

How to be a more diverse employer (and why it matters)

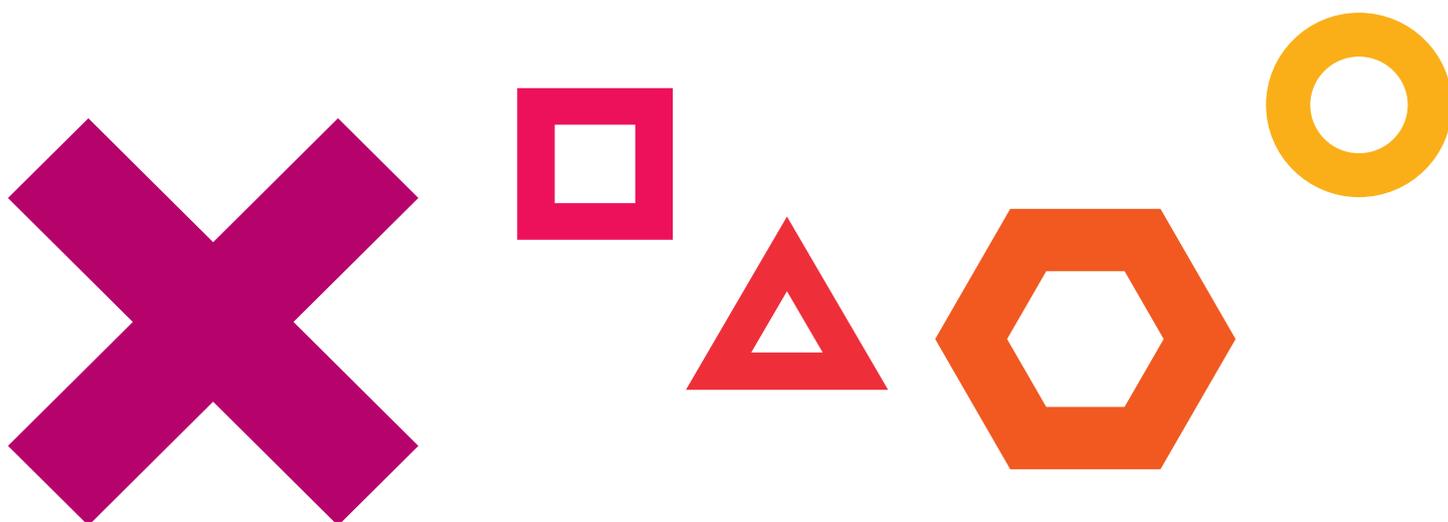
Executive Summary

It seems like not a day goes by without the media flooding our news feeds with talk of gender equality. Sometimes, the stories we see about diversity are positive and encouraging, while at other times they have gone viral – for the wrong reasons. Either way, diversity is a subject that is front of mind and at the very top of the media and the organisational agenda, too.

Diversity is part and parcel of everyday life. After all, the UK is one of the most multicultural nations in the world, with 13% of the population belonging to an ethnic minority group and 2% of the population identifying themselves as lesbian, gay or bisexual. The issue lies in the way in which such groups are represented within the workforce.

This Guide for Employers takes a look at both the importance of and the challenges associated with workplace diversity, and the way in which it can and does enable organisations to gain that all-important advantage over their less diverse competitors.

So, what does it mean to be a diverse Employer and how will becoming one benefit your organisation? Understanding these things is essential to effective hiring in the 21st century, and this guide will set out to inform and provide insight on ways you can implement equality and diversity hiring practices in your organisation.



The business case for diversity

The first step in any discussion on this subject is to understand the motivation for making diversity a priority for your organisation in the first place:

- **Is it to ensure compliance, or simply a tick-box exercise?**
- **Is it to recruit new talent and build your reputation as an employer of choice?**
- **Is it to meet the specific needs of clients across your supply chain – perhaps they will only work with providers with the same diversity policy as them?**
- **Is it to be legally compliant?**

Whatever the motivation behind the drive to becoming a more diverse Employer, the business benefits of doing so are well documented.

Gender diversity

The Financial Times published a four-year piece of research that provided an analysis of 617 of the world's largest employers. It showed that average employee productivity growth for organisations with three or more women at board level was significantly higher than those with just one or no female representation. When gender diversity is widespread throughout the rest of the business, the returns can be even greater.

Research conducted by the Massachusetts Institute of Technology (MIT) and George Washington University revealed that when workforces were evenly split between the genders, their revenues were higher. They analysed the impact of moving from an all-male or all-female team to one that is equally represented, and found that this resulted in a 41% increase in sales.

There is a plethora of other research into gender diversity in the workplace, and each point to the same conclusion – it simply makes good business sense. Moreover, they

all highlight the financial implications of not becoming a more gender diverse Employer. A study of 517 UK employers conducted by the Centre for Economics and Business Research (CEBR) calculated that the gender inequality is costing the UK economy £127 billion in lost output each year.

Ethnic diversity

As important as gender is ethnic diversity. The 2017 Parker Review found that just 85 of the 1,050 (1 in 12) director positions in the FTSE 100 are held by people from ethnic minorities – a lowly 8% compared to the 13% of the UK population that describe themselves as belonging to an ethnic minority group. This is expected to rise to 21% by 2051.

Clearly, the number of ethnic minorities represented at senior level doesn't reflect the demographic make-up of the country itself. It's a similar story across the wider workforce, too.

According to the McGregor-Smith Review, Race in the Workplace Report, just 1 in 8 people of working age in the UK are from black, Asian or minority ethnic (BAME) backgrounds. It also found that BAME workers tend to be more qualified than white ethnic groups. However, they are less likely to be promoted – as the fact that only 1 in 16 management positions in the UK are held by an ethnic minority person demonstrates.

Barriers exist, yet if organisations supported full representation of BAME workers and encouraged career progression among these groups, they would be 35% more likely to have financial returns higher than their competitors (McKinsey). This would add £24 billion a year to the UK economy each year – or 1.3% of GDP.

How to support diversity in your organisation

It's indisputable that organisational range is important in business. Whilst improving diversity is likely to create happier staff and a more positive working environment, it has been suggested that businesses with racial and ethnic variance are a third more likely to have financial returns. Additionally, companies with similar ratios of men to women are 15% more likely to have financial returns above national medians. The question is where do you start?

Starting from the bottom

In order to effectively tackle diversity concerns, it is useful to start with recruitment and hiring. Transparency of hiring practices and an awareness of diversity during the onboarding process is subsequently going to improve your quota.

Prioritising variation in your company values is a clear way to attract candidates. Social media and online advertising are becoming integral parts of the hiring process, and the use of blogs and other forms of communication are attracting more people to your website. Covering issues surrounding diversity is a great way to prove your commitment and interest in the topic, which in turn, is going to appeal to more people.

Lead by example and prove your commitment as a manager

While bottom-up approaches are useful going forward, it is crucial to include top-down methods also. In management it is imperative to have a zero-tolerance approach to discrimination and harassment. If you don't feel safe at work, you won't want to come to work. By implementing this, you set a standard and level of acceptance that will be mirrored company-wide.

Additionally, getting actively involved in community practice is useful in order to improve employee confidence. The Stonewall Workplace Conference is a great place to start, providing leadership and guidance

skills surrounding diversity, which can then be passed on and exhibited to your team to set a solid standard.

Educate and build an environment of inclusion

Management participation is key. However, employee engagement is also to be encouraged to inspire inclusion. From seminars to lunchtime awareness meetings, educating your employees will enable them to engage in acceptable work behaviours voluntarily.

In a more severe case, diversity policy and training may be necessary to fully enforce the importance of the matter. Unconscious bias is something that cannot be avoided no matter what size the corporation is. Take for example, Starbucks, a huge company with over 27,000 stores (2017). They have recently introduced a diversity training programme following an unfortunate incident involving racial bias. Think of it this way, it's better to knock the issue on the head early on than to face a detrimental PR or HR debacle down the line.

Cultural awareness is key, cultural interest is paramount

Diversity is not a hurdle, it is a requirement, and there is no excuse for avoiding the conversation. Being culturally aware and interested is emblematic to business success. Each of your employees will have a different race, religion or cultural background no matter the colour of their skin or gender.

Taking an interest and vocalising that to your team is not only going to make each employee feel more integrated, but you're going to unlock your full potential as a unified mix of unique individuals.

How to monitor the success of your diversity policy

Diversity management is more effective when continuously regulated. Therefore, monitoring your progress is critical when introducing any new strategies. This is not only important for the business, which it is in terms of targets, but it's encouraging for employees to see a continuous effort to maintain standards. If this starts to slip, so will employee confidence.

Consistency mirrors success

The first step of monitoring success is chasing progression. A few months in to your new practices, be sure to acknowledge whether you are keeping up with the principles you have set. Are you still running your diversity training? Have you been considering race and gender during your recruitment process? Have you been covering diversity in your social media? If the answer is no it is likely you have swept your progress under a metaphorical, heavy workload. If there is anything that is going to make your staff feel irrelevant it will be unreliable and flaky progress.

Open-door policies and efficient communication

Another measurement of momentum, is again down to you. Are you operating a successful open-door policy? Your most important sources of information and feedback come from your staff. At this point, there should be full encouragement for staff to come in and have a chat, give regular feedback or to suggest any improvements that can be made. The opinions of your staff, when speaking about diversity, matter a great deal.

It's not just business, it's personal too

While tracking targets and approaching employees for feedback, it is useful to remember the issue at hand is a wholly humanised issue. Are you approaching this in a personal way as well as a strategic way? For example, have you acknowledged key dates and celebrated them together to encourage cultural acceptance? International Women's Day, Gay Pride, Chinese New Year, whatever the date, it may mean something more to an employee.

Acknowledging personalised aspects of diversity is not only going to impress employees for thinking outside of the box, it will give employees something to interact about and encourage social development within your team. Targets, goals and statistics are great for some, but others really will enjoy the extra lengths of a personal approach.

Can you see results?

Overall, the key way to monitor your successes are clear results. Given the goals and targets you set yourself, be sure to reflect on:

- **Has your productivity increased?**
- **Are your employees happy?**
- **Is your team diverse?**
- **Have you retained your diverse employees?**
- **What can be done to further your goals?**

The likelihood is, if situations haven't improved your efforts have not been strong enough. There is too much evidence out there to prove that diverse teams perform better. It is completely within your interest as a business to develop your goals and highlight diversity. If you have tried and failed... it may be a good idea to get back to the drawing board.

Conclusion

Diversity is a hot topic right now, and with good reason. It goes beyond the moral imperative, it simply makes good business sense. Waiting to see what other Employers within the same sector do with their diversity agenda before taking steps to implement one themselves could be detrimental to the business itself, and negatively impact the bottom line - not in terms of declining revenue; rather lost opportunities for driving new revenues.

The commercial benefits to being a diverse Employer far outweigh those of not being one. It is crucial that organisations make progress on this area if they want to continue to be key players in their sectors and employers of choice for the talent they wish to attract.

Good progress is certainly being made across the board, so much more still needs to be done. But taking those first tentative steps to embracing diversity in your workplace will not only help you attract and hire great talent, it will enhance your retention rates and drive greater innovation at every level of the business.

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