



HOW TO... IMPROVE DIVERSITY & INCLUSION IN INFRASTRUCTURE

In recent times, new or re-invigorated movements such as Me Too, LGBT+ and Black Lives Matter have positively shone a light on the importance of non-discrimination and equal rights. As essential assets serving the population, infrastructure companies offer some of the most open-access, non-discriminatory services across any sector of the economy. Therefore, it is incumbent upon managers like Vantage Infrastructure to impress this non-discriminatory ethos upon organisations, at manager and portfolio companies' levels.

Vantage Infrastructure engages with its portfolio companies on diversity & inclusion (D&I) inside and outside the board room, with a particular focus on what makes their challenges and practices in this area unique as infrastructure operators. This helps us work with them to consider whether they are setting appropriate targets, following the right approach and are achieving their intended results.

Informed by that experience, we have formulated five key ways for infrastructure companies to improve on D&I.

	HOW	RATIONALE
 <p>DIRECT D&I TO THE C-SUITE</p>	<p>Make the C-suite accountable for D&I to redirect a company's mindset. With senior management asking tough questions and challenging own pre-conceptions and assumptions, D&I should become an instrument to improve culture and drive performance, rather than a risk mitigation exercise.</p>	<p>No company should be of the mindset that diversity should be "managed" as a reputational, legal or PR risk. Yet, this still appears to be common. Numerous studies¹ have found material positive links between diversity and financial performance. Diverse, well-run teams deliver better results by being more productive and adaptable, benefiting from a wider array of ideas. In the infrastructure sector, this is critical, given the changing landscape brought on by climate change, decarbonisation, digitisation and decentralisation.</p>
 <p>COLLECT THE RIGHT DATA</p>	<p>Gather information on the demographics of the population your company is serving and the talent pool it is recruiting from. Compare these to the profile of company employees, job applicants and final round candidates. Find out through employee surveys if staff share senior management's views on inclusion, equal opportunities and a non-discriminatory environment.</p>	<p>If you do not know where you are, you cannot chart where to go. In the infrastructure sector, we have often observed that gender and age data are commonly collected, but data on most other characteristics can be unavailable both at group level and by department, region or rank. By gathering further data, questions and trends will start to emerge. Examples could include: "Why are females underrepresented in a regional office?", "Why are fewer local ethnic minorities represented in a department more than in others?" or "Why do staff members perceive the promotion process to be opaque?"</p>

¹Such as McKinsey's "Delivering Through Diversity" (<https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>).

HOW

RATIONALE



START WITH THE “LOW HANGING FRUIT” TO ACHIEVE AMBITION

Be ambitious, but set incremental annual targets and a ‘review and repeat’ process, starting from more achievable near-term goals and “low hanging fruit” to drive immediate change.

Small and easy changes should not be overlooked whilst setting ambitious long-term goals. Getting D&I right is a marathon and not a sprint, therefore it is important to approach it in small and achievable incremental steps. For example, it may not be a realistic goal to achieve a 50% gender balance in an engineering department in the near term², but could a 50% gender balance be achieved more quickly in departments where more non-male job candidates exist? Based on the local demographic, could apprenticeships for candidates from underrepresented or less privileged backgrounds be offered? Are there women and minorities who could be earmarked for promotion?



CONSCIOUSLY ELIMINATE UNCONSCIOUS BIAS

Discourage influential “in crowds”, informality and opaqueness in decision-making. Provide awareness training. Consider embracing reverse mentoring, where a junior underrepresented employee mentors a manager about their experiences of diversity.

We have observed that, while “inclusiveness” commonly appears in D&I policies, few strategies exist to implement it effectively in practice. That is not entirely surprising, as creating an inclusive environment could be harder to achieve than diversity in the workforce. It is about creating a fair, open and thriving culture and goes beyond “checking a box” on equal opportunities and non-discrimination. Without inclusiveness, diversity is a wasted opportunity, as employees could become demoralised and leave the firm. The heart of the challenge is the unconscious “affinity bias”: individuals crave and trust familiarity and people who look and talk like them. It can be uncomfortable and time-consuming to deal with people who do not fit that criteria and an instinctive response is to stereotype differences. This is not only both counter-productive to inclusiveness and unfair, but it also encourages groupthink, leading to potential suboptimal business decisions.



CREATE A “LEVEL PLAYING FIELD”

Expand the hiring pool and eliminate hiring practices that exclude underrepresented demographics. Introduce flexible working policies (and culture). Promote processes for open structures and transparent communication, with everyone’s ideas encouraged to be heard. Implement transparent review processes and reward systems.

Equality is not about treating everyone the same but giving everyone an equal chance to succeed. There is evidence that changing individual mindsets is difficult even when D&I training is provided, however changing processes and systems can help increase its effectiveness. The introduction of targeted process changes can be relatively easy to implement and contribute towards granting everyone an equal chance to succeed. These measures help fulfil the aspiration to create an equal, transparent, flexible, ideas-based and results-driven environment with common goals and mutual respect.

²According to WISE, a UK charity promoting gender balance in STEM (Science, Technology, Engineering and Mathematics) professions, just 10% of engineering professionals in the UK workforce in 2019 were women (www.wisecampaign.org.uk, accessed July 2020).

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