THE DIVERSITY & AGILITY IMPERATIVE
At key events throughout 2015 our clients across Global Corporates, Mid Market and Financial Institutions identified talent and agility as business critical issues. With 95% of businesses agreeing that workforce agility is key to economic growth (CBI Employment Trends Survey, 2014), Lloyds Bank is keen to further the debate on this important topic to support our customers to meet this challenge.

With only 31% of employers believing they are doing a good job of recruiting and retaining young talent (McKinsey Survey, 2012) and multiple surveys confirming that a ‘commitment to diversity’ is particularly important to this demographic, Lloyds Bank convened a private debate around the business imperatives of diversity and agility, to identify how to harness talent today and into the future.

Lloyds Bank’s commitment to these issues is evident in our work with the Agile Future Forum, our agile working policies, and our commitment to diversity. But we always know we could be doing more.

With the purchasing power of the LGBT (lesbian, gay, bisexual and transgender) community estimated to be as high as £81 billion, and one fifth of the UK’s population set to be made up of ethnic minorities by 2051*, UK PLC needs to act now to secure the diverse talent who will help us achieve business agility for generations to come.


This paper summarises insights from a debate held on the themes of diversity and agility.

It follows the format of the event in which three advocates presented motions, which were then debated by a panel of three challengers. Each page covers an individual advocate’s motion and a challenger’s line of questioning. The event brought together experts in operational agility with leaders of FTSE100 companies.
Competing for agility

UK companies must do better at using cultural competence to create value, according to Paul Saunders, Adjunct Professor of Organisational Behaviour at INSEAD. Cultural competence can be classed as an organisation’s ability to identify, understand and leverage cultural difference. In Mr Saunders’ view cultural competence drives agility - which in turn helps drive competitiveness - but nations such as Germany and the Netherlands are more advanced than the UK in this regard.

In today’s globalised world the UK may lose the war for talent if we continue to be complacent in this area. Employees, future talent, investors and customers all have the power to choose between an organisation which is culturally competent and one which is not. With diversity driving innovation, talent is likely to look outside of the UK for opportunities which better fit their interests.

While many training initiatives based on practical and knowledge-based learning exist to teach cultural competence, Mr Saunders believes these methods can only be successful if individuals are willing and able to put what they learn into practice. While learning contributes to the solution, a culture of flexibility must be present to create tangible change.

A specific example of the inflexibility of the UK in this area is our approach towards language. English may remain the language of international business, but is the assumption that this favours the UK correct? Mr Saunders argued that language learning is about ‘understanding culture to help you think differently’ and that it should be taken more seriously in the UK. While there are almost 530 million native English speakers globally, some 1.7 billion non-native speakers use English at least three days a week. The problem is that they might prefer speaking to each other, than to us.

Dr Alison Vincent, representing the board of CISCO UK & Ireland, challenged Mr Saunders’ view that UK companies ignored cultural competence measures, using the example of the Cultural Orientation Index used by her organisation.

CHALLENGER

“ My company does take these issues seriously. Our Index teaches me how to do business with an American, Israeli, Korean or French person.”

ADVOCATE

“ Cultural mapping is a good solution as it is much more enabling for people without being prescriptive. Teaching cultural competence is not simply about delivering knowledge. The success is found when individuals are enabled to apply that knowledge.”

Dr Alison Vincent

CTO, Cisco, UK & Ireland

Paul Saunders

Adjunct Professor of Organisational Behaviour, INSEAD
Native Languages Spoken Globally

While English is the language of international business, customers may prefer dealing with vendors who can speak their native language.

The Data Story

All FTSE 100 companies now have female board members but women still account for less than a quarter of all directors* and more than half of boards remain 100% white**. It is because of data points like these that Trevor Phillips, OBE, President of the Partnership Council, John Lewis Partnership, believes the changes made by UK businesses are largely cosmetic and have done little to alter boardroom realities.

Serious businesses invest first where returns will be greatest says Mr Phillips. But in his opinion UK businesses have failed to heed research showing that ethnic diversity drives workforce performance more than gender diversity. Research by Green Park Diversity Analytics, which Mr Phillips chairs, found that the “diversity deficit” at executive level within major firms actually worsened this year.

Having a top-down approach to diversity strategy may not be the best solution. It is Mr Phillips’ view that we must not make the mistake of overemphasising the importance of one particular leader’s actions when what is really required is lasting cultural change. Data points showing diversity within a company are proxy indicators of whether the organisation is open to different points of view. What we want is a diversity of approaches, experiences, backgrounds and outlooks.

Companies should set targets in order to drive activity, believes Mr Phillips. Too often it is done as an act of “virtue signaling” instead. British businesses should also be transparent with their diversity targets, in his view, to add accountability. Currently, only 48% of UK companies share their diversity strategies publicly. This is in contrast to the open approach of leading Silicon Valley firms where companies such as Google and Facebook have acknowledged they have a diversity problem and are addressing it.

* Source: Department for Business, Innovation & Skills, 2015
** Source: Green Park, 2015

Dr Linda Holbeche, in her role as an expert on organisational agility, questioned whether an overreliance on data, at the expense of employee engagement, might be damaging to the business in the long term.

**CHALLENGER**

“Evidence-based approaches are in vogue, but what about the ‘hearts and minds’ of your workers? Shouldn’t our approach to these issues place equal value on statistics and engagement?”

**ADVOCATE**

“I don’t think organisationally we want to focus on making people ‘nicer’. At Apple nobody wanted (Steve) Jobs back, but they brought him back because the numbers spoke. They didn’t have to like him to want him.”

Dr Linda Holbeche
Author, The Agile Organization

Trevor Phillips
President, Partnership Council, John Lewis Partnership
Impact of Inclusive Leadership on Sales Growth

A survey of 1800 professionals correlated diversity in leadership with market outcomes over the previous year. Companies with inclusive leaders were:

- More likely to have captured a new market: 70%
- More likely to have expanded their market share: 45%

Source: How Diversity Can Drive Innovation, Center for Talent Innovation, 2013
Managing Diversity

People must be willing to understand and counteract their own biases if companies really want to be inclusive and diverse, states Jeff Turner, Head of Learning & Development EMEA, Facebook. Facebook – founded by a member of Generation Y - is committed to getting its diversity mix right within two years but Mr Turner is doubtful big UK businesses will achieve the same.

Evidence suggests managing diversity well is crucial if companies are to experience the benefits. Well-managed diverse teams will outperform well-managed, less diverse teams. However, poorly-managed diverse teams will underperform when compared with poorly-managed homogenous teams.

Good work by human resources and diversity experts can easily be undone by a manager who proves unable or unwilling to 'do the right thing', remarks Jeff Turner. At Facebook, the approach is to appoint people managers who are passionate about the role without giving them a promotion or pay rise. It is believed passionate managers will engage their teams more positively. This is in stark contrast to most companies where management is a prerequisite for promotion. The traditional approach may explain the low workforce engagement levels reported across the UK. (See graph on next page.)

Facebook does not believe in quotas which risk undermining the self-confidence of people appointed to fulfil them. Rather, organisations would benefit if all individuals started by closely considering their own attitudes to diversity. Leaders and managers have to think about the impact these attitudes have on key decisions made in hiring, promoting and performance reviews.

Emma Avignon’s focus throughout the debate was on the practical implementation of diversity and inclusion and her challenges to Mr Turner centred around the competing interests of individuals and teams.

CHALLENGER

“People managers can experience conflict when they are incentivised or assessed both on overall team performance and as individuals. How can we support managers who have to 'look up and then look down' whilst also managing a diverse team?”

ADVOCATE

“Managers do face dual pressures and managing diversity poses an additional challenge. Companies can help by mentoring, coaching and guiding their managers. However, managers should also be moved into different roles if they are not suited to the task. Helping managers to understand the company’s culture and mission may aid retention, but equally important is allowing people to play to their strengths and passions.”

Emma Avignon
CEO, Mentore Consulting

Jeff Turner
Head of Learning & Development EMEA, Facebook.
Employee Engagement in the United Kingdom

Engagement results where at least 300 employees were interviewed. Engaged workers are those considered to be psychologically committed to their jobs and likely to be making positive contributions to their organisations.

Summary

The Diversity & Agility Imperative debate contributed to the progression of an important conversation around the link between diversity and agility for UK PLC.

The discussion challenged us to view diversity and inclusion as more than an HR concern and to understand that it has the potential to be a serious business risk, which must be prioritised as a strategic imperative.

- When considering the impact of globalisation on our businesses we should also question the UK’s cultural competence. Can we improve our understanding of cross-cultural business practice and can we respond to the needs of a culturally expansive future workforce in a world that exists increasingly without borders?

- Diversity does not simply mean hiring a woman or hiring someone from within the LGBT community. It requires hiring and promoting people whose views are fundamentally different to our own. To draw a breadth of perspectives and experience into our leadership teams, leaders may have to confront their own unconscious biases and disrupt long-held modes of management.

- Investment in recruitment practices may be crucial to winning the war for talent. Should UK businesses fail to attract diverse talent then future generations may become disengaged – while 86% of ‘millennials’ feel that differences of opinion allow teams to excel, only 59% believe their leaders share this point of view. *

The findings of this paper reinforce how critical our approach to the talent, diversity and agility matrix are for the health of our businesses now and in the future.

*Source: The radical transformation of diversity and inclusion, The millennial influence, Deloitte, 2015