

ETHNIC MINORITY DISADVANTAGE IN THE LABOUR MARKET

Focusing on England and Wales in 2001 and 2011, this study explores differences between ethnic groups in labour market participation (unemployment, employment and hours worked), and employment status (low-, mid- and high-skilled occupation levels) for those in work.

The study considers if there is clustering ('occupational segregation') into particular occupations for some ethnic groups. Labour market experiences are not equal between places, and this report shows how geography matters for unemployment and job status, and how this varies between ethnic groups.

Key points

- Ethnic inequalities in labour market participation have persisted over time; between 2001 and 2011, there remained considerable differences between ethnic groups in employee, self-employed, and unemployment rates.
- In terms of unemployment, the overwhelming picture is one of continuing ethnic minority disadvantage compared with the White British majority group.
- There is considerable variability in unemployment rates between places for each ethnic group, as well as between ethnic groups.
- For those in employment, at the national level ethnic minority groups are most unevenly spread across occupation types.
- Analysis of Local Enterprise Partnerships highlight that occupational segregation is often higher for men than women.
- In all locations, mid-skilled occupations are commonly under-represented among ethnic minority groups.

The research

By Gemma Catney, University of Liverpool, and Albert Sabater, University of St Andrews

MARCH 2015

BACKGROUND

Persistent ethnic inequalities in the labour market play a major part in the high poverty rates among some ethnic minority groups. The differing experiences between ethnic groups in labour market participation and experiences when in work lead to questions about equality of opportunity.

There is now a substantial evidence base which points not only to the *existence*, but the *persistence* over time, of ethnic inequalities in employment. Labour market inequalities between ethnic and gender groups, as well as between geographical areas, is a policy issue for government. However, inequalities in labour market participation have persisted for minority groups, and there are barriers to progression up the career ladder for some people in ethnic minority groups who are in work. In addition to ethnic inequalities in entry into the labour market, inequalities in the labour market can arise for those in work, including in occupation types (e.g. skills levels), contract types and stability, wage differentials, hours worked and levels of self- and part-time employment. It is well-recognised that place may affect an individual's life chances, although there remain significant gaps in what we know about how much the place where someone lives impacts upon their likelihood of experiencing poverty, and the extent to which there are ethnic differences in these experiences.

Ethnic inequalities in labour market experiences

This report has suggested a mixed picture for ethnic minority groups. Change in employment patterns over time could be described as a story of success for the Indian ethnic group, and to some degree the Chinese group. However, the overwhelming message is one of continuing ethnic minority disadvantage compared with the White British majority group. In terms of unemployment, there is a clear ethnic minority penalty in the labour market, which is persistent over time. In 2011, unemployment rates were particularly high for men and women in the ethnic group White Gypsy/Irish Traveller, men in the Other Black and Mixed White-Caribbean groups, and Bangladeshi, Arab and Pakistani women.

This study found that employed people in some ethnic minority groups are over-represented ('segregated') into certain occupation types. Where these are low-skilled, this could represent discrimination from other forms of employment or stereotyping into particular jobs. Over-representation in professional forms of employment might be interpreted as a story of success in the labour market, or concentration into managerial roles which are self-employed, in the face of exclusion from other opportunities for employment. The distributions of ethnic minority groups in occupational types are clearly unequal compared with the relatively 'even' distribution of the White British group, with significant differences *between* and *within* ethnic minority groups.

The role of geography

Geographical variation in the labour market experiences of ethnic groups was explored for districts in England and Wales (comprising local authorities, counties and unitary authorities), and Local Enterprise Partnerships in England.

Unemployment rates are hugely variable across local authorities in England and Wales, with some places offering more positive experiences for ethnic minority groups than others. While there is some commonality between groups (particularly at the regional level), the local geography of ethnic unemployment is distinct; there is no clear consistency in which places do better or worse in employment between ethnic groups.

Some local authorities are performing less well than others, in terms of unemployment. For example, Birmingham features among the top five local authorities for unemployment for several ethnic groups (e.g. Indian, Pakistani, Chinese and African). Concentrated pockets of unemployment are particularly notable for the African group in London and parts of the North of England, and in the North West for

the Pakistani group. For the African group in particular, there are large percentages in unemployment in most major urban areas, including in London and the North West. The Caribbean group has notably higher unemployment in parts of London and Birmingham and the North East. London, Birmingham and parts of Northern England have particularly high rates of unemployment for the Bangladeshi ethnic group. This raises key questions about what needs to be done to tackle unemployment in these places.

At the national level, the highest levels of occupational segregation are found among the African, White Gypsy/Irish Traveller, Pakistani and Bangladeshi groups. The lowest levels are found among the Other Black, Caribbean and Other ethnic groups. In-line with the national-level results, evidence from the analysis of Local Enterprise Partnerships highlights that, for all ethnic minority groups, there are more places with high occupational segregation for men than women, with the exception of the White Irish, Gypsy/Irish Traveller, Other White and Chinese groups.

One of the most distinctive patterns of occupational segregation is an over-representation within high-skilled occupations and an under-representation within low-skilled occupations (e.g. Indian, Pakistani, African, Other Black). This over-representation within high-skilled occupations may not necessarily reflect 'career success', but could reflect the existence of obstacles in the labour market such as discrimination which forces some groups to enter specific occupations as self-employed workers, rather than as employees. The results also suggest that the areas with the largest concentrations from each ethnic minority group tend to experience lower levels of occupational segregation of that ethnic group than the areas where own-ethnic group concentration is low, at the LEP level. Moreover, in all areas, intermediate or 'mid'-skilled occupations are systematically under-represented among all the selected ethnic minority groups.

Conclusions and policy messages

This research has demonstrated how the 'ethnic penalty' in the labour market has persisted over time, with evidence of inequalities between ethnic groups in labour market participation, and in the types of jobs employed people take up. Yet while a fairly negative story of ethnic inequalities in the labour market has been reported here, it is worth noting that the story is more positive for some ethnic minority groups. Both the positive and undesirable labour market experiences of ethnic groups are not even across locations, and the role of locales in shaping employment outcomes needs to be recognised.

Key recommendations arising from this research:

- More interventionist policies are needed to ensure that labour market discrimination is eradicated.
- Creating employment targets for those ethnic minority groups which systematically appear most disadvantaged (e.g. Pakistani, White Gypsy/Irish Traveller) should be a policy priority.
- There is a localised geography of labour market disadvantage which suggests the need for a targeted approach to policy-making at the national level, as well as to include area-based policies to tackle labour market inequalities locally.
- Labour market inequalities in employment are experienced by ethnic minority groups in areas where they live in well-established communities, but also in areas where they are few; local authorities need to be aware of the challenges facing both.
- LEPs need to monitor ethnic inequalities in the labour market. The Local Growth White Paper set out guidance on what policy areas LEPs may choose to engage with while creating economic growth.
- A gender-neutral approach should be an integral part of any strategy to reduce ethnic inequalities, and should incorporate views in the public and private sector that better reflect different cultural preferences, traditions and 'norms'.

- Although the promotion of self-employment can be seen as positive, it is important to consider whether or not self-employment is truly connected to an entrepreneurial dynamic, rather than the result of limited opportunities in employment.
- Outreach support for employability and job access should be a priority targeted specifically at inactive, unemployed or under-employed adults and young people from ethnic minority groups.
- The public sector should be at the forefront of recruiting people from ethnic minority groups, particularly those who face systematic disadvantage in the labour market. At the same time businesses need to be given support to create more diverse workforces.

About the project

The research was based on a study of ethnic group differences in labour market participation and occupational types, using data from the 2001 and 2011 Censuses of England and Wales. This project explored how employment patterns vary by ethnic group, whether inequalities have reduced over time, and whether geographical disparities in employment can be identified in England and Wales.

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, **Ethnic Minority Disadvantage in the Labour Market: Participation, Skills and Geographical Inequalities** by Gemma Catney and Albert Sabater, is published by the Joseph Rowntree Foundation. It is available as a free download from 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: 3066