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SPECIAL REPORT: A focus on trends in a field that is moving up the corporate agenda

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Issue being raised in the boardroom

Directors are becoming increasingly interested, fearing they might be missing out on benefits, writes Alison Maitland

At the top echelons of business, equality and diversity are attracting growing attention. Long treated as the preserve of human resources departments and special interest groups, they are now being aired in boardrooms.

"I'm getting FTSE 100 chairmen and chief executives ringing up and saying: 'What is this diversity thing all about? Come and tell our board what we are supposed to be doing,'" says Sue Ashtiany, head of the employment group at Nabarro Nathanson, the law firm.

This trend has been noticeable over the past year, says Ms Ashtiany, who is also an Equal Opportunities Commissioner. "People think they shouldn't miss out on diversity in case they miss out on some business advantage."

The positive business case focuses on the benefits of companies gaining access to a broader pool of recruits and to new customers, for example among women, ethnic minorities, gay people or those with disabilities.

But the other side of the coin – the risk to corporate reputation of a poor record on equality – is at least as powerful a motivator.

Public sector bodies putting contracts out to tender want to know about bidders' equality policies. New anti-discrimination laws on religion, sexual orientation

AT A GLANCE

Diversity in the workplace is increasingly coming to refer to anything from sexual orientation to religious beliefs. Some even see it as encompassing different ways of working or styles of management. Should diversity focus on including ethnic groups and women, or go further and embrace multiculturalism or accommodate idiosyncratic individuals. At all events, it is moving up the corporate agenda.

The key issues:

- **BUSINESS SCHOOLS:** Different routes to inclusiveness
- **VIRTUAL TEAMS:** Pulling together across continents
- **CORPORATE GOVERNANCE:** Women still disadvantaged
- **LEGAL ISSUES:** Regulatory burden grows

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and, next year, on age, can only add to employers' exposure, along with the publicity that accompanies discrimination claims.

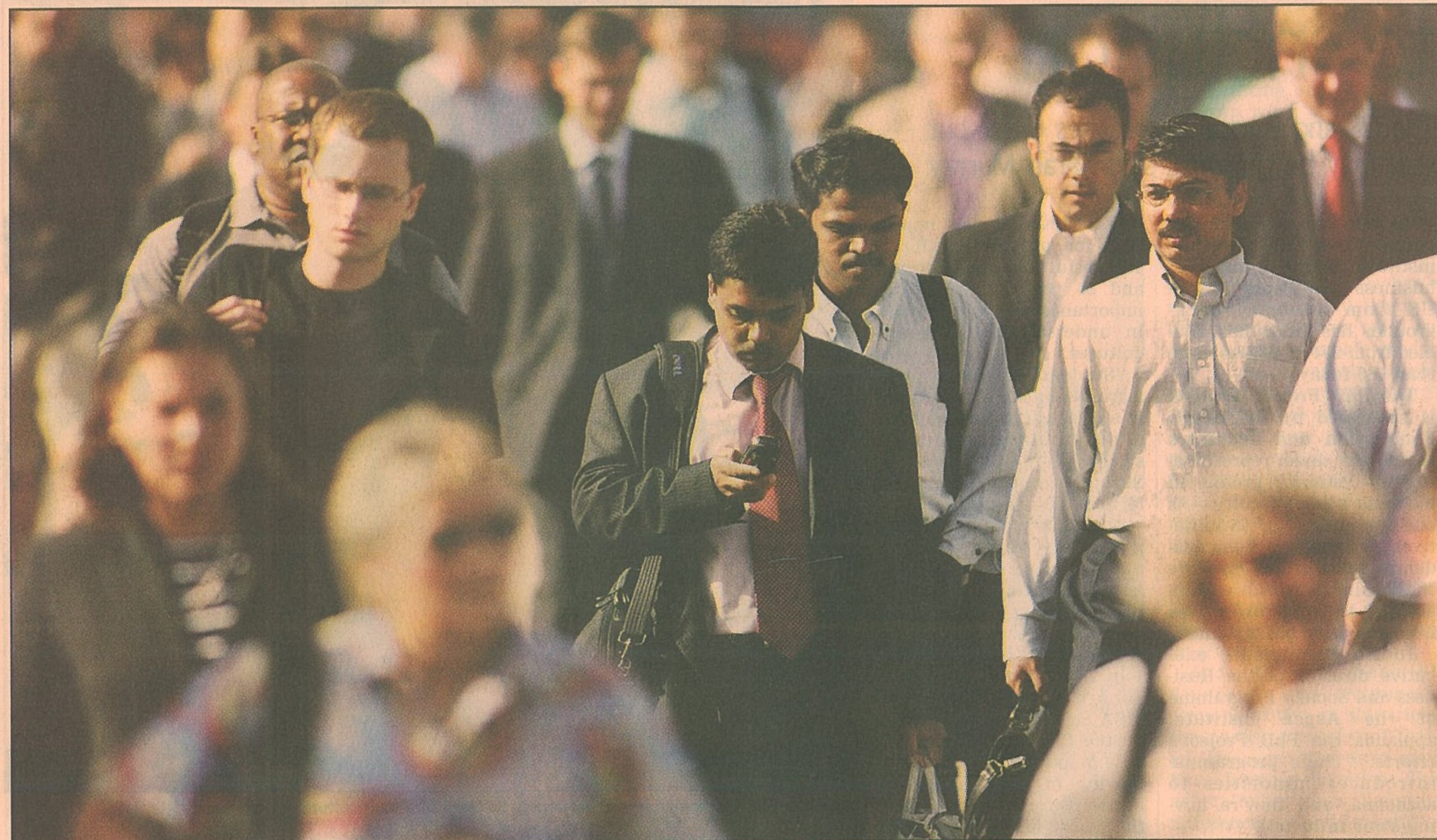
The fact that diversity has entered the business mainstream, at least as a talking-point, was highlighted by a "landmark" conference on the subject organised by the CBI earlier this year.

The employers' body also published a "diversity statement", urging companies: to take equality seriously; to consider flexible working arrangements to meet the needs of employees as well as business; and to ensure

senior managers provide visible support.

The Department of Trade and Industry also recently published a diversity guide for businesses, with examples of best practice. The European Commission is working with The Conference Board, the business research organisation, to gather evidence about the bottom line benefits.

Whether all this will lead to rapid improvements to equal opportunities is questionable, however. Amid the flurry of interest in diversity, report after gloomy report highlights how little



The pressure of increasing legislation aside, embracing diversity means access to a broader and more representative talent pool, although progress is still slow

Charlie Bibby

progress has been made on redressing gender and race inequities in spite of decades of anti-discrimination legislation.

More than half the UK's part-time workers, the vast majority of whom are women, are in jobs that fail to make full use of their qualifications, skills, and previous management experience, according to a study by the Equal Opportunities Commission.

The economy is losing skills, and women are losing income, earnings potential and career prospects. The EOC says the problem could be tackled if employers offered greater access to flexible working at all job levels.

However, efforts to im-

prove the work-life balance come up against the work pressures created by globalisation, competition and consumer demand.

Baroness Hogg, chairman of 3i, highlighted this tension at a dinner last month to celebrate awards given to progressive employers by Opportunity Now, a business-led campaign to advance women in the workplace.

She said: "Opportunity Now and other thoughtful organisations have done much to change attitudes and make the combination of motherhood and career easier for some women."

However, she added: "The 24-hour business patterns in our internationally competi-

tive digital age have in many ways moved the world of work in the opposite direction."

Racial discrimination is another persistent problem. Last month, a Trades Union Congress report found that ethnic minority workers were given fewer training opportunities than whites at every level in the workplace, even though they were often better qualified. The TUC called for race relations law to be extended to enforce equal access to training.

The limited impact of policies and programmes has prompted some campaigners to call for changes in the law to enable employers to give a positive boost to under-represented groups.

At present it is not lawful, for example, for a company to insist that a headhunter includes women on a shortlist as this could put equally qualified male candidates at a disadvantage.

Tess Finch-Lees, a global diversity specialist, says she won applause at the CBI conference when she called for equal pay audits to be made mandatory and for the UK to follow Norway's lead in insisting on quotas for women on company boards.

"Talk of positive discrimination usually incites outrage, but the fact is that it has existed for years," she says. "The difference is that the metaphorical tap on the shoulder and old boys' networks – which favour men –

are all practices so institutionalised that we take them for granted."

While many businesses would shudder at the thought of quotas and regulation, they would also probably admit that change is slow, even with the best policies and programmes in place.

Some practitioners are trying to speed things up by enlisting the personal commitment of senior executives inside companies.

One initiative is Women Directors on Boards, set up with backing from large companies, government and business schools. Under the programme, FTSE 100

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