The Joseph Rowntree Foundation (JRF) is one of the largest social policy research and development charities in the UK. For over a century we have been engaged with searching out the causes of social problems, investigating solutions and seeking to influence those who can make changes. JRF’s purpose is to understand the root causes of social problems, to identify ways of overcoming them, and to show how social needs can be met in practice. The Joseph Rowntree Housing Trust (JRHT) shares the aims of JRF and engages in practical housing and care work.

1. Introduction

We very much welcome the leadership being shown by the Equal Opportunities Committee in conducting this Inquiry. It is particularly timely because of the new emphasis on addressing in work poverty within the Programme for Government and by the First Minister and other leading politicians. In 2012/13, 43% of people in poverty in Scotland lived in working families. It has become clear that getting a job is not a reliable route out of poverty for many thousands of people in Scotland.

Ethnicity plays an important part in shaping the drivers of in work poverty: qualifications, low pay and a lack of progression at work all vary between people from different ethnic groups. It is therefore vital to take account of ethnicity if Scotland is to be successful in reducing poverty through improving the quality of work.

Our submission to this Inquiry is based on research emerging from our four year programme of research into the links between poverty and ethnicity. Later this year we will be publishing a report which draws together the findings for Scotland from across this programme. We will be very happy to share that report with the Committee as soon as it is finalised.

2. Employment support and advice

In order to provide effective employment support and advice, it is important to have a solid understanding of the current picture. We start therefore, with a brief summary of the key trends which employment support services need to take account of. Taken together this information shows that:

- The challenges facing ethnic minority people in relation to employment are linked to broader issues in the labour market. Action to support ethnic minority groups needs to be closely linked to wider policies which tackle the underlying drivers of in-work poverty.
- Employment support and advice needs to look beyond the common focus on employability - simply moving people into work. Service providers should use labour market intelligence to identify the specific issues facing different groups in different places. They should use this intelligence to advise and support people into training and jobs which provide prospects for decent pay and security.
- There is an urgent need for services for people who are stuck in low-paid work, to help them move into training or jobs which provide a genuine route out of poverty.

Poverty is higher among all ethnic minority groups in Scotland than is the case for the White majority:

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>% Economically Active</th>
</tr>
</thead>
<tbody>
<tr>
<td>White: Polish</td>
<td>86%</td>
</tr>
<tr>
<td>Caribbean or Black</td>
<td>70%</td>
</tr>
<tr>
<td>Indian</td>
<td>70%</td>
</tr>
<tr>
<td>African</td>
<td>70%</td>
</tr>
<tr>
<td>White: Other White</td>
<td>68%</td>
</tr>
<tr>
<td>Mixed or Multiple</td>
<td>66%</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>65%</td>
</tr>
<tr>
<td>White: Other British</td>
<td>64%</td>
</tr>
</tbody>
</table>
Ethnicity is crucial, but has to be considered alongside other factors. Our research has shown that gender and disability are equally important, and are linked to ethnicity. Our UK research examined what proportion of men and women were paid under the Living Wage in each ethnic group.*

The research also investigated whether higher risks of low pay were driven mainly by people being paid less within similar occupations, or working in different types of jobs. The study found that it was the case that some groups were disproportionately likely to be low paid across all occupations, but that the biggest driver of wage inequality is that people from some ethnic groups are more likely to go into low-paid jobs. This can be seen in statistics for Scotland. For instance, the table below shows the percentage of each ethnic group that work in the lowest paid (Elementary) occupations*. It is clear that some, but not all, ethnic minority groups are significantly over-represented in these types of jobs.

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>% Employed in Elementary occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>White: Polish</td>
<td>35%</td>
</tr>
<tr>
<td>White: Gypsy/Traveller</td>
<td>20%</td>
</tr>
<tr>
<td>African</td>
<td>18%</td>
</tr>
</tbody>
</table>
Other Asian | 17%
White: Other | 17%
Caribbean or Black | 12%
All | 12%
Other Ethnic Group | 11%
White: Scottish | 11%
Mixed or Multiple | 11%
Indian | 9%
White: Irish | 8%
White: Other British | 8%
Pakistani | 8%

Disability is linked to poverty and low pay, and is affected by ethnicity. Our report, Monitoring Poverty and Social Exclusion in Scotland 2015, showed that a disabled person in work is more likely to be low paid than a non-disabled one, for every qualification levelvi. Ethnicity affects both the incidence of disability and how it impacts on poverty. For instance, research carried out for the UK Department for Work and Pensions found the poverty rate among ethnic minority families with disabled children is 44%, compared with a poverty rate of 17% among all disabled childrenvii.

Low pay and in-work poverty are strongly linked to the sector in which people work. Research has shown that 48% of Working Tax Credits (WTC) paid in Scotland go to employees working in three sectors: retail (20% of WTC), human health and social work (16%) and accommodation and food service (12%)viii. Our poverty and ethnicity research highlighted a high degree of ‘occupational segregation’ – people from different ethnic groups tending to work in different sectors. For example, analysis of the Scottish Census shows that:
- 50% of Pakistani, 31% of Polish and Gypsy/Traveller and 30% of Indian people work in hotels and restaurants;
- 37% of African and Irish, 36% of Caribbean/Black and 35% of White Other people work in public administration, education and health.

Geographical differences affect all of these factors. JRF published research this year for England and Wales showing unemployment rates for each ethnic group in each local authority and the extent to which there was occupational segregation for different groups in each local authority areaix. It was not possible to include Scotland in this research (as originally planned) due to delays in the availability of Census data. However, the findings showed wide variations in the position of different groups in different places; we recommend that this analysis is carried out for Scotland as soon as possible and used to identify the groups and places in most need of additional support to enable people to enter work and gain better jobs; and those groups who are less likely to be in low-paid work. Our earlier research conducted
in Glasgow, Leicester and Luton confirmed the important influence of places on employment among different ethnic groups. Place was important because of particular industries concentrated in different areas, combined with local migration history, people’s networks and occupational segregation. The research highlighted the risk of the needs of smaller populations being overlooked by local authorities. Other research in Scotland has shown that this can be particularly relevant where small numbers in rural areas can be disadvantaged by the additional cost of poverty in rural areas (de Lima et al, 2011). Both these studies highlighted the need for mainstream and targeted interventions at both a national and local level, based on effective monitoring by ethnicity and good local knowledge.

Skills and qualifications are, of course, vital components in tackling poverty across all ethnic groups. However, new research has demonstrated that they are not sufficient to gain well-paid work. Analysis of low-paid workers in Scotland in 2013 showed that 13% have a degree, 19% are qualified to SQF level, 13% have only low qualifications and only 9% have no qualifications. Our UK research has shown that many more people are over qualified for their current job among some ethnic minority groups, as is illustrated by the chart below.

![Percentage of graduates in the UK in each ethnic group who are overqualified for their jobs (2009 to 2012)](chart)

Employment support and advice services need to develop effective interventions for those who are already qualified but find it difficult to get jobs which use (and reward) their skills.

The Wood Commission showed that young people from BME groups enter a narrower range of pathways compared to the rest of the population, and are more likely to be unemployed. We agree that good quality careers advice is vital for all young people and is particularly important for young people from low-income backgrounds and from some ethnic minority groups. This careers advice should take account of the research outlined above and be designed to pro-actively challenge stereotypes and to encourage young people into training and jobs linked to better pay and prospects. We also agree that a target should be set to increase the number of people from BME backgrounds who start and complete Modern Apprenticeships, with regular reporting on progress towards this goal.
Speaking English is strongly associated with gaining work and improving pay. Our UK research suggested that speaking good English could reduce the risk of being in persistent poverty by a substantial 5 percentage points\textsuperscript{viii}. Providing good quality, accessible English language training is therefore an important aspect of improving outcomes for people from ethnic minority groups. Given the very high employment rates among some groups, particular attention should be given to enabling those already in low-paid jobs to access this training.

3. Recruitment, retention and promotion

In 2009, the Department for Work and Pensions published a study into discrimination in recruitment\textsuperscript{xiv}. This showed that people from an ethnic minority background had to submit 16 job applications in order to receive a positive response; white candidates only had to submit nine. This study did include Glasgow, but as a small part of the overall total. The study provides evidence of discrimination in recruitment within the British labour market overall. The Committee may wish to recommend that the Scottish Government replicates the study within Scotland in order to produce more up-to-date and specific results.

A study funded by JRF focused on progression within work and involved research with low-paid workers and managers in nine large employers, in four areas; two in England and two in Scotland\textsuperscript{xv}. The study demonstrated the multiple barriers to promotion faced by low-paid workers across all ethnicities. It showed that informal practices trapped people even where the organisation intended to be supportive. Line managers were often the central gatekeepers to development and progression, although some workers managed to circumvent them through relationships with other people in the organisation. Generally, however, line managers tended to shape access to training, development and experience as well as promotion. Therefore, personal relationships with managers often seemed to determine the opportunities available. Low-paid workers often had unsupportive line managers, with considerable variation within teams as to the amount of interest shown by managers in supporting different members of staff. Training was scarce and generally focused on the current job rather than development. There was often also a lack of opportunities to get different kinds of experience in the organisation, which could increase chances of progressing in the future even if current promotion opportunities with that employer were limited.

These problems were exacerbated for low-paid ethnic minority workers (both UK born ethnic minorities and migrant workers). They reported unequal access to training and development, stereotyping and pockets of informal culture that undermined equal opportunities policies. There was often a mismatch between the perceptions of managers and HR staff and low-paid workers themselves. Management and HR tended to assume that formal policies were enough to ensure
fairness and did not appear to be aware of how informal culture could undermine these, or the need for proactive action and monitoring to support policies.

Ethnic minority women experienced multiple disadvantages in progressing, being affected by both ethnicity and gender (as has been shown in much previous research). This reflected in part the impact of caring responsibilities, particularly for children, and lack of affordable and appropriate childcare. It was compounded in many cases by caring for older or disabled people and meant that some felt that they could not pursue their aspirations as there was little work available that they could combine with their caring responsibilities.

4. Promoting positive action

The Hudson et al. research highlighted steps that employers can take to improve progression for low-paid workers and ensure that these are accessible to workers from different backgrounds. Taking a strategic approach at a senior level to developing low-paid workers was vital, with that commitment needing to be incorporated into the performance objectives of managers at all levels of the organisation. Many low-paid workers (and their managers) were unclear how they might progress in their organisation or sector. This pointed to the need to increase the transparency of access to development opportunities, training and promotion criteria, linked to clear career paths. More broadly, the study suggested that building ‘working to learn’ cultures, with an emphasis on work shadowing, coaching and mentoring, would make a big difference to many low-paid workers. Monitoring was very variable across the organisations involved in the research. Public sector organisations tended to collect more information than private sector ones, but were not always using it effectively. Organisations needed to monitor development and progression as well as recruitment. Finally, there were serious weaknesses in the equalities and inclusion training taking place in many organisations; employers needed to develop ongoing training, not simply one-off or ad-hoc training, and use it to address hidden practices, such as stereotyping (for example unconscious bias training for managers across all functions).

This study showed the actions that individual employers could take, but it also showed that a wider approach to these issues is required. JRF’s research into the future of the UK labour market has indicated that it is vital to increase the demand for skilled workers among employers and encourage more to take a positive approach to developing and progressing low-paid, low-skilled staff, including through job redesign. The role of procurement in advancing this agenda should not be overlooked. The increasing outsourcing of low-paid work by public sector organisations, and large private sector ones, means that these issues must be considered throughout the supply chain in order to be truly effective. The approach taken by proponents of the living wage might be considered here, with the cascading of policies which support progression and equal opportunities being seen as complementary to the movement to spread the living wage.
Two areas of policy which provide opportunities to take action are procurement and regeneration. For example, the Glasgow & Clyde Valley City Deal will mean very large investment in construction, transport and connectivity over more than a decade. JRF’s More Jobs, Better Jobs Partnership with Leeds & West Yorkshire City Region/Deal is focused on improving the quality of work. There is a real opportunity for cities like Glasgow to make significant progress in tackling poverty through the lens of equality as part of these Deals. For instance, policy makers can incorporate measures to ensure that larger numbers of young people from ethnic minority groups can access and complete apprenticeships in sectors where many have been consistently under-represented.

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22 June 2015

2 Poverty and Inequality in Scotland 2012/13 (2014) Scottish Government
3 Analysis of Equality Results from the 2011 Census Part 2 (2015) Scottish Government
5 Analysis of Equality Results from the 2011 Census Part 2 (2015) Scottish Government
f Hudson et al (2013) In-work poverty, ethnicity and workplace cultures York: Joseph Rowntree Foundation