



## Cognitive Diversity Project

Diversity Project Community Interest Company: Call for Research Project Proposal July 2024

Email: [info@diversityproject.com](mailto:info@diversityproject.com) to submit questions and proposals to Arun Kelshiker. <https://diversityproject.com/>  
<https://www.linkedin.com/company/diversity-project-investment-industry/>

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#### **I) Overview of the Diversity Project**

The Diversity Project (DP) is a cross-company initiative to create a truly diverse and inclusive UK investment and savings industry. An industry with a broad range of talent organised to deliver the best possible outcomes for our clients, reflect the society we serve and secure a sustainable future for our sector.

Our members are investment managers, asset owners, fund selectors, family offices, investment consultants, actuaries, trustees, wealth managers and fund service providers. Our partners and

supporters include recruiters, professional standards authorities, data providers, trade bodies and other organisations within the industry. We have 115 members, representing over £13trn AUM and more than 85,000 employees.

The Diversity Project seeks to achieve its goals through:

- I) Sharing what works through members' collaboration
- II) Creating programmes where none exist (e.g. the Pathway programme is aimed at developing more female fund managers, still only 12% of the total; The Skills Workshop introduces students from a wide range of backgrounds to the industry)
- III) A focus on specific dimensions of diversity through workstreams. Some groups work across the workstreams e.g. over-50s with the intent of ensuring these sources of demographic diversity are included in decision-making (we accept we have not proven any linkage between demographic and cognitive diversity).
- IV) Collaborations with specialist groups (e.g. Progress Together on Social Mobility issues)
- V) Creating buy-in from across the industry and at all levels of seniority

The Diversity Project is genuinely inclusive. We want to create more opportunity and success for all, including 'traditional talent'. We actively seek to include everyone in everything (e.g. our International Women's Day event encouraged women to 'BYOB' - Bring Your Own Bloke).

## **II) Project background**

The motivation for this project is the desire to improve the performance of the investment management industry through a better understanding of the linkage between cognitive diversity and the performance of teams.

There is clearly more work to be done to identify any linkage between the composition of a team, the way team members interact and the team's output. Ongoing failures suggest groupthink still prevails even if a company's board and management teams are demographically diverse.

We are aware of existing rigorous primary research suggesting proper cognitive diversity can lead to better team performance, although also situations where it can be a hindrance. We would like to explore this in connection with the performance of fund management teams and see if case studies bear this out in the investment industry. We can offer researchers opportunities to leverage the Diversity Project's wide industry network, providing access to professionals who can share case studies to be documented and explored.

We are looking to examine the business case for cognitive diversity and inclusive cultures in the investment industry. We are entirely open to what the research reveals. Please note we are not seeking to work backwards from the outcome we hope to see; we want the research to be rigorous, replicable and to bear academic scrutiny.

We are not looking to simply publish a report, but subject to its findings, to catalyse a shake-up in the approach to hiring, assembling teams, and creating inclusive cultures. The Diversity Project is able to achieve broad coverage of its work, both within the industry and beyond and we hope to

amplify the impact of the research through global publicity. The Diversity Project expects to lead this communications plan, working with the researchers.

### **III) Project Mission**

To help our member firms deliver higher performance by thinking smarter. The project aims to show:

- i. The linkage, if any, between cognitive diversity and the performance of investment teams.
- ii. Approaches that can help create strong-performing teams within investment firms,
- iii. How to avoid or mitigate the risk of groupthink, and
- iv. Any difference in outcome in situations where diverse perspectives are shared and challenged.

We hope that the research will provide the basis for creating these outcomes, but again accept that we may not be able to demonstrate any or all of these.

### **IV) Research Remit**

To review the literature for whether cognitive diversity works and in which conditions (and when it doesn't work), and then draw out implications for the investment industry with case studies. We have a number of specific questions; we appreciate this is a broad list so welcome ideas around focus areas:

1. How can we measure cognitive diversity? How does this apply this to investment teams? 3
2. Is there a linkage between cognitive diversity and the success of an investment team? We define success for these teams as risk-adjusted investment performance.
3. What are the critical additional factors that might enhance or detract from the team's performance? (See ideas below\*) Again, do any of these apply to a greater or lesser extent for investment teams?
4. Are there specific risks which cognitive diversity mitigates eg groupthink, risk of investment underperformance or loss from excluding ideas?
5. If there is a linkage between cognitive diversity (plus other factors) and an investment team's success, can it be demonstrated that this is more than mere positive correlation?

\*Ideas that might be considered for review/testing include:

- Recruiting for the team (see Andy Haldane, The Sneetches <https://www.bankofengland.co.uk/speech/2016/the-sneetches>)
- Devil's Advocate/red team
- Removing hierarchical barriers
- Creating conditions that foster innovation as well as fostering individual confidence to contribute
- Bestowing the licence to disagree

- Techniques to overcome the authority gap
- Physical proximity

Could you please share your thoughts:

1. Considering the questions above, is there existing research which satisfactorily addresses these generally? If your answer is 'partially', please elaborate.
2. Are there key unanswered questions which require primary research?
3. How would you conduct research into any such gaps? Will such research find causation or only correlation?
4. How would you map general research (or research into other sectors) onto the investment industry?
5. Do you think our proposed methodology of taking existing research and exploring the findings in relation to investment case studies is a sensible approach? Would you suggest other research methods?
6. Is question 3) above on additional factors something you are happy to explore along with the work on cognitive diversity?
7. Are there other innovative topics or methods concerning decision-making that you think we should explore?
8. Based on this outline, would you be interested in contributing to or leading this research effort?

## Part 2 - Proposal guidelines and application process

1) General guidelines for proposals Proposals will be judged on the following criteria outlined below and should have a maximum word count of 2,500 words (excluding graphics / charts and appendices). They should be submitted in Word (Arial font, size 11, single spaced)

Closing date for submissions is Sunday 22nd September 2024, 11.59pm UK time

**Information briefing:** There will be two online project briefings, which will take place on Monday 22nd July 2024 at 11:00am BST, and Thursday 1<sup>st</sup> August 2024 at 14:00 BST. where members of the Diversity Project will talk about this project and offer the opportunity for a live Q & A. The webinar will be recorded and made available on request for those who are not able to attend in person.

Criteria for judging proposals:

- Rigour and impact of the proposed research
- Evidence that the individuals involved have the capacity to execute the proposed project and deliver on stated outcomes
- Expected contribution to financial services industry
- Value for money

## **Deliverables:**

- 1) Brief of 2,000 words at the end of the project
- 2) Final Research Paper: A Final Research Paper of up to 10,000 words at the end of the project
- 3) Summary PowerPoint Presentation with detailed speaker notes for industry-wide dissemination
- 4) Scholarly publications and publications in other outlets, stemming from the research project
- 5) A pre-agreed number of in-person presentations by the research lead / s on the research for the Diversity Project and other relevant industry stakeholders

## **II) Summary proposal including:**

- Project title
- Name/s of Principal Investigator(s) and lead researcher(s)
- Structure of the team and allocation of tasks across members
- Start and end dates
- Total budget

## **III) Research objectives and design / methodology**

Please look to clarify the primary goals of this research study, as well as the specific methods and approaches to be employed.

## **IV) Timeline**

Please provide a detailed timeline of the project and your interim milestones and dates for deliverables.

## **V) Impact**

Please provide an explanation of the anticipated impact of your proposed research and how it could potentially expand on the current body of knowledge, address existing knowledge gaps and contribute to the financial services industry. Please note any journals where you would seek to publish the work. Please also elaborate on the short-term and long-term effects your research aims to achieve, including any innovative applications, transformative outcomes, or broader implications for future research and practice.

Please note that the Diversity Project has global relationships with media outlets and within the investment community and would be expecting to develop a communications plan to share the results of the work.

## **VI) Appendix 1. Detailed CVs of team members**

## **VII) Appendix 2. Detailed budget breakdown (via a template)**

## **Important dates:**

**Project briefing and live Q&A:** Monday 22nd July 2024 11.00am UK time.

Register here: [https://us02web.zoom.us/meeting/register/tZlodOitqDsjHdKmqd\\_pNjXw22N-u4SQj7fZ](https://us02web.zoom.us/meeting/register/tZlodOitqDsjHdKmqd_pNjXw22N-u4SQj7fZ)

**Project briefing and live Q&A:** Thursday 1<sup>st</sup> August 2024, 2:00pm, UK Time

Register here: [https://us02web.zoom.us/meeting/register/tZlud-2vpjgjEtDXsuhfTWTN\\_S8rt3SM3TJZ](https://us02web.zoom.us/meeting/register/tZlud-2vpjgjEtDXsuhfTWTN_S8rt3SM3TJZ)

Closing date for submissions: Sunday 29th September 11.59pm UK time.

Please email submissions to: [info@diversityproject.com](mailto:info@diversityproject.com)