THE EFFECT OF OCCUPATION ON POVERTY AMONG ETHNIC MINORITY GROUPS

This study examined low pay and employment inequalities among ethnic minority employees, focusing on the role of occupational choices. The study examined over 80 occupations to pinpoint where problems are most acute.

Key points

- Ethnic minority workers were more likely than White employees to receive less than the living wage.

- Although the wage gap relative to White employees was limited within occupations, it was significantly higher across employment sectors, implying that ethnic minority employees tend to be concentrated in low-paying occupations.

- Ethnic minority employees fared well in some occupations, especially in the health sector. They were over-represented in some low-paying sectors such as catering, and under-represented in several which paid reasonably well, like metal-working and printing, or where there was a wage gap in their favour. The latter included clerical and some communications work.

- Considerable movement in and out of low pay occurred over even a short time period, but movement into low pay was more common among virtually all ethnic minority groups than for the White British majority.

- While ethnic minority employees suffered a wage gap relative to White workers, this was far less of a problem for ethnic minority women than for men. There was therefore no significant reinforcement of ethnic and gender wage inequality.

- Failure of education among ethnic minority groups was not a cause of poverty among ethnic minority employees, who tended to have slightly higher educational qualifications than the White majority and were as likely as the latter to work in graduate professions. However, ethnic minority employees were more likely to be overqualified for the work they were doing.

The research
By Malcolm Brynin and Simonetta Longhi, Institute for Social and Economic Research, University of Essex

MARCH 2015
BACKGROUND

This study examined low pay and inequalities in employment among ethnic minority workers, specifically among employees. The prime focus was on the role of occupational choices. Does it affect ethnic minority workers’ well-being if they tend to enter certain employment sectors rather than others? Do they enter low-paid occupations, or is the problem that they receive relatively low pay whatever occupations they enter? Which sectors offer the best wages and are ethnic minority groups well represented in these? Finally, what factors are associated with these occupational choices? For instance, are ethnic minority employees who enter low-paid occupations relatively poorly educated, or are they less able to obtain positions suited to their skills?

Ethnic minority employees, inequality and the living wage

Ethnic minority workers were more likely to receive less than the living wage than White employees, though this was less of a factor for ethnic minority women relative to White women than for ethnic minority men relative to White men. Table 1 shows the percentage of employees below the living wage, by ethnic group.

Table 1: Percentage of employees below living wage, by ethnic group

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>15.7</td>
<td>31.2</td>
</tr>
<tr>
<td>Black Caribbean</td>
<td>15.9</td>
<td>18.6</td>
</tr>
<tr>
<td>Black African</td>
<td>20.9</td>
<td>24.6</td>
</tr>
<tr>
<td>Black other</td>
<td>19.3</td>
<td>20.2</td>
</tr>
<tr>
<td>Indian</td>
<td>20.2</td>
<td>29.3</td>
</tr>
<tr>
<td>Pakistani</td>
<td>38.7</td>
<td>37.0</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>57.2</td>
<td>36.5</td>
</tr>
<tr>
<td>Chinese</td>
<td>28.3</td>
<td>27.5</td>
</tr>
<tr>
<td>Other Asian</td>
<td>27.5</td>
<td>30.4</td>
</tr>
<tr>
<td>Other</td>
<td>25.2</td>
<td>26.4</td>
</tr>
</tbody>
</table>


While the wage gap relative to White employees was limited within occupations, it was significantly higher across the range of employment sectors, implying that ethnic minority workers tended to concentrate in low-paying occupations. Selection of occupation is therefore possibly a greater source of inequality than wage discrimination.

Looking more closely at wage distribution within types of occupation, most ethnic minority groups did not fare worse than the White majority in most instances. However, this was not the case for Pakistanis and Bangladeshis. They were more likely than any other ethnic group to receive less than the living wage in all types of employment. Nevertheless, ethnic minority groups were generally over-represented in more routine forms of work and also tended to be the lowest paid within such employment. They were therefore likely to be the lowest paid in the lowest-paid types of position. For instance, while about 49 per cent of White employees in semi-routine occupations received less
than the living wage, this figure rose to nearly 60 per cent for Pakistanis and over 73 per cent for Bangladeshis.

**Occupational distribution**

The study examined over 80 occupations to pinpoint those where the problems of low pay and inequality were most acute. The main findings were as follows:

- over-representation by ethnic minority employees in low-paid occupations (e.g. sales, catering, elementary personal services, hairdressing, textiles and clothing);

- over-representation in types of work marked by wage inequality (e.g. elementary goods storage, assemblers and process operatives, and to a lesser extent professional posts in teaching and the health sector);

- under-representation in occupations where wages actually favour ethnic minority employees (e.g. clerical, secretarial work, cashiers, some communications work, buyers and brokers’ agents);

- under-representation in well-paid and reasonably well-paid occupations (e.g. metalworking and chemical operatives, printing, building, plant and machine operatives, security and protective services).

**The role of education**

Ethnic minority employees tended to have slightly higher educational qualifications than the White majority. For instance, about 18 per cent of White employees in the study sample had a degree, but only black Caribbean employees had a lower proportion of graduates, while over 42 per cent of Chinese employees were graduates. The ethnic minority employees were also as likely as their White counterparts to be working in graduate professions.

The problem for ethnic minority employees in educational terms is that, whether graduates or not, they were less likely to be making full use of their qualifications. On average they were obtaining a lower return for their university education – though the difference was slight – and were also more likely to be overqualified than their White counterparts. Somewhat less than 25 per cent of White employees were overqualified compared with nearly 40 per cent of black Africans and 39 per cent of Bangladeshis.

From these findings, the overall assessment is that a failure of education among ethnic minority groups is not in itself a cause of poverty among ethnic minority employees.

**Are ethnic minority employees trapped in low pay?**

There was no evidence of discrimination against ethnic minority employees in terms of the probability of receiving less than the living wage when compared with others doing the same sort of work. This does not mean, however, that there is no discrimination at higher levels of pay, or at the point of recruitment or in internal promotion.

Employees moved in and out of low pay over time. Perhaps the most encouraging finding is that a large percentage of those paid less than the living wage moved to higher pay within a fairly short time. However, these moves were likely to be quite marginal in terms of real money, with people moving from a little below to a little above the boundary line as defined by the living wage. Perhaps most disturbing is that moves to lower pay from above this line were more common among virtually all ethnic minority groups than for the White British majority.
Policy implications

Policy designed to limit wage discrimination remains important – indeed vital – but has limited potential to reduce inequality further or to lessen the vulnerability of ethnic minority groups to poverty. The key point is to try to improve their access to better-paying occupations. Although the analysis suggests that even in these sectors ethnic minority employees were likely to be in work paying relatively poorly, the wage gap within occupations was fairly narrow.

How to improve access is clearly far from straightforward. Useful initiatives might include better schools careers services information on employment prospects, role models for entry into particular sectors, and provision to ensure that ethnic minority employees can benefit from vocational training equally with White workers. However, demand also needs to be influenced and tackled. Problems in specific occupations could be addressed through analysing recruitment procedures as well as through negotiation with employers offering such work, to identify issues and possible actions to overcome them.

About the project

The research was based on two large-scale datasets, the Labour Force Survey and the UK Household Panel Survey. The analysis examined the wages of a number of ethnic minority groups compared with White ethnic groups, and looked at over 80 occupations to pinpoint the different situations that ethnic minority groups typically face.

FOR FURTHER INFORMATION

This summary is part of JRF’s research and development programme. The views are those of the authors and not necessarily those of JRF.

The full report, The effect of occupation on poverty among ethnic minority groups by Malcolm Brynin and Simonetta Longhi, is available as a free download at www.jrf.org.uk

Read more summaries at www.jrf.org.uk
Other formats available
ISSN 0958–3084

Joseph Rowntree Foundation
The Homestead
40 Water End
York YO30 6WP
Tel 01904 615905

email: publications@jrf.org.uk
www.jrf.org.uk
Ref: 3072