

Press release: Increase in BME workplace progression could give UK economy a £24bn boost – Baroness McGregor-Smith Review finds

- GDP could increase by up to 1.3 per cent a year if workers from BME backgrounds progressed at the same rate as their white colleagues
- Businesses with more than 50 employees urged to publish breakdown of workforce by race and pay band
- New Business Diversity and Inclusion Group announced to make sure government and industry work more closely to improve representation, inclusiveness and opportunities in the workplace

The UK economy could benefit from a £24bn-a-year boost if black and minority ethnic (BME) people progressed in work at the same rate as their white counterparts, a government-backed review has found.

The independent Baroness McGregor-Smith Review, which has been published today, found people from BME backgrounds are still being held back in the workplace because of the colour of their skin, costing the UK economy the equivalent of 1.3 per cent in GDP a year.

The review also found employment rates for people from BME backgrounds are 12 per cent lower than their white counterparts at 62.8 per cent, with just six per cent reaching top level management positions.

People from BME backgrounds are also more likely to work in lower paid and lower skilled jobs despite being more likely to have a degree, the report reveals.

In a series of recommendations, the review calls for large employers should lead the way in tackling barriers to BME progression, calling on companies with more than 50 employees to:

- Publish a breakdown of their workforce by race and pay band
- Draw up five-year aspirational diversity targets
- Nominate a board member to deliver on these targets

Baroness McGregor-Smith said:

“The time for talk on race in the workplace is over, it’s time to act. No-one should feel unable to reach the top of any organisation because of their race.

“If businesses and the Government act on my recommendations, it will show everyone from a minority background that Britain’s workplace is for everyone not just the privileged few.

“The consequences of continuing to do nothing will be damaging to the economy and to the aspirations of so many. So from the Cabinet table to the board rooms, there is no more time for excuses – just change.”

The Government has today also announced that a Business Diversity and Inclusion Group will be set up and chaired by Business Minister Margot James. It will bring together business leaders and organisations to coordinate action to remove barriers in the workplace and monitor employers’ progress.

The group will also bring together the leaders of three industry-led diversity reviews:

- Baroness McGregor-Smith
- Sir Philip Hampton and Dame Helen Alexander, who are leading a review aimed at increasing female leadership in FTSE companies
- Sir John Parker, who today concludes a consultation on recommendations to increase BME representation in the boardroom, to participate in the group

This highlights the importance government places on working with business to build an economy that works for everyone.

Business Minister Margot James said:

“It is very wrong that so many barriers lie in the way of people from ethnic minority backgrounds. Outdated attitudes or lack of awareness about ethnicity, in the workplace must be challenged.

“As this report shows, the economic benefit of harnessing untapped talent is huge and I urge employers to implement these recommendations to ensure everyone can reach the top of their career – whatever their background.

“I would like to thank Baroness McGregor-Smith for helping to shine a light on this important issue. We need to work together to build an inclusive culture in the workplace.”

The review found large employers like the NHS, KMPG and RBS have benefitted from increased innovation, more effective teamwork and a better understanding of customer demands by harnessing BME talent.

As part of the recommendations, Business in the Community (BITC) has agreed to publish an annual list of Best 100 Employers to celebrate success and highlight best practice.

Sandra Kerr, Race Equality Director at BITC, said:

“As this review clearly shows, harnessing the very best of BME talent is the only way forward that makes sense for employers. But this change has to be business led.

“The annual list of ‘Best 100 Employers for Race’ will showcase businesses at their best and spur other employers on to improve diversity and inclusion in the workplace.”

Notes to editors

1. 14 per cent of the working age population come from BME background, which is expected to rise to 21 per cent by 2051.
2. The review also found 15.3 per cent of BME workers would like to work more hours compared to 11.5 per cent of white workers.
3. Almost 500 individuals and companies responded to Baroness McGregor-Smith’s call for evidence, including a host of FTSE 100 companies.
4. The Government has invited the following individuals and organisations to be founder members of the Business Diversity and Inclusion Group, which will meet quarterly:
 - Baroness Ruby McGregor-Smith
 - Sir Philip Hampton and Dame Helen Alexander
 - Sir John Parker
 - Equalities Minister Caroline Dinenage
 - Confederation of British Industry
 - Institute of Directors
 - BITC
 - Financial Reporting Council
 - Equality and Human Rights Commission
5. Business in the Community offers businesses a number of practical ways tackle social and environmental issues in the workplace.
6. Anonymised case studies can be provided on request