

Ethnic minority populations and the labour market: an analysis of the 1991 and 2001 Census

By L. Simpson, K. Purdam, A. Tajar, E. Fieldhouse, V. Gavalas, M. Tranmer, J. Pritchard and D. Dorling

This report measures the national and local labour market circumstances of ethnic minority populations, using data from the 1991 and 2001 Census. It also measures 'ethnic penalties' – the inequalities between people of the same age, qualifications and other characteristics.

Key findings

Amongst men disadvantage is greater for ethnic minorities born in the UK than for those born overseas

Ethnic minorities born in the UK have on average gained higher qualifications than their overseas-born parents.

An 'ethnic penalty' remains when comparing the labour market outcomes of different ethnic minorities who have the same age, qualifications and a range of family circumstances. This penalty means greater unemployment for Indian, Pakistani, Bangladeshi and Caribbean men, and even more so for those born in the UK.

In contrast, ethnic minority women born in the UK tend to do better in the labour market than their overseas-born counterparts.

Labour market differences between ethnic minorities are greater than differences between most areas

Disadvantage is evident in all types of area. Even in areas that are predominantly White, ethnic minorities are still twice as likely to be unemployed than their White counterparts.

The concentration of ethnic minorities in deprived areas is therefore not a major cause of high levels of ethnic minority unemployment.

Neighbourhood profiles

Britain is divided into 1,282 labour market neighbourhoods, each of about 30-50 thousand population.

Each ethnic minority group's average employment and qualifications in the neighbourhood are displayed and compared to other populations, to the national average, to past experience in the same neighbourhood, and taking into account local human capital (age, qualifications and birthplace).

<http://asp.ccsr.ac.uk/dwp/>

Summary of research

Methodology

The 1991 and 2001 Census data are used to compare the labour market circumstances of ethnic minorities in the UK by region and neighbourhood. Specially commissioned tables and anonymised individual census records provide further detailed analyses.

The demographic development of Britain's ethnic minority populations

Britain's working age ethnic minority population numbers three million and continues to grow.

Population increases amongst the Caribbean, Indian, Pakistani and Bangladeshi populations now mainly result from internal natural growth, not from new immigration. Areas of pioneer immigrant settlement are growing areas of ethnic minority population. At the same time there is considerable dispersal.

The population increases mean that any disadvantages in the labour market will be endured by a larger number of people should those disadvantages not diminish.

Regional geography and inequality

A North-South divide is evident in the labour market circumstances of ethnic minorities in Britain. However the pattern of labour market circumstances in London is much more varied than elsewhere.

In general, the experience of ethnic minorities in the labour market in Scotland and Wales is more positive than in the Midlands and North of England. In particular, Bangladeshi and Pakistani young women's economic activity is relatively high in Scotland.

Change in circumstances 1991-2001

For the most disadvantaged populations there has been some improvement in average employment circumstances since 1991.

The improved employment rate of Pakistani and Bangladeshi men has been entirely in part-time work.

Qualification levels have improved for ethnic minorities but not so clearly for the White population.

Ethnic minorities' labour market circumstances (employment, unemployment and qualifications) have worsened in more neighbourhoods and improved in fewer neighbourhoods than is the case for White people.

The impact of qualifications

Qualifications are highly associated with positive employment outcomes. However, substantial disadvantage remains when comparing people with the same qualifications and other individual characteristics.

Indian and Chinese populations have better outcomes than other ethnic minority populations on average, but also suffer ethnic penalties.

The next generation – the future

The proportion who are born in the UK among ethnic minorities of working age has grown rapidly from 28 in 1991 to 37 percent in 2001.

First and second generation ethnic minority populations have very different experiences in the labour market. The second generation has much improved qualification levels compared to the first. The qualifications gained by the second generation have more impact on their success in the labour market. Young graduates born in Britain are very likely to have a job, whatever their family origin.

Ethnic penalties have increased for second generation men: they are further behind their White peers than are ethnic minority men born overseas.

In contrast, ethnic minority women who were born in the UK have higher economic activity and lower unemployment than those born overseas.

Neighbourhood diversity

A substantial proportion of each ethnic minority population lives in neighbourhoods which are mainly White. That proportion varies from 47 per cent (Bangladeshis) to 84 per cent (Chinese).

Neighbourhoods with a minority White Briton population are ethnically diverse, rarely dominated by a single ethnic minority population.

Employment circumstances for all ethnic minorities are worse in diverse neighbourhoods than in the unmixed White neighbourhoods.

Inequalities between populations are maintained within each type of neighbourhood, irrespective of ethnic composition. The differences between areas are not as great as the ethnic inequalities within each type of area.

The growth of ethnic minority populations and increased affluence is leading to migration out of diverse neighbourhoods.

Neighbourhood extremes

Once the human capital (factors such as age, experience and education) within a neighbourhood has been taken into account, differences that remain are 'neighbourhood effects'. Significant neighbourhood effects are found for all ethnic minorities.

There is an underlying geography of poor employment outcomes, but it does not explain most of the neighbourhood effects. Extreme neighbourhood effects require local investigation.

Population summaries

Pakistanis and Bangladeshis stand out as having similar labour market circumstances and in general greater disadvantage than other populations. Pakistani and Bangladeshi men have the lowest economic activity rates of all populations, and high unemployment rates. 44 percent of all Bangladeshi men and 18 percent of Pakistani men aged 25 and over were employed part-time. This compares to 5 percent of White Britons.

Pakistani and Bangladeshi women in Britain have low levels of economic activity, but also have the highest rates of unemployment. Amongst ethnic minorities Pakistani men and women aged 25 and over have the highest rates of economic inactivity due to permanent sickness and disability.

Caribbean and African populations have different settlement histories in Britain but they have many similarities in their positions in the labour market. African and Caribbean populations along with Pakistani and Bangladeshis have the worst employment outcomes of the populations identified in the Census. Caribbean women's employment rates are high compared to other populations.

The **Indian** population is the most ethnically diverse of all the ethnic minority populations identified in the census. Of all ethnic minorities, Indian men have employment rates that are, on average, most similar to White Britons. The Indian population has relatively high levels of qualifications. Nonetheless, Indians have significantly worse outcomes in the labour market compared to White Britons with similar qualifications. Qualifications have helped to hide continuing disadvantage.

The **Chinese** population is the smallest of the main ethnic minorities in Britain. The Chinese population has, on average, relatively good outcomes in the labour market and high levels of educational attainment. However, the Chinese population also has significantly lower rates of employment when compared to White Britons with similar qualifications.

Policy and research Implications

- The need for policies to address discrimination has not diminished. Policies should focus on particular populations throughout Britain rather than only targeted areas. A focus on so-called residential segregation will not reduce labour market inequalities.
- A continued increase in qualifications attained by all ethnic minority populations should be encouraged through equality of opportunity for ethnic minority children in schools and more consistent translation of qualifications into economic activity.

- There is not so much a spatial mismatch with jobs, as that people are not finding the jobs. Poor-outcome areas are usually in cities near major employers. One implication is that there is a need for recruitment drives in schools and communities, for permanent full-time jobs, by attention to vocational courses and improving confidence within the labour market.
- The substantial numbers of workless households should be a specific policy focus. Intergenerational worklessness exacerbates isolation from labour markets in areas of relatively high unemployment.
- There is a need to target and engage with those women who want work and are not currently in or near the labour market.
- The high rates of part time working among some populations including Pakistani and Bangladeshi men require further investigation. Part time working may imply lower incomes, poorer working conditions and barriers to full time work.
- The causes and implications of the shift from unemployment to inactivity between the 1991 and 2001 Census require further research. It is not clear if the shift is due to increased participation in education, greater ill health or taking on more family responsibility (or a combination of these factors).
- The areas with the poorest outcomes for Indians are made up of mainly Muslim Indians. It is difficult to unravel consequences and causes here. Further research on cultural and religious aspects is required.
- There will continue to be a large number of residents who migrated to Britain after school age. Their social and human capital are not measurable in the census but are important to their experience and integration in the labour market; comparison with the experiences of the second generation should be a focus of further study.
- Persistent poverty in some inner city areas is partly the result of migration away by those with most resources. Research is required to understand how dispersal from inner city areas relates to population growth. Targeted employment regeneration and local recruitment remain acute priorities.

Online data resource

Our analyses have created new datasets from the mass of census output. These data resources provide a valuable resource for future analyses of labour market circumstances in Britain.

<http://asp.ccsr.ac.uk/dwp/>

The full report of these research findings is published for the Department for Work and Pensions by Corporate Document Services (ISBN 1 84123 984 4. Research Report 333. March 2006).

It is available from Paul Noakes at the address below.

You can also download this report free from: www.dwp.gov.uk/asd/asd5/rrs-index.asp

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Paul Noakes, Strategic Research and Modelling Division, 4th Floor, The Adelphi, 1-11 John Adam Street, London WC2N 6HT.
E-mail: Paul.Noakes@dwp.gsi.gov.uk