



Business Services Association
130 Fleet Street,
London.
EC4A 2BH

BSA - The Business Services Association

**Submission to the Review by Baroness McGregor-Smith on the Issues Faced by Businesses in
Developing Black and Minority Ethnic Talent**

August 2016

The BSA welcomes the opportunity to provide evidence to this Review of how businesses can understand and tackle the challenges in developing black and minority ethnic (BME) talent.

The BSA - the Business Services Association - is a policy and research organisation. It brings together all those who are interested in delivering efficient, flexible and cost-effective service and infrastructure projects across the private and public sectors. The business services sector accounts for over 9.3 per cent of economy-wide gross value added to the economy with an annual turnover of around £263 billion, and employs 3.3 million people, or 10 per cent of the UK workforce.¹

The business services sector is built around the people working in it and BSA members are dedicated to promoting and upholding diversity across their workforces'. As large employers operating in a range of industries they are amongst business leaders in diversity and inclusion, pursuing best practice and constantly evolving to ensure their people are supported to achieve their full potential. To this end, our members have engaged with a wide range of initiatives, policies and programmes, from name-blind recruitment to employee networks, leadership-led campaigns to inclusivity training.

Although there undoubtedly remain barriers to BME progression in the workplace, as shown by the recent ONS statistics, there is also a clear business case and will to act amongst the business community. Following the success of the Davies Review in promoting female representation on boards, organisations are keen to work with their employees and the Government to see the benefits of diversity replicated across the workforce.

We urge the Government to use this opportunity to understand the underlying issues at the root of the challenge, recognise those businesses that have been successful in addressing them, and to work with organisations to create a culture for change and the support to do so. Where the causes of limited BME progression go beyond the scope of businesses, the Government must also commit to reviewing and aligning education, welfare and employment policy to create a comprehensive and integrated approach.

¹ Oxford Economics - The UK market for business services, The national, regional and constituency picture in 2013 – January 2015



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Obstacles to BME progression

- What factors do you think are barriers to BME individuals' access and progression, e.g. lack of qualifications, issues with qualification recognition, language skills, lack of professional networks or role models, discrimination, unconscious bias, or differences in motivations or ambitions?

All of these factors can play a role in impeding BME progression and many businesses are already taking steps to mitigate against them or to overcome them where possible. For example, the lack of professional networks or role models has been addressed by some BSA members through the organisation of employee networks. Where these have had leadership backing and effective internal promotion, they have had a positive impact, raising the profile of BME leaders in the organisation as role models and offering support to those wanting to develop and advance.

There has also been significant progress against discrimination and subconscious bias. Targeted training for those involved in recruitment or management has demonstrated the impact of an increased focus on these areas and has helped shift cultures to become more inclusive and aware.

BSA members work with staff for whom English is a second language and have identified this as a potential barrier to progression. Programmes to support language skills have been successful in addressing this challenge, particularly where part of wider training, for example apprenticeships or internal management courses. The Government could play an important role in expanding these programmes across businesses by providing financial and practical support in line with its skills funding policies.

The Review should identify the initiatives already in place, highlight best practice, and set out clear recommendations on which practices should be adopted by businesses across the board. The Review could also recommend to government that it lead the way in promoting diverse role models, starting within the public sector and in politics.

Data

- What data, if any, does your business collect on ethnicity, e.g. number of employees, average pay, salary bands, job roles, gender, or age?
- Are there any barriers to the collection of data, e.g. non-disclosure by employees, legal considerations, company policy, HR systems, etc.?
- Have businesses used any initiatives to encourage disclosure of ethnicity information and have they been effective?

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BSA members are aware of the importance of data collection and analysis in understanding the diversity of their workforce and providing insight on areas of success and for improvement. As a minimum, employers should seek basic employee information on their ethnicity to help them build a picture of their workforce, to identify gaps in representation and to track the development and progression of different groups. Monitoring recruitment and selection processes will help highlight if there are any unconscious barriers arising related to BME or other minority groups and enable businesses to tackle them through additional training or reform.

Outstanding employers currently go far beyond this, monitoring BME participation at each management level, producing representation comparisons for leavers and promotions, and creating breakdowns of performance data and employee engagement by ethnicity. This information is then shared effectively throughout the organisation to ensure that it remains a focus and that managers and colleagues are able to take evidence-based action where necessary. Best practice in relation to data collection, use and management should be shared by business leaders and the benefits of increased intelligence on BME representation highlighted.

The greatest barrier to data collection on ethnicity is often non-disclosure by employees. Where businesses have improved transparency around why they are collecting this data and the outcomes of their analysis, engagement has improved. Conversations and internal communications with employees are key, as is a positive culture regarding diversity and clearly stated initiatives to support BME workers.

Employer practices and policies

- What policies or practices do businesses have that actively support BME progression, e.g. mentoring, reverse mentoring, talent programmes, discrimination training, unconscious bias training, BME networks, targeted recruitment, outreach programmes, diversity and inclusion champions, or name-blind recruitment?
- Which of these have worked best/most engaged the workforce? How do you assess their success?

BSA members have taken wide-ranging action to support BME inclusion and progression. These programmes often work together to create a cohesive over-arching strategy and culture in their businesses. For example, mentoring is most effective where supported by wider employee networks and outreach programmes which include diversity and inclusion champions or role models can create better engagement.

To make diversity initiatives successful, they must have visible and dedicated leadership support and must work together towards defined outcomes. It is important that, for instance, BME networks not only bring employees together to share social and professional experiences, but that they in turn feedback to senior leaders any challenges they face and ways in which these can be overcome.

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Similarly, where organisations have implemented unconscious bias training through e-learning or training programmes, this must be used not only to support recruitment processes but also to inform policies, when assessing performance and promotions, and when making executive and board-level appointments.

BSA members have found that demonstrating commitment to BME progression and inclusion in the workforce through a range of programmes, joined-up and led by the leadership team, is the best way to drive engagement and success. Measurements of success must be nuanced to reflect that BME participation in the workforce is a multifaceted challenge and that ethnicity cannot be seen in isolation from individuals' other characteristics. Therefore, BSA members use both quantitative metrics, such as the proportional representation of BME employees at all levels of the organisation, and qualitative evaluations, such as feedback from employee surveys or views from employee networks. Contextualising both the programmes and their results is vital to understanding the complex bigger picture.

The case for change

- What are the business impacts of having an ethnically diverse workforce?
- Do businesses have any evidence to suggest that ethnic diversity has changed business outcomes?

The business case for diversity has been clearly made through well-established research from the likes of Deloitte, McKinsey and the academic community. For BSA members, working in front-line service delivery across a range of sectors, increased diversity not only allows their businesses to access top talent, but also to be more attuned to and reflective of customer needs. Additionally, a culture which enables employees to “bring their whole selves to work” is a factor in driving productivity, increasing employee engagement, and stimulating innovation and better decision-making.

Our members have already made the case for ethnic diversity within their own businesses and would be happy to engage with the Review to provide individual examples of the positive outcomes and business benefits.

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The role of Government and businesses

- What is the role of business in supporting the progression of BME employees in work?
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Businesses should first and foremost understand their workforce and its makeup, acknowledging the business case for diversity and committing to improving inclusivity. Information should be used to support BME employees by identifying and addressing any barriers to progression in recruitment and development practices. Where relevant, programmes, networks and policies should enhance BME inclusion and progression, with best practice and successful initiatives shared across businesses through cross-industry networks, case studies or working groups.

Often the causes of barriers to BME participation and progression go beyond businesses or the workforce, encompassing social inequality, cultural differences, demographic trends and economic disadvantages. The Government must work to understand why inequalities in the workforce exist for BME groups and where issues need to be tackled through education, welfare or other policies. Aligning cross-departmental efforts to ensure policy is cohesive and works towards a common goal is vital and the Review can play an important role feeding back to not only the Department for Business, Energy and Industrial Strategy, but also to the Department for Education, the Department for Work and Pensions, and to the Number 10. Policy Unit.

The Government should then work with organisations to highlight the business case for BME progression and diversity in senior leadership positions. The Davies Review has shown that a business-led voluntary approach has been successful in increasing female representation on boards. The Government should examine where positive experiences are relevant to BME employee representation and look to apply this learning to support business engagement with the issue.

The Government's Ethnic Minority Advisory Group has produced useful materials on unconscious bias, data collection and use, and on improving diversity in public procurement. However, the reach and effectiveness of the Group could be improved through greater employer engagement which would drive dissemination, business input, and provide a forum for discussion of best practice on the ground.

The BSA is holding a roundtable for Group HR Directors on diversity in their workforces with Omar Khan speaking on behalf of the Ethnic Minority Advisory Group in the autumn. This builds upon our ongoing programme of work on the role of the business services sector in promoting values, diversity and community engagement. We would welcome the opportunity to work closely with the Government on ongoing initiatives and to meet with the Ruby McGregor-Smith's team to contribute to this important review.

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Appendix - List of BSA Members

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