

MINORITY ETHNIC GROUPS IN THE BRITISH LABOUR MARKET: Exploring patterns, trends and processes of minority ethnic disadvantage

Yaojun Li Institute for Social Change, Manchester University

Anthony Heath Department of Sociology, Oxford University

Background

Britain is becoming increasingly multi-ethnic. The proportion of minority ethnic groups in the population has grown twofold in the last 50 years. Much research shows that 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 snapshot 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 around 145,000 respondents from minority ethnic groups. The data cover the 34 year period from 1972 to 2005.

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 of the key findings (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% being unemployed in the mid-1980s and

in the early-1990s, confirming the thesis of 'hyper-cyclical' ethnic unemployment.

- First generation Black groups had similar employment rates to the second generation but first generation Pakistani/Bangladeshi groups were much less likely to be employed than the second 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% each year).
- With regard to access to the salariat, White Other men (from Australia, New Zealand, USA, Canada and Europe) were found most likely to be incumbent in such positions, whereas Black Caribbean, 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.
- Second generation men of Black Caribbean, Indian and Pakistani/Bangladeshi origins significantly improved their likelihood of gaining access to the salariat as compared with the first generation, and the same was found for Indian and Pakistani/Bangladeshi women.



Why study ethnic disadvantage?

Improving the socio-economic conditions of the minority ethnic groups by reducing the ethnic penalty and ensuring equal access to employment and upward social mobility is a top priority for the Government and for society as a whole. This priority is set within the context of an ageing population of White British and a numerical growth of minority ethnic groups in the years to come. Thus, understanding patterns, trends and processes of minority ethnic disadvantage in the labour market is not only concerned with issues of social justice and civil liberty, but with the future economic prosperity of all members in 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 disadvantage: '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 the 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 aspirations, participation and upward mobility of the minority ethnic groups.

Data and methods used in the study

We drew data from the General Household Survey (GHS) and the Labour Force Survey (LFS) from 1972 to the most recent, standardising the key variables on ethnicity, employment, class, education, marital and generation statuses and income. 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 disadvantage

As the summary given 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 and 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.

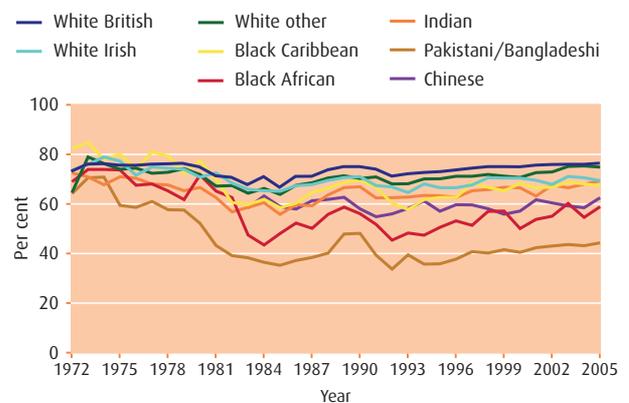


FIGURE 1. PROBABILITY OF EMPLOYMENT BY ETHNIC GROUP FOR MEN AGED 16-64 AND WOMEN AGED 16-59 IN GREAT BRITAIN
Source: Pooled data of GHS/LFS (1972-2005)

Note: The sample sizes for Chinese are too small before 1983.

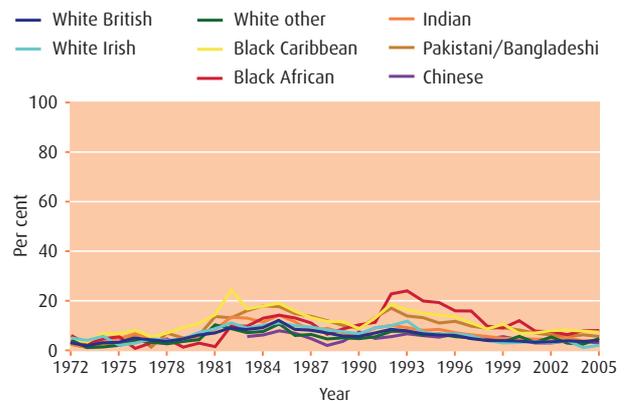


FIGURE 2. PROBABILITY OF UNEMPLOYMENT BY ETHNIC GROUP FOR MEN AGED 16-64 AND WOMEN AGED 16-59 IN GREAT BRITAIN
Source: Pooled data of GHS/LFS (1972-2005)

Note: The sample sizes for Chinese are too small before 1983.

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 show 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.

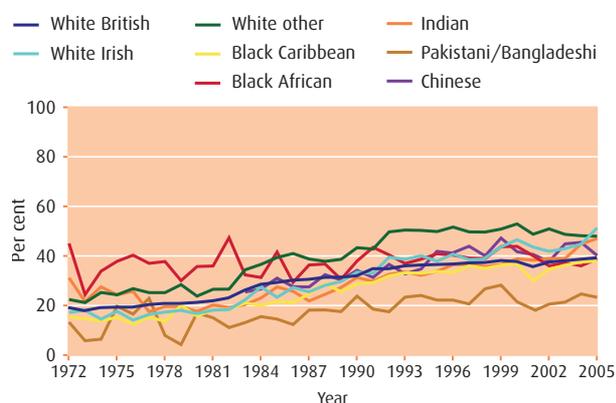


FIGURE 3. PROBABILITY OF BEING IN THE SALARIAT BY ETHNIC GROUP FOR MEN AGED 16-64 AND WOMEN AGED 16-59 IN GREAT BRITAIN
Source: Pooled data of GHS/LFS (1972-2005)

Note: The sample sizes for Chinese are too small before 1983.

The income situation (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.

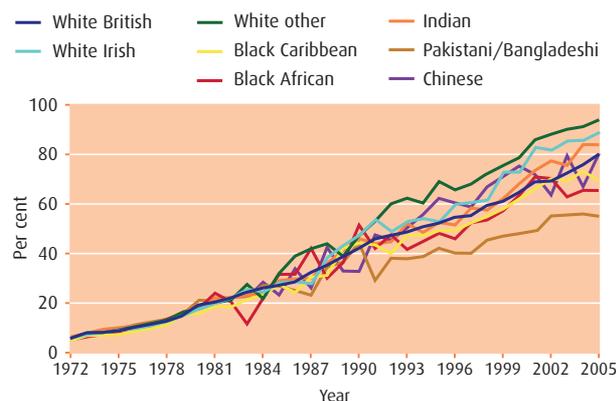


FIGURE 4. WEEKLY PAY FROM THE LABOUR MARKET BY ETHNIC GROUP FOR MEN AGED 16-64 AND WOMEN AGED 16-59 IN GREAT BRITAIN
Source: Pooled data of GHS/LFS (1972-2005)

Note: The sample sizes for Chinese are too small before 1983, cases with hourly pay over £100 dropped.

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%), 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%) 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.

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 *et al.*, 2006). The data are drawn from the HOCS (2003/05).

Amongst Whites, 3.7% were jobless but the rates for all other ethnic groups were significantly higher, around 11% for the Black and the Pakistani/Bangladeshi groups, and around 7 to 8% for the Indians and the Chinese. The differences between the minority and the majority groups in terms of unemployment rates constitute '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 2 for details of the variables included in each set).

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

TABLE 1. SELF-EMPLOYMENT (SE), WORKFORCE SIZE (>25), SALARIAT (P&M) AND SECTOR
Source: The 3% 2001 SAR

Notes: For men aged 16-64 and women aged 16-59 in Great Britain, excluding full-time student.

H/C refers to hotel/catering sector and Knowledge to finance, health, education and public administration sector.

The data in Table 2 show that human capital differences explained 20% of the unemployment differential between the Pakistani/Bangladeshi and the White groups, and 18% 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.

	% ILO unemp	% of the gap explained by the models				% of gap resid
		M1	M2	M3	M4	
White British	3.7					
Black Caribbean	10.9***	2.2	3.8	9.9	18.0	66.1
Black African	11.4***	1.9	5.5	5.9	15.0	71.3
Indian	8.0***	4.6	7.2	6.2	-	82.0
Pakistani/ Bangladeshi	11.4***	20.3	8.2	3.9	0.8	66.8
Chinese	6.9*	18.4	4.6	15.3	6.9	54.8

TABLE 2. DECOMPOSING THE UNEMPLOYMENT GAPS BETWEEN MINORITY AND WHITE GROUPS Source: *The HOCS (2003/05)*

Notes: Unemployment rate for each ethnic group is compared with White British, with *p<0.05; **p<0.01 and *** p<0.001.

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.

For men aged 16-64 and women aged 16-59 in England and Wales.

As for social capital, we find that the greatest variances explained were for the two South Asian groups, 8 and 7% respectively. It is interesting to note that direct job refusal accounts for 15% of the Chinese gap and 10% of the gap for the Black Caribbean. As the two Black groups in the dataset were more likely to be female (around 60% as compared with 53% for the sample) and less likely to be partnered (around one third as against 57% for the sample), one finds that personal factors account more for their gaps than for the other groups.

References

- Fairlie, R. (2005) An extension of the Blinder-Oaxaca decomposition technique to logit and probit models, *Journal of Economic and Social Measurement*, 30: 305-316.
- Li, Y. and Heath, A. (2007a) Employment status of 1st and 2nd generation minority ethnic groups in Britain: a tale of 35 years, *Britain Today*, ESRC.
- Li, Y. and Heath, A. (2007b) Ethnic minority men in British labour market (1972-2005), forthcoming, *International Journal of Sociology and Social Policy*.
- Lindley, J., Dale, A. and Dex, S. (2006) Ethnic differences in women's employment: the changing role of qualifications, *Oxford Economic Papers*, 58: 351-78.

Relevant Publications by the author

- Heath, A. and Y. Li. (2007) *Measuring the size of the employer contribution to the ethnic minority employment gap*, Paper for National Employment Panel.
- Li, Y. (2004) Samples of Anonymised Records (SARs) from the UK censuses: a unique source for social science research, *Sociology*, 38(3): 553-72.
- Li, Y. (2005) Social capital, ethnicity and the labour market, in *Proceedings of International Conference on Engaging Community*, <http://engagingcommunities2005.org/abstracts/Li-Yaojun-final.pdf>.
- Li, Y. (2005) Exploring income differentials: a comparison between human and social capital approaches, *Presentation at the ESDS Government Research Conference*, British Academy, 4 Nov. <http://www.ccsr.ac.uk/esds/events/2005-11-04/li.doc>.
- Li, Y. (2006) *Assessing Data Needs and Gaps for Researching Ethnic Minority Entrepreneurship*, Report for the ESRC/DTI/CRE.
- Li, Y. and Heath, A. (2007) Ethnic minority men in British labour market (1972-2005), *International Journal of Sociology and Social Policy*.
- Li, Y. and Heath, A. (2007) Period, life-cycle and generational effects on ethnic minority unemployment in Britain (1972-2005), *KZfSS*.
- Li, Y. and Pollert, A. (2006) The unorganized worker in WERS 2004: socio-demographic attributes, workplace characteristics and work-life experience, *Research paper commissioned by DTI and RSS*.
- O'Leary, R. and Li, Y. (2006) Beyond unemployment: further differences in Catholic and Protestant performance in the Northern Ireland labour market, *Conference Proceedings on Equality and Social Inclusion*, Belfast.

Acknowledgement

We wish to thank the ESRC for funding this research (RES-163-25-0003) and the UK Data-Archive for making the datasets available to us.

Contact details of the authors

Professor Yaojun Li, Institute for Social Change, Manchester University

Email: Yaojun.Li@Manchester.ac.uk

Web: www.ccsr.ac.uk/staff/yaojun.htm

Professor Anthony Heath, FBA,

Department of Sociology, Oxford University

Email: Anthony.Heath@nuffield.ox.ac.uk