

Aspirations and Reality:  
British Muslims and  
the Labour Market

*2004*

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BRITISH MUSLIMS AND  
THE LABOUR MARKET

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# Preface

The Open Society Institute (OSI) Budapest is a private operating and grant-making foundation that develops and implements a range of programs in civil society, culture, education, media and public administration, public health and human and women's rights, as well as social, legal and economic reform.

In 2002, as part of its programme on minority protection in Europe, EUMAP, OSI's EU Accession Monitoring Program, now renamed the EU Monitoring and Advocacy Program<sup>1</sup>, published a report on minority protection in the five largest EU member states. The reports looked at the situation of Muslims in France, Italy and the United Kingdom and of the Roma/Sinti communities in Germany and Spain.

The UK report, *Monitoring Minority Protection in the EU: the Situation of Muslims in the UK*, launched by the then Home Office Minister Lord Filkin, was a snap shot of the situation of Muslims, in terms of minority rights and their experiences of discrimination and disadvantage. It identified the severe levels of disadvantage and discrimination experienced by British Muslims, which are significant barriers to their participation and integration in British society.

One underlying theme in the UK report was the need for policy makers in government and public bodies to ensure that their policies for tackling disadvantage and discrimination took account of the faith dimension in the identities of Muslim communities. The report made over 30 recommendations to the UK government and other public bodies, calling upon them to take steps to encourage, facilitate and support participation in society by Muslims.

Following publication of the UK report, and noting the positive attitude to engagement in the issues raised by the report from the Government, the Open Society Institute is keen to ensure that the recommendations are taken forward. To this end, the UK policy project will publish policy reports on four areas: education, employment, criminal justice and discrimination. It has commissioned experts to undertake research and analysis and to develop detailed and practical recommendations in each of these areas. *Aspirations and Reality: British Muslims and the Labour Market*, is the first of the four policy reports to be published. All four policy reports will be published together in one volume in autumn 2004.

The policy reports provide an opportunity to build upon the findings and conclusions of the first UK report. They seek to support and complement existing research initiatives and programmes, drawing on available generic research on ethnic minorities or minority faith communities. With their specific focus on Muslims, they seek to highlight the specificities of issues as they affect Muslims, and make recommendations that are targeted to address those specificities. In this way the research will contribute to enriching the policy process.

<sup>1</sup> EUMAP's Minority Protection and other reports are available at <[www.eumap.org](http://www.eumap.org)>

## 1. EXECUTIVE SUMMARY

Muslims currently constitute 3 per cent of the UK population.<sup>2</sup> Census statistics show that Muslims, as a whole, are by far the most disadvantaged faith group in the UK labour market. Muslims are three times more likely to be unemployed than the majority Christian group.<sup>3</sup> They have the lowest employment rate of any group, at 38 per cent, and the highest economic inactivity rate, at 52 per cent.<sup>4</sup>

At 17 per cent, Muslims represent the largest faith group who have never worked or are long term unemployed, as compared to three per cent of the overall population.<sup>5</sup> Over half of Muslims are economically inactive, compared to a third of all other faith groups.<sup>6</sup> At 68 per cent, Muslim women have the highest level of economic inactivity amongst all faith groups.<sup>7</sup>

Between 1999 and 2009, Pakistanis and Bangladeshis, who are predominately Muslim and who make up almost sixty per cent of the UK Muslim population, will account for over a quarter of the growth in the working-age population.<sup>8</sup> The challenge for Government, employers, and Muslims themselves is to tackle the barriers Muslims currently face to ensure that they are integrated into the mainstream labour market.

There are variations in the labour market achievements within the Muslim group. For example, Indian Muslims, who make up nine per cent of the British Muslim population, are on average doing well in schools and in the labour market. However, they are doing less well when compared to Indian Hindus. Pakistanis and Bangladeshis experience significantly higher unemployment, economic inactivity and lower earnings than most other ethnic groups. They disproportionately live in the most disadvantaged wards of the UK and suffer disproportionately from geographic deprivation. Those who are in employment are disproportionately represented in a narrow range of low-pay industries and self-employment.<sup>9</sup>

The extent to which religion is a driver for labour market outcomes is not yet known.

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<sup>2</sup> The UK 2001 Census, (hereafter: “2001 Census”), see: <http://www.statistics.gov.uk/census2001/> (last accessed on 12.07.04).

<sup>3</sup> Figure 2.6.

<sup>4</sup> Figures 2.2 and 2.6.

<sup>5</sup> Ethnic Minorities Employment Division (hereafter: “EMED”), Department for Work and Pensions (hereafter: “DWP”).

<sup>6</sup> Figure 2.6.

<sup>7</sup> Figure 2.6.

<sup>8</sup> D. Owen and A. Green, *Minority Ethnic Participation and Achievements in Education, Training and the Labour Market*, *Centre for Research in Ethnic Relations and Institute for Employment Research, University of Warwick*, 2000, pp. 16-7. Over 90 per cent of British Pakistanis and Bangladeshis are Muslim, UK 2001 Census.

<sup>9</sup> See: *Ethnic Minorities and the Labour Market*, London: Cabinet Office, 2003

This is a significant knowledge gap and further analysis is needed to improve our understanding of the British Muslim group as a whole. Data by ethnicity is used in this report to highlight the experiences of the Pakistani and Bangladeshi groups.

Economic inactivity impacts beyond the individual person not in work and can have longer term effects on their partners and families. This can result in long term and generational economic and social disadvantage. In London, where over 40 per cent of the UK's Muslim population live, Pakistanis and Bangladeshis have the highest level of children in workless households, at 30-40 per cent, compared to 20 per cent of their White counterparts.<sup>10</sup>

Muslims represent a very high proportion of the younger age cohort. 90 per cent of Muslims are aged under 50. The average age of Muslims is 28, 13 years below the national average. Official reports into the Bradford, Oldham and Burnley disturbances identified failure in policy and service delivery to meet the needs of young Muslims.<sup>11</sup> Failing to meet the employment aspirations and needs of young Muslims will not only have economic costs but also create potential strains on social cohesion.

The reasons for the level of multiple disadvantage Muslims face are complex, ranging from gaps in mainstream labour market policy and employer practices, poor service delivery and a lack of faith-friendly work environments. Policy must reflect this complexity and aim to integrate Muslim men and women into the mainstream labour market, through local and national, public and private sector initiatives. It should also acknowledge that the faith dimension is an important factor in effectively targeting the most disadvantaged group in the labour market.

Due to the demographic change in the Muslim working-age population, the Government and employers must recognise and respond proactively to the level of disadvantage Muslims face. Policy must aim to integrate Muslims, men and women, into the mainstream labour market through local and national, public and private sector initiatives.

Through changes in labour market policy it is possible to achieve successful integration, retention and progression. Specific policy measures could fall into three categories:

- First, policies addressing the socio-economic disadvantage of Muslim communities, which recognise that faith can be important for effective delivery to Muslims;
- Second, understanding how existing and changing social and cultural norms impact on the labour market engagement of Muslims;

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<sup>10</sup> Ethnic Minorities Employment Division, Department for Work and Pensions.

<sup>11</sup> See: The Report of the Independent Review Team, Chaired by Ted Cantele, *Community Cohesion*, London: Home Office, 2001.

- Third, tackling the prejudice, stereotypes and disadvantage that arise from a lack of awareness and understanding about Muslims;

There should also be a government commitment that has one clear aim: to integrate Muslims into the mainstream labour market. Policy-makers need to develop an inclusive and integrated strategy for Muslims to support their labour market entry and progression and help overcome any barriers they face. This strategy should begin by focusing on geographic disadvantage which will help alleviate many of the current employment problems faced disproportionately by Muslims in deprived areas. Thereafter more specific policy measures are needed to address barriers faced by Muslim women and young Muslims.

The benefits of improved labour market integration for Muslims are not just financial. Mainstream labour market integration will ensure long-term economic and social integration for current and future generations of British Muslims, for the benefit of Muslims, the economy, and wider society.

## 2. INTRODUCTION

The 2001 Census statistics show that British Muslims, as a whole, are by far the most disadvantaged faith group.<sup>12</sup> Their unemployment rates are three times the national average and twice the level of any other minority faith group. They have the lowest employment rate of any group at 38 per cent and the highest economic inactivity rate at 52 per cent.<sup>13</sup> British Muslims represent, proportionately, the youngest age cohort in the UK. The average age of Muslims is 28, 13 years below the national average.<sup>14</sup> Making the best use of their skills will be a challenge for government and employers, as well as for Muslims themselves. Evidence from the past two decades suggests that the continued economic growth alone will not tackle the labour market disadvantage faced by most Muslims. If no intervention is made, their position will at least stay the same if not worsen and further reinforce social exclusion.

A central obstacle in the examination of the labour market position and experience of British Muslims is the lack of data collected on the basis of religion. The 2001 Census for the first time asked a question on religion. Statistics disaggregated by faith communities from the census are beginning to emerge. In this report, data from the 2001 Census is used to provide employment information of the British Muslim group as a whole. As the British Muslim population is comprised of different ethnic minority

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<sup>12</sup> 2001 Census. Census statistics in the tables in this report were provided by EMED. EMED is a research, analysis and policy unit in the DWP. Labour market statistics refer to persons in the working age population;

<sup>13</sup> Figure 2.2 and 2.6;

<sup>14</sup> 2001 Census;

groups, data by ethnicity has also been used in this report, courtesy of the Ethnic Minority Employment Division (EMED).

The extent to which religion is a driver for labour market outcomes is not yet known. This is a significant knowledge gap and further analysis is needed to improve our understanding of the British Muslim group as a whole. Data by ethnicity is used in this report to highlight the experiences of the Pakistani and Bangladeshi groups, who constitute 60 per cent of the British Muslim population.<sup>15</sup> While it is recognised that not all Pakistanis and Bangladeshis in the UK are Muslim, statistics available for Pakistani and Bangladeshi communities are used as a proxy to highlight the position of this significant section of British Muslims. This, of course, will leave unexamined the experiences of the remaining 40 per cent of British Muslim communities, including Arab, Afghan, Indian, Iranian, Kosovar, Kurdish, North African, Somali and Turkish Muslims.

This OSI report builds on the steps and policy approach taken by the Strategy Unit report, *Ethnic Minorities and the Labour Market*.<sup>16</sup> This report emphasised the differing levels of achievement in the labour market across and within all minority ethnic groups, with Indians and Chinese out-performing Whites in some categories. However, it put forward policy recommendations for ethnic minority groups as a whole with no specific recommendations for individual ethnic groups. Whilst the recommendations are focussed interventions and should produce positive change, targeted emphasis and interventions in employment policy for the most disadvantaged individual ethnic groups have yet to occur.

Policies are not yet targeted by individual faith group. Using the current ethnic categories, targeting by specific ethnic groups allows policy to reach Pakistanis and Bangladeshis, but does not extend to Muslims from other minority ethnic communities. This reach could be achieved by further fine graining of ethnic minority categories, to also cover Afghan, Arab, Iranian, Kosovar, Kurdish, Somali and Turkish Muslims. However, policy must also target Muslims as a whole. While Muslims are not one homogenous cultural or ethnic group, barriers to the labour market which affect Muslims specifically, often affect most Muslims alike. This report suggests that the acknowledgement of the faith dimension is an important factor that should be added to the policy-making process, when appropriate, to ensure the effective delivery of services.

*Section three* begins by outlining the context of ethnic minority participation in the labour market. It then looks at Muslims in the labour market, their geographical

<sup>15</sup> Over 90 per cent of Pakistanis and Bangladeshis in the UK are Muslims. 2001 Census.

<sup>16</sup> *Ethnic Minorities and the Labour Market*, London: Cabinet Office, 2003 (hereafter the "Strategy Unit Report"). In 2000, the Prime Minister's Strategy Unit was asked to look into the labour market achievements of ethnic minorities and to recommend action to tackle the barriers they face. The Strategy Unit published its final report in 2003. The Government accepted all its conclusions and committed to implement its policy recommendations.

distribution, age profiles, and labour market attainment. It compares the labour market position of Muslims with other faith groups and of Pakistanis and Bangladeshis with other ethnic groups.

*Section four* identifies some of the barriers that are faced in entering and progressing in the labour market. These include barriers arising from area deprivation, low educational attainment, childhood poverty and existing engagement in the labour market. It looks at the impact of an ‘ethnic penalty’ and poses the question of whether there is a ‘Muslim penalty’.

*Section five* begins by outlining some of the current policy measures that are being taken to address ethnic minority labour market disadvantage by government. The chapter looks at examples of best practice that aim to tackle labour market disadvantage at three levels. Firstly, improving delivery of policy across government and at the local level to reach Muslims. Secondly, improving engagement with, and access to the labour market. This requires developing aspirations, soft skills and basic skills, and improving qualifications. Thirdly, supporting entry to, and progression within, the labour market. This requires a co-ordinated approach to assisting people into work, positive action measures to ensure labour market entry and career support, and in-work support to ensure progress through the labour market.

The objective of this report is to highlight the clear gaps in current policy. Policies designed to improve employment levels for ethnic minorities as a whole, many of whom are already known to be disadvantaged in the labour market, miss the fundamental dimension of faith identity. Tackling the inactivity and unemployment of Muslims requires a new focus to address the scale of multiple disadvantage affecting this group. The different characteristics and profiles within this group, such as young people and women, require targeted policy interventions that meet the needs of Muslim communities.

There is a fundamental need for political commitment at the highest level and a coherent cross-government strategy to tackle the disproportionate level of disadvantage faced by British Muslims in the labour market. This requires a policy commitment to integrating Muslims into the mainstream labour market. Central to this will be policies to tackle the disadvantage faced by Muslims as a result of living in the most deprived wards in the UK. This can lead to high levels of inactivity which affect Muslims and non-Muslims alike in those wards.

Specific policy measures should be adopted to tackle the barriers Muslims face, resulting in high levels of inactivity and unemployment of Muslims. In addition, policy must ensure workplaces are sensitive to the needs of faith groups, to encourage Muslims to apply for all employment opportunities, retain and progress within those positions. The benefits of improved labour market outcomes through economic integration for Muslims are not just financial. Economic integration will ensure long-term social and civic integration for future generations of British Muslims.

### 3. CONTEXT AND BACKGROUND

#### 3.1. Ethnic Minorities and the Labour Market

There are wide variations in the labour market achievements of different ethnic minority groups in the UK. However, all ethnic minorities appear to be disadvantaged in the labour market on a broad range of measures of achievement, including employment and unemployment rates; levels of self-employment; and progression in employment.<sup>17</sup> Nonetheless, there are significant differences between and within ethnic groups. Most notably, the Indian and Chinese ethnic groups out-perform their White majority counterparts on many of these measures. However, they are still not doing as well as they should be, given their education and other characteristics relevant to labour market attainment.<sup>18</sup>

The UK, in 2003, has the highest employment rate and the lowest unemployment rate of the major industrialised countries. Since 1997, the government has set out to provide help and support to move those who can work from welfare into work, and to achieve the goal of full employment in every region of the UK. The total employment level is currently at a record high, having risen by nearly 1.7 million since 1997, and claimant count unemployment has fallen by more than 700,000 since 1997.<sup>19</sup>

The government acknowledges, however, that there are areas where more progress is needed to tackle the challenges faced by some ethnic minority groups; people with no qualifications; and other groups amongst whom economic inactivity is high, such as people living in big cities and those living in rented accommodation.<sup>20</sup> Employment rates amongst all ethnic minority groups are lower than those of the majority White population.<sup>21</sup> Despite economic growth over the past 15 years, the overall employment rate gap between ethnic minorities and Whites has remained at around 16 percentage points.<sup>22</sup> The Department for Work and Pension (DWP) and the Department for Trade and Industry (DTI) share a Public Service Agreement (PSA) target to increase the employment rates of people from ethnic minority backgrounds and significantly reduce the difference between their employment rates and the overall employment rates by 2006.<sup>23</sup>

The Strategy Unit report detailed how the extent and nature of labour market disadvantage differed significantly by ethnic group, with some groups being more

<sup>17</sup> See appendix 1.

<sup>18</sup> Strategy Unit Report, p.4.

<sup>19</sup> *Full Employment in Every Region*, London: HM Treasury, 2003, p.33-35.

<sup>20</sup> Ibid.

<sup>21</sup> Strategy Unit Report, p.5.

<sup>22</sup> *Full Employment in Every Region*, London: HM Treasury, 2003, p.33-35.

<sup>23</sup> Ibid.

disproportionately disadvantaged than others. Across almost all indicators, Pakistanis, Bangladeshis, and African Caribbeans were found to be disproportionately disadvantaged. Within ethnic groups, labour market performance was found to vary considerably according to factors such as gender, generation and geography.

According to the Strategy Unit report, there is no single cause for the level of labour market disadvantage faced by ethnic minorities. Social class, culture and family patterns all play a part. Educational underachievement is both a symptom of these factors and an important causal factor. Given the numerous factors involved, the Strategy Unit report recommended intervention in areas with cross-departmental policy responsibilities. Policy measures therefore fell into four categories:

- Improving the employability of ethnic minorities, by raising levels of educational attainment and skills;
- Improving the connection of ethnic minorities to work, by reforming existing employment programmes and tackling specific barriers to work;
- Promoting equal opportunities in the workplace; and
- Improving delivery, through creating a cross-departmental Task Force to carry forward this cross-departmental responsibility.<sup>24</sup>

The Strategy Unit report looked at the area of ethnic minority labour market disadvantage, but did not disaggregate by individual ethnic groups and create targeted policy initiatives accordingly. Similarly, the use of Census categories such as Black African, does not allow policy to tease out the differences in the experiences, for example, of Somalis, Nigerians or Zimbabweans. Ethnic categories at present do not account for Afghan, Arab, Iranian, Kosovar, Kurdish, North African, Somali and Turkish communities. Therefore, current ethnic minority categories will not help identify disadvantage in the labour market faced by different faith groups including Muslims.

### 3.2 Muslims and the Labour Market

This section outlines the context of Muslim participation in the labour market, their geographical distribution, age profiles, and labour market attainment. It compares the position of Muslims with other faith and ethnic groups.

#### *Geographic settlement patterns*

The current picture of geographic settlement across the UK continues to reflect 'on-entry' settlement patterns of clustering in the UK's major cities and conurbations

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<sup>24</sup> Strategy Unit Report, pp.7-9.

by ethnic minorities.<sup>25</sup>

As shown in Figure 2.1, over 80 per cent of Muslims live in the five major conurbations of Great Britain, compared to 50 per cent of the general population. The conurbations are Greater London, West Midlands, West Yorkshire, Greater Manchester and East Midlands. While such clustering reflects little population drift outside of the original settlement areas, it is uncertain if this is through religious or cultural preference or limited access and affordability of alternative housing. Similar conurbation settlement patterns are also found with the Hindu and Sikh communities. However, as highlighted later in this report, these two groups do not suffer the same level of employment disadvantage as Muslims. Hindu and Sikh communities may be clustering in more affluent parts of these conurbations, resulting in this variation in employment.

Approximately 40 per cent of Muslims live in Greater London (607,000).<sup>26</sup> Muslims represent the second largest faith community in London and make up 8.5 per cent of its population. They are concentrated in a small number of London boroughs. A quarter of London's Muslims live in Tower Hamlets and Newham where the average household non-employment rate is approximately 30 per cent. In comparison, approximately, 53 per cent of Hindus live in London, (292,000).<sup>27</sup> One third of London's Hindus live in Brent, Barnet, Ealing and Harrow where the average household non-employment rate is approximately 15 per cent.<sup>28</sup>

Research shows that while people from ethnic minority groups are more likely to live in cities, this is particularly true for those groups that have difficulty in finding employment, such as those with little or no English; recent migrants; and those with a tradition of non-participation in the labour market. The concentration of such groups in particular wards, and their unemployment or inactivity there, suggests a skills mismatch in their area of residence. The areas with the lowest ethnic minority employment rates (Glasgow, Tower Hamlets, Oldham, Bradford, and Blackburn & Darwen) are also the areas where the largest minority ethnic groups are Pakistanis and Bangladeshis.<sup>29</sup>

<sup>25</sup> A. Power, *Barriers to Social Housing for Asians*, Bradford: Bradford City Council, June 2001. See also D. Owen and P. Ratcliffe, 'Estimating local change in the population of minority ethnic groups, 1981-1991', Working Paper no. 1, in *Changing spatial location patterns of ethnic minorities in Great Britain, 1981-1991*, Coventry: Centre for Research in Ethnic Relations, 1996.

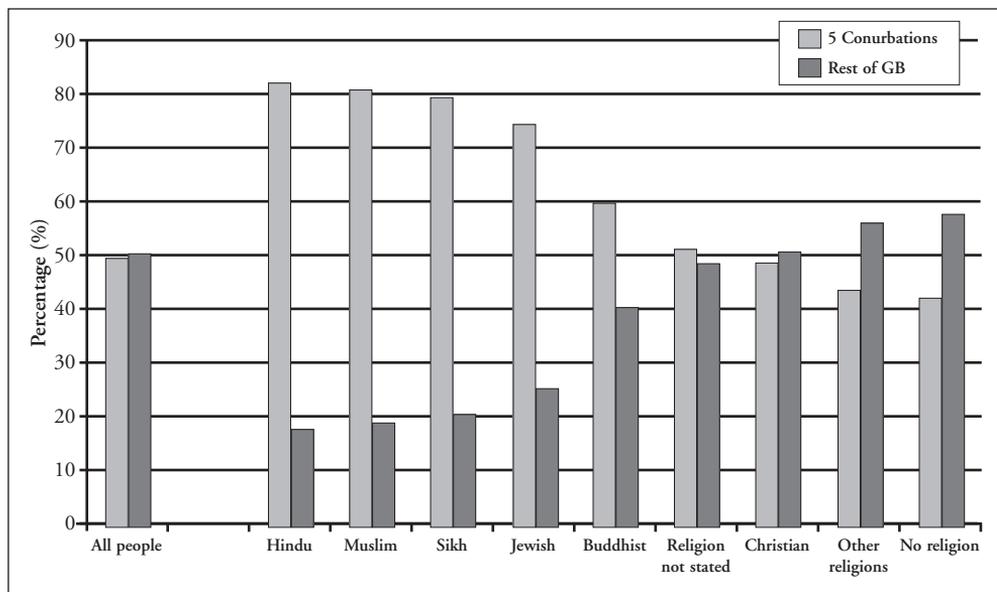
<sup>26</sup> E. Howes, 2001 *Census Key Statistics: Ethnicity, religion and country of birth*, London: Greater London Authority, October 2003, p.31.

<sup>27</sup> E. Howes, 2001 *Census Key Statistics: Ethnicity, religion and country of birth*, London: Greater London Authority, October 2003, p.30.

<sup>28</sup> See: Ibid, p.32 and D. Gaffney and B. Armstrong, *Workless household with dependent children in London: Output area maps from the 2001 Census*, London: Greater London Authority, p.12.

<sup>29</sup> *Full Employment in Every Region*, HMT 2003, p.33-35.

**Figure 2:1 Geographic distribution by religion**



Source: Ethnic Minority Employment Division, Department for Work and Pensions, 2004

### *Age profile*

The age structure of all ethnic minority groups is relatively young. The average age of Muslims in the UK is 28 years old, 13 years younger than the national average. 89 per cent of Muslims are under 50.<sup>30</sup> Over one-third of Pakistanis and Bangladeshis are aged under 16, the youngest age cohort in the UK.

This youthful age profile, combined with the highest birth rates amongst all groups, not only means that half the growth in the working-age population between 1999-2009 will come from ethnic minorities, but more specifically, over half of that growth will come from the Pakistani and Bangladeshi groups.<sup>31</sup> Therefore, between 1999-2009 more than a quarter of the growth in the UK working-age population will come from British Muslims.

This fundamental shift in the religious demographic profile of the current and future working-age population of the UK has major implications for employment and integration policies and practices. Policy will need to make positive changes in the light of this demographic shift if the UK is to benefit economically and socially through integrating Muslims into the mainstream labour market.

<sup>30</sup> 2001 Census, Official National Statistics.

<sup>31</sup> D. Owen and A. Green, *Minority Ethnic Participation and Achievements in Education, Training and the Labour Market*, Centre for Research in Ethnic Relations and Institute for Employment Research, University of Warwick, 2000, pp. 16-7.

*Employment, unemployment and economic inactivity rates*

To determine the current labour market position of British Muslims it is necessary to compare their labour market attainment levels with other faith groups. This can be measured using a range of indicators, including employment and unemployment rates; economic inactivity rates; occupational attainment; and income and earnings levels.<sup>32</sup> Data disaggregated by faith on the level of full-time and part-time working hours would have further helped detail the current labour market position of British Muslims, but unfortunately this data was not available.

The 2001 census, for the first time, collected data on religion and therefore allows a comparison to be made between the positions of different faith groups. There are 967,000 Muslims of working age. The following data shows that Muslims have the lowest labour market achievements when compared to other faith groups:

- Muslims have an employment rate of 38 per cent, the lowest of all faith groups and almost half that of the Christian group;<sup>33</sup>
- At 15 per cent, the unemployment rate for Muslims is the highest of all faith groups and is approximately three times that of Christians and Hindus;<sup>34</sup>
- Over 50 per cent of all Muslims are economically inactive, as compared to one-third of Christians, Hindus, Jews and Sikhs;<sup>35</sup>
- Muslim women have the highest economic inactivity rate of all faith groups. 68 per cent of Muslim women are economically inactive, as compared to 28 per cent of Christian women and approximately 35 per cent of Hindu and Sikh women;<sup>36</sup>
- Of young people aged 16-24, Muslims have the highest unemployment rate of all faith groups. 17.5 per cent of Muslims in this age category are unemployed, as compared to 7.9 per cent of Christians and 7.4 per cent of Hindus;<sup>37</sup>

As data has previously not been available disaggregated by faith, to begin to explain this multifaceted level of labour market disadvantage of Muslims requires looking at ethnic categories. As 60 per cent of Muslims are from the Pakistani and Bangladeshi ethnic minority groups, data for these groups will be used to examine the disadvantage faced by Muslims.

Over the past 15 years, the gap in economic activity rates between ethnic minorities and

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<sup>32</sup> See Appendix 1

<sup>33</sup> Figure 2.2.

<sup>34</sup> Figure 2.6.

<sup>35</sup> Figure 2.6.

<sup>36</sup> Figure 2.3.

<sup>37</sup> Figures provided by EMED, DWP, 2004.

the White majority has remained consistently at around 17 percentage points, even though within this period the UK economy experienced economic growth.<sup>38</sup> The benefits of economic growth in the mid-1990s were not shared across all minority ethnic groups. Employment and unemployment differentials narrowed for some ethnic minority groups, such as Indians, relative to their White counterparts. However, no significant improvement in employment prospects could be observed for Bangladeshi and African Caribbean men. Their employment rate hardly rose at all, at any stage in the recovery.<sup>39</sup>

Amongst those who are economically inactive are persons who have 'other' responsibilities, such as looking after the home or full time education. One-third of all economically inactive people are inactive because they are looking after family or the home.<sup>40</sup> 37 per cent of economically inactive Muslims fall into this category. 52 per cent of economically inactive Muslim women are looking after the home. 45 per cent of economically inactive Muslim men are students.<sup>41</sup>

In a recent study, one-sixth of British adults aged 17-59 were found not to have either a job or a working partner. Those at high risk of economic inactivity were people with low qualifications and skills, those living in areas of weak labour market demand, and certain ethnic minority groups. Pakistanis and Bangladeshis have been described as being 'seriously at risk of non-employment compared to Whites'.<sup>42</sup> The Strategy Unit report also found that Pakistanis and Bangladeshis (together with Black Caribbeans) face the greatest labour market disadvantage across all ethnic groups.<sup>43</sup>

These statistics also show that Muslims as a faith group face disadvantage in the labour market. While much of this can be explained by education and disadvantage in relation to geography and deprivation, what is uncertain is to what extent religion and cultural preference can explain it. What is clear is that Pakistanis and Bangladeshis as ethnic groups and Muslims as a faith group are the furthest away from full integration in the labour market.

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<sup>38</sup> Figure 2.7.

<sup>39</sup> J. Wadsworth, "The Labour Market Performance of Ethnic Minorities in the Recovery", in R. Dickins, P. Gregg and J. Wadsworth (eds.), *The Labour Market Under New Labour: the State of Working Britain II*, London: Centre for Economic Performance, 2003.

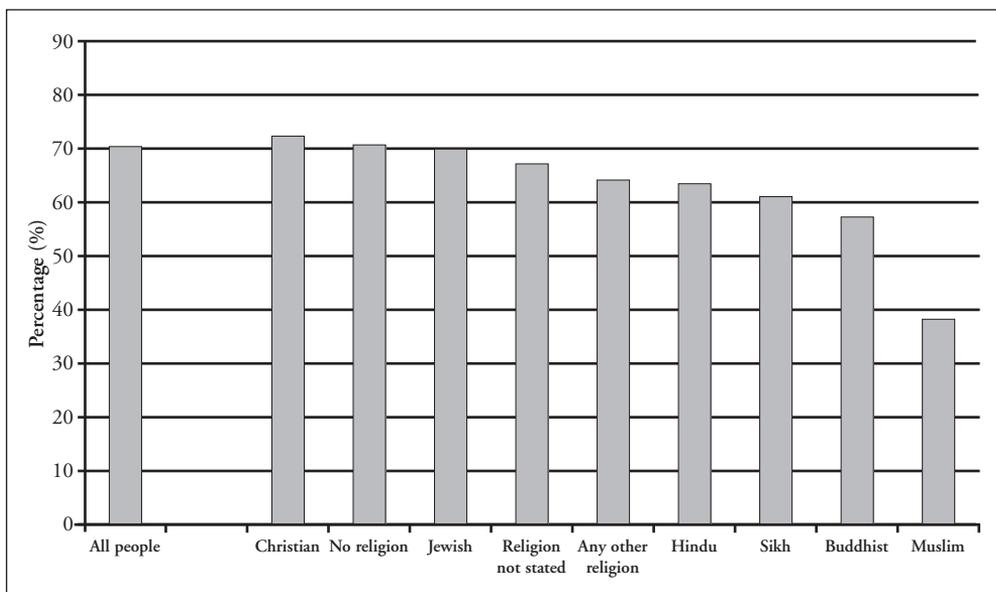
<sup>40</sup> Figures provided by Ethnic Minority Employment Division (EMED), DWP, 2004.

<sup>41</sup> Figures provided by Ethnic Minority Employment Division (EMED), DWP, 2004.

<sup>42</sup> R. Berthoud, *Multiple Disadvantages in Employment*, Joseph Rowntree Foundation, 2002.

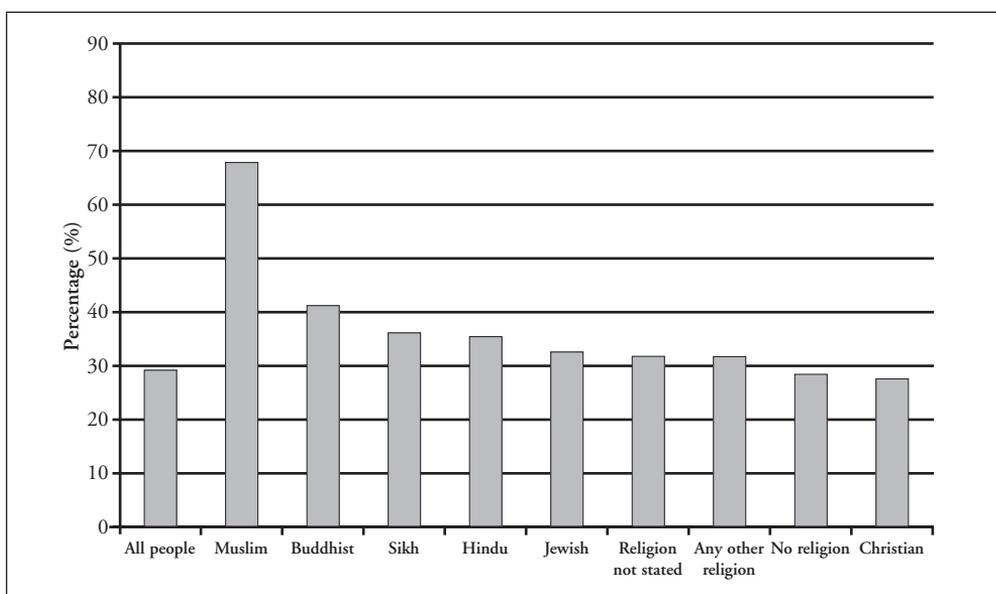
<sup>43</sup> Strategy Unit Report, p.4.

**Figure 2.2: Employment rates by religion**



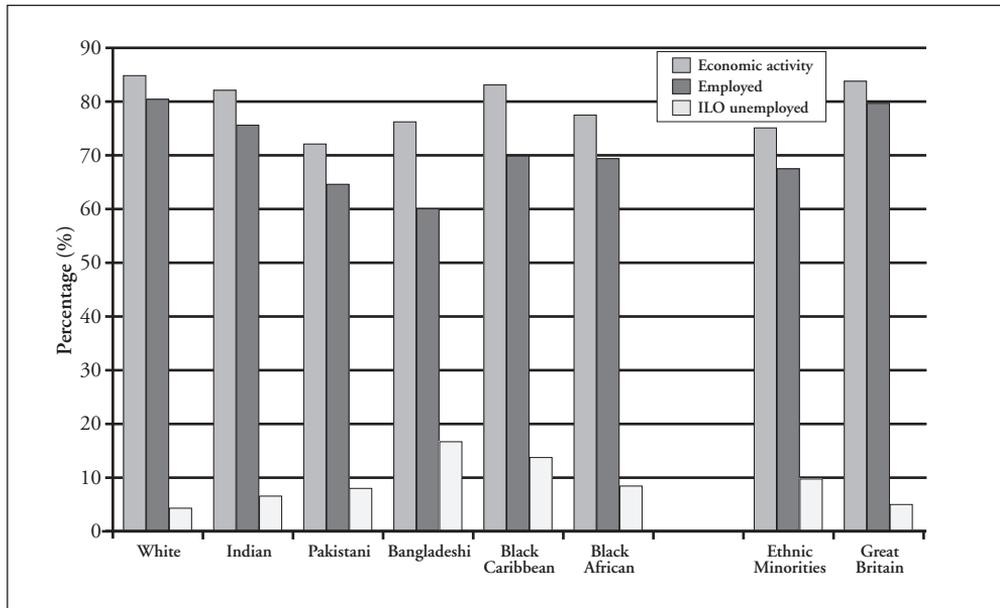
Source: EMED, DWP, 2004

**Figure 2.3: Economic inactivity rates of women, by religion**



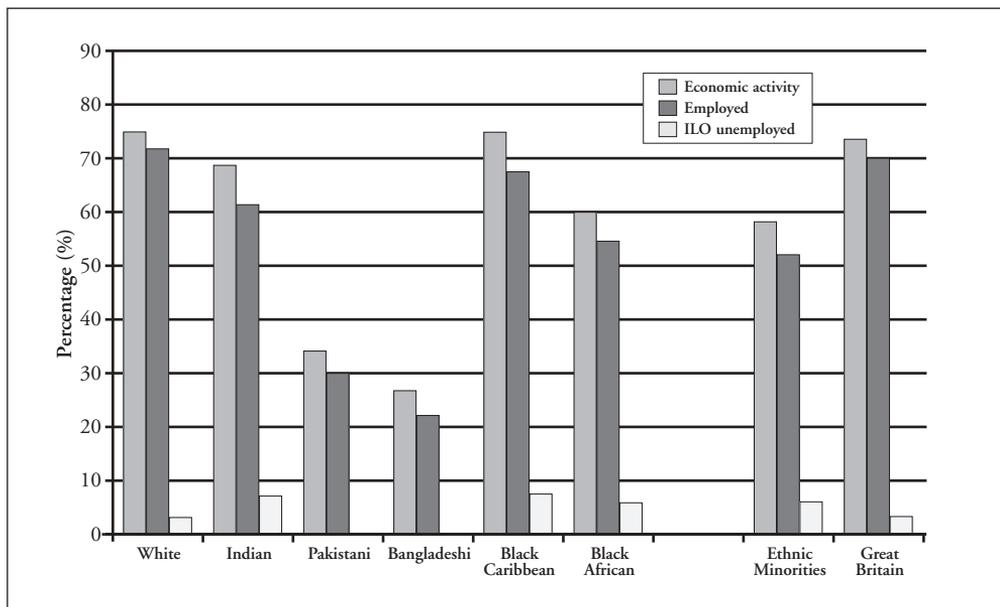
Source: EMED, DWP, 2004

**Figure 2:4 Economic activity, employment and unemployment by ethnicity for men**



Source: LSF, Autumn, EMED, DWP, 2003

**Figure 2:5 Economic activity, employment and unemployment by ethnicity for women**



Source: LSF, Autumn, EMED, DWP, 2003

**Figure 2:6 Economic activity, inactivity and unemployment by religion (%)**

	Unemployed	Economically Active	Economically Inactive
ALL PEOPLE	5.0	66.5	33.5
Christian	4.3	65.5	34.5
Buddhist	7.9	63.0	37.0
Hindu	5.4	66.9	33.1
Jewish	3.8	66.1	33.9
Muslim	14.6	48.3	51.7
Sikh	6.9	66.2	33.8
No religion	6.1	75.2	24.8

Source: Census 2001, EMED, DWP, 2003

**Figure 2:7 Economic activity by ethnic group (%)**

White	76
Indian	68
Pakistani	44
Bangladeshi	38
Black Caribbean	65
Black African	56
All Ethnic Minorities	58
Great Britain	75

Source: LFS, EMED, DWP, 2003

### *Muslim women*

The economic inactivity rate of Muslim women is almost double that of other faith groups. Figures disaggregated by gender show 68 per cent of Muslim women are economically inactive, as compared to less than 30 per cent for Christian women and approximately 35 per cent of Hindu and Sikh women.<sup>44</sup>

Statistics for Pakistani and Bangladeshi women have shown that they have the lowest employment rates compared to other ethnic groups. A study comparing the labour market experiences of ethnic minority women with majority White women found that the experiences of Indian women were very similar to those of White women and that

<sup>44</sup> Figure 2.3.

the experiences of Pakistani and Bangladeshi women were the furthest away from those of White women. The gap in the employment levels of Pakistani and Bangladeshi women compared to White women is 48 per cent.<sup>45</sup> Over the period 1992-2003, there was an increase in the proportion of White women working full time, as well as in the number of most ethnic minority women working full time. Among ethnic minority groups, Black Caribbean women aged 19-59 had the highest levels of full-time working, at 45 per cent (in 2000-02), while Pakistani and Bangladeshi women had the lowest, at 14 per cent and 9 per cent respectively (in 2000-02). Even when comparing part-time work activity, White women had a much higher level of part-time working aged 19-59, at 28 per cent. Pakistani and Bangladeshi women again had the lowest levels, at 12 per cent and 6 per cent respectively.<sup>46</sup>

There are also differentials in labour market outcomes of Pakistani and Bangladeshi women within the same generation. Recent research into patterns of education and employment for different ethnic groups found qualifications are playing an increasingly important role in explaining the employment levels of women from ethnic minority groups. Evidence suggests there is increasing polarisation between women with a degree, as compared to those without a degree, for all ethnic groups. This polarisation is especially large for Pakistani and Bangladeshi women. Those Pakistani and Bangladeshi women who had obtained a degree had more positive employment outcomes. However, not all Pakistani and Bangladeshi women with graduate qualifications entered employment. Pakistani and Bangladeshi women without a degree had the greatest negative outcomes to employment.<sup>47</sup> Greater understanding of the barriers that Muslim women may face in entering higher education or employment is needed.

A study of the experiences of South Asian women found virtually all women across religious, ethnic, employment and age divides agreed that employment and educational opportunities should be available for all women if they wanted to pursue these avenues. Second-generation Muslim women were found to identify preference to have careers, not just jobs, on the basis of social acceptability on the grounds of religion.<sup>48</sup> Those who had difficulty in language fluency; managing caring responsibilities; and/or encountered resistance within their own families found it difficult to enter or sustain employment.<sup>49</sup>

There is a need for policy to encourage Muslim women into the mainstream labour

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<sup>45</sup> A. Dale, *Ethnic Differences in Women's Employment: The Changing Role of Qualifications*, p.20. Unpublished.

<sup>46</sup> J Lindley and A Dale, 'Ethnic Differences in Women's Demographic, Family Characteristics and Economic Activity Profiles 1992 to 2002'. *Labour Market Trends*, April 2004, p.160.

<sup>47</sup> A. Dale, *Ethnic Differences in Women's Employment: The Changing Role of Qualifications*, p.20. Unpublished..

<sup>48</sup> F. Ahmad, T. Modood, S. Lissenburgh, *South Asian Women & Employment in Britain*, London Policy Studies Institute, 2003. p.21-23.

<sup>49</sup> *Ibid.*, p.21-29.

market. The need for targeted policy here is not just one of gender equality, which is highly necessary in itself, but is also due to the level of unemployment and inactivity for Muslims as a group. Encouraging dual income households, in a culturally sensitive way, would be one way of tackling severe economic inactivity and disadvantage.

The level of economic disadvantage Muslims face requires policy to encourage and support dual income households. Policy should ensure that there are measures in place to support not only the female partners of Muslim men who are already in employment to enter the labour market, but also those women whose male partners are not currently employed, through assisting both into the labour market. Facilitating female labour market entry could be of financial and social benefit to the family unit as a whole. Their entry into the mainstream labour market may encourage and support the entry of future generations into the mainstream labour market.

Women from all ethnic minority groups are currently under-represented in the self-employed sector.<sup>50</sup> There may be cultural preferences which may restrict employment by some Muslim women into the mainstream labour market.<sup>51</sup> Other possible barriers, examined later in this report include lack of soft skills, training, and childcare responsibilities. If this is the case, other opportunities to become economically integrated through other forms of employment should be explored, such as self-employment and home working.

### *Muslim youth disengagement and social exclusion*

There are 281,000 Muslims aged between 16-24. 17 per cent of Muslims in this group are unemployed. This is the highest unemployment rate of all faith groups aged 16-24. Pakistanis and Bangladeshis represent high numbers in the younger age cohort. They also represent a disproportionate number of young people who are not in 'education, training or employment'. While it is in part characteristic of young people not to engage in mainstream provision, it is a matter of concern when they are excluded from such provision in disproportionate numbers.

The 'disturbances' in Bradford, Oldham and Burnley in summer 2001 were a clear indication of Pakistani and Bangladeshi youth unrest. While the nature of these violent outbursts was complex, a high level of non-engagement in education, training and employment was cited as a key concern for this group. The Cante report recommended greater tailoring of services to meet the needs of this group.<sup>52</sup>

<sup>50</sup> Strategy Unit report, p.24.

<sup>51</sup> See: C. Brown, *Black and White Britain*, London: Policy Studies Institute, 1984; I. Bruegel, 'Sex and Race in the Labour Market', *Feminist Review*, 32, T. Jones, *Britain's Ethnic Minorities*, London: Policy Studies Institute, 1993 and F. Ahmad, T. Modood and S. Lissenburgh, *South Asian Women and Employment in Britain: Interaction of Gender and Ethnicity*, London: Policy Studies Institute, 2003.

<sup>52</sup> The Report of the Independent Review Team, Chaired by Ted Cante, *Community Cohesion*, London: Home Office, 2001, p.11.

Glasgow offers an example of an attempt to provide a more tailored service to ethnic minorities. Glasgow City Council has employed two 'Ethnic Minority Youth Development Workers' to liaise with this group and encourage them to enter education, training or employment. However, there is still a growing number of young Pakistani Muslim males, some of whom are recent graduates, who are not engaging in mainstream employment services. One possible reason for this may be the geographic clustering of Pakistanis and Bangladeshis in areas of the city which are not adequately reached by this service. To deliver this service more effectively there needs to be a better understanding of the barriers this group faces in accessing such tailored employment services.

Due to the growing number of young Muslims about to enter the working-age population, the challenge for government is to secure an integrated mainstream labour market by engaging this group through mainstream service delivery to help them realise their own potential in an increasingly ethnically and religiously diverse labour market.

While the UK has not seen further disturbances since 2001, anecdotal evidence suggests that young Pakistanis and Bangladeshis, both male and female, are still excluded from mainstream education and employment. Those who are not in employment may be at greater risk of social exclusion and related problems. For example, anecdotal evidence from local service providers highlights the rising 'drug problem' in Tower Hamlets, specifically amongst the young Bangladeshi population, as one of great concern.<sup>53</sup> If local services delivery is not enhanced to tackle this soon, the drug problem may well become intractable.

### *Self-employment rates*

The rate of self-employment is high amongst all Asian ethnic minority groups.<sup>54</sup> It is not known the degree to which this tendency towards entrepreneurialism is a cultural preference or a result of experience or fear of discrimination in the paid employment sector. High levels of self-employment should not be taken to indicate labour market success, especially for Pakistanis and Bangladeshis who have the lowest net pay of all ethnic minority groups. For example, 52 per cent of Bangladeshi male workers are to be found in the restaurant industry (compared with only one per cent of White males), while one in eight Pakistani male workers is a taxi driver.<sup>55</sup> Both sectors involve longer than average hours worked, lower than average financial return and as a result there is a potential for long-term exclusion from the mainstream labour market and society. For example, the recent Scottish Census found the Pakistani population, the largest ethnic minority group in Scotland, was nearly seven times more likely than Whites to work 50 hours a week or more.<sup>56</sup>

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<sup>53</sup> Representative of NAAFAS, a local advisory organization in Tower Hamlets helping the community deal with and overcome the drug problem. January, 2004.

<sup>54</sup> Strategy Unit report, p.24.

<sup>55</sup> Strategy Unit report, p.24.

<sup>56</sup> Scottish Census, 2001.

It is not known if Muslims chose to enter self-employment after attempts to enter mainstream labour market have failed, nor the degree to which Muslims are trapped in a cycle of low paid self-employment because they face barriers to entering the mainstream labour market. High levels of self-employment, such as those of Pakistanis and Bangladeshis, should not limit the wider employment opportunities of future generations in this group. There should be no negative assumption that they will 'carry on the family business' or are in less need of support and encouragement from teachers and careers advisers to explore other employment aspirations they may have.

Government currently provides support and advice to those seeking to enter or already in self-employment through its Business Links network in the Department for Trade and Industry. Government must ensure support is available equally to all ethnic and faith groups to help facilitate entry into a wider range of sectors.

One barrier for Muslims wishing to establish their own company is that financial support and loans available for business start-ups are not currently Sharia compliant and therefore may limit Muslims' access and ability to finance self-employment. Recent changes in tax rules from the Treasury on the levying of stamp duty have enabled banks to provide Sharia-compliant mortgages.

## **4: BARRIERS**

### **4.1. Direct Barriers**

#### *Area deprivation*

The government, in the 'Full Employment' report, found that geographic location was a significant factor in explaining high levels of unemployment and inactivity.<sup>57</sup> A significant proportion of the disadvantage in the labour market faced by Pakistanis and Bangladeshis is a result of the areas in which they live and the fact that employment opportunities in those areas are limited.

Muslims are disproportionately concentrated in the most deprived local authorities of the UK. 57 per cent of Muslims live in the most deprived 20 per cent of local authorities, compared to 28 per cent of the population as a whole.<sup>58</sup>

The employment rates of Muslims vary by region. However, for Pakistanis and Bangladeshis, who are disproportionately concentrated in the most deprived wards of these deprived areas (such as Tower Hamlets and Newham), the level of geographic and employment disadvantage is greater still. A large part of this is due to the fact that current

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<sup>57</sup> *Full Employment in Every Region*, London: HM Treasury, 2003, p.33-35.

<sup>58</sup> Index of Multiple Deprivation, 2000 and Census 2001.

housing settlement patterns reflect ‘on-entry’ settlement where manufacturing jobs existed.<sup>59</sup> Many of the first generation of Muslim migrants were employed in industries which have since disappeared, with little to replace them for second- and third-generation Muslims.

The government has put in place several ‘area-based initiatives’ in response to the fact that some geographic areas face disproportionate levels of unemployment and deprivation. To improve labour market outcomes for Muslims, it is important to address the multi-faceted level of deprivation in the areas where they live. The degree to which Muslims are disproportionately disadvantaged by this, and whether the current area-based initiatives, and the targets they have established, are sufficient in addressing it, also needs to be assessed. All areas in the UK, at regional and local levels have government targets to meet. The degree to which these targets are met in areas of Muslim concentration should be assessed to enable policy-makers to know how effective current targets are in these areas.

Muslims have tried to improve their economic situation even in some of the most deprived areas, mainly through entering self-employment in retail and catering, and starting up small businesses. The degree to which entering this limited range of sectors in these deprived areas further perpetuates their economic disadvantage is unknown. It is important to understand whether this has created a cycle of disadvantage which Muslims themselves become trapped in, further adding to the geographic disadvantage.

The government has recognised that strategies designed to regenerate deprived areas need to connect together a number of individual issues.<sup>60</sup> Current levels of unemployment and inactivity suggest that there is a need for greater coordination of national and local institutions to respond to the multiple levels of disadvantage and deliver better services.

Jobcentre Plus, the government’s national employment service, has tried to address the need for better service delivery in deprived areas through operating a separate target structure in the most deprived areas. In these areas the Job Centre Plus provider gains twice as many points per person assisted into employment compared to other areas in the UK, the objective being to create greater incentives in those areas to meet employment targets.<sup>61</sup> However, changing the target structure will not, in itself, necessarily improve service delivery. Addressing the needs of people in these areas, including Muslims, will help enhance service delivery and improve outcomes for people in these areas.

Clustering and concentration in deprived areas is a complex problem. Despite low levels of employment opportunity, Muslims may choose to continue to reside in such deprived

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<sup>59</sup> Strategy Unit Report, p.17.

<sup>60</sup> Strategy Unit Report, p.86.

<sup>61</sup> See: *Full Employment in Every Region*, London: HM Treasury 2003, p.33-35.

areas due to established cultural and religious ties and preferences, such as proximity to the local mosque or Islamic schools, and familial and social ties. Any policy attempt to support Muslims moving to neighbouring affluent areas with greater employment opportunities will need to take account of these issues. Positive measures should be explored in this area. For example, planning applications for faith institutions such as mosques, schools and cultural centres or cemeteries could be an opportunity for local authorities to encourage the building of such institutions in more affluent areas, to help movement out of the most deprived areas. However, any such policy intervention will have to be applied with due care to cultural and religious sensitivities.

### *Education and qualifications*

Human capital levels<sup>62</sup> account for much of the difference in labour market outcomes for all groups.<sup>63</sup> Education is an important element of human capital. The proportion of pupils who gain five or more GCSE grades A\*-C is much lower amongst Pakistani and Bangladeshi pupils than amongst Indians and Whites. White pupils receiving five or more A-C grade GCSEs outnumbered Black pupils by 16 percentage points and Pakistanis and Bangladeshis by over ten percentage points.<sup>64</sup> Forty per cent of British Muslims do not have any GCSE grades A\*-C.<sup>65</sup> A key indicator of pupil attainment is economic disadvantage.<sup>66</sup> Concentration in lower social classes can impact on education attainment. Raising educational attainment of some ethnic minority pupils may be particularly challenging. Pakistanis, for example, are nearly twice as likely as Whites to fall under the socio-economic classification of semi-skilled or unskilled.<sup>67</sup> Other causal factors that impact on the attainment of Pakistanis and Bangladeshi pupils include low levels of income; poor parental education; lack of English language fluency; unemployment; low teacher and parental expectations and religious discrimination.<sup>68</sup>

Within the working population, 44 per cent of Bangladeshis and 32 per cent of Pakistanis have no qualifications; for all other groups the figures are between 15 and 20 per cent. At present 20 per cent of Whites hold a first degree or equivalent level qualification compared to 12 per cent of Pakistanis and seven per cent of Bangladeshis.<sup>69</sup> Research into the participation of ethnic minority students in undergraduate study

<sup>62</sup> Human capital encompasses the sum of skills, knowledge, experience and educational qualification that a person possesses. Definition from the Strategy Unit Report, 2003, p.152.

<sup>63</sup> *Full Employment in Every Region*, London: HM Treasury 2003, p.33-35.

<sup>64</sup> Youth Cohort Study, London: DfES, 2002.

<sup>65</sup> Information provided by EMED, DWP, 2004.

<sup>66</sup> See: D. Gillborn and H. Mirza, *Educational Inequalities*, London: Ofsted 2000, HMI 232.

<sup>67</sup> Interim Strategy Unit Report, p.80.

<sup>68</sup> Strategy Unit report, 2003, p.58.

<sup>69</sup> *Education and Training Statistics for the United Kingdom*, London: DfES, 2002 cited in G. Bhattacharyya, L. Ison and M. Blair, *Minority Ethnic Attainment and Participation in Education and Training: The Evidence*, RTP01-03, London: DfES, 2003, table 6, p.30.

found that Pakistanis and Bangladeshis are under-represented when compared to their numbers among 16-24 year-olds.<sup>70</sup>

### *Labour market experiences and the effects of inactivity*

All ethnic minority groups have a higher proportion of the population which has never worked or is long-term unemployed, as compared with the proportion for the population as a whole.<sup>71</sup> Again, this is disproportionately true of Pakistanis and Bangladeshis, where 16 and 17 per cent respectively have never worked or are long-term unemployed. This is around six times the proportion for the population as a whole (three per cent).<sup>72</sup>

Nearly a quarter of all Muslims are employed in the wholesale or retail trade.<sup>73</sup> 40 per cent of Muslims are in the lowest occupations groups as compared to less than 30 per cent of Christians. Broken down by gender we see that 36 per cent of Muslim men are in highest occupations group compared to the 75 per cent of Jewish men.<sup>74</sup>

### *Child poverty*

In households with dependent children, income poverty is strongly associated with childhood poverty. Three-quarters of Pakistani and Bangladeshi children live in households earning less than half the average income for the UK.<sup>75</sup> Statistics available for London show that the highest proportion of children growing up in 'workless households' are from the Pakistani and Bangladeshi groups. 40 per cent of Bangladeshi and 30 per cent of Pakistani children are growing up in workless households, compared to 20 per cent of White children.<sup>76</sup>

A study by the Greater London Authority (GLA) found the percentage of households with children in London which were workless was the highest of any region of England. 42 per cent of Bangladeshi children and almost 34 per cent of Pakistani children in Inner London were in a workless households, compared to 27 per cent of Whites.<sup>77</sup> Childhood poverty can have a disproportionate impact on Muslim communities.

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<sup>70</sup> H. Conner, C. Tyers, S. Davis, N.D. Tackey, *Ethnic Minority Students in Higher Education: Interim Report*, London: DfES, 2003, RR 448.

<sup>71</sup> EMED, DWP, 2004.

<sup>72</sup> EMED, DWP, 2004.

<sup>73</sup> EMED, DWP, 2004.

<sup>74</sup> Occupations are classified as falling into nine standardised categories. These have been averaged into three groups: High - including managers and senior officials; Medium - including administrative and skilled trades; Low - including sales and customer service occupations.

<sup>75</sup> *Households Below Average Income, 1994/95 -2000/01*, London: Department of Work and Pensions, 2002.

<sup>76</sup> EMED, DWP, 2004.

<sup>77</sup> D. Gaffney, *Workless Households with dependent children in London: Output area maps from the 2001 Census*, DMAG, Greater London Authority, October 2003, p.8-10.

*Soft skills*

One consequence of the unemployment, economic inactivity or self-employment of their parents' generation is that young Pakistanis and Bangladeshis seeking to enter employment may find themselves without many of the necessary soft skills, such as job-seeking skills and links to the wider labour market. Therefore, this younger cohort may in some cases have higher education levels than their parents and yet still face the same level of unemployment and disengagement. This creates a gap in connectivity with the labour market as they have limited awareness and understanding of how they can translate their education and skills into employment possibilities, and this in turn can generate frustration and social tension where they are unable to realise their aspirations.

Evidence from interviews with voluntary youth organisations in Glasgow suggested that due to high levels of self-employment by their parents, young people were 'taking on the family business' even when they had no desire to do so. In many cases even those young people who had degree-level qualifications were unable to find suitable employment.<sup>78</sup> This could be the result of a lack of relevant soft skills.

Interviews with career counsellors who engage with Pakistanis and Bangladeshis suggest that there is a need to provide greater information and advice on the range of employment opportunities available and the qualifications needed for different occupations, and the different options to improve existing skills levels. They suggest that while some have high levels of qualifications, others seek employment in areas where they do not currently hold the appropriate qualifications or training.<sup>79</sup>

Pakistani and Bangladeshi graduates were found to be experiencing 'engagement fatigue' from trying to access employment commensurate to their skills but with little success. Youth development workers reported noticing this as having a 'knock-on' effect onto the siblings of these graduates. The graduates were suggesting that with their limited success at accessing graduate-level employment, there was little point in their siblings paying for university education and then also not finding work.<sup>80</sup>

## 4.2 The 'Ethnic Penalty'

Statistical analysis can be used to estimate which proportion of labour market achievement between ethnic minority groups and their White majority counterparts is determined by variables such as education, economic environment, age and fluency in the English language. However, even after these key variables have been accounted for, significant differences in the labour market achievements of ethnic minorities remain.

<sup>78</sup> Interview with a youth worker in Glasgow, December 2003.

<sup>79</sup> Interview with career counsellors in London, January 2004.

<sup>80</sup> Interview with a youth development worker in Glasgow, December 2003.

Regression studies have shown that ethnic minorities remain disadvantaged in terms of employment and occupational attainment even after key factors are taken into account. Ethnic minority men have been persistently disadvantaged in terms of earnings, relative to their White majority counterparts, with Pakistani and Bangladeshi men facing the greatest disadvantage. 'Like-for-like' regression analysis shows that Pakistani and Bangladeshi men are the most disadvantaged amongst all ethnic minority groups, relative to Whites. Key factors such as age, education, recency of migration, economic environment and family structure can explain just £21 of the £150 wage gap between Pakistani and Bangladeshi men, and White men, compared to a gap of £9 of the £116 wage gap for Black men and £5 of the £23 wage gap for Indian men.<sup>81</sup>

### 4.3. A 'Muslim Penalty'?

In addition to an 'ethnic penalty' it is possible that disadvantage in the labour market may result from the fact that a person is of a particular faith group, if they have discernable and identifiable religious characteristics, values and practices that shape their interaction with the labour market. Alternatively, disadvantage may be faced by a faith group due to the presence of prejudice and stereotypes that may exist about that faith group and may reflect negatively upon the group and people's attitudes towards that group. A combination of these factors may exist where Muslims are concerned and may in part explain their low levels of labour market participation. The combination of these factors can be identified as the 'Muslim penalty'.

In the absence of statistical analysis to estimate what proportion of gross differences in the labour market achievement between Muslims and other faith groups is determined by factors such as education, economic environment, age and fluency in the English language, it is not possible to determine the absolute presence of such a penalty. Further research is needed to understand the influence of religious and cultural issues in shaping the employment outcomes for Muslims.

The impact of faith identity may be different for different faith communities. Furthermore, a difference in the impact of faith background on employment may differ according to the extent to which faith identity is visible or requires accommodations. For Muslims, accommodations in the workplace include space for prayers, allowing time for prayer, especially on Fridays, and being flexible around the holy month of Ramadan. Other ways in which faith impacts on work life may be more subtle, such as the avoidance of after-work drinks that can play an important role in building networks within organisations and with company clients.

Laws prohibiting religious discrimination in employment in Britain only came into

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<sup>81</sup> R. Berthoud, "Ethnic Employment Penalties in Britain", *Journal of Ethnic and Migration Studies*, 26:389-416, 2000.

effect in December 2003.<sup>81A</sup> Until this point there was no clear requirement for employers to be aware of, or accommodate, the needs of Muslims. The employment rights of Muslims and the obligations upon employers under the new legislation on religious discrimination should be disseminated to all Muslims still in full-time education. This would undoubtedly improve awareness of employment rights, once Muslims move into employment, and will result in greater numbers accessing and integrating into the wider labour market through assurance that their religious affiliation and observance will not hinder their choice of employment, as their rights are protected.

There is a knowledge gap in our understanding of the presence, nature and shape of workplace religious discrimination encountered by Muslims. We do not know the differences in the experience of those who are visibly Muslim or assert a Muslim identity to those who do not. At the same time, we also do not have a clear understanding of how cultural and religious values of Muslims influence their labour market choices. These 'influences' can be wide ranging, from community and family expectations, which can be different for males and females, to prejudices about employers either through negative experiences or assumptions, to more general preference of 'working from home'<sup>82</sup> or working alongside others from similar faith or ethnic groups. These factors may also vary between first and second generations. In order to be effective, policies must be informed of the role of religious values and cultural values, where they differ and correspond.

Religious values and principles can be an important resource used by Muslims to challenge cultural values. In relation to Muslim women, anecdotal evidence from voluntary organisations suggests it is not always culturally acceptable for them to be in active employment outside the home.<sup>83</sup> This is not a religious precept, as Islamic law does not forbid women to enter employment. In fact, religious values could play an important part in promoting economic integration and challenging existing cultural preferences on the issue of Muslim women's entry into employment. However, cultural sensitivity and preference should be respected as much as possible, and no alternative set of values should be imposed. Any policy response in this area should incorporate the views of a wide range of Muslim organisations on this issue.

We do not know the degree to which Muslim female economic inactivity is a result of cultural values or of the personal preferences of women, who prefer to remain in the home and look after their children. Research suggests that for those born in the UK, the

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<sup>81A</sup> Employment Equality (Religion or Belief) Regulation 2003, No 1660, implementing EC Council Directive 2000/78/EC for establishing a general framework for equal treatment in employment and occupation.

<sup>82</sup> A. Dale, E. Fieldhouse, N. Shaheen, and V. Karla, *The Labour Market Prospects for Pakistani and Bangladeshi Women*, Occasional paper, Manchester: The Cathie Marsh Centre for Census and Survey Research, 2000.

<sup>83</sup> Interview with Muslim women's organisation in London, January 2004.

second generation, preferences are changing. The Dale study also found that some females in the younger age cohort were determined to find ways in which to manage childbearing combined with a career, while others felt they were unable to find paid work due to insufficient qualifications.<sup>84</sup>

However, while such cultural preference may be relevant considerations in understanding Muslim women's level of engagement with the labour market these would not explain the level of economic inactivity of Muslim men.

The Strategy Unit report outlined the level of disadvantage faced by Muslims, but stated that religion may simply be a proxy for other factors determining employment, such as education and fluency in English.<sup>85</sup> The report referred to research which stated that:

"unemployment risk does vary significantly by religion. Even controlling for a range of factors, Sikhs and Indian Muslims remain almost twice as likely to be unemployed as Hindus. Pakistani Muslims are more than three times as likely as Hindus to be unemployed. Sikhs, Pakistani and Bangladeshi Muslims experience particular under-representation in professional employment, with this area showing higher concentrations of Hindus and Indian Muslims. In terms of earnings, Muslim men and women are over-represented in the lowest income band. Almost a quarter earning less than £115 per week, compared to around one in ten Sikhs and Hindus. Yet despite over-representation among low earners, Indian Muslims actually record the highest share within the highest income band."<sup>86</sup>

Statistical analysis is needed to explore whether a residual 'Muslim penalty' exists after key factors have been accounted for. The above evidence suggests the presence of a possible 'Muslim penalty' may have different effects for different ethnic groups within the Muslim community. Due to the variance in outcomes between Pakistanis and Bangladeshis and Indian Muslim groups, it is difficult to conclude at this stage that there is a Muslim penalty and if there is that it has a blanket negative effect. The degree to which the variance in outcomes within Indian groups (Indian Hindus, Muslims and Sikhs) and between Indians, Pakistanis and Bangladeshis is a result of their varying human capital levels is uncertain.

From this limited and complex picture it is clear that Indian Muslims' labour market achievements are different from those of Pakistanis and Bangladeshis. Limitations in data availability mean that it is not possible to ascertain whether, with the exception of

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<sup>84</sup> A. Dale, E. Fieldhouse, N. Shaheen, and V. Karla, *The Labour Market Prospects for Pakistani and Bangladeshi Women*, Occasional paper, Manchester: The Cathie Marsh Centre for Census and Survey Research, 2000, p.23.

<sup>85</sup> Strategy Unit Report, p.32.

<sup>86</sup> Strategy Unit Report, p.32, citing: M. Brown, 'Religion and Economic Activity in the South Asian Population', *Ethnic and Racial Studies*, vol. 23, No. 6, 2002, p.1045.

Indian Muslims, other Muslim communities encounter the same levels of labour market disadvantage as Pakistanis and Bangladeshis. However, it is known from the census that the employment rate for Muslims as a faith group is less than 40 per cent which is almost half that of the majority Christian group.

Researchers have raised the question of whether the visible identity of some Muslim men and women are barriers to labour market entry. Interviews of Muslim women who wear a hijab found a consensus among these women that wearing the hijab to a job interview raised doubts in the mind of an employer as to how well the applicant would 'fit in'. In some cases questions were also raised as to the image that would be presented to customers.<sup>87</sup> Strategy Unit Report, p.32 citing: M. Brown, 'Religion and Economic Activity in the South Asian Population', *Ethnic and Racial Studies*, vol. 23, No. 6, 2002 p.1045. While further research is needed to determine the nature and scale of a 'Muslim Penalty' and other religious discrimination, policy makers must address the fundamental issue of the faith diversity of the labour market.

## 5. THE POLICY FRAMEWORK

### 5.1. Current Policy Measures by Government

#### *Government employment measures and policies supporting ethnic minorities*

The Strategy Unit report set out detailed analysis of the multiple and complex causes of labour market disadvantage for ethnic minorities and gave clear policy recommendations of how their labour market achievements could be improved. It set the goal of removing, within ten years, the disproportionate labour market disadvantage faced by ethnic minority groups.<sup>88</sup>

The recommendations of the Strategy Unit report fall to departments responsible for economic policy in its widest sense. A cross-departmental ministerial Task Force (hereafter the DWP Task Force) oversees implementation of the recommendations.<sup>89</sup> As the policy recommendations are carried forward a more in-depth understanding of ethnic disadvantage is likely to be uncovered. As new evidence and understanding emerges scope exists for more targeted policy interventions to be created. The DWP Task Force and Jobcentre Plus have recently put in place a number of policies to improve

<sup>87</sup> A. Dale, E. Fieldhouse, N. Shaheen, and V. Karla, *The Labour Market Prospects for Pakistani and Bangladeshi Women*, Occasional paper, Manchester: The Cathie Marsh Centre for Census and Survey Research, 2000, p.36.

<sup>88</sup> Strategy Unit report, p.3.

<sup>89</sup> This Task Force (hereafter the "DWP Task Force") is chaired by the Minister for Work, with membership spanning the lead Whitehall departments, the Commission for Racial Equality and employer organisations. The DWP Task Force will exist until spring 2006.

the employment rate for ethnic minorities:

- Jobcentre Plus have a new target structure<sup>90</sup> which focus on the 258 wards with a high concentration of ethnic minorities and unemployment;
- The ‘Ethnic Minority Outreach’ programme, a community-based initiative, is designed to engage ethnic minorities with Jobcentre Plus services and improve links between communities and employers;
- A ‘Flexible Fund’ of £8m will now be available to Jobcentre Plus District Managers in areas of high ethnic minority concentration and unemployment, to use flexibly according to local needs;<sup>91</sup>
- Specialist Employment Advisers provide advice to employers on increasing the diversity of their workforce;
- The DWP, through Jobcentre Plus, delivers employment programmes which provide tailored support to all working-age claimants.
- The DWP is currently enhancing delivery of their programmes to deliver more tailored support to ethnic minority clients by taking account of specific ethnic minority needs, such as language and cultural preference;

### *Need for government employment measures and policies supporting Muslims*

It is clear from this OSI report that Muslims on average face a disproportionate level of labour market disadvantage compared to other faith groups. As the majority of British Muslims are also from ethnic minority communities, there is currently a gap in employment policy for ethnic minorities, in that as it does not address this overlapping faith dimension. There is no evidence to suggest the current level of labour market disadvantage faced by Muslims will change without direct policy intervention. The challenge for policy is to address this gap and have a goal to integrate Muslims into the mainstream labour market to help them realise their aspirations in employment through improving their labour market entry, retention and progression levels. This requires changes to existing mainstream policy and the addition of specific targeted policy measures around employment.

Government has service delivery targets for all current policies. However, the degree to which these targets are met evenly on the ground, especially in deprived areas, should be assessed. Effective delivery of mainstream services, appropriate targets, as well as specific policies for Muslim women and young Muslims, should significantly improve employment integration possibilities for Muslims.

Through changes in employment policy successful labour market integration, retention

<sup>90</sup> Full Employment in Every Region, London: HMT 2003. p.21.

<sup>91</sup> Full Employment in Every Region, London: HMT 2003. p.33-35.

and progression of Muslims is possible. The government and employers must therefore recognise and respond proactively to this level of disadvantage due to the demographic change in the working-age population. Initiatives must be delivered with flexibility by local institutions on the ground in the most deprived areas.

Specific policy measures could fall into three categories. First, policies addressing the socio-economic disadvantage of Muslim communities, where recognising faith can be important for effective delivery for reaching Muslims. Second, understanding the impact of existing and changing social and cultural norms impacting on the labour market engagement of Muslims. Third, tackling the prejudice, stereotypes and disadvantage that arise from a lack of awareness and understanding about Muslims.

It is important for government to work with Muslim communities to ensure shared ownership of all policies supporting integration into the mainstream labour market and introducing positive action measures where appropriate. The benefits of improved labour market outcomes through economic integration for Muslims are not just financial. Economic integration will ensure long-term social and civic integration for future generations of British Muslims.

All of these approaches are discussed in more detail in the following sections. These detail, with examples of best practice, how enhanced and improved policy can be delivered presently, to improve labour market outcomes for Muslims. Improvement of service delivery, through enhanced cross-departmental and local-level cooperation, is an essential and cross-cutting factor. Policies should then be developed, or extended, to improve labour market accessibility for Muslims and to better support their entry into the labour market.

## 5.2 Improving Service Delivery

### *Improved cross-departmental and local-level cooperation*

The evidence in this OSI report suggests that tackling the disadvantage faced by Muslims, as in the case of ethnic minorities, requires cross-departmental cooperation. The remit of the DWP Task Force should therefore now include a new focus on tackling the specific disadvantage of Muslims. This would serve a dual purpose, to ensure effective policies for not only Pakistanis and Bangladeshis, who comprise 60 per cent of the UK Muslim population, but also for other Muslims in the UK, the majority of whom are also ethnic minorities. The DWP Task Force should therefore ensure that any new policies it creates are targeted at removing labour market barriers for individual ethnic groups. With this added emphasis on Muslims, it could develop a clear approach to removing labour market barriers faced by this faith group, ensuring that the labour market needs of ethnic minorities who are also faith minorities are met effectively.

This report highlights the scale of geographical disadvantage faced by Muslims. Improving service delivery for people in deprived areas requires a cross-departmental commitment. Employment policy on faith communities, as on race, is influenced and affected by various departmental responsibilities. Recent policy initiatives suggest an improved level of understanding of geographic deprivation and the need to tailor services to meet the needs of people in these areas.<sup>92</sup> In particular, the DWP is now beginning to promote the need for local areas with concentrations of ethnic minorities to exercise flexibility of approach when delivering their labour market services.

Local areas with high levels of labour market disadvantage require a coordinated delivery and approach by local service providers. The current mechanism in place at the local level to bring together local service providers is the Local Strategic Partnership (LSP).<sup>93</sup> The LSP is under the authority of the Office of the Deputy Prime Minister (ODPM). It coordinates local delivery to promote effective partnership and to ensure a more comprehensive and holistic approach to meet the needs of local people.

There are organisations at the local level that have understanding and expertise of the employment needs of Muslims. Their work can be identified as examples of best practice. And some of these organisations are discussed later in this report. However, it can be difficult to share such best practice between government departments, or at the local level. One reason for this is that none of the organisations identified have representation on the LSP or other local coordination bodies. Such organisations should be able to share their local knowledge and experience of how to identify specific Muslim disadvantage and how to improve labour market outcomes for Muslims with all local service providers. This collective approach would help avoid duplication in the work undertaken by individual bodies to improve their understanding of the needs of Muslims.

Such a collective approach would ensure that race, faith and other issues affecting labour market outcomes for individuals in these groups are kept central to local delivery planning by all LSP members. Therefore, information on engagement, capacity building, education, childcare, transport, gender and age-specific issues, religious observance and cultural practices and their effect on Muslims could be shared and receive strategic cross-departmental commitment. Sharing knowledge in this way should not just be confined to the LSP level but should also be shared regionally.

LSPs, working with local Learning and Skills Councils, try to ensure that skills training matches the immediate and long-term needs of local employers. The National Employment Panel's 'Fair Cities' project will pilot a demand-led initiative to train

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<sup>92</sup> A New Commitment to Neighbourhood Renewal: National Strategy Action Plan, accessible online at <[www.socialexclusionunit.gov.uk/publications/reports/html/action\\_plan](http://www.socialexclusionunit.gov.uk/publications/reports/html/action_plan)>.

<sup>93</sup> Local Strategic Partnerships are a government body that tackles key issues for local people around issues such as crime, jobs, education, health and housing, which require a whole range of local organisations to work together.

unemployed or inactive members of local working-age population in areas of great deprivation. The initiative aims to secure local jobs for local people. It is envisaged the project will help to meet the immediate and future skills needs of local employers. Such forward planning will allow for skills training for future employment opportunities and improve connectivity to the labour market.

Every district covered by Jobcentre Plus has a target for increasing the number of people in work in those areas. Achieving this target is the responsibility of Jobcentre Plus and the local authority. However, improving labour market outcomes in areas of high unemployment and inactivity requires sharing this target with other local agencies responsible for employment, in its widest sense. Adopting such a measure would provide greater incentive for local agencies to collectively tackle the multiple barriers to labour market entry and therefore benefit Muslims as they, like ethnic minorities, face multiple barriers to labour market entry.

In Birmingham, the local authority, Jobcentre Plus and members of the LSP have recently agreed to share responsibility for this target. While it may be too early to assess success of this measure, any proposal that seeks to underpin collective responsibility of the target with coordinated local service delivery is taking a step in the right direction.

Sharing responsibility for achieving the local employment target in this way effectively takes the commitment of the DWP Task Force down to local authority level. It should also ensure cross-departmental responsibility and accountability at the local level for meeting the needs of the local working-age population. More crucially, it should ensure that commitment to improving labour market outcomes and overcoming the multiple levels of disadvantage in employment faced by Muslims and other disadvantaged communities is shared by all local service providers. This sharing of responsibility for the target across local agencies in disadvantaged areas should be supported by a wider change to the setting of targets for these areas by the Treasury.

### **5.3. Improving Engagement with, and Accessibility to, the Labour Market**

Due to the barriers outlined in this report, employment entry can be particularly difficult for Muslims. In part, this is because they are largely concentrated in the most deprived areas of the country, where labour market demand is more fragile. However, jobs are nonetheless available in areas that are short distances away.

In order to improve the engagement of Muslims with the labour market, and to enable them to better access employment opportunities, key areas which policy needs to better address are furthering the aspirations of Muslims, through careers advice; developing their skills; and improving their access to education and training. Policy must also take

on board a more holistic approach to labour market entry and encompass measures to meet the specific employment needs of Muslim women, in particular work experience and childcare provision.

### *Aspirations and broadening horizons*

Aspiration requires individuals being proactive about their future and making informed choices about what economic activities they would like to participate in.

In order to broaden the horizons of Muslims seeking employment, it is necessary to ensure that information about the benefits of labour market integration, and the rewards it can bring, are given to both first and second-generation Muslims. It is also important that they should be made aware of the contribution that they can make to the labour market and to the wider society. Thereafter, they should be encouraged to realise their employment aspirations and be given appropriate support, including training. Career counselling plays a crucial role in this process.

The Connexions Service and Careers Service have responsibility to provide support, careers advice and guidance to young people aged 13-19, and to help young people aged 16-17 find employment. They work closely with Jobcentre Plus to ensure young people receive appropriate advice to facilitate smooth transition into employment. However, it is important that these services provide greater connectivity for Muslims seeking to enter into employment. The need for Muslims to improve connectivity to the labour market as early as possible is vital if they are to have a chance of success in the labour market. In most cases, employment opportunities in their current areas of residence are limited.

Many members of society who are out of work may still be able to contribute in very positive ways and should be encouraged to do so. There is a sizeable number of first-generation Muslims who are now in the 50-65 age range who are out of work.<sup>94</sup> Even if individuals in this group do not find appropriate employment they continue to have skills which could be utilised to benefit wider society. For example, voluntary work in the local Muslim and non-Muslim community in education, social care or community activities would help them remain active members of society and ensure wider social integration. This may also have a positive effect on younger members of the Muslim community and encourage them to be active in the economic and social life.

Preparing individuals for employment is important if Muslims are to find appropriate employment and then retain and progress within employment. However, a large proportion of employed Pakistanis and Bangladeshis are currently found in a disproportionately narrow range of employment sectors which are also low-paid and offer limited prospects for advancement. Concentrations in such narrow sectors result in this group not realising their full economic and aspiration potential, which can lead to

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<sup>94</sup> Current mandatory employment programmes such as New Deal are person aged between 18-49 only. For those over 49 employment programmes are voluntary.

economic disadvantage and wider social exclusion. To improve labour market accessibility for Muslims, policy must seek to improve access to training and work experience placements, and childcare provision and provide enhanced outreach services.

### *Development of skills*

Policies on the preparation of Muslims for labour market entry must focus on the development of both hard and soft skills. Soft skills are aimed at personal development and include confidence building and raising awareness of the benefits of economic integration for the individual and their families. They help individuals to realise their potential and prepare them for the labour market.

However, programmes to improve soft skills must be delivered in a manner which is culturally sensitive and appropriate for all. Inappropriate or insensitive service delivery can lead to individuals avoiding engagement with service providers. One survey found that 89 per cent of Muslim women felt mainstream public services did not meet their needs.<sup>95</sup> There may be cultural reasons as to why Muslim women do not access mainstream services. This may be due to their own personal choice or the choice of family members. Greater cultural sensitivity in the delivery of services could help to ensure Muslims take the first step towards considering, and then preparing themselves for labour market integration, in a culturally appropriate manner that would satisfy the concerns of both themselves and their families.

There is good practice in this area which suggests that, with some encouragement, women and younger Muslims can improve their skills levels and successfully enter employment and self-employment. One such example of good practices in the development of soft skills comes from Amina, a Muslim Women's organisation in Glasgow.

Amina has had success in providing intermediary support and guidance to Muslim women. They help with the first stages of confidence building and interaction with others in a culturally sensitive manner. They provide support and guidance on training and advocacy, together with group working and skills development to improve the future employment prospects of Muslim women. They also complement and support other government initiatives, by providing advice and referrals on access to public services and to the labour market, including Jobcentre Plus. They refer Muslim women onto ethnic minority organisations delivering labour market programmes and initiatives specifically targeted to the younger female ethnic minority group. These services are provided through a 'drop-in' surgery and a telephone help-line. Feedback from service users suggests that both they and their families are happy that their cultural needs are accommodated in the delivery of these services.

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<sup>95</sup> The Needs of Muslim Women, Glasgow: Centre for the Study of Child and Society and The Muslim Network, 1995.

Although development of soft skills is an important pre-requisite for accessing employment, lack of basic hard skills is a key barrier to employment. Individuals with poor basic skills such as literacy and numeracy, are up to five times more likely to be unemployed and far more likely to have low-paid, low-skilled jobs.<sup>96</sup> Therefore, the need to increase basic skills is imperative to increasing an individual's ability enter employment.

The current Department for Education and Skills (DfES) policy initiative aims to improve the basic skills levels of language fluency, literacy and numeracy for the UK working-age population. The DfES has also announced that they will be improving the delivery of language training by reaching out to faith groups. The first roll-out of this service will be to the Muslim community. It will be delivered through targeting community faith leaders and encouraging them to promote language fluency training to the communities they serve.

Brent Employment Zone,<sup>97</sup> an employment initiative led by the private sector, has recognised the clear need to help ethnic minorities improve their language skills, in order to improve their labour market outcomes. It has sought to increase the employability of members of the local inactive and unemployed population. They have funded an initiative directed at improving the English language fluency of those who accessed their outreach facility to improve this group's chances of entering employment.

The degree to which language fluency is a barrier to employment for Muslims is uncertain. For first generation economically inactive Muslims, many of whom are now of (or nearing) retirement age, improving their English language fluency may not greatly increase their labour market opportunities. Nonetheless, increasing their language fluency would certainly benefit their social integration. For younger Muslims, the majority of whom are UK-born and educated, it appears unlikely that their labour market inactivity is largely due to a lack of English language fluency. However, this is a complex picture, as Muslims continue to enter the UK through migration. Language fluency for employment and social integration should continue to be a priority.

### *Education and training*

The single most critical determinant of lifelong human capital levels is the quality of schooling a person receives. However, the educational attainment levels of the Pakistani and Bangladeshi groups are the second poorest in the country. In proportionate terms the Indian ethnic group out-perform Whites by about ten percentage points, while the majority White group out-perform Pakistanis and Bangladeshis by over ten percentage points, although this gap is narrowing.<sup>98</sup>

<sup>96</sup> Strategy Unit Report, p.52.

<sup>97</sup> Brent Employment Zone is a public-private partnership employment service led by the organisation Working Links.

<sup>98</sup> Strategy Unit report, 2003, p.53

Improving this picture will require greater emphasis on raising educational attainment for those still of compulsory schooling age and improving access to further education. The Strategy Unit report contains various recommendations for the Department for Education and Skills on how to improve this picture for ethnic minority groups which will largely affect those still within schools. There are specific factors that can impact on the attainment level of Muslim pupils. These will be examined in a separate OSI report, to be published in autumn 2004.

Pupils in full-time education need to be made aware of the recent legislation prohibiting religious discrimination in employment and the accommodations that need to be made by employers for members of different faith groups. This should reassure those who will become part of the working age population that should they wish to enter employment they will be protected from religious discrimination and they may seek accommodation of their religious observance from their employers.

Those who are no longer in education are largely reliant upon employers and those organisations delivering workforce development to improve their skills base. The Workforce Development Agenda<sup>99</sup> is a positive policy measure to increase skills levels of people already in work. It seeks to improve the skills levels of people in lower-skilled positions and to facilitate their progress into higher employment opportunities. For the many Muslims who are concentrated in narrow employment sectors and in self-employment, the Workforce Development Agenda may be beneficial in increasing their skills levels and broadening their employment opportunities. However, the number of Muslims that access and benefit from this service needs to be assessed.

Even when ethnic minorities do improve their education and skills levels, the provisions currently on offer do not then help connect individuals to the labour market. In particular, work experience placements and help with overcoming other barriers can be difficult to secure. Work experience placements can also help prepare employers for a more diverse workforce. However, in 2002 only three per cent of 16-19 year olds in Modern Apprenticeships were from ethnic minority backgrounds. There remains a need to understand more clearly what happens to young Muslims after they leave time education and programmes such as the Modern Apprenticeships. In particular, it is important to ensure that they are able to progress within their chosen careers.<sup>100</sup>

### *Labour market entry*

A holistic approach to the multiple barriers faced by Muslim groups is needed to ensure labour market entry and all-round improvement in their labour market prospects. The

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<sup>99</sup> The Workforce Development Agenda is a programme in the Department for Education and Skills to improve the skills levels of people already in employment

<sup>100</sup> Modern Apprenticeships and Race Equality, Black Training and Enterprise Group, 2003, p.17

Bolton-based Ethnic Minority Business Service (EMBS)<sup>101</sup> and the Ethnic Minority Enterprise Centre (EMEC) in Glasgow provide examples of best practice in this area.

The EMBS was created by the Chief Executive of Bolton Metropolitan Council, as part of a strategy to improve service delivery for ethnic minorities in Bolton following evidence that members of these communities were not accessing mainstream business service providers. Established in 1987 to provide self-employment and business advice to ethnic minorities, it played a key role in helping many ethnic minority men and women set up or expand their own businesses. The EMBS delivers business advice through outreach services, workshops and one-to-one support. The success of this ethnic minority-led organisation in reaching and understanding the needs of minority communities and helping to tailor service delivery accordingly, led the Council to extend the EMBS remit to also include employment training and support. The service is proving highly successful.

Coming from a business background, the EMBS understands and communicates with local businesses and is aware of local labour market needs. Crucially, through contacts with faith and cultural organisations within the minority communities, it is able to understand, and communicate effectively with the local ethnic minority communities. It is able to support, encourage and help train and facilitate employment and/or work experience placements for its ethnic minority clients. Through this approach it has been able to help ethnic minorities realise their employment aspirations. The EMBS has been a crucial element in diversifying the local public and private sector labour market. While its clients are from all age backgrounds, the greatest proportion are from the younger age cohorts. The EMBS meets the needs of local employers through supporting ethnic minority recruits with the appropriate skills to access local jobs. Understanding of this demand-led focus ensures that ethnic minorities seek training and employment in areas commensurate to their skills for which jobs are also available locally.

This holistic model of service delivery through an ethnic minority provider has been replicated by the neighbouring Blackburn & Darwen Council.<sup>102</sup> In assessing the success of these two initiatives, however, it is important to remember that they are in the same region as Oldham and Burnley. In these towns, there is no such holistic employment and business training initiative that would be sensitive to ethnic minorities.

In Glasgow, a similar initiative to the EMBS can be found in the Ethnic Minority Enterprise Centre (EMEC). This too has been successful in attracting young ethnic minorities who are otherwise not in education, training or employment. The EMEC has established employment links with large local employers, such as British Airports Authority (BAA). It identified ethnic minorities that matched the skills needed by BAA.

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<sup>101</sup> EMBS has been highlighted here as an example of best practice as Indian, Pakistani and Bangladeshi Muslims make a significant proportion of those who access their services.

<sup>102</sup> The initiative is called the Business Resource Centre.

Due to the success of this initiative BAA have entered an agreement to advise the EMEC directly of any future recruitment opportunities that arise and also to run workshops with other EMEC clients.

Outreach services exist to reach out to communities that do not access mainstream services. In April 2002, the DWP launched the 'Ethnic Minority Outreach' service.<sup>103</sup> Based within the five ethnic minority conurbations of Greater London, West Midlands, West Yorkshire, Greater Manchester and East Midlands, the service is delivered by organisations that are able to demonstrate their knowledge of, and ability to work with, ethnic minority communities. They aim to find innovative ways of helping ethnic minorities overcome the barriers they face in the labour market.

There is a need to improve the capacity of such outreach services and ensure they are co-ordinated to help public services providers meet the needs of the Muslim community on the ground. While it may be too early to judge the effectiveness of this service, the need for such an outreach function to help facilitate initial engagement with mainstream services is clear.

### *Meeting the employment needs of Muslim women*

In addition to the other factors mentioned in this section, Muslim women would benefit, in particular, from improved access to work experience and to childcare provision. For Muslim women, work experience is particularly important to help alleviate the cultural concerns they or their family might have. It is known that Pakistani and Bangladeshi women are more likely to have more dependent children.<sup>104</sup> Therefore, a short period of employment would help them experiment with the use of formal or informal childcare. The same experience would also allow all Muslim women to assess whether employment is something they could, and would want to, participate in in the immediate term, or whether they would want to prepare for employment when they no longer have childcare responsibilities.

The National Employment Panel's evaluation of the New Deal for Lone Parents<sup>105</sup> recommended a one-week employment course called "Discovery Week". This would allow single parents to gain advice and support through greater interaction with providers; gain valuable labour market experience; and become used to the work pattern alongside that of caring for small children. This in turn would help to improve their

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<sup>103</sup> Outreach services provide help with job searching, interview techniques and filling application forms.

<sup>104</sup> For Pakistani and Bangladeshi families, the average number of children per household is 2.42 and 2.63 respectively, whereas for Whites it is 1.8. "Average Number of Dependent Children in the Family Aged under 19 by Ethnicity", *Labour Force Survey*, London: Office of National Statistics, Autumn 2001.

<sup>105</sup> B. Verwaagen, 'What Works - Final Report of Recommendations', Steering Group on Lone Parents, National Employment Panel, DWP, April 2003.

personal confidence, while assuring financial support, through the in-work benefits available. It would also allow the employer to gain greater understanding of this potential labour market client. If extended to economically inactive Muslim women, the "Discovery Week" could provide a valuable employment experience for this group.

A lack of available and affordable formal childcare can act as a barrier to labour market participation for women. However, the use of formal childcare is lower amongst ethnic minorities than for the White majority. While 87 per cent of working White parents use formal childcare services, only 79 per cent of Black parents and 68 per cent of Asian parents do so.<sup>106</sup> There is a need for effective childcare policies, which adequately take into account the specific religious and cultural needs of Muslims. In London, where over 40 per cent of the UK's Muslims live, childcare costs can be much higher than elsewhere.<sup>107</sup> Initiatives are being taken forward to help increase the availability of affordable childcare for ethnic minorities who want the service. In Stratford, East London, a training centre for childcare workers has been established. Due to the high numbers of ethnic minorities living in the area, they have had considerable success in increasing the number of ethnic minorities becoming childcare workers.

There is also need for effective childcare policies which adequately take into account the specific religious and cultural needs of Muslims. A recent study into the childcare needs of ethnic minority mothers found a need for cultural and religious sensitive childcare services for Muslim clients, such as employing staff from a variety of ethnic and faith backgrounds.<sup>108</sup> However, the survey also found that Muslim women had identified much positive change in childcare services that had taken place and that they did not view the greater use of childcare as compromising their traditional Muslim values.<sup>109</sup>

## 5.4 Supporting Entry to and Progression Within the Labour Market

Proactive policies are needed to ensure Muslims are not disadvantaged by their faith identity when trying to enter and progress within the mainstream labour market. It is important to ensure Muslims are able to enter the labour market and, once they are in employment, able to progress within it. To achieve this, policy must adopt proactive

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<sup>106</sup> These statistics do not account for latent demand for formal childcare. Repeat Study of Parental Demand for Childcare, DfES Research Report No. 348, 2002.

<sup>107</sup> See, for example, The Daycare Trust's 2003 survey of the cost of nurseries, childminders and after school club. Accessible online at <[www.daycaretrust.org.uk/article.php?sid=138](http://www.daycaretrust.org.uk/article.php?sid=138)> (last accessed on 12.07.04).

<sup>108</sup> *Diversity and Difference ME Mothers and Childcare*, London: Women and Equality Unit DTI, January 2004.

<sup>109</sup> Ibid.

employment measures through setting targets, promoting faith diversity in the workplace, providing in-work support and enhance career development.

*Positive action measures: 'Targets not quotas'*

Acceptance of ethnic and faith diversity in labour market should deliver positive change for Muslims in the long-term. However, the employment gap between ethnic minorities and their majority White counterparts has remained persistent over the last 15 years, despite attempts by mainstream interventions to change this. Targeted positive action measures to minimise the gap are now clearly necessary.

At present the Home Office has race employment targets to increase the number of ethnic minorities at all levels across the Civil Service. Building on this approach a target for faith groups disadvantaged in the labour market should be adopted. Muslims are one such group. The best way forward would be to introduce a system of 'targets, not quotas'. A targeted employment initiative would help Muslims enter employment commensurate to their skills, without giving them 'special treatment' due to their faith backgrounds. This should leave no room for suggestions of preferential treatment.

One example of good practices of positive action is Birmingham City Council. Despite the high numbers of Pakistanis and Bangladeshis in their local working-age population, the Council found, through ethnic monitoring records, that few were employed by the local authority. It recognised the limitations of mainstream employment initiatives, targeting all ethnic minorities, and introduced an initiative called 'Bridges into the Future: Positive Action for Pakistanis and Bangladeshis.'

This initiative includes a target for increasing the numbers of Pakistanis and Bangladeshis employed by the local authority. It facilitates the crucial 'first step' of work experience and training in employment for many in this group who otherwise face multiple barriers to labour market entry. The programme has been running for four years and has directly helped to increase employment outcomes for those who participate. It goes further than just entry-level success and also ensures that the new recruit benefits from staff development and builds capacity within the organisation to improve the workplace culture and organisational structure to encourage diversity. It is envisaged that this holistic approach to employment will improve the working environment for this group and encourage them to retain and progress within the local authority.

A further step to improving employment retention levels has been the acknowledgement of minority religious holidays. Birmingham local authority was the first in the UK to publish annual religious holiday calendars, which are circulated to all departments, highlighting when Muslim and other religious holidays are to occur. E-mail reminders are circulated to senior staff when these holidays are approaching to ensure they prepare appropriate staff coverage when Muslims want to take annual leave. Such measures

improve relations between Muslim employees and their employers and help such employees feel valued.

### *Faith diversity in the workplace*

New laws prohibiting religious discrimination allow employees to seek accommodation of their faith needs from employers.<sup>110</sup> As yet, the degree to which Muslims request and access religious observance provisions, such as using a prayer room during work hours and requesting annual leave for Muslim holidays, is not known, as this has never been surveyed or monitored.

The Chartered Institute of Personnel Development (CIPD) has produced guidance giving practical information on direct and indirect discrimination and religious observance for personnel officers in the public or private sectors.<sup>111</sup> This includes details about the observance of religious holidays and religious practices, such as prayers during work hours. It also covers detailed issues related to social interaction at events during and outside working hours that may indirectly disadvantage or exclude Muslims. For example, 'the after-work drinks in the pub', while a common social event for the majority of workers, may be uncomfortable for Muslims to participate in.<sup>112</sup> Similarly, the employment Advisory, Conciliation and Arbitration Service (ACAS) has produced a Code of Practice outlining steps that can be taken by employers to accommodate religious observance. This includes suggesting flexibility over hours worked during the Islamic festivals of Eid and Ramadan.<sup>113</sup>

There is a considerable weight of evidence supporting empirical links between good 'corporate social responsibility' practice and high performance.<sup>114</sup> Acknowledging and accommodating faith diversity can also deliver positive benefits for businesses. There is an economic case for employing Muslims and individuals from other minority faith communities in industries which have to operate throughout the Christian holiday periods of Christmas and Easter, when those who are celebrating request annual leave.

For example, First Group, a private organisation providing public transport, found difficulty in work coverage over the Christmas period until they diversified their workforce. Through consultation with their employees they found that their Muslim employees were more than happy to work over Christian holidays and, in return, their fellow non-Muslim counterparts were happy to cover Ramadan and Eid festivals.

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<sup>110</sup> The Employment Equality (Religion or Belief) Regulations 2003, No 1660.

<sup>111</sup> The Change Agenda, *Religious Discrimination, An Introduction to the Law*, Chartered Institute of Personnel and Development, 2003.

<sup>112</sup> The Change Agenda, *Religious Discrimination, An Introduction to the Law*, Chartered Institute of Personnel and Development, 2003.

<sup>113</sup> *Religion of Belief in the Work Place*, London: ACAS, 2003.

<sup>114</sup> P. Emery and T. Hoskins, *Achieving High Performance CSR at the Heart of Business*, London: The Virtuous Circle and The Work Foundation, 2004.

Facilitation of such employment flexibility was recognised by senior management and filtered down to employees and achieved consensus. As a result, the measure was extended to also acknowledge the need for long periods of annual leave for Muslims wishing to perform the Hajj. First Group now allows employees to take their annual leave in a four-to-six week slot every three years which accommodates the Hajj requirement of Muslims.<sup>115</sup>

The consultation exercise adopted by First Group ensured that there was informed understanding between employees of all faiths. This level of informed understanding between fellow work colleagues and flexibility by employers has helped to create a positive working environment of shared understanding of religious observance.

Evidence from organisations such as BT has shown positive benefits from placing equality and diversity at the core of their business. All BT employees undertake a course, called 'Valuing our Difference', to improve their awareness of the needs of different ethnic groups.<sup>116</sup> They found this type of across the board training equipped their employees with greater understanding of fellow employees and their diverse client base.

However, despite these instances of good practices, more still needs to be done to ensure that all employers and all employees, not just Muslims, recognise the value of shared understanding of religious diversity in employment. There is great value in the public and private sector partnering with Muslim organisations representing the diverse religious needs of the community, to ensure they fully understand and appreciate the religious and cultural nuances involved when discussing the issue of Islam, the Muslim community and employment.

The Faith Communities Unit in the Home Office, alongside the Department of Trade and Industry, should promote faith diversity in the workplace through working with employer organisations and Muslim and other faith organisations. To this end, the DTI has joined forces with several Muslim organisations to ensure that employers and employees are aware of the implications of the new religious discrimination legislation. They are also taking a positive proactive approach through publicising the positive contribution of Muslims in the area of employment to the British economy.<sup>117</sup>

However, more needs to be done to provide individual employers with advice and guidance on preparing their working environment for the needs of Muslims. For over 50 years, the Jewish community produced guidance for employers and employees on the

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<sup>115</sup> First Group, Scotland.

<sup>116</sup> *Developing a Strategic Approach to Employment Issues for Glasgow's BME Communities, Glasgow*: University of Glasgow, 2002.

<sup>117</sup> For example, in 2003 there was a joint initiative by the Department for Trade and Industry and the Muslim Welfare House Trust (a voluntary Muslim organisation) to raise awareness of the benefits of faith diversity.

religious observance needs of the Jewish community.<sup>118</sup> As the Muslim community is relatively new in the UK, proactive work in the form of such awareness building needs to be carried out and the take-up and utilisation of such a service should be promoted.

Award schemes already exist to reward employers for recognising and valuing diversity, gender and disability.<sup>119</sup> However, no such scheme yet exists for recognising faith diversity. Due to the disproportionately young age cohort of Muslims in the UK, and the demographic shift in the growth of the working age population, a rapid awareness building campaign is a priority if Muslims are to be encouraged to enter the mainstream labour market.

### *Career development*

Ethnic minorities with high levels of education still find difficulty in accessing senior positions.<sup>120</sup> Difficulty in access to, and progression in, senior positions can be the result of a multitude of factors. These include a lack of human capital, knowledge of how to approach such opportunities, how to fill in senior management application forms and discrimination. This may, in part, be a result of the fact that many of their parents were self-employed, unemployed or economically inactive, and were therefore unable to give 'soft skills' advice on wider labour market employment to their children.

The University of Bradford recognised that its ethnic minority graduates were not able to access graduate employment opportunities commensurate to their education levels. They therefore introduced a graduate mentoring scheme in collaboration with the neighbouring Huddersfield, Leeds and Leeds Metropolitan Universities. The measure is a positive action initiative designed to develop the competitiveness and employability of ethnic minority undergraduates and graduates through a tailored programme of guidance and career development. They also offer practical help with job-search strategies, work placements and personal development.

### *In-work support*

To address the poor levels of progression within employment for the majority of ethnic minority groups, central government recently put in place measures to help improve the skills and thereby the progression levels of public sector ethnic minority employees.

The 'PATHWAYS' initiative, operated through the Cabinet Office and the Home Secretary's Race Employment Targets, focuses on recruitment and progression for ethnic minorities in the Civil Service. There are procedures and mechanisms in place to

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<sup>118</sup> *Jews in Employment: A Practical Guide*, London: The Board of Deputies of British Jews.

<sup>119</sup> Investors in People is an organization that provides quality assurance and development to employers involved in the standard for the benefits of being an Investor in People. See <[www.iipuk.co.uk](http://www.iipuk.co.uk)> (last accessed on 12.07.04).

<sup>120</sup> Strategy Unit report, p.29.

facilitate progression, such as mentoring.<sup>121</sup> However, while the introduction of these measures is to be commended, their design appears to indicate that they will not benefit the most disadvantaged ethnic groups, or Muslims. For example, the Home Office employment target is set by the overall number of ethnic minorities in the local population. However, this does not take into account the disproportionate number of Pakistanis and Bangladeshis in the younger age cohort within the local population. Thus, while the overall percentage of Muslims in London is 8.5 per cent, their percentage in the working-age category is much higher.

The Home Secretary's race employment target may, therefore, be met by departments, but this could be achieved through the employment of Indian and Chinese ethnic minority groups. While this is not an undesirable outcome, as the Strategy Unit report details, these groups achieve labour market success on most measures.<sup>122</sup> This monitoring measure should be utilised to detail the progression of individual ethnic groups and not simply combine the outcomes of all ethnic minorities together. These targets should, therefore, be disaggregated by individual ethnic groups and focused on those who are underrepresented. Ethnic monitoring by individual ethnic group, using the Census 2003 categories, now operates in all public sector organisations. Due to the increased understanding of economic disadvantage faced by individual ethnic groups, the Home Secretary's Race Equality Target should now be adjusted to set targets for individual ethnic groups.

Between 1999-2009 one-quarter of the working-age population will come from the Pakistani and Bangladeshi community.<sup>123</sup> Therefore government needs to ensure that work environments in the public and private sector are prepared for, and able to attract and retain, a diverse faith workforce.

## 6. RECOMMENDATIONS

### *1. Strategy to integrate Muslims in to the mainstream labour market*

Due to the increasing number of Muslims in the working age population, government must commit to one clear aim: to integrate Muslims into the mainstream labour market. To this end, policy-makers need to develop an inclusive and integrated strategy for Muslims, to support their labour market entry and progression and help overcome any barriers they face.

<sup>121</sup> The PATHWAYS Programme in the Cabinet Office encourages more ethnic minority staff with potential to reach the senior levels of the Civil Service, known as the Senior Civil Service.

<sup>122</sup> Strategy Unit report, p.22.

<sup>123</sup> D. Owen and A. Green, *Minority Ethnic Participation and Achievements in Education, Training and the Labour Market*, Warwick: Centre for Research in Ethnic Relations and Institute for Employment Research, 2000, pp.16-17.

- The strategy should begin by focusing on geographic disadvantage, which will help alleviate many of the current employment problems faced disproportionately by Muslims in deprived areas. Thereafter, more specific policy measures are needed to address barriers faced by Muslim women and young Muslims.
- The government should set targets for deprived areas to increase service delivery overall which will deliver improved outcomes for all residents in those geographic areas, including Muslims.
- The government should adopt positive action measures to increase the number of Muslims in employment.
- The government should develop and encourage measures to ensure that workplaces and work environments are 'faith friendly'.
- To ensure effectiveness of policies, the government should communicate the agenda for this strategy with a diverse range of Muslim and non-Muslim organisations.

## *2. Research*

In order to better address the barriers to mainstream labour market integrations encountered by British Muslims there is a clear need for further research:

- The government should commission research to gain more understanding of Muslims in the UK, across geography, gender and age. This research should evaluate why their labour market experiences are so different to those of other faith groups, and the extent to which these differences can be explained by factors other than religion.
- The government should also commission research on the employment situation of self-employed Muslims. This research should aim to develop understanding of the factors that influence and determine the choice of Muslims to enter self-employment. It should also explore the impact of self-employment by Muslims on their wider economic and social progression and examine how Muslim women could be encouraged to enter employment and how their religious and cultural needs can be met in the workplace.
- Building on the policy change permitting Shariah compliant mortgages, the Treasury and Department for Trade and Industry should assess whether the absence of other Shariah compliant financial products restricts employment and self-employment opportunities for Muslims; and if so explore possibilities to introduce more Shariah compliant financial products, such as career development and business start-up loans.

### *3. Tackling geographic disadvantage*

Government employment strategy and policy on Muslims should, as a priority, focus on geographic disadvantage, which disproportionately affects Muslims in the UK:

- The Treasury should adopt a new target structure for the most disadvantaged areas in the UK. This should take the form of an area-based employment target which all agencies in the area must work collectively towards to improve employment outcomes for all residents in those geographic areas, including Muslims.

### *4. Muslim representation and consultation*

- The government should ensure that Local Strategic Partnerships in areas of high Muslim concentration characterised by high levels of unemployment, inactivity and concentration in low-skilled sectors, of this group include a Muslim or ethnic minority organisation that has demonstrated external success in meeting the employment needs of Muslims.
- The Department for Education and Skills (DfES) and the Department for Work and Pensions (DWP) should ensure that support is available to mosques and other Muslim community organisations, to build awareness of the benefits of education and employment integration for all Muslims.
- The government, to ensure the effectiveness of its policies, should communicate the agenda for this strategy to a diverse range of Muslim and non-Muslim organisations.

### *5. Connecting young Muslims to the labour market*

There is a specific policy need to enhance mainstream services from the Department for Education and Skills and the DWP to ensure that young Muslims progress from education into employment. The DfES and DWP should:

- Ensure that schools, through careers advisors, head teachers and governors, provide Muslim pupils with informed advice about the wide range of employment opportunities available to them.
- Ensure that the Connexions and Careers Services disseminate information about employee rights and employer obligations, and guidance on religious observance, to all pupils in full-time education.
- Ensure that the Connexions and Careers Services provide and help Muslim pupils gain valuable work experience while still in full-time education.
- Ensure greater access to intermediary services that meet the needs of different faith groups is available.

### *6. Connecting Muslims women to the labour market*

To address the specific barriers to employment faced by Muslim women action must be taken by several government departments:

- The Department for Trade and Industry's Women and Equality Unit should work with employers to improve understanding of the employment, childcare and cultural preferences of Muslim women.
- The Department for Education and Skills should provide support and advice on entry and affordability of higher education to Muslim women to ensure they are able to make an informed choice of whether or not to continue to higher education.
- The Department for Work and Pensions should offer the 'Discovery Week' to economically inactive Muslim women.
- The Office for National Statistics should monitor Muslims women's responses to the question on attitudes to employment in the Labour Force Survey.

### *7. The Department for Work and Pension's 'Ethnic Minority Outreach' service*

The DWP's 'Ethnic Minority Outreach' service should be enhanced to meet the needs of Muslims through faith sensitive delivery of this service. The enhanced service should provide:

- Improved understanding amongst Muslim communities of the benefits and value of wider labour market integration.
- Greater engagement with young Muslims to understand their needs and help realise their aspirations.
- Greater engagement with agencies involved in drugs, crime and social exclusion prevention to help overcome obstacles Muslim individuals face.
- Improved employment, training and business support advice for Muslims.

### *8. Private sector recruitment and employment policies*

Private sector employer practices need to be enhanced to ensure Muslims are proactively recruited and that their work environment meets the needs of Muslims:

- Umbrella organisations, such as the Confederation of British Industry and the Institute of Directors, should identify best practice examples of how to recruit Muslim employees and disseminate this to their members.
- The Confederation of British Industry and the Institute of Directors should also encourage their members to make it a priority to have cultural and religious awareness procedures in their work places and give these measures senior level support; and invest time and resource into creating 'faith friendly' work practices

and positive action measures.

### *9. Public sector recruitment and employment policies*

Public sector employer practices need to be enhanced to ensure Muslims are proactively recruited and that their work environment meets the needs of Muslims:

- The Faith Communities unit should build on government employment targets to increase the number of ethnic minorities at all levels of the Civil Service by ensuring government also adopts a ‘Faith Groups Employment Target’ to increase the number of Muslims at all levels in the Civil Service.
- The government should ensure that recruitment exercises by the public sector actively encourage Muslims recruits.
- The government should ensure that existing public sector performance management outcomes include an additional measure to ensure that there are no significant differences in recruitment, retention, progression and satisfaction levels for employees from different faith groups.
- The government should ensure all public sector organisations carry out ‘Faith monitoring Survey’ to gain more information about the religious identities and needs of their employees.
- The government should develop and encourage measures to ensure that all workplaces and work environments in the public sector are ‘faith friendly’.

### *10. Coordination between the public and private sectors*

The government should encourage better coordination between the public and private sectors, to develop recruitment and employment policies which better meet the needs of Muslims and allow for the sharing of best practice. This approach should, as a priority, also include representatives of Muslim organisations:

- The Chartered Institute of Personnel Development (CIPD), the Department for Trade and Industry (DTI) and Muslim organisations should work together to create and disseminate greater understanding and awareness of the need for employer flexibility, capacity building and the benefits to be gained from Muslim economic integration.
- Public and private sector organisations should develop an award scheme that rewards employers for adopting positive action measures and for valuing religious diversity in the workplace,
- The government should encourage both public and private sector organisations to develop mentoring schemes that attract mentees from different faiths, to help improve their connection to the labour market.

## APPENDIX 1: DEFINITIONS

**Ethnic categories in the 1991 Census:** the 1991 UK Census contained a nine-point structure of ethnic categories: White, Black (African, Caribbean), South Asian (Indian, Pakistani, Bangladeshi), Other (Chinese, other Asian, Other).

**Ethnic categories in the 2001 Census:** the 2001 Census contained a 16-point structure: White (British, Irish or Any Other White Background); Mixed (White and Black Caribbean, White and Black African, White and Asian or any other Mixed Background); Asian or Asian British (Indian, Pakistani, Bangladeshi, Any Other Asian Background); Black and Black British (Caribbean, African, Any other Black background); Chinese or other ethnic group (Chinese, Any other).<sup>124</sup>

**Ethnic minorities:** The term "ethnic minority" is used in the Strategy Unit report to denote people of South Asian, Black African and Black Caribbean origin. In this report, the use of the term "ethnic minority" as a broad "umbrella" label, is deliberate, to signify reference to a wide variety of ethnic minority groups. Where greater precision is required, reference to specific component groups within the ethnic minority population is made in the text. There is, inevitably, considerable debate and disagreement on the question of race, ethnicity and nomenclature. No specific political or sociological inference should be drawn from the use of related terminology in this report.

**White:** as with the term "ethnic minority", the generic label "White" should be used with some caution. The existence of distinctive ethnic groups within the "White" category is gradually being acknowledged. Notably, in the 2001 UK Population Census, people of Irish descent are recognised as a separate ethnic group.<sup>125</sup>

**Religious categories in the 2001 Census:** the 2001 Census asked an optional question on religious affiliation. The data is disaggregated into the following categories: Buddhist, Christian, Hindu, Jewish, Muslim, Sikh, Any other religion, No religion and Religion not stated.

**Ethnic Penalty:** net differences in achievement between ethnic groups are often referred to as "ethnic penalties." Some scholars use the term to emphasise the importance of discrimination in explaining the persistence of net differences in labour market achievement and others to refer to "all the sources of disadvantage that might lead to an ethnic minority group to fare less well in the labour market than similarly qualified Whites."<sup>126</sup>

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<sup>124</sup> UK 2001 Census, accessible online at <http://www.statistics.gov.uk/census2001/default.asp>.

<sup>125</sup> UK 2001 Census.

<sup>126</sup> Strategy Unit Report.

**Muslim Penalty:** refers to an identifiable net difference in the labour market achievement of Muslims, as compared to non-Muslims who are similarly qualified. Statistical analysis is needed to explore whether such a 'Muslim penalty' exists, after key factors have been accounted for.

**Employment:** The Labour Force Survey<sup>127</sup> determines the status of individuals, depending on their answers to a number of questions about their recent labour market activity:

**Employment:** people are counted as 'in work' if they have carried out one hour or more of paid work in the reference week for the survey; are temporarily away from their job; are on a government-supported training programme; or are an unpaid family worker.

**ILO unemployed:** people are counted as ILO unemployed if they are not in work and have actively sought work during the last four weeks and are available to start within the next two weeks; or have found a job and are waiting to start in the next two weeks.

**Economic inactivity:** individuals who are not in work and who do not meet the ILO definition of unemployment are counted as economically inactive.

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<sup>127</sup> The Labour Force Survey (LFS) is a quarterly sample survey of households living at private addresses in Great Britain. Its purpose is to provide information on the UK labour market that can then be used to develop, manage, evaluate and report on labour market policies. The questionnaire design, sample selection, and interviewing are carried out by the Social and Vital Statistics Division of the Office for National Statistics (ONS) on behalf of the Statistical Outputs Group of the ONS.

