



FACTSHEET

ETHNICITY AND THE ECONOMIC IMPACT OF COVID-19

Introduction

Existing economic disparities could lead to a profoundly devastating and disproportionate impact of COVID-19 on people from ethnic minority backgrounds. Organisations play a crucial role in being aware of these disparities and the negative impacts that may result.

Impact of the 2008 Recession

Ethnic minority groups fared worse as a result of the 2008 recession than the white majority, exacerbating pre-existing inequalities with higher unemployment, lower earnings, lower self-employment rates and higher housing costs.

The consequences were far reaching and long-lasting. By 2010, BAME people were twice as likely as white groups to have no savings, with 60% of Black and Asian people in the UK having no savings at all.

Current Landscape

Black and minority ethnic groups are more likely to be unemployed and in precarious work than their white counterparts. A recent report from the [UCL Institute of Education \(IOE\)](#), [Carnegie UK Trust](#), and [Operation Black Vote](#) revealed that BAME millennials are **47% more likely to be on a zero hours contract**. They are also 4.17% less likely to have a permanent contract than their white peer group.

A key action needed to tackle this is to accelerate progression and to increase balanced representation of BAME people in the workplace at all levels.



ONLY ONE IN TEN BAME PEOPLE ARE IN THE WORKFORCE compared to one in eight of the working age population.

The Case for Action

The [McGregor-Smith Review into Race in the workplace](#) found that tackling the racial disparities in the UK labour market could result in an annual economic boost worth **£24bn** to the UK Economy. Therefore, the contributions of the talent and skills of BAME workers are critical now, through their contributions to the NHS and Social Care sector and to the UK economic recovery.

The landmark [Race at Work Survey](#) published in 2015 and reviewed in 2018 demonstrates that only 38% of employees feel that their employers are comfortable talking about race. We need to get





over this discomfort now, so that we can identify disparities and take action. There are key issues that must be addressed now, linked to the impact of the economic downturn in 2008 and the inevitable challenging economic impact of COVID-19.

Employers must monitor, compare and assess current workforce demographics against ONS and [Race Disparity Unit](#) regional demographic data and action plan to address any imbalance and build diverse talent pipelines to include BAME employees.

+£24bn

potential annual boost to the UK economy by tackling racial disparities in the UK labour market.

60%

of Black and Asian people in the UK had no savings at all in 2010.

Actions for Employers and Policy Makers

Public sector and private sector organisations need to ensure that diverse voices are represented within the virtual key decision-making tables being established at this time.

When roles need to be filled urgently it is easy for bias which may not be intended or unconscious to enter the selection process.

Ask the questions:

- Do we have any BAME people around the table?
- If not, how are we going to hear and learn from the lived experiences from Britons from diverse backgrounds?

- How can we include their voices?
- Do we have employees from BAME backgrounds that can join our team?
- How can we consult with BAME communities to hear their lived experiences and challenges?

Employers need to take action to avoid group-think decisions. Diverse groups make better decisions.

Group-think decisions without input from broad perspectives and voices representing the current lived experiences from the most vulnerable groups in society, increase the scale and risk of 'blind spot' decisions. This will result in costly government reviews that will seek to correct the inevitable devastating impact on some BAME communities because of COVID-19.

Actions for policy makers

Policy decisions must be inclusive, and thoroughly Equality Impact Assessed at the time they are created, developed and implemented.



- **Take action to ensure that no group-think decisions are made.** This will result in reduced incidents of unintended negative consequences, which are the results of urgent decisions and policies introduced, without seeking the broadest range of perspectives to inform the decision.
- Policy makers in **critical government departments** such as Department for Work and Pensions (DWP), Department for Health (DfH), Department for Business Innovation and Industrial Strategy (BEIS), Department for Education (DfE), Ministry of



Justice (MOJ)), Home Office (HO), HM Revenue and Customs (HMRC) and HM Treasury (HMT), Cabinet Office (CO), Department for Housing Communities and Local Government (DHCLG) and Local Authority leaders need to review decisions at every stage and ask the question, who is given access to the critical roles being established within their departments to lead in the crisis? Such roles often define future careers, so it is of vital importance that there is inclusive, transparent and fair access to these roles and opportunities.

- **BAME employees are needed to give the vital diverse perspectives** and lived experience of the impact of COVID-19. Policy makers need to ensure that there is balanced representation at every virtual decision-making table where it is possible.
 - For example, ensure an inclusion lens is applied when decisions are being made about who is being deployed to the frontlines to process the influx of claims to the government Job Retention Scheme or Universal Credit.
- **Policy makers need to ensure that there are BAME employees and those with other protected characteristics involved in the critical decisions** being made at this time. This is key to policies being created and for the effective delivery of different essential frontline services to respond to the unforeseen impacts of COVID-19.
 - For example, predicted grades at GCSE and A-Level are usually under-predicted for BAME pupils. BAME pupils annually out-perform what their teachers and schools predicted their grades would be, year on year. What safeguards are being put in place to ensure that bias is stripped out of the forecasts and decisions for BAME student predicted grades? Decisions are

being planned and taken now so urgent action is needed on this.

Without the voices of BAME employees and stakeholders at every critical stage, government policy makers risk making decisions that have a devastating impact on BAME communities because there was no one around the table at the time to speak for, or raise key issues and share examples of the impact on BAME communities. Many of the stories and issues arising now, will only be visible and appreciated by those who have the lived experience, and/or have extended family and networks of friends living and experiencing negative impacts of COVID-19 that intersect with race and ethnicity.

Action for the Cabinet Office Race Disparity Unit



It is important to ask government bodies to capture and publish ethnicity data and identify and disparities in the implementation of policies introduced because of the pandemic and subsequent

lockdown:

- Ensure participation in the government Job Retention Scheme is monitored by ethnicity and include data on what sector employees come from to the scheme.
- Monitor who is successfully moved back into full-time or part-time employment following a stint on furlough, and who is made redundant and who progresses to Universal Credit.
- Monitor the redeployment and progression of BAME employees in central and local government to key roles to manage the COVID-19 response. There will be much movement across government to redeploy talent into new positions. It is important the government captures the data of those who

have been placed on Temporary Responsibility Allowance and other allowances, and those who have been pivoted to a career enhancing role. Departments should review the BAME talent already identified through its various talent programmes, Minority Ethnic Talent Association (META), Future Leaders Scheme. Civil Service Race Forum and Race to the Top G6/7 Network. Current participants and alumni and employee resource groups and networks should be encouraged to apply for opportunities.

- Monitor predicted grades for students. Use the benchmark of previous attainment grades in published records from the previous three years to ensure that there is no bias in the process.
- Ensure the cases of those who sadly pass away because of COVID-19 are monitored by ethnicity.
- Ensure the NHS and social care employees who contract COVID-19 are monitored by ethnicity group, and, those who sadly pass away.



Actions for all employers
Inclusive employment policies will contribute to social cohesion and stability.
Employers must:

- **Capture ethnicity data:** Take action to capture the representation of your workplaces by demographic group. BITC has provided three [Capturing Ethnicity Data](#) fact sheets for new signatories to the Race at Work Charter to help employers to get started on their data capture journey or to improve the current employee disclosure rates. The CBI have recently published an excellent guide for members to help employers to do this.
- **Review and monitor the population of employees earmarked for furlough to the**

government's Job Retention Scheme and not just apply a first in, first out principle. Assess the skills needed within your organisation for continued operational effectiveness and consider redeployment of skilled people who can pivot into new roles across the organisation as appropriate.

- **Monitor those who are asked to return to the organisation** following a period on furlough (either full-time or part-time roles), and who is made redundant or asked to move on to Universal Credit.
- **Set targets for recruitment and progression and monitor by ethnicity group.** Monitoring should review access to each stage of the recruitment process to ensure that there are no statistical differences when converting attraction rates to sift and shortlists, interview, assessment, selection, permanent and temporary hire rates by diverse group. Progression and temporary promotions should also be monitored.
- **Monitor by ethnicity group, work contracts** which include zero-hours, part-time, full-time, permanent, and fixed-term contracts.
- **Monitor access to any internal employee hardship funds** established and encourage applications from employees with some of the key disparities that may be linked to financial challenges because of disproportionate housing costs, and/or limited savings.
- **Ensure government advice to employees has been received and understood**, this is particularly important for employees where English is the second language. For example, many employees working in the NHS, Mental Health and Social Care sector will need very clear communications about how, when, and where to get tested for COVID-19.



- **Review data when decisions are being made, and review opportunities to reduce any racial disparities found,** especially where there would be an unintended disproportionate negative impact.
- **Be inclusive: take action to ensure there is not bias in celebrating success and praising great work:** BAME employees in the UK make up 20% (one in five) of the NHS the lack of their representation in the celebration and media coverage has been stark. We must do better and ensure that such coverage include thanking and featuring *everyone* risking their lives to keep us all safe. Praising great work is a great motivator for all of us. Employers should ensure that they are being mindful of ensuring the same levels of enthusiasm are attributed to their BAME employees who do great work as they do to their White employees who do great work.

Materials and links

- [Race inequality in the workforce 2020](#)
- [McGregor-Smith Review Race in the workplace report 2017](#)
- [Race at Work 2018 Scorecard report](#)
- [Race at Work Charter](#)
- [Race at Work Charter one year on report 2019](#)
- [Ethnicity Data Capture factsheets](#)
- [Ethnicity facts and figures website](#)
- [Let's talk about Race](#)
- [Race at Work Charter executive sponsors: Top tips to become a visible leader on ethnicity](#)

Our Resources

We have a range of resources to support employers with creating an inclusive culture that promotes race equality in the workplace.



Employers can [take the survey](#) to measure their progress against the charter principles, [sign the Race at Work Charter](#) and share our newly released [executive sponsor for race factsheet](#).

