

75th Anniversary Discussion Paper: Ethnicity in the workplace

Ethnic disparities in the workplace

Progress on tackling ethnic disparities in the workplace has been painfully slow. Headline pay gap figures¹ hide large differences between different ethnic groups and regions, the Government has still not responded to its ethnicity pay reporting consultation and the Commission on Race and Ethnic Disparities' report met with widespread criticism² on its publication.

It is not just the UK Government which is guilty of a lack of action. The Scottish Government, for example, has been accused of a lack of progress and creating "consultation fatigue".³ Employers also need to be doing more. Although there are examples of good practice, CMI's research has shown a clear gap between the warm words and lukewarm actions of managers and leaders.⁴

Beyond the moral case for tackling inequalities, there is a clear business imperative. Research has shown that businesses that confront inequality with practical measures can improve employee job satisfaction, loyalty, creativity and boost revenue.⁵ Whilst, analysis has shown that full representation of those from ethnic minority backgrounds across the labour market, through improved participation and progression, could contribute £24 billion a year to the UK's GDP.⁶

The Challenges

A lack of diversity in leadership positions

A lack of diversity in management and leadership positions is a longstanding problem in the UK. Recent CMI analysis of Labour Force Survey data shows:⁷

- Diverse ethnic groups make up 13% of the UK working population and 12% of UK managers but these percentages mask large differences between different ethnic groups.
- People from Black, Pakistani and Bangladeshi backgrounds are still underrepresented at both senior and middle management levels:
 - Those from a Black background make up 3.2% of the working population but only 1.8% of senior leaders.

¹ [ONS](#) (2020), Ethnicity Pay Gaps: 2019

² [BBC News](#) (2021), Campaigners Criticise Government Race Report

³ [BBC News](#) (2020), Councils and NHS Should Publish Ethnicity Pay Gap Data

⁴ [CMI](#) (2020), Moving the Dial on Race: a progress report on workplace inclusion

⁵ [Henley Business School](#) (2021), The Equity Effect

⁶ [BEIS](#) analysis cited in [The McGregor-Smith Review](#) (2017), p.2

⁷ CMI analysis, Labour Force Survey Jan-Mar 2021

- Those from a Pakistani background make up 1.3% of the working population and 0.9% of senior leaders.
- Those from a Bangladeshi background make up 0.6% of the working population and 0.2% of senior leaders.

Green Park's Business Leaders Index has shown some positive signs:⁸

- Ethnic minority representation in the leadership pipeline has increased from 6.2% in 2014 to 10.7% in 2019.
- Representation in top 20 roles (Board and Executive Committee) has increased from 7.4% in 2019 to 10.4% in 2021.

However, problems still exist:

- Representation in top 3 roles (Chair, CEO and CFO) has remained static, hovering between 3.5% and 3.7% between 2014 and 2021.
- For the first time since Green Park began their analysis, there are no Black Chairs, CEOs or CFOs in the FTSE 100.
- Diversity in the leadership pipeline has fallen backwards since 2019 to 9.3%.

Beyond the FTSE 100, Green Park's wider research covering central and local government, public bodies, the private sector, education and charities shows that only 4.7% of the most powerful roles are filled by "non-White" individuals.⁹

A lack of transparency

It is clear there is less diversity the further you go up the career ladder and that good quality, readily available data helps to identify where barriers to progression exist. Many companies recognise this value. BiTC's Race at Work 2021 report, for example, has also shown the percentage of employers voluntarily capturing ethnicity and pay gap data has increased from 11% in 2018 to 19% in 2021.¹⁰

However, more needs to be done: CMI's research found that less than half (44%) of managers said their organisation collected data and set targets for race diversity.¹¹ Research from CIPD has shown that only 13 FTSE 100 companies currently report their ethnicity pay gap.¹²

Poor workplace culture

It should not be underestimated how much workplace culture impacts on the inclusion of staff from diverse backgrounds. Henley Business School, for example, has found that perceived cultural differences and a lack of diversity in leadership are driving racial inequity and systemic racism within UK businesses. This is hugely concerning.¹³

Harassment

Research from the University of Manchester found that over 70% of ethnic minority workers said they

⁸ Green Park (2021), op. cit.

⁹ [Green Park](#) (2020), The Colour of Power

¹⁰ [BiTC](#) (2021), Race at Work 2021: McGregor-Smith Review four years on

¹¹ CMI (2020), op. cit.

¹² [CIPD](#) (2021), Make Ethnicity Pay Reporting Mandatory From 2023 to Boost Workplace Equality

¹³ Henley Business School (2021), op. cit.

have experienced racial harassment at work in the last five years, whilst around 60% said they were subjected to unfair treatment by their employer because of their race.¹⁴

Microaggressions

In October 2020, CMI research found that nearly a quarter (21%) of managers from a diverse racial group said they had experienced a situation in the physical or virtual workplace that they would consider to be a racial microaggression.¹⁵

Recruitment

Research has shown that ethnic minorities, despite having identical CVs and cover letters, had to send 60% more applications in order to receive as many callbacks as the majority group.¹⁶

CMI insights

CMI has been carrying out research into the issues around ethnicity at work as part of our [75th anniversary project](#). Initial findings¹⁷ reveal that managers and leaders play a critical role in leading initiatives to support diverse ethnic groups in the workplace, such as through role-modelling values around diversity, as well as creating space for discussion around the issues that hold people from diverse ethnic groups back, and these initiatives are key to creating an inclusive culture.

However, actions need to be more deliberate and measured in order for their impact to be better understood: while people perceive their organisation to be taking positive steps to address gaps in representation and progression - 9 in 10 respondents (88%) agreed their organisation was inclusive of staff regardless of their ethnicity - they can cite few examples of measuring the impact or success of interventions. Indeed, 67% of respondents say they did not know, or that their organisation has taken no action in relation to Ethnicity Pay Gap reporting and action plans - a key workplace measure for progression of diverse ethnic groups. Respondents from diverse ethnic groups were also more likely than white respondents to report a lack of action in relation to EPG reporting (42% vs. 32%), and limited support for progression for those from diverse ethnic groups (31% vs 4%).

The context of an organisation's location plays a significant role in how much an organisation focuses on initiatives for diverse ethnic groups. Managers from larger organisations, based in areas with more ethnically diverse staff, are more likely to recall initiatives to support ethnic diversity. However, just under 2 in 5 agree remote working would enable their organisation to recruit a more ethnically diverse workforce - suggesting that potential opportunities may be missed to achieve a diversity dividend in all regions of the UK.

Some of the Solutions

Improving data

¹⁴ [University of Manchester](#) (2019), Racism is Still a Huge Problem in UK's Workplaces

¹⁵ [CMI](#) (2020), Moving the Dial on Race: a practical guide to workplace inclusion

¹⁶ [Centre for Social Investigation](#) (2019), New CSI Research Reveals High Levels of Job Discrimination Faced by Ethnic Minorities in Britain

¹⁷ A Managers Voice poll conducted between 1st and 15th October 857 UK based respondents took part including 387 substantial qualitative responses. Findings are for UK based respondents only for this discussion paper, however evidence was also collected internationally.

Data has emerged as a central theme in CMI's investigations, especially the need to disaggregate data to ensure organisations are able to draw meaningful conclusions that can actually advance progress. For example, is a negative ethnicity pay gap masking a complete lack of diverse talent at the entry level or vice versa and can we identify multiple areas of disadvantage and how to address these?

We know that improving the quality of data is essential to drive progress around ethnic representation in the workplace; because what gets measured gets managed. Mandatory ethnicity pay gap reporting, for example, which CMI, along with other organisations¹⁸, has long argued for, is one way to build a picture of disadvantage at work. And pay gap reporting has strong support among managers: CMI research found 80% of managers agreeing large organisations should be required to report their ethnicity pay gap.¹⁹

It's essential to look at data points beyond pay, however. Green Park argues that employers should be measuring rates of retention, attrition, promotion and job satisfaction, with targets tied to executive-level compensation.²⁰ Reporting on the number of discrimination cases and requiring organisations to set out how they have dealt with them and made improvements based on this data could also help. CIPD recommends employers report disclosure rates to identify any concerns among the workforce around disclosing ethnicity data.²¹

We also need to consider regional factors. We know there are large variations in regional ethnic diversity which may influence an employer's ability to diversify their workforce.²² CIPD has argued that employers should report the proportion of their workforce from ethnic minorities and apply this to national demographic data if they are a nationwide employer or local data if they operate out of one location to show the extent to which this mirrors the diversity of their local community.²³ We should look to examples from places that have experience of implementing anti-discriminatory recruitment such as in Northern Ireland.

Improving action

Collecting better quality data is important but to tackle disparities organisations must take action. CMI has consistently championed action planning to ensure organisations are reflecting on the data they collect and report on, to put in place interventions that address the specific challenges of their organisation. Research shows that the use of targets, KPIs and performance measures are linked to stronger productivity and we believe that the same lessons of measuring tangible outcomes can be applied to diversity and inclusion initiatives.²⁴

There is power in data to highlight problems and technology and artificial intelligence (AI) is now capable of identifying bias quickly and providing tools to address this bias and wider disadvantage. Training staff on workplace law can also help, so that managers and leaders understand the legal requirements on them and feel confident in applying these requirements in a workplace setting and

¹⁸ BiTC (2020), op. cit.

¹⁹ Managers Voice poll of 1,114 UK managers conducted between 22nd and 26th February 2021

²⁰ Green Park (2021), op. cit.

²¹ CIPD (2021), op. cit.

²² [Gov.uk](#) (2020), Regional Ethnic Diversity

²³ CIPD (2021), op. cit.

²⁴ [ONS](#) (2021), Management Practices in Great Britain: 2016 to 2020

knowing when to act.

But what about small employers? A report from The University of Manchester recommends that the Government should conduct an audit of small companies to ensure that they are responding to complaints of discrimination and inequality in a sensitive and timely manner.²⁵ But many SMEs will need support to do this. Where does that support come from and how can we ensure it is prioritised?

Culture is also vitally important to workplace inclusion. Managers and leaders can ensure the values and behaviours of individual staff align with the commitment made by the organisation to be an inclusive place to work. One of the ways to do this is to build trust by ensuring that managers are equipped and empowered with the confidence to talk about race and diversity. Developing a culture of high trust allows honest conversations to take place at the moment at which the bias is identified, and that behaviour to be addressed. But a question remains - can people be trained to be more empathetic? Some would say it's not possible, whilst [others](#) are developing initiatives to do just this

CMI's research of our own manager community shows that 85% of managers are comfortable talking about race with their team.²⁶ However, when compared to other research we find a high level of discomfort using descriptors other than 'White' in the workplace²⁷ and although increasing since 2015, only 41% of employees say their employers are comfortable talking about race.²⁸ This suggests that there is a gap between professionally qualified managers and accidental managers.²⁹ Managers and leaders need to ensure they are listening to the lived experience of staff from diverse ethnic groups, who may have different views to those from White backgrounds on the effectiveness of an organisation's diversity and inclusion initiatives.

There is more room for progress - what have we missed? Share your views by visiting <https://www.managers.org.uk/campaigns/75th-anniversary/>

How we are talking about ethnicity in this discussion paper

At CMI we believe it is time to [move beyond](#) using "BAME" when talking about ethnicity, and advise managers to be as specific as possible in their conversations. In this discussion paper we use the term 'diverse ethnic groups' when discussing an aggregated combination of ethnic minority groups - as a reminder that there is significant diversity within that aggregated group. We are looking at how the language we use around race and ethnicity needs to change, what the alternatives are, and what these look like in practice. Please get in touch with raceequity@managers.org.uk to share your own examples and experiences of improving the way organisations, leaders and managers communicate fluently on race equity.

²⁵ [University of Manchester](#) at al. (2019), Racism Ruins Lives

²⁶ [CMI](#) (2020), Moving the Dial on Race: a practical guide to workplace inclusion

²⁷ [Involve and Audeliss](#) (n.d.), Can I Say That?

²⁸ BiTC (2021), op. cit.

²⁹ [CMI](#) (2015), The Curse of the Accidental Manager