

# Encouraging Diversity and Inclusion within Firms

Insurance firms have a lot on their plates these days. Could that explain why so many brokers and insurers have a self-defeating blind spot over the increasingly crucial question of diversity and inclusion (D&I)?

If your firm still thinks D&I is just a nice-to-have - or, worse yet, a politically-correct irrelevance - it's time, as they say, to wake up and smell the coffee! Embracing D&I in the workplace brings tangible benefits. Ignoring it creates serious risks.

Take the issue of attracting talent, as just one example. Diversity-free firms are effectively cutting themselves off from a huge pool of potential recruits who could help them create a stronger business for the future. For an increasingly large proportion of your potential new employees - younger people in particular - firms with a deaf ear on D&I are a major turn-off.

Research has repeatedly confirmed that D&I is something more and more people care strongly about, something they will look for in a future employer, and something they will ask about at interview. How would you answer those questions? What could you point to? If your firm lacks appropriate policies and procedures around D&I, this will significantly reduce your ability to attract high-calibre recruits.

As the economy rebounds from Covid, we are seeing increasingly fierce competition for talent. This is as true of the world of insurance - arguably more so - as it is for any other sector of the financial services market. There is already clear upward pressure on salaries. That makes it more important than ever that firms don't make it even harder



for themselves by missing out on opportunities to provide non-financial incentives for new recruits to come onboard. There are parallels here with a provision for flexible working. And, of course, what's true at the recruitment stage is equally true for job satisfaction and retention. A properly realised commitment to D&I can help guard against your most talented people being lured away by competitor firms.

It would be hard to have missed the fact that the government and regulators are increasingly minded to force the pace on D&I. I don't intend to focus here on the stick of regulation as a reason for pursuing D&I, but recent publications from bodies including the FCA and the Prudential Regulatory Authority (PRA) have helped to substantiate and publicise some of the compelling reasons why diversity really can benefit employers.

A [Dear CEO letter](#) published earlier this month by the PRA, for example, mentioned some of the many ways D&I can benefit financial services firms. Following up on the [Discussion Paper](#) on driving D&I in financial services issued last year by the FCA, the PRA's letter cited D&I as one of its top priorities for 2022. It stressed D&I's ability to 'bring a mix of views, perspectives, and experiences' to firms. 'An inclusive culture where staff can freely raise concerns and participate appropriately in decision-making,' it concludes, 'can reduce the risk of groupthink, encourage debate and innovation, and support firms' safety and soundness.'

A comprehensive review of the available research on D&I's impact on businesses carried out by the FCA last year identified a range of verifiable benefits from D&I, including positive outcomes in terms of 'risk management, good conduct, healthy working cultures, and innovation'.

Given the growing recognition of the crucial role of culture on how organisations perform, it is significant that one of the strongest findings to emerge from all the currently available literature on issues around D&I is its positive impact on culture.



A related finding was that women leaders and those from diverse backgrounds tend to be more attuned to cultural and ethical issues - with positive implications for good outcomes in terms of governance, culture, and conduct. Another finding that emerged strongly across all studies was that 'diverse teams can have differences of opinion but are more innovative and better at solving problems creatively'.

It's time we all recognised that D&I is not some pointlessly constraining piece of 'wokery', but a powerful tool for creating and sustaining a dynamic, creative, and productive business for the future. If your business doesn't reflect the customers and communities it serves, those customers will leave it behind.

If your firm is fighting shy of D&I for cultural reasons of its own, it might be time to question whether its internal culture is fit for the 21st century. If you haven't addressed the need to put D&I into practice simply because you're not sure where to start, fear not: we can help! IHRHS is ready and able to help you define and implement appropriate D&I policies and procedures across everything from recruitment, development and monitoring to mentoring, leadership and supplier selection. Then you can avoid the risks and start experiencing the benefits of embracing D&I.

**If you need any assistance with your D&I roadmap, please contact the IHRHS team who will be happy to help.**

**Email [HRhelp@ihrsolutions.co.uk](mailto:HRhelp@ihrsolutions.co.uk), call **01604 709509** or visit our website – [insurancehrsolutions.co.uk](http://insurancehrsolutions.co.uk)**

### About the Author

#### KATHERINE WATKINS

Katherine has over 20 years' international experience working in HR, across various sectors, including financial services, insurance, and regulated environments. Over the years, she has collaborated with some exceptionally talented HR professionals, with whom she has joined forces on special projects. Her network of HR professionals provides advice and training to companies and other HR teams.

In her role with UKGI Group, Katherine heads up the Human Resources Consultancy and provides objective support to firms on employment law and HR issues. She uses her extensive skills and knowledge to work with firms to help them develop strong and resilient HR strategies and establish healthy organisational cultures.

Katherine holds a degree in Business Administration and Management from the University of Northampton and a Postgraduate Diploma in Human Resource Strategies from London Metropolitan University. She is a Fellow of the Chartered Institute of Personnel and Development (FCIPD).

