



# Debunking eight persistent myths about corporate diversity



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**We've met with hundreds of company boards about improving their levels of gender diversity. The pushback we receive can be quite surprising...**

## 1. "How is diversity a financial issue?"

An argument which can come up when we discuss diversity goes along the lines of, 'Why are you, Legal & General Investment Management, the ones to talk to us about this?'

There is a growing body of empirical research that discusses how more diverse organisations could improve performance, an area I looked at in 'The importance of gender diversity'.

Essentially what we are talking about is improving the cognitive diversity of teams. More diverse organisations show superior growth, innovation, and lower risk, all significant measures for investors. It can also help a brand's image and reputation: consumers increasingly expect companies they buy from to be both fair and transparent. By utilising all the talent available to them, companies and economies can be more economically successful and build more resilient organisations and societies for the future.

## 2. "There are so many women appointed because of positive discrimination, because of their gender rather than merit."

There is no suggestion that women should be favoured over men if they are not the best candidate. We have often found that companies are using too narrow a definition of 'merit' – one which naturally results in hiring people into a vacancy in the image of the person who has left, which may result in favouring male candidates of a certain skillset or background and therefore creating a less diverse workplace. Additionally, companies fail to understand that hiring from a wider candidate pool means that they are more likely to appoint on merit.

## 3. "We already have one woman on our board, that's enough."

Our expectation is that the proportion of women on the board and in executive teams at companies should be 30%, at a minimum. We're looking for critical mass, not tokenism, where contributions from a minority group are valued in their own right. And ensuring that all diverse voices are heard will bring necessary challenge and debate, which will lead to better decision making. Ideally we want boards and executive teams to reach gender parity, as we remind companies that women are not a minority.

#### **4. “We’d love to have more diversity in our team but we just can’t find the right people in our sector.”**

We often hear this reason because they want us to know that they at least intend to hire more diversely. Some sectors can indeed be more challenging than others as they have an overall lower representation of women in certain roles.

However, the reason many companies feel they cannot find truly different candidates is because they’re looking for them in the same few places they’ve always previously found talent. Once you know the specific skills and experience you’re looking for, recruitment agency briefs or job descriptions can be tailored to attract a broader array of candidates. We look for people with different skill sets appropriate to a business or team, which will then bring further strength to that team.

#### **5. “We don’t believe in quotas.”**

Company leaders are quite surprised when we say we agree with them on this. We didn’t support a quota policy for UK non-executive director representation because we did not want the issue to become a simple box-ticking exercise rather than a real commitment to diversity that is part of business strategy.

#### **6. “We don’t want to have a target as it might not happen.”**

We continue to encourage companies to adopt aspirational targets for diversity as we believe that what gets measured gets managed. If a company doesn’t meet an aspirational target, it is not considered a failure as a target should be aspirational – i.e. quite tough to achieve. By adopting an aspirational target, a company is more likely to continue to focus on the issue and to strive to achieve consistent progress.

#### **7. “We’re committed to diversity; we’re just waiting for this to happen organically.”**

This is where accurate and comprehensive data is crucial; it helps companies spot problematic areas (such as too few female senior managers) and implement targeted, systemic solutions. A lack of oversight could mean ignoring issues with attraction, retention or promotion, for example. If you wait for numbers to grow organically, you are not ensuring that you are building an organisation where a diverse population want to work or thrive, as women may be initially attracted to your organisation but due to promotion processes may not actually succeed to the level they wish.

#### **8. “Women just don’t want the top job.”**

It’s true that not everybody, of any gender, will want the top job. But companies need to be making sure that the playing field for talent is level so that those who do are able to progress without bias, glass ceilings or cliffs. If diversity and inclusion are truly strategic priorities for a company, its culture will be one that’s supportive enough to make sure the best people can succeed.

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