Submission to Mathew Taylor, Chair of Employment Practices Review

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Review of Modern Employment Practices: Segregation and the Use of Labour Providers

Key Points

This submission is in the form of a request to the Taylor Review to prioritise the apparent problem of segregation in workforces, especially having regard to the use of labour providers to recruit EU and other foreign workers and; how they are subsequently organised and managed.

Whilst the evidence is limited, it suggests that foreign workers continue to be organised into language and ethno-cultural groups within the workplace and that this pattern is reinforced in the local community, reducing potential contact with other groups (notably the White British, or 'host' community) and thereby also limiting the opportunity to disconfirm prejudice and stereotypes and improve tolerance and cohesion.

It also suggests that workplace segregation may also be evident in certain industries that do not rely upon migrant workers and that this has the same potential impact. This area is also under-researched.

Further, it is also suggested that the failure to adopt good HR practices and to apply equal opportunity policies may not only be to the detriment of migrant workers, but may also make it more difficult for British workers to compete for jobs by creating a hidden cost advantage in the employment of large numbers of non-British workers. This may also compound the sense of unfairness felt by some British workers. The current shortage of migrant workers in some industries, largely resulting from the move towards Brexit, is worrying but needs to be addressed in ways that do not simply perpetuate segregated employment patterns.

The workplace does, however, offer great opportunities for contact between people from different backgrounds and there are many examples of diverse teams operating within a professional culture which transcends difference and builds wider ideas of cohesion and tolerance. It is hoped that this practice can be extended as a result of the Taylor Review

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[1] www.icocofoundation.com

Introduction

There are many possible dimensions of employment practices which could be tackled by the Taylor Review but it appears that both the use of labour providers and workforce segregation fit into more than one of the six key themes (in the Appendix[1]). It is hoped that this submission, in the early stages of the review, will underline the impact of these current practices on both employees and local communities.

The impact of the use of labour providers and related employment practices on community cohesion and the wider issue of the competiveness of British workers, is limited, but the evidence that does exist (some of which is reviewed below), raises some very worrying concerns and the Taylor Review is therefore a very timely opportunity to embark on further research and consider the issues in greater depth and develop clear guidance to business as may be required.

The main focus of this submission is on the food industry of 'processing, packaging and picking', as the employment tends to be very much more area based than for the other industries recruiting large numbers of migrant workers. Community impacts are more easily identifiable, though the impacts in other industries may be similar.

Further, this paper also focuses very much on the impact of the employment of new migrants, but there are indications that some longstanding industry sectors and employment groups can also separate ethnic groups, even to the point of segregation. This will inevitably reduce recruitment opportunities for one or more groups and by limiting contact could also reinforce tensions within and between communities.

Workplaces have the advantage of being defined by professional boundaries and codes of conduct, in which employees have to collaborate across team boundaries to deliver the goals of the organisation. In so doing, workplaces can then promote contact between people of many different backgrounds, both within and without the organisation, and to begin to redress the unequal and limited opportunities created by segregated residential areas and schools, as well as deeper socio-economic differences. The workplace is thus a crucial area for integration and on the basis of present knowledge, the potential is not being realised.

The opposite is also true, where workforces are not mixed, they may fail to utilise the potential of a range of employees, but may also exacerbate tensions and perceptions of unfairness in the community. Furthermore, the failure to engage a wider range of employees may actually suggest some unfairness in the recruitment and employment practices themselves.

The workplace is therefore essential to the whole debate about integration and cohesion and whilst the recent Casey Review of Integration[2] did provide some details of segregation in employment, little consideration was given to specific action beyond equality programmes. It is hoped that the Taylor Review will rectify this omission.

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[2] Casey, Dame Louise (2016). The Casey Review into Opportunity and Integration. London: DCLG https://www.gov.uk/government/publications/the-casey-review-a-review-into-opportunity-and-integration

The Use of Labour Agencies and Providers

Labour agencies and providers bring in many of the 3.2 million foreign born workers, two-thirds of which are from the EU[3], often recruiting directly in those countries. These workers provide great benefit to the UK economy and often take on jobs where the UK struggles to provide sufficient labour. Indeed, there are many industries which would simply not exist without foreign labour – especially in the food picking, packaging and processing area. Without the help of foreign labour, the UK would be importing far more food from other countries, rather than producing it ourselves. The most recent evidence suggests that labour shortages have become more problematic following the Brexit decision[4]. And other industries too, such as social care, catering, the building industry, various factory production work and many parts of the service industry are also reliant on foreign labour.

The practices of labour providers are often 'under the radar' because they are recruiting low-skilled workers for businesses that are generally not household names, less unionised and where the workforce is less engaged in social and political life. Their role is however very significant, for example, most supermarkets indirectly rely upon them as they form a critical part of their supply chains (though supermarkets can claim that all their direct employees are recruited and managed in accordance with good industry practice, they may have little knowledge or regard to the employees in their supply chain businesses).

However, whilst resentment towards foreign labour and perceptions of 'unfairness' are common place, there is only limited evidence of abuse in respect of pay. The Migration Advisory Committee, has pointed out that enforcement is limited (see below) and therefore the full extent of abuse may not be known and that where enforcement is used it may have limited effect[5]:

> A significant proportion of the evidence we received told us that although enforcement action did serve to punish a number of employers found to be in breach of or not complying with the relevant legislation, the temptation for employers to avoid costly compliance, and the rewards to them for doing so, were such as to not act as a sufficient brake on those willing to take a chance. In looking at the influence of legislation on how employers and recruitment agencies engage with migrant labour, McCollum and Findlay (2012) found that unscrupulous activity with regards to payment of overtime, income taxes, National Insurance contributions, holiday pay and adherence to health and safety and other legislation was commonplace in the food production and processing sectors.
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> (MAC, 2014, para 6.61)

Employers can, in any event, legally pay below the statutory minimum where the employee is retained as an 'agency worker' (in the food processing industry this is assumed to be around 25% of employees) and can also use the 'Swedish derogation' which provides derogation from equal pay for

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[3] Association of Labour Providers (2016) The ALP Service and Benefits (Members Handbook) Surrey: ALP

[4] Association of Labour Providers (ALP) 2016 *Labour Immigration Policy Pre and Post EU Exit Association of Labour Providers – Briefing and Position Paper* November 3rd 2016. Camberley: ALP

[5] Migration Advisory Committee (2014) Migrants in Low-Skilled Work London: Home Office https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/333083/MAC-Migrants_in_low-skilled_work__Full_report_2014.pdf

the first 12 weeks of employment. The level of pay and the possible use of devices to circumvent legal and good practice, does need further review.

More recently a report[6] found that 'there is a significant pay penalty attached to being an agency worker' and also this also cast doubt on whether 'self employed' agency workers are genuinely self-employed. Again they point to the lack of previous evidence, notwithstanding the number of employees involved.

However, whatever the reality of the pay penalty, it is suggested that the lower level of consideration given to these employees, a poorer standard of HR management, any equalities input and the potential loss of certain rights, for example in respect of dismissal, grievance and disciplinary measures, represents a very significant cost advantage to employers over and above the any pay differential. Employers also use 'temp to perm' as a means of assessing the reliability and work ethic of the employee. This again enables them to circumvent good employment practice involved in a probationary period and would generally not apply to a British worker recruited directly. The bypassing of proper HR processes would represent a considerable cost advantage to the employer - an incentive to effectively discriminate in favour of foreign workers.

The limited research seems to bear out both the cost advantage and the tendency towards segregation, as suggested by the Migration Advisory Committee[7]:

> Labour demand and employers' recruitment decisions are critically influenced by the price of labour. The control of labour costs is a key factor shaping employer demand for labour, especially in labour-intensive occupations. Some employers may deploy a strategy based on low labour costs and substitutability of workers to maintain a competitive advantage. An employer survey conducted by CIPD (2005), focusing on reasons for recruiting migrants and attitudes towards migrants, highlighted that five times as many employers recruiting low-skilled migrant workers were using these workers to reduce labour costs than employers recruiting highly skilled migrants (Warwick IER, 2013). Forde and McKenzie (2009) suggested that a business model based on low labour costs is dominant amongst employers using low-skilled migrant workers. Fitzgerald (2007), a study focusing on Polish migrant workers in the construction sector in northern England, found that some employers were being undercut by firms pursuing low cost competitive strategies reliant upon heavy use of migrant workers as a reserve army of cheap labour, with low wages and poor working conditions. May et al. (2007) found similar business models underlying a migrant division of labour in London, with employers capitalising on a high volume and heterogeneity of migrants to segment labour forces.
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> (MAC 2014, para 5.29)

Businesses using labour providers have effectively outsourced their recruitment of employees and begun a process which then becomes an integral part of management. Business will have less direct contact with the employee from the start and generally do not have to consider the suitability on an

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[6] Judge, L. and Tomlinson, D. (2016) Secret Agents: agency workers in the new world of work London: Resolution Foundation

[7] Migration Advisory Committee (2014) Migrants in Low-Skilled Work London: Home Office https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/333083/MAC-Migrants_in_low-skilled_work__Full_report_2014.pdf

individual basis, are less able to respond to individual needs, nor consider 'hygiene' issues such as motivation, team building, training, grievance, disciplinary or any conditions of service – these may all too easily become the responsibility of the labour provider in return for a management fee, or through an agency arrangement. This could represent a considerable saving for the business as they are simply furnished with the requisite number of 'work ready' employees and are able to take little responsibility for the day to day management, or even more fundamental matters such as leave entitlement, working conditions, maternity rights and equalities. Indeed, when an employee raises any such issue, they may simply be replaced by another willing recruit direct from the country targeted by the provider and denied the same consideration given to direct employees.

A recent report for the EHRC[8] makes the point that:

> The Equality Act 2010 provides protection from discrimination on the grounds of nine 'protected characteristics' including race, which covers ethnicity and nationality. The Act makes it unlawful for employers and their agents to discriminate against people seeking employment: they must treat applicants fairly and not discriminate in any arrangements for making appointments.

However, it is difficult to see how the current recruitment practice does not lead to discrimination in respect of nationality as the same report[9] concluded that:

> 'There was a small number of examples of approaches by employers and recruitment agencies that may lead to potentially discriminatory recruitment practices. There was also evidence of a lack of knowledge about the law, which could also lead to unlawful discrimination. However, our evidence suggests that there is only limited clear and unequivocal evidence to suggest that employers might act on a preference to recruit foreign-born over UK-born workers, or vice versa.

The report does not appear to consider whether there is an institutional basis for discrimination against British workers, because of the very different recruitment and HR policies employed.

This report also contrasts with previous reports. For example, employers were urged to check the legal and ethical standards of their labour suppliers by their own industry group[10]. There is no indication as to the extent of ethical standard adoption. It is also difficult to assess whether the Agency Workers Regulations 2010 are being followed and, in any case, they do not apply where the worker is under the supervision and direction of the 'hirer', nor where the worker is deemed self-employed. Indeed, there seems to be little research on the numbers of foreign born workers to which these different categories apply. The Gangmasters and Labour Abuse Authority (GLAA, previously the GLA) does have enforcement powers, but this applies to criminality rather than to ethical standards of recruitment and management and doubts have been expressed by the industry over the level of resources available to the GLAA to effectively discharge its' responsibilities[11]. The

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[8] Adams, L Sumption M. et al (2016) *Recruitment in Britain: Examining employers' practices and attitudes to employing UK-born and foreign-born workers* EHRC Research Report 104 London: EHRC https://www.compas.ox.ac.uk/media/Recruitment-in-Britain.pdf

[9] Ibid p.6

[10] Association of Labour Providers (2016) The ALP Service and Benefits (Members Handbook) Surrey: ALP

[11] Ibid p.84

GLAA issues licences to labour providers and does have an inspection procedure in respect of its Licensing Standard[12], though it is again not clear from these standards how far they would cover the issues identified. And there have been concerns about the lack of resources available to the GLAA.

The Migration Advisory Committee has also expressed concern about the lack of enforcement by the GLAA and HMRC[13]:

> The MAC is seriously concerned that the two major enforcement bodies are under resourced and that the penalties for non-compliance are too weak.

And specifically in respect of HMRC:

> Her Majesty's Revenue and Customs (HMRC) enforces the National Minimum Wage (NMW). But, on average, a firm can expect a visit from HMRC inspectors once in every 250 years and expect to be prosecuted once in a million years. Such enforcement effort hardly provides an incentive to abide by the NMW. Further, while HMRC does an excellent job with its limited resources, it may not be the appropriate body to enforce the NMW. Its job is to collect taxes. It may therefore view resources devoted to compliance of the NMW as a diversion from its main task.

And some previous evidence suggests that labour providers have little regard to good employment practices in some cases, with 'flags' of maltreatment provided by the industry itself (The Association of Labour Providers, 2013)[14]; and through a major inquiry by the EHRC in 2010[15] in to the meat and poultry processing industry found:

> 'evidence of widespread poor treatment of agency workers, particularly migrant and pregnant workers, both by agencies and in the meat processing factories. Some amount to breaches of the law and licensing standards – such as coercing workers to do double shifts when they are tired or ill. Others are a clear affront to respect and dignity. This mistreatment not only blights the lives of individuals, but damages good relations in the workplace and communities. Yet much of it remains hidden. Sadly, many of these agency workers endure even physical and verbal abuse without complaint, fearful that complaining will wreck their chance of securing stable employment. But that is not the full picture. There are processing firms and agencies who take steps to act responsibly and reject the mistreatment of agency workers. We heard from firms who treat all workers as an integral and valued part of their workforce. Some have come up with imaginative ways of including migrant workers. Their motivations are economic'

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[12] Gangmasters and Labour Abuse Authority (GLAA, previously GLA) Licensing Standards (2015) http://www.gla.gov.uk/media/2745/licensing-standards-aug-2016.pdf

[13] Migration Advisory Committee (2014) Migrants in Low-Skilled Work London: Home Office https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/333083/MAC-Migrants_in_low-skilled_work__Full_report_2014.pdf

[14] Association of Labour Providers (2013) Uncovering Hidden Migrant Worker Maltreatment. Surrey: ALP http://labourproviders.org.uk/wp-content/uploads/2013/01/Uncovering-Hidden-Migrant-Worker-Maltreatment.pdf and EHRC (2010) Inquiry Into The Recruitment and Employment of the Meat and Poultry Processing Industry https://www.equalityhumanrights.com/sites/default/files/meat_inquiry_report.pdf

[15] EHRC (2010) Inquiry Into The Recruitment and Employment of the Meat and Poultry Processing Industry https://www.equalityhumanrights.com/sites/default/files/meat_inquiry_report.pdf

The inquiry team took over 2,000 pages of verbatim transcripts and the abuse and mistreatment of migrant workers does not make easy reading. Those that oppose the use of migrant workers and want to reduce immigration may be tempted to be gratified by this, but even if they can set aside the ethical argument, they should reflect that this is one of the major reasons why British workers are regarded as a more expensive option – it has less to do with wages and much more to do with the wider costs of employment.

At that time of the EHRC Report, migrant workers made up 70 per cent of the agency staff in this industry's food processing firms and over one-third of their employees. The same sort of proportion may well apply to other parts of the 'picking, processing and packing' food industry and is likely to have expanded over the last 6 years.

With regard to equal opportunities, it seems likely that as demand from other country nationals is generally high for such employment, there will be little by way of positive action. Compare this to established UK practice; most major employers would have an equal opportunities policy and would target under-represented groups, irrespective of the level of demand. They would undertake outreach work in disadvantaged communities and try to understand the barriers and reason for a low level of application and then find ways of providing pre-entry training and development opportunities. In this context, we could expect the same approach to apply to under-represented British citizens, as well as non-UK groups who were under-represented. Some employers claim to have tried to recruit British citizens but have found them to be unwilling to work in such environments. This may be true, but the whole point of positive action is to overcome perceived and actual barriers. We also know that as many as 40 per cent of jobs are found through personal contacts, disregarding open recruitment processes[16]. And equal opportunities should apply to all groups based on gender, ethnicity, age, faith, disability – as well as nationality.

It is not suggested that employers should be 'named and shamed' for employing non-UK citizens, as was recently proposed, as this carries an implication that the use of foreign labour is inherently undesirable. However, there should surely be an expectation that they adopt good practice on management processes, HR and equalities, . This should apply to both the labour providers and the agencies, but perhaps the businesses that depend upon their supply chains should also take some responsibility (there have been some small moves in this direction in the past[17]).

If it is the case that labour providers and agencies recruit - and effectively assist in the management of staff in this way - so that employers are then able to take advantage or a looser HR and equalities framework, then this represents a real and significant advantage over the employment of British workers. Though less easily identifiable than a wage differential, it results it a considerable cost incentive to the preferment of foreign workers and such practices tend towards segregated workplaces. It may go some way to understanding the sense of unfairness that is felt within local communities (and as expressed in so many of the areas with a high level of support for Brexit).

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[16] Social Integration Commission (2015) Kingdom United: Thirteen Steps to Tackle Social Segregation http://socialintegrationcommission.org.uk/images/sic_kingdomunited.pdf

[17] The Workforce Cohesion Initiative was developed by the Association of Labour Providers and the Institute of Community Cohesion with the inputs by the Co-operative, Marks and Spencers, EHRC, GLA and others. It did provide some support to employers who were willing to engage under a 'Workforce Cohesion' initiative, though this seems to have withered away

It is proposed, therefore, that the practice of labour providers and agencies and the employers that use them directly, or indirectly through their supply chains, should be scrutinised and a code of good practice developed to promote integration and a level playing field in recruitment, HR policy and management.

The Impact on Community Cohesion

The former Labour Government conducted a *Place Survey* on an annual basis and this gave an indication of community cohesion 'hotspot' areas, as indicated by community responses to survey questions about the sense of belonging and how well people from different backgrounds got on with each other. The *Place Survey* was discontinued in 2011 but up to that point did show that some of the lowest cohesion scores were to be found in areas of high eastern European migration in respect of food processing, picking and packaging. The recent Brexit vote also shows high levels of support for Brexit, at least some of which was based upon anti-migrant sentiment, from those same areas.

Labour providers may inadvertently impact on local community cohesion by targeting one or more European country nationals and then using a simplistic business model to establish ethnic and/or language based teams within many companies. These teams may then have little or no connection with other ethnic or language groups in the same workplace on parallel production lines and may also have no real interaction with locally recruited labour[18] (if indeed there is any[19]) and: often none with local indigenous communities.

There are some examples of employers attempting to integrate separate language and ethnic groups in the workplace, but these initiatives seem very limited and employers (or the labour provider) often reinforce the separation by recruiting a team leader simply because of their ability to speak English and to be a bridge between the senior management of the business and the shop floor[20]. They may have no management training and may not be familiar with UK law or good HR practice and a disincentive to create more integrated teams.

We might expect that the employers bringing large numbers of foreign workers into particular communities should take some responsibility for their contact and integration with the local area. And we might also expect that local authorities and other agencies would work with them to foster such contact, dispel stereotypes and pre-conceptions and to tackle any genuine problems that need to be addressed. However, there is little evidence of any of these practices now taking place.

One way to help this process of integration is for employers to provide English language classes in the workplace (which should surely be necessary in any case so that employees can understand health and safety guidance, management instructions, their pay and conditions, etc.) so that employees can not only communicate with each other and with management, but also with the local

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[18] The Author has first hand experience of working with a large number of firms in the food processing sector who had segregated workforces and being encouraged to adopt better practice under the iCoCo Workforce Cohesion Initiative

[19] The iCoCo Workforce Cohesion Toolkit (2010) noted that some businesses have nightshifts comprised of Eastern European workers and dayshifts of British workers http://www.tedcantle.co.uk/publications/60.pdf

[20] The iCoCo Workforce Cohesion Toolkit (2010) http://www.tedcantle.co.uk/publications/60.pdf

community. Whist there are some exceptions,[21] it seems that very few employers provide English language classes and feel under no obligation to even encourage the use of English in the workplace. There is evidence that many such employers communicate with employees in their home language, often through a supervisor who is able to translate (and as mentioned above may have been appointed to this post simply because of their language rather than management skills). Indeed, some workplaces provide information to employers through notices which are printed in their home language or are displayed on television screens throughout the factory.

Given, that many such employees will only speak their home language at work and often live with others from the same group in properties which have been set aside for them and often provided by the employer or recommended to them, they will find it very hard to integrate and engage with the local community. This means that they will have difficulty in communicating and getting to know people outside their group, and they will also fail to find out about local customs and norms.

However, it is not only the language barrier that should be addressed and the local community could be better engaged and perhaps encouraged to visit the workplaces, and employees could be helped to get to know the local area and to find out more about the local community. Each side could be asked to volunteer, for example by establishing 'buddies' from the community to show employees around and to provide English conversational experience. Similarly, employees could be given lists of local projects which they might wish to help with, for example though organisations like Groundwork, or Inter-Faith groups. Some progressive employers have used sport to bring the workforce and local community together[22].

As Matthew Taylor will be aware, from his Chairmanship of the Social Integration Commission[23], contact and interaction between different groups is vital in order to disconfirm stereotypes and reduce prejudice. Contact is the best way of improving tolerance and respect[24]. It is therefore not surprising that in some areas where there have been large numbers of foreign workers engaged in local industries which operate on a very separate recruitment and management basis, that tensions are relatively high and that there is a good deal of resentment and even hostility towards foreigners.

Segregation in Employment Generally

The main focus thus far has been on the relatively recent workers from Eastern Europe. However, there are many industries or businesses with workforces that are dominated by one ethnic group[25]. This may be less problematic with regard to English language, as minority groups are likely to be at

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[21] The iCoCo Workforce Cohesion Toolkit (2010) was able to identify one or two employers that gave English language training http://www.tedcantle.co.uk/publications/60.pdf

[22] EHRC (2010) Inquiry Into The Recruitment and Employment of the Meat and Poultry Processing Industry https://www.equalityhumanrights.com/sites/default/files/meat_inquiry_report.pdf

[23] Social Integration Commission (2015) Kingdom United: Thirteen Steps to Tackle Social Segregation http://socialintegrationcommission.org.uk/images/sic_kingdomunited.pdf

[24] For a meta-analysis of 'contact theory' see: Pettigrew T. and Tropp L. (2006) 'A Meta-Analytic Test of Intergroup Contact Theory'. Journal of Personality and Social Psychology, 2006, Vol. 90, No. 5, 751–783 (American Psychological Association 0022-3514/06/$12.00 DOI: 10.1037/0022-3514.90.5.751)

[25] The Casey Review is the latest example of this and itself quotes a number of other sources – see para 6.36 Casey, Dame Louise (2016). The Casey Review into Opportunity and Integration. London: DCLG https://www.gov.uk/government/publications/the-casey-review-a-review-into-opportunity-and-integration

least second generation and British born. At the same time some industries or businesses may be dominated by the majority White British group with little representation by minorities and again English language will not be a dividing line. But, from the perspective of integration and cohesion, a workforce which is representative will provide a means by which barriers can be broken down as professional contact develops into relationships which cross social and cultural divisions.

The links between residential segregation and workplace segregation are also pertinent and the beneficial effects of contact in both settings are now clearly established.[26]

In order to interact with each other, however, people from different backgrounds do actually have to be in the same workplace – and also generally of similar rank and status. With this in mind, attention should be focused on recruitment practices and not just through labour providers and agencies. It is known that recruitment does take place through 'word of mouth' by recommending friends, family and associates. As many friendship networks are limited to people of similar backgrounds, this means that recruitment will reinforce the existing workforce composition. In addition, applications may be conditioned by aspirations, or more obviously by indirect forms of contacts, through what is known as 'linking social capital'. This points to the need for rigorous selection processes and for outreach work to ensure that all different groups are encouraged to apply in the first instance. This cannot be done without sound HR and equalities policies.

The Social Integration Commission (2015)[27] identified the lack of interaction within the workplace and the problems associated with widening participation in some areas. It did also manage to identify a small number of schemes that could be highlighted as good practice. With regard to recommendations it made these same points:

> 'Business and public sector leaders should recognise the benefits of social mixing and look to recruit from diverse talent pools.
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> Businesses and public sector agencies employing recent migrants should take active steps to enable these workers to meet and mix with different groups of people.

Such examples of good practice, however, seem to be very limited and are hard to find.

A recent report by the business community (BiTC, 2016)[28] found that:

> Racism very much remains a persistent, if not routine and systematic, feature of work life in Britain, thus contributing to the organisation of society in ways that structurally disadvantage ethnic minority workers. Ethnic minority workers are frequently subjected to racism by colleagues, managers, customers, clients and service users. Racism is experienced in a wide variety of ways, ranging from 'everyday banter' to violence and intimidation.

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[26] Laurence, J. (2016) "Wider-Community Segregation and the Effect of Neighbourhood Ethnic Diversity on Social Capital: an Investigation into Intra-Neighbourhood Trust in Great Britain and London." *Sociology*

[27] Social Integration Commission (2015) Kingdom United: Thirteen Steps to Tackle Social Segregation http://socialintegrationcommission.org.uk/images/sic_kingdomunited.pdf

[28] Business in The Community (2016) Equality, Diversity and Racism in the Workplace http://race.bitc.org.uk/system/files/research/race_at_work_equality_diversity_and_racism_in_the_workplace_executive_summary_november_2016.pdf London: BiTC

> Alongside Islamophobia and antisemitism, crude and overt forms of anti-Black and anti-Asian racism are also prevalent.

Alongside this they also found:

> White resentment is a significant problem. In some cases, White British employees suggested that activities and training promoting equality and diversity were no longer necessary. It was also suggested that equality and diversity activities provided ethnic minority employees with an unfair advantage and preferential treatment.

This report built upon an earlier review, *Race at Work*[29], (which itself gave a poor reflection of race relations in the workplace) and used the testimony of around 24,500 personal experiences, some of which were described as 'shocking'.

It is hard to conceive of a workforce which is integrated and at ease with itself in which racism, and resentment towards the 'other' subsists. These problems are most easily tackled alongside each other.

Employers do, therefore, need to pay more attention to building a workforce which is representative of the local area and this means tackling some of the more deep-seated socio-economic divisions; ensuring that employees from different backgrounds can relate to each other; as well as considering the ways in which the structure of the workforce might attract such diversity.

However, it is also clear that such calls for action need to be owned, led and implemented by employers themselves, albeit with support and encouragement from other agencies.

At the other end of the scale, many workforces are now very diverse and in common with patterns of residential segregation[30], two patterns are possibly emerging – increased diversity and mixing in some industries and increased polarisation in others. However, even in those industries that are becoming more diverse it cannot be assumed that the workforce will have the necessary skills to cope with that diversity, nor take advantage of the opportunities that globalisation provides. The British Council (2016)[31] notes that:

> 'The challenge now for employers, governments, skills providers and employees alike is to better recognise and develop these vital (intercultural) skills – be it learning a foreign language or being open to different outlooks and world views. These skills will be particularly important in the UK and the US at a time when the economies are in need of a shot in the arm from increased international trade and investment. Indeed it is interesting

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[29] Business in the Community (2015) Race at Work: Executive Summary London: BiTC http://race.bitc.org.uk/sites/default/files/bitc_race_at_work_executive_summary_nov_2015.pdf

[30] Cantle T and Kaufmann E (2016) *Is Segregation Increasing in the UK*?. Open Democracy

[31] The British Council (2016) Culture at Work – the value of intercultural skills in the workplace file:///C:/Users/ted/Documents/culture%20at%20work%20report%20British%20Council%202016.pdf London: British Council/Ipsos Public Affairs/Booz-Allen-Hamilton

> that the research highlights that both countries are behind many of the currently fast growing economies in recognising the importance of developing intercultural skills.

They go on to suggest that:

> 'there is real business value in employing staff who have the ability to work effectively with individuals and organisations from cultural backgrounds different from their own. In particular, employers highlight the following as important intercultural skills:
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> - the ability to understand different cultural contexts and viewpoints
> - demonstrating respect for others
> - knowledge of a foreign language.'

And they note that employees who lack these skills may leave their organisations susceptible to risks including the loss of clients, damage to reputation of the business and conflict within their teams. They also note that the UK is falling behind other countries in this regard.

This points to the need for the development of intercultural skills in schools, colleges and universities, which would then be of value in the workplace. And if such a programme were to be adopted, it is likely that it would assist all young people in coming to terms with change, not just those who have become part of a diverse and more globalised working environment.

The Need for More Research

As noted above, first hand evidence is rather limited and often rather dated – and hence the request for an investigation in this area to form part of the review. However, such evidence as does exist does give rise to serious concerns over the past six years or so and there is nothing to suggest that the position has improved in any significant way.

Appendix: Review of Modern Employment Practices

The Six Key Themes

[i] Security, pay and rights

- To what extent do emerging business practices put pressure on the trade-off between flexible labour and benefits such as higher pay or greater work availability, so that workers lose out on all dimensions?
- To what extent does the growth in non-standard forms of employment undermine the reach of policies like the national living wage, maternity and paternity rights, pensions auto-enrolment, sick pay, and holiday pay?

Progression and training

- How can we facilitate and encourage professional development within the modern economy to the benefit of both employers and employees?

The balance of rights and responsibilities for new business models

- Do current definitions of employment status need to be updated to reflect new forms of working created by emerging business models, such as on-demand platforms?

Representation

- Could we learn lessons from alternative forms of representation around the world, for example the Freelancers Union in New York, which focuses on access to health insurance, or the California App-based Drivers Association (CADA), which lobbies companies like Uber on behalf of drivers?

Under-represented groups

- How can we harness modern employment to create opportunities for groups currently underrepresented in the labour market (the elderly, those with disabilities or care responsibilities)?

New business models

- How can government – nationally or locally – support a diverse ecology of business models enhancing the choices available to investors, consumers and workers?