

Report – Fostering and Achieving Diversity, Equity, Inclusion and Belonging (DEIB) in the Restructuring and Insolvency Industry

DEIB Principles and Applications

I. Introduction

The webinar, *Fostering and Achieving Diversity, Equity, Inclusion and Belonging (DEIB) in the Restructuring and Insolvency Industry*, held on 16 July 2024, was organized by INSOL Asia Hub, the International Association of Insolvency Regulators (IAIR), and the International Women's Insolvency & Restructuring Confederation (IWIRC) Singapore Chapter. The discussion centered on the principles of Diversity, Equity, Inclusion, and Belonging (DEIB), offering insights from both academic and corporate perspectives. The conversation highlighted the importance of DEIB strategies in creating inclusive environments, fostering innovation, and improving organizational performance.

Key Definitions and Principles –

- **Diversity:** Diversity encompasses both inherent traits such as age, race, gender, and sexual orientation, and acquired traits, including experiences and skills gained over time. In workplace settings, diversity refers to demographic similarities and differences among employees, leadership, subcontractors, and customers. These differences may vary in relevance depending on the organization's context.
- **Equity:** Equity extends beyond equality, acknowledging the diverse circumstances and needs of individuals. It emphasizes fair treatment and resource distribution to ensure comparable outcomes for all employees. This includes accommodations for parents, individuals with disabilities, and others requiring specific support.
- **Inclusion:** Inclusion focuses on fostering a welcoming and respectful environment where everyone feels valued and can fully participate. It involves ensuring that all employees have opportunities to contribute meaningfully to organizational goals.
- **Belonging:** Belonging represents the successful outcome of DEIB initiatives, where employees feel accepted, safe, and empowered to engage fully.
- **Accessibility:** Accessibility ensures that workplaces are designed to enable full participation by all individuals, including those with disabilities. This includes providing necessary accommodations and resources.

II. Fostering Authentic Conversations about DEIB

Insights from International and Regional Organizations

A. International Association of Insolvency Regulators (IIR)

The IIR addressed gender gaps in the insolvency profession by forming a Diversity and Inclusion Team, comprising members from multiple countries. Key initiatives included:

- **Safe Conversations:** Providing spaces for open, judgment-free dialogue.
- **Mandatory Training:** Focusing on unconscious bias and diversity principles.
- **Value Measurement:** Implementing metrics to ensure progress.
- **Broader Outreach:** Reaching minority groups to extend support services.

B. Australian Financial Security Authority (AFSA)

AFSA emphasized the importance of data and leadership in driving DEIB initiatives. Key achievements included:

- **Research-Driven Change:** Leveraging McKinsey data showing the financial benefits of diversity.
- **Female Representation:** Increasing female representation among registered trustees from 9% to nearly 15%.
- **Diversity Networks:** Establishing networks for underrepresented groups, including First Nations people, LGBTQIA+ communities, and neurodiverse individuals.
- **Leadership Commitment:** Embedding DEIB principles at the executive level to set a strong tone.

C. Corporate Perspective: Citi

Citi's DEIB initiatives were guided by a global, multidimensional approach to diversity. Highlights included:

- **Visible Leadership:** Gender diversity at the executive level, with a female CEO and diverse board representation.
- **Inclusion Networks:** Transitioning from affinity groups to inclusion networks, encouraging cross-identity participation.
- **Social Mobility Programs:** Expanding DEIB initiatives to address social mobility, particularly in regions like the UK.
- **Financial Inclusion:** Promoting access to banking services for underbanked and unbanked populations.

D. Insights from Academia

Educational institutions also play a pivotal role in advancing DEIB principles. One policy school conducted a DEIB assessment revealing staff dissatisfaction, prompting targeted initiatives to foster a more equitable environment. Integrating DEIB into curricula equips students to lead and contribute to inclusive workplaces across sectors.

III. Organizational Approaches to DEIB

A. Influences on DEIB Policies: Organizations across sectors have been influenced by internal and external factors in shaping their DEIB policies:

- **Internal Input:** Lived experiences of employees have guided policy development, helping organizations address specific challenges and priorities.
- **External Frameworks:** Broader government and institutional strategies, such as Australia's public sector diversity policies, provide valuable guidance.

B. Deliberate Strategies for Change: To address historical gaps, organizations have implemented targeted initiatives:

- **Pipeline Development:** Strategies like assigning a percentage of cases to female professionals (as seen in Australia's insolvency sector) have helped increase gender representation.
- **Inclusive Hiring Practices:** Adjusting recruitment processes to accommodate neurodivergent individuals ensures equitable access to opportunities.
- **Diversity Networks:** Establishing employee-led networks with executive sponsorship empowers underrepresented groups while fostering a sense of ownership.

C. Setting Clear Objectives: Panelists emphasized the importance of establishing measurable targets to ensure accountability. For example, setting percentage goals for First Nations employment and procurement from diverse suppliers has driven progress while signaling organizational commitment.

D. Long-Term Perspective: Panelists highlighted that meaningful DEIB efforts require a long-term, multi-year strategy. Quick wins may be achieved, but cultural and behavioral changes take time to become embedded. DEIB is a marathon, not a sprint, requiring sustained effort and commitment.

IV. Challenges and Barriers to DEIB Implementation

Challenges –

A. Resistance and Misinterpretations: A significant challenge to advancing DEIB initiatives is resistance due to perceived reverse discrimination. Panelists emphasized that DEIB efforts aim to create equitable opportunities for all, not to favor one group over another. Clear communication about the purpose and principles of DEIB is essential to dispel misconceptions and foster understanding.

- B. Geopolitical and Social Contexts:** Organizations must navigate rising geopolitical tensions while maintaining focus on inclusive practices. Balancing external pressures with internal equity and inclusivity requires intentional strategies and adaptability.
- C. Systemic Biases in Established Practices:** Panelists highlighted that historical systems and practices often embed biases that inadvertently hinder diversity. For example:
- **Qualification Requirements:** Stringent time-based criteria for professional certification, such as the 4,000-hour requirement for Australian insolvency practitioners, disproportionately affect individuals with caregiving responsibilities. Adjustments, such as prorating experience, can address these disparities.
 - **Outdated Policies:** Legacy systems and regulations, often created in less diverse eras, need critical re-evaluation to ensure they align with contemporary inclusivity goals.
- D. Slow Progress and Long-Term Change:** Achieving meaningful diversity is a gradual process. While progress has been made, systemic change often requires years or decades. Patience and sustained commitment are necessary to maintain momentum and achieve long-term goals.

Strategies to Address Challenges -

- A. Building Inclusive Communities:** Organizations can create “community spaces” to facilitate open dialogues and provide tools for constructive conversations. Offering training on allyship and fostering a culture of active upstanders promotes engagement and accountability.
- B. Transparent Communication and Reporting:** Clear articulation of DEIB policies, principles, and progress helps build trust and credibility. Annual diversity reports and workshops, such as those addressing antisemitism or Islamophobia, demonstrate commitment and educate stakeholders.
- C. Targeted Recruitment and Support:** Proactive strategies to diversify professions, such as mentorship programs, scholarships, and setting representation targets, help address underrepresentation. For example:
- **Trinidad and Tobago:** Promoting insolvency careers through outreach and mentorship has increased diversity among practitioners.
 - **Australia:** Adjusting recruitment practices to accommodate neurodivergent candidates and providing flexible qualification requirements have fostered inclusivity.
- D. Leadership Development:** Equipping managers to lead diverse teams and demonstrate inclusive behaviors is critical. Training on unconscious bias, while not eliminating bias, encourages more mindful decision-making.
- E. Critical Evaluation of Systems:** Organizations must continually review policies, regulations, and practices to identify and eliminate hidden biases. Input from individuals with lived experiences can reveal barriers that might otherwise go unnoticed.

The panel clarified that reverse discrimination is often a misinterpretation of DEIB efforts. These initiatives focus on leveling the playing field and ensuring equitable access to opportunities. Rather than disadvantaging any group, they aim to dismantle systemic barriers that have historically excluded certain communities.

V. Advancing DEIB Through Collaboration and Ecosystem Strengthening

The discussion highlighted the critical role of partnerships and stakeholder engagement in advancing Diversity, Equity, Inclusion, and Belonging (DEIB) policies. Panelists emphasized the importance of inclusive ecosystems, co-design, and outreach to ensure DEIB strategies reflect the needs of diverse constituencies.

Strengthening Ecosystems to Advance DEIB

- A. **Inclusive Stakeholder Engagement:** Panelists underscored the value of stakeholder mapping and analysis to identify constituencies often overlooked in policy-making. By considering the needs of customers, employees, community groups, and other stakeholders, organizations can ensure their policies are comprehensive and equitable.
- B. **Addressing Vulnerable Groups:** Recognizing and supporting vulnerable populations was a recurring theme. For example:
 - **Financial Vulnerability:** In Australia, over half of those entering personal insolvency have low incomes and few assets, often compounded by other challenges such as job loss or illness. Destigmatizing insolvency and designing systems to support these individuals is essential.
 - **Cultural Sensitivity:** Engaging First Nations communities and including representatives from these groups in service delivery ensures cultural appropriateness and trust.
- C. **Co-Design and Partnerships:** Co-designing services with input from diverse stakeholders is crucial to creating inclusive and effective systems. Examples include:
 - **Consumer Reference Groups:** Involving representatives from financial counseling, legal aid, and social services in designing Australia's insolvency systems.
 - **Specialized Outreach:** Partnering with organizations like the Federation of Ethnic Communities Councils in Australia to better understand and address the needs of underrepresented communities.
- D. **Internal and External Impact:** From a corporate perspective, collaboration with stakeholders strengthens DEIB initiatives and enhances organizational performance.
 - **Attracting Talent:** Transparency in DEIB practices, such as disclosing pay equity and setting aspirational goals, attracts diverse talent. Many candidates prioritize employers who demonstrate a commitment to diversity.

- **Fostering Innovation:** Diverse teams contribute to innovation and improved business outcomes. Research consistently shows that gender and ethnically diverse firms outperform their less diverse counterparts.
- E. Social Change Initiatives:** Global organizations like Citi have extended their DEIB efforts beyond internal practices to address societal inequities.
- **Action for Racial Equity:** A \$1 billion initiative launched in 2020 to close the racial wealth gap in the U.S.
 - **Citi Impact Fund:** A \$500 million fund supporting companies focused on housing, financial inclusion, climate solutions, and social infrastructure.
 - **Supplier Diversity:** Investing in diverse suppliers to promote economic inclusion.

VI. Key Takeaways and Recommendations

The panel discussion concluded with reflections on key lessons learned and actionable advice for advancing Diversity, Equity, Inclusion, and Belonging (DEIB). The panelists shared insights from their respective fields, emphasizing the importance of long-term commitment, measurement, and open dialogue.

- A.** From a regulatory perspective, sustained awareness of the evolving DEIB landscape is essential. Both internal and external impacts must be considered, and mechanisms should be established to ensure the longevity of DEIB efforts. Organizations must stay proactive, adapting to new challenges and opportunities as they arise.
- B.** Listening to stakeholders and understanding their unique needs is a cornerstone of effective DEIB strategies. Authentic engagement, coupled with empathy, fosters trust and openness within organizations and communities.
- C.** A diverse and inclusive approach produces better cultures and outcomes. Focus on measurement, collaboration, and long-term commitment. Involve people with lived experiences in co-designing systems to ensure their needs are met effectively.
- D.** Listen to your stakeholders, adapt practices to your unique organizational setting, and embrace setbacks as opportunities for growth. Collaborating with diverse partners can bring fresh perspectives to drive meaningful progress.
- E.** Regardless of where your organization is on its DEIB journey, transparency and empathy are crucial. Keep dialogues open, acknowledge when mistakes are made, and assume positive intent. Progress comes from consistent effort and a willingness to learn.

VII. Audience Engagement

The panel concluded with a thought-provoking question from the audience: “Do DEIB initiatives result in a backlash for men? If so, how can this be addressed?” Panelists offered insights on the underlying concerns and emphasized the importance of empathy, data, and clear communication

to navigate these challenges. Panelists acknowledged the apprehension that DEIB initiatives may create among certain groups, particularly men, who may perceive such efforts as obstacles to their success. It is essential to approach these concerns with empathy and to address the root causes of these misconceptions. Diversity and inclusion are not zero-sum games. Research shows that organizations with diverse teams outperform less diverse ones in terms of profitability and innovation. These benefits extend to all stakeholders, including men, by fostering better decision-making, stronger organizational cultures, and greater societal impact. It is emphasized that the importance of men acting as champions for diversity within their organizations. By recognizing the value of diverse perspectives and supporting equitable representation, men can play a critical role in advancing DEIB initiatives.

VIII. Conclusion

In conclusion, advancing Diversity, Equity, Inclusion, and Belonging (DEIB) within the restructuring and insolvency industry requires a multifaceted, long-term commitment. The insights shared during the webinar highlight the importance of clear objectives, transparent communication, and collaboration across sectors. While challenges remain, particularly around resistance and systemic biases, the benefits of DEIB are evident in fostering inclusive, innovative, and high-performing environments. By embedding DEIB principles into organizational culture, engaging diverse stakeholders, and continuously evaluating progress, the industry can create meaningful change that drives both social and economic impact for all involved.