

Good governance of EDI - "Diversity breeds diversity"

GGI in conversation with Lord Hastings and Emmanuel Ofofu-Appiah

We sat down with Lord Hastings and Emmanuel Ofofu-Appiah for a conversation about what boards can and should be doing to improve equality and diversity in their organisations and boardrooms.

This is the second part of the conversation, looking at what can be done to bring about greater diversity and representation in boardrooms, and address the issues and challenges set out in the first interview.

GGI – What can be done to accelerate progress towards greater equality of presence and opportunity?

Lord Hastings – It may seem strange to say to businesses that they can learn from politics. But, as we've seen in the course of the last year, all over the world politics has played a remarkable role in everybody's lives – including businesses. Whether they've been able to operate or not; if so, how. We've seen how much government has come to matter. It's almost like going back to – dare I say it – socialist days back in the 1970s, when the government was in control of just about everything. Whitehall had a lot of control over what we thought and did and we're back there again today, in a bizarre sort of way. So, if we could learn something from politics, what would it be? We've got a Secretary of State for Health and Social Care who is of Asian background, and we have a Chancellor of the Exchequer who is of Asian background, and we



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- Former Head of Public Affairs for the BBC and its first Head of Corporate Social Responsibility
- Governor of MPESA Academy in Nairobi
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- Board Trustee - South Quay College
- Former One Young World Ambassador

also have a Business Secretary of African background, and a Home Secretary who is also from a non-white background. So we have a Conservative cabinet that has a substantial high-profile group of people who are of diverse backgrounds.

GGI – That diversity at the top level of British politics is far more evident now than in even fairly recent history.

Lord Hastings – Exactly. If you were to go back to Margaret Thatcher's day, there was no one. Even if you track back further, to when Winston Churchill was Prime Minister (who Boris Johnson likes to model himself on), the idea that anybody who was driving the buses could end up in the cabinet...impossible! Well, look what's happened. Those are decisions that political leaders are able to make. Keir Starmer has David Lammy there in his shadow cabinet and he has all sorts of other people of diverse backgrounds. Jeremy Corbyn always had two black women by his side, one on his left, one on the right. George Bush – a Republican president – had Condoleezza Rice on the left and Colin Powell on the right. **Politics is able to make these instantaneous appointment decisions, giving people of colour responsibility for budgets of billions of dollars. And do they collectively screw it up? No, of course they don't.**

When it comes to businesses and non-profit organisations, they say we need to have a skills map. Politics doesn't say that. Politics says, can we see competencies, enthusiasm and a growth in abilities? If so, let's take the jump and make the decision. That's what I would say to businesses: gone are the days when you all need to go through the pipeline.

GGI – But even so, surely through a skills-based approach we'd be seeing more equality of representation? There is talent coming through in politics, the same must be said of business and public service?

Lord Hastings – One of the things that used to frustrate me so intensely at big organisations was that they'll always tell you there are not

enough people of colour in the pipeline, which is one of the reasons there are not enough people of colour in the pipelines! The pipeline is stuffed full and it's so slow. So people get stuck. And a lot of black and Asian minority people just opt out through sheer frustration.

Sensible executive decision-making now would make three priority decisions on this agenda. Number one, they would never say age is a criterion for excellence and competence. It is not. We now know – the world of tech innovation has proved to us in abundant clarity – that age is not the holder of competence and capability. Number two: we now know that women are as effectively educated as men, in fact often better. There are more women with higher qualifications leaving universities in the US and the UK than there are men. So you cannot say now that the world must be dominated by men at the top of every business. And thirdly, the same applies when it comes to ethnicity as a bar to effectiveness; not any longer it isn't.

GGI – Is there anywhere in the world that we can look to for good practice? As real beacons of progress?

Lord Hastings – If we want to look at robustly effective economies, governments and transformations in the world we would point to four places. Two are easy for the average Brit to get their head around: South Korea and Singapore. The other two may surprise you: Botswana and Rwanda. Paul Kagame, for all of his detractors, has done an incredible job in Rwanda to turn the country that slaughtered 800,000 people in 10 days just 25 years ago into a beacon of clarity, innovation, excellence and technology. And Botswana, which is one of the largest physical countries on the continent with a relatively small population, has had consistently open transparent elections, never had any military issues, has the highest level of educational outcomes on the continent. But you never hear about it because there are no troubles there. All we're interested in is conflict. There are many other inspiring stories of African leadership. Ghana is clearly on the right track, as is Kenya. They have proved that the old

model and the old assumptions are no longer relevant.

So, if these are the facts of 2021, it's going to be about making decisions to change. Not looking at pipelines, ignoring systems that are all about delay, filibustering to obstruct people. And learning from politics. Let's spot people that have Emmanuel's competence and skill and let's not sit around saying 'well, he needs another 10 years before we can really trust him to deliver'. Put these bright young talented people at the top; get on with it.

Emmanuel – I just want to touch on that point. I think organisations need to have more faith and trust in the potential of candidates from ethnic backgrounds. Just using myself as an example. Lord Hastings reached out to me. He gave me a foot in the door just by helping me to understand how the corporate world works. He introduced me to so many connections at the start of my career. And I look back and think, 'Okay, what if other people of his calibre who are not black were doing the same thing for people like me? How many more people would have a seat at the table? How many more opportunities would there be?' So it's partly a case of just seeing the potential in people and giving them a chance. Because if I was not under Lord Hastings' leadership and under his guidance, I probably would not have tried to build a career in The City. Who knows what would be doing?

I didn't have any role models to look up to. When I looked at my immediate surroundings, there wasn't anyone for me to look up to. The question now is, how many more people like me back then are currently going through similar situations, with no role models? No one to see as a mark of excellence. I think that's very scary because if we're not seeing diversity in The City now, and if we do not change the mindset, what's going to happen in 15/20 years? Are we going to have anyone at a senior level? These are difficult conversations that we need to have.

So I think it's definitely about understanding the potential that candidates from ethnically diverse backgrounds can bring. And we don't want to be waiting 20 years to get to the top of an organisation, or be told, 'you have to do this role for five years before you can get to the next level' because it doesn't have to be like that.

GGI – Are there any cultural differences or mindset differences across public / private that are relevant to this?

Lord Hastings – Yes there are because there's this expectation of openness and transparency in public and community organisations. There's a much greater willingness culturally towards inclusion and diversity. For positive reasons – just because there's a recognition that that's the way society is. In the private sector, the shareholders, the City institutions that control the share bonds, are not homing in hard enough on that question. It's only really in the last five or six years that big City corporations are taking their environmental, social and governance responsibilities seriously. They're all making statements and being prominent about it now, but if you go back a decade...well, you'd be hard pushed to find many that wanted to put ESG on their inside page front cover.

Thank goodness they've all woken up to it. But, you know, on this particular issue of positioning, this is where the rubber really hits the road hard. It means that organisations that are dominantly white need to accept there are people of different colours and cultures, languages, backgrounds and ethnicities who have as equivalently high quality to contribute, if not sometimes higher quality. Accepting that means breaking the racially biased mindset we discussed earlier.

I'm sure you saw the commentary [during the Euro 2020 football tournament] about [Harry] Kane versus [Raheem] Sterling. There's only one newspaper – to its credit, it was the Sun – that had Sterling on the front page; every other paper went with Kane. Well, there were two players that scored the goals that got England over the line.

GGI – You've talked about allowing ourselves to be inspired by politics. And about not over-relying on the pipeline. And having the courage of convictions about people and so on. What else can people in positions of authority now be doing to move this agenda forward?

Lord Hastings – These black and other ethnic groups need to be at the table, not on the menu. When we're on the menu we're being discussed. But we're at the table, we're deciding what to eat. And if we're going to be at the table, then the decision-making board controllers, the chairmen – sometimes chairwomen, but let's be honest, mainly chairmen – of the boards of commercial organisations and institutions can make a positive non-cost choice to bring shadow board members to the top table. It's a non-cost choice because we're not talking about appointing executives or paid non-executives just because they're black. I would never advocate that. But what I would advocate is quotas. Don't tell me in any business organisation that there isn't somebody maybe two, maybe three layers down, who's black and doing a competent and valued job. Don't tell me those people aren't there. And if they are there, identify them, put them on a circular rotor system, and pull them up to the top table.

So, if you have a board of 12 running your organisation, add three or four to join the conversation. They're not voting executives, but they're present. They see the agenda, they see the documentation, they're privy to the possibilities. They may have something valuable to contribute.

Here we are: four men in this conversation. If we had two women and two men, you know it would be a different conversation. That's just the reality. Have a table of men talking and add two women – just watch how the conversation changes. Have a table of 12 white people and add three black people into the conversation and, again, the conversation changes. This is just how it works. And therein lies the opportunity – at no cost – to make a radical

intervention. Not only does it change the conversation, but it also gives other groups representation, so we create more role models. It builds more connections at the top table that can help others to reach the top table. Diversity breeds diversity.

Emmanuel – I can tell you from my own experience this stuff makes a huge difference. Meeting Lord Hastings when I was 20 or so was the moment that my mindset changed and my whole career took off. At the age of 15 I lost one of my closest friends, Kiyah Josiah Prince, and that really traumatised me. I left London to go to Manchester University, so I changed my surroundings completely to get away from the knife crime going on in London. And you can imagine the impact of me meeting someone of Lord Hastings' stature and him painting this picture of what I could achieve. It may not sound like a massive thing but for someone like me, it was huge. I was like, 'this is what I want to do, this is where I want to be, this is where I want to go'. There have been difficult, challenging moments, but today I've got a family, I've got a good job in The City, I'm on various boards, I've got my own house... I often ask myself, if I'd not met Lord Hastings, where would I be now?

GGI – That sounds like a life-changing encounter. But it does speak to social injustice because there is too much chance, isn't there? What if you hadn't attended that event? What would have been the odds of encountering another role model? Doesn't it need to be more structural and systemic, the exposure of young people from ethnically diverse backgrounds to role models? And shouldn't there be an equal expectation on all leaders to create opportunities for people of all backgrounds and ethnicities?

Emmanuel – Leaders of organisations need to be held to account. I CEOs need to have direct input at some stage in how the company is progressing in terms of its diversity. And there needs to be a mindset shift in these leaders too, because a lot of them come from very well-off backgrounds. Not all of them, but there's a group that

come from a particular kind of class and educational setup, and they are used to dealing with a particular sort of person. If they're not seeing that individual in front of them, at that level, it can be a barrier for others. They think, 'Am I really willing to trust someone who I'm not sure can handle the pressure and fit in?' That's where we need to get that mindset shift changed.

Lord Hastings – One way is via a shadow board programme. These require embracing a mindset of change, letting go of innate system protectionism. You have lots of policies and you get people to sign up to them and you have posters all over the place, but nothing really changes, because if it changes it's terribly threatening. And if we're going to change things we have to be prepared to, as I've said, learn from politics, be bold, embrace change.

Shadow boards are a great way to identify people's capacity and skill and bring people to the top table, even if they are in unpaid or non-executive roles – even if it's simply to showcase them to the senior team. The point that Emanuel made is that until he met me, he didn't believe it was possible. If you don't see them, you can't relate to them and you can't connect with them, and you don't

believe it's possible. And if we don't believe it's possible, nothing changes.

In my time at KPMG, I was trying to advocate for quotas, and I remain an advocate for them. Quotas are not about appointing people just because they're women, or they're black. It's not about that. It's about making you look at women and black people that you wouldn't otherwise look at. What a quota does is to bring them to the fore. And then at least you can see. If you don't have the quota, what happens is you get HR churning out the same sort of candidates. That's how it works and that's how the system remains the same. This shadow model is the way to change it. It's what we do in politics. Now it's time business learnt from politics.

On 31st August the 7th annual Festival of Governance opens. Throughout September there are a series of events featuring leaders for all sectors, including a number of events exploring EDI and ESG in governance.

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