



# The future of inclusive business: harnessing diverse talent for success

**Shinkwin Commision call for evidence**



March 2022

# About this consultation

## Who is it for?

This consultation is aimed mainly at cross-sector employers and organisations interested in business success, talent pipeline planning, and workforce development, with specific reference to disability, ethnicity/race, gender, and sexual orientation.

## Duration

The consultation will run from the 18 March to 30 April 2022.

## Enquiries

Please contact:

### Alex Hall-Chen

Senior Policy Advisor,  
Institute of Directors

E [alexandra.hall-chen@iod.com](mailto:alexandra.hall-chen@iod.com)

## How to respond

You can reply online here >

by returning this document by email to [alexandra.hall-chen@iod.com](mailto:alexandra.hall-chen@iod.com)

or post to:

### The future of business: harnessing diverse talent

c/o Alex Hall-Chen,  
Institute of Directors,  
116 Pall Mall, London, SW1Y 5ED

Please send your response by 30 April 2022.

Firstly, we would be grateful if you could provide details about yourself/your organisation. Please then complete section A. It would very helpful if you could also complete as much of section B as possible.

Please also use the free text boxes available throughout the document to provide specific input on your experiences and case studies.



# Contents

Foreword

Introduction

Terminology

About you

Section A: short questions

Section B: more  
detailed responses

Themes

Overview questions

Theme 1: data

Theme 2: recruitment

Theme 3: progression

Theme 4: workplace  
culture and practices

Theme 5: senior leadership  
and ambition

Experience and case studies



# Foreword



Harnessing the full potential of the UK's diverse workforce has never been more important, which is why we are launching The future of business: harnessing diverse talent for success, with the aim of increasing our understanding of how cross-sector businesses and organisations can most effectively build the inclusive and diverse workforces which will help them to grow.

Diverse organisations are more effective and creative and, as a result, more likely to be successful; indeed, in a survey of IoD members in 2019, two thirds (64%) agreed that a diverse board is a strong driver of an effective business (as opposed to 11% who disagreed). Our members cited the benefits of diverse business leadership as cultural transformation in the company (60%), reduced groupthink (60%), and improved ability to innovate (58%).

In our ESG Priorities for UK Companies 2022 paper, we highlighted inclusion and diversity as a key pillar of Environmental, Social, and Governance (ESG) considerations which boardrooms should be focusing on in 2022. ESG is not a fad but an urgent business priority, not only as a means of winning the trust of stakeholders but also as a barometer of effective business management.

Through this consultation we want to better understand current good practices and help develop best practice in embedding equity, diversity, and inclusion in organisations, and to establish the next steps needed from both business and government to ensure that all talent has the opportunity to flourish in the workplace.

**Jonathan Geldart**  
Director General,  
Institute of Directors

# Introduction

## About the Institute of Directors

The IoD is an independent, non-party political organisation representing over 20,000 company directors, senior business leaders, and entrepreneurs. We are the UK's longest-running organisation for professional leaders, having been founded in 1903 and incorporated by Royal Charter in 1906. Our aim is to promote good governance and ensure high levels of skills and integrity among directors of organisations. We campaign on issues of importance to our members and to the wider business community with the aim of fostering a climate favourable to entrepreneurial activity in the UK.



## About the Commission

Led by Lord Shinkwin – who has made equality of opportunity his key focus since entering the Lords in 2015 – and guided by a panel of eleven senior cross-sector business leaders and experts, this Commission will examine the key barriers to the recruitment, retention, and progression of individuals from underrepresented groups. The Commission will focus on disability (inclusive of physical disability and neurodiversity), ethnicity/race, gender, and sexual orientation, through the lens of cross-cutting themes (data, recruitment, progression, workplace culture and practices, and the role of senior leadership and ambition). The Commission will identify best practice in overcoming these barriers and in creating working environments in which all talent can thrive and contribute to growth and the bottom line.

As we emerge from the pandemic, it is business that is already helping the UK to get back on its feet, to grow and to look beyond the ravages of COVID to a better future. But what does that actually look like? There is so much good practice, so much to learn from the innovations developed over the last two years. But how do we sustain the momentum? How do we capitalise on this inflection point and channel the positive energy for change to ensure Britain remains the best place in the world to do business?

As never before, we need to think big to succeed. That means tapping talent in a new way. COVID touched so many lives with adversity, but it also taught us an invaluable lesson. We are incredibly resilient and resourceful, provided we are open to change, to thinking flexibly and to doing things differently. Diversity of perspective, of skills, and of lived experience are key to what makes a stand-out business different in 2022.

Sadly, changes in public discourse, for example around identity politics, have made this work even more pressing. Talking about legitimate concepts, like inclusive workplaces and harnessing the obvious benefits of diversity, is actually becoming more challenging as some dismiss such concepts as 'woke jargon' or as meaningless corporate PR. This is in the context of a pandemic that has damaged the economy, the workforce, and the ability of employers to dedicate resources as they would want to.

### **Background to The future of business: harnessing diverse talent for success**

Yet we all know that success in business depends on making the most of every available resource and being prepared for the future. There is now a strong evidence base to show that diversity within cross-sector organisations contributes to enhanced performance and commercial success. For example, in its 2020 report *Diversity Wins*, McKinsey found not only that the business case for diverse leadership remains robust, but that the relationship between diversity on executive teams and the likelihood of financial outperformance has strengthened over time.<sup>1</sup>

We have seen promising progress in improving equity, diversity, and inclusion at all levels of business in recent years. The last update to the Parker Review in March 2021 found that the number of FTSE 100 businesses with ethnic minority representation on their boards had risen to 81, compared with 52 in January 2020.<sup>2</sup> Meanwhile, the Hampton Alexander review met its main target of having a third of all FTSE 350 board positions held by women, with the FTSE 100 reaching 36.2%, and the FTSE 250 reaching 33.2% female representation.<sup>3</sup> Furthermore, since 2013 there has been a narrowing of the gap between the rate of disabled and non-disabled people in employment.<sup>4</sup>

But progress is not universal. The 2021 Female FTSE Board Report, for example, found that on the FTSE 100, just 31 women hold executive roles in 27 businesses, of whom 8 are CEOs and 15 CFOs or finance directors.<sup>5</sup> At the same time, CEO ethnic minority representation in the FTSE 100 was found to have halved between 2019 to 2021, from 4% down to 2%.<sup>6</sup> Meanwhile, in Q2 2021 the disability employment rate was 52.7%, compared to 81.0% for non-disabled people, and disabled people were more likely to be employed in lower-skilled occupations and to be working part-time.<sup>7</sup>

The Commission's final report will deliver specific, useful, and practical guidance on equitable and inclusive practices to inspire and drive change across business leadership, as well as make insightful policy recommendations for Government and other bodies to bring about the most favourable conditions for businesses and directors to flourish.

### **Why we are consulting**

The Commission is seeking input from employers and other groups with expertise in creating inclusive and diverse workplaces. We are keen to understand stakeholders' views on the continued barriers to the recruitment, retention, and progression of individuals from under-represented groups, with particular emphasis on disability, ethnicity/race, gender, and sexual orientation.

We would particularly welcome hearing about examples of best practice in the cross-sector business community in creating inclusive and diverse workplaces.

We appreciate that some organisations that operate across markets and jurisdictional boundaries and that you may operate different policies and processes in different geographies. For the purposes of this questionnaire, please consider your responses from the perspective of the parts of your organisation that operate in the UK, and resourceful, provided we are open to change, to thinking flexibly and to doing things differently. Diversity of perspective, of skills, and of lived experience are key to what makes a stand-out business different in 2022.

# Terminology

**The language used in the area of diversity is sometimes used differently by different people. For the purpose of this consultation, we will use the following definitions:**

---

## Diversity

Diversity includes all the ways in which people differ, encompassing characteristics that make one individual or group different from another, including but not limited to: race, ethnicity, gender, age, national origin, religion, disability, sexual orientation, socioeconomic status, education, marital status, language, and physical appearance. A person is not categorised by one diversity marker alone; collective traits combine to make the individual.

---

## Equality

Equality suggests that everyone is at a particular starting point and should be treated the same. It seeks to promote fairness, but it can only work if everyone starts from the same place, needs the same level of support, and needs the same assistance.

---

## Equity

Equity aims to provide individuals with what they need to be successful. This involves taking account of structures which might put particular groups at a disadvantage. It actively moves everyone closer to success by 'levelling the playing field'. It is important to recognise that not everyone starts at the same place, and not everyone has the same needs.

---

## Inclusion

Inclusion is the act of creating environments in which any individual or group can be and feels welcomed, respected, supported, and valued to fully participate. Inclusion embraces differences and offers respect in words and actions for all people. It's important to note that while an inclusive group is by definition diverse, a diverse group isn't always inclusive or treated equitably.

---

## Protected characteristics

The Commission is focusing on four protected characteristic groups as defined by the Equality Act 2010: gender, sexual orientation, ethnicity/race, and disability.

# About you

## Information about you/your organisation

This page seeks information about you or your organisation. It will be used to check that we have received responses from across our target audiences.

### 1. Whose views are you representing in this response?

The views of an employer

The views of an employee representative organisation or network

My own, as an employee or other individual

Other (please specify)

If applicable, please provide your organisation's name

### 2. What is your role in the organisation?

CEO or equivalent

Non-executive board member

HR professional

Equity, diversity, and inclusion professional

Other (please specify)

Not applicable

### 3. How many members or employees does your organisation have in the UK?

0-50

51-250

251-500

More than 500

Not applicable



**4. How many members or employees does your organisation have outside of the UK?**

- ☐ 0-50
- ☐ 51-250
- ☐ 251-500
- ☐ More than 500
- ☐ Not applicable

**5. If your organisation has employees outside the UK, in which of these regions do you have employees?**

- ☐ North America
- ☐ South America
- ☐ Continental Europe
- ☐ Africa
- ☐ Middle East
- ☐ Asia Pacific

**6. In which sector does your organisation operate?**

- ☐ Public sector
- ☐ Listed private sector
- ☐ Unlisted private sector
- ☐ Voluntary sector
- ☐ Other (please specify)

☐ Not applicable

## 7. What industry is your organisation based in?

Agriculture, forestry, and fishing

Mining and quarrying

Manufacturing

Energy and Renewables (including electricity, gas, steam, and air conditioning supply)

Water supply; sewerage, waste management, and remediation activities

Construction

Consumer goods, wholesale and retail trade; (including sale and repair of motor vehicles and motorcycles)

Transportation and storage

Hotel, Leisure and food service activities

Technology, information and communication

Financial and insurance services

Legal services

Real estate activities

Professional, scientific, and technical activities

Administrative and support service activities

Public administration and defence; compulsory social security

Education

Human health and social work activities

Media, Arts, entertainment, and recreation

Other service activities

Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use

Activities of extraterritorial organisations and bodies

Not applicable

**Call for evidence**

---

**8. Would you be happy to be contacted for a follow-up interview based on your responses to this consultation?**

Yes

No

**9. If you answered 'yes', please provide your full name and an email address here:**

Full name

---

Email

---



## Short questions

**10. On a scale of 1-10 (1 being not at all important and 10 being extremely important), how important to business success is harnessing diverse talent?**

1                  2                  3                  4                  5                  6                  7                  8                  9                  10

**11. What have been the top three most effective initiatives utilised by your organisation to embed equity, diversity, and inclusion into its everyday operations and long-term goals?**

recruitment initiatives

training and development on inclusion/culture

affinity groups

comms and shared experiences

mentoring

reverse mentoring

performance, promotion, and compensation processes

leadership initiatives

Other (please specify)

Not applicable

**12. What has been the impact of these initiatives?**

**13. Do you agree with how we defined the terms, diversity, equality, equity, and inclusion, as above?**

**14. What is your top suggestion for how we can create a level playing field for job applicants and a sense of competition for the top, diverse talent across organisations?**

**15. Should the Government extend mandatory pay gap reporting beyond gender by introducing additional reporting metrics to facilitate a level playing field for businesses?**

Yes

No

Don't know

**16. Do you agree that any reporting metrics to implement mandatory workforce reporting should include follow-up activities, such as action plans, alongside data collection?**

Strongly agree

Agree

Don't know

Disagree

Strongly disagree

**17. Do you think employers should play a role in tackling employment gaps between groups?**

Strongly agree

Agree

Don't know

Disagree

Strongly disagree

**18. Do you think unconscious bias is a problem in the workplace, with particular reference to recruitment and promotion?**

Strongly agree

Agree

Don't know

Disagree

Strongly disagree



**Call for evidence**

---

**19. As an organisation, what are the main barriers you face in endeavouring to recruit and develop diverse talent?**

Lack of a talent pipeline from education of candidates from diverse backgrounds

Difficulties in encouraging diverse candidates to apply for vacancies

Candidates from diverse backgrounds being more likely to drop out of the application process/not take up a job offer

Difficulty in securing employee-wide support for equity, diversity, and inclusion initiatives

Difficulty in tracking equity, diversity, and inclusion metrics

Limited HR capacity to utilise for initiatives to secure diverse applicants

Limited financial resources to utilise for initiatives to secure diverse applicants

Other (please specify)

**20. What is the most effective policy or practice that your organisation employs to improve the recruitment and development of diverse talent and to give all applicants an equal opportunity to demonstrate their potential value?**

**21. Why do you think there is still especially low representation of protected characteristic groups in management and leadership positions?**

**Call for evidence**

---

**22. Should organisations be setting and reporting on targets for representation of protected characteristic groups in senior positions on merit?**

Strongly agree

Agree

Don't know

Disagree

Strongly disagree

**23. Is current equality legislation effectively preventing workplace discrimination and encouraging equality of opportunity?**

Strongly agree

Agree

Don't know

Disagree

Strongly disagree

**24. What has been the most impactful change in workplace practices since the start of the pandemic?**

**25. Which of the following have been implemented in your organisation by senior leadership?**

A dedicated team which specifically focuses on equity, diversity, and inclusion

Equality champion/s

A diversity steering committee or board

Engagement with wider initiatives (such as The Valuable 500, Change the Race Ratio and The 30% Club)

None at present

Other (please specify)

**26. What are the top three actions you would recommend leaders take to most effectively drive change on equity, inclusion, and diversity within their organisation within the next 12 months?**

**27. What more could the UK Government do to support organisations in making tangible progress towards creating equitable, diverse, and inclusive workplaces?**

## **B** More detailed responses

We have identified five key, overarching themes on which the Commission will focus: data, recruitment, progression, workplace culture and practices, and the role of senior leadership and ambition. The sections that follow include specific questions about each of these themes.

Instead of seeking separate feedback on the four protected characteristics on which this Commission is focussing (disability, ethnicity/race, gender, and sexual orientation), we are keen to receive thematic feedback covering all four groups. In doing so, we would particularly welcome evidence on how businesses can build intersectionality into their inclusion and diversity strategies, given that many individuals are members of multiple protected characteristic groups.

We also recognise that the four different characteristics in focus have unique features and can require or benefit from individualised practices. There will be an opportunity to share your characteristic-specific ideas as well.

We would welcome responses to as many of the questions as are relevant to your background and expertise.

## Overview questions

**28. How would you describe the culture of your organisation?**

**29. Has your organisation approached different dimensions of equity, diversity, and inclusion separately (for example, gender vis-à-vis disability)?**

Yes

No

Don't know

**30. Is responsibility for monitoring progress on equity, diversity, and inclusion built into the functioning of your organisation's board?**

Yes

No

Don't know

Not applicable

**Call for evidence**

---

**31. If you answered 'yes' to question 30, how does your organisation do this (e.g. a nominated Board member)?**

**32. If your organisation is active across multiple markets and jurisdictions, do you adopt a differentiated or universal approach to equity, diversity, and inclusion policy?**

**33. Do we currently have the right balance between legislation and best practice guidance? What more could the Government do to support organisations that want to harness diverse talent but are concerned that there isn't a level playing field?**



1 Theme: data

The state of play

Gender pay gap reporting has been mandatory for UK businesses with more than 250 employees since 2017. The UK government has previously consulted on – although not publicly responded to the findings of its consultation on – ethnicity pay gap reporting and is currently consulting on whether to make disability workforce (but not pay gap) reporting mandatory for businesses with more than 250 employees. There has also been growth in recent years in the number of employers voluntarily capturing ethnicity data and pay gap data, from 11% in 2018 to 19% in 2021.<sup>8</sup>

The importance of data for setting targets and monitoring progress against business goals is widely accepted across businesses, but this view – that ‘what gets measured gets done’ – is not always applied to inclusion and diversity.

Questions for consideration

34. Were you aware that some major businesses and other organisations are already reporting on pay gaps and other data sets across a number of protected characteristics, including ethnicity and disability?

- Yes
- No

35. Is this something your organisation either already does or would consider doing?

- |               |                              |                |                    |            |
|---------------|------------------------------|----------------|--------------------|------------|
| Already doing | Actively under consideration | Would consider | Would not consider | Don't know |
|---------------|------------------------------|----------------|--------------------|------------|

Disability

Gender

Ethnicity/race

Sexual orientation

36. If not, why not?

**37. Has your organisation embedded data collection and transparency into its operating systems (e.g. its equity, diversity, and inclusion strategies)?**

Yes

No

Don't know

**38. If you answered 'yes' to the above, please provide: (a) examples of how this has been achieved in your organisation and (b) any material obstacles that you have had to address.**

**39. If you answered 'no' to Question 37, on a scale of 1-10 (1 being not at all and 10 being very), how useful would your organisation find practical guidance on how employers can effectively embed data collection and transparency into their operating systems (e.g. equity, diversity, and inclusion strategies, where applicable)?**

1                      2                      3                      4                      5                      6                      7                      8                      9                      10

**40. At what workforce size should mandatory reporting apply to an organisation?**

## **2** Theme: recruitment

### The state of play

Recent years have witnessed an increasing use of strategies designed to increase equity, diversity, and inclusion in recruitment, such as anonymous CVs, ensuring gender-neutral language in job advertisements, and offering workplace policies which are more likely to attract diverse candidates, like flexible working.

Notwithstanding these promising developments, many organisations still struggle to ensure equality of opportunity in terms of parity in their recruitment outcomes.

### Questions for consideration

**41. When recruiting, does your organisation specifically target candidates from diverse background?**

Yes

No

Don't know

Not applicable

**42. What more could the UK and devolved governments do to support changes in recruitment practices to promote diverse recruitment policies?**

**43. Which policies and practices has your organisation or have other organisations implemented to create a level playing field for job applicants and a sense of competition for the top, diverse, talent across organisation? Have they been successful?**

**Call for evidence**

---

**44. Do you think external recruitment agencies have a role to play in ensuring a level playing field for job applicants?**

Yes

No

Don't know

**Please explain your answer**

**45. Are you aware of how the Government's Disability Confident Employer Scheme can help employers take action to improve how they recruit, retain, and develop individuals with mental or physical disabilities?**

Yes

No

3 Theme: progression

The state of play

Recruitment of a diverse workforce is a vital first step, but the success of an organisation’s inclusion and diversity strategy also depends on what happens once diverse candidates are hired, much of which relates to inclusive workplace policies or the lack thereof.

Although representation of women and ethnic minorities on boards and in other senior leadership positions in businesses has improved, individuals from diverse backgrounds remain consistently underrepresented in such positions. Just under half (45%) of individuals from an ethnic minority background reported feeling it necessary to leave their current organisation to progress in their career, compared to 31% of White British employees.<sup>9</sup> Furthermore, the Valuable 500’s research has found that there are no executives or senior managers who have disclosed a disability, at any of the FTSE 100 companies<sup>10</sup>.

Questions for consideration

46. On a scale of 1 to 10 (1 being not at all and 10 being very), how important are opportunities for progression to individuals when applying for a job?

1 2 3 4 5 6 7 8 9 10

47. How effective do you think the following measures are in supporting the progression of individuals from protected characteristic groups? Please answer on a scale of 1-5, with 1 being not at all effective and 5 being very effective.

1 2 3 4 5

Individual coaching on diversity and inclusion

Group coaching or workshops on equity, diversity, and inclusion

Leadership training for board or equivalent

Mentoring

Cross-organisational mentoring

Reverse mentoring for leadership

Employee networks or affinity groups

Other (please specify)



**Call for evidence**

---

**48. What top three most effective policies and practices does your organisation employ to improve the pipeline of diverse talent and to give all employees an equal opportunity to progress based on merit?**

**49. Has your organisation used high-level role models to promote the progression of protected characteristic groups within in your organisation?**

Yes

No

Don't know

---

## **4** Theme: workplace culture and practices

### The state of play

Businesses have made substantial progress in improving workplace culture and practices in recent years.

The pandemic has led to a huge growth in flexible working measures, which have the potential to make work environments more equitable for disabled employees. The government has recently consulted on making the right to request flexible working a day one employment right, a change which has the potential to create more equitable, diverse, and inclusive workplaces. Over half of organisations now offer equality, diversity, and inclusion training to all employees.<sup>11</sup>

However, protected characteristic groups remain significantly more likely to face harassment and violence in the workplace. Black, Asian, Mixed Race and other ethnically diverse employees are twice as likely than White employees to have experienced or witnessed racist harassment from managers, customers/clients, and colleagues.<sup>12</sup> Furthermore, around 23% of employed respondents to the 2017 National LGBT Survey reported that they had experienced a negative or mixed reaction from others in the workplace just for being a part of the LGBT community, and research by Stonewall found that 12% of Black, Asian and minority ethnic LGBT employees had lost a job in the previous year as a result of being LGBT.<sup>13</sup>

### Questions for consideration

**50. In your own experience or that of others in your organisation, what effect have prejudice and discrimination had on corporate success?**

**51. How much do you think workplace culture challenges vary between different sectors?**

**Call for evidence**

---

**52. Is securing an effective and inclusive workplace primarily a HR department responsibility or a responsibility shared by every line manager?**

**53. Did your organisation introduce any policies to specifically address the challenges posed by the COVID-19 pandemic on individuals from protected characteristic groups (such as heightened loss of connectivity, digital burnout, balancing responsibilities at home, and face masks impacting lip reading)?**

**54. What is the most effective policy or practice that your or other organisations employ to ensure a safe, effective, and inclusive working environment for all staff?**

## **5 Theme: the role of senior leadership and ambition**

### The state of play

Senior leaders play a vital role in setting employers' agenda for inclusion and diversity from the top.

There has been an impressive 11% shift in the number of organisations with a senior leader and/or champion who actively promotes equality, equity, fairness and inclusion, from 32% in 2015 to 44% in 2021<sup>14</sup>, and initiatives like The Valuable 500, Change the Race Ratio, and The 30% Club have built communities of senior leaders committed to improving inclusion at all levels of business. However, the Valuable 500 reports that only 4% of businesses are making offerings inclusive of disability<sup>15</sup>.

### Questions for consideration

**55. What can boards do to foster more equitable, diverse, and inclusive employment practices in organisations?**

**56. Who should be accountable for progress towards meeting equity, diversity, and inclusion targets, and how should they be held accountable?**

**57. What role do senior management play in securing an effective and inclusive workplace?**

**58. How can organisations work together to drive change across society more widely?**

**59. Do organisations have a responsibility to drive change across society more widely?**

Yes

No

Don't know

**60. What are the best ways for senior leaders to engage with employees on equity, diversity, and inclusion?**

# Experience and case studies

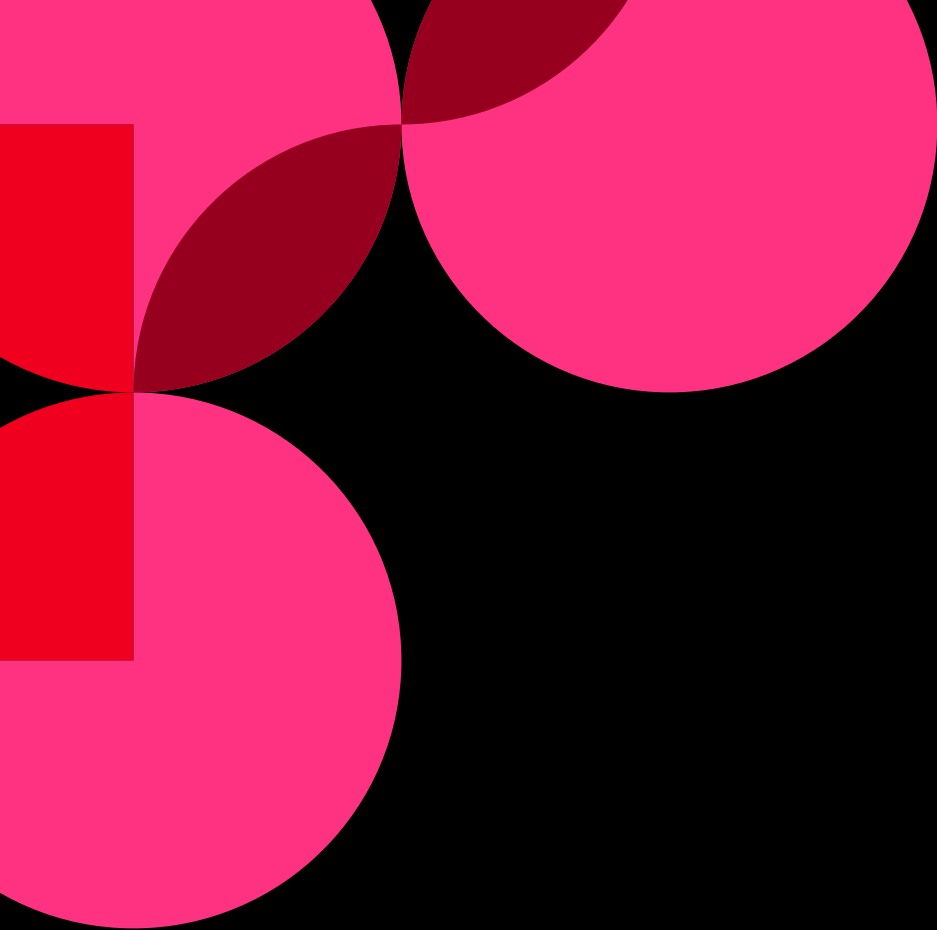
We would welcome any further reflections you may have on how employers can effectively harness talent across the four protected characteristics. We would particularly encourage reference to specific interventions which have demonstrated impact in closing employment gaps and facilitating progression based on talent and merit.

Disability

Ethnicity/Race

Gender

Sexual orientation



---

IOD

[iod.com/policy](https://iod.com/policy)