to reshape business cultures. While this research focused on FTSE 100 companies, its findings are not relevant only to those businesses, important as they are to the health of UK plc. Its insights and recommendations for action point the way forward for managers in any organisation.

It's been my privilege to chair an excellent employer-led Research Advisory Board throughout this work, working with CMI and BAM, and I'm grateful to my Board colleagues for their brilliant input and support.

Moving forward, I'm delighted to be supporting the next phase of this work, as Chair of a new initiative, CMI Race. Our research made clear the need for a new focus on changing how managers engage with difference and diversity at every level of organisations. I look forward to working with managers from all sectors, of every background, and other partners in developing plans for CMI Race ahead of its full launch.

Business as usual won't cut it. The world is changing rapidly and leaders that don't respond will struggle to attract and retain the best talent in the future.

It's time to deliver on diversity.

Pavita Cooper

THE DIVERSITY OPPORTUNITY

Black, Asian and minority ethnic (BAME) people are under-represented in business and especially in management roles.

It's time for change.

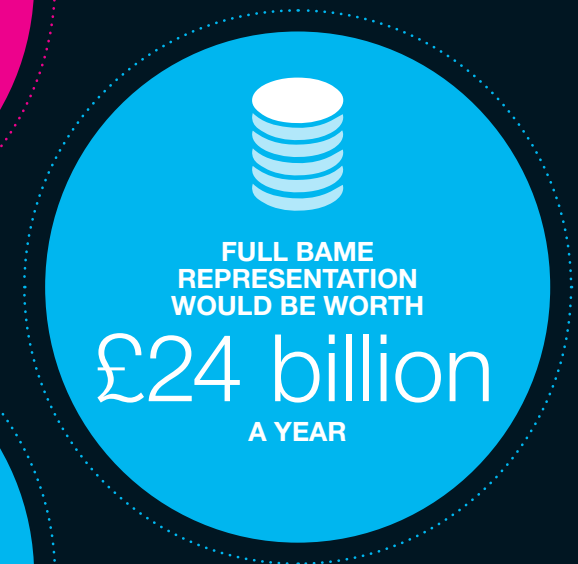
Around 12.5% of the UK population are BAME – yet they hold just 6% of top management positions.¹ Closing this representation gap is an urgent challenge. The UK's BAME population is set to grow to 20% by 2030 and businesses are missing out on the talent they need.

Global changes demand diversity too. FTSE 100 businesses already generate 75% of their income from outside the UK,² and emerging markets are growing rapidly. More than ever, businesses need diversity of backgrounds, life experiences and viewpoints at every level of management.

The economic benefits are clear. Full representation of BAME individuals across the labour market would be worth £24bn a year to the UK economy.³

The biggest business driver for diversity is improving performance, as 75% of HR/diversity leaders told us. Despite that, not a single one of the diversity leaders we interviewed gave their company's current performance on BAME diversity top marks, a 'very good' rating. Only 54% said that senior business leaders are championing BAME diversity.

That has to change. We need action now, to deliver diversity at every level of the management pipeline.



¹ McGregor-Smith Review 2017

² Parker Review 2016

³ Department for Business, Energy and Industrial Strategy 2017

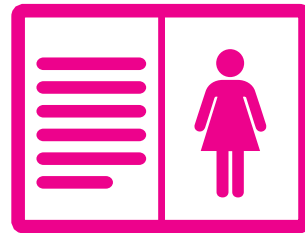
SEVEN KEY FINDINGS

BAME diversity in the workplace



1. LET'S TALK ABOUT RACE

We need to end what one FTSE 100 leader described to us as “the silence around race and ethnicity.” Many managers are uncomfortable discussing it and wary of causing offence. Only 54% of HR/diversity managers see their business leaders championing BAME diversity. Leaders need to find their voice and show their commitment to diversity and to building inclusive business cultures.



2. LEARN FROM THE GENDER AGENDA

Employers can transfer lessons from the progress made on gender diversity, among them the power of transparency to drive change. For now, BAME lags far behind. Only 21% of companies surveyed report publicly on BAME, compared to 71% on gender diversity. 42% even told us that the prioritisation of gender has become a barrier to progress on BAME: it has to be 'and', not 'or'.



3. FACE THE NUMBERS

83% of the HR/diversity leaders surveyed say they need better data to drive progress on race and ethnicity. Many report employee reluctance to share personal information, but data from across the employment cycle is vital to driving business improvements. Most powerfully, publicly setting and reporting on key diversity indicators is a major lever of accountability and change.

54%

OF HR/DIVERSITY MANAGERS
SEE THEIR BUSINESS LEADERS
CHAMPIONING BAME DIVERSITY.

21%

OF COMPANIES SURVEYED REPORT
PUBLICLY ON BAME, COMPARED TO
71% ON GENDER DIVERSITY.

83%

OF HR/DIVERSITY LEADERS SAY
THEY NEED BETTER DATA TO DRIVE
PROGRESS ON RACE AND ETHNICITY.

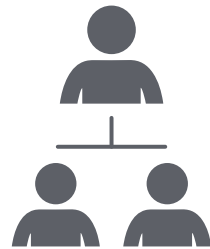
“I ENTERED THIS ORGANISATION WITH NO ROLE MODELS. I STILL DON'T HAVE ANY BLACK AND ETHNIC MINORITY ROLE MODELS ABOVE ME.”

BAME SENIOR MANAGER



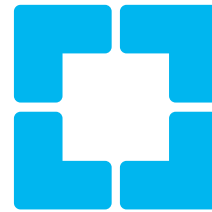
4. IT AIN'T WHAT YOU KNOW – IT'S WHO KNOWS YOU

Many BAME managers say their careers were significantly influenced by a senior executive who took a special interest. Managers at all levels need to make sure they support diversity through the emerging leaders they sponsor.



5. WANTED: ROLE MODELS AND MENTORS AT EVERY LEVEL

Role models show the company welcomes diversity. 'Next up' role models – drawn from all levels of a business, not just those at the very top – inspire confidence and ambition from those who follow them, showing that career progression is possible. Mentoring also needs to be encouraged at all levels; peer mentoring, mentoring circles and reverse mentoring offer powerful benefits.



6. FITTING IN?

Many BAME managers question the perceived 'fit' for BAME employees in their businesses, pointing to norms that favour what one interviewee called "white middle class men from elite schools and universities." Some stressed the responsibility of BAME employees themselves to understand and navigate these differences. Internally, companies need to bridge this gap, tackling outdated cultures. Externally, they need to show a more diverse 'public face' in company websites and annual reports.



7. EVIDENCE BASED DEVELOPMENT

Companies should accelerate their progress by gathering evidence from outside the business, like good practice case studies and benchmarking data. This data can be used to identify opportunities for improvement and ways to develop key decision makers throughout the business – including, critically, line managers.

“THE MOST IMPORTANT THING IS TO TALK ABOUT RACE... PEOPLE WON'T BE OFFENDED BY JUST HAVING NORMAL CONVERSATIONS ABOUT IT. PEOPLE JUST DON'T TALK ABOUT RACE OR COLOUR AT WORK AND I THINK THAT'S THE BARRIER.”

BAME SENIOR MANAGER

“ON BAME, WE FEEL SELF-CONSCIOUS AND A BIT SHAMEFUL. WE HAVE A HUGE AMOUNT TO DO TO GET OUR HOUSE IN ORDER.”

FTSE 100 DIVERSITY LEADER

“THERE IS DEFINITELY A LACK OF PROPORTIONATE BAME REPRESENTATION FROM MIDDLE MANAGEMENT UPWARDS; THIS IS VISIBLE ACROSS ALL BUSINESS AREAS IN OUR COMPANY. THERE DOES NOT SEEM TO BE A REAL EFFORT TO ACKNOWLEDGE THIS.”

FTSE 100 DIVERSITY LEADER

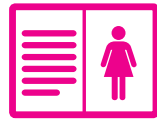
ACTION FOR LEADERS

How to improve BAME diversity in the workplace



1. BREAK THE SILENCE

- Re-boot the conversation. Show commitment, make the business case and build employee buy-in to deliver diversity
- Support BAME networks to voice BAME employees' views
- Build line managers' capacity to deliver diversity. Make it OK to be curious and ask questions.



2. CHANGE THE STORY

- Generate momentum: make BAME your focus and define a plan for change
- Use the power of transparency. Publish your strategies, your targets and your progress
- Show inclusive leadership and call out bias.



3. MEASURE IT, MANAGE IT, REPORT IT

- Measure BAME diversity throughout the talent pipeline, including representation at management levels
- Build employee trust and confidence for the use of personal data on ethnicity
- Establish pipeline indicators and use time-trend data to manage progress.



4. TAP INTO THE POWER OF SPONSORSHIP

- Create more opportunities for senior leaders to meet emerging BAME leaders and build diverse networks
- Actively seek out diverse emerging leaders to sponsor and advocate for within the organisation.



5. BUILD DIVERSITY THROUGH 'NEXT UP' LEADERSHIP

- Identify and use 'next up' mentors and role models, not just remote senior leaders. Make mentoring the norm
- Use mentoring circles and reverse mentoring
- Share stories of diverse employees and showcase cultural differences.



6. BE INCLUSIVE AND ADAPTIVE

- Make clear that the company values difference and diversity so no minority employee is left questioning their perceived 'fit' in the company
- Build adaptive cultures that respond to the differences people bring to work, rather than just asking others to fit in
- Prove to the external world that your organisation is diverse, remembering that your online presence is your public face.



7. BENCHMARK AND COLLABORATE

- Benchmark with others in your sector
- Collaborate and share good practice to accelerate change
- Build diversity training into management and leadership development and make it a requirement for career progression.



FOR BAME COMMUNITIES

- BAME managers and employees have a critical role to play. Help colleagues to break the silence by talking about difference. Engage with business initiatives to seize the opportunity for change
- Share your background information with HR when they collect ethnicity data and encourage others to do the same
- BAME managers need to put themselves forward. Ask for more – from line managers, from mentors and sponsors, and from the business. Seek opportunities to develop skills. And challenge the status quo.



FOR POLICY MAKERS

- Encourage change throughout the management pipeline – not just in the Boardroom. Encourage transparency on the BAME pay and progression gap, working with the management community to shape policy
- Champion progressive employers to encourage change
- Address inequalities in educational access and attainment, which are critical for the intake to the talent pipeline.

TAKE ACTION

Head to www.managers.org.uk/deliveringdiversity to:

- Read the full report for our full analysis and employer case studies including Aviva, Google, Lloyds Banking Group, RBS, Sainsbury's, Schroders, and Virgin Money
- Use our framework for company-wide action, to lead progress from 'just starting' to 'leading'
- Sign up to CMI Race, CMI's new network for managers of all backgrounds supporting BAME diversity at work.

Follow us on Twitter
@CMI_managers #CMIRace



Chartered Management Institute (CMI)

CMI is the only chartered professional body for management and leadership, dedicated to improving managers' skills and growing the number of qualified managers.

Our professional management qualifications span GCSE to PhD equivalents, including the unique Chartered Manager award, which increases earning potential and improves workplace performance.

CMI has led the way in developing a suite of trailblazing management apprenticeships with a 40-strong group of employers. These range from Level 3, team leader, through Level 5, operations manager, to the Chartered Manager Degree Apprenticeship. A Master's degree-level apprenticeship is in development. CMI is a registered apprentice assessment organisation.

We provide employers and individual managers with access to the latest management thinking and with practical online support that helps them to embrace change, create high-performing teams and keep ahead of the curve.

With a member community of more than 140,000 managers and leaders, we promote high standards of ethical practice through our Professional Code of Conduct, and help managers to build their expertise through online networks, regional events and mentoring opportunities.

Visit www.managers.org.uk/deliveringdiversity for the full report, case studies, framework for action and information on CMI Race. Follow us on Twitter @CMI_managers #CMIRace

British Academy of Management (BAM)

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BAM works in partnership with key stakeholders including business schools, research funding councils, policy makers, employers, practitioner communities, national and international learned societies to advance and promote business, management and related subject areas.

Visit www.bam.ac.uk/BAMCMI/deliveringdiversity and follow us on Twitter @bam_ac_uk

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First published July 2017

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British Library Cataloguing in Publication Data
A CIP catalogue record for this report is available from the British Library
ISBN: 0-85946-675-2

Chartered Management Institute

77 Kingsway, London, WC2B 6SR
Registered charity number 1091035
Incorporated by Royal Charter

