

# HOW TO GUIDE

## RACE AT WORK CHARTER 2021 – COMMITMENT SEVEN

INCLUDE BLACK, ASIAN, MIXED RACE AND OTHER ETHNICALLY DIVERSE-LED ENTERPRISE AND BUSINESS OWNERS IN SUPPLY CHAINS.

### Context

Supplier diversity has been a challenge for companies since Business in the Community (BITC) launched it as a key pillar for business action on race in 1995. Black, Asian, Mixed Race and other ethnically diverse-led businesses contribute an estimated £25-32b each year to the UK economy<sup>i</sup>. However, entrepreneurs from these ethnically diverse backgrounds face systemic challenges to starting and running a successful business. They are less likely to have access to business support services, advice, funding and signposting to information and resources. Despite higher qualifications and investing more time and money, Black business owners report a median turnover of more than a third less than their White counterparts<sup>ii</sup>. 48% of Black, Asian, Mixed Race and other ethnically diverse business owners don't plan to access or expect to qualify for any government support schemes in the UK.<sup>iii</sup> At a time where ethnically diverse workers have been hit harder by job losses due to COVID-19 than the population as a whole<sup>iv</sup>, we risk widening the inequalities faced by ethnically diverse entrepreneurs and wasting their potential to boost jobs and income as the UK “bounces back”.

To tackle this, employers should ensure that all potential suppliers have a fair and equal opportunity to compete for business. As outlined in BITC's [Driving Sustainability Through Procurement](#)<sup>v</sup> report and [Addressing Emissions in your Supply Chain](#)<sup>vi</sup> factsheet, supply chains and procurement are a powerful tool to tackle entrenched social and environmental problems. Inclusive procurement has the potential to drive social value for underserved ethnically diverse communities while supporting economic growth. By targeting local small and medium-sized ethnically diverse businesses, employers can benefit from access to local knowledge, alignment with a culturally diverse marketplace, a reduction in transport and logistics costs, and an opportunity to support and build relationships with local communities.

Employers can also build a pipeline of diverse business role models in local communities. The Race at Work 2015, 2018 and 2021 surveys have released consistent messages about employees' desire for role models, and those from ethnically diverse groups are more likely to want them to be from the same background.

Role model questions 2015, 2018 and 2021 percentage “Yes”



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DO YOU HAVE A ROLE MODEL? (NET)	2015	2018	2021	RAG
All	30%	31%	30%	-1%
Black, Asian, Mixed Race and other ethnically diverse	39%	44%	38%	-6%
Asian	40%	44%	38%	-6%
Black	45%	47%	43%	-4%
Mixed	34%	40%	36%	-4%
White	18%	21%	21%	0%

ROLE MODELS NEED TO BE FROM THE SAME BACKGROUND AS ME	2015	2018	2021	RAG
All	29%	27%	27%	0%
Black, Asian, Mixed Race and other ethnically diverse	33%	35%	33%	-2%
Asian	36%	37%	36%	-1%
Black	31%	33%	40%	7%
Mixed	30%	30%	27%	-3%
White	26%	23%	21%	-2%

The Race at Work Charter has been expanded in 2021 to call on employers to commit to supply chain action. Building a community of Black, Asian, Mixed Race and other ethnically diverse entrepreneurs is vital to inspire people within local communities as well as children in schools, further and higher education, and employees in the workplace.

### Step by step

#### Building and sustaining relationships

We want to encourage employers to build and sustain long-term relationships in their supply chains as they engage diverse suppliers. Some of the key behaviours that we believe will help employers to build strategic action with suppliers, creating value-added relationships and partnerships include:

- Collaboration and joint problem solving
- Gain and increased understanding of the ethnically diverse business and community to achieve mutual respect
- Treating suppliers as innovation partners
- Sharing ongoing tendering opportunities through networks
- Monitor supplier contracts for timely payment and fairness in remuneration and value.

#### Actions to build accountability

BITC recommends that an employer who is committed to sustaining a supplier diversity programme engage in the following actions:

- Senior leaders should demonstrate engagement and commitment to supplier diversity and have targets to improve equity, diversity and inclusion.
- Procurement teams should educate and train employees about the benefits of supplier diversity. This can, for example, reduce volatility in the supply chain, contribute to the economic regeneration of local communities, create jobs, and expand the access to innovative approaches and to new markets given that a growing number of ethnic minority-owned businesses having international connections and customers.
- Monitor and publish procurement data by ethnic group, location, and supplier size to ensure fairness and accountability. Communicate commitment and goals throughout the procurement team and organisation.
- Introduce measurements and key performance indicators to track supplier performance and internal goals.
- Encourage actions such as reciprocal mentoring of Black, Asian, Mixed Race and other ethnically diverse business owners to build better relationships and understanding, introduce conscious inclusion and anti-racism training for all the teams involved in engaging with suppliers across the organisation, including recruitment specialist and training service providers.
- Support outreach activities with Black, Asian, Mixed Race and other ethnically diverse owned firms as part of your community volunteering activities for the supply chain and procurement teams. For example, through connecting with local supplier or ethnic minority business networks.
- Appoint a supplier diversity manager responsible for implementing strategy and actions.
- Embed actions on inclusion within Environment, Social and Governance (ESG) reporting. Include indicators of how success against the important principles of ESG will promote inclusion and how the organisation's internal and external impact will be measured.

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## REFERENCES

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<sup>i</sup> Federation for Small Business s.k.26120

<sup>ii</sup> [British Business Bank](#), 2020

<sup>iii</sup> Extend Ventures, Impact of Covid-19 On Black and Ethnic Minority-Led Businesses, May 2020

<sup>iv</sup> TUC, [Jobs and Recovery Monitor - BME workers](#), Jan 2021

<sup>v</sup> BITC, [Driving Sustainability through Procurement](#), 2020

<sup>vi</sup> BITC, [Addressing emissions in your supply chain](#), 2020