THE TIME FOR TALKING IS OVER. NOW IS THE TIME TO ACT.

Race in the workplace

The McGregor-Smith Review

Issues faced by businesses in developing Black and Minority Ethnic (BME) talent in the workplace

Every person, regardless of their ethnicity or background, should be able to fulfil their potential at work.

That is the business case as well as the moral case. Diverse organisations that attract and develop individuals from the widest pool of talent consistently perform better.

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① It's time to unlock talent

The time for talking is over

For decades, successive governments and employers have professed their commitment to racial equality yet vast inequality continues to exist. This has to change now. With 14% of the working age population coming from a Black or Minority Ethnic (BME) background, employers have got to take control and start making the most of talent, whatever their background.

The reward is huge

This should be enough of a wake-up call for any company to realise they can't ignore this issue any more. However, I know that most companies will only act when they see a reason to do so. It is simply not right that BME representation in some organisations is clustered in the lowest paid positions. So all employers with more than 50 people must set aspirational targets to increase diversity and inclusion throughout their organisations – not just at the bottom. Companies should look at the make-up of the area in which they are recruiting to establish the right target. For instance, the proportion of working age people from a BME background in London and Birmingham is already over 40%, with Manchester not far behind.

Daylight is the best disinfectant

Employers must publish their aspirational targets, be transparent about their progress and be accountable for delivering them. The Government must also legislate to make larger businesses publish their ethnicity data by salary band to show progress. This isn't about naming and shaming. No large business has a truly diverse and inclusive workforce from top to bottom at the moment, but through publishing this data, the best employers will be able to show their successes and encourage others to follow.

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> *If BME talent is fully utilised, the economy could receive a £24 billion boost.*
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We need to stop hiding behind the mantle of 'unconscious bias'

Much of the bias is structural and a result of a system that benefits a certain group of people. This doesn't just affect those from a BME background, but women, those with disabilities or anyone who has experienced discrimination based upon preconceived notions of what makes a good employee. Fixing this will involve a critical examination of every stage of the process, from how individuals are recruited to how they are supported to progress and fulfil their potential. The importance of effective mentoring, sponsorship, role models and networks in delivering positive action needs to be understood at all levels of an organisation, with leaders taking responsibility for creating truly inclusive workplaces.

The public sector must use its purchasing power to drive change

Any organisation that is publicly funded must set and publish targets to ensure they are representative of the taxpayers they deliver for. The Government should go further and ensure that it is driving behaviour change in the private sector too. Anyone tendering for a public sector contract should have to show what steps they are taking to make their workplaces more inclusive in order to be awarded a contract.

Fully inclusive workplaces are the target

Too many people are uncomfortable talking about race. This has to change. In order to have a truly inclusive environment where everybody can bring their whole self to work, the changes I have recommended must be made. Only then will everyone in the workforce be able to fulfil their potential, increase productivity and deliver the £24 billion of benefits to the UK economy.

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Foreword

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> *We should live in a country where every person, regardless of their ethnicity or background, is able to fulfil their potential at work.*
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> **"**

In the UK today we face significant challenges developing our economy in a world that is changing rapidly. Technology in particular is disrupting old industries and creating new ones at an unprecedented pace. For our economy and our businesses to be globally competitive and to thrive, it has never been more important to nurture and utilise all of the talent available to us.

The evidence demonstrates that inclusive organisations, which attract and develop individuals from the widest pool of talent, consistently perform better. That is the business case. But I believe the moral case is just as, if not more, compelling. We should live in a country where every person, regardless of their ethnicity or background, is able to fulfil their potential at work. Sadly, we are still a long way from this.

There is no reason why every organisation in the UK should not have a workforce that proportionately reflects the diversity of the communities in which they operate, at every level. This is what our collective goal should be, and has guided the recommendations I have made in this report.

BME individuals in the UK are both less likely to participate in and then less likely to progress

through the workplace, when compared with White individuals. Barriers exist, from entry through to board level, that prevent these individuals from reaching their full potential. This is not only unjust for them, but the 'lost' productivity and potential represents a huge missed opportunity for businesses and impacts the economy as a whole. **The potential benefit to the UK economy from full representation of BME individuals across the labour market, through improved participation and progression, is estimated to be £24 billion a year, which represents 1.3% of GDP[1].**

As part of this review, we consulted with a wide range of individuals to understand the obstacles to progression and their impacts, as well as identify some of the best practice that is already in place. There are many organisations that are doing really great things. But we found that the obstacles are both significant and varied.

In the UK today, there is a structural, historical bias that favours certain individuals. This does not just stand in the way of ethnic minorities, but women, those with disabilities and others.

Overt racism that we associate with the 1970s does still disgracefully occur, but unconscious bias is much more pervasive and potentially more insidious because of the difficulty in identifying it or calling it out. Race, gender or background should be irrelevant when choosing the right person for a role – few now would disagree with this. But organisations and individuals tend to hire in their own image, whether consciously or not. Those who have most in common with senior managers and decision makers are inherently at an advantage. I have to question how much of this bias is truly 'unconscious' and by terming it 'unconscious', how much it allows

us to hide behind it. Conscious or unconscious, the end result of bias is racial discrimination, which we cannot and should not accept.

There is discrimination and bias at every stage of an individual's career, and even before it begins. From networks to recruitment and then in the workforce, it is there. **BME people are faced with a distinct lack of role models**, they are more likely to perceive the workplace as hostile, they are less likely to apply for and be given promotions and they are more likely to be disciplined or judged harshly.

We found that transparency in organisations is crucial. Career ladders, pay and reward guidelines, and how and why people are promoted are often opaque. Perhaps more importantly, many organisations do not even know how they are performing on this issue overall. **Until we know where we stand and how we are performing today, it is impossible to define and deliver real progress. No company's commitment to diversity and inclusion can be taken seriously until it collects, scrutinises and is transparent with its workforce data. This means being honest with themselves about where they are and where they need to get to as well as being honest with the people they employ. That is why I was disappointed that only 74 FTSE 100 companies replied to my call for data and shocked only half of those were able to share any meaningful information.** One of the key recommendations I am making is for organisations to publish their data, as well as their long-term, aspirational diversity targets and report against their progress annually. I truly believe that making this information public will motivate organisations to tackle this issue with the determination and sense of urgency it deserves.

It is no surprise that leadership and culture play a key role in creating obstacles while also providing the solutions that enable BME individuals' success. It is critical that support for building an inclusive business comes from the top – this agenda needs broad executive support, which needs to filter down through organisations. We have also found that mentoring and sponsorship have consistently delivered results and it is incumbent upon all management to play their part in supporting people from all backgrounds.

Language is something that was consistently raised throughout this review as being hugely difficult. **Most people today still find it really hard to talk about race and ethnicity, particularly in the workplace.** Business leaders need to create inclusive cultures that enable employees to bring their whole selves to work and encourage people

to talk openly – these things take time but this is a goal that every business should be working towards. I am recommending that the Government produces a comprehensive guide for business on how to talk about race in the workplace.

Whilst there is no doubt that we face a long road ahead and have a lot of work to do before our workplaces are truly equal, there is also much to be positive about. Throughout this report we have highlighted some of the incredible things that are being done by organisations across the UK to create more inclusive workplaces. **We already have so many of the solutions to tackle this issue; they just need to be applied more broadly.** I encourage all organisations to take this best practice and adapt it for their own workplaces.

While undertaking this review I have met so many people who are deeply passionate about these challenges and are doing amazing things to create change. I would like to thank all of the individuals who contributed to this review and offered their thoughts and wisdom so candidly, on what can be a very difficult topic.

From a personal perspective, I came to Britain when I was two years old. Having grown up in an Asian Muslim family, what has struck me the most during this review is that the feelings of exclusion and judgement on the colour of my skin, my underprivileged background and being a woman, were all things I had hoped were in the past. However, I have been saddened to see that it is not the case. Britain has been the only home I know and I believe it is an extraordinary place to live and grow up in, despite the fact that it was very painful at times, because **feeling excluded is a very lonely, difficult place to be**. I overcame many barriers to achieve what I have done in business, but even today I am seen as someone different. There are so many others like me, who want to see the end of discrimination based on background, race, privilege and gender. Speaking on behalf of so many from a minority background, I can simply say that all we ever wanted was to be seen as an individual, just like anyone else. I can only thank those who saw talent in me, those who looked beyond my colour, background, religion and the fact that I am female. That is how we all need to be and I hope the findings and recommendations in my review help to set the roadmap for change.

Ruby McGregor-Smith

Baroness McGregor-Smith CBE

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> *There is discrimination and bias at every stage of an individual's career, and even before it begins.*
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3 Next steps

I appreciate that in the UK today there are a multitude of economic challenges, and corporate and political requirements for organisations to deliver against or take into consideration.

To enable senior executives to prioritise the recommendations in this review and achieve greater output in the short term, I have created a roadmap to success. This will help busy leaders to focus on the immediate requirements that will enable them to move positively towards a more diverse workforce, while empowering them to plan for the medium term and the associated economic benefits.

1 Gather data
2 Take accountability
3 Raise awareness
4 Examine recruitment
5 Change processes
6 Government support

A roadmap to success

1 Gather data:

Organisations must gather and monitor the data by:

- Setting, then publishing aspirational targets;
- Publishing data to show how they are progressing;
- Doing more to encourage employees to disclose their ethnicity.

2 Take accountability:

Senior executives must **take accountability** by:

- Ensuring executive sponsorship for key targets;
- Embedding diversity as a Key Performance Indicator;
- Participating in reverse mentoring schemes to share experience and improve opportunities;
- Being open about how they have achieved success, in particular Chairs, CEOs and CFOs in their annual reports.

5 Change processes:

Responsible teams must **change processes to encourage greater diversity** by:

- Being transparent and fair in reward and recognition;
- Improving supply chains;
- Being open about how the career pathway works.

4 Examine recruitment:

HR directors must **critically examine recruitment processes** by:

- Rejecting non-diverse shortlists;
- Challenging educational selection bias;
- Drafting job specification in a more inclusive way;
- Introducing diversity to interview panels;
- Creating work experience opportunities for everyone, not just the chosen few.

3 Raise awareness:

All employers must **raise awareness of diversity issues** by:

- Ensuring unconscious bias training is undertaken by all employees;
- Tailoring unconscious bias training to reflect roles – e.g. workshops for executives;
- Establishing inclusive networks;
- Providing mentoring and sponsorship.

6 Government support:

Employers should be supported in making these changes by Government. Specifically, Government should:

- Legislate to make publishing data mandatory;
- Create a free, online unconscious bias training resource;
- Develop a guide to talking about race at work;
- Work with Business in the Community and others to develop an online portal of best practice;
- Seek out ways to celebrate success – such as a top 100 BME employers list.
- Write to all institutional funds who have holdings in FTSE companies and ask them for their policies on diversity and inclusion and how they ensure that the representation of BME individuals is considered across the employee base of the companies where they hold investments.

While it is for employers to deliver these changes, Government must keep their feet to the fire and should consider how opportunities have improved for ethnic minorities in 12 months.

4 Executive summary

The case for action

The headline findings show that:

1 in 8
of the working age population were from a BME background

- In 2015, 1 in 8 of the working age population were from a BME background, yet BME individuals make up only 10% of the workforce and hold only 6% of top management positions[2].

62.8%
The employment rate for ethnic minorities

- The employment rate for ethnic minorities is only 62.8% compared with an employment rate for White workers of 75.6% – a gap of over 12 percentage points. This gap is even worse for some ethnic groups, for instance the employment rate for those from a Pakistani or Bangladeshi background is only 54.9%[3].

15.3%
BME background underemployment rate

- People with a BME background have an underemployment rate of 15.3% compared with 11.5% for White workers[4]. These people would like to work more hours than they currently do.

- All BME groups are more likely to be overqualified than White ethnic groups but White employees are more likely to be promoted than all other groups[5].

> *The potential benefit to the UK economy from full representation of BME individuals across the labour market through improved participation and progression is estimated to be £24 billion a year, which represents 1.3% of GDP.*

The underemployment and underpromotion of people from BME backgrounds is not only unfair for the individuals affected, but a wide body of research exists that has established that diverse organisations are more successful. As McKinsey identified in 2015, companies in the top quartile for racial and ethnic diversity are 35% more likely to have financial returns above their respective national industry medians[6].

The lost potential and productivity – both from these individuals being more likely to be out of work or working in jobs where they are overqualified (and underutilised) – has a significant impact on the economy as a whole. If the employment rate for ethnic minorities matched that of White people, and BME individuals were in occupations commensurate with their qualifications, the benefits are massive. **The potential benefit to the UK economy from full representation of BME individuals across the labour market through improved participation and progression is estimated to be £24 billion a year, which represents 1.3% of GDP.**

During the course of this review, we have heard a number of examples of discrimination and outright racism that are illegal and clearly have no place in any 21st century company. Where these are identified, employers need to act fast and ensure that outdated and offensive views or behaviours are not tolerated. However, dealing with explicit discrimination alone will not change the fortunes of the majority of ethnic minorities in the UK. **In many organisations, the processes in place, from the point of recruitment through to progression to the very top, remain favourable to a select group of individuals.** This bias is referred to as 'unconscious', sometimes wrongly, and it is reinforced by outdated processes and behavioural norms that can and must be improved, to create more inclusive working environments that benefit everybody.

This review has identified a number of changes that can be made by employers in the public, private and third sectors to improve diversity within their organisations. Some are easier, some more long-term and fundamental, but these changes will help organisations to recruit a more diverse workforce, take full advantage of their existing talent, and

service their customer base more effectively by having a more representative workforce. If implemented, these should result in fairer, more inclusive workplaces, happier staff and ultimately, increases in productivity.

Measuring success

Given the impact ethnic diversity can have on organisational success, it should be given the same prominence as other key performance indicators. To do this, organisations need to establish a baseline picture of where they stand today, set aspirational targets for what they expect their organisations to look like in five years' time, and measure progress against those targets annually. What is more, they must be open with their staff about what they are trying to achieve and how they are performing.

Changing the culture

Improving diversity across an organisation takes time. Aspirational targets provide an essential catalyst for change, but to achieve lasting results, the culture of an organisation has to change. Those from BME backgrounds need to have confidence that they have access to the same opportunities, and feel able to speak up if they find themselves subject to direct or indirect discrimination or bias.

Improving processes

From initial recruitment, to the support an individual gets and their progression opportunities, processes need to be transparent and fair. In many organisations, the well-established processes in place can act as a barrier to ethnic minorities and hinder their progress through an organisation.

Supporting progression

Getting a job is only the first step of the career ladder. For those who have friends or family with experience of particular professions, there can be an advantage that supports them in their development. However, this does not result in a business placing the very best candidates in every role.

Inclusive workplaces

The greatest benefits for an employer will be experienced when diversity is completely embedded and is 'business as usual'. This means more than simply reaching set targets and changing the processes. It means that everyone in an organisation sees diverse teams as the norm and celebrates the benefits that a truly inclusive workforce can deliver.

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The time for talking is over. Now is the time to act.

It will require concerted and sustained effort from all of us but the solutions are already there, if we only choose to apply them. That is why I agreed to carry out this review. The business case is there for all to see. But providing equal opportunities to people of all backgrounds is also, quite simply, the right thing to do. By implementing these recommendations, we have a huge opportunity to both raise the aspirations and achievements of so many talented individuals, and to deliver an enormous boost to the long-term economic position of the UK.

5 The case for action

Over the past 40 years, the makeup of the labour market in the UK has changed dramatically. The proportion of the working age population that come from a BME background is increasing.
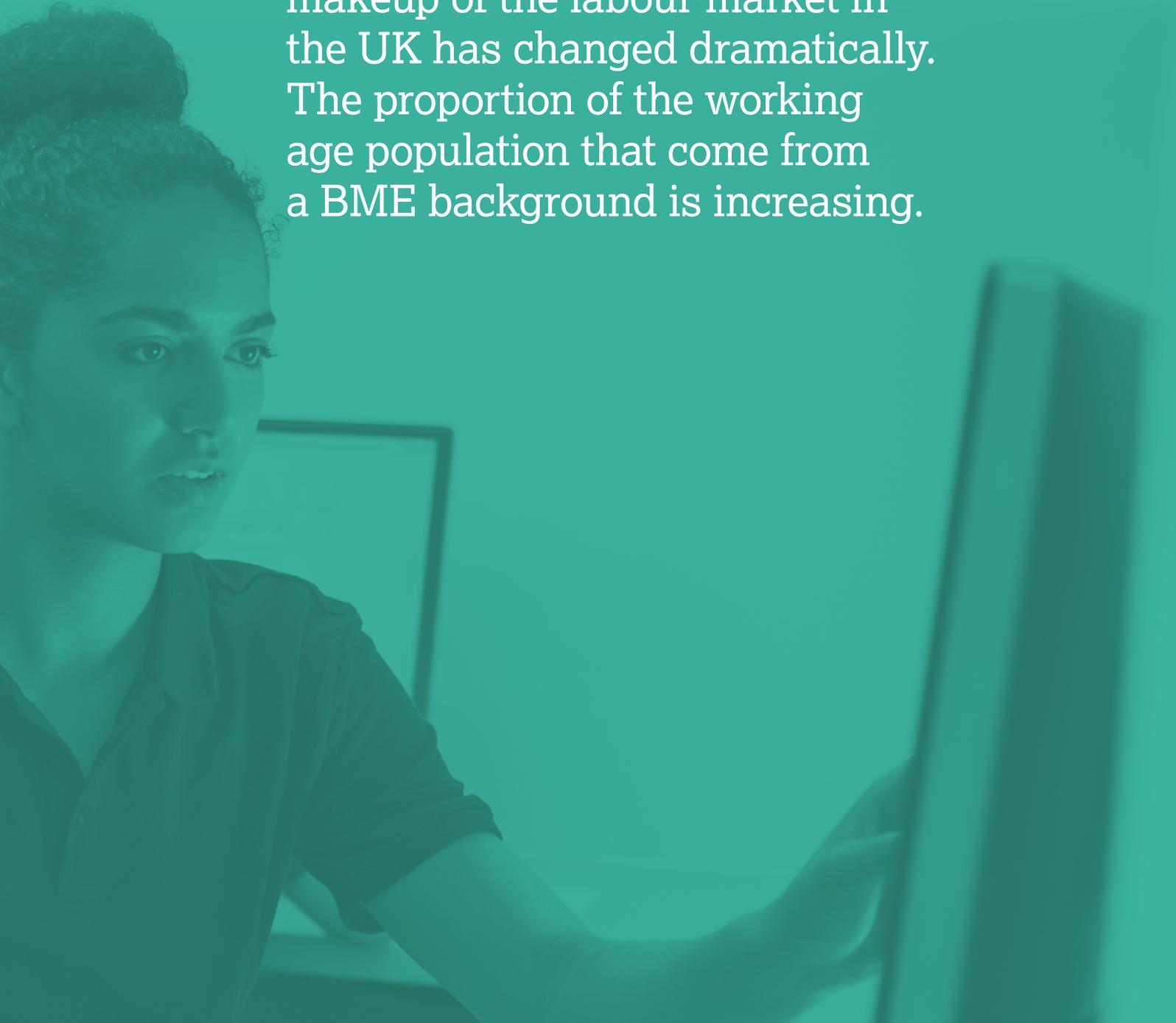
The backdrop

Over the past 40 years, the makeup of the labour market in the UK has changed dramatically. The proportion of the working age population that come from a BME background is increasing. In 2016, 14% of the working age population are from a BME background[7]. This is increasing, with the proportion expected to rise to 21% by 2051[8]. However, this is not reflected in the majority of workplaces, with many ethnic minorities concentrated in lower paying jobs. A 2015 study by the Joseph Rowntree Foundation identified that a higher proportion of BME individuals tended to work in lower paying occupations such as catering, hairdressing or textiles[9].

There are also significant differences in labour market outcomes by ethnicity. For instance, the Joseph Rowntree Foundation found that occupations requiring intermediate skills, such as nursing assistants, tended to attract more individuals from an African background, whereas those with a Bangladeshi and Pakistani heritage were more likely to end up in customer service occupations and process, plant and machine occupations[10]. Some of this may be related to

geography as a number of ethnic groups tend to be concentrated in particular cities where there can be more opportunities in certain sectors, although there can be little doubt that insurmountable barriers do hinder certain groups in a number of sectors.

The types of jobs that ethnic minorities find themselves in unsurprisingly impacts on wider income inequality. This is particularly stark for some ethnic groups. For instance, between 2011 to 2015, individuals from a Bangladeshi or Pakistani origin were far more likely to be in low paying work than White workers[11]. However, there have been some success stories. The income distribution for Black/African/Caribbean/Black British workers is almost comparable with that for White workers. Likewise, there are now more Indian workers who are in the top earnings decile (top 10%) compared to White workers.

BME individuals also struggle to achieve the same progression opportunities as their White counterparts. One in eight of the working age population are from a BME background, yet only one in ten are in the workplace and only one in 16 top management positions are held by an ethnic minority person[12]. In terms of opportunities for progression 35% of Pakistani, 33% of Indian and 29% of Black Caribbean employees report feeling that they have been overlooked for promotion because of their ethnicity[13]. Joseph Rowntree Foundation found that BME groups tend to have unequal access to opportunities for development, often because of a lack of clear information on training opportunities or progression routes within their workplaces. This can be made worse if progression relies on opaque or informal processes, if there is a lack of BME role models or mentors at higher levels within their workplaces to provide support and advice, or if there is a gap between equality and diversity policies and practice in the workplace[14].

In 2016,

14%

of the working age population are from a BME background. This is increasing, with the proportion expected to rise to 21% by 2051.
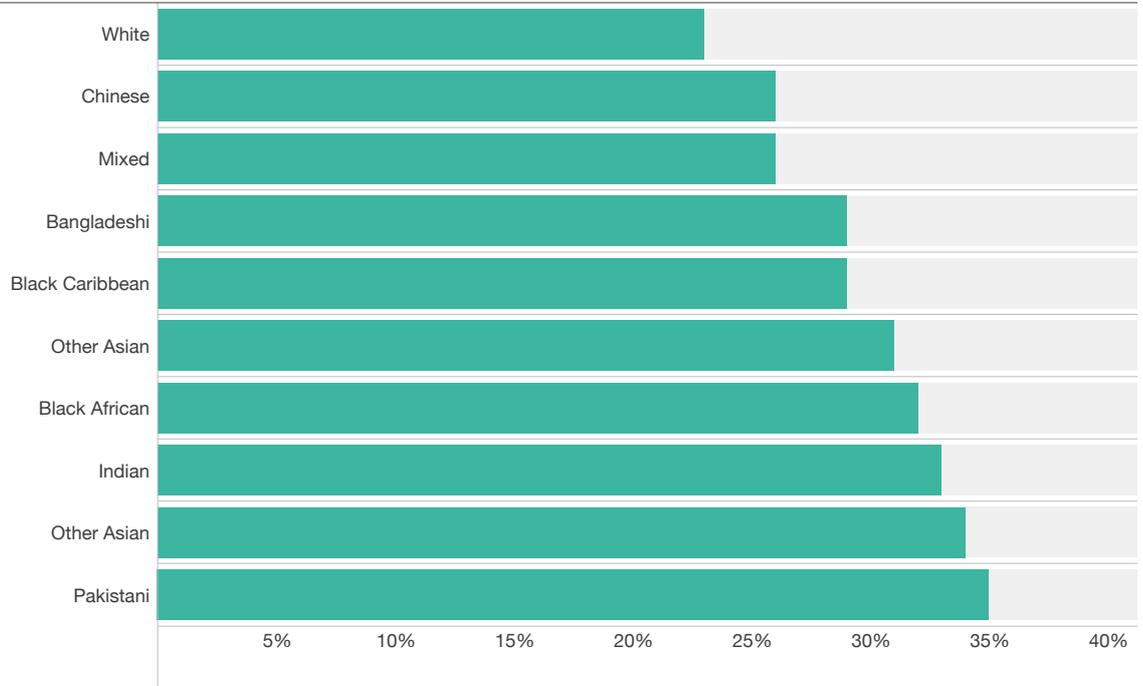
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Only one in 16 top management positions are held by an ethnic minority person.

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The case for action continued

Percentage of employees reporting that they have been overlooked for promotion, by ethnic group[15].

Ethnic group	%
White	
Chinese	
Mixed	
Bangladeshi	
Black Caribbean	
Other Asian	
Black African	
Indian	
Other Asian	
Pakistani	

(Bar chart x-axis: 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%)

Insurmountable barriers

Our call for evidence asked specifically what the obstacles to progression were for those from a BME background. Only a small proportion of individuals believed language skills or a lack of qualifications or formal skills were an issue. The main barrier many individuals felt was standing in their way was the lack of connections to the 'right people'. For employers and organisations, it was unconscious bias that was identified as the main barrier. However, for all groups, discrimination featured prominently as an obstacle faced by ethnic minorities. More detail on this can be found in the summary of the call for evidence findings at the end of this report.

The economic impact

Businesses that responded to the call for evidence identified a range of business impacts from increased racial diversity in their organisations including attracting staff from a wider talent pool, improved employee engagement, more effective teams, increased innovation and improved understanding of their customer base leading to higher customer satisfaction. Businesses need to recognise the huge opportunity to harness the untapped potential of BME talent. Research by the Government on the business case for equality and diversity suggests that **diversity of people brings diversity of skills and experience, which in turn can deliver richer creativity, better problem solving and greater flexibility to environmental changes**. The potential benefit to the UK economy from full representation of BME individuals across the labour market, through improved participation and progression, is estimated to be £24 billion a year, which represents 1.3% of GDP[16]. This is a real opportunity that businesses will want to grasp. Every employer in the UK should be seeking to obtain their share by making the changes identified in this report.
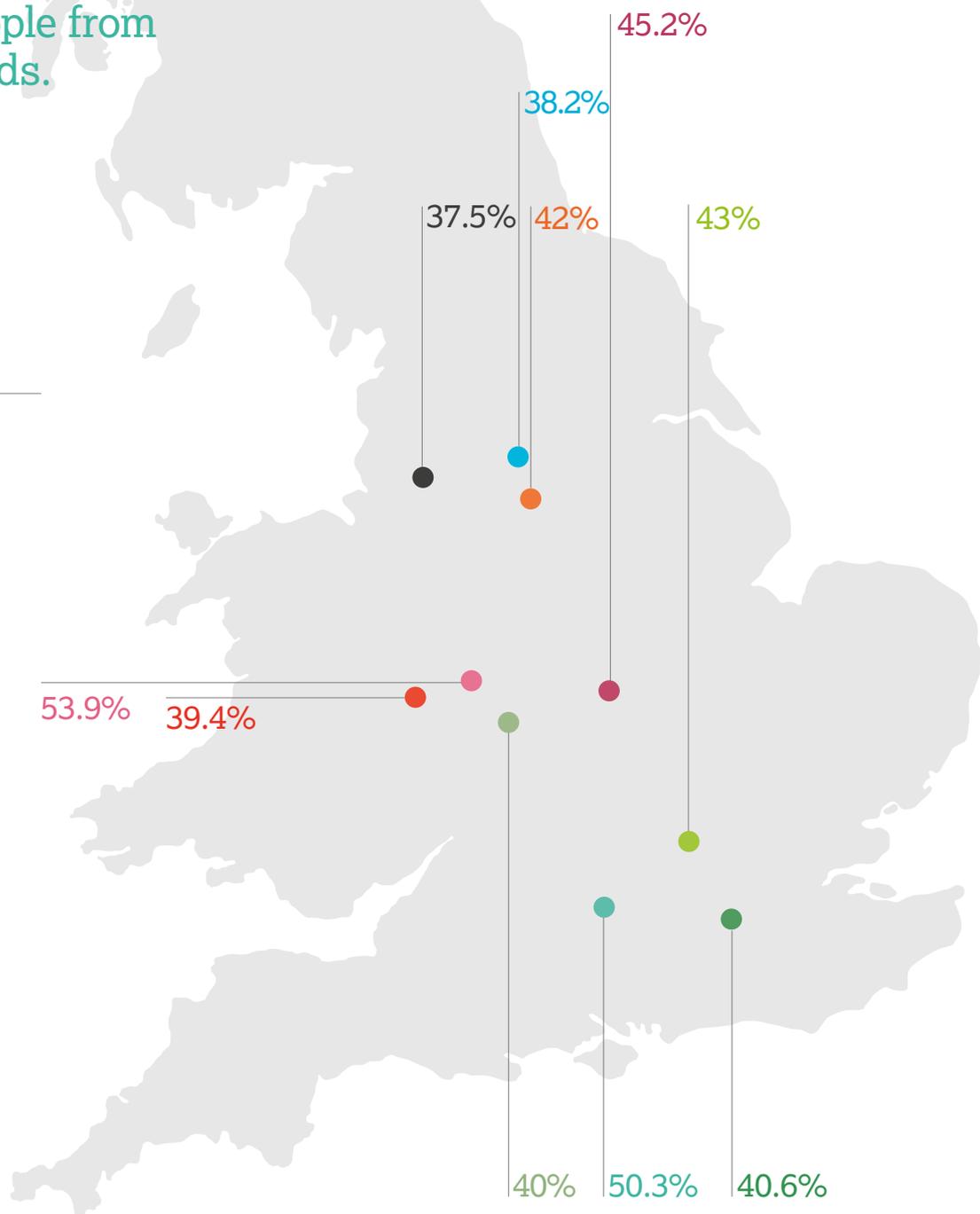
BME working age population by city

The map highlights the top ten cities in the UK with the highest proportion of working age people from BME backgrounds.

A full breakdown is in Annex F
Page 84 for more information

Top 10 cities
- Walsall
- Slough
- Leicester
- Luton
- Oldham
- London
- Birmingham
- West Bromwich
- Bradford
- Blackburn

45.2%

38.2%

37.5% 42% 43%

53.9% 39.4%

40% 50.3% 40.6%

Data has been reweighted in line with the July 2016 ONS population estimates.

6 Measuring success

Successful businesses recognise the benefits that a more inclusive workforce can bring, through diverse skills, talents and experiences.

For a national organisation, I would expect to see overall targets of

14%

Aspirational targets

Successful businesses recognise the benefits that a more inclusive workforce can bring, through diverse skills, talents and experiences.

However, while the business case for greater workforce diversity is strong, it is clear that many employers only take the positive action required when success is weaved into the key performance indicators (KPIs) of both senior management and the organisation as a whole. Most commonly we see these KPIs focus on sales figures or profits, but more recently we have seen KPIs set by companies to try and increase gender diversity at all levels of their organisation. In part this has been driven by the requirement to report the gender pay gap. Some have suggested quotas to ensure that workforces mirror the working age demographic in the UK. However, I have heard from a significant number of employers and individuals during the review that quotas can cause resentment and, in some cases, lead to unintended consequences and unhelpful interventions.

I do not believe that quotas are the answer. However, what we have learned from the debate on gender is that many companies will only take positive action when targets are set. For that reason, I believe that companies should set aspirational diversity targets. It is important that these targets are meaningful and, while challenging, must reflect the reality of the situation. Some of the best examples we have seen of targets being delivered have come from employers who tailor these to local circumstances, allowing regional business managers to take ownership. For instance, where employers are based in areas of low BME density, expecting them to reach 14% of their workforce is unrealistic. However, this works both ways and where employers are located in urban areas with high BME populations such as London, Birmingham or Manchester, aiming for 14% would be neither representative nor ambitious enough. For a national organisation, I would expect to see overall targets of 14%, rising to 20% by 2050 in line with predictions for UK population growth and composition.

Case study: EY

EY is a professional service firm. We believe that culture change takes time – and we are therefore patient and at the same time impatient to interrupt the status quo. The key for the success of our Inclusive Leadership Programme to date has been the role modelling from our leadership team. The ownership and accountability lies with them and not with a diversity and inclusiveness team. What we mean is:

- Our recruitment teams have set targets for recruitment of BMEs at all levels;
- Our board challenges the proportion of BME senior promotions and challenges whether we achieve our target to admit 10% BME partners every year;
- Our HR team challenges the representation of BME people on our leadership programmes;
- Our resourcing team challenges the way work is allocated to our BME team members;
- Since the inception of the programme our BME partner representation has gone up from 3% in 2012 to 8% in 2016 and more of our BME population are receiving high performance ratings.

Measuring success continued

Often the story across different levels of an organisation is mixed. Many companies have told us that they have a good story to tell when it comes to entry grades but progression is not proportionate. Organisations should set targets not just for the organisation as a whole, but to ensure that every level of their organisation moves towards being representative of the local working age population. Leaders should use data reporting to inform targeted positive action at those stages where additional intervention is required to increase diversity across the whole of the organisation.

The overall diversity of an organisation is not going to change overnight and so employers should set a realistic timeframe for delivering results. I believe that five-year targets could be ambitious and realistic for many companies. It is also important that employers are open and transparent about what they are trying to achieve and so should publish progress against their targets. This will show their commitment to improving diversity and allow them to celebrate success. That way, investors can also hold the board to account to deliver the kinds of increased returns that McKinsey identified. There is also a role here for trade unions to work with employers to establish targets and to hold them to account, measuring performance against these targets.

From speaking to a number of employers during this review, I have no doubt that the majority take this issue seriously and will act upon these findings. Many are already setting themselves aspirational targets and holding senior executives to account. Some remain reluctant to publish their results for fear of being seen to have a poor story to tell. However, let us be clear, no one has cracked diversity yet and everyone can improve. This is not a matter of shaming companies with a poor baseline, rather being honest about where they are and where they want to get to.

Recommendation

1. **Published, aspirational targets:** Listed companies and all businesses and public bodies with more than 50 employees should publish five-year aspirational targets and report against these annually.

The case I have made for taking diversity seriously is clear and I expect responsible employers will take action. The public sector should lead the way and ensure that targets are set in any organisation that spends taxpayers' money. I welcome the Government targets for the police and armed forces, but this must go further. As employers of millions of people across the UK, all public sector bodies must strive to be representative of the populations they serve. By reflecting the local population, public and private sector organisations can understand the needs of their customers more effectively. While formal targets may not be appropriate for smaller organisations, it is still in their interest to have a diverse workforce. Smaller organisations – particularly those in their early years with ambitions for growth – may find setting informal targets helpful as part of their business planning.

EY's BME partner representation is

8%

in 2016.

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Simply stating a commitment to diversity or establishing a race network is not sufficient to drive lasting change.

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Data reporting

Setting aspirational targets only works if you have robust data to both establish the baseline and measure the impact of positive action. When I wrote to the CEOs of FTSE 100 companies in February 2016, I asked them to provide an anonymised version of their employee ethnicity data to the review team. The request asked for mean and median pay data, the number of employees within £20,000 salary bands and the number of employees in each category of seniority by ethnic group. I believed that understanding how some of the UK's most prominent firms collect, store and use ethnicity data would provide an insight into best practice and areas for improvement amongst the wider business community. The responses were certainly interesting. Only 74 FTSE 100 companies responded and just over half of those were able to provide data. For the companies that responded, there were wide variations in the type of data that companies collected and the number of people who had completed the ethnicity category.

Case study: Lloyds Banking Group

At Lloyds Banking Group we have launched regular communication campaigns, sponsored by senior leadership, to encourage colleagues to complete all personal details (including ethnicity, disability, sexual orientation) on our HR system.

We have been able to link the request to complete personal data with our Group purpose of Helping Britain Prosper through better representing the customers and communities we serve, whilst also improving the workplace for everyone – giving colleagues a positive reason to share this information. At launch we supported the communication campaign by equipping leadership and line managers with a guidance pack, including FAQs, to help them explain to colleagues the positive benefits of Lloyds Banking Group having accurate data around the diversity of our workforce. Since the launch of our communications campaign, we have seen a 4% increase in completion of ethnic origin data across our full employee population, equating to over 3,000 colleagues voluntarily updating their details.

Measuring success continued

In my call for evidence I also asked employers of all sizes whether they collected data on the ethnicity of their workforce. All but one of the employer respondents said their organisation did collect data on employee ethnicity. However, many raised the issue of non-disclosure and were struggling to persuade individuals to provide that information.

No employer can honestly say they are improving the ethnic diversity of their workforce unless they know their starting point and can monitor their success over time. Simply stating a commitment to diversity or establishing a race network is not sufficient to drive lasting change. We have seen with the gender pay reporting requirements that where employers are required to collect and publish key data, they will take action. For that reason, I believe it is essential that as well as collecting this data, all large employers must publish their workforce ethnicity data annually. This is already a legal requirement in the US and so is perfectly possible[17].

Self-reporting rates for ethnicity vary significantly from employer to employer. Low reporting rates in themselves do not constitute a reason not to publish data. However, there can be no doubt that the higher the reporting rates, the more helpful the data is likely to be in measuring success. A number of people who fed into the review suggested that one of the reasons why reporting rates were low was a lack of transparency about why information was being collected. When a new employer asks for your bank details, you know this is so you can be paid and so you fill it in. The same is not true when considering ethnic origin and employers should consider being clearer about why they are collecting the data, how it will be used to measure the delivery of targets and the wider importance of diversity to the organisation. Other positive action should be considered and improving reporting rates should not just be something considered at entry to an organisation, but routinely promoted.

The organisations we have spoken to take diversity seriously and I have no doubt will be keen to lead from the front and begin publishing data. However, to ensure that all companies do this, the Government should legislate, much as in the US, where companies employing over 100 people already have to provide this data, broken down by pay bands. This will allow everybody to see how ethnic minority staff are progressing through the organisation. I firmly believe that if organisations start to report publicly on the diversity of their workforce they will take action and we will see significant improvements.

Recommendations

2. **Publicly available data:** Listed companies and all businesses with more than 50 employees should publish a breakdown of employees by race, ideally by pay band, on their website and in the annual report. All public bodies employing more than 50 people should publish a breakdown of employees by race, ideally by pay band, on Gov.uk and include it in departmental reports.

3. **Encourage employees to disclose:** All employers should consider taking positive action[18] to improve reporting rates amongst their workforce. This should include clearly explaining how supplying data will assist the company in increasing diversity overall.

4. **Government legislation:** Government should legislate to ensure that all listed companies and businesses employing more than 50 people publish workforce data broken down by race and pay band.

7 Changing the culture

Organisations should be striving to create a genuine culture of openness and inclusion. There are many parallels between changing workplace cultures to be more inclusive and other types of change management programmes.

Changing the culture continued

Culture change

Organisations should be striving to create a genuine culture of openness and inclusion. There are many parallels between changing workplace cultures to be more inclusive and other types of change management programmes. Change management models vary but many contain core elements of: involving staff in key decisions that affect them; ensuring that the vision and reason for change is communicated effectively; ensuring feedback loops are present and open and that there is senior, accountable ownership of the change. All of these elements are a necessary minimum to change workplace cultures around ethnicity. There are many lessons that can be learnt from other types of culture change programmes across organisations and leaders should approach the issue with the same conviction that change is necessary and achievable.

Unconscious bias training

The workplace has moved on significantly since the 1970s. However, there are still examples of outright racism and responses to the call for evidence identified a number of examples of clear discrimination. Two thirds of BME individuals who responded to the call for evidence reported that they had experienced racial harassment or bullying in the workplace in the last five years. Where this happens, employers should act immediately to deal with the situation. Racism and workplace discrimination are illegal and have no place in a 21st century workplace. No employer can hope to cultivate the rewards of a more inclusive workplace if individuals are specifically targeted because of gender, race or religion. What is more, while we talk about unconscious bias in the system, all too often this language is used to excuse processes that are clearly conscious. Any form of discrimination has to be dealt with, and dealt with quickly. Employees need to feel able to report instances of discrimination without recrimination, and have confidence that action will be taken.

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Racism and workplace discrimination are illegal and have no place in a 21st century workplace.

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Even when overt discrimination is not present, there remains a lingering bias within the system which continues to disadvantage certain groups. Many times this is conscious though, and sometimes unconscious. Where it is conscious, this does not necessarily mean it is actively there to discriminate against ethnic minorities or other disadvantaged groups. For many businesses, senior managers are busy and have not been able to prioritise this issue, focusing on areas where they have had to act, such as gender equality. For some, processes are retained to support the status quo allowing organisations and individuals to continue hiring in their own image. Either way, this needs to change.

We have seen major strides in terms of gender equality thanks to a more open dialogue and an acceptance that more gender diverse teams benefit the business. Everybody has bias to some extent. We all find it easier to relate to those who are most like ourselves or who come from similar backgrounds. It is important that individuals address this fact by undertaking suitable unconscious bias training, even if this simply identifies to an individual where their conscious biases lie. We understand though that this costs money and while larger companies are already investing in this, for smaller companies it is more difficult. There is a role here for representative organisations such as the Confederation of British Industry (CBI) and the Institute of Directors (IOD) and professional bodies such as the Law Society and the Institute of Chartered Accountants in England and Wales to provide training or support for their members, even at a very basic level. Bias affects all organisations, large and small, so it is important that all have access to training of some form.

However, where individuals are involved directly in the recruitment process or have a leadership role in an organisation, more targeted training should be delivered to ensure that they are fully aware of how bias may affect their decision making, and how to counter it.

Recommendations

5. **Free unconscious bias resource online:** The Government should work with organisations such as the CBI, IOD, Recruitment and Employment Confederation and others to ensure that free, online unconscious bias training is available to everyone in the UK.

6. **Mandatory unconscious bias training:** All employers should ensure that staff at all levels of the organisation undertake unconscious bias training to address lingering behaviours and attitudes that act as a barrier to a more inclusive workplace.

7. **Unconscious bias workshops for executives:** Senior management teams, executive boards and those with a role in the recruitment process should go further and undertake more detailed training workshops.

Leadership

The setting of targets will only work if individuals are held responsible for delivering them. Culture change needs to be driven from the top, with senior leaders taking personal responsibility and being held accountable for increasing diversity within their organisations. This does not mean simply identifying one executive to lead, but rather embedding these champions throughout an organisation so that everyone can see a clear pathway to accountability.

Case study: RBS

In 2015, our Executive Committee committed to rolling out unconscious bias training across the bank as part of building the foundation for our Inclusion agenda; specifically, to improve our awareness of how our biases can influence us to make poor decisions.

Across RBS to date, **over 40,000 employees** have undertaken the training. As a result of the training,
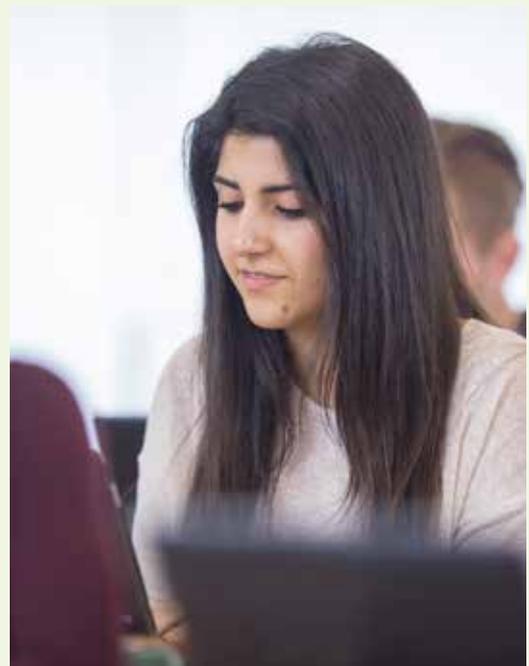
- **96%** of participants would recommend the training to a friend
- **97%** report that they will 'do their job differently'

Some of the tangible ways they have been doing this are by:

- Revisiting talent and succession plans with a BAME (and gender) focus;
- Requiring more diversity on all shortlists (e.g. at least one woman or BAME candidate) and consider more non-traditional candidates for certain roles (e.g. part time, retirees, carers);
- Looking more broadly at who they consider – e.g. mentoring more diverse groups of people, specifically BAME and female talent.

To support our understanding of the impact of the training, we have put mechanisms in place to track and analyse the recruitment and retention of BAME employees.

Changing the culture continued

> *Every board in every large organisation should identify a sponsor for all diversity issues.*

I have seen a number of examples throughout this review of organisations where hard working and passionate leaders are trying to embed new processes and targets across an organisation but fail because the very top management of the organisation does not support them with meaningful action. Every board in every large organisation should identify a sponsor for all diversity issues. We have heard too many examples of boards only focusing on gender equality given the specific legislation in place and the fact that positive changes are occurring. This must change and all aspects of diversity need to be given equal weight, with senior individuals held to account where organisations fail to change.

It can be easy for senior executives in any organisation, public or private, to become detached from the reality of the 'shop floor'. There are many examples of successful CEOs returning to the front line regularly to retain an understanding of the day to day business. Similar initiatives, such as reverse mentoring, can be successful in giving senior management more of an idea of what it is like to be an ethnic minority person in their organisation. This gives senior leaders an opportunity to understand the specific pressures and the first-hand knowledge to support positive action. It also works both ways with junior members of staff securing a board-level sponsor for their future career. The positive feedback I have heard leads me to believe that all senior management should consider undertaking reverse mentoring with someone more junior in the organisation.

It is not just senior managers who need to buy in to this culture change though. Everyone with a role in leading teams and setting a vision should have their success measured, in part, through their commitment to diversity. This will empower people at all levels of an organisation to initiate positive action in the knowledge that it is supported by the business.

Individuals can also do a lot to support their own career progression. Forming relationships and building networks across an organisation can be an important way of seizing opportunities and making sure your talents are recognised. This was identified in responses to the call for evidence with 71% of individual respondent citing a lack of connections to the 'right people' as a factor in them not progressing at work. Networking and support was also raised by individuals as the most beneficial intervention they had experienced at work to assist progression in their careers.

Recommendations

8. **Executive sponsorship:** All businesses that employ more than 50 people should identify a board-level sponsor for all diversity issues, including race. This individual should be held to account for the overall delivery of aspirational targets. In order to ensure this happens, Chairs, CEOs and CFOs should reference what steps they are taking to improve diversity in their statements in the annual report.

9. **Diversity as a Key Performance Indicator:** Employers should ensure that all leaders have a clear diversity objective included in their annual appraisal to make sure that leaders throughout the organisation take positive action seriously.

10. **Reverse mentoring:** Senior leaders and executive board members should seek out opportunities to undertake reverse mentoring opportunities with individuals from different ethnic backgrounds in more junior roles. This will help to ensure that they better understand the positive impact diversity can have on a company and the barriers to progression faced by these individuals.

8 Improving processes

The number of working age people from ethnic minority backgrounds is increasing and so employers should be looking to ensure that their recruitment processes do not include any barriers to attracting the best BME talent.

Improving processes continued

Recruitment and promotion

The number of working age people from ethnic minority backgrounds is increasing and so employers should be looking to ensure that their recruitment processes do not include any barriers to attracting the best BME talent. This is even more important following the referendum result in June. With the UK about to embark on a global charm offensive, businesses will want to make sure that they have the best possible opportunities in working with emerging markets. With such a large, well-educated, motivated diaspora of ethnic minority talent, the opportunities are endless – but only if companies address these underlying barriers.

This includes considering the entry requirements for graduate roles and the wider processes such as the drafting of job specifications and the posting of adverts in locations that attract less diverse applications. It is also important that employers establish inclusive processes for the promotion and reward of staff, to ensure that all their employees have access to the same opportunities.

Many larger organisations now use recruitment agencies to source new employees. This is a great opportunity to ensure that a more diverse pool of talent is considered during the recruitment process, and some agencies even specialise in diverse recruitment. Organisations should set their recruitment agencies clear guidelines for the level of diversity required, taking into account local demographics. Employers should also consider whether any of the required skills or qualifications that are included are acting as an unnecessary barrier to some groups. For example, focusing on individuals from particular schools or universities can result in a smaller, less diverse pool of individuals to consider. Employers should ask for long lists and short lists to be provided with unnecessary data removed until the interview stage. This includes the individual's name, gender, race, educational establishment and, potentially postcode. This will ensure that individuals from more diverse backgrounds have equal chance of gaining an interview, eliminating any unconscious bias. Where lists are not diverse, they should be rejected outright. With such a diverse working age population, there can be no excuses in the majority of roles for a recruitment agency to fail to provide a suitably diverse list of candidates.

For those organisations recruiting directly, it is important to consider the processes that are in place to attract the best people. Using outdated jargon or incomprehensible language in job adverts can deter some individuals from considering an application. The way an organisation is represented both online and at recruitment fairs has an impact on the type of candidates it attracts. Likewise, deciding where to advertise jobs can also influence who applies. What may have worked in the past in terms of identifying the right candidates may not be the case today. For example, many organisations are now actively recruiting from a broader range of universities, and removing UCAS points requirements to increase the diversity of their candidate pool.

Once applications are received, organisations should consider how unconscious biases can be removed. A number of employers, including the Civil Service, have adopted name-blind recruitment practices to improve diversity at interview. However, while name-blind applications can help secure ethnic minorities (and other disadvantaged groups) an interview, I have heard a number of examples of where it potentially led to greater bias in the interview. Contextualised recruitment can be a useful way of focusing on an applicant's potential, particularly those who may not have had the opportunity to attend a high performing school or university. By taking into account a candidate's economic background and personal circumstances when looking at academic achievements, employers can identify talent and potential that might otherwise be missed.

The interview process should also be examined in all organisations to ensure it gives every candidate the best opportunity to show off their talents and potential. Being interviewed is not a natural experience and employers should do everything they can to put the interviewee at their ease so they can showcase their talents. Having something in common with someone in the interview panel can help to put individuals at ease and so where panels are used, these should be diverse wherever possible to prevent unconscious bias affecting selection. This will help individuals from an ethnic minority background to feel more comfortable in the interview.

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BME employees are less likely to be rated in the top two performance rating categories compared to white employees.

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EY uses its data-driven approach to get clear insight into the diversity of its workforce. This underpins its proportional promotion process which seeks to advance employees on a representative basis according to the diversity composition of each job level.

For example, with 20% from BME backgrounds at manager level, EY expects one in five promotions from manager to senior manager to be from ethnic minorities. The process works on a comply or explain basis: if a business unit fails to comply then its HR team asks for feedback from leaders making promotion decisions on why eligible candidates were unsuccessful and, using that feedback, works to understand why the target is not being achieved. It then supports business leaders to put in place actions that will improve the likelihood of success. An example of one such action is a review of work allocation according to diversity; this is because management believes that promotion follows great work experience and stretching projects, and if project work is allocated in an unequal way then promotions will also be skewed.

The point is to make the promotion process as fair as possible by challenging leaders to make decisions based on employees' skills and potential, rather than their characteristics or background, or on what the traditional model of a leader looks like. Since the process began

two years ago, promotions have become more representative: by the most senior career stage we now have 8% BME partners compared with 3% in 2011.

In tandem with this process we monitor the distribution of performance ratings by ethnicity, to ensure that both the highest and the lowest performance ratings are distributed in a representative way: where they are not, they are challenged in the same way.

Key to the success so far has been buy-in from leaders who value support in uncovering unconscious bias and sharing good practice amongst those who make promotion and appraisal ratings decisions.

Employers should also look at their rewards systems. We have heard of countless examples of where ethnic minority staff scored lower than the average in performance appraisals. Recent Business in the Community research showed that BME employees are less likely to be rated in the top two performance rating categories compared to White employees. Ethnic minority employees are also much less likely to be identified as having high potential[19]. Where ethnic minorities appear to be less successful in appraisal systems, employers need to investigate why this is happening. Long standing appraisal and rewards systems can often overlook skills, expertise or potential that may be more prevalent among ethnic minority employees, while overvaluing other qualities that may be more traditional, but have less applicability to the modern workplace.

In short, employers of all sizes, in both the public and private sectors, must ensure that the processes they have in place attract, appoint, develop and reward the very best people. Only by addressing outdated practices and systems can employers hope to benefit from the significant pool of talent available to them. In doing so, employers should consider the different barriers that may affect each individual ethnic group. Grouping all BME staff together as one homogeneous group misses key variances between and within ethnic groups. Organisations should strive to understand cultural and social values across all of their staff, including BME individuals. The process of improving inclusion for employers often begins with understanding more about the people that they employ and what values they hold. Businesses will only succeed when individuals can be themselves in an environment that truly values diversity and inclusion.

Improving processes continued

Procurement and supply chains

Organisations both in the public and private sector spend billions of pounds every year tendering for goods and services to support the delivery of their business. Implementing more inclusive processes internally must be replicated in all areas of the business, including the supply chain. No business will succeed if it makes poor procurement decisions, but that does not always mean choosing the cheapest supplier – it must be about value for money with a focus on the return on investment. Responsible businesses that take diversity seriously perform better. We know that. If a bidding company is committed to making its workplace more inclusive, it will perform better, meaning you will get a better product for your money.

However, not enough emphasis is placed on the non-cash elements of the tendering process. In addition, far too many procurement teams choose to hide behind rigid rules and due processes. This has to change. Successful bidders must be able to show their commitment to diversity and inclusion before being considered for large contracts. There are many ways organisations could do this, from recognising the social and economic importance of diverse workforces in their social value policies, to more direct positive action.

This is one area where the public sector should take the lead. Where taxpayers' money is spent, it should be spent responsibly and in a way that benefits all citizens in the UK. Public sector organisations must seek to drive lasting change through their procurement processes, improving behaviours and helping to reduce inequalities in the labour market. There is much that can be changed now to improve the process. The guidance produced to support public procurement suggests that "involvement of persons from a disadvantaged group in the production process" can be a legitimate consideration when assessing the best price–quality ratio of a bid – this should be actively encouraged. Companies bidding for government contracts must be compelled to show their commitment to diversity and inclusion before being considered for contracts. Going forward, as the Government considers how to disentangle itself from a myriad of EU rules on procurement, it must develop a new process – one that drives positive change and works for everyone in the UK.

> **"**
>
> *The process of improving inclusion for employers often begins with understanding more about the people that they employ and what values they hold.*
>
> **"**

Recommendations

11. **Reject non-diverse lists:** When recruiting through a third party or recruitment agency, employers in both the public and private sector should ensure proportional representation on lists. Long and short lists that are not reflective of the local working age population should be rejected.

12. **Challenge school and university selection bias:** All employers should critically examine entry requirements into their business, focusing on potential achievement and not simply which university or school the individual went to.

13. **Use relevant and appropriate language in job specifications:** Employers should ensure that job specifications are drafted in plain English and provide an accurate reflection of essential and desirable skills to ensure applications from a wider set of individuals. They should also consider how their organisation is portrayed online and at recruitment fairs to attract a diverse pool of applicants.

14. **Diverse interview panels:** Larger employers should ensure that the selection and interview process is undertaken by more than one person. Wherever possible, this panel should include individuals from different backgrounds to help eliminate any lingering unconscious bias.

15. **Transparent and fair reward and recognition:** Employers should ensure that all elements of reward and recognition, from appraisals to bonuses should reflect the racial diversity of the organisation.

Recommendation

16. **Diversity in supply chains:** All organisations (public and private) should use contracts and supply chains to promote diversity, ensuring that contracts are awarded to bidders who show a real commitment to diversity and inclusion.

9 Supporting progression

Businesses must help to improve social mobility by being more inclusive in whom they give opportunities to.

Supporting progression continued

Transparency within organisations

Businesses must help to improve social mobility by being more inclusive in whom they give opportunities to. As we have seen, the benefits are there for the business in making sure the right people get to the right place within the organisation, taking full advantage of the available talent. However, supporting greater social mobility is also the socially responsible thing to do, improving community cohesion and setting the country up for success in the future.

This starts from the work experience opportunities that a company provides. High quality work experience and internships are particularly helpful in giving young people the opportunity to see what a particular career entails as well as giving them the very basics of how to operate in the workplace. In some sectors, internships are now a vital part of the recruitment process, with employers only hiring individuals who have shown an interest in the business. However, these opportunities have to be available to everyone and not just the select, well-connected few. Unpaid internships are not only often unethical, but they also act as substantial barrier to those without the financial support to undertake them. Likewise, the provision of internships and work experience more generally can be prohibitive when only made available to the select few. Opportunities should be extended beyond the sons and daughters of senior executives, into the schools and universities supplying the future talent pipeline. They should be advertised widely to attract a diverse, talented group of individuals to help support lasting improvements.

Lack of transparency has emerged as a significant theme in discussions with individuals. As we have seen, unnecessary jargon or poor advertising can lead to individuals not being aware of a job opportunity, or even if they are, not actually understanding what the job entails. However, once someone from a BME background does get a job, knowing what the right steps are to progress can be even more of a challenge. While a number of employers have clear induction processes in place, many of these focus on the factual element of the role – what needs to be done, for whom and by when – rather than information on how to succeed in the company.

For many, the career ladder that is so obvious to some is a complete mystery. For them, the pathway to the top is unclear, with confusion over which job to seek out at what point in a career. Certain skills and experience may be particularly valued in senior executives. As a result, many senior executives have had similar career paths which, if followed, could provide opportunities for a more diverse set of individuals. All employers should make their own organisation's career ladder more transparent during the induction process and beyond to ensure that everyone within the organisation has equal opportunity to succeed. Senior executives should be transparent about their own job history so that those wishing to follow in the footsteps of those who have succeeded can see the pathway that has been followed. Employers should also be clear about how the promotion and reward processes work so that everyone knows what they need to do to excel and progress in their role and organisation.

> "
> *Unpaid internships are not only often unethical, but they also act as substantial barrier to those without the financial support to undertake them.*
> "

Recommendations

17. **Diversity from work experience level:** Employers should seek out opportunities to provide work experience to a more diverse selection of individuals, looking beyond their standard social demographic. This includes stopping the practice of unpaid or unadvertised internships.

18. **Transparency on career pathways:** All employers should ensure that new entrants to the organisation receive a proper induction. Basic information should be available to all employees about how the career ladder works in the organisation, including pay and reward guidelines and clear information on how promotions work.

19. **Explain how success has been achieved:** Senior managers should publish their job history internally (in a brief, LinkedIn style profile) so that junior members of the workforce can see what a successful career path looks like.

Case study: Arts Council

The **Critical Mass programme** at the Royal Court Theatre is aimed at emerging or developing BAME playwrights and creates structured opportunities in creative writing and skills development, along with showcasing their work and linking them with relevant sector agencies and organisations. Previous participants have gone on to have their work performed by professional actors.

Case study: Taylor Bennett Foundation

The PR industry struggles to attract and recruit young people from ethnically diverse backgrounds. According to the 2013 PRCA and PR Week Census only 8% of PR practitioners are non-White. The Foundation is a model for how other industries can engage with the imperative of diversity and the challenge of recruitment.

The Foundation provides ten-week intensive training courses delivered in partnership with top tier PR agencies and businesses. Trainees are paid a training allowance (the equivalent of the minimum wage) plus travel expenses.

As of September 2016, 167 trainees have gone through the programme since launch in 2008.

Over 400 graduates have had the opportunity to attend a full day's assessment by experienced head-hunters and PR professionals and receive personal feedback on their performance, regardless of their success in securing a place on the programme.

Over 100 organisations have contributed their time or financial support to the programme, typically on a repeat basis.

Supporting progression continued

Network of support

There is no substitute for formal and informal networks. These can provide additional support when applying for jobs or seeking out opportunities as well as giving ethnic minorities a voice at those meetings where career decisions are made. Employers should do everything they can to create an environment where these informal networks can prosper. However, networks need to be more than a simple talking shop and be placed at the heart of any successful organisation.

Case study: Scottish Trades Union (STUC) Congress

The STUC has run a mentoring project in Further and Higher Education in Scotland for BME staff members, to support them to move into more senior positions.

This scheme was designed to support the advancement of BME staff through training and peer mentoring. Core to the success of such schemes, however, is a parallel focus on institutional barriers to advancement and recognition from senior management that within the organisation BME workers are overrepresented in the lower grades. This organisational focus, combined with specific training for managers, training and support for BME workers and a shared desire to change outcomes in the organisation, can produce meaningful change that benefits both workers and employers. Feedback from those who took part showed that:

- 73% reported an increase in personal confidence;
- 64% reported increased confidence in their jobs;
- 54% felt that participation had helped them develop professionally.

Of those who responded to the final monitoring requests (after completion of the project) 60% had applied for new roles at the same FE/HE institution or at another FE/HE institution.

Some of the best examples I have seen are where networks support the business rather than simply operate as a corporate 'nice-to-have'. When operated well, networks do not just make individuals feel more welcome in an organisation; they can provide the expertise a company needs to have a competitive advantage in the market place. In addition, networks can provide an organisation with insights to how to address internal issues, such as developing policies for particular festivals or public holidays. Some of the best examples I have seen suggest networks should not be exclusive to particular groups, but open to all who want to do more and understand more about a particular issue. All employers should consider how they can embed professional networks within their organisation so they attract their very best people. That way they will be able to harness this expertise to improve their business outcomes.

As well as the reverse mentoring recommended earlier, more traditional mentoring schemes should be put in place. Alongside effective sponsorship schemes, this can improve career support and ensure that employers are making the most of the talent they have within their organisations. These schemes should be open to everybody, regardless of race or religion, so that the pressures of supporting more junior staff do not fall to the small number of ethnic minorities who have succeeded in reaching positions of leadership.

Recommendations

20. **Establish inclusive networks:** Employers should support the establishment of networks and encourage individuals to participate, working with organisers to find a suitable way of incorporating their objectives into the mission of the company.

21. **Provide mentoring and sponsorship:** Employers should establish mentoring and sponsorship schemes internally, which are available to anyone who wants them.

10 Inclusive workplaces

It is OK to talk about race. Celebrating the differences between people is what makes the most successful companies succeed, utilising the plethora of skills and experiences at their disposal to greatest effect.

Inclusive workplaces continued

Language

It is OK to talk about race. Celebrating the differences between people is what makes the most successful companies succeed, utilising the plethora of skills and experiences at their disposal to greatest effect. We have seen the workplace change in recent years with gender issues now discussed more freely. I have no doubt that this has helped to move the debate on and deliver improvements for women. For us to succeed in a similar way and address race inequalities requires an approach that embraces open discussion.

Employers should consider the best way to address this in their own organisations. However, there is a role here for representative organisations and professional bodies, supported by Government which should produce a basic guide to what the law allows and even encourages. This should outline the benefits of positive action and some examples of what has worked. There have been successes in terms of guides on faith produced by non-governmental groups on issues such as of Judaism and Islam. The Commission for Racial Equality previously produced an equality code of practice which included practical advice for the workplace, such as common language to avoid misunderstanding. A number of employers have suggested that these guides have been helpful in developing their own internal policies and so there is clearly an opportunity here to support businesses who want to do more.

Ongoing awareness

It is important that employers who want to take positive action have easy access to the materials and examples they need to make the right decisions. Where employers do take effective positive action, these examples should be shared and the most inclusive employers should be rewarded. To achieve this, there should be a single portal through which examples can be shared and discussed to provide the support that many companies want.

We should also consider the best ways to celebrate and reward those employers who do take positive action and make a change. The Race for Opportunity awards have been running for a number of years and highlight the success of individuals and employers who have improved and promoted race diversity. These awards are important, well respected, and must continue. However, there is scope to build on this success through the publication of a list of the best

racially inclusive employers. Stonewall has been successfully doing something similar for a number of years and their lists have become a beacon for many of those in the LGBT community when considering a future career. A similar approach, tied into the Race for Opportunity awards, has the potential to do the same.

Institutional funds also have a role to play in ensuring lasting change, driving change in the FTSE companies they have holdings in. It is important that government understands what these funds are doing now to improve diversity both within their own organisations and the companies they own. This is one element of a wider role for government in ensuring lasting change is embedded across the UK labour market and it is imperative that progress against my recommendations is revisited in twelve months.

Recommendations

22. **A guide to talking about race:** Government should work with employer representatives and third sector organisations to develop a simple guide on how to discuss race in the workplace.

23. **An online portal of best practice:** Government should work with Business in the Community to establish an online portal for employers to source the information and resources they need to take effective positive action.

24. **A list of the top 100 BME employers in the UK:** Business in the Community should establish a list of the top 100 BME employers, similar to the Stonewall approach for LGBT employers, to identify the best employers in terms of diversity.

25. **Requests for diversity policies:** Government to write to all institutional funds who have holdings in FTSE companies and ask them for their policies on diversity and inclusion and how they ensure as owners of companies that the representation of BME individuals is considered across the employee base of the companies where they hold investments.

26. **One year on review:** Government should assess the extent to which the recommendations in this review have been implemented, and take necessary action where required.

11 Conclusion

The time for talking is over. Now is the time to act. It will require concerted and sustained effort from all of us but the solutions are already there, if we only choose to apply them.

That is why I agreed to carry out this review. The business case is there for all to see. But providing equal opportunities to people of all backgrounds is also, quite simply, the right thing to do. By implementing these recommendations, we have a huge opportunity to both raise the aspirations and achievements of so many talented individuals, and also to deliver an enormous boost to the long-term economic position of the UK.

Conclusion continued

List of recommendations

1. **Published, aspirational targets:** Listed companies and all businesses and public bodies with more than 50 employees should publish five-year aspirational targets and report against these annually.

2. **Publicly available data:** Listed companies and all businesses and public bodies with more than 50 employees should publish a breakdown of employees by race and pay band.

3. **Encourage employees to disclose:** All employers should take positive action to improve reporting rates amongst their workforce, explaining why supplying data will improve diversity and the business as a whole.

4. **Government legislation:** Government should legislate to ensure that all listed companies and businesses employing more than 50 people publish workforce data broken down by race and pay band.

5. **Free unconscious bias resource online:** The Government should create a free, online unconscious bias training resource available to everyone in the UK.

6. **Mandatory unconscious bias training:** All organisations should ensure that all employees undertake unconscious bias training.

7. **Unconscious bias workshops for executives:** Senior management teams, executive boards and those with a role in the recruitment process should go further and undertake more comprehensive workshops that tackle bias.

8. **Executive sponsorship:** All businesses that employ more than 50 people should identify a board-level sponsor for all diversity issues, including race. This individual should be held to account for the overall delivery of aspirational targets. In order to ensure this happens, Chairs, CEOs and CFOs should reference what steps they are taking to improve diversity in their statements in the annual report.

9. **Diversity as a Key Performance Indicator:** Employers should include a clear diversity objective in all leaders' annual appraisals to ensure that they take positive action seriously.

10. **Reverse mentoring:** Senior leaders and executive board members should undertake reverse mentoring with individuals from different backgrounds, to better understand their unique challenges as well as the positive impacts from diversity.

11. **Reject non-diverse lists:** All employers should ensure proportional representation on long and short lists, and reject lists that do not reflect the local working age population.

12. **Challenge school and university selection bias:** All employers should critically examine entry requirements into their business, focusing on potential achievement and not simply which university or school the individual went to.

13. **Use relevant and appropriate language in job specifications:** Job specifications should be drafted in plain English and provide an accurate reflection of essential and desirable skills to ensure applications from a wider set of individuals.

14. **Diverse interview panels:** Larger employers should ensure that the selection and interview process is undertaken by more than one person, and should ideally include individuals from different backgrounds to help eliminate bias.

15. **Transparent and fair reward and recognition:** Employers should ensure that all elements of reward and recognition, from appraisals to bonuses, reflect the racial diversity of the organisation.

16. **Diversity in supply chains:** All organisations (public and private) should use contracts and supply chains to promote diversity, ensuring that contracts are awarded to bidders who show a real commitment to diversity and inclusion.

17. **Diversity from work experience level:** Employers should seek out opportunities to provide work experience to a more diverse group of individuals, looking beyond their standard social demographic (this includes stopping the practice of unpaid or unadvertised internships).

18. **Transparency on career pathways:** New entrants to the organisation should receive a proper induction, including basic and clear information on how the career ladder works, pay and reward guidelines and how promotions are awarded.

19. **Explain how success has been achieved:** Senior managers should publish their job history internally (in a brief, LinkedIn style profile) so that junior members of the workforce can see what a successful career path looks like.

20. **Establish inclusive networks:** Employers should establish formal networks and encourage individuals to participate, incorporating the networks' objectives into the mission of the company.

21. **Provide mentoring and sponsorship:** Mentoring and sponsorship schemes should be made available to anyone who wants them.

22. **A guide to talking about race:** Government should work with employer representatives and third sector organisations to develop a simple guide on how to discuss race in the workplace.

23. **An online portal of best practice:** Government should work with Business in the Community to establish an online portal for employers to source the information and resources they need to take effective positive action.

24. **A list of the top 100 BME employers in the UK:** Business in the Community should establish a list of the top 100 BME employers, to identify the best employers in terms of diversity.

25. **Request for diversity policies:** Government to write to all institutional funds who have holdings in FTSE companies and ask them for their policies on diversity and inclusion and how they ensure as owners of companies that the representation of BME individuals is considered across the employee base of the companies where they hold investments

26. **One year on review:** Government should assess the extent to which the recommendations in this review have been implemented, and take necessary action where required.

12 Annexes

a Best practice case studies

It would be wrong to suggest that nothing is being done to improve racial diversity in the workplace. Throughout this review, a number of employers have identified initiatives that they have implemented which have delivered real change in the workplace. Going forward, it will be important that the new online portal becomes a vehicle through which these good examples can be shared. However, as a starter, some case studies are included below to support employers in taking positive action in the workplace.

Case study: University of Birmingham

Improving employment outcomes for students

In 2011 the University of Birmingham ran a project to identify the issues affecting employment outcomes for BME students. This involved in-depth consultation with BME learners through a programme of focus groups and interviews.

The feedback the University received indicated that the students would value access to BME role models and better opportunities for networking, especially as many were the first from their family or community to go to University. Accordingly, the project trialled a mentoring scheme through which local BME role models provided direct, interactive and personal employment support to students. Many of the students who took part left the University to work in the areas of their choice. Their mentors had enabled them to make useful fruitful connections. For example – a student who wanted to be a journalist now works for The Voice in London as a result of the support from her mentor, herself a Sky and BBC journalist from BME background, having helped her publish some online articles in the Guardian. Another worked with a community business mentor and they set up their own IT business.

On the basis of this successful pilot, the University launched a full-scale BME mentoring scheme which gives students the opportunity to meet and network with successful BME business and community leaders from the surrounding area. A peer mentoring programme was also developed for students and eventually, running alongside that, a BME ambassador scheme aimed at supporting BME students' success and attainment. One result is a network of over 200 BME students meeting reguarly and working to promote race equality in their Schools. For the individual students, the impact seems positive. They meet others they can easily relate to and they have an important role to perform at the University. The University planned to launch an impact and evaluation tool in October 2016 to measure the impact of this work more rigorously.

The study also revealed that BME students felt they were part of visible and cultural minorities and that this impacted their ability to 'find a voice'. To tackle these issues, a website dedicated to supporting the success of BME students was launched in 2015, with an additional website for academics and staff launched shortly afterwards. These websites host the BME Ambassador Toolkit which was designed as a training resource for students and staff.

In 2016 the University's Equality Diversity 'Champions' who are both academic and non-academic staff, worked with over 200 BME 'Student Ambassadors' to better understand the BME student experience and develop an action plan to address any issues. This project is supported by the Higher Education Academy as part of its Strategic Enhancement Programme for Retention and Attainment. The Diversity Champions also engage in dialogue with the student ambassadors in order to facilitate more inclusion in the curriculum and the University generally. The aim in the current academic year is to ensure a more systematic approach to this work. For example, the dialogue has made a positive change in the school of Mathematics. Students produced materials celebrating the work of Mathematicians from different cultures and countries and used them at induction. They also established a race equality group within Maths and held socials and study meetings. They invited speakers from diverse backgrounds to be part of the school's speaker programme. They elected an equality and diversity representative from the students. In English, American and Canadian studies (EDACS) students informed changes to the first year curriculum, changed the School's displays to be more inclusive, held film nights, had socials and wrote a blog.

Case study: Russell Group universities

Mentoring and development programmes

iLead

iLead is a leadership programme for BME academic, research, technical and professional support staff developed by Imperial College London and run from 2008-2011. The course involved four modules, delivered over six months, including a two-day residential workshop. The programme focussed on how to develop careers, exploring potential barriers to success and understanding effective leadership and management techniques. A survey of iLead participants revealed that ten had applied for higher grade jobs internally, five succeeded in obtaining positions and seven indicated they had obtained higher grade positions through promotion or other means e.g. secondment. Nine of eleven participants who applied for jobs externally obtained new

positions. The success of the iLead programme led to it being a model for a pilot scheme across the Higher Education sector in 2010 called Stellar HE. In 2013 the universities of Birmingham, Nottingham and London School of Economics and Political Science (LSE) were all offering Stellar HE to their staff.

Imperial College London now delivers IMPACT (Imperial Positive about Cultural Talent), which was established in 2014. IMPACT is a leadership and personal effectiveness programme for BAME academic and support staff. It is an Institute of Leadership and Management (ILM) accredited programme of six workshops run over six months. Currently, 27 senior leaders and managers participate as IMPACT mentors. All delegates recieve post-programme coaching from senior managers in order to provide executive-style coaching. Being able to engage with senior managers throughout and after the programme has led to a growth of confidence and morale with IMPACT delegates.

As of June 2016, IMPACT has had 51 BAME delegates, with cohort numbers increasing from 15 delegates to 21 per programme. All senior managers and line managers are held accountable through the delegates' personal development review meetings which are recorded and sent to the ILM. IMPACT is also being delivered at LSE by the Imperial College's EDIC team, the programme is entitled CADET.

IMPACT has been shortlisted for Business in teh Community's Race Equality Campaign Awards in 2016, for developing talent.

Case study: NASUWT (teachers' union)

NASUWT
The Teachers' Union

Example of BME networks/ consultation conference

The National Association of Schoolmasters and Union of Women Teachers (NASUWT) is a TUC-affiliated trade union representing teachers, including head teachers, throughout the United Kingdom.

The NASUWT hosts annually the largest network of BME teachers and head teachers, through its annual programme of consultation conferences. This provides critical information on the experiences of BME teachers.

The NASUWT's annual BME Teachers' Consultation Conference, now the largest gathering of its kind in Europe, provides rich data and information on the experiences of BME teachers and head teachers across the UK. Each event consists of a number of Continuing Professional Development (CPD) sessions covering a variety of subjects.

Research commissioned by the NASUWT demonstrates discriminatory practices within Performance Management and Capability processes. For the past 4-5 years we have provided CPD on Managing your Performance Management, providing information on understanding the performance management process and strategies for avoiding discriminatory practices. Feedback demonstrates that these sessions have empowered BME teachers to engage constructively in the performance management process, increased awareness of the risks around discrimination and thus supported their career progression. This process has also given us rich information and evidence for discussions with Education Ministers on matters such as performance management. Indeed the NASUWT worked positively with the DfE on providing checklists for avoiding discriminatory practices in pay and performance management processes for all schools.

We evaluate the outcomes and impact of each event by monitoring teachers' experiences of these consultation conferences. Comments from participants include: **'this has built my self-esteem as a BME teacher and I now have knowledge of how to tackle workplace bullying'; 'Challenging and standing up for my rights is one of the things I will take from this conference'; 'The insight and experiences was very valuable and I realised I'm not the only one who has experienced racism'**.

A large proportion of BME teachers are supply teachers or have temporary contracts. They report experiences of prejudice in obtaining full time or permanent work in schools. As a result we work with supply agencies to provide advice on good/non-discriminatory employment practices process and also provide personal development sessions at these conferences on interview techniques, writing CVs and understanding their employment rights. Many have returned stating that the knowledge they have obtained at these events have been useful in asserting their rights and improving their confidence in seeking employment.

Case study: Lloyds Banking Group

LLOYDS
BANKING
GROUP

Data initiatives to improve disclosure and diversity champions

At Lloyds Banking Group we have launched regular communication campaigns, sponsored by senior leadership, to encourage colleagues to complete all personal details (including ethnicity, disability, sexual orientation) on our HR system. We have been able to link the request to complete personal data with our Group purpose of Helping Britain Prosper through better representing the customers and communities we serve, whilst also improving the

Case studies continued

workplace for everyone – giving colleagues a positive reason to share this information. At launch we supported the communication campaign by equipping leadership and line managers with a guidance pack, including FAQs, to help them explain to colleagues the positive benefits of Lloyds Banking Group having accurate data around the diversity of our workforce. Since the launch of our communications campaign we have seen a 4% increase in completion of ethnic origin data across our full employee population, equating to over 3,000 colleagues voluntarily updating their details.

At Lloyds Banking Group we are firmly committed to improving the representation of BAME individuals at all levels, particularly in our senior management population, to better represent the customers and communities we serve. We have invested significant time and resource to analysing our internal data, qualitative and quantitative, to understand the barriers and opportunities for BAME colleagues. We know from this data that we are seeing considerable improvements in hiring and promoting BAME colleagues.

Our Career Development Programme for ethnic minority colleagues receives consistently positive feedback from delegates, and we have been able to show that the promotion rate for colleagues going through the programme is significantly higher than for BAME colleagues who have not been through it.

Appointing 'diversity champions' or advocates in each business unit has also been a highly effective strategy, coupled with being able to offer a practical programme of support for BAME colleagues. Our diversity champions have been able to raise the profile of our Inclusion & Diversity ambitions, including the avaliability of specific development opportunities, across the business.

Case study: University and College Union (UCU)

Engaging with BME staff to understand the obstacles to progression and response to this

UCU has recently conducted a survey of its BME staff in both further and higher education, with a range of questions about their own experiences in the workplace. The survey report, *The experiences of Black and Minority Ethnic staff in further and higher education*, was published in February 2016 and showed that:

- An overwhelming majority (90%) of staff felt they had faced barriers to promotion. Half (50%) said they had not been fully informed of the process for applying for promotion, and three-fifths (59%) reported that senior managers and colleagues had not supported them to progress their career;
- Seven in ten (71%) respondents said that they had 'often' or 'sometimes' been subject to bullying and harassment from managers, and 68% said the same was true of colleagues;
- Nearly four-fifths (78%) of respondents across post-16 education reported they were 'often' or 'sometimes' excluded from decision making;
- Four-fifths (82%) of respondents across both sectors said they were subjected to cultural insensitivity.

The survey also asked BME staff which measures they felt would be most effective in tackling workplace racism. The measures that received most support were 'effective sanctions against perpetrators of racism' (68.3%) and 'improved support for BME staff' (61%), as well as 'training for senior staff' (56.3%).

To accompany the report, UCU produced a short film, *'Witness'*, detailing some of the issues which BME staff face in the workplace. Many of those interviewed reported experiencing 'covert' or 'subliminal' examples of racism, and this was identified as being harder to tackle than 'overt' racism such as name-calling. Interviewees also suggested that many working in the education sector believe it to be quite a liberal environment which supports equality. However, this belief can actually mean that when people draw attention to what they consider to be racism or discrimination, they are taken less seriously.

In response to the challenges faced by BME staff in higher education, the Equality Challenge Unit has introduced a *Race Equality Charter (REC)*, which aims to change institutional culture. Member institutions develop initiatives and solutions for action, and can apply for a Bronze or Silver REC award, depending on their level of progress.

Case study: Ernst & Young (EY)

Inclusive leadership programme and promotion policies

Educating the wider firm
Our long-term work on building an inclusive culture is vital to the success of our firm's vision. So having identified the need for intervention, we are implementing an **Inclusive Leadership Programme (ILP)**.

The ILP aims to help our people to understand the impact of their own behaviours and how to change those behaviours to enable individuals to achieve their potential. It covers three main areas: unconscious bias (commonly addressed by many organisations); insider/outsider dynamics; and intent/impact.

Culture change takes time – and we are therefore patient, while at the same time impatient to interrupt the status quo. The key for the success of the programme to date has been the role modelling from our leadership team. The ownership and accountability lies with them and not with a diversity and inclusiveness team. What we mean is:

- Our board challenges the proportion of BME senior promotions and challenges whether we achieve our target to admit 10% BME partners every year;
- Our HR team challenges the representation of BME people on our leadership programmes;
- Our resourcing team challenges the way work is allocated to our BME team members;
- Our recruitment teams have set targets for recruitment of BME people at all levels.

The language of inclusion is starting to be used more widely; especially the concept of insiders and outsiders, affinity and confirmation bias, and the phrase 'interrupt the status quo'. We are starting to use action planning that starts "I will take Jyoti to the AB meeting on Thursday" rather than "We should take more diverse junior team members to client meetings".

Since the inception of the ILP, 94% of Partners and just over 1,500 of the manager population and above have undertaken the programme. We have seen an increase in BME representation at each level of the firm. Our BME partner representation has gone up from 3% in 2012 to 8% in 2016 and more of our BME population are receiving high performance ratings.

Still, we are not complacent as there is much work to do, but we are confident that including all of our people in the challenge to change will eventually create a more inclusive culture.

Robust performance appraisal and promotion policies

EY is a professional services firm that uses its data-driven approach to get clear insight into the diversity of its workforce. This underpins its proportional promotion process which seeks to advance employees on a representative basis according to the diversity composition of each job level.

For example, with 20% from BME backgrounds at manager level, EY expects one in five promotions from manager to senior manager to be from ethnic minorities. The process works on a comply or explain basis; if a business unit fails to comply then its HR teams ask for feedback from leaders making promotion decisions on why eligible candidates were unsuccessful and using that feedback works to understand why the target is not being achieved. It then supports business leaders to put in place actions that will improve the likelihood of success. An example of one such action is a review of work allocation according to diversity; this is

because they believe that promotion follows great work experience and stretching projects, and if project work is allocated in an unequal way then promotions will also be skewed.

The point is to make the promotion process as fair as possible by challenging leaders to make decisions based on employees' skills and potential, rather than their characteristics or background, or on what the traditional model of a leader looks like. Since the process began two years ago, promotions have become more representative: by the most senior career stage we now have 8% BME partners compared to 3% in 2011.

In tandem with this process we monitor the distribution of performance ratings by ethnicity, to ensure that both the highest and the lowest performance ratings are distributed in a representative way: where they are not, they are challenged in the same way.

Key to the success so far has been buy-in from leaders who value support in uncovering unconscious bias and sharing good practice amongst those who make promotion and appraisal ratings decisions.

Case study: Scottish Trades Union Congress (STUC)

Mentoring and training to support career progression

The STUC believes that the clustering of BME employees in lower grades is a clear area of concern in the Scottish economy. The STUC has been involved in running mentoring and training schemes for BME workers to support career progression in workplaces across Scotland. The STUC Black Workers' Committee has, with the support of GMB Scotland and Scottish Union Learning, been running 'Moving into Management' courses for BME workers in Scotland. The Committee has organised a series of four courses that have provided 62 learning places to BME workers across Scotland. These courses have not only focused on providing skills for advancement within the workplace but have also encouraged peer to peer mentoring that allows the outcomes of the course to be pursued even when the course is finished. A key element to the training was a specific focus on racism, and the direct support that was offered around building networks and resilience.

To date the course has proved very popular, with places on the most recent course being filled in a matter of days. They have also been evaluated very well, with many participants finding the learning extremely valuable. From the feedback received we have also heard specific examples of workers gaining promotion as a result of the course and the skills gained from the learning.

Case studies continued

The STUC has also run a mentoring project in Further and Higher Education (FE/HE) in Scotland for BME staff members, to support them to move into more senior positions. This scheme was designed to support the advancement of BME staff through training and peer mentoring. Core to the success of such schemes, however, is a parallel focus on institutional barriers to advancement and recognition from senior management that within the organisation BME workers are overrepresented in the lower grades.This organisational focus combined with specific training for managers, training and support for BME workers and a shared desire to change outcomes in the organisation, can produce meaningful change that benefits both workers and employers. Feedback from those who took part showed that:

• 73% reported an increase in personal confidence;
• 64% reported increased confidence in their jobs;
• 54% felt that participation had helped them develop professionally.

Of those who responded to the final monitoring requests (after completion of the project) 60% had applied for new roles at the same FE/HE institution or at another FE/HE institution.

Case study: Royal Bank of Scotland (RBS)

Unconscious bias training

To help understand the impact of unconscious bias on our people and the organisation, in 2014, RBS undertook unconscious bias testing (across the UK and internationally) around disability, sexual orientation, age, ethnicity and gender leadership. The purpose of this was to understand how unconscious bias was affecting the organsiation and what training we could introduce to help mitigate against it.

From the findings, RBS created a tailored training programme with targeted interventions aimed at each level of the organisation. This programme consisted of a workshop for senior leaders, a webinar for those with managerial responsibilities, and scenario based e-learning for all employees.

In 2015, our Executive Committee was dedicated to rolling out unconscious bias training across the bank as part of building the foundation for our Inclusion agenda; specifically, to improve our awareness of how our biases can influence us to make poor decisions.

Since introducing the training, across RBS to date, **over 40,000 employees** have undertaken the training. As a result of the training,

• **96%** of participants would recommend the training to a friend
• **97%** report that they will 'do their job differently'

Some of the tangible ways they have been doing this are by:

• Revisiting talent and succession plans with a BAME (and gender) focus;
• Requiring more diversity on all shortlists (e.g. at least one woman or BAME candidate) and consider more non-traditional candidates for certain roles (e.g. part time, retirees, carers);
• Looking more broadly at who they consider e.g. mentoring more diverse groups of people, specifically BAME and female talent.

To support our understanding of the impact of the training, we have put mechanisms in place to track and analyse the recruitment and retention of BAME employees.

We do recognise that there is no magic wand or silver bullet. Therefore, the unconscious bias training is only one element in a wider inclusion programme of work. This training is providing the fundamental foundation for future areas of the Inclusion agenda and is part of a wider range of initiatives across the bank.

The business impact of the Unconscious Bias training
Examples outlined in the feedback received to date demonstrate the impact the unconscious bias training is having: building a stronger pipeline of BAME individuals, improvements in our recruitment and performance management/promotion processes and creating an environment where employees feel they can be themselves. By helping individuals be more aware of their biases, the training is driving positive change across the organisation.

Overall, the feedback shows that the training is affirming how internal reflection and awareness can help people approach their day to day activity differently; helping managers to mitigate their bias in their leadership and have a positive impact on colleague and customer engagement. For example:

Leadership
• **Strengthening leadership actions and positively influencing decision making** – helping leaders become **more reflective and considerate in how they lead, the tone they set, and the decisions they make**:
  – Leaders are **more aware of how their behaviours affect the work environment**. Leaders are committing to role model an unconscious bias approach, **leading by example; being mindful of the language used, making more considered decisions,** and **challenging inappropriate behaviour**.
• **Transforming the way we build and develop teams using techniques from Determined to Lead** (our leadership programme)**:**
  – Leaders are reviewing their team's strengths to provide more stretching development opportunities based on each individual's needs and ensure each individual has the clarity and capability to complete the required task;
  – Openly discussing unconscious bias in team meetings, **using techniques from Determined to Lead to embed key messages** – e.g. looking at individuals' motivational drivers to help the team learn from each other and work together more

effectively, valuing the differences people bring to their teams, and improving coaching techniques to embed the learning.

Recruitment and retention

- **Changing recruitment practices, reviewing talent development and better performance management**
  – Revisiting **talent and succession plans** with a new perspective; adopting a more joined up approach with their peers to create a plan **that is more inclusive of different people**;
  – **Banning same gender panels,** requiring **more diversity on all shortlists** (e.g. at least one woman or BAME candidate), and considering more **non-traditional candidates** for certain roles (e.g. part time, retirees, carers, etc.);
  – Looking more broadly at who they consider talent – e.g. **mentoring more diverse groups of people**, specifically BAME and female talent.

Case study: NHS

Actions to drive race equality

NHS Workforce Race Equality Standard

The NHS has a particular responsibility to address race inequality in employment since we now have convincing evidence of the scale of race discrimination, and the impact this has on NHS organisations, staff and patient care. That is why the NHS Equality and Diversity Council, which brings together all major national bodies in the NHS, has for the first time in the history of the NHS supported a contractual requirement to drive race equality in the employment of NHS staff.

The Workforce Race Equality Standard, as of 1 April 2015, is written into the NHS Standard Contract and requires all NHS providers, except the very smallest, to collect, analyse and publish workforce data on the proportions of NHS staff from BME backgrounds across all professions in every grade, including senior grades.

There are also contractual requirements to:

- Publish the proportion of Trust Board members from BME backgrounds compared to the proportion of the workforce from such backgrounds;

- Publish the relative likelihood of BME staff being appointed once shortlisted compared to the likelihood of White staff being appointed once shortlisted;

- Collect, analyse and publish the relative likelihood of BME staff accessing non-mandatory training, including that which is designed to improve their career opportunities.

- The purpose of collecting, analysing and publishing this data is so that NHS providers meet the new contractual requirement to close the gap between the experience and treatment of BME NHS staff and White NHS staff.

- In addition, a new assessment framework for Clinical Commissioning Groups will enable them to better monitor this contract. We expect Trust Boards to consider this data and publish action plans on how the gaps identified will be closed. The Care Quality Commission, for the very first time, has included consideration of whether NHS providers are implementing the Workforce Race Equality Standard into its 'well led' domain on inspections. This is because healthcare organisations that are failing their BME staff may well be at risk of not being well led organisations.

- The national contractual requirement is to close the gap in treatment and experience against the nine indicators of the Workforce Race Equality Standard. We expect individual NHS organisations to set local targets on precisely how they will close the gaps identified and they know that these will be monitored and inspected against nationally. We know that some Trusts are developing innovative and effective evidence-based approaches to making sustainable progress because they recognise the benefits to staff and patients of doing so. The contractual and regulatory framework which is now in place seeks to ensure that all NHS providers make such progress.

- The Equality and Diversity Council will, from time to time, be publishing reports on progress made against the NHS staff survey findings, four of which helps to form part of the Standard which we expect will focus Board attention. This Government is determined to tackle the discrimination against BME staff in the NHS since it not only adversely impacts on staff but on the care provided to patients.

Bradford Teaching Hospitals NHS Foundation Trust

Bradford Teaching Hospitals NHS Foundation Trust (BTHFT) employs around 5,500 people. It is a large acute hospital serving a population of over half a million. The population of Bradford is ethnically diverse, with 33% BME population, 27% of whom are from Asian or Asian British heritage. The district has the largest proportion of people of Pakistani ethnic origin (20.3%) in England.

In 2012, the Trust began mapping the comparative success of White and BME shortlisted candidates who were successful in getting jobs. It found that across all posts, White candidates had a one in five chance of being appointed, while BME candidates had a one in eight chance. At the senior pay bands in the Trust (Bands 8 and 9) BME shortlisted candidates had a one in 17 chance of appointment compared with one in four for White candidates. This position worsened between April 2012 and March 2013 when no BME shortlisted candidates were appointed in the previous 12 months. At least four BME candidates should have been appointed to these Bands, if other things had been equal.

Case studies continued

The Trust Board was determined this must change. Equality briefings were devised for all senior managers with responsibility for managing teams, chairing recruitment panels and undertaking disciplinary action, grievance or investigation processes. Briefings include the data outlined above and looked in detail at potential reasons for the disparity in outcomes for White and BME candidates, including looking at conscious and unconscious bias. When no BME people had been appointed at Bands 8 and 9 in 2012-13, further action was taken:

- All posts had to be externally advertised unless organisation change applied;
- The Head of Equality or Assistant Director of Human Resources sat on all interview panels for these posts for a trial period to determine whether there was any evidence of discriminatory practice;
- The Head of Equality was to contact every BME who had been shortlisted but failed to attend interview to determine whether there were any patterns to non-attendance.

The vast majority of the equality briefings took place between April and September 2013. In that time the chance of White and BME people being appointed was exactly the same at one in four chance. Unfortunately the positive effect was not sustained and the employment chances fell away to one in 14. As a result of the slippage in performance, in February 2015, the Board of Directors set a target for our workforce to be made up of 35% BME staff by September 2025. They monitor the employment position of BME staff in relation to overall staffing numbers, senior manager numbers, promotion and turnover. Every six months the Board sees the progress made on the numbers and position of BME people in our workforce. To reinforce the importance the Trust places on this initiative, each Division is performance managed against the targets every six months. The first 12 months data is encouraging:

- Overall staffing numbers – increased from 24.7% to 26.8%;
- Senior manager numbers – increased from 7.6% to 10.2%;
- Turnover – lower numbers of BME leaving than might be expected at 22.3%.

Case study: National Union of Teachers

Development programme for BME teachers

Equal Access to Promotion (EAP) is a professional development programme specifically designed to support greater promotion pathways for Black teachers. It is open to school-based Black teachers with middle management/leadership roles and responsibilities who wish to develop their leadership skills and understanding and/or are considering taking on further leadership

responsibilities. To be eligible to apply applicants need to be in their fourth to twelfth years of teaching.

The programme has been successful and evaluations were very positive. Teachers confirmed that motivation and confidence building were some of the identified needs the programme had met. They considered EAP to be more relevant to meeting their personal development needs than generic leadership development programmes. Teachers' comments also confirmed that they consider EAP to be of very high quality in focusing them in the right direction towards career progression.

Teachers rated very highly the provision of a safe, non-judgemental and nurturing environment, which gave them the needed opportunity to learn and practise new skills and capabilities. Teachers also commented positively about the opportunities offered by the programme to network with other colleagues of similar backgrounds and experiences. The programme filled a gap in that they found access to a support group with whom they could share their work and career with positive regard and respect was very comforting and reassuring.

Of all the value added discerned in participants' comments, the availability of role models and mentors in the form of motivating and inspiring practising Black head teachers and school leaders as facilitators on the programme stood out. Most participants rated this as the most important and unique element of the programme. They found it reassuring that others like them have had to overcome the odds and made it to leadership positions and if they had done it and were available to guide and mentor them, then it would not be an impossible task. It gave them a lot of encouragement and gave a boost to their confidence.

Case study: KPMG

People development

Context – Data and insight
In 2014, KPMG published its diversity target zones to encourage better representation for gender, disability, sexual orientation and ethnicity across the firm and at senior levels. We continue to recognise the commercial, creative and cultural benefits brought about by an inclusive environment and a more diverse workforce.

Within the BAME population, KPMG identified that particular attention needed to be paid to the representation of Black and Mixed colleagues. Our employee data around ethnicity is robust at approximately 94% declaration. We found patterns of difference around the career experiences of Black and Mixed vs. Asian and White colleagues. In publishing its diversity target zone for ethnicity KPMG set a clear focus on increasing our Black and Mixed ethnic diversity at senior levels.

The results of KPMG's biannual employee survey showed encouraging trends that engagement across all staff groups had improved in comparison with the previous reporting year. BAME employees showed the same or slightly better engagement scores when compared to their White counterparts across a number of indicators – including overall satisfaction with KPMG as an employer, wellbeing, learning and development, and communication.

Specific analysis of the qualitative feedback revealed one clear opportunity for improvement – to enhance career development in a way that impacted on the overall sense of engagement and feeling valued. KPMG co-sponsored the Business in the Community report *Race at Work* – the largest ever survey on race and employment in the UK – to advance our thinking. *Race at Work* showed that career achievement was a clear priority for Black employees across the UK.

What KPMG is doing – Developing people

KPMG recognised the value of people development as a way to address both the immediate challenges around engagement and longer-term pipeline aspects of building a diverse workforce. We are building and expanding on our mentoring programmes within a broader set of development activities aimed at linking employee experience, career progress and our target zones for Black and Mixed staff.

KPMG's diverse talent development programme, GROW, is targeted at manager-to-director grades from our target zone groups (women, LGBT, disabled, and Black and Mixed colleagues). It is designed to deliver stretching personal and professional development to help colleagues embrace their authentic leadership style, with a strong emphasis on mentoring. Participants will be connected with sponsors as part of their transition out of the programme. Mentoring takes the form of peer-to-peer relationships within the programme with the expectation of transferring learning to, and encouraging career conversations with, diverse mentees as an inclusive leadership outcome.

The GROW programme is sponsored by Melanie Richards, Vice-Chairman of KPMG and will see two more cohorts commencing during FY17 – bringing the total to 96 participants. At this point in the programme we are making changes to the nomination process to reach a greater proportion of Black and Mixed colleagues.

KPMG is spreading the value of peer mentoring through its African and Caribbean Network (ACN). KPMG has recently completed a cross-organisation peer mentoring partnership for BAME network colleagues with the Department for Transport. This model of mentoring benefits from deeper enquiry, greater challenge from an outside perspective and the exchange of different 'career content', including networks, development strategies and resources. The feedback from this programme showed the clear value of the programme to delegates. We are scoping out the second phase of the mentoring partnership with Department for Transport which will extend the Programme to a mixed cohort.

Vitally, these efforts to improve diverse talent development have led to bottom-up change stemming from our ACN. The ACN chair participated on GROW in 2015-16 and is collaborating with KPMG's Diversity and Inclusion team to lead a programme of activity across attraction, retention, people management and development. Starting with focus groups in July 2016, the ACN secured sponsorship from the Managing Partner and UK People Director to improve the career experiences and outcomes of Black and Mixed staff. Thishas already incuded shifts around our approach to Black and Mixed graduate attraction and agreement to embed reciprocal mentoring with senior partners.

Whilst it is too early to share outcomes from this corporate plan, KPMG is clearly committed to leading on this agenda and we are optimistic that these changes will shift the experiences and outcomes for Black and Mixed colleagues and encourage progress beyond our firm.

Case study: Herbert Smith Freehills

Good practice for publishing statistics

We carry out an annual audit across all diversity strands to monitor our demographics and inclusion indicators. This is done anonymously, which encourages participation and disclosure. The audit is fully supported by senior management. We publish our statistics and the results inform the development of our diversity and inclusion programmes. We have a multiculturalism network which also fully supports the audit. When monitoring, it is important to give people confidence in the purpose of collecting the data, how it will be stored and used and by whom.

From 2012 to 2015, representation of BAME in the firm has increased from 14% to 17%. We have had a particular focus on graduate recruitment (GR) and increasing BAME representation in our Trainee Lawyer population as the basis for building a more diverse talent pipeline. BAME trainees have increased from 18% to 32% as a result of this focus (working with Rare recruitment which specialises in top BAME graduates, hosting GR panel events on multiculturalism, and providing unconscious bias training to GR recruitment partners).

Case studies continued

Programmes to increase ethnic diversity in specific industries

The **Critical Mass programme** at the Royal Court Theatre is aimed at emerging or developing BAME playwrights and creates structured opportunities in creative writing and skills development, along with showcasing their work and linking them with relevant sector agencies and organisations. Previous participants have gone on to have their work performed by professional actors.

The Inspire programme, part funded by Arts Council England was aimed at attracting more BAME curators in museums and galleries. It gave the opportunity for BAME people with some experience in the cultural sector to undertake two-year work placement opportunities. A number of participants have progressed to Curators.

Arts Council England is in the process of delivering the **Change Makers fund** to increase the diversity of senior leadership in the arts and culture sector. A cohort of BME and disabled potential leaders will undertake a training and leadership programme, hosted by a lead organisation and designed to develop the leadership skills and experience of BME and disabled potential leaders. This programme should assist potential BME leaders in progressing to leadership roles in the sector.

Industry-specific training courses

The Taylor Bennett Foundation is a registered charity seeking to address the need for greater diversity in PR by finding and preparing talented university graduates from ethnically diverse backgrounds for careers in the communications industry.

The PR industry struggles to attract and recruit young people from ethnically diverse backgrounds. According to the 2013 PRCA and PR Week Census only 8% of PR practitioners are non-White. The Foundation is a model for how other industries can engage with the imperative of diversity and the challenge of recruitment.

The Foundation provides ten-week intensive training courses delivered in partnership with top tier PR agencies and businesses. Trainees are paid a training allowance (the equivalent of the minimum wage) plus travel expenses.

As of September 2016, 167 trainees have gone through the programme since launch in 2008.

Over 400 graduates have had the opportunity to attend a full day's assessment by experienced head-hunters and PR professionals and receive personal feedback on their performance, regardless of their success in securing a place on the programme.

Over 100 organisations have contributed their time or financial support to the programme, typically on a repeat basis.

In 2016 the Foundation also launched a six-month mentoring scheme for BME graduates, partnering them with PR industry mentors and aim to have 100 mentorships completed by December 2017.

Today, alumni of the TBF programme are working in high calibre companies and PR agencies, including: ACCA, Battenhall, the BBC, Brunswick, Deloitte, DiversityInCare, Edelman, Finsbury, FleishmanHillard, FTI Consulting, Golin, Health Education England, ITV, Ketchum, L'Oreal, MHP, Porter Novelli, Tata Group, The Red Consultancy, Thomson Reuters, and Vodafone.

- 75% of alumni are working in PR and 93% are in confirmed employment (whether in PR or elsewhere);
- 76% have had a rise in salary in the last year. The average alumni salary is £26,000 calculated across the range of alumni with between one and seven years of experience since completing the programme. According to the graduate jobs and information site, Prospects, a typical graduate starting salary in PR is £18,000-20,000;
- 59% of alumni have taken a new role in the last year, and a marked pay increase can be seen according to years of experience.

pwc

Inclusion and supporting talent

Motivation:

At PwC we are committed to creating an inclusive culture where everyone can reach their full potential, value difference and be themselves at work. For us diverse teams are a business advantage and we want to reflect our clients and the wider world. We have monitored the diversity of our pipelines since 2011 but rec-ognised that if we really want to move the dial on diversity we needed to make some systemic changes to how we attract, retain and promote our people. This also had to cover all aspects of difference, not just gender and, through monitoring our pipelines, we concluded that we needed to work harder at attracting, advanc-ing and retaining ethnic minority talent.

Actions we are taking:

Recruitment

In 2009 BAME students made up only 23% of our overall student intake. So we set ourselves a target for 30% of our student hires to be BAME. We aimed to reach our target in a number of ways:

- **Removed UCAS scores as entry criteria for our graduate roles**. In May 2015 we were the first large employer to remove UCAS scores as entry criteria for the majority of our graduate roles as a way to broaden access to our profession and make sure we were assessing people on their potential and not their backgrounds.
- **Extended the schools and our Back to Schools programme**. We combined our schools recruitment and community affairs team to ensure a coordinated approach to our schools outreach programme. We recognised that we needed to target a wider range of schools to raise aspiration about different career options to a more diverse student group and reach a greater number of students.
- **Extended the universities we engage with**. We've also increased the number of UK uni-versities we have a relationship with and now recruit from over 90 universities.

Engagement

- **The PwC Diversity Career Mentoring programme**. We know that a lack of, and access to, role models is a barrier to BAME employees' career progression so we decided to use our own peo-ple to inspire the next generation and provide more visible role models. The PwC Diversity Career Mentoring programme was set up in 2013 to provide university students from diverse ethnic and socioeconomic backgrounds with mentors from

within the PwC business. The mentors provide stu-dents with insight on life at PwC as well as sharing tips and advice on cv writing, job application skills, the firm's recruitment channels and general guidance on employability skills required for working life.

- **Sponsorship programme for high potential BAME directors**. We know that BAME staff are less likely to have career sponsors, which can impact their allocation to jobs, the roles they have and their career progression. To address this, we started an active sponsorship programme for high potential BAME and female directors and senior managers, called Talent Watch, to ensure that all high potential people are actively sponsored on their career and can address any barriers.

Measurement

We have set ethnicity and gender targets for manager level and above, which provide direction and drive the promotion, recruitment and retention activities that underpin them. This year we have published our targets, and progress against them, in our digital annual report. We believe that greater transparency drives accountability and targets action where it is needed most. Business leaders are also accountable for these targets and for driving change where it is needed.

Our results:

These interventions are producing measurable results, but we recognise that we need to keep up the focus and attention on this important area of diversity to make a sustainable difference.

Recruitment

Our combined efforts are starting to change the profile of our student intake. Since removing UCAS scores we have hired graduates from broader social backgrounds than ever before. In our 2015 student intake of over 1,600, 36% were first generation graduates, 72% attended state school, 11% came from homes eligible for income support and 8% were eligible for school meals. We track the social mobility of our graduate in-take and report it in our digital annual report.

In our 2016 graduate intake, 39% of our joiners are BAME, compared to 21.4% of the UK graduate popula-tion. We have also recruited more graduates from non-Russell Group universities. 69% of 2016 graduate intake are from Russell Group Universities, down from 73% in 2014.

Engagement

To date, 70 PwC staff have volunteered to be mentors to our Diversity Mentoring programme and 144 mentees have completed the programme. Six mentees have gone on to successfully join PwC, working across a range of client facing areas. Others have gone on to pursue professional careers elsewhere. The pro-gramme has been so successful that it is now being extended to our regional offices to provide mentors to more people.

b Literature review

This literature review summarises the key academic evidence and analysis on the progression of BME individuals in the UK labour market. It covers the population of ethnic groups in the UK, the picture for BME groups in the labour market, the pipeline of BME talent from education, the business case for change, the barriers to progression in work experienced by BME individuals and the evidence available on what works.

Ethnic groups in the UK population

14% of the UK population identify as BME[20]. This is increasing, with the proportion expected to increase to 21% by 2051[21].

We use Office for National Statistics (ONS) groups to define ethnicity. According to these definitions, and using the latest 2011 Census data, White is the ethnic group with which the majority of people identify – 48.2 million people (86.0% of the population). Within this group, the largest proportion of people identify themselves as being White British – 45.1 million (80.5%), followed by Any Other White – 2.5 million (4.4%). The next largest ethnic group with which people identify is Indian – 1.4 million people (2.5%), followed by Pakistani – 1.1 million (2.0%)[22]. The level of ethnic diversity in the UK continues to increase over time. All non-White groups in the UK have been growing since 2001[23]. Projections by the University of Leeds predict large differences in the growth of ethnic minority groups to 2051, with the White British group growing by 4% but the BME share of the population expected to increase to 21%[24].

What is the picture for Black and Minority Ethnic groups in the UK labour market?

Evidence shows that there is a persistent though decreasing employment gap between BME groups and the White population. The difference between the BME and White employment rates was 12.8 percentage points in 2015[25].

BME individuals in work tend to be overrepresented in lower paid occupations and sectors, and are underrepresented in higher paid occupations (such as professional and managerial roles)[26,27].
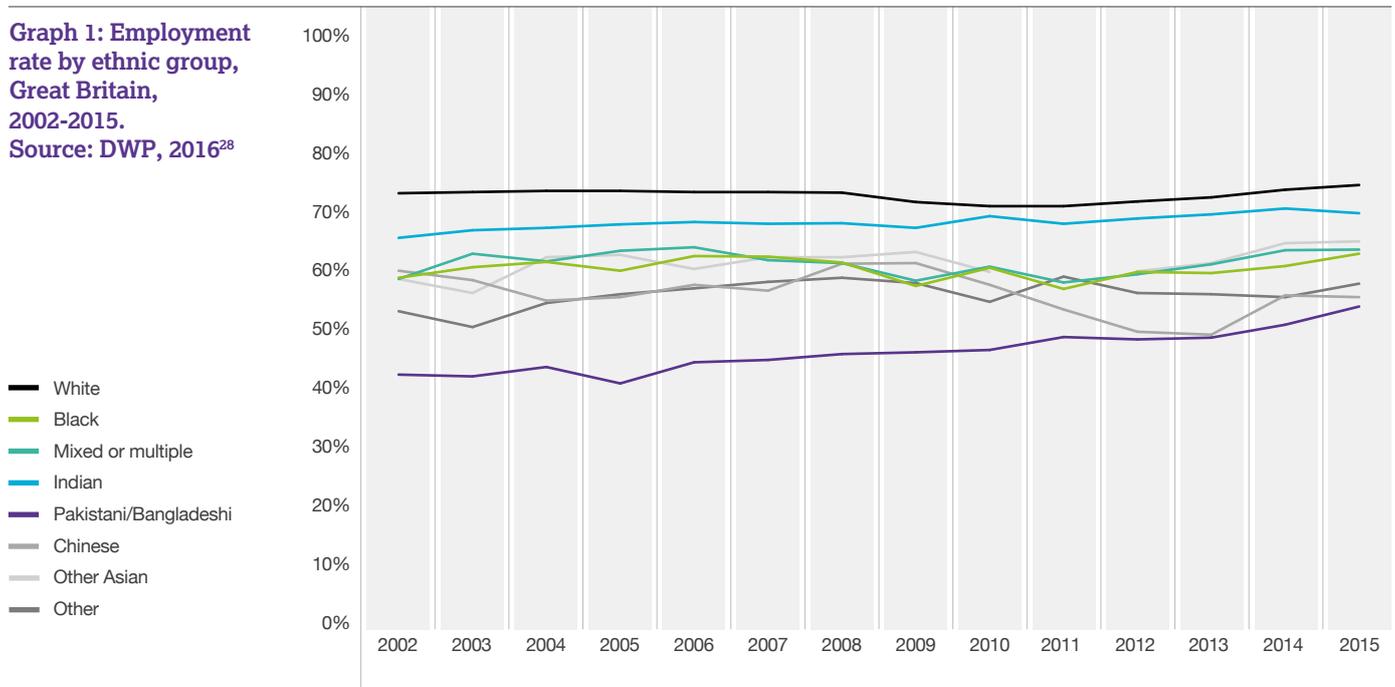
Extensive research now exists pointing to the presence of ethnic inequalities in employment, which have persisted over time. Not only are there disparities in the proportions of people from BME groups getting into work compared with White people (with the consequence that BME individuals are more likely to be unemployed – see next section), but the evidence also points to:

- Inequalities in types of occupation, indicating that BME individuals are less able to secure career opportunities aligned to their skills and qualifications;
- Inequalities in contract types and degrees of job security;
- Wage differentials and an overrepresentation of BME individuals in low paid jobs;
- Differences in working hours and in levels of self-employment;
- Barriers to progression up the career ladder for some ethnic minority groups.

Compounding the challenge of identifying and tackling the issues of labour market entry and progression inequalities for BME individuals is the variance in the scale and nature of the problems by ethnic group, gender, region, age, class and migrant status (including whether someone is a first, second or third generation migrant). In addition, it is obvious that BME individuals are not just one group and labour market inequalities vary by ethnic group.

The combination of the factors identified above that determine labour market outcomes makes capturing the whole picture of the challenge very difficult. Therefore, it is necessary to consider the issues facing BME individuals in the labour market in some detail, to account for the wide discrepancies across the BME population.

**Graph 1: Employment rate by ethnic group, Great Britain, 2002-2015.
Source: DWP, 2016[28]**

Legend:
- White
- Black
- Mixed or multiple
- Indian
- Pakistani/Bangladeshi
- Chinese
- Other Asian
- Other

The employment and unemployment gap

Data from the Department for Work and Pensions (DWP) on the unemployment rate of individuals by ethnic group illustrates not only that BME individuals are more likely to be unemployed, but that the problem has persisted over time and varies significantly by ethnic minority group[29]. Graph 1 indicates that the employment rate of the White group has continuously been higher than that of any ethnic minority group[30]. The gap between the BME and White employment rates was 12.8 percentage points in 2015, down from 16.6 percentage points in 2002. Among ethnic groups, Indian individuals tend to have the highest employment rates. In contrast, employment among the Pakistani and Bangladeshi group has been persistently much lower than among all other groups, despite an upward trend in the last ten years.

Joseph Rowntree Foundation's (JRF) research suggests that changes in employment patterns over time could be described as positive for the Indian, and to some extent Chinese, ethnic groups[31]. However, their key message was still one of enduring ethnic minority disadvantage compared with the White British group. Their further research suggests that existing labour market inequalities are likely to persist in the medium term[32].

The overall employment rate masks a number of variances within ethnic minority groups by gender and levels of participation. Examples of the key underlying variances include:

- Minority groups are disproportionately affected by youth unemployment, with the unemployment rate of the young Black group (30.3%) more than double that of the young White group (13.3%)[33];
- There are high rates of unemployment amongst Pakistani/ Bangladeshi women, despite falling in recent years from over 24.0% in 2012 to 15.0% in 2015. It is still significantly higher than the White female unemployment rate of 4.6%[34];
- Despite falling over the last decade from 51.1% in 2005 to 37.9% in 2015, high levels of economic inactivity remain amongst Pakistani/Bangladeshi groups. Female rates of inactivity are significantly higher than the male rates at 57.2% in 2015[35];
- Employment gaps persist across all regions in the UK, but are particularly high in the North East, Yorkshire and the Humber, Northern Ireland and Wales[36];
- Research has found that labour force exit and entry probabilities do not differ between Indian, Caribbean and White women. However, Pakistani and Bangladeshi women are less likely to enter and more likely to exit the labour market. In contrast, Black African women have comparatively high re-entry rates[37];
- Self-employment is an important form of employment for BME men, particularly the Pakistani group, with over 30% of Pakistani men in employment being self-employed. The self-employed are mainly concentrated in sectors such as retail, restaurants and taxi-driving. Self-employment rates are lower for the Chinese and Indian groups. Among women, self-employment rates are significantly lower than the male self-employment rates for all ethnic groups[38].

Literature review continued

Graph 2: Proportion of individuals in each occupation group, by ethnic group, Quarter 1 2016. Source: ONS Labour Force Survey, 2016[42]

- Managers, directors and senior officials
- Professional occupations
- Associate professional and technical occupations
- Administrative and secretarial occupations
- Skilled trades occupations
- Caring, leisure and other service occupations
- Sales and customer service occupations
- Process, plant and machines operatives
- Elementary occupations
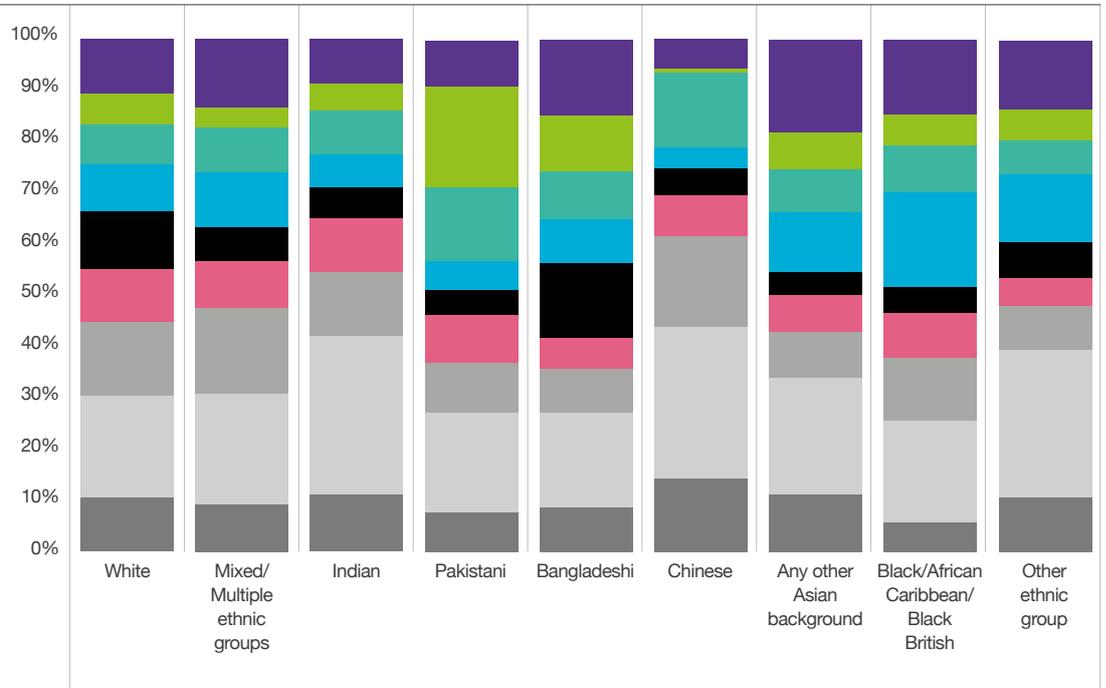
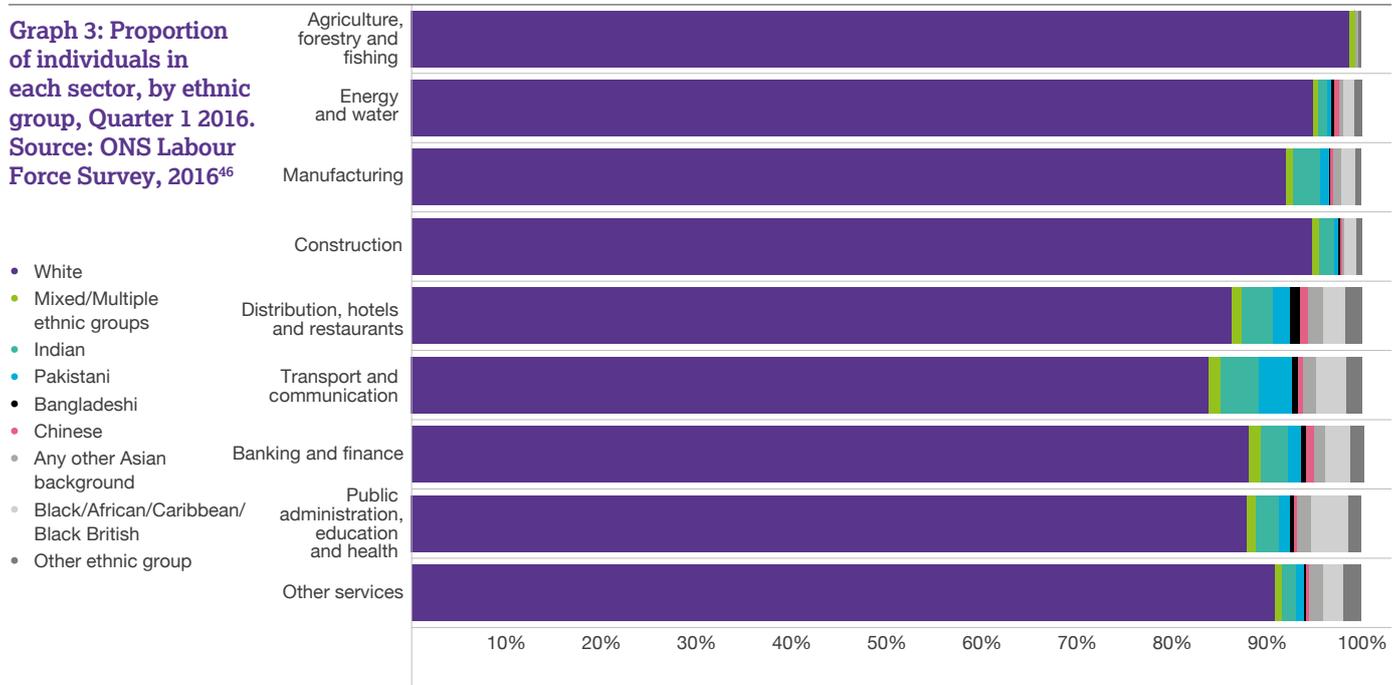## Overrepresentation in lower paid and lower skilled jobs

JRF reports that a higher proportion of BME individuals tend to work in low paying occupations, including sales, catering, elementary personal services, hairdressing, textiles and clothing[39]. Conversely, they are often underrepresented in higher paid jobs such as building, metalworking and chemical operatives, printing, plant and machine operatives, security and protective services, and in industries where ethnic minorities thrive, such as clerical, secretarial work, cashiers, some communications work, buyers and brokers' agents[40]. JRF reports that within occupations there is relatively little inequality between BME and White British people, but nonetheless BME employees are more likely to be the lowest paid within their job type and in the lowest paid types of job. In addition, ethnic minority workers (9%) are more likely to work in temporary employment than White workers (5.5%)[41].

A further study by JRF reports that employed BME individuals from some ethnic minority groups are more likely to work in certain occupation types, making the distribution of BME groups unequal across occupational types[43].

Graph 2 illustrates that whilst some ethnic groups have a high proportion of employed individuals working in managerial and professional occupations, including the Chinese (43%) and Indian (42%) groups, other groups such as the Bangladeshi group (27%) have the lowest proportion of its workforce in these roles. In addition, within highly paid sectors Chinese and Indian groups actually face a larger wage gap than BME individuals in the low paying sectors, which indicates that within these sectors these individuals struggle to reach the most highly paid positions[44].

Conversely, certain ethnic groups are disproportionately represented in elementary occupations and process, plant and machine operatives, such as the Pakistani (29%) and Bangladeshi (26%) groups, compared with only 17% of the White group working in these occupations. In addition, JRF notes that intermediate skills occupations are generally dominated by particular ethnic groups. For instance, the African group has the largest share in personal service occupations such as hairdressing and beauty, the Bangladeshi and Pakistani group has the largest shares in sales and customer service occupations, and process, plant and machine occupations (for example, textile, plastics and metalworking machine operatives) are most common for the Pakistani group.

Graph 3: Proportion of individuals in each sector, by ethnic group, Quarter 1 2016. Source: ONS Labour Force Survey, 2016[46]

- White
- Mixed/Multiple ethnic groups
- Indian
- Pakistani
- Bangladeshi
- Chinese
- Any other Asian background
- Black/African/Caribbean/Black British
- Other ethnic group

Where the occupations dominated by certain BME groups are low-skilled, this could be a sign of difficulty in getting other forms of employment or a stereotyping of BME individuals into particular jobs. Whilst strong representation in managerial and professional roles might be seen as a story of success for some BME groups, JRF points out that managerial roles could also indicate self-employment[45].

Similarly, it is interesting to examine how ethnic minorities are distributed across sectors. Graph 3 looks at ethnic group employment by sector. Again, a number of concentrations stand out; for example, some sectors such as transport and communication and distribution, hotels and restaurants exhibit relatively high proportions of BME individuals within their workforce. In contrast, within other sectors, such as agriculture, forestry and fishing; and energy and water, the large majority of employees are White.

Projections by JRF show that the occupational structure of employment is expected to polarise to 2022, with projected increases in high pay and low pay occupations of 2.34 million and 0.52 million respectively, whereas occupations associated with middle-level skills are projected to decrease by 1.01 million[47]. These forecasts predict Indian and Chinese groups will be concentrated in highly paid occupations, while Pakistani, Bangladeshi, Black and other Asian groups will continue to be overrepresented in the low paid to intermediate sector.

The types of jobs that ethnic minorities find themselves in impacts on wider income inequality. This is particularly stark for some ethnic groups. For instance, between 2011 and 2015, 20% of Bangladeshi individuals in work earned less than the wages of the bottom 10% of White workers. A similar picture is true for workers reporting as being from Pakistani origin, where 16% earn less than the bottom 10% of White workers. However, there have been some success stories. The income distribution for Black/African/Caribbean/Black British workers is almost comparable with that for White workers. Likewise, there are now more Indian workers who are in the top earnings decile (top 10%). Graphs 4 to 7 can be used to compare the wage distribution of BME workers with that of White workers[48].

Literature review continued

Graph 4: Wage distribution of hourly earnings for Bangladeshi individuals, 2011-2015. Source: ONS Labour Force Survey, 2011-2015[49]
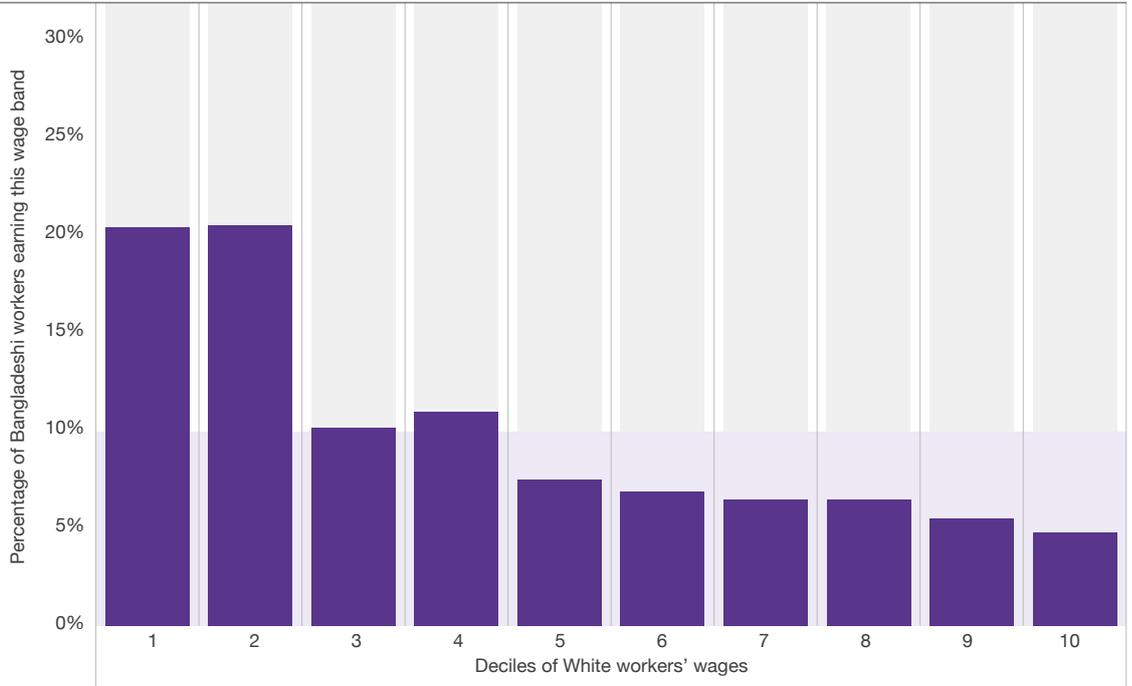
Graph 5: Wage distribution of hourly earnings for Pakistani individuals, 2011-2015. Source: ONS Labour Force Survey, 2011-2015[50]
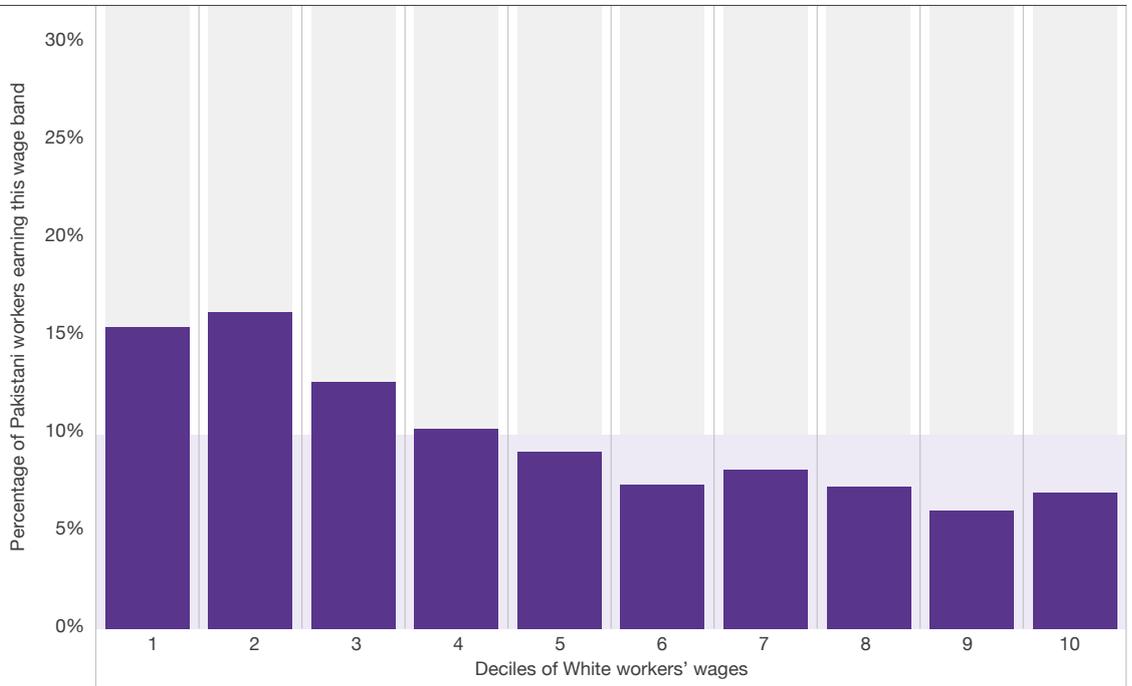
**Graph 6: Wage distribution of hourly earnings for Black/African/Caribbean/Black British individuals, 2011-2015.
Source: ONS Labour Force Survey, 2011-2015[51]**

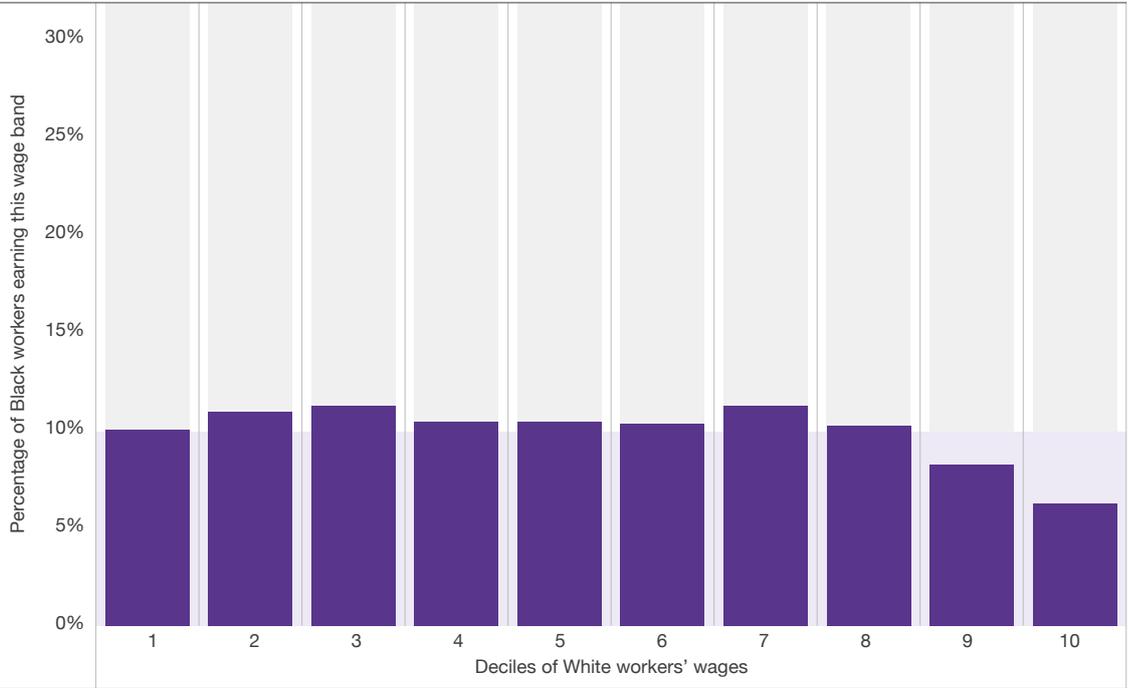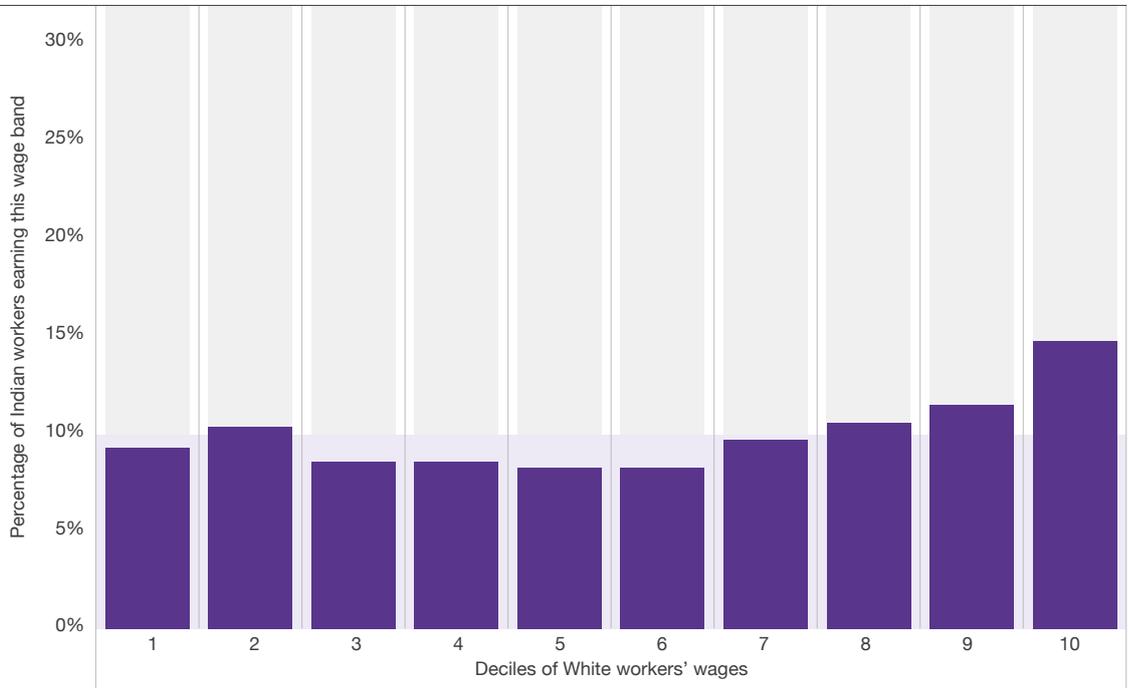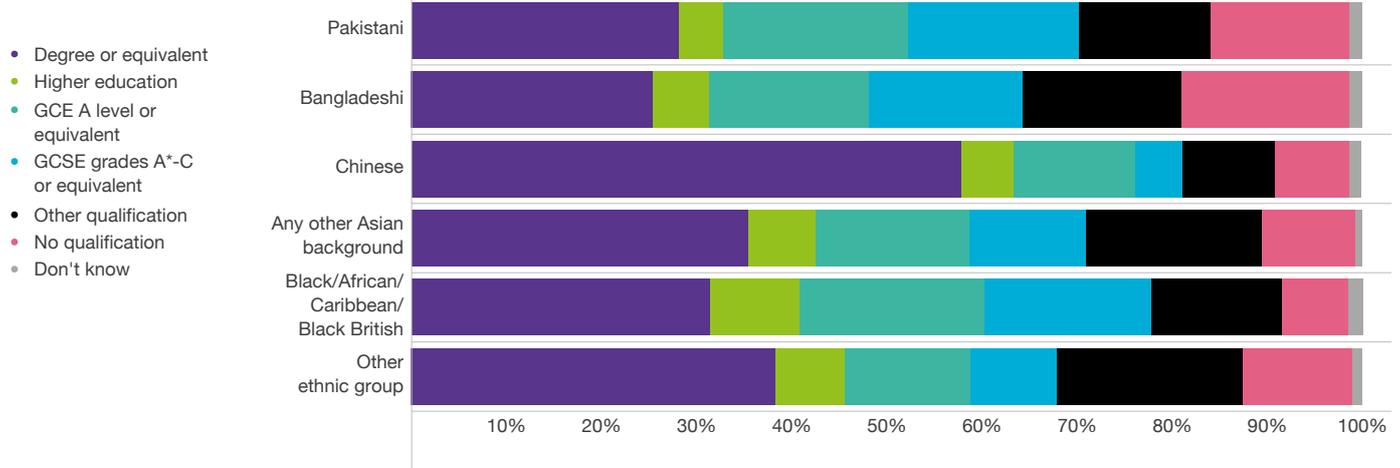**Graph 7: Wage distribution of hourly earnings for Indian individuals, 2011-2015.
Source: ONS Labour Force Survey, 2011-2015[52]**

Literature review continued

Graph 8: Qualification, by ethnic group, Quarter 1 2016. Source: ONS Labour Force Survey, 2016[53,54]

- Degree or equivalent
- Higher education
- GCE A level or equivalent
- GCSE grades A*-C or equivalent
- Other qualification
- No qualification
- Don't know

White
Mixed/Multiple ethnic groups
Indian
Pakistani
Bangladeshi
Chinese
Any other Asian background
Black/African/ Caribbean/ Black British
Other ethnic group

10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Less able to secure opportunities for employment which matches their skills and abilities

Graph 8 illustrates the highest level of qualification of BME individuals in comparison to the White group. It is evident that BME individuals generally have educational outcomes on par with or even superior to the White group. For instance, 37% of BME individuals have obtained a degree or equivalent, as opposed to only 27% of the White group. In particular, individuals in the Chinese (58%) and Indian (50%) groups are more likely to have obtained a degree. In contrast, individuals from the Pakistani (15%) and Bangladeshi (18%) groups are much more likely to have no qualifications.

Despite these positive outcomes, there is a variety of evidence that suggests that BME individuals are more likely to be overqualified for the job that they are in. In many cases this will mean that the skills and abilities of BME individuals are not being fully utilised. JRF finds that, taken as a whole, ethnic minority groups tend to have a slightly higher educational attainment than those from White ethnic groups on average[55]. The 'overqualification' of ethnic minority employees in low paying jobs is widespread, with Pakistanis and Bangladeshis being most likely to be overqualified.

A further JRF study in 2015, which looked at supporting young BME individuals from education into work, found that[56]:

- All BME groups are more likely to be overqualified than White ethnic groups. The gap is widest for those with A-level qualifications;
- Over 40% of all Black African employees with A-level and graduate-level qualifications are overqualified for their current jobs;
- BME women entering the labour market in recent times, particularly Black African and Pakistani/Bangladeshi women, are taking jobs well below their qualification level;
- Despite a slightly higher level of educational qualifications amongst BME individuals relative to the White population, BME individuals are less likely to attend Russell Group universities.

There is a wealth of evidence suggesting that BME individuals struggle to achieve the same progression opportunities as their counterparts. Research in 2015 by Business in the Community (BITC) found that one in eight of the working age population are from a BME background, yet only one in ten are in the workplace and only one in sixteen top management positions are held by an ethnic minority person[57]. As noted above, JRF found that a higher proportion of BME individuals tend to work in low paid occupations[58]. JRF notes that progression from these low paid, low skilled positions is as challenging for some BME groups as it is getting into employment in the first place.

Graph 9: Percentage of employees reporting that they have been overlooked for promotion by ethnic group[61]. Source: Business in the Community, 2015[62]
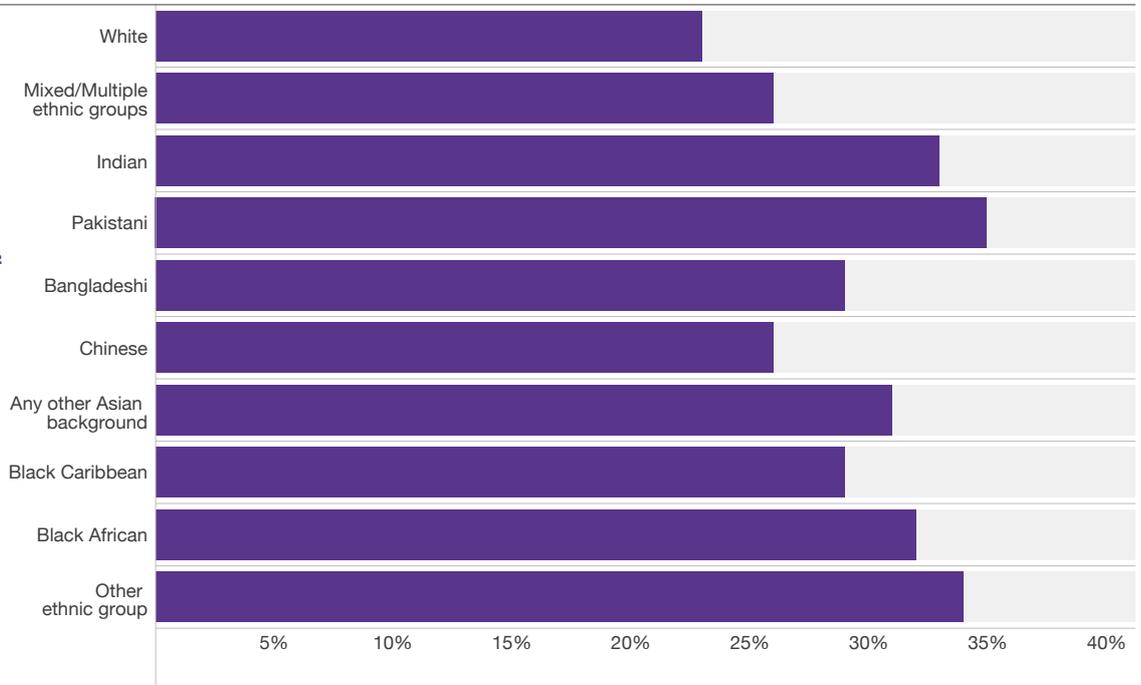
BITC's Gender and Race Benchmark looked at trends in performance and appraisal and found that[59]:

- BME employees are less likely to be rated in the top two performance rating categories (27% compared with 35% of White employees);
- BME employees are less likely to be identified as 'high potential' (10% compared with 20% of White employees);
- The public sector is less likely to identify BME as 'high potential' in similar proportions as White employees;
- There is an issue with talent programmes, in that the future leadership pipeline within the private sector is imbalanced when analysed by race;
- Appraisal mechanisms feeding into leadership are more likely to rate BME employees less favourably;
- White employees are more likely to be promoted overall compared with all other groups;
- BME women are more likely to be promoted than BME men (BME women overall promotion rate is 7.3% compared with 6.4% for BME men);
- In terms of opportunities for progression 35% of Pakistani, 33% of Indian and 29% of Black Caribbean employees report feeling that they have been overlooked for promotion[60].

According to JRF, BME groups also tend to have unequal access to opportunities for development, often because of a lack of clear information on training opportunities or progression routes within their workplaces[63]. This can be made worse if progression relies on opaque or informal processes, if there is a lack of BME role models or mentors at higher levels within their workplaces to provide support and advice, or if there is a gap between equality and diversity policies and practice in the workplace.

Underrepresentation of BME at the top
In addition to the evidence that BME individuals struggle to achieve the same progression opportunities as their White counterparts, there is evidence that BME individuals are underrepresented at managerial and senior positions in business.

BITC reports that there has been virtually no ethnicity change in top management positions in the five years between 2007 and 2012, and, in fact, the gap at management level widened during that period[64]. Again, it is important that ethnic groups are considered separately, because there are significant differences in success rates and sector representation between ethnic groups. The Black and Black British group did particularly poorly over the period between 2007 and 2012, with the number of Black/Black British people in top management positions decreasing by 42%.

Literature review continued

BITC also found that a number of UK sectors appear to be closed off to BME people when it comes to leadership opportunities, with almost three quarters (74%) of management positions held by BME individuals clustered in three sectors: banking and finance; distribution, hotels and restaurants; and public administration, education and health. The banking and finance sector appears to perform better than some other sectors, with the number of managers from all but one ethnic group increasing between 2007 and 2012. The majority of management positions within the energy and water, construction, legal, media and political sectors were held by White people.

The number of BME managers in the 'other services' sector has had the second fastest growth rate, of 51%, between 2007 and 2012. 'Other services' covers activities of membership organisation, repair of computers and personal household goods, and personal service activities such as dry-cleaning, hairdressing and beauty treatments. BITC suggests that this could indicate a preference by BME individuals to start their own business rather than find employment in the more traditional industries. Whether this is by choice or necessity is an interesting question. On a positive note, BITC reports that 10% of BME employees are on the first rung of the promotion ladder, which is proportionate to the 10% of BME people in employment at the time of the BITC report.

With regard to the public sector, 11% of civil servants in government agencies are BME individuals[65]. However, at a senior level this number decreases to 7%. Six percent of MPs and members of the House of Lords have an ethnic minority background, which means that the 14% of the population who are BME individuals are currently being underrepresented. In the health sector, 18% of NHS staff and 41% of doctors come from an ethnic minority background. However, the General Medical Council reports that White UK medical graduates are more likely than BME graduates to pass specialty exams, and that the chances of passing are particularly low if a primary qualification was gained outside the UK or EEA[66].

Green Park's annual survey of Britain's 10,000 top business leaders, reports that there has been a decline in BME presence in the pipeline Top 100 leaders, which it defines as the most senior leaders including all reports to main board directors[67]. Its analysis finds that the equivalent of nearly 40 non-White leaders has been lost in the 12 months preceding the survey. On a somewhat positive note, Green Park found that there were three non-White Chairs of FTSE 100 companies in spring 2015, up from two in 2012.

Research by Third Sector also finds that, amongst leadership of the top 50 UK fundraising charities, just 12% of chief executives, 6% of senior managers and 8% of trustees are non-White[68]. These proportions fall short relative to the overall proportion of non-White people living in the UK. Furthermore, 19 of the 50 top charities surveyed have no non-White people on their top teams or trustee boards.

Pipeline of talented and skilled Black and Minority Ethnic individuals

BME individuals are more likely to participate in higher education than White British individuals[69]. However, evidence indicates that this does not translate into equal outcomes in terms of both degree attainment and employment after graduation[70,71]. Similarly, figures suggest that there remains an employment gap for those with vocational qualifications and for those who have completed apprenticeships[72].

Higher education

Examining the performance of different ethnicities in the UK's higher education system is one way to better understand the pipeline of skilled individuals from different ethnic backgrounds who are entering the labour market. There is a very good story to tell on the relative progression of BME groups to higher education in England and the higher representation of BME groups in English higher education institutions relative to their share of the population. However, issues remain around the retention, attainment and progression from higher education for some BME groups.

Research by the Institute for Fiscal Studies confirms that BME groups are more likely to participate in higher education than the White British category, including to the most selective institutions once you control for background characteristics and prior attainment[73]. All BME groups are at least ten percentage points more likely to participate in higher education than White British individuals once background characteristics and prior attainment are taken into account.

UCAS has also found that there is no systematic bias in the offers made by selective institutions to students from different ethnic backgrounds, once you take into account that BME students tend to have higher aspirations and are more likely to apply to more competitive courses with comparatively lower predicted grades than their White peers[74]. Table 1 is based on UCAS data and shows that the entry rates to higher education are higher for every ethnic minority group than that for the White group and that entry rates for ethnic minority groups are growing more quickly than for the White group[75].

Table 1: UCAS entry rates for BME groups – English domiciled 18 year olds from state schools. Source: UCAS, 2016[76]

Ethnic group	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
White	21.7%	22.2%	23.4%	24.0%	24.2%	25.7%	24.6%	26.1%	27.2%	27.8%
Mixed	22.7%	24.2%	24.8%	25.5%	25.3%	28.7%	27.6%	29.0%	30.6%	31.8%
Chinese	50.8%	50.7%	50.0%	50.4%	49.6%	57.3%	54.1%	54.5%	56.1%	57.6%
Black	20.9%	22.5%	24.9%	26.0%	27.2%	30.4%	30.1%	33.4%	34.3%	36.7%
Asian	33.9%	34.0%	35.1%	35.6%	34.2%	36.3%	35.3%	37.9%	38.7%	41.0%
Any other ethnic group	26.4%	26.8%	27.5%	27.4%	27.2%	29.7%	30.1%	31.2%	33.3%	35.8%

Despite the positive story around gaining entry to higher education, there is a more concerning picture on how BME individuals progress through the higher education system. The Department for Business, Innovation and Skills' national strategy for access and success for disadvantaged students in higher education indicated that outcomes for some BME students fall below what might be expected given their prior attainment[77]. Despite currently participating in higher education at higher rates than the White group, BME students achieve consistently lower degree outcomes than those from White backgrounds entering with the same A-level grades.

Higher Education Funding Council for England (HEFCE) data shows that non-continuation rates for Black Caribbean first degree entrants are the highest of all ethnic groups at 12.5% of 2012-13 entrants, compared with 6.5% of White entrants. There are also differences in degree attainment and progression to employment and further study which particularly affect Black students[78]. This is true across a range of outcomes, such as completing the degree, gaining a first or upper second degree classification, and progressing to highly skilled employment or further study. HEFCE data on degree outcomes shows that a higher proportion of White graduates achieved a first or upper class degree in 2013-14 (76%) compared with their BME counterparts (60%)[79].

HEFCE data on employment outcomes indicates that there are significant differences in professional employment rates amongst ethnic groups[80]; with Black Caribbean qualifiers having the lowest rate of professional employment six months after graduation, at 55.4%, which is 9.3 percentage points lower than the highest rate of 64.7% for White qualifiers[81]. At 40 months after graduation, it is Black African qualifiers who have the lowest rates of professional employment, at 65.9%, while Asian Indian and White qualifiers have the highest rates at 79.1% and 78.7% respectively. BITC's Gender and Race Benchmark[82] supports these results and found a significant drop-off in the proportion of BME graduates (and apprentices) progressing from application to hire stages of recruitment, while White candidates tend to progress from application to hire in similar proportions.

Moreover, a study by the Institute for Social and Economic Research at the University of Essex also concludes that six months after graduation, BME university graduates are much less likely to be employed than White British graduates. Pakistani and Bangladeshi groups face the largest employment gap, being about 10% to 15% less likely to be employed[83]. The authors find that this can mainly be attributed to a lack of social capital and networks through family or the local community, while university quality has relatively little impact on employment outcomes.

In addition to difference in employment rates, there is also a difference in wages, as the Trade Union Congress (TUC) reports[84]. On average, Black workers with degrees earn 23.1% less than their White counterparts, while all BME workers earn 10.3% less. This seems to support the theory that BME individuals struggle to find work that matches their qualifications and to progress within the workplace. In another study, the TUC also finds that BAME individuals with degrees are 2.5 times more likely to be unemployed than White graduates[85].

Further education and apprenticeships

The TUC reports that there exists a severe unemployment gap for those with vocational qualifications: the unemployment rate of BME workers who have obtained HNC/HND (Higher National Certificates/Higher National Diplomas) and BTEC (Business and Technology Education Council) qualifications compared with White workers is over 5.5 percentage points[86]. Similarly, the unemployment gap with regard to skills-based qualifications through training is 5.5 percentage points, while in apprenticeships the employment gap is 23.0 percentage points.

Literature review continued

Inter-generational differences within Black and Minority Ethnic groups and social networks

Evidence has found that BME groups experience significantly lower upward social mobility rates compared with their White counterparts[87]. Additionally, research suggests this varies significantly by ethnic group and gender[88].

Inter-generational differences

We have highlighted that labour market outcomes for BME individuals vary significantly, not just by ethnicity but by other characteristics, including age and gender. There is also evidence that shows inter-generational differences in outcomes.

Examining social mobility, which can be defined as the movement of individuals/families within or between social classes in a society, is one way of considering the issue of inter-generational performance of BME individuals or groups. As an example, Li and Heath, who undertook one of Britain's largest longitudinal studies of class and ethnicity in Britain between 1982 and 2011, found that first generation Black African, Indian and Pakistani and Bangladeshi groups had significantly lower upward mobility rates than their White counterparts[89]. Forty-three percent of White men and 46% of White women had moved up to a higher socio-economic class than their father, but just 34% of first generation Pakistani and Bangladeshi men and 28% of Pakistani and Bangladeshi women moved up from the socio-economic class of their father.

The researchers highlight that social mobility also differs by gender, for example second generation south-Asian men have benefited more from upward occupational mobility than women. Interestingly, amongst second generation Black Caribbean and Chinese groups, Black Caribbean men (40%) and Chinese women (47%) experience lower rates of upward mobility than Black Caribbean women (67%) or Chinese men (57%). A study by Longhi, Nicoletti and Platt reports that second generation Indian Muslim, Indian Hindu and Indian Pakistani men generally earn higher wages than the first generation[90]. However, the amount that can be explained by workers' individual characteristics (rather than discrimination) does not necessarily increase with generations.

In contrast, research by Heath and Li using data from 1972 to 2005 shows that for Black African, Black Caribbean and Pakistani and Bangladeshi migrants and their descendants, severe ethnic penalties continue to persist[91]. However, White Irish, White Other and Chinese groups experience no such ethnic penalties. According to this research, for the three main disadvantaged groups, no sign at all of improvement through time could be found.

The importance of social networks features prominently

The Organisation for Economic Co-operation and Development (OECD) describes social networks as 'the links, shared values and understandings in society that enable individuals and groups to trust each other and so work together'[92]. The literature includes many references to the importance of social networks. According to JRF[93], strong social networks are a form of social capital, and in this way they place a value on social networks. There is also some evidence to suggest that neighbourhood concentration of own ethnic group is associated with higher life satisfaction[94].

Another JRF study highlights that having a mixed ethnic friendship network and having friends who are employed reduce the probability of living in poverty – about two thirds of people in the UK have friends from mixed ethnic groups[95]. However, these factors do not have as strong an influence as other factors, such as level of qualification. The benefit of a mixed ethnicity social network is felt mostly by ethnic groups with the lowest level of poverty. In addition, the number of close friends may also be an even stronger predictor of poverty status.

The social networks of employers may also influence the careers of BME groups through a process of 'homosocial reproduction'. This concept was first introduced by Kanter in 1977 to understand the lack of career success of women, but has been applied to BME groups, and is understood as employers wishing to select employees who are similar to themselves[96,97]. This means that predominantly White European executive and managerial groups would 'reproduce' themselves by appointing White Europeans.

A 2011 study by the OECD identified that a lack of effective job-search networks can make accessing employment difficult, given that it is very often about knowing the right people[98]. However, some ethnic social networks can be limiting – and can result in young people getting jobs in a limited set of sectors in which their social group is already working.

Other evidence confirms the importance of social networks and ethnic communities within the UK labour market. Research found that the higher the percentage of a given ethnic group living nearby, the higher the employment rate of that ethnic group[99]. However, this effect rapidly diminishes with distance and disappears completely at about 90 minutes' travel time.

What is the business case for change?

There is a variety of literature covering the imperatives for businesses to take action, including widening the talent pool, growing the customer base and increasing innovation. Analysis suggests that the potential benefit to the UK economy from full representation of BME individuals across the labour market through improved participation and progression is estimated to be £24 billion per annum, which represents 1.3% of GDP[100]. Despite these potential benefits, only 57% of organisations have a race champion at board level or equivalent[101].

What is the potential value of action?

BME individuals are both less likely to participate in the labour market and less likely to progress through the labour market when compared to White individuals. Across the workforce this means there are significant wasted resources, as BME individuals are not obtaining employment that matches their skills and abilities. The reasons behind this are wide ranging and complex, from differences in professional networks and aspirations to discrimination. Fully utilising the skills and potential of BME individuals would deliver large economic benefits to the UK.

The need for a business case

JRF emphasises the need for greater recognition of the business case for maximising the untapped talent of ethnic minority groups[102]. BITC's Gender and Race Benchmark found that 87% of benchmarking organisations have a business case for diversity and inclusion, but fewer (60%) have a specific business case for ethnicity[103]. In terms of leadership and accountability, employers are more likely to make senior leaders accountable for delivering gender diversity, equality and inclusion strategies than for ethnicity strategies. Only 57% of organisations have a race champion at board or equivalent level, yet 67% have a race champion at senior manager or HR professional level.

The Runnymede Trust notes that the business case for greater ethnic diversity should not focus on the ethical value of diversity and inclusion, nor be simply 'the right thing to do', but rather should be linked to business outcomes such as profitability, productivity or legal compliance[104]. In this way, equality and diversity promoters are more likely to get the issue onto boardroom agendas. Added to this, research by BIS on the Business Case for Equality and Diversity suggests that the case for change will vary for individual businesses, depending on the economic and organisational context within which it is operating[105].

What is the business case for change?

From the literature, some of the key business and economic performance-based arguments for improving BME representation throughout the workforce include:

Widening the talent pool: BME individuals are the future UK workforce, making up 14% of the working age population[106]. One in four primary school pupils has a minority ethnic background.

> If a business does not encourage BME professionals entering the organisation or progressing, then their talent pool will get smaller over time, minimising their prospects of getting the best people for a given job. This is particularly important in the context of skills shortages in certain areas and increasing demand for individuals with backgrounds in areas such as science, technology and maths;

Retaining and growing the customer base: The Runnymede Trust reports that BME representation at all levels within a business can lead to a better understanding of customer needs and greater insight into untapped markets[107]. This might be, for example, through improved market strategies or new products and services aimed at the particular demands of diverse communities.

> For example, the Institute for Employment Studies' Perspectives on HR report says that directors from diverse backgrounds are likely to operate in different networks, engage with a wider pool of stakeholders, and have understandings of different markets[108]. A combination of these factors is likely to open up a wider range of markets than for those businesses whose board members have similar experiences and thus operate within similar networks and markets. The Runnymede Trust suggests that some sectors, such as retail, benefit from having customer-facing staff that reflects their potential customers;

Reputation: Strong equal opportunities policies to improve diversity can make an employer more attractive to potential employees[109]. Conversely, negative publicity with regard to diversity and inclusion can damage a business;

Improved morale, leading to increased productivity, improved retention rates and lower recruitment costs:
In a paper on the business case for equality and diversity[110], BIS report that a lack of equality policies can lead to greater staff turnover rates, with an associated loss of talent, as well as potential employment tribunals and associated bad press;

Innovation: It has been suggested that increased diversity can improve innovation as a result of broader experience leading to a wider variety of ideas, and that diversity can improve problem solving as a result of increased challenge[111].

Literature review continued

Evidence on the relationship between ethnic diversity and business performance

An academic study by Tatli and Özbilgin, based on survey evidence from 285 diversity and equality officers in the UK, draws together the benefits of ethnic diversity[112]. The survey found that 64% of respondents considered diversity to be important for recruiting and retaining talent, 48% to improve business performance, 43% to improve customer relations, 43% to improve creativity and innovation, 35% to enhance decision making and 32% to respond to competition in the market.

An extensive study on the effect of diversity on business outcomes was conducted by McKinsey and Company in 2015; they found that[113]:

- Companies in the top quartile for ethnic diversity are 35% more likely to have financial returns above their respective national industry medians;
- Companies in the bottom quartile for both gender and ethnicity are statistically less likely to achieve above-average financial returns than the average companies in the dataset;
- Unequal business performance within the same industry and country implies that diversity is a competitive differentiator, which is shifting market share toward more diverse companies over time;
- While correlation does not equal causation (greater gender and ethnic diversity in corporate leadership does not automatically translate into more profit), the correlation does indicate that when companies commit themselves to diverse leadership, they tend to be more successful.

As demonstrated above, evidence exists supporting the link between an ethnically diverse workforce, including senior management teams, and better business performance. McKinsey provides a detailed summary of a large body of additional evidence supporting this link[114]. Some of the key pieces of evidence used by McKinsey include the study by Erhardt et al. who found that diversity at executive board or director level (measured by both ethnicity and gender) is positively correlated with return on investment and return on assets[115]. This was also backed up by research by Carter et al. who found that organisations with two or more ethnic minority board members performed better than those that had none[116]. Similarly, Herring reported that both gender and race diversity in the workforce were associated with increased sales revenue, more customers, greater market share, and greater relative profits in a sample of for-profit businesses[117].

McKinsey is careful to point out that the findings of different studies vary, with some finding that diversity has a positive impact, and some pointing to a negative impact. McKinsey concludes that this demonstrates the complexity of the relationship between ethnic diversity and organisational performance. One of the studies it cites found that diversity amongst top management figures and business performance were related in a 'U-shaped curve', where productivity fell as racial diversity increased up to a point of around 25% of racial diversity, after which it began to increase[118]. This suggests that there might be some kind of 'bedding' period for increased diversity, where an initial increase in diversity reduces the performance, for instance through increased conflict or poorer communication, but as diversity becomes more normalised and incorporated into top-level management, the benefits of more diverse points of view and greater access to networks result in better performance.

Identifying the obstacles faced by Black and Minority Ethnic people in the labour market

There are a range of barriers identified in the literature which limit both participation and progression of BME individuals in the labour market. These broadly cover aspirations, skills and language skills, geography and geographical mobility, social capital and networks, cultural preferences and discrimination. The relative impact of each of these obstacles varies by ethnic group.

What are the barriers faced by BME individuals in work?

There are a number of studies that point out the barriers that BME individuals face in the labour market[119,120,121,122]. These factors range from availability of social and financial capital to cultural influences and experiences with discrimination. The main barriers cited in the literature include:

- Individual expectations and aspirations;
- Human capital such as training, education and skills relevant to job performance;
- Lack of language skills;
- Geography (many ethnic minorities live in areas with high unemployment and lack of mobility);
- Financial capital for setting up a business;
- Social capital such as social relations and network;
- Lack of access to professions and integration policies;
- Cultural preferences and other cultural barriers;
- Direct discrimination (positive or negative) by employers, banks or co-workers;
- Indirect discrimination.

Aspirations

A number of studies indicate that BME individuals are as ambitious as, if not more so, than their White counterparts. These studies found that minority ethnic students were more likely to aspire to conventional, social, and enterprising careers than majority ethnic peers, showing that preferences for different types of careers can vary by ethnicity[123,124]. However, Abrahmasen and Drange found that Asian students had lower expectations of attaining a management position than European students[125]. In this context, the evidence on poorer career progression and performance by BME individuals is concerning. As noted previously JRF, reported unequal access to opportunities for development for BME groups[126]. Studies also suggest that where there is a lack of aspiration, this is often linked to lack of BME role models or mentors to provide a positive example and influence the goals of young people.

People tend to use role models who 'match' themselves in terms of ethnicity, and role models can be a source of self-efficacy, performance standards and inspiration by demonstrating their possible future selves[127,128]. This means that a lack of visible BME role models could negatively influence career aspirations and outcomes.

In addition to role models, stereotypes may influence aspirations, especially if there is a negative stereotype around academic achievement. Negative stereotypes can affect aspirations through 'stereotype threat', in which a negative stereotype negatively affects performance or attitudes as people are concerned about fulfilling the stereotype. For instance, a study by Woodcock et al. found an influence of stereotype threat on aspirations of BME individuals, in that being exposed to a negative stereotype around academic achievement throughout scientific training was related to lower intentions to pursue a scientific career[129]. In addition, Aronson and Inzlicht found that African-American students who are more vulnerable to stereotypes are more likely to underestimate how well they do academically[130].

BITC reports a high level of interest amongst BME groups in taking part in management fast track programmes[131]. However, whilst interest in fast track programmes is significantly higher amongst BME employees, at 40% compared with 18% of White employees this higher interest is not reflected in greater access to fast track management programmes for all ethnic minority groups.

BITC also reports that BME employees appear to show more ambition than those from a White background with 64% of BME employees agreeing that it is important that they progress compared with 41% of White employees. Ambition to progress in their careers is particularly high for employees from a Black background (72%), followed by Asian (63%) and mixed race (61%) ethnic minority groups. Furthermore, BME employees are less likely to report that their current job makes good use of their skills and abilities (54% compared with 57% of White employees). Half or more of Black African (50%), Black Caribbean (52%), Pakistani (58%) and Chinese (52%) employees do not believe that their skills are put to good use, with 43% of Bangladeshi employees in agreement with this statement.

What part does discrimination play?

The Runnymede Trust draws attention to the issue of how prejudice, discrimination and exclusionary practices in the workplace can limit people's professional opportunities and the contribution they make to their organisation[132]. They bring together a number of studies focusing on discrimination:

- In 2007, the business-led National Employment Panel reported that at least 25% of the 'ethnic minority employment gap' (the difference between how many BME people are employed compared with the general population) is caused by discrimination in employment practices[133];
- One third of Asian and 20% of Black managers surveyed by Hooker et al. said that racial discrimination had been a barrier to succession[134];
- Subjected to CV testing, private sector employers showed a discrimination rate of 35% compared with 4% for the public sector[135];
- Ethnic minorities, particularly first generation individuals, often face a linguistic penalty in job interviews. This is not due to bad command of English, but rather the fact that there are hidden demands to talk in institutionally credible ways and there is often a mismatch of cultural expectations[136];
- Ethnic minorities are themselves aware of unconscious bias against them, which constrains their job search[137].

Based on this evidence, the Runnymede Trust draws out three basic conclusions:

- Everyone has biases and prejudices which influences their behaviour, whether consciously or unconsciously, and this behaviour impacts on day-to-day business;
- Both formal and informal practices exist in workplaces which have the effect of unfairly disadvantaging people, some of which stem from racism, bias and prejudice;
- Where people perceive that they are being discriminated against, or unfairly excluded from participation and recognition, this should be taken seriously as an issue.

BITC identified widespread self-reporting of racial harassment and bullying in the workplace[138]. As Graph 10 shows, over a quarter (28%) of all BME employees reported witnessing or experiencing racial harassment or bullying from managers in the last five years. One in five White employees (17%) reported the same. Similar proportions of employees from a mixed race (25%), Asian (29%) or Black (30%) background reported experiencing or witnessing racial harassment or bullying from managers in the last five years. Furthermore, 32% of BME employees have witnessed or experienced racial harassment or bullying from colleagues in the last five years, with the proportion rising to around two in five for those from a Pakistani or Other Asian background.

The NHS reports that a much higher percentage of staff from BME backgrounds have experienced harassment, bullying or abuse as well as discrimination from managers or colleagues[139]. BME employees are also much less likely to believe that they have equal opportunities for progression within the NHS.

Literature review continued

Graph 10: Proportion of employees who have personally experienced harassment or bullying from their manager or colleagues in the last five years, by ethnic group. Source: Business in the Community, 2015[143]

- I have experienced this from managers
- I have experienced this from colleagues
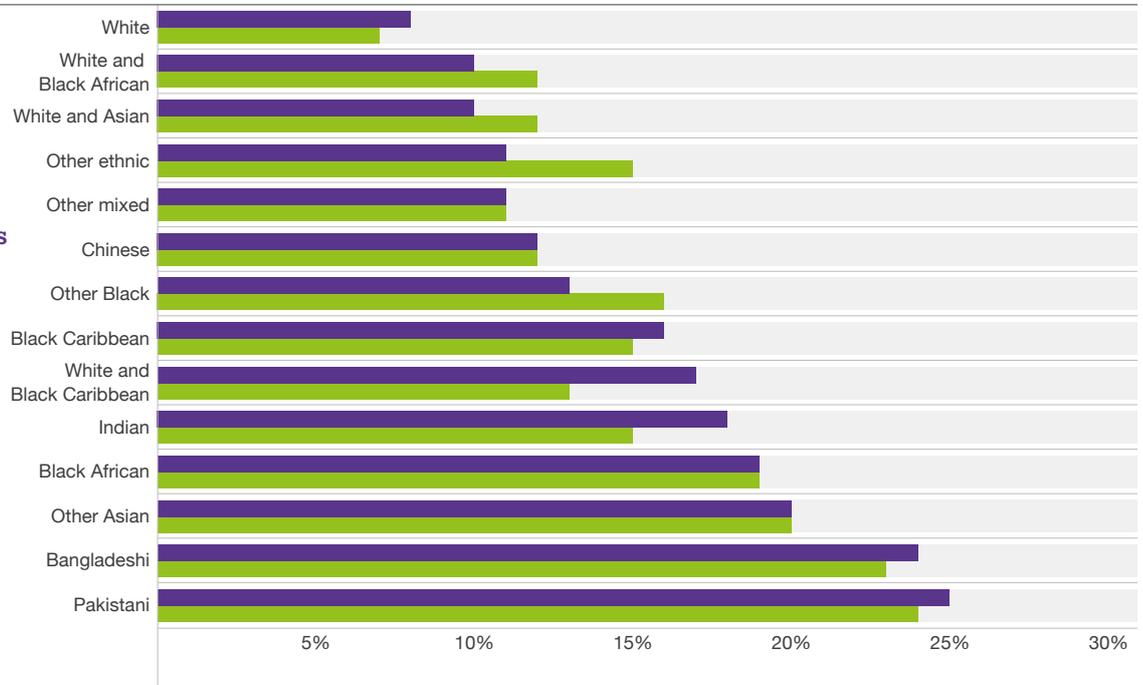
Research by Heath and Li found that that all ethnic minority groups except for Chinese and other Whites report substantially higher job refusal rates than White people[140]. In the case of Black African, Black Caribbean and Pakistani and Bangladeshi groups, they were 20% higher. Refusals were also much higher for Muslims than for other religious groups. The authors estimate that while discrimination, using a proxy of job refusals, does not play a large role in explaining the employment gap for the Pakistani and Bangladeshi group, it explains 12% of the gap for Black Caribbean men and 25% for Black African men.

BIS research highlights that a potential source of discrimination might be that employers overestimate the cost of hiring a worker from a different minority group[141]. Within this economic framework of discrimination, the case for diversity can be made if there are business benefits from diversity that outweigh both the perceived cost, and the benefits associated with hiring a majority group worker.

Research from the Resolution Foundation suggests that Government should work with employers to end ethnicity related discrimination, and to ensure that employment and skills services work effectively for BME groups[142]. Given that BME participation appears to be the least responsive to improving labour market conditions, the report finds that BME groups have a greater need for policy intervention to achieve good labour market outcomes.

International comparisons

There is limited research on international comparisons of BME performance in the labour market. It is difficult to make comparisons due to the wide variation in how countries conceptualise, define and measure ethnicity. The existing evidence which compares the UK and US concludes that in both countries there are significant differences in the earnings of BME males and that BME individuals are disadvantaged in accessing professional and managerial positions[144,145].

International comparisons of ethnicity are difficult to produce, not least because of the wide variations in how countries conceptualise, define and measure ethnicity. Different countries measure some or all of: race, ancestry, ethnicity, migrant status and country of birth. In almost all countries that do collect official statistics on ethnicity, the answers are based on an individual's self-definition and their response will depend on the specific socio-cultural context in which they are responding.

Countries that do collect data on ethnicity are liable to use breakdowns that reflect the patterns of migration and population change in those specific countries and this further complicates international comparisons. For example, many countries will collect data on aboriginal or indigenous populations that will differ from country to country. In addition the individual ethnicity breakdowns will reflect the largest ethnic minority groups within that country that are usually as a result of historical migration patterns. For example, the UK generally breaks down the Asian ethnicity category into Bangladeshi, Pakistani and Indian – reflecting their status as some of the largest ethnic groups in the UK. This is in contrast to other countries in Europe and elsewhere that do not have significant numbers of individuals from those ethnic groups.

In many countries, for example Germany and Italy, most data and analysis focuses on whether residents are born in that country or abroad, rather than ethnicity itself. Notably, France has legislation that prevents it collecting statistics that define citizens by ethnicity or race. The UK is one of only a few countries that has official statistics on the labour market for different ethnicities.

Nevertheless, there exist some studies of comparisons between the UK labour market and others. A study by Li compares earnings of BME individuals in the UK and the US between 1990 and 2000[146]. In both countries, minority ethnic men earned significantly less than White women. While women generally had a poorer socio-economic position than men, there were no significant differences in earnings between minority ethnic and White women. A further study confirmed that in both the US and the UK BME individuals are severely disadvantaged both with regard to employment and access to professional-managerial positions[147]. While signs of improvement over time are apparent, persistent inequalities are the defining feature of both countries.

Studies also confirm that ethnic minority disadvantage in the labour market exists in many major economies. In Belgium, a study showed that parents' socio-economic positions have a significant impact on the social capital of their children[148]. Labour market entrants whose family members have had access to higher education or are employed have a much higher chance of successful labour market entry. Ethnic minorities, notably Turks, Moroccans and those from the Balkans, have much less access to job-finding resources through their family, which negatively impacts their probability of successful labour market entry.

Highlighting and promoting best practice – academic research and evidence on what works

There is limited academic evidence on what employer practices and policies work best in improving progression of BME individuals at work. A number of studies both internationally and in the UK have found that job applications using a name associated with a minority ethnic group are less likely to be successful in getting to the sift stage of recruitment, suggesting that name-blind recruitment could improve the recruitment process[149,150,151]. Evidence also suggests that a lack of positive role models may act to discourage BME individuals from progressing at work[152].

Further examples of what employers can do and best practice are explored in the Call for Evidence and Roundtable discussions as part of this review.

Name-blind recruitment
A number of recent studies suggest that BME applicants perform better in the sift stage of an application process where name-blind recruitment practices are used. Research by Oreopoulos sent thousands of randomly manipulated resumes in response to online job postings in Toronto[153]. The study found substantial discrimination across a variety of occupations towards applicants with foreign experience or those with Indian, Pakistani, Chinese and Greek names compared with English names. Listing language fluency, multinational firm experience, education from highly selective schools or active extracurricular activities had no diminishing effect. Whilst recruiters justify this behaviour based on language skill concerns, they fail to fully account for these offsetting features when listed. A similar experiment conducted by Bertrand and Mullainathan in the US confirmed these results[154]. They sent approximately 5,000 CVs in response to employment advertisements in sales, administrative support, clerical and customer services roles. Their study found that resumes with 'White sounding names' receive 50% more call-backs for interview, and that higher quality CVs increase call-backs by 30%, an increase that is much smaller than for African Americans.

A study by the Department for Work and Pensions in the UK resulted in similar conclusions[155]. This involved sending applications to almost 1,000 advertised job vacancies. The researchers sent practically identical applications out towards different vacancies, with two out of three containing names typically associated with a certain ethnic group. Eleven percent of the applications with a White sounding name received a positive response, compared with only 6% of ethnic minority applicants. In other words, 74% more applications needed to be sent from ethnic minority applicants in order to generate the same success rate.

Literature review continued

Diverse interview panels

Given the increasing recognition of the impact of unconscious bias, diversity in interview panels might be one way of ensuring that BME individuals are not unfairly disadvantaged. BITC's Gender and Race Benchmark survey of over 100 organisations found that the number of organisations ensuring ethnically diverse interview panels (where possible) has nearly doubled in three years (2012-2014), but this still represents fewer than 50% of organisations[156].

Equality and diversity management systems

HR practices were also the focus of Armstrong et al., who found that organisations with high performance work systems (generous HR practices and policies) and equality and diversity management systems benefited from higher labour productivity, lower voluntary turnover and increased rates of innovation[157]. The benefits were greater when there were equality and diversity management systems in place in conjunction with high performance work systems, which again supports the argument for embedding equality and diversity into organisations in order to benefit from it.

Role models and mentoring

A study by the Institute of Education found that a lack of positive role models discourages minority ethnic graduates from successfully securing graduate employment[158]. Black and other minority individuals in senior managerial positions are often missing in large organisations. In addition, there is also a lack of role models in senior positions at work within individuals' ethnic communities or families. The Institute recommends positive marketing and branding, pre-university access work in schools to instil confidence and specifically aiming recruitment efforts at minority students as helpful measures in this context.

BITC's research found that role models were particularly important to Black British employees[159]. Further research by BITC found that there was a lack of role models at work particularly for Black Caribbean and other Black Group employees[160]. When asked whether role models should be from the same background as themselves, employees had a mixed response with approximately one third agreeing, one third disagreeing and one third neither agreeing nor disagreeing. Black African and Asian employees were the most likely to feel that role models should be from the same background as themselves.

Conclusion

Obstacles faced by BME individuals in the labour market

This literature review has laid out the current situation of BME individuals in the UK labour market. BME individuals face substantial obstacles to both participation and progression in the labour market, as evidenced by their significantly worse labour market outcomes compared with their White counterparts, ranging from relatively high unemployment rates to disproportionately low representation in senior roles.

The business case for change

There is a strong business case for encouraging the participation and progression of BME individuals in the labour market, as shown by the research cited in this literature review. In particular, more diverse companies are more likely to have higher financial returns, have an opportunity to widen their talent pool and grow their customer base, and are more likely to develop more innovative business solutions.

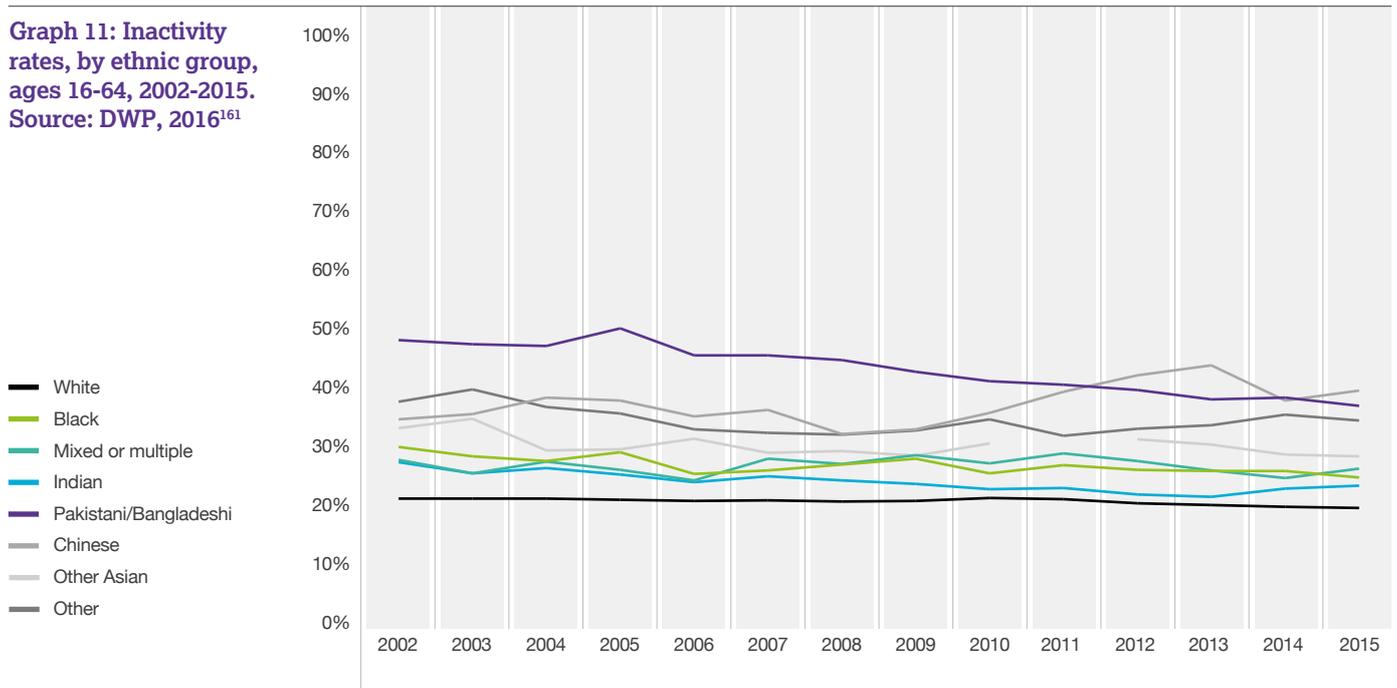### Academic evidence of best practice

A variety of factors contribute to the position of BME individuals in the labour market. These range from human, social and financial capital to the lack of role models, differences in individual aspirations and also indirect as well as direct discrimination. Businesses need to take active steps to break down the barriers facing BME individuals in the labour market. This paper has identified a number of possible measures, including but not limited to:

• Name- and CV- blind recruitment practices;
• Diverse interview panels;
• Systems to manage equality and diversity;
• Developing role models for BME individuals.

Further examples of what employers can do and what has worked best are explored in the Call for Evidence and Roundtable discussions as part of this review.

Further data

Graph 11: Inactivity rates, by ethnic group, ages 16-64, 2002-2015. Source: DWP, 2016[161]

Legend:
- White
- Black
- Mixed or multiple
- Indian
- Pakistani/Bangladeshi
- Chinese
- Other Asian
- Other

Graph 12: Female inactivity rates, by ethnic group, ages 16-64, 2002-2015. Source: DWP, 2016[162]

Legend:
- White
- Black
- Mixed or multiple
- Indian
- Pakistani/Bangladeshi
- Chinese
- Other Asian
- Other
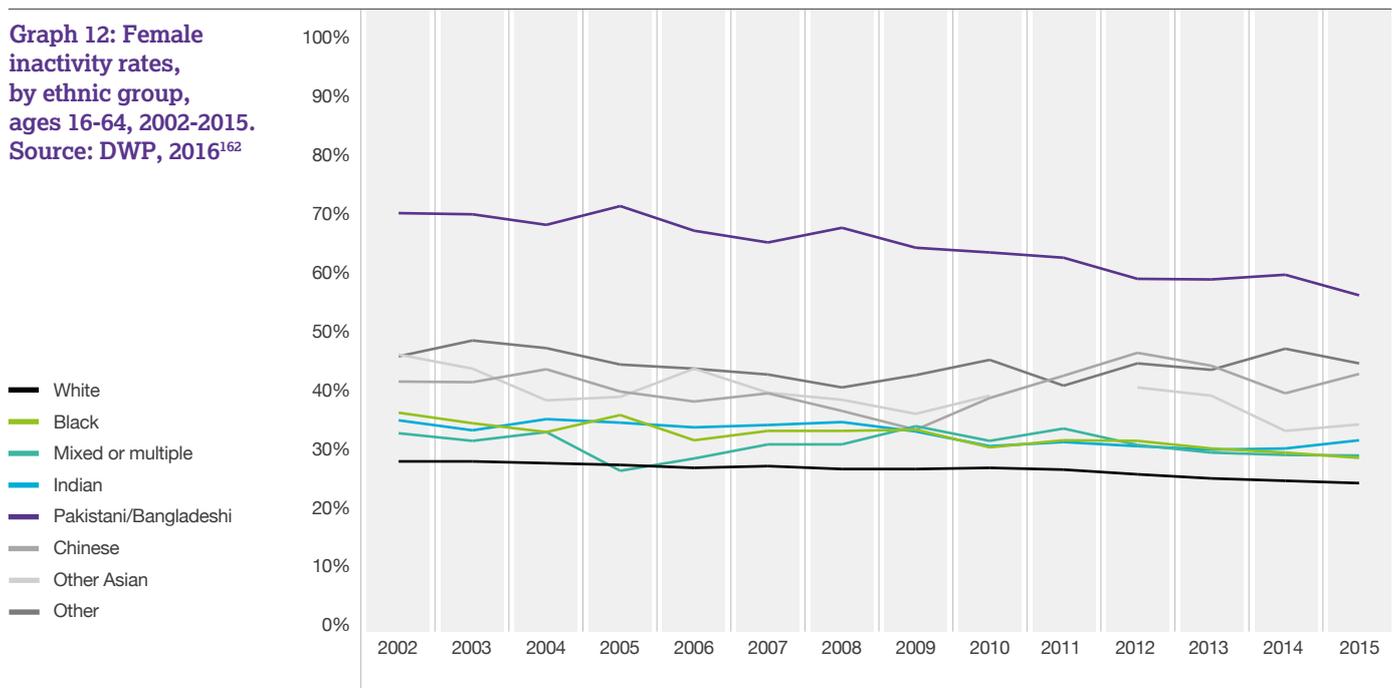
Literature review continued

Graph 13: Male inactivity rates, by ethnic group, ages 16-64, 2002-2015. Source: DWP, 2016[163]

Legend:
- White
- Black
- Mixed or multiple
- Indian
- Pakistani/Bangladeshi
- Chinese
- Other Asian
- Other
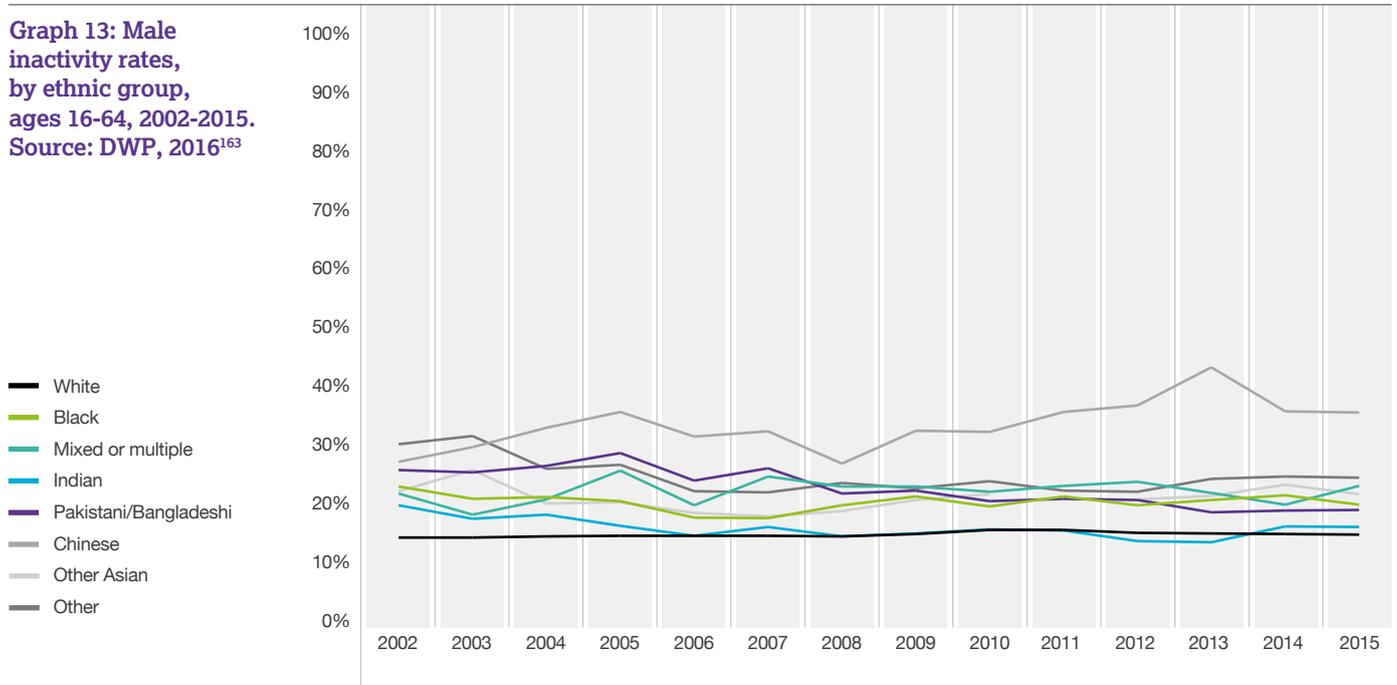
Graph 14: Employment rates for White and BME workers by age, Quarter 1 2016. Source: ONS Labour Force Survey, 2016[164]
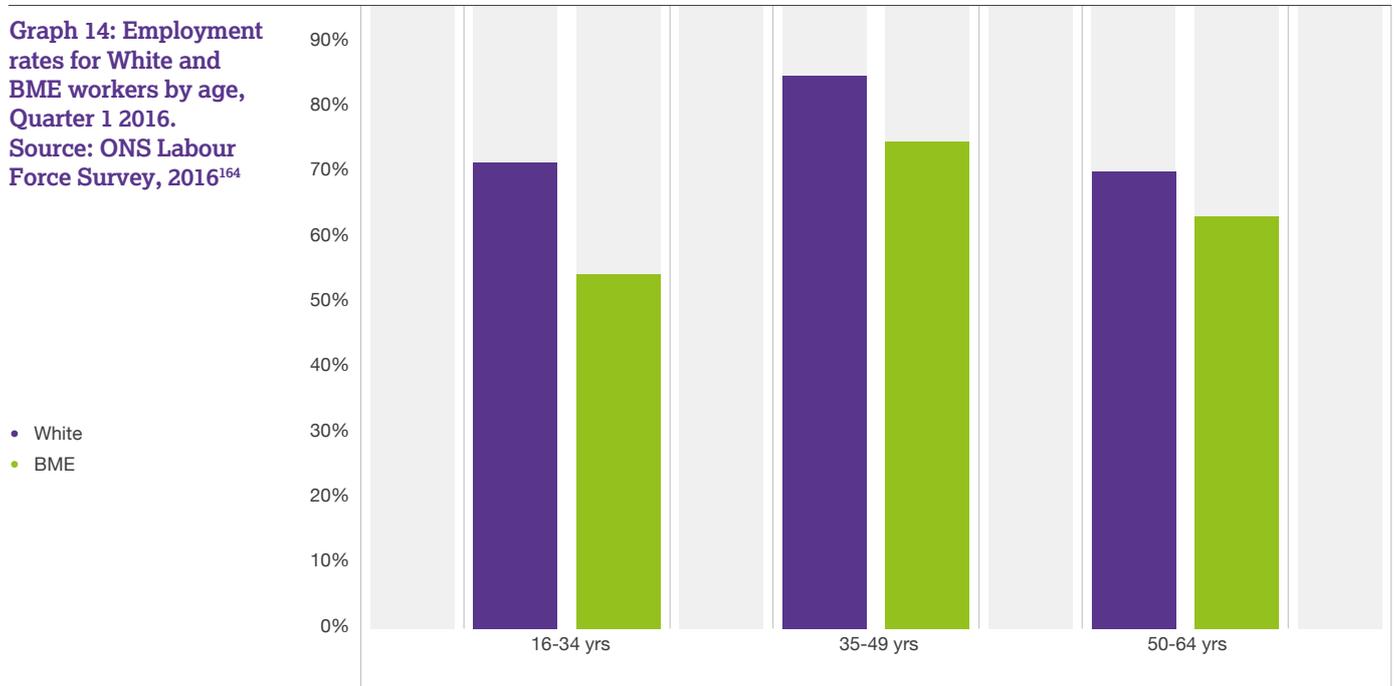
- White
- BME

Graph 15: Employment rates for White and BME workers by region, Quarter 1 2016. Source: ONS Labour Force Survey, 2016[165]
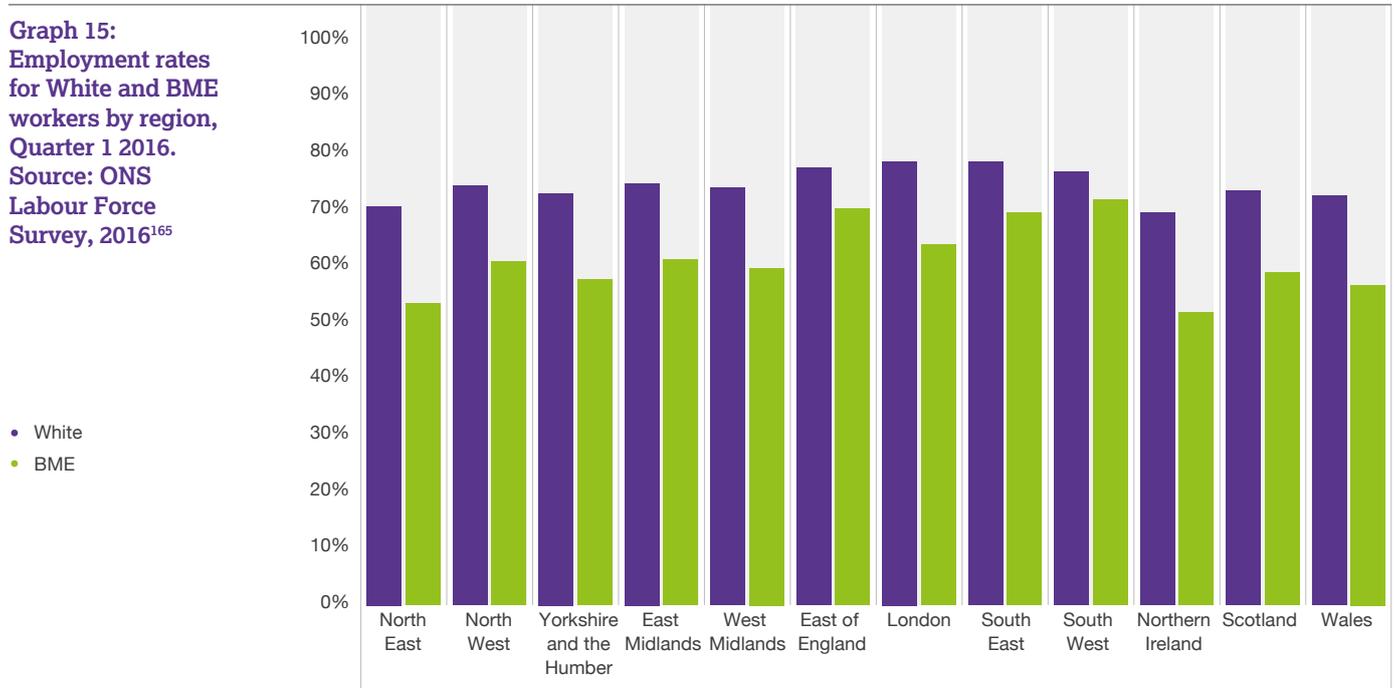
- White
- BME

Graph 16: Proportion of those in employment who are self-employed by ethnic group and gender, Quarter 1 2016. Source: ONS Labour Force Survey, 2016[166]

- Male
- Female
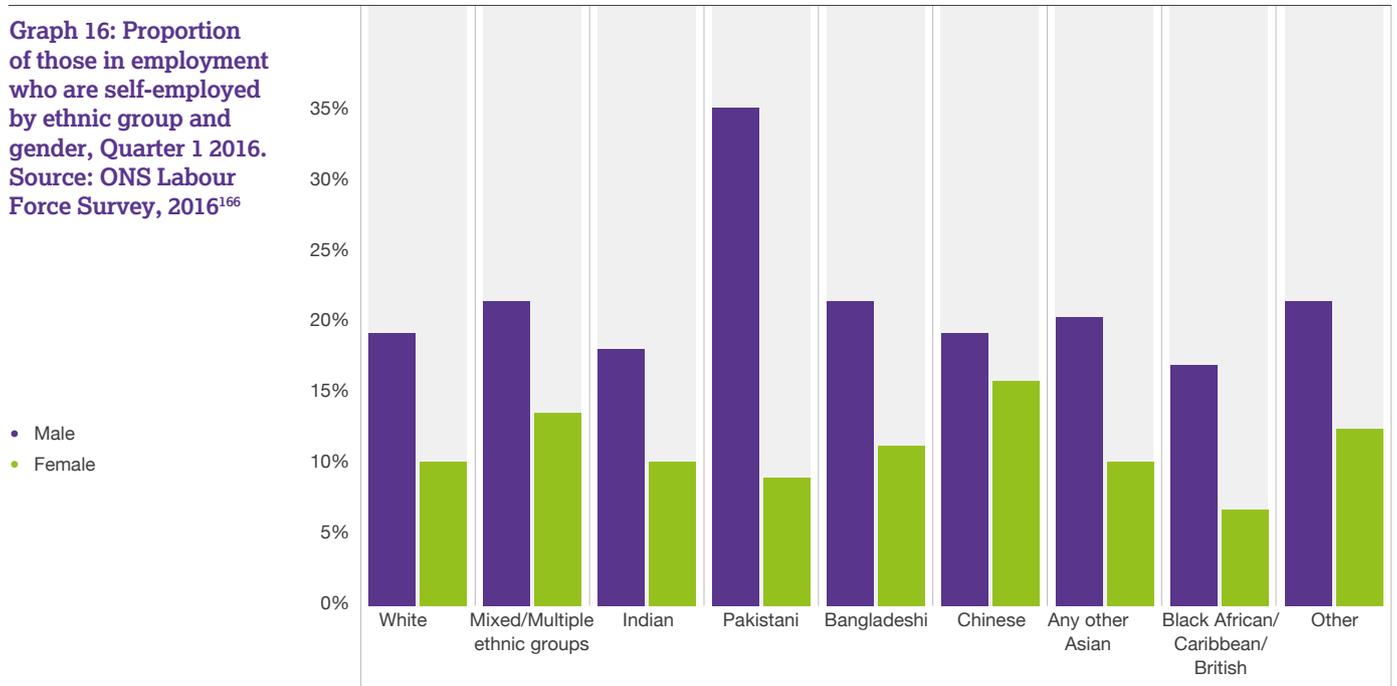
Literature review continued

Graph 17: Proportion of temporary workers within White and BME groups, Quarter 1 2016. Source: ONS Labour Force Survey, 2016[167]

- White
- BME
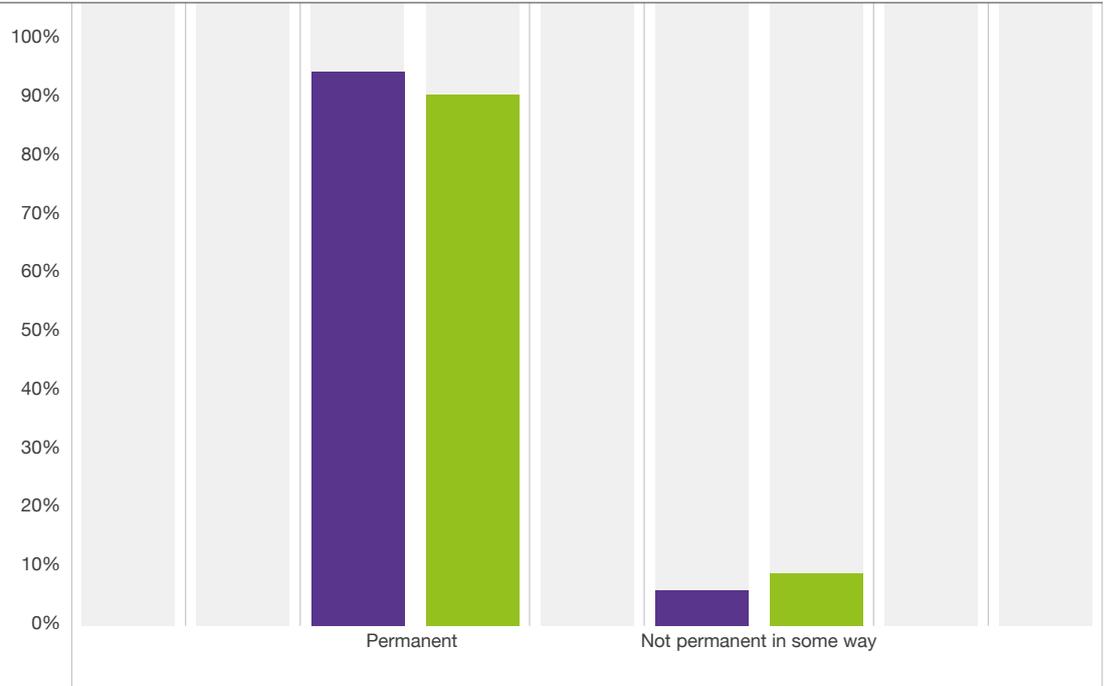
Graph 18: Wage distribution of hourly earnings for Chinese individuals, 2011-2015. Source: ONS Labour Force Survey, 2011-2015[168]
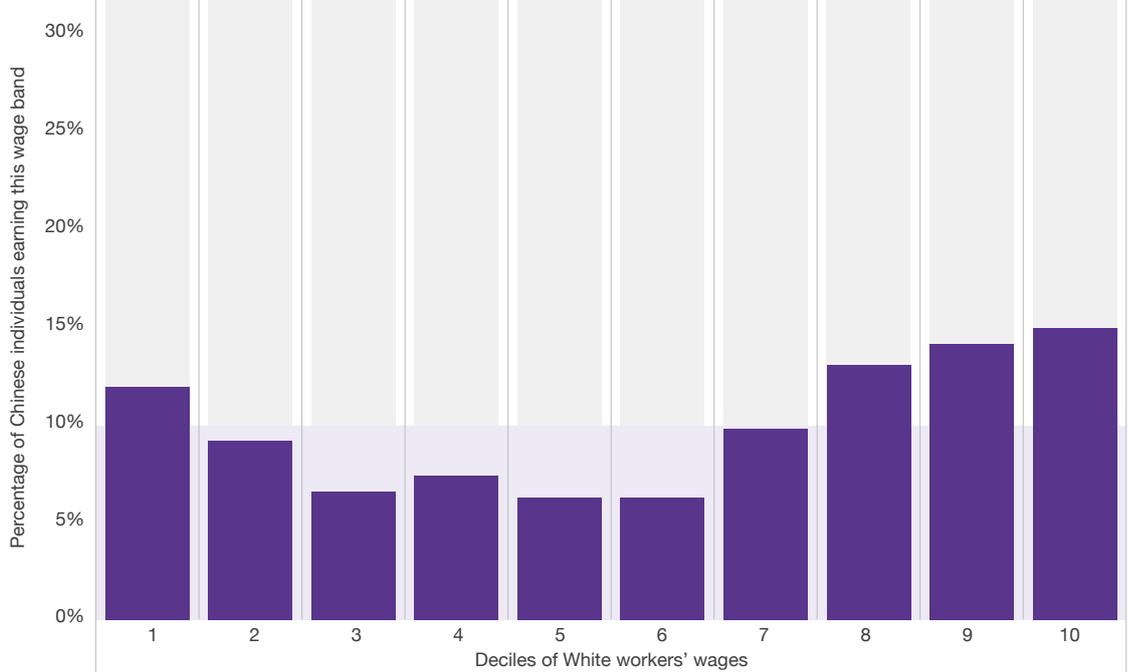
Graph 19: Wage distribution of hourly earnings for Other Asian individuals, 2011-2015. Source: ONS Labour Force Survey, 2011-2015[169]

Graph 20: Wage distribution of hourly earnings for Mixed/Multiple ethnic groups individuals, 2011-2015. Source: ONS Labour Force Survey, 2011-2015[170]

Literature review continued

Table 2: Sector as proportion of ethnic group employment. Source: DWP, 2016[171]

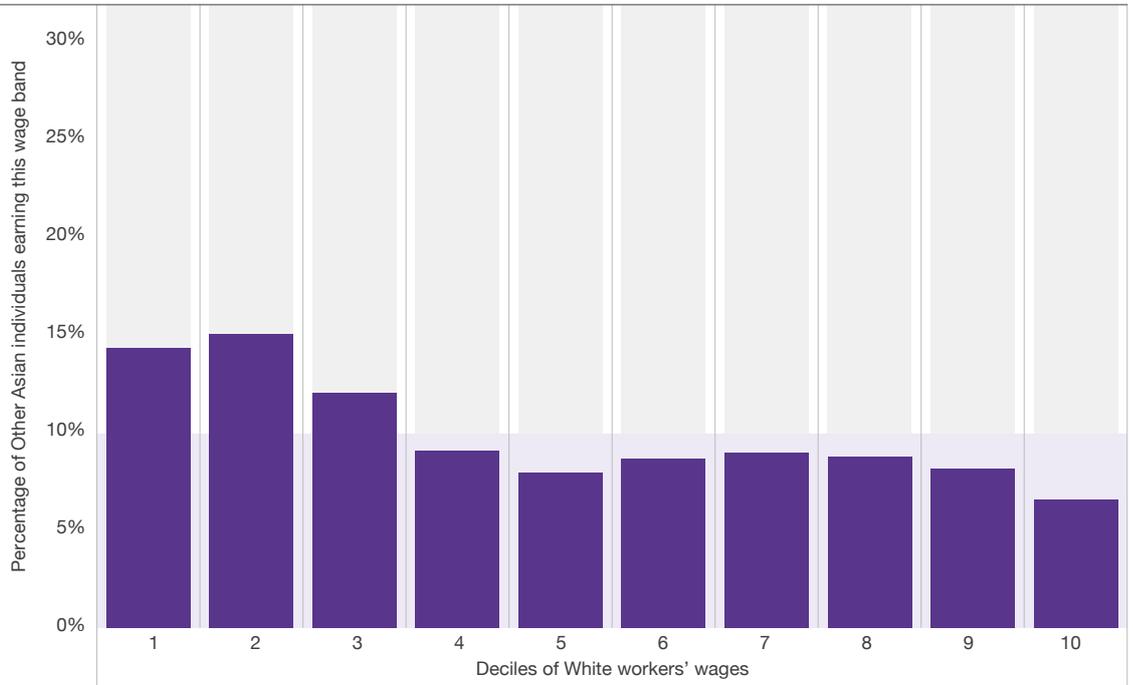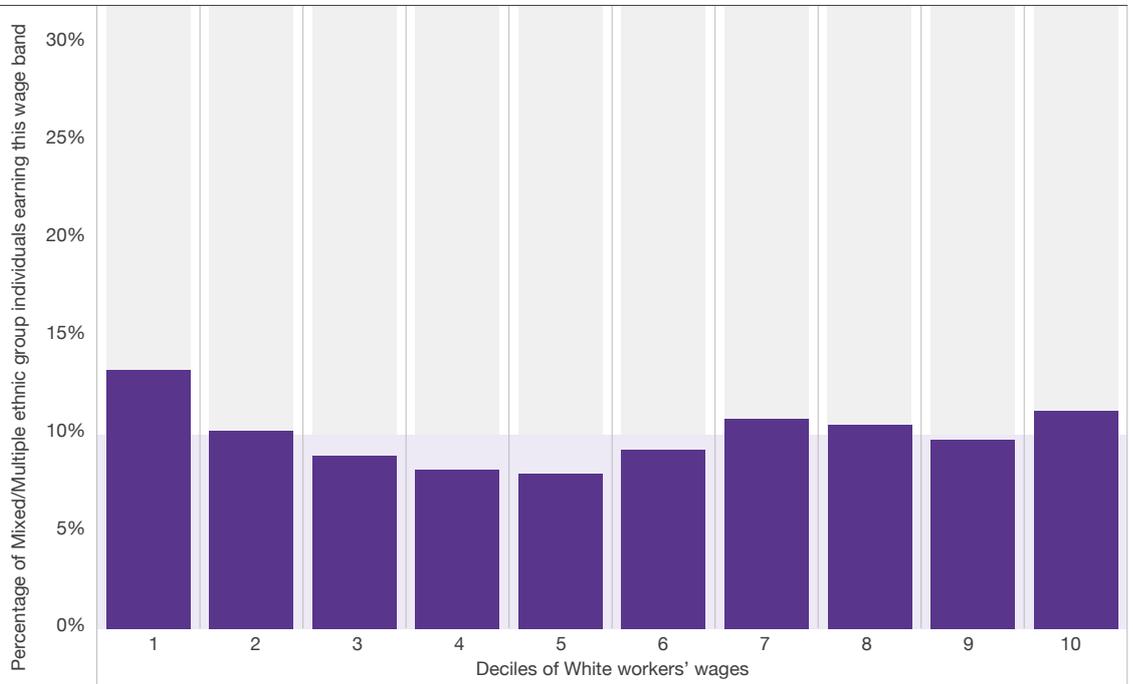| Employment sector	White	Black	Mixed	Indian	Pakistani	Bangladeshi	Chinese	Other Asian	Other	Unknown	All ethnic minorities
Agriculture, forestry and fishing	1.2%	**	**	**	**	**	**	**	**	**	0.2%*
Mining and quarrying	0.5%	**	**	**	**	**	**	**	1.0%*	**	0.3%
Manufacturing	10.0%	4.0%	4.6%*	9.8%*	6.0%*	3.4%*	8.8%*	4.1%*	5.9%*	**	6.1%
Electricity, gas, steam and air conditioning	0.6%	**	**	**	**	**	**	**	**	**	0.3%
Water supply, sewerage, waste	0.7%	**	**	**	**	**	**	**	**	**	0.3%
Construction	7.6%	3.2%	4.8%*	4.6%*	2.4%*	**	**	1.0%*	3.5%	**	3.3%
Wholesale and retail trade; repair of motor	12.8%	12.1%	13.2%	16.6%	20.4%	17.2%	17.2%	18.0%	13.2%	**	15.5%
Transportation and storage	4.8%	6.6%	3.6%	5.1%	14.6%	7.3%	**	6.6%	5.7%	**	6.7%
Accommodation and food service activities	5.0%	4.2%	7.2%	4.0%	5.3%	24.7%	15.6%	12.0%	12.0%	**	7.7%
Information and communication	3.9%	3.2%	5.6%	7.8%	5.0%	**	7.3%	2.8%	6.1%	**	5.2%
Financial and insurance activities	3.9%	3.9%	4.5%	7.2%	4.2%	6.1%	7.4%	2.3%	3.1%	**	4.7%
Real estate activities	1.1%	1.5%	1.4%*	0.8%*	1.7%*	**	**	**	**	**	1.1%
Professional, scientific and technical	7.1%	4.5%	8.2%	7.8%	5.6%	4.5%*	10.4%	5.4%	6.1%	**	6.3%
Administrative and support service	4.7%	8.6%	7.4%	3.1%	6.3%	**	**	5.6%	6.1%	**	5.7%
Public administration and defence	6.0%	6.9%	5.1%	4.4%	3.0%	4.2%	**	4.3%	3.8%	**	4.7%
Education	10.8%	8.2%	11.8%	7.4%	8.9%	10.8%	10.0%	6.0%	7.7%	**	8.3%
Human health and social work activities	12.6%	26.3%	14.0%	15.8%	10.9%	11.2%	8.9%	24.5%	17.5%	17.4%*	18.2%
Arts, entertainment and recreation	2.9%	2.2%	2.9%	1.4%	0.9%*	**	**	1.4%*	1.8%	**	1.7%
Other service activities	2.8%	2.5%	2.9%	2.0%	2.5%	**	**	3.4%	3.7%	**	2.6%
Activities of households as employers;	0.2%	**	**	**	**	**	**	**	**	**	0.2%*
Activities of extraterritorial organisations	0.1%	**	**	**	**	**	**	**	**	**	0.2%
Unknown	0.6%	1.0%	1.2%*	0.6%*	1.3%*	**	**	**	**	**	0.8%

*   Excluding households as employers, activities of extra-territorial organisations and unknown

**   Denotes sectors where sample sizes were too small to derive definite numbers

c Impact methodology

Summary

The potential benefit to the UK economy from full representation of BME individuals across the labour market through improved participation and progression is estimated to be £24 billion per annum, which represents 1.3% of GDP in the year to June 2016. This is the estimate of the direct economic benefit if BME individuals were immediately fully represented across the workforce in the same proportions as White individuals. This assumes no displacement effects, meaning if the employment levels and progression of BME individuals increases then this would not impact upon the employment levels and pay of the White population. It does not capture the second order impacts (for example, impacts on pay and hours worked, reduction in benefit payments), the additional benefits of diversity in the workplace and wider social impacts.

Methodology

This section sets out the methodology and assumptions to monetise the potential benefits if BME individuals were fully represented across the workforce, for the working age population (aged 16-64). The figure is made up of two elements, participation and progression, which together represent the economic value to the economy:

Participation

If BME individuals were fully represented across the workforce, each ethnic group would have the same employment rate as White individuals. Taking the total working age population in each BME group and the employment rate for the White group gives an estimate of the total number of people in employment if the employment rates were the same across all ethnic groups.

Using the total working age population (aged 16-64), multiplied by the proportion of the working age population in each ethnic group, multiplied by the employment rate for each ethnic group gives an estimate of the current number of individuals in employment for each ethnic group.

The difference between the estimate for the current number of individuals in employment and the estimate if BME individuals were fully represented in employment gives the lost potential in terms of numbers of people in employment. This number is multiplied by the median salary for all employees (this includes both full time and part time, for ages 16-64) to calculate the monetary benefit. The total benefit through closing the employment rate gap for ethnic minorities is £16.8 billion per annum.

Progression

Progression is defined using standard occupational classification codes and comparing the proportions of different ethnic groups across the standard occupation groupings. Overall, BME individuals are less likely to be in jobs in the higher occupation groupings, even after controlling for education. Controlling for differences in education, we construct a scenario in which BME individuals have the same distribution in occupation groups as White individuals and compare this scenario with the actual distribution for BME individuals.

We have a breakdown of the composition of education levels for White and BME groups. These are categorised by: degree or equivalent, higher education[172], A-level, GCSE, other qualifications, no qualifications. The composition of education levels varies between BME and White groups. A higher proportion of BME individuals have degrees than White individuals, though a higher proportion of BME individuals also have no qualifications. Using this breakdown we can estimate the number of BME people within each level of education.

For each education level, there is a breakdown of the proportions of people in employment for each occupation code for both White and BME groups – for example, the distribution of employed people by occupation group for White individuals with degrees and BME individuals with degrees. Overall, there tend to be higher proportions of White individuals in more senior occupations and lower proportions in lower skilled occupations compared with BME individuals after controlling for differences in education.

Multiplying the number of BME people in each education level by the proportion in each occupation groups gives an estimate of the number of BME people in employment for each occupation group. This number is multiplied by the median salary (for ages 16-64, including full time and part time) for employees for the relevant occupation group to calculate the total salaries. This gives an estimate of the current total salaries for BME individuals.

If BME individuals were fully represented across the workforce, it is assumed that the proportions in each occupation group would be the same as for White individuals. Applying the occupation distribution of White individuals to the BME population, controlling for the differences in composition of education levels, gives an estimate of the number of BME individuals in each occupation. Median salary data for each occupation is used to estimate the total salaries. In this scenario the total salaries of BME individuals are higher as there are generally more people in higher occupation groups who earn more, and fewer people in the lower skilled occupation groups who earn less.

The difference between the current estimate of salaries of BME individuals and the scenario in which BME individuals are fully represented gives the total monetary potential benefit. The total benefit if BME individuals had equal progression to White individuals in the labour market is £7.1 billion per annum.

Impact methodology continued

Caveats and limitations

This methodology has the following assumptions and caveats:

- It assumes no displacement, meaning if the employment levels and progression of BME individuals increases then this will not impact upon the employment levels and pay of the White population.
- The number measures the potential benefits using salaries as a proxy for economic value. This could therefore be considered to underestimate the full economic value of BME individuals.
- We control only for education, as controlling for any more variables (such as age – a commonly used proxy for experience – gender, industry or other common wage equation variables) would make the sample sizes in the analysis too small to be robust.
- The employment rate and occupation composition of the White individuals is assumed to be the scenario if BME individuals were fully represented across the workforce. This is not necessarily the full potential of these individuals, as there are many programmes underway to boost the participation and progression of all individuals in the UK above current levels.
- It does not include the second order effects (for example impacts on pay, hours worked, reduction in benefit payments), wider social impacts and potential multiplier impacts on the economy. It also does not capture any effects on productivity beyond the marginal increase from higher skilled work which is reflected in higher salaries.

- It has not included the opportunity cost for those moving into work. This includes the activities that these individuals would have been doing otherwise, for example unpaid household work or child care. Additionally, we do not make any assumptions about preferences or wellbeing.
- It does not capture benefits of diversity in the workplace.
- Those aged 65 and above are not included in the analysis, as the size of the over 65 population will adversely affect the employment rates used in the analysis. However, there will be BME individuals aged over 65 who have the ability and skills to participate in, or progress through, the labour market.
- Those moving into work through increased participation are assumed to earn the current median salary and the progression uplift is not applied to these additional workers.
- The number is likely to be a slight underestimate as the median salary is based on the total population including BME individuals. If BME progression in the labour market increased then the median salary for all those of working age would increase, leading to an increase in the benefits estimated from the increase in participation.

d Call for evidence summary

As part of the review, we issued a call for evidence to seek views from a wider group. The call for evidence was open to all, from May to August 2016. It covered individuals', employers' and organisations' thoughts on the impacts of having a more ethnically diverse workforce, their experiences of which obstacles BME individuals face in the labour market, data disclosure mechanisms for employers and practices which support progression for BME individuals. Finally, it called on respondents to give their view on what the role of business and Government is in supporting the labour market progression of BME individuals. We thank all respondents for taking the time to take part in the call for evidence and for their insightful responses.

Selected case studies from the call for evidence of employer practices and policies which support BME individuals' progression in work can be found in the main report of the review.

Summary of responses and respondents' characteristics

There were a total of 479 respondents to the call for evidence. Of these, 416 responded as an individual, 26 responded as an employer and 37 responded as an organisation.

Characteristics of individual respondents

As Graph 21 shows, individuals were most commonly in the 45-54 age range, followed by the 35-44 age range. Sixty-one percent of individual respondents were female, while 39% were male.

Individuals who identified with a range of ethnic groups responded to the call for evidence. Graph 22 shows that almost half of respondents identified as Black African/Caribbean/Black British. Sixteen percent of respondents identified as Indian, 9% identified as Pakistani, 8% identified as belonging to mixed/ multiple ethnic groups and 7% identified as White. With respect to the remaining ethnic groups, less than 5% identified with each of these.

Graph 21: Age range of individual respondents
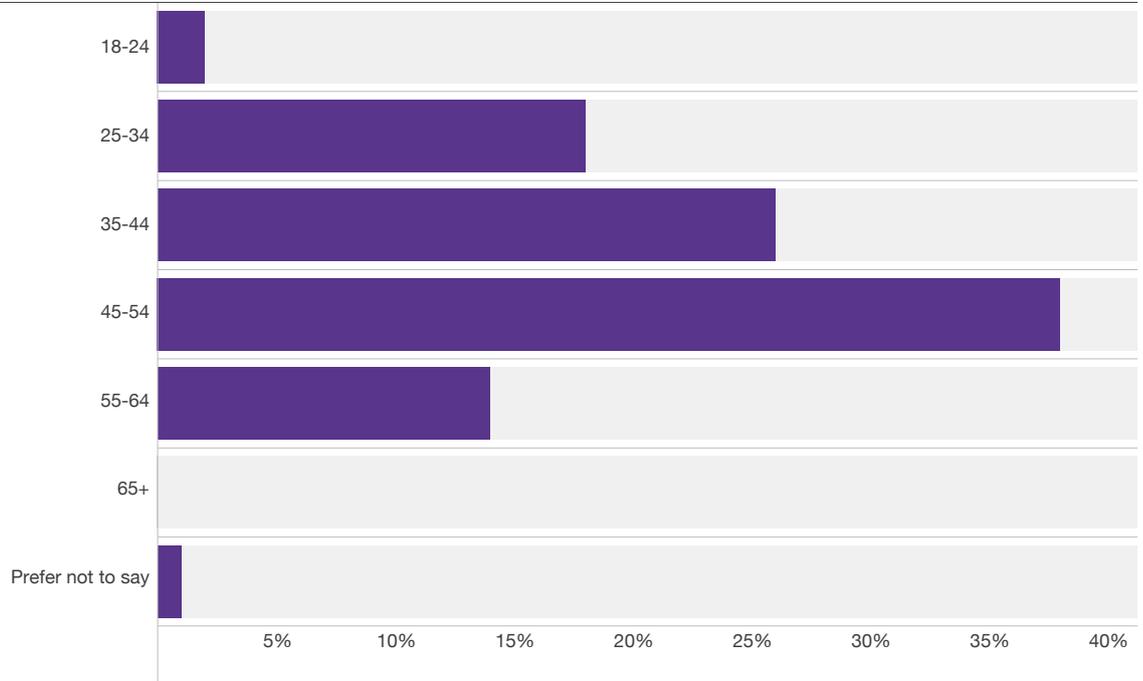
Call for evidence summary continued

Respondents were most commonly concentrated in London (41%), the West Midlands (14%) and the South East (12%), with a spread of responses throughout the UK regions. Thirty-eight percent of respondents stated that they had a formal responsibility for supervising the work of others employees at work, while 59% stated that they did not (2% preferred not to say).

Three quarters of respondents had qualifications at degree level or above, whilst 11% had A-levels or equivalent and 6% had GCSEs (grades A*-C) or equivalent.

Characteristics of those responding as employers and organisations

Of the 26 who responded as employers, 16 were in the private sector, eight were in the public sector and two were in the charity/voluntary sector. The majority were large employers with over 500 employees. These employers were based in a range of regions throughout the UK.

Of the 37 who responded as organisations, there was a wide variety in the types of organisations that responded. These include trade unions, industry and employer associations, charities, universities and local councils. Whether respondents answered to the call for evidence as employers or organisations was self-defined.

The case for change

The call for evidence examined whether individuals and employers consider BME individuals to be fairly represented within the workforce, relative to the 14% of the working age population that identify as BME. Over half of the individuals reported BME individuals are underrepresented where they work, less than one in ten people thought that BME individuals were broadly represented and one fifth reported that BME individuals were overrepresented in their workplace relative to the working age population – the rest did not know. Eighty-seven percent of individuals reported that the proportion of BME senior managers in their workplace was less than 14%.
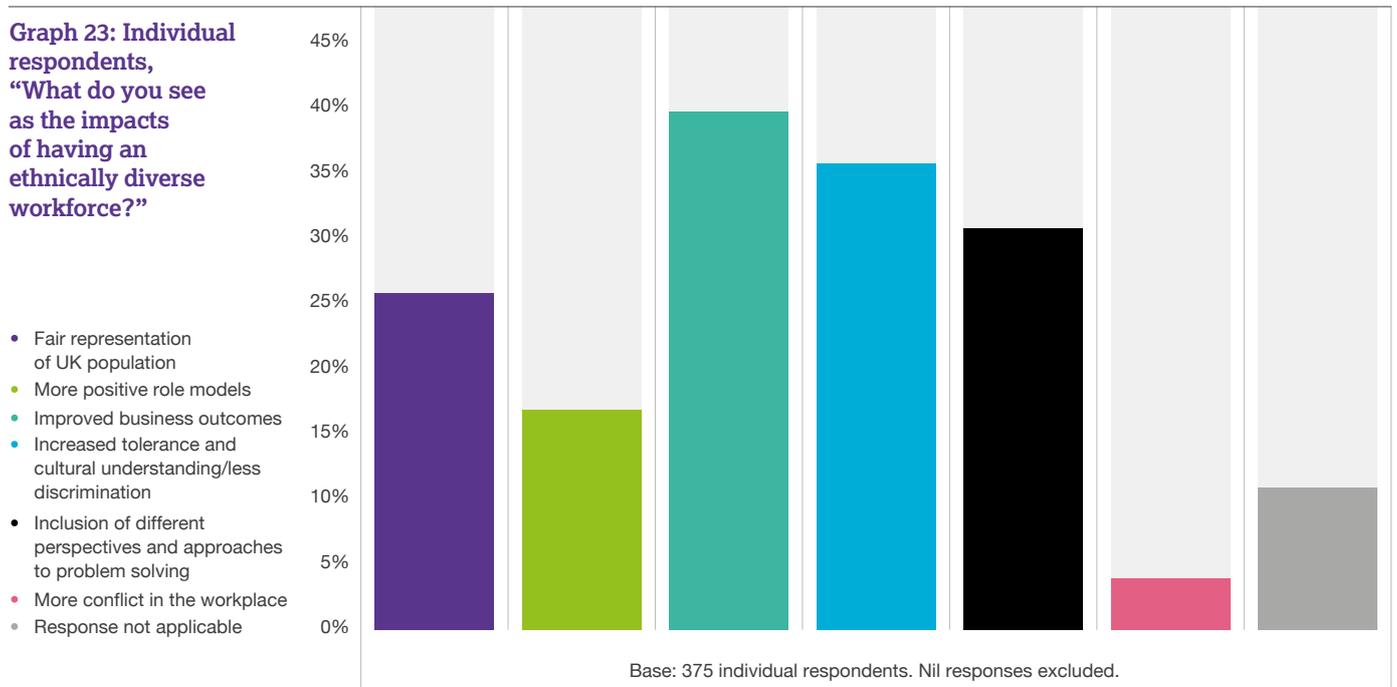
Graph 22: Ethnicity of individual respondents

- White
- Mixed/Multiple ethnic groups
- Indian
- Pakistani
- Bangladeshi
- Chinese
- Any other Asian background
- Black/African/Caribbean/Black British
- Other ethnic group
- Prefer not to say
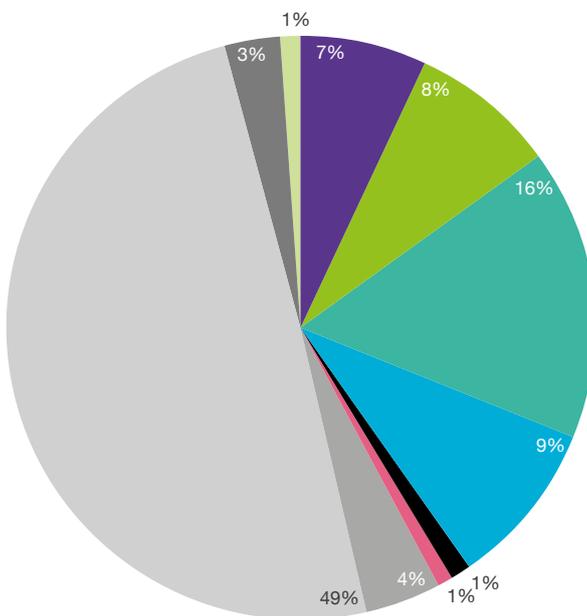
Base: 416 individual respondents.

Graph 23: Individual respondents, "What do you see as the impacts of having an ethnically diverse workforce?"

- Fair representation of UK population
- More positive role models
- Improved business outcomes
- Increased tolerance and cultural understanding/less discrimination
- Inclusion of different perspectives and approaches to problem solving
- More conflict in the workplace
- Response not applicable

Base: 375 individual respondents. Nil responses excluded.

In comparison, when employers were asked what proportion of their employees are BME, nearly half reported that BME employees are underrepresented, almost one fifth reported that BME employees are broadly represented and one third reported that BME employees are overrepresented in their workforce. Three quarters of employers reported that less than 14% of the senior managers in their organisation are BME.

As Graph 23 shows, the overwhelming majority of individual respondents identified diversity in the workforce as having positive outcomes, including improved business outcomes (40%) and increased tolerance and cultural awareness (36%). A small proportion of respondents (4%) felt ethnic diversity in the workforce could cause increased conflict within the workforce.

Almost half of employers who responded said they had evidence from their business that ethnic diversity had changed business outcomes. Common business impacts reported by employers and organisations were:

- Attracting staff from a wider talent pool and increased staff retention;
- Improved employee engagement, motivation and more effective teams;
- Better reflecting the diversity of the customer base resulting in improved understanding of clients' needs, better service and higher customer satisfaction;
- Diversity of languages spoken and cultural awareness leading to new market opportunities;
- Strengthening connections to the local community;
- Better problem solving, increased quality of decision making and increased innovation.

Obstacles to progression

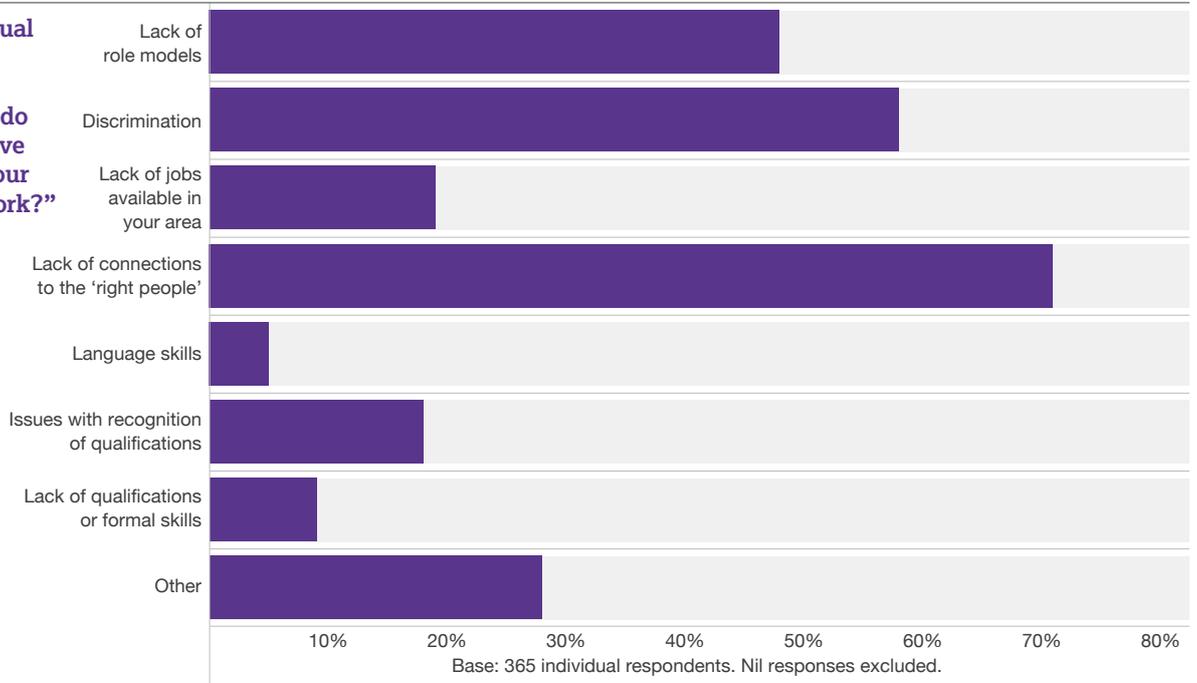### Experiences of obstacles to progression

Seventy-four percent of individual respondents reported that they were not satisfied with how their career had progressed to date, as opposed to 22% who stated that they were satisfied. Seventy-nine percent of BME individuals reported that they were not satisfied with their career progression, compared with only 26% of White individuals. Eighty-eight percent of BME individuals said they perceived there to be difficulties which have limited their chances to progress in work, compared with only 52% of White respondents. Graph 24 shows the obstacles individuals thought they have encountered in their career which impacted upon their progression at work.

Overall, the responses seem to indicate that individuals felt they did not struggle due to a lack of qualifications or competency, but rather factors that they felt unfairly limited their career progression, as shown in Graph 24. Most notably, these were lack of connection to the 'right people' (71%), discrimination (58%) and lack of role models (48%). Additionally, individuals noted that lack of training, lack of opportunities, inability to work flexibly, non-transparent processes and lack of cultural awareness, including during social activities had affected their progression.
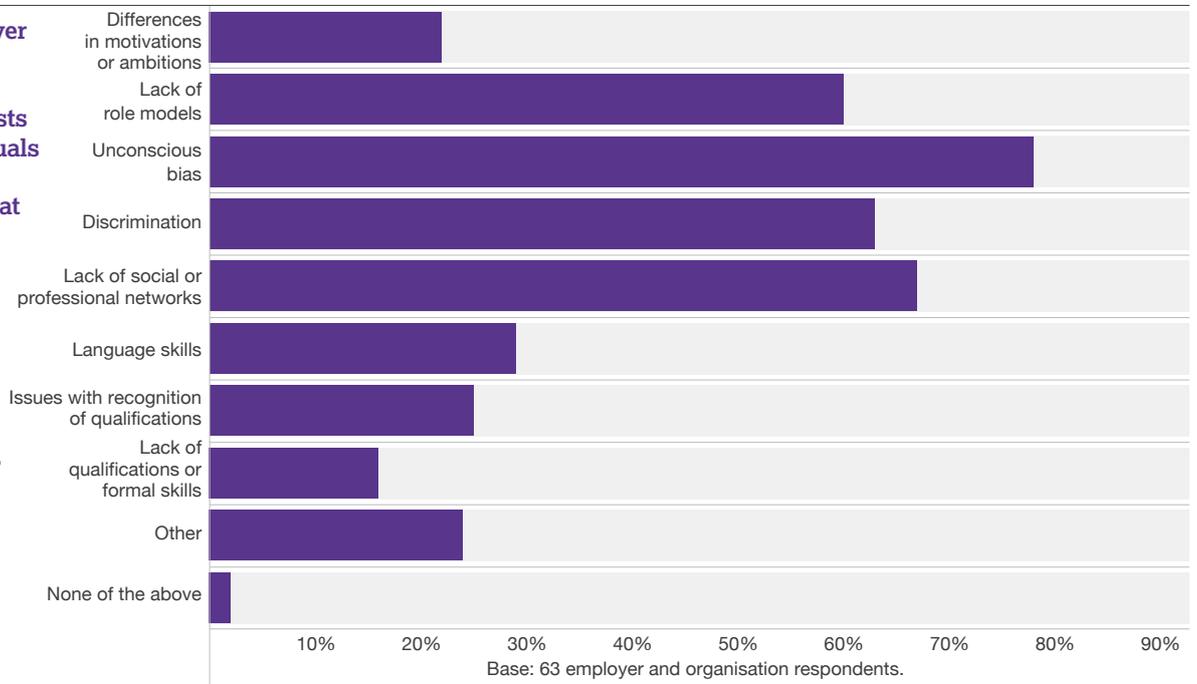
Similarly, Graph 25 shows that employers and organisations thought that the most common factors that limited progression of BME individuals were unconscious bias, discrimination, lack of networks and lack of role models.

Call for evidence summary continued

Graph 24: Individual respondents, "Which of the following factors do you think may have impacted upon your progression at work?"

Lack of role models	
Discrimination	
Lack of jobs available in your area	
Lack of connections to the 'right people'	
Language skills	
Issues with recognition of qualifications	
Lack of qualifications or formal skills	
Other	

10% 20% 30% 40% 50% 60% 70% 80%

Base: 365 individual respondents. Nil responses excluded.

Graph 25: Employer and organisation respondents, "Evidence suggests that BME individuals have difficulty in accessing jobs that match their skills and are not progressing as far as their White counterparts in their careers. What factors do you think might be causing this?"

Differences in motivations or ambitions	
Lack of role models	
Unconscious bias	
Discrimination	
Lack of social or professional networks	
Language skills	
Issues with recognition of qualifications	
Lack of qualifications or formal skills	
Other	
None of the above	

10% 20% 30% 40% 50% 60% 70% 80% 90%

Base: 63 employer and organisation respondents.

Graph 26: Individual respondents, "Can you provide more detail on how your ethnicity has impacted on your opportunities to progress?"

- Inability to progress to senior levels/glass ceiling
- Not trusted with advanced work/less developed skill set
- Discouraged due to dicrimination
- Not being taken seriously/ not fitting in
- Chance to promote diversity within the organisation
- Response not applicable

Base: 275 individual respondents. Multiple responses allowed and nil responses excluded.
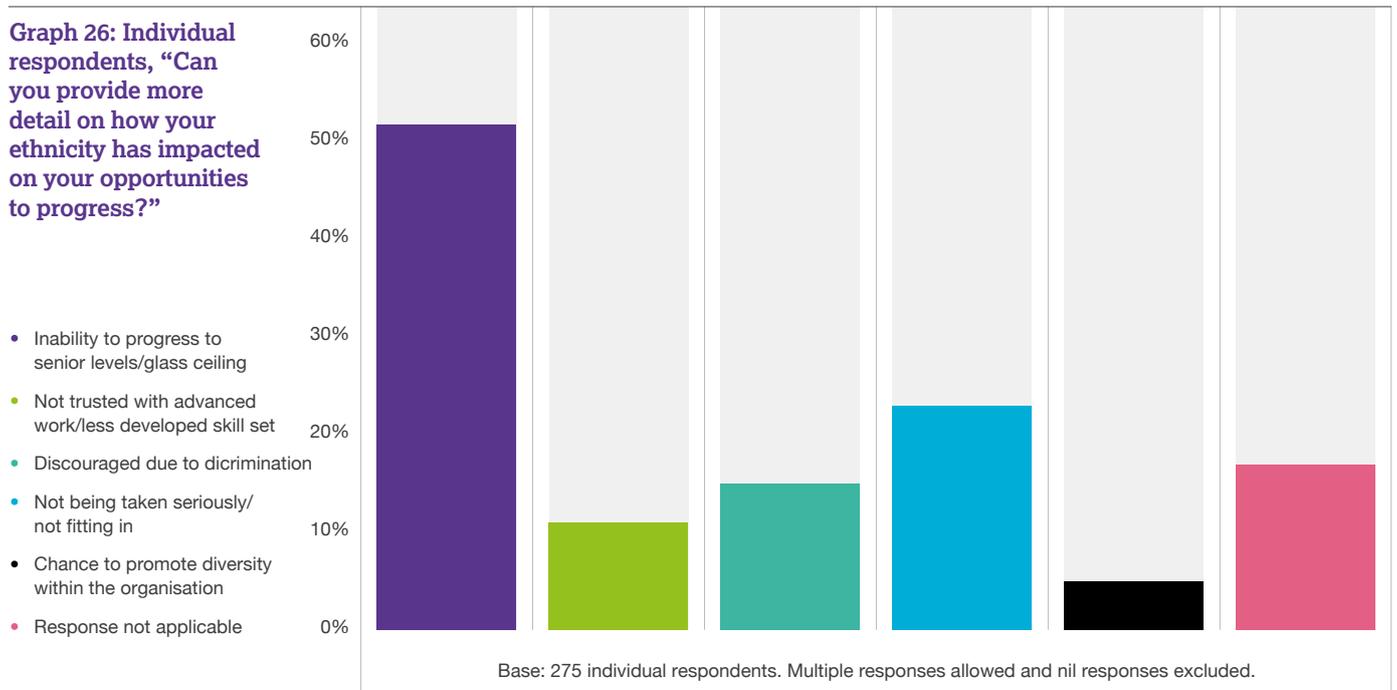
Differences among ethnic groups were apparent with regard to discrimination. Two thirds of BME individuals reported that they had experienced racial harassment or bullying in the workplace in the last five years.

The call for evidence also explored how individuals come to find out about job opportunities. Generally, respondents used several methods to find out about jobs (see Table 3 below). Among the most common were online adverts (64%), internal adverts (55%) and professional networks (41%). This highlights the importance of both professional and social networks in providing new job opportunities to progress.

Table 3: Individual respondents, "How do you find out about job opportunities?"

Through professional networks	41%
Through social networks	27%
Through a recruitment agency	30%
Online adverts	64%
Adverts in newspapers/magazines	27%
Job fairs	7%
Job Centre Plus	5%
Internal adverts (within your existing employer)	55%
Through a headhunter	12%
Don't know	2%

Base: 413 individual respondents. Multiple responses allowed and nil responses excluded.
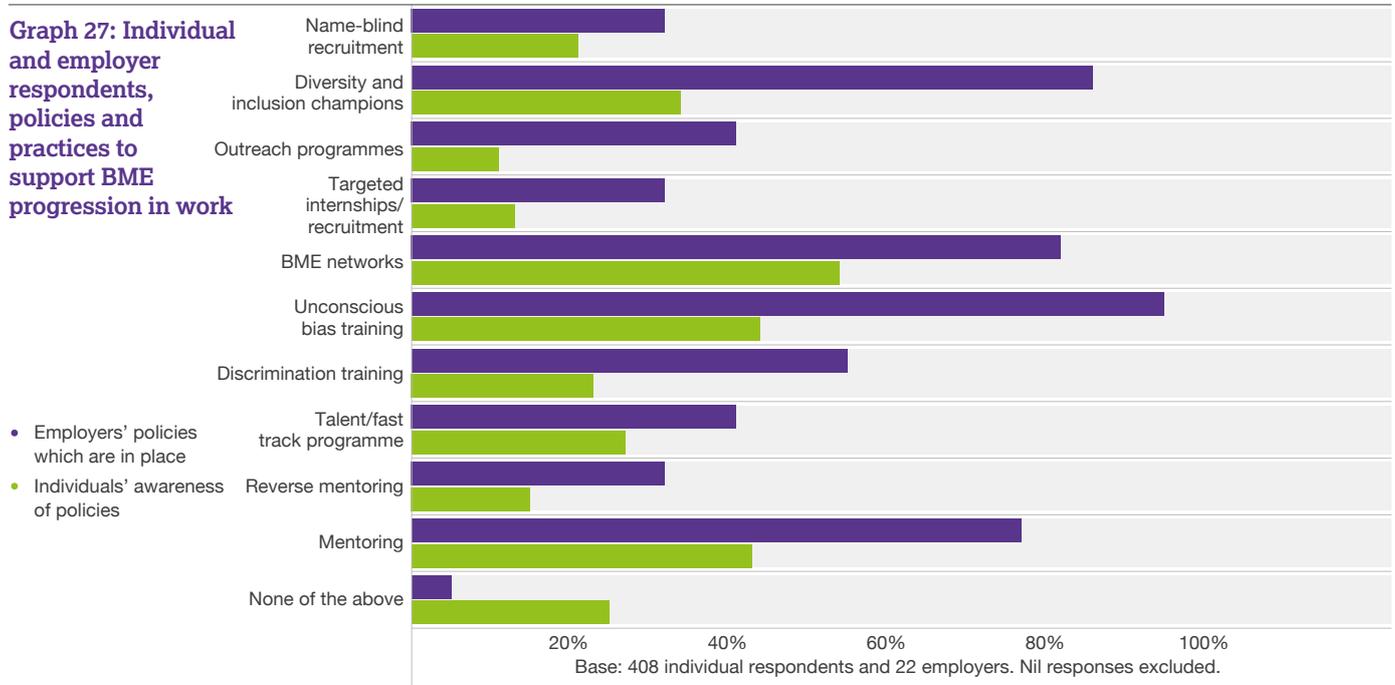
Impacts of obstacles on progression

Seventy-two percent of BME respondents believed that their ethnicity had had an impact on their opportunities to progress in their career, whilst only 27% of White respondents believed this to be true. Graph 26 shows how individuals felt their ethnicity had impacted on their opportunities to progress. Of those who said their ethnicity had impacted on their opportunities to progress, 52% felt there was an inability to progress to senior levels, whilst 23% felt they were not taken seriously nor did not fit in.

Data

The call for evidence sought to identify whether individuals choose to disclose their data on their ethnicity, and if not why they would choose not to do this. Of all the individual respondents, 89% stated that they disclose their data, with only 8% stating that they choose not to do this. Disclosure rates were very high among both White and BME individuals. Of the individuals who choose not to disclose their ethnicity data, the most commonly cited reason was that information would be used against the respondent (54%). Other reasons mentioned were that respondents did not see value in disclosing information (13%) or thought it was too time consuming (11%).

Call for evidence summary continued

Graph 27: Individual and employer respondents, policies and practices to support BME progression in work

- Employers' policies which are in place
- Individuals' awareness of policies

Base: 408 individual respondents and 22 employers. Nil responses excluded.

All but one of the employer respondents said their organisation collects data on employee ethnicity (see Table 4 below). Most commonly, employers collected the number of employees by ethnicity, followed by the position within the business. Some employers also collected data on ethnicity in relation to recruitment, appraisals and for staff engagement scores. Non-disclosure of ethnicity by employees was cited as an issue by the majority of employers, whilst limitation of the HR system was cited by others as a barrier to data collection on ethnicity. Trade unions, industry and employer bodies also noted similar experiences on ethnicity data collection.

Table 4: Employer respondents, "Which of the following does your business collect data on?"

Number of employees by ethnicity	96%
Average pay by ethnicity	56%
Salary bands by ethnicity	64%
Position within the business by ethnicity	80%
Gender by ethnicity	72%
Age by ethnicity	60%
Other	28%
Don't know	4%

Base: 25 employer respondents. Multiple responses allowed and nil responses excluded.

Sixty-four percent of the employers said they had initiatives to encourage the disclosure of ethnicity information. Of these, three quarters felt these initiatives had been effective in increasing disclosure rates. Examples of effective initiatives included:
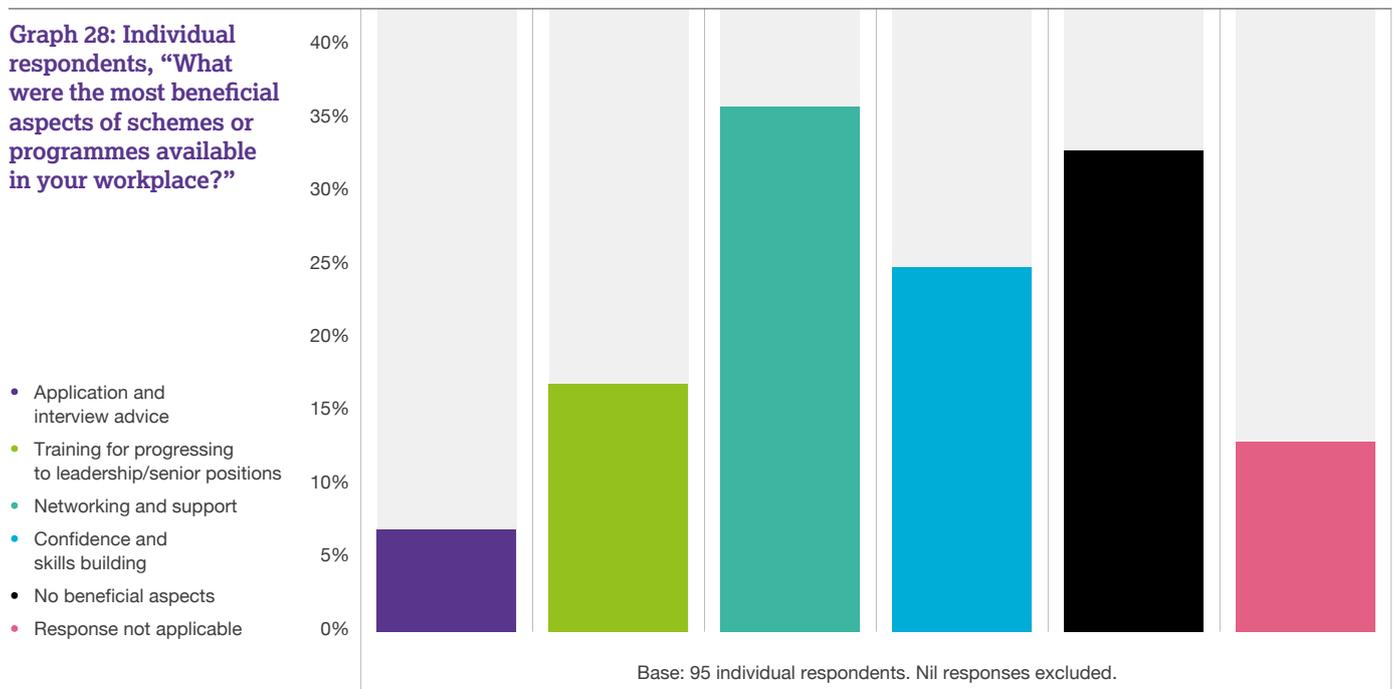
- Collecting the data at interview stage for all candidates;
- Including diversity data collection within the on-boarding process for all new staff;
- Carrying out an annual diversity data audit or including it as part of an engagement survey;
- Having a diversity data month;
- Information leaflets or intranet page with detail on what the information is used for and confidentiality of the data;
- Sponsorship from senior leaders;
- Reminders which can be cascaded to all staff.

Employer practices and policies

The call for evidence aimed to identify practices currently in place in organisations which support BME progression, whether individuals are making use of these and what works.

Individuals were asked whether they were aware of a number of policies or practices that support BME progression. As Graph 27 shows, the initiatives individuals were most commonly aware of were BME networks (54%), unconscious bias training (44%), mentoring (43%), and diversity and inclusion champions (34%).

Graph 28: Individual respondents, "What were the most beneficial aspects of schemes or programmes available in your workplace?"

- Application and interview advice
- Training for progressing to leadership/senior positions
- Networking and support
- Confidence and skills building
- No beneficial aspects
- Response not applicable

Base: 95 individual respondents. Nil responses excluded.

However, when asked about the support that was available to them personally, 50% stated that they had no support to help them progress other than their direct line manager. One third said that there were training courses available to them and 23% stated that they had a mentor. Half of the respondents said they had access to support which is aimed at improving BME career progression but had not used it. Seventy percent of individuals said their employer could provide more support to help with their career progression. Relatively small proportions of both White (30%) and BME (31%) individuals reported having career role models within or outside of their workplace.

The vast majority (91%) of employer respondents had policies or practices in place that actively support BME progression. Similarly to individual respondents, unconscious bias training, diversity and inclusion champions, BME networks and mentoring were the most common policies and practices which employers said they had in place. There is a clear disparity between the proportion of individuals who are aware of these policies and the proportion of employers who report that these policies are in place.

There was a large range in the proportion of BME employees who had completed these schemes. Most employers said they did not know the proportion of BME employees who had completed these schemes, whereas other employers' responses ranged from 10% to 100%.

As shown in Graph 28, while many applicants identified positive aspects of programmes targeted towards BME progression in their workplace, such as networking and support (36%) and confidence and skills building (25%), one third stated that there had not been any beneficial aspects to the programmes. The lack of ongoing support and continued lack of opportunities to progress after training were found to be the least beneficial aspects (see Graph 29).

For individuals who had access to support but had not used it (see Graph 30), the main reasons reported for this were limited access and a competitive process (38%) or they did not see the benefit of taking part (24%).

Employers and organisations had a range of views on which initiatives they felt worked best to improve the progression of BME employees, including:

- Transparency in the routes to progression;
- Unconscious bias training which is particularly important for recruitment, assessing performance and for promotions;
- Transparency and objectivity at each stage of recruitment;
- Advertising to a wider audience and by different methods of advertising;
- Outreach programmes, including to universities;
- Internships;
- Targeted development programmes;
- Mentoring;
- Reverse mentoring;
- Targets;
- Using situational strengths tests in recruitment;
- Encouraging staff to feel more comfortable talking about race.

Call for evidence summary continued

Graph 29: Individual respondents, "What were the least beneficial aspects of schemes or programmes available in your workplace?"

- Lack of ongoing support
- Continued lack of opportunities to progress after training
- Access to schemes limited/too competitive
- Mentors not qualified
- No focus on targeting racial bias from non-BME individuals in the workplace
- Response not applicable

Base: 59 individual respondents. Nil responses excluded.
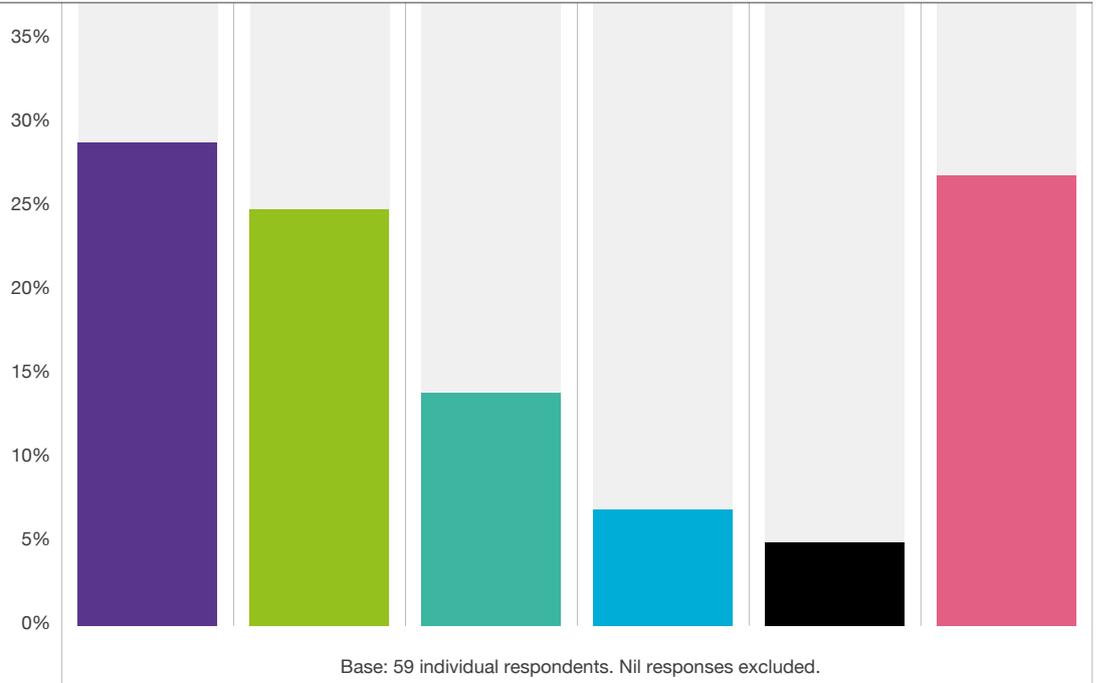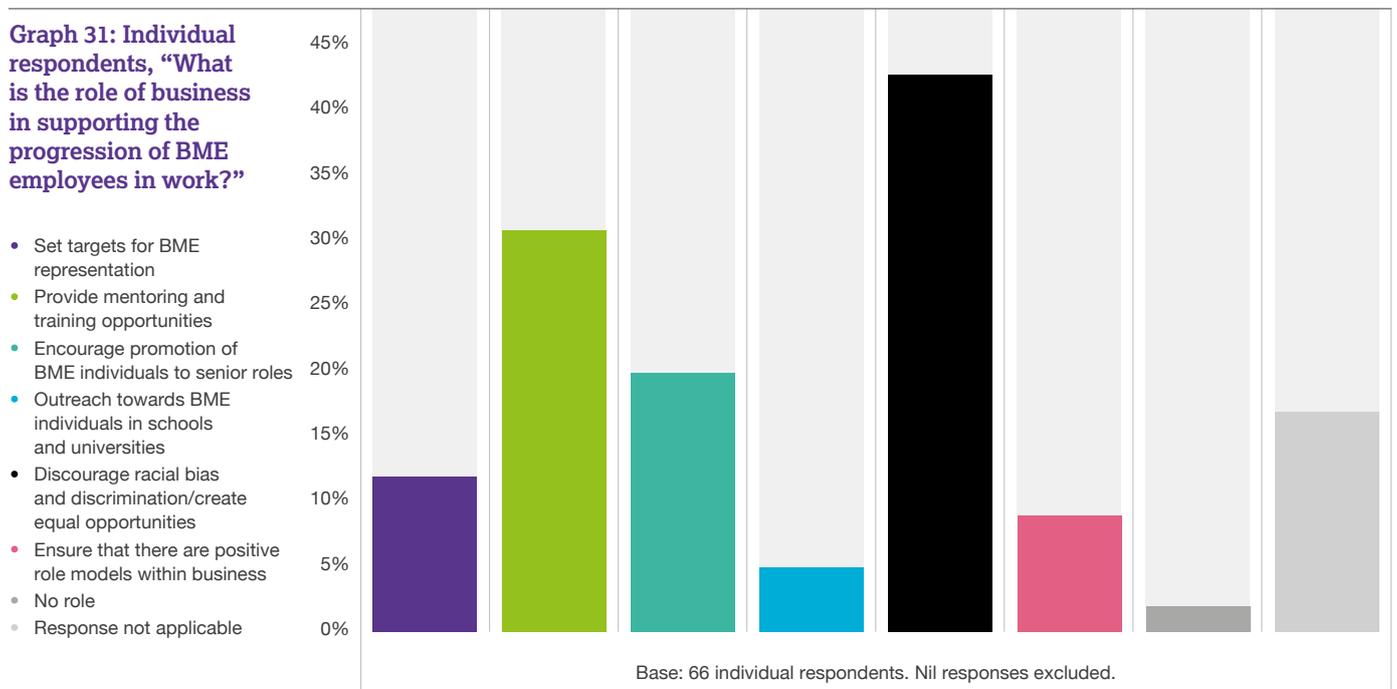
Graph 30: Individual respondents, "Why have you not made use of any of the schemes available?"

- Limited access to support/process too competitive
- No benefit in taking part
- Participation not encouraged
- Fear of being judged/discriminated against after progression due to support
- Support not needed
- Response not applicable

Base: 66 individual respondents. Nil responses excluded.
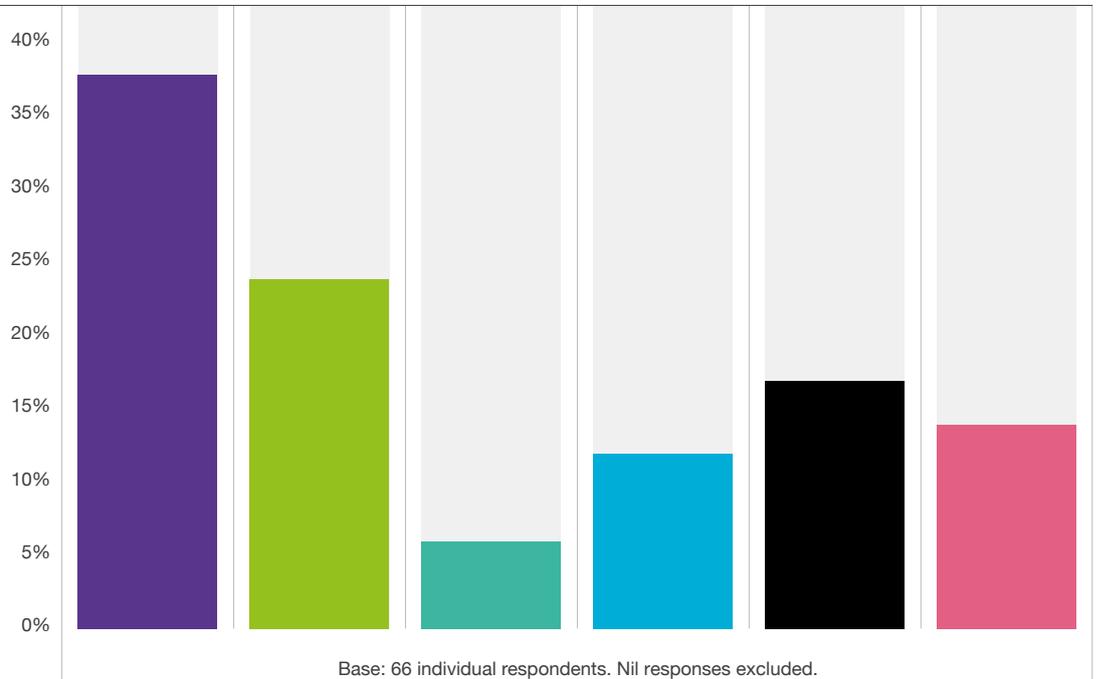
Graph 31: Individual respondents, "What is the role of business in supporting the progression of BME employees in work?"

- Set targets for BME representation
- Provide mentoring and training opportunities
- Encourage promotion of BME individuals to senior roles
- Outreach towards BME individuals in schools and universities
- Discourage racial bias and discrimination/create equal opportunities
- Ensure that there are positive role models within business
- No role
- Response not applicable

Base: 66 individual respondents. Nil responses excluded.

Additionally, a number of ways to best deliver these initiatives were identified including consulting with staff beforehand to design the initiative, having visible senior leadership champions and collecting data to understand the issues, monitor progress and design measurable outcomes. Some employers also noted they had several initiatives which were interconnected and together contributed to cultural change.

Employers and organisations were asked which policies and practices they judge to have been less effective in improving BME progression at work. Consistent themes were initiatives which lacked resources, were not connected to the organisation or were not clear in their objectives. It was also mentioned that unconscious bias training which is not targeted to a particular activity (for example recruitment) is less effective. Additionally, respondents highlighted the significance of accountability, disseminating information on why the initiatives are important and ensuring that people are recognised as individuals.

Table 5 shows that over half of employers with policies in place assessed the success of these using regular data collection on staff progression and by surveying participants. Almost one fifth of employers said they did not assess the effectiveness of these policies.

Table 5: Employer respondents "How do you assess the success of policies and practices aimed at BME individuals in your organisation?"

We do not assess the effectiveness of these policies	17%
Survey of participants	54%
Tracking staff performance after undertaking these initiatives	33%
Data collection on reduced staff turnover	29%
Regular data collection on staff progression in the company	54%
Other	13%

Base: 24 employer respondents. Multiple responses allowed and nil responses excluded.

Call for evidence summary continued

Graph 32: Employer and organisation respondents, "What is the role of business in supporting the progression of BME employees in work?"

- Set targets for BME representation
- Provide mentoring and training opportunities
- Encourage promotion of BME individuals to senior roles
- Outreach towards BME individuals in schools and universities
- Discourage racial bias and discrimination/create equal opportunities
- Ensure that there are positive role models within business
- No business role
- Not relevant
- Not answered

Base: 53 employer and organisation respondents. Nil responses excluded.
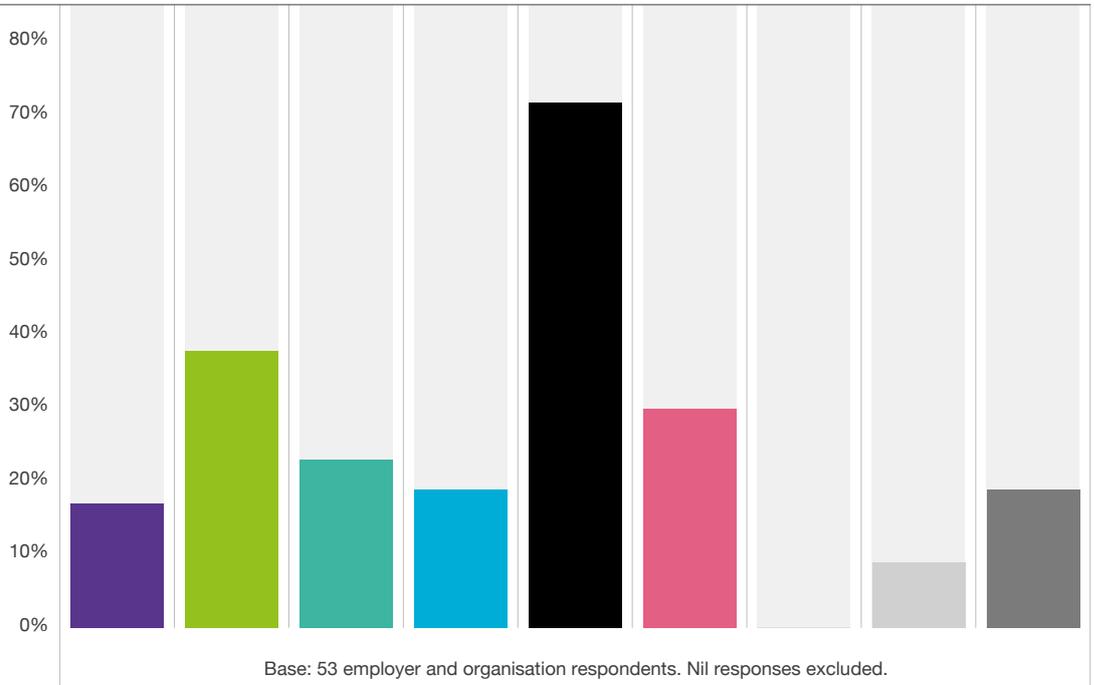
The role for Government and business

Respondents were also asked about what they thought the roles of business and Government should be to support progression of BME individuals at work. Many individual respondents were of the opinion that businesses should discourage racial bias and discrimination, create equal opportunities (43%) and provide mentoring and training opportunities to individuals (31%) (see Graph 31).

There was a similar pattern of responses among employers and organisations on the role of business (see Graph 32), though the trends were more prominent with 72% of the opinion that business should discourage racial bias and discrimination, and create equal opportunities. Many also mentioned that the role of business was to provide a range of initiatives (as described in the previous section) to support BME progression at work. Additionally, some employer and organisations felt business should take responsibility for these issues and make this a priority. Several organisations noted it would be useful to share good practice on what works, ensure there is commitment and that businesses should take accountability.

As Graph 33 shows when asked about the role of Government to support progression of BME employees, individual respondents most commonly felt the Government's role was to ensure enforcement of the legislation (25%) and to work alongside businesses to promote diversity (24%). Nineteen percent of individual respondents thought the Government should lead by example to support progression of BME employees in work.

Similarly, as shown in Graph 34, 45% of employers and organisation respondents thought that the Government should word alongside businesses to promote diversity, 26% felt the Government's role should be enforcement of the legislation and 21% thought there should be targets set for a diversified workforce.

Additionally, employers and organisations highlighted other areas where they considered the Government could play a role. Common suggestions from employers and organisations were:

- Monitoring progress over time by sector;
- Getting large employers to report their ethnicity data;
- Providing guidance to employers and sharing best practice;
- Developing a race equality strategy;
- Taking an active role in promoting race equality and showing commitment to this in a similar way to the increased awareness of gender equality;
- Actively work with businesses, trade unions and professional bodies;
- Promoting transparency in recruitment and promotion processes;
- Considering locally based solutions and engaging with local partners;
- Setting targets to increase diversity and monitoring progress on these;
- Considering the role of education and the importance of provision of quality careers advice;
- Using public procurement contracts to promote race equality.

Graph 33: Individual respondents, "What is the role of Government in supporting the progression of BME employees in work?"

- Evaluate compliance with Equality Act
- Work alongside/provide incentives for businesses to promote diversity
- Enforcement of legislation
- Promote training and opportunities
- Encourage fair recruitment and progression processes
- Set targets for a diversified workforce
- Government lead by example
- No role
- Response not applicable

Base: 326 individual respondents. Nil responses excluded.
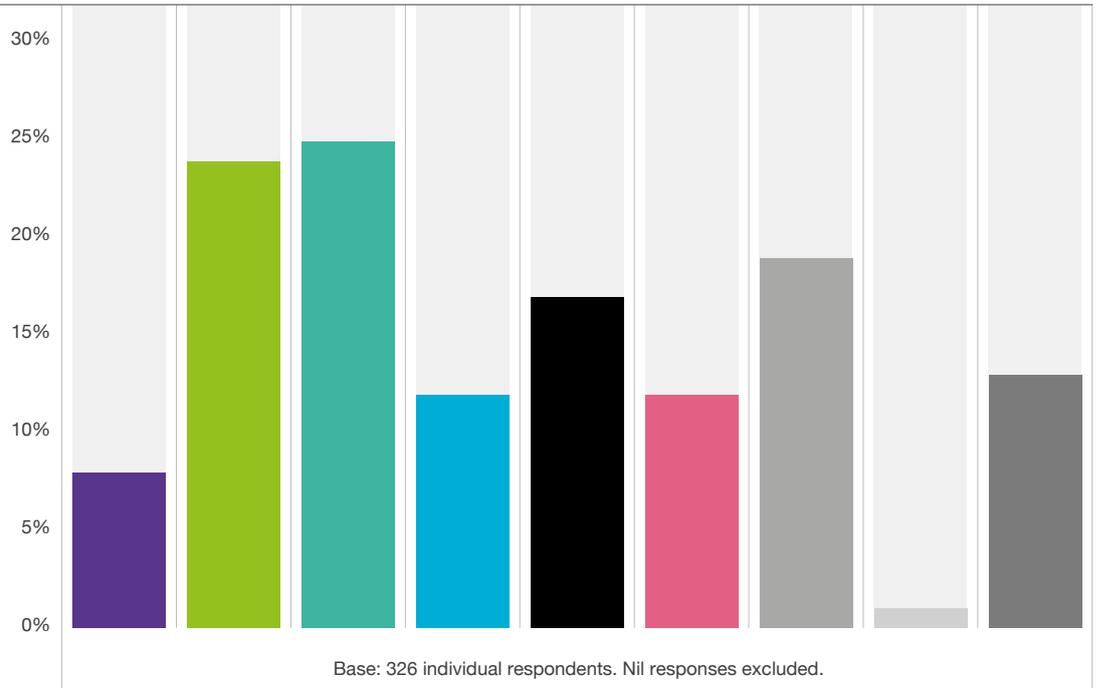
Graph 34: Employer and organisation respondents, "What is the role of Government in supporting the progression of BME employees in work?"

- Evaluate compliance with Equality Act
- Work alongside/provide incentives for businesses to promote diversity
- Enforcement of legislation
- Promote training and opportunities
- Encourage fair recruitment and progression processes
- Set targets for a diversified workforce
- Government lead by example
- No role
- Not relevant
- Not answered

Base: 53 employer and organisation respondents. Nil responses excluded.

e
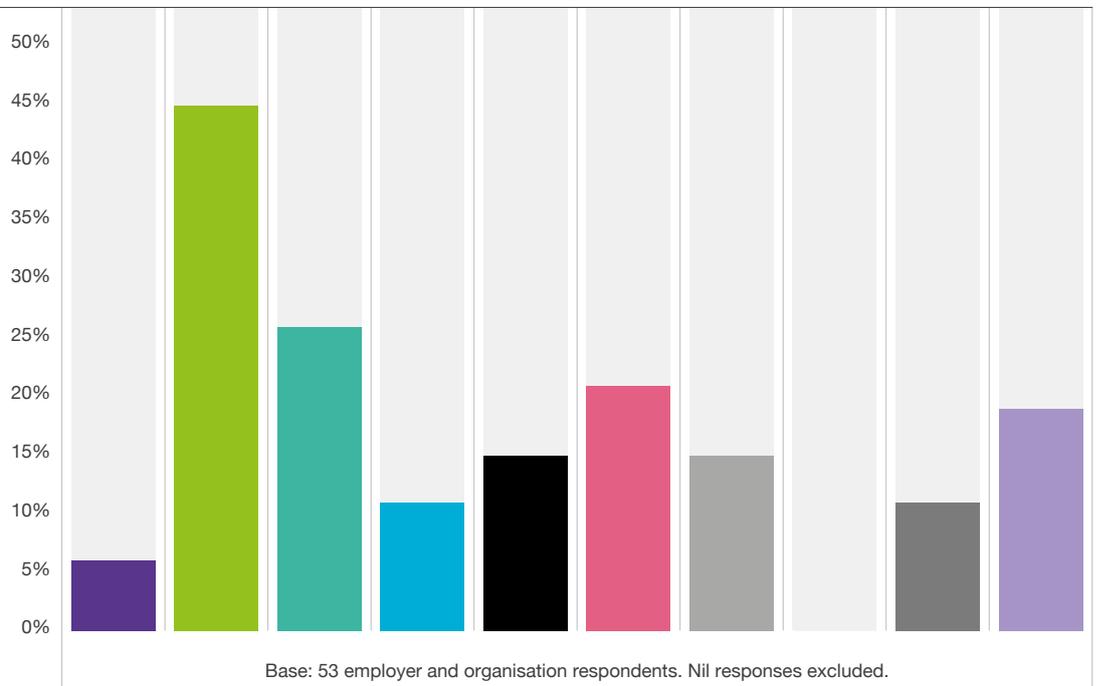
Roundtable summary and acknowledgements

As part of this review, I chaired a number of roundtable discussions with over 100 employers, organisations and individuals across the UK. I would like to thank all those who attended, many of whom had significant experience of the issues I was examining. At each of these we engaged in really constructive debates covering a number of important themes. Many of these themes and examples of best practice have already fed through to my recommendations. However, below is some additional context on some of those discussions.

Barriers faced by BME individuals

Some of the key issues identified during the roundtable discussions were:

- Racial discrimination;
- Unconscious and conscious bias;
- Lack of role models, mentors and sponsors in very senior roles at board level;
- Lack of social or professional networks;
- Language (nuances and office banter);
- Stereotypical perceptions of BME groups;
- Lack of transparency of pathways into employment;
- Lack of understanding of cultural differences in various ethnic groups.

Obstacles to progression

There was general agreement that the whole recruitment process tended to act as a barrier for certain groups. This included the wording of the job adverts, selection and search criteria, lack of diverse shortlists, lack of diversity on interview panels and the placement of job adverts in routes that may not be visible to some BME groups. It was clear that many companies were still using legacy systems and processes that inadvertently acted as a barrier to some groups. This could include entry requirements that are of less relevance today – such as particular classes of degree from specific institutions. Some attendees suggested using a name-blind recruitment process. However, this received mixed responses and some felt the process could never be truly name-blind, leading to issues during the interview process. A number of attendees also cited concerns with those industries that relied on informal contacts and unpaid internships to open doors.

Issues were also identified in the wider performance management system with ethnic minorities more likely to be judged to have poor performance. Likewise, those from BME background were generally felt to be on the wrong end of disciplinary proceedings more often. In combination with the barriers faced during the recruitment and promotion stages of an individual's career, this could be a major driver in why many of these inequalities persist.

Data and aspirational targets

Attendees discussed the role of quotas and aspirational targets. Many felt uncomfortable with quotas as these could be resented – everyone should feel they have been recruited based on their abilities and not to meet a pre-agreed quota. However, they were more open to the idea of aspirational targets that employers could work towards. The massive variation between the life experiences of different ethnic groups means it is essential that employers should collect and publish data on the ethnic breakdown of their workforce to ensure that meaningful targets can be set, and more importantly, measured. It was agreed that targets should reflect local demographics and could be set locally by those parts of the company expected to deliver them.

Two main issues were raised on capturing data. The first related to legacy HR systems that either were not able to capture the relevant information or had not done so in the past. The second was non-disclosure by employees which was an issue for many companies. Some believe this was because of suspicions about how the information would be used, although it was noted that some organisations had had more success through proactive encouragement and persistence. Age was also a factor with young people more likely to report their race. Attendees also discussed the benefits of capturing details of worker qualifications to see whether there were opportunities for the company from underutilised talent.

It was generally agreed that employers should be more open with their data. Many employers suggested the Government should consider what reporting requirements currently existed with a view to streamlining them so that ethnicity data could be added without additional net burden. It was acknowledged that the current picture was not great, but as a starting point employers should have a baseline against which progress was possible and measurable.

Employer practices and policies

Where networks had been given a meaningful role within an organisation, with senior level buy in, they had generally been more successful in creating more inclusive and diverse workforces. When combined with an effective mentoring and/or sponsorship programme, BME employers had seen a huge benefit.

It was clear that a lot of great work was going on but that there was no single repository to share this good practice. If senior executives could see some of this success, they might be encouraged to focus more on intervention – rather than focusing on gender, where meaningful improvements were being seen. A central portal where employers and individuals can share successful, positive action stories about what works well, would be helpful.

Although not within the remit of the review, it was agreed that boards should reflect the make-up of their workforce – dealing with the issues faced by many companies in addressing the 'classic BME pyramid' where BME representation tends to gravitate towards the bottom end of the workforce. Race and ethnicity issues should sit on the boards' agenda. One of the main barriers for executive buy-in was the preference for the status quo; if everyone in an organisation takes diversity seriously, it will naturally become a priority for the board. However, for many, they are focused on delivering for their stakeholders and investors, who rarely challenged levels of diversity. It was agreed that organisations should have diversity champions, and trade unions could play a greater role as an investor in holding company directors to account on diversity issues.

Attendees felt that a number of initiatives and policy changes had improved outcomes for BME groups. A number of large employers had removed the UCAS point requirement in their recruitment processes, ensuring more than just academic attainment was judged. A number of employers had also benefited from the new Higher Apprenticeship which attracted certain ethnic groups to their organisation.

Acknowledgements

Roundtable summary and acknowledgements continued

Roundtable attendees:

Business
BAE Systems: Dr Deborah Allen, Managing Director Corporate Responsibility
EDF: Fiona Jackson, Head of Strategic Inclusion
Lloyds Bank: Dianne Keith, Head of Inclusion & Diversity
National Grid: Ed Syson, co-Chair of UK ONE network
Sky: Jo Lewis, Director of People Experience
Vodafone: Tom Marks, Head of HR Business Partnering
RSA: Amanda Birkett, Head of Talent and Capability
Shell: Bhavesh Ganesh, Senior HR manager

Third Sector
African Caribbean Diversity: Brenda King
Joseph Rowntree Foundation: Emma Stone, Director of Policy and Research. Supported by Debbie Weekes-Bernard
Operation Black Vote: Simon Wooley
Runnymede Trust: Farah Elahi
The Wellcome Trust: Lauren Couch, Head of Diversity and Inclusion
University of Bradford: Nelarine Cornelius
London Business School: Dr Raina Brands, Assistant Professor
Social Enterprise UK: James Butler
Black Training and Enterprise Group (BTEG): Jeremy Crook
Association for Black Engineers UK: Nike Folayan

Trade Bodies Roundtable
Trades Union Congress: Alice Hood, Head of Equality and Strategy
Confederation of British Industry: Neil Carberry, Director, Employment, Skills & Public Services
Chartered Institute of Personnel Development: Laura Harrison, Strategy Director
Advisory, Conciliation and Advisory Service: Steve Williams, Head of Equality
Institute of Directors: Andy Silvester, Head of Campaigns
Recruitment and Employment Confederation: Tom Hadley, Director of Policy and Professional Services
Association of Chief Executives of Voluntary Organisations: Asheem Singh, CEO

Scotland
Brodies: Tony Hadden, Partner and Head of our Employment Team
Standard Life: Heather Inglis, Diversity & Inclusion Manager
Scottish Chambers of Commerce: Charandeep Singh, Head of External Relations
CBI Scotland: Sam Fernando, Keela
RBS: Talia Alexander, RBS Inclusion

Millennial BME Group
Mitie: Paras Bhamra, Apprentice
Mitie: Gerisio Diaz De Oliveira, Apprentice
Mitie: Jadene Maher, Apprentice
Mitie: Abrar Hussain, Apprentice & also part of the Mitie Foundation R2W Scheme
Mitie: Courtney Maher, Apprentice
Mitie: Modupe Adefala, IFM Manager of Religious Affairs & recent finalist for the Excellence in Diversity Awards.
Mitie: Jadesola Somoye, MiHomecare
Mitie: Nash Bimfugila, Comms

Mitie: Anwaar Bent
Mitie: Hollie Williams-Hill
Youth programmes Officer Hackney CVS: Deji Adeoshun
Diversity Adviser, Business in the community: Maria Petnga-Wallace

Bristol Mayor's Roundtable BME2020
West of England: Adam Powell
Bristol City Council: Alison Comley
Bristol City Council: Adfzal Shah
Ann Marie Consulting: Annmarie Dixon-Barrow
EE: Anton Richardson
Bristol City Council: Asher Craig
Professional Advisor: Christine Bamford
Bristol City Council: Cherene Whitfield
KPMG: Claire Warnes
City of Bristol College: Cliff Shaw
Bristol City Council: Carole Johnson
Avon & Somerset Police: Esther Wride
Bristol City Council: James Brereton
Business West: James Durie
Local Enterprise Partnership: Kalpna Woolf
Engine Shed: Karen Shed
Department for Work & Pensions: Karen Richards
University of the West of England: Marie-Annich Gournet
Gregg Latham Solicitors: Martino Burgess
Bristol Mayor: Marvin Rees
Well Spring Healthy Living Centre: Monira Chowdhury
Antal: Naush Akram
Bristol Energy: Peter Haigh
Bristol University: Nishan Canagarajah
Moon Consulting: Peaches Golding
Babassa Youth Empowerment: Poku Pipim Osei
Avon & Somerset Police: Rebecca Hehir
Graduate: Reuben AyoEko
South Western Ambulance Service: Sam Fraser
Bristol City Council: Simon Nelson
University of the West of England: Steven Neill
NHS: Tracie Jolliff
Stand Aaginst Racist Incidents: Veron Dowdy
Bristol City Council: Tanya Edwards
Bristol City Council: Kurt James
Bristol City Council: Anne James
Bristol City Council: Darren Perkins
Bristol & Bath Regional Capital CIC: Edward Rowberry
Avon & Somerset Police: Jenny Farman
Mitie, Group Finance Director: Suzanne Baxter
University of the West of England: Ann De Graffjohnson
Bristol City Council: Shahzia Daya
Avon & Somerset Police: Catherine Dodsworth
Student: Delano Gournet-Moore
Bristol Learning City: Sian Rees
University of the West of England: Ahmd Emara
Business West: Amie Vaughan
Bristol City Council: Gillian Douglas

Recruitment & Employment Confederation Roundtable

Hopkins Longworth: Sarah Hopkins, Director
Diversity Market Place: Gamiel Yafai, Diversity & Inclusion Strategist
Equal Approach: Pamela Brown, Head of Business Development
STR Limited: Kwabena Amaning, Recruitment Manager
Morgan Spencer: Margaret George, Managing Director
Randsted: Chrissi Evans, Legal Director
PRM Diversity Consultants: Harish Bhayani, senior Partner
ICS UK: Gary Taylor, Strategic Partnership Director
Clear Company: Sarah Sanders, Head of Client Services
Diversity Jobs: Neermal Doolub, Senior Manager
Taylor Bennett: Heather McGregor, Managing Director
Prospect Us: Stella Pederson, Head of Research
Thewlis Graham: Sarah Thewlis, Managing Director
BD Consult: Rahul Gupta, Director
Fidelio Partners: Luke Main, Research Associate
Green Park: Amir Kabel, Head of Diversity & Inclusion

ICAEW Roundtable

ICAEW: Hilary Lindsey, President
ICAEW: Harpreet Panesar, Business Manager
National Black Women's Network: Sonia Brown MBE, Founder and Director
RBS: James Gardiner, Head of SME External Affairs
Entrepreneur & Business Angel: Helen C Stevens
EY: Tim Revett, Mentoring Manager
BBA: Tina Mason, Associate Director, Diversity anjd Inclusiveness
ICAEW: Stephen Ibbotson, Director Business and Commercial
RBS: Heather Melville, Director of Strategic Partnerships
Barclays: Jagdeep Rai, Director, Head of Business and Corporate Banking
KPMG: Melanie Richards, Vice Chair
Policy Exchange: Richard Norrie
University of Essex: Shamit Saggar, Director of the Understanding Society Policy Unit and Professor of Public Policy
ICAEW: Sharron Gunn, Executive Director, Commercial, Members & Shared Services
ActionAid: Margaret Casely-Hayford, Chair
PHD Student, London School of Economics & Political Science: Jonathan Ashong Lamptey
Advanced Track Outsourcing: Vipul Sheth, Managing Director
Rolls-Royce: George Acquah, Internal Audit Manager
ICAEW: Nick Parker, Deputy President
Royal Institution of Chartered Surveyors: Lucile Kamar, Equalities Manager

BME Media

African Voice: Mike Abiola
African Voice: Gold John
African Voice: Peter Olorunnisomo
Redhotcurry: Lopa Patel
Buzzfeed: Elizabeth Pears
Eastern Eye: Rithika Siddhartha
Londra Gazete: Onur Uz

f BME working age population by city

Major town and city	Total population	% BME
Barnsley	59,800	4.0%
Basildon	62,700	14.8%
Basingstoke	71,500	20.8%
Bath	66,400	8.3%
Bedford	48,600	21.2%
Birkenhead	54,900	2.6%
Birmingham	718,100	40.0%
Blackburn	73,600	37.5%
Blackpool	90,400	1.4%
Bolton	102,500	22.9%
Bournemouth	129,800	7.4%
Bracknell	54,500	9.7%
Bradford	207,400	38.2%
Brighton and Hove	170,900	10.9%
Bristol	369,700	11.5%
Burnley	52,800	8.1%
Burton upon Trent	47,300	4.7%
Bury	45,000	19.6%
Cambridge	108,500	17.5%
Cardiff	229,200	15.2%
Carlisle	45,900	3.5%
Chatham	58,100	12.0%
Chelmsford	75,600	13.9%
Cheltenham	71,400	9.4%
Chester	57,400	1.7%
Chesterfield	54,400	5.1%
Colchester	75,400	11.7%
Coventry	228,100	27.4%
Crawley	72,200	14.0%
Darlington	57,400	5.1%
Derby	161,500	18.3%
Doncaster	67,000	5.1%
Dudley	45,900	26.4%

Major town and city	Total population	% BME
Eastbourne	65,000	4.6%
Exeter	81,000	7.7%
Gateshead	73,100	6.0%
Gillingham	67,500	8.9%
Gloucester	89,100	11.9%
Grimsby	53,200	2.6%
Guildford	53,700	17.5%
Halifax	51,300	18.3%
Harlow	54,400	14.0%
Harrogate	42,800	3.7%
Hartlepool	56,000	2.9%
Hastings	57,600	2.3%
Hemel Hempstead	63,500	14.0%
High Wycombe	65,800	31.6%
Huddersfield	116,200	26.1%
Ipswich	88,200	13.4%
Kingston upon Hull	184,700	6.7%
Leeds	320,000	21.4%
Leicester	260,200	45.2%
Lincoln	70,600	3.3%
Liverpool	372,000	11.9%
London	5,842,800	40.6%
Luton	143,600	43.0%
Maidstone	79,700	11.9%
Manchester	371,500	35.0%
Mansfield	54,500	5.0%
Middlesbrough	108,900	11.2%
Milton Keynes	117,400	23.6%
Newcastle upon Tyne	191,600	15.1%
Newcastle-under-Lyme	49,300	6.3%
Newport	76,100	12.1%
Northampton	144,100	9.8%
Norwich	121,300	7.1%

Major town and city	Total population	% BME	Major town and city	Total population	% BME
Nottingham	202,200	24.1%	Telford	91,000	8.6%
Nuneaton	57,600	8.5%	Wakefield	67,200	16.8%
Oldham	64,600	42.0%	Walsall	42,100	53.9%
Oxford	120,700	20.5%	Warrington	112,100	6.7%
Peterborough	108,400	16.9%	Watford	96,100	23.8%
Plymouth	171,100	5.4%	West Bromwich	43,700	39.4%
Poole	95,600	3.1%	Weston-Super-Mare	42,700	4.0%
Portsmouth	144,300	9.9%	Wigan	52,100	6.9%
Preston	87,200	19.0%	Woking	65,700	8.8%
Reading	170,600	20.5%	Wolverhampton	150,700	28.6%
Redditch	54,400	11.0%	Worcester	67,300	3.0%
Rochdale	72,500	35.6%	Worthing	64,300	5.4%
Rotherham	67,400	13.9%	York	108,800	8.1%
Salford	60,600	23.9%	Column total	17,757,600	25.2%
Scunthorpe	50,100	4.4%			
Sheffield	335,900	16.1%			
Shrewsbury	45,400	2.6%			
Slough	97,900	50.3%			
Solihull	64,900	18.2%			
South Shields	46,700	6.4%			
Southampton	176,400	9.9%			
Southend-on-Sea	114,200	6.2%			
Southport	51,200	2.9%			
St Albans	55,100	8.9%			
St Helens	61,600	1.6%			
Stevenage	61,800	8.7%			
Stockport	67,300	7.1%			
Stockton-on-Tees	51,700	6.6%			
Stoke-on-Trent	168,400	16.2%			
Sunderland	111,800	7.2%			
Sutton Coldfield	57,900	10.9%			
Swansea	114,700	9.2%			
Swindon	122,300	15.6%			

Data has been reweighted in line with the July 2016 ONS population estimates.

The major towns and cities geography has been released as 'experimental'. This mechanism allows time for ONS to assess the response from the user community, both about its usefulness for analysis and its definitional accuracy.

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16   BEIS Analysis (2016) – https://www.gov.uk/government/statistics/bme-individuals-in-the-labour-market-analysis-of-full-representation

17   More information on the US approach can be found at https://www.eeoc.gov/index.cfm

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35 Ibid.

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