



**THE ECONOMIC IMPACT OF THE
COVID-19 PANDEMIC ON ETHNIC MINORITIES –
THE CASE OF LONDON, UNITED KINGDOM**

Aljoša Šestanović¹,

Fayyaz Hussain Qureshi²ⁱ,

Sarwar Khawaja³

¹Dr., Research Associate,
Oxford Business College,
65 George Street,
Oxford, UK

²Dr., Director of Research and Quality Assurance,
Oxford Business College,
65 George Street,
Oxford, UK

³Chairman of Business Development,
Oxford Business College, 65 George Street,
Oxford, UK

Abstract:

This paper aims to analyse the economic impact of the Covid-19 pandemic on ethnic minorities. The focus is on ethnic minorities in London, particularly before and during the Covid-19 pandemic. We investigated the discriminatory practices towards ethnic minorities in the economic downturn caused by the Covid-19 pandemic. These are primarily related to the labour market and the sectors and occupations most affected by the pandemic. We used Government data on the UK's different ethnic groups and the London Datastore, an open data-sharing portal. We also reviewed the empirical literature in economics on discrimination in the labour market before and during the pandemic. The adverse effects of the pandemic have been much more severe in economic downturns than during more stable economic times. We found that, before and during the Covid-19 pandemic, there have been persistent differences in particular economic aspects between ethnic minorities and white men and women. Over the past decade, ethnic minorities in the UK have made progress in the median pay gap, employment gap and unemployment rates. However, ethnic minorities in London have faced more challenges than those in other parts of the UK. In addition, during the Covid-19 pandemic, unemployment rates were much higher for ethnic minorities than they were for whites.

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ⁱ Correspondence: email fayyaz.qureshi@oxfordbusinesscollege.ac.uk

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1. Introduction

Our study seeks to analyse the position of ethnic minorities in London, UK, during the Covid-19 pandemic from an economic standpoint. Accordingly, the study also addresses the broader economic situation of ethnic minorities, particularly those residing in London, previously known more colloquially as ‘BAME Londoners’.ⁱⁱ Our observations are based on a comprehensive analysis of statistical data and reports by government agencies and non-governmental organisations.ⁱⁱⁱ Firstly, we pose the following questions: are there significant economic differences between ethnic minorities and white groups and what is the position of ethnic minorities in London from an economic perspective? If the answer to the former question is affirmative, the remedies for fostering equality and reducing discrimination should be more accentuated at the local level than at the national level. Finally, we also outline the available remedies to mitigate economic discrimination.

The underlying reasons for this paper are threefold.

Firstly, ethnic minorities represent a large proportion of the UK, accounting for approximately 14 per cent of the UK population. According to the (last available) 2011 Census data, the most ethnically diverse region in England and Wales was London, where 40.2% of residents identified with either the Asian, Black, Mixed or Other ethnic groups.^{iv}

Secondly, according to official population estimates from the 2011 Census, generally speaking, a more significant proportion of ethnic minorities are of working age.^v Therefore, we can reasonably expect this community to be disproportionately

ⁱⁱ Based on Government data about the UK's different ethnic groups, in writing about ethnicity, we use “ethnic minorities” to refer to all ethnic groups except the White British group. Ethnic minorities include White minorities, such as Gypsy, Roma and Irish Traveller groups (<https://www.ethnicity-facts-figures.service.gov.uk/style-guide/writing-about-ethnicity>). The acronym BAME refers to Black (African/Caribbean/Black) Asian, and Minority Ethnic groups (<https://www.centreforlondon.org/blog/pandemic-bame-london>) or Asian, Black, Arab, Mixed ethnic group and others (<https://www.fca.org.uk/insight/covid-19-and-uk-bame-communities-economic-perspective>). Certain studies use the acronym BME. BME generally refers to the Black and minority ethnic population. More about the classification of an ethnic group can be found on: <https://www.ethnicity-facts-figures.service.gov.uk/style-guide/ethnic-groups>. In March 2021, the Commission on Race and Ethnic Disparities recommended that the government stop using the term “BAME”.

ⁱⁱⁱ The statistics that monitor the economic situation of minorities are much more comprehensive in the UK than across the EU countries where the data are limited and/or not systematically collected and analysed.

^{iv} <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/regional-ethnic-diversity/latest#main-facts-and-figures>. In England and Wales, there are 18 ethnic groups (<https://www.ethnicity-facts-figures.service.gov.uk/style-guide/ethnic-groups#list-of-ethnic-groups>).

^v <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/demographics/working-age-population/latest>

exposed to negative economic consequences (e.g. termination of employment, lower rates of employment and temporary loss of income).

Thirdly, socio-economic exclusion of ethnic minorities represents a significant loss of income for society. Failure to harness talent among ethnic minorities carries with it enormous opportunity costs and missed economic benefits. In the case of the UK, the Department for Communities and Local Government (2013) highlighted that, according to National Audit Office estimates, the cost to the UK economy of failing to exploit ethnic minority talent fully could amount to more than £8 billion annually. The same report reveals that ethnic minority businesses already contribute £25 billion annually to the UK economy. Furthermore, the IPA Ethnic Diversity Forum report states that ethnic minorities represent more than £300 billion in purchasing power (IPA Ethnic Diversity Group, 2012). In addition, Froy & Pyne (2011) conclude that higher growth rates and a younger age demographic among immigrant communities mean that they will become an increasingly important part of the workforce in future years, making their relative exclusion even more problematic.

In this paper, we first present data revealing the extent of discrimination against ethnic minorities in the UK, and London in particular, mainly using labour market indicators from the year preceding the Covid-19 pandemic and some more recent data from other data relevant reports and studies. Secondly, we focus on the exposure of ethnic minorities to specific sectors and occupations in the Covid-19 environment and assess its impact on their economic situation. In the following part of the paper, we compare the position of ethnic minorities in London with the rest of the UK by using statistical data. We also discuss the available remedies to improve the economic prosperity of ethnic minorities in the Covid-19 environment. Finally, we present our conclusions.

2. Literature review

History shows that, during economic downturns, ethnic minority groups are, in general, more likely to experience financial hardship compared to white ethnic groups. According to Lisa Wong, Senior Declaration Officer in the ILO's Programme on Promoting the Declaration on Fundamental Principles and Rights at Work, "*ethnic minorities face discrimination in the labour market and limited access to education and health care even when the economy is going well, and in downturns, those problems are exacerbated.*" (Humphreys, 2011). When the economy experiences a downturn, existing racial disparities tend to increase, suggesting that economic scarcity may fuel racial discrimination (Krosch et al., 2017). This has been especially noticeable during the Covid-19 pandemic. These inequalities in the pre-Covid-19 period are not new and have been thoroughly documented in numerous reports and studies. The reasons are deeply rooted in the prevailing economic and social inequalities that existed well before Covid-19. In addition, the sectors of the economy which typically employ disproportionately high numbers of ethnic minorities are also those that the Covid-19 pandemic has most severely impacted. These adverse effects

include, but are not limited to, disparities in the labour market, generally higher unemployment rates, lower living standards and poorer health prospects. These inequalities are not mutually exclusive; they should be regarded as closely interrelated and interdependent. In particular, poorer health outcomes experienced by ethnic minorities during the pandemic are inextricably linked to lower social and economic status. People from ethnic minority groups are almost three times as likely to contract Covid-19 and five times more likely to experience serious illness, and this is mainly due to social inequalities, such as housing, occupational risk and unequal access to healthcare.^{vi}

The negative effects of the Covid-19 pandemic on ethnic minorities can be compared with the 2008 economic downturn. Indeed, Covid-19 has reinforced and brought to light economic inequalities between ethnic minorities and white ethnic groups that existed before the pandemic. For example, according to the Business in the Community (2020) report, "*the ethnic minority groups fared worse due to the 2008 recession than the white majority in the UK, exacerbating pre-existing inequalities with higher unemployment, lower earnings, and lower earnings self-employment rates and higher housing costs*". They outlined that, during the last global recession, by 2010, the non-white groups were twice as likely as white groups to have no savings, with 60% of Black and Asian people in the UK having no savings at all.

People from ethnic minorities also experienced economic difficulties before the Covid-19 pandemic. For example, in the period from January 2014 to December 2018, out of all ethnic groups, people from Asian or Black households were most likely to experience persistent low income before taking housing costs into account.^{vii} In contrast, white households were least likely out of all ethnic groups to experience persistent low income, both before and after housing costs.

In the context of Covid-19, a vast number of documents have reported inequalities and discrimination towards ethnic minority groups related to specific economic aspects, and this includes not only the ethnic minorities in the UK but also those in other European countries and the USA.^{viii} We now turn our attention to examining a series of reports and statistics related to the UK.

Platt & Warwick's (2020) report addressed two generic forms of vulnerability faced by minorities in the Covid-19 pandemic - vulnerability to infection and economic vulnerability, i.e. exposure to loss of income. In terms of vulnerability to infection, they found that, having accounted for the age, gender and geographic profiles of ethnic groups, mortality is higher among most minority groups compared to the white British majority. As far as economic vulnerability is concerned, the authors outlined that many

^{vi} <https://post.parliament.uk/impact-of-covid-19-on-different-ethnic-minority-groups>

^{vii} <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/pay-and-income/low-income/latest>

^{viii} For more: <https://www.pewresearch.org/fact-tank/2020/05/05/financial-and-health-impacts-of-covid-19-vary-widely-by-race-and-ethnicity>; <https://www.enar-eu.org/Evidence-of-the-impact-of-Covid-19-on-racialised-communities-exposes-need-to>; Froy & Pyne (2011).

ethnic minorities are more economically vulnerable in the current crisis than white ethnic groups.

The House of Commons Women and Equalities Committee (2020) reported that, throughout the coronavirus pandemic, BAME groups had been acutely affected by pre-existing inequalities across various areas, including health, employment, access to Universal Credit, housing and the 'no recourse to public funds' policy. As the pandemic continued, many of these inequalities affected BAME groups more severely than their white counterparts.

Another piece of research, which surveyed 2,064 people of working age across the UK, revealed that 58% of BAME workers had seen their employment affected since the start of the pandemic, compared to 47% of White workers.^{ix}

In addition, research by the charity Runnymede Trust (Khan, 2020) addressed noticeable differences between certain ethnic groups. For example, it found that BAME groups have less wealth, savings or assets than White British people. Moreover, people from all BAME groups are more likely to be living in poverty. Furthermore, while people from ethnic minorities are more likely to have a university degree, the monetary value of that qualification in the labour market is less (Zwysen and Longhi, 2018). Finally, unemployment rates among black and minority ethnic men are much higher than those for White British men.

Platt & Warwick (2020) indicate that certain ethnic groups, such as Bangladeshis, black Caribbeans and black Africans, also have the least amount of savings to provide them with a financial buffer in the event of job loss. Only around 30% live in households with enough savings to cover one month's income. In contrast, nearly 60% of the rest of the population have enough savings to cover one month's income.

Among the ethnic population, millennials from ethnic minority groups are particularly affected. According to Bowyer & Henderson's (2020) report, millennials from Black, Asian and Minority Ethnic (BAME) backgrounds are 47% more likely to be on a zero-hours contract than their white counterparts.^x In addition, the report revealed that BAME millennials are also 10% more likely to be working a second job, 5% more likely to be doing shift work and 4% less likely to have a permanent contract than white workers.

One of the best proxy indicators of discrimination in work is the unemployment rate (Humphreys, 2011). The statistics highlight the inferior position of ethnic minorities relative to the White group in the labour market. While 4% of whites were unemployed in 2019, only 7% of people from *all* the other ethnic groups combined were out of work. In almost all regions, white people were less likely to be unemployed than those from all the other ethnic groups combined, particularly in London (Table 1).^{xi}

^{ix} <https://www.turn2us.org.uk/About-Us/Media-Centre/Press-releases-and-comments/BAME-workers-take-biggest-financial-hit-from-coron>

^x <https://www.ucl.ac.uk/news/2020/mar/bame-millennials-greater-risk-being-unstable-employment>

^{xi} <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/unemployment-and-economic-inactivity/unemployment/latest#by-ethnicity-and-area-white-and-other-than-white>

Table 1: Percentage and number of the economically active population who were unemployed, by ethnicity (2019)

Ethnicity	Percentage and number of the economically active population who were unemployed, by ethnicity (White and Other than White) (2019)		Percentage and number of the economically active population who were unemployed, by ethnicity (White and Other than White), London (2019)	
	%	Number	%	Number
All	4	1.287.300	5	224.400
White	4	996.900	4	107.700
Other than White	7	289.900	7	116.400

Source: <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/unemployment-and-economic-inactivity/unemployment/latest#by-ethnicity-and-area-white-and-other-than-white>

Considering that 76% of people aged between 16 and 64 in England, Scotland and Wales were employed during 2019, there are also noticeable differences among ethnic groups. For example, 78% of white people were employed in 2019, compared with 66% of all other ethnic groups. The disparity is evident for London as well (Table 2).^{xii}

Table 2: Percentage and number of 16 to 64-year-olds who were employed, by ethnicity (2019)

Ethnicity	Percentage and number of 16 to 64-year-olds who were employed, by ethnicity (2019)		Percentage of 16 to 64-year-olds who were employed, by ethnicity, London (2019)
	%	Number	%
All	76	30.427.000	75
Asian	65	2.140.000	66
Black	69	996.900	69
Mixed	69	366.600	69
White	78	26.395.600	79
Other	63	512.200	66

Source: <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/employment/employment/latest>

Table 3 displays rates of economic inactivity in 2019 for England, Scotland and Wales. The percentage of economically inactive white people amounted to 20%, compared to 29% of people from all other ethnic groups. The figures for London reveal a similar disparity.^{xiii}

^{xii} <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/employment/employment/latest>

^{xiii} <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/unemployment-and-economic-inactivity/economic-inactivity/latest#by-ethnicity-and-area>

Table 3: Percentage and number of 16 to 64-year-olds who were economically inactive, by ethnicity (2019)

Ethnicity	Percentage and number of 16 to 64-year-olds who were economically inactive, by ethnicity (White and Other than White) (2019)		Percentage and number of 16 to 64-year-olds who were economically inactive, by ethnicity, (White and Other than White) London (2019)	
	%	Number	%	Number
All	21	8.468.400	22	1.329.800
White	20	6.699.800	18	659.300
Other than White	29	1.759.900	28	667.900

Source: <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/unemployment-and-economic-inactivity/economic-inactivity/latest#by-ethnicity-and-area>

The evidence confirms the presence of inequalities among ethnic groups, i.e. ethnic minorities compared to white groups, in different aspects of the labour market. Another critical economic factor relates to the economic vulnerability of minorities during Covid-19. Therefore, we now turn our attention to the exposure of ethnic minority groups to certain sectors and occupations.

3. The exposure of ethnic minorities to certain sectors and occupations in the Covid-19 environment

Ethnic minorities have been negatively exposed to the impact of the Covid-19 pandemic in several ways. In general, the vulnerability of someone’s position in the labour market during the Covid-19 pandemic depends on the restrictions imposed on specific sectors, the degree to which the sector is resistant to consumer demand, and consumer response to the pandemic. For example, the hospitality and tourism industry has been hit the hardest by pandemic restrictions. On the other hand, important businesses, such as grocery stores and discount retailers, have been less affected by counter-pandemic measures. Additionally, an individual’s level of economic vulnerability during a pandemic is also determined by their occupation and relative position in the labour market, e.g. whether they are an essential worker, self-employed, or on a temporary or part-time contract.

BAME workers are disproportionately likely to work in hospitality, arts and leisure, and retail^{xiv}. These are also the sectors that have been hardest hit by the Covid-19 pandemic (Washington-Ihime, 2020). To illustrate this point, in 2018, before the Covid-19 pandemic, Pakistani and Bangladeshi and ‘Asian Other’ ethnic groups had the highest percentage of workers in the distribution, hotels and restaurants sector- 30.7% and 23.7%, respectively, compared to whites with 17.8%.

^{xiv} <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/employment/employment-by-sector/latest>

Regarding occupations^{xv}, there are noticeable differences among ethnic minority groups. Some people in “elementary” jobs can be easily replaced as less training and skills are generally required. On the other hand, people in “professional” occupations are less easily replaced and require more education and skills. Presumably, these jobs are less susceptible to termination during economic downturns. However, there are significant differences among ethnic groups. For example, Chinese and Indians are more likely to work in the highest-paid occupations. Ethnicities that are more likely to work in the lowest-paid occupations are Bangladeshi, Black, Pakistani, other Asian and other ethnicities (Allas et al., 2020). In 2018, 41% of workers from the combined Pakistani and Bangladeshi ethnic groups worked in the three least skilled occupations (“elementary”, “sales and consumer services” and “process, plants and machine operatives” jobs) (Gov.UK, May 2020). The percentage of workers in “elementary” jobs was highest among the Black (16%) and White Other (15%) ethnic groups. The same ethnic groups had the lowest percentage of workers in “professional” jobs (18%). On the other hand, some ethnic minority groups are better represented in higher ranked jobs. For example, 33% of people from the Indian ethnic group were in “professional” jobs, the highest percentage out of all ethnic groups.

The extent of the impact of Covid-19 on employees depends primarily on the sector in which they work. Notably, government restrictions have been targeted towards those sectors where the risk of transmission is the highest. Therefore, we reasonably expect that, during economic downturns, employees in “elementary” jobs, which require less training, will be more negatively affected than those in “professional” jobs, especially if these jobs are in sectors negatively affected by Covid-19.

Another important economic factor to consider is the number of start-up loans per 10,000 economically active people by ethnicity.^{xvi} Again, the results vary among the different ethnic groups. For example, people of mixed ethnicity (6.3 loans per 10,000 people) were more than 2.5 times as likely to receive a start-up loan than the overall rate in 2019. On the other hand, Asian people (1.8 loans per 10,000 people) and people from the Other ethnic group (1.6 loans per 10,000 people) were least likely to receive a start-up loan in 2019. Thus, in terms of the number of start-up loans, we can reject the assertion that there is a significant difference between ethnic minority groups in general compared to the white group.

Self-employment, where incomes may be incredibly uncertain during the Covid-19 pandemic, is prevalent amongst Pakistanis and Bangladeshis. Pakistani men are over 70% more likely to be self-employed than the white British majority (Platt & Warwick, 2020). In general, most of these smaller ventures are far more susceptible to disruptions in cash flow during economic downturns than large corporations sitting on sizeable stockpiles of cash.

^{xv} <https://www.ethnicity-facts-figures.service.gov.uk/work-pay-and-benefits/employment/employment-by-occupation/latest>

^{xvi} <https://www.ethnicity-facts-figures.service.gov.uk/workforce-and-business/business/access-to-start-up-loans/latest#by-ethnicity-over-time>

Concerning the relationship between occupations and exposure to the risk of infection, some occupations are at a much higher risk. At the same time, certain minority ethnic groups are disproportionately represented in 'risky' occupations. Platt & Warwick's (2020) report found that more than two in ten black African women of working age are employed in health and social care roles. Indian men are 150% more likely to work in health or social care than their white British counterparts. The Indian ethnic group makes up 3% of the working-age population of England and Wales, although they account for 14% of doctors. Bangladeshi men are four times as likely as white British men to have jobs in shutdown industries, mainly due to their concentration in the restaurant sector, and Pakistani men nearly three times as likely, partly due to their concentration in the taxi industry. Black African and black Caribbean men are 50% more likely than white British men to be employed in so-called 'shutdown sectors'.

Benzeval et al. (2020) investigated how the economic shock caused by the pandemic has affected individuals across the distribution. Using data from the longitudinal survey 'Understanding Society: COVID 19', collected in April 2020, the authors concluded that the most extensive economic shocks have been felt by those least able to mitigate their impact. Those most affected have been BAME individuals, single parents and those in the lowest quintile of long-run income. In addition, ethnic minorities in London have been more exposed to job losses in the UK than the rest of the population during the crisis.

The cited reports and statistical data are both paint the same picture. There is well-founded and supporting evidence that, generally, ethnic minorities are likely to have been more exposed to the negative health and economic impacts of the Covid-19 pandemic owing to the sectors of the economy in which a disproportionate number of BAME workers are employed.

4. The economic impact of Covid-19 on ethnic minorities – the case of London

This section investigates the economic position of the BAME population vis-à-vis white groups in London compared to the rest of the UK.

We use data that measure economic fairness, i.e. how fair and inclusive London's economy is for the labour market, equal opportunities and living standards.^{xvii} For example, regarding the labour conditions in 2019, the median pay gap^{xviii} between white and BAME employees in London was 28.2%, with an almost flat line. This figure contrasts with the UK in general, where the median pay gap has experienced a moderate downward trend since 2014. For the UK, the median pay gap was only 1.6% in 2019 (Figure 1).^{xix} Thus, there is strong evidence that, in terms of wage equality, the position of

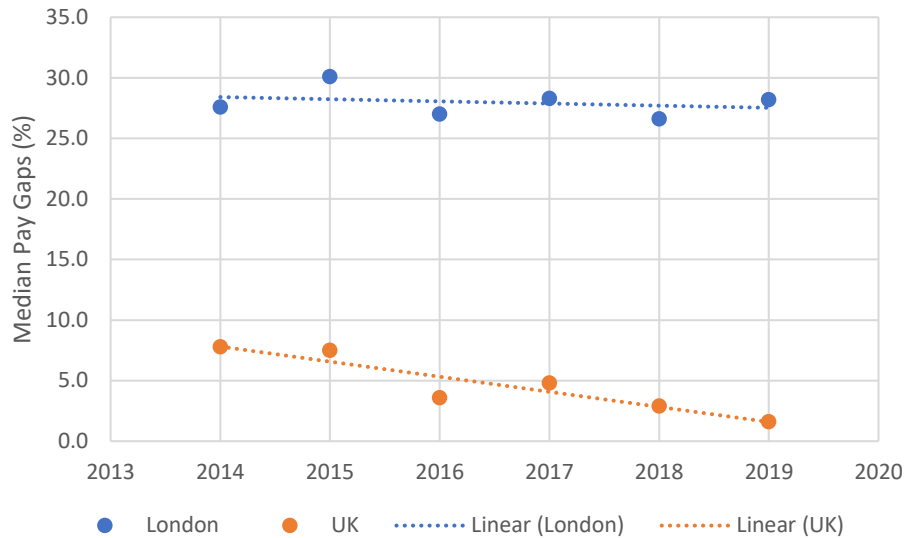
^{xvii} Mayor of London's Economic Fairness. Data are available on: <https://data.london.gov.uk>.

^{xviii} The median pay gap compares the hourly pay (median only) for employees from the combined BAME category to the hourly pay for the combined White groups as a proportion of the median pay of the White group.

^{xix} Data for 2020 has not yet been available.

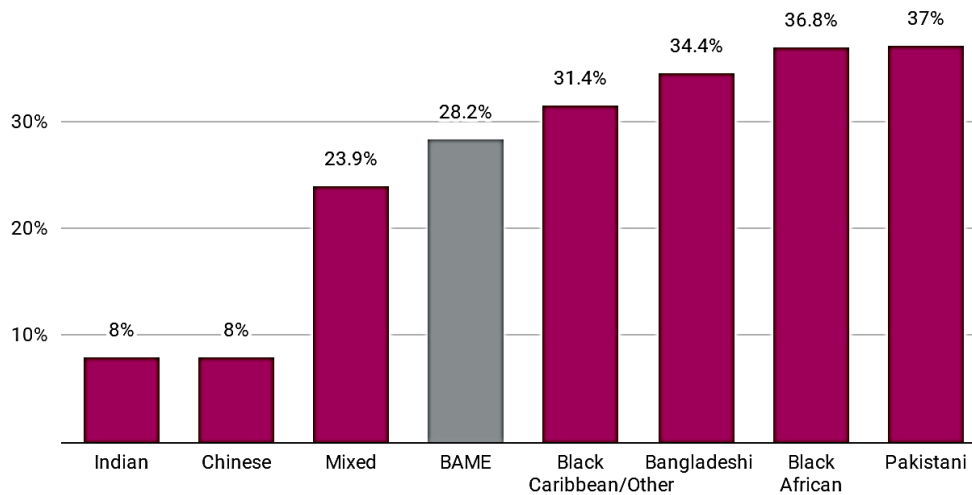
BAME employees compared to their white counterparts is much worse in London than in other parts of the UK.

Figure 1: Median Pay Gaps (White to BAME) in London and UK



Moreover, some ethnic groups experience a disproportionately high pay gap, such as Black/Caribbean/Other (31.4%), Bangladeshi (34.4%), Black African (36.8%), and Pakistani (37.0%), as shown in Figure 2 below.

Figure 2: London Ethnicity Pay Gap 2019 Median



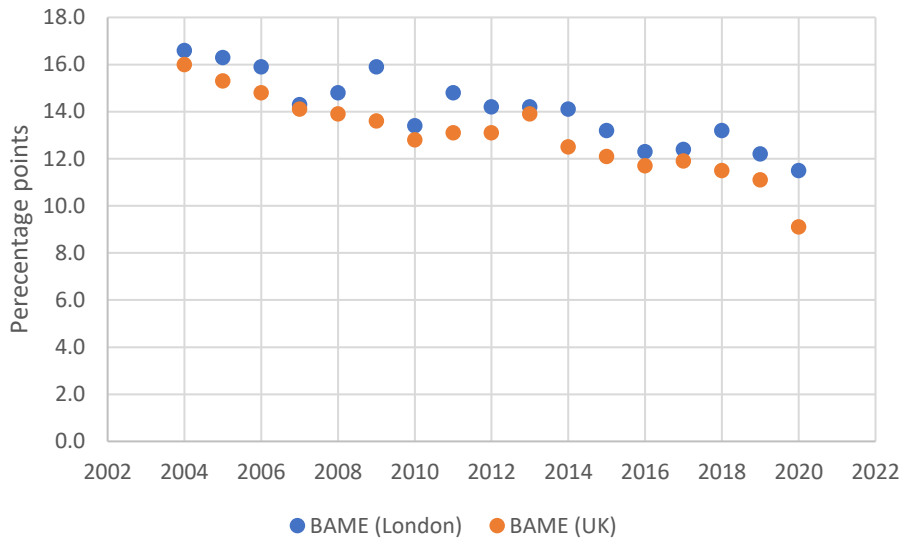
Note: BAME is comparison with All White, all others compare with White British

Chart: GLA Intelligence • Source: London Datastore • Created with Datawrapper

Source: <https://data.london.gov.uk/economic-fairness/labour-market/ethnicity-pay-gap>

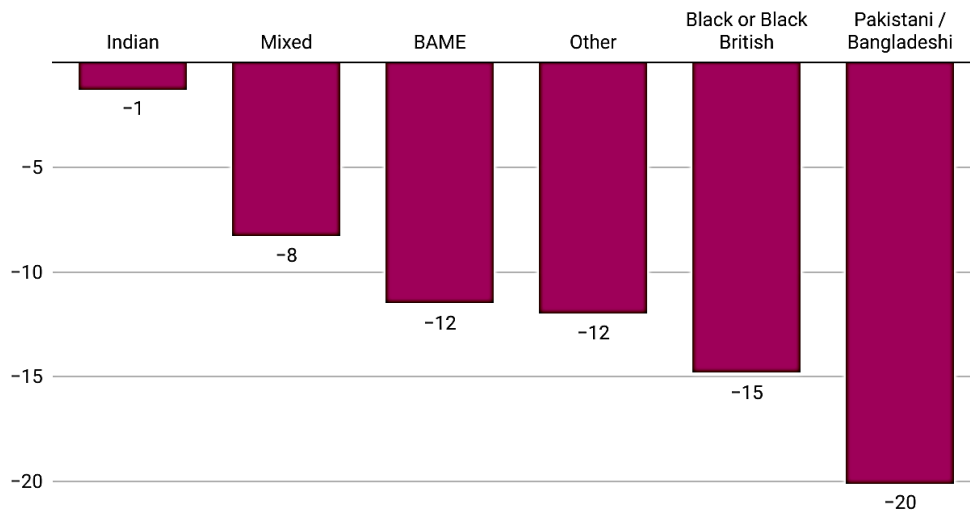
A similar situation can be observed with employment gaps^{xx}. The employment gaps between white and BAME employees in London and the UK for 2020 were 11.5 and 9.1 percentage points, respectively (Figure 3).

Figure 3: Employment Gaps (White to BAME) in London and UK



It was exceptionally high for the Pakistani/Bangladeshi and the Black or Black British employees - 20.1 and 14.8 percentage points, respectively (Figure 4).

Figure 4: Employment gaps 2020 within various Ethnic Groups (vs White) in London



Data from Annual Population Survey

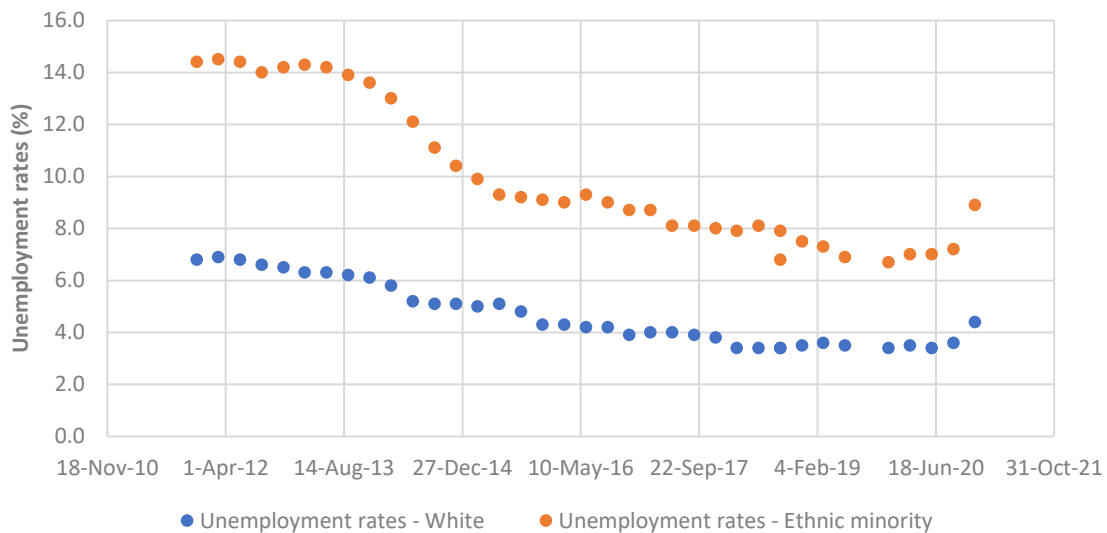
Chart: GLA Intelligence • Source: London Datastore • Created with Datawrapper

Source: <https://data.london.gov.uk/economic-fairness/labour-market/employment-gaps>

^{xx} The employment gap presented here for London is the percentage point difference between the employment rate for one group and that for another, comparative group.

Similar disparities exist in accessing employment, as some groups find it harder to access the labour market than others. For example, according to December 2020 data (i.e. during the Covid-19 pandemic), the unemployment rate among ethnic minority groups in London was 8.9%, compared to 4.4% for the white community (Figure 5). For comparative purposes before COVID-19, in December 2018, unemployment rates among the same groups were 7.5% and 3.5%, respectively.^{xxi} Comparing the situation before and during the Covid-19 pandemic, economic unfairness for BAME Londoners existed long before the Covid-19 pandemic. Over time, the unemployment gap has in fact reduced. However, following a narrowing of the gap in unemployment rates between ethnic groups and whites, it again soars during the last observed period, i.e. during the Covid-19 pandemic.

Figure 5: Unemployment rates (Dec 2011 – Dec 2020) within various Ethnic Groups (vs White) in London



The data are consistent with previous findings related to the inequalities faced by minority ethnic groups according to a wide range of economic indicators. Additionally, the data suggest that these inequalities are more pronounced in London compared to the rest of the UK.

5. Remedies for greater economic prosperity among ethnic minorities

Inequality and discrimination against ethnic minorities in a number of economic aspects is not a new issue. However, to address the issue, a set of countermeasures and recommendations has already been put in place by the Government and various NGOs.^{xxii} Some of these measures target specific aspects of inequality, e.g. fostering greater

^{xxi} <https://data.london.gov.uk/economic-fairness/equal-opportunities/unemployment>

^{xxii} For example, see in House of Commons Women and Equalities Committee (2020).

participation of the most vulnerable ethnic minority subsegments in the labour market, notably youths and women.

Surprisingly, even though the percentage of state school pupils aged 18 entering higher education during the Covid-19 period is higher among certain minority group in contrast to the White group^{xxiii}, various aspects of economic discrimination against ethnic minorities soared during the same period. Furthermore, ethnic minorities in the capital of the UK have been even more negatively affected than those in the rest of the UK.

Greater economic prosperity for ethnic minorities in the face of Covid-19 is a multifaceted issue, which is inevitably related to other social, educational and health factors. Nevertheless, lessons learned in the past and from the on-going Covid-19 crisis may provide some general guidance to improve the economic prosperity of ethnic minorities in the period immediately following the Covid-19 pandemic. Prerequisites for these actions are sustainable achievements or continuous efforts towards greater social inclusion of ethnic minorities and a high rate of participation in higher education. In addition, remarkable technological advancements continue to sustain the demand for skilled workers, who are often rewarded with higher rates of pay in the labour market, improved living standards, and greater prosperity overall.

Some solutions aimed at improving the economic position of ethnic minorities include, but are not limited to: (1) fostering greater participation of particularly vulnerable subgroups of ethnic minorities in the labour market, such as youths and women; (2) efforts to identify and abolish informal (indirect) discriminatory pay practices in by regularly monitoring policies at the organisational level, with penalties for any discriminatory practices. It also includes raising awareness among employers about equal pay and fighting prejudice against ethnic minorities^{xxiv}; (3) encouraging and stimulating greater participation of ethnic minorities in the labour market; and (4) facilitating access to finance for ethnic minority businesses. In the following section, we briefly discuss these steps.

The experiences of young people from ethnic minorities and immigrant backgrounds in entering the labour market are far from homogeneous (Froy & Pyne, 2011). As they point out, their experiences are shaped by many factors, including their country of birth, reasons for migrating, gender, level of education, socio-economic background and the neighbourhood in which they live. Zwysen & Longhi (2018) found that ethnic minorities in the UK are more likely than the white majority to gain university qualifications. However, they fair worse in the labour market on average. The authors found that ethnic minority graduates are much less likely to find employment within six months of graduating, and the differences seem to persist and even increase among women. The authors also suggest that more significant support in terms of career advice to students from more disadvantaged areas and backgrounds may be beneficial in

^{xxiii} <https://www.ethnicity-facts-figures.service.gov.uk/education-skills-and-training/higher-education/entry-rates-into-higher-education/latest>

^{xxiv} <https://www.thebritishacademy.ac.uk/blog/how-ethnic-minorities-still-discriminated-against-uk-job-market/>

reducing ethnic disparities in graduate' employment. It seems that career advice, coupled with financial support for those continuing their education may encourage young people, especially women, to remain in education longer. This situation is often related to having fewer social contacts, as well as financial difficulties. In addition, failure to secure employment soon after graduating may lead to discouragement. Subsequent failures to gain employment may be accompanied by more serious long-term economic and social consequences for these individuals.

We also need to consider the effects of indirect discrimination^{xxv} against some ethnic minorities in the labour market, despite formal policies against discrimination already being in place.^{xxvi} For example, a study by researchers from The University of Manchester's Centre on Dynamics of Ethnicity (CoDE) and the Runnymede Trust found a sustained ethnic penalty in earnings suffered by Bangladeshi, Black and Pakistani groups.^{xxvii} They suggested that discrimination in the paid labour market has, in part, led to high rates of self-employment among ethnic minorities. This report recommended that employers with over 50 employees monitor their hiring, promotion, disciplinary and pay decisions according to ethnicity. In addition, a report by the International Labour Organization (2014) addressed worker discrimination and provided several recommendations. The report highlighted that employing a diverse workforce – and managing it effectively – not only satisfies legal and ethical obligations but is also suitable for business. Notably, having a policy in place to accommodate workers from diverse backgrounds minimises the negative potential legal and financial consequences and brings various benefits, such as enhancing the business's adaptability, growth, sustainability and competitiveness. An important action needed to tackle this is to accelerate progression and to increase the representation of BAME groups in the workplace at all levels (Business in the community, 2020).

According to findings in the UK Department for Communities and Local Government (2013) report, before the COVID-19 pandemic, banks had no evidence of racial discrimination. However, the 2013 report highlighted difficulties in financial access for ethnic minority businesses: collateral shortages, poor creditworthiness, lack of formal savings, poor financial track record and language barriers. The Government and banks in the UK have implemented several measures in response to these challenges. However, easier small and medium-sized enterprises (SME) access to financing, including the relaxation of loan terms and conditions, should take place on a non-discriminatory basis, otherwise it may have the effect of improving the competitive market position of the receiver of these funds to the detriment of non-receivers.

^{xxv} *Indirect discrimination* refers to apparently neutral situations, regulations or practices which in fact result in unequal treatment of persons with specific characteristics, e.g. ethnic group. It occurs when the same condition, treatment or criterion is applied to everyone, but has a disproportionately harsh or negative impact on some groups (International Labour Organization, 2014).

^{xxvi} The first Race Relations Act in the UK has been adopted in 1965 and amended by the 1968 Race Relations Act, which made it illegal to refuse housing, employment, or public services to a person on the grounds of colour, race, ethnic or national origins.

^{xxvii} <https://www.manchester.ac.uk/discover/news/extent-of-uks-race-inequality>

These general actions apply to ethnic minorities in the UK and other countries facing similar challenges, particularly during economic downturns. In addition, it would be no exaggeration to say that the competitive success of countries with a large proportion of ethnic minorities will depend considerably on their ability to successfully integrate multi-ethnic populations and mobilise resources to harness their talents.

6. Conclusion

Ethnic minorities represent a large proportion of the UK population, particularly in London. They also represent a significant share of the workforce. Failure to exploit the full potential of the resources embedded in ethnic diversity often brings enormous costs from two sides - direct costs (government subsidies, social transfers) as well as opportunity costs of missed benefits.

The economic disadvantages faced by ethnic minorities are well-known but are exacerbated during economic downturns. Thus, the negative effects of the Covid-19 pandemic on ethnic minorities can be compared with conditions they experienced during the 2008 economic slump. Moreover, the Covid-19 pandemic, which has brought enormous economic uncertainty, has also exposed ethnic minorities to greater inequality, especially in the labour market.

Over the past decade, ethnic minorities in the UK have made progress in terms of the median pay gap, employment gap and unemployment rates. However, in terms of the economic disadvantages measured by the median pay gap, employment gap and unemployment rates, the position of ethnic minorities in London is worse than that of ethnic minorities in other parts of the UK. This suggests that the policies against discrimination should often be implemented and monitored more rigorously at the local level.

Ethnic minorities have been more exposed to the impact of the Covid-19 pandemic than whites. The hospitality sector and tourism industry, in general, have been hit the hardest by pandemic restrictions, and these are traditionally the sectors with relatively more jobs for specific subgroups of ethnic minorities. Additionally, the crisis has disproportionately impacted small businesses and the self-employed, which is often the only source of income for people from ethnic minorities. There are also significant differences between ethnic minorities groups. For example, Black, Pakistani and Bangladeshi fair the worst in the labour market.

Some measures aimed at improving the economic position of ethnic minorities include: (1) greater participation of the vulnerable subgroups of ethnic minorities in the labour market, especially the youth and women; (2) the identification and abolishment of informal (indirect) discriminatory pay practices by regularly monitoring compensation policies at the organisational level with accompanying penalties for any discriminatory practices (this also includes raising awareness among employers about fair pay and fighting prejudice against ethnic minorities); (3) encouraging and stimulating greater participation of ethnic minority adults in the labour market, and (4) providing easier

access to finance for new and existing small business ventures managed by people from ethnic minority groups.

Conflict of Interest Statement

The authors declare no conflicts of interests.

About the Authors

Dr. Aljoša Šestanović, Research Associate at Oxford Business College, BEcon., MSc in Finance, PhD (Finance) CFA.

Dr. Fayyaz Hussain Qureshi, Director of Research and Quality Assurance at Oxford Business College; BA, (Economics and Journalism); BSc (Botany, Zoology and Chemistry); MA (English Literature); MBA (Marketing); MBA (Finance); MSc (Internet Technologies); Doctorate in Marketing; PGD (Organisation Knowledge).

Sarwar Khawaja, Chairman Business Development at Oxford Business College, MBA, LL.M.

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