

A LIVING WAGE MATTERS:

THE ROLE OF THE LIVING WAGE IN
CLOSING ETHNICITY PAY GAPS

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ABOUT THE LIVING WAGE FOUNDATION

The Living Wage Foundation is the organisation at the heart of the independent movement of businesses promoting the real Living Wage. We celebrate and recognise the leadership of responsible employers who choose to go further and pay a real Living Wage based on the cost of living, not just the government minimum.

The real Living Wage is the only UK wage rate that is voluntarily paid by almost 10,000 UK businesses who believe their staff deserve a wage which meets everyday needs.



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1 FOREWORD

1. Foreword

Twenty years ago in East London, communities came together calling for a wage that enabled people to live with dignity. The Living Wage campaign was born. Now there are almost 11,000 Living Wage employers across the UK and nearly £2 billion has gone back into the pockets of low paid workers as a result. Today, the Living Wage has never been more relevant. As we emerge from a pandemic, record-breaking inflation is putting pressure on already squeezed household budgets and this will be felt most sharply by the 4.8 million people in low paid jobs.

Workers from minority ethnic groups make up a disproportionately high number of those in low paid and insecure jobs and are also more likely to be in poverty. The impacts of racial

inequality in the UK labour market were exposed starkly during the pandemic as the earnings of minority ethnic groups fell more sharply than those of white workers and, devastatingly, certain minority ethnic groups suffered a higher death rate working in roles with higher exposure to Covid-19.

Racial inequality and structural racism in the UK labour market have persisted for decades and we all have a part to play in addressing it. It is evident that paying the real Living Wage benefits minority ethnic workers as they make up a higher proportion of low paid roles, but the Living Wage can only ever be a starting point on a much bigger journey toward racial equality. We know that we cannot be an anti-poverty organisation without also

being an anti-racist one. There is a role for us to work with our employer network to begin a conversation about what more we can all do to improve racial equality. We hope that this report helps to start a conversation.



**KATHERINE
CHAPMAN,**
DIRECTOR, LIVING
WAGE FOUNDATION

2 EXECUTIVE SUMMARY

2. Executive Summary

The pandemic painfully revealed the racialised imbalances in the UK, with minority ethnic workers disproportionately exposed to the health and economic risks posed by Covid-19. This includes experiencing Covid-19 more severely with more adverse health outcomes², and suffering a greater average earnings loss.³ That being said, ethnicity pay gaps did not originate in the pandemic – far from it. Consistent evidence has shown that on average minority ethnic employees in Britain have lower levels of pay than white workers – and that this has been a perennial issue within the UK labour market.⁴ The situation is set to worsen with the cost-of-living crisis that is likely to ‘devastate’ the poorest families, which in itself also has a disproportionately racialised dynamic.⁵ A recent analysis by the ONS highlights that approximately half (47 per cent) of Black or Black British, and one-third (33 per cent)

of Asian or Asian British adults said their household could not afford an unexpected expense. In comparison, 28 per cent of white adults reported this.⁶

This report explores the relationship between different minority ethnic groups and the real Living Wage. The real Living Wage is an hourly rate paid voluntarily by almost 11,000 UK businesses who believe their staff deserve a wage that meets their everyday needs. We find significant gaps between white and most minority ethnic workers when it comes to earning the real Living Wage, although the picture is not clear-cut. Overall, we conclude that paying the real Living Wage makes an important contribution to uplifting the wages of low paid workers and that this significantly benefits minority ethnic workers, who are over-represented in low paid roles.

KEY DISCUSSION POINTS

Low pay among different ethnic groups

- Certain minority ethnic groups face a much greater risk of earning less than the real Living Wage than others. For example, 33 per cent of Bangladeshi workers earn less than the Living Wage, the highest among all ethnic groups. Meanwhile, 29 per cent of Pakistani workers and 27 per cent of those from ‘Any other Asian background’ earn less than the Living Wage.
- Ethnic groups with a lower risk of earning less than the Living Wage include white workers (20 per cent), Indian workers (18 per cent) and Chinese workers (14 per cent). That Chinese and Indian workers are less likely to be low paid does not mean they are immune from racism or discrimination in the workplace. The root-causes of

ethnicity pay gaps are complex, and as outlined in this report, the cleavages between ethnicity groups can be driven by a multitude of factors.

- In most ethnic groups, women are more likely than men to earn below the Living Wage (with Bangladeshi workers being the only exception – albeit, within the Bangladeshi group both men and women still face a high risk of earning less than the Living Wage).
- In almost all cases, younger (16–29) and older workers (60+) are more likely to earn below the Living Wage.

Drivers of ethnicity employment gaps

The drivers of ethnicity employment gaps are complex and multi-faceted, and in many ways, the available data only tells us part of the story.

Moreover, there are historical issues that have driven, and continue to influence labour market gaps to this day, such as patterns of migration (discussed below), which not only have implications between groups but also within groups.⁷ The research used for this paper finds several key drivers of these gaps:

- **Racial discrimination at work:** In our survey of 2,010 minority ethnic workers, the majority (56 per cent) have experienced some form of discrimination at work, and this has had a significant impact on their levels of pay and progression in the labour market. This includes 34 per cent who have been passed up for promotion due to their ethnicity, 29 per cent who have been refused a job due to their ethnicity and 22 per cent who have been denied training opportunities due to their ethnicity. In addition to this, over a third (36 per cent) agree with the statement that 'white workers make more money than minority ethnic groups

doing the same or similar jobs at their company'.

- **Educational qualification:** Evidence shows that minority ethnic groups with higher-than-average attainment rates earn higher than average, while the reverse is true for those with lower-than-average attainment rates. However, it is important to note the wider structural and socio-economic context. For example, certain minority ethnic groups, such as Pakistani and Black Caribbean households, are more likely to live in low-income areas and are more likely to attend poor-quality schools, live in overcrowded housing and lack digital access, while also being subjected to the multiple pressures of growing up in a low-income environment. Further to this, low-income ethnic groups are also more likely to be Free School Meal (FSM) eligible, which is also associated with lower educational attainment.

- **Occupational/sectoral clustering:** There is a high degree of occupational/sectoral clustering among low paid minority ethnic groups. For example, Bangladeshi men are disproportionately concentrated in catering-related businesses, while Black workers are over-represented in the care sector – both sectors are more prone to having low pay.
- **Underemployment/part time hours:** There is a high degree of underemployment among minority ethnic workers. For example, a much larger proportion of male Pakistani (27 per cent) and Bangladeshi (37 per cent) workers are in part time roles compared with white male workers (11 per cent). Minority ethnic workers are also more likely to work in roles not aligned with their skills level, with 40 per cent of Black African and 39 per cent of Bangladeshi employees feeling overqualified for their jobs compared with just a quarter of white workers.

THE SUPPLEMENTARY LITERATURE REVIEW

As a supplement to this report, a full literature review that details some of the drivers and dynamics of pay and employment gaps among minority ethnic groups can be found in Appendix C.

METHODOLOGICAL NOTES

This report includes an analysis of publicly available data to outline the trends and the ‘scale of the challenge’. This includes an analysis of the LFS, which has been re-weighted to the Annual Survey of Hours and Earnings (ASHE) using standard re-weighting techniques (see Appendix A for details).

Using hourly pay data through LFS does create sampling issues, as only a fraction of LFS respondents reported their income in terms of hourly pay. When breaking this down by ethnicity and other variables of interest, the unweighted samples are particularly small. For that reason, we have grouped together quarterly LFS data from 2016–2021 to study this

relationship. However, because the proportion of workers earning below the real Living Wage has declined over the past five years, this means that data looking at ethnic groups presents a slightly higher proportion of workers earning less than the Living Wage than is currently the case. The data in this report on the overall scale of low pay among ethnic groups should therefore be taken with a pinch of salt, with much more attention on the difference between ethnic groups.

We also recognise the critical importance of the voices and the experiences of minority ethnic workers. Therefore, we have conducted a survey of over 2,000 minority ethnic employees and seven qualitative interviews with Living Wage-accredited employers. This allows us to provide commentary on not only vertical pay gaps across levels of seniority, but also horizontal pay gaps across industries and occupations.



3

CONTEXTUALISING DIFFERENCES BETWEEN MINORITY ETHNIC GROUPS

3. Contextualising Differences Between Minority Ethnic Groups

Differences in pay between ethnic groups must not be considered simplistically. The data only gives us some insights into current outcomes, it says nothing about the historical journeys of each individual community. The drivers of ethnicity employment gaps are complex and multi-faceted, and in many ways the available data only tells us part of the story. The manner in which the available data is structured does not allow for sufficiently nuanced analysis. When data is structured into broad categories such as White, Mixed/Multiple ethnic groups, Indian, Pakistani, Bangladeshi, Chinese, Any other Asian Background, Black/African/Caribbean/Black British and Other ethnic group, we encounter issues of oversimplification. We recognise there are additional variables within the LFS with narrower categorisation, but these do not cover the whole of the UK and have very limited samples. Similarly, there is no available disaggregation for the white Gypsy, Roma and Irish Traveller community, who are

amalgamated into the ‘White Other’ value within the LFS, which includes white Europeans.

We must also consider aspects such as patterns of migration, which not only have implications among but also within ethnic groups. For example, while a proportion of workers of Indian descent are among the UK’s highest earners, there is wide disparity within this group, which can be partly explained by the different patterns of migration within the Indian group.

Wilson highlights that we must consider the Indian communities’ unique migration trajectories, as many (especially those from Gujarat and Punjab) were settled in East African nations and forced to flee dictatorships, most famously, that of Idi Amin in Uganda.

As Amrit Wilson states:⁸

These Indians were the middle strata between the Africans and the British when they left. While some were very badly off when they came to Britain, many were middle-class businessmen and professionals who had been doing very well for themselves and some were able to bring over their capital. They were also ambitious, pushy and acquainted with urban ladders of ‘success’. This profile was very different from that of a migrant from rural India.

We highlight this example within the Indian community to show that there is significant diversity of historical experiences within minority ethnic groups. Therefore, any analysis that considers and compares outcomes must be treated with caution and understood within the wider context of history. Similarly, that the only LFS ethnicity variable with coverage of the whole of the UK has an amalgamated category such as ‘Black African/Black Caribbean/Black British’, is problematic.

Many of British African-Caribbean descent can trace modern migration patterns back to the Windrush generation of 1948. However, British Nigerians (to take one example of the multiple African groups in the UK) emigrated in large numbers in the 1980s, following the collapse of the petroleum boom, with asylum applications peaking in 1995 in response to the Sani Abacha military dictatorship.⁹ We therefore recognise that the timing, nature, pattern and circumstances of migration are highly uneven both within and among ethnic groups.

Finally, due to the limitations of data, ‘Black’ is used to describe this group of workers as an umbrella term for the distinct groups within this ethnic category. However, considering the high level of diversity of experiences, we also recognise that any analysis with broad generalisations is incomplete.

LOW PAY BY ETHNICITY GROUP

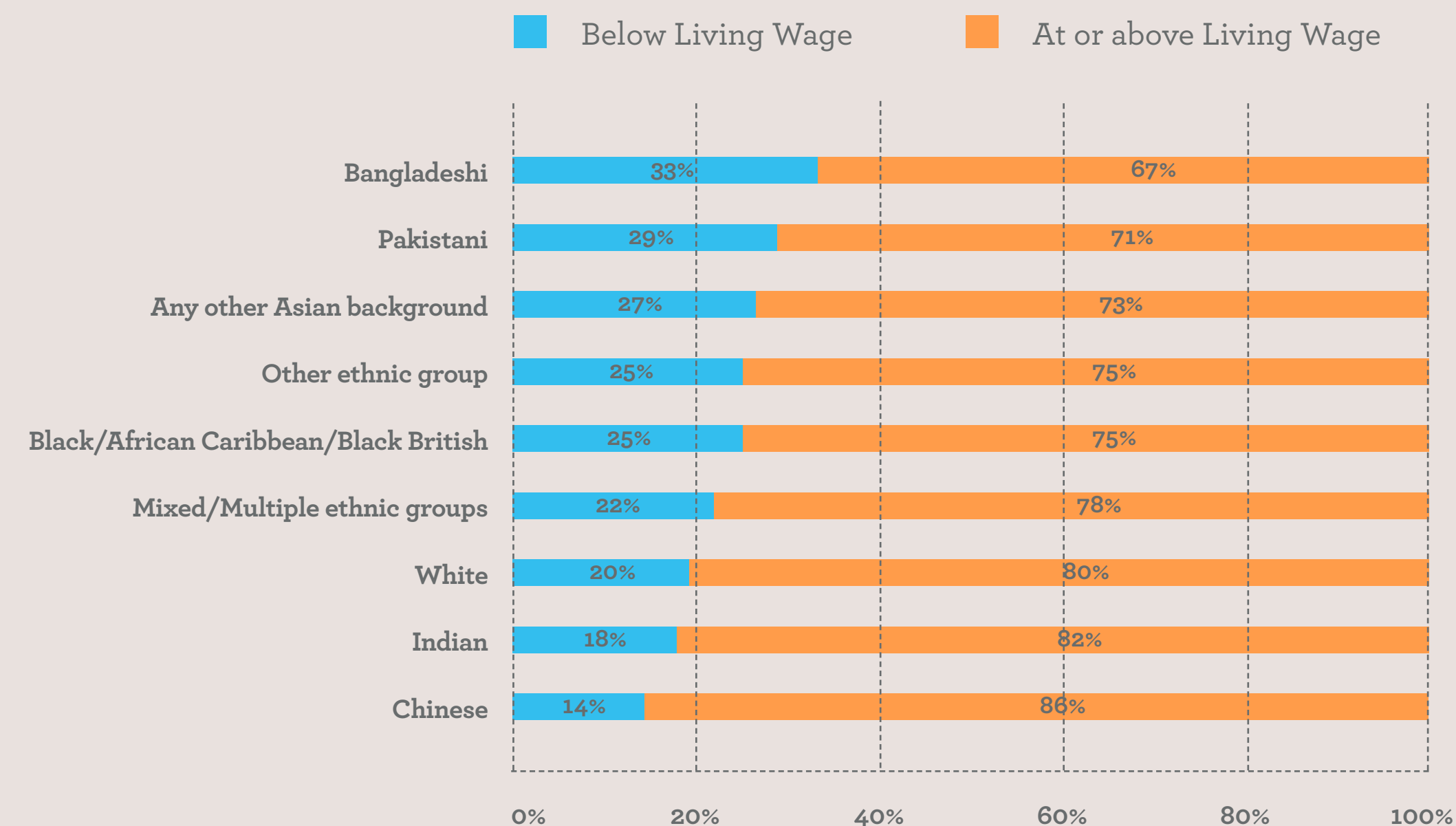
Keeping the previous discussion in mind, we now turn to the data found within the LFS around low pay by ethnicity group. As shown in Graph 1, low pay clearly has racialised dynamics. For example, 33 per cent of Bangladeshi workers earn less than the Living Wage, the highest among all minority ethnic groups. Meanwhile, 29 per cent of Pakistani workers and 27 per cent of those from ‘Any other Asian background’ earn less than the Living Wage. Additionally, those within the ‘Other ethnic group’¹⁰, Black workers and those from ‘Mixed/Multiple ethnic groups’ also have higher levels of low pay than white workers. Indian, Chinese and mixed ethnic groups, have lower proportions of workers earning less than the real Living Wage than white workers.

These figures broadly tally with other data on hourly pay across different minority ethnic groups.

For instance, ONS data has consistently shown that Pakistani and Bangladeshi workers have the lowest hourly incomes on average,¹¹ while Chinese, Indian and white workers tend to have above-average hourly earnings.¹²

3. Contextualising Differences Between Minority Ethnic Groups

Graph 1: Proportion of employees earning less than the Living Wage by ethnicity, UK, 2016-2021



Source: Living Wage Foundation analysis of the LFS and ASHE. To ensure sufficient sample sizes, quarterly LFS data from 2016-2021 was aggregated for each ethnic group.

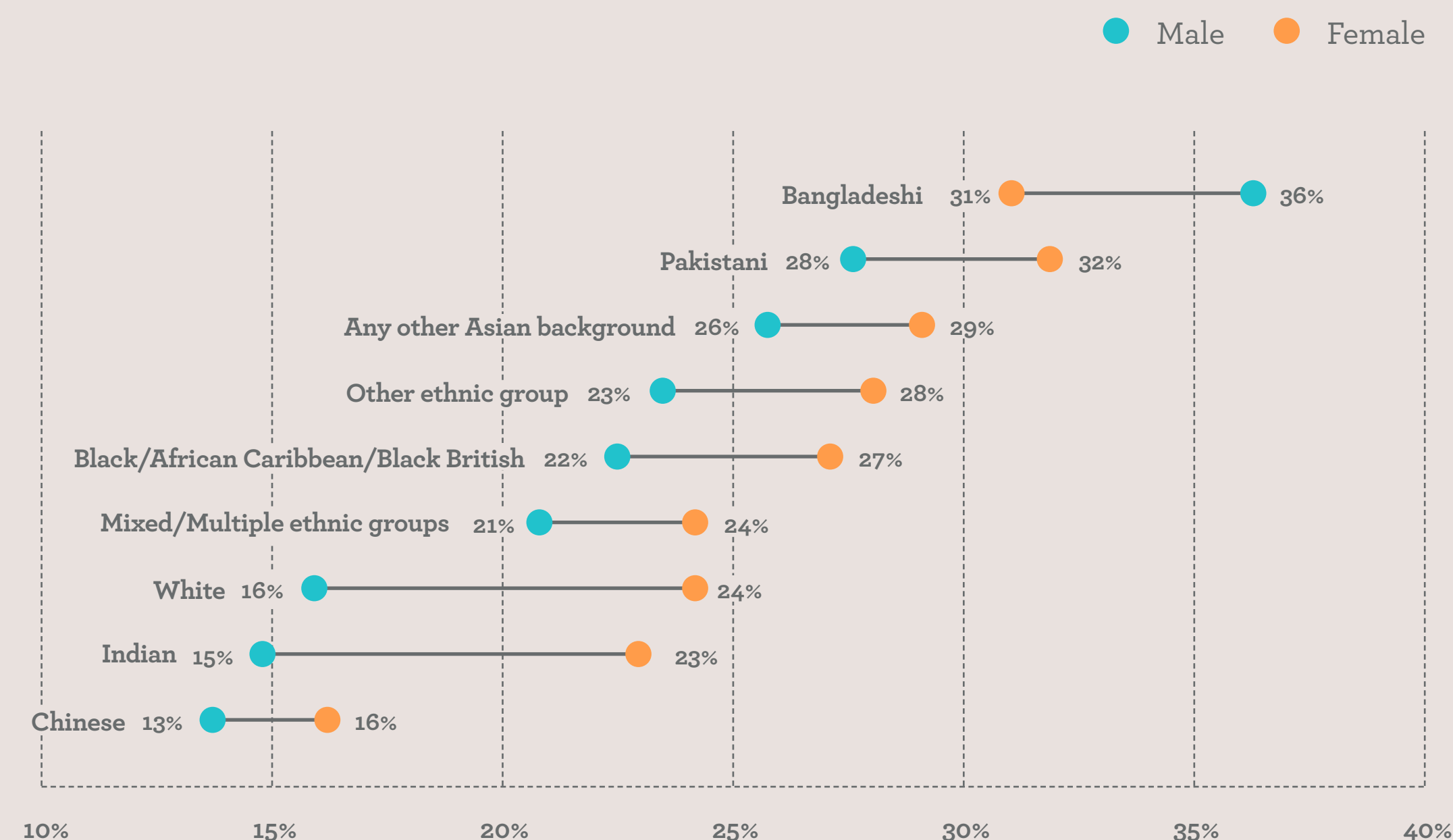
LOW PAY, ETHNICITY AND OTHER FACTORS

Within each minority ethnic group, there are intersectional dynamics, (such as gender and class), that show that pay disparities are racialised, gendered and affected by socio-economic statuses. In all but one group (Bangladeshi), women are more likely to earn below the Living Wage than men. Research conducted previously by the Living Wage Foundation found that a larger proportion of women earn less than the Living Wage than men, although the gap is narrowing.¹³ As a consequence, women from minority ethnic groups face a double-jeopardy when it comes to earning less than the Living Wage – with around a third of female workers from Pakistani (32 per cent), Bangladeshi (31 per cent) and Other Asian (29 per cent) groups earning below the real Living Wage. This concurs with broader data on median hourly

pay with ONS data showing that, of all the groups outlined below, it is only among Bangladeshi workers that women have a higher median hourly pay than men – although they are still close to the bottom of the pay distribution among all ethnicities and genders.¹⁴ These results bring into sharp focus how low pay is not only a racialised issue, but also a gendered issue.

3. Contextualising Differences Between Minority Ethnic Groups

Graph 2: Proportion of employees earning below the Living Wage by ethnic group and gender¹⁵, UK, 2016-2021



Source: Living Wage Foundation analysis of the LFS and ASHE. To ensure sufficient sample sizes, quarterly LFS data from 2016–2021 was aggregated for each ethnic group.

3. Contextualising Differences Between Minority Ethnic Groups

LOW PAY BY AGE

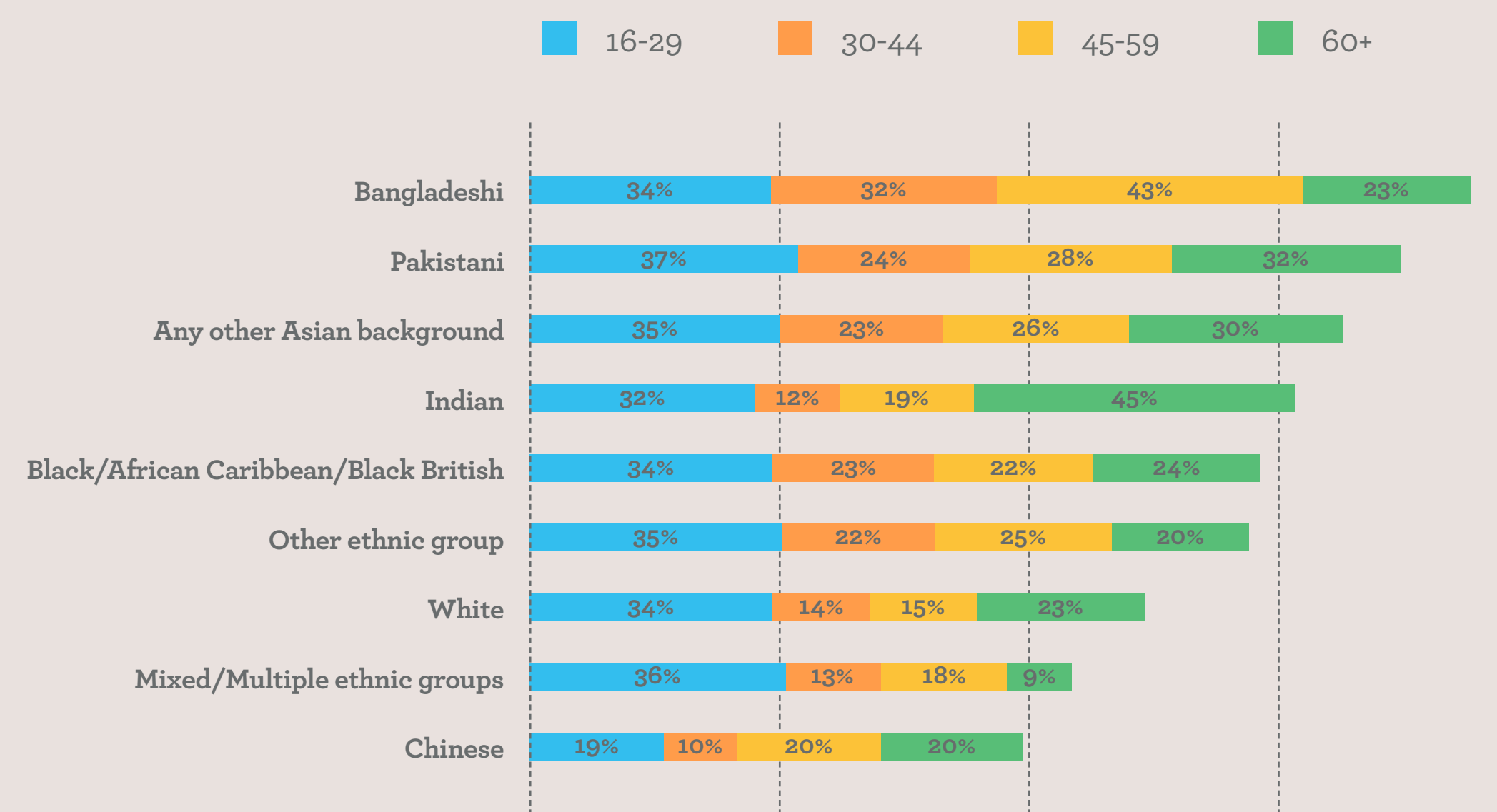
Age is another factor that has a huge impact on the likelihood of workers earning below the Living Wage, with younger workers and older workers both being at a greater risk of being low paid.¹⁶ Low pay among young workers is an issue that impacts ethnic groups fairly evenly, with the exception of Chinese workers. As shown in Graph 3, around a third of workers aged 16–29 earn less than the Living Wage, with a range of just 5 percentage points between the most impacted group (Pakistani workers, 37 per cent) and the least impacted group (Indian workers, 32 per cent).

However, it is when you look through the older age brackets that larger discrepancies start to appear, with better paid minority ethnic groups experiencing large drop-offs in the rate of earning below the Living Wage after the age of 30. This is in contrast to the experience of lower paid minority ethnic groups

whose rates of earning below Living Wage either remain consistent or experience only marginal drop-offs from 30 onwards. As a result, there are significantly larger gaps between low paid minority ethnic groups and better paid minority ethnic groups among those aged 30 and above. For example, in the 30–44 age bracket, Bangladeshi workers are by far the most likely to suffer from low pay, followed by Pakistani workers, Black workers and workers from ‘Other Asian backgrounds’. Meanwhile, white, Indian and Chinese workers are all at a much lower risk.

The same is true in the 45–59 category, with Bangladeshi workers being at the greatest risk of earning less than the Living Wage followed by Pakistani workers and workers from ‘Other Asian backgrounds’. Meanwhile, Chinese, Indian, and white workers, and those from ‘Mixed/multiple ethnic groups’ face a lower risk.

Graph 3: Proportion of employees earning below the Living Wage by ethnic group and age, UK, 2016–2021



Source: Living Wage Foundation analysis of the LFS and ASHE. To ensure sufficient sample sizes, quarterly LFS data from 2016–2021 was aggregated for each ethnic group.

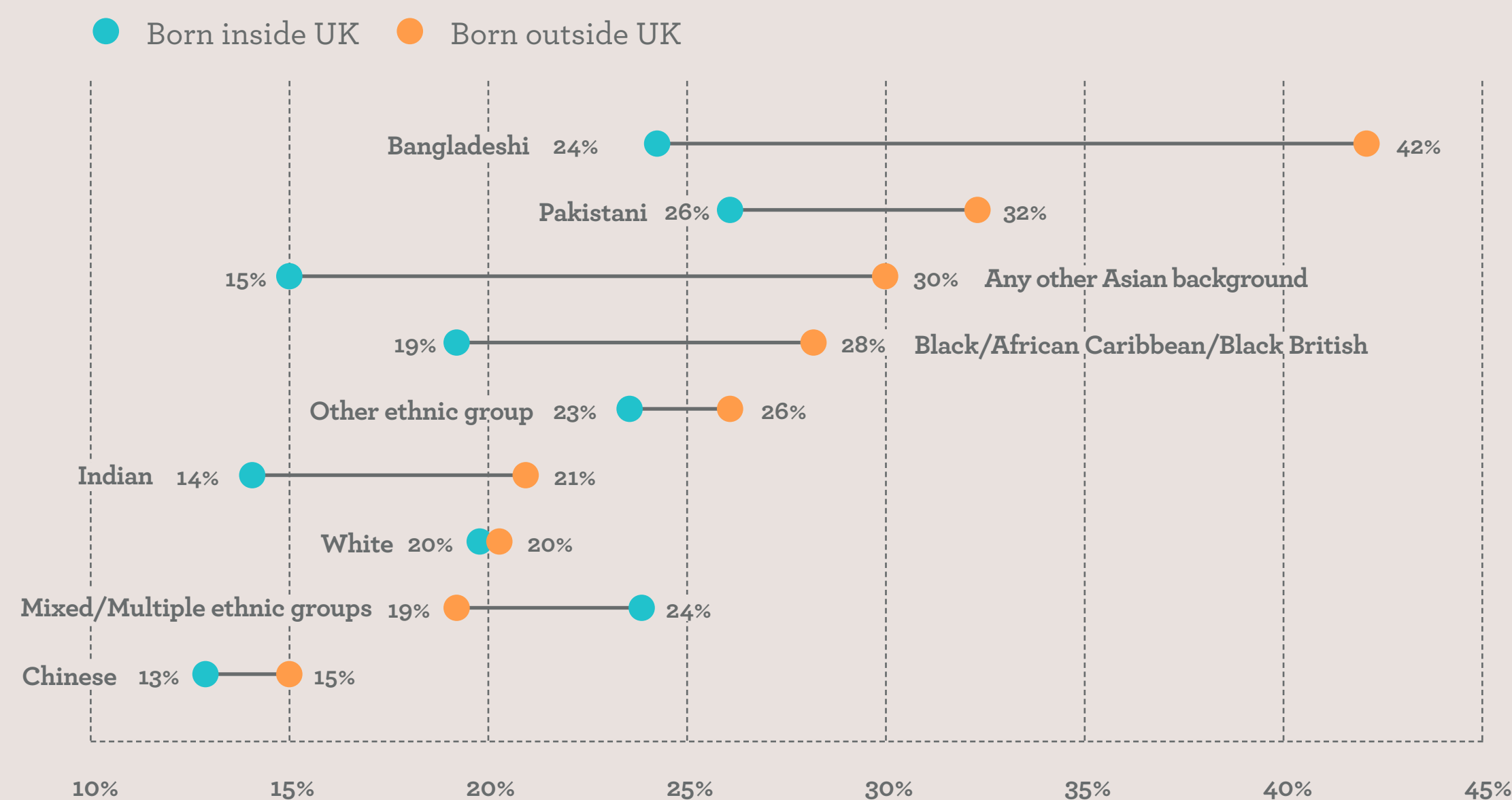
The picture for older workers (60+) is more mixed, with Indian workers – a typically higher paid group – being at the highest risk of earning

below the Living Wage, followed by Pakistani workers, and those from 'Other Asian backgrounds', while those from 'Mixed/Multiple ethnic groups' face the lowest risk, with just 9 per cent earning less than the Living Wage.

LOW PAY BY ETHNICITY GROUP AND WHETHER BORN INSIDE OR OUTSIDE THE UK

Over the past two decades, the percentage of workers employed in the UK who were born abroad has steadily increased. In 2004, such workers represented 9 per cent of the UK workforce, compared to 18 per cent in 2019.¹⁷ When it comes to employment status, there is little difference between UK-born workers and those born abroad. According to data from Jan-March 2022, the unemployment rate among foreign-born nationals is 4.8 per cent, compared to 3.4 per cent for those born in the UK.¹⁸ It should also

Graph 4: Proportion of employees earning below the Living Wage by ethnic group and whether born inside or outside the UK, UK, 2016-2021



Source: Living Wage Foundation analysis of the LFS and ASHE. To ensure sufficient sample sizes, quarterly LFS data from 2016–2021 was aggregated for each ethnic group.

be noted that this gap has widened during the course of the pandemic; it was 1 percentage point in Q1 2020 (4.5 per cent foreign-born, 3.8 per cent UK born).¹⁹ Analysis has shown that when it comes to unemployment, migrant workers were disproportionately impacted due to being over-represented in 'lockdown-hit' industries such as hospitality and being more likely to have been working on insecure and temporary contracts.²⁰

Despite the narrow difference in unemployment rates between migrant workers and those born inside the UK, there are larger gaps between the two cohorts when it comes to low pay, and this is true across almost all minority ethnic group categories. The only exceptions to this are workers from 'Mixed/multiple ethnic backgrounds', where those born inside the UK are more likely to earn below the Living Wage, and white workers, where

there is no difference between the two groups. For all other minority ethnic groups, workers who were born outside the UK face a greater risk of earning less than the Living Wage.

The difference is widest for Bangladeshi workers, where 24 per cent of those born inside the UK earn below the Living Wage, compared to 42 per cent of those born outside the UK. These workers are followed by 'Any other Asian Background' (15 per cent born inside the UK, 30 per cent born outside the UK) and Black workers (19 per cent born inside the UK, 28 per cent born outside the UK). Within the remaining minority ethnic groups, those born outside the UK are at a greater risk of earning below the Living Wage, but the difference is not as stark.

3. Contextualising Differences Between Minority Ethnic Groups

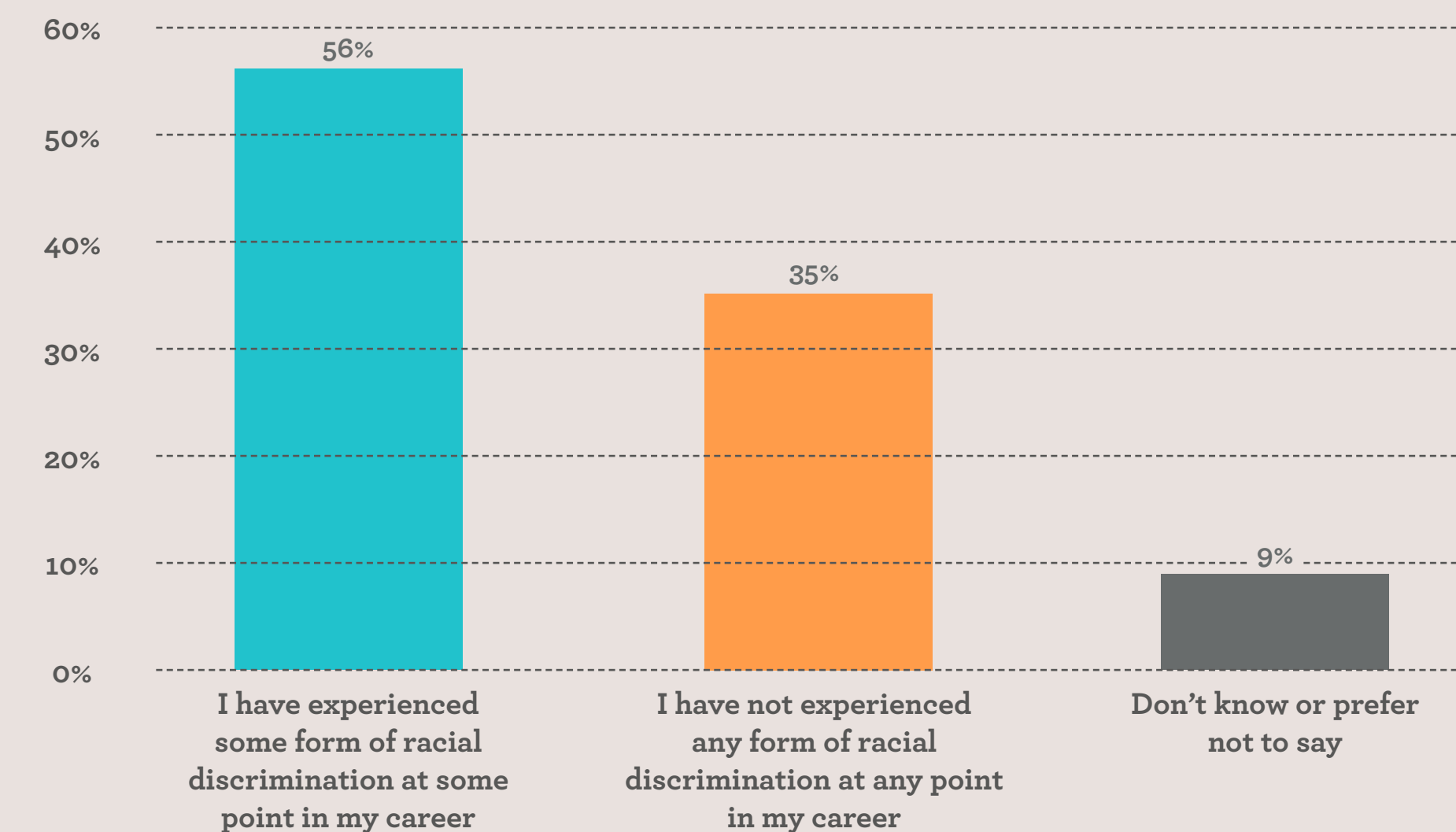
KEY DRIVERS OF ETHNICITY PAY GAPS

The above section has outlined the scale of low pay among different minority ethnic groups, with consideration to other factors – such as gender, age and migration status – that intersect with race in shaping workers’ likelihood of earning less than the Living Wage. The following section will look at the key drivers of low pay among different minority ethnic groups, with consideration to what makes workers of these backgrounds more likely to experience low pay. We have identified four key factors that help to explain this; structural and institutional barriers; clustering in low paid sectors; occupational grouping and increased likelihood of working part time hours.

STRUCTURAL AND INSTITUTIONAL BARRIERS

There remain structural and institutional barriers founded on racism that prevent minority ethnic workers from achieving their full potential. Our survey of minority ethnic workers found that they experience high levels of discrimination. For example, in our survey, 56 per cent of workers from minority ethnic backgrounds said that they experienced discrimination at some point in their careers (with 36 per cent saying they had not experienced discrimination and 9 per cent saying they preferred not to say). These findings go to show that workers from minority ethnic groups face significant obstacles within the world of work.

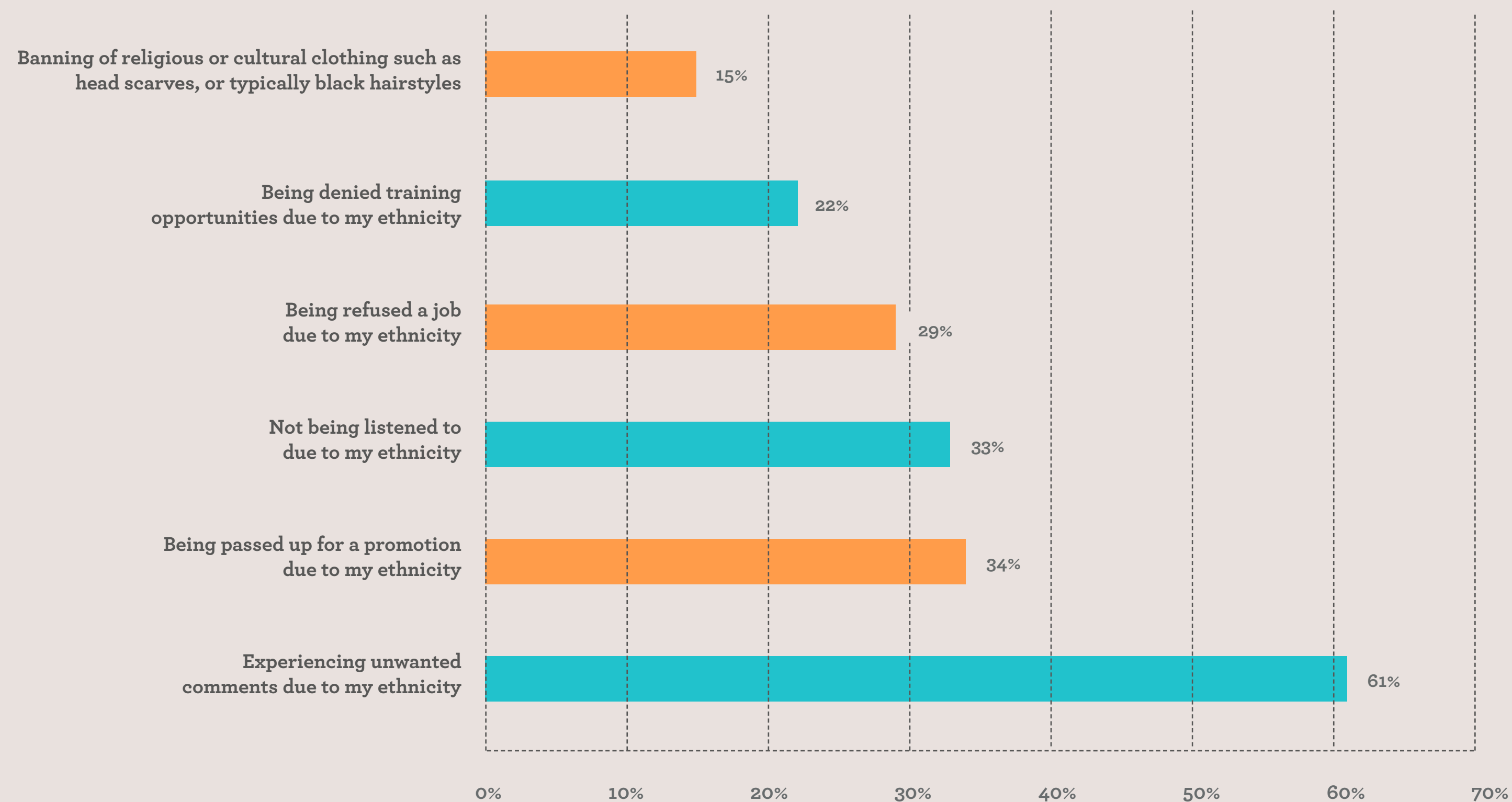
Graph 5: Whether minority ethnic workers had experienced some form of racial discrimination throughout their career, UK, 2021



Source: Survation polling of 2,010 workers from ethnic minority backgrounds. Fieldwork 26 November to 1 December.

The most widely experienced form of racial discrimination reported was the receipt of unwanted comments due to ethnicity (61 per cent). This was followed by being passed up for a promotion due to the worker's ethnicity (34 per cent) and not being listened to due to their ethnicity (33 per cent). Less common forms of discrimination included being refused a job due to ethnicity (29 per cent), being denied training opportunities due to ethnicity (22 per cent) and the banning of religious or cultural clothing such as head scarves or typically Black hairstyles (15 per cent).

Graph 6: Types of discrimination faced by minority ethnic workers, UK, 2021

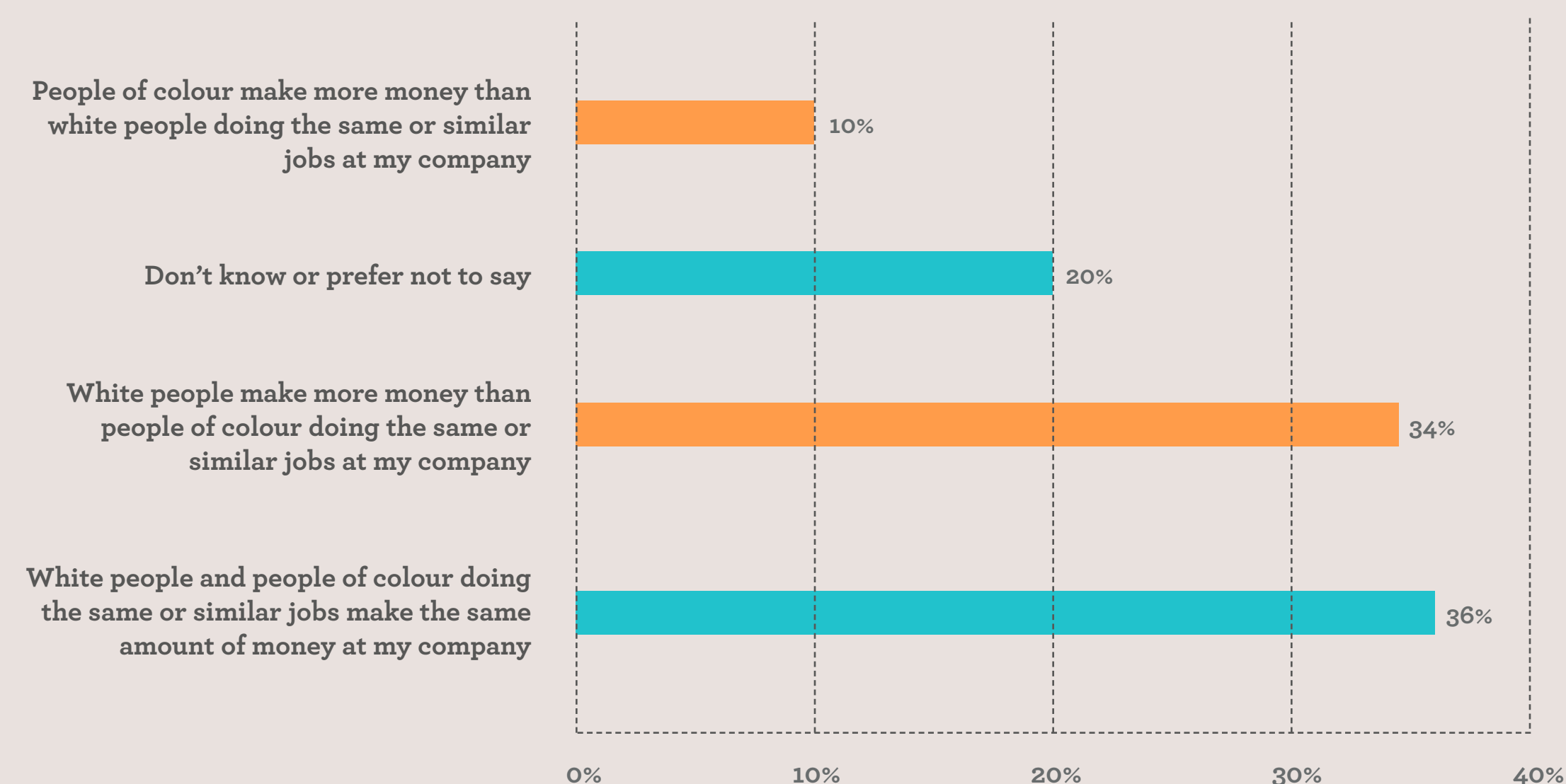


Source: Survation polling of 2,010 workers from ethnic racialised minority backgrounds. Fieldwork 26th-November – 1st December.

In our survey, 34 per cent of workers from a minority ethnic group said that they thought that white workers make more money than minority ethnic workers doing the same or similar job in their companies. London (which also reports the greatest ethnicity pay gap) was the region of England where the greatest proportion said that white workers made more money doing the same/similar jobs than minority ethnic workers (38 per cent). The proportion of people reporting that they thought that white workers make more money than minority workers in their company rose as qualification levels rose, from 23 per cent of those with no qualification/level 1 qualification to 36 per cent of

those with a level 4+ qualification. This raises questions about the particular challenges in relation to ethnicity, progression and seniority that shall be discussed further on in this report.

Graph 7: Perceptions of fair pay in similar jobs among minority ethnic groups, UK, 2021



Source: Survation polling of 2,010 workers from minority ethnic backgrounds. Fieldwork 26 November to 1 December.

CLUSTERING IN LOW PAID SECTORS

We find a high degree of clustering among specific minority ethnic groups in certain sectors, with some groups over-represented in sectors with the highest proportion of below Living Wage workers. This also helps to explain why certain minority ethnic groups disproportionately suffer from low pay.

For instance, as shown in Table 1 (in Appendix B), Bangladeshi workers – the group most impacted by low pay – are hugely over-represented in the hospitality industry (Accommodation and Food Services) – the sector with the highest level of low pay – with one fifth (19 per cent) of Bangladeshi employees working in hospitality, compared to 5 per cent across the workforce as a whole. A similar proportion of Bangladeshi workers (18 per cent) work in Wholesale and the Retail trade, which has the third-highest proportion of low paid workers, compared to 13

per cent across the economy as a whole. Consequently, this means that over a third (37 per cent) of Bangladeshi employees work in the three lowest paid sectors, compared to a fifth (20 per cent) of the total UK workforce. There is a similar case with Pakistani workers, who are over-represented in four of the five lowest paid sectors – most notably in Wholesale and Retail trade, with 18 per cent of Pakistani workers operating in this industry, compared to 13 per cent of the total workforce.²¹

This relationship between minority ethnic groups and low paid sectors remains broadly consistent for other groups, albeit to a lesser degree. For example, those from ‘Any other Asian background’ are over-represented in the hospitality sector (10 per cent compared to 5 per cent across the economy as a whole), but their numbers are broadly in line with the general workforce across the remaining four low paid sectors. Similarly, Black

workers are over-represented in the Administrative and Support Service sector, but not in any of the five sectors with the highest levels of low pay.

At the other end of the spectrum, it is also the case that minority ethnic groups with a lower proportion of low paid workers are more likely to be under-represented in low paid sectors, with Indian workers being under-represented in three of the five lowest paid sectors (and level in the other two).

Meanwhile, Chinese workers are under-represented in three of the five lowest paid sectors. White workers are completely in line with the national average, however this is due to them making up a huge majority of the total workforce, meaning that the sectoral spread of white workers will largely shape the general proportion of workers in each individual sector.

OCCUPATIONAL GROUPING

The clustering within industries is not the only place where pay discrepancies manifest in the labour market. Occupational grouping is also important. Much like with industries, certain occupations have much higher proportions of low pay than others. For instance, a majority of jobs (52 per cent) in the ‘elementary service occupation’ are paid below the Living Wage, while the same is true of 43 per cent of jobs in the ‘sales and customer service’ occupation group and of around a third in the ‘caring, leisure and other service’ occupations (31 per cent). Meanwhile, other occupations have considerably lower levels of low pay, such as the ‘professional services’, ‘managers, directors and senior officials’, and ‘associate professional and technical occupations’. We find clear evidence of occupational clustering, with low paid ethnic groups congregating in lower paid occupations.

4. Key Drivers of Ethnicity Pay Gaps

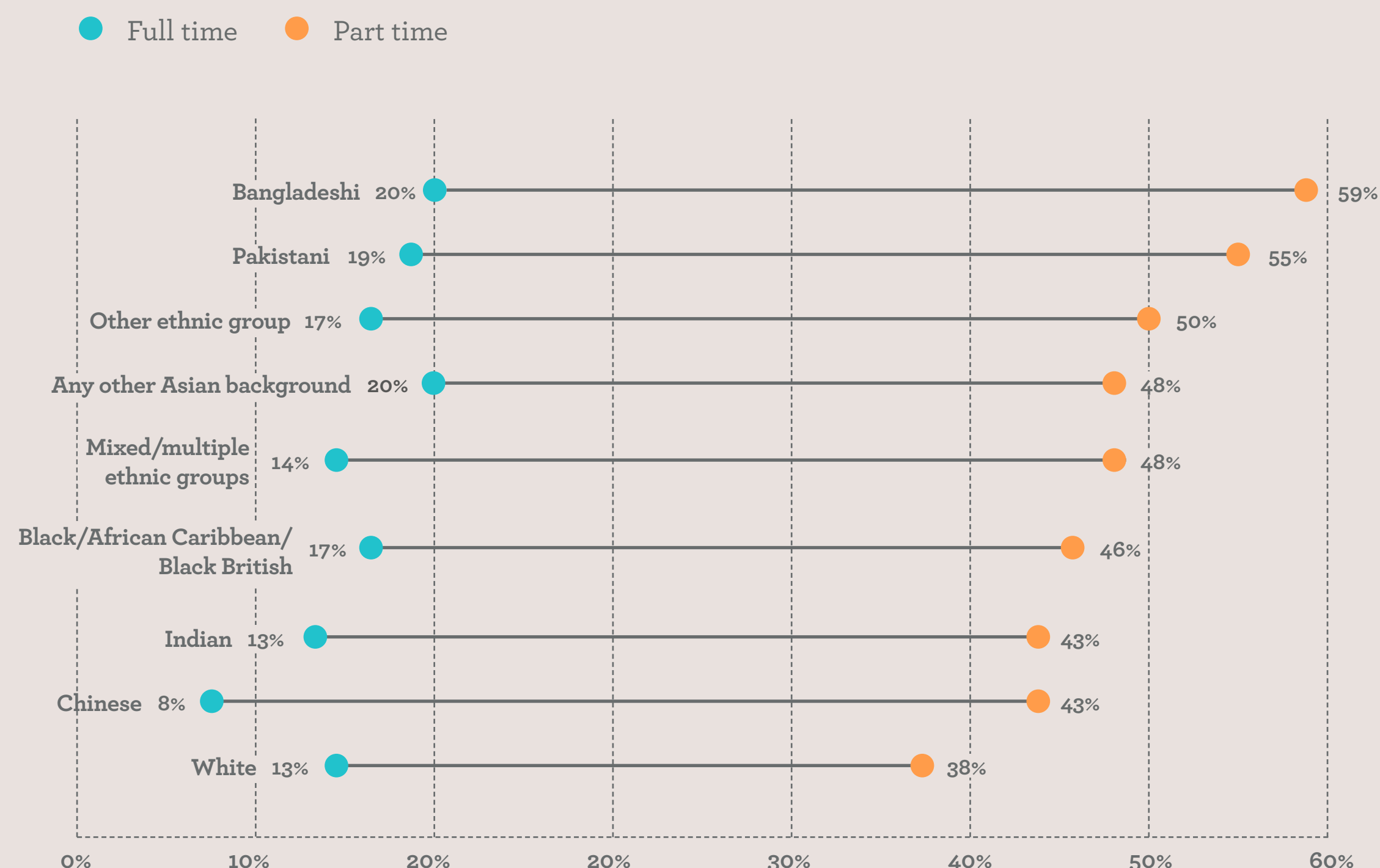
For example, Bangladeshi workers are hugely over-represented in the two lowest paid occupations, by 3 and 8 percentage points respectively. Similarly, they are under-represented in the two occupations with the lowest levels of below Living Wage pay – falling short of the national average by 7 and 5 percentage points respectively. We find a similar occupational imbalance among Black workers. They are significantly over-represented in two of the three lowest paid occupation groups (by 5 and 7 percentage points respectively), and under-represented in the three occupations where below Living Wage pay is the lowest (by 4, 5 and 1 percentage points respectively). The occupation where Black workers are most over-represented is ‘Caring, Leisure And Other Services’, a large chunk of which is made up of those that work in social care – an industry with high levels of below Living Wage

pay.²² Previous research has found Black workers to be over-represented in the social care sector, and this evidence would suggest this is a key driver of their increased levels of low pay.²³

Pakistani workers are also over-represented in the four occupations with the highest proportion of low pay and are under-represented in four of the five occupation groups with the lowest proportion of below Living Wage workers. Similarly, those from ‘Other Asian’ backgrounds are significantly over-represented in the three lowest paid sectors (by 6, 3 and 3 percentage points respectively) and under-represented in two of the three occupations with the highest incidence of low pay, both by 4 percentage points.

Therefore, there is clear evidence that lower paid minority ethnic groups are over-represented in low paid occupations, while also being under-represented in occupations where low pay is rarer. This provides strong evidence of the presence of vertical pay gaps for different minority ethnic groups within the labour market.

Graph 8: Proportion of employees earning below the Living Wage by ethnicity group and working hours, UK, 2016–2021



Source: Living Wage Foundation analysis of the LFS and ASHE. To ensure sufficient samples sizes, quarterly LFS data from 2016–2021 was aggregated for each ethnic group.

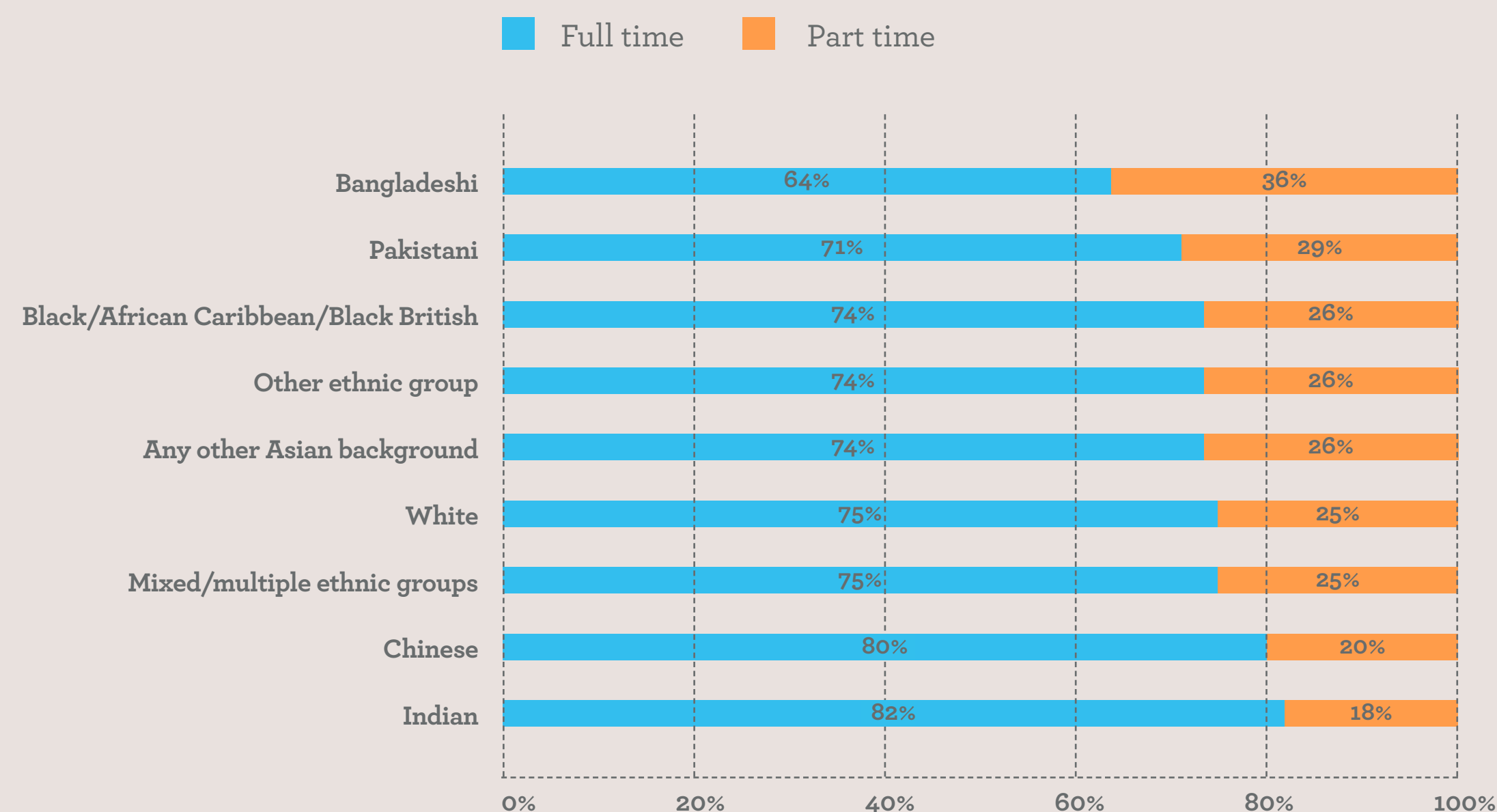
A GAP IN LIVING HOURS

The number of hours employees work has a huge impact on the likelihood of earning below the Living Wage. In 2021, part time jobs were three times more likely to be paid below the Living Wage than full time jobs.²⁴ When looking at working hours and minority ethnic groups with regards to low pay, we find that part time workers continue to be at a much greater risk of earning less than the Living Wage than full time workers across each ethnicity group. However, because certain minority ethnic groups are already at a high risk of low pay, coming from a minority ethnic background and working part time hours makes workers particularly vulnerable to earning less than the Living Wage.²⁵

For example, a majority of part time Bangladeshi and Pakistani workers are low paid (59 per cent and 55 per cent respectively), while the same is true for half (50 per cent) of workers

in the ‘Other ethnic group’. In each of these minority ethnic groups, part time workers are approximately three times as likely to be low paid as those working full time – the same as seen across the economy as a whole. This trend remains broadly consistent across most other ethnic groups. However, the difference is slightly smaller for workers of ‘Any other Asian background’, Black workers and white workers.

Graph 9: Proportion of workers working full time or part time hours by ethnicity group, UK, 2016-2021



Source: Living Wage Foundation analysis of the LFS and ASHE. To ensure sufficient samples sizes, quarterly LFS data from 2016-2021 was grouped together for each ethnic group.

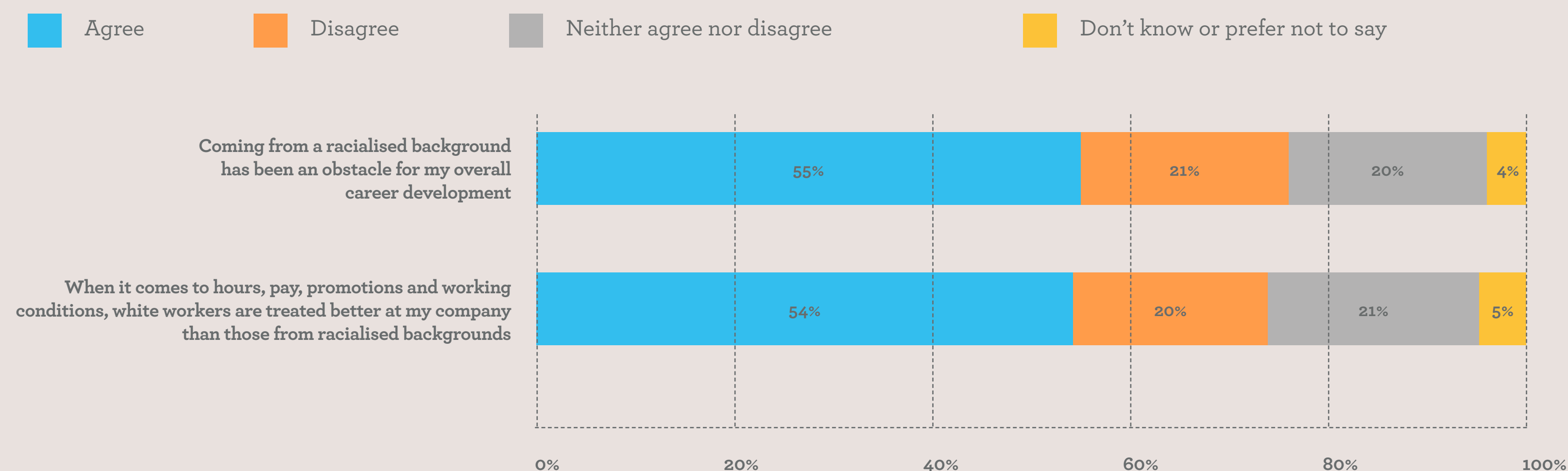
Another important aspect is that certain groups are more likely to be in part time work than others. For example, as shown in Graph 9, the two minority ethnic groups with the highest incidence of low pay – Bangladeshi and Pakistani workers – also have the highest proportions of part time workers. Meanwhile, the opposite is true for workers with low levels of low pay, with Chinese, Indian and white workers all seeing lower relative levels of part time working. This would suggest that not only does working part time mean workers from all minority ethnic groups face a greater likelihood of earning less than the Living Wage, but also that minority ethnic groups with a higher proportion of part time workers also have higher levels of below Living Wage pay.

BEYOND THE
LIVING WAGE:
MINORITY ETHNIC WORKERS AND
PROGRESSION TO SENIORITY

It is important to note that while the Living Wage is a crucial lever in redressing racialised imbalances in the labour market, it is one of many measures needed before minority ethnic workers are able to achieve parity with white workers. This is particularly the case when it comes to rooting out racial discrimination in the workplace, an issue that affects minority ethnic groups irrespective of their pay levels and warrants further research.

Our own survey found that the proportion of workers who reported having experienced racial discrimination was higher for those earning above the Living Wage than those earning beneath it (59 per cent compared to 44 per cent). Additionally, the experience of discrimination increases as employees progress in seniority, with 62 per cent of those in middle management or above reporting having experienced racial discrimination, compared to 49 per cent those below middle management.

Graph 10: Perceived impact of race on treatment in workplace and overall career development, UK, 2021



Source: Survation polling of 2,010 workers from minority ethnic backgrounds. Fieldwork 26 November to 1 December. EW

5. Beyond the Living Wage: Minority Ethnic Workers and Progression to Seniority

These survey findings would suggest that those in better paid jobs requiring a higher level of qualifications tend to experience discrimination at a greater scale. That being said, that around half (49 per cent) of those below middle management from minority ethnic backgrounds report facing some form of racial discrimination is worrying, and points to the barriers faced by these workers in progressing to more senior roles.

When comparing the experiences of discrimination among minority ethnic groups, only small differences were observed with the exception of those belonging to the Black ethnicity group. Among Black workers, 64 per cent reported experiencing racial discrimination at the workplace, more than 10 percentage points higher than all other minority ethnic

groups. However, this may be at least partially a result of those in low paid, less secure roles being less likely to report experiences of racism, even in anonymous surveys.

Just over half of those surveyed agreed that coming from a minority ethnic background has been an obstacle to their career development (55 per cent). Meanwhile, 21 per cent disagreed and 4 per cent said they didn't know. The proportion of those agreeing that coming from a minority ethnic background had been an obstacle to their career rose with qualification level, from 49 per cent of those with no qualification/level 1 qualification to 58 per cent of those with level 4+. The observation that those with higher-level qualifications report feeling a higher degree of unfairness requires further study. Qualitative

research would add value here by providing us with further insights into how this discrimination manifests and what impacts it has on minority ethnic workers. The data indicates that while the Living Wage holds significant importance, the values of fairness and equality need to be reflected at all levels of seniority.

PERSPECTIVES
FROM THE LIVING
WAGE EMPLOYER
COMMUNITY:
WHAT CAN WE LEARN?



To supplement the publicly available data and our survey findings, we commissioned the Runnymede Trust,²⁶ a leading research charity committed to challenging racial inequality in the UK, to conduct semi-structured interviews with seven Living Wage-accredited organisations (listed in Appendix A). The organisations were selected to offer some regional, sectoral and size-based representation. Interviews were conducted with people in Human Resources or Equality, Diversity and Inclusion departments. The sample size is small and these findings are not intended to be conclusive. However, several threads of experience emerged that signal potential areas for further exploration.

Living Wage employers indicated a wider commitment to fair pay and employee welfare

There was a clear sense that accreditation was not just about a wage uplift for a group of employees, but that it was a public affirmation of an organisation's commitment to fair pay and employee welfare. The sentiment of paying a fair day's wage for a fair day's work was echoed across all interviews and was based on the recognition that those employees earning the lowest wages were owed a salary on which they could reasonably survive and thrive. For most organisations interviewed, paying the real Living Wage was a welcome opportunity to review and audit salaries and think more carefully about equity issues in the salary structure. As Living Wage accreditation applies to directly employed staff and third-party contracts, increases to the number

of employees paying the Living Wage will cover those who are more likely to be in lower paid roles such as cleaning and security as well as directly employed staff, many of whom are salaried above the Living Wage prior to accreditation.

The Living Wage employers interviewed also paid close attention to the Living Hours scheme. The employees that benefited from Living Hours commitments were disproportionately minority ethnic employees, concurring with findings in the literature review that minority ethnic employees and women are significantly over-represented in those who are in precarious roles such as zero-hours contracts. This suggests that employer decisions to increase wages and provide more secure hours for those earning the least is in part driven by a desire to develop a wider culture of fairness and inclusivity throughout the organisation.

6. Perspectives from the Living Wage Employer Community: What Can We Learn?

We are currently looking at the Living Hours ... In our industry because we're 24/7, if an alarm goes off, somebody has got to go out, so we do on-call. So, the salary is one aspect, but we also always offer permanent contracts; they know when they're going to be doing a weekend shift in advance ... It's about giving people a work life balance. So again, we've had engineers that have left well-known companies, and they didn't know from one day to the next where they were going. So, they finish at 6:00 maybe and they get a list [of work tasks] at 7:00 in the morning and it could be the other side of the country. So, it's about that work-life balance that we look at as well, not just the salary.

- Approved Security Systems.²⁷



Adopting the living wage has a favourable impact on minority ethnic employees

There was some evidence from employers interviewed that paying the real Living Wage had a direct benefit for employees from minority ethnic groups and female employees. For the larger organisations that were interviewed, like Herbert Smith Freehills and Bristol City Council, data collection on the impact of Living Wage accreditation was able to verify this direct benefit. For Herbert Smith Freehills, the shift to Living Wage accreditation involved negotiations with the sub-contracted cleaning and catering company. Those conversations led to Herbert Smith Freehills agreeing to subsidise the difference between the company hourly salary and that set by the Living Wage Foundation.

I think we had almost lost touch with how much we were paying for those subcontractors to do the cleaning and the catering, and so when we were learning more about in-work poverty and what it meant that people were having to work multiple jobs and wouldn't be able to afford basic things, we were just thinking that this is absolutely the right thing to be doing. We should know how much we pay our cleaners, we should be paying them a Living Wage.

- Herbert Smith Freehills

The outcome was the uplift of the salaries of all cleaning and catering staff working on their site, 47 people in all. Of those, 64 per cent were from minority ethnic groups, the most being from the 'Black African' and 'Black Other' data categories. For Bristol City Council, there were 300-400 employees whose salaries were uplifted by moving to Living Wage

accreditation. These employees were in a range of roles, including support staff in schools, care home staff, library assistants, sports and leisure, as well as park and site caretaking teams. In terms of outcomes, they reported significant progress had been made towards closing both the gender and ethnicity pay gap over a 6-year period.²⁸

For Sodexo, a large multinational hospitality and services provider, there was a similar outcome, where they recognised that a disproportionate number of their frontline staff, who are in the lower salary range, were impacted by the Living Wage uplift. This meant that there was a direct benefit to closing pay gaps and also raising the overall average salary earned by minority ethnic employees. At The Brilliant Club, 20 per cent of those who benefitted were from minority ethnic groups and again a disproportionate number of them were female.

In the smaller organisations, although the numbers of staff affected were much smaller in scale, most were aware that the Living Wage uplift also benefited similar groups. Approved Security Systems Ltd could report that almost one third of those whose wages were increased were from minority ethnic groups; for Jubilee Hall Trust that was nearly half of their staffing and at Imara it was two thirds of employees. These findings illustrate how adopting the Living Wage can directly benefit workers from minority ethnic groups.

Sharing best practices within a developing network of accredited organisations

Our interviews with employers highlighted the success of the Living Wage Places programme and the encouragement for organisations that trade with and relate to one another through service provision

6. Perspectives from the Living Wage Employer Community: What Can We Learn?



or wider professional connections at a local or regional level, to adopt the Living Wage. For example, Bristol City Council has acted as an ‘anchor’ institution and hosted events and advocated for local business to see the benefits of becoming accredited employers, as part of Bristol becoming one of the first Living Wage Cities. The sense of building a Living Wage community was clearly outlined by all participants who indicated that their procurement and business relationships were filtered through Living Wage accreditation priorities.

Imara, a charity working with young people and families, stated:

“We’ve been a part of the network of other organisations, so we use another social enterprise to do our cleaning and it’s good to know that they are part of the Living Wage Foundation as well. We will only

use organisations that are also paying their staff well, particularly something like a cleaning organisation where often the lowest paid workers tend to be in those job roles.

This suggests that there is a larger ‘ripple effect’ of the real Living Wage in terms of the pressure on other employers to gain accreditation to secure contracts. The virtuous cycle tends to require organisations working with employees at the lower end of the salary structure to see the business benefit of paying that uplifted salary and therefore performs critical work toward closing pay gaps. Harnessing the power of networks also provides further scope for sharing best practices on the issue of racial equality in the workplace.

Despite the uplifts at the lower wage levels with Living Wage employers, there are still ongoing issues with progression for minority ethnic groups

One challenge related to the ethnicity pay gap that emerged from the interviews is that while there has been significant movement enabled by uplifting the wages of those at the very lowest wage range, there are ongoing issues with progression in the workplace for workers from minority ethnic groups and this is largely to account for persistent gaps. Bristol City Council, which had the most advanced data collecting system of all the organisations interviewed, was clear that the remaining gaps required long-term measures that would enable minority ethnic employees to move into the senior levels of the organisation. This links back to the discussion in the literature review about the interconnections between the horizontal and vertical pay gaps, because while employees at the lower pay scales had seen an increase in their wage, the overall ethnicity pay gap has persisted largely because of the under-representation of employees at

senior levels in the organisational hierarchy. Bristol City Council was clear that this was a longer-term initiative that required a multi-stranded approach including looking at recruitment, investment in training and addressing discrimination that might block progression:

“I think the next step for us is around learning and development opportunities for staff. I think that’s an area that we are focusing on to make sure that opportunities are available for staff to progress and develop. So we are now doing some of that longer-term work around succession lines and progression.

Smaller organisations like Imara were acutely aware that their senior leadership structure lacked any racial diversity:

“We are mindful that the senior leadership team, which is seven people,

are all white – white women. We have a big team of therapists, but our problem is that therapists are very under-represented amongst Black, Asian and ethnic minority communities. So it has been noticeably harder to recruit people, whereas in our independent sexual violence advisers' team, because they come from a broader range of backgrounds, it has been easier to recruit a more diverse team. But it is something we are very conscious about in terms of the senior leadership.

Clearly, addressing the under-representation of minority ethnic people in senior positions is related to wider systemic issues that relate to institutional racism, such as education and training that disadvantage minority ethnic students in terms of qualifications achieved and pathways taken; but these accounts also highlight that further work needs to be done around workplace training, development and progression,

and that employers must also take responsibility for ensuring that their minority ethnic employees are given full and fair access to progression routes.

Organisations report challenges with collecting and reporting data on ethnicity pay gaps

Some of the interviews highlighted a nervousness about the practicalities of ethnicity pay gap reporting, with some organisations reporting a need for further support to fully understand how to collect and analyse the data. This was particularly the case with smaller organisations.

The Brilliant Club has a clear ambition to deploy a rigorous and robust system for recording and reviewing their progress. Others like Jubilee Hall Trust felt they needed considerable support to think about how they might move to recording and responding to that data. Finally,

bigger organisations like Bristol City Council talked about the problem of 'unknown' numbers – where people had declined to register their ethnicity data. It was noted that organisations needed to cultivate a culture of trust for employees to feel comfortable sharing this data.

6. Perspectives from the Living Wage Employer Community: What Can We Learn?

7 NEXT STEPS AND AREAS FOR FUTURE WORK

7. Next Steps and Areas for Future Work

NEXT STEPS FOR EMPLOYERS – COMMITTING TO THE REAL LIVING WAGE

Become accredited with the Living Wage Foundation

The findings from this report have shown clearly that minority ethnic workers are disproportionately impacted by below Living Wage pay, and that race often intersects with other characteristics such as gender and working hours, making specific workers even more vulnerable to low paid work. Becoming an accredited Living Wage Employer is the best possible way of guaranteeing that all staff members – including third-party staff – are paid a wage that allows them to meet everyday living costs. As shown by this report, paying the Living Wage will disproportionately

benefit minority ethnic groups, making this a strong first step in addressing internal ethnic pay discrepancies.

Explore and sign up to Living Hours

Improving pay is not the only way of addressing racial inequalities in the workplace; hours are also important. As shown in this report, across all minority ethnic groups, those working fewer hours face a significantly higher risk of being low paid than those in full time work, and this creates a ‘double-jeopardy’ for lower paid minority ethnic workers who are also working part time.

Employers should therefore consider providing their employees with ‘Living Hours’. Living Hours is an accreditation scheme which,

among other things, requires employers to provide a guaranteed minimum of 16 hours a week (unless the worker requests otherwise), and provide employees with a contract that accurately reflects the hours worked.

Harness the power of local networks

Work with other like-minded businesses in local networks such as the Living Wage Places to become Living Wage champions in your local areas and supply chains, and share the ways in which the Living Wage and Living Hours can be used to address ethnicity pay gaps.

Ensuring the Living Wage is only a first step for addressing racial pay gaps, and should be part of a wider audit of equity and pay structures and how they affect minority ethnic

groups. This should also review how race intersects with other characteristics, such as gender and working hours. We have identified several ways in which this can take shape:

Review how existing practices may perpetuate and deepen racial inequalities

As outlined in this report, huge proportions of minority ethnic workers face racial discrimination while at work. This has a significant impact on their ability to progress, with many reporting that they had been turned down for a promotion on the basis of their ethnicity and that coming from a minority ethnic background had been an obstacle in their career. This points to a perennial problem in the workplace, and employers need to do more

to explore, address and root this problem out. As part of this effort, we encourage employees to conduct regular audits and reviews, not only into pay and progression rates, but also into how existing employment practices – including the role of workplace discrimination – influence pay and progression rates for minority ethnic workers.

Produce an ethnicity pay gap report

Employers (particularly those with 250 employees or more) can commit to producing an ethnicity pay gap report where possible to gain a comprehensive view of where problems may exist; this report should also record progression data.

Committing to close the training and professional development gap

Organisations could address gaps in qualifications by providing targeted and appropriate professional development opportunities and access to training that can ameliorate 'legacy gaps' that may be rooted in past educational pathways and outcomes. Employers can also audit their training needs and distribution. There should be programmes of action to support employees on completion of training to embed that learning in their everyday work experiences. Clear pathways for progression should be developed from training.

8 ACKNOWLEDGEMENTS AND APPENDICES

8. Acknowledgements and Appendices

We would like to thank Aviva Investors for their generous funding of this project.

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- Approved Security Systems
- Bristol City Council
- Herbert Smith Freehills LLP
- Imara CIO
- Jubilee Hall Trust
- Sodexo
- The Brilliant Club

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APPENDIX A: LITERATURE REVIEW – KEY FINDINGS

Below are the key findings of the literature review. The full literature review can be found in the supplementary paper accompanying this report.

Employment:

- The employment rate for minority ethnic groups currently stands at 68 per cent, compared to 76 per cent for white workers. At 8 percentage points, the ethnicity employment gap has halved since 2001.
- The employment growth for minority ethnic workers has disproportionately benefited men rather than women. Across all ethnic minority groups, minority ethnic women still have a lower employment rate than white women – that is not the case for men.
- Key barriers for minority ethnic women include the cost, availability and cultural appropriateness of formal childcare (such as childcare providers not providing halal food),

as is reflected in the higher levels of economic inactivity among Pakistani and Bangladeshi women.

Pay and working conditions:

- Despite minority ethnic groups making gains in overall levels of pay, most of these groups earn less than white workers on average, with only Chinese and Indian workers bucking this trend.



- Bangladeshi and Pakistani workers have the lowest hourly rates of any male ethnicity group, with an average hourly rate of £10.55, compared to £12.21 for white workers. Other low paid minority ethnic groups are 'Other ethnic group' (£11.39) and 'Black African and Black Caribbean' (£11.54).
- In almost all minority ethnic groups, women earn less than men when it comes to hourly pay.
- Minority ethnic workers are also more likely to be in insecure or casualized work. 4.3 per cent of minority ethnic workers are in zero-hours contracts, compared to 3 per cent of white workers, with minority ethnic women being twice as likely to be on zero-hours contracts as white men.

Impact of Covid-19 on minority ethnic workers:

- Throughout the pandemic, minority

ethnic workers have faced a greater exposure to the economic and health risks induced by Covid-19.

- For instance, minority ethnic workers were more likely to be in roles where the risk of contracting Covid-19 was higher, and also had a higher death rate from Covid-19 than white workers.
- Similarly, minority ethnic workers were also more likely to work in 'lockdown-exposed' sectors with higher utilisation of the 'Job Retention Scheme', such as transport and storage, and accommodation and food services.

Interventions in addressing the ethnicity pay gap:

- The introduction in 2016 of the 'National Living Wage' disproportionately benefited minority ethnic workers – mainly due to them being more likely to be earning the Government minimum.

- In 2018, the Low Pay Commission found that the National Living Wage was paid to a higher proportion of minority ethnic workers than white workers, covering 13.2 per cent of minority ethnic in comparison to 9.6 per cent of white workers.

APPENDIX B: QUALITATIVE RESEARCH

We interviewed a small sample of seven Living Wage-accredited organisations:

- Approved Security Systems
- Bristol City Council
- Herbert Smith Freehills LLP
- Imara CIO
- Jubilee Hall Trust
- Sodexo
- The Brilliant Club

The organisations were selected to offer some regional, sectoral and size-based representation. We are aware that the sample size is small and therefore refrain from suggesting

8. Acknowledgements and Appendices

that the findings are conclusive. Nevertheless, several threads of experience did emerge that we highlight here and that signal potential areas for further exploration.

All interviews were conducted during the period when a mixture of Covid-19 public health measures were in force, so interviews were conducted online via Zoom. Interviews generally lasted one hour, and participating organisations were invited to answer semi-structured questions. A time slot was also reserved for them to tell us about their experiences and concerns on their own terms. All necessary consent was obtained and data generated was stored in GDPR-compliant secure areas, with an agreed timeline for all materials to be securely destroyed.

Survey data

Our survey consisted of 2,010 workers from minority ethnic backgrounds, which includes workers from the following groups:

- Bangladeshi
- Black African
- Black Caribbean
- Chinese
- Indian
- Mixed/multiple ethnicity groups
- Pakistani
- Any other Asian background
- Other ethnicity group

The fieldwork was conducted between 26 November and 1 December 2021. Data was weighted to the profile of minority ethnic workers in the UK aged 18 and above. It was also weighted by age, sex, region, ethnicity and employment status. Targets for the weighted data were derived from the Office for National Statistics data. Invitations to complete surveys were sent out to members of the online panel. Differential response rates from different demographic groups were taken into account.

LFS AND ASHE ANALYSIS

Hourly pay samples in LFS

Data pertaining to the levels of low pay among different ethnic groups and other characteristics comes from the LFS, and has also been scaled to correspond with the ASHE. Unlike ASHE, the LFS asks respondents to self-report income based on how they are paid – i.e., by the hour, week or month. A minority of respondents report their pay hourly. This usually results in a sample of around 9,000 workers per quarter. This is a solid sample for analysing the whole cohort – for example, to analyse how many are paid less than the Living Wage or the average rate among those paid hourly. However, once you break it down into new categories – i.e., by ethnicity – the sample is very small. For instance, with 91 per cent of respondents in the LFS being white, that leaves only around 900 workers for all other racial groups reporting their pay through an hourly



rate in each quarter, and those 900 are unevenly spread across eight racial groups encoded into the LFS ethnicity variable. That's before breaking it down further – e.g., by gender, sector or age. It is for this reason that we take quarterly data from Q1 of 2016 through to the most recent data from 2021, and analyse the whole cohort collectively when conducting more granular analysis on different ethnic groups and their hourly pay. However, because low pay has declined over the last five years, data looking at ethnic groups using the five years of data as a whole sample (as is necessary for sufficient sample sizes) presents a slightly higher proportion of workers earning less than the Living Wage than is currently the case.

Income weight in the LFS

The income weight in the LFS (PIWT18 – replaced by PIWT20 in 2021), helps to overcome the issue of

smaller hourly pay samples, albeit not perfectly. The PIWT weights enters the rest of the LFS sample into the hourly pay variable by 'deriving' an hourly pay from other income data. Put simply, this will be done by dividing other pay data (i.e., gross weekly pay) by the number of hours the workers typically do in a week. However, this is not without its limitations. The calculated hourly pay can be subject to derivation issues. This is because many workers do unpaid overtime or work above their contracted hours – be it through unpaid training, working extra hours in the office or doing additional time on the shop floor (closing the shop, cashing up, etc). As a result, the hourly pay reported as a derivative via the LFS can often be artificially deflated, and not reflective of the actual levels of pay that are enshrined into workers contracts.

We have overcome this through a re-weighting model, which is used in all the LFS analysis we do. We re-weight the LFS to the ASHE. The ASHE is a survey of 1 per cent of businesses in the UK and is the most authoritative and robust dataset on income and earnings in the UK – however, it does not have an ethnicity flag. For hourly pay data, the ASHE only uses businesses PAYE data, and is thus not subject to the derivation issues present within the LFS.

In the simplest possible terms, our re-weighting model effectively divides the reported level of below Living Wage pay produced by the LFS and by the reported level in the ASHE data for different demographics (to calculate the re-weighting factor), and then multiplies the original weight in the LFS by the re-weighting factor. Effectively, what this does is harmonize the reported levels of below Living Wage pay between the ASHE and

8. Acknowledgements and Appendices

the LFS, which is what allows us to conduct an accurate analysis of low pay across multiple datapoints like ethnicity that are not included in the ASHE data.

APPENDIX C: DATA TABLES ON PROPORTION OF WORKERS IN EACH ETHNICITY GROUP IN DIFFERENT INDUSTRIES/OCCUPATIONS

Table 1: Industries (1 digit SIC code) in order of proportion of employees earning less than the Living Wage (ranked highest to lowest) by proportion of ethnic workers, UK, 2016-2021

	White	Mixed/Multiple ethnic groups	Indian	Pakistani	Bangladeshi	Chinese	Any other Asian background	Black/Black African/Black Caribbean/Black British	Other ethnic group	Total
Accommodation and food service activities	5% (=)	8% (>3 ppts)	4% (<1 ppt)	6% (>2 ppts)	19% (>14ppts)	9% (>4ppts)	10% (>5ppts)	4% (<1 ppt)	9% (>4 ppts)	5%
Arts, entertainment and recreation	2% (=)	2% (=)	1% (<1 ppt)	1% (<1 ppt)	1% (<1 ppt)	1% (<1 ppt)	2% (=)	2% (=)	1% (<1 ppt)	2%
Wholesale and retail trade; repair of motor vehicles and motorcycles	13% (=)	12% (<1 ppt)	13% (=)	18% (>5 ppts)	18% (>5 ppts)	10% (<3 ppts)	12% (<1 ppt)	11% (<2 ppts)	13% (>1 ppt)	13%
Administrative and support service activities	4% (=)	5% (>1 ppt)	3% (<1 ppt)	6% (>2 ppts)	3% (<1 ppt)	3% (<1 ppt)	4% (=)	7% (>3 ppts)	6% (>2 ppts)	4%
Other service activities	2% (=)	3% (>1 ppt)	2% (=)	3% (>1 ppt)	1% (<1 ppt)	2% (=)	2% (=)	2% (=)	2% (=)	2%
Agriculture, forestry and fishing	1% (=)	0% (<1 ppt)	0% (<1 ppt)	0% (<1 ppt)	0% (<1 ppt)	0% (<1 ppt)	0% (<1 ppt)	0% (<1 ppt)	0% (<1 ppt)	1%
Human health and social work activities	14% (<1 ppt)	15% (=)	16%	15% (=)	14%	10%	24%	29%	16%	15%
Real estate activities	1% (=)	2% (>1 ppt)	1% (=)	1% (=)	1% (=)	1% (=)	1% (=)	2% (>1 ppt)	1% (=)	1%
Manufacturing	10% (=)	6% (<4ppts)	9% (<1ppt)	7% (<3ppts)	3% (<7ppts)	5% (<5ppts)	5% (<5ppts)	5% (<5ppts)	8% (<2ppts)	10%
Construction	5% (=)	3% (<2ppts)	3% (<2ppts)	2% (<3ppts)	2% (<3ppts)	3% (<2ppts)	3% (<2ppts)	3% (<2ppts)	3% (<2ppts)	5%
Transportation and storage	5% (=)	4% (<1ppt)	6%	6%	4% (<1ppt)	3% (<2ppt)	4% (<1ppt)	6% (<2ppts)	4% (<1ppt)	5%
Education	12% (=)	13% (>1ppt)	8% (<4ppts)	11% (<1ppt)	12% (=)	11% (<1ppt)	8% (<4ppts)	10% (2ppts)	9% (<3ppts)	12%
Professional, scientific and technical activities	7% (=)	9% (>2ppts)	7% (=)	5% (<2ppts)	5% (<2ppts)	17% (>10ppts)	9% (>2ppts)	4% (<3ppts)	10% (>3ppts)	7%

Table 1: Industries (1 digit SIC code) in order of proportion of employees earning less than the Living Wage (ranked highest to lowest) by proportion of ethnic workers, UK, 2016-2021 (*Cont.*)

Source: Living Wage Foundation analysis of the LFS and ASHE. To ensure sufficient samples sizes, quarterly LFS data from 2016-2021 was grouped together for each ethnic group.

	White	Mixed/Multiple ethnic groups	Indian	Pakistani	Bangladeshi	Chinese	Any other Asian background	Black/Black African/Black Caribbean/Black British	Other ethnic group	Total
Professional, scientific and technical activities	7% (=)	9% (>2ppts)	7% (=)	5% (<2ppts)	5% (<2ppts)	17% (>10ppts)	9% (>2ppts)	4% (<3ppts)	10% (>3ppts)	7%
Water supply; sewerage, waste management and remediation activities	1% (=)	1% (=)	0% (<1ppt)	1% (=)	0% (<1ppt)	0% (<1ppt)	0% (<1ppt)	0% (<1ppt)	1% (=)	1%
Information and communication	4% (=)	6% (>2ppts)	11% (>7 ppts)	4% (=)	3%	7% (>3ppts)	5% (>1ppt)	3% (<1ppt)	4% (=)	4%
Public administration and defence; compulsory social security	8% (=)	8% (=)	7% (<1ppt)	8% (=)	10% (>2ppts)	4% (<4ppts)	5% (<3ppts)	9% (>1ppt)	5% (< 3ppts)	8%
Financial and insurance activities	5% (=)	4% (<1ppt)	9% (>4ppt)	6% (>1ppt)	4% (<1ppt)	11% (>6ppts)	4% (<1ppt)	3% (<2ppts)	5% (=)	5%
Electricity, gas, steam and air conditioning supply	1% (=)	0% (<1ppt)	1% (=)	1% (=) (<1ppt)	0% (<1ppt)	0% (<1ppt)	0% (<1ppt)	0% (<1ppt)	0% (<1ppt)	1%

Table 2: Occupations (1 digit SOC codes) in order of proportion of employees earning less than the Living Wage (ranked highest to lowest) by proportion of ethnic workers, UK, 2016-2021:

Source: Living Wage Foundation analysis of the LFS and ASHE. To ensure sufficient samples sizes, quarterly LFS data from 2016-2021 was grouped together for each ethnic group.

	White	Mixed/Multiple ethnic groups	Indian	Pakistani	Bangladeshi	Chinese	Any other Asian background	Black/Black African/Black Caribbean/Black British	Other ethnic group	Total
9 ‘Elementary Occupations’	9% (<1ppt)	11% (>1 ppt)	9% (<1ppt)	12% (>2ppts)	13% (>3ppts)	6% (<4ppts)	16% (>6ppts)	15% (>5ppts)	13% (>3ppts)	10%
7 ‘Sales And Customer Service Occupations’	8% (=)	9% (>1 ppt)	7% (<1ppt)	13% (>5 ppts)	16% (>8 ppts)	6% (<2ppts)	11% (>3ppts)	8% (=)	10% (>2ppts)	8%
6 ‘Caring, Leisure And Other Service Occupations’	8% (<1ppt)	10% (>1 ppt)	6% (<3ppts)	10% (>1 ppt)	6% (<3ppts)	4% (<5ppts)	12% (>3 ppts)	16% (>7ppts)	9% (=)	9%
8 ‘Process, Plant And Machine Operatives	6% (=)	3% (<3ppts)	5% (<1ppt)	7% (>1 ppt)	4% (<2ppts)	1% (<5ppts)	3% (<3ppts)	4% (<2ppts)	6% (=)	6%
5 ‘Skilled Trades Occupations’	8% (>1 ppt)	5% (<2ppts)	4% (<3ppts)	5% (<2ppts)	9% (>2 ppt)	7% (=)	6% (<1ppt)	4%	7% (=)	7%
4 ‘Administrative And Secretarial Occupations’	12% (=)	9% (<2ppts)	10% (<2ppts)	10% (<2ppts)	13% (>1 ppt)	9% (<3ppts)	6% (<6ppts)	12% (=)	8% (<4ppts)	12%
3 ‘Associate Professional And Technical Occupations’	15% (=)	16% (>1 ppt)	14% (<1ppt)	12% (<3ppts)	15% (=)	20% (>5 ppts)	11% (<4ppts)	11% (<4ppts)	12% (<3ppts)	15%
1 ‘Managers, Directors And Senior Officials’	11% (=)	9% (<2ppts)	10% (<1ppts)	6% (<5ppts)	6% (<5ppts)	11% (=)	7% (<4ppts)	6% (<5ppts)	8% (<3ppts)	11%
2 ‘Professional Occupations’	23% (<1ppts)	28% (>4 ppt)	35% (>11ppts)	26% (>2ppts)	17% (<7ppts)	37% (>13 ppts)	28% (>4 ppts)	23% (<1ppt)	29% (>5 ppts)	24%

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25 It should also be noted that women are much more likely to work part time than men, so the greater vulnerability towards low pay will harm minority ethnic women more than minority ethnic men.

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27 All quotes shared in this section have been modestly edited for the purposes of clarity and concision.

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