










Analysis of Labour Market Outcomes of Scotland's Minority Ethnic Population

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1. Compared to the UK as a whole, Scotland's working-age (16-64) population is less ethnically diverse than the UK's. Scotland's minority ethnic population are also more likely to have been born outside the UK relative to the UK's minority ethnic population.
2. On average, minority ethnic workers in Scotland earn less than white workers. This is reflected in Scotland's persistent ethnicity pay gap. There has been no sustained progress in reducing this pay gap over recent years. Latest published estimates show that Scotland's ethnicity pay gap was estimated to be 10.3% in 2019.
3. The employment rate of Scotland's minority ethnic population is consistently lower than the employment rate of the white population. The ethnicity employment rate gap – which shows the difference in these employment rates – was estimated to be 11.7 percentage points in 2021.
4. The employment rate gap for minority ethnic women (relative to white women) is consistently much larger than this gap for men. In 2021, these gaps were estimated to be 23.1 percentage points and -1.5 percentage points for women and men respectively. A negative ethnicity employment rate gap is where the rate for the minority ethnic group is higher than the rate for the white group.
5. With the exception of older workers (50-64 year olds) where outcomes for the minority ethnic population are often comparable or sometimes better than the white population, poorer employment outcomes for minority ethnic workers can be observed across the age distribution. In 2021, there was an ethnicity employment rate gap for 16-24 (19.6 percentage points), 25-34 (18.9 percentage points), and 35-49 year olds (17.9 percentage points).
6. People from minority ethnic groups who are also disabled have a lower employment rate than non-disabled people from minority ethnic groups, illustrating the double disadvantage and labour market barriers faced by minority ethnic disabled people. In 2021, the employment rate of disabled people from a minority ethnic group was estimated to be 43.7% compared to 65.9% for non-disabled people from a minority ethnic group.
7. In 2021, around one third (33.9%) of all minority ethnic employment in Scotland was concentrated in the Public Administration, Education & Health sector. The Distribution, Hotels & Restaurants sector was the second largest employer of minority ethnic workers (23.3% of all minority ethnic employment in 2021).
8. Minority ethnic workers in Scotland are more likely to work part-time and less likely to work full-time compared to white workers. Minority ethnic workers are also more likely to be underemployed and less likely to be in contractually secure employment than white workers.

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1. Purpose

This paper provides an overview of the labour market outcomes of Scotland's minority ethnic population¹ across a range of key indicators and should be treated as a complement to our strategy: *A Fairer Scotland for All: An Anti-Racist Employment Strategy*.

This paper analyses key labour market outcomes, characteristics, and intersections of Scotland's minority ethnic workforce, using estimates from the Office for National Statistics alongside other sources. The paper mainly refers to Annual Population Survey (APS) data for January-December 2021 unless otherwise stated. The final section of this paper 'Data Sources and Limitations' provides more information on the data used.

¹ Throughout the paper the term 'Minority Ethnic' includes all categories outside of the white population. 'White' includes 'Polish' and 'Gypsy Traveller' who we recognise also face disadvantages.

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Compared with the UK as a whole, Scotland's working-age (16-64) population is less ethnically diverse than the UK's.

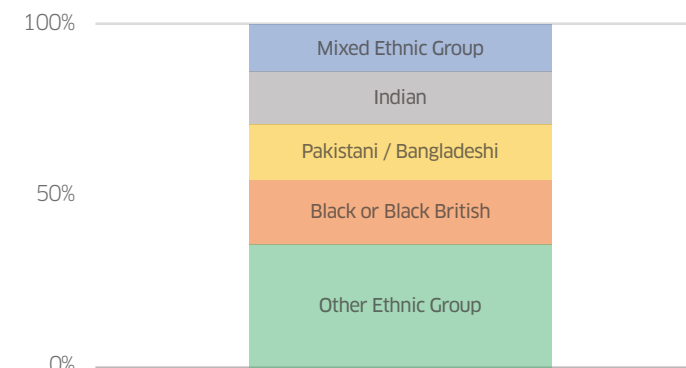
There were an estimated 184,000 working-age (16-64) people from a minority ethnic background in Scotland in 2021 – around 5% of the overall working-age population.

This is in contrast to the UK where around 15% of the working-age population were from a minority ethnic group in 2021.

It is important to recognise that the minority ethnic population is not a homogeneous group. In Scotland in 2021:

- over one third of the 16-64 minority ethnic population was made up of those from 'other ethnic groups';²
- around one fifth was made up of those of Black or Black British ethnicity;
- less than one fifth (16%) was made up of the 'Pakistani/Bangladeshi' ethnic group;
- a further 16% was made up of the 'Indian' ethnic group, and
- the remainder from a 'mixed ethnic group'.

Chart 1: Composition of the 16-64 minority ethnic population by ethnic group, Scotland, 2021



Source: Annual Population Survey, Jan-Dec 2021

Scotland's minority ethnic population are also more likely to have been born outside the UK relative to the UK's minority ethnic population. Estimates for 2021 show that less than a quarter of Scotland's working-age (16-64) minority ethnic population were born in the UK (23%) compared to over a third (37%) of the UK's working-age minority ethnic population. This difference between Scotland and the UK has consistently been observed over recent years and illustrates the different history of migration in Scotland and the UK.

In Scotland, labour market outcomes for the minority ethnic population who were born outside the UK are generally poorer than the labour market outcomes for the minority ethnic population who are UK-born.

² 'Other ethnic groups' includes Chinese, Arab, and other Asian and ethnic groups not already captured.

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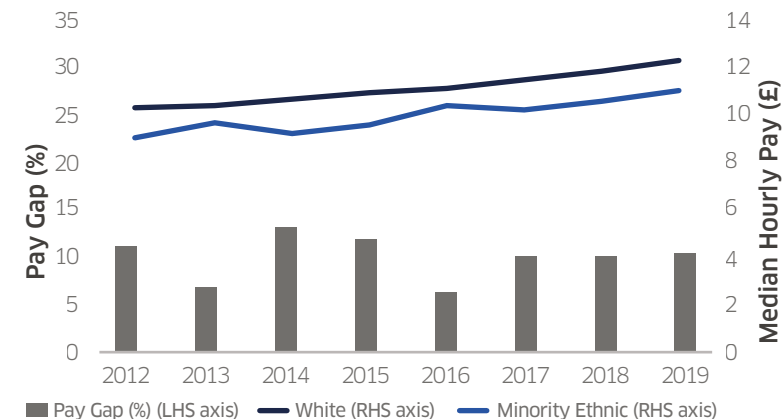
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The ethnicity pay gap is calculated as the difference between the median hourly rate of pay of white employees and the median hourly rate of pay of minority ethnic employees expressed as a percentage of white employees' median pay. The ethnicity pay gap is a useful indicator of pay inequality in the labour market. There has been a persistent ethnicity pay gap in Scotland (Chart 2).

Latest estimates³ show that Scotland's ethnicity pay gap was estimated to be 10.3% in 2019. This means that for every £1 that a white employee earned in 2019, a minority ethnic employee earned £0.90 on average. The pay gap in 2019 was estimated to be similar to 2018 and 2017 (both 10.2%). As shown in Chart 2, there has been no sustained progress in reducing Scotland's ethnicity pay gap over recent years.

Chart 2: Ethnicity pay gap and median hourly pay by ethnicity, Scotland



Source: Annual Population Survey, Jan-Dec 2012-2019

Breaking down the ethnicity pay gap by gender shows that the median hourly pay of both minority ethnic male and minority ethnic female workers were lower than white workers in 2019. The pay gap was larger for women than men (16.2% vs 13.0% respectively).

³ 2019 estimates are the latest available [Ethnicity pay gaps – Office for National Statistics \(ons.gov.uk\)](#)

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Evidence from the literature

The Equality and Human Rights Commission (EHRC)⁴ reports that there are various reasons why we may expect the minority ethnic population to be paid less on average than the white population. Discrimination is one factor that is likely driving pay gaps. The EHRC note that there is substantial evidence from the literature that people from minority ethnic backgrounds experience discrimination in employment and recruitment.

In addition, we know that a large number of people from a minority ethnic background are immigrants and can experience particular challenges in the labour market of the host country. These challenges can be associated with language and customs, as well as immigrants' qualifications not being recognised in the host country (which can result in occupational downgrading⁵ with consequent impacts on pay). As previously noted, less than one quarter of Scotland's minority ethnic population were born in the UK in 2021.

The EHRC also note that an important reason why those from minority ethnic backgrounds may receive lower pay than white British people is due to differences in personal characteristics. The literature finds that ethnicity pay gaps

tend to reduce when these characteristics are taken into account. ONS analysis⁶ isolated the effect that ethnicity has on pay by factoring out age, sex, and other pay determining characteristics (such as occupation, highest qualification level, working pattern) and found that for most ethnic groups, pay gaps narrowed.

Poverty

People from minority ethnic groups are more likely to be in poverty compared to those of white ethnicity.

Estimates from the Family Resources Survey for Scotland show that the poverty rate was 43% for the 'Mixed, Black or Black British, and Other' ethnic group and 41% for the 'Asian or Asian British' ethnic group. These compare to rates of 24% for the 'White – Other' group and 18% for the 'White – British' group.⁷ It's worth noting that these estimates do not reflect the impact of the COVID-19 pandemic. Due to the impact of the pandemic on data collection, poverty estimates for the latest three-year period (2018-21) are not robust enough to be published as official statistics.

4 [research-report-108-the-ethnicity-pay-gap.pdf \(equalityhumanrights.com\)](#)

5 Occupational downgrading in this context refers to the idea that immigrants' qualifications may not be recognised in the host country and subsequently they may be overqualified for the job they do.

6 [Ethnicity pay gaps – Office for National Statistics \(ons.gov.uk\)](#)

7 [Poverty and Income Inequality in Scotland 2017-20 – gov.scot \(www.gov.scot\)](#)

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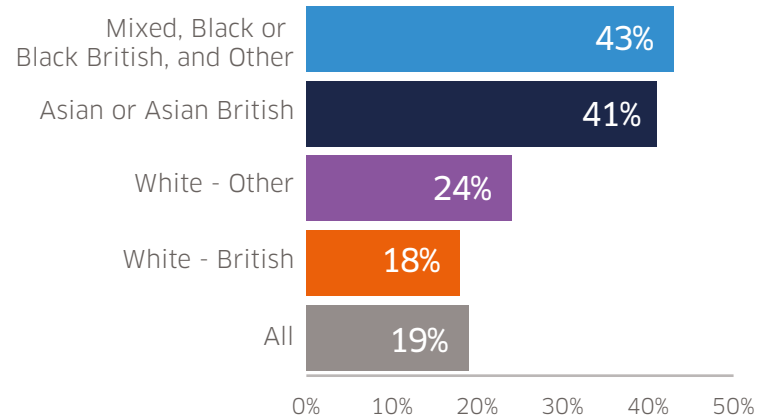
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Chart 3: Proportion (%) of people in relative poverty after housing costs, Scotland, 2015-2020



Source: Scottish Government analysis of the Family Resources Survey, Households Below Average Income Dataset

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The employment rate (16-64 years) of Scotland's minority ethnic population has been fairly stable over recent years, but consistently lower than the employment rate of the white population (see Chart 4).

Estimates from the Annual Population Survey show that pre-COVID (Jan-Dec 2019), the employment rate of Scotland's minority ethnic population was estimated to be 59.3%, similar to previous years. In 2020 however, during the COVID-19 pandemic, the employment rate of Scotland's minority ethnic population was estimated to have increased by 4.9 percentage points to 64.2%. This rise in the employment rate was not due to an increase in the employment level of the minority ethnic population, which fell slightly over the year. It was driven by changes in Scotland's working-age minority ethnic population, which was estimated to have fallen by more than 20,000 over the year.

Between 2020 and 2021, the employment rate of the minority ethnic population fell by 2.2 percentage points to 62.1%. This decrease was despite the employment level of the minority ethnic population increasing over the year (+3,500). It was therefore due to an increase in the working-age minority ethnic population.

Employment Rate Gap

The difference between the employment rate of the minority ethnic population and the employment rate of the white population represents the minority ethnic employment rate gap.

Prior to the COVID-19 pandemic, estimates from the Annual Population Survey suggest that there had been no sustained progress in reducing Scotland's minority ethnic employment rate gap in recent years. The gap was estimated to be 16.4 percentage points in 2019, which was a reduction from the 19.7 percentage point gap in the previous year (2018), but larger than the gap in each year between 2011 and 2017.⁸

The minority ethnic employment rate gap in Scotland reduced by 6.7 percentage points between 2019 and 2020 – from 16.4 percentage points in 2019 to 9.7 percentage points in 2020. This reduction in the gap was driven by the 4.9 percentage point increase in the employment rate of the minority ethnic population during the pandemic (which was due to the changes in the working age minority ethnic population previously discussed) and also that the employment rate of the white population fell by 1.7 percentage points over the same period.

⁸ There is a discontinuity in the series from Apr-Jun 2011 due to changes in the ethnicity questions on the Annual Population Survey during 2011. Data for years prior to 2011 are therefore not reflected here.

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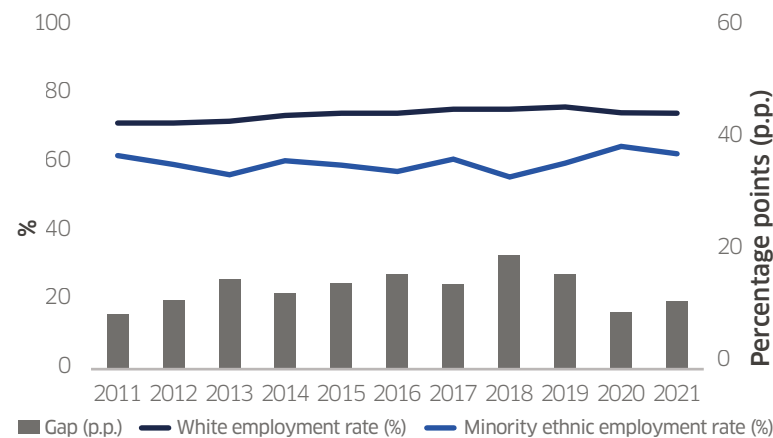
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Between 2020 and 2021, the minority ethnic employment rate gap widened by 2 percentage points – from 9.7 percentage points to 11.7 percentage points. However, despite this increase over the year, the estimated gap in 2021 was the narrowest since 2011 when looking at the pre-COVID trend.

Chart 4: Employment rates (%), white and minority ethnic, and minority ethnic employment rate gap (percentage points), Scotland



Source: Annual Population Survey, Jan-Dec 2011-2021

UK-Born Minority Ethnic Population

The employment rate for Scotland's UK-born minority ethnic population has generally been higher than the rate for the minority ethnic population born outside the UK (68.1% vs. 60.7% respectively in 2021).

This difference in outcomes is also illustrated through the employment rate gaps against the overall white population. The minority ethnic employment rate gap for Scotland's non-UK born population is much larger than this gap for the UK-born population showing that minority ethnic immigrants to the UK face poorer outcomes in our labour market than the minority ethnic population who were born here.

Qualifications

Scotland's working-age minority ethnic population are much more likely to have qualifications at 'degree (or higher) level' than the comparable white population (59% vs 35% respectively in 2021). This trend has consistently been observed between 2011 and 2021. Despite this, employment outcomes for the minority ethnic population with degree level qualifications (or higher) still lag behind the white population.

In 2021, there was a 13.5 percentage point gap between the minority ethnic employment rate and the white employment rate for those with degree level qualifications in Scotland – employment rate of 73.0% for the minority ethnic population vs 86.5% for the white population. There has consistently been a gap larger than 10 percentage points in these rates in recent years.

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The size of this gap is even larger for those with below degree level qualifications. It was estimated to be 20.7 percentage points in 2021.

These results illustrate that inequality in outcomes exist for the minority ethnic population regardless of the level of qualifications attained.

Recruitment Practices

The Scottish Employer Perspectives Survey (EPS)⁹ provides information around equality and diversity in relation to recruitment.

The latest results report that 55% of employers that had a vacancy in the last 12 months collected information to monitor the diversity of applicants. Employers with more than 50 employees were the most likely to collect this information (71% of employers with 50-99 employees and 70% of employers with 100+ employees). It's worth noting that this practice is more common in the public sector (82%) where Public Sector Equality Duty (PSED) rules require the collection of such information. In contrast, only 50% of private sector organisations reported collecting information to monitor the diversity of applicants.

The survey results also show that 16% of employers with a vacancy have used 'positive action'¹⁰ to recruit someone in the last 12 months and 9% have used 'blind or no name recruitment'.¹¹

9 [Scottish Employer Perspectives Survey 2021 – gov.scot \(www.gov.scot\)](#)

10 'Positive action' refers to a range of measures that allow employers to encourage and train people from under-represented groups and help them overcome disadvantages in competing with other applicants.

11 'Blind or no name' recruitment is where a recruitment process that removes the names from candidates' applications so that they remain anonymous.

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The Equality and Human Rights Commission¹² define intersectionality as “an analytical tool used for the purpose of equality and human rights monitoring to show the distinct forms of harm, abuse, discrimination, and disadvantage experienced by people when multiple categories of social identity interact with each other”.

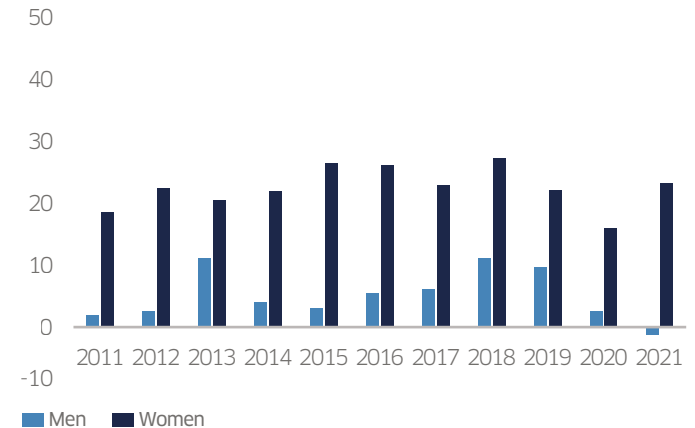
For this paper, intersectionality is considered by looking at the employment outcomes of those from a minority ethnic background in combination with other characteristics.

Gender

The employment rate of minority ethnic men is consistently much higher than the employment rate of minority ethnic women. Whilst the employment rate of white men is also higher than the employment rate of white women, gender inequality in terms of employment is a much greater issue for the minority ethnic population.

Looking at the minority ethnic employment rate gap by gender illustrates the difference in employment outcomes for minority ethnic men and minority ethnic women compared to their white counterparts. It shows the much worse outcomes for minority ethnic women compared to minority ethnic men, with the employment rate gap consistently much larger for minority ethnic women.

Chart 5: Minority Ethnic Employment Rate Gap (percentage points) by gender, Scotland, 2011-2021



Source: Annual Population Survey, Jan-Dec 2011-2021

Cultural differences for particular ethnic groups may be driving these gender differences. For example, examining UK data, where the reliability of estimates is better than Scotland due to the larger sample size, shows that the employment rates of Black men and Black women in the UK are relatively close but there are very large gaps between the employment rate of men and employment rate of women from a Pakistani or Bangladeshi background. It is highlighted in the literature¹³ that a strong culture of early marriage and motherhood (with low education attainment levels) have acted as major barriers to the labour market participation of

¹² [Measurement framework for equality and human rights | Equality and Human Rights Commission \(equalityhumanrights.com\)](#)

¹³ For example, see [Pakistani and Bangladeshi Women's Labour Market Participation](#)

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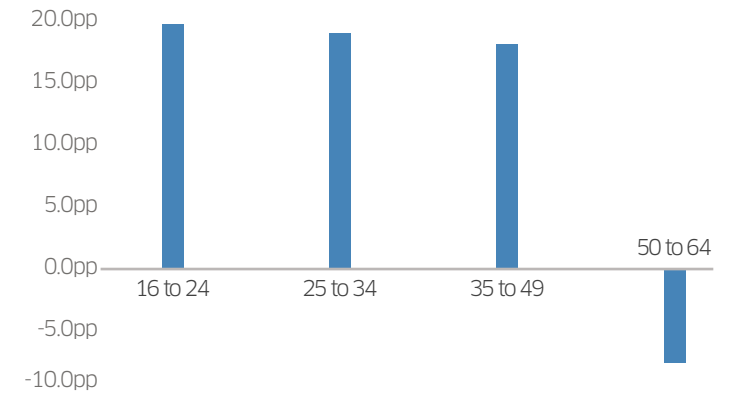
women in the UK with Pakistani and Bangladeshi ethnicity. While there are signs of a gradual shift away from these cultural norms among younger generations – and there has been an increase in their employment rate over time – other barriers (e.g. access to suitable childcare) remain.

Age

With the exception of older workers (50-64 year olds) where outcomes for the minority ethnic population are often comparable or sometimes better than the white population, poorer employment outcomes for minority ethnic workers can be observed across the age distribution.

In 2021, there was a minority ethnic employment rate gap for 16-24 (19.6 percentage points), 25-34 (18.9 percentage points), and 35-49 (17.9 percentage points) year olds. This was also consistently the case for these age groups in the years prior to 2021 and so is not a reflection of COVID-19 related impacts.

Chart 6: Minority Ethnic Employment Rate Gap (percentage points) by age, Scotland, 2021



Source: Annual Population Survey, Jan-Dec 2021

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Disability

The employment rate of disabled people in Scotland is consistently lower than the employment rate of non-disabled people. For people from minority ethnic groups who are disabled, multiple disadvantage and labour market barriers are reflected in a lower employment rate (43.7%) than the employment rate for non-disabled people from minority ethnic groups (65.9%).

In Scotland, a non-disabled white person is almost twice as likely to be in employment (81.7% employment rate) than a disabled person from a minority ethnic group (43.7%).

Religion

Due to data sample sizes, it is not possible to provide detailed insights into the labour market outcomes of Scotland's minority ethnic population by religion.

However, examining employment rate estimates for each year since 2011 shows that the employment rates of the minority ethnic population – irrespective of religion¹⁴ – lag behind the employment rates of the comparable white population. That is also the case for those with 'no religion'.

¹⁴ The religion categories considered here are 'Christian', 'Any Other Religion', and 'No Religion'.

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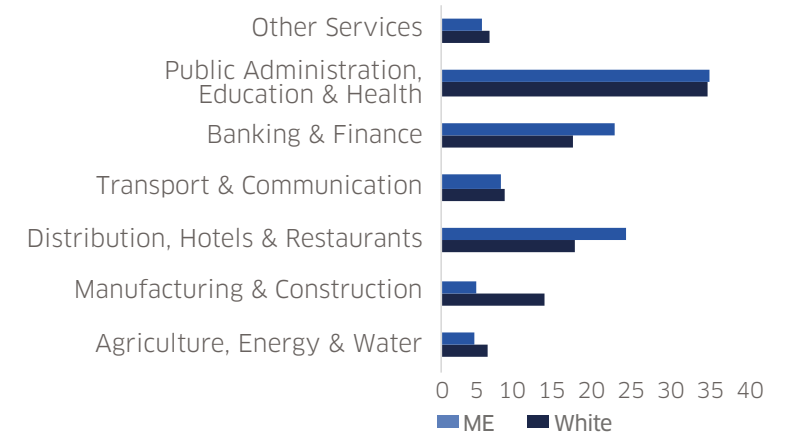
Minority ethnic workers in Scotland are less likely to be employed in the public sector – and more likely to be employed in the private sector – than white workers. This has consistently been the case over recent years. In 2021, around one fifth of minority ethnic workers in Scotland were employed in the public sector (21.0%) compared to 28.9% of white workers.

Sector

More detailed sector data shows that in 2021, minority ethnic workers in Scotland were most likely to work in the Public Administration, Education & Health sector. This is a recent change. Prior to 2020, minority ethnic workers were most likely to work in Distribution, Hotels & Restaurants, followed by the Public Administration, Education & Health sector.

In 2021, around one third (33.9%) of all minority ethnic employment in Scotland was concentrated in the Public Administration, Education & Health sector. This represents a decline from 35.7% in 2020, but a rise from 29.3% in 2019. The Distribution, Hotels & Restaurants sector was the second largest employer of minority ethnic workers (23.3% of all minority ethnic employment in 2021). These sectors were also the ones where white workers were most likely to work, although to a lesser degree than minority ethnic employment (33.6% and 16.8% of all white employment in 2021 respectively).

Chart 7: Proportion (%) of employment by ethnicity and grouped industry, Scotland, 2021



Source: Annual Population Survey, Jan-Dec 2021

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Working patterns

The share of minority ethnic workers working full-time increased between 2020 and 2021 – from 69.0% to 72.3% – and the share of working part-time fell. The share of minority ethnic workers working full-time in 2021 was the highest since 2016 with the share working part-time at its lowest since 2016.

However, compared to white workers, minority ethnic workers in Scotland are less likely to work full-time and more likely to work part-time. This has consistently been the case in recent years.¹⁵ In 2021, 27.7% of minority ethnic workers worked part-time compared to 25.5% of white workers.

We also know that minority ethnic workers in Scotland are more likely to be underemployed¹⁶ than white workers. This would suggest that these trends in terms of full-time and part-time work are not just a reflection of minority ethnic workers choosing to work part-time rather than full-time hours. In 2021, the underemployment rate of minority ethnic workers was 12.0% compared to 6.2% for white workers.

Minority ethnic workers in Scotland have also consistently been less likely to be in contractually secure employment than white workers (90.3% vs 95.2% in 2021 respectively).

Employment type

Minority ethnic workers in Scotland are less likely to be employed as employees, and more likely to be self-employed, relative to white workers.

In 2020 and 2021, the share of minority ethnic employment made up of self-employment declined relative to the trend pre-pandemic. Of minority ethnic employment, 12.3% and 12.7% was estimated to be made up of self-employment in 2020 and 2021 respectively whereas, prior to 2020, more than 16% of minority ethnic employment was generally made up by self-employment (e.g. 16.5% in 2019 and 17.7% in 2018). Despite this shift, minority ethnic workers in 2020 and 2021 still remained marginally more likely to be self-employed than white workers (see Chart 8 overleaf). It is worth noting that the earnings-related questions in the APS only reflect employees and not the self-employed.

¹⁵ There was an exception to this trend in 2013 when a higher proportion of minority ethnic workers were estimated to work full-time than the proportion of white workers (75.8% vs 72.4% respectively).

¹⁶ Underemployment refers to those who are in work but would prefer to work more hours in their current job (at their basic rate of pay), in an additional job, or in a new job with longer hours to replace their current job.

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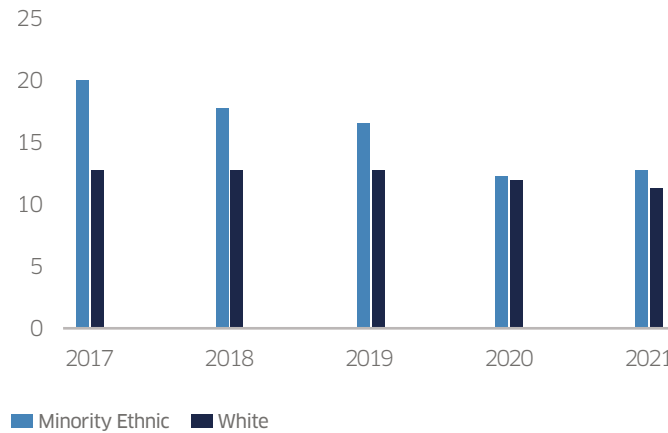
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Chart 8: Proportion (%) of all employment made up by self-employment and other, by ethnicity, 2016-2021



Source: Annual Population Survey, Jan-Dec 2017-2021

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Data Sources

Most of the indicators and data analysed in this paper are sourced from the Annual Population Survey (APS). The APS is the largest household survey in the UK conducted by the Office for National Statistics and covers a range of topics including labour market status and work characteristics. The APS is a sample-based, self-reporting survey and combines results from the existing quarterly Labour Force Survey (LFS) in addition to annual enhancements. The Scottish Government fund a boost to the LFS sample in Scotland, taking the sample size from approximately 4,000 households each year to 13,000 households.

The earnings analysis, and the estimates of the ethnicity pay gap, presented in this paper are also using APS data. Typically earnings analysis is based on the ONS' Annual Survey of Hours and Earnings (ASHE)¹⁷ comprising data sourced directly from the HM Revenue and Customs' (HMRC's) Pay As You Earn (PAYE) records (a sample of 1% of employee records). However, the ASHE does not collect information on the ethnicity of individual employees and as a result analysis of earnings by ethnicity and other equality characteristics is based on APS data.

Data Limitations

Scotland's minority ethnic population is relatively small and as the APS is a sample-based survey, the smaller the group whose size is being estimated, the (proportionately) less precise the estimate could be. For some indicators presented in this analysis, for example the pay gap, volatility over time can be observed in the estimates, which is a reflection of this.

One limitation of using the APS for earnings analysis is that the achieved sample is relatively small. This is because earnings questions are asked only to employees and are known to have poor response rates. Another limitation is that in the ASHE, employers may be able to consult payroll records to capture earnings information whereas earnings collected in the APS are reported by the household respondents and are likely subject to recall error.

Finally, pay gap estimates from both the APS and the ASHE¹⁸ only reflect employees. Those who are self-employed are not captured.

¹⁷ For more information on the ASHE methodology please see here: [Annual Survey of Hours and Earnings \(ASHE\) methodology and guidance – Office for National Statistics \(ons.gov.uk\)](#)

¹⁸ As noted, the ASHE cannot be used to estimate the ethnicity pay gap but it is used to estimate the gender pay gap, for example.