



MIGRANTS, MINORITIES AND EMPLOYMENT IN THE UNITED KINGDOM

EXCLUSION, DISCRIMINATION AND ANTI-DISCRIMINATION

**RAXEN 3 Report
to the ▲ European Monitoring Centre on
Racism and Xenophobia (EUMC)**

by the ▲ Commission for Racial Equality (CRE)
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1 Executive summary

1.1 Section 2 – Introduction

1.1.1 This analytical report represents the third phase of the employment element of the Raxen programme. It draws on other reviews, in particular a recent analytical report by the Cabinet Office Performance and Innovation Unit (Cabinet Office, ■ 2002). The structure of the report follows the Raxen General Content Structure guidelines with some modifications to take account of the volume of data available.

1.2 Section 3 - Brief overview of the political situation, and legislative and enforcement frameworks relating to race equality in employment within the UK

1.2.1 There is a broad consensus among the three main parties and other key bodies that inequality and discrimination in employment are unacceptable.

1.2.2 Racial discrimination in employment was first made unlawful in Great Britain by the provisions of the § 1968 Race Relations Act, which was succeeded by the § 1976 Act. The Act does not cover religious discrimination, except by means of its indirect racial discrimination provisions. The § Race Relations (Amendment) Act 2000 strengthened the 1976 Act by placing a duty on public authorities to carry out their functions with due regard to race equality considerations, and additional specific duties on some such authorities. The UK government is currently consulting on proposals to implement the § European Race and Employment Directives.

1.2.3 The 1976 Act established the ▲ Commission for Racial Equality (CRE) and gave it enforcement and other statutory powers and promotional/advisory duties. Individuals can bring cases of race discrimination in employment to Employment Tribunals. A range of other organisations are also involved in the promotion of race equality.

1.2.4 In Northern Ireland, religious discrimination was first made unlawful by the § Fair Employment (NI) Act 1976. Racial discrimination was not prohibited until 1997. Section 75 of the § Northern Ireland Act 1998 places a duty on public authorities to carry out their functions with due regard to a range of equality considerations including religious belief and racial group. Enforcement of all equality legislation lies with a single body, the ▲ Equality Commission for Northern Ireland.

1.3 Section 4 -Theoretical and Methodological Approach

1.3.1 The study focuses on racial discrimination and disadvantage, which have been the focus of the legislation and initiatives to remedy labour market inequalities. The UK's ethnic minority population is largely the result of large-scale primary immigration in the 1950s, 60s and 70s, from the Caribbean and the Indian sub-continent. Fifty per cent of the ethnic minority population in the UK was born here. The report examines the position of migrant workers briefly in a separate section.

1.3.2 The material considered in the analytical study includes official statistical data, research and investigation reports, and focus groups and other sources of reported individual experiences. Analysis is at the most

“disaggregated” level possible, according to specific ethnic groups or sub-groups rather than just “ethnic minorities”.

1.3.3 The UK ■ Census first included an ethnic origin question in 1991, but the categories used were changed in 2001, when there were also slightly different category systems for England & Wales, Scotland and Northern Ireland.

1.4 *Section 5 - Ethnic minorities in the UK population and labour market*

1.4.1 The ethnic minority population of the UK was estimated at 7.1% (just over 4 million people) on the basis of ■ Labour Force Survey data for 2000. The three largest groups are those of Indian, Pakistani and Caribbean origin. The vast majority live in England and are disproportionately concentrated in particular regions and in major conurbations. The ethnic minority population is younger, and growing faster, than the white population.

1.4.2 Although there are considerable variations between minority groups, ethnic minorities are disproportionately likely to be unemployed, to earn less and to occupy lower level jobs. There are also differences in self-employment rates.

1.4.3 Evidence about generational differences suggests that the second generation has closed the gap on their white British counterparts with respect to occupational attainment but not with respect to unemployment, again with significant differences between groups.

1.4.4 Ethnic minority employment rates vary across regions, as does the size of the gap between white and ethnic minority employment rates. There are also sectoral imbalances, with, for example, Pakistani men and women and Bangladeshi men over-represented in the textile industry.

1.5 *Section 6 – Migrants and migrant workers*

1.5.1 The EU accounted for about one-third of migrant workers registering for a National Insurance number in 2000/2001, with the next largest proportion coming from Asia and the Middle East. Migrants are very heterogeneous, and their experiences tend to be more polarised than others, on a number of dimensions.

1.5.2 One of the polarisations identified is according to education and skill levels, with higher representations of both highly educated and relatively unskilled groups. Another relates to labour market outcomes, key determinants of which are education and English language fluency. Migrants appear to perform relatively well in the UK labour market as compared to other EU countries with a smaller difference in migrant and native employment rates.

1.5.3 The problems faced by refugees are more marked than for other migrants.

1.6 *Section 7 – Explanatory factors*

1.6.1 This analysis relates to explanations for ethnic differences in labour market performance identified in Section 5.

1.6.2 A range of demand and supply factors contributes to these differences. Demand factors include geographical concentration in areas of declining industries and net job losses; the characteristics of ethnic minority businesses; and poor infrastructure depressing investment and demand for labour.

1.6.3 A key supply factor is “human capital”, of which skill level – education, skills, and language fluency – is in turn a key element. Educational disparities are covered in a separate analytical study, but evidence of educational disparities at all levels is considered in this study because of their impact on labour market outcomes.

1.6.4 Other explanatory factors on the “supply” side include possible religious factors, “social capital”, family patterns, health issues, housing quality reducing geographical mobility, patterns of transport usage, and over-representation among those with criminal convictions.

1.6.5 Even when a wide range of explanatory factors is taken into account, it has been shown that ethnic differences over and above those accounted for by such factors persist. Accepting that analyses can not and do not take account of all relevant variables, it is still hard to escape the conclusion that residual ethnic differences are at least in part a consequence of racial discrimination.

1.6.6 There is extensive evidence of racial discrimination in employment, from a range of sources, including discrimination testing, research into the activities of gatekeepers, self-reported ethnic minority experiences, complaints and employment tribunal cases of alleged discrimination, and attitude survey evidence suggesting hostility towards, and hence a possible disposition to discriminate against, migrants and ethnic minorities.

1.7 Section 8 – Interventions to improve ethnic minority labour market prospects

1.7.1 Both disadvantage and discrimination contribute to labour market under-performance by ethnic minorities. Different types of intervention attempt to address these two factors. The Section also looks at evidence of ethnic differences in take-up or outcomes in relation to the different initiatives.

1.7.2 Interventions to deal with disadvantage include some that are targeted at all those who are economically disadvantaged, and some that focus specifically on ethnic minorities. Some may be general, but with specific race equality elements or outreach programmes.

1.7.3 Initiatives have been developed in relation to the principle of “welfare to work” (the principle moving people off dependence on the benefits system and into employment). Other policies are designed to “make work pay”.

1.7.4 Efforts to stimulate business activity include some aimed specifically at meeting the needs of ethnic minority businesses.

1.7.5 Initiatives targeted at community regeneration are designed to promote economic regeneration in the poorest areas, where ethnic minorities tend to be concentrated.

1.7.6 The ▲ Community Cohesion Unit was established in April 2002 and local authorities are able to bid for its ☀ Pathfinders Programme fund for pilot projects.

1.7.7 Other policies are designed to increase human capital. As well as policies to raise educational attainment generally, there are also measures targeted at ethnic minorities.

1.7.8 There are also policies in relation to childcare provision, housing problems, transport links, and health inequalities, all of which should help to tackle disadvantages that have an impact on labour market outcomes.

1.7.9 The key mechanisms for combating discrimination include properly balanced efforts to enforce the legislation and to persuade employers to adopt best practice, supported by codes of practice, guidance and practical examples of good practice in action. Despite differences in view about the strength of “the business case” for equality, there is general consensus that without legislation, there would be little voluntary effort, although voluntary measures can have important benefits. The linking of race equal opportunity practice to contracting opportunities is something that is currently under consideration, particularly in relation to public authorities’ discharging their duties under the § Race Relations (Amendment) Act in relation to their procurement functions.

1.8 *Section 9 – Summary and conclusions*

1.8.1 Expectations that patterns of employment disadvantage/ differences among first generation immigrants would significantly reduce in the next generation have not been met, although there is some evidence of considerable improvements for particular groups. A complex range of interlinked factors has contributed to the persisting disadvantage, but racial discrimination can also be identified as a separate causal factor.

1.8.2 The complexity of the factors at play, the timelag between interventions and outcomes, the range of interventions in effect at any time or place, and the operation of other external factors make it very hard to answer the question of “What works?” at other than a general level, sometimes based more on logical arguments than on conclusive evidence of cause and effect. The key seems to be to apply the full range of possible remedies in a concerted effort to bring about change quickly, with a recognition of the costs associated with not achieving change.

1.8.3 § The Race Relations (Amendment) Act may make a significant contribution to improvements in bringing about the mainstreaming of race equality in public authorities’ functions and research into its impact is already under way.

2 Introduction

2.1 *Purpose of the study*

2.1.1 The analytical study represents the third phase of the Employment element of the ▲ Raxen programme. Its purpose is to provide information about the current situation in the UK for ethnic minorities, together with an analysis of underlying causes of patterns identified, a description of initiatives designed to combat labour market disadvantage and discrimination, an assessment of the effects of such initiatives, and recommendations to government about how the situation can be further improved.

2.2 *Acknowledgements*

2.2.1 This report draws heavily on a more detailed and comprehensive report prepared by the ▲ Performance and Innovation Unit (PIU) of the Cabinet Office and published in February 2002 (Cabinet Office, ■ 2002). This represents the first, analytical, stage of a larger project, ☀ *Improving the Labour Market Achievements of Ethnic Minorities in British Society*. The second stage is to be published shortly, and will focus on policy options and recommendations. The first stage report is referred to many times in the current study, and designated “the PIU report”.

2.2.2 Other key reports that have informed this one are those by Wrench and Modood ((■ 2000) and Hepple et al ((■ 2000).

2.3 *Structure of the report*

2.3.1 The report is broadly structured along the lines set out in the General Content Structure specified in the Guidelines, with some variations to take account of the volume of data available. The sections to follow cover the following main topics:

- Section 3 provides a brief overview of the current legislation and enforcement structures related to racial discrimination in employment in the UK and in Northern Ireland, together with a brief description of historical immigration patterns that make ethnic minorities rather than migrant workers the focus of this study.
- Section 4 outlines the approach taken to obtaining and analysing data from a wide range of sources.
- Section 5 sets out a range of data encapsulating the position of ethnic minorities in the labour market, including unemployment, employment patterns, occupational attainment and earnings.
- Section 6 provides a brief overview of the situation for migrant workers.
- Section 7 puts the findings of Section 5 in the context of an analytical framework of underlying causal factors broadly split between supply and demand side factors, evidence of a residual disadvantage when these are accounted for, and the possible extent to which discrimination may contribute to this residual disadvantage.
- Section 8 considers the various interventions by government and other bodies that are intended either directly or indirectly (e.g. via economic regeneration) to ameliorate the position either specifically of ethnic minorities, or generally of those less well off,

both in the labour market and in relation to factors that affect labour market opportunities. An attempt is made to assess the impact of the different strategies and interventions.

- Section 9 summarises the findings and conclusions.

3 Brief overview of the political situation, and legislative and enforcement frameworks relating to race equality in employment within the UK

3.1 *Political background*

3.1.1 2002 is the fifth year of a Labour government, which won a second term of office in 2001 following a long period (1979-1997) of Conservative Government. The government has thus had a significant programme of legislative and other action to address its main priorities - the economy, education and health, and action on these priorities have had some implications for race equality issues, while at the same time meaning race equality as such has not been top of the agenda.

3.1.2 The 1999 ■ report of the Macpherson inquiry into the murder of Stephen Lawrence (Macpherson, 1999) provided a major impetus for action to address “institutional racism”, and prompted introduction of the § Race Relations (Amendment) Act (see paragraph 3.4.12). The unrest in northern English towns in 2001 underlined the importance of the drive against social exclusion and the need for community cohesion. The government has given high priority to these agendas, as evidenced by the establishment within government departments of the ▲ Social Exclusion Unit, the ▲ Community Cohesion Unit, the ▲ Performance and Innovation Unit and the ▲ Neighbourhood Renewal Unit, and the responsibilities given to these units. Many of the initiatives discussed in Section 8.2 have their roots in strategies for social inclusion.

3.1.3 All the main political parties have supported legislation against racial discrimination, although to different extents. The extreme right wing is not such a powerful force in British politics as in other parts of Europe, but from time to time attains local electoral success, symptomatic of levels of racial hostility and intolerance in particular localities. Most recently, the British National Party has won seats in Council elections in 2002 in Blackburn and Burnley, partly on the back of the unrest in these areas the previous year. They were also seen as contributing to this unrest. The ■ Home Office report (Home Office, 2001) on the 2001 unrest in Northern towns notes that “The British National Party targeted areas in Greater Manchester and Lancashire at the June General Election and were clearly seeking to exploit tensions between the white and Asian communities.” (p16)

3.1.4 ▲ The Trades Union Congress (TUC) undertakes a wide range of activities to promote race equality in the workplace and more broadly, including research, conferences, newsletters and its ☀ harassment “hotline” (see paragraph 7.5.7). It also provides ☀ detailed guidance on people’s rights under the § Race Relations Act, and on how to deal with discrimination.

3.1.5 The employers’ body, the ▲ Confederation of British Industry (CBI) states its position as follows:

“CBI supports the Government approach which is to promote good practice and clarify, not overhaul, existing race legislation. We continue to promote the business case for diversity and ran a series of seminars for small businesses on this subject last year. We are also undertaking research on what more can be done to promote 'positive action' by

employers to recruit from ethnic minority groups in tight labour markets. The CBI supported the § Race Directive which will create common levels of protection throughout Europe and help complete the single market. We also supported the parts of the Employment Directive covering discrimination on grounds of disability and religion.” (extract from CBI Issue Statement on “Race Relations Act/Race Equality EC” updated 19.4.02)

In addition the CBI includes “Commitment to equality and diversity” as an element under the main heading of “leadership and culture” in its ☀ “Headstart” benchmarking tool, against which employers can assess their people management performance.

3.2 *The UK immigration system*

3.2.1 Migrants may legally gain entry to the UK through a number of channels. One is the work permit system, criteria based around jobs requiring relatively high level skills. Other, smaller, work-related categories include “working holiday-makers” (young people from the Commonwealth) and business persons. The other channels are entry as students, or through either the asylum system or the family settlement system. The number of illegal entrants detected has increased, reflecting a likely increase in illegal migration (rather than simply increased detection), and increases in irregular migration from Eastern Europe in particular (Glover et al, ■ 2001).

3.2.2 In addition to those entering via one of the work-related categories, those entering as spouses of those holding work permits for more than a year are permitted to work, as are many overseas students. Those granted refugee status or exceptional leave to remain are entitled to work, but not those awaiting a decision on refugee status.

3.2.3 Nationals of EEA member states have relatively free access to live and work in the UK with the development of EU single market legislation, although the right is not completely unqualified.

3.2.4 In a recent (10.12.02) announcement, the Home Office Minister noted that “The Government is opening up ways for people to come and work here legally, in ways which help boost our economy – increasing the number of work permits issued and creating schemes for specific skill levels and industries”. This was made in the context of the publication of a summary report Home Office, (■ 2002) covering four research studies, described as showing that migrants “bring a diversity of skills to the UK labour market” and “do not increase unemployment among the domestic population”.

3.3 *Historical immigration patterns*

3.3.1 The situation in the UK is that the ethnic minority population is largely a result of large scale primary immigration in the 1950s, 1960s and 1970s from the Caribbean and the Indian sub-continent (India, Pakistan and Bangladesh), with subsequent secondary family settlement migration (mainly of spouses or of those coming for marriage) continuing since then. Fifty per cent of the ethnic minority population overall was born in the UK, as was some 82% of that part of it under the age of 25 (ONS, ■ General Household Survey 2000).

3.4 *Legislative and enforcement frameworks for race equality*

a) *Discrimination in the field of employment*

3.4.1 Discrimination in the field of employment was not covered by the § 1965 Race Relations Act, but has been addressed in its three successors. All the Acts cover Great Britain (GB), not Northern Ireland. It was not until 1997 that legislative protection was extended to Northern Ireland in the form of the § Race Relations (Northern Ireland) Order, the provisions of which broadly parallel the 1976 GB legislation. (See paragraphs 3.4.20 and 3.4.21 .)

3.4.2 As far as employment is concerned, the § 1976 GB Act prohibits discrimination on racial grounds in relation to:

- recruitment and selection
- terms and conditions of employment
- access to opportunities for promotion, transfer or training, or other benefits
- dismissal or other detriment

3.4.3 In addition to discrimination by employers, the Act has provisions prohibiting discrimination by: Partnerships; trades unions, other organisations of workers, organisations of employers, or trade or professional organisations; bodies conferring necessary trade or professional authorisations or qualifications; vocational training bodies; employment agencies; and training agencies.

3.4.4 “Racial grounds” encompasses “colour, race nationality or ethnic or national origins and a “racial group” means a group defined by reference to any of these racial grounds. Gypsies, Irish, English, Scots and Welsh have been held to constitute racial groups, as have some religious groups as discussed below. Travellers are not held to be a racial group (although to some extent protected by the indirect discrimination provisions), but in Northern Ireland Irish Travellers are specifically identified as a racial group. The terms “ethnic minority groups” or “minority ethnic groups”, sometimes prefaced by “black and..” are usually used to cover visible minorities, with white Irish also increasingly encompassed within the generic term.

3.4.5 The Act does not cover religious discrimination, but some religious groups (for example Sikhs and Jews) have also been held by the Courts to be ethnic groups. In addition, the indirect discrimination provisions (see below) mean that religious groups not recognised as ethnic groups but who are disproportionately likely to be of a particular racial group have some protection under the law. For example, an otherwise unjustifiable requirement that disproportionately disadvantaged Muslims could constitute indirect racial discrimination (see paragraph 3.4.6 below) since Asians (or a more precisely defined racial group such as Pakistanis) would be disproportionately affected. Compensation is, however, available in cases of indirect discrimination only if it is found to have been intentional. In Northern Ireland discrimination on grounds of religion has been outlawed since 1976 under the § Fair Employment Legislation (see paragraph 3.4.20).

3.4.6 The Act prohibits discrimination by way of direct discrimination, indirect discrimination and victimisation. Direct discrimination consists of less favourable treatment on racial grounds (and includes racial harassment or the failure by the organisation to deal adequately with it), whereas indirect

discrimination relates to the application of requirements that disadvantage one group more than another and that cannot be justified on grounds other than race.

3.4.7 Indirect discrimination is defined as follows:

A person discriminates against another .. if..

he applies to that other a requirement or condition which he applies or would apply equally to person not of the same racial group as that other but –

which is such that the proportion of persons of the same racial group as that other who can comply with it is considerably smaller than the proportion of persons not of that racial group who can comply with it; and

which he cannot show to be justifiable irrespective of the colour, race, nationality or ethnic or national origins of the person to whom it is applied; and

which is to the detriment of that other because he cannot comply with it.

3.4.8 This parallels the wording used in the § Sex Discrimination Act 1975 (SDA). However, the § Burden of Proof Directive resulted in the § Burden of Proof Regulations which amended the definition of indirect discrimination in the SDA insofar as employment related discrimination on grounds of sex or married status.

3.4.9 The government is currently consulting on the implementation of the § Race Directive which defines indirect discrimination as occurring “where an apparently neutral provision, criterion or practice would put persons of a racial or ethnic origin at a particular disadvantage compared with other persons, unless that provision, criterion or practice is objectively justified by a legitimate aim and the means of achieving that aim are appropriate and necessary.”

3.4.10 However, the new definitions contained in the § EU Race Directive will be implemented by regulation rather than primary legislation, which will lead to inconsistencies in the race legislation for the foreseeable future. The Directive definitions will apply to race and ethnic and national origin, and the ‘old’ definition will apply to colour and nationality, which are covered by the § Race Relations Act but not the Directive.

3.4.11 “Positive discrimination” (affording more favourable treatment to members of ethnic minority groups) is outlawed by the Act, but there are some provisions for lawful “positive action” in providing training for, or seeking to attract applicants from, members of particular groups, subject to these groups being demonstrably under-represented in the area of work in question. There is also an exemption that allows employment opportunities to be confined to a particular racial group, where being of that group is a “genuine occupational qualification” (GOQ). The most commonly claimed ground for exemption has been for the provision of personal services (Section 5(2)(d) of the Race Relations Act.).

3.4.12 The § Race Relations (Amendment) Act 2000 extended the § 1976 Act and in particular placed a duty (“the general duty”) on public authorities to carry out their functions with due regard to the need to eliminate unlawful racial discrimination and to promote equality of opportunity and good relations between persons of different racial groups. The Act also places specific

duties on many of these public bodies to publish a Race Equality Scheme and to monitor certain aspects of their employment processes and practices. All bodies covered by this duty must ethnically monitor their workforce and applications for employment, training and promotion, with those with 150 or more employees also required to monitor grievances, disciplinary action, performance appraisal, training, and dismissals and other reasons for leaving.

b) *The Race and Employment Directives*

3.4.13 The UK government is currently consulting on proposals to implement the EU § Race and § Employment Directives (“Towards equality and diversity: implementing the Employment and Race Directives”, available at <http://www.dti.gov.uk/er/equality> ; and new organisational arrangements to deal with all equality grounds, including the option of a Single Equality Body (■ “Equality and Diversity: Making it Happen” available at http://www.womenandequalityunit.gov.uk/equality_body/cons_doc.htm ; and ■ “Equality and Diversity – The Way Ahead” available at <http://www.dti.gov.uk/er/equality>). The existing equality bodies and relevant non-governmental organisations (NGOs) are involved in these consultations. The CRE’s ■ response to the consultations can be found at http://cre.gov.uk/gdpract/policy_seb.html.

c) *Enforcement and remedies - GB*

3.4.14 The ▲ Commission for Racial Equality (CRE) is the body set up under the § 1976 Act to enforce the legislation, and can do so by means of formal investigations where they have grounds to believe discrimination has occurred, and these can result in legally enforceable “non-discrimination notices”. The majority of “belief” investigations embarked on by the CRE have related to employment matters. The Commission can also take court action in respect of discriminatory advertisements and pressure or instructions to discriminate.

3.4.15 Increasingly, the CRE is looking to other bodies with wider responsibilities for audit and inspection to incorporate race equality issues into their inspections. Bodies such as the Audit Commission (local government) and Commission for Health Improvement (health sector) will thus be taking on some of the ‘enforcement’ burden, as part of their own duties under the § Race Relations (Amendment) Act.

3.4.16 The CRE also has a duty to consider applications for assistance from individuals seeking to exercise their rights to take cases of discrimination to the courts. Individuals are not required to take their cases through the Commission, and may take cases to Tribunals without assistance, or with the assistance of other organisations.

3.4.17 Employment discrimination cases are first heard by ▲ Employment Tribunals, with successive appeals going to the Employment Appeals Tribunal, the Court of Appeal and the House of Lords

3.4.18 Financial compensation is available in cases of direct discrimination and in cases of intentional indirect discrimination, and can include injury to feelings and punitive awards. Up until 1994 there was a limit of £11,000 on the amount of compensation that could be awarded in employment cases of racial discrimination. Since the limit was abolished, sums running into hundreds of thousands of pounds have been awarded in race cases for example against the London Borough of Lambeth, cited in ■ PIU

report. More recently a sum of over £750,000 (plus interest) was awarded. (Interestingly, this was against the British Medical Association (BMA), a professional body representing the interests of its members (doctors), and thus an independent trade union. The case related to the BMA's failure to support one of its members in connection with his earlier claims against the Royal College of Surgeons and others.)

3.4.19 The ▲ Arbitration and Conciliation Advisory Service (ACAS) has a statutory duty to promote settlements of a range of employment rights claims which have been or could be made to ▲ Employment Tribunals, including claims of racial discrimination. ▲ The Race and Equality Advisory Service, previously the Race Relations Employment Advisory Service, which formerly came under the umbrella of the Department of Employment (now Department of Work and Pensions) is now part of ACAS. Its role is discussed in paragraph 3.6.1 .

d) The Northern Ireland situation

3.4.20 In Northern Ireland religious discrimination was prohibited by the § Fair Employment (NI) Act 1976. The subsequent § 1989 Act placed a duty on Northern Ireland employers to monitor their workforces and to undertake regular reviews of their employment composition and practices. Racial discrimination was not prohibited until 1997, with the § Race Relations (NI) Order 1997, which closely paralleled the 1976 GB legislation on race. The Fair Employment legislation was revised in 1998 to create the § Fair Employment and Treatment (NI) Order.

3.4.21 Section 75 of the § Northern Ireland Act 1998 placed a duty on public authorities to carry out their functions with due regard to the need to promote on a wide range of grounds, including religious belief and racial group. Enforcement of all the equality legislation lies with a single equality commission, the ▲ Equality Commission for Northern Ireland (ECNI), which was created in 1999 and replaced the Fair Employment Commission and the NI EOC and CRE and Disability Council. Individual employment cases are heard by the ▲ Industrial Tribunals and ▲ Fair Employment Tribunal, Northern Ireland.

3.4.22 The ECNI has powers and duties in relation to race equality similar to those of the CRE, including the duty to consider applications for assistance from individuals seeking to take cases, in this case to Industrial Tribunals in the first instance.

3.4.23 The ▲ Labour Relations Agency performs similar functions to those carried out by ACAS in Great Britain.

3.5 Other powers and functions of the CRE

3.5.1 In addition to its law enforcement powers, the ▲ CRE has other powers and functions that bear on employment. Firstly it has the power to issue “statutory codes” setting out recommendations for best practice. Such codes, while not legally binding, may be taken into account by the relevant courts (in this case ▲ Employment Tribunals and subsequent courts) considering individual claims of racial discrimination. Statutory Codes must be approved by Parliament before being issued.

3.5.2 The first statutory Code issued by the ▲ CRE was the “Race Relations Code of Practice for the elimination of racial discrimination and the promotion of equality of opportunity in employment”, issued in 1984 (CRE, ■ 1984). The Code summarised relevant legal requirements and the responsibilities of different types of organisation (employers, employment agencies, trade unions) and of individual employees. In addition the Code made recommendations for good employment practice, including ethnic monitoring of the workforce, by business unit, department, section etc, and of selection decisions for recruitment, promotion, transfer and training. (A further Code of Practice for public authorities, on the Duty to Promote Race Equality under the Race Relations (Amendment) Act 2000, was published after lengthy and detailed consultation in 2002, and this includes provisions relating to employment (CRE, ■ 2002a). See paragraph 3.4.12 for further details of the 2000 Act.) In Northern Ireland the first Code was produced in 1998.

3.5.3 The Commission’s duties include working towards the elimination of discrimination and promoting equality of opportunity and good relations between persons of different racial groups. To give effect to these, the Commission can and has undertaken a wide range of promotional, advisory and campaigning activities. In the field of employment, it has produced a range of specific guidance documents on topics such as psychometric testing and positive action, and general good practice frameworks such as ☀ “Race Equality Means Business”, its employer “standard” (CRE, ■ 1995) aimed at private sector employers, and other parallel standards for employers in other sectors. It has also carried out employment-related research, for example testing for discrimination, as well as conducting “general” investigations into practices in particular sectors. In addition, the CRE has sought to engage employers, unions and others in a partnership to secure racial equality in employment, by means of activities such as its “Leadership Challenge” which sought the explicit commitment of leaders in all sectors to work towards racial equality.

3.5.4 The Commission has powers to provide financial assistance to other organisations. The majority of its grant-aid goes to a network of local racial equality councils, some of whom provide assistance to individual complainants seeking to bring cases of discrimination. In addition finance is provided to support three regionally-based complainant aid organisations, the majority of whose cases relate to employment matters.

3.5.5 The CRE also has a duty to keep under review the workings of the Race Relations Act and to make proposals to government for its amendment if it thinks necessary or if the Secretary of State requires it to. The CRE has carried out such reviews, the most recent in 1998 (CRE, ■ 1998). Some of those recommendations for change that are relevant to employment matters are considered in Section 9.

3.6 *Other organisations involved in the promotion of race equality*

3.6.1 The ▲ Race and Equality Advisory Service was formerly part of the Department of Employment (Now ▲ Department for Work and Pensions) but has recently been transferred to ▲ ACAS. It performs a promotional and advisory role in relation to employment and works with a range of targeted organisations, primarily on race equality issues, to help them improve their equality position. It has no law enforcement powers.

3.6.2 There is a wide range of sources of advice and guidance for employers, and not all can be listed here. Equality Direct is a government-funded website and telephone helpline set up to help businesses (<http://www.equalitydirect.org.uk/>), particularly small ones, to understand all the equalities legislation, what it requires of them, and how to develop and implement effective policies.

3.6.3 In addition, various umbrella organisations such as the ▲ Chartered Institute of Personnel and Development, the ▲ Employers’ Organisation for local government, and the private sector’s ▲ “Race for Opportunity” provide advice and guidance on race equality implementation for their members and others.

3.6.4 Reference has already been made (see paragraph 3.5.4) to ☀ complainant-aid organisations and ☀ race equality councils funded by the ▲ CRE. The latter carry out a range of activities beyond complainant aid, such as providing advice and guidance to organisations about race equality and campaigning for equality locally.

3.6.5 Victims of discrimination may also turn to more mainstream sources of assistance in bringing complaints. Trade unions have in some cases been slow to defend the rights of their ethnic minority members, but have been encouraged to take on this role (with the CRE routinely enquiring about union action when taking details of employment complaints, and exerting pressure on unions to provide more assistance if this seems desirable). Private solicitors may also be asked to act for complainants. The fact that there was no legal aid for discrimination cases could make this a potentially expensive option leading to repeated recommendations for the extending of legal aid to such cases. As Hepple et al (■ 2000) note, the argument has now been overtaken, in England and Wales, with the establishment of the ▲ Community Legal Service Fund (CLSF) administered by the ▲ Legal Services Commission from 1 April 2000.

4 Theoretical and Methodological Approach

4.1 *Focus of the UK Employment Study – ethnic minorities or migrants?*

4.1.1 The study focuses on racial discrimination and disadvantage in employment rather than on migrant workers.

4.1.2 Patterns of disadvantage, as will be discussed, have to some extent resulted from early settlement patterns associated with the historical immigration outlined in paragraph 3.3.1 , and the discrimination to be addressed is largely about race and often based on skin colour. Legislative and other remedies tend to address racial disadvantage and discrimination rather than being framed in terms of “migrants”, although more recent migrants may also benefit from the legislation and other race-related initiatives.

4.1.3 Migrants are not the same as ethnic minorities. The majority of migrants are white, and the majority of ethnic minorities are not migrants (Glover et al, ■ 2001). The definition of “migrant” varies. The International Passenger Survey defines a migrant as ‘a person who has resided abroad for a year or more, and who states on arrival the intention to stay in the UK for a year or more’. There is no one definition for a ‘migrant worker’ in the Labour Force Survey, which identifies migrants in UK households by their nationality or their

country of birth. A Home Office research study of migration (Glover et al, ■ 2001) uses country of birth in the ■ LFS as using nationality would exclude those who have since settled in the UK.

4.1.4 While this report looks primarily at the employment position for ethnic minorities, and at interventions that address employment inequalities for these groups, the position of migrants is also considered briefly, in Section 6. The race relations legislation is framed in such a way that migrants are protected under it.

4.1.5 The study draws on a very wide range of data, as did the PIU study (see paragraph 2.2.1) from which it derives much of its material. The sources used include national datasets published by, or otherwise available from, the Office for National Statistics, reports from government departments, research and other reports published by a range of statutory and non-statutory bodies, and focus groups designed to draw out the experiences and views of people from ethnic minority groups.

4.1.6 Much of the information relates to the experience of black and Asian people, but it is important to remember that other communities, such as the Irish and the Chinese have their own unique patterns of economic activity. Wherever possible, data are examined at a “disaggregated” level, describing separately the relevant information for each sub-group, with data aggregated where necessary or appropriate or where it is presented in this form.

4.1.7 This makes it useful at this point to consider the ethnic categories commonly in use in the UK. The CRE has recommended ethnic monitoring in employment for many years (see paragraph 8.3.15). Following pressure from the CRE, an ethnic origin question was used in the census for the first time in 1991. Since then the CRE has generally recommended for ethnic monitoring purposes the ethnic categories used in the most recent population census, or categories consistent with them. The ethnic categories used in the 1991 ■ census were as follows:

- White
- Black – African
- Black – Caribbean
- Black – Other (please specify)
- Indian
- Pakistani
- Bangladeshi
- Chinese
- Other (please specify)

4.1.8 In the early 1990s the CRE advocated the inclusion of an additional category of Irish, in response to evidence of disadvantage and discrimination suffered by this group.

4.1.9 However, the range of categories in use varied from organisation to organisation. For example the national Youth Training Scheme of the 1980s used White, Afro-Caribbean, Asian, and Other, the Department of Employment in its Labour Force Survey presentations White, Afro-Caribbean, Indian, Pakistani/Bangladeshi and Other.

4.1.10 The 2001 ■ Census, results for which will be available in the first half of 2003, used a rather different set of categories, with the problems of changing categories over time compounded by a difference in the categories used in different parts of the UK. Different categories were used for the Census in Northern Ireland, England & Wales, and Scotland, presenting some difficulties of aggregation. The categories used in the England & Wales Census are as follows:

White

- ∇ British
- ∇ Irish
- ∇ Any other white background,
please write in.....

Mixed

- ∇ White and Black Caribbean
- ∇ White and Black African
- ∇ White and Asian
- ∇ Any other mixed background,
please write in.....

Asian or Asian British

- ∇ Indian
- ∇ Pakistani
- ∇ Bangladeshi
- ∇ Any other Asian background
please write in.....

Black or Black British

- ∇ Caribbean
- ∇ African
- ∇ Any other Black background
please write in.....

Chinese or other ethnic group

- Chinese
- Any other please write in.....*

4.1.11 The categories used in the Scottish Census question are:

White

- ∇ Scottish

∇ Other British

∇ Irish

∇ Any other White background,
please write in.....

Mixed

∇ Any Mixed background,
please write in.....

Asian, Asian Scottish, or Asian British

∇ Indian

∇ Pakistani

∇ Bangladeshi

∇ Chinese

∇ Any other Asian background
please write in.....

Other ethnic background

∇ Any other background
please write in.....

4.1.12 Those used in the Northern Ireland Census question are:

- ∇ White
- ∇ Chinese
- ∇ Irish Traveller
- ∇ Indian
- ∇ Pakistani
- ∇ Black Caribbean
- ∇ Black African
- ∇ Black Other
- ∇ Mixed ethnic group , **write in**
- ∇ Any other group, **write in**.....

4.1.13 While it is easy to read across from many of the 1991 categories to a 2001 counterpart, some categories, for example the new “Mixed race” ones have no obvious match in the earlier data, where those now self-defined as of mixed race might formerly have been identified as “black” or “other”.

4.1.14 Employers and others have been strongly encouraged to use the appropriate 2001 ■ Census categories (or slightly amended ones suggested as alternatives by the CRE) when collecting data, and the current evidence suggests that most public sector employers at least are endeavouring to do so, although some may expand the range of categories in order to take account of the particular ethnic composition of their locality.

4.1.15 The inconsistencies between classifications can sometimes present problems of data interpretation and comparability, as can some internal anomalies (for example the inclusion in the 1991 Census categories of a “black other” but no “Asian other”), and excessive aggregation of sub-groups that may have very different experiences can conceal important patterns. Such aggregation may sometimes be a necessary consequence of dealing with small numbers that might be involved when looking at groups that have a fairly low representation in the particular data set in question.

4.1.16 However, we consider that in general the data we have drawn on and reported do present a fairly clear and consistent picture from which the relative positions of different groups in the labour market can be assessed, although there are many gaps in the picture. We address problems relating to data consistency and adequacy in more detail in our separate critique of data relating to the employment issue.

5 Ethnic minorities in the UK population and labour market

5.1 *Population data*

5.1.1 Pending publication of a figure from the 2001 ■ Census, the most up to date estimate available of the ethnic minority population of the UK is 7.1% (just under four million people). (ONS ■ LFS [Spring-Winter 2000]) The largest group is Indian (nearly 1 million), followed by Pakistani (over 0.6 million) and Black Caribbean (approximately 0.5 million) (ibid).

5.1.2 The vast majority of ethnic minorities live in England and they tend to be disproportionately concentrated in particular regions and in major conurbations, with nearly half the ethnic minority population living in greater London. Many others have settled in clusters in the Midlands and northern industrial towns, settlement patterns that have implications for their economic prospects as discussed in section 7.2 .

5.1.3 The gender and age and structures of the ethnic minority population differ from those of whites. Ethnic minority men outnumber women (the reverse of the white pattern) and ethnic minorities are younger, the median age being 11 years less than that of Whites (ONS ■ Population Statistics, Autumn 2001). Their relative youth means that the ethnic minority population is growing faster than the white, and ethnic minorities are projected to account for more than half of the growth in the working age population within the next ten years. There are also differences in marriage and other family patterns.

5.2 *Occupational patterns*

5.2.1 Comparing occupational data (ONS ■ LFS 2001) for the white, black and Asian groups, the ■ PIU report shows that for all groups, more workers are found in lower managerial and professional roles than any other. White workers are least likely to be unemployed, black workers more likely than white or Asians to be in semi-routine occupations and managerial/professional roles. Asian workers are more likely than others to occupy higher managerial professional positions and to be self-employed or own-account workers.

5.3 *Economic activity*

5.3.1 The data considered are for 1998 (Spring-Winter) cited in the ■ PIU report from the ■ Social Exclusion Unit Report ‘Jobs for All’ (Social Exclusion Unit Policy Action Team 1). The definition of “economically active” used is the ▲ ILO one, which includes employed, job seekers and self-employed. For men, there are differences between ethnic minorities and whites in rates of economic activity, whites having the higher rate, but there also differences between ethnic groups, with higher rates of economic activity among black (particularly black Caribbean and black other) and Indian men, lower rates among Pakistani, Bangladeshi and Chinese. The gap between the highest level (whites) and the lowest (Chinese) is, however, relatively small, about 20 percentage points. This is not the case for women, where the gap between the highest levels is very much higher (about 80% for ‘black other’ women and 20% for Bangladeshis). For women the white and black economic activity rates overall are broadly similar, but the Asian groups have lower levels, Bangladeshis and Pakistanis considerably so.

5.4 *Employment/Unemployment*

5.4.1 Leslie et al (■ 1998) indicate that ethnic minorities have consistently exhibited unemployment rates twice that of white people. Data cited in the ■ PIU report show very high levels of unemployment for ethnic minority groups, except Indian and Chinese men, and a gap between ethnic minority and white unemployment rates that fluctuates but shown no sign of a sustained trend of decline. Indeed Blackaby, Leslie et al (■ 1999) found that the relative position of minorities had deteriorated substantially since the 1970s.

5.4.2 The PIU note that “According to the ILO, the unemployment rate for ethnic minorities stood at 13 per cent in spring 1999 – some two percentage points higher than it was at the equivalent point in the economic cycle a decade previously. In the same period unemployment among Whites had returned to its original (1990) level of 6 per cent. This trend suggests that Black workers were hit *harder* by the last recession than White workers and that they have *not* benefited to the same degree from the subsequent recovery in the labour market.” (■ PIU report, p44)

5.4.3 The Minister for Work recently quoted figures from the ■ LFS (Dec 2001 – Feb 2002) as showing a gap of 17% (75% vs 58%) between the overall employment rate and that for ethnic minorities, which is “clear evidence of wasted talent” (■ DWP press release 4.7.02 on launch of Jobcentre Plus).

5.5 *Earnings differentials*

5.5.1 There are also differences in the earnings of those who are employed. The ■ PIU report uses ■ LFS weighted data to show that in 1994 and 1996, all ethnic minority men earned less per week than their white counterparts, the same being true in 2000, with the exception of Indian men. White people were least likely (under 30%) to be living in households with less than half the national average income in 1994, with Bangladeshis and Pakistanis much more so (over 80%) (Modood et al, ■ 1997), figures that probably reflect both unemployment and earnings differences. ■ DSS (2001) figures for ethnic minority representation in lowest household income group in 1999/2000 show a similar pattern.

5.5.2 The ■ PIU report authors draw attention to the effects of pension provision on household income levels, and refer to the “double jeopardy” effect of labour market disadvantage for older people from ethnic minority groups identified by Ginn and Arber (■ 2001). This suggests that members of these groups, especially women, will be disproportionately dependent on means-tested benefit in later life, as a result of the combined effects of their low private pension coverage and the government policy of shifting pension provision to the private sector.

5.5.3 Blackaby, Murphy & O’Leary (■ 1999) note that whites and ethnic minorities do not receive “equal pay for equal work”, with a five percentage point difference (favouring whites) in remuneration for a given job.

5.6 *Occupational attainment*

5.6.1 The ■ PIU report notes that “In broad terms it is clear that progress has been recorded over the past decade in terms of occupational attainments.” ■ LFS data for 1992-2000 show a slight rise across all ethnic groups in the proportion of (employed) men holding professional or managerial jobs.

However, with the exception of Indian men, ethnic minority groups have had lower proportions of professional/managerial employment than white groups, despite slight rises in representation. However, another study cited (Iganski and Payne, ■ 1996) shows more dramatic gains for some of the groups less well represented in professional/managerial occupations. The presence of West Indian men in non-manual work increasing from 8 per cent in 1966 to just under one-third in 1990, while the white representation increased from a third to just under a half in the same period, representing a narrowing of the gap between the two from 25 to 16 percentage points.

5.6.2 The report concludes that the central message is that there has been minimal change in the overall gaps between white and ethnic minority men. While similar patterns are found in respect of women, certain groups of women have experienced more rapid progress than others, with 13% and 16% respectively of employed Black Caribbean and Indian women in the “salaried” (middle and higher managerial and professional occupational categories, including nurses). The corresponding figure for white women is 15%, but there may be differences in occupational profiles, with the figure for black Caribbean women probably reflecting their disproportionate representation in nursing and other public sector white-collar work.

5.7 Self-employment

5.7.1 Patterns of self-employment among men vary between ethnic groups, with LFS data for 1998-2000 showing higher levels for Pakistani, Indian and Chinese men than for whites, but lower levels for the Black Caribbean and African groups. Ethnic minority women have lower levels of self-employment than their male counterparts, but LFS data report very small numbers of self-employed women, making it difficult to draw patterns or conclusions from the figures. Ethnic differences in self-employment patterns result from a variety of factors, and while for some self-employment represents an escape from low employment prospects and racial discrimination, for others self-employment has been a more positive choice, as Wrench and Modood (■ 2000) point out. According to Clark and Drinkwater (■ 1999), discrimination accounts for up to half of the difference in the self-employment rate of ethnic minorities and whites.

5.8 Disaggregated data

5.8.1 The PIU report goes on to look at disaggregated data on economic activity, unemployment, occupational attainment, earnings and self-employment by generation, gender, geographic region, and employment sector to paint a more complicated picture of ethnic minorities in the labour market. Gender variations have largely been covered in the evidence already considered, but we look now at the other variations.

a) generation

5.8.2 Here, comparisons are made between the experiences of the first generation who migrated to Britain in the 1960s and 1970s and those of the second generation, born in Britain between 1960 and 1979, to assess whether the gap between whites and ethnic minorities has closed.

5.8.3 Data from the ■ General Household Survey (1973-79) and ■ Labour Force Survey (1991-1997) show that in the 1970s first-generation ethnic

minorities overall had higher rates of unemployment than British-born whites of the same age. For the Indian group the rate is similar to that of whites, but for Black Caribbeans and Pakistanis, the rates are higher, with the Black Caribbean rate twice that of the white group. There is no sign of improvement for the second generation, with the differentials between whites and the other three groups all showing an increase. For second generation Pakistanis and Black Caribbeans, the unemployment rates in the 1990s are more than twice the corresponding white rate, although for all groups the rates are considerably higher than in the 1970s. For all groups, the earlier generation had lower unemployment rates in the 1990s than did their younger counterparts, showing young people more vulnerable to unemployment than older people.

5.8.4 Looking at occupational attainment, as measured by representation in the salariat among those in work, it appears that, for all ethnic groups, the older generation has improved its position between the 1970s and 1990s (reflecting the effects of processes such as promotion on increasing access to the salariat for that group). However, the relativities generally remain unchanged – the proportion in the salariat in the 1990s is roughly twice what it was in the 1970s for all groups except Pakistani men (whose representation increases from 5.8% to 21.5%) and black Caribbean women. The latter group actually had a higher salariat representation than white women in the 1970s but the gap had actually reduced (though still favouring the Afro Caribbeans in the 1990s).

5.8.5 For the younger generation, it appears that the relative occupational attainment position of ethnic minorities has improved relative to the older generation. For Black Caribbean men the gap is lower than for their parents' generation, and their representation in the salariat actually parallels that of the older generation. For the younger Indian men, their representation (42.5%) outstrips not only that of the previous generation but that of their white equivalents. Younger women of all ethnic groups have similar representation in the salariat, representation which is roughly the same in the 1990s as for the older generation (between 30 and 40%).

5.8.6 The report notes that “Overall, before taking account of human capital or other explanatory factors, it appears that the second-generation have closed the gap on the White British with respect to occupational attainment but not with respect to unemployment.” (■ PIU report, p 52)

5.8.7 A major concern in recent years has been the high unemployment rates of young black men. Berthoud's (■ 1999) report highlighted the differing experiences of this and other groups. As well as showing young Caribbean men to be twice as likely to be unemployed as young white men and to have lower earnings, the report found that Caribbean young men born and/or educated in Britain were more likely to be unemployed than those who had migrated at 16 or older, a pattern not found for other ethnic minority groups.

b) geographical location, sector and type of organisation

5.8.8 Employment rates of ethnic minorities vary across regions, as does the size of the gap between overall employment rates and that for ethnic minorities. ■ LFS data for Autumn 2000 show that in Greater Manchester and West Yorkshire, ethnic minority employment rates are low relative to those in London and the rest of Great Britain, and the gap between these and overall rates high. The biggest gap seems to be in West Yorkshire with an overall

employment rate more than double that for Pakistani/Bangladeshis, who also fare comparatively badly in the West Midlands.

5.8.9 There are also sector imbalances (partly reflecting geographical distributions). Ethnic minorities were under-represented in primary and manufacturing industries in 1991, suggesting that the burden of decline in these industries is a greater problem for white men. Sectors in which there is ethnic minority over-representation include:

- Black Caribbean men - transport and communications, engineering, and distribution
- Black Caribbean women - public health, education and miscellaneous services;
- Black African men - all service sector industries particularly transport and communications, public health and education and miscellaneous services;
- Black African women – textiles and clothing and all service sector industries;
- Indian men – engineering, textiles and clothing, transport and communications, and public health and education.
- Indian women – engineering, textiles and clothing, and distribution;
- Pakistani men and Pakistani women – textiles and clothing, distribution, and transport and communications.
- Bangladeshi men – textiles and clothing, and distribution

5.8.10 Public sector employment (including NHS, civil service, armed forces and local government) accounts for 18% of total employment, and about 6% of the UK's five million public sector employees are from ethnic minorities (ONS: ■ LFS Summer 2001).

5.8.11 Within the private sector, ethnic origin data are relatively scarce. The PIU report notes that within this sector, ethnic minorities seem to be under-represented in large companies, over-represented in small businesses. The Runnymede Trust's study of FTSE 100 companies (Runnymede Trust, ■ 2000) found an average level of ethnic minority employment of 5.4% (versus what the study reports as an estimated 6.4% of the UK population as a whole at the time). It should be noted that the 5.4% figure was derived from those who responded to the survey and were able to provide monitoring data – possibly those likely to have more ethnic minority staff. It may also be that FTSE companies are disproportionately based in areas (particularly London) likely to have an ethnic minority population higher than the national average, again suggesting an under-estimate of real levels of under-representation. The survey found representation to fall as grade rose, 3.2% of junior and middle managers, only 1.0% of senior managers. Black Caribbeans were significantly under-represented at managerial and professional levels, Bangladeshis at all levels.

5.8.12 The PIU report notes that 10 per cent of those employed by the voluntary sector are ethnic minorities.

5.8.13 With respect to graduate employment, the PIU report quotes figures that suggest that ethnic minority graduates are roughly twice as likely as whites to be unemployed overall..

5.8.14 “First destination” figures for UK-domiciled graduates (of known ethnicity only) show 70.5% of white graduates to be in employment, as opposed to 62.3% of black and 57.4% of Asian. Those “assumed to be unemployed” represent 5.1% of the white, 9.5% of the black, 9.3% of the Asian, and 8.9% of “other”. Asians were most likely to be “undertaking study or training” (26.9% vs 17.7% of white, 21.7% of black). About 7% of all groups had “other” destinations. (■ Higher Education Statistics Agency data for 2000/2001).

6 Migrants and migrant workers

6.1 Introduction

6.1.1 In this section, we look at the experiences of migrants/ migrant workers, rather than ethnic minorities. The material is drawn from two sources, a Home Office Research, Development and Statistics Directorate report (Glover et al, ■ 2001) and an article in the September 2002 edition of Labour Market Trends (Robinson, ■ 2002). Paragraph 4.1.3 explains the definitions used.

6.2 Characteristics

6.2.1 Glover et al (■ 2001) note that migrants are very heterogeneous, differing across many dimensions, and differing as much from each other as from the population at large. In particular migrant experiences are more polarised, with larger concentrations at the extremes of various dimensions.

6.2.2 There is no principal source country of migration to the UK (Eurostat data 1997 quoted by Glover et al, ■ 2001). The largest single group is UK nationals, mostly returning emigrants. The next largest group is those from Europe, followed by Asia, with significant numbers from every region of the world. Around 150,600 migrant workers registered for a National Insurance number in the year 2000/2001 (Robinson, ■ 2002). The single largest group (about 1/3 of the total) was from the European Union, the next largest from Asia and the Middle East, followed by Africa and Australasia/Oceania, the latter largely Australian. The Americas and “Other European” accounted for just over 10,000 each.

6.2.3 Glover et al (■ 2001) note, based on Eurostat data, that “The pattern of sources is noticeably different from the rest of the EU” and also “differs from the stock of migrants living in the UK” (p 30).

6.2.4 Half of the 2000/2001 migrant workers were women (Robinson, ■ 2002) and they are younger than the population as a whole (over 80% under 35, compared with 42% of the UK working age population). EU migrants were disproportionately likely to be young (ibid).

6.2.5 One of the polarisations identified by Glover et al, on the basis of LFS data, is on the dimension of education and skill levels, with higher representations of both highly educated and relatively unskilled groups, reflecting to some extent the functioning of the immigration system. Those allowed into the UK on work permits and as students are likely to be relatively highly educated, those entering through other routes tending to have a more diverse range of skills with qualifications not always recognised in the UK. The polarisation between high and low-skilled migration appears to be European-wide rather than UK-specific.

6.2.6 The authors note that many asylum seekers and illegal immigrants will not show in the figures quoted, but other research (Home Office, ■ 1995) shows them also to be very heterogeneous, with a significant proportion of professionals.

6.2.7 Migrants are increasingly concentrated in London. Over half of all migrants live in London and the South-East, and more than two-thirds of new

migrants are settling there. Within London the “polarisation” phenomenon means that migrants are concentrated in areas of both relative prosperity and relative deprivation. More generally, migrants tend to gravitate to areas where housing is relatively cheap (and available) and where there are already people from the same country (Glover et al, ■ *ibid*, p 39).

6.3 *Labour market outcomes*

6.3.1 Glover et al note that “Migrants have mixed success in the labour market: some...are very successful, but others are unemployed or inactive.” (■ *ibid*, p 31). “Education and English language fluency are key determinants of labour market success and interact in complex ways.” (*ibid*, p 31). The authors quote research studies that show that employment rates for ethnic minority migrants are 20-25 percentage points higher when they are fluent in English (Shields & Wheatley Price, ■ 1999; Dustmann and Fabbri, ■ 2000). Migrants are more likely to be unemployed, and much more likely to be inactive, but there is considerable heterogeneity among migrant groups. For those who are in work, there are considerable variations in earnings, but again migrants tend to be over-represented at the extremes. As with employment rates, language fluency enhances earnings for ethnic minority migrants.

6.3.2 Migrants appear to perform well in the UK labour market compared to other EU countries, with a much lower ratio of migrant: native unemployment rates than other countries (although the authors note the need for caution in making cross-country comparisons, given data problems).

6.3.3 Looking at the question of return on education for migrants and others, Glover et al (■ 2001) suggest that studies showing migrants to receive lower returns per year of education and that education abroad is valued less than in the UK may reflect not only the effect of English language fluency but also lower levels of recognition for foreign qualifications, and possibly discrimination.

6.4 *Asylum seekers and Refugees*

6.4.1 Supply-side barriers and difficulties (particularly discrimination) are most marked for asylum seekers and refugees. The barriers were summarised by the Audit Commission (■ 2000) who conceptualised cumulative barriers as follows: language barriers (many arrivals speaking little or no English); status (asylum seekers not entitled to work for 6 months); paperwork; gender (only primary asylum applicants allowed to work, excluding many women from the workplace); National Insurance numbers (asylum seekers may have problems obtaining them); re-accreditation (where overseas qualifications not recognised); work experience (lack of, and hence of UK references) and racial discrimination. (The reference to asylum seekers not being entitled to work for 6 months is based on the situation at the time. Asylum-seekers are now not permitted to work until refugee status or exceptional leave to remain is granted.)

7 Explanatory factors

7.1 Introduction

7.1.1 This section returns to the evidence cited in Section 5, concerning the labour market position of ethnic minorities, and considers a range of factors that bear on labour market disadvantage.

7.1.2 As in the ■ PIU report, the factors are grouped into Demand and Supply factors, considered in turn, after which the question of any “residual” (unexplained) disadvantage is considered, together with possible explanations, including discrimination.

7.2 Demand factors

7.2.1 Demand factors are those that affect the amount and type of labour required by employers.

7.2.2 Demand for ethnic minority labour is clearly affected by the demand for labour generally in the areas where ethnic minorities live. The PIU report cites statistical analysis of a range of datasets, carried out by the Project team, which leads them to conclude that there are relatively low levels of business activity in areas where ethnic minorities have clustered. In addition, those companies that do exist tend to be relatively small, although the areas actually have lower than average numbers of small businesses per capita, “reinforcing the message that the primary problem is a lack of employers.” However, small businesses are likely to lead to limited progression options.

7.2.3 The low levels of business activity are often a result of industrial restructuring, as some industries decline and others grow. Such changes can have an impact on labour markets regionally and locally, with jobs lost in one sector in one area being replaced by jobs in a different sector and a different area. The PIU report cites Turok and Edge’s (■ 1999) study, which shows that manufacturing jobs to have declined everywhere, but most in the cities, while service jobs have expanded everywhere, but much more slowly in the cities. Thus the net loss or gain is to the disadvantage of the cities, where ethnic minorities are highly disproportionately concentrated.

7.2.4 The ■ PIU report also notes that for a variety of reasons, including housing quality, ethnic minorities may be less able to move, and therefore less able to adapt to changing geographical job patterns. (This is a separate phenomenon from that of the “White flight” of white people out of an area simply because of growing ethnic minority settlement, a phenomenon that may be followed by jobs being relocated out of the resulting areas of high ethnic minority concentration.)

7.2.5 The characteristics of ethnic minority businesses and business communities may contribute to the low labour demand in areas with a high ethnic minority presence. Ethnic minority businesses tend to be small, or very small, and often struggling to overcome a lack of start-up and other necessary finance, as well as lack of information. They are also clustered in industries where they face tough new competition, making the priorities survival and profitability, rather than expansion. The PIU report suggests that cultural expectations may limit expansion, particularly in Asian communities where the expectation may be that businesses need to expand no further than is necessary to provide a secure family income.

7.2.6 The PIU’s Policy Action Team report provides evidence that business survival rates in deprived areas are notably lower than in more prosperous ones, and the PIU report concludes that the problems listed above do indeed have a measurable impact businesses in areas of ethnic minority concentration. Small businesses serving a local community (or a local business community) are also likely to be affected by the relative wealth or poverty of their actual or potential customers/clients.

7.2.7 Ethnic minorities are clustered in areas with poor infrastructures, and as the PIU report notes “Bad transport, or simply dangerous and dirty streets, are not conditions that are likely to attract businesses, consequently suppressing demand for labour.”

7.3 *Supply factors*

7.3.1 Factors affecting the supply side of ethnic minority employment prospects include internal “human capital” elements, and external factors such as transport and housing.

7.3.2 The key element of human capital is skill levels – education, skills, and language fluency. These are shaped by a range of factors, some of which are considered in greater depth in the Raxen 3 Education study. However, since education is as the PIU report points out “the primary component of human capital” and hence a major determinant of access to employment opportunities, it is necessary to summarise here the differences in educational attainment that contribute to employment differences.

7.3.3 The PIU report records some wide disparities in educational attainments across ethnic groups. At the basic school-leaver qualification (GCSE) level, while some groups (Bangladeshi, black and Pakistani pupils) perform more poorly than whites, others (Chinese and Indian pupils) are performing better. But there has been an upward trend for all ethnic groups in the proportions gaining five or more GCSEs (grade A* - C). However, there are gender differences for all ethnic groups: in particular for the black Caribbeans, over 10 per cent more girls than boys are attaining at this level. So the apparent convergence over time of white and Caribbean results is not true for boys.

A particular related concern is the substantial over-representation of black Caribbean boys among those excluded from school, something that is likely to have a major long-term impact on educational attainment and hence employment prospects. (See, for example, ■ report of the Social Exclusion Unit’s Schools Plus Policy Action Team 11). This issue will be considered in detail in the Education report.

7.3.4 Ethnic minority pupils are more likely (85%) than white pupils (67%) to stay in school after 16, with significant variations between groups. There are also gender variations, with women from some (black and Chinese) groups more likely to stay on than men, and men from other (Indian sub-continent) groups more likely to do so.

7.3.5 High staying on rates are seen by the PIU report as delivering several possible messages: that some groups have higher educational expectations and greater ability to fulfil them than others; that high youth unemployment rates mean some groups stay on to mitigate the unemployment risk; that unknown factors encourage divergence relative to whites, representing a “forking of paths” for some minority groups (with some members performing

poorly at GCSE, others moving into higher education) or that some students stay on in order to overcome racist stereotypes.

7.3.6 The PIU report notes that second generation ethnic minorities have better educational outcomes than their parents. While first-generation members of ethnic minorities had substantially poorer qualifications than British-born whites in the same birth cohorts, ethnic minorities born in Britain have substantially caught up with the British –born whites, and in the case of post-compulsory education Indian and Pakistani men and women have overtaken their white counterparts. However, there are still some concerns. Second-generation black Caribbeans have overtaken their parents in the proportions obtaining degrees but have not closed the gap on other groups. And second-generation Pakistanis, although they have higher than white participation at degree level education, lead the tables for those with no qualifications, again representing a “forking” of experience. Ethnic minorities were found (Berthoud, ■ 1999) to have to stay on longer than whites to obtain the same qualifications.

7.3.7 Black undergraduates are disproportionately likely to be mature students. A higher proportion of ethnic minority (except Chinese and Asian Other) students are to be found at the “new” post-1992 universities (ie former polytechnics). In part, this seems to result from bias against ethnic minority applicants (Shiner and Modood, ■ 2002). Because employers tend to favour the “old” universities, often concentrating their recruitment activities at these, ethnic minority under-representation in these institutions puts them at a disadvantage in the graduate labour market.

7.3.8 Ethnic minorities emerge from universities with a lower likelihood of obtaining the higher classes of degree, despite the high prior achievement at GCSE of some groups (Owen et al, ■ 2000). This will again put ethnic minority graduates at a disadvantage among those many graduate employers who either require or prefer higher class degrees.

7.3.9 Education and experience acquired overseas are not as highly valued by employers as are those acquired domestically (Freidberg, ■ 2000), contributing to the disadvantage experienced by first-generation ethnic minorities.

7.3.10 Related to the issue of education is that of skills, and ethnic minorities are more likely than others to lack skills in important areas, with significant differences between groups, such that 24 per cent of Bangladeshis hold no qualifications, as against 8% of Black Africans. Only 28% of Bangladeshis and 39% of Pakistanis are qualified to National Vocational Qualification (NVQ) level 3 or above or equivalent, compared to more than 50% of whites. “In short” notes the PIU report “lack of skills in the workplace is likely to be a significant supply side barrier”.

7.3.11 Proficiency in English is also linked to success in the labour market. Among young people from ethnic minority groups, fluency levels are very high, such that lack of language fluency is not likely to be a factor in explaining unemployment rates. Low rates of language fluency among Pakistani and Bangladeshi women between 25 and 64 are accompanied by high unemployment rates in these groups, but many other factors also bear on these groups, making the link suggestive rather than firm.

7.3.12 Social class factors also come into play, and there are major differences in the class origins of different ethnic groups, affecting labour

market prospects in complex ways. Different processes of inclusion and exclusion operate in different areas of the labour market. In competing for jobs in the salariat, where qualifications are of primary importance, highly qualified Chinese are relatively successful, but they are not nearly as successful within the manual labour market, with similar patterns applying to the Indian population. For Black Caribbeans and Pakistanis, the picture is reversed. They are more disadvantaged in entering the salariat, but not as much in the manual labour market.

7.3.13 The effect of religious factors is hard to gauge, since, although there are differences in labour market outcomes according to religion, religious differences go hand in hand with others that also affect labour market outcomes, making it hard to assess the impact of religion per se. Cultural factors may have a particular bearing on the prospects of Asian women. Voluntary organisations and other service providers contacted by the PIU project team reported difficulties in reaching Asian women, and attributed these to cultural practices and expectations. They reported that Asian women could or would not come to classes or sessions not run by an Asian female, and often had to obtain permission from other family members.

7.3.14 “Social capital” is a further explanatory variable considered by the PIU team. “Bridging social capital” refers to network links with the wider society, and could be of importance in the process of job search. Individuals may also be affected by the community’s total stock of “human capital” as well as their own individual human capital. Groups with high levels of intra-group interaction and low levels of inter-group interaction and of human capital may be disadvantaged, since they will not have access to a wider pool of human capital within their own group or the wider community.

7.3.15 Particular family patterns may also present problems but patterns are complex and causal links hard to establish. However, availability of childcare is clearly linked to parents’ access to employment. Those ethnic groups, such as Asians, more likely to have children, and to have a large number of children will be most affected. There are fewer childcare places per 100 children in disadvantaged areas, and ethnic minorities are disproportionately concentrated in such areas.

7.3.16 Health issues may also affect the ability to work of people from ethnic minority communities. While health variations linked to socio-economic status are arguably a consequence rather than a cause of labour market disadvantage, the two inequalities are likely to feed each other in the vicious circle of overall deprivation.

7.3.17 Poor housing may contribute to poor health, as well as acting as a disincentive to business. Housing quality also contributes to mobility, and the opportunity to move to where employment may be more available. Patterns of housing ownership and rental differ between ethnic groups. Some groups are disproportionately likely to be owner-occupiers, but the condition of many homes is such that they may be hard to sell at a price that makes moving a viable option. Other groups are over-represented in the social rather than private rented sector, and there has been evidence of discrimination in the allocation of housing within the social sector.

7.3.18 Patterns of transport usage may also explain some labour market discrepancies, with ethnic minorities more dependant on public transport for commuting journeys and variations in car ownership rates. Changes (for good

or ill) in public transport provision will disproportionately impact on ethnic minorities. The PIU report notes that “By looking at the data on housing tenures, housing patterns and transport trends, we can see that there are on average more barriers to physical mobility than for whites”, matching evidence to suggest that ethnic minorities are more geographically restrictive in their job-seeking activities (Thomas, ■ 1998). Transport difficulties are likely to be compounded by the fact that ethnic minorities tend not to be located near to places of employment, particularly as new businesses choose to set up out of town and in peripheral areas with easy access to major roads (■ DETR study).

7.3.19 Poor access to financial services, and over-representation in the prison population (with criminal convictions a bar to most jobs) are also cited in the PIU report as contributing to depressed employment prospects for ethnic minorities.

7.4 *Unexplained differences – the “ethnic penalty”*

7.4.1 A key question is whether, after controlling for the major factors affecting employment prospects, there still remains a disadvantaged that is not explained by the other factors. Multivariate regression analysis enables this question to be examined. Such analysis can deal only with the variables that are fed in, and cannot identify causality. If a variable that is not included has a significant impact on one that is, the one that is included is the one that will be identified as relevant, even though it may have little or no independent impact in its own right. Given the range of possible influences on employment outcomes that have already been cited, there is clearly a wide range of variables that could be analysed, but to include all would be almost impossible in practical terms, and would in any case show many variables to be hard to separate because of their high correlation with one another.

7.4.2 However, an analysis that takes account of the main variables contributing to labour market outcomes, and that also includes ethnicity, should make it possible to make a judgment as to whether ethnicity itself is a variable operating independently of the others. It can also make it possible to gauge the relative impact of the different independent variables on the “dependent” variable (employment outcome) and whether different variables have different influences on different ethnic groups.

7.4.3 The PIU report cites multivariate analyses carried out by Carmichael and Woods (■ 2000), Leslie et al (■ 1998), and Berthoud (■ 2000). These studies used LFS data and controlled for key factors (with some omissions that might introduce bias or weaken the analysis). Space does not permit a detailed account of the findings. In summary, after variables such as age, migration, educational qualifications, economic environment, family structure and geographical variations, have been taken into account, differences in earnings, occupational attainment and unemployment rates persist, sometimes at a high level. The findings of the Carmichael and Woods study were dramatically quoted by the Home Secretary earlier this year, as follows: “Taking age, educational qualifications and geography into account, a Black male has only a third of the chance of a white male of being in a professional job. An Indian male has three-fifths of the chance, and a Pakistani or Bangladeshi male about half the chance.” (speech to the Social Market Foundation, 25 June 2002).

7.4.4 Accepting, as the PIU study points out, that some relevant variables (for example, language fluency, business opportunities in area of residence,

housing quality and others discussed earlier) have not been included in the multivariate analyses, they do present evidence to suggest that the more obvious explanatory factors do not account for the full extent of ethnic minority labour market disadvantage. A more recent study confined to UK graduates also finds that while background characteristics (such as subjects studied, HE entry qualifications) explain much labour market disadvantage, “socio-economic background, age and ethnic background have an effect on employment even when the other factors are controlled for.” (Centre for Higher Education Research and Information, ■ 2002).

7.4.5 There can be little doubt that part of the explanation for ethnic differences that remain after key variables have been accounted for must lie in racial discrimination. The evidence of discrimination is considered below:

7.5 Evidence of racial discrimination

7.5.1 Wrench and Modood (■ 2000) suggest that there are five main sources of evidence of discrimination. The first is statistical evidence (of the kind considered in Section 5), which provides evidence of differences, but only indirect evidence of discrimination. The second is discrimination testing, whereby the outcomes for matched applicants, whether real or fictitious, to the same employer, are compared. The third is research into the activities of “gatekeepers” (those in a position to exclude job-seekers); the fourth relates to the self-described experiences of ethnic minority people in the labour market or workplace; and the fifth is action taken by aggrieved employees, complaints and claims of racial discrimination in employment. The PIU report cites a similar spectrum of evidence, including an additional source of public opinion surveys.

a) Discrimination testing

7.5.2 Testing for racial discrimination in the UK has a history going back several decades. Earlier studies include those carried out by the Policy Studies Institute (Daniel, ■ 1968, Brown & Gay ■ 1985) and the ▲ CRE’s “Half a Chance” (Hubbuck & Carter, ■ 1980). More recent studies have been carried out by Noon (■ 1993) and Hoque & Noon (■ 1998), Esmail and Everington (■ 1993) and the CRE (■ 1996). These studies have covered a range of employment levels, including first-time jobseekers, MBA (Master of Business Administration, a prestigious post-graduate business qualification) graduates, and doctors, and have consistently shown unexplained differences in the treatment of whites and other groups (for example the proportions offered interviews following initial application). Studies have used either fictitious applicants, real people posing as job-seekers, or a mixture of the two.

7.5.3 Used properly, the method can provide convincing evidence of direct discrimination. The use of carefully constructed matched pairs (or larger groups) of fictitious applicants makes it possible to control for other factors that might be argued legitimately to have influenced shortlisters or selectors. Replication of identical studies over time may help to establish whether organisational or other changes have resulted in improvements, (although changing economic factors will also have an impact).

7.5.4 Wrench & Modood cite criticisms based either on the validity of the method (eg Heckman ■ 1998) or ethical considerations. The main ethical consideration has related to the use of deception and the wasting of the time and resources of organisations being tested. The effect on participants

(particularly “victims” of the discrimination exposed) is another ethical consideration identified by some of those running such studies, and may require further attention.

b) *Research into the activities of gatekeepers*

7.5.5 We are interpreting this category in its broadest sense to include all research and other enquiries or investigative activities that have exposed discrimination by employers. These include CRE investigations and enquiries which have highlighted direct discrimination in employment, as well as indirectly discriminatory practices such as word of mouth recruitment (CRE, ■ 1984) or the inappropriate use of psychometric tests (CRE, ■ 1996b). Research has also been carried out or sponsored by the CRE and a wide range of organisations, including academic institutions, policy ‘think-tanks’ such as the ▲ Policy Studies Institute and the ▲ Institute of Employment Studies, into employment issues and outcomes for different groups in relation to the full range of employment processes, including recruitment, selection, appraisal, promotion and disciplinary action.

7.5.6 Taken together, the investigations, enquiries and research comprise a substantial body of evidence, and have demonstrated, or been at least suggestive of, direct or indirect discrimination or discriminatory practices in a broad range of employment situations including the selection of apprentices (Lee & Wrench ■ 1983), the appointment of senior doctors (CRE, ■ 1996) and the compliance of employment agencies with discriminatory instructions by employers (CRE, ■ 1991, Thames Television, ■ 1990).

c) *Ethnic minority experiences*

7.5.7 The PIU report cites the results of the TUC’s ☀ hotline set up in June 2000 (TUC, ■ 2000) for workers to discuss racism in the workplace. Examples of the experiences discussed by ethnic minority workers included serious racial harassment and violence, blocked career progression, and lack of support from management in responding to instances of discrimination and harassment.

7.5.8 Wrench & Modood (■ 2000) note that ethnic minorities may perceive discrimination where it does not exist, and fail to perceive it where it does (Smith, ■ 1977), since discrimination can operate invisibly. They quote evidence of ethnic minority experiences, expectations and fears of discrimination from a range of studies, all of which suggest that many ethnic minorities have had personal experience of fairly obvious discrimination, as well as taking action to avoid it by restricting the areas in which they would be prepared to live or work.

d) *Complaints and employment tribunal cases of employment discrimination*

7.5.9 The CRE (■ 2002b), the Employment Tribunal Service (■ 2001) and ACAS (■ 2002) all produce data about complaints of racial discrimination in their annual reports. None paints a complete picture, and even taken together, they cannot represent the full range of complaints and grievances pursued by those who believe that they may have been the victim of discrimination in employment. Nor does this range give an indication of the true rate of the occurrence of such discrimination.

7.5.10 The CRE reports a total of 735 formal applications for assistance in employment cases in 2001, a drop from 1003 the previous year, probably

largely accounted for by the introduction of a complaints helpline in London, offering preliminary advice and reducing the number of applications that are outside the scope of the Act.

7.5.11 Of all the employment cases received by ACAS in 2001/02, 3,825 out of a total of 165,093 related to racial discrimination. The figures for the 2000/2001 and 1999/2000 were 4153 and 3922 respectively. 1,455 of the 3,697 cases completed in 2001/02 cases were settled, 1,253 withdrawn, and 989 went to Tribunal. The Employment Tribunal Service reports 3,183 cases whose main jurisdiction was the Race Relations Act in 2001/2, compared to 3,429 and 3,246 in 2000/1 and 1999/2000. Four per cent of cases disposed of in 2000/2001 were successful in tribunal, the lowest percentage figure except for sex discrimination and disability discrimination cases, the average for all cases being 12%. But 36% were the subject of conciliated settlements, about the average for all cases. 34% of cases were withdrawn (average 32%), 2% dismissed at hearing (average 2%) and 6% “otherwise disposed of” (average 11%). The maximum compensation awarded was £66,086, the median £5263.

7.5.12 Although the success rate of employment cases is low, the figure for settled cases also needs to be considered. While employers frequently include a statement in settlements to the effect that they do not accept liability and deny that any discrimination has taken place, it seems unlikely that many will settle with complainants whose complaints they believe to lack any merit. Lack of success in Tribunal may represent an imbalance between the resources available to employers and individuals rather than the relative merits of their cases, as well as reflecting the difficulty of proving discrimination.

7.5.13 In addition, there are likely to be many instances of discrimination of which the victim is unaware (for example in non-selection) or may do little more than suspect, or which s/he chooses not to pursue in the interests of retaining employment with the employer, or employability within a sector, or because of the emotional and financial risks associated with taking discrimination cases.

7.5.14 Some of the cases heard by Tribunals and reported in the CRE’s annual reports and elsewhere continue to provide evidence of the most blatant and unpleasant discrimination in the workplace, probably at the extreme end of a distribution likely to include much larger numbers of lower level discrimination.

7.5.15 It is also important to note that trends in complaints of discrimination will not always represent parallel trends in levels of discrimination. Increased rates of complaining may represent increased awareness of the issue, changing perceptions of the climate of opinion, and of organisational attitudes to discrimination complaints, changing expectations of their employment rights and a reduced willingness across generations to settle for under-employment and discrimination (Modood et al, ■ 1997).

e) Attitude survey evidence

7.5.16 While racist attitudes will not always translate into discriminatory behaviour, attitude surveys are likely to indicate at least the disposition to behave in a discriminatory way. The ■ PIU report cites findings from a range of public opinion surveys, and notes that “according to a range of pollsters, the UK still possesses a significant proportion of people who express intolerant attitudes to migrants and ethnic minorities.”

7.5.17 With evidence that the majority of those surveyed expressed views that “there are too many [Blacks and Asians] in Britain” (with significant variations according to factors such as education levels, age and economic circumstances), and that the substantial “tolerant” minority is just that – a minority, it seems highly unlikely that some of the negative sentiments will not find expression in acts of employment discrimination or harassment at work, where the opportunity for this arises, and the risks of legal or other sanctions are not judged to be too high.

8 Interventions to improve ethnic minority labour market prospects

8.1 Introduction

8.1.1 The evidence considered above shows that both disadvantage and discrimination contribute to the reduced labour market prospects of most ethnic minorities relative to whites. Different types of intervention attempt to address these two causal factors. In respect of discrimination the main interventions are legal and other measures designed to make employers prevent discrimination in their organisations, whereas the addressing of disadvantage involves attempts to remedy the demand and supply side barriers described in Sections 7.2 and 7.3, as well as overall programmes to address unemployment.

8.1.2 In this report, consideration of initiatives to remedy disadvantage is based largely on the ■ PIU report. In looking at action to prevent discrimination, this report draws mainly on reports by Hepple et al (■ 2000) and Wrench and Modood (■ 2000), as well as some sections of the PIU report.

8.1.3 The two types of intervention relate to overall labour market objectives and policies. Rationales for interventions may be based on economic efficiency or equity, or both. Both considerations underpin the Government's central economic objective which, as quoted in the PIU report, is "to raise the economy's sustainable rate of growth, and achieve rising prosperity through creating economic and employment opportunities for all" ([HM Treasury Budget](#), March 2001, Appendix A). Complementary objectives are pursued by different government departments, including "building a safe, just and tolerant society" that promotes racial harmony and equal opportunities ([Home Office mission statement](#)); and "helping to build a competitive and inclusive society by creating opportunities for everyone to develop their learning, releasing potential in people to make the most of themselves and achieving excellence in standards of education and levels of skills" ([Department for Education and Skills](#)).

8.2 Interventions to deal with disadvantage

a) "Welfare to Work"

8.2.1 ☀ "Welfare to work" (this refers to moving people away from dependency on state benefits and into employment) is described by the PIU report (p 132) as being "at the heart of Government employment strategy". The report describes five main initiatives: the ☀ New Deal; ☀ Employment Zones; ☀ Intermediate Labour Markets; ☀ Action Teams for Jobs and ☀ Jobcentre Plus.

8.2.2 The ☀ New Deal comprises a range of programmes targeted at different groups, including young people, 25+, lone parents and the over 50s. The programmes offer a structured Gateway period, offering advice, support and help, followed by a range of options including access to training and subsidised employment. For those unable to find work a follow-through period provides more intensive help.

8.2.3 While one in six long-term unemployed people who have been through the programme have found work, the latest data quoted by the PIU (to August 2001) show the ratio of jobs found by ethnic minority participants to their white peers is 0.76, with a higher proportion of ethnic minorities moving into higher education and training despite being better qualified. The proportion of ethnic minority starts varies from programme to programme, with the ☀ New Deal for Young People having the highest proportion.

8.2.4 Proportions leaving the Gateway for an unknown destination was higher for all ethnic minority groups than for whites. Bangladeshis, Indians and Chinese had higher proportions than whites leaving the programme to go into unsubsidised employment, but black groups had much lower proportions. The PIU report notes that it is known that in the New Deal for Young People, it takes more referrals to employers to move ethnic minorities into work, and, among those entering options, they are under-represented on the employer option and over-represented in full-time education and training. Much of the disparity appears to result from the fact that ethnic minorities tend to live in more deprived areas where job outcomes are lower for everyone and are less likely to report their destinations.

8.2.5 The Government has started ethnic monitoring of outcomes in labour market programmes and set targets for all the programmes to achieve equality by the end of the current parliament. A ▲ New Deal Innovation fund has been set up for programmes focused on ethnic minorities.

8.2.6 Fifteen ☀ Employment Zones have been established in areas suffering from high levels of long-term unemployment. The aim is to help people get and keep work, and there is maximum flexibility in helping people move back into work with programmes tailored to individual needs. Approximately 50% of participants go into employment as a result, but “there is little data on the success rates of ethnic minority participants” (■ PIU, p135).

8.2.7 The same is true of the ☀ Intermediate Labour Market, which combines waged employment in temporary jobs, the production of goods/services benefiting the local community, and training, development and job search support for participants.

8.2.8 ☀ Action Teams for Jobs aims to deal with inequalities resulting from structural barriers that prevent markets from adapting to changes in skills and locations. Some have a specific focus on ethnic minority communities. The Teams work from outreach sites and seek to improve the employability of disadvantaged people by working closely with employers, using funding to overcome barriers such as transport deficiencies, and working with voluntary and community organisations.

8.2.9 A new service ☀ Jobcentre Plus is specifically designed to reduce the 17% gap in overall and ethnic minority employment rates (see paragraph 5.4.3). In July 2002 it was announced that 52 contracts had been agreed with local organisations “to proactively engage with jobless people in the five urban areas that are home to three quarters of Britain’s ethnic minority people”. The projects are intended to work by attracting people to mainstream services like New Deal, improving links between communities and employers, or providing specialist training. £15 million has been made available for the scheme. ([Department for Work and Pensions](#) Press release 4.7.02).

8.2.10 The ▲ European Social Fund’s ☼ Equal initiative is being taken forward across the UK, in both Great Britain and Northern Ireland. In Great Britain it is being implemented in 8 out of the 9 thematic areas, and race equality is a thread running through all the themes. There are 9 development partnerships under theme B within the Employability pillar, which is concerned with combating racism and xenophobia in the labour market and promoting opportunities for ethnic minorities in the world of work, and a further three concerned with asylum seekers. In Northern Ireland the initiative is being taken forward in three thematic areas, including theme A, i.e. those who are disadvantaged in the labour market, and Theme AS concerned with asylum seekers. Further information on Equal in Great Britain is available on <http://www.equal.ecotec.co.uk>.

b) Making Work Pay

8.2.11 A number of policies are designed to make work a more attractive proposition in relation to the alternatives, by increasing the financial returns to work. Three key measures are the ☼ [National Minimum Wage](#) (NMW), the ☼ [Working Families’ Tax Credit](#) (WFTC) and the ☼ [Employment Credit – New Deal 50 plus](#) (ECND50+). The first two were introduced in 1999, the third in 2000. In addition the ☼ [Jobseeker’s Allowance](#) is designed to ease the transition into work.

8.2.12 The PIU report cites concerns by the ▲ [Low Pay Commission](#) and others that ethnic minority workers were frequently unaware of the NMW, and over-represented among those paid below minimum rates, with Pakistani/Bangladeshi workers particularly over-represented. However, the report also cites LFS data for 1998 and 2000 as showing that the NMW has helped to close the gap in white and ethnic minority earnings, with earnings for the lowest ten per cent of the two groups £3.77 and £3.70 in 1998, but £4 each in 2000.

8.2.13 Administrative information about the uptake of WFTC by ethnicity does not exist, and WFTC administrative data do not include ethnicity of claimants or partners. However other studies are cited in the PIU report to show that ethnic minorities are disproportionately represented in the WFTC population.

8.2.14 There is limited evaluative material available about ECND40+, but it is known (DWP figures) that only 3% of ND50+ starts were ethnic minorities. As for Jobseekers’ Allowance, fewer claimants of ethnic minority backgrounds were aware of the legalities about claiming benefits whilst participating in other activities, and fewer ethnic minorities realised that they could claim benefit and still do some paid work or part-time studying.

c) Stimulating business activity

8.2.15 As already discussed, ethnic minorities tend to be clustered in areas of limited business activity. To overcome barriers to enterprise in communities, the Government set up the ☼ [Small Business Service](#) (SBS) in April 2000. The SBS has set up a national network offering access to business advice through 45 local “Business Links”. In addition the [Phoenix Fund](#) launched in November 1999 provides a fund (£96 million in 2000 Spending Review) to encourage entrepreneurship in disadvantaged areas. It includes a Development Fund, to promote innovative ways of supporting enterprise, a Challenge Fund and Loan Guarantees to help resource local Community

Finance Initiatives, and a national network of volunteer mentors for pre- and early stage start-ups.

8.2.16 Business Links reached only 7.1% of businesses in England between April and September 2001 (■ Business Links Management Information). The assistance provided to ethnic minority owned businesses is even lower. The research study described in paragraph 8.2.19 also found that ethnic minority businesses (EMBs), except Afro-Caribbean ones, were less likely to seek advice at start-up from Business Links, and that overall EMBs had shown a lower propensity to use the services of Business Link or an enterprise agency since start-up.

8.2.17 ☀ [Regional Development Agencies](#) (RDAs) have been established to co-ordinate regional economic development, and reduce imbalances within and between regions. They are expected to assess how their work will affect different groups and to ensure that they are taken into account throughout the development, implementation and evaluation of policy.

8.2.18 ☀ Business incubators can help ensure successful start-ups in deprived areas, by providing an instructive and supportive environment, but in the UK there are few aimed at supporting disadvantaged communities and they may face considerable funding difficulties.

8.2.19 In 2000 a ☀ large-scale project was launched to investigate access to financing and business support by ethnic minority businesses in the UK. The project was commissioned by the British Bankers Association, the Department of Trade and Industry and the Bank of England with support from the CRE. The ■ [report](#), published in September 2002, contains recommendations for a range of private and public sector organisations, to help ensure that EMB needs for finance and advice are effectively met.

8.2.20 [Changes to the Small Firms Loan Guarantee Scheme](#) have since been announced, in the [Pre Budget Report](#) of 27 November 2002. The Trade and Industry Secretary noted that: "The changes will mean even more small businesses can benefit from the scheme, making a real difference to those that find it difficult to obtain bank finance. The move will especially help businesses within ethnic minority groups, who tend to operate many business in the new participating sectors." ([SBS press release 27.11.02](#))

8.2.21 A major project has been funded under the [ESF Equal initiative in Great Britain](#) to look at how assistance to ethnic minority businesses can be improved and access increased.

8.2.22 Research (Ram et al, ■ 2002) sponsored by the Small Business Service concluded that US-style affirmative action in this area could be highly problematic to implement (even setting aside legal difficulties), but the researchers identified a range of actions that could facilitate EMB access to contracting opportunities. Forthcoming guidance by the CRE for public authorities about their procurement functions will consider the extent to which procurement arrangements can be used to promote contractor diversity, and increase working with EMBs. This could be through public authorities reviewing the size of their contracts and possibilities for simplifying the contractual process, and also offering training and capacity building to SMEs (small and medium enterprises) and EMBs. Part of the guide will also address

potential contractors of all kinds, including EMBs and explaining what is necessary to get contracts with public authorities.

d) Community regeneration

8.2.23 The Social Exclusion Unit's 1998 report on ■ [Bringing Britain Together](#) made the point that past initiatives had ignored the needs of many disadvantaged communities, and that problems of poor neighbourhoods disproportionately affected ethnic minorities because of their disproportionate concentration in such areas. The subsequent ■ [Neighbourhood Renewal National Strategy Action Plan](#) (January 2001) led to the setting up of the ▲ [Neighbourhood Renewal Unit](#) in April 2001. Its main responsibilities are to oversee and support government departments in fulfilling their commitments to the national strategy, and to administer significant funding programmes to kick-start the process. These include: funds to support intensive 10 year regeneration strategies in 39 neighbourhoods; extra resources for 88 local authorities; a programme to provide funding for small scale projects direct to communities; and a community empowerment fund. The Unit is also responsible for overseeing (with Government Office Renewal Teams) the development of a "bottom-up" approach, engaging the community through Local Strategic Partnerships, bringing together all public, private and voluntary service providers with the local community and business sectors to draw up a joint strategy for their area.

8.2.24 The ■ National Strategy Action Plan gives a clear commitment that the strategy will benefit ethnic minorities and identified steps to mainstream race equality issues throughout NRU policy.

8.2.25 The ■ PIU report notes that given the recency of the reform and development of regeneration policies, it is too early to assess their impact on final outcomes. But they quote from a report that argues that recent developments point towards a more promising context for race equality., including "a recognition at last that successful regeneration is a long-term venture.. not subject to the 'quick fixes' of the past." (Beazley and Loftman, ■ 2001, p11).

8.2.26 Looking at the extent to which ethnic minorities have benefited from past initiatives, the PIU report again draws on Beazley and Loftman (■ 2001) to conclude that despite a small increase in the number of successful Single Regeneration Budget (SRB) partnership bids, these have been small-scale in relation to the magnitude of the problems experience by ethnic minority communities; that the SRB process has been too complex and not conducive to ethnic minority group involvement; and that little effective support or guidance has been available from Government Offices for the Regions.

8.2.27 The importance of appropriate levels of resources are stressed by the PIU team, who note that the current structuring of public sector mainstream programmes results in compensation of residents in deprived neighbourhoods rather than the provision of new opportunities to lift them out of social exclusion. The Home Office (December 2001) report into the disorders in northern towns during 2001 reported regeneration funds to be a source of tension between communities, setting local communities in competition with one another (Home Office, ■ 2001). The report identifies the need for work to help communities resolve conflicts, to build strong and representative civic leadership, tackle inequalities in the standards of services and resources received by different groups.

8.2.28 The ▲ Home Office Community Cohesion Unit was established in April 2002 to co-ordinate policy across Government and to mainstream community cohesion. According to the Local Government Association “guidance on community cohesion”, “..a cohesive community is one where:

- *There is a common vision and a sense of belonging for all communities;*
- *The diversity of people’s different backgrounds and circumstances are appreciated and positively valued;*
- *Those from different backgrounds have similar life opportunities;and*
- *Strong and positive relationships are being developed between people from different backgrounds in the workplace, in schools and within neighbourhoods.”*

8.2.29 In October it announced that all local authorities in England and Wales would be able to bid for a slice of its £6 million [Pathfinders Programme fund](#) and successful pilot areas will be announced in January 2003.

e) Increasing human capital

8.2.30 As noted earlier, human capital is a key determinant of labour market outcomes. As well as policies, such as literacy and numeracy hours, smaller class sizes and the Education Maintenance Allowance, to raise overall levels of educational attainment, there are also measures targeted specifically at increasing attainment among ethnic minority communities. These are the £450 million ☀ [Ethnic Minority Achievement Grant](#) (EMAG), which aims to raise attainment for underachieving pupils from ethnic minority backgrounds, and the ☀ Ethnic Minority and Traveller Achievement Grant (EMTAG) to help raise standards of ethnic minority and traveller pupils at risk of underachieving.

8.2.31 Research on EMAG is primarily a process evaluation, with no hard evidence on impact. Local Education Authorities that apply for funding do not have data on ethnic minority attainment in year 11 and almost a third did not have ethnic origin data on GCSE attainment.

8.2.32 99 Education Action Zones had been introduced by early 2001 with a further 82 smaller ones due to come on stream by autumn 2001. Zones are run by an Action forum, including a project director. Those who apply for funds must show how they will raise standards and must identify demanding targets. The underlying principles are that more needs to be done to ensure pupils in the most deprived areas have a chance to succeed and that the school system has a capacity for change and innovation.

8.2.33 Excellence in Cities is an initiative targeted at the educational problems of inner city areas. The initial report does not cover ethnicity but subsequent ones will tap into the annual school census which is gathering ethnicity data on pupils.

8.2.34 Problems of English language fluency are addressed by ☀ ESOL (English as a Second Language) introduced as part of the national basic skills strategy for adults. Research has been commissioned to assess the programme’s impact on ethnic minorities.

8.2.35 There are also government programmes to increase skills levels. ☀ Education Maintenance Allowances are a pilot programme providing financial incentives for young people to stay on at school or college with additional bonuses for achievement and retention. An independent study of the first year

found a 5 percentage point rise in staying on in the pilot areas, and the scheme was expanded in September 2001.

8.2.36 The ☀ [Learning and Skills Council](#) was set up in 2001 to co-ordinate promote and plan all post-16 education below higher education, focusing on skills and employers' needs.

8.2.37 Other initiatives include the ☀ Adult and Community Learning Fund, the ☀ Union Learning Fund and ☀ Community Access to Lifelong Learning. Training is also imparted through ☀ New Deal programmes and ☀ [Work Based Training for Young people](#) and ☀ [Work Based Learning for Adults](#) (WBTYP and WBLA).

8.2.38 WBTYP comprises Foundation and Advanced Modern Apprenticeships and Other Training (OT). Analysis suggests that ethnic minorities fail to enter higher status programmes such as the Advanced Modern Apprenticeships in proportion to their representation overall. Outcomes are lower for ethnic minorities than for whites. Bangladeshi (37%), Black African (37%) and Pakistani (39%) young people on OT are much less likely to be in employment than their white counterparts (63%). Ethnic minorities on Modern Apprenticeships (70% of black, 73% of Asians) are more likely than those in OT to be in employment after training, but again less likely than their white counterparts (84%) (Pathak ■ 2000).

8.2.39 Ethnic minorities represent 18% of WBLA participants, and ethnic minorities are disproportionately found in Basic Employability (pre-vocational) training rather than Occupational Training. As with WBTYP, outcomes are lower for ethnic minorities than for whites. Asians are least likely to gain qualifications at the end of training (38% cf 44% white) and Black participants are least likely to be in a job after training (40% cf 44% white). (ibid).

8.2.40 There are also initiatives to remedy the under-recognition of overseas qualifications. The ▲ National Academic Recognition Information Centre for the UK provides advice and information on the comparability of British and international academic qualifications, entering the UK labour market, professional registration, and admission to undergraduate and post-graduate courses. The ☀ European Framework for Higher Education aims to promote readily comparable qualifications across European countries and it may be possible to have degrees from elsewhere assessed.

8.2.41 Other initiatives to help remedy disadvantage include: policies to increase the provision of childcare facilities particularly for those in poorer communities (the ☀ National Childcare Strategy, Sure Start); large scale projects to address housing problems (including a ☀ strategy to reduce work disincentives created by the Housing Benefit structure); ☀ policies to improve transport links for deprived areas; ☀ initiatives to tackle health inequalities as well as tackling particular health issues in particular communities; and ☀ policies to target financial exclusion.

f) the importance of outreach

8.2.42 The PIU report notes the finding of Social Exclusion Unit research to show that the take-up of several employment-and education-related services and programmes is low, and more needs to be done to reach those not currently participating in the labour market or labour market programmes. Key channels into programmes need to ensure that they reach out to disadvantaged groups. ☀ Connexions is a youth support service whose remit is to ensure participation

and achievement by ethnic minority groups and young people at risk. ☀ ONE is a service which aims to provide a single gateway to the benefits system for claimants of all benefits, and to provide advice through a personal adviser about job search and other assistance, with an emphasis on individual needs.

8.2.43 Location targeting is also important, and rationalisation of Jobcentres and similar services may make it less likely that services are provided from locations convenient to the ethnic minority population.

8.2.44 As already noted, Business Links have not effectively reached small businesses, ethnic minority ones even less so. Some Business Links have developed initiatives to target these businesses, but more could be done to improve communications, including greater use of ethnic minority media. The ☀ Ethnic Minority Business Initiative was launched in 1985 with the objective of supporting the establishment of five ethnic minority-led enterprise agencies, but there is no published research on its impact.

8.3 *Combating discrimination*

a) *Compulsion or Voluntarism?*

8.3.1 Mechanisms to induce employers to avoid discrimination include a mixture of law enforcement and persuasion, with some administrative action using the two in combination. Both aim to ensure that employers develop and implement effective race equality policies (either as such or within the context of a broader equality or diversity policy).

8.3.2 A popular element of the persuasion strategy is referred to as “the business case”, which argues both that diversity of itself improves organisational performance, and that equal opportunities generally make good business sense. As Wrench and Modood (■ 2000) note, the arguments appear to have been overstated, with the evidence about group diversity and group performance far from supporting a simple positive correlation between the two. They also note, as ● Rubenstein has pointed out, that if equal opportunities really did make good business sense then profit-maximising employers would have rushed to adopt policies years ago. It also seems that employers would be reluctant to win competitors over to the equal opportunities/diversity point of view if they really saw these elements as offering a strong competitive edge.

8.3.3 In reality, racial discrimination can be a perfectly rational economic strategy for an individual employer, if it lowers wages and reduces costs, although it may not be beneficial to the wider economy or to society as a whole. Wrench and Modood endorse Rubenstein’s conclusion that although equal opportunities is morally, socially and politically right, most employers will continue to discriminate until it costs them more to discriminate than not to discriminate.

8.3.4 Yet organisations appear to favour the “business benefit” approach (used extensively by ▲ Race for Opportunity and other business-based groupings), perhaps because it offers an “acceptable” justification for developing equal opportunities programmes. The CRE used the business argument as a key element of its standard for employers, as reflected in its title ■ “Race Equality Means Business”. The argument does appear to provide some common ground between persuaders and their targets, and a starting point for collaborative action to improve equality within the individual organisation and in others influenced by them. And the “business case” for diversity clearly

has some validity insofar as it relates to benefits such as improved management practices, wider pools of talent, and expanded markets.

8.3.5 Persuasion is of course much more likely to be effective if there is also a law enforcement option, and two key reports that look at the question of the balance between voluntarism and compulsion (Hepple et al, ■ 2000; Wrench & Modood, ■ 2000) both conclude that voluntarism alone will have no effect. Wrench and Modood (2000) write that “.. although the ‘voluntary’ measures described in Section 4 are important and are to be encouraged, they are unlikely to be adopted in any significant way without pressure from the legal and administrative measures described in Section 3.” Hepple et al (2000) note the failures of voluntarism in the past, and draw on their interviews with employers, who reported that without legislation there would have been little change, and that voluntary codes would be ineffective. They offer a “pyramid of enforcement”, adapted from Gunningham (■ 1998), with a broad base of voluntary compliance and moving up through increasing levels of sanctions.

8.3.6 It should also be noted that the legislation itself informs the business case, part of which is that discrimination cases can be costly in all sorts of ways. A significant additional cost of discrimination is involved when it could lead directly to a loss of business. Public procurement has been used as an effective tool by some countries, where potential contractors who are found to have persistently breached equality legislation are disqualified from the contractual process. The implementation of the § Race and § Employment directives will create a minimum standard of non-discrimination across Europe and mean that *every* member state can disqualify a contractor who persistently breaches such legislation from the contractual process. This will, however, be voluntary for the contracting authority.

8.3.7 In some countries equality legislation has been used more positively, by taking an organisation’s equal opportunities record into account when awarding public contracts. In the USA all parties to a contract over a set threshold must take affirmative action with regard to training and employment and large contractors must draw up an active programme to ensure under-represented groups can compete for subcontracts. Such contractors can be obliged to set quotas for the subcontracting business they do with under-represented groups, a practice which would not be permitted by UK legislation (⚙ positive discrimination).

8.3.8 In Great Britain, only public authorities are subject to a positive duty. When an authority has a contract or other agreement with a private company or voluntary organisation to carry out any functions to which the duty applies, the authority remains responsible for meeting the general duty and any specific duties that apply to those functions. Thus there is scope for public bodies to build race equality requirements into their procurement and contracting arrangements, and the CRE is in the process of preparing guidance (for both the authorities themselves and for contractors and potential contractors) about how this should be done.

8.3.9 Hepple et al (■ 2000) recommend that there should be a duty on all employers with more than 10 employees to conduct periodical reviews to determine whether women, ethnic minorities and disabled persons enjoy fair participation in the organisation, and to draw up and implement an employment equity plan if this is not the case. Equality standards, including compliance with the duty, would then be included in core performance indicators to be used by public authorities in their procurement arrangements.

8.3.10 Other potential methods of strengthening the impact of the anti-discrimination legislation include interventions that make it easier for complainants with genuine cases of discrimination to win them, and these have been the subject of recommendations made by the CRE and others. The § Race Directive will bring about a formal statutory reversal of the burden of proof and other measures to increase the chances of winning genuine cases are touched on in the Recommendations.

8.3.11 Modood and Wrench make the point that it is not just the discrimination legislation that affects the employment rights and opportunities of disadvantaged groups. Equal opportunities practices and diversity management are virtually irrelevant for those ethnic minorities in the lowest paid, least protected and most precarious sectors. An *undiverse* group of Asian women with poor levels of English vulnerable to exploitation may be very attractive to low-paying employers. For this group, the protection needed is not that of the equality legislation, but through indirect measures, that allow union recognition and the effective enforcement of a minimum wage policy. Both effective anti-discrimination measures and broader legal standards and enforcement measures regarding general employment conditions are required.

b) Spreading good practice

8.3.12 As well as encouraging employers to adopt equal opportunities policies practices and policies, the CRE and others seek to ☀ define and promulgate “best practice” to help employers to take effective action to combat discrimination. This is covered in not just the § Codes of Practice referred to in paragraphs 3.5.1 and 3.5.2 , but also in a range of other advisory material produced by the CRE as discussed in paragraph 3.5.3 . Various organisations and websites seek to achieve the spread of best practice. These include public sector initiatives, such as the ☀ Civil Service Race Equality Network, the ☀ Employers’ Organisation (local government) and, for the health service, ☀ “NHS Equality and Diversity in Employment” , and private sector groupings such as ☀ “Race for Opportunity” and ORC’s ☀ “Vanguard Group”. (See also Section 3.6 .)

8.3.13 Key purposes are to help employers to share experience (sometimes in confidence) and to save them from “reinventing the wheel”. The PIU report cites some examples of how, for example, employers have taken action to increase ethnic minority representation with positive results, and CRE publications from time to time provide similar examples. Yet, examples are usually simply illustrative, and there is seldom any rigorous independent analysis of the outcomes of following particular elements of good practice. It is probably fair to say that there is no coherent and substantiated body of case study evidence that can be drawn on to allow employers confidently to identify solutions to particular race equality issues they wish to address, although there is recognition of the need for such a resource and a number of initiatives that go some way to meeting this need.

8.3.14 Where the CRE has identified good practice in a particular organisation, it faces the risk of being seen to give approval to the race equality performance and record of the organisation concerned, creating a possible “hostage to fortune” in the event of allegations of discrimination or poor equality practice being made. While the CRE is careful only to endorse a practice or action rather than an organisation, this remains a difficulty resulting from its dual promotional and enforcement roles. Despite recurrent debate

about this duality, there is general acceptance that its benefits outweigh the disadvantages.

8.3.15 A key element of “best practice” that may be of particular relevance in the European context is that of ethnic monitoring, something that is actually proscribed in some European countries. Within the UK, it has long been recognised that without ethnic monitoring, employers will not be in a position to identify whether they are treating all groups fairly, let alone pinpoint particular barriers to equality and take remedial action. Ethnic monitoring in employment has been recommended by the CRE for the last two decades, and the principle was endorsed by Parliament in 1983 when it approved the § Employment Code of Practice published in 1984 (see paragraph 3.5.2), one of the key recommendations of which was for ethnic monitoring, particularly of workforce composition and selection decisions. As reported in paragraph 3.4.12 , ethnic monitoring of a range of employment processes, including promotion applications, appraisal outcomes, and reasons for leaving, is now required of many public authorities as part of the employment duty imposed by the § Race Relations (Amendment) Act. An up-to-date statement of the arguments for ethnic monitoring, and detailed guidance on how to go about it, are contained in the guidance produced by the CRE (CRE, ■ 2002c) as part of its overall guidance pack about the duties imposed by the § Race Relations (Amendment) Act. Although targeted at public authorities, the advice is also relevant to many private sector organisations.

9 Summary and conclusions

9.1 *Findings and interpretation*

9.1.1 There are a number of difficulties in interpreting the mass of data relating to ethnic minority participation in the labour market, in terms of addressing the broad question of “What works?”. In the first place there is a difficulty in assessing whether anything has worked – has there been an improvement over the years? Summarising its findings on ethnic minority participation in the labour market, the ■ PIU report notes:

“The picture [of the achievements of ethnic minorities in the labour market] is in stark contrast to early assumptions that the geographic, occupational and sectoral clustering of first generation immigrants would break down as a result of integration ... and be replaced, gradually but steadily, by a broader spread of ethnic minorities in different regions, industries and occupational grades.

“These new patterns are not apparent. The evidence does not suggest that there was sufficient or extensive economic integration, especially in labour market terms, of first-generation immigrants. Nor did the evidence especially point to similar and improved levels of economic success for their children.”

9.1.2 ● Wrench and ● Modood, however, note that “The overall picture reveals employment patterns for some sections of ethnic minority groups which are far better than that painted by surveys in previous decades, which had shown a general confinement of ethnic minorities to low skilled, low paid work.”

9.1.3 Both interpretations are of course correct, and both reports point to positive and negative conclusions. The evidence suggests that there have been labour market gains for some ethnic minorities, such that on some indicators they have outstripped whites, but that others are still significantly behind. There also appears to be, as the PIU report puts it, “a forking of the ways”, with not only some groups doing significantly better than others, but also evidence of polarisation of outcomes within particular groups.

9.1.4 The evidence makes it plain that racial discrimination persists as a contributory cause of disparities, to which economic restructuring, patterns of settlement, and educational underachievement, among many other interlinked factors, all also contribute.

9.1.5 Assessing the impact of particular interventions and initiatives is not easy. There is clearly a complex web of factors at play, and different programmes aim to address different combinations of these. If change results, it is not going to be an easy matter to determine what contributed to it. Similarly, lead times between intervention, intermediate outcome, and final outcome (in terms of ethnic minority labour market participation) are not easy to gauge. For example, it may take time before the repercussions of an individual complaint lead to the adoption of an equal opportunities policy, and more time before the policy results in changed organisational behaviour, and more time before this changed behaviour translates into measurable differences in selection ratios and workforce distributions.

9.2 *Addressing the complexity*

9.2.1 The development of clear short-term, intermediate and long-term targets for each intervention should help to inform debate as to what drives change, as should strategies for using “repeat measures” to obtain time series data for measuring change. It may also be possible to construct analyses that make it possible to isolate the effects of a particular intervention or type of intervention. However, this could take a very long time, and combating ethnic minority labour market disadvantage is not necessarily something that lends itself to experimental strategies for assessing effectiveness, on either practical or ethical grounds.

9.2.2 Complex “multi-variate” analysis may also help to unpick the impact that different variables have on outcomes, and the extent to which the pattern may vary from group to group. Such analysis may then make it possible to judge what “works” at a macro level for individuals with different characteristics. For example, Berthoud’s (■ 1999) analysis identified different variables as being the major influence (amongst those considered) on unemployment for different groups. Such analyses may help the process of pinpointing those factors that most need to be targeted in order to improve the prospects of particular groups.

9.2.3 The need for change may be too urgent to spend time trying to disentangle too many causes and effects. The risk that some resources may be applied inefficiently or inappropriately is one that may have to be accepted, pending opportunities for meaningful evaluation of adequate monitoring data, in the interests of bringing the maximum pressure for change that is both rapid and sustained. The range of recent initiatives suggests that there is a determination on the part of Government to come at the problem of ethnic minority labour market disadvantage from all possible angles, and this is to be applauded, although judgements about the level of resources allocated may be a matter for argument. All that can be said is that any concerns about the costs of initiatives need to be set against the costs of persisting inequalities, both in terms of labour market inefficiency and the wider social costs.

9.2.4 Current initiatives to bring about change are predicated on logical arguments. If human capital significantly influences labour market outcomes, and human capital is largely a matter of educational attainment, then initiatives to maximise educational attainment should ultimately affect labour market outcomes. The key need then is to ensure that targeted groups participate in the numbers/proportions intended or expected. Where this is not the case, or where outcomes appear to differ for different groups, causes need to be investigated and remedial action taken. This is particularly true where patterns have persisted over many years. For example, the data that show ethnic minorities to be under-represented in Advanced Modern Apprenticeships in proportion to their presence in Work Based Training for Young People overall, seems to parallel findings for similar schemes over many years, starting with the analysis of Youth Training Scheme Mode A and Mode B places in the 1980s (eg Lee and Wrench, ■ 1983, Fenton et al, ■ 1984), and replicated in all subsequent schemes.

9.3 *The Impact of the Race Relations (Amendment) Act 2000*

9.3.1 The § Act required many public authorities to produce a race equality scheme (by 31 May 2002) setting out their arrangements for, among other things, assessing the likely impact of proposed policies, monitoring the impact of existing policies and publishing the results of the assessments and monitoring. In particular, many authorities will be required to monitor (and hence to publish the results of their monitoring) the range of employment processes described in paragraph 3.4.12. This could provide a major lever for change, by putting public statistical and other information about how the authorities' policies/practices affect different groups, and facilitating comparisons between the performance of different authorities.

9.3.2 The ultimate goal of government and the ▲ CRE is that the Act should bring about the “mainstreaming” of race equality, such that it is routinely made part of the authority's thinking in planning and carrying out its delivery of its key functions. It is too early to assess the extent to which authorities have actually complied with their new duties (although the CRE is funding a major research project to examine this), nor the ultimate extent of their impact on outcomes including labour market ones. The Act may also facilitate the incorporation of racial equality considerations into the procurement arrangements of public authorities, thereby influencing the performance of employers in the private sector as well.

9.3.3 It is clear from the above that the UK is currently engaged in a substantial programme of action to combat labour market disadvantage, and has for many years had in place anti-discrimination legislation that is probably the strongest in Europe. Yet, there is clearly still scope for more to be done to address what appears to be an entrenched and serious problem that has major implications for UK society as well as the economy.

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