

Ethnic Diversity:

From rapid response to lasting impact

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The topic of ethnic diversity has come into sharp focus across the public and private sectors in the United Kingdom. Triggered by shocking incidents of racist acts and language in society, progressive senior leaders have been propelled into overdue and urgent action—while grappling with the health and economic shock from the COVID-19 pandemic.

It is a really important and sensitive topic because it is inextricably tied to race relations, political beliefs, socio-economic disparities, biases, political correctness, historical wrongs and contexts, and deeper sociological and physiological human instincts.

Much has been said and written on this subject, but we believe that a lot of the coverage has either over-intellectualized the problem or merely been virtue signaling. The content has been high on recommended actions and low on providing the nuances, insights, and perspectives that will aid sustainable and institutionalized conscious inclusion and equity.

This is why we have written this guide. While not the definitive text on antiracism, we believe it provides substantive and specific guidance on handling difficult and sensitive topics in the workplace and will help drive progress that will move us to a more equitable world.

We attempt to present a variety of ethnic diversity topics in an easily accessible way. Our intention is to show not just the facts, but also moral and ethical arguments for and against any particular course of action as a starting point for further exploration, action, and conversations.

Think Globally, Act Locally

A good starting point is to reflect on the definition of ethnicity itself.

The terms “ethnic,” “ethnic diversity,” “ethnic minority,” or “ethnicity” are all used as identifiers for a minority population subgroup, usually within the context of and in contrast to a majority subgroup. The markers for distinction between the subgroups are broadly accepted to be a combination of national origin, racial origin, and cultural identity.

Consequently, it immediately becomes clear that who is in a minority or majority subgroup of any population will vary by country and region. This naturally leads to the conclusion that progress on ethnic diversity may lend itself to global “principles,” but almost certainly needs specific strategies, tactics, and actions in each of the countries and local contexts that your business operates. Bottom-up approaches and customization of initiatives are generally a much surer way to sustainable outcomes.

Once ethnic categories are identified, how do you determine that there is intended or unintended discrimination, underrepresentation, or both? In the UK, at a country level, the statistics on this are clear. Hate crime in England and Wales has more than doubled from 40,000 cases in 2013 to over 100,000 cases in 2019, and 75 percent of all hate crime is race-related or racially motivated, according to the Office of National Statistics, UK.

In another example, age-adjusted, the British Black population is four times as likely to succumb to COVID-19 as the White population. The reasons behind some of the statistics are deep-rooted and multi-generational but predominantly social rather than genetic, and therefore unacceptable in modern democratic societies.

Britain has a significant race equity issue. However, it is important to acknowledge that the make-up of the population of the UK is materially different from other White majority countries in Western Europe and North America. Although the issues faced may be linked to

Comparison of Ethnic Groups across UK and US

(Largest five ethnic groups)

UK Overview

86%

White

3.3%

Black

2.5%

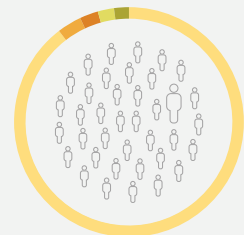
Indian

2.2%

Asian & Chinese

2%

Pakistani



Source: 2011 Census (England and Wales)

US Overview

60.1%

White alone
(not Hispanic or Latinx)

18.5%

Hispanic/
Latinx

13.4%

Black

5.9%

Asian

2%+

Mixed/Multiple Race



Source: 2019 United States Census Bureau

happenings across the world, they are ultimately specific to the UK and linked to local, socio-economic, and ethnic community specific factors.

On population statistics alone, the need for country-specific responses is clear. In addition, each ethnic minority faces its own unique set of challenges—some far more cruel and debilitating than others. This requires targeted, community-specific responses (e.g., Black and Indian ethnic minorities in the UK may be numerically similar in sizes, but merit divergent interventions from an inclusion perspective) in society and in companies. Equally importantly, the Black Lives Matter movement is as important in the UK as it is in the United States, but will play out differently, due to different demographics and historical contexts.

At the country/regional level, a good way to understand and categorize specific challenges:

The numerical size of each ethnic community



An understanding of socio-economic statistics for the community today



An understanding of historical disadvantages and discrimination faced



The ability of a community to organize and have its voice heard



Each organization needs to have clarity on this picture above to calibrate interventions so that they are made with the utmost understanding and the greatest possible societal benefit.

UK Senior Leadership Ethnicity Statistics

The UK and Europe set clear targets on gender diversity in boardrooms, and this shows in the gender representation statistics today. The opposite is true on ethnicity. On the other hand, the United States has acted with greater decisiveness on the ethnicity agenda, while most UK companies only began tackling this topic recently, and most continental European companies have just about begun to organize themselves to respond to it.

About 10.4 percent of the Russell 3000 (including S&P 500) board members in the United States are ethnically diverse, of which 4.1 percent are Black, 2.9 percent Asian, 1.8 percent Hispanic/Latinx, and 1.6 percent belong to other ethnicities, according to ISS Analytics. Egon Zehnder observes that efforts toward greater ethnic representation in U.S. boardrooms are already more precise (e.g., focusing on Hispanic/Latinx and Black representation), due to the severe underrepresentation of those ethnic groups compared to the general population.

Ethnicity Statistics on FTSE 350 Boards: 6 Gaps

Data as of January 2020

Under-Reporting Gap

256 of 350 companies responded to the survey. Assuming that non-respondent companies are more likely to be less ethnically diverse, the figures could be substantially lower still.



The British Gap

Only 35 percent of the ethnically diverse FTSE Board members are British ethnically diverse talent.



The Top Job Gap

Only 8 percent of the ethnically diverse board members are in CEO or Chair roles.

The Concentration Gap

Eight companies on the FTSE accounted for a full 25 percent of all ethnically diverse board members, and less than 40 companies had more than one ethnically diverse board member.



The Focus Gap

Over 90 percent of companies were not measuring ethnicity statistics systematically or comprehensively. (However, we are seeing fast and reassuring progress on this front, and expect the number to be much lower in 2021.)



The Comfort Gap

10 percent of directors surveyed chose "Other" or "Prefer not to say" when asked specific questions on their own ethnicity.



Source: 2020 Parker Review

Corresponding figures for FTSE 350 (FTSE 100 + FTSE 250) from the 2020 Parker review put the ethnic representation at less than 7 percent. The already low numbers hide within them at least six gaps.

The Parker Review recommends that every FTSE 100 board have at least one ethnically diverse board member by 2021, and the same on the FTSE 250 by 2024. What this means in practice is there needs to be up to 50 ethnically diverse board appointments by 2021 on the FTSE 100 and up to 200 ethnically diverse board appointments by 2024 for the FTSE 250.

We have gone further than the board level and analyzed ethnicity statistics at Board and Executive committee level for all of the FTSE 350 companies.

Although companies should continue to search internationally for great talent to join their boards and senior management ranks, there is an under-appreciation of how much “board ready” or “nearly ready” ethnically diverse talent is out there at FTSE 350 executive committee level already.



Ethnicity Statistics for FTSE 350 Board & Executive Committee Level

363 leaders

363 leaders (<10% of the total)
are ethnically diverse

1% Black	4% Asian	2% Middle Eastern	1% South American
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49%

are already serving
on multiple
non-executive
boards

12%

are executive
board members

39%

are executive
committee
members who are
not on the board

~140 potential board members who are at
the FTSE 350 Executive committee level,
but are not yet on the board, creating a
healthy stream of potential talent.

Gender Distribution of ethnic talent

48%

female in
non-executive roles

12%

female in
executive board
roles

24%

percent female in
executive
non-board roles



Sector Distribution of ethnic talent



30%

Industrial



25%

Financial
services



19%

TMT
(technology/
media/telecom)



12%

Consumer



8%

Life Sciences



6%

Services

Age profile of ethnic talent

49%

talent is below
the age of 55

37%

talent is between
55 and 65

14%

talent is above
the age of 65

The Letter (and Spirit) of the Law

Anyone who is passionate about the Diversity, Equity & Inclusion (DE&I) agenda in the UK should familiarize himself or herself with the 2010 Equality Act. Worried senior leadership teams that feel exposed on their diversity statistics could currently be at risk of falling foul of both the letter and spirit of the act.

In summary, the act specifies nine protected characteristics where discrimination is unlawful: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and religious beliefs, sex, and sexual orientation.

The act also states that Positive Discrimination in favor of a protected characteristic is also unlawful. What the law does permit is Positive Action to support greater representation of protected characteristics in the workforce. There is often a thin line between Positive Action and Positive Discrimination, and companies are at risk of falling into the latter category of actions. For example, specific budgets and developmental programs for ethnic minorities within the workforce are supported. Expanding the definition of how jobs are defined to attract a greater proportion of ethnic minority candidates would also be promoted. In an equal merit or tiebreaker situation, choosing an ethnic minority candidate over someone who was not an ethnic minority would all fall under Positive Action, and therefore, the right side of the law.

However, routinely favoring candidates of a particular protected characteristic, setting particular targets and quotas for a protected characteristic, and setting the bar artificially low to ensure hiring someone with a protected characteristic, could be leading you into the territory of Positive Discrimination.

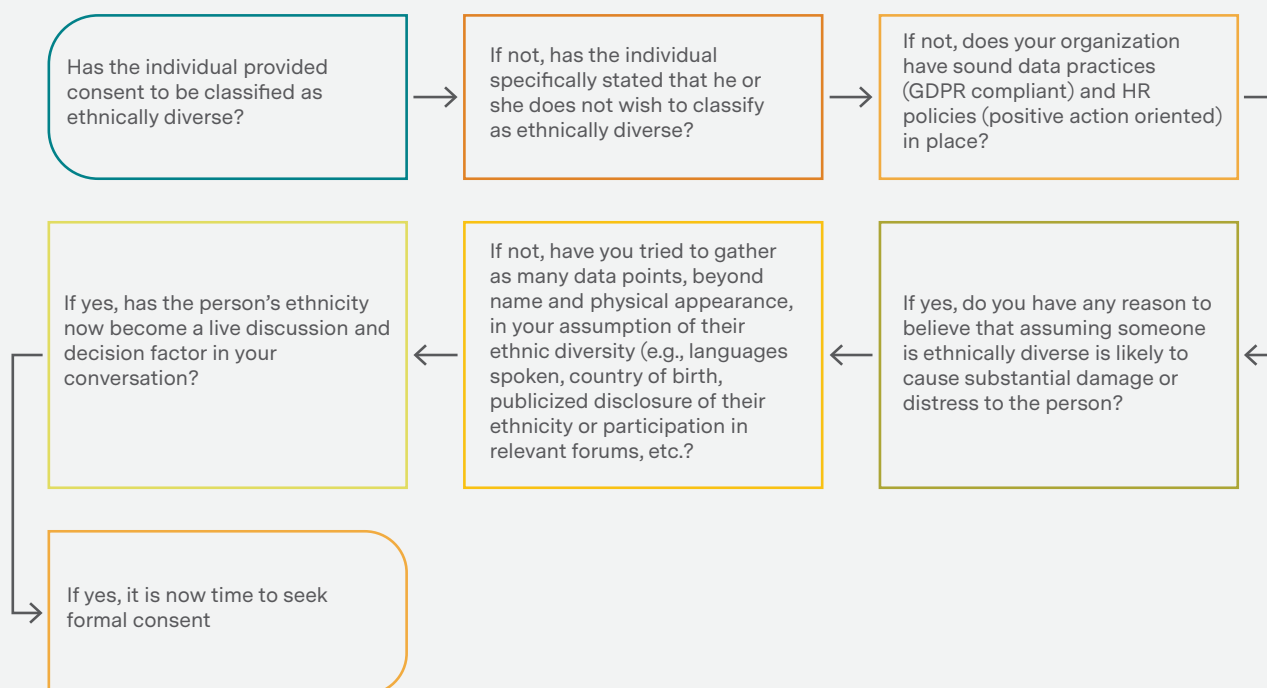
The reality is that organizations are under tremendous pressure to make gender and ethnic minority appointments into particular roles and often have implicit or explicit mandates to deprioritize any candidate who does not fit the “diversity” bill.

We are at a moment of genuine opportunity where companies in the UK have woken up to the ethnicity agenda. At the same time, we worry about the long-term consequences and potential future backlash of going against the spirit of the act, and strongly encourage each company to pause and take stock of the risks worth taking in the pursuit of positive action and the red lines to avoid.

Another area worth shedding some light on is the topic of “individual consent” to be classified as ethnically diverse. Egon Zehnder is not equipped to dispense legal advice, and we only raise this topic because we passionately believe that if companies are too cautious too early on the issue of “individual consent,” it can damage progress on the ethnicity agenda. Current regulations may allow you to go to reasonable lengths in the pursuit of positive action before you are formally required to seek consent of the individual.

Let's assume a situation where you don't have the formal consent of an individual to be classified as ethnically diverse. An instinctive reaction could be "we cannot consider them ethnically diverse." We urge you to think again. The following provides a potential decision tree that we find helpful, but you can feel free to construct your own.

A possible framework to think through candidate consent



It is far better to use logic and good judgement for as long as you feel comfortable because over-cautiousness or over-reliance on self-reported evidence goes counter to the intended positive outcomes. The impact of not considering someone as ethnically diverse unless they self-report versus when it is ethically necessary to is often going to be the difference between making and not making an ethnically diverse hire.

Common sense should also apply if someone refuses consent to be considered ethnically diverse. It is clear that for official statistics, the individual's ethnicity should not be counted as belonging to any particular category, and be categorized as "prefer not to say." It is also fair to assume that the individual would probably not want to discuss his or her own ethnicity with others. This does not mean this individual is not diverse or would not be a differentiated addition to a team or organization.

The law and regulations are there to aid positive outcomes, not suppress them or to stop people applying good judgement.

Mind Your Language

Robust and granular ethnicity measurements create an excellent starting point to understand employee compositions and gaps against aspirations. “What gets measured gets done” may be a true adage in most cases, but for ethnicity a necessary additional criterion for genuine action is the appropriate and confident use of language.

Many senior leaders believe that they don’t have the right language to speak with confidence about race. This can lead to diminishing the quality of dialogue on the subject in boardrooms and senior management teams, replete with “no-go” areas.

This also applies to candidates. Many ethnically diverse executives are not comfortable talking about their own ethnicity in a work or interview setting, creating all kinds of missed opportunities. We have lost count of situations where ethnicity was a big part of the search process, but where both the client and the candidate felt too uncomfortable talking about the subject in an interview setting, creating a strange situation where people were “thinking” ethnicity, but no one was “speaking” it.

Greater comfort with the language of ethnicity is needed and turns out to be far simpler and less risky than some may think.

The discomfort lies at both the macro “how do I even begin to speak about it” level, and the micro “how do I/can I get specific” level. At the macro level, ethnic diversity, racial diversity, people of color, non-white, BAME (Black, Asian & Minority Ethnic), and BME (Black & Minority Ethnic) are all fairly common and acceptable terms in the UK. However, UK official use guidance suggests that the term “ethnic diversity” and logical derivations such as ethnicity, ethnic minority, ethnic group, etc. are most appropriate. The other terms are not wrong per se, but they are seen by some constituencies to be inaccurate, inappropriate, not comprehensive, or generally not in good taste.

Moving on to the “micro” point, UK official statistics itself categorize 18 different ethnicities, leaving plenty of room for specificity, without causing any discomfort to either the initiator or recipient of a conversation or question.

Some simple “top tips,” and “process priming” are all helpful to avoid causing offense and to help break the ice. For example, one tip is that the usage of any official ethnic term in the singular, for example Indian/Arab /African is usually OK, but using the same term in its plural is not.

“Process priming” is also worth exploring. Some clients are requesting that their HR teams and search partners take a process approach to achieve the desired outcome, in some cases formally asking candidates to fill out data consent forms with a diversity section so they know what a candidate is comfortable discussing.

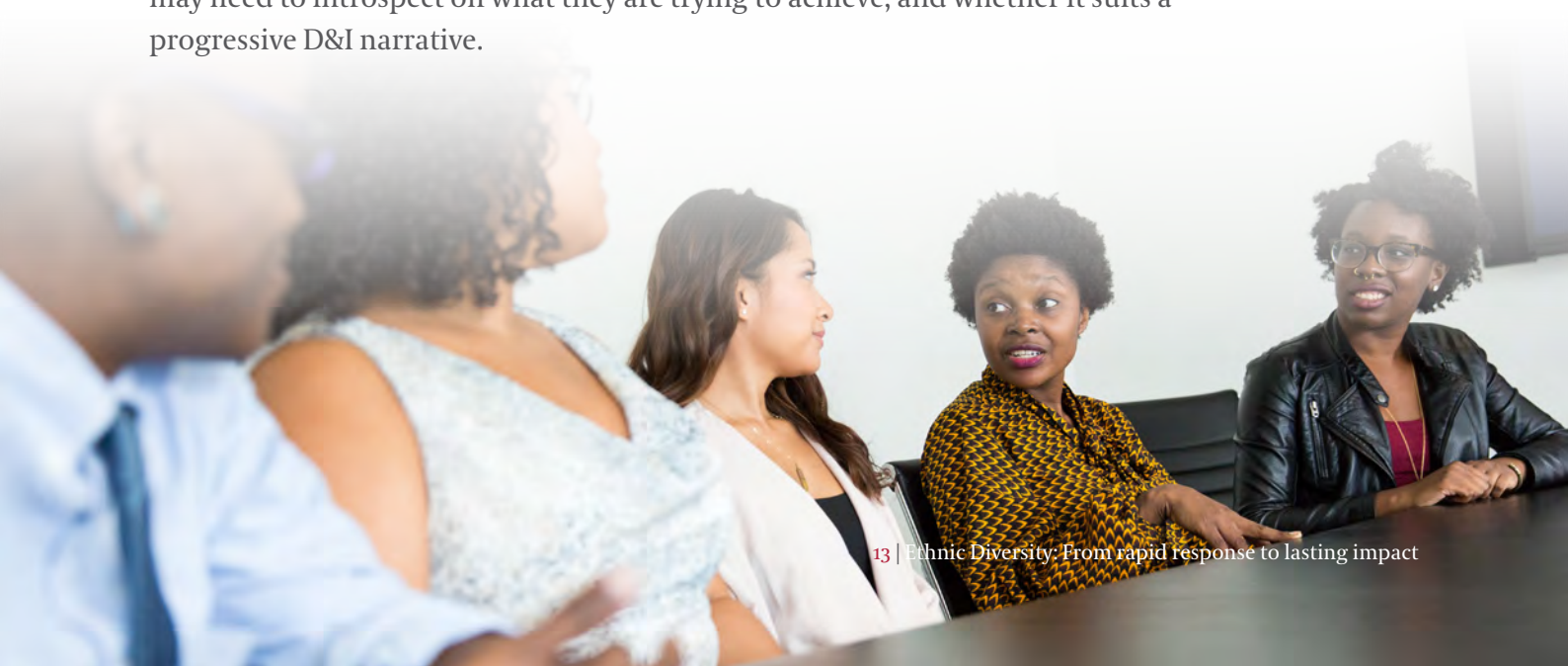
Clearly, the menu of choices employers and candidates will make on this subject depends on the comfort level of each individual and the culture of the organization. However, the aspired direction should be clear—learning the “language” of ethnicity must go hand-in-hand with measurement.

Terms to Expunge From Your Growing Anti-Bias Vocabulary

Certain terms or catchphrases can take on unpleasant dimensions, even if used in the interest of making a progressive point. It is impossible to be exhaustive about the litany of poor or offensive (or both) terminology choices, but we choose to highlight two phrases to make the point and encourage introspection.

A term increasingly creeping into the lexicon is “double diversity,” and we sincerely hope that it dies a rapid death. Used to signify that a particular individual ticks not just one but two diversity “boxes” (typically gender, ethnicity, or sexual orientation), we would posit that this is missing the point on the D&I agenda. Implying that having two diversity characteristics offers “double” the benefit of having one diversity characteristic (e.g., a female, Indian CFO would be considered “doubly diverse” while a White, female CFO would be termed “diverse”) could risk dehumanizing a discussion, and though statistically relevant, needs to face up to legitimate criticisms of box ticking.

Another that is even more commonly used, is “Pale, Male, and Stale” or “Old White Men” as a mildly derogatory term, often in the context of wanting to make a progressive point. However, the terms could be construed as racist, sexist and ageist by many, and though we appreciate that “punching upward” against dominant social groups is acceptable in some lines of work (e.g., stand-up comedy and politics), we are uncomfortable with such language meriting a prominent place in a D&I dialogue. It can breed silent resentment at a minimum, and serial users of such terms may need to introspect on what they are trying to achieve, and whether it suits a progressive D&I narrative.



Understanding Intersectionality

Intersectionality is the interconnected nature of social categorizations (e.g., race, class, and gender) that can compound the discrimination or disadvantage an individual or group may face in society, and it is a helpful concept in understanding why personal characteristics matter.

For example, a Black, female job applicant may face greater discrimination than either a Black, male job applicant or a White, female job applicant. The more characteristics that a person possesses that could potentially be discriminated against, the worse the discrimination or disadvantage.

At the same time, intersectionality can get reversed in the upper echelons of decision-making in favor of a “rarity premium.” This can be seen in senior leadership and board appointments where being a woman and being from an ethnic diversity background could likely be advantages rather than disadvantages in the United States, UK and other major Western listed companies today.

In the context of intersectionality and the rarity premium, companies should be aware of two risks that they need to manage. For the individual, it may lead to an undervaluing of the greater challenges that he or she has faced in his or her route to the top as compared to someone without the characteristics, and being unfairly perceived as chosen because of those characteristics. For the D&I cause, it can lull organizations into a false sense of security that all they need to do is to fill some top jobs with diverse talent and the discrimination faced by a dockworker or shift-superintendent will be reduced. Intersectionality is much more likely to be at play in blue-collar and middle management levels of society and is worth addressing as an independent issue, irrespective of progress on top management diversity statistics and outcomes.

Equality vs. Equity: A Reimagined, Diverse and Inclusive Search Process

Before we talk about the search process, it is important to align on the definition of D&I in a company context. Several definitions exist, but a commonly accepted one is:

Diversity is about recognizing difference and acknowledging the potential benefits of different perspectives in decision-making.

Inclusion is about valuing these differences, and enabling everyone to thrive at work; to create a sense of belonging, without the pressure to conform.

A big and common mistake organizations make is to treat their D&I objectives as an add-on to a search process. This is not just a missed opportunity and a recipe for frustration; it is also a misunderstanding of the D&I agenda.

At the conceptual level, it is the difference between seeking equality and seeking equity. Equality relies on attempting to create fair outcomes by treating people the same irrespective of need, while equity relies on attempting to create fair outcomes by treating people differently in line with their needs. (D&I leans toward equity while search processes have historically leaned toward equality.)

In addition, search processes are often replete with unconscious biases, unintentionally designed to recruit in the mold of the people who already work in the organization, creating vicious reinforcing cycles that oppose D&I objectives rather than support them.

The way organizations correct for this is to insist that diversity is a major priority in a search, which is helpful, but there is a reticence to tweak the fundamentals of the search process itself. Insisting on diverse hires without any change to underlying practices can imply that “we need more diverse employees, but they need to be more like us.” This can have implications on the ability to find candidates, and later on, retention and job satisfaction levels.

We strongly believe that organizations need a diverse and inclusive search process, which calls for a reimagining of the process itself. The table below explains how a new search process could work.



The Equality vs. Equity Debate

Reimagining the search process: Not as a binary either / or, but finding the best balance with purpose and confidence

	Typical Search Process	D&I search process
 <p>Search strategy & Role specification</p>	<ul style="list-style-type: none"> Precise industry, geographic and functional criteria Spec has lots of “Must Haves”, very few “Nice to haves” Spec often in a male, Anglo-Saxon tone D&I mentioned as a separate “section/line item” 	<ul style="list-style-type: none"> Expand industry, geographic & functional criteria Spec with few “Must Haves”, and many “Nice to haves” Spec in a clear but neutral, progressive tone of voice D&I intentions woven into the narrative with sincerity
 <p>Long & Short Lists</p>	<ul style="list-style-type: none"> “Out of box” ideas as exceptions Choose diverse slate for interviews on a “best efforts” basis. If diverse candidate slate not forthcoming, then everyone just “works harder” 	<ul style="list-style-type: none"> Stats on diversity in progress updates “Out of box” ideas as part of the strategy Interviewing commences only when slate is diverse Expand search strategy and spec to ensure this
 <p>Candidate Evaluation & Client Interviews</p>	<ul style="list-style-type: none"> Emphasis on experiences, track record and “fit” Interviewers chosen for relevance to hiring decision Interviewers rely on personal experiences of interviewing 	<ul style="list-style-type: none"> Evaluation on balance of experiences, competencies, potential, cultural compatibility and personal identity Diverse interview panel with unconscious bias and conscious inclusion training Interviewers have facts on D&I handy
 <p>Psychometrics & Referencing</p>	<ul style="list-style-type: none"> Psychometrics for evaluation purposes & further due diligence References from individuals who have worked with the candidate closest + most recently 	<ul style="list-style-type: none"> Psychometrics as an exploratory tool for both the client and candidate References cover a wider time span, and a diverse reference slate
 <p>Contract Negotiation & Sign-up and Integration</p>	<ul style="list-style-type: none"> Focus on monetary components in contractuals Standard HR onboarding process 	<ul style="list-style-type: none"> Focus on maximizing flexibility in contractuals Customised Accelerated Integration for first 6-12 months to aid inclusion

At each step, it is not just about working harder but about thinking and acting differently. We strongly believe that only when companies start doing this consistently will change happen more structurally. To be clear, we don't see this as binary, but as a spectrum that companies must explore with increasing levels of confidence.

For example, pursuing narrow geographical, industry, and functional experience in the search strategy dramatically increases the chances of an "all-White" long list of candidates. Companies must ask themselves: "Where can proxies be found for functional, geographical, and industry experience so that I can expand rather than contract my search universe?"

Similarly, role specifications are often written in the tone and in the mold of the majority ethnic and gender group in the company. At the risk of making a stereotypical point, but only for emphasis, if the dominant company culture is alpha-male, Anglo-Saxon, replete with an overreliance on buzzwords such as "value creation," "financial outcomes," and "personal accountability" above all else, this can turn off candidates who are more diverse in their personal characteristics, thought processes, and value systems.

Mentions of diversity and inclusion in the role specification are increasingly common, but often veers from tokenistic to overbearing, both of which can elicit negative reactions from candidates.

Addressing all of the above means that you are likely to have a long list of candidates, which includes ethnic diversity. We are confident that most progressively minded organizations would logically want to shortlist/interview at least a few ethnically diverse candidates. But in a small number of cases, overreliance on "hooks" that resonate with the hiring manager (e.g., familiar background, familiar set of companies worked for, familiar career trajectory) makes less diverse candidates appear as "safe bets" on paper. On the flip side, an overreliance on personal markers, such as gender and ethnicity, can mean shortlisting on those personal characteristics alone.

A good balance would be an insistence that the interview shortlist be diverse before proceeding with interviews. An example of this is the Rooney Rule, which traces its origin to the National Football League in the United States. It requires teams to interview ethnic minority candidates for head coaching and senior football operations roles and has been adopted by some companies.

Once candidates have been shortlisted, how they are evaluated matters a great deal to the final outcome. Historically, there has been an overreliance on past experience and track record. Though that should continue to have a healthy representation in the overall evaluation mix, it can lead to less diverse outcomes. If you want to

increase the diversity and inclusiveness of your workforce, other criteria, such as a person's leadership potential, (as evidenced by their curiosity, insights, engagement and determination), cultural contributions, personal identity, and the differentiation that they could bring to the collective make-up of the organization, are important to consider.

For example, a first-generation immigrant from an ethnically diverse background in the UK would need to rely on curiosity to observe separate cultures at home and outside, insights about different problem-solving approaches, emotional intelligence and engagement to fit in, and determination to surmount the challenges that he or she will inevitably face growing up. Although research is at an early stage, it is not unreasonable to assume that one's personal circumstances can be linked to future management potential, and why shouldn't companies benefit?

Interviewing comes next. Historically, an interview panel is composed of people intimately involved in the hiring decision. A diverse panel would be more balanced and provide a more rounded representation of the company, leading to a more holistic experience for the candidate. Unfortunately, very little interview training has been offered to senior leaders on how to explore D&I topics in an interview setting and make the experience consciously inclusive.

Among the most common unconscious biases are implicit assumptions made on implying trade-offs between ethnicity and meritocracy (e.g., "I would love a diverse candidate, but without compromising on quality"). Similarly, wanting "gravitas" as a leader is often mentioned. However, this could favor candidates from cultures that encourage the demonstration of social confidence and discriminate against those from cultures where this could be frowned upon or where English is not the first language.

Conscious inclusion, on the other hand, is about confidently exploring someone's "lived experience" as an active and positive part of the process, rather than something to be assumed or inferred from tangential conversation. How has their ethnic background shaped them? How does it make them look differently at a situation? How has it influenced the career and life choices they have made? How do they retain their distinctiveness? What worries them about how they are perceived? Similarly, most senior leaders are not familiar with their organizations' diversity statistics and are often stumped when asked this question by candidates. Despite best intentions all around, there is inadequate senior level interview training and support mechanisms on the D&I agenda that has been offered to senior leaders. That is a missed opportunity.

Psychometrics are a further under-explored avenue – they are increasingly used by companies as part of their evaluation of candidates, and could be a great exploratory tool for both clients and candidates to engage in a deeper dialogue, build trust and relationships, and deepen comfort levels and understanding of each other. Psychometric tools are the launch pad to take the conversation to a place of greater authenticity and could be the difference between yes and no for a client who may be on the fence about a candidate, or vice versa. However, the emphasis of psychometrics would need to shift from being a tool just for a client to evaluate a candidate to something that is jointly used by both client and candidate to appreciate the differences and seek common ground.

Referencing also can be reimagined, as ethnically diverse candidates can go through significant “identity shifts” over time as they adapt their identities to their work surroundings. References on an ethnically diverse Chinese or Indian candidate who has spent a year in the UK, coming from a much more deferential and hierarchical “home” culture, might sound very different when taken in a few years’ time after the individual has adapted to their new surroundings. To get a holistic view, unlike referencing in a typical search process that puts a premium on the more “recent,” in a diverse and inclusive process, there should be a greater emphasis on reference evolution over time.

Contract negotiation and closure is also an avenue for differentiation, as diverse talent may value different things (e.g., a female senior leader who is a mother may value workplace flexibility, while an ethnically diverse leader may prefer to live in a cosmopolitan location where he can blend in easier). Thinking beyond Base + Bonus + Long-Term Incentive Plan and more decisively about solving for what is most critical for the individual in front of you is well worth the effort.

Finally, once an individual has joined an organization, HR teams helpfully and automatically apply their standard on-boarding processes. Unfortunately, these are likely to be insufficient, as diverse talent may need more structured support in mapping stakeholders, relationship building, understanding cultural nuances, work rhythms, connecting with other diverse individuals from a similar background, etc. Inclusion should not be left to organic effort and chance, but should be systemically established through what we call an “Accelerated Integration” process.

We believe that a reimagined search process is a crucial “game changing” moment on the ethnicity agenda.

Ethnic Diversity as Part of the Broader D&I Agenda

Single-issue interest groups have huge advantages. They bring focus and message discipline, as well as build deep and genuine commitment to the causes they champion. Some of the great progressive steps in society over the last century have been taken by those championing specific ideas (e.g., women's right to vote, the decriminalization of homosexuality, equal civil rights for the Black community in the United States).

Ethnic diversity championing can be seen through the same lens, and all efforts toward the end goal for greater equity and inclusion need to be lauded. At the same time, it is beneficial to view the ethnic diversity agenda as part of, rather than separate from, the wider D&I efforts in companies. Given our earlier comment about how politically and emotionally loaded race-related topics can become, it is well worth reflecting on some of the collateral damage that well-intentioned initiatives can cause.

Numbers matter in any D&I discussion, but only to a point (e.g., 50.6 percent of the UK population is female, 14+ percent is ethnically diverse, and 7 percent categorizes itself as not being heterosexual, according to the Office of National Statistics, UK). These are very material numbers, and provide excellent grounds for material investment in positive action on the gender, ethnicity, and LGBTQ+ agendas.

At the same time, there are other numbers, easily available and often in plain sight, that receive nowhere close to the same level of empathy. For example, 93 percent of students in the UK are educated in the state school system, while anecdotally it is clear that a high proportion of senior leadership is either privately educated in the UK, or imported global talent educated abroad. Similarly, the median disposable household income in the UK is £30,000, and very little attempt has been made by companies to capture the socio-economic backgrounds and make-up of their workforce and leadership. Socio-economic disparities coupled with regional divides are already playing out in our politics and will inevitably flow through into boardroom discussions sooner rather than later.

It is important that all companies get ahead of the curve on incorporating socio-economic considerations into their talent policies, before social pressures force their hand – it is the right thing to do. Incorporating a socio-economic lens allows companies to tackle the problem of socio-economic disadvantage within large sections of the majority White population. Our hope is that in parallel to sufficient

Education

Percentage of 18-year-olds enrolled in higher education, as of 2018, in the UK

29.5%

White community

41.2%

Black community

46.7%

Asian community

66.3 %

Chinese community



The numbers have gone up for all communities between 2013 and 2018, but the rankings between the communities has not changed, and the progress has been slowest within the White community.

Source: ONS UK

Approximate UK population statistics

50.6%

Female population

14%

Ethnically diverse

7%

LGBTQ+ (or not heterosexual), of over 16s

93%

State school educated

50%

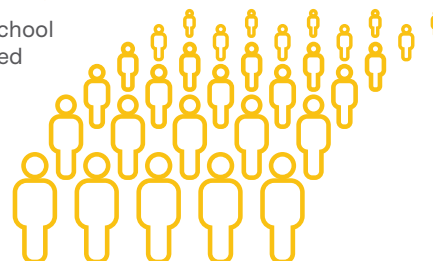
Household annual income £30,000 or lower

20%

55-64 year olds in working age population

19%

Disabilities among working age population



Source: ONS UK

progress on the ethnicity agenda, a good emphasis of inclusion practices is also invested in socio-economic considerations.

As getting a degree is an important factor in future economic prospects, the country has a massive problem looming in large segments of the White population.

Two other looming problems that do not receive sufficient attention are discrimination on the basis of age and disabilities. According to Office of National Statistics, UK, around 20 percent of the UK working age population is between the ages of 55 and 64. This number will only grow as society ages and will be further

amplified as people have to work later in their lives as life expectancy increases and savings and pension pots turn out to be insufficient for a vast majority of people. Far from being progressive and inclusive on the topic of age discrimination, we feel that in most UK companies, there are explicit and implicit biases at work against older people that restrict their economic prospects. Typically starting in one's early 50s, these discriminatory tendencies sharpen and become very prominent once people cross the age of 55. Each individual decision may feel acceptable (e.g., "He couldn't possibly be a CEO candidate, as he just turned 58 and wouldn't have enough runway," may feel like an innocent comment around the board table, but is very likely to be discriminatory unless you have medical advice to back this up.) Similarly, on the shop and factory floors, the preference for younger, "more energetic" workforces can cause similar situations and the same applies to many middle management situations.

When it comes to disabilities, the Office of National Statistics, UK, reports that 19 percent of the UK working age population suffers from some form of disability that may restrict their job opportunities, create challenges to job progression and promotion, and in a vast majority of cases may be corrected by positive interventions and support by companies. As with age discrimination, disabilities receive nowhere near the amount of attention they deserve.

In summary, the power and impact of single-issue focus can be extraordinary. However, the best companies need to balance this with a multi-issue lens, including tackling not just topics of today, or those in the news, but also the topics of tomorrow, and those that are deserving of attention.

Legitimate (and Not-So-Legitimate) Counter-Arguments

Here, we provide a brief overview of some of the more interesting arguments that caution against a single-minded pursuit of ethnic diversity end goals with a "take no prisoners" approach. We believe that companies that understand and appreciate some of the more thought-provoking counterarguments will make the best decisions.

Humans may have natural tendencies, hard-wired through the evolutionary process, and reinforced by history, culture, and social norms, to associate more closely with individuals and groups that are more like them. For a majority of senior leaders all

over the world, their spouse or partner is likely to be from the same ethnic group as them, and a high proportion of their friends and acquaintances are also likely to correspond to the same ethnic group.

Downplaying the existence of this natural tension with the D&I agenda or creating excessive guilt about the natural human tendency to be more comfortable with people of your own ethnicity doesn't serve the cause— it would be far better to be aware of and understand these natural tendencies as a stepping stone to better D&I outcomes.

One can also find interesting academic literature on homogenous versus heterogeneous groups and systems. Homogenous teams could likely build trust faster, communicate better, and act quicker than groups that are more heterogeneous. It isn't too difficult to extrapolate this to less diverse and more diverse senior leadership teams. Viewing one as “all bad” and the other as “all good” may be too simplistic. There is good evidence that heterogeneous and diverse economic and social systems are more resilient for the long term, but that does not mean that more homogenous systems and cultures afford no advantages to those who are part of them.

Although many articles have been published by professional services firms and management journals linking more diverse senior management teams to superior financial outcomes and shareholder returns, academic-level research linking diversity to performance is still emerging. For example, are Microsoft and Google great companies because they have Indian-born CEOs and diverse boards or because they have the best algorithms and products in the world? Why are Chinese companies with predominantly Chinese and often all-male top management teams some of the best performing in the world? The reality is that these are complex topics, and acknowledging the complexity is a better approach than touting less robust analytical conclusions. Seeking conclusive, analytical “proof” of the superiority of more diverse and inclusive teams could be open to legitimate counter-arguments.

Moving on to the D&I agenda itself, we hear a lot about greater gender and ethnic representation in senior management, but we don't hear the same sense of urgency and enthusiasm about representation at every level. The natural argument is that D&I champions have a disproportionate focus on “wanting a fair share of power” as opposed to “championing the cause of equal opportunity.” Where are the equivalent campaigns championing 50 percent gender representation among Uber drivers, or 20 percent ethnic minority representation among UK construction laborers? If not, why?

Another interesting argument is the danger of overemphasizing group identity at the expense of individual identity. The argument goes that a lot of the great social

progress achieved by liberal democracies has been because of the emphasis on individual rights, accountabilities, and freedoms. Swinging the pendulum too much the other way and encouraging people to think as part of groups rather than as individuals could risk a form of us versus them tribalism that could slow the cause of individual thought and liberty. Those making these arguments do have several valid points on the dangers of doing this on a large scale, particularly on the ethnicity agenda, as incidents of racial hatred, ethnic cleansing, and incidents of genocide in society show us. Though we don't believe that the argument has sufficient merit in terms of the danger attached to ethnicity initiatives in the senior leadership settings discussed in this paper, being aware of this danger in wider society is still well worth it, so that statements, strategies and initiatives that leaders endorse are well calibrated to enhance and not detract from respect for every individual, whether they belong to a minority or majority group.

Similarly, another argument is that most of the ethnically diverse senior leadership appointments tend to be of people who are privileged, just as a majority of White leaders in senior leadership come from privileged backgrounds themselves. Is the D&I agenda just going to be about replacing one set of privileged elites with others? This falls in the "half-truth" camp. Leaders who come from socio-economically advantaged backgrounds, irrespective of their gender or ethnicity, are clearly advantaged compared to those who don't come from such backgrounds, and this is not true just today, but has been for centuries, and will probably continue to some degree in modern society. This is not that same as saying that having a minority characteristic counts for nothing or very little. An ethnic minority individual (and often their families) are likely to have had to strive harder for the achievement of that advantage, or privilege. Of course companies need to recruit people from across the socio-economic spectrum for long lasting systemic changes, but that is not the same as saying that the focus needs to be on "non-privileged" ethnically diverse talent only.

Concluding Thoughts

In conclusion, Egon Zehnder is arguing for a collective effort to get informed, call out sluggish thinking, avoid panic, and to embrace the complexity of ethnicity as we attempt to change the arc of the conversation toward more lasting, positive change.

It is unlikely that the D&I agenda can claim “mission accomplished” in most of our lifetimes. However, what we must all hold ourselves up to is the constant pursuit of ever-greater diversity and ever-greater inclusion in the spheres of influence where we operate.





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