WALKING THE TALK ON DIVERSITY

What is holding the charity sector back from putting words into action?

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INTRODUCTION

There is now good evidence of the business case for diversity. Diverse teams are more creative, smarter, healthier and less biased. Diversity brings innovation. A diverse and inclusive board can better understand its client base and improve the ability of the board and the organisation to adapt as new challenges emerge and evolve. Within the charity sector a moral case for diversity is also often made: that diversity and inclusivity is part of a commitment to equality and social justice.

Yet time and again, research into diversity amongst trustees and senior managers in the charity sector shows little progress, particularly on BAME (black, Asian and minority ethnic) representation. NPC is no exception. As an organisation we are making efforts to improve our diversity, but know we have a long way to go before it is judged as satisfactory.

Our State of the Sector research highlighted a disconnect between a widespread belief that diversity is important, and an understanding of what diversity can help to achieve. This goes some way to explaining why support of diversity in principle is not translating into change.

The charity sector remains under scrutiny. Its reputation has been damaged by scandals over fundraising practices and safeguarding failures, leading to falling levels of public trust. Increased diversity could be one part of the solution. A greater diversity of people, life experiences, and perspectives in charity leadership should help charities better understand what is expected of them, respond to need, hold themselves accountable, and live their values of social justice and inclusion.

So why is the charity sector still struggling to make progress on diversity? What gets in the way of making it a priority? We interviewed 24 charity leaders and trustees and reviewed the organisational psychology literature to explore this question further. This document presents our findings in three sections:

- understanding of the concept of diversity;
- obstacles to achieving diversity;
- our views on the way forward.

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6 For more on our methodology, see page 3.
About this research

Improving outcomes for the beneficiaries and causes that charities work for is central to our work at NPC. Our starting point is therefore the contribution that diversity within leadership can make to organisational effectiveness. The strongest evidence for this comes from the private sector. We are confident the case is also there for the charity sector but, as several interviewees pointed out, evidence on the impact of diversity on effectiveness in the charity sector needs developing. A charity with diverse leadership does not automatically mean good outcomes for beneficiaries, and a charity that is not diverse can still achieve good results, albeit with room for improvement.

We did this research to better understand what is preventing charities moving from an in principle commitment to diversity to putting this into practice, a problem highlighted in our State of the Sector research.

This research is based on unstructured in-depth interviews with a sample of 24 leaders from the UK charity sector, the majority of whom were current or former CEOs and/or trustee board members. The interviewees were motivated to participate because of their current interest in addressing diversity in the charity sector. Each interviewee was asked to base their discussion around three issues: (1) their understanding of the concept of diversity; (2) the perceived obstacles in practising and achieving diversity within the charity sector, focusing particularly on leadership; and (3) examples of good practice. Discussions were informal with participants given free rein to draw on past experiences and reflect on diversity within their organisation or the sector.

Alongside these interviews we had input from other conversations, and used our knowledge of the charity sector to inform our analysis. We also recognise that we must improve our diversity at NPC and our internal discussions and experience of the practical steps we are taking inform our thinking.
WHAT’S HOLDING THE CHARITY SECTOR BACK FROM IMPROVING ITS DIVERSITY?

Misunderstandings around the concept of diversity

There is no common understanding of the meaning of ‘diversity’

What does ‘diversity’ actually mean? We wanted to discover whether or not there is a common language or consensus around the definition of ‘diversity’ in the voluntary sector.

The people we spoke to said repeatedly that tick-box exercises designed to monitor equality of opportunity limit progress in discussions about diversity. There is a lack of precision in the use of terminology around diversity and inclusion, and a lack of clarity about the benefits diversity can bring to people and organisations.

‘The term diversity is used in a very woolly way and some people are very imprecise in what we mean by it. We can’t increase diversity unless we are clearer about what we want to achieve.’

Gender and race dominates definitions

When asked about diversity, interviewees most often mentioned gender and race. This fits with recent research showing that it is precisely these characteristics that recruiters in the charity sector think of when it comes to diversity7. Only a few people explicitly mentioned socio-economic background, age, or disability when defining diversity.

There were some definitions given that drew on non-visible characteristics, including life experiences.

‘Diversity includes protected characteristics, lived experiences, cognitive diversity and a range of skills.’

Lived experience featured in some definitions

Work to draw on lived experience, or ‘user voice’, to influence charities’ decisions was mentioned by several people, stating that diversity in this respect could help charities better meet the need of their clients or users.

‘Diversity is particularly important for charities because without an understanding of individual needs, you cannot tailor service delivery to meet the needs of your service users. The organisation has to reflect the diversity of the service user population. Every service user is different.’

Walking the talk on diversity | What’s holding the charity sector back from improving its diversity?

Some interviewees questioned how competent charities are at bringing relevant life experiences onto boards and into other positions. One concern is that service users are only brought in when they are needed to address a specific issue; they are rarely integrated into wider discussion and decision-making. Some suggested that there needs to be a clearly defined role and benefits for those who bring expertise from their lived experience to the voluntary sector.

‘A common feature is to wheel in and wheel out users—they get brought in to present their case and then out again. They have lived experience, which should be viewed in the same way as making a contribution as professional experience.’

The remarks made by our interviewees fits with recent research on user voice⁸. There are few examples of this expertise being used consistently, collaboratively and effectively to increase diversity and impact social change initiatives⁹.

Cognitive diversity is important but not sufficient

A number of interviewees brought up cognitive diversity, which can be defined as differences in perspectives or information processing styles.

There is a clear performance-based argument for cognitive diversity. Difference in background, skills and life experiences can result in different ways of addressing a problem, enabling discussions from multiple perspectives and avoiding ‘group-think’. The evidence base¹⁰ explains why individuals whose view of the world and cultural and life experiences lead them to look at problems differently, and who challenge our way of thinking, can boost problem solving. Without this cognitive diversity, we see a set of like-minded individuals sharing values and

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beliefs reaching agreement with ease, lacking the challenge and discomfort that effectively tackling complex social problems so often requires.

Some were concerned about cognitive diversity being used as a reason not to consider factors such as gender, ethnicity and age. One interviewee argued that a ‘diversity of thought’ argument is not sufficient.

‘These days I hear more and more about the need to include, in discussions about diversity, the idea of diversity of thought. Whilst I understand the need for diversity of thought on boards, it can allow people a get out of jail card, allowing them to avoid issues about diversity of gender, race, sexuality and disability. Having both a scientist and an accountant on a board may allow for diversity of thought but won’t enable true diversity if both people are white, male and middle class.’

Perceived obstacles to increasing diversity

There is discomfort talking about race

Talking about diversity in the voluntary sector provokes unease. Discomfort, and a fear of getting the language wrong or being labelled racist, were some of the concerns raised by interviewees.

‘We do not know how to respond to remarks that we are racist. Our response is to push away from having the dialogue. We’re good at conforming with law/legalities but not with confrontation or perceived threats.’

This mirrors findings from the independent review by Baroness McGregor Smith\(^{11}\) on the issues affecting BAME groups in the workplace. In that research, interviewees said they sensed discomfort and tension in talking about race in particular.

There is nothing unnatural about this feeling of discomfort. The default condition for a human neurologically and hormonally is to protect itself from stress. Our drive is to be comfortable and safe. But this can shut down our ability to learn from difference and result in bias,\(^{12}\) and may mean we let worse offences pass unchallenged.

People shelter behind liberal values

A number of interviewees suggested the presence of a cognitive bias in discussion of diversity amongst people in the charity sector—a predisposition to think ‘this does not apply to me because of my liberal values’.

‘The biggest challenge to diversity in the charity sector is the attitude of charities namely that “we are nice people with liberal values” and diversity simply does not cross their mind as being something applicable to their sector.’

One charity head commented that where charities work with diverse communities they may be seen to be practicing diversity.

‘One of the problems is that those in the charity sector have liberal values around equality of opportunity. The assumption is that because charities are working with diverse communities they are “doing” diversity.’


Hidden bias is not acknowledged

The seeds of bias inherently drive our beliefs and behaviour, often without us realising it.\(^{13}\) There was some concern about the lack of awareness about unconscious bias amongst charity leaders.

‘The fundamental problem is society does not know how to deal with unconscious bias. The mechanics of confrontation/change are not developed for charities.’

‘Charity leaders typically hold liberal values and associated with that is the belief that unconscious bias does not apply and there is no need for training in this.’

‘A fundamental barrier has been the belief that “I’m not racist, because there is no issue within the organisation”.’

Organisations have become increasingly attuned to the fact that hidden biases can affect the way we behave towards individuals who are different or are members of a group with which we do not identify. A common approach to bias in the workplace is channelling resources towards raising people’s awareness of unconscious bias, through training for example. Raising awareness of these biases is a good starting point. But according to research and theory the very nature of the unconscious bias is that it is just that: unconscious, both before and after attempts to raise awareness. Training does not eliminate this bias\(^ {14}\). So, we need to actively engage in measures to prevent these biases from surfacing—a point that some of the interviewees alluded to.

‘The changes we are implementing (eg. blind applications) will make it more difficult for people to be biased. Training will raise awareness, data (eg, on gender pay gap) will make us accountable.’

A focus on professional skills limits diversity

Some interviewees commented on the difficulty in attracting diverse candidates to the board, and a reliance on networks and a head-hunting culture.

‘We feel like we have fallen into a trap where our focus on getting professional skills on to the board has reduced the scope to attract diverse candidates, mainly because the people at the top of professions tend to be white. We rely on head hunters (paid £10,000 per recruit) and give them clear criteria on skills and diversity, and yet the diversity still does not appear. We know we are entrenched in inequality of power distribution and we are not currently modelling the solutions we are trying to promote in the world. We are in the process of trying to do this now.’

One interviewee commented that the search for stereotypical high-flying or high-profile individuals for boards contributed to a lack of diversity. There was awareness amongst our interviewees of the need to change the way in which charities are recruiting.

‘The fact that so many boards still use the old boys’ networks to recruit, perpetuates the problem of lack of diversity, particularly for small organisations.’

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There is a scarcity of role models, especially BAME leaders

There is a sense that progress is being made in increasing gender representation at leadership levels. But many noted the greater challenge in recruiting from BAME groups. Token efforts to recruit individuals who are visibly diverse were a concern, as was the lack of role models for those from diverse backgrounds.

‘The absence of people of colour was stark as compared to gender diversity. Over a 25 year period of serving on boards, there were only two occasions where I was not the only person of colour on the board.’

‘As I climbed the ladder, I saw fewer and fewer examples of diversity.’

Many said they feel it is the responsibility of managers and Chairs to create an inclusive work environment and for improving recruitment by providing role models at the senior management level.

‘The chair of the board plays a key role in creating an inclusive culture and driving diversity. We need to look at the characteristics of chairs!’

‘In terms of attracting talent, and the best talent, if you don’t see BAME and women in senior positions in charity then there is little point in trying to recruit graduates as they won’t see the career progression.’

There is an evidence base showing what leaders can do to integrate diversity into all their organisation’s processes, and how diversity can be a lens by which to identify and develop talent. The challenge here is that charities have to first allocate resources and invest in diversity before they can see the benefits the better representation can bring in attracting a wider pool of candidates.

‘A lack of diversity at the senior management level is a problem. Managers should look like the community they serve. They don’t.’

The cost of diversity

Charity leaders fail to make diversity a priority when allocating resources. Interviewees alluded to costs of restructuring, re-training and changing practices. Is the diversity argument not compelling enough to warrant the investment?

‘Medium-sized organisations in particular are struggling with change, loss of funding at public sector level, trying to survive, restructuring to cut costs, cutting core costs, and a limited budget for training and development. So you get the argument, we don’t invest in developing talent because we don’t have the cash to do so.’

‘Thus charities are in survival mode, and the diversity argument is not compelling enough to warrant resources, there’s barely enough to train managers.’

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16 As found by the qualitative research conducted with senior charity managers by Inclusive Boards (www.inclusiveboards.co.uk) and by NPC (https://www.thinknpc.org/publications/charities-taking-charge/)
Several respondents made the argument that diversity can increase the complexity of decision-making. The more challenging discussions that result when people on a board or management team have differences in background and perspectives may result in better decisions, but make the process of reaching a decision more difficult.
HOW CAN WE INCREASE DIVERSITY AND INCLUSION IN THE CHARITY SECTOR?

Charities clearly face obstacles to increasing diversity among senior leadership. These obstacles include discomfort talking about diversity, in particular race; attracting and retaining diverse talent; a scarcity of diverse role models; unconscious bias; fears of diverse views increasing complexity in decision-making; uncertainty about how to achieve the change; and the reality of competing priorities.

And, as the organisational psychology literature says, we cannot achieve greater diversity in charity leadership in isolation from creating inclusive workplaces. This highlights the need to incorporate diversity and inclusion practices throughout an organisation, posing more challenges.

These challenges are not insignificant. People actively advocating for and engaging in increasing diversity within their organisations or the sector more widely discussed these obstacles and concerns in a thoughtful and informed way. The reality is that achieving diversity and inclusivity within an organisation is not straightforward. Change cannot be achieved overnight, nor by working to a simple definition, or following a formulaic approach.

So progress remains slow. We heard an impatience expressed by many, a frustration with the lack of improvement, and a strongly articulated desire for charity leaders to commit to change and take action. Some organisations, driven by a leader with a commitment to the diversity agenda, have achieved significant progress. But, as NPC’s State of the Sector research showed, within the majority of organisations there is not this leadership and conviction on the issue of diversity. It is one amongst many pressing priorities.

How do we move forward?

Improve the understanding of diversity

We must be clear what diversity in charity sector leadership means

We must be more specific about what organisations should be aiming for when we talk about ‘diversity’. The current ambiguity, and tendency to conflate diversity, equality, representation and inclusivity is unhelpful. We need clarity on why we value diversity before we can achieve it.

One reason is organisational effectiveness. To operate effectively, charities need an appropriate mix of skills and knowledge (for instance financial management, safeguarding, or knowledge of the area of work); background and life experience; and ways of thinking (cognitive diversity).\(^\text{17}\) Research shows that diverse teams are more creative, smarter, healthier and less biased\(^\text{18}\), and that diversity brings innovation\(^\text{19}\).

The other reason is equality and representation. The charity sector as a whole, including its leadership, needs to ensure equality of opportunity and become more representative of our society.

\(^\text{17}\) Charity Governance Code, Principle 6: Diversity: www.charitygovernancecode.org/en/6-diversity
It is easy to bundle these reasons together, and when put into practice they often overlap. But allowing them to blend risks losing sight of one or other. Charities must make their own judgements about what meaningful diversity is for their organisation. Doing so will both help them to work effectively and ensure they are representative of that part of society in which they work.

BAME representation must be tackled…

Research shows BAME groups are underrepresented in charity sector leadership. The sector is finding it challenging to address this and make meaningful progress. Discomfort discussing race, bias and lack of awareness of bias, and scarcity of role models were all raised as barriers.

It is imperative that we address this issue so BAME groups are better represented in sector leadership. As progress is so slow a debate about ways to accelerate change would be of value. In American football the Rooney rule requires NFL clubs to interview at least one BAME candidate for head coaching roles. Could a similar mechanism drive change amongst leadership in the charity sector? A sector membership body, a funder or group of funders, or the Charity Commission focusing on a group of charities (perhaps selected by size), could require, request or suggest that charities adopt a similar approach for Chair and CEO roles.

…but the diversity debate must not become exclusively about race

Race must not monopolise discussions of diversity. The meaning and value of diversity go beyond race—age, gender, socioeconomic background, disability, sexual identity, educational background and life experience are all also important, and of course intersect in a myriad of ways. We must be clear that Boards and leadership must tackle their diversity overall, of which race is one aspect.

To achieve a more intelligent debate about diversity, sector commentators should support a discussion about meaningful diversity for mission, moving away from tokenistic approaches using visible characteristics of gender and race as proxies for diversity.

Be clear what cognitive diversity is—and that it is not sufficient

We must be clear what is meant by cognitive diversity. The term refers to differences in approach to thinking and information processing. It does not refer to skills and professional background. Differences in professional background do not necessarily result in cognitive diversity. Cognitive diversity does not negate the need for charities to ensure diversity of identity (eg, social class, race and ethnicity, gender, religion).

What’s more, we must acknowledge that cognitive diversity is just one aspect to consider. Without doing so, we risk either the cognitive diversity argument being used to avoid considering seriously other types of diversity, or losing the value of the concept altogether.

Lived experience is valuable and needs engaging

It is positive that charity sector leaders are aware of the value of lived experience in a leadership team. Charities must commit to giving people with lived experience support and training to take on leadership roles, and to developing a culture that values and supports this. We need to listen and be imaginative about how to engage people in strategic thinking and decision-making, including being prepared to invest time in supporting those who are new to trusteeship or leadership roles.

Including lived experience in leadership is not a substitute for engaging a wider service user base in a charity’s work. One or two people do not represent the experience or perspective of all. For some people with lived

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experience being required to fulfil other aspects of a trustee or senior leader role may dilute the impact of their expertise and energies, and so charities must explore a variety of ways in which the value of lived experience can best be incorporated.

Be realistic

Discussions of diversity on boards must not become dislocated from the reality of governance in the sector, particularly amongst small and medium-sized charities. Many charities find it hard to fill vacant trustee roles. A range of skills are needed on a trustee board, including financial and governance to fulfill legal responsibilities, often alongside others core to a charity such as safeguarding, fundraising and communications. Much of the work of boards is technical and not related directly to the cause itself, which is what motivates many to get involved with a charity. For those able to recruit trustees, board size is a consideration and some boards choose to retain a relatively small size. Trustee posts are unpaid, and require attendance at meetings and additional time in between.

None of these factors should be used as an excuse for poor diversity, but conversations about diversity must be had in the context of them. Charities need to make more effort to search for a more diverse set of board candidates with the required skills, motivate them to join, and support them in the role.

Take action

Convince your audience that they need to change

Those campaigning for wider change in the sector must consider to how to reach, engage, convince and support the vast majority of people in the sector to move beyond just agreeing with diversity in principle. This is difficult because the message is by its nature challenging. No one wants to be told they haven’t done enough or that they are discriminatory in some way. Given the sensitivities raised about discussing diversity, there may be a risk of alienating the very people we seek to engage and persuade to change. We need to understand how to make what is always going to be a difficult conversation easier, if we want it to be had by trustee boards across the sector.

Organisations playing leadership roles must commit to change

Waiting for individual organisations to act will only ensure the pace of change remains glacial. Organisations playing leadership roles in the sector—whether that is because of their function, size or position—should make a firm, public commitment to increasing diversity. They could report regularly on progress, and on their experiences and learning.

To create some momentum, profile, peer pressure and shared experience, a campaign of practical action whereby a cohort of CEOs and Chairs publish what diversity means for their organisation and three steps they will take to progress it, could stimulate action.

The Charity Commission should use the annual return to ask charities about the diversity of their trustees in relation to the protected characteristics covered by the Equalities Act 2010. While this is a blunt instrument, this would nudge trustees to consider diversity seriously and be a step towards achieving the necessary culture change. It would also provide useful data on these characteristics.21

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Invest in training and support to help diversity and inclusivity

We must support a better understanding and awareness of the forces that inhibit diversity and inclusion, such as conscious and unconscious bias and a lack of role models. A focus on bias is particularly important given our findings that there is a tendency to assume it doesn’t exist within the charity sector. Everyone is prone to bias, regardless of their position in an organisation, so training needs to reach all and not target a select few. We must be aware of the limits of what bias training can achieve. It can raise awareness of bias, but does not remove it.

Governance and leadership training and resources should integrate the reasons for, and benefits of, diversity and inclusivity. We must realise that working with more diverse contributions and perspectives can be challenging for leaders. There is a body of scientific research on the qualities leaders need and what they have to learn to create value for their organisation from diversity. The research suggests ‘leaders need some degree of emotional intelligence to rise above our need to justify or validate ourselves, which is what happens when we seek people who are just like us in their thinking. And we need a certain amount of social competency to be able to engage people who do have differences of ideas and perspectives.”

Providing support and resources to help leaders deal with this will help maximise the benefits of increased diversity.

Funders must take action

Funders who are committed to furthering diversity should fund initiatives that provide support and infrastructure to enable charities to make progress. They could:

- Develop and publish guidance on how to establish recruitment practice that supports diversity; how to incentivise and reward employee efforts in diversity and inclusion; and how to implement good practice in creating inclusive workplaces including approaches like reverse mentoring.
- Invest in a sector effort to develop a talent pool of trustees from different backgrounds.
- Build the evidence base of benefits for diversity in the voluntary sector, beginning with case studies to show what diversity can deliver.
- Support organisations to share their experiences, and develop peer learning groups of those committed to making the change.
- Fund training for charity leaders committing to increase diversity, including free training on working with differing perspectives.

Remove practical barriers to trusteeship

Trusteeship is a voluntary position, requiring a significant contribution of time. To engage a more diverse group of people to boards we need to consider the practical barriers of payment, timing of meetings and ways to engage.

NPC has previously argued that paying trustees may be a way to help charities attract and compensate a wider range of people with more diverse skills who may not be able to afford the hidden costs—including precious time—of being a trustee. Instead of guidance discouraging charities from paying trustees, we argue that it should be up to individual charities to make the decisions and make the case for doing so to gain consent.

Charities should also consider more imaginative ways to overcome practical barriers that some may encounter in trusteeship, such as the time and location of meetings, amount of time spent physically in meetings and options for using technology to make engaging easier.


Final thoughts

Nobody in the charity sector is against diversity, but few organisations are taking meaningful steps to achieve or promote it. While it does require investment to get right, our interviewees were clear it needs to be seen as part of the solution—to creating stronger, more creative and more effective organisations; to understanding and meeting user needs better; to addressing issues of trust in the sector; and to achieving a more representative and inclusive sector.

Many of the ingredients required to make progress on diversity are in place, but this research brings into sharp relief the significant cultural and attitudinal barriers in play. Because of these our view is that significant change is unlikely to happen organically. It needs sector leadership and meaningful and visible commitment, to lead to a critical mass of organisations demonstrating progress in creating and fostering diverse and inclusive work environments. It requires investment in evidence with which to make the case for diversity in the voluntary sector stronger, and shared resources to help organisations to take action. And perhaps, in some places, it will require mechanisms designed explicitly to increase diversity. Above all it requires more open and non-judgemental discussion about what diversity means for organisations and how to achieve it. Without this learning process, the sector will continue to crawl along on this issue, and never walk the talk.
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TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy. Over the past 15 years we have worked with charities, funders, philanthropists and others, supporting them to deliver the greatest possible impact for the causes and beneficiaries they exist to serve.

NPC occupies a unique position at the nexus between charities and funders. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

**Increasing the impact of charities:** NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities’ money and energy go further, and help them to achieve the greatest impact.

**Increasing the impact of funders:** NPC’s role is to make funders more successful too. We share the passion funders have for helping charities and changing people’s lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

**Strengthening the partnership between charities and funders:** NPC’s mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.