



BUSINESS
IN THE
COMMUNITY



DIVERSE AND INCLUSIVE SUPPLY CHAIN INSIGHTS REPORT

Unlocking diversity in
procurement practices and
removing barriers to growth

YouGov®

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FOREWORD

Nearly 30 years ago, Business in the Community, alongside His Majesty The King, invited business leaders to join a race equality campaign to address the inequalities faced by Black, Asian, Mixed Race and other ethnically diverse employees in UK workplaces.

As the campaign approaches the next decade, we are encouraging businesses to commit to our Race at Work Charter [seven key actions](#) to prioritise race equality and foster inclusivity for Black, Asian, Mixed Race, and other ethnically diverse individuals. This includes calling on businesses to sign our [Race at Work Charter](#) which currently has 1100 signatories.

Our Race at Work Charter 2023 survey of employers¹ indicated that whilst organisations have clear aspirations and ambitions about diverse and inclusive supply chains, there is little evidence of action and expertise.

Furthermore, our recent Leadership, employees and procurement survey found that 65% of respondents would not mind at all if the government captured ethnicity and diversity data on business ownership for analytical insights and to inform policy making purposes.

The survey was commissioned by our Race Equality Leadership Team and uses data supplied by YouGov, and is the first of its kind, exploring diversity, equity and inclusion in procurement practices.

This report presents valuable insights, designed to help large employers understand the needs of small businesses within their supply chains. It emphasises improvement of data collection by government on the diversity and ownership of small businesses by ethnicity and other protected characteristics. This will enable employers to better grasp the scope and expertise of these sectors.

I would like to extend my heartfelt thanks to the BITC Race Equality Leadership Team for their invaluable support in helping us deliver the Diverse and Inclusive Supply Chain project. I am also deeply grateful to everyone who completed the survey and shared their insights with us.



Sandra Kerr CBE
Race Equality Director,
Business in the Community

¹ [Race at Work Charter Survey Report 2023 – Business in the Community \(bitc.org.uk\)](#)

INTRODUCTION

Evidence from the ‘Race at Work 2021: The Scorecard Report’² resulted in ‘allyship’ and ‘supplier diversity and inclusive supply chains’ being added to the Race at Work Charter.

Diverse and inclusive supply chains are a source of resources and services that come from Black, Asian, Mixed Race and other ethnically diverse businesses, and those from all protected characteristics.

The survey, delivered in collaboration with YouGov, is the first of its kind and explored the dynamics of diversity, equity and inclusion in procurement practices. It also assessed the impact of procurement practices on small businesses, founders and those that are self-employed.

We asked large businesses and senior leaders to give us insights into the opportunities they have, to influence and collaborate with diverse and inclusive suppliers. We also asked small businesses and founders about their experiences working with large businesses, what barriers they have faced and what support they need to enhance partnerships and bring better and equal opportunities to business.

BENEFITS OF DIVERSE SUPPLY CHAINS

Inclusive supply chains can stimulate economic growth and job creation in underrepresented communities, as diverse suppliers often operate in these areas. It can also boost business performance through:

- **Increased innovation and creativity** – as diverse perspectives and experiences bring fresh ideas to the table.
- **Better understanding and connection with customers**, tapping into a wider range of cultural and demographic insights.
- **Improved reputation, brand image and commitment to responsible business practices.**

A report by Aston University found that improving practice in procurement could help tackle the multiple barriers faced by ethnically diverse owned businesses, particularly in accessing finance, markets and quality business support, could increase their Gross Valued Added (GVA) contribution from the current £25 billion a year to £100 billion.³

"Organisations need to ensure that supply chain contracts include ethnically diverse businesses – this is not just the right thing to do, it's good business. Just like the benefits of diverse teams and boards, diverse supply chains can add to economic growth and provide a much-needed boost to communities. If we want our organisations to truly reflect the societies we live and work in, then we must make sure that everyone has a fair opportunity, and that includes all potential suppliers."

Richard Iferenta, Partner and Vice Chair at KPMG, and Chair of BITC Race Leadership Team

² [Race At Work 2021: The Scorecard Report – Business in the Community \(bitc.org.uk\)](https://www.bitc.org.uk/race-at-work-2021-the-scorecard-report)

³ [CREME-NWG-Time-to-change-report.pdf](https://www.creme-nwg.com/time-to-change-report.pdf)

CASE STUDY



Coventry Building Society is the second largest building society based in the UK. Since signing the Race at Work Charter in 2021, they have focused on increasing the representation of Black, Asian, Mixed Race and other ethnically diverse employees. [Read the case study.](#)

Despite these potential benefits, the Race at Work Charter Survey

2023⁴ found that 238 UK employers reported poor performance on supplier diversity and inclusive supply chain action. Only 23% of respondents said yes to setting targets to increase the diversity of their suppliers and just 18% of employers said that they were signed up for the government's Prompt Payment Code.⁵

[Read the case study here.](#)

W "With 65% of respondents indicating no objection to the government capturing diversity data on business ownership, there's a clear acknowledgment of its importance. This data is vital for illuminating disparities and opportunities in the business landscape. Such insights enable employers and policymakers to develop more effective strategies that promote equity and inclusive supply chains, ultimately driving economic growth and benefiting society as a whole."

Professor Monder Ram OBE, Aston University, Centre for Research in Ethnic Minority Entrepreneurship (CREME)

⁴ [Race at Work Charter Survey Report 2023 – Business in the Community \(bitc.org.uk\)](https://www.bitc.org.uk)

⁵ [What is PPC – Small Business Commissioner](#)



KEY FINDINGS

OBJECTIVES TO INCREASE DIVERSITY AND INCLUSION

The survey findings suggest that employees working in procurement teams in the private sector are far more likely to have objectives to increase diversity and inclusion within their supply chains than the public sector. The Government is one of the largest purchasers of goods and services in the UK; it is therefore imperative that objectives committing to diversity and inclusion within procurement are embedded into business strategies.

52% of employees working in procurement in large businesses have objectives to increase diversity and inclusion in the supply chain and 32% do not. Those who work within the private sector are more likely to do this (58%), in comparison to those in the public sector (46%).

70% of employees within large businesses with objectives to increase diversity and inclusion in the supply chain reported that their organisation has published these objectives.

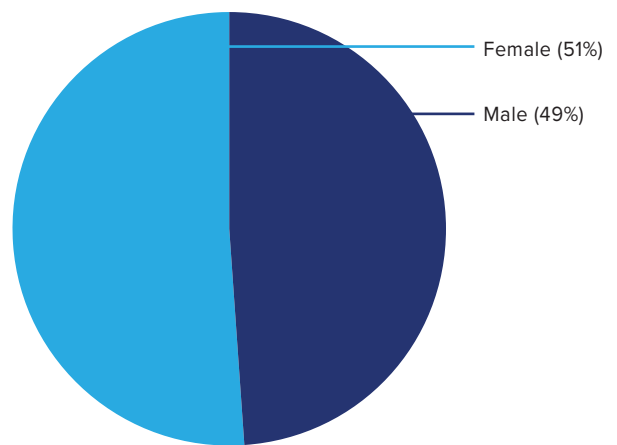
Of these, 54% report these commitments have been integrated into the organisation’s Responsible Business Strategy, and 48% into its Environmental, Social and Governance (ESG) reporting.

The ethnicity breakdown of those working in procurement practices shows that:

- 87% of the respondents were White (this percentage includes White British, Gypsy or Irish Traveller and any other White background)
- Only 13% are ethnically diverse.

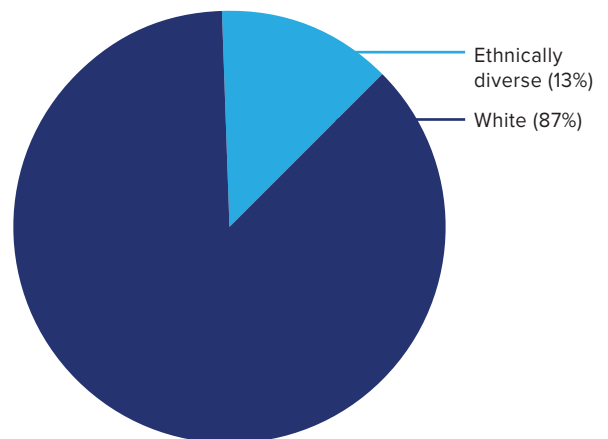
Employers should regularly review how ethnically diverse their teams are and aim to increase representation from 13% to 18.3%.⁶

FIGURE 1: GENDER BREAKDOWN IN PROCUREMENT PRACTICES



Base: Yes I source goods or services N= 170

FIGURE 2: ETHNICITY BREAKDOWN IN PROCUREMENT PRACTICES



Base: Yes I source goods or services N= 170

⁶ Population of England and Wales – GOV.UK Ethnicity facts and figures (ethnicity-facts-figures.service.gov.uk)

SUPPORT TO WIN BUSINESS

There was a clear message from small businesses about their priorities. Among commercial leads, 76% would like support from organisations to win business (18% don't work with large contractors and 6% are unsure). The most popular type of support mentioned is 'improved access to opportunities to bid for work', at 29%.

52% of large business employees working in procurement do not, or do not know whether their organisation does anything to make diverse suppliers aware of opportunities.

Transparency of new business opportunities

While almost a quarter (24%) of employees from large businesses working in procurement say their organisation does

Figure 3 SUPPORT FROM ORGANISATIONS THAT WOULD HELP WIN BUSINESS



Base: All small business commercial leads N= 205

Figure 4 HOW DIVERSE SUPPLIERS ARE MADE AWARE OF OPPORTUNITIES TO SUPPLY



Base: All large business employees and those working in procurement N:402

not do anything specific to make diverse suppliers aware of opportunities, 47% do take action to make diverse suppliers aware of opportunities to supply to their organisation. The most common way to make diverse suppliers aware is through the organisation’s website (26%).

from buyers to navigate procurement processes, while 31% feel they do not receive adequate support and 15% are unsure.

42% of respondents said that more open communication is a way that buyers could provide better support.

When asked about what actions their organisation takes to help diverse suppliers navigate the procurement process, 54% of commercial leads from small businesses think that they receive adequate support

Figure 5 ACTIONS TAKEN TO HELP DIVERSE SUPPLIERS NAVIGATE THE PROCUREMENT PROCESS



Base: All large business employees working in procurement and providing support to diverse suppliers n=162



"Through the Help to Grow: Management Course, we have seen the power of supporting business leaders from diverse backgrounds. 14% of small business leaders enrolled on the course are from an ethnic minority group compared with 6% of SMEs which are led by people from an ethnic minority background nationally. Furthermore, the SME-focused programmes delivered by our member business schools have helped small business leaders to build confidence. In the IPSOS evaluation report for government, 91% of Help to Grow: Management participants reported having greater confidence in leading and managing their business 6 months after completing the course."

Flora Hamilton, Chief Executive, Chartered Association of Business Schools

DELIVERING SOCIAL VALUE

Commitment to and support of equality and inclusion

Small business employees

55% of organisations that small business employees work with always or sometimes ask about their organisation’s commitment to equality and inclusion (17% always, 38% sometimes). However, 20% say this is rarely asked about, and 17% say they are never asked.

Large business employees

52% of large business employees report that their organisation always or sometimes asks suppliers about their commitment to equality and inclusion.

43% say their organisation supports suppliers to increase their own workforce diversity through one or more of the means below.

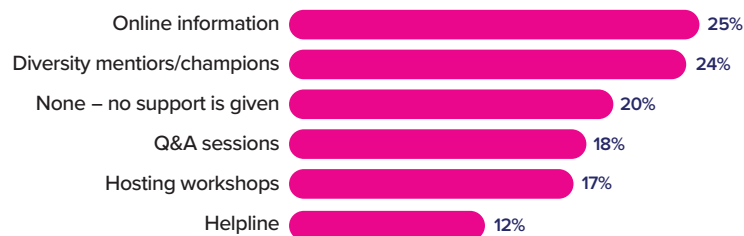
Capturing Data For Workforce Diversity

The Draft Equality (Race and Disability) Bill, that was introduced in the King’s Speech, will require employers with 250 or more employees to capture and disclose the data of their ethnically diverse workforce to capture ethnicity pay gaps.

This new requirement will be an opportunity for larger employers to set an example for smaller businesses, so they follow in capturing the ethnicity of their workforce. 39% of employees within small businesses say their organisation collects data on ethnicity within any stage of its procurement process. 24% do not collect this data.

Respondents working in procurement are more likely to feel that they can personally influence the selection of potential suppliers (65%), rather than feeling they cannot (30%).

Figure 6 SUPPORT FOR SUPPLIERS TO INCREASE THEIR OWN WORKFORCE DIVERSITY



Base: All large business employees and those working in procurement n=402

Ethnicity & race demographics

Reviewing demographic data at both local and regional levels is vital to ensure your outreach efforts are inclusive and effective. This can include offering apprenticeship opportunities, engaging in school volunteer programs, partnering with colleges, supporting young people not in education, employment or training (NEET) and providing diverse communities with access to funding and support. Its important to recognise that regional demographics can differ significantly from national averages.

Our [regional insights on race factsheets](#) provide valuable insights to help employers understand these demographic differences and adjust their strategies to reflect the unique needs of each area.

Engagement with young people

A recent report from Youth Futures Foundation, ‘Discrimination and Work: breaking down the barriers faced by ethnically minoritised young people’, surveyed more than 3,000 young people. The key findings found that 24% asked for guaranteed work experience, 22% asked for guaranteed apprenticeships and 17% asked for more local apprenticeships to support them to be more equipped for employment in the workplace.⁷

With only 22% of large employers asking those in their supply changes to offer work experience opportunities and 21% doing this for apprenticeships, there is a great opportunity for more organisations to collaborate and explore how more opportunities can be created and accessed within the value chain.

Figure 7 ACTIONS REQUESTED FROM SUPPLIERS



Employers can offer support to their suppliers on a range of issues, such as access to development training and prompt payment arrangements, with one in five (20%) requesting this. 19% reach out to diverse supply chain networks.

Base: All large business employees and those working in procurement n=402

TRACKING SUPPLIERS AND SPENDING

The Charter for Inclusive Entrepreneurship

In *Figure 7*, 11% of employers said that they signposted their suppliers to sign up for The Charter for Inclusive Entrepreneurship. This outlines core principles for implementing and supporting an inclusive entrepreneurship ecosystem in the UK across five key areas:

- Delivering inclusive enterprise support.
- Enabling lifelong learning of entrepreneurship education.
- Ensuring equal access to enterprise finance.
- Implementing measurable targets for inclusive enterprise policy and procurement practices.⁸

Spend with diverse suppliers

Among large business employees working in procurement, 30% say their organisation tracks spend with diverse suppliers, while 28% do not. This mirrors the pattern of whether targets have been set for spend with diverse organisations in the supply chain, with 24% reporting that their organisation has set targets and 27% saying that their organisation has not.

The disparities for funding

In collaboration with professors, we also examined socio-economic factors by ethnicity group when analysing ethnicity pay gaps and reporting.⁹ These factors include disparities on wealth, assets and pay, providing additional evidence of the impact on the capacity to contribute savings to a business startup.

CASE STUDY



SKY is one of Europe's leading media and entertainment companies, connecting 23 million customers across Europe to the best apps, entertainment, sports, news and arts, including its own award-winning original content.

In 2021 Sky launched its Inclusive Procurement strategy, with the vision of creating an inclusive supply chain that provides a level playing field and equal opportunities for all qualified suppliers, focusing on businesses owned and operated by Black, Asian, Mixed Race and other ethnically diverse groups. [Read the case study here.](#)



"Our Sky strategy is all about creating equal opportunities and inclusive business environments. The maturity model we have developed offers a practical roadmap, embedding inclusion into everyday procurement activities. Working with so many businesses and advocacy groups has been a tremendous part of building this inclusive procurement model, and which was enabled and informed by my secondment experience at BITC"

**Patricia Mensah, Senior Supplier Inclusion Manager:
Sky Procurement Centre of Excellence**

⁷ [Discrimination and work: breaking down the barriers faced by ethnically minoritised young people – Youth Futures Foundation](#)

⁸ [Charter for inclusive entrepreneurship – Nottingham University Business School](#)

⁹ [UK Employment and Socio-economic Factors by Ethnic Group – Business in the Community \(bitc.org.uk\)](#)

W "The Charter for Inclusive Entrepreneurship advocates for inclusive recruitment, which the University of Nottingham has fully embraced. We fully support the work being done by BITC and encourage organisations of all sizes to commit to race equality and to engage with the work of BITC to help them achieve this. It's promising to see from the Leadership, employees and procurement survey, that 11% of employers are already championing the Charter for Inclusive Entrepreneurship, and we call for all employers to join this important effort to drive meaningful change."

Dr Lorna Treanor, Associate Professor, University of Nottingham

56% of White leaders in small businesses got funding to start their organisation from savings compared to 44% of ethnically diverse small business leaders.

Furthermore, in the last 18 months, 9% of ethnically diverse small business leaders have been denied finance or funding – from sources such as banks, venture capitalists or investors – compared to only 5% of their White counterparts.

Black, Asian, Mixed Race and other ethnically diverse led business founders are almost twice as likely to be turned down for business finance or funding.

Only 17% of employees from procurement teams in large organisations said that they had signed up to the government's Prompt Payment Code (PPC). Our Race at Work Charter survey 2023 found that 18% of employers surveyed had signed up to the code.¹⁰

We will examine the evidence and insights captured with professors, academics and finance organisations.

Championing diversity from the top

The survey found that overall, 48% of employees in procurement have a senior leader who promotes equality and fairness in the procurement process. However, there are sector difference: 51% of public sector employees in procurement have such a leader or champion, compared to 48% of private sector employees and 44% of third sector employees.

Survey participants were asked freely to comment on what they thought leaders were doing well. These contributions to the survey will be examined as part of the next phase of analysis and thematic review.

REMOVING BARRIERS TO GROWTH

Small businesses

65% of employees in small businesses said that professional networking was important for their organisation's development and growth, while 7% disagreed. Additionally, 49% of small business employees believe that having the ability to scale up their organisation's growth is crucial.

When small business owners, proprietors and partners were asked about the barriers to their organisation's growth, the most common challenges identified were access to skilled employees (15%), challenges with cash flow (15%), lack of confidence (14%) and lack of opportunities (12%). See *Figure 8*.

¹⁰ [What is PPC – Small Business Commissioner](#)

Figure 8 TOP 5 BARRIERS TO GROWTH



Base: SBS Owner/ Proprietor/ partner n=121

This underscores the urgent need for action by both the government and employers. However, some steps are being taken. A current notable example of this is the recently launched Government initiative, Skills England,¹¹ which is tasked to reduce the challenges employers face to fill current vacancies and deliver well on contracts by increasing the levels of skilled employees in England.

Large businesses

47% of employees within large businesses reported that their organisation encourages them to use their skills to support small organisations on a voluntary basis, while 37% indicated that their organisation did not.

20% of large business employees working in procurement do not provide support to suppliers to increase their own workforce diversity, while 37% are unsure. 43% do provide support, most commonly online information (25%) and diversity mentors/ champions (24%).

Mentorship and employee volunteering can be used as a tool to increase access to skilled employees to support small businesses.

¹¹ [Skills England to transform opportunities and drive growth – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/skills-england-to-transform-opportunities-and-drive-growth)

CALLS TO ACTION

CALLS TO ACTION SUPPORT TO WIN BUSINESS

The survey identifies the forms of support that would most help small business secure commercial leads and have a fair opportunity for business. We have identified three calls to actions that large businesses can take:

- 1. Support diverse suppliers to win business:** Employers must increase open and regular communication to expand access to opportunities within their supply chains. Simplify contract documents wherever possible and increase access to opportunities and preferred supplier lists.
- 2. Track the diversity of supply chains and set targets for spending:** Through increasing the transparency of ethnically diverse-led organisations, employers can set targets and goals to increase spending with diverse founders.
- 3. Break down barriers to growth:** Support small businesses to access skilled employees, introduce prompt payment arrangements, and empower business founders to build their confidence and to expand their networks, connecting them to supply chain opportunities.

NEXT PHASE OF PROJECT

The next phase of the Diverse and Inclusive Supply Chain project will involve collaboration with professors and academics who will analyse the 5,091 survey responses and thematically review the 2,889 open-text comments.

This will include further examination of the access to finance as the survey found that in the last 18 months, 9% of businesses with Black, Asian, Mixed Race and other ethnically diverse founders had been rejected for financial support compared to 5% of businesses with White founders.

We will also be exploring opportunities to make the Inclusive Procurement Maturity Matrix model accessible to more employers.

How Business in the Community can support you further

At Business in the Community, our Inclusion Advisers use an intersectional approach to support organisations in every aspect of equity, diversity and inclusion, including how to develop inclusive and diverse supply chains. We guide employers through the entire process – from strategy and supplier mapping to employee upskilling through workshops. This includes our new offering to support you to partner with ethnically diverse businesses.

In this session, we'll share the tools to build a diverse supply chain, covering stakeholder engagement, supplier reviews, performance monitoring and setting bold diversity targets. To find out more [get in touch with our Advisory team](#).

WITH SPECIAL THANKS

A special thank you to Professor Nelarine Cornelius, Queen Mary University of London, Professor Ian Thompson, University of Dundee, Professor Paul Lewis, Birmingham Business School and Dr Chidozie Umeh, University of York University, for helping to shape survey questions and themes, and Dr Hamisu Salihu, University of Warwick Business School, for the review of recommendations from historic supplier diversity reports.

We would also like to thank the following organisations and supply chain networks, who helped promote the survey:

- Aspire Education Group
- Black Equity Organisation (BEO)
- Federation of Small Businesses (FSB)
- The Confederation of British Industry (CBI)
- Charter for Inclusive Entrepreneurship
- Chartered Association of Business Schools (CABS)
- Centre for Research into Ethnic Minority Entrepreneurship (CREME)
- Department for Business and Trade
- Institute of Directors (IoD)
- Minority Supplier Development (MSD) UK
- Out Britian
- 20/20 Levels
- The Heaven Company London Ltd
- The Valuable 500
- Runnymede Trust
- Veteran Owned
- The Welsh Government

NOTES

What is Supplier Diversity

Supplier diversity is a business strategy to purchase goods or services from traditionally excluded or under-represented groups. This includes ethnically diverse, women, disabled, neurodiverse and LGBTQ+ suppliers. Diverse-owned businesses are at least 51% owned and operated by an underrepresented group.

Methodology

The survey was conducted online by YouGov with a total sample size of 5,091. The weighted sample is 4,621 working respondents (2,029 from small businesses (1-249 employees), 2,592 from large businesses (250+ employees)). The sample is weighted to be representative of the working population by gender, part time/ full time work, business size & sector. Fieldwork was conducted between 26th March to 17th April 2024.

Open links to the survey were also distributed via BITC. These responses are not representative and so are not analysed in this report.



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