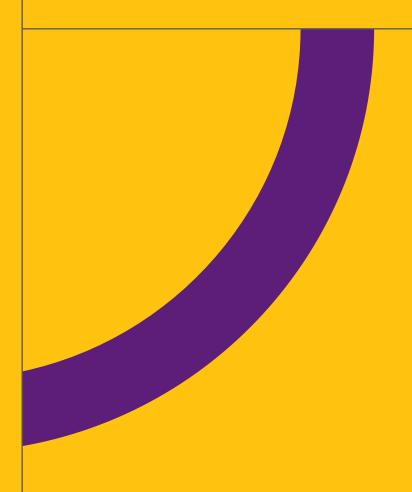# RACE INCLUSION REPORTS

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The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

The Institute for Employment Studies (IES) is an independent, apolitical, international centre of research and consultancy in public employment policy and HR management. It works closely with employers in all sectors, government departments, agencies, professional bodies and associations. The IES is a focus of knowledge and practical experience in employment and training policy, the operation of labour markets, and HR planning and development. The IES is a not-for-profit organisation.

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Acknowledgements
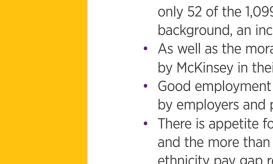
① **Introduction**

The moral and business case for race inclusion has been evidenced in numerous studies, most notably in the McGregor-Smith Review.[1] Despite this, there is evidence of discrimination and injustice on the basis of race in all aspects of life, including employment.

As a means of addressing the barriers to change, the CIPD has set out its anti-racism policy, supported by a new anti-racism hub, which includes a host of webinars, FAQs and practical guides. We have commissioned this series of reports on race inclusion, looking at specific barriers to progress. The CIPD continues to call for mandatory ethnicity pay reporting, but also strongly encourages employers to immediately bring further transparency and public scrutiny to ethnic inequality in the workplace by voluntarily reporting their ethnicity pay gaps and their proposed actions to address them.

This series of reports will outline some of the key areas on which employers can act now, rather than waiting for legislative obligation. Supported by literature reviews and survey evidence, they are designed to help the HR community and their employers to act on racism in three key ways:

- by **talking about race at work**, which has been highlighted by our research as a critical barrier and underpinning determinant of progress (Report 1)
- to encourage **ethnicity disclosure and reporting** (Report 2)
- to address **career progression inequities** (Report 3).

- There is a wealth of evidence that UK society is unequal in terms of the educational outcomes, career opportunities and pay for people from different ethnic groups.
- According to Baroness McGregor-Smith's report (2017),[2] only 6% of top management positions were held by people from BME backgrounds.
- Despite the calls in her report and increasing public pressure as evidenced by the marches in support of Black Lives Matter in summer 2020, this has barely changed over the past three years: only 52 of the 1,099 most powerful roles in the UK are filled by people from an ethnic minority background, an increase of only 1.2%, or 15 people, since 2017.[3]
- As well as the moral case, there is a strong business case to address this inequality, as evidenced by McKinsey in their 2020 report, *Diversity Wins: How inclusion matters*.[4]
- Good employment is a key driver of social mobility. Action and greater prioritisation are needed by employers and policy-makers to ensure that the workplace is a catalyst for positive change.
- There is appetite for change, evidenced by the over 500 signatories to the Race at Work Charter[5] and the more than 130,000 signatures acquired by a 2020 petition to introduce mandatory ethnicity pay gap reporting.[6]
- The CIPD states in its anti-racism strategy that *'employers need to maintain a zero-tolerance approach to workplace discrimination – as is required by the Equality Act 2010 – and commit to planned action'*.[7]
- The CIPD has carried out a survey of employee views and experiences on race to help inform its own work and its members' policies and practices:
  - **talking about race at work** (Report 1)
  - encouraging **ethnicity disclosure and reporting** (Report 2)
  - ensuring **equality of career progression opportunities** (Report 3).
- There are many other areas to tackle before equality of opportunity is achieved for people of all ethnicities, but making progress on these three is within the capability of every employer and can provide a foundation for further, more wide-ranging work and progress on race

The key findings of the three reports are summarised in this document, highlighting our conclusions and recommendations for employers and policy-makers.

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For summary purposes, we report at a binary level comparing white British with BAME responses, but we are aware of the pitfalls of doing this and use more detailed breakdowns of responses in the full findings section and data tables in the full reports (see section 3.2 of each report for a full discussion of the ethnicity groupings and terminology used).

Note on the CIPD's current position on terminology

We recognise that any one term will not resonate with everyone. As such, we advise employers to be sensitive in the language and terminology used when talking about race and ethnicity, being sure to engage and invite input from both their own staff and external experts.

We follow the Race Disparity Audit's recommendation, referring to 'ethnic minorities' rather than the terms BME/BAME, which highlight particular groups while omitting others. BME refers to black and minority ethnic, while BAME refers to black, Asian and minority ethnic. But research conducted by the Race Disparity Audit suggests that very few people recognise these acronyms, while few ethnic minorities identify with them.

However, both terms are widely used by government departments, public bodies, the media and other groups when referring to ethnic minority groups in the UK. We therefore reference the terms BME and BAME only in relation to research that has already been conducted using these terms (such as the government review by Baroness McGregor-Smith and previous CIPD research).

People of Colour (PoC) is a term prevalent in the USA and is gaining popularity in the UK. While it lends itself more to common parlance, it shares the issues of defining ethnic groups in relation to the white majority and that of masking issues.

We also recognise that terms like BME and BAME encompass people from a diverse range of backgrounds, cultures and traditions, who will likely be facing different barriers in the labour market, in career progression, and in their experiences at work. The Policy Exchange (Saggar et al 2016)[8] highlights the problem of conflation: *'Each ethnic minority group has its own cultural tradition and history, occupies a certain place on the socio-economic ladder, is on its own distinct trajectory, and sometimes has several internal divisions,'* it says. *'Looking at "BME" or "BAME" alone does nothing to tell us who is making progress and who is falling behind. Moreover, improvements in minority representation could be made by improving the lot of those already doing well rather than increasing the representation of those who need it most.'*

The CIPD wants employers and the people profession to put the spotlight on inclusion, with a continued effort to build diverse talent pipelines. Inclusive organisational culture is essential for attracting, retaining and nurturing diverse talent. The CIPD will therefore use the term 'inclusion and diversity' in all our material going forward.

② **Key findings from the employee survey**

Report 1: Talking about race at work

The first report in this three-part series looks at the need to talk about race at work and identifies the barriers and facilitators of these conversations. It focuses on the key issues around initiating the conversations needed about race at work, considering in turn:

- who is having and initiating conversations about race at work
- the barriers to these conversations, including the importance of trust
- the relevance of terminology and the extent to which it is a barrier.

As Baroness McGregor-Smith said in her 2017 review,[9] *'Too many people are uncomfortable talking about race. This has to change.'*

In order to understand and address issues of racial inequality within an organisation, leaders, employees and HR need to feel able to have conversations about race and ethnicity. Much research tells us about the barriers to recruitment, retention and progression that exist for different ethnic minority groups and so these need to be acknowledged and acted on:

- The need to talk about race:
  - Over a third (35%) of respondents felt there is a need to talk about ethnicity.
  - Only 23% of white British respondents feel the need to talk about race, whereas 40% of those from BAME groups do.
- Who is talking about race?
  - Employee network groups were most commonly cited as those who initiate conversations about ethnicity, with senior leaders next, and HR the third most likely initiators.
  - Overall, more respondents are comfortable speaking to their colleagues about ethnicity and race (77%) than to any other groups.
- Barriers to talking:
  - Trust in senior management is a bigger differentiator than ethnicity in levels of comfort talking about race. With strong trust in senior management, 73% of employees are comfortable talking to HR about race; with weak trust, this drops to 47%.
  - Those who do not talk about ethnicity and race at work said the three key reasons for this are that:
    - They do not feel a need to talk about it (42%).
    - They do not consider that race and ethnicity are an issue in their workplace (33%).
    - Others don't see there is an issue with race or ethnic inequality (24%).
  - BAME group respondents are more likely than white British ethnicity respondents to say:
    - people are not interested in having conversations about race (22% vs 14%)
    - they are sceptical about whether things will change following conversations (16% vs 3%)
    - that people in their organisation are ignoring that there is an issue with race (13% vs 2%).
- Terminology:
  - Using someone's specific ancestral origin (such as Caribbean ethnicity) is considered appropriate by the highest number of respondents (25%).
  - 20% of respondents said they do not know which terms are most appropriate or inappropriate, underlining the lack of certainty in this area.
  - 26% said that none of these terms are inappropriate, suggesting that terminology should not be the focus of discussions about race.

Being able to talk about race at work is at the foundation of addressing racial inequality. Building trust and support between employees and their leaders is essential to ensure that

the needs of diverse groups can be expressed and responded to. Increased communication and understanding between groups helps to achieve this. However, only a third of our respondents said they have talked about race at work, despite around two-thirds saying they would be comfortable to do so. Only half said they are confident in the terminology to use in conversations about ethnicity and race.

Report 2: Encouraging ethnicity data disclosure

Employers need to collect ethnicity data on their workforce:

- to tailor and monitor their diversity strategy
- to prepare for the likely introduction of compulsory ethnicity pay gap reporting
- to support an effective, evidence-based HR strategy that will promote organisational performance.

Without data on the ethnicity profile of their workforce, employers cannot identify where there may be under-representation or areas where changes are required, such as in employment policies.

The CIPD report *Diversity Management that Works* (2019)[10] established that *'the more – and better-quality – people data employers collect, the better they can design and target I&D activity and evaluate progress'*. This is in agreement with the McGregor-Smith Review,[11] which states that *'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'*.

Where is ethnicity disclosure already taking place?

- Nearly half (47%) of employees have been asked to disclose their ethnicity.
- Employees are most likely to be asked to disclose their ethnicity during the application process (44%) or on joining the organisation (21%).

Employee attitudes and beliefs about disclosure:

- A substantial majority of employees (84%) are comfortable disclosing their ethnicity to their employer.
- 32% agreed that their employer would use the data to make positive changes in their organisation.
- 30% agreed that their employer would say they're acting on inequalities but with no change evident.
- 30% agreed that their employer wouldn't do anything with the data.

Enablers to disclosure:

- When asked what steps employers should take to encourage disclosure, the top four listed most frequently by the survey respondents were:
  - a clear explanation of how the data would be used (46%)
  - assurances of confidentiality (36%)
  - visible evidence of the organisation's dedication to creating a fairer and more inclusive organisation (35%)
  - senior leaders showing their commitment to diversity, equality and inclusion (33%).

The key findings show that more than half of employees are not being asked about their ethnicity. Although a great majority are happy to disclose their ethnicity, a substantial number are sceptical and don't believe any positive change will happen as a result. However, employers can reassure employees by clearly explaining how the data will be used and that their confidentiality will be protected.

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Report 3: Equality of career progression
The key findings of the report are outlined below:

Satisfaction with career progression, the sense of belonging and the intention to leave:
- Just over half (51%) of our employee respondents said that their career progression has met or exceeded their expectations, while 36% feel their career progression has failed to meet their expectations.
- Those whose career expectations have been met and those who feel they belong are more likely to say they intend to still be working for their organisation in the next two years.

Beliefs about ethnicity and career progression in their workplace:
- Over half of respondents agreed that:
  - 'Everyone has the opportunity to achieve their potential at work, no matter your racial or ethnic identity or background.'
  - 'If I work hard, I have as good a chance as anyone else to succeed in my organisation.'
  - 'There is equal access to development and progression opportunities for everybody.'
- In their organisation, the top six factors that career progression is based on are:
  - the employee's own motivation to progress/put themselves forward for opportunities
  - a job vacancy becoming available
  - the employee's talents
  - the visibility of the employee's work within the organisation
  - a strong work ethic
  - who you know/informal relationships.
- 11% of BAME group respondents feel the employee's similarity in cultural/ethnic identity or background to the managers making the hiring decisions or to senior managers/ leaders plays a part in career progression in their organisation.

Enablers to career progression:
- For those whose career progression has met or exceeded their expectations, the top four most frequently listed factors that enabled that are:
  - 'I was in the right place at the right time.'
  - 'The relationships I have built across the organisation(s) I have worked for.'
  - 'I benefitted from the opportunity to get involved in different projects which have helped develop my skills.'
  - 'I benefitted from good-quality line management from my immediate manager at key points in my career.'
- Around 20% of BAME group respondents said that the following are important:
  - senior leaders questioning the lack of racial diversity in senior roles
  - firm action on discrimination
  - ethnicity pay reporting to highlight inequalities in the organisation.

Barriers to career progression:
- The three key reasons given by those whose career progression has not met their expectations are:
  - 'My skills and talent have been overlooked' (38%).
  - 'I experienced poor-quality line management from my immediate manager when I entered work or at key points during my career' (36%).
  - 'I was not part of the "in group"' (32%).

Discrimination and unfairness in career progression are a major barrier for ethnic minority employees. This is reflected in the lower levels of satisfaction among ethnic minorities with their career progression. The report helpfully identifies enablers to career progression, which have been used to formulate recommendations for employers and can be found in the underline report.

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③ **Recommendations for employers based on survey findings**

1 **Develop a comprehensive and well-resourced race inclusion strategy** incorporating these three studied areas: conversations, data and career management. Integrate this with your wider HR, inclusion and diversity (I&D), and organisation business strategies. Set out clear ambitions and goals on race equality, along with measures of success and appropriate progress milestones. Allocate appropriate resources and accountabilities for delivering the strategy into practice and the achievement of the specified goals. Monitor and adapt as required on an ongoing basis.

2 **Collect, analyse and publish a framework of relevant ethnicity data** and statistics across all the HR processes in your organisation (including recruitment, promotion, career development and pay). Review existing HR and diversity data and metrics. Work with the HR and employee information systems to determine gaps in available data and develop plans to produce the requisite information.

3 **Prepare for ethnicity pay gap reporting** before it becomes mandatory and report voluntarily in advance if at all possible. Read relevant guidance from the EHRC[12] and the CIPD.[13] Develop and test a framework of measures to report. Develop an internal and external communications strategy.

4 **Develop an action plan for tackling any ethnicity-based disadvantage** that your data exploration reveals. List actions and initiatives currently ongoing. Brainstorm possible actions on the basis of internal and external knowledge. Agree final list and prioritisation of actions, along with resourcing and responsibilities. Implement and monitor impact.

5 **Support senior leaders to lead the way in initiating positive conversations about race**, to be clearly visible as part of the I&D strategy and to communicate the importance of race and ethnicity in the organisation. Develop policies and practices to build trust in senior management. Use leaders as champions and role models for implementation of priority actions on race equality.

6 **Support line managers to manage their teams in a non-discriminatory and engaging fashion.** Invest in line management skills, including how to support the career development of those who report to them and how to facilitate the opportunities for project work and cross-organisational working. All employees should also have training about bias and their moral and legal duty to avoid discrimination in the workplace. This is particularly important for line managers, as any biases they may have would have a detrimental impact on their team members.

7 **Build a strong sense of belonging and involvement in the organisation** by developing strategies to allow greater **employee voice** and by establishing **employee network groups** to facilitate conversations about race and other diversity strands in a safe space, as well as to generate possible I&D initiatives to include in action plans.

8 Consult employees, possibly via employee network groups, on the most appropriate **individual and collective terminology** in relation to ethnicity, agree processes for allowing others to learn this terminology and for mistakes in usage to be handled sensitively.

9 **Develop a communications and involvement strategy** to communicate and celebrate diversity aims and achievements, to share the organisation's diversity data and to explain the I&D strategy. Develop a detailed strategy in terms of key messages, audiences and media. Involve communications professionals in developing and delivery of the strategy.

4 Policy recommendations

These CIPD reports are primarily intended as a guide for employers and people professionals. However, there are some policy recommendations emerging from the findings presented in these reports that are relevant to government departments and equality bodies.

1 **Make general employee data collection and reporting mandatory as part of compulsory reporting of a much wider range of human capital information.** This wider data collection and reporting could become part of an annual report format alongside more traditional financial measures. Relevant diversity statistics could include application and recruitment rates, promotion data, relative levels of investment in training and employee turnover rates. These would enable organisations to have a better understanding of their workplace from a diversity perspective, so they can develop appropriate initiatives to counter any disadvantage and to track their progress and success.

2 **Make ethnicity pay reporting mandatory following the successful example of compulsory gender pay gap reporting established in 2017** to ensure the widest possible reporting. This will enable transparency across organisations about their ethnicity pay gap and ensure steps are taken to address this while also generating benchmarks to assess employers by sector, region or size. The Government will need to provide guidance on the categories and methodology to be used so that data from different organisations is consistently comparable. The reporting requirement should also include the duty to provide an action plan to address any gaps.

3 Ensure government departments and bodies continue to **set a powerful lead** and example for other sectors on the prioritisation, resourcing and delivery of improved racial equality in employment.

4 Invest in stronger labour market **enforcement** to ensure compliance with existing diversity and employment legislation, so that poor practice is reduced in the workplace.

5 Extend the obligations set up by the **Public Sector Equality Duty** to private sector organisations to boost the focus on equality in the private sector.

5 Conclusion

There is a need for HR and diversity professionals and policy-makers to take action to improve the role of employers in tackling inequalities in the workplace and thereby in wider society.

Being able to talk openly and honestly about race at work is the foundation for effective action to address racial inequality. Communication and understanding between employees, their leaders and their managers enable the building of trust on which such conversations depend. Effective remedial actions are built on such trust, ensuring that the needs of diverse groups can be expressed and responded to.

Employee data collection, analysis and publication is also vital. It enables employers to understand the profile of their organisation and to assess whether their stated commitments to inclusion and diversity are being realised for all ethnic groups in practice, and to act if they see that they are not.

Access to career progression opportunities and support in taking them is vital to the retention and motivation of individuals in all ethnic groups, but especially for addressing the significant under-representation of ethnic minority groups we still see in senior levels and key roles in many UK employers.

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Policy-makers can support employers by providing a legislative framework, including general HR data collection, ethnicity pay reporting and appropriate enforcement.

The events of 2020 have not only underlined the wider societal importance of reducing inequality but have also shown widespread support for this, which policy-makers and employers should build on.

You can access the full race inclusion reports at the following links: Report 1 – *Talking about Race at Work*; Report 2 – *Encouraging Ethnicity Data Disclosure*; and Report 3 – *Ensuring Equality of Career Progression Opportunities*.

6 Endnotes

[1] Department for Business, Energy and Industrial Strategy. (2017) *Race in the workplace: the McGregor-Smith review*. Available at: https://www.gov.uk/government/publications/race-in-the-workplace-the-mcgregor-smith-review

[2] Department for Business, Energy and Industrial Strategy. (2017) *Race in the workplace: the McGregor-Smith review*. Available at: https://www.gov.uk/government/publications/race-in-the-workplace-the-mcgregor-smith-review

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[7] CIPD. (2020) *Developing an anti-racism strategy*. Available at: https://www.cipd.co.uk/knowledge/fundamentals/relations/diversity/anti-racism-strategy

[8] Policy Exchange. (2016) *Bittersweet success? Glass ceilings for Britain's ethnic minorities at the top of business and the professions*. Available at: https://policyexchange.org.uk/publication/bittersweet-success-glass-ceilings-for-britains-ethnic-minorities-at-the-top-of-business-and-the-professions/

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[12] Equality and Human Rights Commission. (2018) *Measuring and reporting on disability and ethnicity pay gaps*. Available at: https://www.equalityhumanrights.com/en/publication-download/measuring-and-reporting-disability-and-ethnicity-pay-gaps

[13] CIPD. (2020) *Our ethnicity pay report 2020*. Available at: https://www.cipd.co.uk/Images/cipd-ethnicity-pay-report-2020_tcm18-86627.pdf

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