Racial diversity in the charity sector

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Principles and recruitment practice

Introduction

The charity sector as a whole is failing to reflect the racial diversity of the individuals, communities and geographic it serves. Fewer than one in 10 voluntary sector employees (9%) are from Black, Asian and minority ethnic groups (BAME), a lower proportion than both the public and private sectors[1] (both at 11%) and a lower proportion than the UK as a whole (14%).

There is less racial diversity at executive and non-executive leadership level in charities. Inclusive Boards looked at the largest 500 charities by income and found that only 5.3% of people in senior leadership teams were from an ethnic minority background, and BAME women represent only 2.25% of leaders[2]. Further to this a recent study by Green Park found that Chinese and other Asian ethno-cultural backgrounds are virtually non-existent, making up only 0.3% of charity leaders in the largest 100 charities by income[3].

ACEVO's Pay and Equalities survey 2018 found that only 3% of charity CEOs were BAME[4]. In respect to boards, Taken on Trust, the Charity Commission's 2017 research into board effectiveness, found that 92% of all charity trustees were white[5] and only 9.6% of trustees in the top 100 charities by income are from a BAME background[6].

Despite repeated attention being drawn to the issue, figures on racial diversity in the charity sector have remained relatively static for a number of years. Charity leaders must recognise that racial inequality will not improve by simply talking about it, especially if that discussion doesn't involve white charity leaders thinking about their own bias and the structural inequalities in the sector. In his recent book 'Racism at Work' Binna Kandola says:

> **"The belief that we as individuals, could not be racist, and by extension, that our organisations can't be either, is one of the most serious obstacles that exists in making racial equality a reality[7]."**

This document is the first in a series of initiatives that ACEVO and our partners will be engaged in over the coming months and years in which we aim to understand, reflect on and overcome structural inequality, prejudice, racism and unconscious bias in charitable organisations. Throughout this process we will invite and listen to a diverse range of views from those who work in charities, and those who work closely with the charity sector.

ACEVO's work will focus on racial equality, diversity and inclusion. Our work, and this guide, uses the inclusion of BAME groups as a lens to think about diversity in recruitment, but we recognise that other groups (including those given protection under the Equality Act 2010) are also under-represented. Hopefully many of the ideas outlined here can also be used to facilitate recruitment in those groups. We also recognise intersectionality and that an individual's identity is not limited to one dimension. Identity is formed of many characteristics including, but not limited to, age, gender, sexuality and class. The Institute of Fundraising's work in this area will be guided by our expert panel on equality, diversity and inclusion.

This guide is split into three parts:

1. Making the case for diversity – why should diversity be a priority?

2. Leadership principles – the principles by which we believe leaders should recruit and which we are asking charity leaders to publicly sign up to.

3. Practical advice – information about how to change recruitment practices to improve equality and diversity within your charity. Not all the advice in this section will be applicable to all charities, but we hope they provide a framework for improvement for those committed to the leadership principles set out in section 2.

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1 NCVO *Civil Society Almanac* (2018)

2 Inclusive boards *Charities: Inclusive Governance* (2018)

3 Green Park, *Third Sector Leadership 2000: A review of diversity in major UK charities* (2018)

4 ACEVO *Pay and Equalities Survey* 2018

5 Charity Commission *Taken on trust: awareness and effectiveness of charity trustees in England and Wales* (2017)

6 Green Park, *Third Sector Leadership 2000: A review of diversity in major UK charities* (2018)

7 Binna Kandola Racism at work: *The danger of indifference* Pearn Kandola publishing (2018)

Section 1: Why prioritise diversity?

1. Diverse organisations prevent groupthink

Groupthink refers to the psychological phenomenon in which a group of people strive for consensus at any cost, often suppressing consent and appraisal of alternatives[8]. Uniformity and consensus is valued over openness and constructive challenge. Groupthink is more likely to occur in groups where people share a similar background and experiences.

Groupthink can have serious, negative consequences. Following the financial crisis, an independent evaluation of the International Monetary Fund said that:

> **"In the run-up to the 2008 financial crises, the International Monetary Fund's (IMF) ability to correctly identify the mounting risks was hindered by a high degree of groupthink"[9].**

Psychologists have found that teams made up of people who all know each other were less adept at digesting information and identifying possible responses than teams comprised of at least one person unfamiliar with all the others[10]. It is logical that these findings would transfer to charitable organisations and that greater diversity will create stronger, more resilient charities that can operate more effectively.

2. Diverse organisations generate more income

Research by the global management consultancy firm McKinsey found that companies in the top quartile of ethnic diversity were 35% more likely to financially outperform others in their industry[11]. In the United States, data shows a linear relationship between racial and ethnic diversity and better financial performance: for every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes rise by 0.8 percent. It would therefore seem clear that more diverse teams within a charity will be better able to raise funds from the full diversity of the British public.

In the UK, the potential benefit to the UK economy from full representation of BAME individuals across the labour market, through improved participation and progression, is estimated to be £24 billion a year, which represents 1.3% of GDP[12].

3. Diverse organisations are more innovative

Diversity of people brings diversity of skills and experience, which in turn can deliver richer creativity, better problem solving and greater flexibility.

A study by researchers from the Centre for Talent Management found companies whose leaders exhibited at least three inherent[13] and three acquired diversity traits were 70% likelier to say they had expanded into new markets[14].

4. Diverse organisations attract more talent

In 2016, 14% of the working age population were from a BAME background. This is increasing, with the proportion expected to rise to 21% by 2051[15]. Charities failing to think about how to recruit from this talent pool will miss out on the best candidates for the role.

A survey by PwC of millennials in the workplace found that the younger generation has a greater expectation of diversity and inclusion from employers. 76% of those in the financial services sector said they considered the employer's record on equality and diversity when accepting their current role[16].

5. The moral case

Everyone should be able to access the same opportunities and fulfil their potential. At the moment, data shows us that this is not the case in the charity sector. Improving diversity and equality of opportunity within charities is compatible with the moral and ethical framework under which charities are formed and operate.

6. The legal case

Under the Equality Act 2010 employers must avoid direct and indirect discrimination. Indirect discrimination is when a decision is made which has (or would have) a worse impact on a group that share a particular protected characteristic than on people who do not have that characteristic[17].

Employers are able to take positive action under equality law. Positive action means the steps that an employer can take to encourage people from underrepresented groups to take up employment opportunities. It is different to positive discrimination which is unlawful under the Equality Act. More information on this can be found on the Equality and Human Rights Commission website[18].

8 Janis, I. L. (1972). Victims of groupthink: A psychological study of foreign-policy decisions and fiascoes. Oxford, England: Houghton Mifflin

9 Washington Post *'Groupthink blocked IMF's foresight of crisis'* (10 February 2011)

10 NHS workforce race equality: a case for diverse boards by Joy Warmington on behalf of workforce race equality standard team (2018)

11 McKinsey and Company *Diversity Matters* (2015)

12 Department of Business, Energy and Industrial Strategy *BME individuals in the labour market: analysis of full representation* (2017)

13 Inherent diversity relates to characteristics people are born with, e.g. ethnicity, sex, and sexual orientation. Acquired diversity relates to differences gained in life experience e.g. education, where the person lives.

14 NHS workforce race equality: a case for diverse boards by Joy Warmington on behalf of workforce race equality standard team (2018)

15 Race in the Workplace: The McGregor-Smith Review (2017)

16 PwC *Millennials at Work: Reshaping the workplace in financial services* (2011)

17 Equality and Human Rights Commission *Equality Act 2010: Summary guidance on employment*

18 https://equalityhumanrights.com/en

Why hasn't change happened yet?

The phrase 'good fit' is often used to describe the kind of candidate that an organisation is looking for. Subconsciously or otherwise, we tend to recruit in our own image and people feel more comfortable with others from a similar background that we can relate to, those that we can see 'fitting in'[19].

It is important to reflect on the language and approach to recruitment that has become status quo. In 'NHS workforce race equality: a case for diverse boards', examples are provided of the underlying messages behind some common recruitment language.

Table 1: Underlying messages[20]

What people say	Underlying message
We need to appoint the best candidate	BAME people are clearly not the best candidates
We need someone with previous board experience	• We do not believe that BAME people are able to grow and develop in these roles • We have forgotten that at some point in our career we didn't have board experience and someone took a chance on us • We make assumptions that experience means skill, and are unable to separate out the two
We need someone who can hit the ground running	We do not have the confidence that BAME people can do this

Unconscious bias

Unconscious bias occurs when a person holds a negative stereotype about a group and meets someone who fits the stereotype. S/he will discriminate against that person based on their unconscious stereotypes. It is an automatic and unconscious process that doesn't just apply to race but things like age, gender and sexuality[21]. Everyone has unconscious bias, they are created by the way the human brain processes information and are based on factors like socialisation and societal expectations. The first step in addressing bias is to acknowledge it.

19 NHS workforce race equality: a case for diverse boards by Joy Warmington on behalf of workforce race equality standard team (2018)
20 NHS workforce race equality: a case for diverse boards by Joy Warmington on behalf of workforce race equality standard team (2018)
21 David R. Williams Effectively addressing diversity and inclusion: the house that racism built presentation available here

Knowing where to start

It can be hard to know where to start when it comes to improving diversity and no single organisation will ever be representative of all underrepresented communities. Diversity will be different in different organisations and diversity targets must be reflective of a number of factors specific to your charity including the diversity of your participants, donors, beneficiaries and the population of the area you recruit from.

Talking about race and diversity can make many people stressed and worried that they will say the wrong thing or cause offense, this creates silence where meaningful communication should be taking place. We hope this guide will provide a framework that will facilitate more discussions about improving racial diversity in the charity sector.

Section 2: Leadership principles

There are 168,000 registered charities in England and Wales, 87% of which have an income of below £500,000 and 39% of which have an income of under £10,000[21]. All of the advice in section 3 will not be practical for all charities to follow.

However all charity leaders, and leaders of wider civil society groups, should be able to sign up to the following leadership principles, and put those principles into practice within their own organisations, regardless of size.

As a charity leader I will:

1 Acknowledge that there is a problem with racial diversity in the charity sector and commit to working to change that.

2 Recognise the important role leaders have in creating change by modelling positive behaviour and taking action.

3 Learn about racial bias and how it impacts leadership decisions.

4 Commit to setting permanent and minimum targets for diversity that reflect the participants, donors, beneficiaries and the population of the area that my charity operates in.

5 Commit to action and invest resources, where necessary, in order to improve racial diversity in my charity.

6 View staff as the sum of many parts rather than a single entity and recruit to build a diverse group of talented people collectively working towards a shared vision.

7 Recruit for potential, not perfection.

8 Value lived experience, the ability to draw from one's lived experience and to bring insights to an organisation that can develop its work.

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21 Recent charity register statistics: Charity Commission 31 March 2018

Section 3: Best practice recruitment advice

Pre-recruitment

1. Ask yourself why you want to recruit more BAME staff in your team. The answer is important in setting your strategy for doing so. This could be because your charity:

- is not reflective of your membership
- is not reflective of the community you recruit from
- is not reflective of the communities you serve
- lacks links and voices to the BAME communities you serve
- lacks race equity knowledge and lived experience

2. Report on progress against diversity targets in board meetings and in your annual report.

3. Develop personal development plans with all staff to support and develop the talent that already exists within your organisation.

4. Ideally provide equality, diversity and inclusion training to all staff, however at a minimum provide it to all those working in hiring, promotion and community engagement.

5. Link clearly and visibly to your diversity and flexible working policies on your website. Make your commitment to diversity and inclusion clear on your website and link to clear examples of where you put policy into practice.

6. Use diverse images in your literature and communications.

7. Train staff responsible for hiring, promotion and management on unconscious bias, which can make individuals aware of their own bias, therefore helping to reduce it.

8. Where appropriate build relationships with schools, community groups and activists in the community who may later want to work for your charity.

Writing the person specification and application form

1. To reduce the likelihood of using exclusionary language, make sure the job description and application form have been drafted by a diverse group of people and reflect the charity's values.

2. When drafting the person specification, focus on the outcomes of the role and work back from there. Consider what skills candidates already need to possess to deliver the outcomes, and what can be gained via training if they demonstrate potential.

3. Remove arbitrary recruitment criteria, for example insistence on a certain number of years working in the sector. If the requirement isn't necessary to demonstrate a competency then it should not be included.

4. To reduce the risk of unconscious bias and name stereotypes do not include a field for the candidate's name on the application form, or specifically request that nameless CVs are submitted.

5. Sign up to and follow the principles of Children England's Open to All campaign which promotes the value of lived experience and encourages charities to consider whether the inclusion of 'degree or equivalent' criteria is necessary.

6. Start from the position that a job role can be flexible, rather than assuming it should be full-time office based.

7. Unpaid intern roles are a barrier to those who do not have the financial support to undertake them. All internships should pay at least the real living wage. Charities should understand the differences between the role of volunteer and intern.

8. Include an anonymised equality and diversity monitoring form. This should be a separate document to the application form.

Advertising the role

1. Think about advertising the job outside of industry specific websites. Think about using agencies, local papers, online and community media. Think about the reach those mediums have into BAME communities.

2. Use social media, but don't just focus on LinkedIn. Some companies are using Instagram and Pinterest.

3. Always include a salary in the advert.

4. If using a recruitment agency, ask them to provide a diverse shortlist and make it clear that their success at delivering this is a key performance indicator.

5. Encourage applications from underrepresented groups in the job advert.

6. Diversity data forms should be coded and then tracked through each stage of the application process. Once you have enough data you will be able to start identifying where the problems are: not enough BAME people applying, not enough shortlisted for interview, or not enough appointed. This information can help you focus your efforts on tackling barriers at that particular stage.

7. Offer support to applicants from under-represented groups, for example telephone support from the recruiting manager and tips on writing successful applications.

8. Provide a contact number for applicants so they can ask questions prior to sending in their applications.

Shortlisting

1. Set targets and insist on diverse short/longlists that meet that the criteria. If the long/shortlist is not diverse then go back out to search.

2. Shortlisting should involve at least two people from different backgrounds who score independently. If you are trying to improve racial diversity, at least one of these people should be BAME. This person does not have to come from your organisation, you can invite an external partner to help in the recruitment process.

Interview and selection

1. Interviews should be conducted by at least two people from different backgrounds. If you are trying to improve racial diversity, at least one of these people should be BAME. This person does not have to come from your organisation, you can invite an external partner to help in the recruitment process.

2. Interviewers should have unconscious bias training in order to give panel members the language to challenge one another on assumptions that might sit behind decisions.

3. Think about the format of interviews. For example, if you are not recruiting for a role in which the successful candidate will have to answer complex questions on the spot, can candidates be given questions a short time in advance?

4. Value lived expertise as much as professional expertise.

5. Ensure interviewers understand the Equality Act 2010 in relation to recruitment. This states that, provided two candidates are equally suited for a vacancy, an organisation is allowed to select the candidate who is under represented in that organisation based on their diversity profile.

6. If using a test, ensure that the instructions and answers that you expect do not contain sector-specific jargon.

7. Increase consistency and remove potential bias by using competency questions based directly on person spec: e.g. do not ask questions like "if you had a superpower what would it be?"

8. Assess interviewees consistently: for example use scoring sheets, appoint based on the panel's average ranking, use tie breakers that have been pre-agreed based on priority (e.g. appointing the most under-represented group).

9. Encourage interviewers to reflect on whether implicit bias has impacted their decision before making a job offer to the successful candidate.

10. Do not ask candidates what their current salary is as this can perpetuate wage gaps.

11. Always give interview candidates specific feedback, 'not the right fit' or 'we had someone else with more experience' is not good enough.

Post-recruitment

1. Recruitment is only the first step. Leaders should work to create an open, supportive, welcoming culture that is inclusive and celebrates diversity.

2. Record the equality and diversity monitoring data submitted during the application process.

3. Ask for feedback on the recruitment process from people appointed/not appointed.

4. Invest in and develop staff. Set up mentoring systems, provide training and offer support. Recognise that managers within your organisation may not understand or be aware of the structural challenges experienced by BAME individuals working in the charity sector.

5. Put a personal development plan in place with all new recruits in order to support their progress and development.

6. Line managers need the support of their manager in order to have time to commit to fully developing their staff.

7. Gather exit interview data and analyse for any race related themes or trends to understand why your charity may not yet be an employer of choice for BAME staff.

Acknowledgements