



Making the difference

Improving cultural and ethnic diversity

March 2020

Balfour Beatty



Foreword

Cultural and ethnic diversity is a work in progress in the construction and infrastructure industry. Only 5%¹ of those who work in construction are from a black, Asian and minority ethnic (BAME) background. These figures paint a stark picture of how out of step the industry is with the rest of UK society, where 14%² of people are from BAME backgrounds. Many other surveys show that progress on cultural and ethnic diversity in the industry remains patchy, with lingering concern that being from a BAME background may hold back an individual's career progression³.

We all know that this isn't right. While the construction industry has traditionally been heavily dominated by white male employees, it's way past time that we changed this. We must do more to attract, recruit, retain and progress the best of all available applicants. Statistics such as those above must be a wake-up call for the industry to take ethnic and cultural diversity off the "to do" or the "too difficult" list and to give it the attention it deserves. While change is happening, it is happening too slowly. We must do more, and more forcefully, to address the striking under-representation of people from BAME backgrounds in our industry. And we must start by breaking down the fear of talking about race. If we can't talk about it, we aren't going to be able to address it.

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Beyond the fact that it is the right thing to do to employ a diverse workforce; beyond the obvious fact that businesses need to be casting their net as wide as possible to prepare themselves for future skill needs; and beyond the compelling evidence which shows that diverse teams deliver better outcomes, it makes obvious sense that the make-up of our workforce should reflect and therefore understand the communities we operate in and the customers we serve – and vice versa.

The sector is at the beginning of its journey on this issue. There is no simple solution, no quick fix and no single business is going to solve it on its own. But, to paraphrase Theodore Roosevelt, nothing worth doing is easy. The time has come to go beyond positive intent and to make a conscious shift to address this issue.

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Those commissioning large infrastructure schemes wield real power here to drive change by setting high expectations of the contractors bidding to deliver them. This is an area which has already had a real impact and will continue to do so.

Balfour Beatty has been working hard over the last five years to transform its culture – and a key part of that has become ensuring it has a true culture of inclusion. We are implementing a range of targeted measures to try and shift the dial in our own business, across Balfour Beatty at all levels, top-down and bottom-up. We want everyone in Balfour Beatty to own this. But we also know that we must collaborate right across our industry and our supply chains. There is nothing to be gained from competing on this issue: together we must work:

- To demonstrate shared ownership of this issue and to embed sustainable change.
- To root out any remaining incidences of racism and discrimination.
- To change perceptions about the industry and make it more attractive to people from all backgrounds.
- To tackle the fact that too many people from BAME backgrounds fail to make the transition from training to work, or leave the industry prematurely.

We must use every tool available to us, and we must be impatient to make real progress. We all have a responsibility to drive much greater diversity in the sector – to change our industry and to change lives.

Leo Quinn
Group Chief Executive

¹ UK Industry Performance Report, Based on the UK Construction Industry Key Performance Indicators, Glenigan, 2018

² UK Industry Performance Report, B Indicators, Glenigan, 2018

³ Building magazine's April 2019 diversity survey

Context

Recruitment and representation of people from ethnic minority backgrounds has long been a challenge across the construction and infrastructure industry, particularly across the operational areas and at the higher levels. But there is growing recognition that more must be done to change this.

A key issue is attracting those from ethnic minority backgrounds to the sector in the first place. Once they join the industry and progress through their careers, retention becomes the key challenge. Some of the reasons why, have not yet been fully understood.

Data gathering and monitoring are essential to understanding the issues and to shining a light on whether measures put in place are working. Data informs decision-making and helps drive improvements and measure progress. However, many people are uncomfortable defining themselves by ethnicity, dislike being labelled, or may feel vulnerable doing so. The same goes for all protected characteristics⁴, with many people refusing to disclose.

There are also difficulties in data consistency and accuracy, with people of the same ethnic background defining themselves differently. Furthermore, those from an ethnic minority background are not a single, homogenous bloc. Indeed, the Office for National Statistics uses 18 official ethnic classifications for the UK census, and many people may fit into more than one protected characteristic group. Fully understanding all of the nuances is complex. The issues experienced by a black man may not be the same as those an Asian woman feels are holding her back. There is no “one size fits all” solution to the lack of ethnic diversity in the construction and infrastructure industry.

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The lack of a clear, full picture can make it difficult to properly understand the starting point, or to accurately target initiatives aimed at improving ethnic diversity. Not only that, but many business leaders and managers are uncomfortable talking about race⁵, fearful of offending or saying the wrong thing. But this silence perpetuates the inertia, holding back progress and making the issues faced by people of a BAME background seem like something that must be skirted around or feel ashamed of.

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There are undoubtedly a whole range of complexities to consider and overcome. But none of these are insurmountable issues. Balfour Beatty believes the most important thing is to create an inclusive culture where difference is supported and celebrated, where people are treated fairly and according to their needs and where people feel comfortable talking about the issues and sharing their data. Any initiatives brought in without proper culture change will fall flat.

Furthermore, there is no, one single measure alone which will change the status quo. A range of changes and initiatives put in place under a coordinated, strategic approach is how we will believe we will begin to gather momentum.

This short paper sets out some of our thoughts on these important issues and some of the work we are doing to make a difference.

An informed approach

We know that data drives change. At the beginning of a journey, before initiatives are brought in, data is also important in order to help create a baseline against which to measure progress and to help inform the design and targeting of the policies.

In 2019, Balfour Beatty commissioned IODA to conduct independent qualitative research to help us understand our starting point, to help us find out what the issues are and how widespread, and to help us define an approach.

The research included interviews with both BAME and non-BAME employees as part of the data collection phase, in order to help understand which points specifically related to those of a BAME background, and those which were universal.

The research was undertaken with a particular focus on identifying barriers to attracting, recruiting, progressing and retaining individuals from a BAME background, with a view to considering areas that may require strategic interventions. The results have fed into our D&I strategy.

One key outcome of the research was a concern that some line managers may not feel comfortable speaking about race, or may not understand some of the subtle barriers those from ethnic minority backgrounds feel that they face. For example, at the most basic level, a white, male, manager may not ever have walked into a meeting and been the only white man there. Understanding that this can be daunting, or at best, a strange experience is important. Others may feel that they are judged as being antisocial or may not be plugging in to important networks if they do not attend team drinks in a pub for religious reasons, or may feel overlooked because they speak with an accent. There are a huge number of different issues people from ethnic minority backgrounds can face and that may hold back their career progression. It is important that these are understood.

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Key ways in which we are addressing this include:

- Rolling out D&I training for all employees, to help improve awareness and understanding and to equip our workforce with the confidence to have these important conversations and to call out unacceptable behaviour;
- By training our Diversity Champions, to ensure they have the skills needed to help them lead in this area; and
- Through our Leading Inclusively Development programme.

Another key finding related to the recruitment process for certain roles. As with many other sectors, referrals and recommendations are a key way of recruiting people with the right skills for the role. However, this can act as a barrier to diversity with the same people circulating between companies, effectively continuing the existing culture. This is not something which the respondents found happens at entry level, in relation to trainees, apprentices and graduates, as these people are less likely to have existing contacts in the industry. Balfour Beatty has re-tuned its attraction approach and is planning a review of its selection process in 2020.

It is important that all those involved in recruitment are mindful of these issues and their impacts.

Regular staff surveys, in addition to other data, will help us to understand how successful these and other measures are. In our 2019 staff survey, 78% of UK employees said they felt our culture is inclusive irrespective of background, figures we hope to build on. We are determined to continue Balfour Beatty’s culture change to becoming a truly inclusive business.

⁴Defined under the Equality Act as age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation

⁵The Middle Research, Progressing Black, Asian and Minority Ethnic Talent in the Workplace Through Collaborative Action, The Black British Business Awards, 2017

Balfour Beatty's approach

Balfour Beatty aims to be an employer of choice for high quality talent no matter their gender, sexual orientation, race, ethnicity, social background or religion, not only because this is the right thing to do, but because it makes us a better business. We are committed to creating a diverse workforce and an inclusive culture which nurtures people of all genders and backgrounds and where everyone can fulfil their full potential.

Leo Quinn, Group Chief Executive Officer, is the Board-level sponsor for Equality, Diversity and Inclusion and for our 3-year Diversity and Inclusion (D&I) strategy, because we recognise that change must be led from the top to ensure momentum and a true cultural shift through the organisation.

The D&I strategy is cascaded into local business unit plans to ensure buy-in and action across the business. Part of this strategy is to create a culture of being open and accessible to all. We have partnered with expert organisations to help us lead best practice, ensure we are driving the right behaviours, and to enable us to target underrepresented groups.

Balfour Beatty's three-year UK D&I action plan focuses on Communication, Culture, Creating Opportunities, Communities/Supply Chain and Governance and has been cascaded into local business plans with bespoke targets, helping to build a strong culture of fairness, inclusion and respect across the organisation. Balfour Beatty also sits on the CITB Fairness, Inclusion and Respect Steering Committee.

We are embedding equality and inclusivity into our culture, via our Code of Conduct, Values and behaviours – and providing a mechanism of reporting any cases where these are not adhered to via our "Speak Up" helpline.

Balfour Beatty's Multicultural Affinity Network (MCAN)

Balfour Beatty created four employee-led Affinity Networks in 2016, on Gender Equality, Multi-Cultural, LGBT and Ability. Each of these is active, with its own action plan and events. Each also has its own sponsor from the Executive team, who acts as an advocate and advisor. These groups help support by delivering toolbox talks and celebrating cultural events such as LGBT Pride and Black History Month, which, in turn raises awareness and breaks down barriers.

Our affinity networks are helping us to building understanding in all areas of diversity and inclusion to make meaningful change in the medium to long term.

MCAN's overarching aims are to address the underrepresentation of people from ethnic minority backgrounds within the business and the sector more broadly; and to proactively support existing ethnic minority employees. It seeks to raise the profile and understanding of ethnic minority issues, and to create an environment where people feel comfortable talking about race-related issues.

Established with senior management-level sponsorship, MCAN has 200 active members and allies and has engaged many more through regular toolbox talks and workshops delivered to the wider business by its members.

Balfour Beatty has invested in MCAN members and allies through targeted training delivered by external experts (IODA) to help them positively challenge any exclusionary behaviour they may encounter. 91% of them have reported feeling more confident in challenging negative or non-inclusive behaviour or language, following training.

Key MCAN successes to date include:

- Establishing a reverse mentoring programme which involves pairing MCAN members and members from other Affinity Networks with senior leaders to give them an insight into the ethnic minority and other minorities' experiences. This has led to the plan to roll out of inclusive leadership training for all senior leaders within the business.
- Network members and allies have mentored high performing young black boys from disadvantaged background through our partnership with Amos Bursary and Uprising.
- BAME toolbox talks and our "fairness, inclusion and respect (FIR) in 60 minutes" webinars have been delivered to project teams across the business and to key suppliers. At one session, which included our supply chain lead and personal protective equipment (PPE) provider, it was agreed that we should make modesty PPE available to allow our workforce to observe their religious values while complying with health and safety requirements. This has now been incorporated into our catalogue with many sites now using it.
- We hosted a panel event on World Cultural Diversity Day at our Head Office. This explored issues relating to attracting and retaining BAME talent, with key customers, suppliers and partners sharing their experience with an audience including senior leaders from across the business.
- A key deliverable of the network was an independent research report which was commissioned to identify the barriers to attracting and retaining BAME talent. This involved focus groups with BAME and non-BAME employees and confidential 1-2-1 sessions. The finding and recommendations from this report are now being implemented across the business.

We were recently (May 2019) recognised at the 2019 CECA Inspiring Change Awards, securing the 2019 'Inspiring Change in the Workplace' award for our Multi Cultural Affinity Network.



Customer expectation

It is likely that the Government will, at some point, introduce legislation requiring companies to publish their race ethnicity pay gap, which Balfour Beatty has begun preparing for. However, Balfour Beatty believes that the real step-change in the construction and infrastructure industry will be driven by customers requiring their suppliers to align with their diversity goals. Indeed, an increasing number of large infrastructure schemes and commissioning authorities are demanding that contractors increase the diversity of their workforces, specifying contractual terms which require suppliers to meet diversity and inclusion targets.

This creates a level playing field for all suppliers, along with a burning platform to ensure that the issue is addressed and prioritised. Although it may be challenging for the industry to change more quickly some of the remaining negative perceptions of the industry and to embed a truly inclusive culture, it will provide a spur to action for it to do more to attract and retain individuals from a range of backgrounds and perspectives.

HS2 Ltd, for example, is setting new standards for its suppliers through an inclusive procurement model which requires any organisation bidding for HS2 work to explain how it will improve its equality, diversity and inclusion (EDI) practices. Suppliers are provided with practical assistance such as databases of diverse community groups, demographic tools and case studies.

Those commissioning for schemes have a key role to play in increasing workplace diversity. We support them in setting high expectations of their supply chain. This, in turn, will drive construction companies to be more imaginative in how they attract and retain talent.

Balfour Beatty's commitment to skills and a diverse talent pipeline

Balfour Beatty is committed to addressing the skills shortages in the construction and infrastructure industry, and to investing in diverse, homegrown talent in the communities where we work.

We are working with STEM Learning, a national organisation dedicated to improving the attractiveness of careers in STEM (Science, Technology, Engineering and Maths) among school students of all backgrounds, across the country. Our network of STEM ambassadors has contact with thousands of young people every year.

At any time, we have around 450 apprentices working across our business: Balfour Beatty recruits around 150 apprentices each year across the UK in addition to the over 300 currently under training in a diverse range of roles. We employ around 700 more young people on graduate and part-time higher education/degree schemes. We also offer a range of other schemes which aim to attract more people into the industry and to upskill. These include:

- 6-12 month industrial placements for undergraduates;
- 10-week paid summer placements for young people;

- short-term work experience ranging from one-week placements for school-age participants, to a more formal six-week course for young unemployed people;
- work experience and earn and learn opportunities for men and women serving prison sentences and for rehabilitating and ex-offenders;
- a 20-week 'Returners' programme designed to offer people on an extended career break, of two years or more, an opportunity to return to the industry in a supported placement;
- we are a forces-friendly employer with a significant Armed Forces community amongst our workforce. We received the Gold Employer Recognition Scheme (ERS) award in August 2017, the highest badge of honour for organisations who have signed the Armed Forces Covenant.
- Balfour Beatty is also a long standing member of The 5% Club, an employer led organization set up by our Chief Executive, Leo Quinn, in 2013, aiming to address the skills gap by getting more young people into earn to learn opportunities, encourage businesses to take the lead on training and promote apprenticeships as a positive career decision.

The Executive Committee Reverse Mentoring programme

In 2019, Balfour Beatty launched a Reverse Mentoring Programme between our UK Executive Committee and employees from under-represented groups, including those from a range of ethnic backgrounds, women, LGBT+ and employees with ability impairments.

As with traditional mentoring, Reverse Mentoring is about developing a powerful relationship based on a high level of trust. At its most effective, this is a two-way, mutual, relationship that develops through a number of conversations, allowing both Mentor and Mentee to seek advice and guidance from each other.

The aim of the programme is to build understanding about the barriers and experiences of people from these groups by connecting some of those employees directly to our Executive Team in order to ensure that they continue to lead the business to become more diverse and inclusive.

Typically each Mentor and Mentee pairing meet around six times – once a month, or with a maximum of six weeks between each session so that momentum is maintained. However, each relationship is different; some may be longer and some may be shorter.

We ensure that both Mentor and Mentee are supported by the Talent and Development Team throughout, and that both understand the boundaries and confidentiality of the mentoring relationship.

By the time both parties agree that they have completed the sessions, they should each take away some valuable insights and developed a fresh perspective. The feedback from the first cohort has been positive, with most agreeing that it has been an important, enriching experience.



Conclusion

The construction and infrastructure sector has always lagged behind on diversity. It is time for it to pick up the pace and turn that around. But diversity on its own is not enough: we know that inclusive behaviours must be hard-wired into our business - and the industry.

Balfour Beatty has put in place a holistic D&I plan including a number of targeted steps which, together, will help us to increase the ethnic diversity of our workforce and indeed its diversity more broadly. We are committed to making a positive change to deliver a more diverse construction industry.



About Balfour Beatty

Balfour Beatty is a leading international infrastructure group. Our main geographies are the UK, US and Hong Kong. With 26,000 employees - 15,000 of them based across the UK - Balfour Beatty finances, develops, delivers and maintains the increasingly complex infrastructure that underpins the UK's daily life, with projects across transportation, power and utility systems, social and commercial buildings.

Over the last 110 years we have created iconic buildings and infrastructure all over the world including the London Olympics' Aquatic Centre, Hong Kong's first Zero Carbon building, the National Museum of the Marine Corps in the US and the Channel Tunnel Rail Link.



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