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Attitudes, cultures and systems need to change for
companies to embrace the positives of diversity and inclusion.

Breaking down barriers: diversity and inclusion in the C-suite

BY FRASER TENNANT

The path to the C-suite is not an established, linear journey. On the contrary, it is challenging and oblique. This is especially so for women, ethnic minorities, the disabled, and the lesbian, gay, bisexual and transgender (LGBT) community.

Testifying to the extent of the struggle facing this large slice of the population is a wealth of studies and analyses, and reams of anecdotal evidence, much of which characterises senior management teams as utterly lacking in diversity and inclusion. For example, the 2017 'Parker Review' of the ethnic diversity of UK companies revealed that over half of all FTSE 100 firms do not have a single director from an ethnic minority background, with only 8 percent of these firms' 1087 directors being of non-white origin.

In another review, the UK government commissioned 'Hampton-Alexander Review 2017', the extent of the work needing to be done to recruit women into senior business roles is highlighted, with 33 percent of women in senior positions by 2020 the voluntary target. A similarly themed 2018 review by the Allegis Group – 'Talent, Business, and Competition: A New World of Diversity & Inclusion' – found that in Fortune 500 companies, women and minorities hold 31 percent of board seats. Although this figure is slowly improving, overall, almost 80 percent of board members are male.

In terms of LGBT representation at C-suite level, many studies reveal that LGBT workers continue to experience discrimination in the workplace, there being numerous barriers to entry. According to the Center for Talent Innovation's (CTI) 2016 report 'Out in the World: Securing LGBT Rights in the Global Marketplace', one of these barriers is the often anti-LGBT laws of the countries in which companies do business, which can have a detrimental impact on the ability to attract and retain top LGBT talent.

Research consistently demonstrates a link between diversity and inclusion and a company's operational and financial performance. Indeed, a 2018 McKinsey report – 'Delivering through diversity' – highlights a strong link, finding that companies in the top rank for executive team gender diversity were 21 percent more likely to experience above-average profitability than less-inclusive companies. In terms of ethnic and cultural diversity, McKinsey found a 35 percent likelihood of increased financial performance.

To disrupt the status quo and embrace the positives that greater diversity and inclusion in the C-suite can bring – such as money savings, revenue boosts and sustainable long-term value – attitudes, cultures and systems clearly need to change.

Ethos

Some commentators believe the reason why the C-suite typically lacks an ethos of diversity and inclusion is rooted in history

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– when many of the world's top companies were created against a backdrop of a struggle for rights and freedoms in various shapes and forms.

"People of colour, in the US and around the world, have been fighting for their civil rights for hundreds of years," says social impact consultant Laura K. Wise. "Women continue to demand the same wage for the same work and the LGBT community is also still fighting against discrimination. The systems that surround the business community, primarily personal networks

and education, have not allowed room for the diverse thoughts and opinions of marginalised groups to take root and grow or even be thought of as valuable. Therefore, we find ourselves where we are today, the most diverse global society to date, yet, there are only 24 women chief executives and three chief executives of Fortune 500 companies."

Others, however, see change afoot, albeit slow change. "With significant monies being spent and programmes sponsored by senior management, I do not believe

there is a lack of an ethos for diversity and inclusion by the C-suite," says Janice Ellig, co-chief executive of the Ellig Group. "However, while actions are there and have been for decades, accountability is lacking. Like the issue of accelerating the pace of change for women on boards, unless chief executives and boards make gender parity a priority, it will not happen."

According to Ms Ellig, companies should do five things to make diversity and inclusion a core driver of their overall business strategy. First, overhire where certain groups are underrepresented, from entry to senior levels, including the board. Second, focus on retention of underrepresented groups and ensure policies do not have an adverse impact. Third, measure progress annually and where shortfalls occur, increase the hire and retention of those underrepresented groups. Fourth, hold the chief executive and senior management accountable for diversity and inclusion results and shortfalls. Finally, celebrate success with stories and transparency.

For Jennifer Brown, founder and chief executive of Jennifer Brown Consulting, the makeup of the C-suite is often preordained. "Who you know has largely determined how high you rise within a hierarchy," she explains. "Relationships do not necessarily trump experience, but being an insider often gives someone a path to the C-suite. Those in leadership positions, who tend to be white, straight men, still typically promote candidates who come from within their sphere of influence. Such leaders are used to working in an exclusive environment. The problem is there are still many that do not see a problem with that."

Advantages

The business case for improving diversity and inclusion in the C-suite is compelling – cash flow per employee is 2.3 times higher in US companies with mature diversity and inclusion programmes, according to the Allegis Group – with a company's decision-making faculty a particular beneficiary.

"Multiple studies demonstrate that less skilled, more heterogeneous group make better decisions than more skilled homogeneous group," says Ms Ellig. "Homogeneity breeds 'groupthink' and thwarts innovation. When companies draw from all backgrounds, they are more innovative, as they bring forth the ideas of many. Additionally, when companies embrace all their constituents – employees, customers, shareholders and the communities in which they operate – people acknowledge this and place more 'trust' in that company. Such perceptions can greatly benefit companies when it comes to attracting talent, customers and shareholders. Companies have so much to gain and so much to lose. Diversity and inclusion is an easy solution to gaining a competitive edge."

The attainment of a C-suite position by someone from an underrepresented group undoubtedly sends a powerful message: that those from a similar background also have the potential to someday make it to the top table. "Whether someone knows they are a role model or not, they are, because there are a lot of eyes on them and they offer a powerful example," says Ms Brown. "In the meantime, we need to point out bias at every moment in order to effect change. The makeup of the C-suite sends out signals about what is important to a company. We are not going to make change at the pace we need to if we do not make diversity and inclusion a priority."

Recruitment

How companies adapt their existing recruitment strategies in order to address underrepresentation of certain groups at C-suite level is a key component in creating a more diverse and inclusive working environment. Adding to the recruitment mix are networks such as Jopwell, a career advancement platform for black, latinx and Native American students and professionals, which are helping to establish a pipeline of qualified and diverse candidates.

"Effective recruitment strategies are targeted at the specific communities a company wants to attract," explains Ms Ellig. "Employees are integral to these strategies and should be utilised in driving recruitment efforts. When looking to attract women, African-Americans, Asians, Hispanics, LGBT, veterans and those with disabilities, a company's employee resource groups and senior-level executives must be actively recruiting in these communities to attract candidates. Women and diverse candidates will not be attracted to companies unless they can 'see' an inclusive culture – an environment where there are others like them who not only survive, but thrive and succeed. Companies with more inclusive, welcoming, safe, empowering environments attract the best talent and become the best companies."

Some hold the view that it is the failings of the recruitment process itself which leads to a lack of diversity and inclusion. "Recruiters are typically not as diverse or as representative of the candidate pool and the world as they need to be, so that needs some attention," suggests Ms Brown. "However, if you are being interviewed by somebody that shares your diversity story and talks in an authentic and compassionate way about the commitment that the company has to inclusion, it is going to go a long way toward swaying a candidate to accept a job. So we need to ask, who is the interviewer and how do they either represent diversity to the diverse candidate or speak about it with compassion, conviction and knowledge?"

Another recruitment issue is that job descriptions often display unconscious bias, full of gender language that discourages female candidates from applying for high-level positions. A recent BBC report highlighted this disinclination, noting that an analysis of hundreds of millions of job advertisements indicated that certain terms – such as 'coding ninja', a common phrase in Silicon Valley job advertisements – carried negative connotations for women and thus made them reluctant to apply.

"The good news is there are technologies which can help tackle biases when writing job descriptions by suggesting less-gendered words," adds Ms Brown. "This will help us mitigate unconscious biases until such time as we can navigate them consciously."

Momentum

High-profile appointments such as Gina Haspel as the first female director of the Central Intelligence Agency (CIA), Stacey Cunningham as the New York Stock Exchange's (NYSE) first female chief executive and Adena Friedman as chief executive of the National Association of Securities Dealers Automated Quotations (NASDAQ) do much to build momentum, and intensify the pressure on companies to build a more diverse and inclusive working environment, encompassing not only the C-suite, but every facet of a company's operations.

"These are significant appointments," says Ms Ellig. "So, I am cautiously optimistic. As companies are honoured for their inclusive and diverse cultures, other companies will not want to be left behind. Moreover, companies will not want to lose out in attracting top talent, will not want to be liable for discrimination claims and will not want their reputation tarnished in any way. The emphasis on moving the needle forward will only increase as quotas and legislation put pressure on companies to achieve greater diversity overall."

On the flipside, if C-suite leaders are being hurried into making decisions because the company pipeline has been neglected and they are under pressure to choose from a more diverse pool of candidates, then care must be taken, as decisions made in haste are rarely good ones.

"If the court of public opinion criticises a company for a lack of diversity in the C-suite, that company could choose to aggressively hire diverse candidates into senior positions, but that is not something that should be done lightly," advises Ms Brown. "Rushing into over-promoting

HOW COMPANIES ADAPT THEIR EXISTING RECRUITMENT STRATEGIES IN ORDER TO ADDRESS UNDERREPRESENTATION OF CERTAIN GROUPS AT C-SUITE LEVEL IS A KEY COMPONENT IN CREATING A MORE DIVERSE AND INCLUSIVE WORKING ENVIRONMENT.

people so that you can hit some kind of metric, when they are either not ready or not going to be sufficiently supported, can lead to disaster. When you are grasping at straws to appear more diverse, it can lead to more high-profile failures. Instead, companies need to make a disciplined, repeatable and strategic investment toward diversifying their pipeline and making sure their culture is inclusive."

Awareness

With greater scrutiny now surrounding what companies are doing to create a more diverse and inclusive C-suite, policies and procedures are being adapted to embrace a changing environment. "The #MeToo movement from the US, as well as initiatives such as the legislatively required gender pay gap reporting in the UK, are causing C-suite members to consider what changes are needed, including among themselves," says Steven Cox, vice president of diversity and inclusion at Fujitsu. "C-suites should be careful to develop plans that address all aspects of diversity, not just the one or two that are receiving the most media or investor attention."

In the view of Ms Wise, the pressure on companies to make diversity and inclusion a key operational focus will continue to mount. "Companies will have to become more diverse if they want to survive and build a positive legacy and reputation over the next 25, 50 or 100 years," she suggests. "Most importantly, they will have to create cultures that are inclusive and that welcome the diverse talent they are looking to attract."

In order to create workplaces in which a culture of diversity and inclusion is part of the fabric of business, these traits need to be considered the norm rather than the exception. Furthermore, to truly break the shackles of myopic viewpoints and outdated codes of conduct, companies need to reconfigure their mindsets, expand their recruitment scope and make the journey to the C-suite a potential destination for more than just a privileged few. ▪