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Entering the Global Race for Racial Equality

The company was not as far ahead as we should have been.
I wasn't as far ahead as I should be.
I felt exposed as a leader, and as an organization because we didn't have our shit together, and the issues of systemic racism affect our colleagues. Therefore it affected me. And I felt it should affect us all.

Client, 2020

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Can you remember a time in your career where you thought there would be so many conversations happening about race? And did you ever, for a second, foresee that you would have to spearhead some of these conversations and lead those actions?

Times have truly changed, yet not everyone has bought into the evolved expectation of what it takes to be a responsible and sustainable company.

When the murder of George Floyd occurred, the resulting global protests were on a scale we'd never seen before. George Floyd wasn't the first and we have a way to go before we can confidently say he is the last, but in that moment of time, everything in society changed, and organizations were not exempt.

> *What are we doing to address this? Are we doing enough? I don't even know where to begin with this.*
>
> Chief Executive Officer, 2020

'Stakeholder capitalism' has increasingly become a common way to describe the expectation that companies provide long-term value creation. Going beyond a binary focus on shareholder returns, it's now encompassing customers,

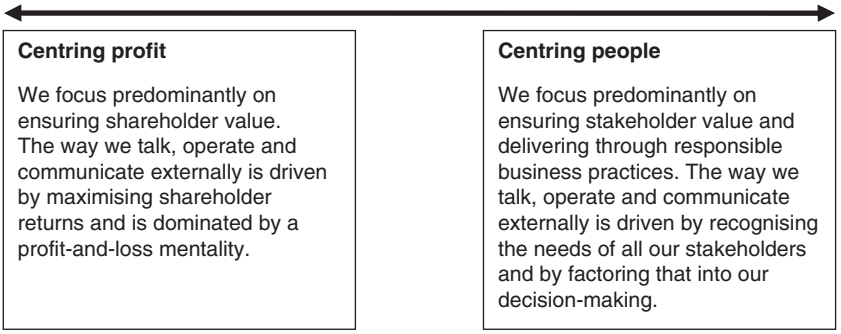

Figure 1.1 Stakeholder capitalism spectrum.
Source: © HR rewired

suppliers, colleagues, investors, communities and others who have a stake in the business, generating value for all stakeholders, not just for shareholders.

Where does your organization sit?

It is not as simple as the assumption that you are either for or against stakeholder capitalism, that you are either a capitalist or an anti-capitalist. It's more nuanced than that. Instead, think of it as a spectrum. At one end of the scale, customers, employees and communities are merely tools to maximise profits for the benefit of shareholders. At the opposite end, companies exist for the benefit of the public good: purpose beyond profit, and ensuring the needs of as many stakeholders as possible are met.

You have a choice in deciding where you fit on that spectrum and much of that will be driven by your values, your mission and how you want to be perceived in your industry and by the world at large.

Stakeholder capitalism is not a new term – in fact, it goes back to the Great Depression – but it has a new relevance. Dozens of the world's largest companies, representing trillions of pounds in market capitalization, have pledged to use a uniform set of "Stakeholder Capitalism Metrics" as part of the mainstream disclosures. This was announced 26 January 2021 by the World Economic Forum and its International Business Council when leaders from governments and corporates convened for a virtual version of the annual Davos conference. These commitments were seen as an opportunity to address the Sustainable Development Goals (SDGs; also known as Global Goals), adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people would enjoy peace and prosperity.

Regardless of whether you are a fan or a critic of environmental, social and governance (ESG) standards and to what extent you believe they are a legitimate tool to drive more sustainable and responsible business practices, it isn't possible to operate in today's and tomorrow's environment without an awareness of how your company operates against these standards.

The leadership teams with an edge on adjusting their approach to delivering against new expectations in tackling racism are those who are using this movement to redefine their values and purpose to ensure there is an alignment between their words and actions. On the flip side, stakeholders are continually looking for indicators that reinforce commitments.

Stakeholder capitalism isn't without its critics, of course. It's easy to claim you are a people-centered company and give the illusion of caring about your stakeholders, even if your day-to-day culture and practices tell a different story.

The reality is that in the minds of some leaders, maximising profit means avoiding anything controversial that may damage public perception, which in turn hits the bottom line.

What is controversial?

Racism.

Whether we care to admit it – irrespective of how much quantitative and qualitative data exists to show that modern society still has an issue with racism, that everyday human rights are being violated and often recorded on mobile phones and talked about in real time on social media – for some, genuinely addressing the issue is too risky.

Silence on issues relating to racism was the smart and safe play. Until silence itself become controversial.

We saw a plethora of companies change their social media feeds to black, and incorporate the latest trending

Black Lives Matter hashtag to ensure they were seen to be acting in solidarity with the Black community. Whilst the world was distracted, there wasn't an initial focus on the substance of these commitments. The hype was real, and well-known brands swiftly committed to doubling or tripling the number of Black hires in senior positions (conveniently using percentage language, which doesn't sound nearly as great when you realise that doubling the percentage of Black managers by 50% actually means hiring one more Black person if there's only currently one Black person on the board), and propelled ever-increasing budgets to social justice funds like auctioneers at *Homes Under the Hammer*. Anecdotal stories abound of companies committing millions in social justice funding, only to have it revealed that a year later barely a penny had been spent. It quickly became apparent that a lot of organizations opted for style over substance.

This sudden pressure to act caught many unawares. In their bid to do something, many took knee-jerk and fragmented actions, sometimes simply rehashing old approaches to diversity and inclusion and relabelling them as anti-racism.

Because who were you if you weren't anti-racist?

Racial equity as a term came later. When there was a concern the word racism was too divisive.

However, the general public and colleagues wised up and began to scrutinise who was doing what and what was their quantifying impact.

Statements, hashtags, clever social media posts were no longer cutting it. Companies had to do something, so where did the majority start?

> *We are revamping our policies and reaching out to our Black colleagues. They are in so much pain and it breaks my heart.*
>
> HR manager, 2020

Developing Awareness

The most typical response to addressing racism is found in the belief that policies, procedures and HR technology (bizarrely) are the holy grail of where racism lives and dies. It's the default action when it becomes apparent that there is an issue with how certain groups are treated, and it becomes the go-to item on the job description for new diversity, equity and inclusion hires.

Not enough Black candidates? Buy a tech solution that promises to eliminate bias. Lack of representation at board level? Brief the executive search company to 'get more, and fast'. Complaints about racial discrimination and harassment? Update your policy and emphasise that you take a zero-tolerance approach to racism. Even better, run a survey and ask colleagues how many times they've witnessed racism.

That is absolutely part of what you may need to look at it, but it isn't the whole picture. These approaches lack context, depth and nuance, and offer little to no evaluation of root causes.

There is likely a recognition that your processes, policies, systems – the informal and formal ways of doing things – may not be as inclusive as they should be. But there may also be a recognition that your company perpetuates racism. Not because you hire bad people or because you've deliberately set out to oppress certain groups. But if you don't confront the roots of what excludes people due to their ethnicity, if you fail to challenge your own preconceptions of what racism is and what it isn't, and if you use your discomfort as a convenient barrier to block change, this is exactly how we've gotten here today. In what's meant to be the most technologically

advanced period known to humankind, our apathy, discomfort and fear allow the system called racism – because that's what it is, a system – to continue doing its best work. It is a system that perpetuates consistent favourable outcomes for some and consistent unfavourable outcomes for others, a system that isn't confined just to the US, despite what we believe in the UK; neither is it a nonissue in predominantly Black or Brown countries.

Ignorance is bliss when racism doesn't impact you. But in a post-2020 world, ignorance isn't so blissful when you are expected to disclose why you have taken little to no meaningful action to diversify your business, and to take the necessary steps to root out discrimination and inequity and address the issues in a sustainable way.

Forget the panic and emotion we see orchestrated by the media. Think about the questions you are being asked at board meetings, town halls, earnings calls. The information you are expected to share in your annual reports, disclosures and the like. It's changed, hasn't it? It will continue to change. One could predict that there will be even more support for shareholder proposals that specifically address climate and social issues, and rather than being separate, governance is woven in.

There is already a much greater weight put on how your business operations impact the welfare of all your stakeholders, not just the ones you deem 'valuable'. There is a disruption to the notion of assigning value to what works for the majority. Even the idea that you can't please everyone is geared towards majority rules.

Who are the majority within your organization? Where do they sit within your hierarchy? How much influence do

they have? Are they the ones who influence your decisions about not only what you do, but the depths, the commitment and the speed of action?

Is their discomfort central to your decision-making?

In their 2021 report 'The Economic State of Black America', consulting firm McKinsey & Company identified that it would take 95 years for Black workers to reach talent parity with their white counterparts. Their research analysed overall employment data from 24 companies, including some of the largest private-sector employers in the United States, who participated in this research across a total of about 3.7 million US employees. Some other key statistics include:

- Black employees are underrepresented in the highest-growth geographies and the highest-paid industries.
- Black employees are overrepresented in low-growth geographies and in frontline jobs, which tend to pay less.
- In the private sector, 45% of Black employees (6.7 million people) work in three industries that have a large frontline-service presence: healthcare, retail and accommodation and food service.
- Black employees are underrepresented in IT, professional services and financial services.
- Black private-sector workers, 43%, make less than $30,000 per year, compared with 29% of the rest of private-sector employees.
- Black workers believe their organizations are less fair, accepting and authentic.

- Black workers face greater hurdles to gainful employment than do the rest of the labor force, creating stark disparities. For example, the employment rates for Black workers with some college or an associate's degree are similar to the total population of workers who have a high school diploma.

McKinsey & Company, 2021

Between October and December 2020 in the UK, the unemployment rate rose from 24.5% to 41.6% for Black people aged 16–24, three times more than white workers of the same age, where it rose from 10.1% to 12.4% (Office for National Statistics, 2021).

In August 2021, the US Bureau of Labor Statistics disclosed that the Black unemployment rate went up from 8.2% to 8.8%. In comparison, the white unemployment rate dropped by 0.3% to 4.5%; the Asian unemployment rate dropped 0.7% to 4.6%; and the unemployment rate for Hispanic and Latino workers fell 0.2% to 6.4%. Black unemployment is almost 50% higher than white unemployment levels (US Bureau of Labor Statistics, 2021).

The Start of Uncomfortable Questions

How do you establish impactful programmes that not only dismantle systemic racism but also set a strong foundation for a sustainable business that sees the social and governance aspects of ESG frameworks and stakeholder capitalism as an opportunity to do more and to do better? Not to get away with doing the bare minimum through force and compliance? Here are some more things to consider:

- How do you ease the friction between competing stakeholder interests?
- What is the impact on the decisions you make about allocating capital and resources?
- How do you think about risk (political, public perception, colleague expectation and changes to customer attitudes)?
- How confident are you in the leadership capability of your teams to play their part in dismantling systemic racism? Or is there a nagging thought that they might be part of the problem?

Managing talent is probably one of the top priorities for executive boards around the globe. How do you motivate, inspire and unleash the potential of colleagues who are essential for where you are headed? Colleagues who get your mission, whose behaviour aligns with your values and who already have put their hat in the ring to help transform your culture for the benefit of everyone?

What is your course of action for those who prefer that things stay the way they are, silent or not so silent saboteurs who are resistant to change?

How do you navigate changing societal expectations? Macro issues are now having a direct impact on strategy and execution. What were once abstract theories for once-a-year conferences are now monthly if not weekly conversations with no one person having all the answers.

It's a lot, isn't it?

We've moved on from being able to get away with vague platitudes and sound bites that look good in a social media post or as a quote in your diversity and inclusion report – despite the fact this is still extremely commonplace.

We cannot return to business as usual if we are unable to grapple with an issue that affects individuals on a global scale.

Even if you believe it's political correctness gone mad, this is the new expectation. Therefore, this is the time to be honest and recognise that while you may not have all the answers and you're still unsure about what steps to take, you need to move away from the preconceived ideas about what racism is and why it's still an issue.

This is where the skills of unlearning and relearning come in, because instead, you need to reverse engineer your approach and seek to change the conditions, your workplace cultures and behaviours so that it works for everyone, not just the 'majority' who look like you. Lean into that discomfort; it's a sign of growth. Demonstrate moral courage and be willing to take the lead, rather than seeking safety through consensus. And do it in a way where there is a depth to the work, giving you a prime opportunity to put in solid foundations to increase equity, inclusion and safety for all of your colleagues, without having to keep repeating the same change programmes over and over again.

Your customers, colleagues, investors and key shareholders want to see you committing to and delivering on action. This is the time to be honest and recognise that while you may not have all the answers and you're not sure what steps to take, it's time to move away from the expectation of fixing people.

Having conversations internally is important, but they must go somewhere. Every organization that has knocked on my door since the summer of 2020 has had the same problem, no matter who they are. Multinationals, growing startups, household names and brands across a dizzying

array of industries all explain to me, in almost the exact same way, 'Shereen, we want to do something, but we don't know what or how or even where to begin.'

They're convinced they've been too slow to act. They're worried about answering questions, about why it's taken them so long. They are different from the companies I've previously mentioned, whose social media teams are keen to show action through the liberal use of trending hashtags.

These executive leaders made the decision to do something, but despite an unwavering commitment, they're nervous. For many it's uncharted territory; they didn't want to be the first, yet they don't want to be last. They're fearful that their lack of action will reflect badly on their organization. They don't want to get it wrong but they aren't sure they 100% want to get it right. They don't want to spend too much money. They're apprehensive about taking things too far. And they believe they must avoid the 'politics' of race and are desperate to find a way to do something that's safe and won't upset their white colleagues under the guise of ensuring that they're 'on everyone's side'.

In their own words, here's a snippet of what they were grappling with:

- We're a majority white, male and middle-aged board. None of us have a clue where to start.
- Watching your videos has made me realise we don't really understand as much as we thought we did.
- I don't have access to anyone credible whom we trust to help us navigate this area. Lots of diversity and inclusion

consultants out there claim they can help, but how do we know who to choose?

- I know representation is an issue. It's embarrassing and I want to fix it, but suddenly just hiring more Black people doesn't feel right. Or is that what we should focus on?
- My HR team is majority white; that's also an issue, isn't it?
- We've never trained our managers on anything to do with race and racism. In fact, we've barely talked about it as a business, and I don't know where we should start.
- If people make mistakes, they're only human, but should we just fire them? Is that what we should be doing now?
- We understand our approach needs to be aligned to our business strategy, but how do we do that?
- What do we call you people? Can we say Black?
- Should we be talking about this in our other territories? How do we do that? I'm particularly thinking about Africa – there isn't racism over there like there is here, is there? So maybe this isn't relevant for them?
- I'm being asked more challenging questions by our shareholders and if I'm honest, I don't feel confident and comfortable with my answers.
- We don't really have a budget for this, but we know we need to do something. What can you suggest?
- We've done a lot, but we feel like we are a seven out of ten. How do we get to ten? How do I know that we're doing enough?
- We've spent a lot of time on listening and raising awareness. How do we convert it to action?
- Our Black colleagues are reluctant to come back to the office after extended periods working from home

and/or they are still leaving, despite everything we've done. What are we doing wrong?
- Does it matter that I'm the only person leading this, that I'm the only person who cares?
- Not everyone is supportive of what we're trying to do. How do we deal with that?
- What about everyone else?

Does any of this sound familiar? And in reading this list, think about whether you noticed these things missing:

- No mention of how their Black colleagues or customers were thinking or feeling
- No mention of what it was like to live, work and play in a society that was accepting of racial inequities and inequalities
- Little recognition of the inherent power and privilege afforded to leaders who could objectively debate and discuss a course of action according to convenience, comfort, ease and 'affordability'
- Very few questions about how to ensure their products and services don't perpetuate harm
- Some (not all) mentioned how the lack of substantive action is impacting their Black colleagues, but even when they did it was to express sympathy (tinged with pity) rather than compassion (empathy tied to action).

That's why so many, to this day, struggle to take the necessary steps to address systemic racism within their corporate structures. I say this not to judge but to highlight the reality of what sits beneath public pledges of solidarity and commitment to change, and what our reluctance to tackle this has led

to. Logically, we know that systemic racism is a bad thing, that it's unfair and we should all do better, but practically, it feels uncomfortable and messy. Plus, isn't it a problem for society to fix, not an agenda item for the boardroom?

Public perception matters – sometimes more than the impact on the colleagues most impacted.

A Day That Changed Everything

Everyone assumed that the death of George Floyd officially started the global race to equality, with everyone else coming out of the gates hard and fast. But that wasn't the case.

Yes, some did, for a variety of reasons – some personal, some not. Yet it actually serves no purpose to ruminate on this in an attempt to explain away the delay in taking action, other than seeking reassurance that other companies are lagging too.

The other point to note is that even though some companies did start their journey earlier, that doesn't necessarily mean they're ahead of the curve. Speed doesn't equate to depth of understanding and quality of action. Thoughtful action is better than knee-jerk statements and aspirational goals that sound good but don't actually effect change in the long run.

Think about where your company was in the summer of 2020. What actions did you take? How much time, money and resources have you dedicated to this so far? To what extent has it made a difference? How would your Black colleagues respond to these questions?

Think about where your company is today. How much has changed? What are some of the conversations you're having now? Where are the challenges? What is stopping you from realising your ambitions to be seen as a company that is taking this seriously?

Whilst timing or speed doesn't necessarily equate to a better outcome, by the same token, claiming you are too busy or there is too much activity in your corporate calendar to give this the attention it needs is a delaying tactic your colleagues and stakeholders can see through. If people and culture are the bedrock of your company, then anything detrimental to the psychological and physical safety of your workforce needs to be addressed and prioritised.

Doesn't it?

> *We really want to do something about this, but my organization is not quite ready. I need to do more to convince them. I'm embarrassed to say it, but I'm being honest. This is what I'm dealing with.*
>
> Global chief diversity and inclusion officer, 2021

Like most things in business, it's not always about what you did or didn't do. It's the why behind it that makes all the difference.

Whether you did a little bit of something or a whole lot of nothing, can you articulate why that was? Does your reason sound plausible? And if you had your time again, would you have done the same thing?

> *It suddenly struck me just how white my leadership board is. I'm embarrassed to say this but I never really noticed it before.*
>
> Founder and CEO, 2021

How Tokenism Became the Answer

It's the ultimate elephant in the room, isn't it? Despite decades of proclamations of diversity and inclusion, boardrooms have basically remained the same.

You might not have noticed, but others certainly did. Your colleagues would have noticed, and your shareholders too. Not everyone would have cared, of course, but it would have been noted.

In years gone by, it was enough simply to talk about diversity and inclusion initiatives, and to proclaim commitment to encouraging everyone to be themselves, to accept people for who they are and what they bring to the table. Authenticity was a key word, used repeatedly, a badge of honour to ensure that talented colleagues felt like they belonged. Yet despite this emphasis on recognising and valuing difference, corporate boards remained mysteriously the same. And in fact, it was seen as a 'positive' to have a majority white cisgendered male board, one gleaned from a specific socioeconomic background.

Homogeny was dressed up as culture fit.

But not now. All those perceived positives have suddenly shifted to become negatives. And they're not just negatives for large conglomerates or listed corporations. These factors affect small operations too, because as long as you have colleagues, investors and clients, specifics will now be asked of you. In order to succeed in the post-2020 world, your company will need to get really comfortable about answering the tough questions about the climate crisis, gender and now race and ethnicity.

If you're reading this believing that you've made real inroads into tackling systemic racism within your company,

I promise you there is still value in reading this book. Consider it this way: How confident are you in your ability to demonstrate credible action plans rooted in clearly defined problem statements, which themselves are based on the right quantitative and qualitative data sources and where your impact centres those most affected by racism?

Consider these scenarios:

- If an investor was ready to invest £100 million into your company on the proviso that you could detail the specific actions you've taken to address systemic racism within your workplace, how confident are you that you would get the full £100 million?
- If a regulatory body was reviewing your licence to operate in new territories or markets, on the proviso that you could detail the specific actions you've taken to address systemic racism within your workplace and extending to the products and services you offer, how confident would you be that your licence would be granted?
- If your government was about to award continued funding to enable you to serve the general public, on the proviso that you could show how you understand the interconnected elements of how race, gender and social class contribute to exclusion and marginalization within your workplace and the communities you serve, and demonstrate the steps you've taken to address that, would you still get the funding?
- How would you score if your entire workforce was to conduct an appraisal of how you've performed? Part of the evaluation criteria would look at:

- The extent to which your leadership and managerial teams understand the context of racism and their role in being part of the solution
- How far you have listened to Black colleagues and regularly solicited feedback on initiatives and programs
- Holding leadership teams to account, including tackling individuals whose behaviour consistently does not align with professed statements and commitments
- Evaluating the formal and informal ways decisions are made to ensure there is representation, that the loudest, most senior, and most privileged voices are not always the ones that are prioritised
- How safe colleagues feel to raise issues and feel confident that you will do something about it, without scapegoating, tone policing or gaslighting
- How far you've delivered on public pledges to do better and do more
- Whether everyone understands that equity isn't reverse racism or discrimination in disguise

Questions like these go beyond equality initiatives and the blanket solution of hiring more Black executives. Instead, they query the culture inherent in your company. Challenge your judgement: How is it you never saw that your board and senior leadership teams consistently remained so white? And question the actions behind your publicised commitments to change.

It isn't about rolling out the blanket statement of 'we are still on a journey'. Yet conversely, it's not about perfection either. Instead, it's demonstrating that you have done the work to at least ensure there is clarity about the root

causes of the issues, not just the symptoms. That you're designing considered and intentional action plans and executing with the right metrics that extends right through your ecosystem. Rather than doggedly holding tight to something just so you can tick it off your to-do list, you're experimenting and course-correcting based on continuous feedback.

Until the summer of 2020, racial tokenism was a societally accepted form of 'solving the race issue' and was considered sufficient for bettering equality and being seen to do the right thing.

But that was all it was: 'being seen'.

> *That's okay, we'll just hire more Black people.*
>
> Chairperson, 2021

Tokenism was accepted because race is so visual. You can appear to be doing something by, for example, putting a smiling Black woman on the cover of your annual report or promoting a Black man to senior management. Even better if they are Black, have a visible disability, look gender fluid and their sexual identification is open for debate.

Brilliant. Killing two birds with one stone. Let's have some of that. The job is done. Mission accomplished; you now have a diverse team.

But it is pretence. It's too easy. And it's lazy.

> *When we asked about the single most important attribute being prioritised in the board's next director search, racial/ethnic diversity topped the list (25%). It ranked higher than traditional areas like industry expertise (20%) and operational expertise (14%). Gender diversity ranked much lower, at 12%, perhaps because boards have done a lot of work to bring on female directors in the past few years – if only one or two.*
>
> PWC Corporate Directors Survey, 2021 (pwc.com)

Due to the ease of visual representation, for years we've ended up with these surface-level gestures of racial equity and after the summer of 2020, we just amped it up a bit more. Note also that the term 'racial equity' came later, amid concern that the word 'racism' was too divisive.

That approach of doing of something merely to garner output is no longer enough. The representational box-ticking exercise of 'how many Black people are on your board' doesn't cut it anymore. It's tokenistic, transactional and non-transformative. It advances absolutely nothing.

Therein lies the difference between tokenism and representation. Representation is important. In context.

You should be asking why it is seemingly impossible for anyone who does not look like the majority of your colleagues to progress above first- or second-line management positions.

- Why are there few or no Black leaders on your board?
- Why are you so keen on emphasising proportional representation?
- What are the retention and promotion rates for Black colleagues?
- What are they paid, relative to their white counterparts?
- Who is asking those questions to your line managers, heads of department and functional directors?
- Who rubber-stamps the answers? Someone must do, if very little has changed.

What you do with the answers to these questions will determine how serious you are about dismantling systemic racism within your workplace.

Suddenly promoting or hiring more Black people is not the answer. There's more to it than that.

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