

## Ethnic Minorities in the Labour Market: Spring 2006

The latest Labour Force Survey results, averaged over the four quarters to spring 2006 show:

- **The Department has met the SR02 PSA target for ethnic minority employment.**
- The ethnic minority employment rate is 59.7 percent, up by 0.4 percentage points over the year, but up by 1.9 percentage points since the PSA base line of spring 2003.
- The employment rate gap has closed to 15.0 percentage points this quarter and has closed by 1.9 percentage points since spring 2003.
- The employment rate for Muslims has fallen by 1.4 percentage points since spring 2003.
- The unemployment rate stands at 11.2 percent for ethnic minorities; up 0.9 percentage points over the year; although down by 0.6 percentage points since spring 2003.
- The next statistical update will be our first assessment against the SR04 target covering 2005 to 2008; measurement will be on a single calendar quarter basis.

	Spring 2006	Annual change	Change since PSA baseline (Spring 2003)
<b>Employment Rate</b>			
<i>ethnic minorities</i>	59.7%	0.4	1.9
<i>overall</i>	74.7%	-0.2	0.0
<i>gap</i>	15.0	-0.6	-1.9
<b>Inactivity Rate</b>			
<i>ethnic minorities</i>	32.8%	-1.1	-1.6
<i>overall</i>	21.2%	0.1	0.0
<i>gap</i>	11.6	-0.1	-1.7
<b>Unemployment Rate (ILO)</b>			
<i>ethnic minorities</i>	11.2%	0.9	-0.6
<i>overall</i>	5.2%	0.4	0.0
<i>gap</i>	6.0	0.5	-0.6

Figure 1: Employment Rates

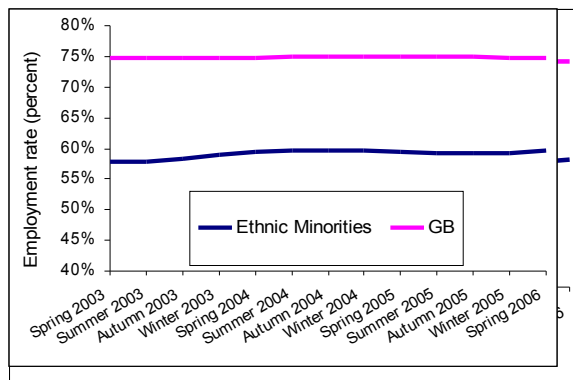
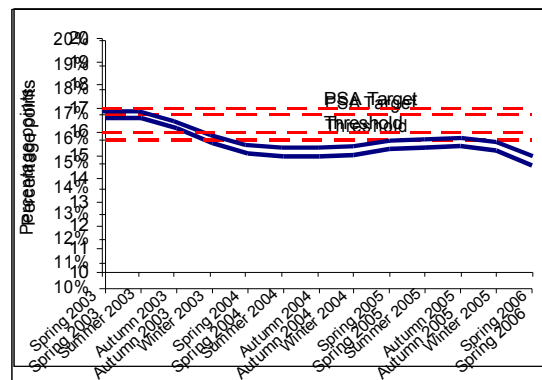


Figure 2: Employment Rate Gap



## Summary

The spring 2006 figures represent the final data point of the spending review 2002 (SR02) PSA period. The ethnic minority employment rate is 59.7 percent; and the gap with the overall rate is 15.0 percentage points. This is an increase in the rate and a decrease in the gap of 1.9 percentage point over SR02. This means **the department has met the SR02 PSA target for ethnic minority employment**. A change in the figures of 1 percentage point was required to meet the target.

The overall increase hides much heterogeneity by ethnic group; the biggest increase in employment rate over the period has been for the 'other' ethnic group which has increased by 6.1 percentage points, where as the 'other black' ethnic group actually fell over the period. Breaking the figures down by religion also reveals that the employment rate of Muslims fell by 1.4 percentage points over the period.

Since spring 2003 there has been very strong growth in the overall ethnic minority working age population, which has grown by 21.2 percent. In particular there has been very strong growth amongst the 'other' ethnic group of 67.6 percent.

The ethnic minority unemployment rate has started to edge upwards over the past year, at 11.2 percent, standing 0.9 percentage points higher than one year ago. This mirrors similar increases in the ethnic minority claimant count rate; and may have the potential to impact on the employment rate if this trend were to continue.

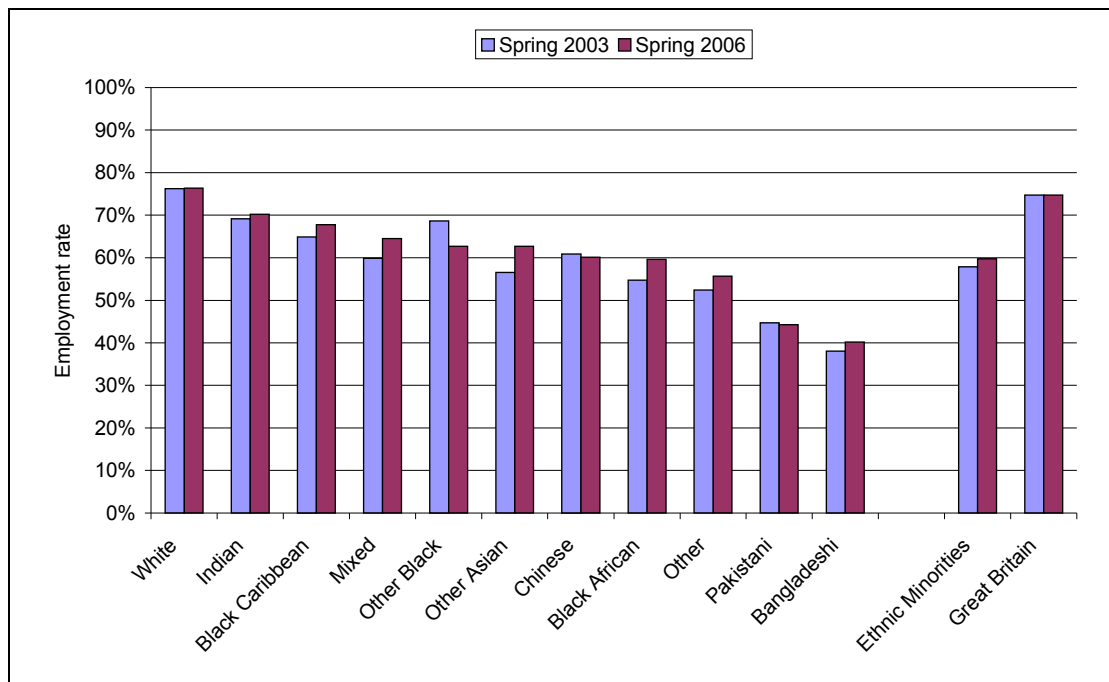
The particularly strong increase in ethnic minority employment this quarter up by 0.4 percentage points on the winter 2005 figure, is mainly driven by employment increases in the 25-49 age group. However, it is important to stress that this increase is not statistically significant, which emphasises the potential volatility of the ethnic minority time series and the resulting caution which needs to be exercised in interpreting quarter on quarter movements.

Progress against the spring 2003 PSA baseline

**Employment**

- The employment rate of ethnic minorities currently stands at 59.7 percent. This represents a 1.9 percentage point increase. The overall employment rate has remained at 74.7 percent.
- The 1.9 percentage point increase in the ethnic minority employment rate represents about 68,000 more ethnic minority people in work, out of the current working age population of about 3.6 million. Other factors remaining constant, this implies that, to close the employment gap, about 592,000 ethnic minority people must be brought into employment.
- Employment rates differ substantially across ethnic minority groups. Indian and Black Caribbean groups have relatively high employment rates (70.2 and 67.8 percent respectively). Pakistani and Bangladeshi groups have the lowest employment rate among ethnic minorities (44.2 and 40.2 percent respectively).
- The only significant increases in employment rates among individual ethnic minority groups have been those of the Other Asian, 56.5 to 62.7 percent, and the Black African group, from 54.7 to 59.6 percent.
- There were statistically significant changes in male and female employment rates for ethnic minorities, from 66.3 to 68.3 percent and 49.6 to 51.3 percent respectively. The overall male employment rate gap stands at 10.5 percentage points, while the female gap stands at 19.0 percentage points.
- Among males, the only significant increases in the employment rate have been those of the Other Asian (65.6 to 71.6 percent) and Black Caribbean (66.5 to 71.2 percent).
- The ethnic minority age group which saw the biggest increase was 50-retirement, from 54.6 to 59.9 percent

**Figure 3:** Employment rate by ethnic group

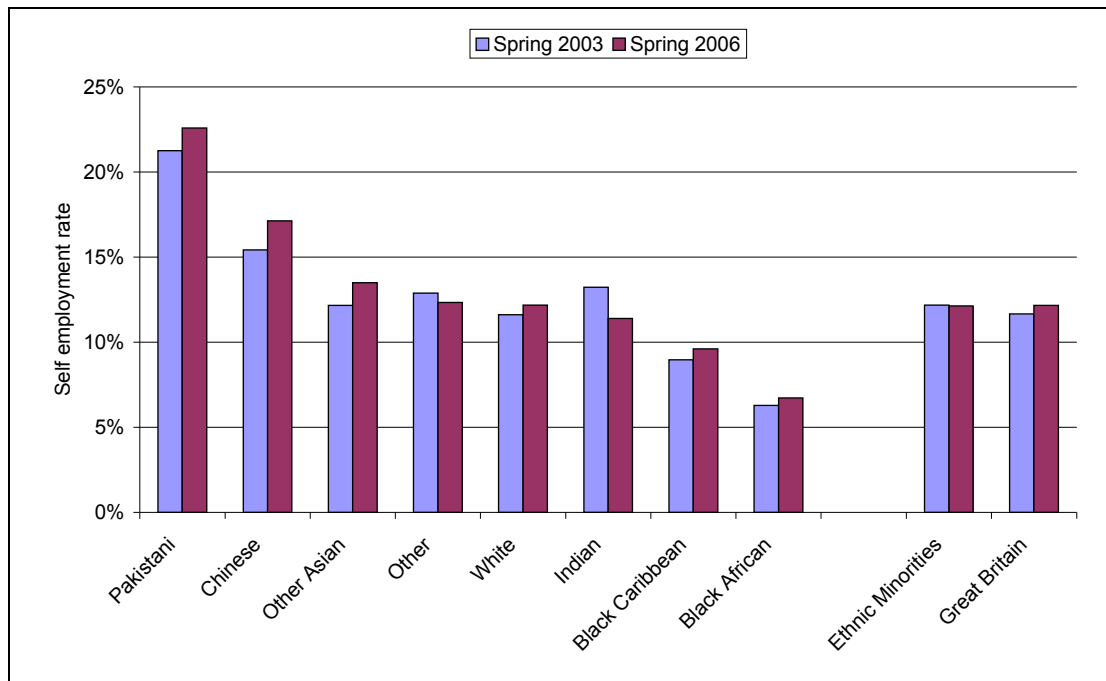


### Self employment

- Working age self employment rate for the under-represented groups (Mixed, Bangladeshi, Other Asian, Black Caribbean, Black African, Other Black, Other), has increased from 5.2 percent in spring 2003 to 6.1 percent in spring 2006. This measure of 'under represented groups' reflects the measure which will become DTI's PSA target for SR04.

Figure 4 shows self employment rate based on those in employment.

**Figure 4:** Self employment rate by ethnic group

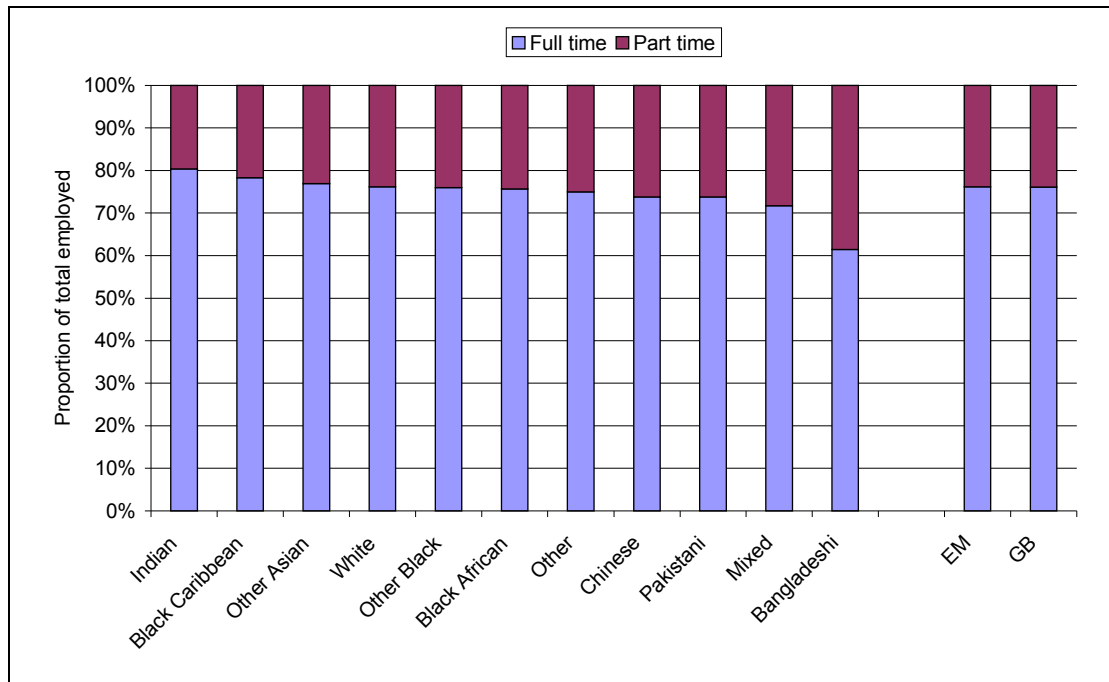


Note: Some groups are missing owing to small sample size

### Part time and full time employment

- The proportion of employed ethnic minorities in full time employment is equal to overall GB figure, 76.1 percent. The proportion of ethnic minorities in full time employment has increased by 0.8 percentage points since spring 2003.
- Indian, Black Caribbean and Other Asian groups have the highest proportion of full time workers. The Bangladeshi group has the lowest proportion of people working full time (61.4 percent).

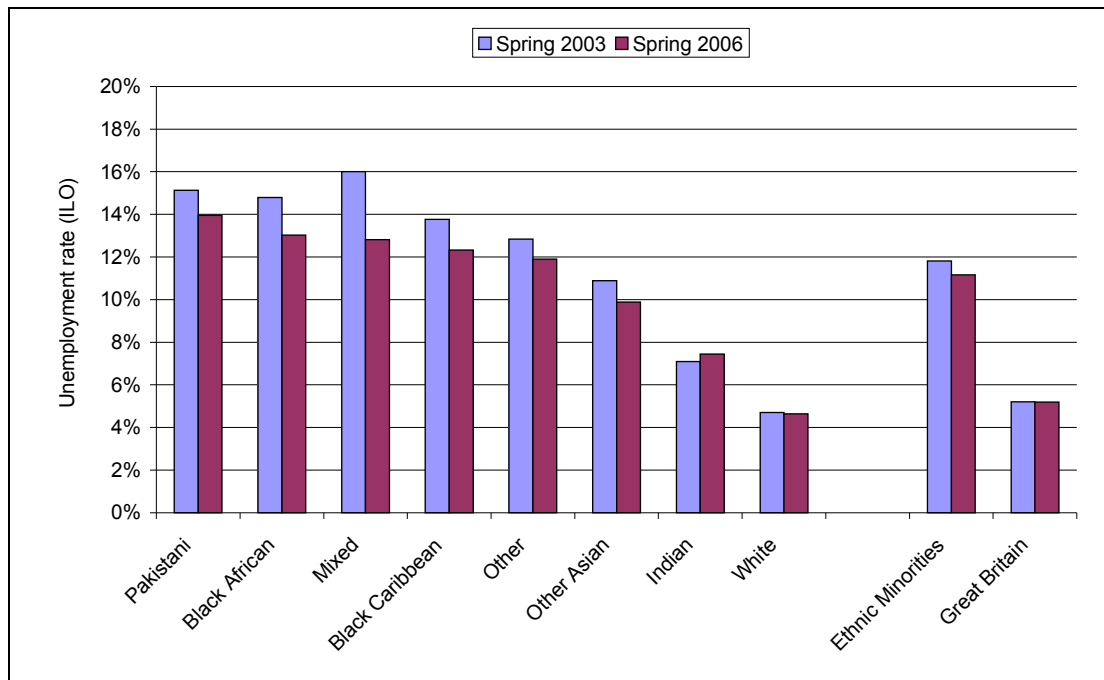
**Figure 5:** Part time and full time employment by ethnic group, spring 2006



## Unemployment

- The ethnic minority unemployment (ILO) rate has decreased by 0.6 percentage points from 11.8 to 11.2 percent, the change is not statistically significant. Ethnic minorities are still over twice as likely as their White counterparts to be unemployed.
- Despite the decrease since spring 2003, ethnic minority unemployment has actually risen by 0.9 percentage points over the year.
- The mixed ethnic group saw the highest fall in unemployment, from 16.0 in spring 2003 to 12.8 percent in spring 2006. The decrease is statistically significant.

**Figure 6:** Unemployment (ILO) rate by ethnic group



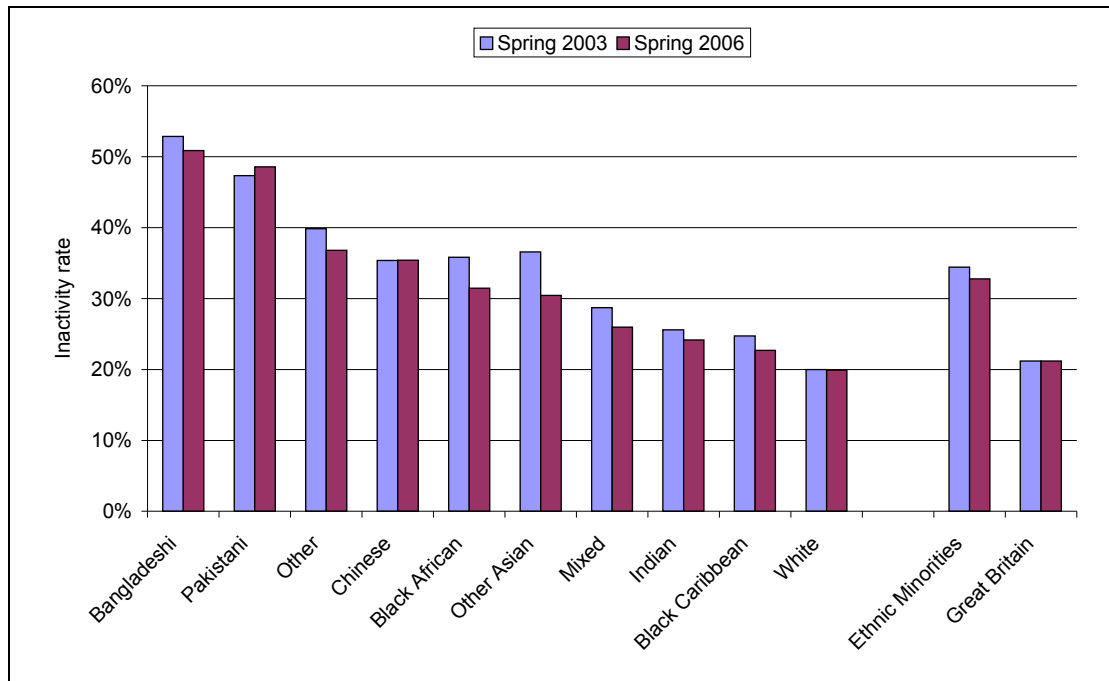
Note: Some groups are missing due to small sample size

## Inactivity

- Around 1 in 3 (32.8 percent) ethnic minorities are economically inactive. This compares with about 1 in 5 (21.2 percent) for the overall population, a gap of 11.6 percentage points.
- A key reason for the gap is the over representation by ethnic minorities in higher education. When students are removed from the inactive group, ethnic minority inactivity rate is 21.4 percent compared to 16.3 percent for the overall population, a gap of 5.1 percent points.
- The ethnic minority inactivity rate has fallen since the PSA baseline, by 1.6 percentage points. The greatest fall has been among other Asians, falling significantly from 35.2 to 30.5 percent.
- Bangladeshi and Pakistani groups remain those with the highest inactivity rates, The Bangladeshi inactivity rate has gone down slightly, but the Pakistani inactivity rates increased from 47.1 to 48.6 percent ; around half of both these groups are economically inactive (50.9 and 48.6 percent respectively). These rates increase to 71.9 and 69.9 percent for Bangladeshi and Pakistani women respectively. At the other end of the scale, Black Caribbean and Indian groups have the lowest inactivity rates among ethnic minorities (22.7 and 24.1 percent respectively), see figures 7 and 8.

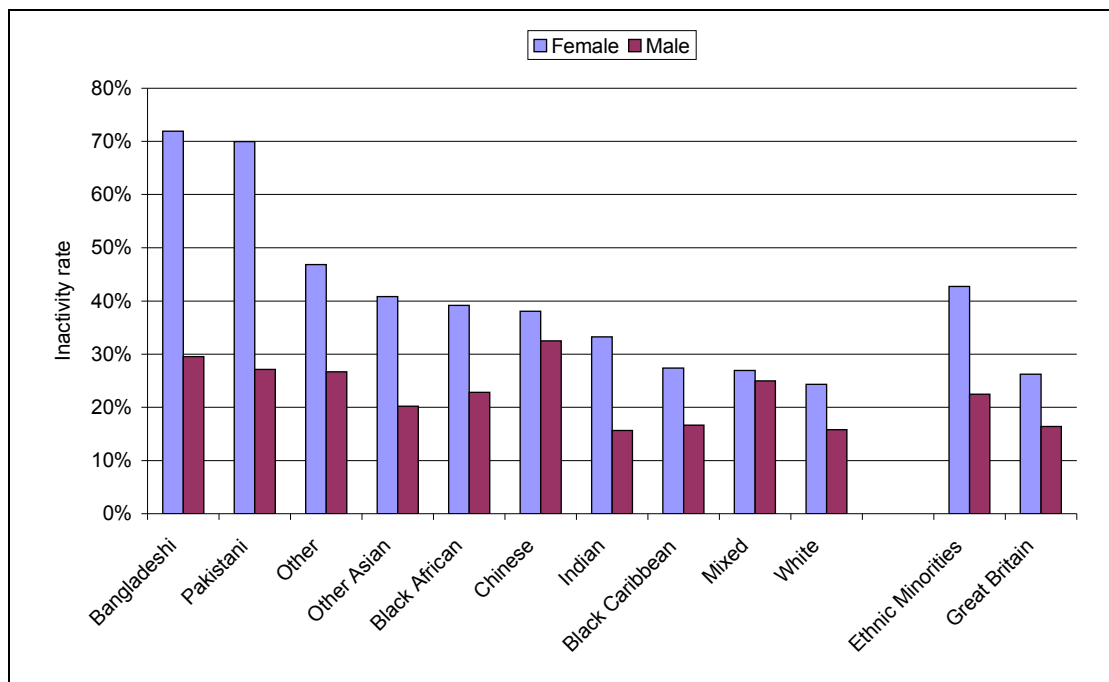
- Ethnic minorities are relatively more likely than the overall population to be inactive because they are students (34.7 versus 23.1 percent) and looking after the family home (35.4 versus 29.6 percent) and less likely to be inactive because they are long term ill (14.2 versus 26.4 percent).

**Figure 7: Inactivity rate by ethnic minority group**



Note: Some groups are missing due to small sample size

**Figure 8: Inactivity rate by ethnic minority group and gender, spring 2006**

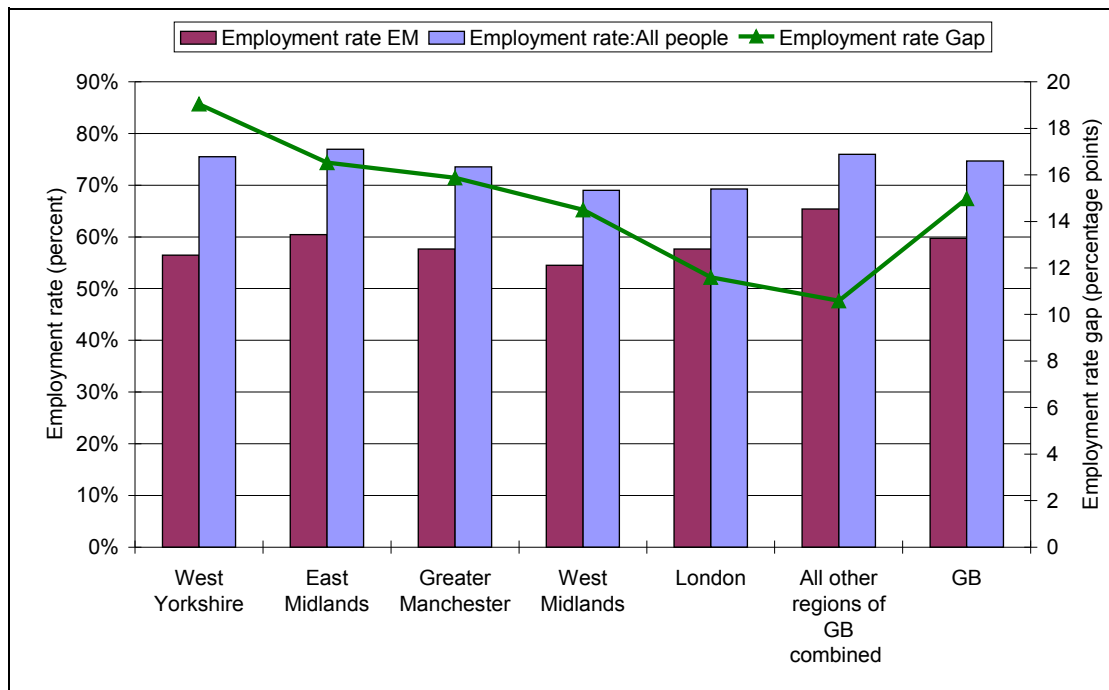


Note: Some groups are missing due to small sample size

## Geography

- Figure 9 below shows that there is a large employment rate gap between ethnic minorities and the overall population in five regions with high ethnic minority populations.
- London has the smallest employment gap, with an overall employment rate of 69.3 percent and an employment rate of 57.7 percent for the ethnic minorities, resulting in a gap of 11.6 percentage points. The largest gap is that of West Yorkshire, where the employment rate for all people is 75.5 percent and the employment rate for the ethnic minorities is 56.5 percent, resulting in a gap of 19.0 percentage points.
- Manchester has seen the largest reduction in the employment rate gap since spring 2003, (9.2 percentage points), reducing from 25.9 to 15.9 percentage points in spring 2006.

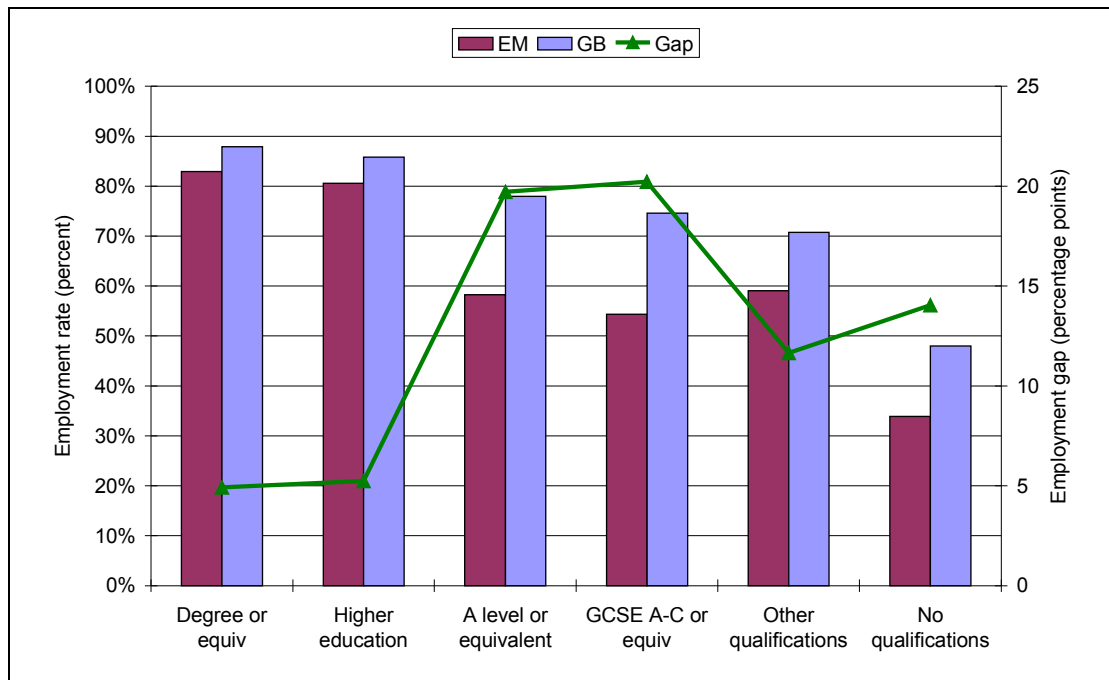
**Figure 9:** Employment rates by region, spring 2006



## Qualifications

- The number of ethnic minorities with degrees increased by 2.4 percent points since spring 2003, this is the same as the overall rise across GB.
- Ethnic minorities of working age are more likely than the overall population to have a degree (20.2 versus 18.3 percent) but also more likely to have no qualifications (18.6 versus 13.7 percent).
- Figure 10 below shows that ethnic minorities with a degree and higher level of education have the highest employment rates (82.9 and 80.6 percent respectively) and the lowest unemployment rate gaps (4.9 and 5.2 percentage points respectively).
- There has been a rise in the basic skills gap (the difference between the proportion of the overall population with no qualifications and the proportion of the ethnic minority population also without qualifications). The gap increased from 3.5 percentage points in spring 2003 to 4.8 percentage points in spring 2006.

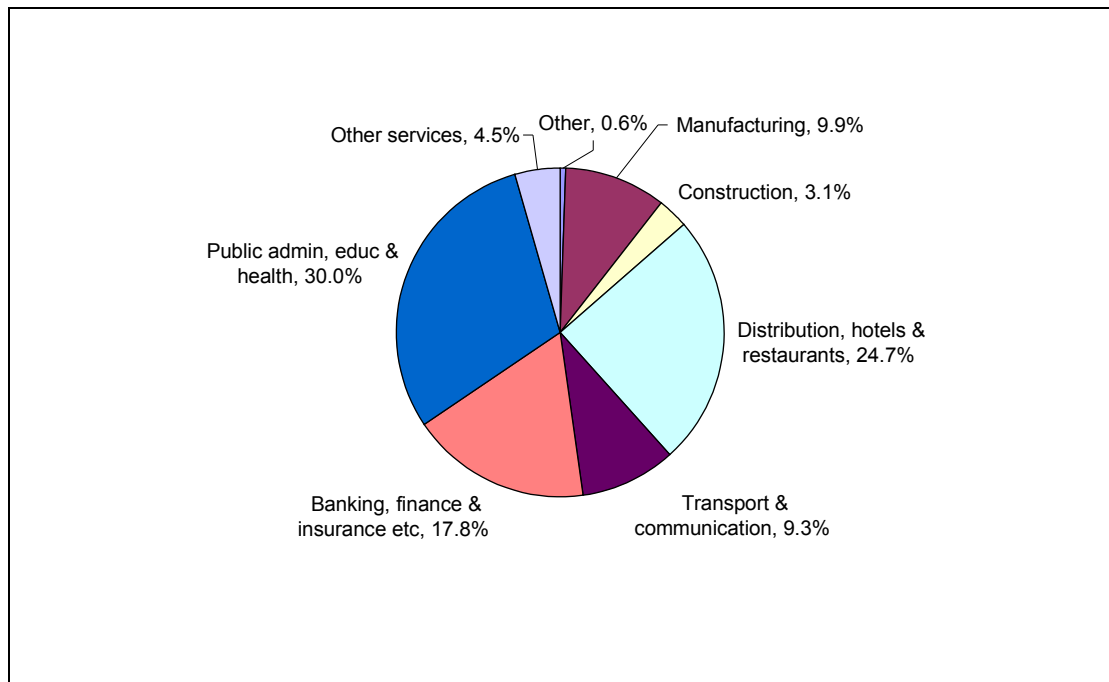
**Figure 10:** Employment rates by qualifications, spring 2006



### Industrial classification

- Figure 11 below shows the distribution of ethnic minority employees across industrial sectors. Ethnic minorities are over represented in the 'distribution, hotel and restaurant' sector: about one in four individuals from an ethnic minority background is employed in this sector. This compares with about one in five for the overall population. On the other hand, ethnic minorities seem to be less likely to be represented in the construction sector (3.1 percent of ethnic minorities compared to 8.0 percent of the overall population) and the manufacturing sector (9.9 percent of ethnic minorities compared to 13.2 percent of the overall population).

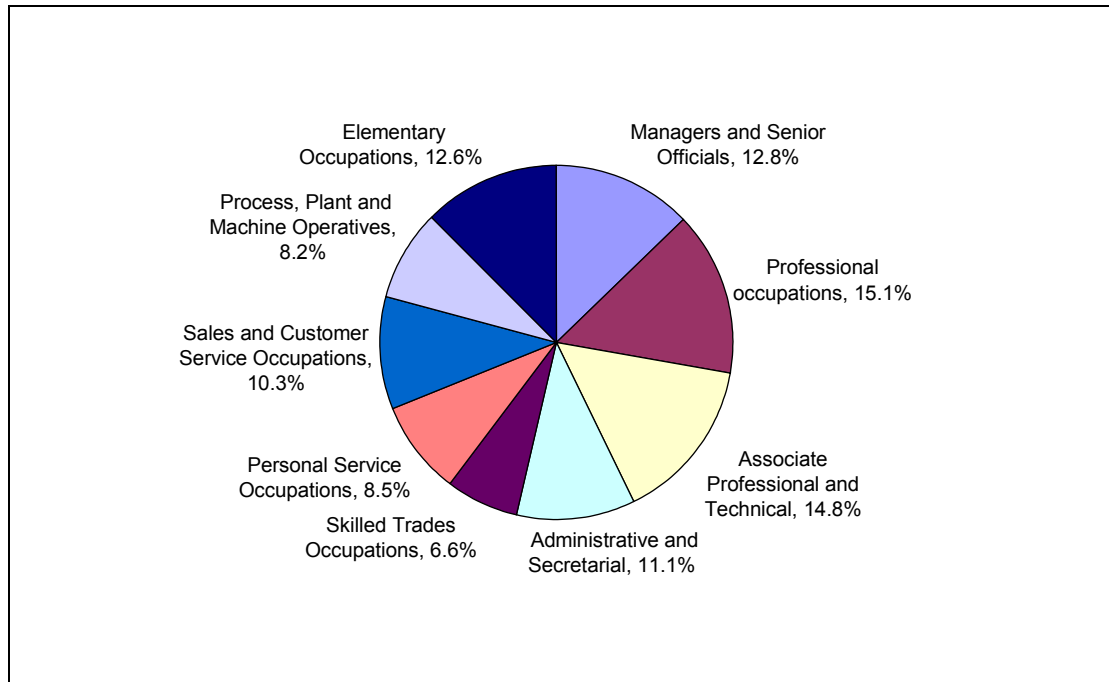
**Figure 11:** Distribution of ethnic minority employees by industry, spring 2006



### Occupation classification

- Figure 12 below shows the occupation classification of employed ethnic minorities. Ethnic minorities seem to be less likely than the overall population to be employed in skilled trades occupations (6.6 and 11.1 percent respectively), on the other hand they are more likely to be employed in sales and customer service occupations (10.3 and 7.8 percent respectively).

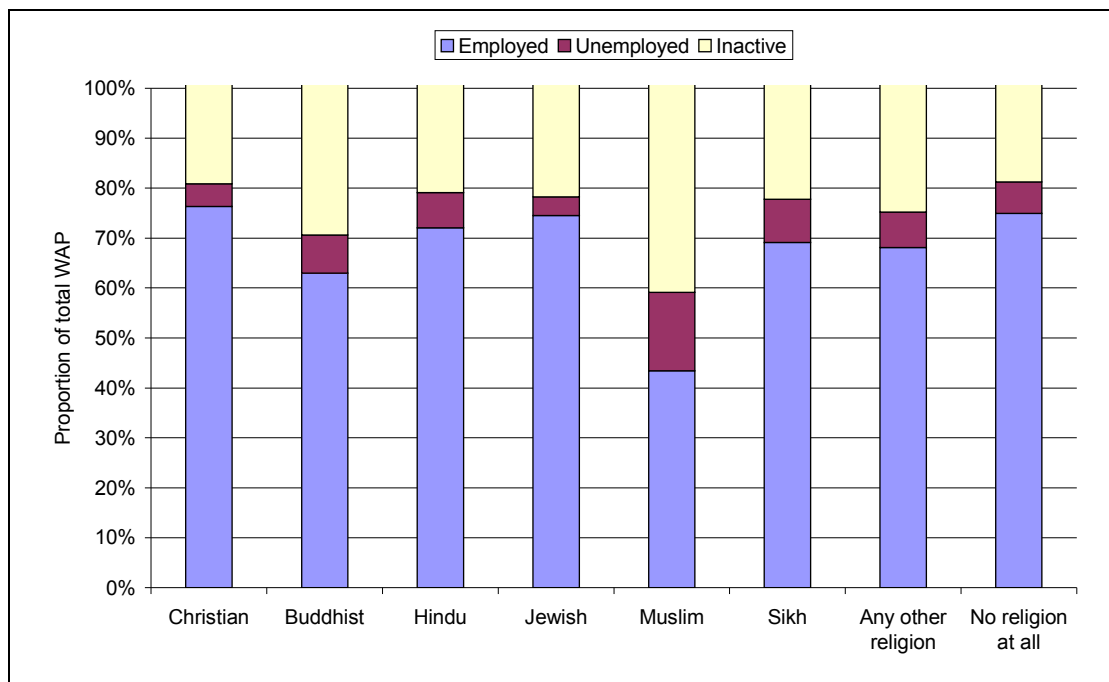
**Figure 12:** Distribution of ethnic minority employees by occupation classification, spring 2006



## Religion

- The employment rate for Muslims went down by 1.4 percentage points, from 44.8 percent in spring 2003 to 43.4 percent in spring 2006, resulting in a widening of the employment rate gap between Muslims and the overall rate from 29.9 to 31.3 percentage points.
- Figure 13 below shows economic activity by religion for the working age population. Christians have the highest employment rate (76.3 percent), with Jews, Hindus and Sikhs enjoying similar levels of employment, 74.5, 72.0 and 69.1 percent, respectively. Muslims have: the lowest employment rate (43.4 percent) the highest inactivity rate (48.5 percent) and the highest unemployment rate (ILO) (15.7 percent). Whereas Jews have the lowest unemployment rate (ILO) (3.7 percent).

**Figure 13:** Economic activity by religion, spring 2006



## Annex A: Labour force status by ethnic group

Four Quarter Averages: LFS Spring 2006 (figures in thousands)

Ethnicity	Working Age	Employed	Unemployed	Inactive
White	31,886	24,354	1,185	6,347
Mixed	265	171	25	69
Indian	796	559	45	192
Pakistani	499	221	36	242
Bangladeshi	179	72	16	91
Other Asian	272	170	19	83
Black Caribbean	361	245	34	82
Black African	432	258	39	136
Other Black	35	22	*	*
Chinese	166	100	*	59
Other	549	306	41	202
<b>Ethnic Minorities</b>	<b>3,554</b>	<b>2,123</b>	<b>267</b>	<b>1,165</b>
<b>Great Britain</b>	<b>35,440</b>	<b>26,477</b>	<b>1,452</b>	<b>7,512</b>

\* sample size too small for reliable estimates

## Annex B: Time series for the key statistics

B1: Key labour force statistics (figures in thousands)

Quarter	Ethnic Minorities					Overall				
	Employed	Unemployed	Inactive	U/R ILO	E/R	Employed	Unemployed	Inactive	U/R ILO	E/R
<b>Spr-02</b>	1,567	198	940	11.2	57.9	25,998	1,429	7,436	5.2	74.6
<b>Sum-02</b>	1,611	206	950	11.3	58.2	26,032	1,440	7,432	5.2	74.6
<b>Aut-02</b>	1,647	214	974	11.5	58.1	26,073	1,449	7,423	5.3	74.6
<b>Win-02</b>	1,673	224	990	11.8	58.0	26,114	1,449	7,421	5.3	74.6
<b>Spr-03</b>	<b>1,696</b>	<b>227</b>	<b>1,010</b>	<b>11.8</b>	<b>57.8</b>	<b>26,161</b>	<b>1,435</b>	<b>7,424</b>	<b>5.2</b>	<b>74.7</b>
<b>Sum-03</b>	1,719	235	1,019	12.0	57.8	26,189	1,428	7,436	5.2	74.7
<b>Aut-03</b>	1,745	235	1,017	11.9	58.2	26,214	1,410	7,464	5.1	74.7
<b>Win-03</b>	1,784	233	1,011	11.6	58.9	26,277	1,390	7,454	5.0	74.8
<b>Spr-04</b>	1,828	233	1,016	11.3	59.4	26,314	1,378	7,463	5.0	74.9
<b>Sum-04</b>	1,865	225	1,041	10.8	59.6	26,350	1,352	7,491	4.9	74.9
<b>Aut-04</b>	1,899	221	1,066	10.4	59.6	26,398	1,338	7,493	4.8	74.9
<b>Win-04</b>	1,929	221	1,090	10.3	59.6	26,436	1,339	7,489	4.8	75.0
<b>Spr-05</b>	1,957	224	1,118	10.3	59.3	26,453	1,337	7,505	4.8	74.9
<b>Sum-05</b>	1,993	228	1,141	10.2	59.3	26,489	1,338	7,501	4.8	75.0
<b>Aut-05</b>	2,024	242	1,158	10.7	59.1	26,480	1,368	7,515	4.9	74.9
<b>Win-05</b>	2,064	252	1,172	10.9	59.2	26,467	1,398	7,535	5.0	74.8
<b>Spr-06</b>	<b>2,123</b>	<b>267</b>	<b>1,165</b>	<b>11.2</b>	<b>59.7</b>	<b>26,448</b>	<b>1,452</b>	<b>7,512</b>	<b>5.2</b>	<b>74.7</b>

Note: Employed, unemployed, inactive in thousands

B2: Annual changes

Quarter	Ethnic Minorities					Overall				
	Employed	Unemployed	Inactive	U/R ILO	E/R	Employed	Unemployed	Inactive	U/R ILO	E/R
<b>Spr-03</b>	8.3%	14.9%	7.5%	0.6	-0.1	0.6%	0.4%	-0.2%	0.0	0.1
<b>Sum-03</b>	6.7%	14.0%	7.2%	0.7	-0.4	0.6%	-0.8%	0.1%	-0.1	0.1
<b>Aut-03</b>	6.0%	10.0%	4.4%	0.4	0.1	0.5%	-2.7%	0.6%	-0.2	0.1
<b>Win-03</b>	6.6%	4.3%	2.0%	-0.2	1.0	0.6%	-4.1%	0.4%	-0.2	0.2
<b>Spr-04</b>	7.8%	2.7%	0.6%	-0.5	1.6	0.6%	-4.0%	0.5%	-0.2	0.2
<b>Sum-04</b>	8.5%	-4.2%	2.2%	-1.2	1.7	0.6%	-5.3%	0.7%	-0.3	0.2
<b>Aut-04</b>	8.8%	-6.1%	4.9%	-1.5	1.4	0.7%	-5.1%	0.4%	-0.3	0.2
<b>Win-04</b>	8.1%	-5.3%	7.8%	-1.3	0.6	0.6%	-3.7%	0.5%	-0.2	0.2
<b>Spr-05</b>	7.0%	-4.0%	10.1%	-1.0	-0.1	0.5%	-3.0%	0.6%	-0.2	0.1
<b>Sum-05</b>	6.9%	1.1%	9.7%	-0.5	-0.3	0.5%	-1.0%	0.1%	-0.1	0.1
<b>Aut-05</b>	6.6%	9.6%	8.6%	0.3	-0.5	0.3%	2.2%	0.3%	0.1	-0.1
<b>Win-05</b>	7.0%	14.4%	7.6%	0.6	-0.4	0.1%	4.5%	0.6%	0.2	-0.2
<b>Spr-06</b>	8.5%	19.2%	4.1%	0.9	0.4	0.0%	8.6%	0.1%	0.4	-0.2

Note: U/R and E/R are percentage point changes

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