

executive summary

In early 2003, the Prime Minister hosted the launch of the business-led Race Equality and Diversity Task Force. He asked members to ensure that the Task Force came up with practical recommendations for business and government to make a real difference. The result is this report, which outlines a change model for business leaders and government, who the share the challenge of actively promoting race equality and diversity.

What's in it for me?

In October 2003, Patricia Hewitt, Secretary of State for Trade and Industry reminded a group of business leaders that ethnic minority communities are worth '£32 billion a year. They're keen to spend it, keener to take advantage of new technologies...twice as likely to start up businesses.'

The benefits for large and small businesses in having a well thought out and well-implemented policies on race equality are straightforward: they will gain competitive advantage.

Such businesses are more likely to be marketing effectively to customers among the 7.9 per cent of the population who are from ethnic minority communities. They also will access a wider pool of customers, labour and skills. They will increase their potential for government contracts while potentially becoming a preferred employer and supplier. In other words, integrating race equality into overall business strategies makes good bottom-line sense.

Why now?

Between 1999 and 2009, ethnic minority communities will rise from 6.7 per cent to 8 per cent of the total working-age population, accounting for half of its growth.

There is a wealth of evidence, which demonstrates the size of the challenge:

- White graduates are three times more likely than graduates from ethnic minority communities to be offered a position by a top British company.
- A survey in 2000 completed by 40 FTSE 100 companies showed that only 1 per cent of senior management positions were held by people from ethnic minority communities.
- Unemployment rates for ethnic minority communities are on average two to three times those of white communities.

Jobseekers do not share the view held by many businesses that discrimination is not an issue. One in six ethnic minority individuals apply online for a job because they believe that this will decrease their chances of being discriminated against.

So what is being done?

The Government has a plethora of activities in this area: virtually every department has a role to play and a task to perform. Some large and small businesses are grappling with the issue and working with government and non-government organisations to make progress.

For example, Race for Opportunity (RfO), the Business in the Community (BiTC) initiative, has been working with large companies to help them take on the agenda and benchmark progress. The Confederation of Business Industry (CBI) has been working with the Commission for Racial Equality (CRE) to inform businesses about race equality in public procurement. The CRE intends to engage business further in taking forward its work to promote race equality. Through ACAS, a number of resources for advice and information are available to business. There are numerous initiatives aimed at promoting race equality at local and regional levels.

Yet, too many chief executives of large companies and managing directors of small businesses continue to go about their business as if race equality is not relevant to them. They say that it is not their fault if they cannot recruit ethnic minorities; that they are doing a good job on race equality (but do not have a way of measuring their progress); that it simply is not an issue for them. These are comments that can and should be easily challenged.

Recommendations

Comprised of large and small businesses across a range of sectors, including retail and non-retail, the Task Force commissioned research, issued a Call for Evidence, co-ordinated seminars, and consulted with a broad range of stakeholders. After eighteen months of probing, discussion and research, we have concluded that both business and government need to make better use of the existing infrastructure and levers available in four key areas:

- leadership;
- education, information and support;
- incentives and rewards;
- measuring progress.

What all four areas share, is the need for a far more consistent and robust communications strategy from both business and government to harness more effectively the existing vehicles for change. There should be no reason for chief executives and managing directors to say they do not know what the issue is; they aren't aware of the business case for race equality; they don't know where to go for advice; or they are not sure as to how to engage with the host of government race equality initiatives which are looking for business partners.

We look forward to the CRE continuing its existing work in supporting public bodies to promote race equality in their public procurement functions, in engaging business with community cohesion and in using general investigations as valuable learning and developmental tools to assist business in making change. There are also major enhanced roles to be played by the Confederation of British Industry (CBI), Business in the Community (BiTC), Race for Opportunity (RfO), Investors in People UK (IiP UK). We encourage other organisations to join them in taking on a bigger role to promote race equality in business.

A summary of top-line recommendations is as follows:

Leadership

Chief executives should put race equality onto the boardroom agenda by appointing an equal opportunities champion at Group Board level with a nominated race equality champion immediately below. These figures should internally generate the business case and connect race equality strategies to overall business objectives. There should be a demonstrable commitment, supported by a strategy and plan, to create a 'culture of inclusion' throughout organisations.

Government should demonstrate leadership by ensuring it has a coherent strategy on race equality, implemented through a powerful cross-departmental structure co-ordinated at Cabinet-level. This strategy should ensure that government is giving clear, consistent and co-ordinated messages to business and the public sector on its commitment to race equality.

Education, information and support

Businesses should mentor and provide information and other resources for their suppliers, particularly smaller ones, to set up and implement systems of 'good practice' on race equality and diversity.

Government should maximise the impact of the existing infrastructure for education and support to ensure one to one advice is available to all businesses that need it. This includes exploring options to work with business-led bodies such as RfO and its parent organisation BiTC to expand capacity and in particular extend their capability to meet the needs of small business. The CBI should work with government to contribute to the creation of a virtual one-stop-shop, which can point businesses seeking advice on race equality issues in the right direction, and provide case studies which highlight 'good practice' and the bottom-line benefit of having race equality policies.

More attention needs to be given to prepare business for the future, by ensuring that education institutions and training bodies promote good practice in managing race equality and diversity within the private sector.

Incentives and rewards

Businesses should use their procurement power to incentivise the organisations within their supply chains to have effective race equality practices.

Government should demonstrate a clear commitment to promoting race equality in public procurement by faithfully implementing the Race Relations (Amendment) Act 2000, holding suppliers to high standards in workplace practices while also providing the support necessary to meet those standards.

Government should incentivise business to be more pro-active by ensuring there is a recognised kite mark which sets high standards in its accreditation process for race equality across recruitment, retention and promotion. Government should first work with Investors in People UK to see if the iP standard can become this kite mark.

Measuring progress

All companies with more than 50 employees should publicly report on race equality and diversity. We propose that this should minimally include information, statistical or otherwise, which demonstrates effective commitment to promoting race equality in recruitment, retention and promotion.

Government should require all listed companies to report on race equality and diversity in their OFRs.

Government should host an annual Leadership Summit on race equality and business to measure the extent to which businesses are being more effective in promoting race equality and to develop more ideas for achieving outcomes on race equality in employment. Ideally, the Prime Minister should host the first Summit.

Next steps

The full list of recommendations can be found in the report.

At the time of writing this report, CBI, CRE, RfO, BiTC and liP UK have expressed support for working together to take forward this agenda, including the roles identified for them:

The CRE confirms that 'we think there is value in this report and look forward to working with other stakeholders to take forward the recommendations.'

liP UK has concluded that 'we will undertake research to establish the impact of the Standard on race equality in liP accredited organisations and strengthen this where necessary, both in the Standard and the assessment process. liP UK looks forward to working with other key stakeholders to take forward the agenda.'


CBI 'welcomes the opportunity to work with other stakeholders in moving forward the race equality and business agenda, through leadership, education and advice, generating incentives and measuring progress. CBI does not believe further legislative measures are necessary.'

RfO, and its parent organisation, BiTC, 'welcome this report and look forward to working with other stakeholders and using their existing networks to play a greater role in supporting business to promote race equality, including SMEs.'

The Race Equality and Diversity Task Force proposes that a group led by a senior Minister and involving all of the above organisations should swiftly take forward issues of funding and logistics of implementing specific recommendations, as well as the setting of specific targets for measuring progress.

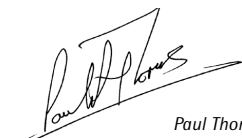
If business cannot demonstrate a 'step change' in its commitment to race equality in recruitment, retention and promotion after three years, the Task Force recommends government consider using legislative measures to ensure businesses take stronger action. These should include, for example, stronger public procurement requirements for suppliers or extending to the private sector an appropriate form of the public sector duty to promote race equality, should it be shown to be a successful lever for change.

Of course, the challenge of decreasing unemployment rates and increasing opportunities for upwards mobility among ethnic minority communities is by no means restricted to business. However, business has an opportunity not only to reap the long term benefits generated from taking pro-active steps to promote race equality and tackle discrimination. It can also play a key role in creating a more unified, integrated and wealthier society.


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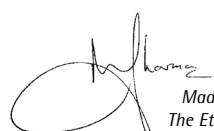

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