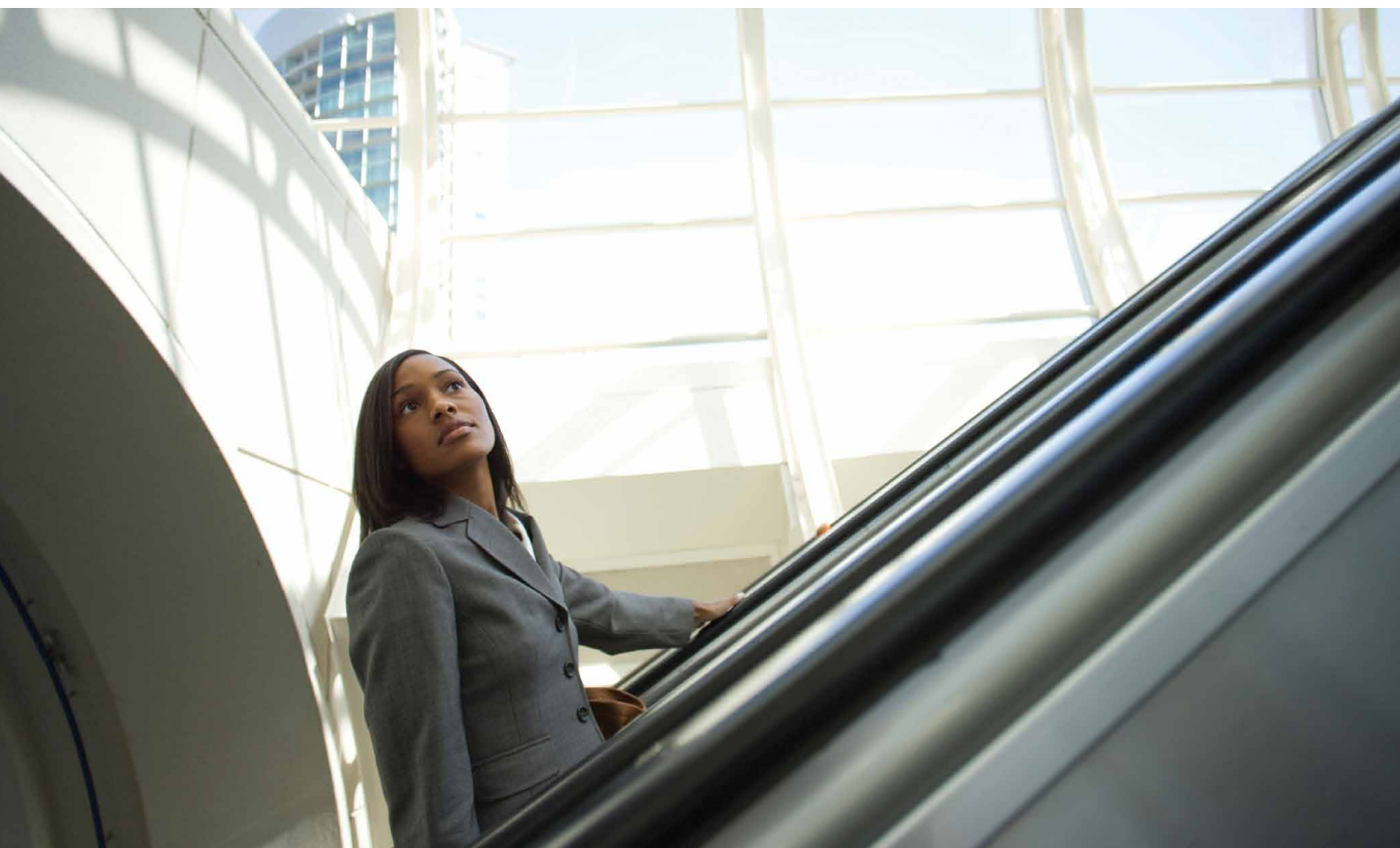


# Bittersweet Success?



Glass ceilings for Britain's ethnic minorities at the top of business and the professions

Shamit Saggar, Richard Norrie,  
Michelle Bannister and David Goodhart



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## About the Authors

**Shamit Saggar** is Associate Pro-Vice-Chancellor at the University of Essex. He is also a Professor of Public Policy at the Institute for Social and Economic Research at Essex. He was previously a senior policy advisor at the Prime Minister's Strategy Unit. He combines academic roles with an active part in the leadership of public, regulatory and commercial organisations. He has been the Chairman of UPP Group Holdings Ltd and of the Law Society Legal Complaints Service, and a Board Member of the Financial Services Authority, the Solicitors Regulation Authority, British Future, the Peabody Trust, the Whittington Hospital Trust, the Better Regulation Commission, the National Consumer Council, the ABI Customer Impact Panel, the Wilton Park Advisory Council, and the Accountancy Foundation Ethics Board.

**Richard Norrie** is a research fellow at Policy Exchange. He works in the Demography, Immigration, and Integration unit and on the Integration Hub website. His previous job was a researcher at the Demos think tank. He holds degrees from the Universities of Warwick, Oxford, and Cologne. His doctorate on religiosity and political participation was awarded in 2014.

**Michelle Bannister** is a research policy consultant. Before this she worked on the 2015 General Election, leading on ethnic minority engagement for the Conservative party. She has also worked in education policy including at New Schools Network, the Free Schools charity. She holds degrees from the University of Oxford.

**David Goodhart** is Head of the Demography, Immigration, and Integration Unit, and Director of the Integration Hub website. He is a former Director of Demos, and former Editor of Prospect magazine, which he founded in 1995, and where he remains Editor-at-Large. David is a prominent figure in public debate in the UK, as a well-known broadcaster, author, commentator, and journalist. He has presented several BBC Radio 4 Analysis programmes. Before Prospect, he was a correspondent for the Financial Times, including a stint in Germany during the unification period. In 2013, he published *The British Dream*, a book about post-war multiculturalism, national identity, and immigration. It was short-listed for the Orwell Book Prize in 2014.

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# Policy Exchange's Demography, Immigration and Integration Unit

Policy Exchange's Demography, Immigration and Integration unit was established at the end of January 2016 under the directorship of David Goodhart to provide analysis and informed comment on issues relating to immigration and how it is changing Britain. Other publications include Immigration and Integration after Brexit (August 2016). Associated with the unit is also the Integration Hub website which pulls together much of the relevant data and argument about integration and segregation in contemporary Britain ([www.integrationhub.net](http://www.integrationhub.net)).

If you would like more information about our work, please contact:

David Goodhart  
Head of Demography, Immigration & Integration  
Policy Exchange  
8–10 Great George Street  
London SW1P 3AE  
Email: [David.Goodhart@policyexchange.org.uk](mailto:David.Goodhart@policyexchange.org.uk)  
Telephone: 0207 340 2650  
[www.policyexchange.org.uk](http://www.policyexchange.org.uk)

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This report was produced by Policy Exchange, and the views and recommendations in the report are those of Policy Exchange.



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## Foreword

In the past 20 years I have served on ten boards, and have had the honour of chairing two of these. They have been major regulatory, government, commercial and not for profit ventures that affect many people in significant ways. They have comprised many senior figures with substantial experience and talent.

Of ten boards comprising, on average, ten members, I have served with around 100 other people. Just four have been non-white Brits. Three of these were on just one board out of the ten. The other was an appointment that I made.

This experience has given me a ringside seat observing who is recruited to such senior posts and what this says about the culture of the very top being open to new faces and talents. In my estimation, there have been some, mainly but not always white, who have been over promoted in these circles and who have breezed in and out as if it was their right. Others, mainly non-white, have had to scramble their way there, and have had to fight to be heard, in part because there are unspoken rules about how to operate and engage.

Serious study of Britain's glass ceilings for ethnic minorities is the purpose of this report. The anecdote helps to explain why I was keen to accept Policy Exchange's invitation to lead this project.

There is another reason. For too long the question of ethnic minority integration has been owned by the left and has been thought of as mostly about rights and discrimination. But for lasting progress to be made on these issues, they must be owned by all sides of the political spectrum and the emphasis should be about advancement at the top as much as the bottom.

Two generations after their parents and grandparents came to Britain, are black and brown Brits (who have played by the rules and invested in education) getting their fair share? What we find is that many are, and this is the good news. But others are not succeeding as much as they ought to be based on their qualifications, skills and experience. Their success is bittersweet.

Some of the blockages are things that successful minorities can do something about, not least in "leaning in" to the culture at the top. Other barriers are about the mental pictures that those who appoint others have about what a chief executive or board member looks like.

We have examined a lot of data and consulted with many who are directly affected by these issues. But, above all, this report has benefitted from a wide variety of people who simply think that fairness should apply in all walks of life.

Ensuring greater ethnic diversity at the top is something that is within reach. Some of it is happening anyway, in other places it requires a nudge and in some corners a shove. It requires the investment of moderate amounts of political capital, access to data, measures that put things on a more transparent footing, some sensible targets, and backup to ensure that progress is not lost in the future.



The political timing has turned out to be good. Our report comes sandwiched between the government's Parker review on minority representation on boards and the McGregor Smith review on minority progression. And in the course of our research we have had two Tory modernising Prime Ministers – one expected, the other not – who believe that the paleness (and maleness) of boardroom Britain has to change. Let us hope that we are pushing at an open door.

Shamit Saggar

Professor of Public Policy, University of Essex

London, November 2016

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# Executive Summary

Is Britain an increasingly open society with few barriers to success for those with the talent and ambition? Or is it still a house with many secret chambers, especially on the top floor, to which only insiders hold the keys?

Judging from the analysis we have done for this report – poring over public and private data about ethnic minority progression and talking to many people of all backgrounds – both stories seem to be true. Much progress has been made in the last 20 years since a large cohort of talented minority students graduated from top universities, but there are still too many so-called “snowy white peaks” (meaning all white boards and committees) at the top of business and public bodies.<sup>1</sup>

Why does this matter? We do not think that the purely business case for diversity at the top – i.e. it makes firms more successful – is a strong one. A better representation of minorities at the very top of business is a simple matter of fairness and of successful integration. Here are some of the key findings of our report.

## 1. Rise of the ethnic minority middle class

The number of Russell Group university students from ethnic minority backgrounds was 9 per cent in 1995; today it is 18 per cent.

Private schools – 4 per cent of ethnic minority pupils (white & non-white) are in private schools compared to 7 per cent of the whole population; almost 30 per cent of private school pupils are from ethnic minorities around 23 per cent British-born (rising to over 40 per cent in Greater London).

Social class – 11.6 per cent of non-white minorities are in the top social class – higher managerial and professional – compared with 10.8 per cent of white people. (As recently as 2002 the minority figure was just 7.3 per cent).

Wealth – Of the 1,000 positions on the 2016 Sunday Times Rich List, 64 were occupied by non-white British citizens. Most of the 64 are naturalised (mainly from East African Asian backgrounds), 13 are British-born. Looking at British billionaires alone, non-white British citizens account for 10 per cent, or 8 out of 83 British.

## 2. Professional success

35.1 per cent of doctors are British non-white. The share of British-born non-white NHS consultants is 32 per cent, in line with the historic pipelines.

The share of non-white people in the senior civil service, 7 per cent, matches its historical pipelines.

10 per cent of partners in law firms are non-white (up from 6 per cent just 10 years ago), in line with historic pipelines although most Magic Circle law firms in the City of London lag behind at around 5–6 per cent.

<sup>1</sup> The term “ethnic minority” is used in this report to refer to people with black Caribbean, black African, South Asian and Chinese heritage (in part or in whole). It is used sometimes interchangeably with the term “non-white” through the report. When we refer to white ethnic minorities – such as people from Ireland or Poland – we make it explicit. White people means white British plus white minorities.

### 3. But it's tough at the top

There are snowy white peaks at the top of the FTSE100, the NHS, the civil service, local government and academia. There is also evidence of some clustering at the bottom level of the top tier in leading professional firms and slightly slower progress to partner level than expected in these companies.

In 2014, of the three most senior positions in FTSE100 companies (CEO, CFO and chairman) just 11 out of 300 were held by non-white people and most of them were not British. Just 1.5 per cent of the 1,000-plus directors of FTSE100 companies were British-born non-white people – 17 people in total.

5.8 per cent of NHS board level directors are non-white.

At the very top of the civil service – grades 1 to 4 of the Senior Civil Service – there are virtually no non-white people.

There are no non-white chief executives in local government in London or the eight “core cities” – Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield.

7.3 per cent of professors at British universities are non-white British and just five out of 154 university Vice-Chancellors are non-white, and none of them are British born.

An internal report by one of London's top professional services companies found that minorities were 22 per cent less likely to get a promotion than white candidates even when taking into account performance.

Chinese lawyers are well represented in the largest law firms – almost 40 per cent worked in the largest firms compared to 29.3 per cent of white people. But they are not making it to partner level – 17.4 per cent of Chinese lawyers are partners compared to 33.3 per cent of white lawyers.

### 4. And big differences in perception

85 per cent of CEOs say diversifying their workforce had helped enhance business reputation while 56 per cent of senior non-white directors and executives think CEOs and leadership teams do not see the value of diversity and 63 per cent of non-white executives believe that the unconscious biases of boards and CEOs explains lack of diversity at the top.

### 5. What should be done?

We support the target of non-white ethnic minority representation on all boards in the FTSE100 by 2021 – as recommended by the Government's Parker review, unless companies can provide good reasons why that should not apply to them.

All FTSE100 companies should adopt the Rooney Rule (requiring all final interviews for top jobs to have at least one minority candidate on the list) for executive and non-executive board vacancies.

Multiple appointments (grouping together a minimum of three board level jobs) should become the default practice in public sector appointments and FTSE350 firms' succession plans.

All companies with more than 500 employees should collect data on minority representation at different levels.

Those responsible for hiring at senior levels often lack data and knowledge about what works. Representatives of executive search firms and senior professions and FTSE350 employers should form a 12-month Task Force to raise the profile of minority networks in recruitment for top jobs.

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# Introduction

## Glass half full or empty?

Is Britain an increasingly open society with few barriers to success for those with the talent and ambition? Or is it still a house with many secret chambers, especially on the top floor, to which only insiders hold the keys?

Judging from the analysis we have done for this report – poring over public and private data about ethnic minority progression and talking to many people of all backgrounds – both stories seem to be true.

People see things differently depending on who they are and where they are standing. That does not mean all views are equally valid or that there is no objective truth. This report strives to be objective, but we are also aware of the importance of perspective and starting point.

If, for example, you look at the macro data on the rise of the ethnic minority middle class you would conclude that Britain has come a very long way in the past 50 years. For example, the proportion of non-white ethnic minority British in the highest social class category – ‘higher managerial and professional’ – is (at 11.6 per cent) markedly higher than the proportion of white people (10.8 per cent).

Or consider the “bulge” of young ethnic minority talent that has been flowing through our elite universities in ever growing numbers for the past 25 years. This is a result of the younger age profile of minorities compared with the white majority, and the former’s determination to take advantage of existing ladders of opportunity. There is also a large, even disproportionate, number of British Indian and British Chinese people moving up the ladder in the medical and legal professions and elsewhere. These upwardly mobile ethnic minorities are also building and drawing on useful social networks. But it is important that these networks are the right ones, bridging into new circles, and with plenty of senior figures who are making top appointments.

A shadow is cast over the story of progress when you consider the persistence of the “snowy white peaks” (a phrase first coined by Trevor Phillips in 2003) in the FTSE100, the NHS or the civil service and local government, or the evidence of somewhat slower progress to consultant, partner, professor or QC among that minority “bulge” – compared to their white British peers. This is the bittersweet side of success. We want to tell both of these stories.

Why are we writing this report? There is a large amount of specialist work in this field in academia and government and many networks of concern in particular sectors, and among head-hunters specializing in ethnic minority appointments. But there is no general overview of the subject for the concerned citizen or journalist or policy maker, and hence the need to fill a gap.

The timing is propitious too. Modern governments are required to be concerned about endemic unfairness, especially if it is in the public sector. But this government appears to be prepared to put some real policy effort into the “life

chances” agenda – indeed two government reviews of ethnic minority progress are being published around the same time as this report: the McGregor-Smith review of minority progression and the Parker review of minority representation on company boards (which reported on November 2nd). We hope to amplify and provide some relevant background to both.

The bigger question is why does ethnic minority progress matter? Is it because having the top slice of British business and professions more representative of the UK’s ethnic make-up is good for business success and profitability? Or is it a matter of justice and of social integration? Before we consider that question, a bit of historical context is needed.

### The immigrant promise and the story so far

In the first great wave of post-war, post-colonial immigration from the late 1940s to the 1980s about 2m people arrived from the Caribbean, Africa and South Asia. Most of them were unskilled and poorly educated though some, especially from India and West Africa as well as from the East African Asian diaspora, were students or professionals. They all came for a better life. But life was often hard – a strange land, a foreign language, a people who were hard to understand and could seem cold and unwelcoming and downright racist. In the foundries and factories and postal sorting offices, they generally did find a better life. They put up with the hardships and humiliations because of the promise of a new start for their children.

This is the immigrant promise – hardship today for the implicit promise that tomorrow will be brighter for their children. It means that those children will not face unfairness or bias in education and employment. It is an agreement in which playing by the rules means full citizenship rights, particularly the opportunity for the next generation to reach the top in their chosen field.

And gradually some of this came to pass. The equality legislation of the 1960s and 1970s reflected and gave rise to new norms that have made race equality, in a general way, part of British common sense. The British Social Attitudes reports have charted the decline in prejudice over recent decades.

Here are a couple of examples. The share of white people objecting to a close relative marrying a black person has dropped from 57.3 per cent in 1983 to 22.1 per cent in 2013 (and just 8.8 per cent for graduates). Similarly, the share of white people objecting to having a black boss has dropped from 20.2 per cent in 1983 to an estimated 3 per cent today.<sup>2</sup>

Ethnic minorities have become common place in the workplace, and during the 2000s half the growth of those of working age was made up of black and Asian people. And as we shall see, some ethnic minority groups – above all British Indians and British Chinese – have on average had great success as a result of educational overachievement and entrepreneurial drive. Others have done less well – Pakistanis, Bangladeshis (now catching up), Caribbeans – with black Africans somewhere in between.

But even for the successful, the very top rung of the ladder has sometimes proved elusive or has often taken longer to reach than for white people. This is the so-called glass ceiling effect – clustering at the bottom of the very top.

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<sup>2</sup> [www.britsocat.com](http://www.britsocat.com)

The exact reasons behind this are unclear and are destined to remain so, though part of this report is about offering explanations. We do know that, taking the labour market as a whole, discrimination continues to exist from the so-called CV test in which people with minority sounding names are significantly less likely to get a positive response to a job application.

But we are not looking at the labour market as a whole. We are considering the top two to five per cent where such crude discrimination is rare. The relevant benchmark for representation is not the percentage of minorities, or the percentage of a particular minority in the general population, but rather those who have graduated from a Russell Group university. This group by definition have already proved themselves capable and are culturally equipped to navigate the path to the top.

The blockage issues here on the “demand” side (i.e. from the employer or potential employer) are hard to nail down – but they seem to involve stereotyping, unconscious bias, cultural fit issues, the low level discomfort of gatekeepers with people from unfamiliar backgrounds. On the “supply” side among minority candidates the issues include – lack of networks, role models and familiarity with the rules of the game, as well as anxiety that lack of conformity to a middle class, white norm will be a factor in selection.

There is also the question of what Sheryl Sandberg, Chief Operating Officer at Facebook, calls ‘leaning in’ – the extent to which minority individuals push themselves into contention. In not putting themselves forward (for whatever reason), there is a danger that they are implicitly excluded in the future and/or reinforce existing stereotypes that particular groups are not so good at, or perhaps prefer to avoid, leadership roles (see page 36 ‘The Curious Case of the Chinese Lawyers’). What is causing what is hard to disentangle.

This report has looked at evidence in four broad areas of business, professional and governmental life. They are:

- Business
- The ‘old’ professions – law, medicine, accountancy, etc.
- Public-facing professions – the civil service, academia, etc.
- The ‘new’ professions – the IT sector, social enterprises, etc.

We find the fastest progress is being made in the old professions, above all law and medicine (partly because this is the chosen destination for so many successful minorities) and in the new professions where the leadership tends to be younger and more open. The public facing professions sometimes do least well perhaps because of an assumption that one requires special cultural knowledge to do these jobs well and that minorities do not have that knowledge (or believe themselves not to have it).

“The public facing professions sometimes do least well perhaps because of an assumption that one requires special cultural knowledge to do these jobs well and that minorities do not have that knowledge”

### Why does this matter? Profitability or integration?

Many people argue that there is a business case for diversity. Put simply: more ethnic heterogeneity at the top equals greater prosperity.

The theoretical arguments for a business case for diversity are, on the surface, compelling:

1. A company drawing on all the talent available will be more competitive and thus more profitable.
2. Different worldviews will challenge group-think leading to greater innovation.
3. Companies that reflect their markets will appeal more to consumers.
4. A company with a diverse board will be able to better understand diverse markets.

But, equally, there are a number of counter-arguments:

1. There is enough talent in the white majority for a company to get by on homogenous talent alone – if you have only 100 partners in your firm you can easily find 100 top class white people.
2. Homogenous groups are not necessarily doomed to staid thinking and group-think (look at the Beatles!) and diversity can sometimes bring friction.
3. Most consumers have no idea what the boards of companies they purchase from look like and this does not factor much into their decisions about what they buy (who thinks about the board of Tesco when buying their groceries?).
4. Board members, whatever their ethnicity, are an elite and do not experience the day-to-day lives of the majority of their own ethnic group – does a British Pakistani board member have any special insight into how an ordinary British Pakistani is thinking?

The business case for diversity has been much rehearsed but generally rests on a single study by McKinsey and Co. This found a correlation at company level between the diversity of management and economic performance. The headline finding was that an ethnically diverse company in the top quartile for diversity was 35 per cent more likely to outperform a company in the bottom quartile.<sup>3</sup>

But correlation is not causation. Yes, it could be that diversity is driving company performance, but it might also be that the causation is working in the opposite direction: successful companies stand out the most and attract talent from highly ambitious, upwardly mobile ethnic minority people. Or it might be that the relationship is spurious and that a third variable explains both diversity and company success: a successful business is more likely to be global in nature and attract non-white staff from across the globe. The research is unable to resolve the causal story in a meaningful way.

If we look at the 10 largest accountancy firms, we do see a correlation between larger shares of ethnic minority partners and larger revenues. In 2015, the company with the largest share of non-white partners was EY – 8 per cent. Its income from

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<sup>3</sup> McKinsey (2015) 'Diversity Matters'

fees was just over £2 billion. Similarly, PwC had 6 per cent non-white partners and an income of around £3 billion. Contrast this with Mazars with 2 per cent non-white partners and earnings of £150 million or Smith & Williamson with only one non-white partner and earnings of £215 million. The correlation is there, but it seems incredible to hypothesise that the direction of causality in this incidence would be from diversity at senior level to profitability.<sup>4</sup>

It may be that diversity is more productive. There are some experimental studies showing improved performance under conditions of greater diversity. One controlled experiment found greater creativity in problem solving tasks among ethnically diverse groups. But what holds in the laboratory may not hold in real life. And greater creativity in itself is not the same thing as greater productivity.

Moreover, just how diverse in his/her thinking or attitudes is a lawyer or accountant or doctor from north west London who went to a good school and an elite university and just happens to come from a British Indian background?

The desire for a hard-headed business case for diversity is understandable, but it requires too much magical thinking. Moreover, if a company diversifies at senior level (perhaps investing a lot of political capital in doing so) and sees no upswing in profitability then the case for diversity is set back.

Research from the United States, led by Thomas Kochan, concluded that there were “few direct effects of diversity on performance – either positive or negative”. Kochan et. al. are at pains to stress that the “simplistic business case of the past is simply not supported in our research” and that those who wish to promote diversity need a more subtle argument instead.<sup>5</sup>

Despite these objections, both theoretical and empirical, many people in business believe there is a strong causal link between diversity and performance. 68 per cent of respondents to a global survey of companies said that diversity improved financial performance. It is also widely believed that diversity delivers a reputational benefit – 70 per cent of respondents to the same survey agreed there was a link.<sup>6</sup> This connection is not empirically strong but we can see that it is a useful tactical asset in building general support among hard-nosed business people.

We want to argue that diversity at the highest levels is mainly a question of social justice – discrimination however complicated and unconscious is still just *not fair*.

Ultimately, the question of ethnic minority glass ceilings is an integration question. This may seem a surprising way to think about ethnic minority progression in business and the professions since the people we are talking about – highly qualified minority accountants and lawyers – are integrated to the point where it seems foolish to even raise it. But integration is a two-way process – the extent to which minorities are participating in the mainstream of social and economic life is conditional on a combination of their own willingness and drive as well as the willingness of the ethnic majority to make space for them to do so.

With glass ceilings we are looking at the advanced stages of integration. This is the integration that happens in the second, third and fourth generation when more basic forms, like linguistic and cultural fluency, have already happened.

The evidence shows that minorities are increasingly getting into prestigious jobs but are not always going as far, or as fast, as their white peers. But as a

4 Smith, P. (2016) ‘BAME Game’ CCH Daily

5 Kochan, T. et al. (2003) ‘The effects of diversity on business performance: Report of the diversity research network’ in Human Resource Management

6 EY/Economist Intelligence Unit globalisation survey (2010)



country we cannot afford to see minorities held back, perhaps especially at the very top. It entails a waste of talent and, at worst, generates a culture of grievance that can lead to oppositional identities and politics. (If there is a business case to be made then it is here, about more efficient talent management.) Greater minority representation in positions of power and influence is a powerful argument against the disaffected minority radical – consider the impact of Sadiq Khan's election as London mayor.

And this is not just about minorities receiving the appropriate rewards but also about taking up a fair share of the burden of leadership. White people should be having neither an undue share of the rewards nor shouldering too much of the

“Glass ceilings are found at different levels in different places and the obstacles to minority advancement are rarely a simple or single phenomenon at top levels”

responsibility for leadership. If we are to be a successfully integrated, ethnically diverse society, minority populations must be part of the national leadership, in business as much as politics.

This is why we cannot simply wait for time and demographic shifts to gradually erode the blockages at the top.

This is why there is a case for some subtle interventions to nudge, and maybe in some areas shove, us quicker in the right direction.

### What next? Targets and data

The problem is that high flying individuals are not flying high enough, relative to their qualifications, skills and experience, and they should be in positions of greater responsibility and leadership. In some instances, this is the result of closed, insular cultures in which people would be slightly taken aback at the idea that the boss might be anything other than a middle class white man – knowing this, the white boss, in the end, picks a successor who is more or less familiar in appearance, manner, background, outlook and values. Elsewhere, the formal systems that sit behind hiring and promotion exercises can contain hidden biases that dilute the chances of minorities getting through.

Glass ceilings are found at different levels in different places and the obstacles to minority advancement are rarely a simple or single phenomenon at top levels. The processes at play may leave only a faint evidence trail, if one at all. Implicit views and shared biases rarely leave a neat mark that can be used by lawyers in discrimination litigation or by academic researchers keen to measure the extent and contours of discrimination as it affects those just below the top. One result is that the ambitious minorities simply put up with being held back or with having to wait longer and achieve more before they are recognised. This is troubling and creates the real risk that these minorities will become disenchanted or just accept that the game is rigged.

Discrimination looms large on the agendas of diversity champions. But there will also be other factors at play, to do with the lack of a “pipeline” of minority talent. This is sometimes the result of blockages further down the line and the tendency of outsiders in general and minorities in particular to have weaker networks (this applies to social class too), the reluctance of some minority individuals to risk putting themselves forward for promotion, or strong minority bonding that keeps people focussed on a family business or businesses dominated

by their own minority. But it may be that the pipeline is in rude health and that recruiters need to be smarter in finding and tapping into it. These factors are equally difficult to pin down in detail at the level of individual employers.

But we know that these factors can be overcome because of the many accounts we heard of how progress was made in a particular company, or even a whole institution like the NHS. This is often related to a particular individual or committee pushing the issue – only for “slippage” to occur when the individual moves on or the committee is disbanded.

We make a number of “micro” recommendations at the end of the report to spread best practice in organisations’ internal processes to minimize bias and help ensure the retention and promotion of deserving minorities.

But here we will just mention the two main “macro” recommendations relating to targets and data.

Some have advocated mandatory quotas at board level or equivalent. We are sceptical. We believe quotas would be resented by businesses and the professions who have broadly been supportive of efforts to drive greater diversity. Affirmative action is not usually supported by high flying minorities themselves and any hint that someone has achieved promotion through the help of a quota can easily poison office relationships.

Instead, we note the success of the Davies review (now the Hampton-Alexander review considering the representation of women executives on FTSE350 boards) in increasing the share of women on boards and recommend that something similar be put in place for ethnic minorities (we here echo the recent Parker review on minority representation on boards). We believe it is more effective to expect than to compel change. The latest thinking on minority progression from the United States backs this line of thought. Academic research has argued that forced diversity-improving schemes within companies tend to backfire and that success is conditional on white people actively wanting change. Compulsion, by contrast, tends to antagonise them and makes them sceptical of all efforts to improve diversity.

One caveat, while we note that change has happened and is happening, there are some sectors such as the very top of business, the NHS and the civil service, where change is either piecemeal or in reverse. As our research will demonstrate, we cannot always trust these institutions to deliver what we believe to be deliverable. Some sort of targets-plus may be required in problem areas.

Our second “macro” recommendation is about evidence gaps. While one can clearly find evidence for minority clustering at the bottom of the very top, it is impossible to understand fully what is going on by relying solely on cross-sectional and/or time-series data. And analysis ends up concentrating on where the data is best in the elite professional services companies and the public sector. Like the drunk man who only looks for his lost car keys under the street lamp, we may be missing a great deal from those large areas of British business where the light of data collection is not shining.

Even where data is collected, our classification systems leave something to be desired. Data collection is seldom done in a consistent or standardised way, and even less is routinely published. Top firms, professional partnerships and professional associations can and should do a lot more with what they already have. Also, the catch-all category for non-white people – ‘BME’ or ‘black and

minority ethnic' is not fit for purpose. 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. Looking at 'BME' 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.

For this reason, we recommend publication of ethnic minority representation using a full breakdown based on ONS ethnic categories for all medium to large companies to extend and adapt current practice in the public sector. Where possible, above a threshold for size, companies should go further and publish promotion rates. This data would greatly help the understanding and the design of better policies to dismantle unfair barriers.

## Methodology

Our report is based on both quantitative and qualitative research methods. We have analysed much of the relevant publically available data. We have used large-scale macro surveys, such as the Labour Force Survey and the (now discontinued) Citizenship Survey, as well as company level data and those released by various professional associations. We also conducted a series of focus groups as well as interviewing experts and those with experience working in the field of diversity and inclusion or with experience and detailed personal stories to tell about groups and institutions. Finally, we make recourse to the most recent thinking published elsewhere (in some cases from the US) in an attempt to better understand what conditions create an environment for diversity to flourish, as well as those which do not. Note that in many instances, we are dealing with data with substantially high levels of non-disclosure and that the statistics we are citing refer to those of known ethnicity as is standard.

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# 1

## The Rise of the Minority Middle Class

**SUMMARY:** As recently as the 1970s, Britain's non-white ethnic minorities presented to the outside eye rather a uniform picture – they were clustered together in poor inner-city neighbourhoods and generally worked in the most basic jobs. But there was already considerable differentiation going on beneath the surface. More successful groups were moving out to the suburbs and their children were doing well in school. Fast forward to today and ethnic minorities are scattered across all points of the economic and educational spectrum, with the British Chinese and British Indians, in particular, outperforming all other groups including the white British. This chapter gives a brief outline of the rise of the ethnic minority middle class in school results, university attendance and occupational and class structure. First, some basic demographics.

### Demography and age profile

According to the 2016 Annual Population Survey, 13.2 per cent of the UK population are non-white and (roughly) a further 6 per cent are white but not white British. The largest non-white minority group is Indian at 2.5 per cent. 3.2 per cent of the population is black with roughly two thirds being African and the remainder Caribbean. 2 per cent are Pakistani while 0.7 per cent and 0.5 per cent are Bangladeshi and Chinese respectively. 1.6 per cent of the population is of mixed ethnicity. Looking at England and Wales alone, the share of non-white ethnic minorities stands at 14.4 per cent.<sup>7</sup> Since 1998, the non-white UK population has more than doubled from 6.6 per cent.

The minority ethnic population is growing as a proportion of the whole British population. The age profile of each group is younger than that of the white British. In England and Wales, the average age of a white British person is 42. For white Irish people it is higher, at 51, but for all other groups it is lower. Black Caribbeans are the only group with a similar age profile to the white British, being on average 40 years old. Indians are on average 34, Pakistanis are 28, Bangladeshis are 26, the Chinese are 36 and black Africans are 27. The youngest group is those of mixed ethnicity, at around 19 years old. This wide range in average age partly reflects the migration histories of different groups as well as varying fertility patterns.<sup>8</sup>

The younger age profile of most minority ethnic groups should be remembered as we examine their relative success in various professions. Generally speaking, senior positions tend to be taken by older people. The average age of a FTSE100

<sup>7</sup> ONS Annual Population Survey (2016)

<sup>8</sup> ONS Quarterly Labour Force Survey (2016)

CEO in the UK is around 55.<sup>9</sup> In the judiciary, justices of the Appeal Court are on average 62, while High Court judges are on average 59.<sup>10</sup>

## Education: School and university

As ethnic minority families have become more established in Britain their educational outcomes have improved, and several groups now outstrip the white British average in exam results from GCSE onwards. In 2015, 28.9 per cent of state school pupils in England were non-white British. The figure is slightly higher for the ethnic minority proportion in independent schools, 29.8 per cent (which includes an estimated 7 per cent of independent school pupils who are international students).<sup>11</sup> That means almost 23 per cent are British born minorities (including white minorities), rising to over 40 per cent in Greater London. This reflects the fact that the proportion of minorities going to fee-paying independent schools is around 4 per cent of the whole minority population, compared to the 7 per cent figure for the British population of children.<sup>12</sup> This underlines both the current level of success and the strength of ambition, in certain minorities, to join Britain's elite.

At GCSE level, the highest achievers are Indian and Chinese pupils and they have been for some decades. In 1991, the first year of the Youth Cohort Study, 38 per cent of Indian pupils achieved 5A\*–C grades compared with 37 per cent of white pupils (white British attainment was not separately recorded until the Department for Education started collecting national data in 2004). The Indian group then pulled ahead significantly, first reaching ten percentage points ahead of white pupils in 1999. In the post-2004 data (which looks at 5A\*–C including English and Maths), Indian pupils have consistently performed 13 to 17 percentage points higher than the white British group.<sup>13</sup>

For Chinese pupils, the historical story is a little harder to trace, as their attainment was not separately recorded in the Youth Cohort Study (most likely being included in the 'other Asian' group instead). However, the performance of the 'other Asian' category is consistent with the high performance of Chinese pupils in later data, posting a performance nine percentage points higher than white pupils in 1991. The figures from the Department for Education show that Chinese pupils have been performing 17 to 25 percentage points ahead of white British pupils since 2004. (In that year 63.9 per cent of Chinese pupils achieved five good GCSEs compared with 41.6 per cent of white British pupils).<sup>14</sup>

Today it is not just Indian and Chinese pupils performing especially well. In 2014/15, some 76.6 per cent of Chinese achieved at least 5 good GCSEs as did 72.1 per cent of Indians, while for Bangladeshi pupils the figure was 62.2 per cent. This compares to 57.1 per cent of white British pupils. Bangladeshi pupils first overtook the white majority in 2011; a very impressive improvement from a decade ago when the proportion was only 34.5 per cent. Black African pupils have also caught up, a higher proportion achieving 5 good GCSEs than the white British pupils for the first time in 2013 (although their performance has fluctuated slightly since). However, Pakistani, white other, and black Caribbean pupils continue to lag behind to varying degrees.<sup>15</sup>

In terms of progress made in school, as opposed to the grades achieved, research by Deborah Wilson, Simon Burgess, and Adam Briggs has shown that once you account for background variables including social class, the least progress is made by white British pupils at GCSE level.<sup>16</sup> In recent times, schools in London have achieved

9 [http://eu-a.demo.qlik.com/QvAJAXZfc/opensdoc.htm?document=demo%2FCEO\\_UKDACHAPAC.qvw](http://eu-a.demo.qlik.com/QvAJAXZfc/opensdoc.htm?document=demo%2FCEO_UKDACHAPAC.qvw)

10 UK Judicial Attitude Survey (2015)

11 Independent Schools Council (2016/2015) 'ISC Annual Census'

12 Department for Education (2016) 'School census'

13 Strand, S. (2015) 'Ethnicity, deprivation and educational achievement at age 16 in England: trends over time', Department for Education

14 Ibid

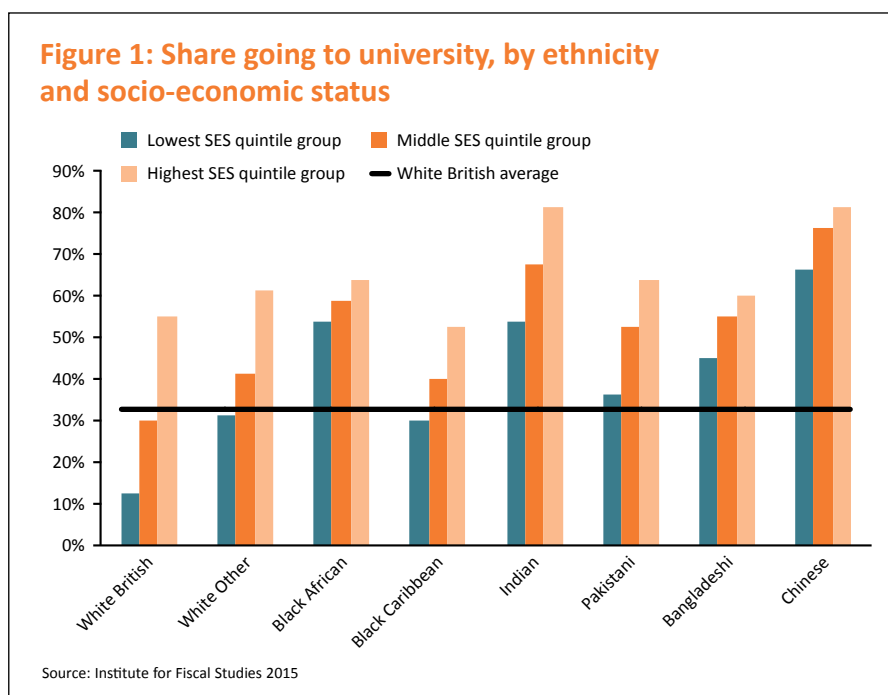
15 Department for Education (2016) 'Revised GCSE and equivalent results in England: 2014 to 2015'

16 Wilson, D., Burgess, S. & Briggs, A. (2011) 'The dynamics of school attainment of England's ethnic minorities'. *Journal of Population Economics*

better results than all other regions. Most of this “London effect” can be accounted for by London’s much higher levels of ethnic diversity. It is also one of the reasons for recent Bangladeshi success, as they are disproportionately concentrated in London.<sup>17</sup>

At A-level, similar patterns are observed with Chinese and Indian students out-performing the white British, who (as of 2013) were out-performing Bangladeshis, Pakistanis, white other, black Caribbeans, and black Africans. If we look at the percentage of pupils achieving three A\* or A grades at A-level, we find that Chinese pupils in particular are performing extremely well. In 2013, 22.6 per cent achieved this measure compared with 10 per cent of white British pupils and 13.6 per cent of Indian pupils. If we look at those achieving AAB or higher in the so-called ‘facilitating subjects’ (those which are most highly regarded by Russell Group universities), Chinese and Indian pupils are even further ahead – on 23.5 per cent and 13.1 per cent respectively in 2013, compared to the white British cohort on 7.2 per cent. Other ethnic groups are lagging behind the white British on these measures, although almost every ethnic group is achieving two A-levels or equivalent at a similar rate (around 90 per cent or more of those who take the exams) to the white British.<sup>18</sup>

Who goes to university is shaped by a complex interaction between ethnicity and social class. Research by Claire Crawford and Ellen Greaves has found that, on average, all ethnic minority groups are more likely to go to university than the white British majority. In the academic year 2001/2002, 38 per cent of white school leavers in England enrolled at a higher education institution, compared to 56 per cent of non-white students. Interestingly, in that year 60 per cent of Asian and 61 per cent of black students went on to an HEI, but only 49 per cent of Chinese students did so. This is very different from the picture today, where the Chinese group is the most likely to go on to higher education. In 2013, 45 per cent of white British students went on to university, compared with about 61 per cent of minority ethnic students. This includes 69 per cent of Indian students and 73 per cent of Chinese students. For some minorities, certainly, higher education is becoming the same natural default as it is for the white British middle class.<sup>19</sup>



17 Burgess, S. (2014) ‘Understanding the success of London’s schools’

18 Department for Education FOI

19 Department for Education (2014) ‘Destinations of KS4 and KS5 pupils’

Crawford and Greaves' research found that the white British people from the lowest rungs of the socio-economic ladder were the least likely to go to university – only 12.8 per cent. This compares with 53.3 per cent of Indians and 65.5 per cent of Chinese, from the same lower class origins. For all ethnic groups, those from higher socio-economic backgrounds are much more likely to go to university, but the class divide is less marked for ethnic minorities. This may be because the white British from lower income groups have viable alternatives, such as joining the armed forces, police or doing an apprenticeship.<sup>20</sup>

According to Yaojun Li, the shares of white people and non-white people (between the ages of 18 and 35) with degrees were roughly equal in the early 1970s at no more than 6 to 8 per cent. The share of those who are degree educated has been rising ever since and in the mid-1990s non-white people began to overtake white people. Li's analysis shows that in 1996, 14 per cent had degrees compared to 12 per cent of white people. In 2015, these same figures stood at 32 and 27 per cent respectively.<sup>21</sup>

What of access to elite universities, meaning the 24 universities (including Oxford and Cambridge) that are part of the so-called Russell Group? In 2013/14, 11 per cent of white British students completing Key Stage 5 (A-levels and equivalent) went on to study at a Russell Group university compared with 18 per cent of non-white students. Admissions to these

institutions were much higher for Chinese students at 32 per cent while Indians were at 18 per cent. Bangladeshis stand at near parity with the white British at 10 per cent. For the other remaining groups, the shares are somewhat less – 8 per cent of Pakistani students, 8 per cent of black African students and only 5 per cent of black Caribbeans went to a Russell Group university.<sup>22</sup>

“In 2007/08, 16.4 per cent of law students at Russell Group universities were non-white, as were 18 per cent of business, finance, administration or mathematics students, reflecting a general appetite for more vocational and applied disciplines”

Russell Group universities are the most prestigious and attract the best students. More to the point, there is a well-worn pathway from the Russell Group into elite professions. Between 2013 and 2015, eight out of ten trainees at the UK's leading law firms came from Russell Group universities. Oxbridge alone accounted for one quarter.<sup>23</sup> Leading companies in the financial and professional services sectors have in the past centred their recruitment strategies on these universities, although they are starting now to cast the net wider.

In 1995/96, 9 per cent of Russell Group students were non-white. Note that this figure is referring to those of known ethnicity only and that roughly 37 per cent of students did not declare their ethnicity. In absolute terms, we know that there were at least 16,000 non-white students coming through the Russell Group at this point. Today the figure is at least 73,000.<sup>24</sup>

20 Crawford, C. & Greaves, E. (2015) 'Ethnic minorities substantially more likely to go to university than their White British peers'. Institute for Fiscal Studies

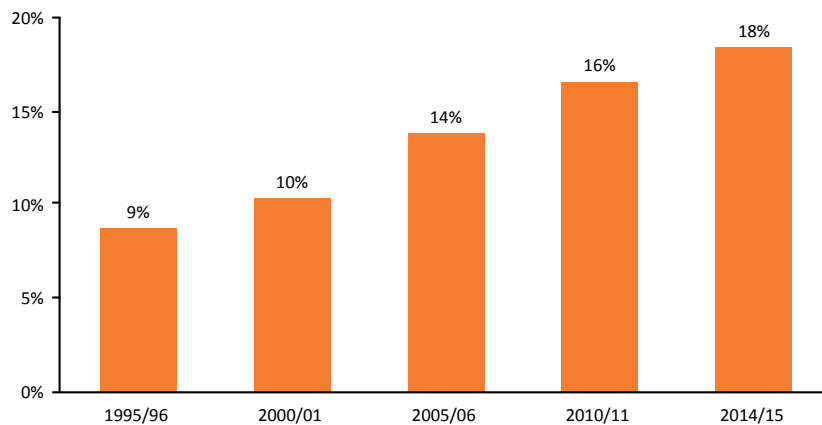
21 Li, Y. (2016) bespoke analysis

22 Department for Education (2015) 'Destinations of KS4 and KS5 pupils: 2014 (provisional)

23 Sutton Trust (2016)

24 HEFCE (2016) bespoke data request

**Figure 2: Share of students at Russell Group universities who are non-white**



Source: HEFCE

Within the Russell Group, ethnic minority students tend to concentrate in some subjects more than others. In 2007/08, 16.4 per cent of law students at Russell Group universities were non-white, as were 18 per cent of business, finance, administration or mathematics students, reflecting a general appetite for more vocational and applied disciplines.<sup>25</sup>

In recent years, Oxbridge's traditional hold on elite life has been slipping, although its dominance is still strong. 48 per cent of the current Cabinet is Oxbridge-educated, down from 64 per cent under David Cameron. As of 2014, 75 per cent of senior judges were Oxbridge educated as were 57 per cent of Permanent Secretaries, 47 per cent of newspaper columnists, and 18 per cent of FTSE350 CEOs. It is clear that access to the pinnacle of British academia helps in gaining access to elite jobs.<sup>26</sup>

So, what of ethnic minority representation at Oxbridge? In 1996, the share of non-white people among those admitted to Oxford was 7.3 per cent. By 2013, it had reached 13.9 per cent. For Cambridge, the share has risen from 9.1 per cent in 1998 to 20 per cent in 2015.<sup>27</sup>

Despite this rapid increase in representation at elite universities, research by Vikki Boliver suggests it should be even higher. She has found that the success rates of minority ethnic applicants at Russell Group institutions is lower than those of white British applicants, even after controlling for A-level grades, A-level subject choice and the popularity of the university course. The discrepancy even exists for Chinese and Indian students.<sup>28</sup> Four universities (including two Russell Group universities) are trialling name-blind applications for 2016/17, so it will be interesting to see if this has an impact on application success rates. They are: Exeter, Huddersfield, Liverpool and Winchester.

## Higher education attainment

Once accepted at university, there is a difference in achievement among white students and ethnic minority students upon graduating. For reasons that are unclear, but which suggest that universities should check whether all their students are adequately supported in reaching their potential, ethnic minorities are less likely to achieve good degrees than their white peers. Research by

25 Business in the Community (2015) 'Sector factsheet: Ethnic minorities in law'; 'Sector factsheet: Ethnic minorities in business and finance'

26 The Social Mobility and Child Poverty Commission (2014)

27 Oxford and Cambridge University websites

28 Boliver, V. (2013) 'How fair is access to more prestigious UK Universities?' British Journal of Sociology



the Higher Education Funding Council of England (HEFCE) found that when comparing students who entered university in 2007/08 with the same A-level grades, a higher proportion of white students achieved upper second and first class degrees.<sup>29</sup>

DfES research looking at the 2002/03 (matriculating) cohort found that the white/non-white difference in degree results persisted even after controlling for a large number of factors: gender, prior attainment, disability, deprivation, degree subject, type of HE institution, term-time accommodation and age. The attainment gap was largest for black Caribbean, black African and Chinese students. For example, only 5 per cent of Chinese students were likely to receive a first class degree and 49 per cent an upper second, compared to 9 per cent and 59 per cent respectively for white British and Irish students. This is surprising, given that Chinese students have been the top performers at school level for many years and this research also found a strong correlation between A-level grades and degree classification. The research found that 61 per cent of Indian students, 62 per cent of Pakistani students, 63 per cent of Bangladeshi students, 55 per cent of Caribbean students and 54 per cent of black African students were likely to receive either a first or upper second. The rates of obtaining first class degrees ranged from 5 to 7 per cent for all minority groups – lower than the 9 per cent rate for white British and Irish students.<sup>30</sup> More recent research by HEFCE reached similar conclusions.

Better degree classification may be accounted for by greater selection among white people. In 2012/13, 47 per cent of white British pupils went on to study for their A-levels compared to 76 per cent of Indians, 70 per cent of black Africans, and 80 per cent of Chinese. For other minority groups, the share varies between around a half and two thirds. And from A-level to university, white people, as we have seen, are much less likely to go. Smaller shares of white people going into further and higher education may mean that those who do are more competitive and motivated at undergraduate level.

These different university attendance rates cannot be underestimated when we are thinking about the talent pools in which top employers fish. Nearly eight times as many Indians as black Caribbeans went on to a Russell Group university in 2013.<sup>31</sup> However, there are over twice as many Indians as black Caribbeans in the population to start with. A decade later, the over-representation of the former relative to the latter is seen all-around. Indians are heavily represented (and black Caribbeans are not) in the management trainee schemes of blue chip employers, in the ranks of junior solicitors being admitted to the Roll and barristers being called to the Bar, in the freshman classes of prized business schools, and in the cohorts taking on further professional qualifications.

Ethnic minorities are over-represented at Russell Group universities but some groups, especially black people, also cluster strongly in the post-1992 'new' universities – those academic institutions formed from the old polytechnics that specialised in providing vocational education. The Million+ group of universities is made up of 19 universities, all of which are 'new' universities. In 2013/14, 30.4 per cent of students attending Million+ universities were non-white. 14.7 per cent were black compared to 2.8 per cent of Russell Group students.<sup>32</sup> Three London based universities (London Metropolitan, South Bank, and East London) have admitted and taught more than half of all black British undergraduates in recent years.<sup>33</sup>

29 HEFCE (2014) 'Differences in degree outcomes'

30 Broecke, S. & Nicholls, T. (2008) 'Ethnicity and degree attainment'. Department for Education and Skills research report RW92

31 Department for Education (2014) 'Destinations of KS4 and KS5 pupils: 2013'

32 Equality Challenge Unit (2015) 'Equality in higher education: statistical report'

33 Shilliam, R. (2014) 'Black Academia in Britain'

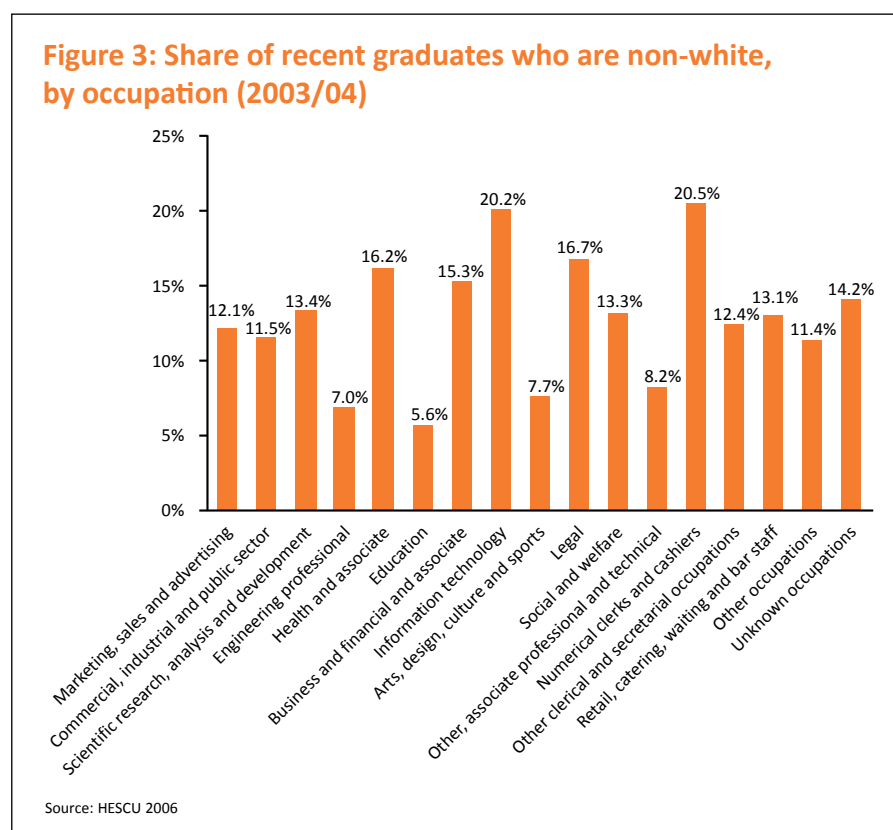
London Metropolitan University in 2008 had almost as many black students as the whole of the Russell Group put together.<sup>34</sup> It ranked 96 out of 128 universities in the most recent ranking in 2014.

This clustering in low-prestige, poorly-ranked universities will impact on progression out of university and into working life. Not only will it mean poorer returns but also reduced social connection to the people who carry influence.

### After university

On graduating, non-white people seek out some professions much more than others. The only data we have on ethnic entry into the professions comes from 2003/04 but these data can still provide an important benchmark by which we can judge representation today at senior levels.

In 2003/04, 16.2 per cent of recent graduates working in healthcare were non-white as were 16.7 per cent of those working in the legal sector. 13.4 per cent of those who went into science, research and development were non-white. The same was true of 11.5 per cent going into commercial, industrial and public sector management as well as 15.3 per cent of business and financial professionals. Of those entering the financial sector as a whole, 18.2 per cent were non-white.<sup>35</sup>



Of those who graduated in the academic year 2003/04, white graduates had higher employment rates and lower unemployment rates than graduates from minority ethnic backgrounds. For Chinese, black African, Bangladeshi and Pakistani graduates the unemployment rates were 10 per cent or higher, compared to 5.5 per cent for white graduates. Almost all minority groups were more likely to be found in non-graduate occupations six months after graduating.<sup>36</sup> More recent

34 Elevation Networks (2012) 'Race to the top: The experience of black students in higher education'

35 Adapted from Mok, P. (2006) 'Graduates' first destinations by age, ethnicity and gender: DLHE survey analysis'. HECSU

36 Ibid

analysis by the University of Essex found substantial differences in employment rates of ethnic minority graduates six months after graduating (between three to fifteen percentage points). It also found that for those who were unemployed six months after graduating, there was a significant knock-on effect on earnings and employment rates 3.5 years after graduating.<sup>37</sup> Less is known about the demotivating effects that these outcomes can lead to over time.

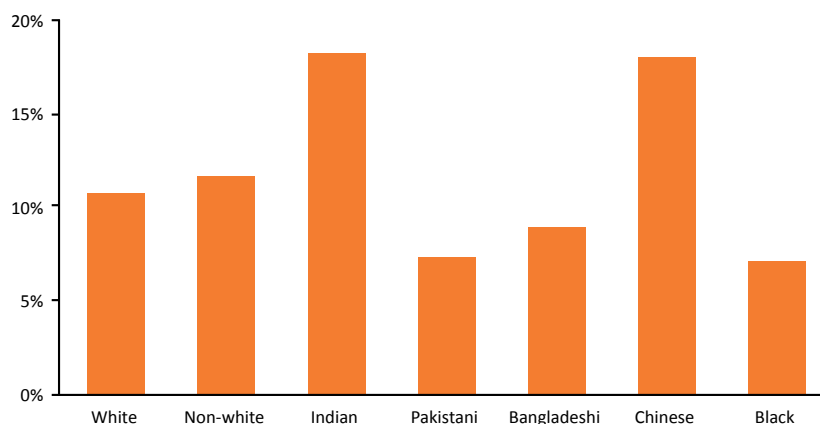
## Social class

The National Statistics Socio-economic Classification (NS-SEC) is a classification of occupational class. There are 8 categories in all with the highest class being 'higher managerial and professional jobs'.

According to data from the Labour Force Survey 11 per cent of the population of the United Kingdom are to be found in this class. Looking only at the differences between white people and non-white people, we see that it is the latter who are marginally better represented. 11.6 per cent of non-white people are to be found in the top socio-economic class compared to 10.8 per cent of white people.

If we compare white people to specific ethnic minority groups, then we start to see some strong differences. 18.3 per cent of Indians are in the top class as are 18 per cent of Chinese. For other groups, the shares are lower – 7.3 per cent of Pakistanis and 9 per cent of Bangladeshis as well as 7.2 per cent of black people.<sup>38</sup>

**Figure 4: Proportion of ethnic group working in the higher managerial and professional jobs**



Source: Labour Force Survey 2016

The share of non-white minorities in the highest managerial and professional class has been steadily rising. Between 2002 and 2016, it has risen from 7.3 per cent to 11.6 per cent, growing at a rate of 0.32 percentage points per year, signifying a remarkable and probably compounding rate of upward mobility. Furthermore, the proportion and rate of change strongly tracks the share of non-white people in the labour force as a whole.<sup>39</sup>

<sup>37</sup> Zwysen, W. & Longhi, S. (2016) 'Labour market disadvantage of ethnic minority British graduates: University choice, parental background or neighbourhood?'

<sup>38</sup> ONS Quarterly Labour Force Survey (2016)

<sup>39</sup> ONS Quarterly Labour Force Survey

**Figure 5: Share of workers in the British Labour force who are non-white**



Source: Labour Force Survey

Analysis by Yaojun Li and Anthony Heath allows us to trace the steps of Britain's ethnic minority populations as far back as the 1970s. It considers their access to the 'salaried', understood as the white collar professional and managerial jobs.<sup>40</sup>

The story is one of generations. For the first generation of ethnic minorities – that is to say immigrants – Li and Heath concluded there was very little evidence of catching up on the white British majority in chances of access to the salariat.

However, for the second generation – the offspring of immigrants – clear signs of advance were evidenced for all ethnic minority groups analysed. The chances of reaching the salariat for Indian and Chinese men first equalled those of the white British between 1981 and 1996 surpassing them thereafter. For Indian women, parity was reached in the same period while in the case of Chinese women, it came somewhat later, between 1997 and 2005.

For other second generation ethnic minority groups, there are examples of advance as well as slip-back. The chances of Black Caribbean men have increased but still lag somewhat behind the white British. Black African men were equal with the white British but this slipped away between 1997 and 2005 as the composition of the black African group changed. Similar retreats were observed for Pakistani and Bangladeshi men. Among second generation women, the chances of black Caribbean and black African women have converged on the position of the white British without quite equaling them, while those of Pakistani and Bangladeshi women have dropped away since 1981.

“The share of non-white minorities in the highest managerial and professional class has been steadily rising”

### Minority representation in the professions

Non-white people have achieved strong representation within the higher professions. Until now, our discussion has focused on rather broad classifications of occupations. How well represented are non-white people among actual professions that are typically middle class? Note that the average across all jobs is 11.1 per cent non-white.<sup>41</sup>

40 Li, Y. & Heath, A. (2010) 'Struggling onto the ladder, climbing the rungs: Employment and class position of minority ethnic groups in Britain'

41 ONS Quarterly Labour Force Survey 2015 – four quarter averages

Generally speaking, it is in healthcare that non-white people are most strongly represented – 35.1 per cent of dentists, 35.1 per cent of doctors (including those working outside of the NHS), 31.2 per cent of pharmacists, and 15.2 per cent of psychologists. Strong representation is also evidenced in professions centred around finance. 15 per cent of chartered and certified accountants are non-white as are 14 per cent of financial analysts.

Among the more modern professions, it is in IT where the non-white presence is most strongly felt. 25 per cent of IT professionals and 19.4 per cent of programmers are non-white.

There are other professions where the minority presence is less felt. 8 per cent of secondary school teachers are non-white as are 7.4 per cent of engineers and 5.4 per cent of architects.

6.3 per cent of CEOs and senior officials are non-white.<sup>42</sup> As we have seen, on the whole, non-white people have made considerable advances economically. Their relative lack of representation at the very top is explored in the next section.

42 A catch-all category within the Labour Force Survey designed to capture those in the very most senior positions, implemented due to their relatively small number within the labour force in absolute terms.

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# 2

## Tough at the Top?

**SUMMARY:** If the last chapter provided evidence for the progress of ethnic minority British people in recent decades, especially those from Chinese and Indian backgrounds, this chapter provides evidence for some limits to that progress. Many of the academically successful minorities (the “bulge”) who first emerged from British universities more than 20 years ago have stormed into the professions (medicine and law above all). But, there and elsewhere in business and government, they have found access to the very top jobs more elusive. This is the famous glass ceiling and it evidently varies in height and penetrability across sectors and professions. Section three will look at explanations for the glass ceiling.

### Class or ethnicity?

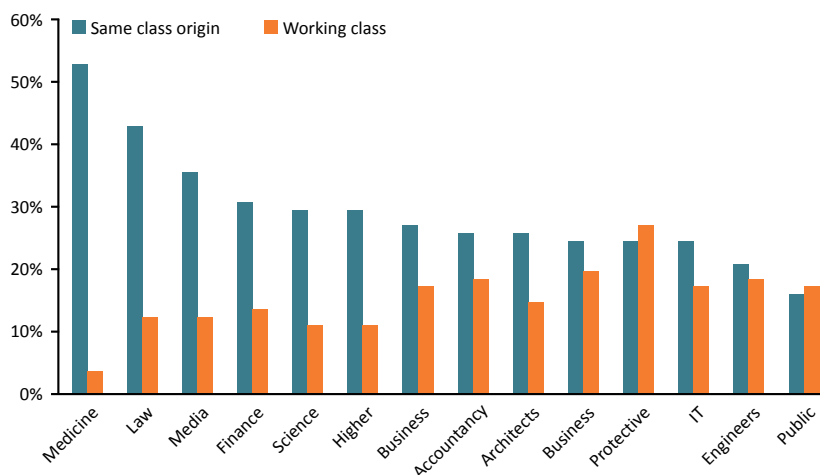
It is important to remember that ethnic minority groups are not all alike. And it is necessary to consider the likely impact of other factors, most notably class background and age although others may also be at play.

Research by Daniel Laurison and Sam Friedman looks at what they term the ‘class ceiling’ – that is to say the extent to which class origins shape access to the higher professions and senior positions. They found that 27 per cent of people in the higher managerial and professional jobs had professional parents while 17 per cent had parents who were working class. The remainder had parents from the lower-middle classes.

That signifies quite a high degree of openness, or at least an ability to rise from the middle to the top. But when looking at specific professions, there was more inter-generational stickiness in terms of social mobility with long-range mobility very unlikely. For instance, 52.6 per cent of medical practitioners came from comparable class backgrounds while only 4.2 per cent had come from working-class backgrounds. For legal practitioners, 42.6 per cent came from comparable class backgrounds compared to 13 per cent coming from the working class. More august professions tend to be more closed while newer professions like IT tend to be more open, even though long-range mobility remains relatively unlikely overall.<sup>43</sup>

43 Laurison, D. & Friedman, S. (2015) ‘Introducing the class ceiling: Social mobility into Britain’s elite occupations’

**Figure 6: The class origins of people working in different professions**

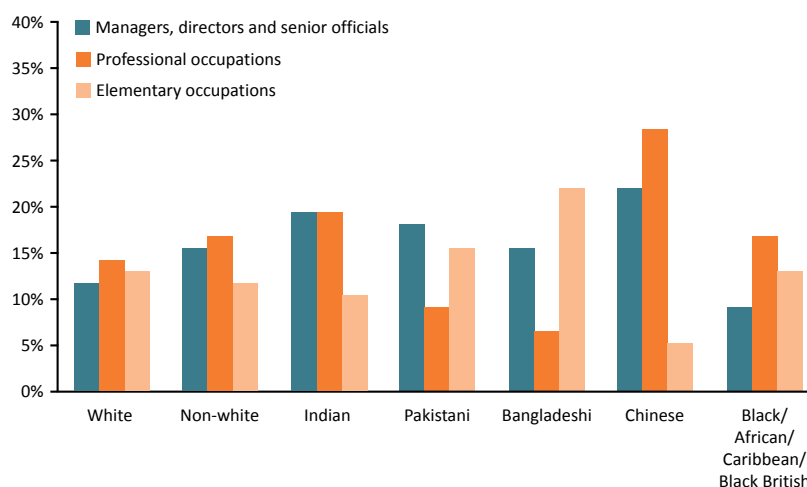


Source: Laurison & Friedman 2015

Where we come from will strongly affect where we are in life. Minorities will find some parts of the top more open than others for two reasons. First, a number of minority groups remain heavily skewed towards lower class backgrounds, meaning that their parents worked in un-skilled, elementary jobs – 22.1 per cent of Bangladeshis, 15.9 per cent of Pakistanis, compared to 5.1 per cent of Chinese and 10 per cent of Indians (note that for white people the share is 12.4 per cent).<sup>44</sup>

Second, the highly ambitious within their ranks are likely to seek advancement in professional sectors that are more socially open than others – the public sector, the IT sector and social enterprises, for example. The newer professions are often not (yet) well established enough to have developed ingrained pipelines that favour higher social class origins.

**Figure 7: Profession of main breadwinner at age of 14**



Source: Labour Force Survey 2014

44 ONS Quarterly Labour Force Survey (2014)

As class origins evidently play a role in shaping who makes it into the higher professions, then it may be that some of the effects observed in this Section Two are down to class background. It is not clear whether, or to what extent, the influence of social class backgrounds on access to top occupational groups in Britain as a whole is waning more for white people than for non-white people.

But it is not just the material advantages or disadvantages of class that matter. If you are in a middle class or upper-middle class professional setting and you have a familiarity with that sub-culture, you are more likely to be accepted and comfortable in that situation. Some participants in our focus groups spoke about what became known as the “Glyndebourne factor” (after the country house opera venue in Sussex), meaning certain topics of conversation made people from non-elite backgrounds feel like outsiders. A similar point has been made by a recent report for the Social Mobility Commission.<sup>45</sup> It noted the sharp difference between high and low socio-economic classes of visiting galleries and having parents with broad social and cultural networks. This may be true, although, such arguments have an air of over simplification about them. They also imply a lack of resilience that would be unusual in high flyers from any background. (And an increasing proportion of minorities are now themselves coming from elite as well as professional backgrounds.)

Furthermore, Laurison and Friedman’s analysis of pay (a proxy for seniority) showed that class origins were much more important in predicting outcomes in pay than ethnicity. Their research found little difference between white and non-white people from comparable class backgrounds; what was most apparent was that those who had experienced short-range upward mobility were better paid than those who had experienced long-range upward mobility.<sup>46</sup>

## Business

### The FTSE100

How are Britain’s ethnic minorities doing at the top level of business? There are striking examples of successful minority entrepreneurs such as Ken Olisa and Tim Campbell who have built major businesses. Of the 1,000 positions on the 2016 Sunday Times Rich List, 64 were occupied by non-white British citizens (a significant proportion of the list are foreign nationals who are resident here). Most of the 64 are naturalised; only 13 are British-born. Naturalised East African Asians and those born in British India make up the largest group. The industries of the non-white British-born citizens are highly varied, ranging from discount stores, gas stations, and property, to pharmaceuticals, fashion, and foreign exchange. To qualify for the list you need to be worth over £100m, but looking just at the British billionaires alone, non-white British citizens account for 10 per cent, or 8 out of 83.

But the story is less rosy when surveying the more mainstream progress of minorities into senior positions, including main board positions, of the largest companies in the country. Or it appears to be. We are hampered by lack of data (see our section on recommendations) both about the ethnic identity of boardroom Britain and about the numbers of ethnic minority British entering at management trainee level, so it is hard to know whether talented minorities are shunning business or business is shunning the talented minorities, at least for the top positions.

<sup>45</sup> The Social Mobility Commission (2016) ‘The childhood origins of social mobility: socio-economic inequalities and changing opportunities’

<sup>46</sup> Laurison, D. & Friedman, S. op. cit



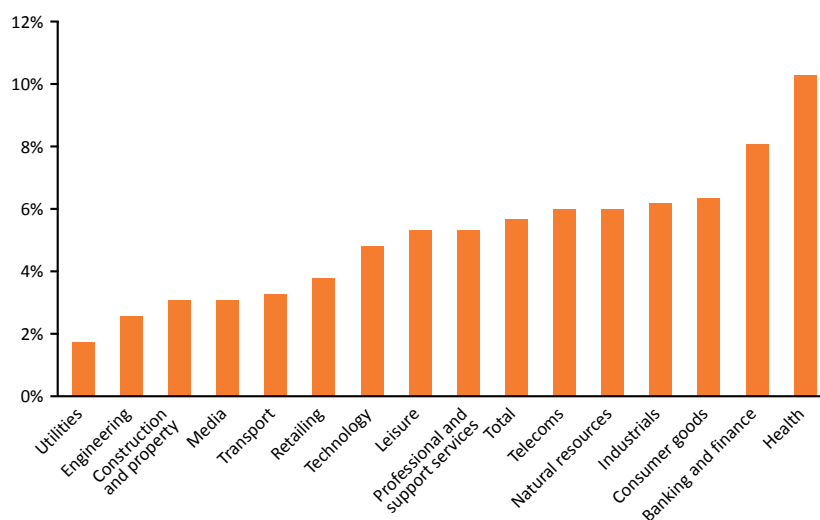
Certainly, at the very highest pinnacle of British business British-born ethnic minorities are almost completely absent. The boardrooms of the FTSE100 companies, the largest companies by market capitalization that are listed on the London Stock Exchange, have a distinct lack of British-born ethnic minorities. A study by Green Park, an executive recruitment agency, found that the leadership positions within the FTSE100 companies were overwhelmingly white and in the top three positions almost uniformly so.

What Green Park found in 2014 was that of the three most senior positions within FTSE100 companies – chairman, chief executive and chief financial officer – just 11 out of 300 were non-white. That is 2 chairs, 6 CEOs, and 3 CFOs.

Further down the pipeline, at what Green Park call the ‘Top 100’ – the most senior managers including all reporting to main board directors – the lack of diversity is still apparent though less dramatically so. Some 5.7 per cent of senior managers are non-white, more than half Indians. Remember that 20 years ago the proportion of minorities coming out of Russell Group universities – one of the main pools from which top managers are drawn – was 9 per cent.

Green Park finds some notable differences across sectors in the FTSE100. For utility companies, the share of Top 100 level of non-white people is just 1.8 per cent. It is highest in banking and health – 8.1 per cent and 10.3 per cent, respectively.<sup>47</sup>

**Figure 8: Share of non-white leaders in FTSE100 companies ‘Top 100 level’**



Source: Green Park 2015

Most of even this small number of non-white people in the FTSE100 are foreign. Separate analysis by Doyin Atewologun, on behalf of the Parker review, has found that of the 1,087 directors of the FTSE100, only 90 were non-white. That is 8 per cent, (a slightly higher figure than Green Park finds). However, just 17 of the 90 are British born making up 1.5 per cent of the overall number of FTSE100 directors.

<sup>47</sup> Green Park (2015) ‘FTSE100 leadership 10,000 report’

There is also clustering within certain FTSE100 companies. 7 companies alone have 40 per cent of all minority directors (5 of which have historically been located abroad) while more than half, 53, have none at all.<sup>48</sup>

## Retail

The retail sector is worth probing a bit deeper because of its high national profile. According to the Labour Force Survey, of those working in the retail sector, 13.7 per cent are non-white. Of those who identified themselves as managers, 11.6 per cent were non-white compared to 14 per cent non-white people in a supervisory role. For those with no leadership role, 14.1 per cent were non-white.<sup>49</sup>

So minorities seem to be relatively well represented at manager level but are almost completely absent from the boards of Britain's leading retailers. Atewologun's analysis of the FTSE100, shows that of the 7 listed retailers – Kingfisher, Sainsbury, Marks & Spencer, Sports Direct, Tesco, Next, Dixons Carphone – there were only 3 non-white minority directors out of a total of 69.<sup>50</sup>

## The 'old' professions

### Law

Law and medicine have traditionally been attractive routes to status and financial security for second generation immigrants. There is a direct educational route in through vocational degrees and – unlike politics, the media and even the top of the civil service – there is a lower requirement for connection to the right social networks and having that nebulous “cultural knowledge” of the white majority that outsiders often feel they lack. Recent polling of law students found that only 20 per cent had family connections within the field.<sup>51</sup> There are now plenty of minority role models at the top level in medicine as well as law.

“Law and medicine have traditionally been attractive routes to status and financial security for second generation immigrants”

The story in law is certainly one of relative success. Figures from the Law Society show that in 2015, almost 10 per cent of partners within law firms were non-white and that figure has risen from 6 per cent in 2005 (see Figure 9). More than half of the non-white partners were Asians (6.7 per cent).

Among associates – relatively senior lawyers employed by a firm below the rank of partner – the non-white share in 2015 was higher at 14.1 per cent with about half being South Asian. 1.5 per cent are Chinese, 1.1 per cent black African, and 0.5 per cent black Caribbean with the remainder being ‘Other’. Assistant solicitors are fully qualified lawyers – roughly at the rank of junior associate – and there we see the share of ethnic minority staff is greater still at 16.6 per cent.<sup>52</sup>

But the biggest slice of minorities are not in significantly sized law firms but are working as sole practitioners. Sole practitioners have seen the greatest increase in diversity over the last 10 years. In 2005, the share of non-white solicitors among sole practitioners was 13.7 per cent, rising to 27.8 per cent in 2015. Is this a chosen path? Or is it the result of relative failure in or being shunned by bigger law firms? The average age of sole practitioners is slightly older than the average age of partners (and much higher than the average age of

48 The Parker Review (2016)  
‘A report into the ethnic diversity of UK boards’

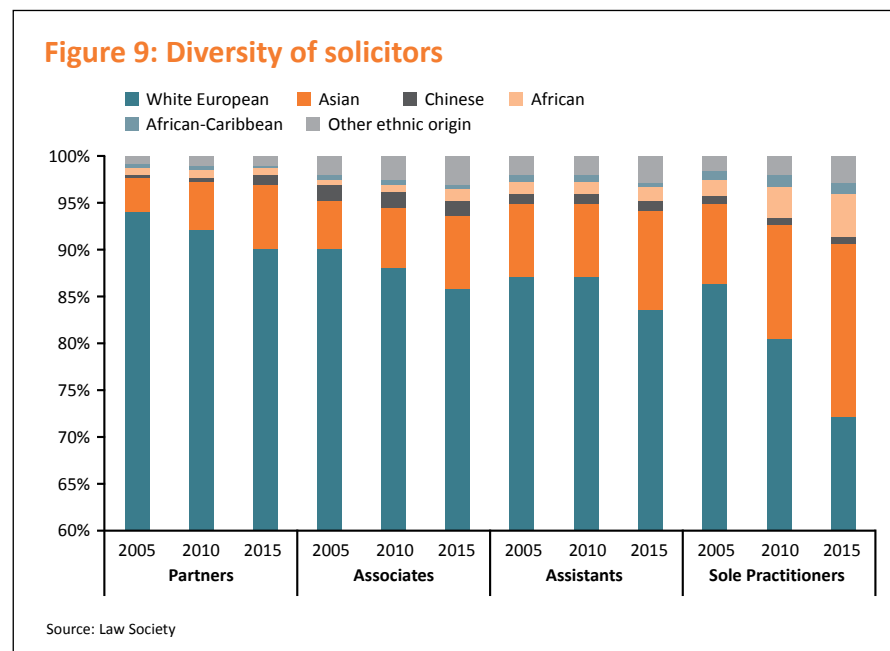
49 ONS Quarterly Labour Force Survey (2015)

50 The Parker Review op. cit

51 The Times, October 13th 2016

52 The Law Society (2015)

all lawyers), so it seems possible that these are people who are not making it to partner level and who are leaving the firm. The sole practitioner route offers very limited chances for career development and high pay, as one solicitor working alone cannot take on large commercial contracts, is likely to have limited legal specialisms, and may also be indirectly hindered by higher regulatory and professional indemnity insurance requirements.<sup>53</sup>



There is also evidence of ethnic clustering within firms – 29 per cent of non-white solicitors work in firms which are owned by more than 50 per cent non-white partners. For white solicitors, the proportion is less than 1 per cent. What field of law is taken on also varies by ethnicity. Non-white people are much more likely to be working on criminal, family and personal law and less likely to be working on business and commercial law. More than 25 per cent have worked with legal-aid clients compared to just 16 per cent of white people.<sup>54</sup>

As you progress down the hierarchy of seniority among solicitors, not only is the share of Asian lawyers growing but so too is that of African and black Caribbean lawyers. For instance, in 2015 the share of African partners was 0.82 per cent while at assistant level it was 1.4 per cent and 4.4 per cent among sole practitioners. Notably, Chinese solicitors tend to be clustered around the associate level but often in the most prestigious firms (See box on page 45).<sup>55</sup>

What about the very top law firms in the City of London which have come to represent the pinnacle of the legal profession in the same way that FTSE100 boards represent the pinnacle of British business? The so-called ‘Magic Circle’ law firms are: Allen & Overy, Clifford Chance, Freshfields, Linklaters, and Slaughter & May. As seen in Figure 10, the share of minority partners in these firms is similar at around 5 to 6 per cent, with the exception of Allen & Overy which has a greater share at 9.2 per cent.<sup>56</sup>

The share of non-white people at associate level is far greater at around one fifth, although for Linklaters it is just over one quarter. And at trainee level, there is far more variation from firm to firm. For Clifford Chance and Linklaters the

<sup>53</sup> Ibid

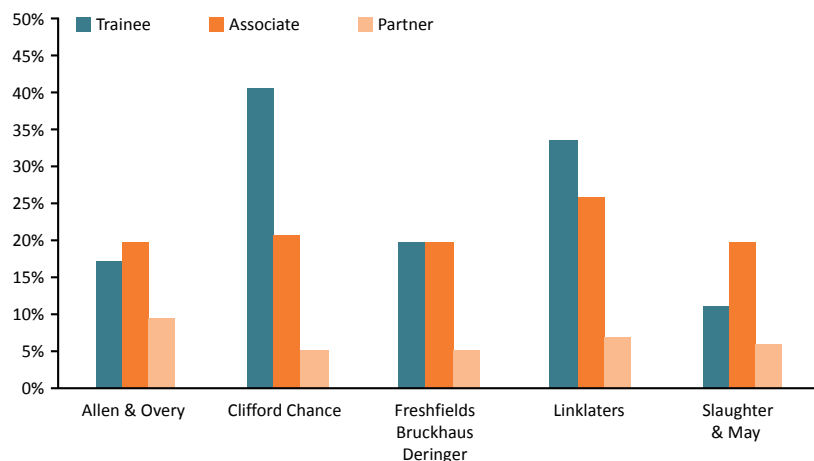
<sup>54</sup> Ibid

<sup>55</sup> Ibid

<sup>56</sup> Company websites

shares are 40.6 per cent and 33.3 per cent, respectively, whereas for the remaining three they range between 10 and 20 per cent.

**Figure 10: Share of non-white lawyers at Magic Circle law firms**



Source: Company data

Looking at Clifford Chance alone, we see that over time while the share of non-white associates has crept upwards, the share of non-white partners remains stubbornly constant at around 5 per cent. In absolute terms, this is between 5 and 11 people.

The share of non-white people working as barristers with 15 years experience or more stood at 15 per cent in 2014, so quite a high figure relative to that 9 per cent Russell Group benchmark from 20 years ago. This is down on 2012 when it was as high as 19 per cent but still up on the 12 per cent of 2002.<sup>57</sup>

Queen's Counsel (QCs) is the most senior position available to barristers (most are barristers but some solicitors are conferred this title as well). In 2014, 10 per cent of QCs were non-white, up from 9 per cent in 2001.

Change in the ethnic make-up of QCs is slow since only a few lawyers are admitted each year. Applications and admissions to the ranks of QC are increasing, however. In 1995, 2 per cent of applicants were non-white, rising to 13.5 per cent in 2015/16. Over the same time period, the share of admissions rose from 1.4 per cent to 8.4 per cent. In absolute terms, this translates into a rise from 1 to 9 new QCs per year.<sup>58</sup>

The judiciary, as one would expect, is very white. Of the 2,686 judges whose ethnicity was known in 2015, 159 or 5.9 per cent were non-white. These comprise just three High Court judges; the majority were either recorders or working in the county courts.<sup>59</sup>

The drive to achieve greater ethnic diversity in the judiciary has been a long-standing concern of successive governments and the legal profession, leading to the Judicial Appointments Commission being given a remit in this area over a decade ago. But the rationale here is less fairness for professional minorities and more on public confidence in the rule of law, and on minorities as users of the judicial system.

57 Bar Council (2014)  
'Momentum measures: Creating a diverse profession'

58 Appointments as Queen's Counsel in England and Wales (2016)

59 Judicial Diversity Statistics (2015)

### The curious case of the Chinese lawyers

Students of Chinese heritage in Britain are the highest achievers at school, having outstripped the performance of white British pupils by a huge margin since comprehensive data were first collected. From 2004–2011 the proportion of Chinese pupils achieving five good GCSEs (including English and Maths) was at least twenty percentage points higher than that for white British pupils. Chinese students are also by far the most likely to enter higher education. In 2013/14, 73 per cent of Chinese school leavers went university, compared to 45 per cent of white British school leavers.<sup>60</sup>

This impressive academic track record is reflected in Chinese entry to the legal profession. The largest and most prestigious law firms (especially the ‘Magic Circle’ of Allen & Overy, Clifford Chance, Freshfields Bruckhaus Deringer, Linklaters and Slaughter & May and the ‘Silver circle’ of Herbert Smith Freehills, Ashurst, Berwin Leighton Paisner, King & Wood Mallesons, Macfarlanes, Travers Smith) are based in the City of London and it is these firms that offer the best pay packages as well as the best career-development opportunities. In 2015, 39.5 per cent of Chinese solicitors worked in the largest law firms (with 81 law partners or more), an exceptionally high concentration. By comparison, 31.8 per cent of solicitors of ‘other’ ethnicity and 29.3 per cent of white lawyers worked in these firms – and at the other end of the scale, only 12.2 per cent of solicitors of African heritage were working in these firms.<sup>61</sup> The clustering of Chinese lawyers in the largest firms is not a new trend – a decade previously the pattern was exactly the same, although the proportions were lower (33.5 per cent of Chinese lawyers compared with 22.3 per cent of white lawyers working in the largest firms in 2005).<sup>62</sup>

Given this trend of Chinese ethnicity solicitors successfully entering not only the legal profession but the largest firms within the profession, it might be expected that they would also be well represented at the top of the profession – at partner level. However, the opposite is the case. Chinese solicitors are in fact the ethnic group *least* likely to be partners. The most likely group to be partners is white – in 2015, 22.7 per cent of white solicitors were associates and 33.3 per cent were partners. For Chinese solicitors, the proportions were 38.3 per cent and 17.4 per cent, respectively. In 2005 16 per cent of Chinese solicitors were partners, so there has been little change over the last decade.

There seems to be a correlation between the size of firm worked in and the likelihood of making partner – but only for ethnic minority solicitors. Asian, African and African-Caribbean solicitors all have higher proportions than the Chinese working at partner level and are all much more likely to be working in the smallest sized firms. However, for white lawyers there does not appear to be any penalty for working in the largest firms.

It is difficult to pinpoint the reason for this discrepancy. Chinese solicitors cannot be lacking in competence, or there wouldn’t be such a high proportion consistently working in the biggest firms in central London.

However, technical competence is not the only requirement to make partner. It is possible that the intangible factor of ‘social capital’, as well as stereotypes about the Chinese (whether consciously or unconsciously applied), come into play. One study found that partners in a large professional services company commented specifically on Chinese people not being ‘assertive’ enough. This may be explained by Asian culture being deferential to elders, and minorities being culturally less likely to put themselves forward for promotion. The partners also noted that there is an image that candidates have to fit in order to be promoted. It is possible that a similar story is playing out in large solicitors’ firms – the cultural stereotype of Chinese people being clever and hardworking but also quiet and deferential to authority is holding them back from reaching the very top.

60 Crawford & Greaves op. cit

61 The Law Society (2016) ‘Trends in the solicitors’ profession: Annual Statistics Report 2015’

62 The Law Society (2005) ‘Trends in the solicitors’ profession: Annual Statistics Report 2005’

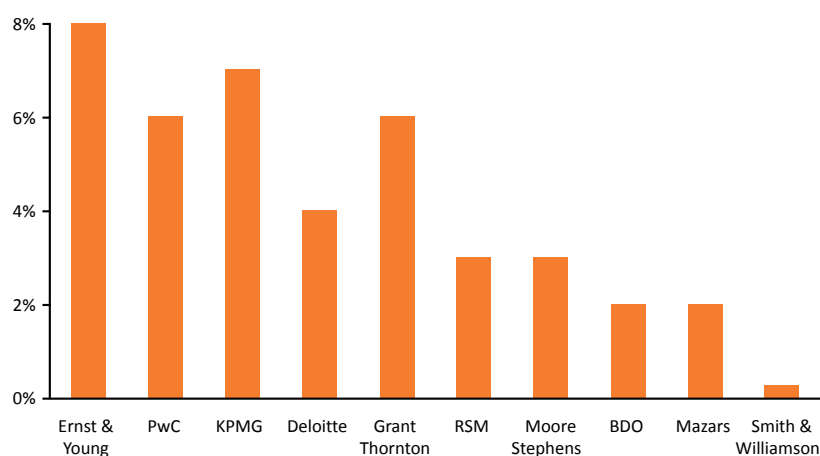
## Accountancy

According to the Labour Force Survey, 15 per cent of accountants are non-white. The 10 largest accountancy firms have a slightly higher level of non-white representation. 20 per cent of professional staff are non-white. However, 5 per cent of partners are non-white. If we look at the so-called 'Big Four' companies alone, then the share is somewhat greater at 6 per cent. This is up from 3 per cent in 2008. Of the second tier of firms, the share of partners who are non-white is around 3 per cent.

Of the Big Four, the firm with the largest share of minority partners is EY at 8 per cent. For PwC, it is 6 per cent while for KPMG and Deloitte, the share stands at 7 and 4 per cent, respectively.<sup>63</sup>

If we look within specific companies, then we see a strong pyramid pattern with far greater shares of non-white people towards the bottom. For instance, 6 per cent of PwC partners are non-white compared to 8 per cent of directors, 12 per cent of senior managers, and 29 per cent of associates.<sup>64</sup> Most recently, 33 per cent of graduates entering the firm were non-white. So big pipelines to the top are emerging.<sup>65</sup>

**Figure 11: Share of non-white partners at leading accountancy firms**



Source: [www.cchdaily.co.uk](http://www.cchdaily.co.uk)

There are some recent signs of progress at EY. Of the 62 equity partners appointed to EY in London in 2016 – those with ownership and an entitlement to a share of the profits – 15 per cent were non-white. This is up from 11 per cent the year before, much less than the companies overall share but better than its share of all existing partners – 8 per cent. A note of caution – this slight rise on the year before is accounted for not by a rise in absolute numbers but rather a substantial drop in the numbers of white people being appointed. In 2016, there were 32 fewer white partners appointed than in the year before, while the absolute number of non-white partners fell from 10 to 9.<sup>66</sup> Note that EY has 761 partners in total in Britain.<sup>67</sup> The key observation here is that assessing progression to the top will be affected by stocks and flows. These will sometimes produce different findings depending on the baseline and also on what is happening to the white majority.

63 Smith, P. op. cit

64 [www.pwc.co.uk](http://www.pwc.co.uk)

65 Smith, P. op. cit

66 [www.ey.com](http://www.ey.com)

67 Smith, P. op. cit

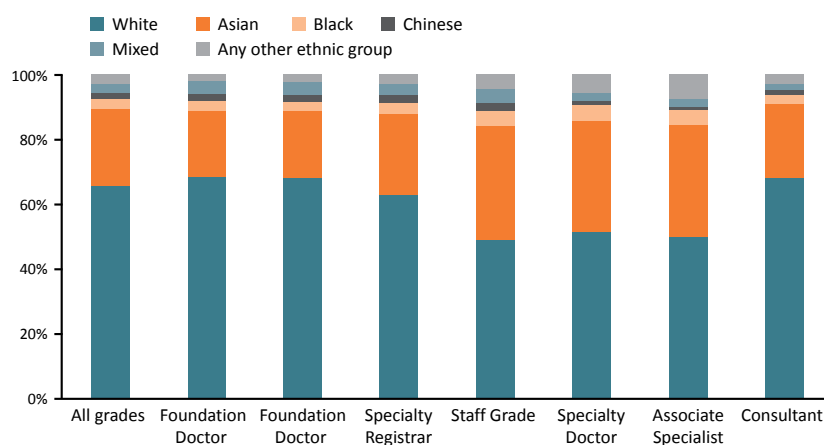
## Medicine and healthcare

The National Health Service has always been reliant on immigrant labour, at all levels, going back over half a century and is one of the most diverse employers in the country.

Of doctors working in hospitals and community health services who are British citizens, 34.2 per cent are non-white. It takes a minimum of 8 years training to become a Consultant (the most senior hospital-based physician or surgeon) with an average age of 40.

Among consultants, the share of British non-white people is slightly smaller at 32 per cent. However, at some of the lower ranks, the share of non-white people is close to or more than half: for associate specialists, speciality doctors, and staff grade doctors, the share is around 48 to 51 per cent. For registrars, the share is 37 per cent, while for foundation doctors (who are completing general postgraduate training following medical school), the share of non-white people is about 31 per cent.

**Figure 12: British-born hospital doctors, by ethnicity and grade (2016)**



Source: NHS Digital 2016

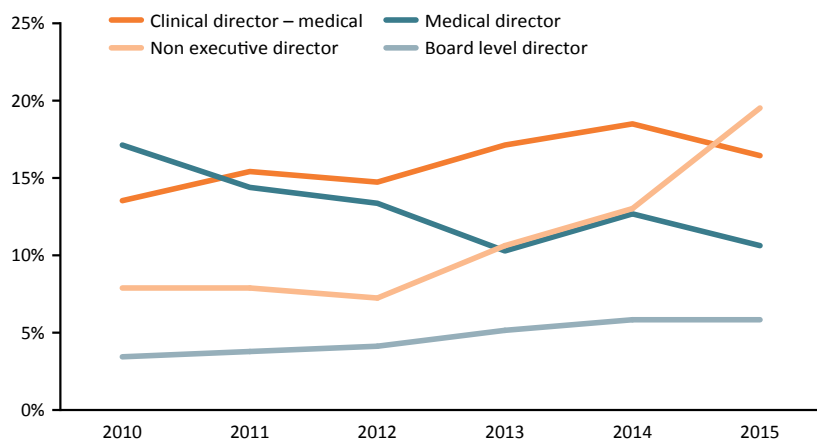
The share of non-white consultants has been rising steadily over time. As far back as 1992, the share of consultants who were non-white was 16.7 per cent. This statistic refers to those of all nationalities since data on nationality were only held by the NHS from the mid-2000s. The increase among non-white people is largely accounted for by rising numbers of South Asians. In 2009, the share of South Asian consultants was 13.8 per cent rising to 23 per cent in 2016. For black and Chinese consultants, the shares have crept up only slightly.<sup>68</sup>

The leadership of the NHS has received much attention and criticism for its lack of ethnic diversity at the very top. Indeed, the phrase 'snowy-white peaks', has gained common currency within the NHS. While it is true that the top positions that command the most influence and responsibility are largely white, it is not true to say that ethnic minority individuals are completely absent in these top positions.

In 2015, 5.8 per cent of NHS Trust and Foundation Trust board level directors were non-white. The share has been creeping upwards; in 2010 it stood at 3.3 per cent. The share of non-white non-executive directors stood at 19.9 per cent in 2015, up from 10 per cent in 2010.<sup>69</sup>

<sup>68</sup> NHS Digital

<sup>69</sup> Ibid

**Figure 13: Share of NHS directors who are non-white**

Source: NHS Digital 2016

Medical directorships are positions within the NHS leadership specifically designed for consultants to provide leadership in how medical care is delivered. The share of medical directors who are non-white stood at 8.8 per cent in 2016, down from 13.5 per cent in 2010. Clinical directors have responsibility for standards of clinical provision. 19.5 per cent of medical clinical directors are non-white with this figure holding roughly constant in recent years.<sup>70</sup>

### What is going on with the NHS?

Much research has been carried out on the rates at which minority ethnic staff are able to progress to senior leadership positions in the NHS. Since it was created, the NHS has heavily recruited from abroad and counts large numbers of British-born minorities in its ranks. Yet it has a persistently white leadership profile. Where leaders are unrepresentative of the populations being served, there are potential implications for the quality of care. Studies have found that NHS Trusts do not regularly monitor what services are required by local populations (which for a variety of reasons, including genetic ones, can vary by ethnicity) and that equality issues tend to be an afterthought in commissioning services; it is possible that this can contribute to the ethnic minority health inequalities that the NHS is trying to eradicate.<sup>71</sup>

So how diverse is the leadership of the NHS? For both doctors and nurses, senior ranks are considerably less ethnically diverse than more junior ranks. For all hospital doctors of known ethnicity, 58.9 per cent were white and 41.1 per cent were non-white in 2016. At consultant level, the proportions were 63.2 per cent white and 36.8 per cent non-white. For doctors of British nationality only, the figures are slightly better and indeed have improved since 2009, perhaps partly because British nationals of equivalent standard are preferred in recruitment. In 2009, 71.8 per cent of all British nationality hospital doctors were white, compared to 78.4 per cent of British nationality consultants – a gap of 6.6 percentage points. By 2016 the percentage point gap had narrowed to 2.2 points (65.8 per cent of doctors were white and 68.0 per cent of consultants), reflecting a considerable increase in the number of consultants over that time period.<sup>72</sup> In terms of reaching consultant level, progress has been made over the last few years.

<sup>70</sup> Ibid<sup>71</sup> Calkin, S. (2013) 'Exclusive: Race "a factor" in variability of sickle cell services, HSJ told', Health Service Journal; Salway, S. (2013) 'High Quality Healthcare Commissioning: why race equality must be at its heart', Race Equality Foundation'<sup>72</sup> NHS Digital (2016)



Progression to top leadership positions is a different story. When looking at the profile of medical directors (who are senior consultants and sit on the boards of NHS Trusts), there is rather less diversity. Only 8.8 per cent of medical directors of known ethnicity were non-white in 2015 – marking a fall from the 2010 figure of 13.5 per cent.<sup>73</sup>

It is evident then, that the make-up of NHS leadership is not reflective of its workforce. Particularly in London, it is nowhere near representative of the population it serves. There appear to be several barriers preventing minority ethnic staff from reaching the top of the NHS. Recent research using recruitment data from NHS Trusts found that even after shortlisting, non-white applicants are 1.78 times less likely to obtain jobs than white applicants. Pre-shortlisting, white applicants were 3.48 times more likely to get the job.<sup>74</sup> Another study found that non-white staff are nearly twice as likely to be subject to disciplinary action as white staff, with the researchers concluding that bias and inconsistent application of disciplinary procedures were likely to be among the causes.<sup>75</sup>

Issues have also emerged from the post-2010 reorganisation of the NHS. Many Primary Care Trusts have been abolished, reducing the number of Board positions available. Looking at the diversity statistics, it seems that non-white staff have disproportionately lost out as jobs have been cut – something that was foreseen and raised as a concern by the NHS Commissioning Board.<sup>76</sup>

A number of surveys of NHS staff (most recently the Workplace Race Equality Standard survey) have found that minority ethnic staff report more instances of negative treatment by management, patients and the public – all of which is likely to lower morale and affect performance, which in turn impacts on patient care.

So what can be done? Over the years, many senior figures have cited the issue of poor ethnic representation at senior levels as something to be tackled and many initiatives have been devised and scrapped. However, there has been little continuity and inconsistent application by local Trusts. Despite a statutory duty to publish equalities data on staff and service users, many Trusts do not do so. This needs to be remedied. All Trusts should be gathering data on service users so that they are effectively catering for the needs of local populations. Data should be also collected on staff so that Trusts are able to monitor and investigate any issues that arise. This will make it easier for researchers to compare data across the whole NHS. Where effective solutions are found by individual Trusts, they should be implemented across the NHS, rather than merely cited in studies as good practice.

## The 'public facing' professions

### The civil service and local government

The share of non-white people in the whole civil service stands at 11.2 per cent as of 2016. Most of these are South Asian, with at least 19,000 being employed in this sector. There are at least 10,000 black people and 900 Chinese.

7 per cent of Senior Civil Servants are non-white while 11.7 per cent of administrative officers/assistants – the lowest rank – are non-white. The shares of Chinese and 'mixed' are relatively small but they are fairly evenly spread across the ranks. It is only in the cases of black people and South Asians that we see strong clustering towards the bottom. However, the data from the Annual Civil Service Employment Survey are beset with non-disclosure of ethnicity and roughly one quarter give no information.<sup>77</sup>

<sup>73</sup> Ibid

<sup>74</sup> Kline, R. (2013) 'Discrimination by appointment', Public World

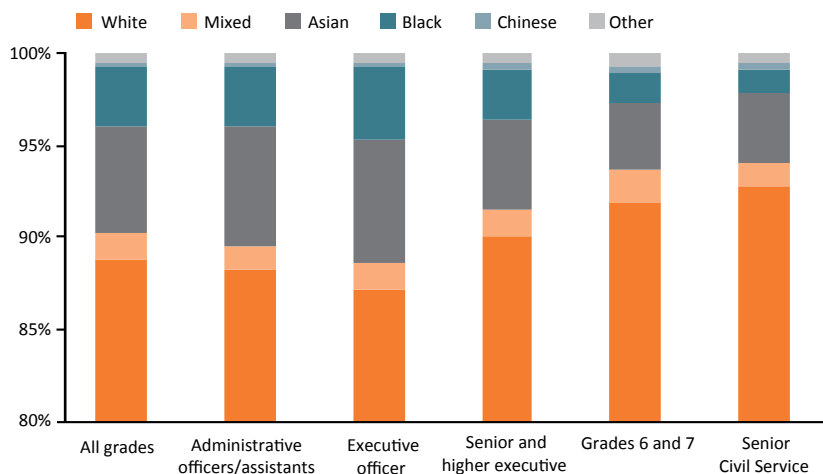
<sup>75</sup> Archibong, U. & Darr, A. (2010) 'The involvement of black and minority ethnic staff in NHS disciplinary proceedings'

<sup>76</sup> Williams, D. (2012) 'BME staff in risk in transition, commissioning board warned', Health Service Journal

<sup>77</sup> Annual Civil Service Employment Survey

The Senior Civil Service (SCS) is charged with the running of the Civil Service under the direction of the government. The share of non-white people in the Senior Civil Service has been rising. Today's figure of 7 per cent is up from 4.4 per cent in 2008.

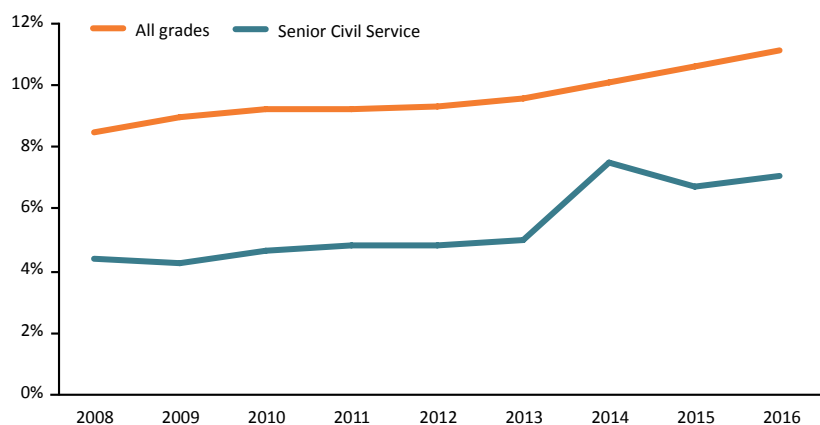
**Figure 14: The civil service by ethnicity and rank (2016)**



Source: Annual Civil Service Employment Survey 2016

Looking at the very top ranks of the service – the top 20 in government departments, the Permanent Secretary and directors, deputy directors etc – another report by Green Park found the civil service was even worse than the FTSE100. There are virtually no employees of black or Chinese/other Asian origin in the SCS grades 1 to 4. The broader ranks of the SCS have diversified somewhat in recent times, although change has been limited. As seen in Figure 15 below, the share of non-white SCS increased strongly between 2013 and 2014. Prior to this, the share had been creeping upwards steadily but very slowly. What change there has been, has been accounted for by increases in the proportions of black and South Asian senior civil servants, both of whom started from fairly low levels.<sup>78</sup>

**Figure 15: Share of non-white civil servants**



Source: Annual Civil Service Employment Survey

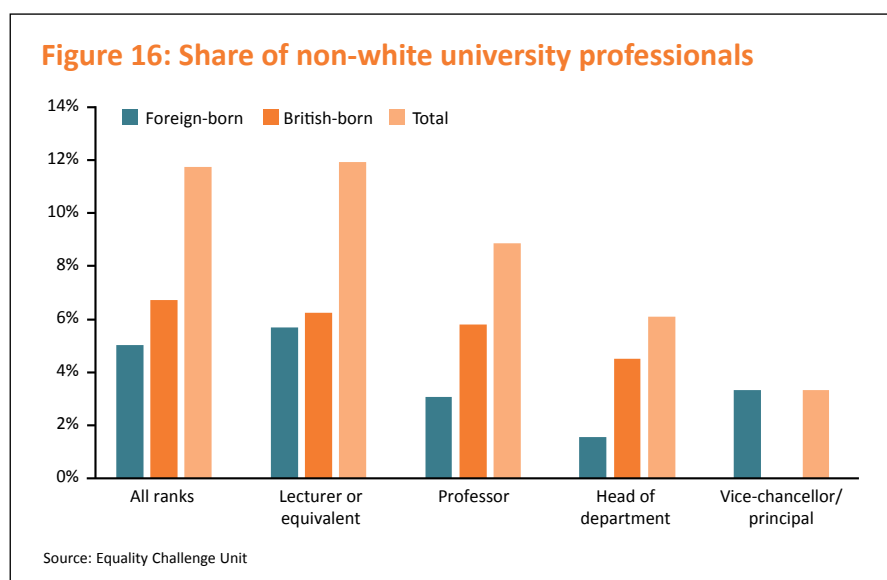
78 Ibid

In local government, the picture at the very top is near uniformly white. Analysis by Green Park found that of the top 20 leading officials working at county council and London borough level, 97 per cent were white. All Chief Executives are white as of 2015–16 while 96.5 per cent of Chief Officers are white. The layer immediately below – those reporting to the top 2 positions – is 97.2 per cent white.

In London, where roughly two fifths of the population is non-white, there are no non-white Chief Executives and 83.3 per cent of Chief Officers are white. The layer below these two positions is 91.5 per cent white. In the leading 8 cities outside of London, there are also no non-white Chief Executives.

### Academia

In 2013/14, there were 5 non-white Vice-Chancellors/Principals among the 154 universities of the United Kingdom and none of them were British born. Looking further down stream, we see increasing shares of non-white people, as seen in the Graph below. For instance, 8.9 per cent of professors were non-white as were 11.9 per cent of those at the rank of lecturer or equivalent. The share of non-white people is always much higher for foreign-born staff than for British-born staff.<sup>79</sup>



The share of non-white British-born academic staff has risen since the 1990s. In 1995, 5 per cent of British-national academic staff were non-white. The rate of change is slow, however. In 2003/04, it stood at 6 per cent, rising to 8 per cent in 2013/14.

The share of non-white British professors is also creeping upwards. In 2008/09, 5.5 per cent of professors were non-white compared to 7.3 per cent in 2013/14.

While white people are more likely to be professors, there are some important distinctions between specific groups. 11.2 per cent of white British academics are professors. For Chinese British academics, it is 14 per cent. For South Asians, the share is 9.8 per cent and for black British academics, it is 4.5 per cent.<sup>80</sup>

Research by Kalwant Bhopal on behalf of the Equalities Challenge Unit has found that non-white academics were more likely to consider moving abroad to

<sup>79</sup> Adapted from Equality Challenge Unit (2015) 'Equality in higher education: statistical report'

<sup>80</sup> Higher Education Statistical Authority

work. 83.6 per cent of non-white people said they had considered it compared to 71 per cent of white academics. What we can read into this is a matter of debate; there is the possibility of greater disaffection among minority academics or it may simply be down to greater global family ties. The question of whether or not they are currently considering moving reveals a slightly different picture. For white people and non-white people the share considering moving is more or less the same, at around two thirds in both cases. Note that this research is based on non-random sampling with often small sample sizes. Bhopal's work also reports that some minority academics felt they had been slighted or were subject to more-exacting treatment than their white peers, although many were positive about their experiences too.<sup>81</sup>

### Charities and social enterprises

The very top of the charity sector is near uniformly white (Javed Khan chief executive of Barnardo's is a notable exception as is Sir Harpal Kumar of Cancer Research UK). Green Park found that 4.4 per cent of charity executives were non-white as were 6.1 per cent of trustees.<sup>82</sup> A similar analysis conducted on behalf of Third Sector found that 12 per cent of chief executives were non-white, as were 6 per cent of senior management, and 8 per cent of trustees.<sup>83</sup> The discrepancy at the very top between the two studies will be down to the fact that Green Park looked at the 25 leading charities, while Third Sector looked at the top 50. Also, with small numbers of people – senior executives in a small single sector – one or two in absolute terms can translate into substantial differences in percentage terms.

While the top of the charity sector is white, it is more or less reflective of the sector as a whole. According to data from the Labour Force Survey, 91.1 per cent of people working for charities or in the voluntary sector were white, as of 2016.<sup>84</sup>

Social enterprises, an alternative to charities, are organisations that employ commercial strategies in order to bring about social change; they may be non-profit or not. Examples include the Big Issue and Cafédirect. They are often thought of as being more open and dynamic and therefore, are expected to be more open and attractive to ethnic minorities.

Research by Social Enterprise UK found that 12 per cent of social enterprise leaders – chief executives, managing directors, and owners – were non-white, while 31 per cent of social enterprises had non-white directors. Social enterprises tend to be inner city based and to have younger average age staff which may account for the high number of minority directors.<sup>85</sup>

### The armed forces

The nation's military is overwhelmingly white – 93 per cent of all members of the armed forces are white. For officers, the share of white people is even greater at 97.6 per cent. At the very top – ranks of Lieutenant Colonel and above – the share of white people is even greater still at 98.2 per cent.<sup>86</sup>

“Research by Social Enterprise UK found that 12 per cent of social enterprise leaders – chief executives, managing directors, and owners – were non-white, while 31 per cent of social enterprises had non-white directors”

81 Bhopal, K., Brown, H., & Jackson, J. (2015) 'Academic flight: how to encourage black and minority ethnic academics to stay in UK higher education'. Equalities Challenge Unit

82 Green Park (2016) 'The Green Park public service leadership 5,000'

83 Third Sector (2014) 'Diversity: the deficit at the top of the biggest charities'

84 ONS Quarterly Labour Force Survey (2016)

85 Social Enterprise UK (2015) 'Leading the world in social enterprise'

86 Ministry of Defence (2016) 'UK armed forces biannual diversity statistics: 2016'

There are, however, some important differences between the different services within the armed forces. The army has a larger share of non-white minorities overall – 10.2 per cent compared to 2.1 per cent for the Royal Air Force (RAF) and 3.5 per cent for the Royal Navy. The non-white minorities in the army are mostly black – 7.6 per cent while 2.9 per cent are Asian.

Within the Army, non-white personnel are strongly clustered in the lowest ranks. Among officers, the share is 2.7 per cent, and among the rank and file it is 11.5 per cent. Within the lower ranks, non-white members are clustered towards the bottom, for instance, 6.7 per cent at the rank of Sergeant are non-white compared to 13 per cent of those at the rank of Corporal and below. And a miniscule 0.2 per cent of those at the rank of Lieutenant Colonel and above are black.

In the Royal Navy, the situation is very similar, albeit with much smaller levels of ethnic diversity. Overall, 3.5 per cent are non-white: 1.9 per cent of officers, compared with 4 per cent among the rank and file.

In the case of the RAF, the ranks are overwhelmingly white at 97.9 per cent, but there is little by way of clustering. For instance, 2.1 per cent of officers are non-white compared to 2.1 per cent of all other ranks.

The only meaningful change has come in the army at the ranks of Sergeant and similar, rising from 3.9 per cent to 6.7 per cent, and implies that the pipeline might, in theory, produce more minorities competing at or near to top in the future. All three branches of the armed services have placed emphasis on improving the ethnic diversity of their intakes in recent years. The historic link between Sikhs and the armed services has been used in campaigns to increase the number of recruits. But little weight has been placed on the negative effect that might be created by the military's whiteness at the top.

### The media

Slowly, the share of non-white people is rising at the BBC. Change is incremental. In 2012, the share of non-white people stood at 12.3 per cent, rising to 13.1 per cent in 2015. The share of what the BBC calls “Leadership grade” stood at 9.2 per cent in 2015, slightly up on the previous year by 0.7 percentage points.<sup>87</sup>

In the case of Channel 4, in 2015 roughly 17 per cent of all staff were non-white, while for those in positions of leadership, the share was closer to 10 per cent.<sup>88</sup>

Among journalists, themselves, the level of ethnic diversity is less pronounced. According to the Labour Force Survey, 12.8 per cent of journalists are non-white. To date, there has only ever been one non-white editor of a major national newspaper – Amol Rajan of *The Independent* and only a handful of non-white columnists, including Gary Younge, Joseph Harker and Hugh Muir at the *Guardian*, Baz Bamigboye at the *Daily Mail*, Janan Ganesh at the *Financial Times*, Rohan Silva at the *Evening Standard*, Yasmin Alibhai-Brown at *The Independent*, and Sathnam Sanghera at *The Times*.

In 2000, Greg Dyke, the then Director-General of the BBC, publicly stated his concern that the top ranks of the organisation appeared “hideously white”. The BBC has subsequently employed a number of initiatives to improve diversity in various specialist fields and also in its senior management. The biggest criticism that it has faced over this period is that it has put too much effort into broadcaster diversity and not enough into its editorial ranks.

<sup>87</sup> BBC (2015) ‘Equality report’

<sup>88</sup> [www.channel4.com](http://www.channel4.com)

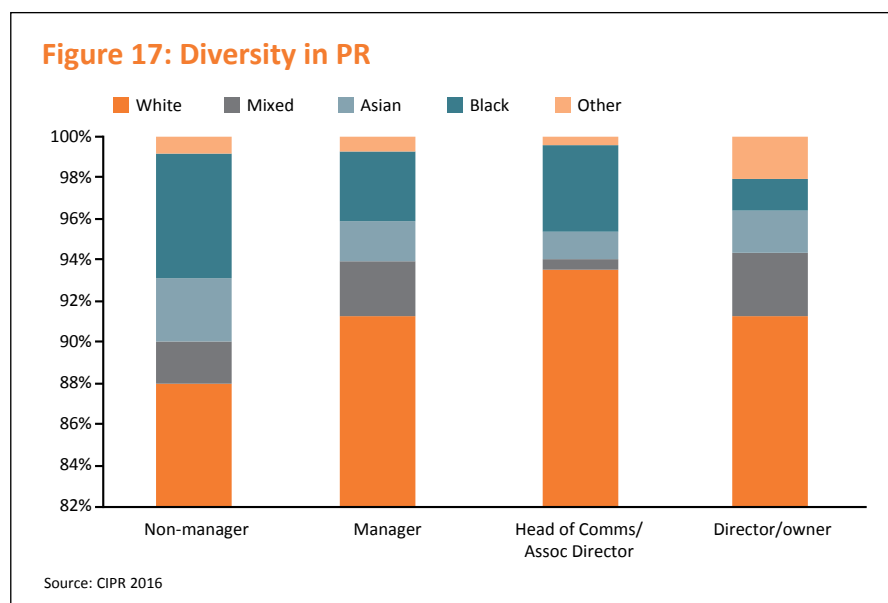
## The 'new' professions

### Advertising

A survey of 37 leading advertising agencies by the Institute of Practitioners in Advertising (IPA) found that 13.1 per cent of advertising professionals were non-white. Within advertising, non-white people are more likely to be found towards the bottom of the sector hierarchy. Overall, 14.9 per cent of executives and assistants are non-white compared to 8 per cent of chairs, CEOs, and managing directors. There are some important differences between types of advertising agency. Creative agencies are those that create advertising content, while media agencies work on the buying and selling of advertising space in the media. The IPA survey showed that creative agencies were much more open at the top than media agencies. 10.8 per cent of chairs/CEOs/managing directors were non-white in creative agencies compared to 2.9 per cent in media agencies. Similarly, at the bottom, there was a much more pronounced level of clustering for non-white people in media agencies than in creative agencies.<sup>89</sup>

### Public relations

Polling commissioned by the Chartered Institute of Public Relations (CIPR) found that 10.2 per cent of professionals working within public relations were non-white. Among directors and owners, the share was 8.8 per cent while at the bottom – those below the rank of manager – it was 12 per cent.<sup>90</sup>



The same polling found that white people tended to have been in the industry much longer. 18 per cent of white people had been working for more than 21 years in PR compared to 9 per cent of non-white people.

### IT and technology companies

Across the IT sector as a whole, the share of non-white people is high. Data from the Labour Force Survey shows that the share of non-white people among IT and telecommunications directors is 8.4 per cent. Classified at a lower ranking in the Labour Force Survey, IT managers tend to be slightly more diverse at around 11

<sup>89</sup> Institute of Practitioners in Advertising

<sup>90</sup> Chartered Institute of Public Relations

to 20 per cent. Looking further down, IT and telecommunications professionals tend to be even more diverse, still at 25 per cent. Towards the bottom of the IT hierarchy, between 8 and 17 per cent of IT technicians are non-white. This sector has a strong tradition, especially in South Asian families, and in recent years many skilled immigrants, especially from India, have arrived through the IT route.<sup>91</sup>

In the last decade or so, the ever expanding digital and social media sector has become the highest profile part of the IT sector. Based mainly in Silicon Valley but with offices worldwide, these companies include the social media giants Facebook, Google and Twitter. Jobs at these firms carry great prestige as well as high salaries, making this a particularly desirable career for skilled and ambitious young people. Diversity data for the UK offices of these firms is not available, with US diversity data being released for the first time only in 2014. But anecdotally, it certainly appears to be the case that ethnic minorities, and particularly people of South Asian background, are well represented at the highest levels in these companies in Britain. As a “new” industry, it tends to attract younger people, who are more likely to be from minority backgrounds, and is also less prone to ingrained class and cultural biases.

“Unlike the higher reaches of politics or the civil service or academia, which can benefit people from elite, white backgrounds and can disadvantage people from outsider backgrounds”

One senior executive in a well known internet company put it like this: “Yes, minorities do often flourish in the technology companies. What you have to remember is that these companies have an engineering culture, where there is more emphasis on your technical skills and ability to deliver results. Interviews are not usually about

impressing people with your quick wit but about passing a practical test.”

Unlike the higher reaches of politics or the civil service or academia, which can benefit people from elite, white backgrounds and can disadvantage people from outsider backgrounds, there is a lower requirement for cultural knowledge and presentational ability in the technology industry.

The employment data from the US show that the white to non-white ratio is not far off what might be expected when looking at the make-up of students studying computer science in US colleges – in fact, it is more diverse than expected. In 2013, it was calculated that 60.6 per cent of computer science graduates from US colleges were white, 18.8 per cent were Asian, 6.5 per cent were Hispanic and 4.5 per cent were black. However, not all groups are proportionally represented. There is a particularly large Asian representation in these jobs, which far exceeds the proportion that might be expected from student numbers. However, most of these tech companies employ half the Hispanic and only a quarter of the black tech-employees that might be expected from the computer science graduate pipeline.

Looking at senior leadership, we can see that there is significantly less diversity. Asians are well represented, presumably because there are so many working in the highly esteemed tech developer jobs. Indeed, Google’s current CEO (Sundar Pichai) is of Indian origin. What is striking is that the ethnicity breakdowns are extremely similar for both old and new tech companies – Microsoft was founded in 1975 and Apple was founded in 1976. Of the newer companies, Google was founded in 1998, Facebook was founded in 2004 and Twitter was founded in 2006.

91 ONS Quarterly Labour Force Survey (2015) – 4 quarter average

## Management consultancy

The management consultancy sector has been seen as an attractive niche for minorities who are highly qualified and motivated but are less connected to the traditional professions. In addition, the sector has been driven by the rise of professional qualifications delivered by businesses and management schools, which themselves are geared to international students and employment opportunities.

Data from the Labour Force Survey tell us that 14.2 per cent of management consultants are non-white.<sup>92</sup> In the course of this research, we met with the Management Consultancies Association who told us they did not collect the sort of data that would allow us to assess the extent of ethnic minority representation across the ranks, nor were they aware of any organisations that did so. They were at pains to assure us that the issue was being taken seriously despite the lack of data.

Given that large accountancy firms such as the big four are often undertaking management consultancy work themselves, it seems reasonable to expect that what is going on in the prestigious management consultancies, like Accenture and McKinsey & Co, is similar to what goes on at KPMG et al. With similar workplace cultures, we would expect to see similar outcomes.

## Overview of progression issues

For aspiring professionals, there is often the impression that ethnicity constitutes a barrier to promotion. A survey conducted by the University of Law on behalf of *The Times* found that 43 per cent of law students believe that being from an ethnic minority constitutes a barrier to making partner.<sup>93</sup> But is it true that there are differences in promotion rates?

Across most sectors white candidates systematically do better than minority candidates in the outcomes of competitive processes for promotion. Whether that is discriminatory requires us to know that the candidates from the two groups were equally well qualified, and that is usually hard to establish with confidence. Many minority promotion candidates certainly believe that they not only match but are indeed overqualified relative to their white counterparts.

Sometimes the discrepancy is so great that common sense is enough to suggest there is a problem. Research by Roger Kline, for example, has found that within the NHS England, 32.1 per cent of applicants for senior managerial positions were made by non-white people but only 7.4 per cent of appointments were non-white. The chances of a white person being appointed were nearly 6 times greater than someone who was not white. For very senior managerial positions, 15.2 per cent of applicants were non-white compared to just 4.2 per cent of those appointed.<sup>94</sup>

White lawyers applying to become QCs have a better chance of being successful. In 2015/16, 49 per cent of white applicants were successful compared to 28 per cent of non-white applicants.<sup>95</sup>

In some other parts of the public sector, the situation is very different. Data from the Department for Work and Pensions shows that promotion chances between its own white and non-white staff are roughly the same. In 2015/16, some 5 per cent of non-white staff received a promotion compared to 4.8 per cent of white staff. Of all promotions made in that year, some 12 per cent went to non-white applicants; that is against a benchmark of 11.6 per cent of the overall workforce within the DWP being non-white.<sup>96</sup>

92 ONS op. cit

93 *The Times*. October 13th 2016

94 Kline, R. (2013) 'Discrimination by appointment'. *Public World*

95 Appointments as Queen's Counsel in England and Wales (2016)

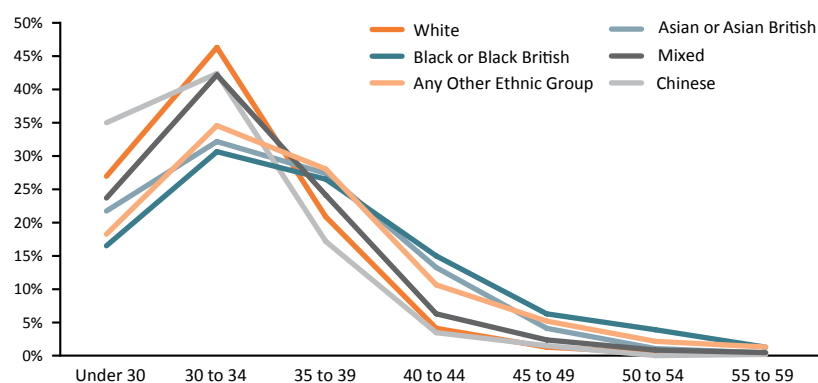
96 Department for Work and Pensions (2016)



Helpfully, these days many large companies attempt to measure employee performance and so it is possible to take account of the quality of candidates when assessing promoting chances. A study by EY found that even after controlling for performance, the difference in chances of gaining a promotion into senior management stood at 22 per cent in favour of whites. The same analysis found that there are differential windows of opportunity for promotion into senior management, alongside lower chances of promotion. For black men, if they are not promoted within 5 years, they are unlikely be promoted at all; for Asian and Chinese men, they are more likely to be promoted later. Among Asian women, promotion chances peak after 6 years, while for black and Chinese women the best windows of opportunity open up between 2 and 4 years and 6 to 7 years. The average white person will be promoted between 7 and 8 years into senior management.<sup>97</sup>

The relative age at which people are promoted is a factor in the medical profession too. Data on the age profiles of British-born NHS Registrars (a key pipeline position) show that white, mixed and Chinese Registrars tend to be younger, suggesting they are not remaining for as long in this position, while for other ethnic groups they are somewhat older, suggesting the opposite. Figure 18 below shows the rather long tail of South Asian Registrars, who are in their thirties and forties – and may have remained at this level for a long period. This fact sits alongside the fact that Asian appointments at this level also peak in their early thirties, in common with all other ethnic groups. Asian doctors are in a hurry early on to get to the top, but more are then parked on the wayside.<sup>98</sup>

**Figure 18: NHS British-national registrars, by age and ethnicity, 2016**



Source: NHS Digital 2016

Promotion is more likely to happen if you push for it and sometimes that requires someone to push you. Internal audits of the University of Manchester found that 67 per cent of white staff agreed that they had been encouraged to push for promotion compared to 47 per cent of Asian and 45 per cent of black staff (this is but one university – how typical it is is unknown). Notably, in 2014/15, the university's various faculty-level promotion committees regularly had no non-white members. In terms of success, some 67 per cent of applications for promotion made by white applicants between 2012 and 2014 were successful compared to 42 per cent for non-white ones.<sup>99</sup>

<sup>97</sup> Atewologun, D., Doldor, E., Wyatt, M., & Maharaj, A. (2016) 'Charting the course to partnership'

<sup>98</sup> NHS Digital

<sup>99</sup> University of Manchester (2015)

Non-white applicants have much lower chances of making a successful application at senior level in this particular university – 59 per cent of applications to be a Senior Lecturer were successful compared to 11 per cent of applications for Chairs (for white applicants, meanwhile, the rates were 67 per cent in both cases). Also, non-white academics apply disproportionately less for promotion (14 per cent of applications compared to an overall academic staff population of 20 per cent) and are more likely to report lower faith in their chances of success.

Lack of success and lack of support may contribute to a vicious cycle here. If this is the case, then employers have two inter-related challenges: to address barriers to help equalise outcomes and to convince those who have lost out in the past that things have changed. The latter of these challenges is difficult as it is about the reputational harm done by systematic unfairness.

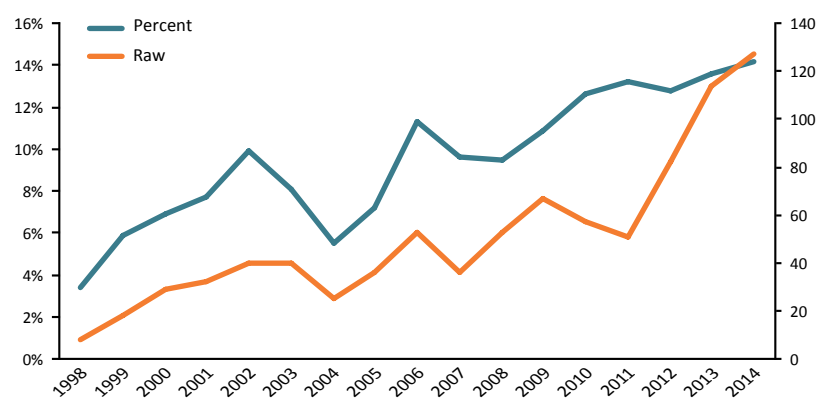
In order to properly benchmark the data previously outlined, it is necessary to judge the shares in the top jobs – consultants, partners etc. – not with reference to the overall share of the ethnic minority population but rather with reference to the shares of ethnic minority people entering the profession some 15 to 20 years ago. It would be unfair to criticise a sector or organisation for having no ethnic minority leaders today if it had no ethnic minority trainees entering some years back.

So what is the level of minority supply going into the professions?

The Civil Service Fast Stream is a recruitment programme for highly talented civil servants with strong academic credentials. They are the future leaders of the civil service. Data on appointments to the Fast Stream go back to 1998. Then, the share of non-white people stood at 3.4 per cent. Since then, the shares have risen steadily albeit with a slight blip in the early 2000s. In 2014, the share had reached 14 per cent.<sup>100</sup>

It is also worth noting that in absolute terms, the numbers, at least initially, have been very small. It was only after 2008 that the Fast Stream was regularly taking in more than 50 non-white people a year.

**Figure 19: Non-white appointments to the civil service fast stream**



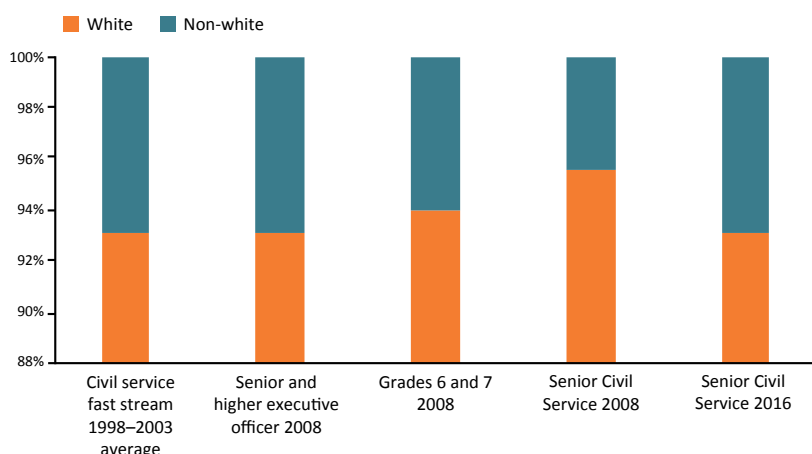
Source: Civil Service Fast Stream

The figure of 7 per cent non-white people for the total Senior Civil Service in 2016 compares very favourably with 6 per cent at Grades 6 & 7 and 7 per cent at Senior and Higher Executive Officers in 2008 – these being key pipeline positions for the senior ranks. Looking further back at the intake into the Fast Stream, we see that the average intake between 1998 and 2003 was 7 per cent.

100 Civil Service Fast Stream  
(2014) Annual Report

Despite a clear hierarchy within the civil service and with ever increasing shares of white people as you move up the ranks, it is clear that the Senior Civil Service of today resembles its key pipelines of the past and also its historic entry levels. Perhaps more crucially, more non-white people are flowing through in the proportion one would expect compared with 2008, when the share of non-white people was just 4 per cent.

**Figure 20: Progression in the civil service**



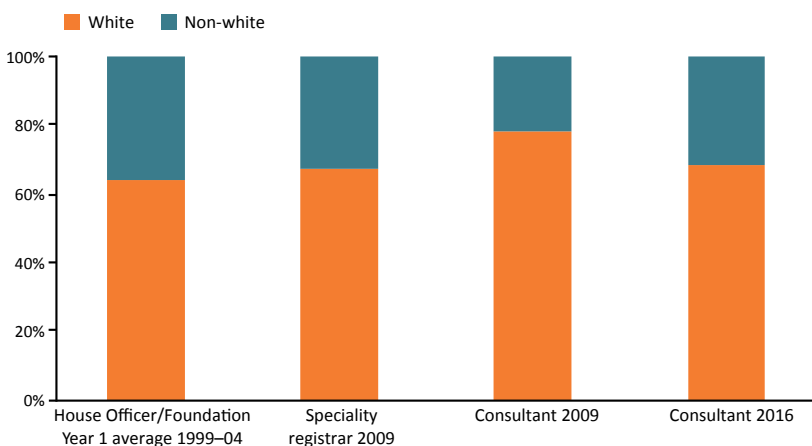
Data for NHS doctors are more far-reaching. Prior to 2005, the initial starting point for medical graduates was the position of House Officer. After 2005, a new system was imposed with House Officers now referred to as Foundation Year 1 doctors.

In 1992, 20 per cent of HO/FY1s were non-white. The share rose to around 35 to 40 per cent in the mid-2000s and has remained around that level ever since.<sup>101</sup>

In medicine, the share of consultants who were non-white stood at 32 per cent in 2016. In 2009, Speciality Registrars were 33 per cent non-white, while the share of House Officers/Foundation Year 1 doctors was 36 per cent.

In medicine, the consultants of today resemble the registrars of yesterday and the trainees of the day before. Moreover, if we compare today's consultants to the consultants of 2009, they are a more accurate reflection of trainee numbers.

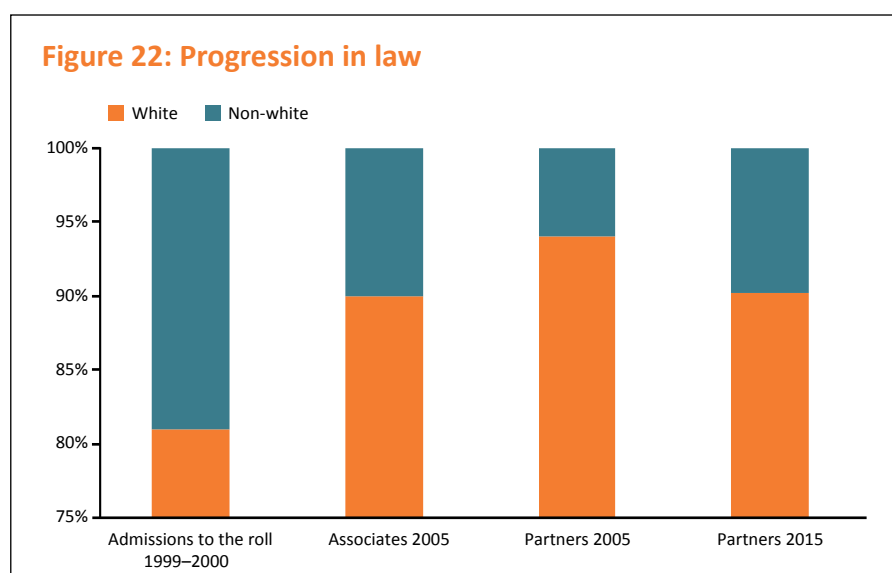
**Figure 21: Progression in medicine**



The Supreme Court Roll of Solicitors is a register of all solicitors qualified to practice in England & Wales. Once aspiring lawyers have completed their traineeships, they have to apply to be on the Roll. Between 1999 and 2005, the shares of non-white people admitted to the Roll hovered at around 17 to 20 per cent. It has climbed since then and stands as of 2014/15 at 27 per cent.<sup>102</sup>

In 2015, 10 per cent of partners were non-white. What of the supply? In 2005, 10 per cent of associates (just below partner) were also non-white, while in 1999–2000 19 per cent of admissions to the Roll were non-white. Today's partners when compared to the partners of yesteryear, seem to resemble more closely the associates of 2005 than the partners of the same year – 6 per cent of partners were non-white in 2005.

The fact that admissions to the Roll at the turn of the century are less white may very well reflect difficulties in getting into law firms in the first place. It may also reflect that many international trainees are completing the training without the intention of practicing in the country.



While overall the legal profession appears to be on track, the leading companies of the Magic Circle do seem to lag behind, with the exception of Allen & Overy. Recall that the share of non-white people at partner level stood between 5 to 6 per cent.

Similarly, the top accountancy firms also seem to lag slightly behind what would be expected. 5 per cent of partners at the leading accountancy firms are non-white. Finding the correct point of reference for these companies is more difficult since there are multiple routes into these firms – people either enter as graduates and receive training in-house or they enter as qualified accountants; whatever the route, historic data on the level of entrants is hard to come by.

We do know, however, that around the mid to late 1990s, the share of ethnic minority individuals leaving Russell Group universities was around 9 per cent. Furthermore, the share of recent graduates who have gone into business and finance-related professions in 2003/04 was 15.3 per cent. Against this backdrop, it would appear that the figure of 5 per cent non-white partners is an under-representation.

<sup>102</sup> The Law Society (2005) 'Trends in the solicitors' profession: Annual statistical report 2005'; The Law Society (2016) 'Trends in the solicitors' profession: Annual statistical report 2015'

“Looking at three broad professions – the civil service, law, and medicine – we have found that generally the higher reaches of these are much in line with their historic pipelines”

Similarly, for the FTSE100, there is a clear under-representation of non-white people (and most are not British) relative to the share coming through the Russell Group in the 1990s. Shares of non-white people is at 4 per cent for executive directors and is 6.8 per cent for non-executive directors in the FTSE100. The same

would apply for the 5.7 per cent share of non-white people at ‘Top 100’ level – the key pipeline position into leadership.

So is there a glass ceiling? It makes little sense to look at the non-white population as a whole, around 14 per cent, and consider any failure to match that proportion at the top of a business

or profession as evidence of discrimination. More than half of the non-white population are immigrants, many of whom will have neither the education nor the linguistic or cultural fluency to flourish at the highest level in British society. That is why we have focused on the minorities coming out of top universities 20-plus years ago and on those starting as trainees in the professions or business (less so in the case of business because of the lack of data). Looking at three broad professions – the civil service, law, and medicine – we have found that generally the higher reaches of these are much in line with their historic pipelines. It is only at the very top that we see an issue. The very top of the senior civil service, FTSE100 boards, NHS Trusts, local government, Big Four accountancy firms, most Magic Circle law firms, all seem to lag behind. So the answer would be yes, there is a glass ceiling for non-white ethnic minorities but it is much higher than some of the more pessimistic critics seem to believe.

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# 3

## What's the Problem?

**SUMMARY:** As we have seen, at the very top levels of the FTSE100, the NHS, the central civil service and local government, the long march of some minorities up the social ladder seems to have been halted. This might just be a pause before the storming of the final redoubts. However, the lack of a pipeline of minority talent in some of these places, and the experience of the NHS (where there has been a strong pipeline for some time), suggests that this might be optimistic. In some of the traditional professions, above all law and medicine, the story is more complex, with some evidence of slower promotion to partner/consultant but also more recent evidence of improvement. In this section we look at the story of progression and promotion, how it works and how it may not always be working for minorities.

### Discrimination in hiring and promotions

Discrimination in the work place is very hard to nail down. Different promotion rates are in themselves not evidence of discrimination. We do know, however, that when it comes to job applications in the labour market as a whole, employers sometimes do still discriminate.

Discrimination within recruitment has been shown in the famous CV research by Martin Wood et al. in a series of experiments carried out by NatCen for the Department for Work and Pensions. In the experiment, like-for-like CVs were sent off as part of applications for advertised jobs, but some had typically majority white British names, others typical ethnic minority names. Overall, it was found that applications made in 'white' names had a success rate of 10.7 per cent in terms of getting a call-back compared to 6.2 per cent made in 'non-white' names. For every one successful white applicant, there was 0.73 successful non-white applicants. To get a successful application, a white candidate would need to make 9.3 applications compared to 16.2 for non-white people.<sup>103</sup>

The same study found that, of all the occupations applied for, the level of discrimination was most pronounced when applying for an HR manager or an office assistant. Discrimination was much lower when applying for positions such as teaching assistant, sales assistant and accountant (note that only a limited list of occupations was tested).

Significantly, from the point of view of this report, discrimination was found to be much less pronounced when applying for higher level occupations. It was also much lower in the public sector than the private sector and much more apparent among smaller employers than larger ones. Men were more likely to be discriminated against than women on grounds of their ethnicity. Each of these patterns is revealing in describing the contours of the problem. Cumulatively,

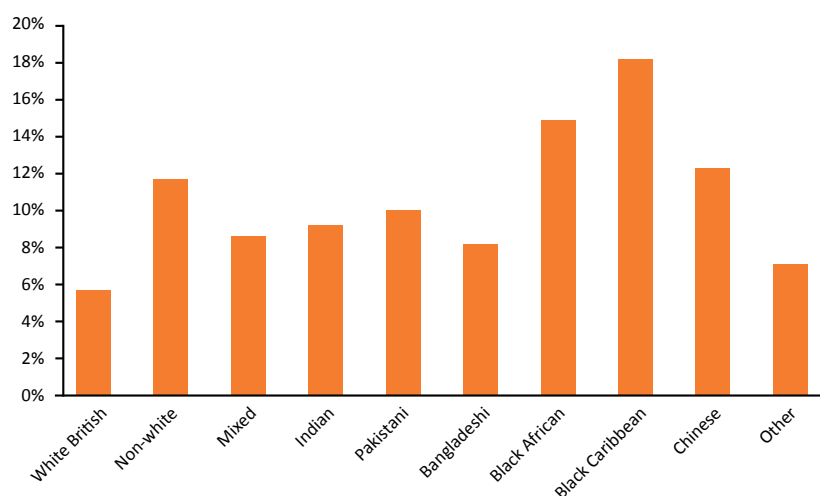
103 Wood, M., Hales, J., Purdon, S., Sejersen, T., & Hayllar, O. (2009) 'A test for racial discrimination in recruitment practice in British cities'. Department for Work and Pensions Research Report No 607

they provide an insight into those places where problems are likely to be most pronounced: men with non-English sounding names chasing after middle ranking jobs with smaller employers in the private sector are facing some difficult odds.

Another way to think about evidence for discrimination is self-reported discrimination in surveys. For instance, polling among ethnic minority senior executives found that 27 per cent believe bias and discrimination exist in their organisation's culture.<sup>104</sup> Such statistics need to be treated with some caution as they rely on perception which can be debated endlessly. Some people may believe themselves to have been discriminated against when they have not been, while others may have been discriminated against but were unaware of it.

The government's Citizenship Survey, looking at the whole labour market, asked respondents if they believed that they been discriminated against at work with regard to obtaining promotion or moving to a better position in the last 5 years. Of those who had applied for a promotion, 6 per cent said they believed they had been discriminated against. Overall, just under 12 per cent of non-white respondents thought they had been discriminated against compared to 5.7 per cent of white British. Most strikingly, 18.2 per cent of black Caribbeans believe they were unfairly passed over for a promotion as did 14.9 per cent of black African and 12.3 per cent of Chinese respondents. For Pakistanis, the share was lower at 10 per cent, while for Indians and Bangladeshis the share was lower still at 9.2 and 8.2 per cent, respectively.<sup>105</sup>

**Figure 23: Share believing themselves to have been discriminated against in promotion**

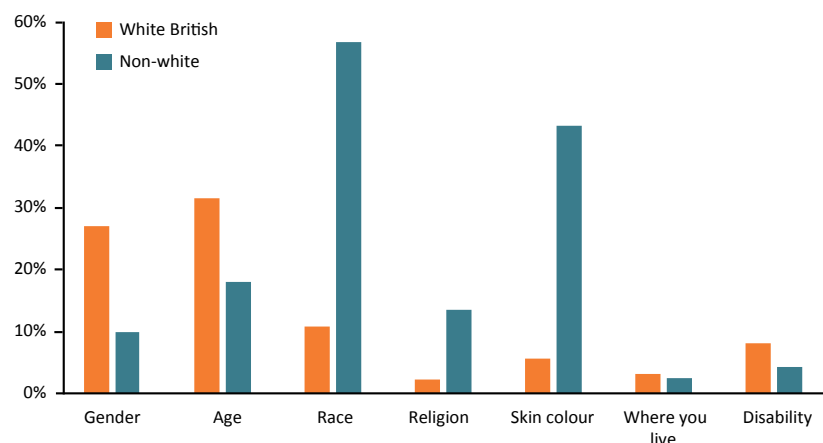


Source: Citizenship Survey 2009/10 & 2010/11 pooled

The same survey went on to ask those who said they believed themselves to have been discriminated against, on what grounds they believed it to have been on. Non-white ethnic minorities were more likely to report discrimination on grounds of race, colour, or religion, while for the white British majority, they were more likely to cite gender and age as a reason. For the non-white respondents, some 56.8 per cent of those who believed themselves discriminated against cited grounds of race, 43.2 per cent cited grounds of skin colour, and 13.6 per cent gave religion as a reason (while numbers are small, it was generally the Muslim Pakistanis and Bangladeshis who did so).

104 Engage (2016) 'The ethnicity gap'

105 DCLG, Ipsos MORI. (2012). Citizenship Survey, 2009–10, 2010–2011 pooled

**Figure 24: Reported reason for discrimination**

Source: Citizenship Survey 2009/10 &amp; 2010/11 pooled

### Unconscious bias and a 'white print' for promotion?

Unconscious bias refers to prejudices we have that we are not aware of. It is not the same as active hostility or purposely singling out some people for preferential treatment. Rather it is more akin to 'fast thinking' – those quick decisions we make unconsciously that are no doubt connected to particular values or world views that are hard wired into our minds. Such bias is probably commonplace because it is reflexive and automatic. It is also no doubt laced with preferences and prejudices based on our upbringing and family and social backgrounds.

Human beings tend to discriminate. They differentiate themselves into in-groups and out-groups and will be prone to favour those who they perceive as belonging. And perhaps more importantly, they will feel more comfortable with those who they perceive to be part of an in-group – for example, sport-loving, middle class white male – than those who are not.

The assumptions of those controlling access to the top are obviously crucial here. A number of interviewees in this study spoke about their belief that gate-keepers have an image of who they are looking to appoint for positions of leadership. Essentially, it is thought that people have an innate bias towards recreating what has gone before. If people have seen certain types of people in positions of power, then they will look to appoint in that image. And past patterns make it harder to question what is a settled, 'normal' picture. Polling by Harvey Nash's Engage network of senior executive and board leaders from ethnic minority backgrounds found that 63 per cent believed that the unconscious biases of boards and CEOs is a factor in explaining why there is so little diversity at board level.<sup>106</sup>

Indeed, FTSE100 CEOs do have a certain profile. They are nearly all white, male, university graduates and one fifth have MBAs. Nearly 30 per cent have studied at Oxford, Cambridge or Harvard. Often they have already been CEOs at other companies (18 per cent) or have already held other senior positions.<sup>107</sup> If ambitious minority people do not fit the mental image of what leadership looks like, they fear they will be overlooked.

106 Engage (2016)

107 [http://eu-a.demo.qlik.com/QvAJAXZfc/opendoc.htm?document=demo%2FCEO\\_UKDACHAPAC.qvw](http://eu-a.demo.qlik.com/QvAJAXZfc/opendoc.htm?document=demo%2FCEO_UKDACHAPAC.qvw)



## Cultural fit

Throughout the course of our investigations we kept on coming back to the themes of culture and cultural fit. For those who come from a non-typical background, the implicit culture or feel of professional life can seem alien, especially for those from both a minority and a working class background. Moreover, research by the Equality and Human Rights Commission found that of advertisements for FTSE350 leadership roles, 28 per cent specified some form of cultural fit or ‘chemistry’.<sup>108</sup>

“Ethnic minority people will often have the skills and qualifications but may require greater and/or different cultural literacy to flourish in an elite environment”

Ethnic minority people will often have the skills and qualifications but may require greater and/or different cultural literacy to flourish in an elite environment. We talked earlier about the “Glyndebourne factor” which can lead to people feeling intimidated. Anecdotal evidence suggests this is a problem for

some but many people from non-standard backgrounds are happy to adapt to the corporate culture in both its formal and informal workings, and others are already highly integrated into the traditionally white majority dominated social and cultural capital networks of high status jobs. As we saw earlier a significant slice of minority high-flyers are now privately educated.

Not all cultural norms are equally open or appropriate, however. The consumption of alcohol may prove a problem for some Muslims and lack of deference towards significantly older workplace colleagues may be abnormal for some minorities.

Ethno-cultural differences remain important and a company culture that is aware of different cultural priorities can at least avoid unintentional alienation. According to the Integration Hub, weekly attendance at religious services is undertaken by around 50 per cent of black people as well as Pakistanis and Bangladeshis. For white people, the norm is for attendance only on special occasions, if at all. Alcohol underwrites so much socialising in working lives – either in the context of professional networking or relaxing after work. Yet ethnic minority people are often much less likely to drink: 70.2 per cent of white British people said they had had a drink in the last week compared to 12.8 per cent of Pakistanis and 36.7 per cent of Bangladeshis. For Indians and Chinese, the figures are 45.4 per cent and 44.3 per cent. This does not mean that alcohol should not feature in work related socialising, but it should just be part of office common sense that some people will want to drink something else.<sup>109</sup>

108 EHRC op. cit

109 Engage op. cit

### A lesson in fitting in – reflections from Professor Swaran Singh, Warwick Medical School

When I came to the UK in the 1970s, racism was rife in the NHS. The old merit award system meant that white colleagues in closed committees rewarded other white colleagues. I saw how hard working, able non-white colleagues who were trying to fit in did not receive the same financial reward. This was explicitly changed in the current ACCEA system (Advisory Committee on Clinical Excellence Awards) where points are given in an objective way to each application. However there are cultural problems that are harder to deal with. Many non-white colleagues, especially if they have been trained abroad, simply do not know the subtle 'English' way of selling oneself. It is a clever art, boasting while appearing humble. And it is hard to learn. Having removed explicit racism, we are now left with the intangibles of human communication which sometimes hamper advance. One solution is for white peers to help non-whites in writing their applications for promotion and advance.

In the NHS, it is middle management which tends to be most cliquey. It is less to do with prejudice and more to do with 'fit' – the in-group and out-group. This is especially relevant to Muslims who tend not to socialise in the same way as non-Muslims, sometimes for cultural/religious reasons. It is human nature to gravitate towards our own kind; it is hard to change and legislation is not the answer. I often personally 'train' overseas doctors on how to succeed in interviews; how to sound 'white', not in terms of accent or language but nuance, self-deprecating humour and leaning in. It works!

### Performance appraisals

Performance appraisals are reviews of how an employee is performing in his or her job. They vary from organisation to organisation and have subjective and objective components. Sometimes an employee may be measured against an objective target, such as the amount of revenue he/she brings in or whether a target on operational delivery has been met. Or an employee may be assessed by his or her line manager according to how that person is perceived to have done.

Research by the Runnymede Trust has found that white employees score better in performance appraisals – 8.9 per cent are scored in the highest category compared to 5.5 per cent of non-white people. For those in the second highest category, the figures were 26.1 per cent and 23.3 per cent. respectively – slight differences but not insubstantial.<sup>110</sup>

In the Civil Service, white people also receive better appraisals. In 2014/15, 20.5 per cent of whites were assessed as exceeding expectations compared to 15.5 per cent of non-whites. Such differences can also be found in the private sector.<sup>111</sup> A study at EY found that at senior management level, white men on average received higher performance ratings, although there were little differences between whites and Asians of both sexes. Black women were consistently assessed less favourably at all levels.<sup>112</sup>

Furthermore, young white barristers tend to outperform all others in their legal training, even when taking into account the ability they had demonstrated in their undergraduate studies. In 2012–14, the vast majority of white people with 1st class degrees – around 90 per cent – were graded as outstanding or highly competent. This compares to around 60 per cent for black and Asian 1st class degree holders. Nearly a quarter of black trainees either failed or dropped out.

110 Runnymede (2014) 'What can businesses do to tackle race discrimination?'

111 Ethnic Dimension (2014) 'Identifying and removing barriers to talented BAME staff progression in the civil service'

112 Atewologun et al. op cit

Among those with 2:1s, a majority of white people were graded as outstanding or highly competent in the appraisal system, while this applied to fewer than 50 per cent of black people and Asians.<sup>113</sup>

There are three possible reasons why these differences exist. It could be that ethnic minority individuals are as good but not performing as well or it could be that they are performing as well but being failed by the measurement criteria. The strong element of subjectivity in performance appraisals could be an opportunity for biases to creep in.

There is also the possibility that such appraisals are fair and are accurately measuring performance. If this is true, then potential explanations for the outcomes could be differences in levels of ability or motivation on the part of minority professionals. Whatever the explanation, it is clear that if whites are more likely to have a stronger appraisal, then this will give them greater leverage in their careers and lead to greater chances of promotion. The EY analysis showed that performance indicator scores were a strong predictor of the likelihood of gaining promotion. However, significantly, even when performance ratings were taken into account, minority ethnic individuals were less likely to be promoted into senior management compared to their similar performing white counterparts.

### Aptitude testing

Another possible indirect obstacle may be the use of aptitude testing. Aptitude tests are used primarily to assess the suitability of candidates for entry into an organisation. They are also sometimes used to assess candidates for progression within a company or organisation.

Daniel Hinton has shown that there are consistent differences between ethnic groups when it comes to taking aptitude tests. White candidates tend to outperform non-white ones, although the extent varies across the whole gamut of aptitude tests available. Furthermore, white minorities tend to outperform the white British majority, as do Chinese people in some situations.<sup>114</sup>

Hinton found that some of these differences could be partially accounted for by socio-economic background variables. He also found that having prior familiarity with aptitude tests did matter but that it was not sufficient to explain away the ethnic differences.

Another example of how aptitude tests can present a barrier to participation comes from student applications to study medicine. The UK Clinical Aptitude Test (UKCAT) is sat by applicants to 26 separate medical and dental schools. It was introduced in order to facilitate access into the profession for those traditionally excluded, since A-level results were deemed to be influenced too much by socio-economic background. Tiffin et al. found that white people were more likely to do well on UKCAT. Chinese people were not too far behind, while South Asians and black people tended to lag further behind. Furthermore, those identified as not having English as their first language fared worse on average. In addition, men and those from private schools tended to do better.<sup>115</sup>

How minority individuals approach a test cannot be immediately discounted. The Behavioural Insights Team, the so-called Nudge Unit, specialises in applying behavioural psychology to bring about changes in how people behave. One relevant example of their work was on police recruitment, undertaken with the Avon and Somerset Constabulary. Applicants were required to take an online

113 Bar Standards Board (2016) 'BPTC key statistics report'

114 Hinton, D. (2014) 'Uncovering the root causes of ethnic differences in ability testing'. PhD thesis

115 Tiffin, P.A., McLachlan, J.C., Webster, L., & Nicholson, S. (2014) 'Comparison of the sensitivity of the UKCAT and A levels to sociodemographic characteristics: a national study'. BMC

situational judgement test as part of their recruitment. It was known that 61.6 per cent of white applicants passed the test as compared to 40.6 per cent of non-white applicants. Making simple adjustments to the reminder email sent to applicants before the test brought about some extraordinary changes. Researchers adjusted the email making it more friendly and asking them to consider what becoming a police officer meant to them and their community. Once these changes were in place there were no significant differences between white and non-white candidates sitting the test.<sup>116</sup> There is likely to be a large number of similar small changes in framing tests and applications that could nudge better outcomes.

## Taking diversity seriously

If the chances of a minority individual progressing are conditional on the extent to which they feel comfortable and accepted within their organisation, then the extent to which that organisation takes diversity and inclusion seriously will matter. One diversity and inclusion manager at a large-scale professional services company told us that most of the partners were hard to persuade on the importance of minority progression. That said, when asked, business leaders are only too quick to praise diversity. The 2016 PWC Annual Survey of CEOs found that 83 per cent agreed that their attempts to diversify their organisations had strengthened company reputation, while 78 per cent said it had helped the company to innovate. 85 per cent said it had helped enhance business reputation. Furthermore, 76 per cent of companies have board diversity policies.<sup>117</sup>

For such companies, trying to convince them to look at themselves critically is hard. A successful company will think that, on the contrary, it has a vested interest in carrying on as before.

Diversity and inclusion specialists are now common among HR professionals. However, polling conducted on behalf of Business in the Community has found that only a minority of employees say that their employer has at least one senior leader or champion who actively promotes equality and diversity. Indeed, there are substantial differences across sectors. It found that 39 per cent of employees working in finance and law had such a diversity champion compared to 24 per cent in retail, 23 per cent in hospitality and leisure, and 21 per cent in media/marketing and public relations. Close to a quarter of employees reported that their employer offered no diversity and inclusion training.<sup>118</sup>

This can be a benefit or a barrier, it seems. Having more diversity champions in itself may not solve the problem. Indeed, they may become a focus for scepticism about diversity. One senior headhunter we interviewed said it was far more important for senior staff to back workplace inclusion rather than relying on diversity silos. Furthermore, polling by the Engage network found that 56 per cent of non-white minority executives thought CEOs and leadership teams did not see the value of diversity. This shows that there is a great deal of disconnect between what white CEOs think they are doing and how it is perceived by their immediate non-white minority colleagues.<sup>119</sup>

## Ambition and leaning in

In addition to the evidence for the various barriers faced by minority individuals, there is also the possibility that there are self-imposed barriers. Sheryl Sandberg of Facebook has written about how women's advancement is conditional on

116 Behavioural Insights Team (2015) 'Update report 2013–15'

117 PwC (2016) 'Diversity Journey'

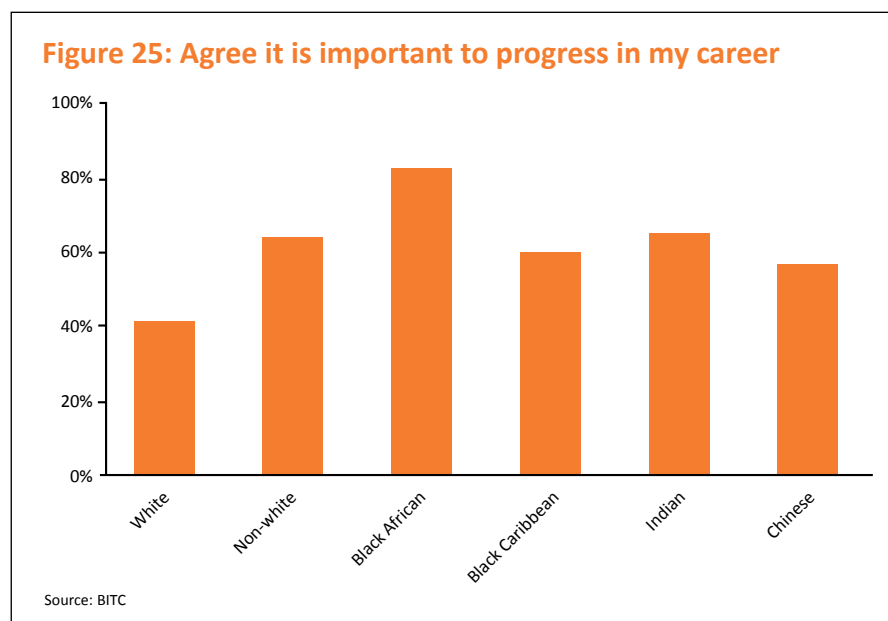
118 Business in the Community (2015) 'Race at work report'

119 Engage op. cit

their own personal drive: as she puts it – their willingness to “lean in”. She cites research showing 36 per cent of men wanted to advance to the “C-suite” compared to 18 per cent of women. Her reading of this is that, in order for women to advance to the highest levels, they have to change their mind set. Her argument is that women have internalised low ambition messages about themselves and opt out rather than meeting their fullest potential.<sup>120</sup>

Whether or not Sandberg is correct is contentious. This approach is sometimes seen as blaming the victim. But there is no question that someone who manages their “career capital” well, regardless of the attitudes and behaviour of others, is going to have a far greater chance of success than someone who does not. Such active career management might appear to be a fad, but it speaks to a widespread phenomenon. Many (especially younger) high flyers take responsibility for acquiring both the right blend of skills and the optimum connections to be able to compete for senior roles. Might ethnic minorities be managing their own advance less well than white people?

Polling conducted on the behalf of Business in the Community gives us some insight into the career ambitions of both ethnic majority and minority people in the economy as a whole. Strikingly, the proportion of non-white respondents who say it is important for them to progress in their career is much greater than that of white people – 64 per cent compared to 41 per cent. So motivation does not appear to be the problem.<sup>121</sup>



The exact breakdown for specific groups was – black African 83 per cent, black Caribbean 60 per cent, Indian 65 per cent, and Chinese 57 per cent. And 40 per cent of non-white people said they would be interested in a fast track management programme – substantially more than the 18 per cent of white people who said they would. Note that in this polling the white respondents tended to be somewhat older and so may think less about career progression due to greater family pressures or because their ambitions may have already been at least partially met. (When it comes to actually getting on fast track programmes, for white respondents the share was 7 per cent as compared to 5 to 15 per cent for different groups of non-white respondents.)

120 Sandberg, S. (2013) ‘Lean in’

121 BITC op.cit

It is clear that most minority people want progression and a substantial minority are highly ambitious. But the question of how they apply their ambition remains. One diversity chief at a major professional services firm told us that white men stand out in that they strategically plan who they need to have coffee with in order to get noticed. It is not enough to be good at your job but rather how well you hustle. This is a part of what it is to lean in.

The Citizenship Survey gives us some indication of promotion application rates across ethnic groups. The table below shows us the likelihood of applying for promotion across ethnic minority groups, relative to white British respondents. The numbers in the table are odds ratios – these are showing the size of the odds for an individual group relative to those of the white British. This shows that the odds of a Bangladeshi applying for promotion are 153 per cent those of a white British person, or the odds for a Chinese person are 84 per cent of those of a white British person. The first column shows the odds ratios for each specific group. As we can see, the odds of applying for promotion are greater for all ethnic minority groups with the exception of the Chinese and Indians, for whom there are no statistically significant differences. However, all is not what it seems. Better educated people are more likely to apply for promotion as are younger age cohorts. Ethnic minority people are often both. Controlling for these has the effect of bringing down the likelihood of ethnic minority people applying for promotion. As we see in the second column, Chinese and Indian people are less likely to apply for promotion than the white British, while black Caribbean and black African people are more likely to apply, although the differences are not so great as before. The odds of a Chinese person applying for promotion are three fifths of those of a white British person. For all other groups, no statistically significant differences are observed.<sup>122</sup>

**Table 1: The likelihood of applying for promotion relative to the white British**

	Raw	With controls
Bangladeshi	<b>1.53</b>	1.15
black African	<b>1.60</b>	<b>1.28</b>
black Caribbean	<b>1.37</b>	<b>1.26</b>
Chinese	0.84	<b>0.61</b>
Indian	1.10	<b>0.87</b>
Mixed	<b>1.46</b>	1.18
Pakistani	<b>1.24</b>	0.92
white Other	<b>1.27</b>	1.05

Note: odds ratios, statistically significant differences in bold font, Citizenship Survey 2009–10 & 2010–11 pooled

## Discipline and retention

In order for minorities and all employees to compete for jobs, the workplace environment itself will have to offer some basic degree of dignity and equality. Those environments that are rife with bullying or harassment are undoubtedly the ones that produce high and enduring levels of bias and discrimination. In the same way that harassment can serve to impede progress, it also worth

122 DCLG, Ipsos Mori op.cit

looking at the effects of a profession's own regulatory arrangements. Minorities often tend to be over-represented in disciplinary proceedings within their professional or regulatory bodies. Their over-representation has led to a debate in which some claim that this reflects the bias of disciplinary processes and others who assert that it stems from minorities being concentrated in fields and practices that are more risky than others. For example, the Independent Comparative Case Review completed in 2014, found not only that non-white solicitors were more likely to be under investigation, but they were also more likely to have action taken against them, and in such cases where fault was established, receive higher penalties. The report argued that there was no evidence of discrimination or maleficence but the disproportionality rather arose from the different kinds of law practices that people of different ethnicities found themselves working in. Since minority lawyers are more likely to be working as sole practitioners or in small firms, which are more likely to face regulatory action than large firms, it was argued, they are more likely to come to the attention of the regulator.<sup>123</sup>

“Breaking down the retention rates by gender shows that while there is little difference between white and non-white women, there does seem to be a retention issue for men”

Looking at employers, research into disciplinary action within the NHS has also concluded that non-white minority staff are more likely to be subject to disciplinary proceedings. Analysis of available data by Archibong et al. found non-white staff to be more likely to be disciplined by a ratio of 2:1.<sup>124</sup>

Similar findings have been found for midwives.<sup>125</sup> Furthermore, a 2012 review of disciplinary matters in the police found similar patterns.<sup>126</sup>

Likewise in academia. For example, an internal review at the University of Manchester found that non-white staff represented a disproportionate share of disciplinary cases – compared to the overall staff population, non-white staff were twice as likely to be disciplined as of 2013–14. Most cases do not involve academic staff but rather professional support staff.<sup>127</sup>

This is not true in all organisations. Statistics from the Department for Work and Pensions show 2 per cent of white staff were disciplined in 2013 compared to 2.4 per cent of non-white staff – a paltry difference relative to those discussed above.<sup>128</sup>

What about retention of ethnic minority staff in top jobs or prestigious careers? In the course of our investigations, HR chiefs from leading legal and professional services companies told us that they had a problem with retention of talented minority staff. One study by the recruitment agency Rare, looked at the retention of new recruits in three major law firms. The results showed that white and non-white graduates were equally likely to stay with their firm for the first few years but a small divergence opened up later.

Breaking down the retention rates by gender shows that while there is little difference between white and non-white women, there does seem to be a retention issue for men. After 3 years, there is little difference but after 4 years a gap opens up. Those trainees staying for 4 years or more, who are white, amounted to 68 per cent, while for non-white people it is 57 per cent. After

123 SRA (2014) 'Independent comparative case review'

124 Archibong, U. & Darr, A. (2010) 'The involvement of black and minority ethnic staff in NHS disciplinary proceedings'

125 Royal College of Midwives (2012) 'Midwives and disciplinary proceedings in London'

126 Smith, G., Hagger Johnson, H., & Roberts, C. (2012) 'An investigation of misconduct proceedings in Greater Manchester, West Midlands Police, British Transport Police'

127 University of Manchester

128 DWP (2014)



5 years or more, it is 54 per cent and 46 per cent, respectively. (It has been suggested that one reason for the discrepancy is that minority professionals are more likely to move on to take up a senior position in a family owned firm.)<sup>129</sup>

## Restricted networks and the problem with executive search firms

Company boards are often described dismissively as “male, pale, and stale” or as an “old boys club”. There is widespread suspicion that what matters is who you know and not what you know or have accomplished. If social networks are crucial, then this will tend to benefit white people more since they are the established group. Research by the Equality and Human Rights Commission (EHRC) shows that one third of FTSE350 companies reported that they relied on the personal networks of current and recent board members in order to find new board members. It would seem that who you know does matter but that is not to say that these appointments are not without merit. Moreover, two thirds of companies are going beyond their immediate circles of familiarity.<sup>130</sup>

Perhaps more troubling is the extent to which information about opportunities is not available to those on the outside. The same EHRC research found that only 2 per cent of FTSE350 companies advertise non-executive roles. But maybe what prevents the presence of non-white people, is the fact that they lack experience at leadership level – 52 per cent of adverts for FTSE350 leadership positions specified prior experience at a FTSE-level company.

Some have speculated that there is a problem with executive search firms and this contributes to the lack of minority progression to the very top. This is important since 9 out of 10 FTSE350 companies have used such firms in recruiting their leadership.<sup>131</sup>

There are potentially two issues. Firstly, headhunters do not know the full breadth of the minority talent pool and so when it comes to finding suitable candidates for executive positions, the same handful of minority names comes up again and again. According to the Engage poll of minority senior professionals, some two thirds do not believe that ethnic minority executives are connected into either the talent pools and networks of existing executives or on the radar of executive search firms.<sup>132</sup>

The second potential problem is to do with restrictions on data usage. Some executive search firms say that while they can collect data on someone's ethnicity, they are restricted from actually using it to bring a candidate to the attention of a client. This is a data protection issue and can easily be rectified by guidance from the Information Commissioner.

A further aspect of the role of headhunters concerns non-executive appointments to boards. These are important roles at the top and enable people to gain wider experience of different organisations and also of new networks. Non-executive roles, when successfully managed, can also reinforce the credentials of candidates seeking big executive jobs, including becoming CEOs at larger and better paid organisations. Headhunters are frequently used to handle these vacancies and draw up appropriate lists. This of course lays them open to the criticism that they do not do enough to advance new talent. For this reason, many headhunters have invested in developing new networks among ethnic minority groups and for key vacancies pursue public advertising campaigns in parallel with their own private search databases.

129 Rare Recruitment (2012) 'Five years on'

130 Equalities and Human Rights Commission (2016) 'Inquiry into fairness, transparency and diversity in FTSE350 board appointments'

131 Ibid

132 Ibid



In order to maintain public confidence in senior public and private sector appointments, it will be necessary for these search firms to publish more data about the ethnic background of those who appear on their own searches and for those who are successful or not.

### Problems of slippage

Those attending our focus groups raised the problem of advances being made only for slip-back to occur once a champion moved on. One example given was the abolition of the NHS appointments commission in 2012. It was first established in 2001 and over a decade it had some success in supporting minority recruitment to NHS Trust and other boards. Today NHS non-exec appointments are handled centrally via the Cabinet Office's Centre Public Appointments.

However, the extent to which it was a champion of ethnic minorities is debatable. The percentage of NHS Trust Board appointments (including finance directors and other non-medical directors) in England that were non-white also fell from 8.7 per cent in 2006 to 5.8 per cent in 2013. It has been suggested that this fall is related to the abolition of the (NHS) Appointments Commission, but there was actually a significant fall in the diversity of appointments *before* it closed down so the link is not clear.<sup>133</sup> In London, the picture is particularly stark, especially given the diverse nature both of the city itself (45 per cent non-white in the 2011 Census) and staff in London NHS Trusts (41 per cent non-white). From 2006 to 2014, the percentage of non-white Board executive members fell from 9.6 per cent to 7.4 per cent, while the percentage of non-white Chief Executives fell from 5.0 per cent to 2.5 per cent. At the three main regulators, Monitor, the Care Quality Commission and the National Patient Safety Authority (now part of NHS Improvement), there were no non-white staff on the boards at all in 2014, whether executive or non-executive.<sup>134</sup>

<sup>133</sup> Responsible for non-executive director and chair appointments for NHS Trusts and Health Authorities until 2012. In 2010/11 they reported 14.6% of appointments were BME, but only 11.2% the following year. <https://www.gov.uk/government/publications/appointments-commission-annual-report-and-accounts-2011-to-2012>

<sup>134</sup> Kline, R. (2014) 'The snowy white peaks of the NHS'

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# 4

## What Works?

### Best practice in recruitment and promotion

How do we ensure that interviewers appoint the correct candidate based on merit and ability and not on the basis of personal biases or cultural familiarity?

Best practice requires all candidates to be assessed against the same criteria – a list of competencies deemed necessary to do the job. This is not the same as having a scripted interview – interviewers are free to delve deeper and follow their curiosity. What matters is that everyone has a chance to demonstrate their qualities relating to the same competencies.

The problem is that there is still room for biases to creep in. Take the following real-life example: the interview is standardised with a set list of competencies to be assessed. As the interview begins, the lead interviewer introduces himself to the candidate. Both are white men. As pleasantries are exchanged, the question “Where did you go to university?” pops up. Both went to the same place and a rapport is established.

The interview goes very well until it comes to numerical competence. The candidate is shown a graph and asked to make sense of it. It is pretty obvious what is going on but nevertheless he makes a complete hash of it. As he leaves the room, he is marked as having demonstrated the relevant competence in numeracy.

When challenged on this decision, the interviewer eventually admitted that the candidate was given preferential treatment because he had the right cultural “fit”.

Another example – a young woman at an assessment demonstrates all the desired qualities and ability but at the end she is deemed “aggressive” and does not get the job. She is black and her manner is thought not to fit in.

In both cases, the interviewers have made recourse to their cultural biases, one to favour a white man, a second to disadvantage a black woman.

The idea of structuring an interview is to restrict the space in which undesired biases can operate but if the interview panel is not sufficiently aware, then best practice is not going to function. For this reason, employers need to monitor how their interviewing and assessments are functioning. They have the data to do it and where they see a clear pattern of ethnic minorities failing they can review it.

It is also preferable to have diversity represented on interview panels. Gender diversity is seen as a prerequisite, while ethnic diversity is considered necessary where possible.

Advertising of opportunities must be open and the language used chosen carefully in order to avoid anything that might be seen to hint at a preferred ideal type candidate. Shortlisting candidates must be done against the objective criteria specified in the job description with written records of this kept as well as records of interviews.<sup>135</sup>

135 Times Higher Education (2008) ‘Conducting a fair recruitment process’

Some companies are aware that not everyone who should be promoted puts themselves forward for promotion. For instance, in the US, one energy company, Duke Energy, ensures that a list is supplied to HR of promotion candidates selected by managers but alongside an alternative list, drawn up from HR records and selected on the basis of how closely they match the job profile. Large companies these days keep detailed metrics of staff performance and these can be used to select potential candidates for promotion without them necessarily being known to company leaders. This allows for the ‘old boy’ network to be circumnavigated.<sup>136</sup>

Best practice is about standardisation, diverse recruiters, and awareness of all the talents in an organisation as well as of the promotion process itself.

### How to increase diversity in senior positions

Broadly speaking, there are two schools of thought. The first assumes that it is a question of mandatory education of white people. More recent thinking on this stresses what matters is the extent to which white people actively want to change and an awareness that conventional methods can antagonise them.

Most people are uncomfortable talking about race. The research of Tessa Dover, Brenda Major, and Cheryl Kaiser showed that (American) white men in simulated job interviews were more likely to respond negatively in situations where pro-diversity values were emphasised. Half of the subjects were told the hypothetical employer valued diversity, half not. For those exposed to the pro-diversity message, they then went on to perform less well in the ‘mock’ job interview and evidenced higher levels of cardiovascular stress.<sup>137</sup>

On the other side of the equation, minorities will be sceptical as to how much diversity initiatives can achieve. Dover et al. found that diversity initiatives did little to convince minorities that they would be treated fairly.<sup>138</sup>

Perhaps the most common tool used when trying to diversify the upper-reaches of an organisation is unconscious bias or diversity and inclusion training. Polling has found some 49 per cent of employees say they are offered this at work. Of those who received it, 65 per cent said it was mandatory.<sup>139</sup> 13 per cent of FTSE350 firms have training on discriminatory behaviour or unconscious bias training in appointments process.<sup>140</sup>

Despite its prevalence, there is a lot of scepticism as to whether or not it works. Among the experts we spoke to, it was hard to find someone with a good word to say about it. The best we came by was that it could make people aware of their biases without actually being capable of budging them.

However, the work of Dobbin and Kalev would suggest that it is more to do with whether or not it is mandatory or voluntary. They found that mandatory diversity training was associated with a 6 to 9 per cent drop in the share of ethnic minority managers in a company over 5 years. Voluntary training was associated with a 9 to 13 per cent increase. What matters is that white people are buying into the process. Mandatory training can antagonise white people, as it is seen as something remedial – a punishment – making them more hostile to diversity.<sup>141</sup>

Whatever the case, it is not a silver bullet. At one leading professional company, 95 per cent of partners have received unconscious bias training and yet white people enjoy better chances of promotion.

136 Harvard Business Review (2013) ‘A fairer way to make promotion decisions’

137 Dover, T., Major, B., & Kaiser, C.R. (2016) ‘Members of high-status groups are threatened by pro-diversity organisational messages’. *Journal of Experimental Social Psychology*

138 Harvard Business Review (2016) ‘Diversity policies rarely make companies fairer, and they feel threatening to white men’

139 BITC op. cit

140 ECHR op. cit

141 Harvard Business Review (2016) ‘Why diversity programs fail’

## Mentoring and sponsorship

Common strategies aimed at improving minority chances of career progression are mentoring and sponsorship. Mentors are people who provide advice about work and career development along with personal and emotional support. A mentor is someone to talk to, and to reflect with. Sponsorship, by contrast, is a much more active relationship whereby the sponsor will actively seek to promote his or her protégé by speaking up for him or her when it comes to discussions of promotions and providing opportunities such as networking contacts and meetings. The sponsor will look to shape his or her protégé by providing constructive criticism where necessary.

Research by Business in the Community (BITC) has found that 28 per cent of non-white employees have a mentor while 15 per cent have a sponsor. This compares to 12 per cent of white employees having a mentor and 6 per cent having a sponsor. Note that in BITC's polling, the white respondents sampled tended to be older and would be less likely to require such figures as their careers are presumably at a more advanced stage. Nevertheless, this suggests that such schemes are more common for non-white people.<sup>142</sup>

These initiatives are seen as effective. Kalev and Dobbin found that mentoring was associated with a 9 to 23 per cent increase in the minority share at management level, although less is known about the process by which this improvement comes about.<sup>143</sup>

While non-white people are more likely to have a sponsor. It is worth considering the fairness of this practice. At PwC, a sponsor is assigned to every talented female and minority associate.<sup>144</sup> As for white men, it was explained to us that they would pick up sponsors naturally throughout their career without their instigation or even realising it. This assumption smacks of naïve stereotyping – not all white men are go-getters nor are all non-white people wallflowers.

“If sponsorship is seen as a form of affirmative action, it may prove divisive in workplace relationships unless it is also widely accepted that minorities are not advancing as they should”

Furthermore, if sponsorship is seen as a form of affirmative action, it may prove divisive in workplace relationships unless it is also widely accepted that minorities are not advancing as they should – but few companies have the data to show that or would be likely to admit it, even if they did.

If two colleagues of equal standing and comparable ability (say, a white male and an Asian female) are sitting together at work and she is getting sponsored purely on grounds of ethnicity and/or gender, then that is likely to lead to resentment against her as well as the company on his part. This will especially be the case if sponsorship entails access to high-level meetings and recommendations for promotions.

The implication of blanket sponsorship is that minorities and women need someone to metaphorically hold their hand. This can have the unintended consequence of locking these groups into stereotypes of dependency.

Not all companies take the same approach to sponsorship. At Barclays, they supply promising staff with mentors but not sponsors. At EY, they have an online matching tool so everyone can seek a mentor if they want one, while sponsorship is made available to all female and non-white talent at mid career level. Sponsors are senior partners. Participation is voluntary but encouraged and this scheme is seen as levelling the promotion playing field.

142 BITC op. cit

143 HBR op. cit

144 <http://www.pwc.co.uk/careers/experienced-jobs/aboutpwc/diversity.html>

## Do diversity specialists make a difference?

Diversity and inclusion specialists are now common in both private and public sectors. They can be either high ranking or low. They are tasked with monitoring and promoting diversity levels and ensuring that the workplace is inclusive. But do they actually work?

According to Kalev and Dobbin, having diversity managers in place is linked to an 11 to 17 per cent increase in the share of minorities. Having diversity task forces made up of employees without a diversity-specific brief proved even more effective.<sup>145</sup> The downside of all this is that advocates of diversity can be seen more critically by their colleagues when they champion its cause.<sup>146</sup>

Although few at the top of large businesses or the professions are not supportive of the principles of fairness at the top, there is a question mark about how well their enthusiasm has been translated into practice. Many large firms have stumbled by investing in equality and diversity programmes that are only loosely connected to the priorities of the senior executive team. Hardly any have given their CEOs formal responsibility in this area, and even fewer would accept the idea of formal KPIs (key performance indicators) on senior figures such as the CEO or CFO. The more comfortable path has instead been to place the HR Director at the head of diversity goals. This pattern is commonplace and leads to discussions about diversity and fairness becoming the reserve of the committed.

Preaching to the converted is the overall pattern that we observe. This can be remedied by the governing boards of large and medium sized employers who can hold their Executive Directors as a whole to account and their CEOs, in particular.

## Improving and consolidating the evidence base

There is widespread support for greater diversity but surprisingly little awareness about the most effective levers to achieve it. Even diversity professionals are not well connected to the academic or research practitioner evidence that exists in this area. This means that best practices are slow to be shared and there is a need to consolidate the evidence base – much in the way that this report does – so that it is possible for those responsible for senior recruitment and for formulating government policy to see where the problem lies and how it has been best addressed. It is in everyone's interests that the hard won knowledge from existing policies and programmes should be gathered in *one place*. For instance, the Davies review on women on boards has developed a lot of insights that can be more widely shared.

Diversity specialists do not share a common understanding about the degree to which informal networks affect outcomes. Some highlight the need for such networks if minority candidates are to succeed against white ones who are seen as better networked, whereas others suggest that minorities often have strong networks but that these do not penetrate sufficiently into the circles of those who make senior appointments. There is a significant literature on such networks (some of which notes an oversupply of bonding networks and an undersupply of bridging networks facing aspiring minorities) at all levels in employment, and an effort should be made among the relevant professionals to come to an understanding on how this knowledge can be put to better use.<sup>147</sup>

Another area in which current practices are hampered is the lack of reliable and comparable data. We recommend that this is addressed as a priority and we also believe that improved data on ethnic diversity at the top will bring other benefits.

145 HBR op. cit

146 Hekman, D.R., Johnson, S., Der Foo, M., & Yang, W. (2016) 'Does diversity-valuing behaviour result in diminished performance ratings for non-white and female leaders?' *Academy of Management Journal*

147 Aldridge S., Halpern D. and Fitzpatrick S. (2002) 'Social Capital, a discussion paper'. Performance and Innovation Unit, Cabinet Office; Heath, A and Cheung, SY (2006) *Ethnic Penalties in the Labour Market: Employers and Discrimination*. DWP Research Report 341

The concern at present is that very few in positions of responsibility can say with confidence how well their organizations are doing. For private sector firms, in particular, there is no ethnic monitoring requirement so almost all evidence is the result of voluntary monitoring and various ad hoc surveys. The weakness is compounded by a lack of standardisation and comparability, so it is often hard to tell much about British versus overseas-born minorities. Improved ethnic monitoring data would also enable employers to decide for themselves which measures to adopt based on a reliable picture of their own organization.

In the course of our study, we were frustrated by the limited extent to which data are available on progression at the top of companies. This is mostly the case in the private sector where the provisions of the Race Relations (Amendment) Act 2000 and the Equality Act 2006 and the Public Sector Equality Duty (PSED) do not apply.

What is currently required of public bodies and is it a model for the private sector? Public bodies (with more than 150 employees) are currently required to publish annually “information to show that they consciously thought about the aims of the Equality Duty”. That information must include data relating to employees who share the “protected” characteristics which include race/ethnicity. However, what exactly is to be published is at the discretion of the public body itself. Suggested areas on which data could be published include: workforce makeup, pay, flexible working, recruitment, retention, access to training, and grievance and disciplinary procedures.<sup>148</sup> PSED Guidance encourages ethnicity monitoring using ONS categories. In terms of compliance, the picture is mixed. Overall, half of all public authorities are not complying fully, that is to say publishing data on both employees and service users across all protected characteristics. However, if we look only at those publishing data on the ethnicity of their workforce, then a more positive picture emerges -98 per cent of public authorities publish data in some form or another on the ethnicity of their staff, and this ensures that meaningful claims can be made about problems in both recruitment and progression across ethnic lines.<sup>149</sup> Exemplary in its data monitoring, with regard to ethnicity, is the Civil Service which makes its Employees Survey open to the public with detailed analysis made possible.

One of the reasons for the exemption of the private sector is because of concerns about regulatory burdens on business. This is a legitimate concern given the wide range of regulatory requirements on the private sector and the current government has been committed to streamlining regulatory requirements in support of its growth and innovation strategy. There is, however, no reason why these objectives cannot also be met through use of a light-touch regulatory data gathering regime that is proportionate to the circumstances of different private sector employers. For instance, the requirement to gather and publish ethnic monitoring data does not have to be mandatory across all private sector companies and could instead be subject to a threshold of 500 employees. Thereafter, the degree of detail required for data purposes could be further tiered for those with medium sized workforces (say 500 to 2,000) and those with large or substantial sized workforces (above 2,000).

Building on this approach, a risk-based approach would utilise data gathering and interrogation to establish where the greatest problems lay. This is consistent with “better regulation” principles that emphasise targeted, intelligence-led

148 Government Equalities Office

149 Equalities and Human Rights Commission (2013)

‘Publishing equality information: Commitment, engagement and transparency’

approaches that are in proportion to the change sought. Once this had been carried out, there is a strong case for the heaviest data gathering requirements to be eased back, first slightly and then significantly, for those firms where there was clear evidence of sustained ethnic diversity at the top. Greater direction in data gathering and reporting would over time become associated with laggard firms who had chosen not to give priority to this area. Conversely, firms that were grouped near the median or comfortably in the top two quartiles would become the subject of lower regulatory requirements. Such a proportionate way of arranging data gathering and publishing requirements acknowledges that there are large pockets of good practice in the private sector.

It is also worth remembering that a number of private sector organisations already collect ethnic monitoring data at different progression levels on a voluntary basis. Data collection and publication is particularly strong in City of London professional services firms like EY and PwC. The former, in addition to monitoring the ethnicity of its staff, makes public the ethnicity of its new partners each year. And PwC, has managed to achieve high levels of disclosure of ethnicity through persistently asking for it. Magic Circle law firms are other good examples from the private sector of detailed data publishing.

Such companies do so because they see value in knowing how diverse they are in different parts of their business and at different levels of seniority. The rationale to do more than is required is not that dissimilar to other choices beyond minimum regulatory compliance in health and safety, internal controls and environmental stewardship. Collecting data on all of these matters allows the management of a firm to take a rounded and well informed view of the risks (and opportunities) they face. They also have an investment in attracting and retaining a broadly diverse workforce and ethnic monitoring data is therefore used as a standard management information tool.

In other parts of the private sector, ethnic monitoring data has been folded into the normal regulatory landscape. For solicitors, the Solicitors Regulatory Authority (SRA) sees a diverse workforce as integral to its overall regulatory objectives. In part this is for familiar reasons to do with access, opportunity and inclusion that goes beyond any one sector. But the rationale is also connected to larger objectives such as maintaining public confidence in the rule of law and access to justice as a social good.

In this respect, the private sector shares, albeit indirectly, similar public interest type responsibilities. A pattern of systematic lack of diversity across large parts of the top of private sector firms carries a significant reputational risk not just for those firms but also for claims about the competitiveness of the country's economy and the success of its long term integration of ethnic minorities. The work of the recently established Race Disparities Unit in the Cabinet Office focuses on these gaps in achievements and outcomes across the public and private sectors.

It is also fair to point out that voluntary decisions to collect ethnic monitoring data are sometimes the result of acute pressures and crises in particular organisations. In the US, high profile litigation on diversity records has been experienced by household names such as Texaco and Denny's Restaurants. The complaint has been that these firms have systematically neglected diversity matters at all levels and that internal cultures have thwarted their minority



employees' advancement. The point about systematic failure is relevant because it echoes the charges made in high profile health and safety litigation such as the BP Deepwater Horizon case.

Finally, as we have seen, the current problem is made worse by a lack of transparency in hiring for and promotion to top jobs. Employers and executive search advisers often use very informal practices and they also seek to tap into the informal networks of existing senior figures.

## Targets and compulsion

What should we be aiming for in terms of ethnic minority representation at very senior executive level in large companies and relevant public bodies? Some have argued for a target of 20 per cent on the grounds that this will soon be the proportion of ethnic minorities in the wider society. But there are reasons to believe that this target is not appropriate.

For one thing more than half of the non-white ethnic minority population is born overseas. We know that, with some exceptions, immigrants are much less likely to have the language skills, social contacts, and cultural know-how needed to make it to the very top. It is naïve to expect an immigrant to compete for the very top jobs. The exception to this, of course, is if they are already a highly skilled person brought in by an employer to fill such a top job. As we argued earlier, a more reasonable target would be for boards to reflect the ethnic composition of British born graduates of Russell Group universities (or those who graduated 20 years ago). The gatekeepers of top jobs are responsible for ensuring that minorities in the pipeline attain the top jobs. And it is the responsibility of minorities to navigate through the pipeline.

The most credible target for ethnic minority representation at senior level is closer to 10 per cent. Organisations should begin addressing this target at non-executive board level. These appointments come with greater vacancy rates and also represent an organisation's values and creed. Given that the typical board comprises between 8–12 non-executives, this target would in practice be one in ten of such roles. And a simpler way to promote this would be to have ethnic minority representation on all boards by 2021, unless companies can give good reasons for why this is not practical.

To whom should this target apply? Government should signal its ambition by embracing such a target for FTSE100 companies but extending it soon thereafter to FTSE250 companies and for equivalent public sector organisations.

There is also the question of who is to benefit. By specifying 'BME' as your target it is quite possible that minority representation may not be at all representative. It could be possible for a company to meet its diversity target at board level with British Indians alone. There is a case for a target that encourages some spread of minorities, but such broadening should be deferred until the impacts of an initial target are known in 2021.

Should diversity targets be mandatory or not? And, if not, should they at least be supported by delayed enforcement if progress towards targets is insufficient?

The problem is that much of the evidence cited in support of mandatory actions refers to affirmative action programmes which are more or less bound to succeed due to their very nature and are currently not legal in this country. Another problem with mandatory targets is that they can be rigged. It could be



that an international company meets a target for board level representation by relocating executives employed elsewhere in its business empire.

The chief concern about mandatory quotas is that they encourage organisations to appoint people who are not right for the job. One such example comes from Norway, which introduced mandatory quotas of 40 per cent women on company boards in 2003. Research by Kenneth Ahem and Amy Dittmar concluded that the imposition of such quotas led to decreases in companies' value. It was not the gender of the new board members that affected company performance but rather their relative inexperience. The quotas had in fact led to the appointment of

“The chief concern about mandatory quotas is that they encourage organisations to appoint people who are not right for the job”

younger women who were often replacing older men. Ahem and Dittmar concluded that boards composed of older members with more high-level experience bring more value to a firm.

More importantly, there is a principled case for not using mandatory targets. Firstly, there is hardly any historic precedence for this approach in Britain. Secondly, most ethnic minorities we spoke to about this expressed reservations about compulsion, emphasising the difficult position that it would place them in. It may be that they are, or would be, the most talented and suitable for the top jobs they hold, but they would undoubtedly face an element of doubt among their colleagues. This would be a perfect recipe for a lack of cohesion among teams of top job holders. Thirdly, the application of this approach would come with a number of perverse outcomes. Recruiters would come under pressure to make appointments for presentational reasons. Minority sub-groups such as British Indians and Chinese would benefit heavily and immediately, perhaps squeezing out other sub-groups. Lastly, any target that was mandatory would have to be accompanied by an enforcement regime. What exactly should be the price of infringement?

There is, however, a significant amount of sympathy for using compulsion if a voluntary regime does not meet its targets. One approach would be to compel a target for the worst performing large employers. This might be the bottom third of FTSE250 firms as measured by the absolute level of minority representation at the top. Or it might single out the bottom decile in terms of their rate of improvement or lack of. And so forth.

Compulsion can bring benefits where it is used as a hint or as a threat. Something of this nature underscored the work of the Davies review and was reflected in the response of many FTSE100 firms who had been happy to give only lip service to gender diversity in the past. It would be naïve for any government to rule out the use of some kind of compulsory targets for ethnic minorities in top jobs in the future. This is the approach most governments have taken in tackling a variety of social harms in many sectors ranging from tobacco advertising through to banking regulation.

### Nudging change

Leaving aside the politics of targets, there is plenty of useful recent experience in widening selection opportunities at the top of organisations beyond the usual suspects. They are not mutually exclusive and could all be characterised as nudges in one way or another.

## The Rooney Rule

One notable attempt to do something about the lack of diversity at senior levels comes from American football. Roughly two-thirds of players are black and yet most senior coaches tend to be white. The Rooney Rule, named after its originator, the Pittsburgh Steelers' owner Dan Rooney, states that every NFL team must interview one minority candidate for head coach and general manager positions or face a fine. The rule does nothing to guarantee minority representation – no jobs are reserved and no quotas are in place. It simply makes an appointment more likely. And it sends a basic signal to recruiters to identify credible minorities for the top position.

The Rooney Rule was introduced in 2003. It is widely regarded as having been successful, at least in the short to medium term. Initially, its introduction was associated with substantial increases in the shares of minority head coach hires. Between 2002 and 2006, some 21.2 per cent of hires were ethnic minority compared to 5.1 per cent between 1997 and 2001. However, in recent times the share of minority coaches has slipped back to 13.9 per cent (2012–16). Indeed, the share of first-time hires stands at 4.5 per cent minority, down from 26.9 per cent in 2007–11 (during the early introduction phase), and the same as in 1997–2001. Furthermore, much of the initial boom in minority appointments came from the 'coaching tree' of just one coach – the highly successful Tony Dungy. 8 of 21 minority head coach hires were linked to Dungy (who retired in 2009), suggesting that his championing had much to do with the boom in minority appointments.<sup>150</sup>

Despite criticisms that it encourages token interviewing and that it does not cover key pipeline positions within the coaching hierarchy (offensive coordinators), the Rooney Rule has gained much attention outside of American football. Social media companies such as Facebook and Pinterest have enacted their own Rooney Rules. The English Football league has recently announced that in the coming season it will be introducing a trial of its own version of the Rooney Rule. The pilot is to be run among 10 clubs and stipulates that all shortlists for first team manager/coaching positions should include at least one non-white applicant. At this level, compliance is voluntary, but a similar rule is in place at academy level that is mandatory.

## Batch appointments

Most senior appointments are carried out one at a time. This is obviously sensible given the irregular nature of senior vacancies. However, it is harder to see patterns across several appointments since the evidence is distributed across time and across seemingly disparate situations. The insight from Irene Bohnet's work is that this makes it difficult to question the results of separate one-off hires and less easy for the casual eye to spot that the same kinds of people are being appointed.

Batch recruitment is a possible solution. The proposal is that recruitment is done in batches where it is possible to do so. The easiest place for this will be in the multiple recruitment of non-executive director board vacancies. Here term limits lend themselves to such group recruitment. Indeed, board appointments could be structured to create a standard cycle for two or more vacancies to fall at the same time. This has already been done by several public sector and regulatory

150 ESPN (2016) 'Rooney rule in reverse: Minority coaching hires have stalled'

boards (e.g. the Financial Conduct Authority, the General Medical Council, and so forth) as part of their normal governance reviews, and the only exceptions occur when there are casual vacancies.

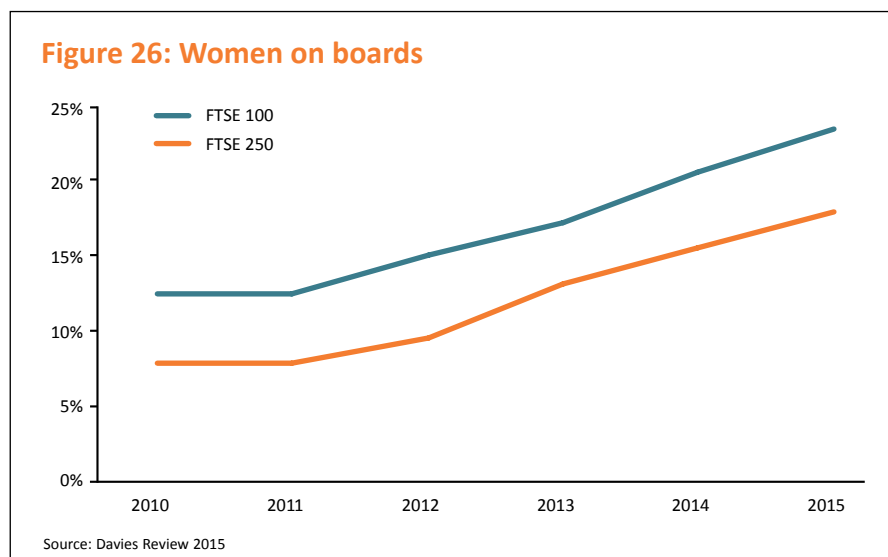
Individualising each selection can obscure tendencies to over or under recruit particular groups into the workplace. This also occurs with respect to promotion and the awarding of performance-related bonuses. By moving to recruit employees in batches, it quickly becomes clear whether, or how far, biases are present. In any case, it becomes harder for employers to defend such outcomes.

Such multiple recruitments are usually more common for boards of public sector organisations than private sector boards. A minimum of three vacancies could be adopted as normal practice and would allow any disproportionate patterns to emerge quite quickly. It might even be possible to bring together all significant public appointments on the same day in “super batches” two or three times a year.

The purpose of this nudge is to enable easier comparison. No doubt a number of different conclusions will be drawn depending on those comparisons. Meanwhile, stakeholders who are not directly touched by such selections will be more interested in the message inferred about a particular organization. At the very least, by switching to this mode of selection (and some public sector boards already have), recruiters send an important signal about their desire to tackle potential latent discrimination.

### Sustaining the pipeline

One of the lessons of the Davies review of women on boards is that big changes can flow from a small number of different selections. Rather than impose quotas through legislation, Davies set FTSE100 companies a voluntarily target of 25 per cent of women on boards by 2015. It was understood that if companies did not meet this voluntary target themselves, then legislation could follow.



The success of Davies can be gauged by the rapid increase in the share of women on FTSE100 boards. In 2010, 12.5 per cent of board members were female. As of 2015, that share had risen to 23.5 per cent with only 20 more appointments needed to meet the target. In 2010, there were 21 all-male FTSE100 boards; in 2015 the number was 0. However, change at the very top – Chairs and Chief Executives – has been less evident, and these positions remain overwhelmingly male. Furthermore, the share of women board appointments, while up in 2014/15 on 2010/11 (31.3 per cent compared to 13.3 per cent), has stalled since 2012/13.<sup>151</sup>

That said, some are sceptical as to the true extent of its success. One report by the Equalities and Human Rights Commission found that 60 per cent of FTSE350 companies missed the target set by Davies. Perhaps most worryingly, of those companies that increased the proportion of women on their boards, almost one third achieved this not by appointing more women but by reducing the numbers of men.<sup>152</sup>

The central lesson is to bring about change that is likely to stick. For instance, the Davies target could have been accompanied by another softer target for women on FTSE250 boards, and another that limited the number of non-executive appointments that any individual could hold at the same time (some women, partly as a result of Davies, have ended up holding several board appointments). Each of these phased tweaks would have served to strengthen the pipeline for future appointments by galvanising change in a wider number of places. Lots of change in a small number of places is attractive. But it is more appealing if it can be sustained and this often requires more modest change in many more settings, otherwise the pipeline can be drained.

### Getting buy-in

As female representation on boards has risen, it is likely that a lot of senior, influential men have tacitly bought into the case for change. Many such men have daughters entering top flight careers and they want to ensure change happens to meet their own family's interests. However, fewer men in senior, influential positions have this same familiarity with black and Asian people. This makes it much harder for them to grasp personally the issues of ethnic minority recruitment and promotion and therefore, to champion the case for change from within.

The lesson from this is that a certain amount of change has to be first seen as inevitable even though it may be threatening to some people. Those who are fearful of change are perhaps also those who are most likely to be affected by it. But as the ethnic composition of top recruitment begins to change, it is also likely that some of this fear will fade away.

151 Davies Review (2015) 'Women on boards: 5 year summary'

152 Equalities and Human Rights Commission (2016) 'Inquiry into fairness, transparency and diversity in FTSE350 board appointments'

# 5

## Conclusion and Recommendations

### Vision and context

There is a favourable political tailwind in Britain to address these issues. The Cameron administration and now the May government have frequently stated that dealing with the lack of progress at the top is a priority. We hope and anticipate that our report along with the McGregor-Smith report on progression and the Parker review of board representation will give a new impetus to cracking the ethnic minority glass ceiling, much as Davies did for the representation of women.

If government is to go beyond words and instead give an effective lead, it requires a clear vision of where Britain should be in a decade from now. But those responsible for recruitment into top roles have a responsibility, too, to scrutinise existing arrangements, adopt new mechanisms where necessary and consider the reputational effects of current and future recruitment patterns. In other words, they must invest their own political capital in ensuring fairness at the top, and they cannot merely assume that it is something for government to resolve.

Success will also depend on minorities taking active steps to ‘lean in’, that is, to navigate the informal networks and cultural knowledge that comes with competition for top jobs. If those networks are closed, or if they are based on biased assumptions, they must be reformed.

And government should lead by example. If talented minorities are being passed over in public service appointments, this must be tackled with as much energy as government would expect of leading firms whose boards remain all white.

From the perspective of bringing about change, there are four things that can and should be done. The first is that politicians can place weight on the issue and turn up the volume. Secondly, improvements in data and advice can deliver improvements in visibility and know-how. Thirdly, various incentives and inducements can be proffered to bring about change. And finally, reforms can be introduced that are based on rules and standards, and adherence to these can be monitored with penalties for poor outcomes.

The recommendations we set out below are proposed in the context of a range of related recommendations that have emerged from the McGregor-Smith and Parker reviews in late 2016. There is scope for these reforms to inform the Government’s overall response in early 2017 and for the adoption of formal measures by mid 2017 at the latest. In order to provide external feedback and to retain focus, we are supportive of Government establishing and working alongside an external body. This will ensure that progress is independently monitored to inform future prioritisation of Government policy.

Turning to what should be done practically, we recommend the following actions. These are:

### Advice and data

- a. The Information Commissioner's Office (IOC) should issue fresh guidance (principally to the executive recruitment sector). This should state explicitly where it is permissible for a search firm to disclose the ethnic background of an applicant, provide a permissive regime that allows applicants to opt in or out of sharing this information with recruiters. The IOC should require search firms to confirm that these data have been used in all cases in accordance with new guidance.
- b. Representatives of executive search firms along with those of senior professions and FTSE350 employers should form a 12-month Task Force to establish optimum ways to gather and use cultural knowledge and awareness in recruitment for top jobs and establish a common mentoring scheme standard. The Task Force should be formally independent of Government but supported by officials from the Department for Business, Energy, and Industrial Strategy, and the Cabinet Office.
- c. The regulatory authorities and professional representation bodies for the traditional and new professions should publish full ethnic background data for all members of each profession at various levels within the sector and within their firms. The rate of minority progress to the most senior ranks among top quartile firms should be used to set targets for the second, third and fourth quartiles. These new targets should be adopted by each profession in waves starting in 2018 and lasting for between 4–5 years.

### Selection

- a. The Rooney Rule. The Rule should be adopted by all FTSE100 firms in recruiting to non-executive and executive board vacancies. The Rule should also be adopted by professional representatives and regulatory bodies in respect of non-executive governing council, advisory committee and board level vacancies for a similar period. The Financial Reporting Council (FRC) should receive a published annual report from all relevant firms about the results of the rule. Each professional representation and regulatory body should produce a similar report for publication.
- b. Multiple appointments (grouping together a minimum of three board level non-executive directors) should become the default practice in the public sector and FTSE350 firms' succession plans by 2019 and compliance with this requirement should be overseen by the FRC.
- c. Best practice examples and associated data on senior appointment selection procedures should be gathered by the Task Force proposed above. The Task Force will dissolve after 12 months, and thereafter responsibility for maintaining best practice practical tools should be undertaken by the Department of Business, Energy and Industrial Strategy.

## Boards and senior appointments

- a. We recommend that a simple target is adopted by government for FTSE100 boards: that all boards should have non-white minority representation by 2021 (also backed by the Parker review), unless companies can provide good reasons why this should not apply to them. It should include a cap on the number of simultaneously held FTSE100 appointments to apply to both white and minority board appointees. This target should be supplemented by another target of 7 per cent for FTSE250 boards to be met by 2025.
- b. Ethnic monitoring for senior appointments (defined as either the direct reports of the CEO or as those with basic salaries of at least 50 per cent of the CEO) should be required by all employers regardless of sector. These data should be gathered by employers above 500 employees and should be published by the FRC or by relevant professional representation bodies or regulators and be accompanied by a narrative on change. These public reports should include an explicit section dealing with cohort progression.

## Accountability

- a. The Business, Home Affairs and Women and Equalities House of Commons Select Committees should hold joint annual hearings on the subject of ethnic diversity in top roles. These hearings should be prefaced by the publication of a short joint report detailing annual progress made by FTSE100, 250 and 350 firms.
- b. The Department of Business, Energy and Industrial Strategy should appoint, as mentioned above, a 10-member External Reference Group (ERG) to oversee progress on the various targets and recommendations in this field. The ERG will work alongside the Department for a period of 5 years and the Task Force for 12 months. Its primary role will be twofold: 1) to oversee a set of cohort studies of representative employers and senior jobs to identify particular channels through which ethnic minorities have succeeded or failed in attaining senior appointments; and 2) to use these findings to make recommendations to the Department about the effectiveness of existing recommendations and the case for revisions after 2–3 years. ERG will be chaired by a senior independent figure from the academic or policy think tank sector and comprise individuals with the necessary skills and experience to discharge 1) and 2) above.
- c. At ministerial level, overall responsibility for coordinating government actions and facilitating action by others should be discharged by a Minister of State in the Department of Business, Energy and Industrial Strategy working with the Secretary of State with overall responsibility for equalities (currently the Department for Education). Reporting on progress (including receiving reports from the Task Force and ERG) should be coordinated by a relevant Cabinet sub-committee leading on economic and business.

The rise of the ethnic minority middle class has been an important success story of British society in the past generation, indicating that this is a more open society than is often assumed.

A cohort of talented, academically successful young people from minority backgrounds – especially Indian and Chinese – have been pouring into the upper tiers of the professions, above all the law and medicine.

This report, *Bittersweet Success?*, describes this success story but also looks at those corners of business and the higher professions that remain characterised by the so-called “snowy white peaks” – in particular the very top of business (in the FTSE100), the NHS and the civil service.

The report considers the reasons for these remaining blockages at the top and makes some detailed recommendations for overcoming them. It does not assume that any under-representation must be the result of systematic discrimination and is careful to measure minority progress by the right benchmarks, above all the proportion of people of minority backgrounds coming out of Russell Group universities 20 years ago (9 per cent).

It also challenges the idea that more diversity at the top will make businesses more successful. There is no conclusive evidence for this claim. Greater diversity in the most senior positions in business and the professions is mainly just a matter of fairness and what one might call the final stage of integration for Britain’s settled minorities.

Much of the debate in this field tends to be polarised between diversity specialists who see only a glass half empty and the mainstream media which prefers to see the glass half full. We have shown that both perspectives have some validity and hope that we have established a new, more rigorous template for the discussion of ethnic minority advance and representation.

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Policy Exchange  
8–10 Great George Street  
London SW1P 3AE

[www.policyexchange.org.uk](http://www.policyexchange.org.uk)