Ethnic Inequalities in the Labour Market

Participation, Skills and Geographical Inequalities

Persistent ethnic inequalities in the labour market play a major part in the high poverty rates among some ethnic minority groups. The differing experiences between ethnic groups in terms of their labour market participation and experiences when in-work lead to questions about equality of opportunity. Through a comprehensive study of 2001 and 2011 Census data for the whole population in England and Wales, this study develops the evidence base on the persistence of ethnic inequalities in the labour market over time and between places. Evidence of market inequalities is shown for three geographical levels; country, Local Enterprise Partnerships, and local authority districts. These geographical disparities have important implications for understanding how experiences may differ between locales, and how this might affect ethnic groups differently. By considering in which places individuals in ethnic minority groups perform less well in the labour market, there can be more efficient targeting of resources to tackle ethnic inequalities.

Ethnic inequalities in labour market experiences

As with allied research to date on labour market outcomes, this study suggests a mixed picture for ethnic minority groups. Change in employment patterns over time could be described as a story of success for Indian and Chinese ethnic groups. There is also continued occupational success for the White Irish group, as measured by rates of unemployment and their professional status. However, the overwhelming picture is one of continuing ethnic minority disadvantage compared to the White British majority group.

In terms of unemployment, there is a clear ethnic minority penalty in the labour market, which is persistent over time. In 2011, the most notable differential in unemployment between the White British and any ethnic minority group was for White Gypsy/Irish Traveller. This group also had by far the lowest proportion of its workforce in professional occupations and the largest share in elementary occupations. Unemployment rates increased the most between 2001 and 2011 for the Caribbean and Mixed White-Caribbean groups. Pakistani and Bangladeshi ethnic groups continued to have the lowest rates of working for an employer between 2001 and 2011; employee rates are low for Pakistani and Bangladeshi females in both 2001 and 2011.

Self-employment in 2011 is respectively most and second-most common for the Pakistani (20 per cent) and the Other White (16 per cent) ethnic groups and grew in the ten-year period. This increase could be an indicator of entrepreneurial success, but may more likely be an outcome of discrimination by potential employers. Inequalities in unemployment for women in 2011 were
marked for the White Gypsy/Irish Traveller, Bangladeshi, Arab and Pakistani groups. Other Black and Mixed White-Caribbean men have the largest differences in unemployment from the White British population. Unemployment rates for the Chinese and Indian groups have been consistently low, and considerably lower than any other ‘non-White’ minority group (6 and 7 per cent respectively), although a greater share of employment is in self-employment for the Chinese than the Indian group. The lowest proportion in managerial occupations is for the African group.

Some ethnic minority groups are over-represented (‘segregated’) into certain occupation types. Where these are low-skilled, this could represent discrimination from other forms of employment or stereotyping into particular jobs. The distributions of ethnic minority groups in occupational types are clearly unequal compared to the relatively ‘even’ distribution of the White British group, with significant differences between and within ethnic minority groups. Figure 1 clearly emphasises how the gender dimension is important to properly consider the labour market experiences for each ethnic group. For instance, while men’s occupational segregation was highest amongst African and Pakistani (with D scores of 27 and 22 respectively), women’s occupational segregation was highest amongst White Gypsy/Irish Traveller (23) and African (20), and lowest amongst Caribbean (7) and Other Black (6).

**Figure 1: Comparing the ethnic minority spread across occupations to the White British majority (D scores) by gender in England and Wales, 2011**

The role of geography

Unemployment rates are hugely variable across local authority districts in England and Wales, with some places offering more positive experiences for ethnic minority groups than others. While there is some commonality between groups (particularly at the regional level), the local geography of ethnic unemployment is distinct; there is no clear consistency in which places do better or worse in
employment between ethnic groups. Some local authority districts are performing less well than others, in terms of unemployment. For example, Birmingham features amongst the top five districts for unemployment for several ethnic groups (e.g., Indian, Pakistani, Chinese and African). Several districts in the London Local Enterprise Partnership (LEP) are amongst the top five districts for unemployment, for several ethnic groups. Concentrated pockets of unemployment are particularly notable for the African group in London and parts of the north of England, and in the North West for the Pakistani group. For the African group in particular, there are large percentages in unemployment in most major urban areas, including in London and the North West. This raises key questions about what needs to be done to tackle unemployment in these places.

Occupational segregation across LEPs is generally greater at the sub-national level than nationally, thus highlighting the importance of analysing the spread of ethnic minority groups across occupations beyond the national level. Nonetheless, there are patterns of occupational segregation which are found regardless of the geography of study. For instance, in-line with the national-level results, evidence from the LEP analysis highlights that, for all ethnic minorities, there tend to be more places with high occupational segregation for men than women, with the exception of the Chinese group. The results also suggest that the areas with the largest concentrations of ethnic minority groups tend to experience lower levels of occupational segregation than the areas with the smaller ethnic group populations. In these areas, where the population size of ethnic minority groups is small, an over-representation is usually found within high-skilled occupations. The latter does not necessarily mean ‘career success’ but could reflect the existence of obstacles in the labour market such as discrimination, thus forcing some groups to enter specific occupations as self-employed. A notable example of this can be seen in Figure 2 for the Pakistani group.

Figure 2: Group size (%) and relative occupational concentration (LQs) within aggregate categories (high-, mid- and low-skilled occupations) for selected ethnic groups in LEPs, 2011
Detailed geographical analysis on the relationship between occupational segregation and the relative concentration within occupational categories (high-, mid- and low-skilled) for LEPs highlight three different patterns of occupational segregation: (1) the over-representation of the group within high-skilled occupations and the under-representation of the same group within low-skilled occupations (e.g., Indian and Pakistani); (2) the over-representation of the group within low-skilled occupations and the under-representation of the same group within high-skilled occupations (e.g., Chinese); and (3) the over-representation of the group within high-skilled and low-skilled occupations (e.g., African). These three patterns contribute to the different occupational segregation levels, ranging from moderate (e.g., Chinese) to high (e.g., African).

The study also suggests that in all LEPs, intermediate or mid-skilled occupations are systematically under-represented amongst ethnic minority groups. Although education operates as a force to reduce social class differences in all areas, the prevailing social and institutional disadvantages seem to make ethnic minority entry into mid-skilled occupations even more difficult than in high-skilled or professional ones.

Key messages for public policy

This research has demonstrated how ethnic inequalities in the labour market have persisted over time, with evidence of disadvantage between ethnic groups in terms of unemployment, self-employment, and in the types of jobs employed people take up. The picture of ethnic labour market outcomes is inevitably complex due to the presence of various interrelated factors such as education, cultural preferences, and discrimination. However, where ethnic differences in labour market experiences are not a result of educational achievement and/or preferences, these can be interpreted as a form of inequality. Much labour market outcomes, including occupational segregation, tend to reflect barriers to entry to occupation, ranging from lack of information about job options to discouragement and discrimination. Yet while a fairly negative story of ethnic inequalities in the labour market is reported in this study, it is worth noting that the story is more positive for some ethnic minority groups. Both the positive and undesirable labour market experiences of ethnic groups are not even across place, and the role of locales in shaping employment outcomes needs to be recognised.

Further information

The full report, *Ethnic Minority Disadvantage in the Labour Market: Participation, Skills and Geographical Inequalities* by Gemma Catney* and Albert Sabater*, will be soon published by the Joseph Rowntree Foundation. It will be available as a free download from [www.jrf.org.uk](http://www.jrf.org.uk)

The authors gratefully acknowledge the support of the Joseph Rowntree Foundation in funding this research.

*Co-first authors: Gemma Catney, Department of Geography and Planning, University of Liverpool. Albert Sabater, Centre for Housing Research, Department of Geography and Sustainable Development, University of St Andrews.*