Occupational Attainment of Male Immigrants and Ethnic Minorities in the UK

Sayema Haque Bidisha, Department of Economics, University of Dhaka, Dhaka, Bangladesh

ABSTRACT

Using Labor Force Survey data of the UK, this paper examines occupational attainment of immigrants and ethnic minorities in the last two decades. It suggests that, over time representation of immigrants in superior occupations has reduced, which is in contrast to the improvement of job market status of their native counterparts. The paper also applies a decomposition technique to comprehend such performances through explained and unexplained parts and found both of the factors playing important role in determining occupational attainment of male immigrants and ethnic minorities in the UK.

Keywords: Decomposition Analysis, Ethnic Minority, Immigrants, Male Immigrants, Occupational Attainment

1. INTRODUCTION

Lack of occupational success of immigrants and ethnic minorities in the labor market of the developed countries has been one of the widely discussed issues in the realm of economic policy making. The root of such debate lay on the commonly accepted hypothesis that, in addition to the differences in attributes, preferences or abilities among different ethnic as well as immigrant groups, there could be certain unexplained factors relating solely to their nationality or ethnicity that have important consequences on their performance in the labor market. In the context of the UK, in comparison to white natives, ethnic minority natives as well as immigrants are argued to lag behind in the labor market and are under-represented in the higher stages of the occupational ladder (Borooah, 2001; Carmichael & Wood, 2000). Anecdotal evidence also suggests wide diversity in the occupational status of different ethnic and immigrant communities, the reasoning for which is still unclear. As pointed out by Dustmann and Theodorpoulos (2010), for the newly arrived immigrants although it is quite plausible that due to the difference is language, culture, socio-economic as well as demographic features, their performance in the labor market could be quite different than that of the natives, it is not very clear why such differences persist even for the next generation. In addition, changed immigration policies and skill mix in the last decade or so could have important implications for the labor market performance of different groups. Given the existing debate on the impact

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of the recent waves of immigrants in the British economy, it is of crucial importance to examine the changes (if any) of the performance of immigrants and ethnic minorities (2nd or higher generation immigrants) themselves.

Instead of focusing on the widely discussed problem of unemployment of the immigrants and ethnic minorities, this paper analyzes the type of jobs that people of different ethnic/immigrant background performs. In particular, while comparing the predicted probabilities of occupational attainment generated through multinomial logit estimation, it examines the relative success/failure of prime aged males of different immigrant and ethnic groups in the UK labor market. In this context it also examines the reasoning behind the differences in occupational success of different groups. This question has been addressed while applying a decomposition analysis which separates the contribution of attributes possessed by the individuals from the unexplained part, where the latter part is popularly known as discrimination effect. It is worth mentioning that the existing literature primarily focuses on the problem of unemployment (Blackaby et al., 1997a, 2002b; Price, 2001) of ethnic minorities and immigrants rather than on their quality of employment. In addition, to our knowledge, there has been no study examining the impact of the changes in immigration policies and skill mix over time on occupational choices and most of the studies focused primarily on the experiences of minorities during the decade of 1990s. This paper focuses on examining the changes in occupational experiences of different groups over time while utilizing the data of the Labour Force Survey of the UK for summer 1992 and summer 2006. The analysis suggests that, in early 90s certain groups of minority natives were found to be less represented in high-skilled professional occupations whereas some of the immigrants were in greater proportion in such jobs. In recent years, minority immigrants’ representation in superior occupations has reduced significantly, which is in contrast to the improvement of job market status of their native counterparts.

The paper is organized as follows: the next section discusses key literature in this area. In Section 2 data and methodological issues have been discussed, Section 3 describes the estimation results and decomposition analysis of employment status. In Section 4, empirical analysis of occupational choices is presented and finally Section 5 concludes.

2. REVIEW OF LITERATURE

According to the 2001 census of the UK, 8.1% of British population were non-whites where the corresponding figure in 1991 was 5.5%, implying a 53% increase over ten year time period. The 2005 Labour Force Survey estimates that non mixed ethnic minority British constituted about 2.4% of working age population and non mixed ethnic minority immigrants was 4.3% of the same population group. While considering the immigrants, the 2004 Labour Force Survey reveals that, as high as 10.5% of working age population (both whites and non-whites) in Britain were born outside of the UK. Therefore, the importance of ethnic minorities as well as immigrants on the economy and society of the UK cannot be over emphasized. In terms of labor market experience, according to Dustmann and Fabbri (2005) white natives have greater level of employment and labor market participation than the ethnic minority immigrants. However, white immigrants have similar employment probability to their native counterparts. As suggested by most of the literature, immigrants in the UK are quite heterogeneous, not only in terms of culture, language, demographic structure or education but also in the context of employability and occupational choices (Dustmann & Fabbri, 2005; Borooah, 2001; Blackaby et al., 2002).

The literature on the labour market experience of immigrants primarily deals with three broad areas: wages, unemployment/employment and occupational attainment. However, most of these studies are concerned with the first two types of issues, e.g., that of wage differential and differences in unemployment
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