

News

Government could legislate on BAME diversity if voluntary efforts fail

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By **Annie Makoff**

Minister says it 'makes no business sense' to overlook BAME talent; targets have already proved effective in improving gender balance, say experts

Top UK businesses have been warned to do more to improve black, Asian and minority ethnic (BAME) diversity voluntarily – or face the prospect of mandatory diversity requirements.

In a letter to FTSE 350 companies across the UK, business minister Margot James urged employers to act on the recommendations set out in the recently published **McGregor-Smith review** into career opportunities for black and ethnic minority groups.

Among the 28 recommendations outlined in the Race in the Workplace report, employers were advised to publish a breakdown of their workforce by race and pay, set aspirational targets and nominate a board member to deliver on those targets.

The review found that BAME groups were being held back in their careers because of their skin colour. In particular, employment rates were found to be 12 per cent lower than their white peers, while just 6 per cent of those with BAME backgrounds hold executive-level positions.

In her letter, James said: "It simply makes no business sense for people to be left behind because of their ethnic background and I am asking FTSE 350 companies to play their part in driving the agenda for greater diversity in the workplace. Genuine and lasting change must come from within the business community and I encourage companies to take forward Baroness McGregor-Smith's recommendations."

According to The Telegraph, James's letter appeared to **warn employers that if no voluntary action was taken, the government would consider legislation**. "We will [deliver] a clear and coherent message to the business community and the public sector on what needs to be done," said the letter.

Last month, People Management reported that businesses were "still in denial" about racial barriers at work, while the Federation of Small Businesses voiced fears that a drive to promote BAME groups could create more red tape for smaller employers.

But Jonathan Ashong-Lamprey, researcher at the London School of Economics department of management, said that, given the success of targets so far in improving gender diversity, ethnic

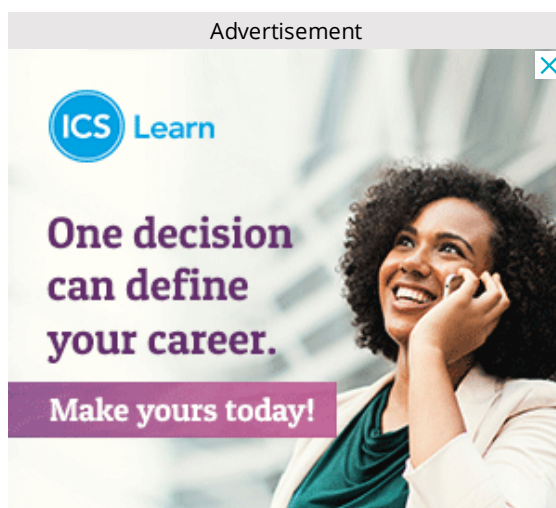
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ethnic groups. Businesses have made great progress with gender – it’s now time to turn their attention to race and ethnicity.”

However, speaking previously in response to the recommendations from the McGregor-Smith review, Neil Carberry, CBI director for people and skills policy, insisted it was more important to take a “business-led approach” to plans, targets and reporting to address race diversity, rather than take a regulatory approach.

Sandra Kerr OBE, race equality director at Business in the Community, said the government drive to tackle BAME diversity was a “great opportunity” for businesses to get race equality in the workplace right. She told People Management: “The independent review by Baroness McGregor-Smith showed improving race equality in UK businesses could be worth £24bn to the economy. And with one in four primary and secondary school children having an ethnically diverse background, employers simply cannot afford to miss out on future talent.”



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