

# TIME FOR ACTION: THE BUSINESS CASE FOR INCLUSIVE WORKPLACES

## INTRODUCTION

*The economic and social challenges that the UK faces have been thrown into sharp relief by Brexit, in particular around issues like productivity, inclusion and opportunity. As businesses, it is up to us to seize the opportunities that exist to make some positive changes, becoming firms that will be competitive into the middle of the 21st Century. If we get it right, business growth and greater opportunity will go hand in hand.*

*CBI believes that inclusive businesses will deliver better economically as well as socially. People are at the heart of this. It is often said that the workforce is a business' greatest asset, but we are missing an opportunity if our actions – how we lead, manage, support and develop people – don't back this up, and if we lack the focus needed to help every person reach their best.*

## **An inclusive workplace encourages diversity and empowers everyone to perform at their best**

An inclusive workplace is one in which diversity – the differences of gender, sexuality, race, age, social background, physical and mental ability, and even differences of thought and experience – are welcomed because they improve the performance of a team and, ultimately, a business' results. It's where leaders, managers and employees are clear about the role that they play in fostering it.

Inclusion is an approach to running organisations which focuses on ensuring that every aspect of the business – from its leadership and management, to its workplace policies – contributes to helping employees perform at their best. It means more than eliminating direct discrimination that is already illegal. An inclusive workplace is one in which action is taken to ensure that practice and culture does not indirectly disadvantage any group and encourages all.

*Increasing female employment and productivity to the levels of men...is estimated to be worth 35% of GDP.*

## **There is a strong business case for inclusion...**

The business case for inclusion isn't new. It is eight years since the CBI, the TUC and the EHRC published [\*Talent not tokenism\*](#), highlighting the tangible business benefits of diversity. It included case studies showing that diversity increases employee satisfaction, helps to retain existing and attracts new staff, reduces recruitment costs and increases productivity. It shows that it helps companies to understand how their customers think and what drives their spending habits, and how to access markets that they had not previously been able to tap into so effectively. It also shows that it helps firms to find workers to fill skills gaps in areas with tight labour markets, where

there are not enough 'obvious candidates' for the vacancies they have. [1] Since then, having the right people, in the right place, at the right time, has only become more important. Just one in four businesses are confident that they will be able to access the highly-skilled employees they will need in the future, and drawing on a diverse pool of talent will be key to addressing the shortfall. [2]

And this case is getting stronger. Research suggests that increasing female employment and productivity to the levels of men would have a greater impact in the UK than in all but three EU countries. It is estimated to be worth 35% of GDP. [3] Business performance would improve too. Firms with the highest levels of gender and ethnic diversity are 15% and 35% more likely to outperform their rivals. [4] In part, this is explained by the impact of diversity and inclusion on employees and the teams in which they work. Workplaces that are both diverse and inclusive are associated with higher individual performance because employees are better able to innovate (+83%) and more engaged (+101%). [5] It's also associated with higher collective performance because a diversity of thought and experience leads to better decision making owing to more careful processing of information than in homogenous groups. [6]

*Employees say they're 83% more likely to innovate and more than twice as engaged in workplaces that are both diverse and inclusive.*



## ...and it is the right thing to do

Business and society do not operate in isolation. Each relies on the other to be successful. Businesses of all sizes and in all parts of the country are the drivers of prosperity. Where this works well it creates a positive cycle in which society supports business success, and businesses create the jobs and deliver the pay rises that lift living standards. The problem at the moment is that this cycle isn't always working well. Business can make a real difference by taking actions that make their workplace more inclusive.

## Sharing ideas and experiences between businesses is crucial to progress this agenda

Employers need to take the lead in building inclusive workplaces by implementing solutions that support both business needs and employee needs. But efforts to improve social mobility and diversity in business are most likely to succeed if complemented by government action. Coherent strategies addressing factors like careers advice and school performance are essential because they can be significant obstacles to an individual's chance of getting a job or having their pay rise over time. Even here though, employers can play their part rather than leaving it to the government to come up with solutions. Businesses working with schools to challenge misperceptions that lead to poor study or careers choices is a critical factor.

Each business faces its own mix of strengths and challenges, so there is no one-size-fits-all plan for becoming more inclusive. Each business must first identify the challenges facing their organisation. Then implement the solutions that will be most effective. Businesses sharing their ideas and *experiences* – what they tried that worked, and what didn't – can help to accelerate the progress of others.

*There is no one-size-fits-all plan for becoming more inclusive...  
Businesses sharing their ideas and experiences...can help to accelerate the progress of others.*

That's why this report is designed for business to learn from one another. It highlights approaches that have helped businesses make progress in order to offer practical suggestions that can help others follow in their footsteps. We take a thematic approach to showcasing actions that can be applied across a range of strands of diversity. We will discuss the importance of people, effective leadership and inclusive workplace practices in creating economically and socially sustainable businesses. Most importantly, we focus on how a whole workforce approach will help to change culture, expectations and practices – giving a particular boost to those who need it most.

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## References

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# A RENEWED FOCUS ON PEOPLE IS NEEDED TO BOOST PRODUCTIVITY AND INCLUSION

*In the UK's highly-skilled, knowledge-based economy, the workforce is the main driver of productivity and growth. Between 1997 and the financial crisis, improvements in labour productivity were responsible for over three-quarters (76%) of growth. [1] Equipping employees with the right skills is an essential step in re-establishing the workforce as a driver of prosperity. It is equally important that we better engage employees in order to translate these skills into higher organisational and individual performance. Realising these benefits depends on businesses having inclusive working practices that value everyone's contribution, treat all employees fairly and give everyone opportunities to upskill and progress.*

## Businesses must engage employees to deliver prosperity

Investment in skills is one of the levers that businesses most commonly use to improve productivity. Firms already do a lot, investing £45.4bn every year in training. This contributes to the UK having an above average proportion of highly-skilled people within the workforce. [2] But this is an ongoing challenge both in terms of quality of training – something we are working closely with the government on ahead of the new apprenticeship levy – and in how effectively our workplaces translate investment in skills into prosperity.

Despite above average inputs we still have the second lowest output per hour in the G7, more than 30% behind Germany, France and the US. [3] It's a similar picture when we consider benefits from investment in technology. Research shows that better management practices within US companies lead to the same investment in IT having greater benefit than it does in UK companies. [4] Employee relations is just as important as investments in skills and technology because it enables the benefits of investment to be realised.

Good employee relations is about creating the conditions in which everyone can give their best each day. It involves clearly articulating an organisation's purpose and each individual's role in delivering it, giving employees a voice in decision-making, and creating an inclusive culture based on trust and fairness. The benefits for business are employees who are better motivated to deliver the organisation's purpose and contribute their ideas for doing so more effectively. It has been shown to increase loyalty and retention, and reduce absences and grievances. This makes it a 'must have' for businesses rather than a benefit to offer employees.

## *Improving employee engagement has been among the top three workplace priorities for business over the last three years*

Many businesses already recognise this, with employee engagement consistently among their most frequently cited workforce priorities. Since 2013, the CBI/Accenture employment trends surveys show that improving employee engagement has been a workplace priority for businesses, coming second only to improving leadership and management skills. [5] Last year, when asked what drives employee engagement in their organisation, businesses most often identified having a personal interest in their work (46%), effective line management (39%), shared company values (30%), having the right skills to do the job (29%) and opportunities to progress (29%). [6]



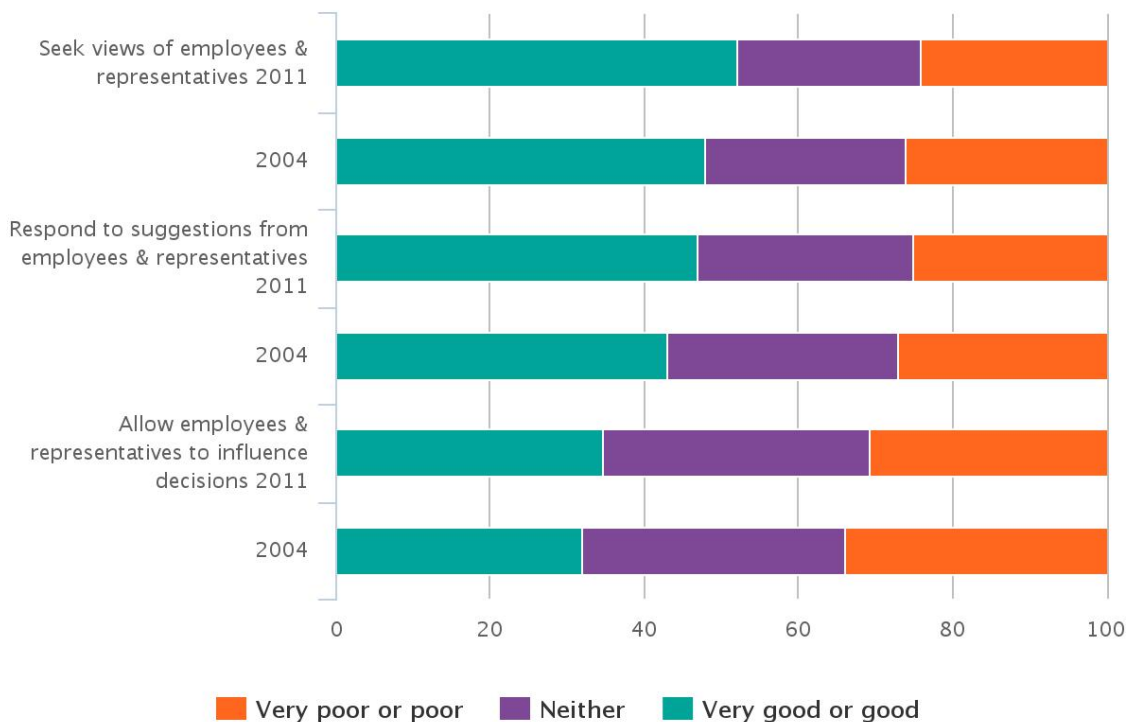


## Performance varies widely in the UK...

The level of engagement in workplaces across the UK varies significantly. There are many companies with engagement levels that rival the best in the world. But there are many employees who are not well engaged, or worse, are disengaged. Research by Kenexa shows that businesses in the UK are not, on average, as good at this as their international competitors. It placed the UK ninth out of the twelve largest economies by GDP for levels of engagement – lower than average levels of engagement across all of the countries involved in the study. [\[7\]](#)

The Workplace Employment Relations Study sheds some light on the nature of this engagement gap. As Exhibit 1 shows, while levels of engagement in 2011 were slightly higher than in 2004, employees still rated their managers as less good at responding to their suggestions (47%) than seeking their views (52%). Employees were least likely to rate their managers as good at allowing them to influence decisions (35%), [\[8\]](#) leaving fewer than half (43%) satisfied with their involvement. [\[9\]](#) It's clear that across business there's a long way to go in adopting inclusive working practices that keep people engaged in their work.

**Exhibit 1: Employees' rating of management's active consultation (%)**



## ...so leaders must establish a baseline for engagement in their organisation and work with staff to improve it

Engagement is more difficult to achieve than simply changing a few company policies and doing some nice things for staff. But it is measurable, and can help leaders to identify what will make the greatest difference in their workplace. Annual engagement surveys are a well-established tool for companies to collect this information. Many supplement it by asking managers to assess how their teams are feeling, or by seeking the views of staff collectively through a trade union or a staff consultative body. And technology is making measuring it faster and easier. Just as technology and the potential of real-time data is facilitating better customer insight, they can be harnessed to better understand the employee experience too.

*72% of employees are highly engaged in organisations where employees perceive both leaders and managers to be effective.*

David MacLeod and Nita Clarke identify four enablers of engagement – strategic narrative, enabling managers, employee voice and integrity. [\[10\]](#) Their model starts with the ways we lead and manage. They explain the importance of a strong strategic narrative that explains where an organisation has come from, and where it's going. And combine this with enabling managers who give people focus, treat them as individuals and coach staff to reach their potential. When organisations get leadership and management right, employees are significantly more likely to be well engaged. Research by Towers Watson shows that 72% of employees are highly engaged in organisations where employees perceive both leaders and managers to be effective. This falls to 35% where only leaders are effective, 23% where only managers are effective, and just 8% when neither leaders nor managers are perceived to be effective. [\[11\]](#)

Further highlighting the link between employee engagement and productivity, Acas includes MacLeod and Clarke's third enabler, employee voice, as one of seven workplace levers of productivity. [\[12\]](#) They conclude that good employee voice can be achieved in different ways and identify five principles that underpin it.

1. Managers at all levels that are committed to employees having their say
2. Union representatives, where appropriate, that are involved and that all representatives are trained in their role.
3. Establishing awareness of employees' needs but addressing issues of significance to the wider business.
4. Communications that are two-way with genuine consideration of employees' views before decisions are taken.
5. Communication and consultation with employees that is both systematic and regular.

Central to both of these models are collaboration and inclusion. Leaders must work with their workforce – and trade unions where employees choose to be represented by them – to develop strategies that remove the barriers to engagement in their workplace.

Acas includes fairness as another lever of productivity – the sense of all employees being valued and treated in a consistent and even-handed way. So it is a real cause for concern that only half of employees believe that their manager keeps his or her promises and that fewer than six in ten (58%) believe that managers deal honestly with employees. [\[13\]](#) Instead businesses need to build workplaces that treat everyone fairly, act on employees' views and value everyone for their contribution to keep employees motivated, engaged and ultimately more productive at work. This only works when all employees feel part of an inclusive and open culture, and that the benefit of inclusive working practices are accessible at every level of the business.

## Inclusive workplaces engage and empower staff

An inclusive workplace is one that translates good intentions into action. The cultural change needed to make a workplace more inclusive is likely to have stronger roots where it is championed by staff at every level of seniority. This can be achieved in many different ways. Some organisations support many staff networks for different groups of employees, with groups for gender, sexual orientation, race and ethnicity being the most common. But the example of [Fidelity International](#) shows that a single network can also be effective. Taking a different approach, [Veolia](#) has encouraged inclusion by creating structures which hold every level of the business to account and give employees a voice in doing so.



## CASE STUDY – Fidelity International

**Fidelity International** is an investment firm that established **Fidelity for Everyone**, an employee-led network to involve all UK employees in the firm's diversity and inclusion priorities. Employees are automatically part of the network, receiving invitations to diversity and inclusion events to raise awareness of, and engagement with, the firm's internal target to improve gender diversity.

Fidelity for Everyone was set up as a whole-organisation network to reinforce the concept of inclusion. As such, it runs campaigns on different areas of diversity according to the firm's priorities. A whole-organisation network was also a practical solution to serve the firm's 2500+ UK workforce without creating additional resource demands on employees to lead smaller, separate diversity networks.

The result has been greater organisational-wide momentum for inclusion, moving the concept beyond an HR function to drive cultural change. Fidelity for Everyone has invited external speakers including Gareth Thomas, the first openly gay rugby union player. It's found that external role models are a successful way to kick-start interest in inclusion and start an organisation-wide conversation.

Visible support for the network from senior managers has been key to its success, as has its employee-led committee structure which is drawn from all departments and across all levels the organisation.

*"Inclusion at Fidelity is about creating a culture where people's differences are welcomed, encouraged and celebrated. Diversity of thought and perspective are valued, so all employees can contribute and reach their potential. We believe that embracing a wider set of perspectives will lead to better business decisions and outcomes"*

**Peter Horrell, Managing Director, UK Financial Services Fidelity International**

*The cultural change needed to make a workplace more inclusive is likely to have stronger roots where it is championed by staff at every level of seniority.*



## CASE STUDY – Veolia

**Veolia** is a leading provider of environmental solutions. Inclusion has been one of its strategic priorities since 2013 – a part of its integrated campaign to be a more innovative business.

Veolia believes that its success lies in giving people at all levels and in each part of the business responsibility for inclusion and fostering a culture that supports it. Accountability for inclusion starts at the top, with its Senior Executive Vice-President, Estelle Brachlianoff, setting the company's diversity and inclusion strategy.

Veolia recognises that it can harness innovation by leveraging differences in its business. As a result, it has made inclusion one of its company's objectives which is cascaded to the Executive Committee, directors and line managers to ensure that everyone is in alignment and accountable for putting it into practice.

This means that every team at Veolia understands the importance of their role in advancing equal opportunities to ensure that Veolia is an inclusive employer. Their 2015 Employee Engagement Survey showed a 2% increase in its leadership and diversity scores and a Sustainable Engagement Score of 74%, demonstrating how engaged, energised and enabled employees are with the business strategy.

The impact has resulted in an above industry average 83% of women returning to work at Veolia after maternity or adoption leave. It has also increased the number of job applications it receives from women. One in three applicants to their apprenticeship programme are from women, rising to two in five for their graduate recruitment, representing a significant improvement in how a career in the industry is viewed.

"We believe everyone should be able to come to work and be themselves so that they can achieve their potential and prosper in our culture of innovation and business growth."

**Marguerite Ulrich, HR Director of Veolia UK and Ireland**

Questioning whether all of your policies and working practices are accessible for everyone is also an important step. Sometimes this might lead to a new policy or practice being created. It may also be the case that a small change to an existing policy could lead to it better supporting the inclusive and empowering culture that you are trying to create. Take flexible working policies for example. Companies offer flexible working options ranging from part-time work and working from home, to job shares and annualised hours. These are often introduced to help employees meet both their responsibilities at work and those outside of work. But they can also be an opportunity to engage employees where they create scope for staff to apply them independently. Among the companies seeking to gain this additional benefit from their approach to flexible working is [Simmons & Simmons](#). Their flexible working policy allows staff to work at home for at least one day a week, without requiring that they first seek permission from a manager.

## CASE STUDY – Simmons & Simmons

**Simmons & Simmons** is an international law firm where flexible working is supported and encouraged. Flexible working is advertised and available to all candidates at the point of hire. Employees can review their work pattern at any time, and move to job sharing or part-time arrangements or stagger their hours to work outside typical hours.

Simmons & Simmons' most systemic change, adopted in 2014, has been to allow every associate-level employee to work remotely on one day a week of their choosing, without first needing permission from a partner to do so. The practice was designed to be informal, to drive cultural change that made flexible working a right rather than an exception.

Take up has been huge, and supported by the majority of partners. For Simmons & Simmons the purpose has been to embed flexible working as an accessible practice that makes employees more efficient and effective in their work. The firms' focus on flexibility is part of a broader commitment to ensure that all work-life practices and rewards are inclusive to all at the firm.

*"I am pleased that we have seen a significant increase in the number of people across the firm who have taken up flexible working. Greater flexibility of our working practices complements the firm's many diversity and inclusion initiatives and we want to reiterate that this option is available to candidates who are looking to join our firm."*

**Colin Passmore, Senior Partner**



# Recommendations

1. Businesses should recognise the impact their workplaces have on productivity – good employee relations will make workplaces more inclusive and help everyone perform at their best.

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## References

- [1] ONS, [Labour productivity](#), Quarterly national accounts, April-June 2015
- [2] UKCES, [Employer Skills Survey](#), 2015
- [3] ONS, [International Comparisons of Productivity: Final Estimates: 2014, 2nd ed](#), 2016
- [4] Bloom, N., et al. Harvard Business School, [Management practices across firms and countries](#), Harvard Business School, 2011
- [5] CBI/Accenture, [Employment Trends Survey](#), 2013, [2014](#) and [2015](#)
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- [9] Dromey, J., [MacLeod and Clarke's Concept of Employee Engagement: An Analysis based on the Workplace Employment Relations Study](#), 2014
- [10] MacLeod, D. and Clarke, N. [Engaging for success](#), 2009
- [11] Towers Watson, [Global Workforce Survey](#), 2014
- [12] Acas, [Building productivity in the UK](#), 2015
- [13] Dromey, J. [MacLeod and Clarke's Concept of Employee Engagement: An Analysis based on the Workplace Employment Relations Study](#), 2014

# LEADERSHIP MATTERS AND MUST BE BACKED UP BY ACTION

*Effective leadership is central to achieving change. It is leaders who establish new priorities and play the greatest role in influencing organisational cultures. Without great leadership we will not be able to create workplaces where diversity, opportunity, engagement and flexibility are key tools in building prosperity. Among the most important challenges facing leaders seeking to progress on this agenda are ensuring that the whole workforce understands why and how business culture needs to change, and that the systems and practices are in place to translate their strategic direction into action.*

## Leaders need to make inclusion a business priority

Common among employers that are progressing this agenda is a leadership team that is committed to, and accountable for, action that makes their business more inclusive. Having the buy-in of the leadership team gives businesses the strategic direction and consistent implementation of good practices that's needed to promote inclusion throughout an organisation. While many leaders champion the importance of diversity, the best go further. Their day-to-day actions demonstrate it is a business priority, not an issue to be addressed by only Human Resources or Corporate Social Responsibility. Those that are making the most progress are able to clearly articulate why an inclusive workplace benefits everybody, not only specific groups of workers, and align it with their wider employee relations agenda.

The mantra 'what gets measured gets done' has underpinned the approaches that many leaders have taken to establishing inclusion as a priority for their organisation. Having established a baseline for diversity within their workforce and considered how this compares to the diversity within their customer base or local labour market, they have set stretching medium-term targets. Targets set not because the law requires them to, but because achieving them will help their business to thrive.

*While many leaders champion the importance of diversity, the best go further. Their day-to-day actions demonstrate it is a business priority*



Successful targets are tailored. They take account of the current situation within an organisation – the level of diversity and the barriers holding them back – and set a path for improvement. These business-led, voluntary targets have far greater potential to radically change our workplaces than blunt, mandatory and prescriptive targets that are applied to all businesses without consideration of the different starting points of each workplace. This approach is reflected in [Mercer's](#) organisational leadership on diversity and inclusion.

## CASE STUDY – Mercer

**Mercer** is a global professional services firm who have placed accountability for diversity and inclusion at the very top of its organisation. The UK Leadership Team meets separately every quarter as the Diversity and Inclusion Council to dedicate time and resources to this critical endeavour, which is also covered at each Board meeting. They set Mercer's diversity strategy and drive progress against its target for women to make up 30% of their senior management and for 20% of employees to be from BAME backgrounds by 2020.

This has helped to establish diversity as a business priority, one which the whole organisation must be accountable for, not only Human Resources. The Council is supported by an Advisory Group made up of employees that are representatives of each of Mercer's UK offices, and by a network of D&I Champions and Business Resource Group members. The Advisory Group, network and BRG members all champion the strategy in their workplace and are encouraged to add another layer of diversity initiatives that are tailored to the needs of the staff in each location. Having a structure that enables Mercer to give employees opportunity to buy-in to its diversity strategy has been crucial to foster the cultures that make inclusion stick.

As well as setting the strategic direction, leaders must also ensure that diversity and inclusion is a shared priority throughout the workforce. This is more about what leaders do than what they say. They must be role-models, demonstrating that inclusion is a priority in everything they do. Leaders being role-models for inclusion sets the tone for managers to play their role – a crucial role, and one which we discuss later in the context of inclusive progression.

Keen to involve all employees in its diversity and inclusion agenda, the [John Lewis Partnership](#) holds *Bring Yourself to Work* week. It's part of a strategic decision to highlight the importance of inclusion for all employees in order to translate senior partners' commitment to inclusion into organisation-wide support. The week encourages all employees to find out more about the different backgrounds of their colleagues. It is intended to help employees to better

relate to each other's backgrounds so that they can apply this understanding in their jobs, for example applying this enhanced cultural understanding to product design or marketing campaigns.

## **CASE STUDY – John Lewis Partnership**

**John Lewis Partnership** is an employee share-owned business made up of John Lewis Department Stores and Waitrose Supermarkets. Its commitment to inclusion stems from a priority to serve an increasingly diverse customer base by creating a culture which aims for openness, tolerance and a freedom to express views among Partners to drive innovation in everything from product design to customer service.

In 2015 it launched a change strategy to increase the 'cultural intelligence' of the Partnership. The aim was supporting employees to better relate to their colleagues from different backgrounds on an individual level, and embedding greater cultural awareness into the Partnership's practices at an organisational level.

To drive change, the Partnership adopted an organisational framework from sociological theory that characterises the transition into four stages. First businesses must understand their drive for why they are making the change. Then they must gain knowledge of what the change looks like before developing a strategy to work out how to bring it about. Finally businesses need to be bold and take action to put the strategy into place.

The Partnership has found that driving sustainable change depends on buy-in from the whole organisation. This means that it is crucial to first invest in the drive, explaining why inclusion is important and what it means for employees in order to embed strategic interventions and foster supportive employee behaviour.

This year the Partnership launched ' **Bring Yourself to Work** ' week, a campaign to highlight that all employees are affected by diversity and inclusion. It included senior partners sharing what aspect of their background drove their commitment to inclusion, and colleagues explaining their experience of diversity in the workplace. The campaign has sparked greater interest in inclusion across the Partnership. There are now eight diversity networks that are all voluntarily employee-led, a four-fold increase from 2015.

Different diversity interests are developing in different regions, such as the London region of Waitrose focusing on mentoring and sponsorship of Black, Asian and Minority Ethnic Partners. The Partnership has found that encouraging teams to start their own cultural awareness projects as part of the wider organisational change strategy makes building an inclusive culture more likely to stick.

## **Partnerships with outside groups can help to change approaches and challenge inertia...**

Inclusion can be a difficult subject for employers to broach. It requires sensitivity and a confidence among leaders to openly talk about differences between employees. Specialist organisations have expertise in how to approach this and can help to bring fresh ideas to an agenda that may have been spoken about within the organisation before but without the desired effect. A variety of different organisations are available to support employers, each with their own focus – ranging from [Stonewall](#) and [Out-standing](#) to the [Disability Business Forum](#) and [Purple](#) .

*Leaders that speak confidently about diversity and inclusion and share their personal experience can help employees feel comfortable speaking about their own experiences at work.*

Working with outside groups helped [Dwr Cymru Welsh Water](#) advance their priorities of encouraging more women into their industry and better supporting employees with mental health needs. Similar partnerships could help your organisation to develop the knowledge, language and workplace practices that foster inclusive cultures. Leaders tell us that having confidence in the language you are using to talk about diversity and inclusion is vital. External support can help with this too. When leaders speak confidently about the issues – and share their personal experience where relevant – it can help employees feel comfortable speaking about their own experiences.



## CASE STUDY – Dwr Cymru Welsh Water

**Dwr Cymru Welsh Water** provides water services across Wales. Forming partnerships has been key to progressing its inclusion priorities of increasing female participation in the sector, breaking down occupational stereotypes and increasing mental health awareness.

Since 2011 it has worked in partnership with STEM Cymru and Engineering Education Scheme Wales to provide work experience days to 12-14 year old girls from across Wales. It aims to promote careers in the water industry and increase the numbers of young women choosing to study STEM subjects at GCSE, A-Level and Degree level.



Over half of female STEM graduates do not enter a STEM career, saying they are put off by what they perceive to be male dominated industries. As such, the work experience includes talks from female role models in the industry and tours of its operational sites to bring STEM subjects to life. Welsh Water now employs 22 female technical graduates, 6 female craft apprentices and 2 female water inspector trainees.

*"The work experience offers a great opportunity for female students, to discover the wide variety of career opportunities available at Welsh Water after studying STEM subjects. The experience days also enhance Welsh Water's visibility within the community in promoting careers, specifically young people who are interested in applying for our Apprenticeship, Graduate or Trainee Schemes through our annual talent search programme."*

**Kate Howard, Wastewater Catchment Manager Swansea, speaker and role model**

In 2015 Welsh Water became a Stonewall Diversity Champion. It is working with Stonewall to erode the industry's masculine occupational stereotypes to support its LGBT employees and be an employer of choice in the STEM sector for the LGBT community.

Welsh Water also partnered with Mind Cymru as part of its campaign to raise awareness of Mental Health. The initiative is part of the broader priority to promote a more open environment where colleagues feel confident about discussing disability in the workplace.

*Over half of leaders (59%) say that the lack of diversity in their sector is preventing them from achieving their business' diversity targets.*



## ...and ensure that good stories are spread

The challenges that a business faces are often shared by others across their sector. Leaders will want their organisation's inclusive brand to be a source of competitive advantage over their peers. But there is also much to be gained from working together to improve the diversity within a sector as a whole. Over half of leaders (59%) say that the lack of diversity in their sector is preventing them from achieving their business' diversity targets. [1] Sometimes this is because the pool of candidates with necessary technical skills is not diverse enough. But often it's because job seekers from different backgrounds perceive that businesses "don't want to hire people like me", and are put off entering a sector because they don't recognise the opportunities within it, or like its reputation. This is a shared challenge and one which leaders can best meet if they collaborate.

The risk for business if they do not, is that firms won't be able to meet the skills needs of the sector over the long-term. So it's in businesses interest to get a more diverse pool of candidates into a sector by working together because it ultimately improves business' ability to attract the best mix of skills for the future. That's why [JLL](#) is working with its peers on the **Changing the Face of Property** scheme.

### CASE STUDY – JLL

JLL is a leading real estate and property advisory business, whose ambition to recruit and retain the best talent and work with the best clients underpins its commitment to diversity and inclusion. As well as running its own high profile programme to improve diversity within the organisation, JLL is collaborating with traditional competitors to help improve inclusion across the property industry.

JLL is a founding member of **Changing the Face of Property**, a sector-wide partnership to improve diversity and inclusion in the property industry. The campaign was launched in 2012 and now includes ten major UK property businesses: JLL, Knight Frank, CBRE, Savills, Bilfinger GVA, Gerald Eve, Cushman & Wakefield, Strutt & Parker, BNP Paribas Real Estate and Colliers International.

Its **Property Needs You** campaign aims to raise awareness of career opportunities in the property sector. The CTFOP members run interactive career workshops and promotional events at schools, colleges, universities and major careers fairs across the country to attract the widest possible pool of talent into the industry. It also provides professional training for careers advisers to inform them of career opportunities and offers guidance to parents and teachers on routes into the industry. The campaign has coordinated work experience with students from ten inner-city schools, giving them insight into working in different areas of property, and partnered with many more to inspire school leavers to consider applying for work in the sector.

Tackling social mobility and increasing diversity at entry level are key objectives for JLL. The firm continues to develop its apprentice schemes with the City of London and Chartered Surveyors Training Trust to enable school leavers to train for a career in property. Since it was launched in 2013 the JLL apprentice scheme has increased the number of apprentice places by 50% and now offers programmes from Business Administration Apprenticeships through to Property Degree Apprenticeships. JLL has also widened the pool of graduates it recruits from outside traditional property courses by targeting more universities and actively using social media to reach more students.

*"Our leaders recognize diversity in the workplace as a core component of our business and the right thing to do for our employees, clients and communities. At JLL, diversity is not only a strategic priority, it's a part of our value system. It leads to an inclusive environment, more creative solutions and more dynamism. Ultimately it makes perfect business sense."*

**Guy Grainger, EMEA CEO at JLL**

## Recommendations

2. Businesses should set tailored, voluntary targets to improve diversity and hold leaders responsible for plans to achieve them.
3. Businesses should develop the language and tools to discuss inclusion with confidence – partnerships with outside organisations can help.
4. Businesses need to work collaboratively and share good practice to improve inclusion across their sector.

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## References

[1] CBI/Accenture, [Employment Trends Survey](#), 2015

### CHAPTER 3

## ATTRACTING THE RIGHT PEOPLE GIVES BUSINESSES A LONG-TERM COMPETITIVE ADVANTAGE

*The future demand for higher level skills is rising at the same time as communities in every part of the UK are becoming more diverse. With only one in four companies confident that they will be able to access enough highly-skilled people in the future,[1] it is the companies that attract people from across our society that will succeed. Businesses already intend to recruit the best person for the job, regardless of background, but that is not enough. They must examine every aspect of their recruitment – from the routes into their business to their interviews – to make sure that their intentions are translated into action.*

### Businesses will be better positioned by adopting inclusive recruitment practices

Inclusive recruitment practices are critical for businesses concerned about their ability to recruit enough people with the skills that they need in the future. These practices help firms increase the pool of candidates from which they are recruiting by enhancing their brand, and to fairly assess the potential of all candidates.

Recruiting the right person for the job saves money too. The cost of hiring the wrong person is about £8,200, rising to about £12,000 for senior managers and directors. [2] The challenge for business is ensuring that their application processes are swift and manageable, without compromising the accessibility or fairness for any candidates as a result of unintended biases. To do this, businesses should assess their practices throughout the recruitment process, from job descriptions and how they advertise, to their applications, assessments and interviews.



## Diversifying routes into your business will attract more candidates

Ensuring that there are a range of routes for people to join your business is an important step to meeting your future skills needs. This starts with where you choose to advertise jobs as it is likely to affect who applies. Repeatedly advertising jobs in the same place isn't likely to yield different results, so employers who are not receiving the diversity of applications that they would have liked should consider advertising vacancies in different ways. Advertising on your company website, for example, limits the pool of candidates that you are reaching to those already familiar with your brand.

If your organisation has identified that a particular social group are under-represented within the job applications you receive, then outside groups may be able to help. Executive search firms have played an important role in increasing the representation of women on boards, including by signing-up to a [voluntary code of conduct](#). Stonewall has helped companies increase the number of applications from lesbian, gay, bisexual and transgender (LGBT) people. As part of their [Diversity Champions Programme](#), they encourage businesses to advertise their vacancies on [Proud Employers](#), a recruitment site advertising the vacancies of over 700 employers to LGBT candidates.

Businesses can also encourage greater diversity of applications with initiatives to increase awareness about their organisation among target groups. The most common strategy for this is engaging with local schools, with four out of five businesses already having links with local schools or colleges. [\[3\]](#) While the extent of the partnership between businesses and schools is often limited, three-quarters of businesses are willing to play a greater role. [\[4\]](#)

Organisations such as [Believe in Young People](#) offer businesses another way to broaden the range of young people accessing apprenticeships and work experience. Other businesses use their own programmes to develop candidates from more diverse backgrounds. [Norton Rose Fulbright's Social Mobility Scheme](#) and [TfL's Steps into work](#) initiative are good examples of how a series of engagements can have a greater impact than a single work-experience placement.

## CASE STUDY – Norton Rose Fulbright

**Norton Rose Fulbright** is a global law firm and founding member of **PRIME**, an alliance of law firms and legal departments across the UK offering students from less privileged backgrounds work experience in the legal profession. Through PRIME, Norton Rose Fulbright takes steps to encourage, cultivate and prepare young talent for a career in the legal industry.

Norton Rose Fulbright launched its first work experience programme in 2011, committing to 28 places per year. On the programme, students are given access to a mentor and participate in a mix of work experience, skills development workshops, case study sessions and networking activities with a variety of teams.

In 2014 Norton Rose Fulbright started collaborating with BNY Mellon to help students gain a better understanding of how law firms work with their clients. The collaboration is based on a shared objective of inspiring young people and providing opportunities to those most in need.

Norton Rose Fulbright believes it is important to build long term relationships with the students and to nurture a sustainable pipeline of candidates for their internship and trainee programmes. Through the Alumni programme, the students receive relevant news updates and in turn keep the firm updated on what they are up to. During their first year at university, the students are invited to an Alumni event where they are supported in making applications, securing places at open days and mock interviews. To date over 100 students are actively engaged in the alumni programme.

An alumni of the 2011 programme will be joining Norton Rose Fulbright on a training contract in 2017. With the support of mentoring, development workshops and continued contact with the firm, the student secured a place at Cambridge to study law and applied for a training contract. This is evidence of the success of the firm's long term social mobility strategy.

*"Our success rests on the diversity of perspectives, skills, professional experiences, cultural backgrounds, ideas and lifestyles of our employees. We must create and live a culture of inclusion – a culture that embraces the diversity of our employees, draws on their unique talents and offers a working environment that is free of prejudice, where everyone can realise their full potential."*

**Siri Nomme, Head of Diversity & Inclusion for Europe, Middle East and Asia at Norton Rose Fulbright**

*Four out of five businesses partner with local schools or colleges, three-quarters of them are willing to play a greater role.*

## CASE STUDY – Transport for London

**Transport for London (TfL)** is the principal transport operator in the UK's capital, one of the most diverse cities in the world. Building a workforce that reflects the city it serves is one of TfL's key priorities. Recognising that low numbers of staff were declaring a disability, TfL launched two work experience schemes for disabled people.

The aim was not only to attract more disabled people to work at TfL, but also to foster a supportive culture in which workplace adjustments are a norm. It's found that the placements also benefit staff by improving their understanding of what it's like to have a disability and therefore how they can serve disabled customers.

Launched in 2009, TfL's **Steps into Work** initiative gives young people with learning disabilities opportunities to get practical experience of the workplace and develop valuable skills needed for any employment. They gain a BTEC Level 1 Work Skills qualification and work in three placements, experiencing office-based and customer facing roles, during the year long programme. TfL works with Remploy and Barnet & Southgate College who deliver job coaching and daily tutorials where candidates work towards their BTEC qualification.

Steps into Work has supported 45 students to complete 157 work placements. Well over a third of young people secure paid employment within six months of the scheme, significantly higher than the 6% employment rate among people with learning disabilities across England.

Partnering with Scope, Whizz-Kidz and the Royal London Society for Blind People (RLSB), TfL also runs a work experience scheme with their young members. Launched in 2015, TfL places young people from these three charities with a member of staff for two weeks who offers mentoring and guidance, and gives them insight into the workplace. So far, 15 young people with disabilities have gained exposure to a range of departments across the organisation.





*"Every person matters in keeping London moving, working and growing. An inclusive workplace is vital to ensuring our organisation reflects the city we serve. It means we are better equipped to do our job of opening up opportunities for all Londoners by providing access to education, employment and leisure".*  
**Transport Commissioner, Mike Brown**



## Altering the language used in job descriptions is a small but effective step

Crafting a job description is an important part of the recruitment process – after all, the wrong job description can dissuade talented candidates from applying. Businesses can increase the effectiveness of a job description by considering its impact on candidates from different backgrounds. Altering the language used in job descriptions is a low resource and cost effective strategy to widen the pool of candidates attracted to a role.

Employers should be confident that the experiences, competencies and qualifications identified as 'required' or 'essential' to do the job really are critical. The misrepresentation of non-essential criteria can put good candidates off applying for the position. For example, does this job require somebody with a degree, or could it be filled by a candidate with comparable vocational qualifications?

These additional criteria are often included as a way of filtering applications down to a manageable number. Businesses do so because they only have finite resources and can often receive hundreds, if not thousands of applications. While it is understandable that they do so, businesses should be aware of, and seek to mitigate the impact these strategies have on the diversity of applications they receive.

Having the right application criteria is important to avoid alienating talent. Job descriptions that focus on skills and competencies rather than education or work experience widen the pool of candidates, especially for entry level roles. Since EY removed academic criteria from its application it has seen an increase in candidates from lower socioeconomic backgrounds among its graduate recruitment.

*Over half of UK employers offer flexible working but it is advertised in fewer than one in ten job adverts.*



Another simple step to improve job adverts is to be clear that you operate a presumption in favour

of flexible working wherever possible and welcome applications from candidates wanting to work on a flexible basis. Many candidates need, or would find it significantly easier, to work flexibly – particularly parents, carers, older workers and people with disabilities. Being clear about what flexibility is available minimises the risk that an employer who can offer flexibility misses out on applications because candidates are unsure that their need for flexibility can be accommodated.

Over half of UK employers offer flexible working but it is advertised in fewer than one in ten job adverts. [\[5\]](#) This means that people who want to work flexibly are more likely to be underemployed or out of work because they are not applying for roles in which flexibility is actually available. [Hire me my way](#) is a campaign to increase the number of jobs that are available as flexible or part-time work at the point of hire. It offers employers advice on how to design their job roles and workplace around flexible working.

## Recruitment practices must be accessible and fair at every stage to build a strong employer brand and encourage applications

Businesses with accessible and fair recruitment practices tend to have a strong employer brand that helps attract the best candidates. Candidates are less likely to take up a job offer if they or their peers have had a poor experience with them in the past. The ease and speed of giving feedback about a company on social media or sites like Glassdoor has heightened its importance. Joining the [REC Good Recruitment Campaign](#) is one way for business to strengthen their brand as a responsible employer. It sets out key principles to improve the recruitment process, and offers guidance on issues around resource planning, selection and sourcing, diversity and inclusion, candidate experience and employer brand.

Employers should consider how their application process might impact different groups, particularly people with disabilities. Considering whether reasonable adjustments like video or audio applications can be made available for example, can help candidates disadvantaged by traditional application forms or interviews to apply.

After access, a fair application process is one in which the potential unconscious biases of decision makers are recognised and mitigated. We all have unconscious biases, and this can affect who is selected to continue through an application process. Many businesses with good recruitment practices recognise that people naturally tend to recruit others in their own image despite diverse teams being more successful. Others, including smaller businesses like [Process Management International](#), are trialling new recruitment practices to try and boost diversity. Helping hiring managers to understand the potential for unconscious biases to influence their decision making has an important role to play – particularly if your business is finding that shortlists for interview are more diverse than your final hiring decisions.

### ***CASE STUDY – Process Management International***

**Process Management International (PMI)** is a consultancy that helps clients improve their business performance. Its managing partners decided to change the company's recruitment processes after recognising that its consultants were drawn from similar backgrounds. The aim of broadening its intake was to better serve a diverse range of clients by cultivating a multi-disciplined team more likely to offer different perspectives for consulting solutions.

PMI started actively recruiting from a wider pool by tapping into diverse talent among former customers after it recognised that similar types of candidates were responding to its untargeted job adverts. PMI targeted people from different backgrounds that not only had ideal skills sets, but also a range of experiences from previous employment to further broaden the team's perspective.

PMI widened its interview stage, holding candidate interviews not only with managing partners, but also with other consultants and staff in the operational team. Engaging more people in hiring decisions has further broadened the backgrounds chosen in the selection process.

Allowing a wider range of employees to contribute to recruitment has prompted hiring decisions that would not have been made if left to individual managers. It's also placed greater emphasis on making sure people are likely to suit the organisation's culture, which is critical to retaining them in the long-term.

Being a smaller organisation has given managing partners' autonomy to make changes to the strategic recruitment process decisions and involve a larger proportion of employees in selection. As recruitment decisions affect the whole organisation, PMI's improved recruitment process has strengthened the team's personal experience of the link between recruiting different types of candidates and improving client's outcomes.

*"Inclusion at PMI is about common ethics and behaviours acting as the foundation from which a broad range of personal backgrounds can stretch and expand our thinking, reaction and service to our customers."*

**Rebecca Seddon, CEO, Process Management International**

*One in five female jobseekers from ethnic minority backgrounds change their name on job applications because they think they are less likely to get hired using their real one.*

Another way to identify candidates with high potential is to focus on the skills and competencies, rather than the experience, of applicants for entry level roles. We don't all start work having had the same educational or work experience opportunities. In fact this starts before school as there's already an attainment gap by the age of three between children from different backgrounds. [6] As we go through school this widens, greatly affecting people's chances in work. This means it's critical for the government to continue providing structured childcare to give everyone the best start in life. It also means businesses must make their recruitment accessible to give people a fair chance to reach good opportunities in work.

This is particularly important for application processes to entry roles. Those that focus on a candidates' past, rather than their potential, are more likely to hinder those from disadvantaged backgrounds. Instead, giving greater weight to competencies and less to experience helps make application processes a more level playing field from which the skills and potential of a broader range of candidates can shine through. TfL has adopted this approach and seen an increase in the proportion of jobs going to BME candidates.

An individual's name is clearly not a good indicator of their potential, yet one in five female jobseekers from an ethnic minority background have changed their name on a job application because they think they are less likely to get hired using their real one. [7] Unconscious bias is an issue companies need to consider even if it's a problem of perception as much as practice. Perceptions are important because they are the experience of the people businesses are trying to attract. There is little more fundamental about a person than their name, so making sure everyone can always be themselves, at the interview stage and in work, is critical to staff engagement and productivity. Companies can do more to offer reassurances that people's names will not hold them back. Using name-blind recruitment processes is one way to do this.

Name-blind recruitment will mean different things in different recruitment processes. In a lengthy recruitment process, applicant's names could be disregarded through a number of assessment stages, while in a shorter process it could only be that candidates' names are removed from CVs before they are assessed.

This step does take extra resource, but it's important and worth the investment where possible because of its effectiveness in increasing diversity at recruitment. Companies that have publicly committed to name-blind recruitment include the BBC, KPMG and HSBC. Last year the government endorsed name-blind recruitment in the civil service and the practice is also used in the NHS.

## Recommendations

5. Where possible, businesses should offer flexible working from job adverts onwards.
6. Businesses should consider using name-blind recruitment and extending competency based assessment to challenge unconscious bias.
7. More businesses should develop long-term partnerships with schools, colleges and universities to attract people from underrepresented local communities to their sector.

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## References

[1] CBI/Pearson, [The right combination: education and skills survey 2016](#) , 2016

[2] CIPD, [People are Your Business](#), Undated

[3] CBI/Pearson, [The right combination: education and skills survey 2016](#), 2016

[4] [ibid.](#)

[5] [Hire me my way](#) is an opportunity for your organisation to join a national campaign aiming to unblock the jobs market for millions of flexible workers, without which employers cannot reap the full benefits of flexible working. There is no cost to joining us. Timewise, [Hire me my way](#), 2016

[6] CBI, [Better off Britain](#), 2014

[7] CIPD, ["Women change 'foreign sounding' names to get hired"](#), 15 April 2016

## INCLUSIVE PROGRESSION GIVES TEAMS THE CHANCE TO SHINE

*The investment that employers make to attract and recruit the best candidates yields the greatest value when it is complemented by a focus on progression within the company. Opportunities to learn new skills and gain new experiences while at work are central to helping every employee perform at their best and contribute to business success. Achieving this rests on the long-term development of people being no less important to managers than that month's revenue and on businesses identifying and taking steps to address the barriers that hold many groups back.*

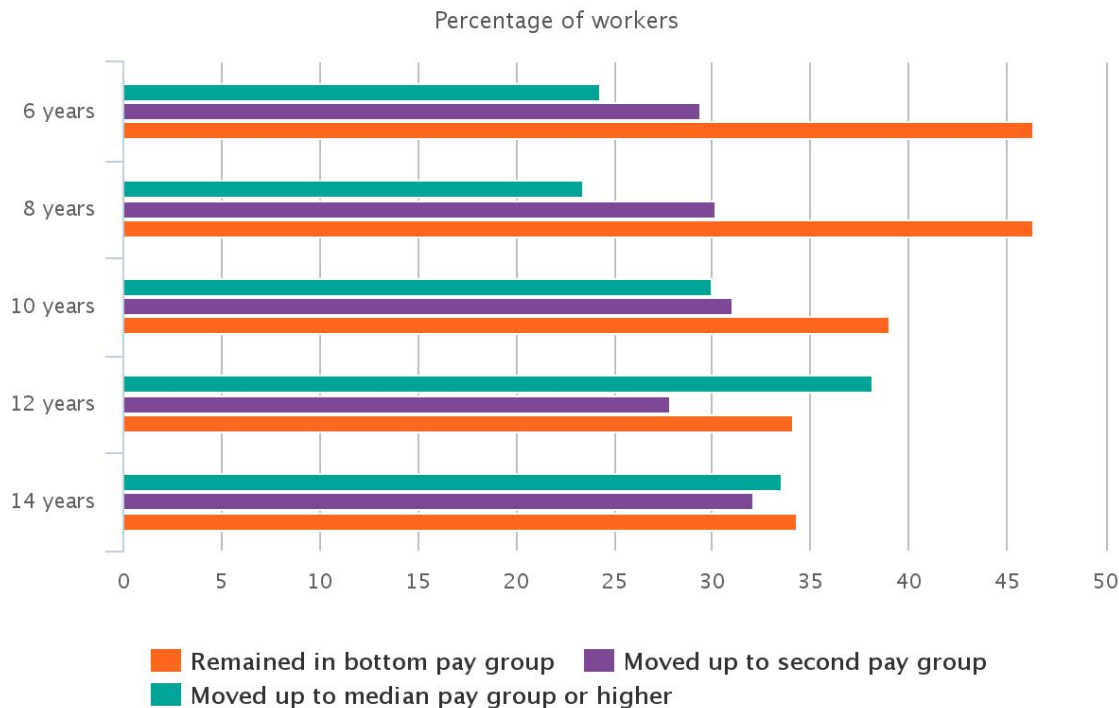
### Clear and supportive progression routes help firms grow and retain staff

Tapping into a larger, more diverse pool of people is of limited value if the experience of these people while working means that businesses cannot retain them or they don't perform at their potential. The cost of lost output while a new employee gets up to speed, and the cost of recruiting a replacement means that the average cost of losing a member of staff is estimated to be £30,614. [\[1\]](#) So it is clear that the greatest benefit is achieved by attracting, developing, and retaining people. An inclusive approach to in-work progression is needed to both ensure that everybody has these opportunities to develop, and to engage employees so that they are motivated to keep working for the firm.

A fundamental challenge that businesses need new approaches to meet is helping individuals in low paid work to learn new skills and increase their pay over time, either as their job changes or they move on from the company. While UK jobs becoming more highly-skilled has led to higher average pay, it has made it more difficult for people to progress from the lowest paid occupations to average pay. This is because the average paying jobs in our economy now require higher level rather than intermediate level skills both in terms of technical skills, and in areas such as customer interaction, time management and presentation. This shift has challenged traditional in-company routes to progression. It has led to one in three workers being stuck in the bottom pay group for over a decade. As we showed in [Better off Britain](#), this is a problem for employers as well as employees because it means that businesses are not making the most of staff's potential and it's harder for people to improve their living standards. [\[2\]](#)



## Exhibit 2: A third of workers are stuck in the bottom pay group, even after 14 years



The answers to meeting this challenge are not only about the skills system and the workplace must play its part. The skills needs of business are evolving at an ever increasing rate. So helping people to learn new skills on the job is increasingly important. A board level commitment to helping staff to progress through their careers as technology and markets reshape jobs is needed. It cannot be allowed to drift and become an issue only for Human Resources, and instead requires effective leadership.

A commitment to progression makes it more likely that the new skills an employee learns are relevant to their current employer. Firms that combine this with a commitment to inclusion – where all employees are supported to realise their potential – are more likely to develop enough skilled people to meet their future need. It's important for inclusion too, as giving everyone opportunities to progress demonstrates its benefits for all staff and improves the representativeness of staff at all levels of the business.



*Businesses with clear and supportive progression routes...have higher rates of employee satisfaction, a more productive workforce and a lower turnover of staff.*

Businesses with clear and supportive progression routes are also more likely to have higher rates of employee satisfaction, a more productive workforce and a lower turnover of staff. Progression is the fourth most frequently cited driver of employee engagement (29%), behind only having a personal interest in work (46%), effective line management (39%) and company-wide values (30%). [\[3\]](#)

Over the longer-term, developing the skills employees need to progress enables businesses to build strong talent pipelines and have better plans for succession at every level. Improving the flow of underrepresented groups from entry level roles to managerial positions and into senior leadership will help businesses improve diversity in leadership and in the boardroom. Business must generate additional momentum behind the agendas to progress more women and ethnic minorities to leadership positions within our largest companies. The business-led, voluntary approaches to improving diversity advocated by the Hampton/Alexander, [McGregor-Smith](#) and Parker reviews will only continue to attract broad support if businesses keep taking action and making progress.

## **Managers should see developing people as core to their role and be given tools to do so**

Line management is the most important factor influencing an employee's experience of work. A challenging but supportive manager makes all the difference to job satisfaction, engagement and progression opportunities. A leader's commitment to progression needs to ripple through their organisation with managers incentivised to prioritise it, and given tools to deliver.

Measuring the performance of managers in spotting talent and developing people as much as on their ability to lead high-performing teams is an important step. But it is one that many businesses haven't yet taken. More businesses need to incentivise managers in this way. Discussing

development will be new to some managers and it will not always be easy. They will need to be supported while adjusting to this new priority.

Progression will mean very different things to different people. A common model for progression is a route from entry level roles to positions in management and eventually leadership. Inclusive progression must be about more than developing top talent into future business leaders though. It also means opportunities for those who won't be managers or leaders – whether that's helping them towards a new role within your organisation, or leaving to continue their development elsewhere.

*More businesses need to incentivise managers...to spot talent and develop people as much as...to lead high-performing teams.*

In practice, managers should empower employees to take charge of their careers by coaching them to consider their potential and understand the different directions that their career could take. This chimes with the experiences of people that have moved up in their careers who say that awareness of progression opportunities and a supportive working environment are key factors underpinning their success. [\[4\]](#) Line managers are the first point of contact in supportive working environments for most employees, telling staff about opportunities and giving them the confidence to take them.

Doing so in many workplaces is achieved by integrating career development into regular line management discussions. Managers should also support staff in setting personal development plans that they are then jointly responsible for delivering. Another strategy used by some employers and which should be considered more widely is using 360° feedback. This involves seeking the views of a manager's peers and direct reports to build a holistic view of a manager's performance.



## Leaders must better understand what is going on within their business...

The next step is to consider what indirect or unconscious barriers affect different groups of staff. Understanding those that are faced by groups of employees but not by leaders or managers are often the most difficult hurdles to overcome. The businesses that are most successful in identifying these barriers do so by combining qualitative and quantitative approaches to uncover both the systemic and anecdotal evidence.

Employers should consider quantitative approaches including tracking the composition of employees at different levels within the business. This enables businesses to monitor what rate of progression is expected among each cohort, and challenge promotion practices if systemic underrepresentation of any one group is identified. Following this data driven approach, [EY](#) introduced an additional element of scrutiny by asking hiring managers to explain why eligible candidates were not promoted.

### CASE STUDY – EY

**EY** is a professional services firm that uses its data-driven approach to get clear insight into the diversity composition of its workforce. This underpins its proportional progression process which seeks to promote employees on a representative basis based on the benchmarked diversity composition of each job level.

With an even gender split at managerial level and 20% from black and minority ethnic (BME) backgrounds, EY expects one in two eligible female candidates to be promoted and one in five from ethnic minorities. The process works on a comply or explain basis, with EY's HR and D&I teams asking for feedback from leaders making promotion decisions on why eligible candidates were unsuccessful and using it to understand why the target is not being achieved and supporting the business leaders to put in place actions that will improve the likelihood of success.

The point is to make the progression process as fair as possible by challenging leaders to make promotion decisions based on employees' skills and potential, rather than their characteristics or background. Since the process began, EY's workforce has become more representative, for example seeing an increase in the diversity of the partnership from 3% BME and 18% female in 2011 to 9% BME and 20% female as of August 2016.

Key to its success has been buy-in from leaders who value HR and D&I teams' support in uncovering unconscious bias within the progression process and sharing good practice for conducting performance reviews and promotion discussions. The process is part of EY's much broader focus on Inclusive Leadership which seeks to challenge mindsets and behaviours around inclusion and exclusion in order to build high-performing teams that deliver exceptional client service.

Its Inclusive Leadership Programme aims to address unconscious bias and insider-outsider dynamics at individual, team and organisational levels, and in client relationships. Launched in 2013, the Inclusive Leadership Programme was initially targeted at Partners and since 2014 has been extended to Managers, Senior Managers and Directors. EY intends to extend this to all staff, maintaining focus on the impact of unconscious bias on progression at managerial and leadership levels and stressing the power of inclusive leadership to effectively harness the power of difference for improved performance in the market.

Other employers take a qualitative approach, asking employees to give their views on what barriers need to be addressed. This is a strategy employers should consider to help them understand the blockages identified by quantitative analysis. [PayPal](#) plans to hold 'listening groups' to find out from different groups of employees what interventions would most support their progression and make them feel engaged and productive at work.

### CASE STUDY – PayPal

Inclusion is one of **PayPal's** core company values. The digital payments leader puts a huge emphasis on diversity and inclusion within its ranks because it believes its ideas and impact on the world outside can be greater when everyone is included.



This is leading PayPal to undertake a series of listening groups this year with employees across its business in Europe, the Middle East and Africa, exploring experiences and attitudes towards diversity and inclusion.

Designed around different themes, from multiculturalism and multigenerational workers, to LGBT and gender issues, the listening groups will be hosted by an external consultancy firm in four countries. Each session will be open to employees of all levels, offering them a chance to take a candid look at inclusion in their workplace, and uncover aspirations on which the business' People team and senior leaders can take action.

Initiatives like this would feel hollow if the message of inclusivity did not extend across PayPal's global business. In fact, diversity and Inclusion is immensely important to CEO, Dan Schulman. Perhaps that was best demonstrated by his announcement earlier this year that PayPal would be withdrawing plans for expansion in North Carolina due to the recent state legislation that denies equal rights to members of the LGBT community.

Most recently, PayPal has been able to report that it has achieved gender and ethnic pay equity in its first year as an independent company. However there's more work to be done. While its initial diversity data is encouraging, PayPal is striving to do more to achieve a workforce that truly reflects the makeup of the communities in which it operates.

## ...and develop targeted interventions to respond to these challenges

Having identified barriers to progression, businesses need to design targeted interventions that will help to overcome them. What intervention is needed will depend on the barriers. These can vary from smaller interventions like mentoring schemes to far larger changes like redesigning the roles within a business to make them more accessible.

Many employers have formal sponsorship and mentoring programmes that are established to support a particular area of diversity. This can be approached in different ways, depending on a firm's diversity and inclusion priorities. [Legal & General](#) and [GSK](#) both use mentoring as a part of their strategies to develop female talent. Other businesses like Mercer and Veolia have found that it can also help the more senior employee to understand the challenges facing their junior colleagues.

### CASE STUDY – Legal & General

**Legal & General** is a financial services firm aiming to achieve a greater representation of women in leadership roles by 2020. It is part of the 30% Club, pledging to achieve one female board appointment in every three. The firm is also a signatory of the Women in Finance Charter to improve gender diversity in its leadership positions and believes that analysis and target-setting helps to identify the issues and act as a focus for behaviour change.

With particular focus on gender diversity in its executive pipeline and managerial tier, Legal & General's Role Model Programme celebrates the success of its senior women. Alongside this, their **Career Sponsorship Programme** matches senior female managers with executive directors who offer mentoring support, act as their advocates within the leadership team and give them opportunities to grow their networks.

These programmes run alongside other initiatives that support female progression, including coaching for women who return from maternity leave to transition back to the workplace, a '50/50 by 2020 network' which raises awareness of gender diversity throughout the firm and an internal mentoring scheme for individuals who are developing their leadership skills.

As well as a focus on supporting the development of its talented women, Legal & General is also making changes to its recruitment practices, including having one woman on every shortlist for management positions and above, and having diverse interview panels to widen the talent pool and attract more female candidates.

As a result, female representation has increased at both the Board and Senior Management level. Legal & General's success lies in its two-pronged approach in both removing the barriers to career progression and attracting a more diverse pool of candidates.

*"We strive to be a vibrant business that values inclusiveness and embraces difference, where our employees are engaged and empowered to deliver business results because better business decisions come from a*

diverse set of views."

Paul Stanworth, CEO of Legal & General Capital

*Managers should empower employees to take charge of their careers by coaching them to consider their potential and understand the different directions that their career could take.*

## CASE STUDY – GSK

**GSK** is a global healthcare company with an emphasis on recognising employees for their individual contribution. In GSK's 2015 global survey, 77% of employees agreed that they work in an organisation in which diverse perspectives are valued, an increase of five points since the previous survey.

With its focus on individuality, GSK launched **Accelerating Difference** in 2013, an initiative to support the career development of high achieving female leaders. Its coaching is designed to help women recognise and navigate potential challenges in career progression and give opportunities to network with other female leaders across the organisation.

The point is not about 'fixing' women's behaviour, but enabling them to better understand the structures and behavioural differences that affect progression in the workplace. The programme also seeks to drive cultural change with discussion groups for men and women to share their experiences of progression at GSK giving both groups greater awareness of how gender differences can affect leadership styles and team dynamics.

Over 450 women have taken part in **Accelerating Difference** since 2013 and so far, the early career data from the first cohort shows that almost 60% have secured a promotion or taken on more responsibility in their role thereafter. This programme has contributed to a gradual increase in the proportion of women in management, director and senior leader positions and it has provoked more open discussions about gender and careers within the organisation. In 2015, 43% of GSK's employees were women, with 42% in managerial and leadership roles.

The success of Accelerating Difference lies in its emphasis on organisational change, rather than exclusive 'female-only' focus. This creates a three-way process in which women develop strategies to progress their careers, their male counterparts develop greater awareness of gender difference and GSK's leadership team gain greater insight into the processes and structures that might pose challenges and how these need to be changed.

*"Inclusion is about embracing individuality. Everyone is different, with their own unique talents, thoughts and ideas".*

Liz Burton, Director, Global Inclusion & Diversity

In other businesses, more fundamental interventions are needed to improve progression. There are 1.5 million low paid workers in the UK with qualifications that suggest they could earn a higher wage if more better-paid jobs were offered on a flexible basis. [\[5\]](#) Yet these employees can find that their progression is blocked by outdated assumptions that more senior roles cannot accommodate the same flexibility. This is a problem for the individuals who can't progress, but is also a problem for the business which becomes less able to plan for succession. Identifying this barrier within their business, [Pets at Home](#) redesigned its more senior roles to better accommodate the need for flexibility among their employees.

*There are 1.5 million low paid workers in the UK with qualifications that suggest they could earn a higher wage if more better-paid jobs were offered on a flexible basis.*

## CASE STUDY – Pets at Home

**Pets at Home** is the UK's leading specialist retailer of pet food, accessories and services, with a workforce made up of 65% women. It started working with **Timewise**, specialists in flexible recruitment, after identifying that progression rates for women were below its target. Through interviews with store

colleagues, Timewise found that, while many women do stay and move within the company, the proportion of women in assistant manager roles, a key stepping stone towards store manager, was 9% lower than among store colleagues. The lack of flexibility in managerial positions was cited as a major factor contributing to this disparity.

Timewise redesigned job roles to enable more senior positions to accommodate flexible working. First they helped Pets at Home to work out where there was opportunity to do so through data mapping and qualitative research. Then they invited senior HR and operational teams to support the redesign of their assistant manager roles, so they could be made available on a job share or a part time basis. Finally, Timewise provided managers' training to identify and recruit staff into the new roles, and to facilitate this new working approach within teams in stores. Pets at Home found that this was critical to foster the organisation-wide culture change needed to underpin its drive towards flexibility.

By opening up new flexible, part time, job share roles at managerial levels, Pets at Home is providing clear routes and opportunities for female progression. It's also establishing a culture in which flexible working is the norm. The new roles are currently being advertised, with the plan to roll these out across Pets at Home stores nationally.

**Vicky Hill, Head of People at Pets at Home** said: *"We are delighted to be involved in this project. We recognise that, through our involvement, we can bring about important change at Pets at Home. By offering more flexibility in our approach to management recruitment and development we aim to create further opportunities for talented female colleagues to achieve their full potential while balancing their working life and home commitments."*

In the longer term, Timewise hopes to see flexible working at management level as the norm in all UK business. **Emma Stewart MBE, joint CEO of Timewise**, said: *"This project has allowed us to develop a clear, tested programme for retailers to open up progression pathways to talented staff who are not able to commit to full time, fully flexible working, and will allow the best in the business to progress irrespective of other life commitments they have."*



## Recommendations

8. Businesses should commit to helping staff develop their careers and make people planning as important as financial planning in leadership discussions.

9. Managers' performance appraisals must give weight to their roles in developing staff as well as short-term commercial performance.

10. More businesses should find appropriate mentoring, sponsorship and networking opportunities for staff's long-term development.

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## **References**

[1] Oxford Economics, *The cost of brain drain*, 2014

[2] CBI, [\*Better off Britain\*](#), 2014.

[3] CBI/Accenture, [\*Employment Trends Survey\*](#), 2015

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[5] Timewise/Joseph Rowntree Foundation, [\*How Flexible Hiring could improve business performance and living standards\*](#), 2016



## RECOMMENDATIONS

# Summary of recommendations

Making our workplaces more inclusive is a chance for business to deliver prosperity for the whole of the UK, by improving business performance and delivering opportunity for all.

Combining effective leadership and inclusive workplace practices with a focus on employee engagement helps businesses to harness the skills, ideas and potential of the widest pool of people. This is increasingly important in a labour market where the issues of productivity and opportunity are at the heart of our national debate, and have been thrown into sharper relief following the Brexit referendum.

Those businesses that are already taking the lead on this do so because of the strength of the business case for action. This is not just about doing the nice thing – it is about making the changes that will help UK businesses and their employees succeed globally. These firms are better able to attract and retain staff, help them to develop in-demand skills and innovate in ways that help their business grow. Ultimately, workplaces that are inclusive – where people can be themselves and give their best at work – are more likely to have engaged and productive teams which is vital to long-term business success.

Action is needed by both the government and business to make the most of the potential of the UK workforce. By the age of three there is already an attainment gap between children from different backgrounds and these gaps widen before these young people apply for their first job. Action to improve careers advice, the provision of childcare, and school performance are essential to giving every young person the best chance of getting a job and having their pay rise over time. We look forward to working with the government on these vital issues.

But businesses must also play their part, ensuring workplaces benefit from great employee relations that will ensure no group or individual is unfairly disadvantaged, and supporting every employee to perform at their best. As businesses, we need to be at the forefront of developing solutions, because things which are rooted in workplace practice are likely to be more effective and more relevant than ideas imposed from outside.

Sharing the ideas and experiences of businesses that are making progress is an important step. This report showcases good practices from a range of organisations that are committed to improving diversity and inclusion. These recommendations suggest practical approaches that can help businesses of all sizes and in all sectors to make their workplaces more inclusive – whether that be taking their first step or continuing on their journey.

## Recommendations

1. Businesses should recognise the impact their workplaces have on productivity – good employee relations will make workplaces more inclusive and help everyone perform at their best.
2. Businesses should set tailored, voluntary targets to improve diversity and hold leaders responsible for plans to achieve them.
3. Businesses should develop the language and tools to discuss inclusion with confidence – partnerships with outside organisations can help.
4. Businesses need to work collaboratively and share good practice to improve inclusion across their sector.
5. Where possible, businesses should offer flexible working from job adverts onwards.
6. Businesses should consider using name-blind recruitment and extending competency based assessment to challenge unconscious bias.

7. More businesses should develop long-term partnerships with schools, colleges and universities to attract people from underrepresented local communities to their sector.
8. Businesses should commit to helping staff develop their careers and make people planning as important as financial planning in leadership discussions.
9. Managers' performance appraisals must give weight to their roles in developing staff as well as short-term commercial performance.
10. More businesses should find appropriate mentoring, sponsorship and networking opportunities for staff's long-term development.

## CONTACT



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