

Equality, Diversity and Inclusion

The case for EDI in innovation



Hello and welcome to this session on the business case for Equality Diversity and Inclusion in innovation



Innovate UK is committed to encouraging diversity and inclusion in business innovation

At Innovate UK, we are committed to encouraging diversity and inclusion in business innovation, and we are proud that this commitment runs across the organisation.

We demonstrate these values by:



Why does EDI matter to Innovate UK?

- The best ideas for innovation can come from anyone.
- Diversity within businesses is proven to contribute to enhanced performance and commercial success.
- If we encourage businesses to consider diversity and inclusion in their approach to innovation, the economic and societal impacts that are delivered through our programmes will be maximised.



This matters to Innovate UK because the best ideas for innovation can come from anyone. We know that there is huge untapped talent available for innovation in the UK. As a result of this we are losing out on significant economic and societal benefits because...

Diversity within businesses is proven to contribute to enhanced performance and commercial success, which we will talk more about later.

We can help businesses to benefit from this. If we encourage businesses to consider diversity and inclusion in their approach to innovation, the economic and societal impacts that are delivered through our programmes will be maximised.



The context



- The demographic of those applying to Innovate UK is not representative of the UK population
- The demographic of Innovate UK assessors and monitoring officers is not representative of the UK population
- The success rates vary between different demographics (e.g. ethnicity, disability)
- These findings are replicated across research and innovation funding programmes UK-wide
- We need to do more to diversify who we engage with, and facilitate change across the innovation ecosystem



In terms of where we are at the moment

...

We also know that it is the same for our assessors and monitoring officers, where we could have greater diversity

In addition, looking at the diversity of the lead applicants that Innovate UK funds, we find that there are differences in success rate between demographics, for example between ethnicities and people declaring a disability verse those who don't.

We are no alone in these findings, as there is similar evidence across the other research and innovation funding programmes UK-wide.

We know that we need to do more to diversity who we engage with and to support change across the innovation ecosystem. And we want to do this because we want to provide opportunity for anyone who is interested, and also to support more people and help businesses achieve their ambitions



The ambition



We plan to take bold initiatives to realise the full potential of untapped diverse talent for business innovation in the UK, both now and for the future.

- **The ambition:** That UK innovators and the system are representative of UK society
- **The challenge:** Talent is distributed equally but opportunities are not
- **The solution:** Systemic change that fully opens the right doors, is inviting and is accessible to diverse innovators and future talent

Our work is centred around Innovate UK's Plan for Action.



Over the coming years...



Plan for action



- Business innovation is essential for UK prosperity and quality of life
- We will help UK businesses and sectors to grow through innovation
- We have a [plan for action](#) that, with our partners, we will implement over the next four years
- Equality, Diversity and Inclusion is a 'strong foundation' underpinning the plan for action

Our 12 commitments to innovating UK businesses

- 1 We will inspire, involve, and invest in innovation
- 2 We will focus on opportunities for the future economy
- 3 We will support companies to grow rapidly
- 4 We will help businesses to succeed on the international stage
- 5 We will make it easier to gain innovation support
- 6 We will help government use its power to support innovation
- 7 We will help UK companies benefit from the excellent research base
- 8 We will help businesses make better use of design
- 9 We will use responsible innovation to take account of wider societal impacts
- 10 We will help companies enhance the capability of their people
- 11 We will be inclusive and fair, and bring in under-represented groups
- 12 We will help build, and help companies benefit from, local strengths



This publication sets out how Innovate UK will support business innovation in the UK between 2021 and 2025.

Innovate UK is the UK's innovation agency. We help UK businesses to grow through innovation.

This action plan sets out how we will do that by focusing our activities in five strategic theme areas

It also outlines the strong foundations that underpin the support we give for innovation



Equality, Diversity & Inclusion



Diverse Innovators

We must increase the diversity of upcoming innovation talent and make innovation support more visible, accessible, and inclusive to all



Business Advice

We will support innovative companies to fully understand the value of EDI and build it into their innovation and growth strategies



Inclusive Innovation

We will encourage companies to improve products and services with a focus on inclusive innovation



Data Driven Action

We need good data to target action in the right places and monitor impacts and progress



a more diverse
innovation system that
values difference,
**excites future
innovators and enables**

the best ideas to succeed

- more businesses driving an inclusive culture, improving the UK's ability to attract and retain the best talent and boosting competitiveness and profitability
- more innovations developed with improvements in

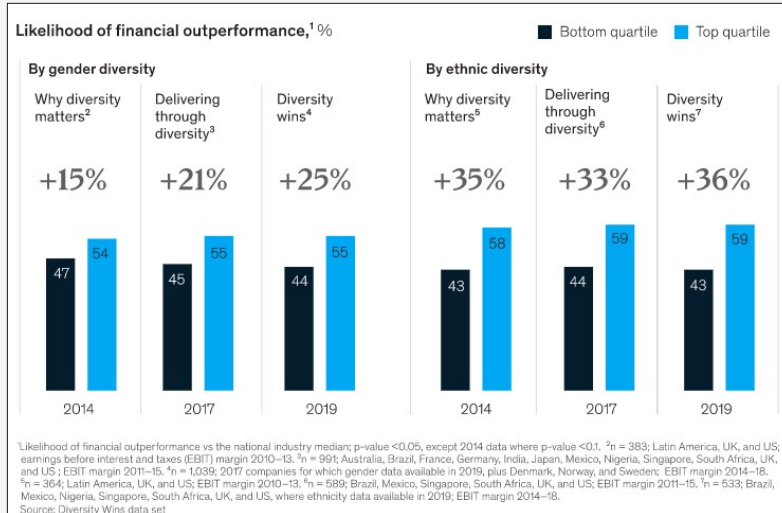
equality, diversity, and inclusion as a goal, resulting in a higher chance of commercial success and delivering benefits to all parts of society

- a supply of more relevant data that leads to action targeted in the right places and increases inclusion.
- work with partners

across the innovation
system to develop a
consistent approach to
collection



Why does EDI matter in Innovation?



McKinsey
& Company

<https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

Diversity in businesses contributes to enhanced performance and commercial success. Companies with executive teams in the top quartile for gender diversity are 25% more likely to outperform their competitors on profitability than those in the lowest quartile. This rises to 36% for ethnic diversity. Aside from the clear moral obligations, greater representation of women, disabled people, Black and other ethnic minorities in business innovation is a huge opportunity for positive economic and societal impact in the UK.

Equality: state where everyone is treated the same irrespective of difference, assuming that everyone will benefit from the same provision

Equity: providing different provision to ensure that everyone has the same opportunities by acknowledging and making allowances for differences that would otherwise place them at a disadvantage compared to others

Diversity: a spectrum of differences between individuals, sometimes in subtle ways, without domination by one social or cultural group

Inclusion: The action or state of including or of being included within a group or structure

Inclusion is more than just having lots of differences represented; it is about making sure that everyone feels comfortable and confident, valued and respected, heard and understood.

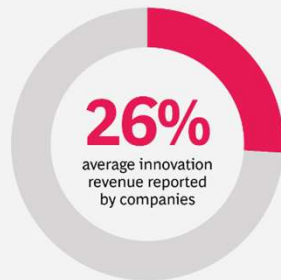
allowing, ensuring or inviting participation for all irrespective of differences



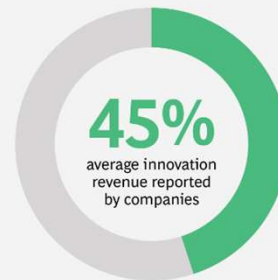
Why does EDI matter in Innovation?

EXHIBIT 1 | Companies with More Diverse Leadership Teams Report Higher Innovation Revenue

Companies with
below-average diversity scores



Companies with
above-average diversity scores



Source: BCG diversity and innovation survey, 2017 (n=1,681).

Note: Average diversity score calculated using the Blau index, a statistical means of combining individual indices into an overall aggregate index.



<https://www.bcg.com/publications/2018/how-diverse-leadership-teams-boost-innovation>



There is a growing number of reports supporting this evidence. Another is outlined here from Boston Consulting Group.

They showed that in both developing and developed economies, companies with above-average diversity on their leadership teams leads to more and better innovation and improved financial performance.

The report also demonstrated that companies can start generating gains with relatively small changes in the makeup of their senior teams.

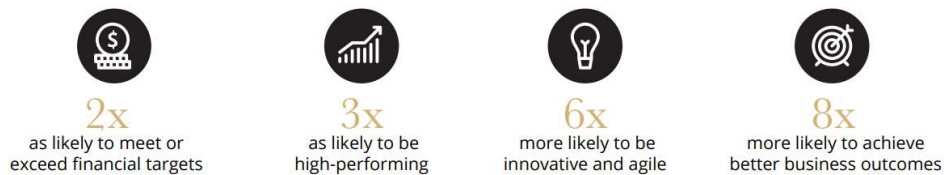


Why does EDI matter in Innovation?

Deloitte.

FIGURE 2 | The case for an inclusive culture

Organizations with inclusive cultures are:



Source: Juliet Bourke, *Which Two Heads Are Better Than One? How Diverse Teams Create Breakthrough Ideas and Make Smarter Decisions* (Australian Institute of Company Directors, 2016).

https://www2.deloitte.com/content/dam/insights/us/articles/4209_Diversity-and-inclusion-revolution/DI_Diversity-and-inclusion-revolution.pdf



Equality: state where everyone is treated the same irrespective of difference, assuming that everyone will benefit from the same provision

Equity: providing different provision to ensure that everyone has the same opportunities by acknowledging and making allowances for differences that would otherwise place them at a disadvantage compared to others

Diversity: a spectrum of differences between individuals, sometimes in subtle ways, without domination by one social or cultural group

Inclusion: The action or state of including or of being included within a group or structure

Inclusion is more than just having lots of differences represented; it is about making sure that everyone feels comfortable and confident, valued and

respected, heard and understood.

allowing, ensuring or inviting participation for all irrespective of differences



Why does EDI matter in Innovation?

What Employees Look for In Their Employer, by Generation

Young Millennials & Gen Z: 1989-2001	Older Millennials: 1980-1988	Gen X: 1965-1979	Baby Boomers: 1946-1964
1. The organization cares about employees' wellbeing.	1. The organization cares about employees' wellbeing.	1. The organization's leadership is ethical.	1. The organization's leadership is ethical.
2. The organization's leadership is ethical.	2. The organization's leadership is ethical.	2. The organization cares about employees' wellbeing.	2. The organization cares about employees' wellbeing.
3. The organization is diverse and inclusive of all people.	3. The organization's leadership is open and transparent.	3. The organization's financial stability.	3. The organization's financial stability.

GALLUP

<https://www.gallup.com/workplace/336275/things-gen-millennials-expect-workplace.aspx>



These reports demonstrate the real benefits that diversity and inclusion can bring to organisations.

It's also important for businesses to recognise that people entering work are increasingly looking for organisations that are diverse and have inclusive cultures. This is demonstrated by numerous reports comparing people from different generations, and the findings show that the younger generations look for employers who are diverse and inclusive as a priority, and do select companies on this bases



Diversity is a strategic priority for 6 in 10 start-ups



Research among 279 businesses (93% small or micro companies) funded by the Sustainable Innovation Fund:

- 73% say diversity improves company innovation
- 56% say diversity boosts commercial performance
- 66% say diversity is an important part of the company's ethos
- 77% are actively recruiting diverse candidates



<https://diversityq.com/uk-startups-face-culture-of-complacency-on-diversity-and-inclusion/>



These findings are reflected in the organisations Innovate UK funds. A survey on attitudes and actions around EDI for businesses funded by the Sustainable Innovation Fund demonstrates that leaders understand that diversity improves innovation and increases commercial performance. The majority of those companies are committing to this area of work through embedding diversity and inclusion into their company's values, as well as actively recruiting diverse talent.

You can see how all this evidence builds a strong case for the importance of equality diversity and inclusion for innovation and business success.



What are the consequences of exclusive innovation?

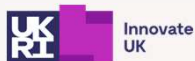


Silent and deadly? The electric car debate



Pedestrians are 40 per cent more likely to be hit by a hybrid or electric car than by one with a petrol or diesel engine in the UK (Guide Dogs, 2015).

<https://www.rnib.org.uk/rnibconnect/silent-deadly-electric-hybrid-vehicles-sight-loss>



NEWS | 15 September 2021 | Correction 16 September 2021

The fight to manufacture COVID vaccines in lower-income countries

Drug companies and wealthy countries are facing increased pressure to partner with firms in the global south but are reluctant to relinquish control.

<https://www.the-scientist.com/news-opinion/biased-evaluation-committees-promote-fewer-women-66355>



We have been looking at the compelling business case for EDI in innovative business. It is important that we reflect on the impact that not being inclusive can have, on individuals, businesses and the innovations themselves. Over the coming slides we shall provide some examples.

Firstly, In 2015, research showed that...another study suggested that 93% of blind and visually sighted pedestrians had problems with electric vehicles. These findings have supported requirements for manufacturers to fit artificial sound generators on new types of electric and hybrid electric vehicles. This example highlights the importance of innovators considering the impact of innovators across all sectors of society.

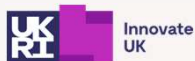
A different example is the inequity of availability to Covid-19 vaccinations around the world, with health-advocacy organizations previously pressing pharmaceutical companies and governments to share their patented knowledge and technology with drug manufacturers that could produce them for poorer countries.



What are the consequences of exclusive innovation?



<https://www.forbes.com/sites/korihale/2021/09/02/ai-bias-caused-80-of-black-mortgage-applicants-to-be-denied/>



<https://theconversation.com/gender-bias-in-medicine-and-medical-research-is-still-putting-womens-health-at-risk-156495>



I am sure many people can cite examples of Artificial intelligence bias is built into innovations. Here is just one of those, 80% of Black mortgage applicants were denied due to AI bias.

There are also examples of gender bias in medical research having negative impacts on women's health. For example, we now know that Women are less likely to experience the "classic" symptoms of a heart attack. These were symptoms that were discovered in research in which most of the participants were men, so understandably would only identify the symptoms in men. Examples such as this demonstrates the significant impact that can occur when diversity and inclusion isn't consider throughout the innovation process.



What are the consequences of exclusive innovation?

<https://www.gov.uk/government/publications/creative-industries-sector-deal/creative-industries-sector-deal-html>



<https://wearepurple.org.uk/the-purple-pound-infographic/>



Disparities in the locations of organisations can also have impact on job opportunities and local economic success. Many businesses and sectors tend to be clustered around South East England, leading to less opportunities elsewhere. Recognition of such disparities has led to the Government's 'levelling up white paper' and associated activities.

Finally, businesses are losing out on not meeting the needs of a diverse audience. For example, 73% of potential disabled customers experience barriers on many websites that they visit, and research shows that business lose approximately £2 billion a month by ignoring the needs of disabled people.

These statistics add to the evidence of the importance of equality diversity and inclusion for business success and societal benefit.



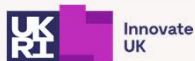
Summary



We know that the UK is currently losing out on economic and societal benefits of EDI.

- Systemic change that enables opportunities for all
- Readily available access to tailored support that enables business success
- A UK Innovation Ecosystem that reflects the UK demographic across all roles and within all sectors
- More inclusive innovations are delivering wider societal benefit and business success

We have a huge opportunity to lead change and we are in a strong position to be successful



...

We are looking across everything we do and seeing how we can change to better support equality diversity and inclusion in business innovation.

Our plan for the future is not slow expansion; it is ambitious and bold.

...

...

And We plan to work with others, including yourselves to achieve effective and sustainable change across the innovation ecosystem



Innovate
UK

For more information:



I hope that provided useful context to why Innovate UK is committed to equality diversity and inclusion. Thank you for listening