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MINORITY ETHNIC GROUPS IN BRITISH LABOUR MARKET (1972-2005)

Exploring patterns, trends and processes of minority ethnic disadvantages

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Background

Britain is becoming increasingly multi-ethnic, with the proportion of minority ethnic groups in the population growing by two fold in the last fifty years. Much research shows that the minority ethnic groups face various disadvantages in the labour market and in other aspects of social life. Yet most of the research is based on qualitative or snap-shot data, unable to explore such disadvantages in their patterns, trends and processes.

This ESRC project aims to conduct a systematic and rigorous analysis in this regard. We pooled together over 100 datasets from the most authoritative government surveys with around 5 million records including about 145,000 respondents from minority ethnic groups.

Main findings

Our research findings have been presented at various conferences and reported in the national media and academic journals. The following is a brief summary (see Li and Heath 2007a, b for further details).

- The White British were generally found to be advantaged in terms of gaining access to the labour market and in avoidance of unemployment in the period covered;
- There were more differences among the minority ethnic groups than between them and the majority group in terms of employment, access to the salariat (professional/managerial positions) or income from paid work;
- Black and Pakistani/Bangladeshi groups were most likely to bear the brunt of economic recession, with around 20 per cent being unemployed in the mid 1980s and in the early 1990s, confirming the thesis of 'hyper-cyclical' ethnic unemployment

- 1st generation Black groups had similar employment rates to the 2nd generation but 1st generation Pakistani/Bangladeshi groups were much less likely to be employed than the 2nd generation and were less than half as likely to have a job as the White British;
- Most women of Pakistani/Bangladeshi heritage were economically inactive throughout the period covered (around 60 per cent each year);
- With regard to access to the salariat, White Other men (from Australia, New Zealand, US, Canada and Europe) were found most likely to be incumbent in such positions whereas Black African, and particularly Pakistani/Bangladeshi men were least likely to be found in such positions;
- White Irish men were more likely to be doing manual jobs than White British peers in the earlier half of the period but since the early 1990s have caught up with the latter in gaining access to the salariat;
- In the last decade Pakistani/Bangladeshi men have surpassed the Chinese in self-employment, possibly as an 'escape strategy';
- Black Caribbean men significantly improved their chances of gaining access to the salariat in the middle and the later period as compared with the earlier period, yet the same was not found for Black African men;
- 2nd generation men of Black Caribbean, Indian and Pakistani/Bangladeshi origins significantly improved their likelihood of gaining access to the salariat as compared with the 1st generation, and the same was found for Indian and Pakistani/Bangladeshi women.

Why studying ethnic disadvantages?

Improving the socio-economic conditions of the minority ethnic groups by reducing ethnic penalty and ensuring equal access to employment and upward social mobility is a top priority for the government and for the society as a whole. This priority is set within the context of the ageing population

for the White British and the numerical growths of the minority ethnic groups in the years to come. Thus, understanding patterns, trends and processes of minority ethnic disadvantages in the labour market is not only concerned with issues of social justice and civic liberty, but with the future economic prosperity of all members in the society, and with the future status of the country as a major player in an increasingly globalised economy.

Theoretical perspectives

There are two prominent approaches to the study of minority ethnic disadvantages: 'human capital' and 'social capital'. The former emphasises the role of education, training, labour market experience and language proficiency while the latter stresses the benefits accruing from formal and informal social networks in job search, especially from bridging social capital in gaining access to the mainstream labour market and upward social mobility. It is, however, worth noting that the two approaches are complementary rather than mutually exclusive. People with higher levels of human capital tend to have more social capital. Minority ethnic groups tend to have lower levels of both human and social capital. This, coupled with prejudice and discrimination from employers, may have an important adverse impact on the labour market aspiration, participation and upward mobility of the minority ethnic groups.

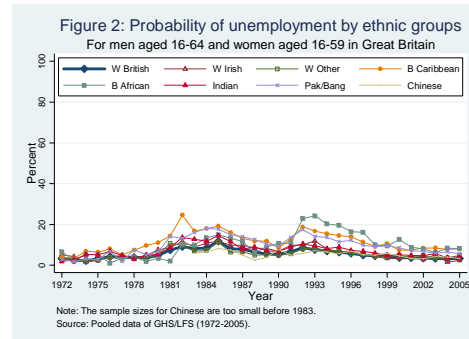
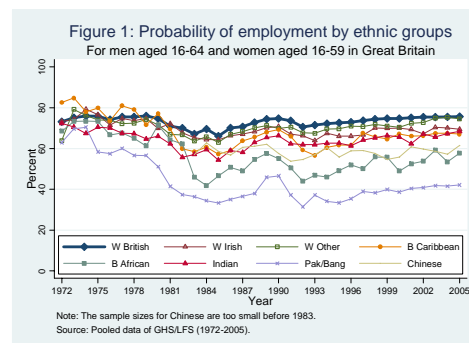
Data and methods used in the study

We drew data from the General Household Survey and the Labour Force Survey from 1972 to the most recent, standardising the key variables on ethnicity, employment, class, education, marital and generation statuses, income etc. We used descriptive methods to show patterns and trends in the labour market situation, particularly in employment and class attainment, and multivariate modelling techniques on access to employment and to the salariat, and on income. We also used some fairly advanced techniques such as Propensity Score Matching (PSM) to study income, and decomposition methods to access the contributions of demographic and socio-

cultural factors to the observed gaps in employment rates between the majority and the minority groups. For some research purposes, we also used data from other sources such as the Samples of Anonymised Records (SAR) from the 2001 Census and the Home Office Citizenship Survey (HOCS 2003/05).

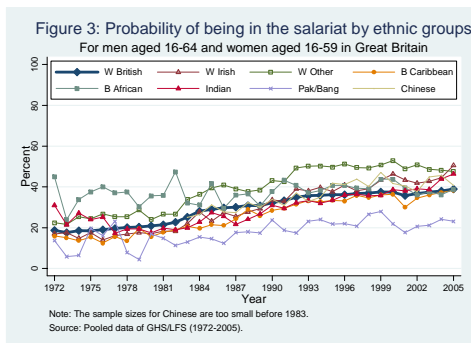
Further evidence of minority ethnic disadvantages

As the summary above was mainly on gender, period and generational effects among the minority ethnic groups, we present some further evidence below on minority ethnic disadvantages combining data for the two gender groups.

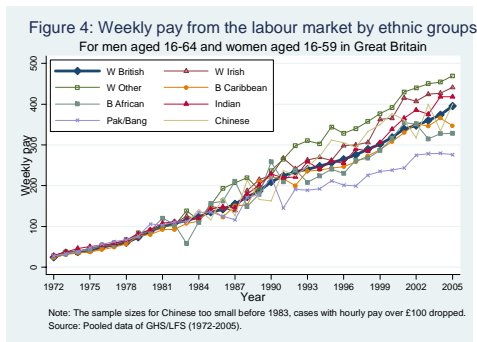


The data in Figures 1 & 2 show clearly that White groups were on the whole most likely to be found in employment and least likely to be in unemployment in the entire period covered. With regard to patterns for the Pakistani/Bangladeshi groups, one can see that their employment rates were the lowest amongst all ethnic groups but were particularly low since the early 1980s onwards. This is probably due to the fact that in the earlier period, men came to establish a foothold and their employment rates, albeit lower than other groups, were not that low. Gradually they brought their

wives here who tend to stay at home looking after children. This lowered their overall participation rates and affected their economic situation. Black Africans were from diverse origins and were much less likely to be employed than the other groups (except Pakistani/Bangladeshi groups where women in the majority were economically inactive). Another point to note is that while the economic recession in much of the 1980s hit Black Caribbean, Pakistani/Bangladeshi origins more than other groups, it was the Black Africans who bore the brunt of unemployment in the early 1990s.



The data in Figure 3 shows that rates in salariat positions for the Black Africans levelled to those of the White British. White Others were consistently most likely to find themselves in such positions. White Irish, Indians, Chinese and Black Caribbean groups improved their access to the salariat relative to the White British. The Pakistani/Bangladeshi groups showed little sign of improvement in this regard.



The income situation as shown in Figure 4 shows trends of polarisation with White Other and White Irish earning more than the other groups; Indian, Chinese and two

Black groups close to the White British and the Pakistani/Bangladeshi groups being increasingly left behind.

Table 1: Self-employment (SE), workforce size (>25), salariat (P&M) and sector

	% self-empl.	% among the self-employed >25	P&M	H/C	Knowledge
W Brit	9.6	4.0	24.8	4.5	12.0
W Irish	10.9	6.0	32.3	5.4	13.8
W Oth	11.0	4.7	41.1	10.0	17.4
B Carib	5.4	5.3	26.4	2.2	17.7
B Afric	6.0	10.5	47.5	2.2	17.7
Indian	12.0	4.6	30.1	5.1	14.9
Pak/Ban	9.4	5.3	17.4	15.1	7.3
Chinese	17.3	1.2	15.8	60.2	7.5

Note:

1. For men aged 16-64 and women aged 16-59 in Great Britain, excluding full-time student.
2. H/C refers to hotel/catering sector and knowledge to finance, health, education and public administration sector.

Source: The 3% 2001 SAR.

As there is little detailed exploration of self-employment in existing literature, we provide some evidence (Table 1). The Chinese were most likely to engage in self-employment (17 per cent), but the self-employed among the group were, as compared with their peers in the other groups, least likely to be big employers, to work as professionals or managers, or to be in the knowledge sectors. Actually, most of them (60 per cent) were working in restaurants or take-aways. By contrast, Black Africans, although unlikely to be self-employed, were most likely to be big employers, to work as professionals or managers, or to engage in the knowledge sector for those amongst them who do become entrepreneurial.

Table 2: Decomposing the unemployment gaps between minority and White groups

	% ILO unemp.	% of the gap explained by the models				% of gap resid.
		M1	M2	M3	M4	
WB	3.7					
BC	10.9***	2.2	3.8	9.9	18.0	66.1
BA	11.4***	1.9	5.5	5.9	15.0	71.3
Indn	8.0***	4.6	7.2	6.2	-	82.0
P/B	11.4***	20.3	8.2	3.9	0.8	66.8
Chns	6.9*	18.4	4.6	15.3	6.9	54.8

Note:

1. Unemployment rate for each ethnic group is compared with White British, with * $p < 0.05$; ** $p < 0.01$ and *** $p < 0.001$.
2. Model 1 = human capital (education, age, age squared); Model 2 = M1 + social capital (friends in same ethnicity, BME interaction); Model 3 = M2 + job refusal; Model 4 = M3 + personal/contextual characteristics (gender, marital status, number of dependant children and region).
3. For men aged 16-64 and women aged 16-59 in England and Wales.

Source: The HOCS (2003/05).

Finally, we present some information on the unemployment gap between the White and the minority ethnic groups and on the 'contributions' by various (groups of) factors to explaining the gaps (see also Lindley, Dale and Dex, 2006). The data are drawn from the HOCS (2003/05).

3.7 per cent of the Whites were jobless but the rates for all other ethnic groups were significantly higher, around 11 per cent for the Black and the Pakistani/Bangladeshi groups, and around 7 to 8 per cent for the Indians and the Chinese. The differences between the minority and the majority groups in terms of unemployment rates constitute the 'gaps' to be explained.

Using the 'Fairlie' decomposition method (see Fairlie, 2005), we can work out the percentages of the gaps explained by the various factors. We subsumed the factors under four headings: human capital, social capital, job refusal and personal/contextual attributes (see Notes to Table 4 for details of the variables included in each set).

The data in Table 2 show that human capital differences explained 20 per cent of the unemployment differential between the Pakistani/Bangladeshi and the White groups, and 18 per cent for the Chinese. Further analysis shows that the Chinese were actually much more likely to have degree level qualifications but less likely to have vocational qualifications than the White British. As for social capital, we find that the greatest variances explained were for the two South Asian groups, 8

and 7 per cent respectively. It is interesting to note that direct job refusal accounts for 15 per cent of the Chinese gap and 10 per cent of the gap for the Black Caribbean. As the two Black groups in the dataset were more likely to be female (around 60 per cent as compared with 53 per cent for the sample) and less likely to be partnered (around one third as against 57 per cent for the sample), one finds that personal factors account more for their gaps than for the other groups.

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