

Ethnic Minority Disadvantage in the Labour Market in Cross-National Perspectives

ETHNIC minority disadvantage in the labour market has long been a concern. Evidence from Britain from as long ago as 1967 showed that ‘visible’ ethnic minorities suffered from racial prejudice and discrimination in housing and employment. Insofar as these disadvantages are caused by discrimination, whether direct, indirect, or the product of what in Ireland has become known as the ‘chill factor’, then they are a source of major public concern. Discrimination on the basis of irrelevant ascriptive factors, such as gender or ethnicity, is a source of economic inefficiency and waste. More importantly, it is a source of social injustice and, in the literal sense, of social exclusion. These injustices have been the focus of many policy interventions and continue to be of great concern to government, in Britain, for example, with the Cabinet Office’s recent enquiry.

The conference at the British Academy drew together the preliminary findings from a cross-national study of ethnic disadvantage (and advantage) in the labour market in a number of the main Western countries that have been receiving migrants over the last fifty years. A team of leading scholars from Australia, Austria, Belgium, Britain, Canada, France, Germany, Ireland, Israel, Norway, Sweden and the USA has been involved in the research. Firstly, we consider a group of developed countries in Western Europe. These are countries which until the last fifty years were ethnically homogeneous, predominantly organised around a single dominant ethnic group (although we should not forget their history of minorities such as Jews and Roma) but which have recently seen influxes of migrants from the less developed world. Secondly, there are the ‘new’ societies such as Australia, Canada, the USA and Israel, which have acquired the majority of their populations in the form of migrants from overseas in the relatively recent past (although each also has its own important, long-standing but now much outnumbered, indigenous population). And thirdly, there are the cases of South Africa and Northern Ireland, where long-standing ethnic divisions can be found.

Educational qualifications and experience in the labour market are usually taken to be the key legitimate factors influencing one’s success in the labour market. In the standard economic theory, these represent investments in human capital, that is, in

A conference was organised in November 2003 by the British Academy, the University of Oxford, and Oxford Brookes University, bringing together leading experts from a range of countries to compare the experiences of ethnic minorities. Dr Sin Yi Cheung and Professor Anthony Heath FBA describe the collaborative study that underpinned the conference, and outline the direction of continuing research.

productive skills sought by employers. The key assumption is that the rational, profit-maximizing firm will (unless it has a taste for discrimination) pay equal wages to workers with equal human capital. If ethnic minorities’ higher rates of unemployment or lower wages in employment could be explained by their lower investments in human capital, this would suggest that they competed in the labour market on an equal footing with the charter population (that is, the native majority population). The playing field was level. To be sure, this would still raise the question of why their investments in human capital were lower than those of the charter population, and attention might turn to pre-labour market discrimination, for example in educational institutions, or to processes of selective migration. While we have documented the educational qualifications that ethnic minorities bring to the labour market, these factors are not the main concern of our research.

It is notable that groups such as Indians or Chinese who appear to outperform the white British in the labour market overall may nonetheless experience ‘ethnic penalties’

(since, given their educational achievement, their occupational success would have been expected to be even greater than it actually is). The term ‘ethnic penalty’ refers to the extent of the disadvantage (for example in avoiding unemployment or securing access to salaried jobs) experienced by an ethnic group when compared with native-born population of the same age, education and experience. A central research aim is to compare the size of ethnic penalties experienced by different groups in the different countries.

Discrimination may well be a major component of the ethnic penalties, but the concept is intended to be broader and includes additional sources of ethnic disadvantage, such as lack of the social networks that help one find jobs. Recent research by sociologists of the labour market have shown how important social networks can be in finding information about job openings, and there is some evidence that ethnic minorities lack the relevant networks that link them to the main employers. Another source of ethnic disadvantage may be geographical concentration in areas that lack employment opportunities or that have poor access to public transport and there is important evidence linking geographical location (and concentration) to labour market disadvantage. Some writers have also suggested that there may be motivational deficits on the part of some ethnic minorities, although hard evidence of this kind of claim is singularly lacking.

Our focus, then, is on the size of the ethnic penalties that the ethnic minorities experience in the labour market. In other words, do ethnic minorities with the same human capital – usually indexed by education and training, and years of experience in the labour market – as native workers from the charter population obtain the same rewards in the labour market as the charter population?

A major element of our research programme concerns the native-born ethnic minorities, born and educated in the country of destination. It is particularly worrying, from a

policy point of view (and puzzling from a sociological point of view) if the native-born ethnic minorities have less favourable experiences than the charter population. There are a number of 'legitimate' human capital reasons why the first generation might perform less well – lack of fluency in the English language, foreign qualifications, foreign experience in the labour market, and non-transferable human capital. None of these reasons apply to the native-born ethnic minorities with anything like the same force. For comparative purposes we look also at first generation migrants.

There are many complicating factors in understanding the experiences of the first generation, such as their fluency in the language of the destination country, their age at arrival, whether their qualifications were acquired in the origin or the destination country, their length of experience in the destination labour market, and so on. A thorough analysis of the ethnic penalties experienced by the first generation would need to take these factors into account. These problems do not arise to anything like the same extent in the case of the second generation. The second generation will have been educated in the destination country and will thus have access to the same educational qualifications as the charter population and will also have experience of the same labour market. Evidence suggests that the great majority of the second generation are also likely to have obtained fluency in the language of the charter population. Many of the special factors that can be used to explain ethnic minority disadvantage among the first generation will not therefore apply to the second (or later) generations. For this reason, too, the experiences of the second generation are of particular policy interest.

The optimistic scenario suggests that the second generation will therefore exhibit substantial gains when compared with the first. Classical assimilation theory argues that progress will take place between generations as successive generations 'assimilate' socially and economically. A more pessimistic scenario postulates that this assimilation will be more evident among the white migrant groups (as in the US earlier in the twentieth century) and will not extend to the current waves of migrants and their children. Even

the second generation will suffer a legacy from the disadvantages experienced by the first generation – discrimination, lack of investment in human capital because of lower returns, resigned adaptation and downward assimilation to lower class norms and values.

The paths trodden by groups may therefore vary. One distinction is between visible and white minorities. Another is between human capital-rich and human capital-poor groups. Yet another is between 'institutionally complete' groups and those that lack strong community organizations. Segmented assimilation theory argues that groups with strong institutions (based for example on the church or temple) may remain socially unassimilated but nevertheless be able to protect their second generation from the downward mobility and resignation of less organised groups, i.e. economic success without assimilation.

So far our emphasis has been on factors specific to the ethnic group, e.g. colour, human capital, institutions, that may account for their experiences. However, in a cross-national project our interest is also in the different national (or sub-national) contexts of reception. Do specific ethnic minorities fare roughly equally well whichever country they migrate to, or does their fate depend on some extent on the particular country?

The key research questions are whether some countries have more level playing fields than others. It has already been demonstrated in the case of social mobility that some countries, such as Sweden, are more open or fluid than most other European countries, whereas others, such as Ireland and Germany, are less open. In effect this means that in Sweden (Ireland) the ascribed characteristic of class origins has a smaller (larger) association

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[Dr Cheung has been funded through the Academy's Larger Research Grants scheme for her work on occupational and income inequalities in Britain and Hong Kong.](#)

with occupational outcomes than it does in other European countries. It will be of considerable interest to determine whether the cross-national pattern of ethnic penalties mirrors that of class fluidity. If the two patterns were similar, this would suggest that there may be some rather fundamental characteristics of the countries that lead to both class fluidity and ethnic equality. If they were different, we should look to more specific institutional features, such as anti-discrimination legislation, that impact directly on the size of ethnic penalties. In a later stage of the project we hope to investigate more systematically explanations for the cross-national differences.

Briefly, we might expect differences to depend on: social inequality generally (Sweden vs USA); policy differences e.g. anti-discrimination legislation (Britain vs France); racism and prejudice (Flanders vs Wallonia); history of oppression, power differentials (South Africa and Northern Ireland vs Australia).

The present research does not attempt to tease out these different mechanisms that may generate ethnic penalties. Our objective is the more limited one of documenting the size of the ethnic penalties in the countries for which we have obtained data. The size of the ethnic penalties enables us to assess how level is the playing field on which ethnic minorities and native-born whites compete.

In order to carry out rigorous cross-national research, we have carried out standardised analyses using nationally representative samples, standardised coding of the variables, and standardised statistical models. This enables us to at least begin to make cross-national comparisons and to place the picture of ethnic minority disadvantage in our own countries within a broader comparative perspective. In this respect we are modelling our work on the cross-national studies of Shavit and Blossfeld (1993) and of Shavit and Mueller (1998) which have been landmarks of rigorous cross-national research.

At the conference, speakers focused on ethnic penalties in access to the salariat and to skilled work and avoidance of unemployment. For completeness we are looking also at self-employment. We have adopted standardised models, i.e. multinomial logistic

regression with control variables of qualifications, age, marital status, ethnic group and generation. A particular problem in the cross-national study of ethnic minority disadvantage is the definition of ethnicity. In essence, ethnicity is a subjective concept depending on shared self-definitions of members of the groups concerned. These definitions may well be place- and time-specific and are subject to processes of change in interaction with the host community and with other ethnic groups. It is not possible to produce a standardised 'objective' classification of ethnic groups in the way that one can produce a standardised class schema.

We have therefore used 'country of origin' as our key organizing principle (although there are some important exceptions where we are dealing with long-standing ethnic minorities). This has the practical advantage that countries of origin can readily be ascertained and standardised lists of countries can be established. This essentially gives us a measure of ancestry rather than of current ethnic identity. It can be argued that such a measure is preferable on theoretical grounds: current ethnic identity may itself be what is

technically termed 'endogenous' and may be caused by rather than simply a cause of current labour market disadvantage and of the processes that give rise to it.

Our preliminary findings have already yielded some interesting patterns. Firstly, we find that, in most countries of destination, the second generation of European ancestry compete on more or less equal terms with the charter populations, and in several cases actually surpass the charter population in their occupational achievements. However, groups of non-European ancestry, particularly those from less developed countries, continue to experience substantial ethnic penalties, even in the second generation.

These ethnic penalties are not, however, uniform across different countries. In one group of countries – Australia, Canada, Sweden, Britain and the USA – there are substantial ethnic penalties with respect to employment but relatively small penalties with respect to occupational attainment. That is to say, in these destination countries second-generation ethnic groups of third-world ancestry tend to have a much higher rate of unemployment than the white charter

populations but, if they are fortunate enough to have attained jobs, the jobs they get are broadly similar in character to those obtained by members of the charter population with the same educational levels.

In the second group of destination countries – Austria, Belgium, Germany and the Netherlands – there tends to be a double disadvantage. The second generation ethnic minorities tend to be disadvantaged both in finding work and, even when they find work, tend to obtain lower-level jobs than the charter population. The overall ethnic disadvantage is thus considerably larger than in the first group of destination countries.

From our preliminary research it appears that this pattern is likely to be linked to the origins of these disadvantaged groups as the children of 'guestworkers'. Many European countries recruited large numbers of guestworkers in the postwar period into low-skilled jobs. The guestworkers were not expected to remain permanently but large numbers did remain, often in very disadvantaged circumstances. It is their children who now appear to be distinctly disadvantaged as they enter the labour market.