

## Key issues and conclusions

- An examination of trends in time-related underemployment indicates that the disproportionate impact of the recession on the employment of ethnic minority men and women is greater than assumed when assessed in terms of unemployment alone.
- The findings further show considerable differences in how labour underutilisation manifests in terms of unemployment and time-related underemployment, both between ethnic groups and between men and women within ethnic groups.
- Greater labour market monitoring is required to understand why ethnic minority men and women are more likely to experience unemployment and time-related underemployment both prior to and following the economic crisis. Potential explanations include patterns of occupational or industrial segregation, higher unemployment turnover, underemployment growth among the self-employed, and discrimination in the labour market leading to greater difficulties in (re)-entering paid work and finding a job with a required number of working hours.



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## Further materials, links and references

### Acknowledgements

For the full research paper see: Rafferty, A. (2014) "Gender equality and the impact of recession and austerity in the UK", *Revue de l'OFCE / Debates and Policies*, 133 (2014).

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The University of Manchester  
Manchester Business School

# Ethnic differences in time-related underemployment and unemployment during the economic crisis

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### Author

Dr. Anthony Rafferty, Lecturer in Employment Studies, Fairness at Work Research Centre, Manchester Business School, The University of Manchester. E-mail: [Anthony.rafferty@manchester.ac.uk](mailto:Anthony.rafferty@manchester.ac.uk)

### Keywords

Ethnicity, underemployment, unemployment, economic crisis, recession, gender.

## Summary

**This briefing reports on findings from research undertaken at FairWRC showing that following the 2008/9 economic crisis, ethnic minority men and women not only suffered a greater increase in unemployment compared to the White UK born population, but also higher increases in time-related underemployment. A consideration of broader underemployment highlights how the disproportionate impact of the crisis on the employment of ethnic minority men and women is greater than assumed when assessed in terms of unemployment alone.**



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## Introduction and background

Time-related underemployment is defined where a person is wanting at their same level of pay to increase the number of hours within their current employment, find an additional job, or find an alternative job with greater hours but is unable to do so (ILO, 1998<sup>1</sup>). Following the 2008/9 recession in the UK, whereas unemployment increased by 632,000 to 2.6 million people, the number of people time-related underemployed increased by 594,000 to 2.8 million (Walling and Clancy, 2010). Working hours reductions may be used by employers as a substitute for redundancies during recession, off-setting greater increases in unemployment with higher time-related underemployment (Bell and Blanchflower, 2010, 2013). Within both the recession and economic recovery, an increased use of part-time employment and non-standard employment practices such as zero hours contracts also contributed to growth.

Many of the factors that contribute to a higher risk of unemployment, such as ethnic or racial discrimination, qualification levels, or for migrants in particular a lack of recognition among employers of overseas qualifications (Rafferty, 2012) or English language fluency issues (Dustmann and Fabri, 2003) could also contribute to the risk of time-related underemployment. This could occur for example if ethnic minority men and women because of such factors are more likely to find themselves concentrated in sectors of the economy that have experienced greater reductions in the availability of working hours. A greater risk of unemployment, combined with a drop in the availability of full-time paid work, could also lead to greater time-related underemployment where the unemployed re-enter employment into involuntary part-time work or cannot find a sufficient number of employment hours. Some ethnic minority groups are also highly represented among the self-employed and in the general population following the recession a rise occurred in the number of self-employed people who could not find sufficient employment hours (Clark and Drinkwater, 2007; D'Arcy & Gardiner, 2014).

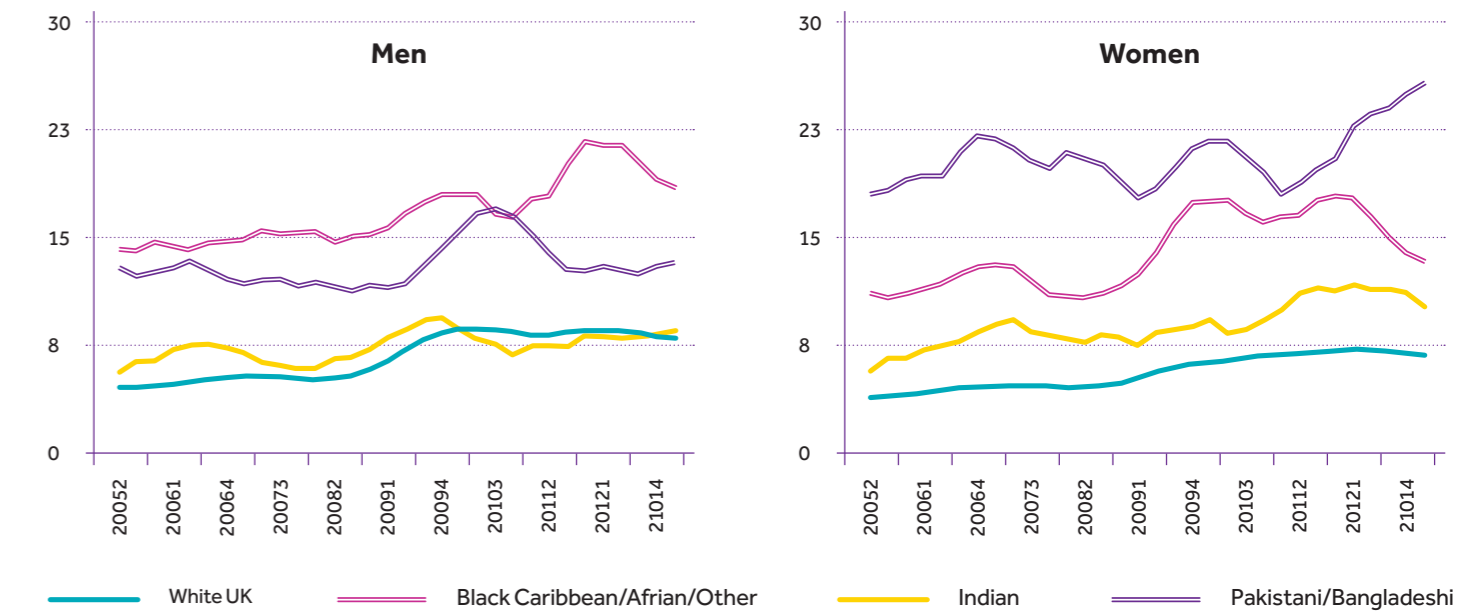
1: The definition used in this paper constructed from questions contained in the UKLFS varies slightly from the standardised international definition (ILO, 1998) in that it is based on people seeking and not just wanting additional paid work (see Walling and Clancy, 2010). There is also no working hours cap on the definition in terms of the maximum number of hours a person defined as underemployed can work.

## The research

The research conducted by FairWRC, Rafferty (2014), summarised in this briefing examines trends in unemployment and time-related underemployment among ethnic minority men and women in Great Britain. The analysis uses data from the UK Labour Force Survey Micro-datasets. The classification of ethnic group used is based on the harmonisation of survey questions across years to 2011 Census definitions and results are presented as four quarter moving averages to adjust for seasonal fluctuations. The main findings indicate that:

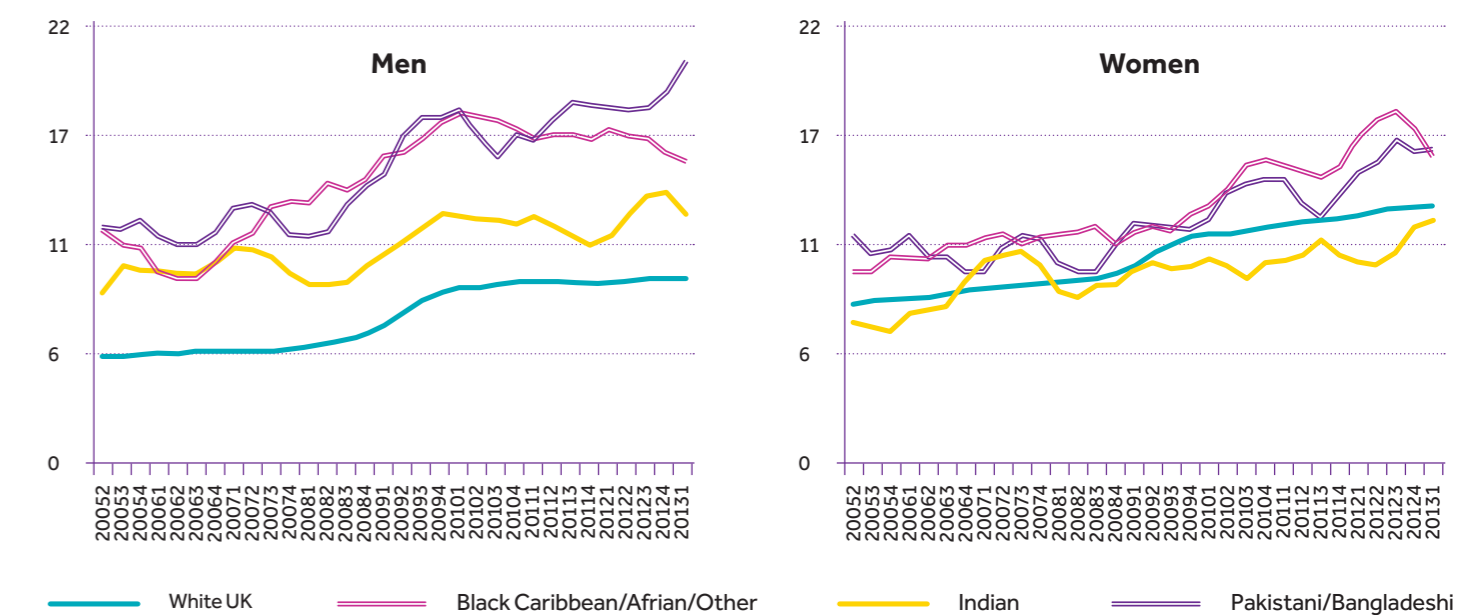
- Ethnic minority men and women overall had higher levels of both unemployment (Figure 1) and time-related underemployment prior to the economic crisis (Figure 2). This was particularly the case for Black and Pakistani/Bangladeshi men and women, whereas Indian men and women tended to fare better in the labour market than other minority ethnic groups.
- Following the 2008/9 recession, ethnic minority men and women experienced a greater increase in unemployment compared to White UK born men and women. Black Caribbean and Pakistani/Bangladeshi men and women in particular experienced considerable growth in their unemployment. The highest unemployment rate witnessed following the crisis was among Pakistani/Bangladeshi women (25.8% in 2012-3). The highest level witnessed for men was among Black men (21.7% in 2011-2).

Figure 1: Change in unemployment by ethnic groups (2002-12)



Rafferty (2014). ILO Definition. Four quarter moving averages. UK Labour Force Survey, working age men (16-64 yrs) and women (16-60 yrs). Population weighted. Ethnic group categories based on Census definitions are combined to harmonise classifications across time. The Black category includes people who self-identify as 'Black Caribbean', 'Black African', or 'Black other'.

Figure 2: Change in time-related underemployment by ethnic group (2002-12)



Source: Four quarter moving averages, Rafferty (2014) uses quarterly estimates. Time-related underemployment is defined where a person is wanting at their same level of pay to increase the number of hours within their current employment, find an additional job, or find an alternative job with greater hours but is unable to do so. UK Labour Force Survey, working age men (16-64 yrs) and women (16-60 yrs). Ethnic group categories based on Census definitions are combined to harmonise classifications across time. The Black category includes people who self-identify as 'Black Caribbean', 'Black African', or 'Black other'.