

This discussion paper sets out the challenges and opportunities for managers and leaders in adopting inclusive practices in their workplaces and organisations.

## COVID-19 THE GREAT LEVELLER?

The Covid-19 pandemic has disrupted society in a way most could not have envisaged six months ago. In our previous roundtable on managing job quality, we heard that this greater awareness has led to a new appreciation of the need to focus on the quality of work, not just the quantity.

Arguably, one of the positives from the disruption has been increased awareness and a renewed appreciation of a greater range of roles and the diversity of the people fulfilling those roles - especially key workers in the health and care sector and essential retail. However, the virus has also highlighted some stark inequalities in British society. At the beginning of the lockdown we heard from politicians that 'the virus does not discriminate'. But it is clear that the systems and structures in which it operates can. This has galvanised campaigns for equality and inclusion - most recently - and visibly - demonstrated by the Black Lives Matter protests happening around the world.

It remains the case that workplace opportunity is far from equal:

- Only [1 in 16 people](#) at senior levels in the private and public sector are from a Black, Asian or minority ethnic (BAME) background.
- Women make up 66% of junior managers but only 40% of middle management (vs. 60% for men) and just 5% at CEO level in the UK. The gender pay gap also doubles between junior and middle management from 5% to 10% and jumps to 19% at the highest level.<sup>1</sup> Although progress is being made, the [number of women on FTSE 100 Boards](#) remains at less than a third.
- 35% of lesbian, gay, bi and trans (LGBT) staff have hidden or disguised that they are LGBT at work in the last year because they were [afraid of discrimination](#). The evidence base on inequality of employment outcomes by sexual orientation is [weak and inconsistent](#).
- [ONS data](#) has shown that median pay is consistently higher for non-disabled employees than for disabled employees.
- Nearly 1 in 5 (18%) of managers said their organisation did not use a trade union, employee forum or staff council or an employee engagement survey to give employees a voice.<sup>2</sup>

CMI's recent webinar on inclusive leadership highlighted how much of the impact of Covid-19 on diversity and inclusion lies in the hands of employers. We consider inclusive leadership to mean involving and supporting employees in the decision making process, and ensuring a wide range of

<sup>1</sup> Ann Francke, Create a Gender-balanced Workplace, 2019.

<sup>2</sup> CMI Manager's Voice poll of 624 managers conducted between 2nd and 5th June 2020

views are represented at the organisational level. Leaders from all sectors and organisations need to step up and show inclusive leadership if we are to recover and thrive after this crisis. But what does this mean in practice?

## WHAT LESSONS CAN WE LEARN?

**“Our focus is now on making sure the UK's organisations, boardrooms and senior management teams are truly reflective of the workplaces they manage” Theresa May MP (2018).**

### How far have we come on workplace diversity and inclusion?

McKinsey's recent report, [Diversity Wins: how inclusion matters](#), finds that the most diverse companies are now more likely than ever to outperform less diverse peers on profitability. In a recent survey of CMI members we found widespread acceptance of the benefits of inclusive organisations in a time of crisis, with 96% of managers agreeing that D&I greatly supports organisational resilience, 93% agreeing it supports organisational innovation and a further 93% agreeing that inclusive leadership enables better decision making.<sup>3</sup>

Our survey also highlighted the important role that senior leaders play in supporting D&I. Organisations where the senior leaders are committed to inclusive leadership and D&I are significantly more likely, across the board, to have a D&I strategy, action plan, initiatives and/ or senior leaders championing D&I than organisations that are not committed to inclusive leadership or D&I.

However, lessons from previous crises show that in recovering from Covid-19 there is a risk that companies will not prioritise diversity and inclusion, choosing to focus instead on what are considered more pressing needs around workforce capacity, productivity and the physical and mental health of employees.

Indeed we know already that many of the building blocks for realising diverse and inclusive workplaces are not yet embedded in organisations. In our member survey we found that although 91% of managers said the senior leaders in their organisation were committed to Diversity and Inclusion (D&I) before Covid-19, only 69% reported their organisation actually had a D&I strategy in place and 65% reported having a senior leader championing D&I.<sup>4</sup> This is a concern. CMI's [Delivering Diversity](#) report showed that if employers want to take the lead on diversity and inclusion they should publicise, evaluate and have a specific budget allocation for a diversity and inclusion strategy. They should also have action plans which are publicised and monitored.

The UK Government announced the creation of a new '[Equalities Hub](#)' in 2019 with the remit to develop a co-ordinated, cross-government approach to tackle inequalities. This Hub has recently [announced](#) plans to continue work done by Public Health England to review disparities in the risks and outcomes of Covid-19. The introduction of the ethnicity facts and figures [website](#) is also an important step to improving the data we have on ethnicity. However, many have argued that progress on diversity has been too slow. For example, the 2020 [Parker Review](#) reported that there has been slow progress on the ethnic diversity of FTSE boards and we are still waiting for the outcome of the January 2019 consultation on introducing ethnicity pay reporting.

### The impact of Covid-19 on workplace D&I

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<sup>3</sup> CMI Manager's Voice poll of 624 managers conducted between 2nd and 5th June 2020

<sup>4</sup> Ibid.

The rapid move to remote working for many organisations may act as a boost for inclusivity with the potential to improve employee wellbeing and productivity and help to [close the gender pay gap](#). CMI's [Blueprint For Balance](#) report showed that two-thirds of managers agree that flexible working has supported their career, with this being particularly true for female managers (71%, compared to 57% among male managers).<sup>5</sup> Working from home can also be beneficial for those with disabilities and mental or physical health conditions. In our recent poll, almost a third of CMI members said the move to virtual leadership had led to more inclusive leadership than in-person leadership, with 46% saying virtual leadership was as inclusive as in-person.

One reason why some managers might see virtual leadership as more inclusive, could be because remote working is helping to challenge traditional management practices that may have held diversity and inclusion initiatives back. One reported result of increased remote working has been that management structures have become less centralised and hierarchies have become flatter. Some companies - such as Mental Health First Aid England - have reported that this flattening of hierarchies has helped boost employee autonomy and empowerment and increased the efficiency of their decision-making. A recent CMI survey supports this finding - showing workplace happiness increased across all levels of management from January-May 2020.<sup>6</sup>

The impact of remote working may not always be positive, however. Increased remote working may see formal hierarchies becoming [replaced](#) with informal ones based on personality or perceived value and [ONS](#) data has shown women may be disadvantaged when working from home during lockdown as they are doing the majority of housework and childcare. A flattening of hierarchies may also create barriers to progression if it results in the hollowing-out of middle management roles. Does this mean that the pipelines from more junior to senior roles may be fewer and shorter?

### **The importance of employee engagement and D&I**

Alongside diversity initiatives, inclusive leadership means actively engaging and involving employees in organisational strategy and decision making.<sup>7</sup> Research highlighted by [Deloitte](#) suggests that organisations that actively seek to promote employee inclusion are better placed to reap the benefits of high trust and engagement in the workplace. But a survey of our members shows that while 70% of managers said their senior leaders were good at keeping employees informed about important changes within the organisation - and 50% of managers said that this approach had improved during Covid-19 - only 50% of managers rated their organisation's approach to involving employees or their representatives in decision making as good.<sup>8</sup>

## **CALL TO ACTION**

We are interested in your support and challenge on the topic of inclusive leadership and what CMI, together with other organisations, can and should be doing to make inclusive leadership the norm. We'd like you to consider the below questions in advance of the roundtable and come prepared with ideas to share and debate.

### **THE ROLE FOR ORGANISATIONS**

In CMI's [Delivering Diversity](#) report we identified 7 actions for leaders to take to ensure diverse and inclusive workplaces become a reality. These include measuring, managing and reporting on

<sup>5</sup> CMI survey of 856 managers (A Blueprint For Balance)

<sup>6</sup> CMI survey of 1,841 managers conducted between 23rd April and 6th May

<sup>7</sup> For example,

<https://corpgov.law.harvard.edu/2019/05/20/unleashing-the-power-of-diversity-through-inclusive-leadership/>

<sup>8</sup> CMI Manager's Voice poll, op. cit

D&I stats and using sponsorship to create a pipeline of diverse managers and leaders. **How can we ensure these actions are embedded in organisations? And what further actions should employers be taking?**

## POLICY PROVOCATIONS

Not all of these policy provocations are official CMI policy positions, but are included to stimulate conversation and debate. **Will these be enough to ensure diversity and inclusion does not fall by the wayside as we recover from the Covid-19 crisis? What concerns might you have if implemented? What else can be done?**

- 1. Extend pay gap reporting.** Gender pay gap reporting should be extended to companies with more than 50 employees. Mandatory ethnicity pay gap reporting should be introduced as part of the forthcoming Employment Bill or earlier and the Government should consider how it can be extended to cover other protected characteristics such as disability and LGBT.
- 2. Organisations covered by pay gap reporting must be required to publish Action Plans showing how they plan to close pay gaps.** These must be clear and progress must be measurable. Organisations should also report publicly on progress against these Action Plans on a regular basis. Action Plans should include SMART targets for progress, from recruitment right through the talent cycle.
- 3. Provide support to employers so they can implement these changes.** For example, advice and guidance on building diverse and inclusive workplaces should be in an easily accessible, central location. This could be part of the Government's Equalities Hub announced in 2019.
- 4. Employers and policy makers must ensure there is a diverse range of voices at every critical stage of decision making.** For example, since they are so central to keeping the country moving, frontline workers could be included in the recovery policy making process. Nomination Committees could be required to describe their policy on diversity, any measurable objectives it has set, and progress towards these objectives. This should be accompanied with oversight from the Financial Reporting Council, with consequences for organisations that fail to comply with these requirements.
- 5. Government should broaden the scope of protected characteristics in equality legislation to include caring, as other nations have done.** This would provide additional security to working parents. Insecure, low paid jobs give parents limited options if they get sick or childcare breaks down, in turn making them vulnerable to being let go by their employer.

## THE ROLE FOR CMI

CMI has long campaigned for more inclusive, diverse and balanced workplaces - see for example our reports [Delivering Diversity](#), [Blueprint For Balance](#) and [Sponsoring Women's Success](#). **But what more could we be doing? What are we missing?**

## PRACTICAL EXAMPLES

We are looking to develop an evidence base of organisations that have adopted inclusive leadership practices that are helping them to drive forward the D&I agenda. Please get in touch at [editorial@managers.org.uk](mailto:editorial@managers.org.uk) if you have a story or example you would like to share.