

Good governance of EDI - "We need to talk about diversity and board makeup"

GGI in conversation with Lord Hastings and Emmanuel Oforu-Appiah

In June we sat down with Lord Hastings and Emmanuel Oforu-Appiah for a conversation about what boards can and should do to improve equality and diversity in their organisations and boardrooms.

This is the first part of the conversation, sketching the scene of the state of diversity in boardrooms right now and exploring the roots and causes of the lack of inclusion.

The second part of this conversation, looking at what can be done to address these issues, will be published next week.

To frame the conversation and set the scene we started by listing some contextual statistics:

Private sector:

White men make up 62% of boards and occupy 83.8% of executive directorships.

White women make up 28.2% of boards, black and Asian minority men 6%, and women 3.8%

(The DiversityQ FTSE 100 Board Diversity Report 2020).



Lord Hastings

<https://www.linkedin.com/in/lordhastings/>

- Chancellor of Regents University London
- Professor of Leadership - Stephen R Covey Institute, Huntsman Business School, Utah State University
- Former head of Citizenship at KPMG International
- Former Head of Public Affairs for the BBC and its first Head of Corporate Social Responsibility
- Governor of MPESA Academy in Nairobi
- Trustee of the Africa Philanthropy Forum
- VP of UNICEF
- Chairman of the Council of ZANE
- Chairman of London Chamber of Commerce and Industry Black Business Association and the Back Business Institute



Emmanuel Oforu-Appiah

[linkedin.com/in/emmanuel-ofosu-appiah-08921826](https://www.linkedin.com/in/emmanuel-ofosu-appiah-08921826)

- UK PR Manager at Mercer
- PRCA Board Member - Race & Ethnicity Equity Board
- Board Member – London Chamber of Commerce and Industry, Black Business Association
- Board Trustee - South Quay College
- Former One Young World Ambassador

Public sector:

Whitehall: 2016/17: 9% appointments went to black and Asian minority candidates.

7 of 136 chairing roles went to black and Asian minority candidates

2019 % of black and Asian minority people in senior public sector roles

Of 233 NHS Trusts, only 10 have chairs from non-white backgrounds.

NHS Race Equality Standard target: 19% black and Asian minority appointments at every pay band.

All the top bands were below target in 2020. (NHS Confed 2019 report - Chairs and non-executives in the NHS)

GGI - To start it would be interesting to hear what you make of those figures.

Lord Hastings - I think the starting point is that every organisation says we want all the best talents, we want to attract the best people and develop them, we want to be relevant to the world, we want to be connected to our clients, we want to understand our customers... They say all these things. But when it comes to the institutions of governance, they don't reflect these claims. Businesses operating b2b still need to reflect the communities their staff come from and the customers they serve. And yet the ownership and the governance of the organisation will be precisely alongside the figures that you said. There is a gulf between the ambitions of needing, wanting, to represent, to have the best people with the best skills, and the realisation of that.

GGI - Why do you think that is?

Lord Hastings - There is a tendency to say there is still an awful lot of unconscious bias around; in other words, assumptions embedded into commercial and non-commercial organisations. But let's be

honest, it's more common these days in commercial organisations, as the public sector has had to swallow the reality pill of inclusion and move towards opening up the bands of leadership. For private sector organisations, it's all about the targets, best hopes, ambitions, it's not about requirements. And here's the bitter, bitter pill that they have to swallow: they must accept that we're now in an era where - whereas if you go back to say, the Windrush generation in the 1950s, which was Caribbean immigration, or you look at African immigration, that was essentially in the 1970s onwards - the vast majority of black people who came to the UK came because they were doing what we will see as operational jobs. I wouldn't call them lower level, just a different skill. They worked on the trains, the Underground, the buses, in the hospitals as porters, facilitation and distribution. Companies are used to decision-makers - people who can exercise effective financial or operational governance and controls. And it would be fair to say that, in the 60s and 70s, the vast majority would not have fitted that profile.

GGI - But it is a totally different landscape now.

Lord Hastings - Exactly. We are now in the 2020s, where wonderful people like Emmanuel have been through university, have good degrees, are comfortable operating in commercial settings, are as competent and skilled as anybody else - in some cases more diligently skilled and committed. In many cases you'll find better education outcomes in black boys and girls in particular than, for example, among white boys.

So, when it comes to saying 'we are in a different place than where we were in the 60s and 70s', absolutely, yes. But are the governance models? Has that embedded itself into executive decision-making? Into those who are used to sitting at the helm of and controlling boards? No, it hasn't.

We've seen the breakthrough to a certain extent for women. And if we're honest about that, even for white women that's still a battle. And we all know that there are decades yet to

go before we see gender parity in senior positions. But then if you pull back and say, 'Well, if it's taken this long for women, how long is it going to take for black people?' You need to push beyond the 50 to 60 years for gender parity into more like 75 to 90 years for black people to reach that sort of equivalence, despite the fact that the mix of academic ability and business effectiveness has been more than adequately proven.

I'll just wrap up with this thought and hand it over to Emanuel. I speak to endless search firms, partly because they ring me up and ask if we're looking for someone for this role and could we recommend someone? Then, when you make a series of suggestions about people who don't fit the normative paradigm, you then begin to get the 'well, the kind of person we're really looking for is like this...' and they describe the older, more traditional white candidate based on the assumption that governance and leadership still belong to the plus-45s. They still rest with the privately educated, the Oxbridge graduate with the rounded accents. The nature of today's dynamic entrepreneurial business environment doesn't reflect that any longer - technology has liberated that model. But the control systems still operate off the old pattern. So it is this perception gap that has to be overcome.

Emmanuel - I think when we're talking about good governance, it is a case of understanding what the organisation is hoping to achieve long term. When we look at the boards of multinational companies, smaller firms and public sector organisations, it's pretty clear that not many are reflective of the current makeup of society. To get diverse professionals to that top level within an organisation, you need people at the board level who are from diverse backgrounds. And this plays into building stakeholder confidence because if you're going to work and partner with other companies around the world, you need to reflect the society.

I think right now if we look at the UK, and we look at the FTSE 100 and the top blue-chip

companies, we're not seeing society reflected and we need to ask the question, why is that happening? I think we should be building a society where everyone has a seat at the table; it needs to be an equal playing field. How many CEOs can we see on the London Stock Exchange that are black? That's one question. I can't see any. Earlier this year, recruitment consultants Green Park released findings which made this issue even more obvious, highlighting no black CEOs in the FTSE 100. We need to start seeing leaders from diverse backgrounds because it does so much more for both the organisations and society. It gives us confidence about being a part of something that's really trying to reflect the society that we live in.

Lord Hastings - Let me give you an example of something which I'm working on at the moment, with Vodafone. I was a trustee of the Vodafone global foundation for 11 years and thoroughly loved that time. I'm now chairing a special project for Vodafone which is looking at the nature of aid decision-making. This stemmed from a project that Vodafone has supported in Kenya, where the recipients of the resources is a project working specifically in one of the biggest, most difficult townships in Nairobi. Decision-makers about the aid sit in Seattle and make assumptions about what works in Nairobi.

This is commonplace. If you look across African-relevant aid organisations, you'll see western organisations effectively controlling resources from London, New York, Washington, Seattle, Frankfurt - all creaming off resources. So they'll say 'let's put 10 million into this programme'. Cut to reality: around 50% of that money is in the country and the other 50% gets to the ground because the model is based on distrust. Why is that? Surely it's because there's an embedded assumption that black people can't control money. It's that same assumption mentality that keeps somebody off the main board of the FTSE 100 company; it's the assumption that they wouldn't be able to manage the ebb and flow, the fray of complexities, that the business faces because it's not been in their DNA to get this. Nobody's

going to say it. But you're going to feel it. This perception trust issue is the determinant. It's a set of assumptions about competence.

GGI - So that's a cultural mindset then - existing, among other places, at that senior level. That's a real problem, isn't it? How do we begin to break through that mindset? To remake it. Especially if there is a lack of self and collective recognition, and a sense of denial.

Lord Hastings - If you ask the hard eyeball-to-eyeball question of a senior executive or chair they are never going to say yes. They are going to say no, of course not: we're very diverse, we're very inclusive, we have all these policies. Just as Emanuel said, if you look at the outcomes of governance structures, the decision-makers, expenditure controls, you look at the outcomes and behaviours, you look at who's who. That is where you see the reality.

Over the last 18 months during the Covid pandemic, we have seen levels of incompetence and startlingly bad practice around the procurement of PPE. This is behaviour that, were it to have happened in Africa, would have been classified as typical 'African-style corruption'. Here, we say it was necessary to get the job done.

Emmanuel - When we talk about stakeholders, shareholders, investors - people who are actually invested in these organisations - they want to see diversity. If you were to take most CEOs into a room with their shareholders they would give the pitch about how they're really big on diversity and inclusion, this is a part of our business strategy, our long term plan is to do X, Y and Z. But on the day-to-day level, the real experience of the employees, customers and service users is a different story. Why is there a difference? We need to move on instead of doing lots of box ticking.

More recently, at the end of every job application, you'll find 'we would strongly advise black ethnic minority candidates to apply'. But when those people do apply, do

they even get in? When they go through the interview process a lot of candidates are sometimes judged on their background. People's social, cultural and economic makeup can also be a kind of deterrent.

Some firms may unconsciously look at a person's background and say, 'well, he or she could not handle this type of pressure because they don't come from this sort of environment. So I think there's a massive conversation around the ESG topic that everyone is talking about. Who's really considering all these aspects as part of the makeup of their organisation? That's the conversation that needs to be had by the people at the top.

GGI - So are we in a kind of transitional phase at the moment? Lord Hastings, you were talking about the fact that things have been moving in the right direction, albeit far too slowly. Is that process inevitable? Are we going to get there in the end and are we talking about ways of accelerating it? Or is it bleaker than that? Does it have to be forced or it won't happen at all? Might it slip backwards if we don't stay proactive?

Lord Hastings - According to the latest reports on this, Emmanuel will be over 100 by the time we get to genuine 50/50 equality of presence and equity of opportunity. So, we're looking at two to three generations. That can't be right, can it? So how can we change it?

If you have any questions or comments about this briefing, please call us on 07732 681120 or email advice@good-governance.org.uk.

