

## Employment rates by ethnic group

### Summary points:

- In 2006, the employment rate for Black, Asian and Minority Ethnic (BAME) Londoners averaged 58 per cent, far lower than the rate for White Londoners (75 per cent).
- Within the BAME population, there is considerable variation in employment rates by ethnic group. During 2004-06, the employment rate ranged from 39 per cent for Bangladeshi Londoners up to 69 per cent for Indian Londoners.
- Over the period 2002-2006, while the overall differential in White and BAME employment rates has remained wide, there has been a slight narrowing of the gap in rates from 18 to 16 percentage points.

### Context

Employment rates are a key measure of labour market participation and they vary considerably according to ethnic group. While the 2001 Census undoubtedly provides the most detailed and reliable information on this subject, there is a need for more up to date estimates. This Update aims to fill this gap by presenting the latest data from the Annual Population Survey (APS) on employment rates by ethnicity, along with advice on their limitations and interpretation.

### Employment rates by ethnic group

*Definitions: Employment rates express the number employed as a percentage of the population and here all rates relate to the working age population<sup>1</sup>. BAME (Black, Asian and Minority Ethnic) groups are defined here as all non-White ethnic groups.*

Annual Population Survey estimates for 2006 show that BAME Londoners, of working age, have an average employment rate of 58 per cent, considerably lower than the employment rate for White Londoners (75 per cent).

It is recognised that aggregate employment rate figures for White and BAME groups disguise the considerable diversity of circumstances within the population. However, survey estimates for individual ethnic groups are problematic due to the small sample size for particular groups and consequently large confidence intervals. To improve the reliability of the APS survey data, estimates for individual ethnic groups have been averaged over a three year period (2004-06) to provide a more robust snapshot of ethnic differentials in employment (figure 1).

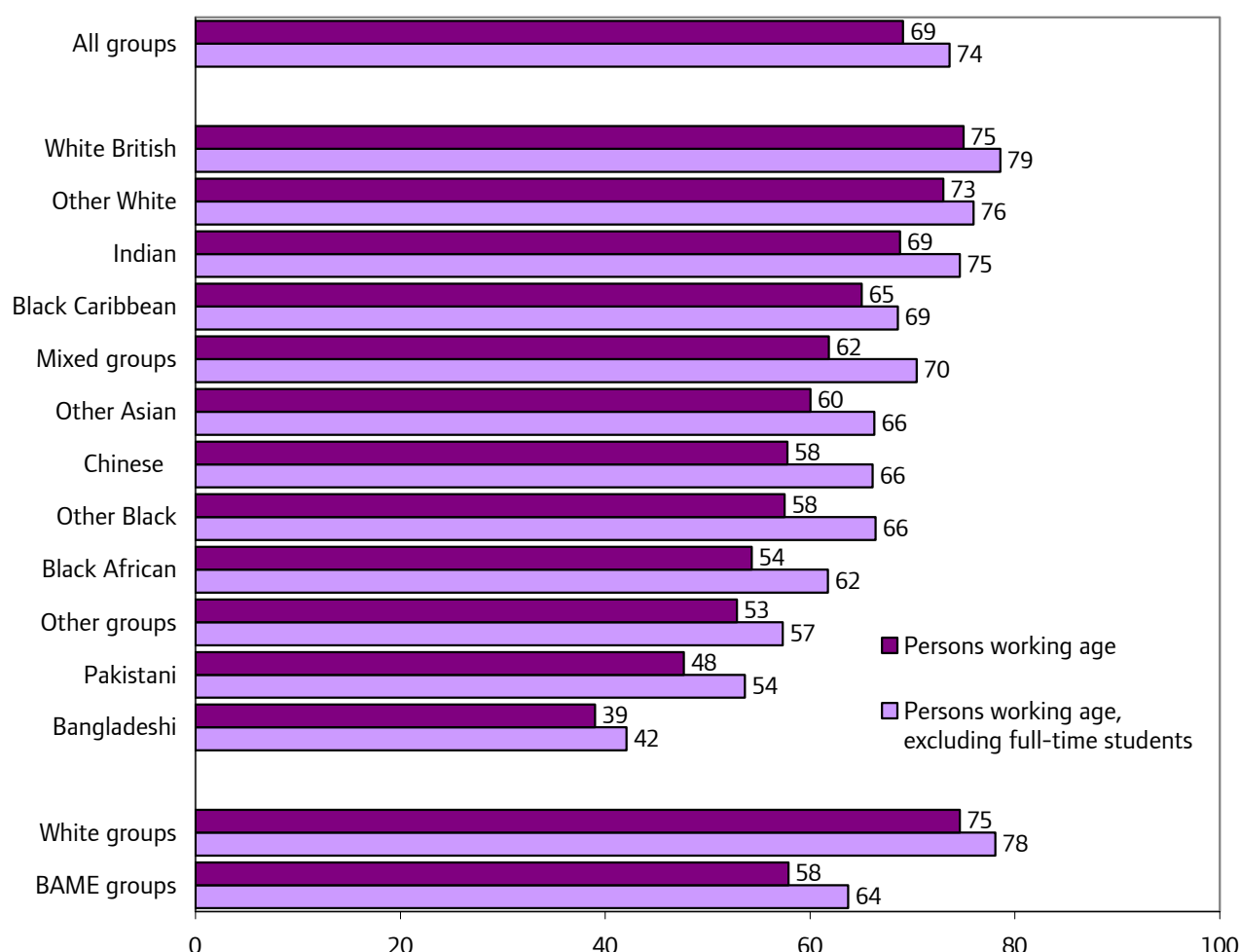
Within the BAME population, the employment rate ranges from only 39 per cent for Bangladeshi Londoners up to 69 per cent for Indian Londoners. Within the Black population, the employment rate for Black African Londoners (54 per cent) was

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<sup>1</sup> 16-64 for men and 16-59 for women.

significantly lower than the employment rate for Black Caribbean Londoners (65 per cent). The employment rate is highest for White Londoners<sup>2</sup> – three quarters of whom are in work.

**Figure 1 Employment rates by ethnic group, Greater London, 2004-06 (three year averages)**



Source: Annual Population Survey 2004-06

Many BAME populations have relatively young age profiles and higher proportions in full-time education relative to White groups. This, of course, has some impact on overall employment levels as well as employment rate comparisons between groups. When students are excluded from calculations, employment rates for all groups rise reflecting the fact that the majority of students are not in employment.

When the non-student population is considered, the employment rate differential between White and BAME groups narrows slightly to 14 percentage points (relative to 17 percentage points for the population generally). The three ethnic groups that see the largest rise in employment rates, when students are excluded, are people from Mixed, Black Other and Chinese groups.

<sup>2</sup> Ethnic categorisations used on the APS are slightly different to those used in the 2001 Census. Unlike the Census, there is no 'White Irish' ethnic category in the APS. White Londoners born in Ireland fall into either the White British or White Other categories depending on how they classify themselves.

While employment rates are higher for the non-student population and rankings change a little, the overall differentials observed between ethnic groups are broadly similar to those for the general population (figure 1).

### Monitoring change over time

There is much demand for annual monitoring data on ethnicity and employment but it is not possible, using existing survey data, to assess progress at individual ethnic group level. The confidence intervals attached to annual data are simply far too large (See appendix table A1).

However, it is possible to monitor rates over time for the aggregate White and BAME populations, as long as data are considered over the longer term (as changes in rates between individual years are not statistically significant).

**Table 1 Employment rates by ethnicity, Greater London 2002-2006**

	Employment rate (%), persons working age			Difference (White-BAME rate)
	Persons	White groups	BAME groups	
Mar 2002-Feb 2003	69.6	75.1	57.1	18.0
Mar 2003-Feb 2004	69.3	74.7	57.3	17.4
Jan 2004-Dec 2004	69.1	74.6	57.4	17.2
Jan 2005-Dec 2005	69.1	74.7	57.9	16.8
Jan 2006-Dec 2006	69.0	74.6	58.4	16.2
CI (2006 data)	$\pm 0.7$	$\pm 1.2$	$\pm 2.0$	

Source: Annual Population Survey / Annual Labour Force Survey data

CI=Approximate 95% confidence interval, in percentage points, attached to 2006 estimate

Table 1 shows the gap in employment rates between White and BAME groups over the last five years (2002-2006). While the overall differential in White and BAME employment rates has remained wide there has been a slow but steady narrowing of the gap from 18 to 16 percentage points.

### Conclusions

This analysis has shown that APS data, while useful at providing headline figures on ethnicity, is somewhat limited by sample size. Employment rate differentials between ethnic groups are associated with a wide range of factors including: gender and family responsibilities; qualifications; country of origin; language; disability and area of residence. However, it is difficult to analyse these issues by ethnicity in any depth using survey data.

The Census remains the best source of detail about the labour market position of different ethnic and migrant populations. DMAG Briefings analysing Census data on London's diverse population can be found on the GLA's website and the following link: <http://www.london.gov.uk/gla/publications/factsandfigures/factsfigures/diversity.jsp>

**Appendix A1. Employment rate estimates by ethnic group, persons working age, Greater London, 2004-2006**

	3 year averages (2004-2006)			Single year data			
	Employment rates (%), working age		Increase in rates when students are excluded	Employment rates (%), working age			CI attached to 2006 rate
	All persons	Persons excluding students		2004	2005	2006	
<b>All groups</b>	<b>69.1</b>	<b>73.6</b>	<b>4.6</b>	<b>69.1</b>	<b>69.1</b>	<b>69.0</b>	<b>±0.7</b>
White groups	74.6	78.1	3.5	74.6	74.7	74.6	±1.2
White British	75.0	78.6	3.6	75.3	75.0	74.6	±1.4
Other White	73.0	76.0	2.9	71.5	73.3	74.3	±2.9
Mixed groups	61.8	70.4	8.6	60.0	62.5	63.0	±8.1
Asian or Asian British	58.6	64.3	5.7	58.5	58.6	58.7	±3.1
Indian	68.8	74.6	5.8	68.1	69.2	69.0	±4.3
Pakistani	47.7	53.7	6.0	44.6	48.0	50.4	±8.1
Bangladeshi	39.0	42.1	3.1	40.3	38.2	38.5	±6.8
Other Asian	60.0	66.3	6.2	62.4	59.3	58.3	±6.9
Black or Black British	59.0	65.0	6.0	58.3	58.6	60.2	±3.5
Black Caribbean	65.0	68.6	3.5	65.4	64.7	65.1	±5.1
Black African	54.3	61.7	7.4	52.7	53.9	56.3	±4.8
Other Black	57.5	66.4	8.9	58.3	56.9	57.4	±19.4
Other groups	53.5	58.6	5.1	52.8	54.1	53.8	±4.2
Chinese	57.8	66.1	8.3	54.9	51.4	67.1	±11.2
Other groups	52.9	57.3	4.5	52.2	54.6	51.8	±4.5
<i>All BAME groups</i>	57.9	63.7	5.8	57.4	57.9	58.4	±2.0

Source: Annual Population Survey 2004-06

Notes: CI = approximate 95% confidence intervals attached to rate.

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