

Insecure work and Ethnicity





Executive Summary

- Our previous analysis showed that there are 3.2 million people who face
 insecurity in work in the UK, either because they are working on a contract that
 does not guarantee decent employment rights (including zero hours contracts,
 agency and casual work), or because they are in low paid self-employment (
 earning less than the government's National Living Wage).
- This analysis show that Black and Minority Ethnic (BAME) groups are persistently disadvantaged in the labour market. Overall, the employment rates for White people (76.1 percent) is significantly higher than for those from a minority ethnic group (64.2 percent). The TUC believes that race discrimination plays a major role in explaining these inequalities, as does the lack of access to employment opportunities for BAME workers. The growth of insecure work has exacerbated the inequalities that BAME workers already face.
- This analysis shows that BAME workers are not only disadvantaged in terms of
 the quantity of work they have access to, but also the quality of jobs. The
 experience of insecure work differs between different ethnic groups, but the
 overall pattern is one in which BAME workers are significantly disadvantaged
 in the labour market.
- We find 1 in 13 BAME employees are in insecure work, and strikingly 1 in 8 Black employees are in insecure work, the average is 1 in 17.
- The Black community are over twice as likely to be in temporary work than the average. Not only are these workers more likely to be in temporary work, they have also experienced the largest increase in the number of people in temporary jobs between 2011 and 2016, with a striking 58 percent increase, compared to an overall increase of 11 per cent. 42 percent of Black workers are in all temporary work because they cannot find a permanent job, compared to 31 percent of the total temporary workforce.
- The proportion of the Black community in all employment on zero hour contracts is 5 percent. This means almost 1 in 20 are on a zero hours contracts, the national average is around 1 in 36.
- We also find that in 2011 when the average self-employment rate was 13.8 percent, the Pakistani community experienced a self-employment rate almost twice that at 25.3 percent. In 2016 while the Pakistani self-employment rate remained above 20 percent the self-employment rate for the Bangladeshi community almost doubled from 2011 to 20.3 per cent. Self-employment within the Black community also increased significantly during this time, from 7.1 to 11.4 percent.



Introduction

In December 2016 the TUC published a new report, *Living on the edge*, looking at the extent of insecure work in Britain today.¹

The report found that there are 3.2 million people who face insecurity in work in the UK, either because they are working on a contract that does not guarantee decent employment rights (including zero hours contracts, agency and casual work), or because they are in low paid self-employment (earning less than the government's National Living Wage). In total this is one in ten of those in work.

These people are missing out on key rights and protections at work. 1.5 million of this group are employed, but risk missing out on family friendly rights including maternity, paternity and adoption leave, the right to an itemised pay slip, and protection from unfair dismissal. This number has grown by 700,000 in the last decade, mostly because of the increase in zero hours contracts.

The report also shows that those in insecure work experience significant pay penalties:

- Self-employed people now earn on average 60 percent of the median annual rate of an employee per year, down from around 70 percent a decade ago.
- Median hourly pay for those on a zero-hours contract in 2016 was worth just 66 percent of the median for all employees.
- Median hourly pay for those working for an employment agency was worth just 80 percent that of the average employee; for those in casual or seasonal work, pay was worth just 60 percent of the employee average.
- Due to low pay and irregular hours, many of these workers also miss out on sick pay, statutory maternity and paternity pay and the right to be enrolled automatically into a workplace pension. Almost half a million people on zero hours contracts or in insecure temporary work miss out on these rights.

This analysis looks at how the growth of insecure work has affected different ethnic groups. Our previous analysis looked at the growth of insecure work over the period of 2011 to 2016, and for consistency this data will look over the same period.

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¹ https://www.tuc.org.uk/sites/default/files/Living%20on%20the%20Edge%202016.pdf



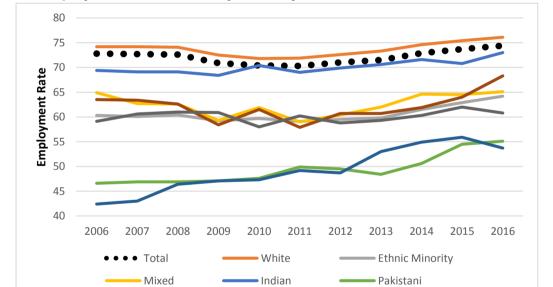
Employment Overview

BAME groups are persistently disadvantaged in the labour market. The TUC believes that race discrimination plays a major role in explaining these inequalities, as does the lack of access to employment opportunities for BAME workers.

A good starting point for the analysis is to get an understanding of the employment position of different ethnic groups by looking at overall employment and unemployment rates.

There are striking differences in employment rates between White and BAME communities, with those from a minority ethnic background over ten percentage points less likely to be employed in 2016.

Within ethnic minorities, however there are varying employment experiences: the Indian employment rate is 73 percent and very close to the UK average employment rate, whereas the employment rate for the Bangladeshi community is just 53.7 per cent, reflecting different communities differing histories and entry into the labour market.



UK employment rate (16-64) by ethnicity 2007/2016

Source ONS - data is average of 4 quarters in 2016

*Ethnic Minority includes all people stating their ethnicity as non-white. This is the sum of the series 'Mixed', 'Indian', 'Pakistani', 'Bangladeshi', 'Chinese', 'Black 'Other'.

Black

In this report Black refers to Black African and Caribbean

Bangladeshi

Other



The table below looks at employment rates for a number of ethnic groups in the UK over different time periods. First, from 2007 to 2011 which allows us to look at the impact of the recession on the labour market, and then from 2011 to 2016, the period in which the labour market recovered. The data shows various patterns in the labour market:

- 1) During 2007-2011 every ethnic group with the exception of the Pakistani and Bangladeshi community experienced declining employment rates as the recession hit the UK. However this is not to suggest that Pakistani and Bangladeshi workers were doing exceptionally well in the labour market, as these two groups have significantly lower employment rates, 46.9 percent and 43 percent in 2007. Despite improving employment rates, their employment rates remain around 20 percentage points below the UK national average.
- 2) The Indian community had the smallest fall during this period (2007-11) of 0.1 percentage points. The Mixed and Black community experienced the highest falls in employment rate of 3.7 and 5.5 percentage points. The overall UK fall was 2.4 percentage points.
- 3) During 2011- 2016 the labour market recovery started to take place. Whilst the Black community continued to have lower employment rates than the national average, they experienced the largest rise in employment, an increase of 10.4 percentage points.

UK employment rate (16-64) by ethnicity 2007-2016

Year	Total	White	Ethnic Minority *
2007	72.7	74.2	60.1
2008	72.6	74.1	60.4
2009	70.9	72.5	59.2
2010	70.4	71.8	59.7
2011	70.3	71.9	59.1
2012	71.0	72.6	59.5
2013	71.5	73.3	59.8
2014	72.9	74.6	61.5
2015	73.7	75.4	62.9
2016	74.4	76.1	64.2
2007-2011	-2.4	-2.3	-1
2016-2011	+4.1	+4.2	+5.1

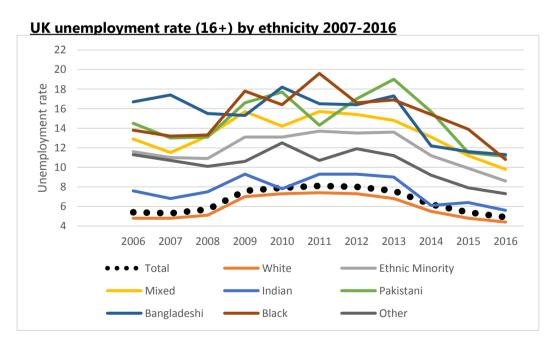


Year	Mixed	Indian	Pakistani	Bangla deshi	Black/	Other
2007	62.7	69.1	46.9	43.0	63.4	60.6
2008	62.6	69.1	46.9	46.4	62.6	61.0
2009	59.3	68.4	47.1	47.1	58.4	60.9
2010	61.9	70.4	47.6	47.3	61.5	58.0
2011	59.0	69.0	49.9	49.2	57.9	60.2
2012	60.4	69.9	49.5	48.7	60.7	58.8
2013	62.0	70.6	48.4	53.0	60.7	59.3
2014	64.6	71.6	50.6	54.9	61.9	60.3
2015	64.5	70.8	54.5	55.9	64.0	62.0
2016	65.1	73.0	55.1	53.7	68.3	60.8
2007-2011	-3.7	-0.1	+3	+6.2	-5.5	-0.4
2011-2016	+6.1	+4.0	+5.2	+4.5	+10.4	+0.6

Source ONS – data average of quarters

Unemployment rates for different ethnic groups mirror patterns in the employment rate. While the employment rate for White groups is 4.4 percent, BAME workers have an employment rate almost double that, at 8.6 per cent.

The graph below shows the unemployment rate for different minority ethnic groups in the last decade, and the persistently higher unemployment of BAME groups.



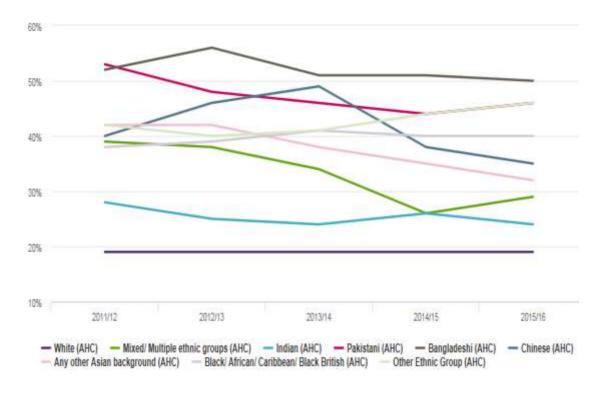
 $Source\ ONS-data\ average\ of\ quarters$

^{*}Includes all people stating their ethnicity as non-white. This is the sum of the series 'Mixed', 'Indian', 'Pakistani', 'Bangladeshi', 'Chinese', 'Black', 'Other'.



Ethnic inequalities in the labour market are also evidenced by the higher poverty rates among some ethnic minority groups. The Joseph Rowntree Foundation (JRF) ²produce the chart below using Households Below Average Income data (HBAI) from the DWP. This shows the poverty rate has been consistently lowest among White people. In 2015/16, the poverty rate was 19 percent. The ethnic group with the highest risk of being in poverty is Bangladeshi, followed closely by the Pakistani and Black communities.

Proportion of people in poverty by ethnicity 2011-2016



AHC = After housing costs

Source: Households Below Average Income (HBAI), Department for Work and Pensions, 2017

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^{*} Poverty being measured as the proportion of people living in households with an after housing costs income below 60 percent of the contemporary median household income.

² http://www.jrf.org.uk/data/poverty-rate-ethnicity



Not only do levels of employment differ markedly among ethnic groups, types of employment do to. We are limiting this analysis to how different ethnic groups have experienced the growth in insecure work. In line with our previous analysis on insecure work we use the same definition:

- Forms of temporary work, including agency work, casual and seasonal work, where workers often miss out on key employment rights and protections, including family friendly rights, redundancy pay and sick pay. Our definition of insecure temporary work excludes those on fixed term contracts, who are normally entitled to the same rights as employees.
- **Zero-hours contracts,** where workers face insecurity about their incomes and hours of work, and often miss out on key employment rights.
- Low paid self-employment, where workers miss out on employment rights and income related protections (such as sick pay and maternity pay), but cannot afford a safety net for those periods when they cannot work.

Insecure Employees

In our *Living on the edge* report we found that of the 3.2 million total, 1.5 million are employed, but risk missing out on family friendly rights including maternity, paternity and adoption. This analysis now looks at these insecure employees by ethnicity, and finds BAME groups are more likely to be an insecure employee than their White counterparts. Most strikingly 1 in 8 Black employees are in insecure work, this is double the average of 1 in 17, and 1 in 20 for the White community.

Insecure employees in 2016

		All	BAME	White	Black
Insecure temporary work-	(agency, casual, seasonal, other) this excludes fixed term contracts	729,623	133,303	596,319	52,819
Zero- hours contract workers -	excludes those who are self- employed, and those who would be included in the category above	806,911	107,531	699,380	40,280
Total insecure employees	Total of insecure temporary work and zero hours contracts	1,536,534	240,835	1,295,699	93,099
Insecure employment rate	Insecure work as a proportion of employees	6%	8%	5%	12%

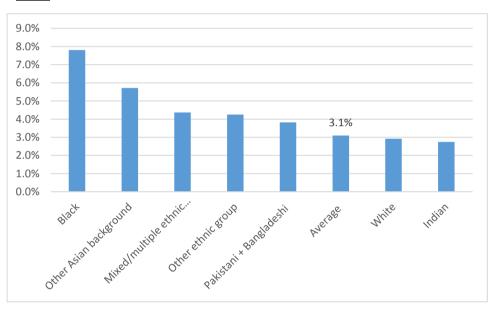
^{*}Note overall total is slightly different to that published on Living on the Edge as more recent data has become available- Source ONS nesstar average of q2 + q4 2016



Temporary Work

The following analysis breaks down the data on temporary work by ethnicity. It is immediately clear that the Black community are over twice more likely to be represented in temporary work than the average.

<u>Proportion of temporary workers in employment- in each ethnic group 2016</u>



Source ONS nesstar- average of quarters

In 2011 the White population were least likely to be working in temporary jobs compared to other ethnic groups at 2.9 percent, this total remains constant at 2016 however, and in 2016 it is the Indian community least likely to be in this form of employment.



Temporary work by ethnicity in 2011 and 2016

	2011		2016	
Ethnicity	Numbers in temporary work	Proportion of temporary workers in all employment- in each ethnic group	Numbers in temporary work	Proportion of temporary workers in all employment- in each ethnic group
White	758,823	2.9%	818,815	2.9%
Mixed/multiple ethnic background*	9,605	4.1%	15,098	4.4%
Indian	33,123	4.6%	22,697	2.7%
Pakistani + Bangladeshi**	17,178	3.6%	22,693	3.8%
Other Asian background	15,091	4.5%	20,572	5.7%
Black	44,013	6.4%	69,365	7.8%
Other ethnic group	14,405	4.0%	19,070	4.3%
N=	895,827	3.1%	995,013	3.1%

Source ONS nesstar- average of quarters

The following table looks at the growth in temporary work among different ethnic groups between 2011 and 2016. The overall increase is 11 percent, while White communities saw an 8 percent increase in the number of people in temporary work, for the Black community it is a 58 percent increase. So not only are the Black community more likely to be in temporary work, they have also experienced the largest increase since 2011.

In contrast the Indian community had a fall of 31 percent over the period. In 2011 the proportion of temporary workers in employment was above the national average at 4.6 percent of employment, in 2016 this is 2.7 percent, below the average of 3.1 percent, so this ethnic group has experienced improved outcomes in this form of employment.

^{*} This data needs to be taken with caution as data under 10,000 are under the reliable validity level

^{**} Pakistani and Bangladeshi have been added together as they had low sample sizes individually.



Change in temporary work from 2011- 2016 by ethnicity

Ethnicity	% increase in temporary work	change in proportion
White	8%	0
Mixed/Multiple ethnic groups*	57%	0
Indian	-31%	-2
Pakistani + Bangladeshi**	32%	0
Any other Asian background	36%	1
Black	58%	2
Other ethnic group	32%	0
N=	11%	0

Source ONS nesstar- average of quarters

Looking at the growth in temporary work for the Black community in a little more detail shows us further disadvantages in the labour market. The growth in temporary work for the Black community has been female dominated. The overall increase in temporary work for this community was 58 percent during 2011-2016. For women however it was a massive 82 percent, while the proportion of Black men in temporary work increased by 37 percent.

When looking at this as proportion of all employment there is a 0.4 percentage point increase in temporary work for the Black community. For women it is a 2.5 percentage point increase to 8.1 percent. This means that one in twelve women in the Black community in all employment are in this form of insecure employment.

Black temporary workers by gender 2011 and 2016

	Temporary Work	Proportion of temporary workers in all employment- in each ethnic group
2011		
Male	23,536	7.1%
Female	20,477	5.6%
2016		
Male	32,191	7.5%
Female	37,174	8.1%

Source ONS nesstar- average of quarters

^{*} This data needs to be taken with caution as data under 10,000 are under the reliable validity level

^{**} Pakistani and Bangladeshi have been added together as they had low sample sizes individually.



Change in Black temporary workers by gender 2011-2016

Change from 2011- 2016				
	Percentage increase in total	Proportion of temporary workers in all employment- in each ethnic group		
Male	37%	0.4%		
Female	82%	2.5%		

Source ONS nesstar- average of quarters

When further breaking this down by occupation, the largest occupation Black temporary workers are in (using the wider definition of temporary work which includes fixed term contracts) is 'caring personal services' at 17.1 percent, the average for all temporary workers in this occupation is 4.6 percent.

Involuntary temporary work

Involuntary temporary work, that is, those working on a temporary basis as they cannot find permanent work (rather than out of a preference for this type of work) is on average around 31 percent. For the Black community however it is significantly higher, at a staggering 42 percent. Close to half of this group who are in temporary work are there because they could not find permanent work, reflecting the fact that Black workers have significantly fewer choices in the labour market.

Involuntary temporary* work 2016 by ethnicity

		Proportion in
	Could not find	involuntary
Ethnicity	permanent job	work
White	411,587	30%
Mixed/Multiple ethnic groups **	8,482	30%
Indian	14,412	35%
Pakistani + Bangladeshi ***	13,485	38%
Any other Asian background**	9,015	35%
Black	36,000	42%
Other ethnic group	11,991	40%
Total	509,249	31%

Source ONS nesstar- average of quarters

^{*} In this table temporary work – includes all temporary work i.e. fixed term contracts

^{**} This data needs to be taken with caution as data under 10,000 are under the reliable validity level

^{***}Pakistani and Bangladeshi have been added together as they had low sample sizes individually.



Zero hours contracts

Zero hours contracts are insecure work where the balance of power is tilted decisively in favour of employers, with workers often not knowing how many hours they will work each week, and facing the cancellation of shifts at short notice by employers.

The latest published data on the number of people employed on 'zero-hours contracts', based on the Labour Force Survey (October – December 2016) is 905,000. This latest estimate is 101,000 higher than that for October to December 2015, and is up from 2.5 percent of people in employment to 2.8 percent.

Growth in zero hours contracts 2001 Q4 to 2016 Q4



Source ONS - note data is not seasonally adjusted

When breaking down the zero hours contracts data by ethnicity we find a similar pattern to that of the breakdown of temporary workers. The proportion of the Black community in all employment on zero hours contracts is almost 5 percent, this is almost 1 in 20, whereas the national average is around 1 in 36. The White community is in line with the national average, and the Indian community are the least likely to be on zero hours contracts.

Numbers in zero hours contracts 2016 by ethnicity

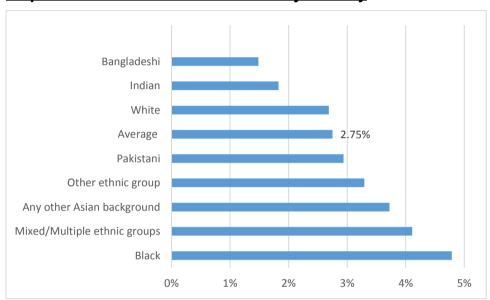
	Numbers in zero hours
Ethnicity	contracts
White	754,379
Mixed/Multiple ethnic groups	14,483
Indian	14,787



Pakistani + Bangladeshi*	15,114
Any other Asian background	13,357
Black	43,868
Other ethnic group	15,383

 $Source\ ONS\ nesstar-Average\ of\ q2+q4\ data-note\ figures\ may\ vary\ slightly\ from\ published\ ONS\ release$

Proportion in zero hours contracts 2016 by ethnicity



Source ONS nesstar – Average of q2 + q4 data – note figures may vary slightly from published ONS release

It is possible to look at ethnicity and gender for zero hours contracts for 2016, however we are limited to White and Black groups due to data size. In general women are more likely to be on zero hour contracts, just over half 52 percent, yet for the Black women it is around 60 percent. Around 5.5 percent of Black women in all employment are on zero hours contracts compared to 4 percent of men.

<u>Proportions in zero hours contracts of all employment- 2016 - by ethnicity and gender</u>

Ethnicity	Male	Female	Total
White	2.3%	3.1%	2.7%
Black	4.0%	5.5%	4.8%

Source ONS nesstar – Average of q2 + q4 data

^{*} Pakistani and Bangladeshi have been added together as they had low sample sizes individually.

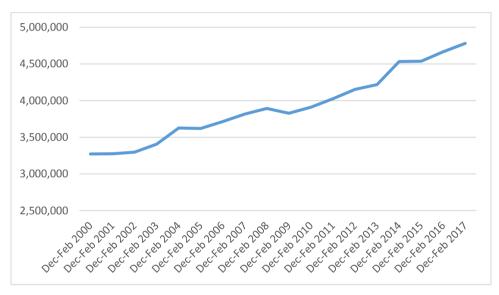
^{**} A comparison of the experiences of different ethnic groups in the growth of zero hour contracts from 2011 to 2016 is not possible,, due to the data size being too small in 2011 for valid comparison.



Self-employment

The rise in self-employment has been well documented. Self-employment now makes up 15 percent of the work force, up from 13.0 percent in 2007 and 13.8 percent in 2011. There are almost 5 million people currently in self-employment.

Self- employment since turn of the century



Source ONS

Our concern is that while some people may have moved in to self-employment out of choice, others may have been forced in to self-employment as they were unable to find alternative employment, and the growth of self-employment has come at the expense of more secure employee jobs and the loss of key employment rights.

There is also concern about 'bogus self-employment'. Trade Unions have found that employers are increasingly labelling their workers as self-employed contractors to avoid providing employment rights and national insurance contributions.

There is now widespread evidence that the pay of self-employed people is both significantly lower than that of employees, and that self-employment has become less financially rewarding over time. The family resources survey shows that self-employed people earn on average 60 percent of the median annual rate of an employee per year³. Research from the Social Market Foundation⁴ shows that 45 percent of the self-

³https://www.gov.uk/government/statistics/family-resources-survey-financial-year-201415

 $^{^4\} http://www.smf.co.uk/wp-content/uploads/2016/10/Social-Market-Foundation-SMF-Tough-Gig-Tackling-low-paid-self-employment-in-London-and-the-UK-October-2016.pdf$



employed aged 25 or over (1.7 million individuals) are paid below the National Living Wage (£7.20 an hour). For employees the risk of low pay is around 20 per cent.

The Social Market Foundation analysis also reports low paid self-employment is concentrated in construction, administrative and support activities, transport and storage, professional scientific and technical, and wholesale and retail.

The TUC analysis in **'Living on the edge'** included the 1.7 million in low paid self-employment in the total figure of 3.2 million, and our analysis on insecure work by industry and region also looked at low paid self-employment. The analysis on ethnicity and low paid self- employment is more difficult to replicate, due to data available, however some inferences can be made by looking at self –employment overall.

Whereas our previous analysis showed that the Black community were disproportionately in temporary work and zero hours contracts, when it comes to self-employment it is the Pakistani and Bangladeshi community that stand out. In 2011, when the average self-employment rate was 13.8 percent, the Pakistani community experienced a self-employment rate almost twice that at 25.3 percent. The White community were in line with the UK average, and the Black community were significantly below at 7.1 percent.

In 2016 while the Pakistani self–employment rate remained above 20 percent the self-employment rate for the Bangladeshi community almost doubled to 20.3 percent, and the Pakistani and Bangladeshi self-employment rates are significantly above the UK average. For the White community the increase from 2011 to 2016 was roughly in line with the national average of 1.2 percentage points, and while the self-employment rate of the Black community remains below the UK average it did increase significantly by 4.3 percentage points.

Self-employment by ethnicity 2011- 2016

	Proportion 2011	Proportion 2016	Change in proportion from 2011-2016
Total	13.8%	15.0%	1.2
White	13.9%	15.0%	1.1
Ethnic Minority*	12.9%	15.1%	2.2
Mixed	11.0%	14.8%	3.8
Indian	11.7%	13.1%	1.4
Pakistani	25.3%	23.4%	-1.9
Bangladeshi	12.2%	20.3%	8.1
Black	7.1%	11.4%	4.3
Other	14.4%	15.8%	1.4

Source ONS – data average of quarters

^{*}Includes all people stating their ethnicity as non-white. This is the sum of the series 'Mixed', 'Indian', 'Pakistani', 'Bangladeshi', 'Chinese', 'Black', 'Other'.



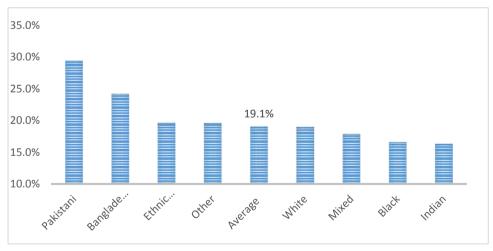
Overall men are more likely to be in self-employment, the UK average is around 19 percent, for the Pakistani and Bangladeshi community it is 29 and 24 percent. And when breaking this down further by minor occupation, almost 50 percent (48%) of male self-employed Pakistani and Bangladeshi are 'road transport drivers', a low paid self-employed occupation.

Self – employment rate for men – 2011-2016

	2011	2016	change from 2011 -2016
Total	18.2%	19.1%	0.9%
White	18.3%	19.0%	0.7%
Ethnic Minority*	17.1%	19.6%	2.5%
Mixed	11.9%	17.9%	6.0%
Indian	14.6%	16.4%	1.7%
Pakistani	32.1%	29.4%	-2.7%
Bangladeshi	15.8%	24.2%	8.4%
Black	10.2%	16.6%	6.4%
Other	17.7%	19.6%	1.9%

Source ONS – data average of quarters

Self - employment rate for men - 2016



Source ONS

^{*}Includes all people stating their ethnicity as non-white. This is the sum of the series 'Mixed', 'Indian', 'Pakistani', 'Bangladeshi', 'Chinese', 'Black', 'Other'.

^{*} It is not possible to replicate the same data for women as the sample sizes get to small for comparison.



Policy recommendations

The report highlights the need for concerted and co-ordinated action to address the increasing marginalisation of Black and minority ethnic workers in the labour market.

The TUC believes that access to and progress within employment is central to the participation of Black and minority ethnic communities in society. Without employment, people from Black and minority ethnic communities suffer from social exclusion, poverty and an insurmountable barrier to social mobility.

This report also highlights the need for a concerted and co-ordinated action by the government to eliminate racial discrimination in the labour market and to tackle the increasing exploitation and exclusion from employment rights faced disproportionately by Black workers as a result of the increase in the use of non-permanent working arrangements.

The TUC believes that measures need to be taken to tackle the employment crisis faced by Black and minority ethnic workers as a result of their increasingly precarious position in the labour market and is therefore calling for the following:

- That government should abandon the philosophy of voluntarism being adequate
 to address the race discrimination that exists in the private sector and as matter
 of urgency introduce legislation that places all employers under a duty to
 promote racial equality and to monitor the impact of such measures.
- Government should take measures to tackle the insecurity in the labour market that has a disproportionate impact on Black and minority ethnic workers. These should include:
- Giving workers a day one right to a written statement of terms and conditions, including their expected hours of work. Reforming the rules on employment status to ensure that all workers benefit from the same employment rights, including statutory redundancy pay, protection from unfair dismissal and family friendly rights.
- Banning zero hours contracts, by giving workers who work regular hours a right to a written contract guaranteeing their normal hours.
- Cracking down on false self-employment, including by introducing a
 presumption that everyone is an employee unless the employer can demonstrate
 otherwise.
- Ending the pay penalty for those in agency work, by ending the 'Swedish Derogation', a loophole which allows some agency workers to be paid less than the going rate for the job.
- That government should support better enforcement of employment rights by abolishing employment tribunal fees that are creating barriers for Black and



minority ethnic workers to be able to seek redress when faced with exploitation and discrimination at work.

- That the government should promote permanent and secure employment by taking measures to reduce the use of agency workers and temporary, fixed term and zero hours contracts in national and local government services.
- That government should take action to ensure that there is better access for all workers to union representation and collective bargaining.