Improving Race Equality in Employment and Income

Background

The Welsh Government has made a commitment to publish a Race Equality Action Plan designed to tackle structural racial and ethnic inequalities in Wales (Welsh Government, 2020). This policy briefing summarises one of six reports produced by the Wales Centre for Public Policy to provide independent evidence to inform the development of the Action Plan. It focuses on evidence and recommendations for action related to race equality in employment and income.

Introduction

In Wales, there are persistent racial inequalities in employment and income, including under-representation at more senior levels, lower rates of pay progression, and over-representation in lower paid and more precarious jobs for some racial and ethnic minority groups (EHRC, 2018).

The Coronavirus pandemic has added fresh urgency to actions to eliminate racial disparities, and highlighted action on employment and income as a key way to address connected inequalities, such as ethnic inequalities in health outcomes (ELGC, 2020; Ogbonna, 2020).

Representation and progression in the workplace

The main recruitment practices recommended in academic studies and policy reports as ways to increase representation in the workplace include initiatives to:

- Increase the numerical representation of racial and ethnic minority people in the workplace and at higher levels of seniority (e.g. positive action, quotas and targets);

- De-bias recruitment and career progression processes (e.g. representation on interview panels, anonymised job applications, mentoring and training opportunities); and

- Create more inclusive (and psychologically safe) workplace environments (e.g. reducing bias, increasing cultural competence, systematically scrutinising institutional and organisational processes, policies, and procedures).

As a significant employer in Wales, there is opportunity for the Welsh Government to lead by example in terms of the initiatives outlined above.

Recommendations

- Utilise a combination of approaches to de-bias all stages of recruitment and progression processes.

- Involve racial and ethnic minority people in the design and implementation of these approaches.

- Address specific barriers to accessing employment faced by migrant workers - for example, support to access education/adult education, with language proficiency (in Welsh and English), support with translation and help gaining recognition of qualifications gained abroad.

- Collect recruitment and workforce data by ethnicity and migration status to understand where disadvantage manifests and monitor and evaluate the impact of actions to de-bias recruitment processes.

Tackling workplace discrimination

Race was the motivating factor in 68% of recorded hate crimes in Wales in 2018/19, and has increased in recent years (Ogbonna, 2020). Findings from the 2018 All Wales Survey for Ethnic Minority People indicated that half of respondents had experienced racial abuse and 60% of respondents felt they had been unfairly treated at work (Ethnic Minorities and Youth Support Team (EYST), 2019).

Evidence highlights three broad foci for tackling workplace discrimination within organisations:

1. Implementing workplace training initiatives aiming to increase awareness of cultural differences and tackle prejudice and bias

Recommendations

- Combine training with a broader institutional and workplace commitment to psychological safety and inclusivity, with a clear focus on covert, everyday microaggressions, and encouraging allyship and bystander intervention which is visibly supported by senior leadership.

- Scrutinise and transform existing approaches to diversity training, mindful of existing critique and actively pre-empting unintended effects.

- Actively involve racial and ethnic minority staff in training development but ensure it is mandatory for all staff at all levels.

- Provide on-going training which incorporates experiential, perspective-taking and reflective approaches and focuses on action and behaviour change with an explicitly anti-racist lens that includes acknowledging the role of – and challenging – whiteness as the institutional norm, white privilege and white fragility.

2. Addressing organisational culture

Recommendations

- Outline expectations for and support all staff at all levels to encourage open discussions about race and racism in the workplace and beyond.

- Implement organisational anti-racist strategies and make them public.

- Create multiple channels through which staff can share experiences, raise concerns, and have their opinions heard, with clear and transparent channels of communication and accountability to middle and senior management.

- Support research and evaluation (including the collection of appropriate data) to identify what works in what contexts to change behaviour in a sustained way.

3. Enacting anti-discrimination policies

Recommendations

- Commission research and a review into whether employers fulfil equality duties, particularly on access to senior level posts and responses to workplace racism.

- Develop a race policy framework with commitments on recruitment and a focus on leadership, increasing transparency of

- career progression, and establishment of role models.
- Adequately resource the Equality and Human Rights Commission (EHRC) to support compliance with legislation.
- Remove financial legal costs of challenging workplace racism in employment tribunals and ensure representation amongst tribunal committees.
- Consult on the impact of language proficiency on the experience of workplace racism.

Securing senior leader and middle management buy-in

Research indicates that diversity and inclusion-related management interventions are only likely to succeed when actively and sustainably supported by senior management (Priest et al., 2015; Gifford et al., 2019). Evidence suggests that most diversity and inclusion practices fail because they impose restrictions on managers in terms of their autonomy and decision-making, which leads to resistance or avoidance (Kalev et al., 2006; Dobbin et al., 2015; Dobbin and Kalev, 2016).

Engagement, contact, and social accountability have been identified as three basic successful principles for securing leader buy-in for promoting diversity in the workplace that emphasise management empowerment over prescription (Dobbin and Kalev, 2016). An additional principle (targeting middle managers) is added based on findings from a series of engagement activities with diversity and inclusion professionals, and a review of the practice and academic literature (Gifford et al., 2019).

Recommendations

- Proactively encourage buy-in among both senior leadership and middle-management by empowering and

engaging them in solving racial inequalities in the workplace, encouraging contact between management and racial and ethnic minority staff, and implementing processes which establish social accountability for change (e.g. measurement of diversity and inclusion key performance indicators).

Social value provisions in procurement

The inclusion of social value provisions in procurement to promote race equity has been highlighted in a number of reports, reviews and manifestos (e.g. Ogbonna, 2020; Race Alliance Wales, 2020; McGregor-Smith, 2017; EYST, 2019). Recommendations based on UK-wide data have further argued that procurement of government and public sector contracts involve a Race Equality Impact Assessment of tenders (Ashe and Nazroo, 2015; Business in the Community, 2015).

> **Eliminating discrimination from recruitment and career progression processes is likely to underpin any efforts to increase pay at the bottom end of the income distribution.**

As with many of the recommendations for action outlined in this briefing, there is a lack of research on the effectiveness of using social procurement as a means of promoting racial equality. LePage (2014) and Moon (2017) advocate for social value procurement to increase employment among racial/ethnic minorities, though evidence for their impact on the labour market is as yet limited (Denny-Smith et al., 2019). Rigorous research in light of the

recent changes to social value procurement[1] is needed to help determine whether it does work and in what contexts.

Recommendations

- Incorporate research, monitoring and evaluation in the implementation of social value provisions in procurement to assess impact on increasing equality for racial and ethnic minority employees and businesses, and to identify ways of strengthening this approach.

Increasing pay at the bottom end of the income distribution

The ethnicity pay gap is smaller overall in Wales than in England, though there are variations between ethnic groups and by migration status (ONS, 2019).

Addressing ethnicity pay gaps and increasing pay at the bottom end of the income distribution requires multiple, multi-sectoral initiatives and are beyond the scope of this review. We recommend that Welsh Government looks to existing evidence-based recommendations published by the Social Market Foundation.

Eliminating discrimination from recruitment and career progression processes is likely to underpin any efforts to increase pay at the bottom end of the income distribution. There is a need for more research to better understand how to reduce pay gaps across protected characteristics other than gender, including race and ethnicity.

Recommendations

- We recommend that Black, Asian and ethnic minority communities in Wales are actively engaged in developing strategies to reduce pay gaps to ensure that they are grounded in the realities of their lived workplace experiences.

- To support the development, evaluation, and improvement of actions, and to trigger mechanisms of social accountability, we support recommendations for medium to large sized organisations to publish data on pay, progression, and hiring by ethnicity and migration status; and the development of sector-specific targets for pay and progression, all underpinned by collection and publication of standardised data to monitor progress.

Conclusion

The evidence shows the need for a combination of policies to reduce workplace inequalities for racial and ethnic minority employees that target organisational culture as well as making procedural changes. These should include policies focused on: increasing numerical representation in the workplace and at higher levels of seniority; improving the management of diversity; and inclusive practices. The evidence also shows that organisations may need support to implement these in practice.

Underpinning all of these factors is the need to **systematically unpick the policies, processes, procedures, norms and attitudes operating within and across institutions that systematically disadvantage people from Black, Asian and minority ethnic backgrounds**. This is essential for building trust and to avoid returning to the status quo.

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[1] The Public Services (Social Value) Act 2012 requires contracting authorities to consider economic, environmental and well-being impacts. Following consultation, the UK government extended this in September 2020 to require contracting authorities to account for social impact within award criteria where proportionate to what is being procured and the subject matter.

code/research/raceatwork/Equality-Diversity-and-Racism-in-the-Workplace-Full-Report.pdf

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Find out more

For the full report see Hatch, S., Woodhead, C., Rhead, R., and Connor, L. (2020). **Improving Race Equality in Employment and Income**. Cardiff: Wales Centre for Public Policy.

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