

REWIRING MERITOCRACY

GLOBAL
FUTURE
FOUNDATION

Five Principles for
Inclusive Leadership





Global Future

26-28 Great Portland Street
London W1W 8QT
+44 (0) 20 708 47066

globalfuturepartners.com
@Global_Future

© published in September 2020

About Us

Global Future is a think tank providing a fresh voice in the debate about our country's direction. We care about making Britain a socially just, prosperous and inclusive nation that plays a strong role in the world.

Global Future's mission is to advance these values. We do this by exploring new ways for people to take more control over what matters most in their lives.

To contact the Global Future think tank, please email Kylie Bains on Kylie.Bains@ourglobalfuture.com

www.ourglobalfuture.com

The Think Tank is supported by Global Future Partners, which is a consulting firm advising organisations on Purpose Driven Culture Change, Leadership and Talent.

If you would like to contact us please email Gurnek Bains on Gurnek.Bains@globalfuturepartners.com

www.globalfuturepartners.com



Anita Kirpal
Partner

Anita Kirpal is a second-generation British Asian, raised in an East-London flat above a post office run by her parents. Her family regularly experienced racism, which fuelled her to take up community activism. After a decade of community work and two decades in leadership consulting, she is now a partner at Global Future Partners where she helps companies develop genuinely inclusive, purpose-driven leadership. She is a business psychologist and executive coach to FTSE 100 leaders.



Rowenna Davis
Director

Rowenna Davis is a writer, teacher and community activist. She grew up in London where she got a lot of her politics from her multi-cultural state school in Cricklewood. She became a campaigning journalist, reporting on social inequalities. She moved into politics, standing for Labour as a Parliamentary Candidate before serving as a teacher in a secondary school like the one that first inspired her.

Contents

Foreword

P5

In Brief

P6

PART 01 The Argument

P7

PART 02 Context

P13

PART 03 Five Principles to rewire meritocracy
in the workplace

P20

Conclusion

P38

Action Template

P40

Foreword

Sir John Parker is a British businessman who has chaired 6 FTSE 100 companies.

He has also chaired the 2017 Parker Review, an independent review for Government into the ethnic diversity of UK boards.



Sir John Parker

Britain faces huge challenges. We are forging our place in the world post Brexit and recovering from Covid-19 whilst adapting to new technology, sharper competition and climate change. To meet these challenges, we need to harness all our talent.

I was lucky enough to win a student apprenticeship that enabled me to study naval architecture and mechanical engineering and enter the workplace of shipbuilding. But these opportunities are not always available today.

We can't afford to leave talented people marooned on the dockside. We must recruit beyond our own image, both to match the changing demographics of our customer and recruitment bases and ensure the very best talent are alongside us in our ranks. This makes good business sense. It also contributes to social justice in our communities.

In the light of the tragic events in the United States, that led to the Black Lives Matter protests across the world, many people have questioned if we live in a genuine meritocracy. Many have come to the dangerous conclusion that positions and promotions are based more on background than on talent and effort. As this report reveals, some 44% of decision makers in business now have scant faith that Britain is truly meritocratic.

This is why this report is both so timely and so welcome. It provides positive, practical principles that business leaders can use to deepen meritocracy in their companies. It is not abstract or aggrandising, but grounded in real life case studies from great business leaders who are already making this happen every day. As this report outlines, these changes are not always comfortable; but they are possible. It suggests that whilst progress may not be automatic, it can be built – just like any other business objective – with real commitment.

After working in a range of businesses for over 50 years, I highly recommend this report to any leader who wants to strengthen their company. Doing so is an imperative, not just for social justice and the basic fairness that comes with rewarding those who genuinely deserve it, but to strengthen our competitive edge that leads to business and economic success. If enough of our companies can do this, I will have increased faith that our nation will emerge as a stronger and more prosperous force for good in the world.



Sir John Parker GBE FEng

In Brief

- **2020 has shaken our faith in meritocracy.** The global pandemic combined with George Floyd's murder and the Black Lives Matter protests have forced us to question whether discrimination and economic inequality are more important than merit in determining life chances.
- **Businesses are not above this trend.** According to our YouGov survey this summer, some 44% of private sector decision makers now believe that the UK is either "not very" or "not at all" meritocratic.
- Although these figures are concerning, they give us **unprecedented permission and energy to challenge our regular diversity and inclusion practices.**
- Insights from cognitive science by the experienced psychologists at Global Future can help leaders take a more **meaningful approach to diversity and inclusion.**
- **We need to start by acknowledging structural discrimination and unconscious bias exists.** Simply assuming that our businesses are meritocratic is not enough. We need the humility to recognise that all of us make snap judgements. We call this principle *Empathy over Assumption*.
- **Instead, we must shift to conscious inclusion.** Rather than pretending we are colour-blind or gender-neutral, we should acknowledge different identities. Treating people equally may not mean treating them the same; each individual may require a different approach to reach their full economic potential. We call this principle *Equality over Neutrality*.
- **Deepening meritocracy is economically profitable.** It drives growth by developing talent, pushing innovation and tapping new markets. Our research shows that companies are not exploring this potential. Whilst many are reforming internal processes, only 22% are exploring what increased diversity might mean for consumer growth. We call this principle *Economics over Emotion*.
- **Done well, rewiring meritocracy is a positive for everyone.** Too often the diversity and inclusion agenda is charged with shame, defensiveness, apathy or anger. It should not be about catching people out; it's about bringing everyone in. We call this principle *Enthusiasm over Cynicism*.
- **Meritocracy cannot simply be the responsibility of a D&I Lead.** It must be systematically embedded throughout a company. Leaders must treat meritocratic aims as business objectives, pursuing them over the long term with regular monitoring and accountability mechanisms. We call this principle *Embedded over Afterthought*.
- **Change is possible.** This report is filled with case studies from business leaders who are doing this every day. The practical actions listed for each principle are tangible and achievable. With commitment, rewiring meritocracy will lead to economic growth as well as social justice.

The 5 Es

**Empathy, Equality, Economics,
Enthusiasm, Embedded**

PART 01

The Argument

‘...we don’t just receive fairness from this ‘invisible hand’ of meritocracy; it also blesses us with economic efficiency.’

Meritocracy, the belief that capability plus hard work equals success, is the moral justification for our economy. The idea that we are all competing on a level playing field has an innate sense of justice. It reassures us that we have moved away from a ‘silver spoon’ culture in which some are born with a guarantee of success regardless of talent or effort. Instead, it ensures that if we are clever and work hard, we can make it regardless of background. But we don’t just receive fairness from this ‘invisible hand’ of meritocracy; it also blesses us with economic efficiency. When the right people are hired and fired, we reap the economic benefits of efficient allocation; when the best people are promoted to the best positions and feel able to contribute equally, profit increases. Similarly, when incompetents are weeded out, we lose dead weight. In this way, meritocracy acts as the great cleanser of a firm and an economy, flushing out corruption, ignorance and laziness and leaving our businesses more streamlined, efficient and profitable. Meritocracy is, therefore, both a force for moral good and economic profitability.

Why then, given these universal benefits, do so many people appear to be questioning meritocracy right now? Indeed, why are so many questioning basic faith in market capitalism and the economic order itself? According to our YouGov survey of UK business workers this summer, 44% believe that the UK is not very or not at all meritocratic. For years we have heard reports that have been screaming about the lack of meritocracy in the workplace: the Davis report into gender imbalance, the Parkinson report, the McGregor-Smith Review documenting the waste in black and ethnic minority talent; but it seems that these calls have only recently started to be heard by the mainstream. Our YouGov research suggests that the events of 2020 have finally triggered an awakening amongst businesses and their customers with a growing focus on diversity and inclusion.

The events of 2020, including the global pandemic, the brutal murder of George Floyd and the subsequent Black Lives Matter protests, have forced us to question whether our societies and economic systems are genuinely meritocratic. Covid-19 hit us all, but not equally. Police injustice outraged us all, but is not suffered universally. Contrary to the meritocratic ideal, you were more likely to be a victim of disease or bullying because of your demographic and economic background than your actions. Even the algorithm determining Britain's A-Level results, designed to be "neutral", had to be reversed when it was found to heavily downgrade poorer students in state schools. As the business leaders in our case studies describe, companies cannot exist as islands outside of these social injustices; they are operating inside the same societies, cultures, histories and economies that produced these problems. Our YouGov data suggests that customers and workers increasingly think this can no longer be ignored. With the world's energy and attention so focussed on these issues, we believe leaders have been given permission to deeply question their businesses and to take action to genuinely transform meritocracy in the workplace.

For years we thought that believing in meritocracy was enough. In fact we went further: we believed that taking a universal, laissez-faire, colour-blind, gender neutral approach that didn't talk about identity, context and background was the route to fairness. The phrase, "I'm colour-blind" would often be said with pride, used to reflect the idea that you don't make business decisions

"ACHIEVING GENUINE MERITOCRACY DOESN'T MEAN TREATING EVERYONE HOMOGENOUSLY; IT MEANS GIVING **EQUAL CONSIDERATION TO EVERYONE'S IDENTITIES AND CONTEXTS.**"

based on identity but on merit alone. We didn't want to talk about personal context; it was full of land mines that exposed us to people's sensitivities. Unfortunately, this non-interventionist approach hasn't worked. As one leader told us in this report, in the wake of Black Lives Matter, she finally felt able to tell her colleagues: "If you don't see my race and my gender, you don't see me".

Instead, this report calls on companies to build "genuine meritocracy". This more honest definition is different because it urges us to take into account people's contexts, experiences and identities rather than sweeping them under the carpet. It argues that achieving genuine equality does not mean treating everyone homogenously; it means giving equal consideration to everyone's contexts. It dispels the idea that everyone in a business meeting has an equal chance to contribute simply because they each have one seat at the table. In a meeting of any group, each of us brings with us multiple, intersectional identities that may well include power dynamics that influence our behaviour. The room may look diverse, but if discussion is regularly dominated by a few individuals of a particular demographic that others feel uncomfortable challenging, you have to ask whether the outcomes of the meeting will genuinely reflect the whole talent of the room.

"IF YOU DON'T SEE MY RACE AND MY GENDER, **YOU DON'T SEE ME**".

“DIVERSITY AND INCLUSION SHOULD BE TREATED ‘LIKE FINANCE’”.

This approach demands much more from us than awareness of unconscious bias and attending training. Instead, this report argues for a shift to conscious inclusion. This can be complex and uncomfortable. This is much harder than simply appointing a diversity lead and proudly counting off just how many ethnic minorities you've employed or how many workers have gone through annual diversity training programmes. Instead, we should aim to embed genuine meritocracy into the fabric of our business practices. These ideas should be lived and breathed throughout the organisation. It needs to include systematic change and social awareness that runs from hiring processes, retention and promotion programmes to senior leadership representation and company culture. It is not as simple as measuring outputs; it's about outcomes and impact. As one leader told us, diversity and inclusion should be treated “like finance” – something that is integral to all departments and staff members, something that flows through the organisation rather than something bolted on as an after-thought.

In this report we offer a uniquely psychological approach to building this kind of conscious, inclusive leadership in organisations. Drawing on the wide experience of trained psychologists at Global Future Partners, we provide five principles for companies wishing to deepen meritocracy in their companies, grounded in this psychological understanding. We believe cognitive science is a fitting lens to analyse a topic which is so often grounded in unconscious bias, social beliefs and unspoken fears. We also bring a deeper understanding of what it means to be diverse. Too often ‘diversity’ is preoccupied with a stereotypical group, often race or gender, without looking at other groups and intersectional ties. Here, we define diversity to include a much wider range of traits, including class, social position, sexuality, disability, family role and even characteristics and experiences. In this way, the agenda is more genuinely inclusive. Finally, by talking about the wider concept of meritocracy rather than just diversity, we can link our efforts to build more inclusive companies with a wider economic business agenda.

We know that diversity and inclusion is controversial. Firstly, it is a visceral topic, charged with shame and emotion on both sides. Those who worry that badly managed diversity programmes could ‘lower the bar’ may be pitted against victims of discrimination who may be justifiably angry about not being understood. Second, there are concerns about implementing such vast and complex reforms in a business environment. A fear of backlash may stop organisations going ‘too far’, but if they don't go far enough, the feeling of apathy and fatigue can stop any progress at all. Finally, British culture is not always conducive to having honest conversations about sensitive subjects. There is a national discomfort when it comes to talking about identity, exacerbated by the need to keep a ‘stiff upper lip’.¹ We may have made some progress in talking about gender, but it's much harder to talk about race, class and other identities.

This report aims to make the moral and business case for building our businesses into deeper, more meaningful meritocracies. It aims to offer practical guidance and advice about how to do this, both for business leaders and wider organisations. We do not pretend this will be easy or uncomplicated, but we do believe it is possible. In fact, acknowledging the vulnerabilities and complexities that are involved in this agenda is part of what is going to make the change more meaningful and separate it from simpler, feel-good initiatives of the past. We hope that, through psychological insight, practical lessons and illustrated case studies, we can begin to offer some guidance about how to offer genuine change at this important moment in our history. The prize, if we achieve this, are genuinely meritocratic companies with healthier cultures, more than just work places and a more efficient distribution of talent. The result should not just be fairer organisations, but stronger, more efficient and profitable businesses that are better placed to serve our brave, ever-changing world.

WHAT WE BELIEVE

1

Companies are not islands; they exist in the context of widespread social inequality.

2

Businesses can and should take action to tackle these inequalities, not just for social justice, but for economic growth.

3

A psychological approach to diversity and inclusion can provide valuable insights into how to build genuine meritocracy in the workplace.

4

Meritocracy must be actively pursued systematically across the whole company, not treated as a tick box exercise.

5

In the wake of the global pandemic and the Black Lives Matter protests, **leaders have the attention and energy they need to take action now.**

MERITOCRACY MYTHS

“WE DON’T NEED TO CHANGE BECAUSE IT WORKS”

Equality statistics on everything from senior management positions to pay gaps and retention rates suggest that **we are still not operating on a level playing field.**

“MERIT IS UNIVERSALLY UNDERSTOOD AND APPLIED”

Too often companies and industries define and promote merit in their own image e.g. a CEO looks like a white male, a teacher looks like a middle-class woman. This can constrain the talent pool that organisations consider.

“DIVERSITY ‘LOWERS THE BAR’”

Managed badly, this can be true. **Done well, diversity and inclusion should raise the bar** because it enables businesses to consider a wider talent pool and elicit more meaningful contributions from workers.

“BECAUSE I’VE MADE IT, OTHERS CAN”

Archetypal CEOs tend to assume they operate in a meritocracy because they may have had to crawl through glass to get to the top. What they don’t realise is that if they were African-Caribbean or have a Northern accent for example, they would have to walk through fire as well.

“IT’S UP TO COMMUNITIES FACING DISCRIMINATION TO CHANGE THIS”

This attitude shifts the blame and responsibility on to a minority group that often has less power to change systemic injustices than those at the top.

MERITOCRACY MYTHS

Meritocracy is not a zero-sum game.

Attracting the best talent and making sure everyone can reach their potential should grow the pie for everyone, not shrink it.

When recruiting new members of staff, remember **you are not just looking at candidates as isolated individuals.** You need to reflect about what new skills, characteristics and experiences they bring to the team as a whole.

Businesses that aren't attracting, retaining or promoting diverse talent are likely to become economically stagnant. With workforces and client bases becoming increasingly more global and socially conscious, the business case for diversity and inclusion is more important than ever.

Identities and perceptions of identities are deeply rooted in our minds and cannot disappear as we enter the workplace. It is better to openly acknowledge this and confront its impact than let it sub-consciously influence business culture.

Automatically assuming you work in a meritocracy can lead to dangerous complacency and a reinforcement of prejudice. We need to be humble in acknowledging that all of us carry unconscious bias. The best way to guard against it is to be aware we always have more to learn.

"CHANGE WILL LEAVE ME WORSE OFF"

"BUSINESSES MUST HIRE ARCHETYPES"

"CHANGE IS A POLITICAL RATHER THAN A BUSINESS AGENDA"

"COMPANIES CAN EXIST OUTSIDE OF SOCIAL INJUSTICES"

"A BELIEF IN MERITOCRACY IS ENOUGH TO ACHIEVE IT."

What do we think about meritocracy in the UK? YouGov Survey Results

Our opening argument stated that meritocracy in Britain is deeply flawed. Although it is a worthy aspiration, both for social justice and economic efficiency, discrimination and inequality prevent it from being truly embedded in the UK. Businesses and companies are not islands that can exist outside of unjust social contexts; indeed, many feel that 'big business' is part of the problem. In too many instances, the idea that we are meritocratic actually prevents us from seeing the true scale of the challenge in front of us because we tend to confuse neutrality, treating everyone the same, and equality, the belief that everyone needs a unique understanding of their specific context, to reach their potential. We believe that the global pandemic and the Black Lives Matter protests have given this agenda energy and urgency, providing an opportunity for business leaders to create systemic change. Today, both customers and staff are looking to their workplaces to lead the fight against discrimination rather than assuming they exist above it. This provides challenges for leaders, but it also provides an opportunity to create both stronger and fairer work places. In order to test these propositions around meritocracy in the workplace, Global Future commissioned the polling company YouGov to complete a survey of private sector decision makers. These included any business leaders in positions of authority from lower management ranks to CEOs. This poll was conducted in the summer of 2020 after the global pandemic and the Black Lives Matter

protests. It was taken via an online interview panel of over 800,000 people in the UK, with a total of 522 respondents. The figures were weighted and broken down by geography, business size, gender and age. Because the panel only interviewed individuals working in business, the sample size is relatively small. This means that the results can still be insightful at a macro-level, but we must be careful about making generalisations about sub-sets of the data e.g. women working in business in the north west or the views of particular ethnic groups. To help mitigate this limitation, we have avoided dividing the data too finely and have focussed our analysis below on bigger groups which are likely to be more representative around the following three questions:

QUESTION 1: DO WE BELIEVE THE UK IS A MERITOCRACY?

QUESTION 2: DO WE BELIEVE BUSINESS HAS A PART TO PLAY IN FIGHTING DISCRIMINATION & INJUSTICE?

QUESTION 3: HAS THE EXPERIENCE OF BLACK LIVES MATTER CHANGED ANYTHING?

Q1. DO WE BELIEVE THE UK IS A MERITOCRACY?

According to our research, 44% of business people feel that the UK is “not very” or “not at all” meritocratic. For the purposes of this question, we included the definition of meritocracy as “a society where people succeed through talent, effort, and achievement, rather than their social class or family background.” Although a majority do believe the UK is a meritocracy, to find that over four in ten of those surveyed do not is striking, not least because this survey only includes people who are in employment – a relatively successful group in economic terms - and excludes those who are unemployed who may be more likely to feel that the UK has unfairly passed them by.

The consequences of this are under-researched but likely to be profound. If almost half of UK business people don't believe that hard work and capability lead to success, it is likely we will see an adverse impact on incentives to work and business culture. After all, if effort and talent is not rewarded, the individual

‘...ONCE A SOCIETY DECOUPLES EFFORT WITH REWARD...WE ARE IN DANGER OF SERIOUS BACKLASH, POLITICAL UNREST AND POSSIBLY EVEN VIOLENT CONFRONTATION.’

has less reason to strive. If, instead, success is perceived to go to individuals because of class, race or gender, there will understandably be a sense of bitterness that is likely to toxify any culture and cause resentment. On a broader level, once a society decouples effort with reward, once it corrupts the relationship between inputs and outcomes, we are in danger of serious backlash, political unrest and possibly even violent confrontation. Leaders at the top will be less respected and those at the bottom will feel unfairly passed by.

feel the UK is “not very” or “not at all” meritocratic

44%

believe the UK is “very” or “fairly” meritocratic

53%

3% “Don't know”

Interestingly, this result does shift when you come to ask people about their own workplaces. When asked about whether their personal organisation is meritocratic, 78% said they strongly or somewhat agreed and only 15% somewhat or completely disagreed. This could be because people are more likely to trust themselves and experiences that are close to them, or perhaps that they don't want to be complicit in any perceived failure to create a meritocracy in their own environment or risk being seen to criticise their organisation.

The final point worth noting in answer to this question is how this answer changes when it comes to gender and geography. It is striking that organisations based in London are the most likely to believe the UK is meritocratic, with only 35% expressing concerns that it was not. This compares to 60% of those in the South of England stating that the UK was “not very” or “not at all” meritocratic and higher rates of concern again in Scotland and Wales (although these sample sizes are relatively small and must be taken with caution). Overall, women² were also slightly less likely to believe the UK was a meritocracy and slightly more likely to describe the UK as ‘not very’ and ‘not at all’ meritocratic. In both cases, the wealthier you are, the more likely you are to believe that the system is fair. This may be because these respondents are more likely to have profited from the current status quo and want to believe that this is because of their merit rather than the prejudice of a system. Similarly, those groups who are likely to be less well-off – albeit because of the gender pay gap or geographical inequalities - have a greater personal interest in believing that this is the fault of the system rather than personal failure.

‘...THE AREAS AND GENDERS THAT ARE **RICHER** TEND TO BE MORE **LIKELY TO BELIEVE THAT SUCCESS IS BASED ON TALENT AND EFFORT.**’

78%

“strongly” or “somewhat agree” that their personal organisation is meritocratic

15%

“somewhat” or “completely disagree” with the idea that their personal organisation is meritocratic

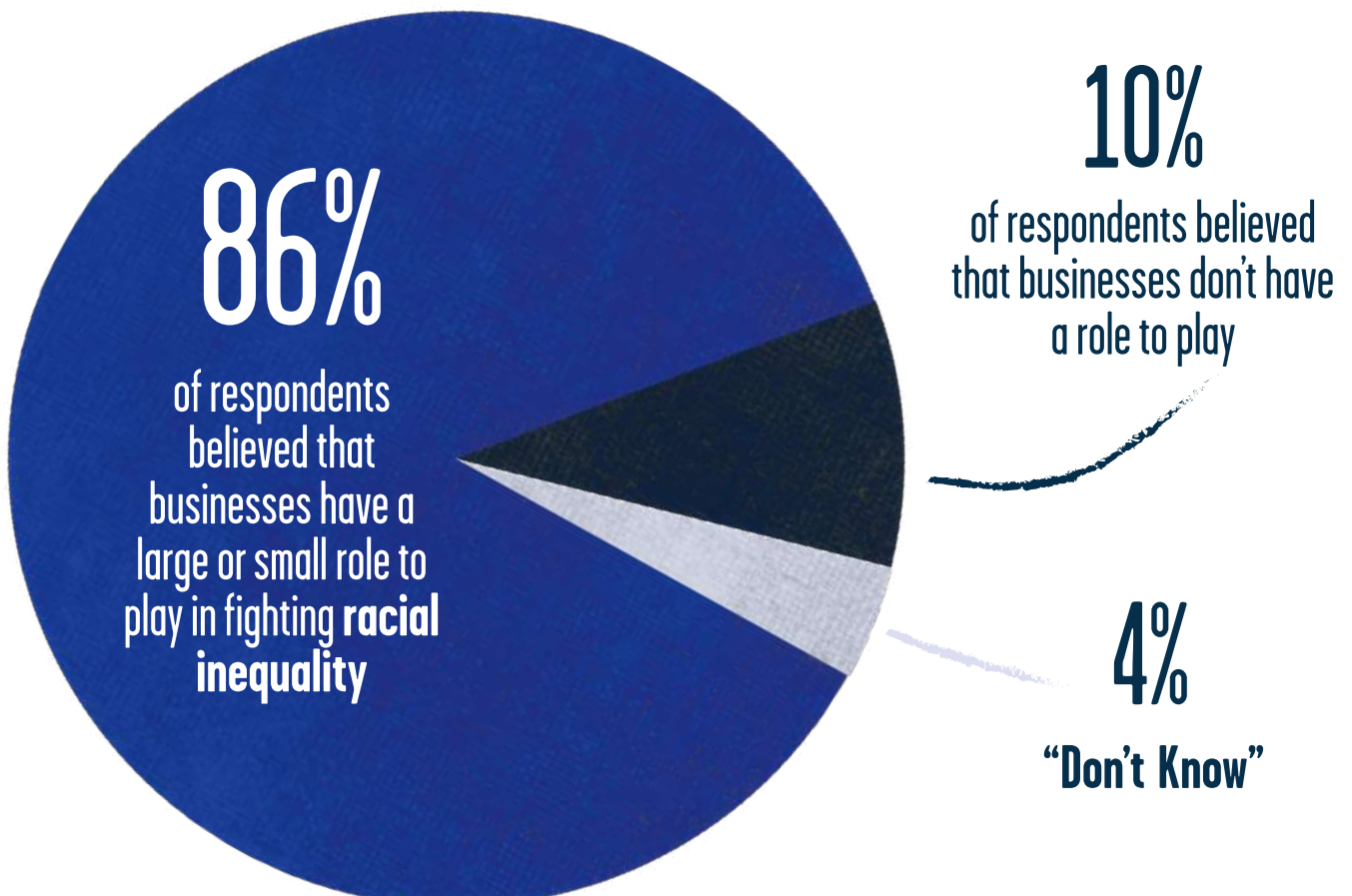
7%

“Don't know”

Q2. DO WE BELIEVE BUSINESS HAS A PART TO PLAY IN FIGHTING DISCRIMINATION AND INJUSTICE?

One of the most striking findings from the YouGov research is the widespread belief that businesses have a role to play in actively fighting discrimination. This belief holds regardless of whether respondents were asked about racial, gender or LGBT discrimination. In all cases, four out of five respondents believed that businesses had either a large or a small role to play in this fight, with much higher numbers in each case believing that the role of businesses was a large one. When it comes to fighting racial discrimination, some 86% of respondents thought that businesses had some role to play, on gender it was 87% and on LGBT rights it was 82%. Although there were some slight variations, these figures remained consistently high across different regions, genders and ages across the UK.

However, our results reveal that not all discrimination is considered equal. Consistently respondents were more likely to say that businesses had a “large role” to play in gender inequality (56%), compared to racial inequality (52%) and LGBT discrimination (46%). There are multiple possible explanations for this trend. It could be that there is a “hierarchy” of discrimination in which gender issues are still considered to be more mainstream and ‘acceptable’ to address than racial concerns or those about sexual orientation. On the other hand, it could simply reflect the fact that there are more women in the workforce - and the weighted survey participants - compared to BAME or LGBT groups, and that it is therefore a bigger priority for respondents.



Q3. HAS THE EXPERIENCE OF BLACK LIVES MATTER CHANGED ANYTHING?

30%

Think diversity and inclusion has become more of a priority since the murder of George Floyd

55%

Think there has been no change given to the priority of diversity in their business

4% Think diversity and inclusion has become less of a priority

1% "Don't Know"

10% N/A

A. ATTITUDES TO DIVERSITY AND INCLUSION HAVE SHIFTED

Overall, some 30% of those working in business thought that diversity and inclusion had become more of a priority since the brutal murder of George Floyd and the subsequent Black Lives Matter protests. Although the largest group of respondents, 55%, said there had been no change at all, the fact that almost one in three business people believe there had been a change does seem statistically significant.

However, it is worth noting that, once again, London is pulling up the UK's average figures. In the capital some 50% of respondents believed that diversity and inclusion was more of a priority compared to much lower figures outside of London. This suggests that the diversity

agenda remains stronger in our urban, more liberal and cosmopolitan centres. This could simply be because London has more diverse demographics and the diversity agenda is therefore more likely to be a priority for those who live, consume and work there, or it could be that the experience of living in a more multi-cultural environment makes everyone more alive to the injustices that are faced. Whatever the explanation, London consistently reported higher levels of concern with discrimination across the board and a greater level of action taken to challenge the status quo.

B. ACTION ON DIVERSITY AND INCLUSION IS GROWING

Overall, 26% of businesses said they had taken concrete steps to make a difference since the events of the summer (although once again the rates of action are much higher, some 50%, in London). Although that means the majority of businesses have not taken action, the fact that one in four have changed is striking.

26%

Businesses in the UK that have taken action on diversity and inclusion since the death of George Floyd



C. VERY FEW COMPANIES ARE LINKING ACTION ON DIVERSITY TO PROFIT

One of the most striking findings from the YouGov data was how few businesses are relating diversity concerns to their core business agenda. Although many respondents reported diversity and inclusion being a greater priority for them in the wake of 2020, this seems to be an internal concern about processes and culture rather than an externally based concern about recruiting the best talent, attracting the most customers and making the most profit. Diversity and inclusion seem to be being treated as a separate, compartmentalised agenda about internal company processes rather than a wider concern about how to be a stronger, more competitive business in the modern world. In short, companies are focussing more on fairness than opportunity.

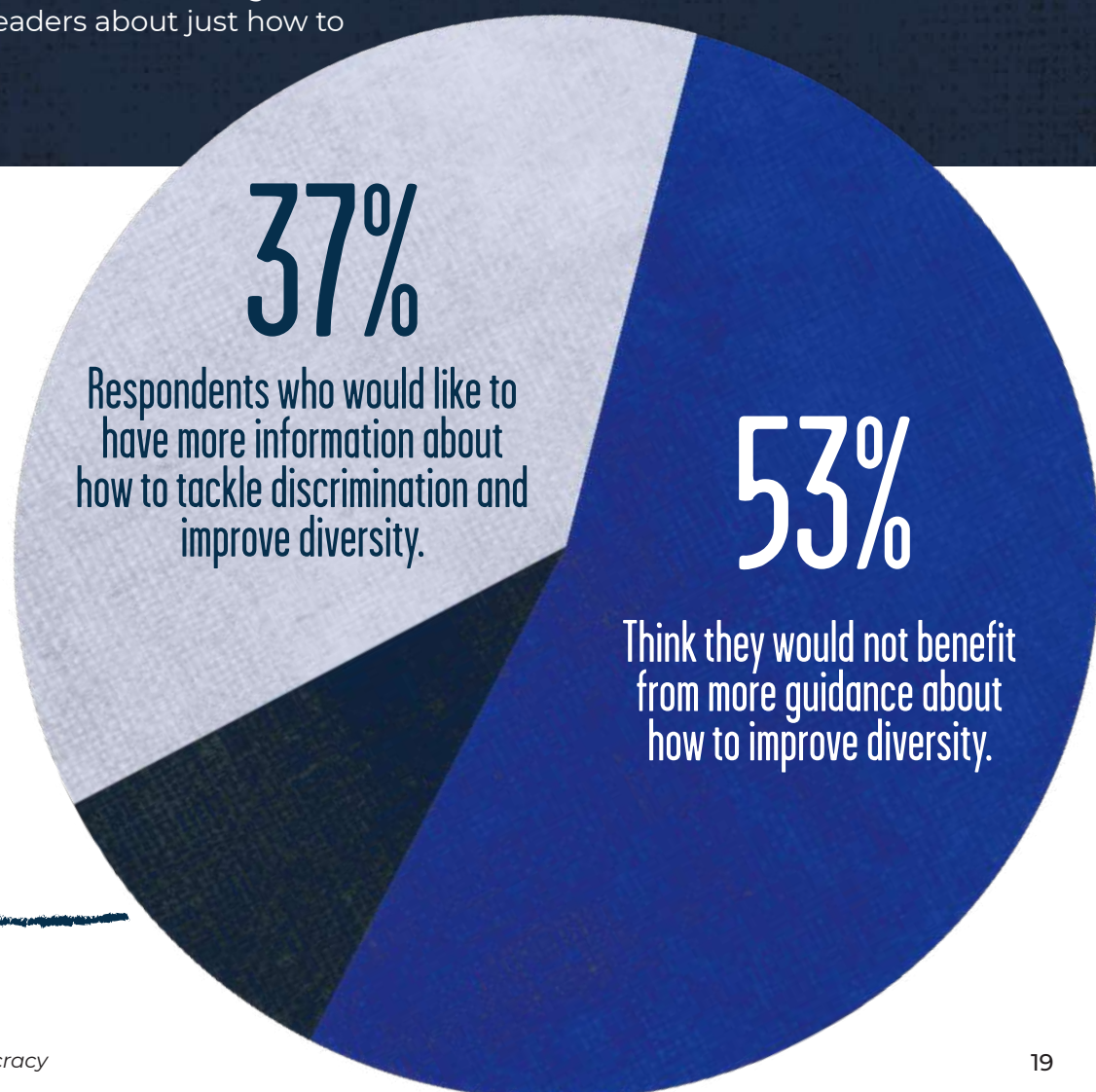
For example, when respondents were asked if they felt comfortable taking action to tackle discrimination against staff in the workplace, large numbers felt comfortable seeking redress. Some 83% said they felt very or somewhat comfortable supporting colleagues from ethnic minority backgrounds facing discrimination from inside their organisations.

However, when asked whether their company has made it more of a priority to understand ethnic minority consumers in light of the protests, only 22% of respondents said they had made any more effort in the last year, with the majority taking no action at all. Again, this national figure is artificially inflated by London: without including the capital, just 16% of the UK believes that more action has been taken to understand ethnic minority consumers.

Although we know from the YouGov findings above that the overwhelming majority of respondents believe that businesses have a role to play in fighting inequality, it seems that very few are connecting this to the mainstream goals and practices of their business organisations. In short, there is a gulf between the desire for social justice and the desire to be a successful and profitable business. This may be partly a problem of organisation (some 37% of respondents said they would like to have more information about how to tackle discrimination and improve diversity) or it may be a problem of commitment. The aim of this report is to make the case that diversity and inclusion initiatives should be integrated into the mainstream purpose and intrinsic economic drivers of companies. We want to make the case that this will make the company both more just and more profitable. Over the next section we will offer practical advice with real life case studies and insights from business leaders about just how to do this.

'DIVERSITY INITIATIVES SHOULD BE INTEGRATED INTO THE MAINSTREAM PURPOSE AND INTRINSIC ECONOMIC DRIVERS OF COMPANIES.'

10%
"Don't Know"



PART 03

Five Principles to rewire meritocracy in the workplace

This section introduces **FIVE PRINCIPLES** that can help deepen diversity and inclusion in your workplace and thereby deepen genuine meritocracy.

We have consistently drawn on psychological theories to help inform this approach. We have also illustrated each principle with a real-life case study from a business leader working in this field. Finally, at the end of each section, you will find a dedicated table with practical actions you can use to begin putting these ideas into practise. We deliberately wanted to provide action points both for leaders and organisations to reflect our belief that genuine, radical change needs to be both owned by individuals and the company as a whole.

1. Empathy OVER Assumption

Pause; take time to listen rather than making fast judgements.

If we truly want to challenge bias, we need to understand where it originated and why. Although bias is rightly held to be unjust in the modern world, from an evolutionary perspective it has been expedient. Be it conscious or unconscious, bias has served as a kind of “short-cut” for making fast decisions in the face of vast quantities of data. At any one time the human brain is bombarded with approximately 11 million pieces of information. To prevent cognitive overload, our brains have become hardwired to synthesise and simplify that information. For example, we categorise a sudden loud noise as a threat that triggers our ability to react quickly through the release of adrenaline. It also explains why we often empathise more quickly with those who look and sound like us. Mirror neurones in our brains will recognise those with similar characteristics, triggering a stronger sense of empathy when a higher level of familiarity is perceived. Again, evolutionary psychologists believe these “short-cuts” may have benefited us, particularly with the fast development of relationships and teams in the face of external threats.

The evolutionary tendency towards bias is less helpful today. In modern workplaces and communities, it can lead to stereotypes, prejudice and discrimination. It may lead us to make snap judgements about an individual based on a small amount of sensory information such as their skin colour, gender, accent or dress. Played out to its logical extent, it can also lead to homogeneity in company demographics. If individuals automatically

IT TAKES US JUST **100**
MILLISECONDS TO MAKE
JUDGEMENTS ABOUT OTHER
PEOPLE BASED ON THEIR
FACES ALONE.
PRINCETON UNIVERSITY.

empathise more with those who they consider to be similar to them, then it's easy to see how firms begin to hire, include and promote staff in their own image and exclude or pass over those who are perceived as different. The fact that all of these reactions and judgements may be taking place in our brains without any conscious thought or desire on our part makes things even more dangerous.

Luckily, our brains can change. Although we may be hardwired to make these prejudicial “short cuts” about individuals, we can train ourselves to think differently. This takes work and is unlikely to come with a one-off intervention. Instead, it must be constantly practised, mostly through listening to those who are different to us. The more we learn about each other, the more we are likely to break down our snap judgements, appreciate what makes each other unique, find elements in common and empathise beyond what our first instincts might allow. This process isn't just a “nicer” way to behave; it's also more economically expedient. It stops us hiring, promoting and firing on the basis of over-simplified first impressions and forces us to evaluate the genuine skills and character that each individual might bring to the business. Ultimately this can only lead to a widening of the talent pool being considered and greater allocative efficiency when it comes to the distribution of work inside a company.

1. Empathy OVER Assumption

Case Study

Dame Vivian Hunt
Senior Partner
Mckinsey & Company



**“THERE IS NO
PROGRESS WITHOUT
ACCOUNTABILITY”**

COVID-19's disproportionate impact on vulnerable communities and the protests against social inequality and racial injustice have given us full permission to take action on diversity and inclusion. For the first time, I've felt able to say to colleagues, "If you don't see my race and my gender, you don't see me".

Our research has repeatedly shown that companies that prioritise building inclusive cultures and diverse teams perform better. Our latest report, 'Diversity wins: How inclusion matters'³, reinforces this, showing the companies that deploy a systematic approach to I&D and don't fear taking bold action to foster inclusion and belonging, are most likely to reap the rewards.

There are five factors that need to be looked at systematically to improve I&D within an organisation: hiring practices; development & retention; leadership buy-in; accountability and building an inclusive culture.

Building an inclusive culture is often the most challenging factor. Leaders need to make a concerted effort to promote openness, create equality of opportunity and foster belonging within their organisations. Making this change takes individual and institutional courage. It also requires commitment – it can take several years before you see results. It means dealing with backlash, resistance and fatigue. It also means measurement; there is no progress without accountability. You need to set stretch goals and constantly measure them.

The myth of meritocracy is that we think equality means everything must be the same. We want equality of opportunity in the workplace, but this doesn't mean

treating everyone homogenously. The truth is, 'neutral' isn't actually 'neutral'. The status quo doesn't work for everyone and failing to recognise different contexts may be putting people at a disadvantage.

Companies that are serious about building meritocracies place this on a par with any other business objective. Those that are making changes aren't doing it because it's 'nice'; they're doing it because there's a clear and concrete business case.

Finally, it's important to show that this agenda is not threatening but rather an opportunity. If you believe that you're in a zero-sum game then you'll never get buy-in for change, because people will be competing with each other. Instead, we must believe that the pie can get bigger. The more people believe there is a net gain with these measures, the more likely they are to succeed.

1. Empathy OVER Assumption

Actions for Leaders:

1 **Have the courage to work from the personal.** Introduce your own story, identity and values when starting meetings and encourage others to do the same.

2 **Be prepared to put yourself in positions of vulnerability** e.g. mention any privilege you may have; admit any mistakes you've made openly.

3 **With no judgement, think about why you're asking.** For example, if you ask a person of colour where they are from, are you asking everyone? If not, why not?

4 No matter what your status or experience, a good rule of thumb is to **listen more than you talk** and give people your full, undivided attention when they do.

5 **Reflect on who you are offering "hot jobs" to** and who you have identified as a leader. Are you thinking broadly enough?

EXERCISE: List six people in your organisation that you are most likely to go to for advice. Reflect on this list. **What strikes you?**

Actions for Organisations:

1 **Review what you mean by "merit".** Are you sure you're not promoting against an archetype of success your organisation has created? Do the images and words on your recruitment materials reflect this?

2 **Engage in reverse mentoring** in which junior talent mentors a more senior member of staff. This gives leaders a space to learn from those who may face prejudices they are unaware of. It also gives diverse talent an opportunity to influence change.

3 **Executive sponsorship,** whereby a senior leader removes the road blocks to help diverse talent climb the career ladder, is often effective.

4 **Staff groups, including trade union representation, can provide useful forums** for opening up discussion and action.

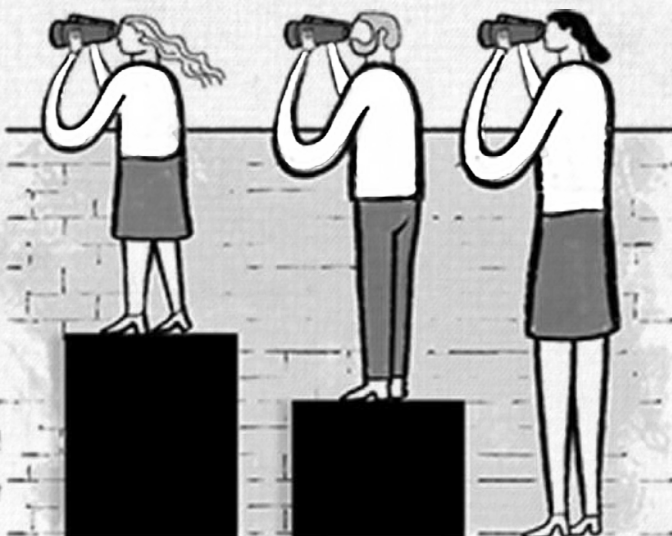
5 **Regularly ask teams to reflect** on which perspectives they are missing on a project or discussion.

2. Equality OVER Neutrality

Don't be afraid to see identity; one size doesn't fit all.

"Colour-blind". "Classless". "Gender neutral". These terms have been used by companies for decades to celebrate their equality processes. Compared to previous practices of racial segregation and legal exclusion from the workplace that explicitly restricted individuals on the basis of identity, it's easy to see why these terms represented relative progress. Today, however, we have discovered that these terms come with their own embedded problems. In particular, we know from the previous section that failing to acknowledge identities can lead to unconscious bias. Indeed, talking about "colour-blind" policies can even offer a false sense of security, offering us an excuse not to confront more deeply buried prejudices that may exist in our organisations. Rather than safeguarding inclusion, these beliefs can inadvertently defend a prejudicial status quo.

"WE NEED TO SHIFT TO TALKING ABOUT EQUITY, WHICH ENABLES EACH INDIVIDUAL TO ACHIEVE THEIR BEST THROUGH AN UNDERSTANDING OF THEIR IDENTITY AND CONTEXT."



Instead of treating people in a homogenous, neutral way, we need to shift to talking about genuine equality, which may require giving individuals different types of support in order for each of them to actively meet their potential given their context. Readers may well be familiar with the cartoon that illustrates the need to give individuals of different heights different levels of support to see equally over a high wall. In the same way, individuals may need different programmes of support in place to achieve their maximum potential. If the best qualified person for a job is a

2. **Equality** **OVER** **Neutrality**

single mum, the company may need to offer flexible working for her to be able to complete that job better than the next best applicant. Similarly, if the best qualified person for the job is insecure about being the only working-class person in the room, they may need a mentor with similar experience to help support them with that and challenge any underlying practices in the company that may have led to this insecurity. Meanwhile, an ethnic minority candidate may need more encouragement to apply for a particular role than someone of the dominant culture, simply because there are fewer role models to emulate in their position. From recruitment, through hiring, retention and promotion, it's important to acknowledge the identities that each individual brings to the table and work with them rather than ignoring them. Without that, your best talent may be wasted.

**“IF WE ARE
CONSTANTLY SEEKING
APPROVAL FROM
THE GROUP, WE ARE
LESS LIKELY TO PUT
FORWARD INNOVATIVE
IDEAS.”**

**“IT'S IMPORTANT TO
ACKNOWLEDGE THE
IDENTITIES THAT EACH
INDIVIDUAL BRINGS
TO THE TABLE.”**

Focussing on neutrality over equality can also improve your business culture. Many organisations have broadened their boardrooms over the last fifty years. Looking around from face to face, you may well see more diversity than ever before. But this diversity means very little without inclusion. Even with a rainbow of faces and experiences in the room, if the meeting is still dominated by three white men with others feeling unable to speak up, then power remains unequally distributed. Without equal acceptance and respect at the table, equal attendance means nothing. Indeed, it can also be extremely wasteful. We know that human beings in any group are hard-wired to want to fit in. If we feel insecure, we will waste valuable time scanning the room and looking for affirmation and trying to conform rather than focussing on the actual business decisions at hand. If we are constantly seeking approval from the group, we are less likely to put forward innovative ideas, take risks or contribute the full wealth of our ideas. Instead, leaders should focus on inclusive leadership that sees different layers of identity, is conscious of the structural power dynamics this may impose and work hard to create a culture of psychological safety for all employees involved. This won't just make your company a nicer place to work, it is also likely to elicit more productive and successful business decisions.

2. Equality OVER Neutrality

Case Study

Darren Burns

Manager
Timpsons Foundation



“YOU CAN SEE APPLICANTS... BREATHE A SIGH OF RELIEF WHEN THEY HEAR I’VE BEEN THROUGH SOMETHING SIMILAR TO THEM.”

In my previous job as a police officer, I committed a criminal offence. I was planning to sell cannabis that we’d confiscated in service. I received four years in prison. It was there that I was interviewed by Timpsons and was trained to repair shoes and cut keys. I thought it was just a stop gap, but I got hooked on the rehabilitation agenda.

When I explained to James Timpson that I wanted to work for the Foundation after serving time, he told me to go and work in a local branch shop first. So I cut some more keys and repaired some more shoes. Eventually James came back to see me and I became head of the Foundation. I genuinely love my job.

My experiences have helped me. You can see applicants with a criminal record breathe a sigh of relief when they hear I’ve been through something similar to them.

Traditionally shoe repairs and key cutting has been quite a male-dominated profession, and with only 28% women in the Timpsons side of our business, we still have a lot of progress to make on gender. To help with this we’ve also installed Upside-Down management, which essentially means we recruit people on personality over everything else - including technical skill. We believe we can train anyone to repair shoes, but it’s harder to find someone who is chatty, confident and outgoing, who can have a great rapport with customers.

Another part of Upside-Down management is our Happy Index. Every year we send each colleague (we refer to ‘colleagues’ not ‘staff’) a survey in which they can rate all of their team and their managers. It is compulsory and it can be anonymous. Managers can be demoted or dismissed on the basis of this survey. We are clear that the most important people in the business are those that are putting money in the till; managers are just there to support with that. In reality about 1,200 colleagues are now recruited from the criminal justice system, and our retention rate is over 75%.

2. **Equality** OVER Neutrality

Actions for Leaders:

- 1 **Make the most of people's identities** because that can often help challenge group think e.g. actively asking people to relate the question to their experience of life e.g. as a single mum or carer.
- 2 **Listen to each individual** to work out what they need to achieve their potential given their context e.g. a single father may need flexible working to meet their goals.
- 3 **Evidence suggests that we often ask women in interviews about softer skills** e.g. managing teams and men about harder skills e.g. commercials. Ensure you cover the range to avoid bias.
- 4 **Regularly review your own network.** Consider how diverse your network is. How similar is it to yourself? Is there anyone else you can ask to get a different perspective?

Actions for Organisations:

- 1 **Insist on "diverse slates" for recruitment;** having one diverse candidate makes little difference, you need to have two or three. Reject non-diverse lists.
- 2 **Trial recruitment that is name/age/gender blind** and see if you're calling back the same set of candidates.
- 3 **Review your advertising, recruitment, training, promotion and support systems** for employees with an eye to identity. Instead of offering everyone the same package, work with employees to work out what works best for them.
- 4 **Design all of your systems and processes with a black single mum in mind.** This is a good check to make sure you are clear and inclusive. Everyone benefits.

3. Economics OVER Emotion

Make the business case for inclusion; this is not just about social justice.

Anyone interested in deepening meritocracy inside their organisation needs to make the hard-headed business case for doing so. You are simply more likely to win over sceptics of this agenda if you can make a convincing case that properly implemented diversity and inclusion initiatives are likely to increase your company's profits. Too often, the diversity agenda is presented only as the "right" thing to do. Company leaders are expected to vote through inclusion proposals purely on the basis of the moral weight of the arguments whilst missing the economic potential they may represent. We must focus on opportunity as well as fairness.

This problem is exacerbated by an emphasis on internal processes rather than external opportunities. Many D&I initiatives tend to focus disproportionately on the internal processes of the company such as the wording of an internal recruitment ad or the mechanics of the complaints process. Occasionally, there may be an effort to make an oblique link to economic benefits through the attraction and retention of talent, but even this is often mentioned in passing rather than soundly argued or securely evidenced.

As our YouGov survey of business workers demonstrates, it is rarer for companies to explore the wider economic opportunities that diversity may bring, particularly in terms of customer base, market share and new growth. This is likely to prove rich and

'TOO OFTEN, THE DIVERSITY AGENDA IS PRESENTED ONLY AS THE "RIGHT" THING TO DO.'

fertile ground for those individuals who care about diversity and inclusion and want to win support for their proposals. If company managers can be convinced that thinking differently and recruiting more representatively can genuinely bring in new client bases and attract new revenue streams, they are not only more likely to support your proposals, they are also likely to substantiate that support with resources and investment.

It can be tempting to believe that doing the right thing should only and always be motivated by the pure desire to do good, rather than for any other self-interested motive that could be perceived to undermine the moral legitimacy of the change. This belief is mistaken. It is not necessary to argue that justice is secondary, only that justice can co-exist alongside economic gain. This basic alignment of incentives is going to make pursuing the diversity and inclusion agenda easier, engage more people and bring about more meaningful change faster. It also has the added benefit of making those who gain from the diversity changes feel less like recipients from begrudging leaders and more like valuable contributors who impress bosses and serve the bottom line as well as social justice.

3. Economics OVER Emotion

Case Study

Tony George

Human Resources Director
Intertek



I grew up in India. When I came here, I was incredibly keen to prove myself. I was aware I was now in a developed country with better knowledge and facilities – and that people spoke a different English to me. In my first week someone said “lovely jubbly” and I had no idea what they meant. There was no obvious attempt to exclude me, but I had to work hard to adapt. I wouldn’t want to overstate the obstacles I faced, because ultimately people supported and promoted me.

What I will say is that the business of D&I has to be right at the centre of things. The business can’t be hurtling down one track with D&I just dipping in at the side where it can. We are steadily moving towards one global workforce where companies compete for the best talent in a single global pool. Applicants will now come from all over. To thrive we need to be able to compete for the best talent in this highly competitive environment.

For me, that means thinking of always raising the bar and doing things much, much better – ten times better. This philosophy needs to be ingrained in everything from the strategy to the execution.

**“THERE WAS NO
OBVIOUS ATTEMPT
TO EXCLUDE ME, BUT
I HAD TO WORK
HARD TO ADAPT.”**

Otherwise we may do well enough – but we will not become a truly iconic company. This applies to every aspect of our business.

We already do this well with our performance reviews. We have revamped these annual meetings to capture goals and aspirations and the growth journey of individuals, we ask our people where they want to be and discuss the path of how to get them there. It gives people the opportunity to talk about their desires and opens the door to other possibilities. It’s partly why in our company talented people with the right attitude are offered great development opportunities all the time.

Finally, it’s important to look at who runs the company. This isn’t just the people listed on the website as leaders, but the people who actually make the critical decisions. If you have seven people in leadership and they all look and sound the same, then you will have biases and group thinking emerging. People will look up to that group and think: that’s what we need to be like. We don’t have one single type in our senior leadership team and it means we create a safer environment for people to express themselves and thrive in their own unique ways. I have no doubt that makes us stronger. Diversity in the senior management ensures highly effective teamwork and sets the right tone at the top.

3. Economics OVER Emotion

Actions for Leaders:

- 1 **Consider the economic opportunities of diversity.**
Build the business case.
- 2 Always consider whether it might be beneficial to **include the D&I lead in business meetings** that are about the broader business.
- 3 If you have identified potential and want to **elevate a member of staff, make sure the individual is fully supported** when they get there e.g. executive sponsorship.
- 4 When organising Top 100 strategy events, **split the number to invite top 50 diverse/underrepresented talent and top 50 in the business.**

Actions for Organisations:

- 1 **Make responsibility and accountability for D&I sit with CEOs and senior partners.**
- 2 **Include D&I targets alongside business targets** and monitor and evaluate them with the same level of accountability.
- 3 **Collect the data.** You need demographic information to evaluate the business and improve. Publish the data along with aspirational diversity targets and report against them.
- 4 **Quantitative data is as important as qualitative –** make sure you capture both.

4. Enthusiasm OVER Cynicism

Diversity & inclusion can build better workplaces for everyone; there's no need for shame.

On a good day, diversity and inclusion initiatives can be dismissed with cynicism. On their worst days, the conversations can be highly defensive and charged with shame. As ever, it's important to understand where this negativity comes from in order to move past it.

For those facing discrimination, it's easy to see the sensitivity. Perhaps the individual or someone they love has been the victim of the bias being discussed. Opening up about that publicly, particularly if you're a minority and/or you feel your colleagues may dismiss or fail to understand you, puts you in a position of vulnerability. This is increasingly becoming known as 'emotional tax'.

But shame can also be strongly felt on the other side. If you perceive yourself to be in the "dominant" group or, worse, think others may unfairly perceive you to be in that group, you may feel under

'IF INDIVIDUALS FEEL PERSECUTED, THEY CAN QUICKLY DISMISS THE WHOLE DIVERSITY AGENDA OUTRIGHT.'

attack. You may feel your legitimacy or hard work is being questioned, or that you are personally being accused of discrimination. This can tap into a common psychological belief known as imposter syndrome, the sense that you don't really belong somewhere or deserve something, and that you may be found out and exposed at any moment. If individuals feel persecuted, they can quickly become defensive and want to dismiss the whole diversity agenda outright.⁴

The answer to this sense of shame and insecurity is twofold. First, all possible fears, hidden or otherwise, need to be addressed openly. Reassurance needs to be provided that this is about looking at the system as a whole rather than any one individual. Furthermore, it must be made clear that a fairer, more meritocratic workplace is not just about helping groups more stereotypically associated with the diversity agenda but any groups that are historically under-represented or struggling to meet their potential because of structural concerns. This could include white working-class men who are used for frontline labour but rarely enter management just as much as black women locked out of the board room. Emphasising the broad nature of diversity – to include class, geography, social roles, life experience and characteristics – can help to make the agenda more inclusive.

Second, the case needs to be made that diversity and inclusion can benefit everyone, particularly economically. Too often the diversity and inclusion agenda is seen as a zero-sum game in which someone will have to move down for someone else to move up. No wonder it is perceived as threatening. Instead, build the case that a more meritocratic workplace is likely to be healthier and more innovative and that every member of the workforce stands to benefit. After all, if we make better use of our talent, then workers are more productive and the business grows. When that happens, there is room for everyone to be better off without anyone else having to move down.

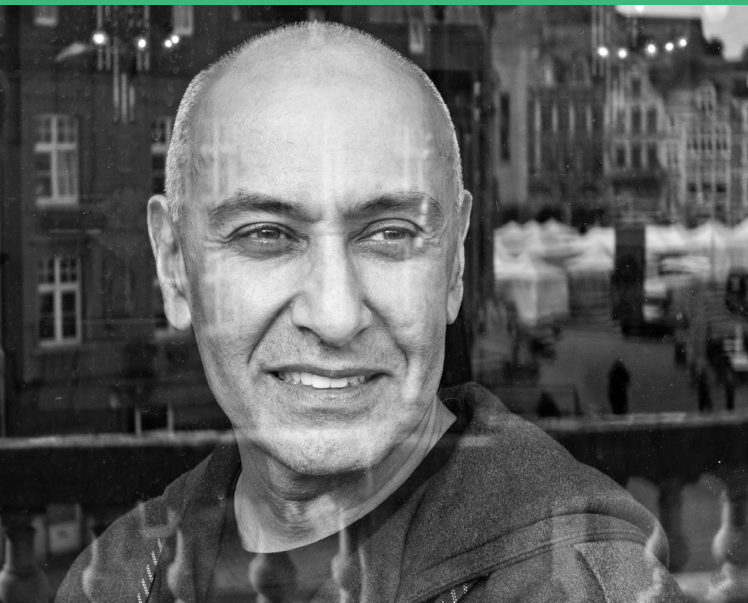
4.

Enthusiasm OVER Cynicism

Case Study

Farooq Chaudhry

Producer
Akram Khan Company



Diversity isn't just about colour; it's about embracing different perspectives. It's enriching because it stops cultural complacency and stagnation and instead allows us all to grow. We are lucky enough to tour globally and our different audiences shape and challenge us, they give us new reflections on our work that inspire us to do and be better.

Many dance presenting venues programme diverse performances, giving the impression of an all-inclusive and liberal world view but at the leadership level they often remain homogenously all white. There is the danger of being rooted in monocultural decision making. This entire system needs to be challenged.

As a company, we have to be mindful that we don't let ourselves fall into the trap of

tokenism and prop up what could be a racist programme. We have always deliberately tried not to label ourselves as an "Asian dance company" because that would box us in. At times that even meant taking a short-term financial hit when we didn't apply for grants that seemed to come with labels that put us in a cage. That would simply be playing into the racist game.

In terms of what we can do as leaders, we have to start from a personal space. Accept and become aware of how we might be complicit in the lack of equality. We have to hold our hands up as leaders, acknowledge the privileges we have and make an effort to unravel them. We cannot afford to become complacent or careless with our power.

To a certain extent we are lucky in dance because our work is by nature collaborative. We are always looking to get different bodies and movements to come together to find a cohesive narrative without losing individual identity. With us this way of working in the studio is also replicated in the culture of the boardroom and the office. It makes people feel safer and gets the best out of their collective gifts and talents.

Finally, we should not expect the transition to a fairer more equitable society to be seamless. The change is momentous and I expect for a long time our actions and words will be awkward and poorly expressed. I include myself in this. Yet, we need to allow ourselves to be clumsy and vulnerable because we simply cannot afford not to. The loss is too great!

**"DIVERSITY ISN'T
JUST ABOUT
COLOUR. IT'S ABOUT
EMBRACING
DIFFERENT
PERSPECTIVES."**

4. Enthusiasm OVER Cynicism

Case Study

My parents came over as part of the Windrush generation. They always told me that I'd have to work doubly hard as a black woman. I could see the injustice in that. I can talk about this at work, yet I'm aware that as someone in a senior position I'm privileged compared to my more junior black colleagues.

We are doing some good things at Network Rail, but it's not enough. We need to do more work everywhere. We started at 12% women and now we're aiming to reach 20% by the end of the year. The important thing is measurement. As a business we have lots of performance targets, so I introduced targets for diversity and inclusion.

Diversity targets allow us to reflect on how we attract, recruit and retain people, and help us to identify biases including in language. For example, we reviewed the job titles and acronyms which only serve insiders. Using the software Textio, "signalman" changed to 'signaller' making it gender neutral. And our Speak Passenger initiative helps us to describe things more accessibly.

Historically we have been good at recruiting in our own image. Men who work for us tend to tell their brothers and sons about the opportunities here. They have been attracted by what is often a job for life, but we haven't emphasised other benefits of working here that may work well for other groups e.g. flexible working for women.

I'm proud that we responded positively to Black Lives Matter. Our Chief Executive issued a clear and evocative internal statement to 42,000 employees in the days immediately after George Floyd's murder. It acknowledged that racism existed in the world and in Network Rail, and that we

Lorraine Martins
Head of Diversity
Network Rail



**"I WAS TOLD I HAD
TO WORK DOUBLY
AS HARD AS A
BLACK WOMAN."**

would stand by our black employees and more importantly emphasised a commitment to improve representation and opportunities for our employees.

We hosted a series of Let's Talk about Race conversations, which had over 1000 participants and we've been supporting small teams to have local discussions. Our Employee Networks have been really helpful with the conversations too. Essentially, they hold up a mirror to the organisation and act as a site for consultation on changes like bespoke or targeted development programmes. We make changes based on the feedback from employees; we're working on being a safe space that says 'we see you and we value you'.

4. Enthusiasm OVER Cynicism

Actions for Leaders:

- 1 **Celebrate people who are different to you.** Celebrate them because they bring something that you don't or can't do. For example, try starting a sentence with, "That's a great point, I would never have thought of that because..."
- 2 **Address any fears or mistakes honestly and transparently.** For example, try starting sentences with "I'm asking this to make sure I understand..." or "Thanks for helping me to realise..." to reduce possible defensiveness.
- 3 Respectfully **call out any behaviours that might limit open dialogue** or challenge.
- 4 Before each meeting, **set a goal to put forward a certain number of risky ideas to encourage people to go further** than they normally would.
- 5 **Make it systematic not personal.** For example, discuss wider statistics on poverty, housing, education and employment and explain that no business can expect not to be affected by those social realities, regardless of how good we are as individuals.

Actions for Organisations:

- 1 **Rather than talking about BAME or women in every organisation, think about "historically under-represented groups"** for your particular industry. Diversity obviously includes race and gender but it also includes many other identities that can enrich your business e.g. regional background, family role etc.
- 2 Rather than just looking at hiring individuals in a vacuum, **ask what the existing team could benefit from.** What perspectives and experiences might enrich the team as a whole? Who or what is missing that might improve the group as a whole?
- 3 **Evidence and promote how broadening diversity is good** for the whole company.
- 4 **Make sure existing staff feel safe and included in these changes** - Employee Forums are a useful mechanism for this.

5. Embedded OVER Afterthought

Link conscious inclusion to your company's purpose; don't leave it on the side-lines.

Diversity and inclusion initiatives must be rooted in a company's purpose. Done well, a company's mission statement or purpose should act as a guiding star, helping the business to set strategic priorities, make decisions and maintain coherence at all levels. Too often, the diversity and inclusion agenda is treated as a separate, independent appendage to the core business priorities with a discrete set of staff, directives and accountability mechanisms. To be truly successful, diversity and inclusion should be integrated into the existential purpose of the company and be evaluated alongside other mainstream business goals.

An excellent example of this is the Body Shop, whose purpose is to "Fight for a Fairer and More Beautiful World". As the company's CEO David Boynton points out in our case study, this slogan was challenged by staff in the wake of the Black Lives Matter protests in the summer of 2020. Listening to staff and evaluating their demographic data, Boynton realised that the company had changes to make if they wanted to bring their recruitment and promotion practices in line with their core purpose. Anything else would have been seen as hypocritical. It takes courage to acknowledge these faults, but admitting vulnerability is likely to give your decisions both authenticity and credibility. If in future workers felt that decisions were being made against this commitment to diversify, they could hold the leadership accountable with reference to that core purpose.

'...LINKING YOUR DIVERSITY AGENDA TO YOUR BUSINESS' CORE PURPOSE CAN HELP KEEP IT RELEVANT AND ALIVE.'

Finally, linking your diversity agenda to your business' core purpose can help keep it relevant and alive. Too often diversity initiatives are reduced to discrete, annual tick-box exercises in which managers congratulate themselves on the numbers of staff having been through a one-off training exercise, rather than thinking more meaningfully about how ingrained these values are across the company on a day to day basis. By constantly linking the diversity agenda to the company's purpose, you have a reason to link diversity to everything the company does. This makes diversity and inclusion part of a 'business as usual' mindset. Cognitive studies suggest that this embedded approach is likely to be more successful in the long term. If we want to build new neurological pathways in the brain to help us challenge bias and think differently, we can, but we must repeatedly practise these thoughts and apply them to different situations. Only then will the older more well-trodden pathways disappear and new ones emerge as the default. Keeping the diversity and inclusion agenda embedded in the mainstream purpose of the company is therefore more likely to make it a more potent and impactful force in your organisation.

5 Embedded OVER Afterthought

Case Study

When I saw the news about George Floyd I had a typical angsty, white, middle-class reaction: 'Not again - not another black man dying in US police custody. I've lived in the US, know it well and it felt like a US problem. But I was totally wrong-footed. When I came into the office I was faced with a huge outpouring on our internal social media channel Yammer – I had thought this was about the US, but the staff were questioning what we were doing here in the UK. They were also worried about speaking out and some even said they were afraid they might get fired for doing so.

There was a deep sense of shock. I replied across our communication channels and said You're right: it's a wake-up call and here's what we will start to do now. It became a powerful dialogue. There was some positive reaction at first but also some cynicism – and rightly so. It's very important to be judged on what you do rather than what you say.

David Boynton
CEO
The Body Shop



“I TEND TO THINK WE’RE THE GOOD GUYS, BUT IT WAS HUMBLING TO HEAR THAT WE WEREN’T.”

When I look around the senior leadership team I see a mix of nationalities, so I tend to think we are the good guys, but it was humbling to hear that we weren't. You can't assume that because you've made some progress that you can relax. We have a strong sense of purpose – we are here to “fight for a fairer, more beautiful world”, but it felt we weren't doing a good enough job of that.

When we started to look at the data we found we had a lot more work to do. Although we had 230 stores with a wide diversity of managers, that diversity wasn't reflected in the next level – at a district level we had no managers who were black. I'm happy to say that has changed now but it showed us the power of understanding the data better and not assuming.

We set up an Ethnicity Network that I have joined. We actively invite staff to speak here so we can learn from them and why they can't progress. It's an important forum and is educating us with some much-needed reverse mentorship. It's a great way to get real feedback on progress.

This has prompted us to take a fresh look at the wider subject of inclusion and we've piloted open hiring on the back of that. This simplifies our recruitment process – if you can answer three simple questions, you're in. We've introduced it to our distribution centre in North Carolina and it's enabled us to be much more inclusive in our hiring. It's made us aware of some of the hidden hoops we were asking people to jump through that were maybe biased. We're now extending the trial to our retail stores in the US. It's been an important and necessary provocation for the whole business.

5. Embedded OVER Afterthought

Actions for Leaders:

- 1 **Read the Parker Review and the McGregor-Smith Review recommendations.**
- 2 **Don't just delegate the diversity and inclusion agenda** into a separate team. Make sure you are holding anyone helping with D&I accountable and vice versa.
- 3 **Always question the outcome and impact of proposed new initiatives** and articulate them for all. Don't be drawn in just because it's "new".
- 4 **Reflect on how your company's purpose can be better served** with a more diverse and inclusive workforce. Narrate that to your staff.
- 5 **Create your own contact list of individuals and ask them to support you on your journey.**

Actions for Organisations:

- 1 **Commit to funding and investing in D&I long term** for sustained benefit and authenticity. This can't be the first thing that's cut when facing challenges.
- 2 **Make sure diversity and inclusion leaders have a voice at the executive table.** D&I should be integrated into your talent and recruitment strategy, which is linked to your business strategy.
- 3 **Design systems of monitoring that measure outcomes and impact not just outputs.** One way of doing this is to monitor a greater number of impacts over time e.g. don't just look at the numbers that have gone through a training course, look at how many still use it in 6 months' time, look at the impact it's had on recruitment, leadership promotion, customer base, any pay gaps in your organisation etc.
- 4 **D&I leads should see themselves as serving the company as a whole** not just a niche department with segregated targets.
- 5 **Pay all of your support staff well** and make sure you're publishing the pay differentials in your company.

Conclusion

This report has aimed to build the positive business case for deepening meritocracy in the workplace. The McGregor-Smith report, the Parker Review and the series of reports on diversity and inclusion from McKinsey are just some of the other works supporting this case, and we hope we have built on their work here. Business leaders are increasingly realising that diversity and inclusion is not just an important duty; it's also a chance to strengthen the bottom line.

At its best, genuine meritocracy ensures a level playing field. It enables us to see talent in new places and make more of the people we already have. A culture of inclusivity makes our teams feel more confident to take risks and innovate. More diverse teams can reach new markets and untapped profits. In this way, deepening meritocracy can help grow the pie for everyone in a business, liberating the white male who may worry about perceptions of his class or age as much as the ethnic minority woman who may worry about her race and gender.

“We cannot let the visceral anger at George Floyd’s murder simply rise and pass; we must use it to make systemic change.”

‘...DIVERSITY AND INCLUSION IS NOT JUST AN IMPORTANT DUTY; IT’S ALSO A CHANCE TO STRENGTHEN THE BOTTOM LINE.’

By advancing this positive business case for meritocracy, we believe we are best able to serve social justice. The visceral anger unleashed by the brutal murder of George Floyd was rooted in hundreds if not thousands of years of discrimination and structural injustice. We cannot let this moment rise and pass; we must use it to make systemic change. In workplaces across the UK, just like the streets of the United States, workers should be judged on their character and actions rather than on their skin colour or background.

Deepening meritocracy in this way is uncomfortable by definition: it means confronting the personal prejudices and insecurities that society inevitably passes to each of us and it often means dealing with backlash, cynicism and fatigue. But it is morally imperative. Business as usual is not an option. If we decouple

the relationship between effort and reward, we risk ruining any incentive people have to work hard and play by the rules. If we want people to try their best, we must fairly reward them for doing so.

We hope this report encourages you believe that such change is possible. We also hope that it helps you acknowledge your role as a leader in this agenda. The principles we have outlined in this report have been deliberately practical, and the case studies document leaders who are proving such action is possible every day. Finally, we hope you end this report by asking What am I going to do? If the answer is 'nothing', or 'maybe something when I'm less busy', you have to ask yourself who will. This agenda cannot simply be left to politicians and protestors: as leaders, each of us has the power to do things differently. From such privileged positions, each of us must have the courage to rewire meritocracy so that we genuinely reward talent. Doing so won't just serve what is right; it will also build what is profitable.

'This agenda cannot simply be left to politicians and protestors: as leaders, each of us has the power to do things differently.'

¹ Indeed, the very phrase 'stiff upper lip' has class connotations. This is perhaps another indication of how our culture ingrains our economic systems and defends the status quo.

² The survey did not include data about ethnicity, so we cannot say if this is representative of all female groups.

³ <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

⁴ This problem is compounded by loss syndrome. Simply put, human beings tend to place a higher value on the things they have now more than things they could have in the future. It means that we feel the removal of something more than we do the addition of something new, even if objectively they are worth the same. This psychological tendency can leave us adversely dispositioned towards change, even when it might offer a net benefit to the company or indeed the individual raising the concerns.

Action Template

Note: Put a reminder in your diary to check this page again in six weeks' time.

What **three things do you want to remember** from this report?

- 1)
- 2)
- 3)

The 5 Es
**Empathy, Equality, Economics,
Enthusiasm, Embedded**

What **two actions do you want to take** on the basis of this report?

- 1)
- 2)

What **one new habit do you want to develop** over the next six weeks?

What are **the consequences if you make no changes** at all?

How can you **hold yourself and your organisation accountable** for these changes?