

Ethnic Minorities in the Labour Market

Future Research

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1 Executive summary

1. The top priority is to establish the descriptive picture for the second generation so that we can be sure of the nature and scale of the problems they face. This research should focus on the question of unemployment.

2. The second priority is to establish more firmly the causal processes that may be involved in explaining ethnic minority disadvantage. It is essential to distinguish between the factors that affect the first and second generations. In particular, research is needed on:

- the role of social networks and ‘bridging social capital’ in the job search;
- the nature of ethnic minority attitudes to work and their career aspirations, the extent of an ‘oppositional culture’ and of ‘resigned adaptation’;
- the processes involved in the geographical concentration of ethnic minorities and its consequences;
- the nature and extent of discrimination by employers, particularly by smaller employers recruiting less-skilled labour.

Recommendation 1: The Office for National Statistics be requested to commission a series of volumes on ethnicity in the 2001 Census analogous to the ones published on the 1991 Census. This new work must distinguish throughout between the first and second generation.

Recommendation 2: The feasibility of further analysis of existing datasets, particularly on the impact of contextual factors, be explored and, if it is likely to give good value, should be commissioned.

Recommendation 3: The ONS be asked to include a range of measures of social origins, parental circumstances, and educational and occupational careers in one of their large regular surveys.

Recommendation 4: The ESRC be asked to fund a 5th National Survey of Ethnic Minorities which could explore the nature of ethnic minority attitudes to work and career aspirations.

Recommendation 5: The ESRC be asked to fund a study of employers, with an oversampling of small employers, to investigate hiring practices particularly for less skilled work.

Ethnic Minorities in the Labour Market

2 Future research

In this report we describe the research priorities that follow from our analysis of the existing literature on explanations of ethnic minority disadvantage. We then consider whether research using existing datasets will suffice, and finally turn to recommendations on future research that might be commissioned.

1. Research priorities

The top priority is to establish the descriptive picture for the second generation so that we can be sure of the nature and scale of the problems they face. This research should focus on the question of unemployment. It has been suggested that “The UK-born group now constitutes around 30% of the ethnic minority labour force and will increase rapidly. How they are likely to fare is a critical question for how race relations in Britain are likely to progress” (Leslie et al 1998:489). The majority of studies pool the first and second generation (eg Modood et al 1997), but for the reasons we have seen there may be important differences between the two generations.

The second priority is to establish more firmly the causal processes that may be involved in explaining ethnic minority disadvantage. Again it is essential to distinguish between the factors that affect the first and second generations. **Pooling generations, even with a statistical control for generation, is not sufficient.** For example, English language fluency, which is rarely included as a control variable, is likely to be a powerful explanation of the disadvantages of the first generation but not of the second. In technical language, there is a three-way interaction between generation, language fluency and labour market outcomes. A simple control for generation is unlikely to be sufficient (especially if fluency is not included in the model). It is therefore essential to have a large enough sample to study the second generation on its own.

The third priority (which is partly subsumed under the second) is to explore those hypothesized causes of second-generation disadvantage on which the research base is currently too weak to sustain strong policy recommendations. In particular we need to investigate in more detail:

- the role of social networks and ‘bridging social capital’ in the job search;
- the nature of ethnic minority attitudes to work and their career aspirations, the extent of an ‘oppositional culture’ and of ‘resigned adaptation’;
- the processes involved in the geographical concentration of ethnic minorities and its consequences;
- the nature and extent of discrimination by employers, particularly by smaller employers recruiting less-skilled labour.

In researching these questions we need to take account of the social class context in which they occur. Ethnic minorities, even ‘successful’ ones such as Indians and Chinese, are internally stratified by social class, and rather different causal processes may be involved in different social class contexts.

3 2. Existing data sources

Many of these research questions cannot be answered from existing data sources. In order to study ethnic minority experience in the labour market, data sources need either to be very large (or to be capable of being pooled so as to generate a very large dataset) or to oversample ethnic minorities. Most researchers have worked either with very large government surveys or have used the series of surveys of ethnic minorities which oversample members of the main ethnic minorities. (See Owen et al 2000, chapter 9.)

The major current data sources are:

The General Household Survey (GHS), 1973 onwards.

Labour Force Survey (LFS) 1981 onwards and for income from 1992 onwards.

Family Resources Survey (FRS)

1st PEP survey, 1966; 2nd PEP survey, 1974, 3rd PSI survey, 1982, and the 4th national survey of ethnic minorities (NSEM), 1994.

Youth Cohort Surveys (YCS), from 1992 onwards.

Samples of Anonymized Records (SARS) from the 1991 Census.

- 3.1 *Other surveys that have been or could be used are the*
- 1987/88 Survey of Incomes In and Out of Work (SIIOW)
 - The ONS Longitudinal Survey (LS)
 - The Family and Working Lives Survey of 1994/5
 - The British Household Panel Study (BHPS), 1991 onwards.
 - The 2001 Home Office survey of Citizenship (which is not yet completed).

The main government surveys tend to focus on relatively 'objective' factors such as educational qualifications, economic activity, occupation and income. They tend to provide very good information of high quality on large samples but with a limited number of variables. They are excellent therefore for monitoring the labour market experience of ethnic minorities, but are less satisfactory for explanatory purposes.

The four national surveys of ethnic minorities have provided more attitudinal data (and there is also some limited attitudinal data in the YCS and SIIOW). However, the NSEMs have had rather different intellectual agendas and have not focused on employment-related attitudes (although they are valuable on respondents' reported experiences of discrimination).

Many of the variables which will be needed to address the main research priorities identified above, such as measures of social networks, attitudes to work, methods of job search, are not contained in any single major source currently available. While each measure may be available in one particular survey, a thorough comparison of the role of the different possible explanatory variables means that all the variables must be available in the same dataset.

SARS and 4th NSEM fail to include any measures on social class origins. (The GHS used to include this data but it has now been discontinued.) In understanding the fortunes of the second generation, good data on social class origins (but also on other aspects such as parental education and family circumstances) would be highly desirable. Some of this material is available in the YCS, but the sample size is rather too small for effective investigation of ethnic minority educational attainment, and the attrition of the panel element is too high for sound analysis of post-school outcomes.

A further problem with the main government datasets is that of merging geographical information (about neighbourhood class composition for

example) with the individual records. It is not clear if this is technically or ethically possible; there may be difficult issues of data disclosure. A limited amount of contextual information is available in the 4th NSEM (and I am proposing to do further work on this data), but ideally similar work would be carried out on the GHS or LFS.

An additional problem that will face any future research on ethnic disadvantage is that of the changing meaning of ethnicity over time. We need to be able to distinguish first, second, and now even third generation. Since subjective identities can change between generations, questions of place of birth of respondents, parents and grandparents is highly desirable in addition to subjective identities. Some data on respondents and parents are available on the GHS, but the other datasets have relatively little.

Most of the current research and currently-available datasets are cross-sectional in character (apart from the LS and a small panel component in the YCS). However, for causal analysis, over-time analysis on the same individuals is highly desirable. For example, we need to have ‘before’ and ‘after’ measures of attitudes, employment and so on to determine whether moving out of the inner city is simply a matter of selective migration or actually brings causal gains in its own right. Panel studies are very expensive and have long lead times before results are available, but retrospective data on educational and occupational careers can be useful.

Almost all the research in Britain has been on the ethnic minorities themselves. However, it would also be valuable to carry out research on employers and the procedures they use in recruitment. Research of the kind carried out in America by Peterson et al (2000) would be valuable in investigating discrimination by employers and possible remedies for it.

We should finally note that all surveys run the risk of non-response bias on the part of some ethnic minorities. This makes them potentially biased in the measurement of, for example, the proportion of ethnic minorities in work (those out of work being perhaps less likely to respond). However, experience suggests that estimates of relationships between variables are less likely to be affected by non-response bias. Surveys which over-sample ethnic minorities encounter additional problems of sampling. The usual procedure is to over-sample in areas of high ethnic minority density. This procedure may introduce biases, and the calculation of confidence intervals will also be affected.

4 3. Proposals for further research

As new data become available from the 2001 Census, it will be possible to obtain up-to-date and fairly definitive information on the second generation. This will enable us to achieve the first research priority of obtaining authoritative information about the second generation.

Recommendation 1: The Office for National Statistics be requested to commission a series of volumes on ethnicity in the 2001 Census analogous to the ones published on the 1991 Census. This new work must distinguish throughout between the first and second generation.

Further analysis of existing data sources may help to answer some of the research questions outlined above. For example, it might be useful to carry out further work on the 4th NSEM investigating respondents' reported experiences of discrimination. It may also be possible to carry out some multilevel modeling of the relationship between individual characteristics and contextual effects on existing data.

Recommendation 2: The feasibility of further analysis of existing datasets be explored and, if it gives good value, should be commissioned.

It may be possible to make good some of the deficiencies of current datasets by including a modest number of additional variables. For example, additional data on family background could be included in future rounds of the GHS. Supplementing existing datasets can be a cost-effective way of investigating new research questions.

Recommendation 3: The ONS be asked to include a range of measures of social origins, parental circumstances, and educational and occupational careers in one of their large regular surveys.

However, for some of the key research questions, particularly those on social networks, oppositional culture and resigned adaptation, new purpose-designed survey research is likely to be needed. This kind of research would not naturally fit into the LFS or GHS but would be more appropriate for a study like the NSEM. If such a study were undertaken, the sample could be purposively designed so that it would give more leverage on questions

concerning contextual effects. Unlike previous surveys, the new one might wish to broaden the range of ethnic minorities that it considers and to look at some of the earlier and more recent white migrants, eg those from the Republic of Ireland or from Eastern Europe.

Recommendation 4: The ESRC be asked to fund a 5th National Survey of Ethnic Minorities which could explore the nature of ethnic minority attitudes to work and career aspirations.

Finally research needs to be carried out on employers as well as on the labour force. This could take various forms, but work modeled on that of Peterson et al (2000) might be valuable.

Recommendation 5: The ESRC be asked to fund a study of employers, with an oversampling of small employers, to investigate hiring practices particularly for less skilled work.

5 Annex 1 Previous studies of ethnic disadvantage

This annex reviews the main studies and datasets which have been used to investigate the experiences of ethnic minorities in the British labour market. We restrict our coverage solely to studies that distinguish the main ethnic minorities, notably Black Caribbean, Indian and Pakistani. Some of the earlier literature fails to disaggregate ethnic minorities but lumps them all together. Given the diversity between ethnic minorities this is not an illuminating strategy and almost all contemporary research does disaggregate.

Descriptive work

There are a number of studies which are primarily descriptive. The principal such studies are:

- Daniel (1967) using the First PEP Survey of Ethnic Minorities
- Smith (1977) using the Second PEP Survey of Ethnic Minorities
- Brown (1984) using the Third PSI survey of Ethnic Minorities
- Jones (1993) using the Labour Force Surveys
- Karn (1997) using the Sample of Anonymized Records from the 1991 Census (the SARS).
- Sly, F (1996) using the Labour Force surveys.
- Modood et al (1997) using the Fourth National Survey of Ethnic Minorities.

Analysis of economic activity

- Brown (2000) using the 4th National Survey
- Holdsworth and Dale (1999) using the SARS

6 Analysis of unemployment

- Berthoud (1999, 2000) using the LFS
- Blackaby et al (1998, 1999) using the LFS
- Drew et al (1992) using the YCS.
- Fieldhouse and Gould (1998) using the SARS.
- Fieldhouse (1999) using the SARS
- Heath et al (2000) comparing results from the SARS and the LFS
- Leslie et al (1998) using the SARS
- Model (1999) using the SARS

Thomas (1998) using the 1987/1988 UK Survey of Incomes In and Out of Work (SIIOW).

Wheatley Price (1998) using the LFS.

7 Analysis of occupational attainment

Berthoud (1999, 2000) using the LFS

Blackburn et al (1996) using the SARS

Borooah (1998) using the SARS.

Heath and McMahon (1996) using the SARS

Heath and McMahon (1999) using the GHS

Holdsworth and Dale (1999) using the ONS LS.

Heath et al (2000) comparing results from the SARS and the LFS

Model (1999) using the SARS

8 Analysis of self-employment

Clark and Drinkwater (1998) using the 4th NSEM.

Heath and McMahon (1996) using the SARS

Metcalf et al (1996) using the 4th NSEM.

9 Analysis of income

Bell (1997) using the GHS.

Berthoud (2000) using the Family Resources Survey.

Blackaby et al (1998) using the LFS

Denny et al (2000) using the GHS

Leslie et al (1998) using the LFS.

9.1.1 Shields and Wheatley Price (1998) using the LFS

The major divergences between these studies have been in the analysis of returns to education and returns to experience. In statistical terms, it is unclear whether the regression coefficients of labour market outcomes on the explanatory variables vary from one ethnic group to another. This is caused primarily by the rather small sample sizes available for the ethnic minorities, and the rather different model specifications that scholars have employed.

10 Annex 2 Scholars consulted

George Borjas

Michael Hout

Glen Loury

Suzanne Model

Alejandro Portes

In addition I have convened a group of European scholars who are working in this area, and we will be working on a comparative analysis of the experience of ethnic minorities in Europe. The group includes:

Sin Yi Cheung

Jaap Dronkers

Jan O Jonsson

Frank Kalter

Karen Phalet

Yossi Shavit

Roxane Silberman