As the proportion of the UK population from ethnic minorities increases and the structure of employment by industrial sector and occupation changes, there is policy interest in what the future profile of employment by ethnic group could look like. This report presents projections of employment by ethnic group in 2022 and identifies challenges for policy and practice associated with access to and progression in employment.

The report explores:
- the faster than average growth of the working age population from ethnic minorities;
- variations in labour market participation by ethnic group and gender;
- ethnic group differentials in experience of professionalisation and polarisation of employment; and
- the likely persistence of existing ethnic inequalities in the labour market.
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EXECUTIVE SUMMARY

The poorest ethnic groups in the UK tend to have the lowest employment rates. When in employment they are disproportionately concentrated in low-paying sectors and occupations. There is interest among researchers and policy-makers in what projected changes in the profile of population and jobs mean for employment by ethnic group.

This research identifies changes in economic activity and employment rates by ethnic group and gender as a precursor to estimating the changing ethnic and gender breakdown of employment by broad sector and by broad occupation between 2012 and 2022 (the projection period). It identifies contrasts in employment trends for different ethnic groups in the UK.

Data and methods

The research adopts a quantitative approach utilising three main data sources:

- UK Labour Force Survey information on the labour market experience of ethnic groups by gender and other characteristics;
- Leeds University (ETHPOP) projections of population by ethnic group, gender, age and geography, and

Analysis was complicated by changes over time in ethnic group, industrial and occupational classifications. It was further constrained by the uneven geographical distribution of different ethnic groups across the UK and small sample sizes in the Labour Force Survey for some ethnic groups in some areas. This limited the amount of detail by industrial sector (six broad sectors), occupation (three groups) and geography (London, the Rest of England, the devolved nations and the UK) that could be adopted for analysis.
Projections of employment by ethnic group and gender were calculated by combining predicted employment rates (calculated for males and females aged 16–64 years from the Labour Force Survey) with projections of the population in this age range by gender and ethnic group from ETHPOP. These projections were then combined with projections of employment by gender, sector and occupation to create projections of employment by ethnic group, gender, industry and occupation for the period 2012–22.

The future population and labour market

The population aged 16–64 years (the proxy used here for ‘working age’) in the UK is projected to increase by 372,000 between 2012 and 2022. In 2022 the White British group is projected to comprise nearly 75 per cent of the ‘working age’ population aged 16–64 years. For all other ethnic groups (excepting the White Irish) there is an estimated increase in the population of ‘working age’. In absolute terms the largest increases are estimated for Other White and Mixed parentage groups.

Total employment in the UK is projected to increase by 5.8 per cent to 33.78 million in 2022. Key features of projected change from 2012 to 2022 in the sectoral composition of employment are the continuation of the long-term trend for declining employment in the Manufacturing and Primary (agriculture, mining and quarrying) and utilities sectors. The fastest rates of employment growth are projected for Business and other services (including finance) and Construction. Slower growth is projected in the Trade, accommodation and transport sector (including hotels and restaurants) and in Non-market services (i.e. public sector services).

By occupation, an increase of 2.34 million jobs is projected between 2012 and 2022 in High pay occupations (Managerial, Professional and Associate professional occupations) and of 0.52 million in Low pay occupations (Caring, leisure and other service occupations, Sales and customer service, and Elementary occupations, including labourers, packers, bar staff and cleaners). By contrast, a loss of just over 1 million jobs is projected for Intermediate occupations (Administrative and secretarial, Skilled trades occupations and Process, plant and machine operatives). Growth in High pay occupations indicates a continuing ‘professionalisation’ of the employment structure. Job loss in Intermediate occupations alongside growth in High pay and Low pay occupations indicate a ‘polarisation’ of the employment structure. There are associated concerns about reduced opportunities to advance up the employment opportunity/pay ladder.

Economic and employment participation by ethnic group

Participation in the labour market and employment is affected by factors such as gender, age, marital status, number of dependent children, highest qualification, whether born and educated in the UK, and geography. Analyses of Labour Force Survey data show an increase in labour market participation and employment rates in the period 2001–13 for ethnic minorities and a convergence with rates for the White British group. Labour market participation and employment rates remain lower for females than for males.

Projections for the UK in 2022 indicate that for males the Indian and White groups will continue to display higher than average employment rates, with the Chinese group displaying the lowest rates. For females the pattern is slightly different, with the White group being the only group exhibiting
an above average employment rate. The Indian, Black and Mixed parentage groups display the next highest rates. Projected employment rates are lowest for Pakistani and Bangladeshi females.

For England a more detailed ethnic breakdown is possible. Projections for males in 2022 in London and the Rest of England show that the highest employment rates are for the Other White, Indian and White British groups. For all other ethnic groups male employment rates are lower than average. For females the highest projected employment rates in 2022 are for the Other White, White British and Black Caribbean groups, while the lowest employment rates are for the Pakistani, Bangladeshi and Other ethnic groups.

**Changing employment profiles by ethnic group**

At UK level, males and females in all ethnic groups are projected to share in the increase in employment between 2012 and 2022. The share of total employment accounted for by the White ethnic group is projected to fall to 86 per cent in 2022, down from 89 per cent in 2012. More detailed ethnic group disaggregation is available for England and here a small decline in employment among the White British group is projected over the period from 2012 to 2022, where a projected decline of 6 per cent in London offsets a projected employment increase in this group in the Rest of England. In London, 40 per cent of individuals in employment in 2022 are projected to be from the White British group and over 21 per cent from the Other White group.

Disaggregation of projected employment by broad industrial sector shows that men and women from ethnic minorities are projected to remain disproportionately concentrated in the Trade, accommodation and transport sector, which is associated with lower than average pay. This concentration is especially marked for the Bangladeshi, Pakistani and Other ethnic groups for men and the Bangladeshi, Pakistani, Chinese and Any other Asian groups for women. Relative to the aggregate profile of male and female employment in the UK, the Indian, Mixed parentage and Chinese ethnic groups are disproportionately concentrated in the Business and other services sector (which is associated with higher than average pay). The Black group is projected to remain disproportionately concentrated in Non-market (i.e. public sector) services.

At UK level, ethnic minorities are projected to account for 14 per cent, 12 per cent and 22 per cent of total male employment in High, Intermediate and Low pay occupations, respectively, in 2022. Indian, Chinese and Mixed parentage males are disproportionately concentrated in High pay occupations. Low pay occupations are projected to account for a greater share of female employment than of male employment in 2022. The proportion of total female employment accounted for by Low pay occupations is greatest for the Bangladeshi, Any other Asian and Pakistani groups and least for the Indian and Chinese groups.

Different patterns of ‘professionalisation’ (defined as increases in the share of employment in High pay occupations only or in High pay and Intermediate occupations) and ‘polarisation’ (defined as an increase in the share of employment in High pay and Low pay occupations and a decrease in the share of Intermediate occupations) are apparent by ethnic group and gender. Professionalisation of employment structures is more apparent for females than for males and also more apparent in London compared with the Rest of England. Polarisation in employment structures is the norm for
males outside London. The Chinese and the White British groups emerge as the most advantaged and the Other ethnic group as among the most disadvantaged.

Conclusions and implications

The research suggests that existing ethnic inequalities in the labour market are likely to persist over the medium term. This means it is important for policy-makers and practitioners not only to help those outside the labour market to access employment, but also to promote the quality of, and progression in, employment for people from ethnic minorities, particularly those from the most disadvantaged groups.

The analysis focuses on projected employment in 2022 and net changes (so-called ‘expansion demand’) between 2012 and 2022. A much larger number of job openings arise as a result of ‘replacement demand’ as workers leave employment entirely as a result of retirement or move occupationally or geographically within the labour market. This means that there are job opportunities arising even in declining occupations and industries, suggesting that it is important to use labour market information and intelligence to identify coherent pathways into and within employment from low pay to higher pay jobs.
1 INTRODUCTION

This research contributes to understanding the links between poverty and ethnicity in the UK by providing an indication of how one of the key influences upon poverty – employment – is likely to change for people from different ethnic groups from 2012 to 2022. It uses the UKCES Working Futures projections of employment as the best indication of how employment is projected to change over this period and combines them with Leeds University (ETHPOP) projections of the population by ethnic group to produce the first projections of employment by ethnic group.

Context: employment, poverty and ethnicity

There is a close relationship between access to employment and poverty in the UK. The poorest ethnic groups experience the lowest economic activity and employment rates and the highest unemployment rates (Barnard and Turner, 2011). Additionally, people from the poorest ethnic groups who are in work tend to work in low-status and low-paying sectors (Platt, 2006). There is a further occupational dimension of disadvantage within industries, with people from ethnic minority groups tending to be employed in low-status (and hence low-paid) occupations within sectors. However, Platt (2011) has pointed out that there is considerable income inequality within individual ethnic groups and that the chance of an ethnic minority household experiencing poverty is mediated by a range of socio-economic and demographic factors. Nevertheless, on average, income from work represents about two-thirds of household income (Nandi and Platt, 2010). Hence examining employment by ethnic group is important.

This research produces estimates of how the ethnic composition of the working age population (taken as those aged 16—64 years) and employment is likely to change over the medium term. The population of the UK from ethnic minorities broadly doubled between 2001 and 2011 according
With a reduction in these mid-level occupations, there are concerns about how individuals can progress out of low pay employment.
Chapter 5 presents projections of employment by broad industrial sector and ethnic group and by broad occupation group and ethnic group for the period from 2012 to 2022. A gender disaggregation and broad geographical disaggregation (UK, London and the Rest of England) are incorporated also.

Chapter 6 reflects on the findings of the research and their implications for employment and skills policy in the UK, especially in relation to reducing poverty by tackling worklessness and the promotion of pathways into better jobs for all ethnic groups.
2 DATA AND METHODS

This research brings together two existing sets of projections to produce new projections of employment by ethnic group. This chapter provides a brief overview of data sources used in the project and the projection methodology. A companion Technical Report provides more detail.

Data sources

This project draws (primarily) upon three large data sets: the UK Labour Force Survey, ETHPOP projections of the population by ethnic group (Rees, et al., 2012) and Working Futures projections of employment by gender, sector and occupation (Wilson, et al., 2014).

Labour Force Survey
The UK Labour Force Survey (LFS) is the key source of regular information on the labour market in the UK. It is a quarterly survey sampling 60,000 households per quarter and collects information on economic position, employment characteristics, socio-demographic and other contextual variables.

ETHPOP projections
This data set (produced by a research team at the School of Geography, University of Leeds) is the first comprehensive set of projections (covering the period mid-year 2001 to mid-year 2050) of the population by ethnic group. The projections take account of births, deaths and (international and internal) migration by ethnic group, using similar assumptions to official population projections. Annual projections are available for each gender, individual ages (from 0 to 100) and ethnic group for 352 local authority districts (in England) and the nations of Wales, Scotland and Northern Ireland.
Working Futures

The Working Futures labour market projections are produced on behalf of the UK Commission for Employment and Skills by the Institute for Employment Research and Cambridge Econometrics. The Working Futures 5 dataset (finalised in March 2014) comprises a database of historical estimates and projections of employment by occupation, industry and region for each year from 1990 to 2022 based on the outputs of a multi-sector macro-economic model of the UK economy. The projections used here are of so-called ‘expansion demand’; the net increase in employment resulting from the pattern of economic growth.

Addressing classification challenges

This research addressed challenges associated with changes in the classification of ethnic group, industry sector and occupation over time and across different geographical units.

Ethnic group

Because of changes over time in the ethnic group classification used by the LFS, and differences in the ethnic group question between nations of the UK, two ethnic group classifications were used: a 9-fold classification for the UK and a 12-fold classification for England (including London and the Rest of England) (see Table 1). In Wales, Scotland and Northern Ireland, small LFS sample sizes meant that projections were limited to the White/ethnic minority breakdown.

<table>
<thead>
<tr>
<th>9 categories</th>
<th>12 categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK, Wales, Scotland, Northern Ireland</td>
<td>England (including London and the Rest of England)</td>
</tr>
<tr>
<td>White</td>
<td>White-UK origin</td>
</tr>
<tr>
<td></td>
<td>White-Other</td>
</tr>
<tr>
<td>Ethnic minorities</td>
<td>Ethnic minorities</td>
</tr>
<tr>
<td>Mixed parentage</td>
<td>Mixed parentage</td>
</tr>
<tr>
<td>Indian</td>
<td>Indian</td>
</tr>
<tr>
<td>Pakistani</td>
<td>Pakistani</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>Bangladeshi</td>
</tr>
<tr>
<td>Other Asian</td>
<td>Other Asian</td>
</tr>
<tr>
<td>Black ethnic groups</td>
<td>Black-African</td>
</tr>
<tr>
<td>Chinese</td>
<td>Black-Caribbean</td>
</tr>
<tr>
<td>Other ethnic group</td>
<td>Black-Other</td>
</tr>
<tr>
<td></td>
<td>Chinese</td>
</tr>
<tr>
<td></td>
<td>Other ethnic group</td>
</tr>
</tbody>
</table>

Industry sector

The Office for National Statistics (ONS) has used three versions of the Standard Industrial Classification (SIC) since 1992. Changes in the SIC can create discontinuities in data series. To achieve comparability over time it is necessary to aggregate industries to broader sectors. To address this challenge, and that of small sample sizes for some ethnic groups by gender and geography, six broad industry sectors (referred to hereafter as ‘sectors’) were used in projections of employment by ethnic group. The six sectors are shown in Table 2.
Table 2: Industrial sectors used in projections

<table>
<thead>
<tr>
<th>Sector</th>
<th>Exemplar industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary sector and utilities</td>
<td>Agriculture; Mining and quarrying; Energy</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Engineering; Chemicals; Metal manufacture</td>
</tr>
<tr>
<td>Construction</td>
<td>Construction</td>
</tr>
<tr>
<td>Trade, accommodation and transport</td>
<td>Wholesale and retail distribution; Accommodation and food</td>
</tr>
<tr>
<td>Business and other services</td>
<td>Financial services; Real estate; Information Technology</td>
</tr>
<tr>
<td>Non-market services</td>
<td>Health; Education; Social Services</td>
</tr>
</tbody>
</table>

Occupation

The ONS has used three Standard Occupational Classifications (SOCs) since 1992. To identify genuine trends in occupational distribution over time by ethnic group, it is necessary to apply an occupational classification which is stable over time. Occupational data for earlier years was converted to the SOC 2010 classification. Even using the nine SOC Major Groups, sample sizes are often small for individual ethnic minority groups. Hence projections in Chapter 5 are presented for three broader groupings (see Table 2) representing High pay (major groups 1 to 3), Intermediate pay (major groups 4, 5 and 8), and Low pay (major groups 6, 7 and 9) occupations.

Table 3: Broad occupations used in projections

<table>
<thead>
<tr>
<th>Occupation group</th>
<th>SOC Major Groups</th>
<th>Exemplar occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>High pay</td>
<td>1 Managers and Administrators</td>
<td>Chief executives; Managers and proprietors; Production Managers</td>
</tr>
<tr>
<td></td>
<td>2 Professionals</td>
<td>Doctor; Judge, Solicitor; Teacher; Scientist</td>
</tr>
<tr>
<td></td>
<td>3 Associate professional and technical occupations</td>
<td>Nurse; Technician; Laboratory Analyst; Estate Agent</td>
</tr>
<tr>
<td>Intermediate pay</td>
<td>4 Administrative and secretarial</td>
<td>Administrative officer; Bookkeeper; Secretary; Typist</td>
</tr>
<tr>
<td></td>
<td>5 Skilled trades occupations</td>
<td>Welder; Carpenter; Toolmaker</td>
</tr>
<tr>
<td></td>
<td>8 Process, plant and machine operatives</td>
<td>Quarry worker; Scaffold; Driver; Handyman</td>
</tr>
<tr>
<td>Low pay</td>
<td>6 Caring, leisure and other service</td>
<td>Nursery nurses; Teaching assistants; Travel agents;</td>
</tr>
<tr>
<td></td>
<td>7 Sales and customer service</td>
<td>Hairdressers; Sales Assistant; Cashier;</td>
</tr>
<tr>
<td></td>
<td>9 Elementary occupations</td>
<td>Telephonist; Labourer; Postal worker; Security guard</td>
</tr>
</tbody>
</table>

Methodology

Adjusting the population projections by ethnic group

Some manipulation of the ETHPOP population projections was necessary before use in this research. The ETHPOP projections were created just before the 2011 Census of Population, the results from which revealed that they underestimated growth of the ethnic minority population and
overestimated the White British population between 2001 and 2011. Therefore, it was necessary to scale the projected ETHPOP data to match the Census estimates of the population in 2011, since the latter represents the best estimate of the population by ethnic group in 2011. Rees and Clark (2014) argue that the ETHPOP projections provide the best indication of population trends by ethnic group.

**Methodology for combining the projections of population and employment to produce projections of employment by ethnic group**

The initial intention was to project employment by ethnic group by first modelling (using LFS data) the relationship between a set of key influences upon economic activity and employment for each ethnic group and then using model parameters to project employment by ethnic group, using Working Futures and ETHPOP projections as independent variables. The independent variables included in the regression models were: age, whether born in the UK, whether educated in the UK, number of dependent children under 16, region or nation, highest qualification, gender, marital status, year dummies and an interaction term between gender and region/nation. However, small sample sizes meant that the parameter estimates were not statistically significant for a number of ethnic groups and the projections yielded were thus unsatisfactory.

A simpler approach was therefore adopted. Historical employment rates by ethnic group and gender were estimated by dividing numbers employed by estimates of the population. Time-series regression models were fitted to employment rates by ethnic group from 2001 to 2013 and the coefficients from these regressions were used to predict employment rates from 2014 to 2022.

The predicted employment rates were combined with the working-age population projections to produce initial projections of employment numbers. These were then adjusted so that projections of employment by ethnic group yield the same industry and occupation totals as the employment forecasts in Working Futures (technical details can be found in the companion Technical Report).

Small sample sizes meant that it was not possible to produce robust employment projections for detailed breakdowns by industry, occupation and geography alongside ethnic group. This means that projections for six broad sectors and three broad occupations are presented for 12 ethnic groups in the UK. For Wales, Scotland and Northern Ireland, only the White/ethnic minority breakdown of employment was projected.

**Conclusion**

This chapter has outlined the data sources used in this project and the methods used to produce the projections of employment by ethnic group. Lessons from the experience of undertaking this research include:

- Even though the amount of data classified by ethnic group is substantial, there are still sufficient gaps in the data to make analysis of employment by region and ethnic group challenging. This meant that the parameter estimates from regression models for individual ethnic groups included too much uncertainty to be used to project employment.
- To attempt to project employment by detailed industry, occupation sub-major group and region is to go beyond the limits of the data.
The original approach to projecting employment was logical, but the weakness of the data meant that it had to be abandoned in favour of a simpler and more pragmatic approach.

The following chapters outline key features of future population and labour market change (Chapter 3), and the results of the projections for labour market participation (Chapter 4) and employment (Chapter 5) by ethnic group.
3 THE FUTURE POPULATION AND LABOUR MARKET

This chapter introduces key features of future population and employment change in the UK, drawing upon the population and employment projections which form the foundation of this research.

Key points from the analysis are:

- Ethnic minorities are projected to account for an increasing share of the population of conventional working age throughout the UK over the period from 2012 to 2022.
- The largest projected numerical increases are for the Other White and Mixed parentage ethnic groups.
- UK employment is projected to increase by 5.8 per cent between 2012 and 2022.
- By broad sector there is a projected decline in Manufacturing and Primary (agriculture, etc.) and utilities sectors, and a projected increase in Construction and Service sectors.
- With a projected increase in employment in High pay occupations and a smaller increase in Low pay occupations alongside a projected decrease in Intermediate pay occupations, there are concerns about prospects for progression in the labour market.

Introduction

The period 2012–22 is likely to see increasing uncertainty in the economy and political environment, but many trends over this period are determined by the size and composition of the population and economy. Models which project the likely future situation from established trends give a good indication of the likely nature of change. The chapter describes projected change in:
The future population and labour market

• the population of so-called ‘working age’ people – incorporating an ethnic group disaggregation; and
• the profile of employment change – excluding ethnic group breakdowns.

This is a precursor to the presentation of the ethnic group projections of labour market participation in Chapter 4 and the projected profile of employment by ethnic group in Chapter 5.

Key features of projected population change in the ‘working age’ group

The aggregate picture

The population of interest for this research is individuals aged 16–64 years (the conventional definition of so-called ‘working age’ population). At the lower end of the age range, an increasing percentage of young people remain in full-time education (Office for National Statistics, 2014). At the upper end, there has been harmonisation and some increases in the State Pension Ages for men and women. Nevertheless, the age range 16–64 years encompasses the overwhelming majority of the working population in 2012. Comparison over time is eased by using the same age range at the start and end of the time period.

Table 4 demonstrates how the ethnic composition of this ‘working age’ group changed between 2001 and 2011 and how it is projected to change between 2012 and 2022 (taking account of population ageing and assumptions about migration in ETHPOP).

Table 4: Percentage share of the UK population aged 16–64 years by ethnic group, 2001, 2011, 2012 and 2022

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>2001 (%)</th>
<th>2011 (%)</th>
<th>2012 (%)</th>
<th>2022 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>White-British</td>
<td>84.3</td>
<td>79.3</td>
<td>78.7</td>
<td>74.5</td>
</tr>
<tr>
<td>White-Irish</td>
<td>2.5</td>
<td>2.4</td>
<td>2.4</td>
<td>2.3</td>
</tr>
<tr>
<td>White-Other</td>
<td>3.1</td>
<td>5.2</td>
<td>5.4</td>
<td>6.8</td>
</tr>
<tr>
<td>All ethnic minorities</td>
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<td>13.1</td>
<td>13.5</td>
<td>16.3</td>
</tr>
<tr>
<td>Mixed parentage</td>
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<td>1.6</td>
<td>1.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Mixed: White/Black-Caribbean</td>
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<td>0.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Mixed: White/Black-African</td>
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<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Mixed: White/Asian</td>
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<td>0.4</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Mixed: Other</td>
<td>0.3</td>
<td>0.4</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Indian</td>
<td>2.1</td>
<td>2.6</td>
<td>2.6</td>
<td>2.9</td>
</tr>
<tr>
<td>Pakistani</td>
<td>1.4</td>
<td>1.8</td>
<td>1.8</td>
<td>2.2</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Other Asian</td>
<td>1.2</td>
<td>1.5</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Black-African</td>
<td>1.2</td>
<td>1.7</td>
<td>1.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Black-Caribbean</td>
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<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Black-Other</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Chinese</td>
<td>0.7</td>
<td>0.9</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Other ethnic group</td>
<td>0.5</td>
<td>1.0</td>
<td>1.1</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Source: ETHPOP estimates adjusted using 2011 Census of Population
In 2001, ethnic minorities (defined to include all except the White ethnic groups) formed just over a tenth of the working age population, but are projected to represent 16.3 per cent of the working age population in 2022. The increase in share of the working age group is greatest for the Mixed parentage group and the Black African, Other ethnic groups, Pakistani and Indian groups. In addition to population ageing, international migration is a powerful influence on the growth of these ethnic groups. The Black Caribbean population has the highest average age of the main ethnic minority groups and the retirement of people from this ethnic group will be a factor in preventing its share of the age group increasing. The share of the White British group is projected to continue to decline to three-quarters of the total working age population by 2022, while the White-Irish share declines marginally. In contrast, the share of people from the Other White group is projected to continue to increase.

Table 5 reveals continued contraction in the White British and White Irish ethnic groups, but increases for all other ethnic groups. The Other White group is projected to grow strongly. Despite this, the White population overall is projected to decline by 849,000 over this period, while the population from ethnic minorities aged 16–64 is projected to grow by 1.22 million. Total population increase is projected to be 370,000.

Table 5: Projected UK change in population aged 16–64 years by ethnic group, 2012–22

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>Population change, 2012–22 (000s)</th>
<th>% change, 2012–22</th>
<th>% share 2012</th>
<th>% share 2022</th>
<th>% point change, 2012–22</th>
</tr>
</thead>
<tbody>
<tr>
<td>White-British</td>
<td>−1448</td>
<td>−4.5</td>
<td>78.7</td>
<td>74.5</td>
<td>−4.2</td>
</tr>
<tr>
<td>White-Irish</td>
<td>−28</td>
<td>−2.9</td>
<td>2.4</td>
<td>2.3</td>
<td>−0.1</td>
</tr>
<tr>
<td>White-Other</td>
<td>628</td>
<td>28.6</td>
<td>5.4</td>
<td>6.8</td>
<td>1.5</td>
</tr>
<tr>
<td>All ethnic minorities</td>
<td>1220</td>
<td>22.1</td>
<td>13.5</td>
<td>16.3</td>
<td>2.8</td>
</tr>
<tr>
<td>Mixed parentage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mixed: White/Black-Caribbean</td>
<td>298</td>
<td>43.9</td>
<td>1.7</td>
<td>2.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Mixed: White/Black-African</td>
<td>113</td>
<td>46.8</td>
<td>0.6</td>
<td>0.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Mixed: White/Asian</td>
<td>38</td>
<td>43.5</td>
<td>0.2</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Mixed: Other</td>
<td>79</td>
<td>43.6</td>
<td>0.4</td>
<td>0.6</td>
<td>0.2</td>
</tr>
<tr>
<td>Indian</td>
<td>126</td>
<td>11.8</td>
<td>2.6</td>
<td>2.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Pakistani</td>
<td>164</td>
<td>21.7</td>
<td>1.8</td>
<td>2.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>61</td>
<td>21.3</td>
<td>0.7</td>
<td>0.8</td>
<td>0.1</td>
</tr>
<tr>
<td>Other Asian</td>
<td>127</td>
<td>19.7</td>
<td>1.6</td>
<td>1.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Black-African</td>
<td>174</td>
<td>24.5</td>
<td>1.7</td>
<td>2.1</td>
<td>0.4</td>
</tr>
<tr>
<td>Black-Caribbean</td>
<td>17</td>
<td>42</td>
<td>1.0</td>
<td>1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Black-Other</td>
<td>38</td>
<td>22.3</td>
<td>0.4</td>
<td>0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>Chinese</td>
<td>64</td>
<td>17.8</td>
<td>0.9</td>
<td>1.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Other ethnic groups</td>
<td>151</td>
<td>34.8</td>
<td>1.1</td>
<td>1.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Total</td>
<td>372</td>
<td>0.9</td>
<td>100.0</td>
<td>100.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Source: ETHPOP estimates adjusted using 2011 Census of Population

The largest projected increase in percentage share is for people of mixed parentage, followed by people from the Pakistani, Black-African and Other ethnic groups. The number of people of Mixed parentage is projected to
grow by nearly 300,000, reflecting the ageing of this relatively youthful population, with those who were children in 2012 reaching the working age group by 2022. The Pakistani, Black African, Other ethnic groups, Any other Asian and Indian groups are all projected to grow by more than 100,000.

Breakdown by age
The population in the working age range is projected to grow by 0.9 per cent over the decade 2012 to 2022, but this disguises considerable variations between age groups. The numbers of people aged up to 29 years and in their forties are both projected to decline (fastest for 20–24 and 45–49 year olds), but the numbers of people in their thirties and aged over 50 are projected to increase strongly.

The ethnic minority population is projected to increase for all age groups (Figure 1). Projected percentage increases are highest for those aged 50 and over as the population born in the 1960s and 1970s enter the pre-retirement age groups, their numbers being much greater than the first-generation migrants who will have reached retirement age by 2022. The slowest projected rates of increase among ethnic minorities in the working age population are projected for age groups from 16–34 years.

Figure 1: Projected population change by five-year age group, UK

Figure 2 compares the projected age profile of the White population and ethnic minorities of working age in the UK in 2012 and 2022. The ageing of the working age population is clear, with the population bulges of people in their twenties and forties in 2012 moving on to their thirties and fifties in 2022. Numbers in the immediate pre-retirement age group are larger in 2022, and more of this age group are from ethnic minorities. Figure 2 indicates that the share of working age population from ethnic minority groups is projected to be largest for those aged from 25–44 in 2022, compared with the 20–34 age range in 2012, suggesting that in 2022 they are more likely to be established in their employment careers than in 2012.
Projected patterns of change in working age population by broad ethnic group, by nation and region

While London’s working age population is expected to grow by 7 per cent, that of Scotland is projected to decline by over 3 per cent (Table 6). In general terms, the working age population is projected to increase fastest in southern and eastern regions of England, but to decline in northern England and the devolved nations. In aggregate, the working age population from ethnic minorities is projected to grow by more than a fifth (22 per cent). Projected growth is greatest in the South West and North East regions of England. The projected rate of increase is slowest for Northern Ireland, Scotland and London. Projected rates of increase for broad ethnic groups show much more variation, with the population of Mixed parentage projected to grow fastest (especially in the North East and Scotland), followed by the Chinese and Other ethnic group.

The share of the population of working age from ethnic minorities is projected to be 2.8 per cent higher in 2022 than 2012, with the change in ethnic composition being greatest in the West Midlands, East Midlands and London, and far slower in Wales than in the remaining parts of England (Table 7). The increase in the share of the working age population from ethnic minorities is projected to be much slower in Northern Ireland and Scotland.

Shares of the Mixed parentage and South Asian, Black and Chinese and Other ethnic groups are projected to increase in all nations and regions of the UK. The largest increases in the Mixed parentage share are projected for London, southern England and the midlands, while the share of the South Asian ethnic groups is projected to increase most in the West Midlands,
Yorkshire and the Humber and the East Midlands. The share of Black ethnic groups is projected to increase most in the West Midlands and East of England, while the projected increase in the share of Chinese and Other ethnic groups is greatest in London.

Table 6: Percentage change in working age population by broad ethnic group by nation/region, 2012–22

<table>
<thead>
<tr>
<th>Nation/region of England</th>
<th>Percentage change, 2012–22</th>
<th>White</th>
<th>Ethnic minorities</th>
<th>Mixed parentage</th>
<th>South Asian</th>
<th>Black</th>
<th>Chinese &amp; Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>−2.8</td>
<td>−5.3</td>
<td>43.5</td>
<td>69.3</td>
<td>42.5</td>
<td>45.9</td>
<td>28.3</td>
</tr>
<tr>
<td>North West</td>
<td>−2.0</td>
<td>−5.0</td>
<td>25.1</td>
<td>45.7</td>
<td>18.5</td>
<td>30.5</td>
<td>26.1</td>
</tr>
<tr>
<td>Yorkshire and the Humber</td>
<td>0.2</td>
<td>−3.0</td>
<td>24.8</td>
<td>46.2</td>
<td>21.6</td>
<td>21.1</td>
<td>24.3</td>
</tr>
<tr>
<td>West Midlands</td>
<td>0.2</td>
<td>−4.6</td>
<td>21.9</td>
<td>44.4</td>
<td>18.2</td>
<td>17.6</td>
<td>28.7</td>
</tr>
<tr>
<td>East Midlands</td>
<td>1.8</td>
<td>−1.7</td>
<td>28.7</td>
<td>51.7</td>
<td>22.1</td>
<td>28.6</td>
<td>33.0</td>
</tr>
<tr>
<td>East England</td>
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<td>−1.4</td>
<td>28.8</td>
<td>46.4</td>
<td>24.4</td>
<td>27.8</td>
<td>26.0</td>
</tr>
<tr>
<td>London</td>
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<td>1.6</td>
<td>15.1</td>
<td>35.3</td>
<td>9.7</td>
<td>11.6</td>
<td>26.1</td>
</tr>
<tr>
<td>South East</td>
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<td>−2.1</td>
<td>26.9</td>
<td>44.5</td>
<td>21.3</td>
<td>26.9</td>
<td>28.2</td>
</tr>
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<td>South West</td>
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<td>0.2</td>
<td>50.1</td>
<td>58.7</td>
<td>54.7</td>
<td>44.0</td>
<td>36.5</td>
</tr>
<tr>
<td>Wales</td>
<td>−0.4</td>
<td>−1.9</td>
<td>28.4</td>
<td>43.9</td>
<td>15.7</td>
<td>27.2</td>
<td>38.7</td>
</tr>
<tr>
<td>Scotland</td>
<td>−3.4</td>
<td>−4.3</td>
<td>15.5</td>
<td>62.4</td>
<td>10.9</td>
<td>6.0</td>
<td>18.2</td>
</tr>
<tr>
<td>Northern Ireland</td>
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<td>−1.8</td>
<td>6.5</td>
<td>36.8</td>
<td>−6.4</td>
<td>−20.2</td>
<td>8.2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0.9</td>
<td>−2.4</td>
<td>22.1</td>
<td>43.9</td>
<td>17.3</td>
<td>17.7</td>
<td>27.1</td>
</tr>
</tbody>
</table>

Source: ETHPOP estimates adjusted using 2011 Census of Population

Table 7: Projected change in broad ethnic group composition of working age population by nation/region, 2012–22

<table>
<thead>
<tr>
<th>Nation/region of England</th>
<th>Percentage point change in ethnic group share of population aged 16 to 64, 2012 and 2022</th>
<th>White</th>
<th>Ethnic minorities</th>
<th>Mixed parentage</th>
<th>South Asian</th>
<th>Black</th>
<th>Chinese &amp; Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>−3.0</td>
<td>3.0</td>
<td>1.1</td>
<td>0.4</td>
<td>0.5</td>
<td>1.0</td>
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</tr>
<tr>
<td>South East</td>
<td>−2.6</td>
<td>2.6</td>
<td>0.7</td>
<td>1.1</td>
<td>0.5</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>East of England</td>
<td>−2.6</td>
<td>2.6</td>
<td>0.7</td>
<td>1.0</td>
<td>0.6</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>South West</td>
<td>−2.4</td>
<td>2.4</td>
<td>0.7</td>
<td>1.0</td>
<td>0.4</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>West Midlands</td>
<td>−3.9</td>
<td>3.9</td>
<td>0.8</td>
<td>1.9</td>
<td>0.6</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>East Midlands</td>
<td>−3.1</td>
<td>3.1</td>
<td>0.8</td>
<td>1.3</td>
<td>0.5</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Yorkshire and the Humber</td>
<td>−2.8</td>
<td>2.8</td>
<td>0.6</td>
<td>1.5</td>
<td>0.4</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>North West</td>
<td>−2.8</td>
<td>2.8</td>
<td>0.7</td>
<td>1.2</td>
<td>0.5</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>North East</td>
<td>−2.5</td>
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<td>0.6</td>
<td>1.2</td>
<td>0.3</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Wales</td>
<td>−1.4</td>
<td>1.4</td>
<td>0.4</td>
<td>0.3</td>
<td>0.2</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Scotland</td>
<td>−0.9</td>
<td>0.9</td>
<td>0.2</td>
<td>0.3</td>
<td>0.1</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>−0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>−2.8</td>
<td>2.8</td>
<td>0.7</td>
<td>1.1</td>
<td>0.5</td>
<td>0.5</td>
<td></td>
</tr>
</tbody>
</table>

Source: ETHPOP estimates adjusted using 2011 Census of Population
Aggregate projections of labour market change, 2012–22

Over the long term, the future shape of employment is shaped by a range of factors including technology and innovation, changes in economic policy and business models, resource and environmental issues, regulation and policies, and socio-demographic changes (UK Commission for Employment and Skills, 2014a). Working Futures makes projections of the likely pattern of employment change over the medium term, derived from a macro-economic model of the economy for the UK and its constituent nations and regions. Employment change is driven by the model’s projections of change in output and trends in labour productivity. These projections of labour demand are placed within the context of projections of labour supply, which are presented in Table 8. Working Futures projects growth (3.3 per cent) in the working age population, an increase of 7.1 per cent in the labour force and growth of 6.8 per cent in the number of people employed between 2012 and 2022 (Wilson, et al., 2014).

Table 8: Projected change in working age population, labour force and employment, 2012–22

<table>
<thead>
<tr>
<th>Nation/region of England</th>
<th>Projected change 2012 to 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Working age population (% change)</td>
</tr>
<tr>
<td>London</td>
<td>11.7</td>
</tr>
<tr>
<td>South East</td>
<td>3.9</td>
</tr>
<tr>
<td>East of England</td>
<td>4.8</td>
</tr>
<tr>
<td>South West</td>
<td>1.9</td>
</tr>
<tr>
<td>West Midlands</td>
<td>2.1</td>
</tr>
<tr>
<td>East Midlands</td>
<td>3.1</td>
</tr>
<tr>
<td>Yorkshire &amp; the Humber</td>
<td>2.4</td>
</tr>
<tr>
<td>North West</td>
<td>−0.5</td>
</tr>
<tr>
<td>North East</td>
<td>−0.7</td>
</tr>
<tr>
<td>England</td>
<td>3.9</td>
</tr>
<tr>
<td>Wales</td>
<td>0.3</td>
</tr>
<tr>
<td>Scotland</td>
<td>0.0</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>1.5</td>
</tr>
<tr>
<td>United Kingdom</td>
<td><strong>3.3</strong></td>
</tr>
</tbody>
</table>

Source: Working Futures 5

The working age population is projected to grow by 3.9 per cent in England, most rapidly in London, the East of England and the South East. However, population decline is projected for the North East and North West, with stability or slow increase in Scotland, Wales and Northern Ireland.

The labour force (defined as those in work plus the unemployed seeking work) is projected to grow by 7.1 per cent, and the number of employed residents is projected to grow by 6.8 per cent. Growth in both is projected for all parts of the UK, but the fastest rates of growth (more than twice the UK average rate) are projected for London and projected growth rates are fastest in the south-eastern corner of England. Other than in the South East, the North West, Scotland and Northern Ireland, the projected
percentage increase in the labour force exceeds the projected percentage increase in employed residents. Consequently, the unemployment rate is projected to increase in all parts of the UK except these regions (and only fall slightly in the North East). The projected increase is greatest in the South West, Wales and the West Midlands.

Projected employment change by industry sector

This subsection presents the key features of projected employment change by broad sector (see Table 2 for definitions). The estimates of employment change presented here are of so-called ‘expansion demand’ for employment (i.e. the net change between 2012 and 2022). Figure 3 shows projected absolute change in employment by broad sector over this period in the UK, while relative changes by nation/region are shown in Table 9.

Figure 3: Projected employment change by industry sector, 2012–22

Overall employment is projected to increase by 5.8 per cent between 2012 and 2022 with the fastest rates of employment growth being projected for Construction and Business and other services (Table 9). The long-term shift of employment from the Primary sector (e.g. agriculture and forestry) and Manufacturing towards the services sector is projected to continue, with the Primary sector and Manufacturing projected to see 5.5 per cent and 8.6 per cent employment reductions respectively over the decade. London’s rate of loss in Manufacturing is faster than all other parts of the UK except the South East and Yorkshire and the Humber. London displays the fastest rate of projected employment growth in the Trade, accommodation and transport sector. The Manufacturing sector is projected to lose jobs least rapidly in the South West, West Midlands and East Midlands. Employment in the Construction industry is projected to expand in all parts of the UK, most
Table 9: Projected change in sectoral employment by nation/region, 2012–22

<table>
<thead>
<tr>
<th>Nation/region</th>
<th>Percentage change in employment, 2012–22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary sector &amp; utilities</td>
</tr>
<tr>
<td>London</td>
<td>10.9</td>
</tr>
<tr>
<td>South East</td>
<td>−4.1</td>
</tr>
<tr>
<td>East of England</td>
<td>−5.9</td>
</tr>
<tr>
<td>South West</td>
<td>−11.6</td>
</tr>
<tr>
<td>West Midlands</td>
<td>−6.5</td>
</tr>
<tr>
<td>East Midlands</td>
<td>−8.8</td>
</tr>
<tr>
<td>Yorks &amp; the Humber</td>
<td>−7.0</td>
</tr>
<tr>
<td>North West</td>
<td>−3.0</td>
</tr>
<tr>
<td>North East</td>
<td>−3.0</td>
</tr>
<tr>
<td>England</td>
<td>−5.7</td>
</tr>
<tr>
<td>Wales</td>
<td>−2.1</td>
</tr>
<tr>
<td>Scotland</td>
<td>−5.6</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>−8.0</td>
</tr>
<tr>
<td>UK</td>
<td>−5.5</td>
</tr>
</tbody>
</table>

Source: Working Futures 5

In the service sectors, employment is projected to grow fastest in Business and other services. Slower growth is projected for Trade, accommodation and transport, while the Non-market services sector is projected to gain employment most slowly, due to the effect of public sector spending constraints. Employment in the Trade, accommodation and transport sector is projected to increase fastest in south-eastern England, and to grow most slowly in the North East and North West of England and Scotland. There is less variation in projected rates of increase in employment in Business and other services. Employment in Non–market services is projected to grow fastest in the East of England and the South West, and in Scotland.

Projected employment by occupation

Figure 4 shows projected absolute changes in employment by ethnic group in the UK between 2012 and 2022 for nine SOC Major Groups. Table 10 presents the projected pattern of employment change by occupation for the nations of the UK and regions of England. Employment is projected to grow in Caring, leisure and other service occupations, Managerial, Professional and Associate professional and technical occupations and to decline in all other SOC major groups. Employment is projected to decline fastest in Administrative and secretarial occupations and for Process, plant and machine operative occupations.
Figure 4: Projected employment change by SOC Major Group, 2012–22

Table 10: Projected regional and national employment change by occupation, 2012–22 (percentage change)

<table>
<thead>
<tr>
<th>Region or Nation</th>
<th>SOC Major group</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>London</td>
<td>17.8</td>
<td>20.2</td>
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<td>South West</td>
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<td>19.0</td>
</tr>
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<td>West Midlands</td>
<td>18.1</td>
<td>19.0</td>
</tr>
<tr>
<td>East Midlands</td>
<td>15.8</td>
<td>16.5</td>
</tr>
<tr>
<td>Yorks &amp; the Humber</td>
<td>15.9</td>
<td>18.0</td>
</tr>
<tr>
<td>North West</td>
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<td>16.4</td>
</tr>
<tr>
<td>North East</td>
<td>14.4</td>
<td>17.6</td>
</tr>
<tr>
<td>England</td>
<td>17.7</td>
<td>18.6</td>
</tr>
<tr>
<td>Wales</td>
<td>18.1</td>
<td>17.8</td>
</tr>
<tr>
<td>Scotland</td>
<td>17.5</td>
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<tr>
<td>Northern Ireland</td>
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</tr>
<tr>
<td>UK</td>
<td>17.7</td>
<td>18.7</td>
</tr>
</tbody>
</table>

Source: Working Futures 5

Key to SOC Major Groups: 1: Managers, directors and senior officials; 2: Professional occupations; 3: Associate professional and technical; 4: Administrative and secretarial; 5: Skilled trades occupations; 6: Caring, leisure and other service; 7: Sales and customer service; 8: Process, plant and machine operatives; 9: Elementary occupations.
Employment for Managers is projected to grow fastest in the South East and East of England, and to grow much more slowly than average in the three northern regions of England. Rates of growth in employment in Professional occupations are projected to be highest in Scotland and London, and lowest in the North West and East Midlands. Employment in Associate professional and technical occupations is projected to grow fastest in the East of England and Scotland and most slowly in northern England and Wales. Projected employment growth in Caring, leisure and other service occupations is fastest in Scotland and the East of England and slowest in Northern Ireland, Wales, the North East and London.

Turning to the occupations projected to see largest net employment declines, employment in Administrative and secretarial occupations is projected to decline faster in London and South East England than elsewhere, and to decline most slowly in Northern Ireland, Yorkshire and the Humber and Wales. Employment in Skilled trades occupations is projected to decline most slowly in London and Northern Ireland and fastest in the Midlands and Yorkshire and the Humber. Employment in Process, plant and machine operative occupations is projected to decline most slowly in the south-eastern corner of England and to decline most rapidly in Scotland and northern England.

The emergence of the ‘hourglass economy’ and implications

The changing structure of employment has implications for the types of opportunities available for those in employment or seeking employment. The previous sections have pointed to medium-term trends that are projected to continue, including:

- declining employment in Manufacturing;
- continuing employment growth in service sectors – especially Business and other services;
- continuing growth in higher-skill non-manual occupations (e.g. Managers, Professionals and Associate professionals) – indicating a professionalisation of employment;
- a rapid increase in employment in Caring and leisure occupations – towards the lower skill, low pay end of the occupational spectrum; and
- ongoing job losses in Administrative and secretarial and Skilled Manual occupations.

The growth in employment in higher skill occupations and some lower skill occupations has been depicted as increases in ‘lovely’ and ‘lousy’ jobs (Goos and Manning, 2007), while together with the loss of mid-skilled jobs has led to the development of a so-called ‘hourglass economy’ (Sissons, 2011). A particular policy concern here is that the decrease in employment in Intermediate occupations associated with the contraction of blue-collar and clerical jobs means that there is less opportunity to advance up the employment opportunity and pay ladder (UK Commission for Employment and Skills, 2014b). Of course, job openings arise in these declining middle-level occupations as a result of workers leaving employment entirely as a result of retirement or moving occupationally or geographically within the labour market. This means that there are job opportunities arising even in declining occupations. Yet there remain concerns about how workers can progress in the labour market when there are more jobs at the ‘top’ and
the ‘bottom’ and fewer in the ‘middle’. Without clear progression pathways, more might be stuck at the bottom end (where there are more low pay jobs).

**Conclusion**

This chapter has presented the findings of the ETHPOP-based and Working Futures projections to show how the composition of the population and employment is likely to change from 2012 to 2022.

Despite continuing economic austerity, the economy is likely to experience slow growth overall over the period 2012 to 2022, in all parts of the UK. The largest share of economic and employment growth is projected to occur in the south-eastern part of the UK, where population growth is also projected to be fastest.

Established trends in employment are expected to continue, with growth of high-skilled jobs and a contraction of employment in intermediate-level jobs as the profile of employment assumes an increasingly ‘hour-glass’ shape.

The population of ethnic minorities of working age is projected to grow, while the White working age population is expected to contract, in nearly all parts of the UK. The working age population will become older on average over this decade, and this trend will affect ethnic minorities as well as the White population.

The next two chapters bring the two sets of projections together in order to estimate the implications of these trends for individual ethnic groups.
4 LABOUR MARKET PARTICIPATION OF ETHNIC GROUPS IN THE UK

This chapter is concerned with historical and projected trends in labour market participation and employment rates by ethnic group from 2001 to 2022.

The key points from the analysis are:

- White male participation and employment rates are projected to decline slightly.
- White female rates are projected to increase slightly.
- Slow convergence in rates for White and ethnic minority groups is projected.
- White Other and Indian ethnic groups are projected to improve participation and employment rates most.
- Little change is projected in the relative position of individual ethnic groups.

The final section of the chapter develops the link between employment and poverty by ethnic group further by presenting evidence on variations in earnings by ethnicity, occupation and industry.

Trends in labour market participation by ethnic group for 2001 to 2022

There has been a considerable increase in labour market participation rates (i.e. the proportion of the working age population in employment or unemployed) for ethnic minorities since the late 1990s. The 2014 National Minimum Wage Report revealed that the employment rate for ethnic minorities was 4 per cent higher in 2013 than in 1999 and was 8 per cent higher for Indians and 11.1 per cent higher for Pakistanis and Bangladeshis (Low Pay Commission, 2014, p. 66). In contrast, the rates for White and
Black people were only 0.6 and 0.4 per cent higher respectively. The economic recession of 2008–2012 had the effect of slowing the rate of growth or even reducing employment rates for some ethnic minority groups.

The LFS database was used to create a time-series of labour market participation rates by ethnic group, gender and region/nation of the UK, and these were projected forward to 2022. The graphs presented in this chapter demonstrate that there is considerable annual volatility in these series over the historical data from 2001 to 2013. The smoother lines for the projection period represent the trend fitted through these data points extrapolated forward. The number of ethnic groups presented varies by geographical area, as explained in Chapter 2.

United Kingdom

Figures 5 (male) and 6 (female) present historical and projected trends in participation rates for nine ethnic groups for the UK. There was convergence over the period 2001 to 2013 as ethnic minority participation rates increased, while those for White people stagnated or declined slightly. Indian participation rates are projected to be higher than those for the White group by 2022. For most other ethnic groups, a slow rate of increase is projected. The main difference is for the Chinese group, whose participation rate is projected to decline (reflecting the importance of student migration for this ethnic group), more markedly for males than females. The participation rate for people of Mixed parentage is projected to fall slightly by 2022.

Turning to women, White women are projected to have the highest participation rates, with Black, Indian and women of mixed parentage having the next highest rates. The labour market participation rates of Bangladeshi and Pakistani women increased considerably between 2001 and 2013. Some further convergence is projected by 2022, but these rates are projected to remain much lower than those of other ethnic groups.

**Figure 5: UK male economic activity rates (aged 16–64), 2001–22**

Source: IER estimates based on the LFS
Figure 6: UK female economic activity rates, 2001–22

Source: IER estimates based on the LFS

England

Since England accounts for the great majority of the UK population (and an even larger share of the ethnic minority population), trends for England are very similar to those for the UK as a whole (Figures 7 and 8). Other

Figure 7: England – male economic activity rates, 2001–22

Source: IER estimates based on the LFS
White men had the highest labour market participation rate in 2013, which is projected to increase slightly to 2022. Indian men are projected to have a higher participation rate than UK-origin White men and to continue to have higher rates to 2022. Again, Chinese male participation in the labour market is projected to decline up to 2022.

For women, the highest participation rates are projected for the Black Caribbean, Other White and White British ethnic groups. Participation rates for Bangladeshi and Pakistani women are projected to continue to increase, but remain well below those for other ethnic groups.

**Figure 8: England – female economic activity rates (aged 16–64), 2001–22**

[Graph showing female economic activity rates for different ethnic groups from 2001 to 2022]

Source: IER estimates based on the LFS

**England outside London**
The Other White, Indian and Black Caribbean ethnic groups are all projected to have higher male participation rates than White British males by 2022 (Figure 9). The Pakistani and Bangladeshi ethnic groups display participation rates just below that for White British men. Chinese men display declining participation rates.

Women from the Other White and Black Caribbean groups are projected to have the highest participation rates, just exceeding the rate for White British women (Figure 10). The participation rate for Chinese women remains lower than for the majority of ethnic groups and is projected to decline slightly by 2022. Pakistani and Bangladeshi women are projected to have the lowest participation rates, which are projected to increase but not converge with those of other ethnic groups by 2022.
Figure 9: England outside London – male economic activity rates (aged 16–64), 2001–22

Figure 10: England outside London – female economic activity rates (aged 16–64), 2001–22

Source: IER estimates based on the LFS
There was great volatility in labour market participation rates for the smaller ethnic minorities between 2001 and 2013, possibly resulting from high rates of population growth (Figures 11 and 12). Nevertheless, it is striking that the
Other White and Indian ethnic groups are projected to overtake the White British ethnic group in having the highest male participation rates.

Men from the Chinese and Mixed parentage ethnic groups are projected to have the lowest participation rates. In contrast, women from the Black Caribbean and Other White groups are projected to have higher participation rates than White British women. Participation rates are projected to increase for all but the White British ethnic group, but those of Pakistani and Bangladeshi women are projected not to converge with those of other ethnic groups by 2022.

Other nations of the UK
In Wales, Scotland and Northern Ireland, small sample sizes mean that it is only possible to consider the economic activity rates of White people and ethnic minorities as a whole. In each of these diagrams, male and female participation rates for White people and ethnic minorities are compared.

In Wales (Figure 13), the White male participation rate is projected to increase slightly, and slow convergence between male and female rates is projected to continue up to 2022. The ethnic minority participation rate is lower than the rate for both males and females in the White group, and this is projected to continue up to 2022. The participation rate for ethnic minority women is projected to continue to be lower than for the other three groups, but is projected to increase slightly, while the male rate is projected to remain constant.

Figure 13: Wales – economic activity rates (aged 16–64), 2001–22

Participation rates in Scotland (Figure 14) are higher than those for Wales for both genders and for both White and ethnic minority groups. The White male rate is highest in 2012, but is projected to remain constant to 2022. The White female rate is projected to increase slightly, narrowing the gender gap marginally by 2022. Participation rates for both males and females from ethnic minorities increased substantially from 2001 to 2012 and are projected to continue to increase. For males, the gap between White and
ethnic minority participation rates is projected to disappear by 2022, but for females, the gap is projected to narrow only slightly by 2022.

Figure 14: Scotland – economic activity rates (aged 16–64), 2001–22

Figure 15: Northern Ireland – economic activity rates (aged 16–64), 2001–22

Source: IER estimates based on the LFS
In *Northern Ireland* (Figure 15), the White male participation rate is projected to decline slightly by 2022, while the White female rate is projected to continue to increase, and the gender gap for the White group is thus projected to narrow. Ethnic minority participation rates for both males and females are higher than those for their White counterparts. This gap is projected to widen by 2022, since participation rates for both males and females from ethnic minorities are projected to increase to levels higher than elsewhere in the UK by 2022.

**Projected employment rates by ethnic group and gender**

The employment rate is the proportion of the population aged 16–64 years in work (either employed or self-employed, working full- or part-time). Projections of employment rates are presented together with the historical trend in employment rates in Figures 16 to 26. Rates for 12 ethnic groups are presented for England, London and England outside London. Rates for nine ethnic groups are presented for the UK, but only rates for the White group and all ethnic minorities are presented for the three other nations of the UK.

**UK**

Figures 16 (male) and 17 (female) present historical and projected trends in employment rates for nine ethnic groups for the UK. From 2001 to 2013, ethnic minority employment rates increased, while those for White people stagnated or declined slightly (males). Indian employment rates overtook those of White men in 2012. The White employment rates fell in the recession which began in 2008, and are not projected to recover to pre-recession levels. Thus, the gap with the male Indian employment rate is projected to widen slightly by 2022. For most other ethnic groups, a slow rate of increase is projected over the period 2012 to 2022, with Bangladeshi

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**Figure 16: UK male employment rates (aged 16–64), 2001–22**

Source: IER estimates based on the LFS
men experiencing the largest projected increase. The relative position of ethnic groups is projected to remain stable. Chinese men are projected to experience the largest decline in employment rate (reflecting the importance of student migration for this ethnic group), while employment rates for men from the Black and Mixed parentage ethnic groups are also projected to decline slightly by 2022. Turning to women, the employment rate for White women is projected to increase only slightly, but to remain highest. The Indian, mixed parentage and Black ethnic groups display the next highest rates. The employment rates of Bangladeshi and Pakistani women increased considerably between 2001 and 2013, and are projected to increase more than for other ethnic minority groups by 2022. While some further convergence is projected by 2022, their employment rates are projected to remain much lower than those of other ethnic groups, with only around 30 per cent of women in employment in 2022.

**Figure 17: UK female employment rates (aged 16–64), 2001–22**

![Graph showing female employment rates by ethnicity](image)

Source: IER estimates based on the LFS

**England**

Once again, trends for England showed similarities to those for the UK as a whole, though the larger number of ethnic groups revealed some differences (Figures 18 and 19). For example, there are contrasting trends in the White ethnic groups. Men from the White British ethnic group displayed the highest employment rate in 2001, but this steadily declined afterwards, accelerated by the recession starting in 2008. This rate is projected to decline slowly between 2012 and 2022. In contrast, the employment rate of White Other men increased rapidly to 2008 (overtaking the White British rate in 2005), fell during the recession, but is projected to increase faster than most other ethnic groups between 2012 and 2022, when it will be higher than those of all other ethnic groups. The employment rate of Indian men overtook that for White British men during the recession and is projected to continue to increase between 2012 and 2022. The employment rates of Pakistani, Bangladeshi, Other-Asian and Other men increased strongly between 2001 and 2012, and are projected to continue
to grow at a slower rate between 2012 and 2022. The employment rates of men from Black ethnic groups and men of Mixed parentage were markedly reduced by the recession. They are projected to decline slightly between 2012 and 2022. The largest declines in male employment rates to 2022 are projected for the Chinese ethnic group.

**Figure 18: England – male employment rates (aged 16–64), 2001–22**

![Male Employment Rates Graph](image)

Source: IER estimates based on the LFS

**Figure 19: England – female employment rates (aged 16–64), 2001–22**

![Female Employment Rates Graph](image)

Source: IER estimates based on the LFS
For women, the White British employment rate was broadly stable between 2001 and 2012, but is projected to decline slightly by 2022, being overtaken by those of the Other White and Black Caribbean ethnic groups. Employment rates for most other ethnic groups increased between 2001 and 2013, but displayed considerable volatility. They are mostly projected to increase slightly by 2022, with Indian women being most likely to be in employment. The employment rate for women of Mixed parentage is projected to be lower during the projection period than in 2001–13, and the increase in the Chinese employment rate is projected to stop. Employment rates for Bangladeshi and Pakistani women are projected to continue to increase slowly, remaining well below those for other ethnic groups.

**England outside London**

The employment rate for White British men is projected to continue to decline slowly to 2022, when the rates for the Other White group and Indian men are projected to be higher (Figure 20). Male employment rates for the Any other Asian and Other ethnic groups are projected to be just above those of the Pakistani and Bangladeshi ethnic groups, all increasing slightly. Employment rates for the Black ethnic groups and for men of Mixed parentage are projected to decline slightly, while Chinese men are projected to experience a much larger decline in their employment rate by 2022.

**Figure 20: England outside London – male employment rates (aged 16–64), 2001–22**

Black Caribbean women and those from the Other White group are projected to have the highest employment rates, exceeding the rate for White British women, which is projected not to increase between 2012
and 2022 (Figure 21). Women from the other two Black ethnic groups, the Indian and the Any other Asian ethnic groups, are projected to have the next highest employment rates, projected to increase slowly between 2012 and 2022. The employment rate for women from the Chinese and Mixed parentage ethnic groups is projected to be lower and to decline slightly between 2012 and 2022. Employment rates for Pakistani and Bangladeshi women are much lower than those for other ethnic groups. They are projected to increase between 2012 and 2022, but not converge with those of other ethnic groups by 2022.

**Figure 21: England outside London – female employment rates (aged 16–64), 2001–22**

London
Male employment rates for the Other White and Indian ethnic groups grew strongly between 2001 and 2012 and are projected to continue to grow to 2022, while rates for the White British ethnic group are projected to decline slightly (Figure 22). The Other White group overtook the White British ethnic group in 2005 to display the highest male employment rate, and the differential between the two groups is projected to widen. The employment rate for Bangladeshi men increased markedly between 2001 and 2012 and this rate is projected to increase strongly between 2012 and 2022. The increase in the Pakistani rate between 2001 and 2012 is not projected to be maintained. The employment rate for Black-Caribbean men declined markedly during the recession commencing in 2008 and is projected not to recover by 2022. Men from the other Black ethnic groups, the Chinese and Mixed parentage ethnic groups are projected to have the lowest employment rates.

In contrast, the employment rate for Black Caribbean women is projected to increase to 2022, being higher than that for all but the Other White group and the White British group (Figure 23). Indian women are projected
Labour market participation of ethnic groups in the UK

...have the next highest employment rate, followed by women from the Mixed parentage and Chinese ethnic groups. Employment rates are projected to increase by 2022 for all but the Mixed parentage, Black African and Other Black ethnic groups. Employment rates for women from the Pakistani and Bangladeshi ethnic groups are projected to increase slightly by 2022, but remain well below those for women from other ethnic groups.

**Figure 22: London – male employment rates (aged 16–64), 2001–22**

![Graph showing male employment rates by ethnicity from 2001 to 2022](image)

Source: IER estimates based on the LFS

**Figure 23: London – female employment rates (aged 16–64), 2001–22**

![Graph showing female employment rates by ethnicity from 2001 to 2022](image)

Source: IER estimates based on the LFS
Other nations of the UK
Small sample sizes mean that it is only possible to consider the White group and all ethnic minorities by gender.

In Wales (Figure 24), the White male employment rate is projected to remain constant, while the White female employment rate is projected to increase only slightly by 2022. The employment rate for ethnic minorities is lower than the White rate for both males and females, and the differential is projected to narrow only slightly by 2022. The employment rate for women from ethnic minorities is projected to be below 50 per cent throughout the period 2012 to 2022, and to increase only slightly.

![Figure 24: Wales – employment rates (aged 16–64), 2001–22](image)

Employment rates in Scotland (Figure 25) are higher than those for Wales for both genders and for both the White group and ethnic minorities. The male employment rate for the White group is projected to decline slightly by 2022, while that for females in the White group is projected to increase only marginally. Hence the gender gap is projected only to narrow very slightly by 2022. Employment rates for both males and females from ethnic minorities increased substantially from 2001 to 2012 and are projected to continue to increase at a slower rate to 2022. For males, the gap between employment rates for the White group and ethnic minorities is projected to disappear by 2022, but for females the gap between White and ethnic minority employment rates is projected to narrow slightly by 2022.

In Northern Ireland (Figure 26), the White male employment rate is projected to decline slightly by 2022, while the White female rate is projected to increase slowly, leading to the gender gap for White people narrowing slightly by 2022. Ethnic minority employment rates for both males and females are projected to be higher than those for their White counterparts, and the gap between them is projected to widen by 2022.
Labour market participation of ethnic groups in the UK

Figure 25: Scotland – employment rates (aged 16–64), 2001–22

Source: IER estimates based on the LFS

Figure 26: Northern Ireland – employment rates (aged 16–64), 2001–22

Source: IER estimates based on the LFS
Labour market disadvantage, poverty and ethnicity

Using data for 2008/9, the Poverty Site revealed that ‘people from ethnic minorities are, on average, much more likely to live in low-income households than White people’. Overall, 30 per cent of Indian and Black Caribbean people, 50 per cent of Black African people, 60 per cent of Pakistani people and 70 per cent of Bangladeshi people lived in low-income households. Analysis of the 2012/13 ONS Households Below Average Incomes data by Carr, et al. (2014) also showed that households whose heads were from ethnic minorities were the most likely to live in poverty.

The pattern of low income households by ethnicity is very similar to that of earnings by ethnicity. The 2014 National Minimum Wage Report showed that minimum wage jobs formed 8.3 per cent of jobs held by ethnic minorities, compared with 7.7 per cent for white workers, while around 11.3 per cent of jobs for migrant workers (who may or may not be from ethnic minorities) were paid at or below the minimum wage (Low Pay Commission, 2014, pp. 29–30). While the proportions of Black workers (5.4 per cent) and Indian workers (6.2 per cent) in minimum wage jobs were lower than that of White workers (7.7 per cent), the percentage of Pakistani and Bangladeshi workers who earned the minimum wage was twice as high (15.3 per cent). LFS data for 2011 to 2013 (Aldridge, et al., 2013, p. 70) reveals that in London, the percentages of workers in low-paid occupations (defined as a pay rate below the London Living Wage of £8.55 per hour) were highest for Pakistani and Bangladeshi people (44 per cent), Black African people (41 per cent), Black Caribbean (27 per cent), Indian (25 per cent) and Other White people (27 per cent), compared with 17 per cent of White British people.

The value of the national minimum wage relative to median or mean earnings (its so-called ‘bite’) increased from the start of the recession for White workers from 55.7 per cent to 58.1 per cent and for ethnic minority workers as a whole from 57.9 per cent to 60.3 per cent. In 2012/13, the bite was 51.3 per cent for Indian workers, 61.4 per cent for Black workers 71.1 per cent for Pakistani workers and 77.1 per cent for Bangladeshi workers (Low Pay Commission, 2014, pp. 40–1). It increased for all these groups except Pakistani workers, for whom the decrease suggests that median earnings were increasing, in contrast to other ethnic groups.

The National Minimum Wage Report for 2014 also presents calculations of ‘pay gaps’ (the proportional difference in earnings) for disadvantaged groups compared with qualified White UK-born males (Table 11). The overall pay gap for ethnic minorities in 2012/13 was 3.6 per cent, while that for migrant workers (who may or may not be from ethnic minorities) was 7.2 per cent. Black workers earned less, and both Pakistani and Bangladeshi workers earned much less than White workers, but Indian workers earned more than White workers.

As mentioned below, access to employment is a powerful influence on the experience of poverty. Those ethnic groups in which the rate of participation in the labour market is high are in a better position to access employment and those with a higher rate of employment are more likely to experience higher incomes. However, this connection is mediated by the type of work in which people from a given ethnic group are engaged. For example, while the White group experience high labour market participation, employment rates and wage rates, the Black-Caribbean group has high rates of labour market participation but relatively high rates of unemployment and low average earnings. The Chinese group has lower labour market participation and employment rates but lower unemployment rates and
higher earnings, while the Bangladeshi group has experienced both low rates of labour market participation and low earnings. The 2014 National Minimum Wage Report revealed that while the unemployment rate for the Pakistani and Bangladeshi groups had fallen slightly between 1999 and 2013, it had increased for both the Black and White groups (Low Pay Commission, 2014, p. 70).

Table 11: Pay gaps for disadvantaged groups, National Minimum Wage Report 2014

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<tr>
<td>Disabled people</td>
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</tr>
<tr>
<td>Migrant workers</td>
<td>3.9</td>
</tr>
<tr>
<td>Ethnic minorities</td>
<td>3.9</td>
</tr>
<tr>
<td>of which</td>
<td></td>
</tr>
<tr>
<td>Indian</td>
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<tr>
<td>Other non-white</td>
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<td>Pakistani</td>
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<tr>
<td>Bangladeshi</td>
<td>24.8</td>
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</table>


Note: Comparators for these groups are respectively those with qualifications, men, those not disabled, non-migrants, and the White ethnic group. Individual ethnic groups are all compared with the White ethnic group.

Access to higher-paid employment is another influence on income, which is associated with industrial and occupational specialisation and skill levels. There is a clear association between the skill level of an occupation and low pay, but there are also variations in pay levels by industry (though these are less clear-cut). Figure 27 presents median hour pay rates by SOC major group for 2013 by gender, from the ONS Annual Survey of Hours and Earnings. There is a general trend of declining pay from managerial and professional occupations to elementary occupations. This diagram shows the rationale for the grouping of SOC Major Groups for the projections presented in Chapter 5 into ‘high’ (major groups 1 to 3), ‘intermediate’ (major groups 4, 5 and 8) and ‘low’ (major groups 6, 7 and 9). Male pay is higher than female pay in each major group, but the differential is narrowest for the ‘low pay’ groups. Male pay is highest for managers, but female pay is highest for professionals. Male Skilled trades occupations and Process, plant and machine operators (major groups 5 and 8) tend to have relatively high pay. A report by the Resolution Foundation (Corlett and Whittaker, 2014) shows that the percentage of workers paid less than two-thirds of the median hourly pay and paid less than the ‘living wage’ closely corresponds to the skill ranking of SOC major groups and this three-fold grouping.

For industry, the highest pay rates in 2013 were in financial services (especially males), mining and quarrying and the energy industry (both genders). Rates of pay were lowest in accommodation and food services, wholesaling and retailing, agriculture, administrative support services and the arts. In contrast, non-market services and professional services have
relatively high hourly pay rates. These differentials strongly influence the incidence of low pay. Of the 600,000 low-paid jobs in London in 2012 (Aldridge, et al., 2013, p. 64), 168,000 were in retail and a further 115,000 were in hotels and restaurant services (which together accounted for half the total).

Figure 27: Median hourly pay by occupation and gender, 2013

Conclusion

This chapter has outlined ethnic differentials in participation in the labour force and in the probability of being employed. The analyses demonstrate that the degree of disadvantage varies by ethnic group and that there is evidence of narrowing of differentials over time. People from ethnic minorities remain highly geographically concentrated, but their numbers are growing in all parts of the UK. Chapter 3 showed that ethnic minority groups will continue to grow faster than the White ethnic group over the period from 2012 to 2022. The ethnic minority labour force is projected to expand in nearly all parts of the UK.

Engagement in the labour market and the probability of being in employment are two powerful influences upon poverty. Both factors have been improving for most ethnic minority groups and are projected to continue to improve between 2012 and 2022. However, the nature of employment also strongly influences income levels. Lower-skilled and routine occupations have low pay rates and private sector, service sector occupations tend to have low pay rates. Chapter 5 considers how the employment profile of people from ethnic minorities is likely to change over the decade 2012–22 and hence affect income differentials.
5 THE CHANGING EMPLOYMENT PROFILE OF ETHNIC GROUPS

This chapter examines the projected profile of employment by ethnic group in aggregate and by broad sector and broad occupation from 2012 to 2022: the period covered by the Working Futures projections of employment. It highlights what projected changes could mean for different ethnic groups and for the ethnic profile of employment.

Key points from the analysis are:

• Ethnic groups are projected to remain unevenly distributed by broad sector and broad occupation.
• Pakistani and Bangladeshi groups are disproportionately concentrated in the Trade, accommodation and transport sector (e.g. hotels and restaurants), while the Black ethnic groups are concentrated in public sector services.
• Between 2012 and 2022 the occupational structure of employment is expected to polarise, with employment increasing in High pay and Low pay occupations and decreasing in Intermediate pay occupations.
• Polarisation is most evident among males and outside London, while women from most ethnic groups in London are projected to see marked increases in their shares of employment in High pay occupations.
Overview of changing employment by ethnic group

In aggregate:

- At UK level, males and females in all ethnic groups are projected to share in the increase in employment over this period.
- At UK level, the largest relative increases in projected employment over the period from 2012 to 2022 are among those individuals of Mixed parentage, followed by those from the Other ethnic group. The ethnic minority groups with the smallest projected relative increases in employment – the Indian, Chinese and Black groups – are all estimated to see an increase in employment of between a fifth and a quarter. A 3 per cent increase in employment is projected for the White group, accounting for just over 40 per cent of the growth in total employment.
- In the UK the share of total employment accounted for by White people is projected to fall to 86 per cent in 2022, down from 89 per cent in 2012 (Figure 28).

Figure 28: Profile of employment by ethnic group and gender, 2012 and 2022: UK

- In England a small decline in employment among the White British group is projected over the period from 2012 to 2022, with this decline most evident in London (where employment among the White British group is projected to decline by 6 per cent); an increase in employment of around a quarter is projected among Other White groups.
- Outside England the projected increase in employment for the White group is lower than for ethnic minorities (defined here as all non-White ethnic groups).
- In London 40 per cent of individuals in employment in 2022 are projected to be from the White British group (down from 46 per cent in 2012) and over 21 per cent are projected to be from the Other White group (up from just under 19 per cent in 2012) (Figure 29), compared
with just over 83 per cent (down from 86 per cent in 2012) and over 6 per cent (up from 5 per cent in 2012), respectively, in England outside London (Figure 30).

**Figure 29: Profile of employment by ethnic group, 2012 and 2022: London**

Source: IER estimates
Note: Inner circle denotes 2012; outer circle denotes 2022.

**Figure 30: Profile of employment by ethnic group, 2012 and 2012: England outside London**

Source: IER estimates
Note: Inner circle denotes 2012; outer circle denotes 2022.
UK

Employment is projected to increase among all ethnic groups between 2012 and 2022. Despite a near 3 per cent increase in White employment, the share of total employment accounted for by this group is projected to decrease by approximately 3 percentage points (Figure 31) to 86 per cent of total employment in 2022. There are projected to be around twice as many people from the Mixed parentage group and Other ethnic groups in employment in 2022 compared with 2012 (Figure 32). The next largest projected percentage increases are among the Bangladeshi and Pakistani ethnic groups. The largest absolute projected increases in employment are among the White group, followed by the Mixed parentage and Black groups.

Figure 31: Percentage point change in share of employment by ethnic group and gender, 2012–22: UK

Source: IER estimates

Figure 32: Percentage change in employment by ethnic group and gender, 2012–22: UK

Source: IER estimates
London

The share of employment accounted for by the White British group is projected to decline by 6 percentage points to 40 per cent in 2022 (Figure 33). Decreases in employment for the White British group are projected for both males and females. A small decrease is also projected in the numbers of Black Caribbean females in employment, while a small increase in employment is projected for Black Caribbean men over the period from 2012 to 2022. The largest single projected increase of any ethnic group in the share of total employment in London is accounted for by the Other White ethnic group (with over half of the absolute increase); people from this group are projected to comprise 21 per cent of those in employment in London in 2022, compared with just under 19 per cent in 2012 (Figure 34). The share

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**Figure 33: Percentage point change in share of employment by ethnic group and gender, 2012–22: London**

![Graph showing percentage point change in share of employment by ethnic group and gender, 2012–22: London](image)

Source: IER estimates

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**Figure 34: Percentage change in share of employment by ethnic group and gender, 2012–22: London**

![Graph showing percentage change in share of employment by ethnic group and gender, 2012–22: London](image)

Source: IER estimates
of employment accounted for by the Other White group is slightly higher for females than for males. Mixed parentage, Other ethnic groups and the Black African group account for the next largest projected increases in shares of total employment.

**Rest of England**
The share of total employment accounted for by the White British group is projected to decline by 4 percentage points to 82 per cent of total employment in 2022 (Figure 35). A modest decline in the number of White British males in employment is projected, compared with a modest increase for White British females. Nearly a third of the projected increase in employment between 2012 and 2022 is projected to be accounted for by the Other White group in London; Mixed parentage and Other ethnic groups display among the largest relative increases in employment. Among ethnic minorities, the slowest projected employment growth is recorded for the Black Caribbean group (Figure 36).

**Figure 35: Percentage point change in share of employment by ethnic group and gender, 2012–22: England outside London**

In aggregate in England, ethnic minorities (defined in this instance as all ethnic groups other than White British) are projected to account for all of the projected net increase in employment between 2012 and 2022. The projected increase in employment in the White British group in England outside London is offset entirely by a projected decrease in employment of White British people in London (Figure 37).

**Wales, Scotland and Northern Ireland**
In Wales, Scotland and Northern Ireland ethnic minorities are projected to account for a slightly larger share of employment in 2022 than in 2012.
Figure 36: Percentage change in share of employment by ethnic group and gender, 2012–22: England outside London

![Bar chart showing percentage change in share of employment by ethnic group and gender, 2012–22: England outside London.](image)

Source: IER estimates

Figure 37: Projected change in employment by ethnic group in England, 2012–22

![Bar chart showing projected change in employment by ethnic group in England, 2012–22.](image)

Source: IER estimates
The changing sectoral profile of employment by ethnic group and gender

This section considers the profile of employment by ethnic group and gender, using six broad sectors. As outlined in Chapter 3, continuing decreases in employment are projected for the Primary sector and utilities and for Manufacturing, while employment is projected to increase in Construction and in the three broad service sectors, albeit the projected increases in Non-market services and in Trade, accommodation and transport are much more modest than those in Business and other services.

UK

Figure 38 shows the projected ethnic profile of employment for males by broad sector in 2022 (see Table 2 for definitions). White males are projected to account for 80 per cent of total male employment in Trade, accommodation and transport, but for 95 per cent of total male employment in the Primary sector (e.g. agriculture and utilities). Relative to the average, males from ethnic minorities are over-represented in Trade, accommodation and transport (most notably those from the Bangladeshi, Pakistani and Other Asian group) – a sector projected to account for 28 per cent of male employment in 2022 and one associated with lower than average pay. These latter groups are under-represented in Business and other services, e.g. financial services, legal services, etc. (projected to account for 34 per cent of male employment in 2022) where rates of pay tend to be higher than average. Relative to the aggregate profile of male employment in the UK, the Indian, Mixed parentage, Chinese, Black and Other ethnic groups are over-represented in this broad sector. Despite a larger than average projected decrease in the share of total employment accounted for by Non-market services (i.e. public sector services) over the period from 2012 to 2022, Black males are easily the most disproportionately concentrated in Non-market services (projected to account for 13 per cent of male employment in the UK in 2022) of any ethnic group; other ethnic groups with a higher than average share of employment accounted for by this broad sector are the Mixed parentage, Chinese, Any other Asian and Other ethnic groups.

Figure 38: Ethnic group profile of male employment by broad sector, 2022: UK

Source: IER estimates
Figure 39 shows the ethnic profile of female employment by broad sector in the UK in 2022. Relative to the average, White females are slightly over-represented in the Primary sector, Manufacturing, Construction and Non-market services (projected to account for just over 1 per cent, 4 per cent, 2 per cent and 39 per cent, respectively, of female employment in 2022). Key features in terms of the ethnic profile of female employment by broad sector in 2022 are the marked over-representation of Bangladeshi, Pakistani, Chinese and Any other Asian females in Trade, accommodation and transport in 2022, which represents a slight intensification in the position in 2012. In broad terms, females from these ethnic groups in this broad sector might be expected to be at greater than average risk of low earnings. In contrast, females from the Mixed parentage, Indian and Chinese ethnic groups are over-represented in the Business and other services sector, as are (to a less marked extent) females from Black and Other ethnic groups. Black females are projected to maintain their over-representation in Non-market services in 2022.

Figure 39: Ethnic group profile of female employment by broad sector, 2022: UK

Source: IER estimates

London

Figure 40 shows the projected ethnic profile of employment for males by broad sector in London in 2022. Business and other services are projected to account for 50 per cent of male employment in London in 2022. White British males are over-represented in this sector, and males from the Mixed parentage, Indian and Chinese are projected to increase their over-representation here over the projection period. All other ethnic minorities are under-represented in this broad sector, which is associated with higher than average earnings.

By contrast, males from ethnic minorities (including the Other White group) are projected to account for nearly three-quarters of male employment in the Trade, accommodation and transport sector in 2022 (which is projected to account for 26 per cent of male employment in London in 2022). The Bangladeshi and Any other Asian groups are disproportionately concentrated here, as are Black Caribbean and Black African males. However, whereas the concentration of the two latter groups in this broad sector has decreased over the period from 2012 to 2022, over-representation of the Bangladeshi and Other Asian groups is projected
to intensify. Non-market services are projected to account for 12 per cent of male employment in London in 2022. Other Black, Black African and Black Caribbean males are over-represented in this sector, as are – to a more modest extent – those from the White British, Mixed parentage and Bangladeshi groups. The next largest employment sector for males in London is Construction, projected to account for nearly 9 per cent of male employment in 2022. Easily the most distinctive feature here is relative concentration of males from the Other White group in this sector; this group is projected to account for more than two in five males working in Construction in London in 2022.

Figure 40: Ethnic group profile of male employment by broad sector, 2022: London

Figure 41 shows the projected ethnic group profile of female employment by sector in London in 2022. Here the three broad service sector categories are projected to account for over 96 per cent of female employment, with 44 per cent in Business and other services (a smaller proportion than for males), 30 per cent in Non-market services (a much larger proportion than for males) and 22 per cent in Trade, accommodation and transport (a slightly smaller proportion than for males). One of the most distinctive features here is the under-representation of White British females in Trade, accommodation and transport – as outlined for males. Again, Indian, Pakistani, Bangladeshi and Any other Asian groups are over-represented, but so too (contrary to the position for males) are females from the Chinese and Other White group, and Black African females are also markedly concentrated in this broad sector. As for males, White British females are over-represented in Business and other services and in Non-market services, albeit to a lesser extent than for males. Contrary to the picture for males, females from the Other White group are also over-represented in Business and other services, while all other ethnic minorities other than the Chinese and Mixed parentage group are under-represented. As for males, Black Caribbean, Black African and Other Black groups are markedly over-represented relative to the average in Non-market services; Indian, Pakistani and Bangladeshi females, and those of Mixed parentage are also over-represented.
Rest of England
Key features of the broad sectoral structure of employment in the Rest of England in comparison with London are the larger share of employment in Manufacturing (12 per cent of male employment in 2022) and the smaller share in Business and other services (31 per cent for males in 2022).

Figure 42 shows the ethnic group profile of male employment in the Rest of England in 2022. Among the most distinctive features here are the over-representation of ethnic minorities (including White minorities) in Trade, accommodation and transport, where they are projected to account for 25 per cent of male employment in 2022. All ethnic minority groups with the exception of the Other Black group are projected to be over-represented in this sector, with over-representation again most marked for the Bangladeshi, Pakistani, Any other Asian and Chinese groups. Again, as in London, a key feature is the over-representation of Black groups in Non-market services, and of the Mixed parentage and Indian groups in Business and other services.
In contrast to the position in London (where Manufacturing accounts for a much smaller share of employment), males from the Other White group are markedly concentrated in Manufacturing, and to a lesser extent in Trade, accommodation and transport.

For females, key features of the broad sectoral structure of employment in the Rest of England in comparison with London are the larger share of employment in Non-market services (39 per cent of female employment in 2022) and the smaller share in Business and other services (28 per cent of female employment in 2022). Trade, accommodation and transport are projected to account for 25 per cent of female employment, with the remaining 8 per cent accounted for by Manufacturing, Construction and the Primary sector. Figure 43 shows the projected profile of female employment by ethnic group in 2022. Among the most distinctive features here are: first, the over-representation of Other Black, Black African and Black Caribbean groups in Non-market services (albeit this is less pronounced than in London); and secondly, of Bangladeshi and Chinese females in Trade, accommodation and transport; and thirdly, of Other White groups in Manufacturing.

**Figure 43: Ethnic group profile of female employment by broad sector, 2022: England excluding London**

The changing occupational profile of employment by ethnic group and gender

The aggregate picture of employment change disguises differences in the occupational structure of employment. Here occupations are aggregated into three broad categories (see Table 3 for details and exemplar occupations) on the basis of median hourly pay levels in 2011 (following Clayton, et al., 2014):

- **High** pay occupations: managers, directors and senior officials; professional occupations; associate professional and technical occupations;
- **Intermediate** pay occupations: administrative and secretarial occupations; skilled trades occupations; process, plant and machine operatives; and
• Low pay occupations: caring, leisure and other service occupations; sales and customer service occupations; elementary occupations including labourers, packers, bar staff and cleaners.

While pay is by no means the sole determinant of job quality (features such as opportunities for training and skills development, autonomy, work intensity, etc., are also important) it is of particular pertinence here given the concern with poverty.

As outlined in Chapter 3, between 2012 and 2022 the previous broad pattern of decline in Intermediate pay occupations combined with an increase in High pay occupations and a somewhat smaller increase in Low pay occupations is projected to continue. Growth in all High pay occupations is projected, while in the case of Low pay occupations a large increase in Caring, leisure and other service occupations is projected, and this easily outweighs modest projected declines in Sales and customer service and Elementary occupations. The growth in High pay occupations is considerably greater than that in Low pay occupations, indicating a continuing professionalisation of the employment structure.

By contrast, the medium-term trend of decline in all Intermediate pay occupations is projected to continue. The loss of jobs in Intermediate occupations alongside employment growth in High pay and Low pay occupations indicates a polarisation of the employment structure and the development of a so-called ‘hourglass economy’ – a trend which is also evident in the USA and other developed economies. A particular policy concern here is that the decrease in employment in Intermediate pay occupations associated with the contraction of blue-collar and clerical jobs means that there is less opportunity to advance up the employment opportunity and pay ladder.

While, as noted previously, the emphasis here is on so-called ‘expansion demand’ (i.e. the projected net change in employment in particular occupational groups over the period from 2012 to 2022), a much larger number of job openings arise as a result of ‘replacement demand’ as workers leave employment entirely as a result of retirement or move occupationally or geographically within the labour market. This means that there are job opportunities arising even in declining occupations.

This section presents projections by gender of the ethnic profile of broad occupational groups in 2022, the occupational profile of different ethnic groups in 2022, and for each ethnic group the change in the share of employment by occupation over the period from 2012 to 2022 by ethnic group.

Key features of the projected profile of employment and change by ethnic group and gender

UK

Figure 44 shows the projected ethnic profile of male employment by broad occupational group in 2022, Figure 45 presents the occupational profile of employment by ethnic group for males in 2022, and Figure 46 shows the change in the shares of total male employment accounted for by each group over the projection period. White males account for 86 per cent, 88 per cent and 78 per cent of male employment in High pay, Intermediate pay and Low pay occupations, respectively (Figure 44). Figure 45 reveals that they are over-represented relative to the aggregate distribution of male employment by broad occupational group in High pay and Intermediate pay occupations, and under-represented in Low pay occupations. Indian males,
Chinese males and males of Mixed parentage are also over-represented among High pay occupations, while Pakistani and Bangladeshi males are over-represented among Intermediate pay occupations. Males from all ethnic minority groups other than the Chinese group are projected to be over-represented in Low pay occupations in 2022. Males from the Any other Asian, Bangladeshi and Black groups are particularly likely to be employed in Low pay occupations.

**Figure 44: Ethnic group profile of male employment by occupation, 2022: UK**

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>High</th>
<th>Intermediate</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mixed parentage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indian</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakistani</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladeshi</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chinese</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any other Asian</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other ethnic group</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IER estimates

**Figure 45: Occupational profile of male employment by ethnic group, 2022: UK**

With the exception of the Other ethnic groups and the Any other Asian group, males in all ethnic groups are expected to share in the projected increase in employment in High pay occupations (Figure 46). By contrast,
males in all ethnic groups with the exception of Other ethnic groups are projected to experience a decrease in their share of employment in Intermediate pay occupations. A larger share of projected total employment for males in all ethnic groups is accounted for by Low pay occupations in 2022 than in 2012, with the exception of the Chinese group, where the share of male employment in such occupations is projected to decrease very slightly. Males from the Black group and the White group display among the smallest projected increases in the share of employment in Low pay occupations, while males from the Bangladeshi, Mixed parentage and Other ethnic groups display the largest projected increases in the share of employment in Low pay occupations.

Figure 46: Percentage point change in share of male employment by ethnic group, 2012–22: UK

Figures 47, 48 and 49 show comparable data for female employment in the UK.

Figure 47: Ethnic group profile of female employment by occupation, 2022: UK

White females account for slightly higher shares of female employment in each broad occupational group than their male counterparts, with 86 per cent, 90 per cent and 86 per cent respectively, of female employment in High pay, Intermediate pay and Low pay occupations (Figure 47). Low pay occupations account for a greater share of female employment than of male employment, while Intermediate pay occupations account for a smaller share of female than of male employment.
Figure 48: Occupational profile of female employment by ethnic group, 2022: UK

Source: IER estimates

Figure 49: Percentage point change in share of female employment by ethnic group, 2012–22: UK

Source: IER estimates
With the exception of the Other ethnic group, females in all ethnic groups are expected to share in the projected increase in employment in High pay occupations (Figure 49). The increase in the share of employment accounted for by High pay occupations is greater for females than males in all ethnic groups. The Chinese, Indian and Bangladeshi groups have the largest increases in the share of female employment in High pay occupations, followed by the White group. The ethnic groups with the highest shares of female employment in High pay occupations are the Chinese and Indian groups, while the smallest shares are among the Bangladeshi and Any other Asian ethnic groups.

There is a decrease in the projected share of employment in Intermediate pay occupations for females in all ethnic groups. The projected decreases in employment shares are most marked for the Indian, Mixed parentage and Pakistani groups. For all ethnic groups with the exception of the Chinese and Bangladeshi groups, Intermediate pay occupations are the largest single component of the overall reduction in employment by broad occupational group. The share of female employment accounted for by Intermediate occupations is higher for the White group than for any other ethnic group.

In contrast to the position for males, there is a projected reduction in the share of female employment accounted for by Low pay occupations over the period from 2012 to 2022. The White, Indian, Bangladeshi, Chinese and Black groups all share in this reduction. For the Mixed parentage, Pakistani and Any other Asian groups polarisation in employment is evident with an increase in the share of employment for both Low pay and High pay occupations. Low pay female employment is projected to be relatively more concentrated among these latter ethnic groups in 2022 than in 2012.

London

Figure 50 shows the projected ethnic profile of male employment by broad occupational group in 2022, Figure 51 presents the occupational profile of employment by ethnic group for males in 2022, and Figure 52 shows the change in the shares of total male employment accounted for by each group over the projection period.

**Figure 50: Ethnic group profile of male employment by occupation, 2022: London**

Source: IER estimates

The fact that White British males are projected to account for 48 per cent of High pay male employment, 34 per cent of Intermediate pay male employment and 26 per cent of Low pay male employment in London is indicative of their labour market advantage relative to males from ethnic minority groups in London. Hence, just over half of males in High pay occupations in London are projected to be from ethnic minority groups, as
are around two-thirds in Intermediate pay occupations and nearly three-quarters in Low pay occupations. Males from Other White groups form the next largest group in London after the White British group, accounting for 27 per cent of employment in Intermediate pay occupations, 18 per cent in High pay occupations and 17 per cent in Low pay occupations. After the White British and White Other groups, Black African males are projected to be the next largest group numerically in Low pay occupations, accounting for 12 per cent of Low pay male employment in London, compared with nearly 6 per cent of employment in Intermediate pay occupations and 4 per cent in High pay occupations.

Over the period from 2012 to 2022 there is an increase in the projected share of male employment in High pay occupations from 59 per cent to nearly 62 per cent. By 2022 around 70 per cent of male employment in London in the White British, Chinese and Mixed parentage groups is projected to be in such occupations, with the Indian group displaying the next highest share (66 per cent). In the case of the White British, Chinese and Indian ethnic groups the projected increase in the share of male employment in High pay occupations contrasts with declining shares in both Intermediate pay and Low pay occupations. Despite having smaller proportions of total employment in High pay occupations, the Black Caribbean, Black African and Black Other groups display a similar pattern of projected change, with a larger share of employment in High pay occupations in 2022 than in 2012,
The changing employment profile of ethnic groups and smaller projected shares of employment in the Intermediate and Low pay occupations in 2022 than in 2012. By contrast, a decline in the share of male employment in High pay occupations is projected for the Pakistani and Other ethnic groups.

**Figure 52: Percentage point change in share of male employment by ethnic group, 2012–22: London**

A decrease in the share of male employment in Intermediate pay occupations is projected for males in London in all except the Other ethnic group. Projected declines in the share of male employment in Intermediate pay occupations are most marked in relative terms for the Bangladeshi, Mixed parentage, Chinese and Other Black ethnic groups. The Mixed parentage, Pakistani, Bangladeshi, Any other Asian and Other ethnic groups are projected to see increases in the share of male employment in Low pay occupations. In 2022 there are projected to be twice as many males from the Bangladeshi and Black African ethnic groups in Low pay occupations than the average for all males in London (Figure 51).

Figures 53, 54 and 55 show comparable data for female employment in London. White British females account for larger shares of female employment in Low pay and Intermediate pay occupations than their male counterparts but for a smaller share of High pay employment, with 29 per cent, 47 per cent and 44 per cent of female employment in High pay, Intermediate pay and Low pay occupations, respectively (Figure 53). Other White groups account for a further 26 per cent of female employment in Low pay occupations in London, and for 18 per cent and 22 per cent respectively of employment in Intermediate pay and High pay occupations.

Females in all ethnic groups in London are expected to share in the projected increase in employment in High pay occupations and all are projected to see a decrease in the share of employment in Intermediate pay occupations. In 2022 the Chinese and the White British groups are projected to display the largest shares of employment in High pay occupations, but the projected increases in the share of employment in High pay occupations are greater for the Black Other, Black Caribbean, Bangladeshi, Mixed parentage, Chinese, Indian, Pakistani and Black African groups than for the White British group. In 2022 the Indian, White British
and Black Caribbean groups are projected to have larger than average shares of employment in Intermediate pay occupations.

Figure 53: Ethnic group profile of female employment by occupation, 2022: London

Source: IER estimates

Figure 54: Occupational profile of female employment by ethnic group, 2022: London

Source: IER estimates

The ethnic groups in London with the projected largest shares of female employment in Low pay occupations in 2022 are the Bangladeshi, Black African and Any other Asian and Other ethnic groups; however, for the former two ethnic groups the over-representation of employment in such occupations is projected to be less pronounced in 2022 than it was in 2012.
The Black Caribbean, Other White, Pakistani and Other Black groups also display an over-representation of employment in Low pay occupations relative to the average for females in London.

**Figure 55: Percentage point change in share of female employment by ethnic group, 2012–22: London**

The professionalisation of the employment structure in London is more pronounced for females than for males. Only the Other Black and Other ethnic group are projected to see increases in the shares of both Low pay and High pay occupations; for all females in all other ethnic groups in London, an increase in the share of total employment for females is confined to High pay occupations.

**Rest of England**

Figure 56 shows the projected ethnic profile of male employment by broad occupational group in 2022, Figure 57 presents the occupational profile of employment by ethnic group for males in 2022, and Figure 58 shows the change in the shares of total male employment accounted for by each group over the projection period.

White British males are projected to account for 84 per cent of High pay male employment, 83 per cent of Intermediate pay male employment and 73 per cent of Low pay male employment (Figure 56). By contrast, males from Other White groups (the next largest ethnic group after the White British group) display a different pattern, accounting for nearly 5 per cent of male employment in the Rest of England in High pay occupations, compared with 7 per cent in Intermediate pay occupations and 9 per cent
in Low pay occupations. Most other ethnic groups share a similar pattern, accounting for larger shares of total male employment from the High pay, through Intermediate pay to Low pay occupations. By contrast, the Indian and Chinese groups account for a larger share of male employment in High pay occupations, and then Low pay occupations, and a smaller share in Intermediate pay occupations.

**Figure 56: Ethnic group profile of male employment by occupation, 2022: Rest of England**

![Bar chart showing the distribution of male employment by occupation for different ethnic groups in 2022.](chart.png)

**Source:** IER estimates

**Figure 57: Occupational profile of male employment by ethnic group, 2022: Rest of England**

![Bar chart showing the distribution of male employment by ethnic group in different pay grades in 2022.](chart.png)

**Source:** IER estimates

The Chinese and Indian groups are projected to have the largest shares of employment in High pay occupations in 2022, followed by the White
The changing employment profile of ethnic groups (Figure 57). Pakistani, Other White, Black Caribbean and Bangladeshi groups are projected to have greater than average shares of employment in Intermediate pay occupations, while the Black African group is projected to continue to have at least double the average share of male employment in Low pay occupations.

Professionalisation of the employment structure is less marked for male employment in the Rest of England than in London. For the Other White groups, Any other Asian group and Other ethnic groups there are projected reductions in the share of employment accounted for by High pay occupations over the period from 2012 to 2022, and increases in the share of total employment accounted for by both Intermediate and Low pay occupations. The Black African group is also projected to see a reduction in the share of employment in High pay occupations, coupled with a decrease in the share of employment accounted for by Intermediate pay occupations and an increase in the share of employment in Low pay occupations.

Figure 58: Percentage point change in share of male employment by ethnic group, 2012–22: Rest of England

In aggregate, a projected polarisation of the employment structure is evident. Polarisation is projected in the employment structure for males in the White British, Indian, Chinese and Black Caribbean groups, with, as in the aggregate, a larger percentage point increase in High pay occupations than in Low pay occupations. The Mixed parentage, Bangladeshi and Other Black groups are also projected to see a polarisation in their broad occupational structure of employment, but in these instances the projected percentage point increase in Low pay occupations is larger than for High pay occupations.

Figures 59, 60 and 61 show comparable data for female employment in the Rest of England. The White British group accounts for over 80 per cent of employment in each broad occupational group. Ethnic minorities (including Other White groups) account for a larger share of employment in Low pay occupations than in High pay or Intermediate pay occupations (Figure 59). Whereas in London females from the White British, Mixed parentage, Chinese and Other Black ethnic groups are projected to be over-represented in High pay occupations in 2022, in the Rest of England,
females from the Indian, Black Caribbean and Black African groups are also projected to be over-represented in High pay occupations in 2022 (Figure 60). In the Rest of England over-representation in Intermediate pay occupations is confined to White British and Other White groups, whereas in London, Indian, Any other Asian and Black Caribbean females are also projected to be over-represented in this occupational group. In the Rest of England, females in all ethnic groups other than White British, Indian and Chinese are projected to be over-represented in Low pay occupations in 2022.

Figure 59: Ethnic group profile of female employment by occupation, 2022: Rest of England

Source: IER estimates

Figure 60: Occupational profile of female employment by ethnic group, 2022: Rest of England

Source: IER estimates
In aggregate, a professionalisation of the employment structure for females in the Rest of England is projected over the period from 2012 to 2022 (Figure 61). However, in contrast to the position in London where such projected professionalisation is more pronounced and where professionalisation was projected for all except two ethnic minority groups, in the Rest of England professionalisation is confined to the White British, Chinese and Bangladeshi groups. Other White groups, Mixed parentage, Indian, Pakistani, Any other Asian and Black Caribbean groups are projected to see a polarisation of employment, while for Black African, Other Black and Other ethnic groups a reduction in the share of employment accounted for by High pay occupations is projected.

**Figure 61: Percentage point change in share of female employment by ethnic group, 2012–22: Rest of England**

Source: IER estimates

**Wales, Scotland and Northern Ireland**
Disaggregation of employment projections is limited to the White group and ethnic minorities as a whole. In all of the devolved nations with the exception of females in Northern Ireland, a larger share of total ethnic minority employment was accounted for by High pay occupations in 2012 than was the case for total employment among the White group. However, by 2022 the share of aggregate male employment accounted for by High pay occupations is projected to be smaller for ethnic minorities compared with their White counterparts, while for females the respective share of aggregate ethnic group employment accounted for by High pay occupations is projected to remain higher for ethnic minorities than for the White group. Except for females in Scotland, Low pay occupations account for a larger share of total employment for ethnic minorities than for the White group.

**Overview of patterns of professionalisation and polarisation of employment structures by ethnic group and gender**
Different patterns of professionalisation (defined here as increases in the share of employment in High pay occupations only or in High and Intermediate pay occupations) and polarisation (defined here as an increase in the share of employment in High pay and Low pay occupations and a decrease in the share of Intermediate pay occupations) are apparent. There
are some ethnic groups where increases in the shares of total employment are confined to Low pay or Low and Intermediate pay occupations. Some different patterns are apparent by ethnic group and gender in different parts of the UK and these are summarised in Table 12.

**Table 12: Ethnic group patterns of increase/decrease in the share of employment by occupation, 2012–22**

<table>
<thead>
<tr>
<th>Nation/region</th>
<th>Gender</th>
<th>Professionalisation</th>
<th>Polarisation</th>
<th>Increase in Low pay occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>Male</td>
<td>Chinese</td>
<td>TOTAL, White, Mixed Parentage, Indian, Bangladeshi, Black</td>
<td>Pakistani, Any other Asian, Other ethnic group</td>
</tr>
<tr>
<td>UK</td>
<td>Female</td>
<td>TOTAL, White, Bangladeshi, Chinese, Black</td>
<td>Mixed parentage, Pakistani, Any Other Asian</td>
<td>Other ethnic group</td>
</tr>
<tr>
<td>London</td>
<td>Male</td>
<td>TOTAL, White British, Indian, Chinese, Black</td>
<td>Other White group, Mixed parentage, Bangladeshi, Any other Asian</td>
<td>Pakistani, Other ethnic group</td>
</tr>
<tr>
<td>London</td>
<td>Female</td>
<td>TOTAL, White British, Other White group, Indian, Pakistani, Bangladeshi, Chinese, Any other Asian, Black Caribbean, Black African</td>
<td>Other Black, Other ethnic group</td>
<td></td>
</tr>
<tr>
<td>Rest of England</td>
<td>Male</td>
<td>TOTAL, White British, Mixed parentage, Indian, Pakistani, Bangladeshi, Chinese, Black Caribbean, Other Black</td>
<td>Other White group, Any other Asian, Black African, Other ethnic group</td>
<td></td>
</tr>
<tr>
<td>Rest of England</td>
<td>Female</td>
<td>TOTAL, White British, Chinese</td>
<td>Other White group, Mixed parentage, Indian, Pakistani, Bangladeshi, Any other Asian, Black Caribbean</td>
<td>Black African, Other Black, Other ethnic group</td>
</tr>
<tr>
<td>Wales</td>
<td>Male</td>
<td>TOTAL, White, people from Ethnic minorities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wales</td>
<td>Female</td>
<td>TOTAL, White; people from Ethnic minorities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scotland</td>
<td>Male</td>
<td>TOTAL, White</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scotland</td>
<td>Female</td>
<td>TOTAL, White</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>Male</td>
<td>People from Ethnic minorities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>Female</td>
<td>TOTAL, White, people from Ethnic minorities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IER estimates

Key features emerging are:

- In aggregate, professionalisation of employment structures is apparent for females in all parts of the UK identified. However, not all females share in this professionalisation; rather it is most apparent for the White group (in the UK and the devolved nations) and for the Chinese group. In London females from nearly all ethnic groups share in the professionalisation of employment, whereas in the Rest of England professionalisation is confined to females from the White British and
Chinese groups. In the Rest of England most ethnic groups are projected to see a polarisation in their profile of employment over the projection period, while the Black African, Other Black and Other ethnic groups emerge as the most disadvantaged with a projected increase in the share of employment confined to Low pay occupations.

- Polarisation of the profile of employment by broad occupation is the norm for males over the projection period. London again emerges as an exception, with professionalisation of the profile of male employment projected for the White British, Indian and Black ethnic groups. The Pakistani and Other ethnic groups emerge as most disadvantaged here, as a decrease in the share of employment in High pay occupations is projected. This same projected trend is apparent for males in the Other White, Any other Asian, Black African and Other ethnic groups.

Conclusions

The majority of the projected net increase in employment over the period from 2012 to 2022 is accounted for by ethnic minorities (including the Other White group in England). In London a reduction in the numbers of White British people in employment is projected in this period.

This evidence suggests that many of the existing ethnic inequalities in the profile of employment are likely to persist over the medium term. In 2022, males from ethnic minorities are projected to remain disproportionately concentrated in the Trade, accommodation and transport sector (projected to account for 28 per cent of male employment in the UK in 2022) – which is associated with lower than average pay. This concentration is especially marked for the Bangladeshi, Pakistani and Other ethnic group. These latter groups are under-represented in Business and other services (projected to account for 34 per cent of male employment in the UK in 2022) where rates of pay tend to be higher than average. Relative to the aggregate profile of male employment in the UK, the Indian, Mixed parentage, Chinese, Black and Other ethnic group are disproportionately concentrated in this broad sector. In London, where the Business and other services sector is projected to account for 50 per cent of male employment in 2022, the Mixed parentage, Indian and Chinese groups are projected to intensify their concentration. Despite a greater than average decrease in the share of employment in Non-market services over the period of 2022, Black males are projected to remain disproportionately concentrated in this sector. Males from the Other White group are disproportionately concentrated in the Construction sector in London and in Manufacturing in the Rest of England.

Key features in terms of the ethnic profile of female employment by broad sector in 2022 are the marked over-representation of Bangladeshi, Pakistani, Chinese and Any other Asian females in Trade, accommodation and transport in 2022, which represents a slight intensification in the position in 2012. In broad terms, women from these ethnic groups in this broad sector might be expected to be at greater than average risk of low earnings. In contrast, females from the Mixed parentage, Indian and Chinese ethnic groups are over-represented in the Business and other services sector, as are (to a less marked extent) females from Black and Other ethnic groups. Black females are projected to maintain their over-representation in Non-market services in 2022.

In the UK, ethnic minorities are projected to account for 14 per cent, 12 per cent and 22 per cent of total male employment in High, Intermediate and Low pay occupations respectively in 2022. Indian males, Chinese males

In London females from nearly all ethnic groups share in the professionalisation of employment, whereas in the Rest of England professionalisation is confined to females from the White British and Chinese groups.
and males of Mixed parentage are also disproportionately concentrated among High pay occupations. Pakistani and Bangladeshi males are over-represented among Intermediate pay occupations. Males from all ethnic minority groups other than the Chinese group are projected to be concentrated in Low pay occupations in 2022, particularly those from the Other Asian, Bangladeshi and Black groups.

Although females are more concentrated in Low pay occupations (especially those from the Bangladeshi, Any other Asian and Pakistani groups) than males, they are also set to benefit more than males from the projected increase in High pay occupations between 2012 and 2022, particularly in London. This is the case for most ethnic minorities. Polarisation of employment structures is more evident in the Rest of England and here the maintenance of the advantage of the White British group remains more apparent. Polarisation of employment is also more evident for males than for females. Relative to other ethnic groups, the White group tends to be more concentrated in Intermediate pay occupations.
6 CONCLUSIONS AND IMPLICATIONS

This chapter summarises the key findings of the research and sets out their implications for policy and practice. The projections presented in previous chapters show the likely direction of change over the medium term, taking account of the changing age structure, migration patterns and ethnic profile of the population, structural features of the economy and trends in previous years. The projections do not take account of major unforeseen changes. Yet they are of value in indicating what the likely impact of change is for different ethnic groups.

Overview of key findings

A broad trend of convergence in employment rates for different ethnic groups is projected from 2012 to 2022, but for some ethnic minority groups employment rates are expected to remain markedly lower than average.

The convergence in employment rates (the share of ‘working age’ people in employment) between ethnic groups is projected to continue between 2012 and 2022, but for most ethnic minorities — and especially for Pakistani and Bangladeshi females — employment rates are projected to remain lower than for the White population. The highest employment rates in 2022 are displayed by Other White and Indian groups.

At UK level, males and females in all ethnic groups are projected to share in the projected increase in employment from 2012 to 2022, but ethnic minorities are projected to account for the majority of the net increase in employment in this period.

Employment is projected to increase fastest for individuals of Mixed parentage, followed by those who are from Other ethnic groups. For ethnic minority
groups with the smallest relative increases in employment – the Indian, Chinese and Black groups – employment is projected to grow by between a fifth and a quarter. A 3 per cent increase in employment is projected for the White group, just over 40 per cent of the growth in total employment. In the UK the share of total employment accounted for by the White group is projected to fall to 86 per cent in 2022, down from 89 per cent in 2012.

In England a small decline in employment among the White British group is projected over the period from 2012 to 2022. A projected decline of 6 per cent in London offsets a projected employment increase for this group in the Rest of England. In London, 40 per cent of individuals in employment in 2022 are projected to be from the White British group (down from 46 per cent in 2012) and over 21 per cent are projected to be from the Other White group (up from just under 19 per cent in 2012). In the Rest of England the White British group is projected to account for just over 83 per cent of employment in 2022 (down from 86 per cent in 2012).

Ethnic groups are unevenly distributed by industrial sector, with some ethnic minority groups projected to remain disproportionately concentrated in sectors commonly associated with low pay.

The incidence of in-work poverty depends on whether people are employed in low-paying jobs. Pakistani and Bangladeshi groups are disproportionately concentrated in the Trade, accommodation and transport sector (which has a concentration of Low pay jobs). Generally, ethnic groups with lower than average employment rates are projected to be disproportionately concentrated in sectors characterised by low pay in 2022.

The Black ethnic groups are projected to continue to account for a greater than average share of employment in Non-market (public sector) services. The White ethnic group is disproportionately concentrated in Manufacturing relative to other ethnic groups, and also has a higher concentration of employment than average in Business and other services (which is the fastest growing service sector and the one most associated with higher paid jobs).

As the profile of employment increasingly resembles an ‘hourglass’ with relatively more employment in High pay and Low pay occupations and relatively less in the middle, ethnic minorities are projected to increase their penetration of High pay occupations over the period from 2012 to 2022. They remain relatively concentrated in Low pay occupations – albeit detailed experience varies by ethnic group.

Between 2012 and 2022 net increases in High pay and Low pay occupations are projected of 2.34 million and 0.52 million, respectively, in the UK. In contrast, employment in Intermediate pay occupations associated with middle-level skills and earnings is projected to decrease by 1.01 million, so leading to a polarisation of employment.

Although females are more concentrated than males in Low pay occupations they are expected to benefit more than males from the projected increase in High pay occupations – including females from ethnic minorities. This projected increase in the share of employment in High pay occupations is greatest in London, where ethnic minorities are disproportionately concentrated. This is where so-called ‘professionalisation’ of employment structures is most apparent – especially for females.

In England outside London, most ethnic groups are projected to see a polarisation in the profile of employment over the projection period,
especially in the case of males. For males in the Other White, Pakistani, Any other Asian, Black African and Other ethnic groups a decrease in the share of employment in High pay occupations is projected.

**Implications for policy and practice**

**Addressing ethnic group variations in employment rates**
Although some continuing convergence in employment rates is projected, in 2022 inequalities in employment rates by ethnic group are projected to remain. This indicates that there needs to be a continuing focus on addressing barriers to labour market and employment entry that impact particularly on some ethnic groups (e.g. proficiency in work-related English, discrimination in recruitment, etc.), as well as those that are common across ethnic groups. Given concerns about in-work poverty, it also suggests that greater attention needs to be focused on making ‘quality’ entries to employment – with prospects for further advancement – particularly for individuals from the most disadvantaged ethnic groups.

**Identifying and facilitating pathways for progression up the ‘earnings ladder’ when there are fewer ‘middle rungs’ available**
Although the projected increase in High pay occupations outstrips that in Low pay occupations, the projected decline in Intermediate pay occupations indicates an ongoing ‘hollowing out’ of middle-wage jobs and a polarisation in the labour market. This is particularly associated with a net contraction of male employment in Skilled trades occupations and among Plant, process and machine operatives, and in Administrative and secretarial occupations for females. The concern is that polarisation can lead to:

- some workers ‘bumping down’ in the labour market to lower-skilled and lower-paid jobs (where they are over-qualified and crowd out less qualified workers) rather than ‘moving up’ to higher-skilled and higher-paid jobs; and
- diminution and change in pathways for progression from lower to higher earnings (and to better quality jobs more generally), so creating additional barriers to earnings mobility.

From a policy perspective, this suggests that there is scope for:

- **Better careers advice and guidance** – for young people and for those in employment: to enable individuals to understand the opportunities that are available to them in the labour market, how to navigate the labour market so as to access those opportunities and what different pathways are available to progress in the labour market. It is salient to note here that the largest percentage increases in the ethnic minority working age population are projected to be among those aged 50 and over (while the slowest rates of increase are projected for those aged 16–34 years), and so there is likely to be an increased need for guidance – including regarding lifelong learning to upgrade qualifications – among those of older working age (especially as State Pension Ages rise).
- **Better labour market information**: including information on earnings within different sectors/occupations, what attributes and qualifications are necessary to access different jobs, and what routes are available for progression within and between jobs, to enable individuals to make more informed choices in the labour market.
• **Developing ‘careers ladders’:** within large organisations (with the involvement of employers – including line managers, trades unions, training providers, sectoral bodies, etc.); this can help in opening up and promoting pathways for progression.

• **Apprenticeships:** to enable individuals to ‘earn’ and ‘learn’ at the same time, while meeting employers’ skills needs.

While the analyses presented in previous chapters have focused on projected employment in 2022 and net changes (so-called ‘expansion demand’) between 2012 and 2022, it is important to note that a much larger number of job openings arise as a result of ‘replacement demand’ as workers leave employment entirely as a result of retirement or move occupationally or geographically within the labour market. This means that there are job opportunities arising even in declining occupations and industries. Policy-makers and practitioners need to take replacement demand requirements into account when using labour market information and intelligence to identify coherent pathways into and within employment from low-paid to higher-paid jobs.

**Raising the demand for skills**

It is important that changes in labour demand are considered alongside those in labour supply, and local skills strategies of LEPs (in England)/City Regions/local authorities need to contain an appropriate mix of supply-side and demand-side interventions. In general, demand-side interventions are likely to focus on raising the demand for skills (and so likely levels of pay) through:

• business advice and support – to promote so-called ‘high road’ business models in which competition is on the basis of quality rather than cost;
• promoting ‘employer ownership of skills’ – where employers play a greater role in designing training and skills development policies; and
• sector policies – which focus on enhancing the competitiveness of particular sectors (that are important nationally/sub-nationally in value-added and/or employment terms); (through sector policies there is also scope to tackle in a strategic fashion issues of under-representation of particular ethnic/other population subgroups in particular sectors).

**Revisiting recruitment and selection practices**

Concentration of particular ethnic groups in certain sectors and occupations can reflect the operation of recruitment and selection policies that reinforce existing patterns of ethnic concentration. Use of ‘friends and family’ informal recruitment channels (which are more prevalent in Low pay than in High pay occupations) tend to operate in this fashion. Given the increasing use of the Internet in recruitment and selection, it is important that screening criteria do not inadvertently discriminate against certain groups of potential workers.

Employers need to have an awareness of local labour supply and how it is likely to change in the future, so as to ensure that their recruitment and selection practices are not biased against certain subgroups of the population (by age, gender, etc.).

They also need to be mindful of how progression opportunities within the internal labour market are handled, to ensure that all ethnic groups have opportunities for advancement and that negative workplace cultures do not impact disproportionately on some ethnic groups.
Upgrading existing jobs
The research suggests that, in aggregate, ethnic minorities are disproportionately concentrated in sectors and occupations characterised by low pay. There is scope for improving the quality of such jobs through mechanisms such as:

- raising the wage floor – including through enforcing payment of the National Minimum Wage and also by adopting Living Wages; and
- local procurement policies – stipulating wage/ training/other ‘quality of work’ clauses, which aim to enhance the quality of employment.

Enhancing the quality of the information base – the importance of large-scale secondary data sources and of local intelligence
The technical and data challenges faced in this research in producing projections by ethnic groups reveal that larger sample sizes, more complete data on a full range of individual and employment characteristics, and a longer time series would be required for detailed projections of employment characteristics for smaller ethnic groups in the devolved nations of the UK as well as for most English regions and at the local scale more generally. This indicates the importance of promoting improvements in data on employment by ethnic group.

The details of the labour market experience and of the sectoral and occupational profile of employment by ethnic group vary locally in a way in which this research has not been able to capture. Large secondary data sources (with disaggregations by gender, age, ethnic group, sector and industry) are important for monitoring the experience of different population subgroups in the labour market, and for making projections to indicate what might happen in the future. But there is also a need for local intelligence alongside such secondary data in order that policies can be tailored and targeted to local circumstances.
NOTES


2  This is likely to change by the end of the projection period with the phasing out of the default retirement age and progressive rises in State Pension Age.

3  In London this reflects the larger initial share.

4  www.poverty.org.uk
REFERENCES


ACKNOWLEDGEMENTS

This project drew upon the Working Futures 5 projections created for the UK Commission for Employment and Skills by the Institute for Employment Research and Cambridge Econometrics, and the ETHPOP projections created by a group of researchers at the School of Geography, University of Leeds. The authors wish to thank the JRF Programme Manager, Helen Barnard, and the members of the Project Advisory Group for their advice and helpful comments. Professor Phil Rees of the School of Geography, University of Leeds also provided valuable advice on use of the ETHPOP projections. Computing Officers at the IER provided invaluable assistance in extracting Labour Force Survey data.
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