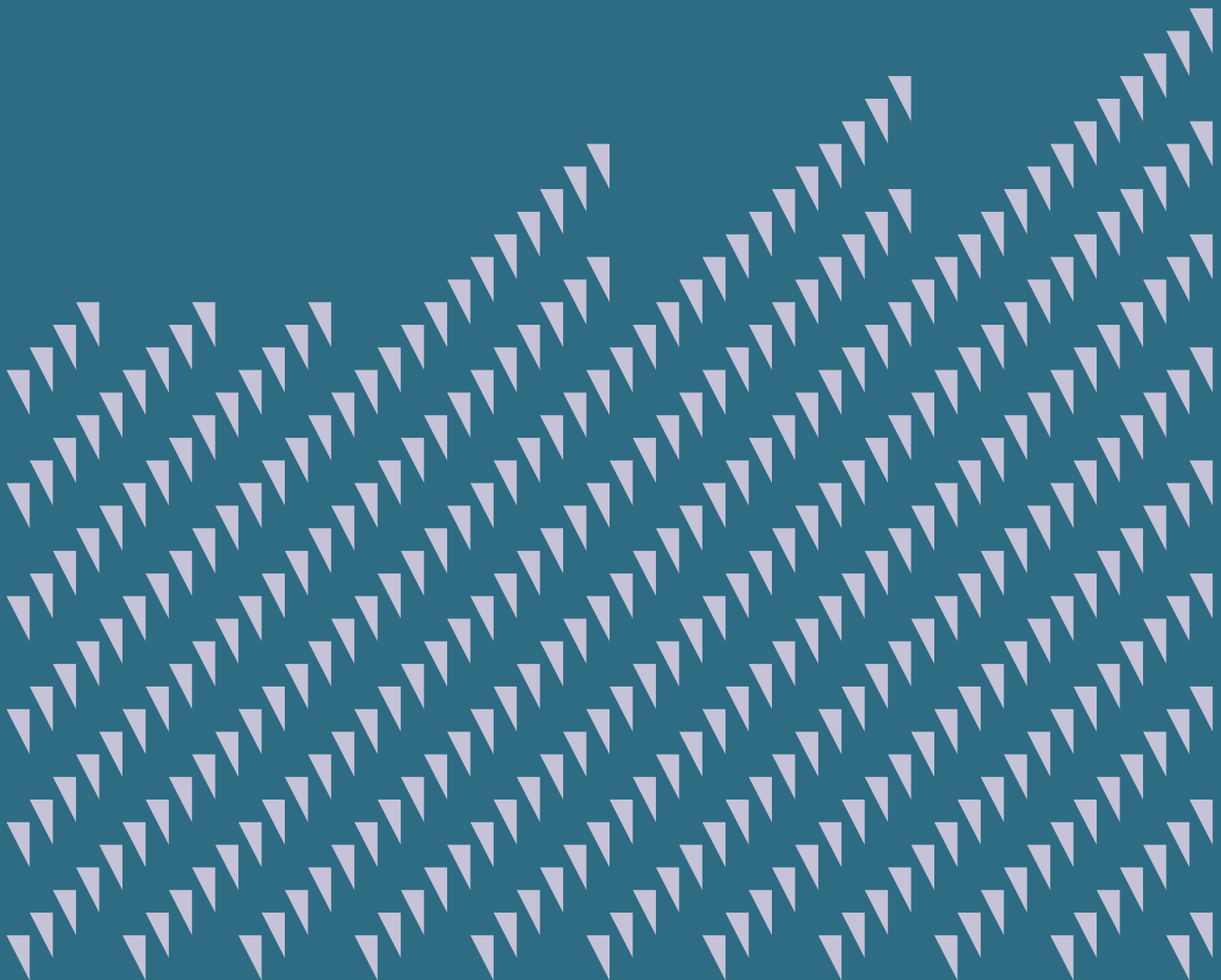# Ethnic minorities in the hospitality sector

Comparing the experiences of hospitality
workers from different ethnic backgrounds

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December 2020

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Introduction

This briefing note examines the experiences of workers in the hospitality sector from different ethnic backgrounds, and has been produced for the organisation 'BAME in Hospitality'.[1]

There is a broad body of evidence showing that ethnic minorities experience disadvantage and worse outcomes in the labour market compared to people from a White British background, both in terms of rates of participation, and experiences when in work.[2] This briefing note looks for evidence of differences in outcomes within the hospitality sector specifically. We show that the characteristics (such as age, and educational attainment) and experiences (such as earnings and occupation level) of different ethnic groups within the hospitality workforce vary considerably.

In general, we focus on describing the experiences of individual ethnic groups rather than the collective 'Black and Minority Ethnic' (BAME) group. However, we do draw comparisons between workers from a BAME background and workers from a White British background when it comes to pay. Although those two groups have very similar raw earnings (when looking at median hourly pay), after controlling for personal characteristics (age, level of educational attainment, occupation type, etc.), we find workers from BAME backgrounds have lower earnings.

The briefing note proceeds as follows. In the remainder of this introductory section we provide a brief overview of the hospitality sector, and how it has been affected by the coronavirus crisis. In Section 2, we move onto describing the characteristics of hospitality workers from different ethnic groups, and in Section 3 we compare the experiences of those groups in terms of pay, occupation, job type, and other measures. In Section 4 we compare the pay of the overall BAME and White British groups, and carry out regression analysis to compare pay controlling for a variety of compositional factors.

Section 1: An overview of the hospitality sector

In this section we provide a brief overview of the hospitality sector – its key characteristics, and the impact of the coronavirus crisis.

1   Their website is available at: https://www.bameinhospitality.co.uk/
2   For example, a 2015 report by the Joseph Rowntree Foundation, using 2001 and 2015 census data, finds that the "overwhelming picture is one of continuing ethnic minority disadvantage compared with the White British majority group". See: G Cartney and A Sabater, 'Ethnic minority disadvantage in the labour market', Joseph Rowntree Foundation, March 2015.

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The hospitality sector saw strong jobs growth before the coronavirus crisis

There were 2.4 million jobs in the hospitality[3] sector in the UK in July 2020, comprising 7 per cent of all jobs in the economy (the number of jobs is lower than at the start of the year – we will come on to the impact of the coronavirus crisis).[4] Hospitality has seen strong employment growth in recent years, with the number of jobs growing at more than twice the rate of the economy as a whole since the financial crisis (the number of jobs in hospitality increased by 23 per cent between September 2008 and December 2019, compared to 11 per cent in the economy as a whole).

FIGURE 1: **The hospitality sector saw strong jobs growth in the decade leading up to the coronavirus crisis**

Number of jobs, indexed (year 2000 = 100): UK
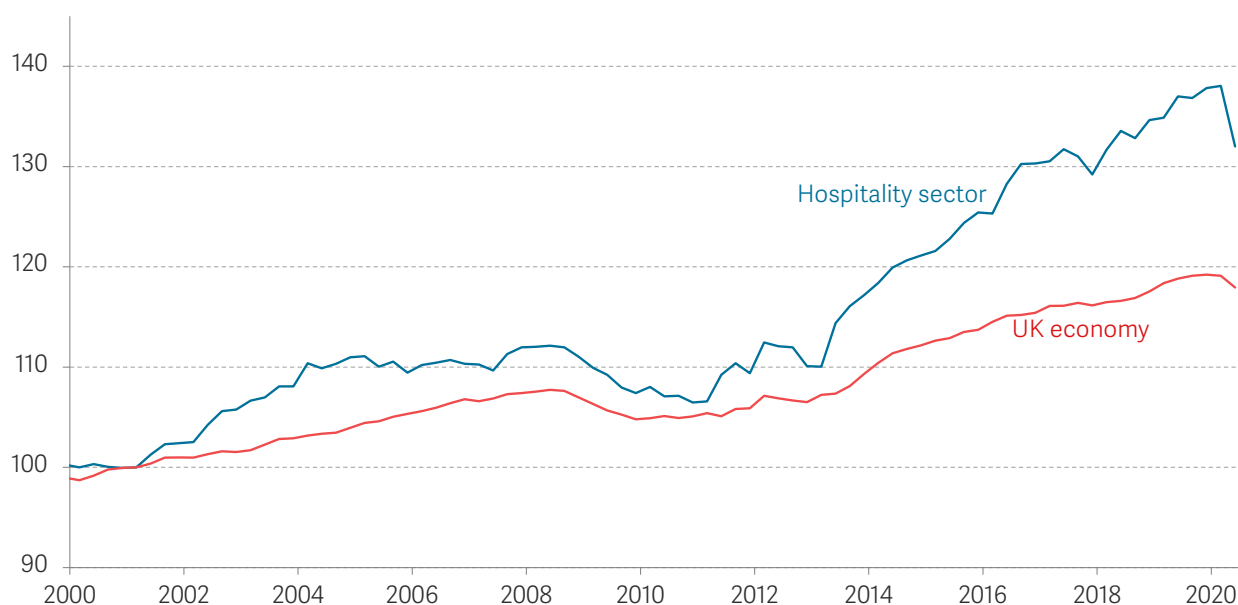
NOTES: Both series have been indexed to the year 2000.
SOURCE: RF analysis of ONS Workforce Jobs.

Like all sectors, the types of jobs and people working in hospitality are wide-ranging, but there are a few broad facts about this sector that stand out. The first is that hospitality is relatively low paying. As Figure 2 sets out, hospitality is the industry with the lowest median hourly pay; in April 2020, median hourly pay among employees in hospitality was £8.72, compared to £13.68 in the UK overall. In much of the sector the minimum wage is the 'going rate'. In 2019, 23 per cent of employees in hospitality were paid at (or below) the minimum wage for their age group, more than three times the proportion


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on the minimum wage in the economy as a whole (7 per cent). Low hourly pay means that a large proportion of workers earn below the real Living Wage, the wage considered the minimum needed for a decent standard of living. In 2019, two thirds (67 per cent) of hospitality workers were paid less than the real Living Wage, compared to 1 in 5 (21 per cent) for the UK workforce overall.[5]

FIGURE 2: **Hospitality is the industry with the lowest typical earnings in the UK**

Median hourly pay by industry, 2020: UK
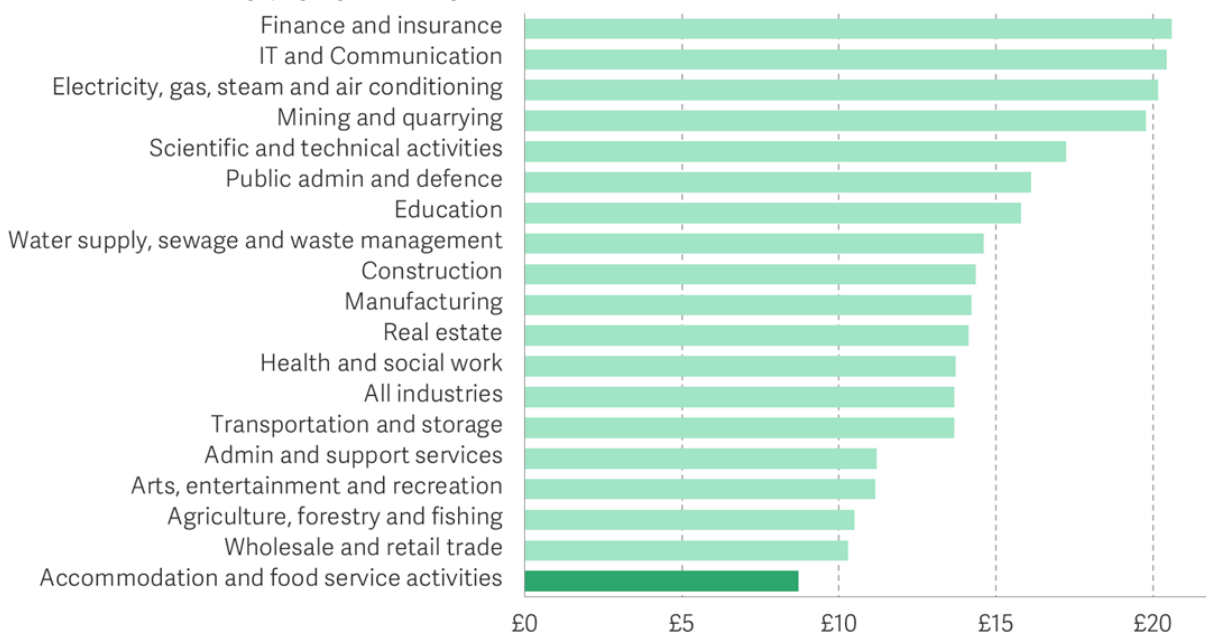
NOTES: Figures are for median hourly pay of all employees (both full-time and part-time), and exclude any overtime worked.
SOURCE: RF analysis of ONS Annual Survey of Hours and Earnings.

Low pay is related to a second feature of the hospitality sector, which is that it offers a high proportion of jobs which have relatively low skill requirements. More than 1 in 2 jobs in hospitality are classified as 'elementary roles', compared to just 1 in 4 jobs across all UK industries.[6] Relatively low skill requirements are reflected in the fact that hospitality workers tend to be lower qualified than workers in the wider economy - 17 per cent of hospitality workers hold a degree level qualification, compared to 36 per cent of the overall UK workforce.[7]

A third feature of the sector is the prevalence of part-time work and other types of 'atypical' contract types ('atypical' is a catch-all term for types of work other than full-time employee jobs with guaranteed hours and permanent contracts). In 2019, 46 per cent of hospitality workers worked part-time (defined as working less than 35 hours per week),

5   Resolution Foundation, Low Pay Britain: 2020.
6   ONS Labour Force Survey, Q1 2019 to Q1 2020.
7   ONS Labour Force Survey, Q1 2019 to Q1 2020.

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compared to just 26 per cent in the economy as a whole; three per cent were on a zero hours contract (compared to just two per cent in the economy as a whole), and 9 per cent were on a temporary contract (compared to 5 per cent in the UK as a whole).[8]

Low rates of hourly pay, combined with a high prevalence of part-time work, result in weekly pay in hospitality being on average much lower than in the economy overall. In April 2020, median weekly pay in hospitality was £209, less than half the rate of median weekly pay across all sectors (£479).

A fourth feature of the hospitality sector, and one that is related to the types of jobs it offers, is that it employs a relatively large proportion of younger workers. 35 per cent of the hospitality workforce are aged between 16 and 24 (compared to 11 per cent in the economy as a whole), and 27 per cent are students (compared to 19 per cent in the wider economy).[9]

Pay varies considerably within the hospitality sector

Of course, any description of the sector as a whole will overlook the diversity of jobs within that sector, and there are some higher paying jobs within hospitality. Figure 3 shows median hourly pay for the main occupations within the sector.

FIGURE 3: **The most senior roles in hospitality can pay on average almost 80 per cent more than the elementary roles**
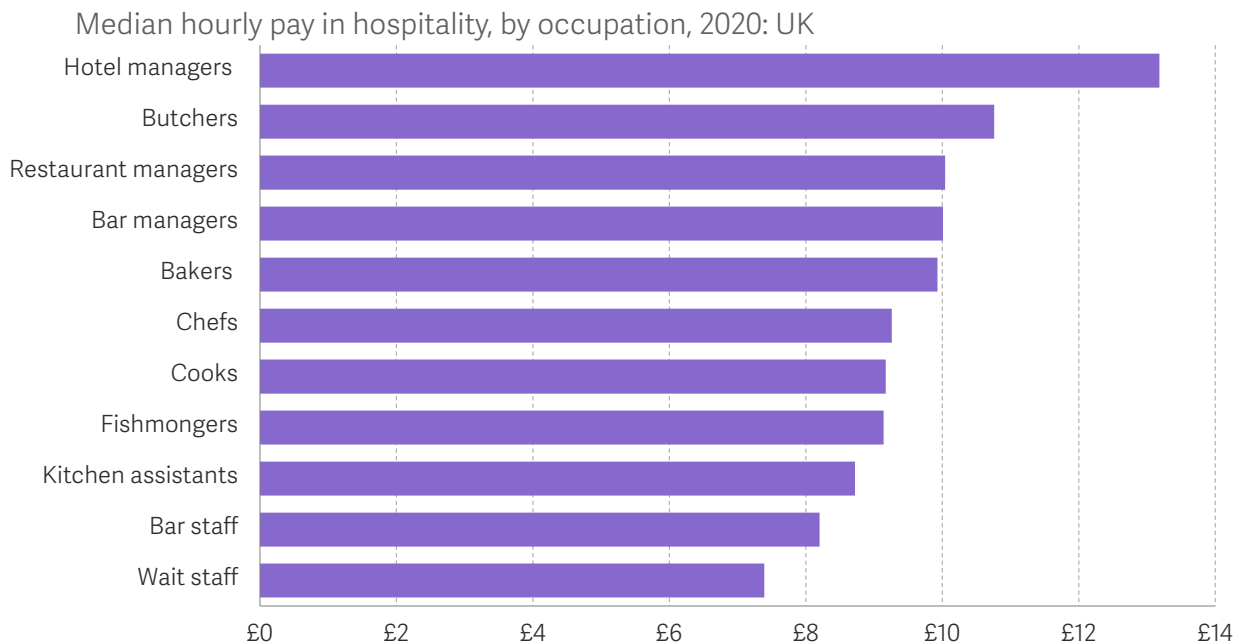
Median hourly pay in hospitality, by occupation, 2020: UK

NOTES: Figures are for median hourly pay of all employees (both full-time and part-time), and exclude any overtime worked.
SOURCE: RF analysis of ONS Annual Survey of Hours and Earnings.

8   ONS Labour Force Survey, Q1 2019 to Q1 2020.
9   ONS Labour Force Survey, Q1 2019 to Q1 2020, with the derived variable for student status defined as being a full-time student, or in education or training.

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Along with the low paying jobs such as waiters and bar staff, there are also higher paying roles, such as managers of hotels, bars, and restaurants, and butchers. However, even the highest paying of those – hotel managers – have median pay (£13.20) that is still lower than typical pay in the economy as a whole (£13.65).

The hospitality sector has been hit hard by the coronavirus crisis

The coronavirus pandemic has, of course, hit every part of the economy. At its low point in April 2020, economic output (measured by Gross Domestic Product?) was down 25 per cent in February 2020. But, some sectors have been much harder hit than others, stemming from the fact that activities involving in-person services have been affected by social distancing measures. Hospitality has been the worst affected of all sectors, with large parts of the sector forced to shut down completely during the first (and second) wave of the pandemic. In April and May this year, economic output in hospitality was less than a tenth of its pre-pandemic levels.[10] Another measure of the fall in activity is number of hours worked, which in hospitality were 51 per cent lower in the three months to June 2020 than six months beforehand, compared to a 19 per cent fall across all industries.[11]

The fall in activity has had an impact on employment – although a much smaller one than would have been the case without the various Government support schemes. The ONS' Workforce Jobs Data shows the number of jobs in hospitality in June 2020 were down by 4.2 per cent compared to December 2019, compared to a fall of 0.8 per cent in the rest of the economy.[12] That amounts to a loss of 106,000 jobs in hospitality over a six-month period. That is similar to the total fall in hospitality jobs which took place following the Financial Crisis, but which, strikingly, occurred over a two-year period.

As mentioned, those employment impacts are despite the significant role played by the Government's Job Retention Scheme, which at its peak subsidised the jobs of close to 9 million workers. In hospitality, three quarters of workers were furloughed when take up was at its highest, more than twice the high point of take up in the economy as a whole (29 per cent). That amounts to over one and a half million hospitality workers on furlough. By the end of August 2020, with the economy having opened up to a significant extent, 27 per cent were still on furlough – equating to over 500,000 workers (see Figure 4, below). As with the impact on economic output, the number of workers on furlough is set to increase with the reintroduction of strict social distancing measures.

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10 ONS Monthly GDP statistics.
11 ONS HOUR03, December 2019 to June 2020.
12 ONS Workforce Jobs.

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FIGURE 4: **Three quarters of hospitality employees were on furlough during the peak take-up of the Job Retention Scheme**

Proportion of employees furloughed, by sector: peak take-up and take-up on 31 August 2020: UK
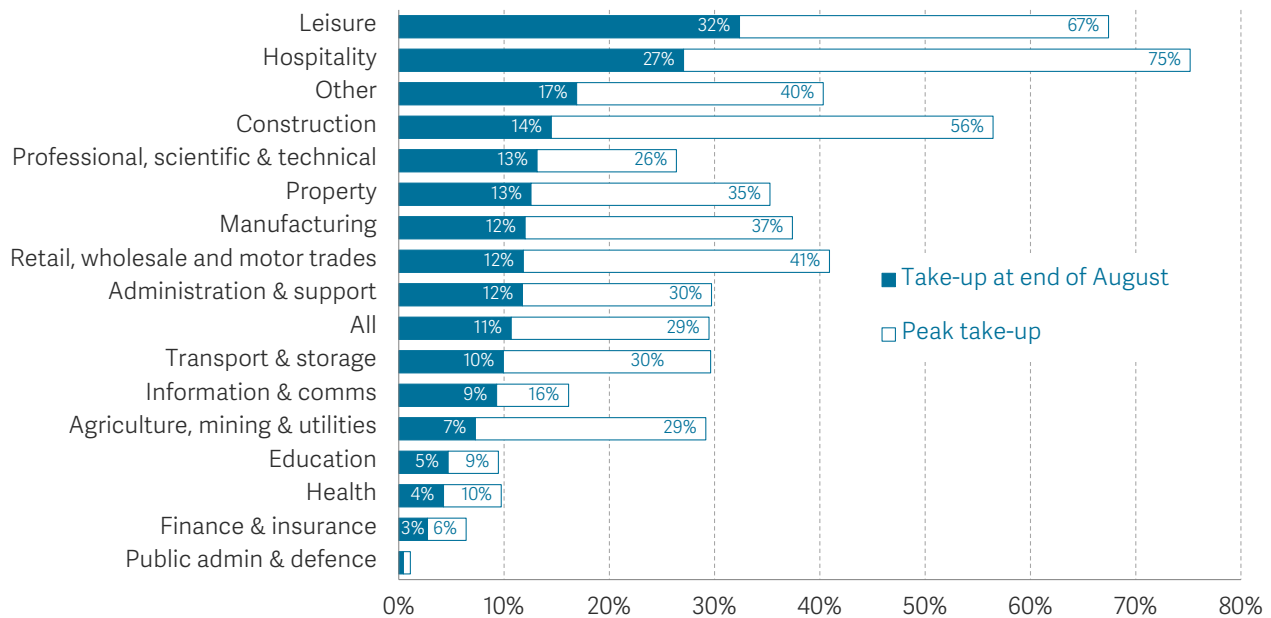
NOTES: Proportions calculated as a share of the 'eligible employment' within each sector as reported by HMRC.
SOURCE: RF analysis of HMRC Coronavirus Job Retention Scheme statistics, October 2020.

We can also see the impact of the crisis on vacancies, which tells us about firms' demand for workers. In October, despite a summer during which the economy was reopened, and in spite of the Government's 'Eat Out to Help Out' scheme to increase demand in the sector in August, overall vacancies were still 60 per cent down on their pre-pandemic level. This suggests that those who have lost work in the sector will struggle to find new opportunities – and that was before the reintroduction of social distancing measures in the second wave. The number of vacancies compared to March in different sectors is set out in Figure 5.

Although the impact of the pandemic is an important context to the findings in the rest of the report, our analysis of the labour market outcomes of workers from BAME backgrounds does not focus on the effects of the pandemic, since we do not have data rich enough to look at those workers for this more specific time period. We will therefore be discussing the experiences of those workers in the run-up to the crisis. That's where we turn to in the next Section.

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FIGURE 5: **The number of vacancies in hospitality fell by 94 per cent during the lowest point in the coronavirus crisis (so far)**

Change in vacancies, by sector from March to post-March-trough and March to October 2020: UK
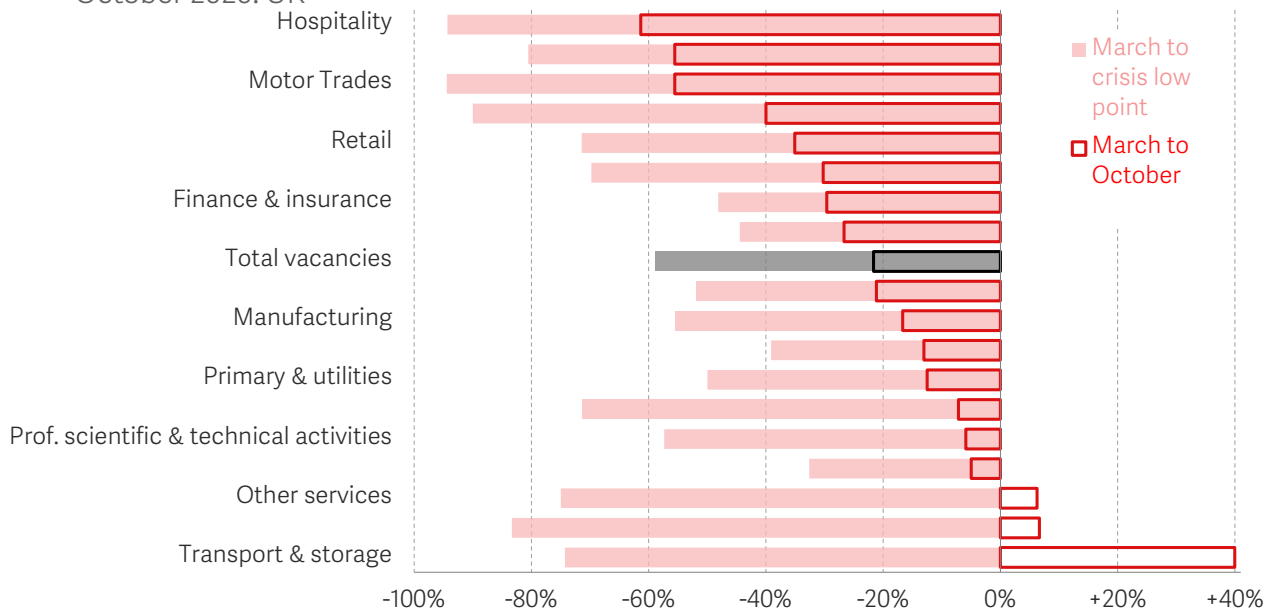
SOURCE: RF analysis of ONS vacancy survey.

Section 2: Workers from BAME backgrounds in hospitality

We now move on to looking specifically at workers from BAME backgrounds in hospitality. Where possible, we do this on a disaggregated basis, i.e. we look at the ethnic groups separately, rather than grouping ethnic minorities into a 'BAME' category. This is because the personal characteristics and experiences of the different ethnicities forming the BAME group vary considerably, and using the aggregated BAME group hides this variation. However, due to data limitations (our analysis uses the Labour Force Survey, which is only a sample of the population) we will be using the generalised BAME category for analysis when we look at the subject of pay penalties (the differences in pay between groups that remain after controlling for personal characteristics) in the final Section of this briefing note.

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BOX 1: Defining 'BAME'

The acronym "BAME" stands for Black, Asian and Minority Ethnic. In this report, we define 'BAME' as all ethnic groups aside from White ethnic groups (which includes White British, White Irish, and White Other). This definition takes no account of country origin or affiliation. Ethnicity is self-defined by respondents in the survey we have used – the ONS' Labour Force Survey. Where possible, we present analysis showing the individual ethnic groups that comprise the overall 'BAME' category, however due to the sample size available to us this is not possible in all instances.

Before turning to the labour market experiences of workers in hospitality from different ethnic background, we will first describe who these workers are.

There are many workers from an ethnic minority background in the hospitality sector

On the eve of the coronavirus crisis, there were 1.8 million[13] people working in hospitality (note that this is smaller than the number of jobs in hospitality – 2.5 million in December 2019[14] - since people can have more than one job). Of those 1.8 million, just under 300,000 had an ethnicity within the overall BAME category. Workers from a BAME background therefore comprised 17 per cent of the hospitality workforce, higher than the 12 per cent in the rest of the economy. Within hospitality, at the start of the year a further 14 per cent of workers were from an 'Other White' background (that is, a White background other than 'White British'). This is also higher than in the rest of the economy, where workers from a White Other background comprised 8 per cent of the workforce. The relatively large size of those groups in hospitality (relative to the rest of the economy) means that workers from a White British background comprise a smaller share of the workforce in hospitality (70 per cent) than the wider economy (80 per cent). However, the White British group is the majority in both hospitality and the rest of the economy. This is set out in Figure 6, below.

Overall, the hospitality sector accounts for 8 per cent of employment among workers from BAME backgrounds, compared to 5 per cent for workers from a White British background.[15] These figures have been broadly stable for the last decade.

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13 ONS Labour Force Survey, 2020 Q1.
14 ONS Workforce Jobs
15 ONS Labour Force Survey, 2011-2019.

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FIGURE 6: **Workers from a BAME background comprise 17 per cent of the hospitality workforce**

Proportion of workforce by broad ethnic categories, 2018-20: UK
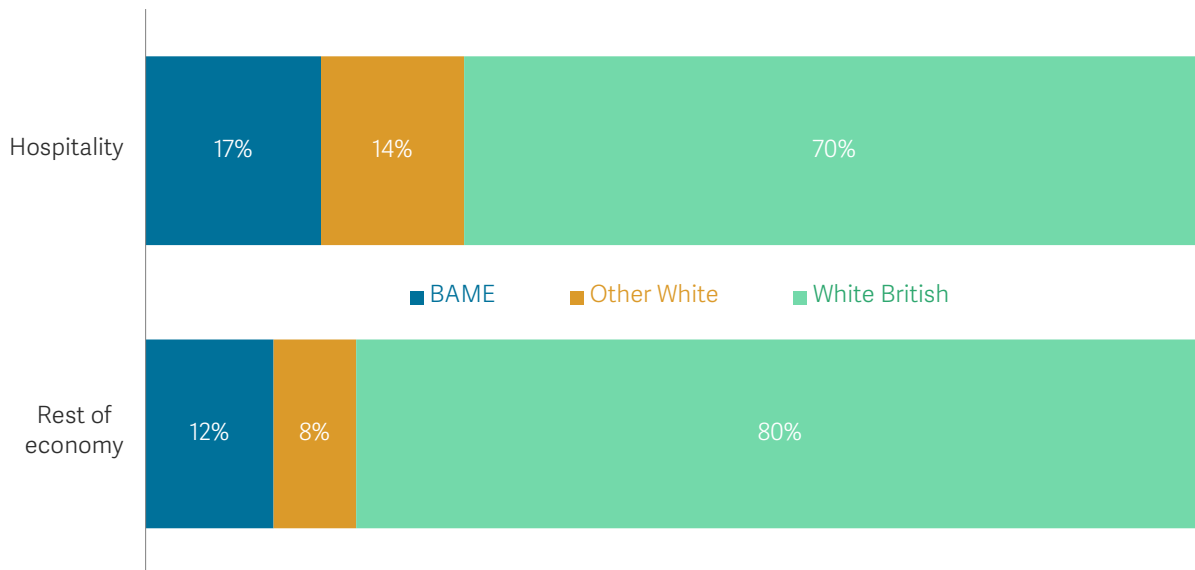
NOTES: 'BAME' is defined as encompassing all non-White ethnic groups. See Box 1.
SOURCE: RF analysis of ONS Labour Force Survey, Q1 2018 to Q1 2020.

The ethnic groups that comprise the overall 'BAME' group vary in their personal characteristics

As already mentioned, it's important to disaggregate the generalised BAME group, since it includes many different ethnic groups, whose characteristics and experiences vary significantly. The nearly 300,000 hospitality workers from BAME backgrounds includes, in descending size order: 48,000 workers from an 'Other ethnic group'; 47,000 workers from a 'Black/African/Caribbean/Black British' ethnic group; 45,000 workers from 'Any other Asian background' group; 33,000 workers from a Bangladeshi ethnic group; 33,000 workers from an Indian ethnic group; 33,000 workers from a 'Mixed/Multiple ethnic group'; 27,000 workers from a Pakistani ethnic group, and 20,000 workers from a Chinese ethnic group.

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FIGURE 7: **There are approximately 300,000 workers in hospitality from a BAME background, made up of several different ethnic groups**

People working in hospitality, by ethnicity, 2018-20: UK
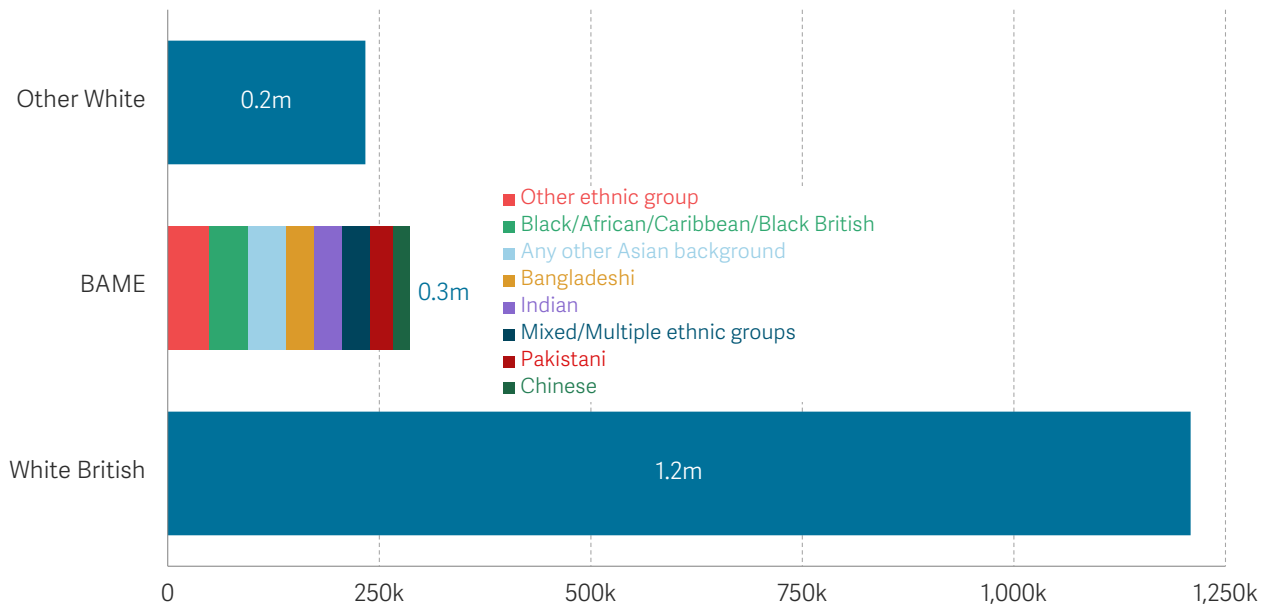
SOURCE: RF analysis of ONS Labour Force Survey, Q1 2018 to Q1 2020.

The characteristics and experiences of different ethnic groups within hospitality vary. One of the most striking differences is age. In the workforce as a whole, the typical ages of different ethnic groups are not very different. The oldest is the White Irish group, whose median age is just over 10 years older than the youngest ethnic group – the Mixed/Multiple ethnic groups group. In hospitality, the differences are wider. The Chinese ethnic group is the oldest in the hospitality workforce, with a median age of 45. Following closely are the Bangladeshi and White Irish ethnic groups, both with a median age of 42. The youngest group in hospitality is the Mixed/Multiple ethnic groups group, with a median age of 25; a full 20 years younger than the median age of hospitality workers from a Chinese background. White British workers are one of the oldest in the overall workforce, with a median age of 43, but are the second youngest group in hospitality, with a median age of 28.

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FIGURE 8: **Age differences between ethnic groups are greater within hospitality than the wider workforce, with White British hospitality workers among the youngest**

Median age of those in employment, by ethnic group: 2018-20: UK
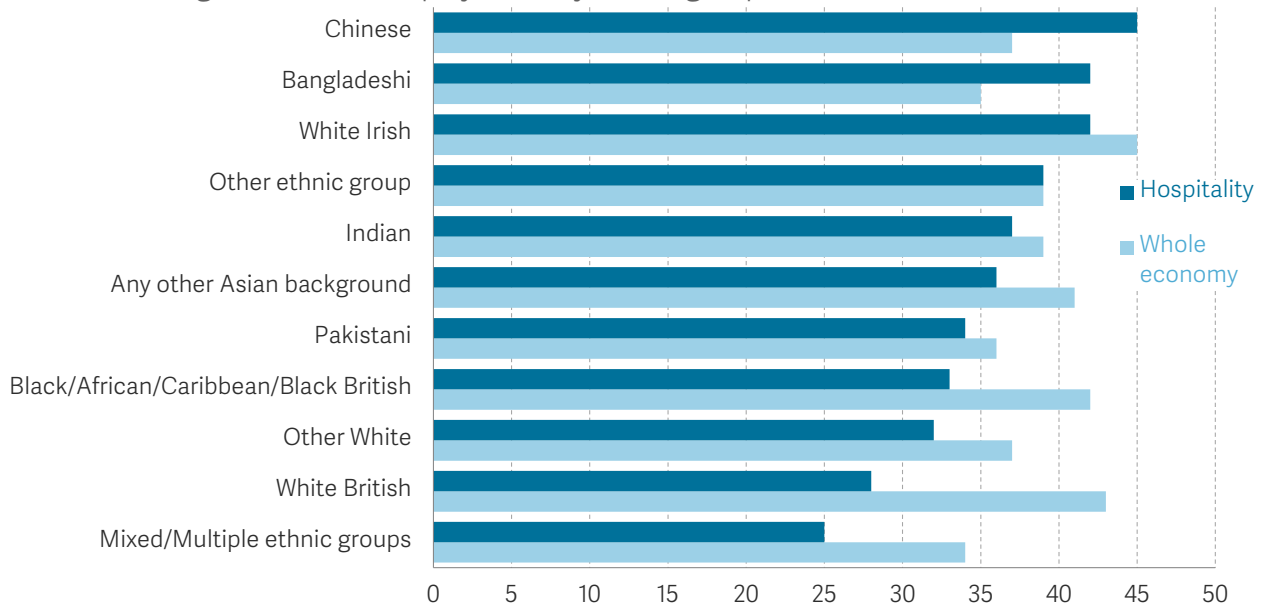
SOURCE: RF analysis of ONS Labour Force Survey, Q1 2018 to Q1 2020.

A second noticeable difference relates to educational attainment, with variation between ethnic groups in the proportion of hospitality workers that have higher- and lower- level qualifications. This is set out in Figure 8, below. Just over 4 in 10 hospitality workers from the Indian ethnic group hold a degree, compared with just 14 per cent for those who are from Bangladeshi or White British ethnic groups. On the other end of the spectrum, over a quarter of hospitality workers from the Bangladeshi ethnic group, and almost a fifth of hospitality workers from Pakistani and Chinese ethnic groups hold no qualifications. Mixed/Multiple ethnic groups have the lowest proportion of hospitality workers having no qualifications, at just 3 per cent.

Differences in qualification levels may partly reflect the age differences set out above – some of the youngest workers in hospitality are still students, and have therefore not yet attained their final highest level of qualification. For example, 18 per cent of White British hospitality workers are students, compared to 5 per cent among those from Bangladeshi ethnic background, the group of hospitality workers with the lowest proportion of students.[16]

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16   ONS Labour Force Survey, Q1 2018- Q1 2020.

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FIGURE 9: **4 in 10 Indian hospitality workers hold a degree, whereas over a quarter of Bangladeshi hospitality workers hold no qualifications**

The educational attainment of hospitality workers, by ethnicity, 2018-20: UK
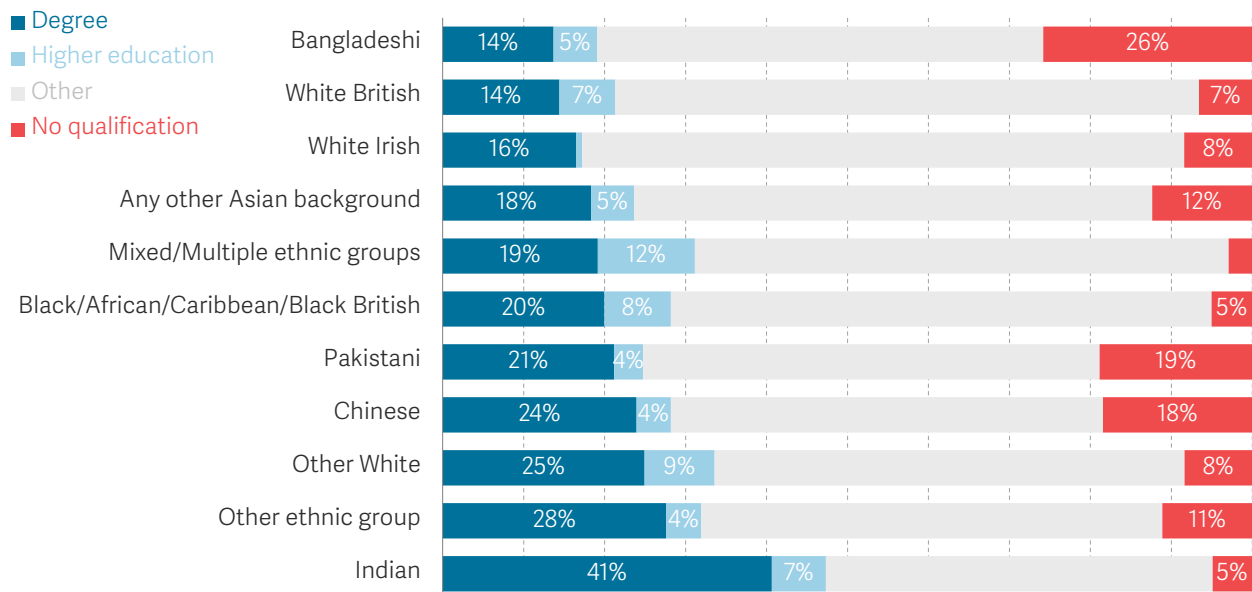
NOTES: Educational attainment is measured via the highest level of qualification held.
SOURCE: RF analysis of ONS Labour Force Survey, Q1 2018 to Q1 2020.

Given the significant variation in age and education level between hospitality workers from different ethnic backgrounds, we would expect those to also shape labour market outcomes, such as pay and occupation. The next section explores how different measures of hospitality workers' experiences vary across ethnic groups.

Section 3: The experiences in work of hospitality workers from different ethnic groups

In this section we present a number of measures looking at the experiences in work of hospitality workers from different ethnic backgrounds. The measures we use are: pay; occupation level; employment and contract types; whether the worker would like a different job (as a proxy for job satisfaction), and the proportion who would like to work more hours. These measures will offer a reasonably full view of the variety of labour market experiences of hospitality workers from the different ethnic groups. Looking across the measures, it's not clear that they suggest one ethnic group is 'doing better' or having consistently 'better outcomes' than others. Instead, the picture is often mixed, with some ethnic groups doing better on some measures and other groups on others.

Pay and occupation

Starting with arguably the most important measure – pay – we find that there is variation in median hourly pay of hospitality workers from different ethnic groups (note that this

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data only includes employees – we don't have pay data for the self-employed – and covers the period Q1 2018 to Q1 2020, with pay converted to Q1 2020 prices). Two groups have median hourly pay of £8.96 – the Indian and 'Other' ethnic groups. Their median hourly pay is around 16 per cent higher than the group of hospitality workers with the lowest earnings, the 'Any other Asian' group, whose median hourly pay was £7.74. White British employees in hospitality have relatively low median hourly pay of £8.08.

While there is variation in pay across ethnic groups within hospitality, it's worth noting that all groups are relatively low paid compared to workers in the rest of the economy. Overall, median hourly pay outside hospitality was, in the Q1 2018 to Q1 2020 period, £12.60 (expressed in Q1 2020 prices). All ethnic groups in hospitality therefore had median earnings well below this level. The ethnic groups with the highest earnings in hospitality – Indian and 'Other' ethnic groups – still have pay 30 per cent below the median level of hourly pay outside hospitality. For the lowest earners in hospitality – the 'Any other Asian' ethnic group – median employee earnings were almost 40 per cent below this level.

FIGURE 10: **Hourly pay rates vary across ethnic groups within hospitality, but are low across the board**

Median hourly pay for hospitality workers, by ethnicity, 2018-20: UK
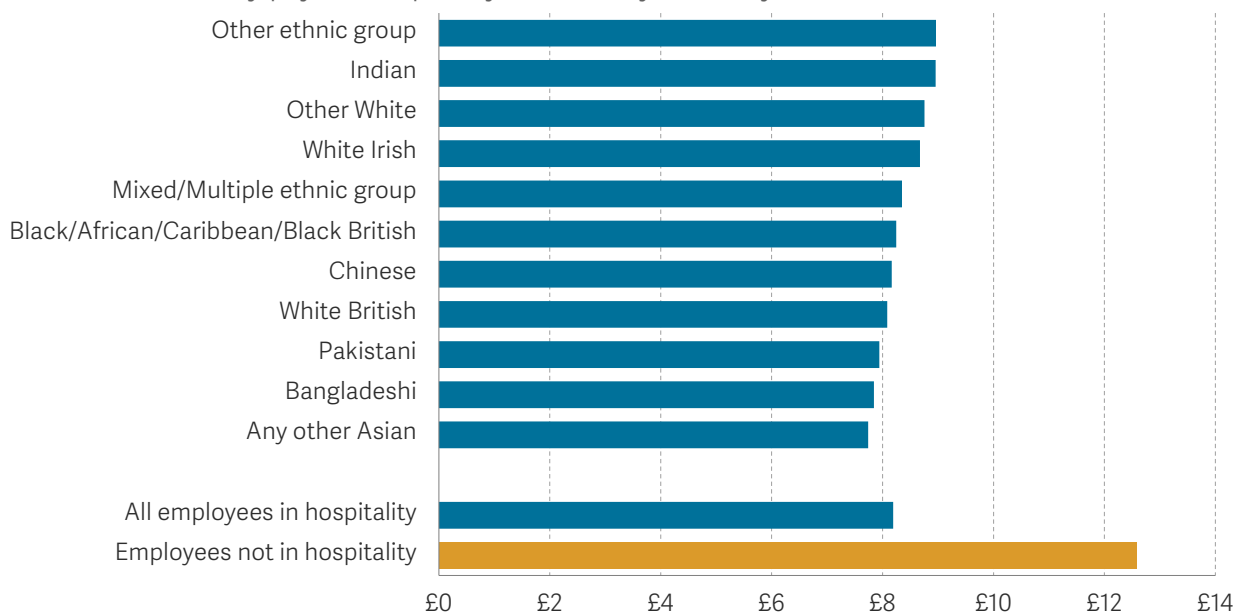
NOTES: Pay figures adjusted for CPIH inflation from 2018 to 2020.
SOURCE: RF analysis of ONS Labour Force Survey, Q1 2018 to Q1 2020.

Of course, pay rates are determined by a number of factors. One important factor is age, which we set out above. It's therefore not surprising that White British workers in hospitality have relatively low pay since they tend to be young (although as we'll show in the next section, they earn more, relative to workers from BAME backgrounds, than their

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age and other factors would suggest). Another important factor, and one that is linked to age, is the level of occupation of the job the workers are doing. Figure 10, below, shows the proportion of hospitality workers who are in the highest paying occupations (the managers and professional jobs), and the lowest paying occupations (such as customer service roles), by ethnicity. We can see that some ethnic groups (such as workers from Indian, Pakistani, and White Irish backgrounds) are much more likely to be in the highest paying occupations than other ethnic groups (such as workers from Black/African/ Caribbean/Black British, Mixed/Multiple, and Other Asian backgrounds). The proportions in low paying occupations are, broadly speaking, the mirror image of the proportion in high paying occupations.

FIGURE 11: **The proportion of workers in high and low paying occupations within hospitality varies across ethnic groups**

Proportion of hospitality workers in high- and low-paying occupations, by ethnicity: 2018-20: UK
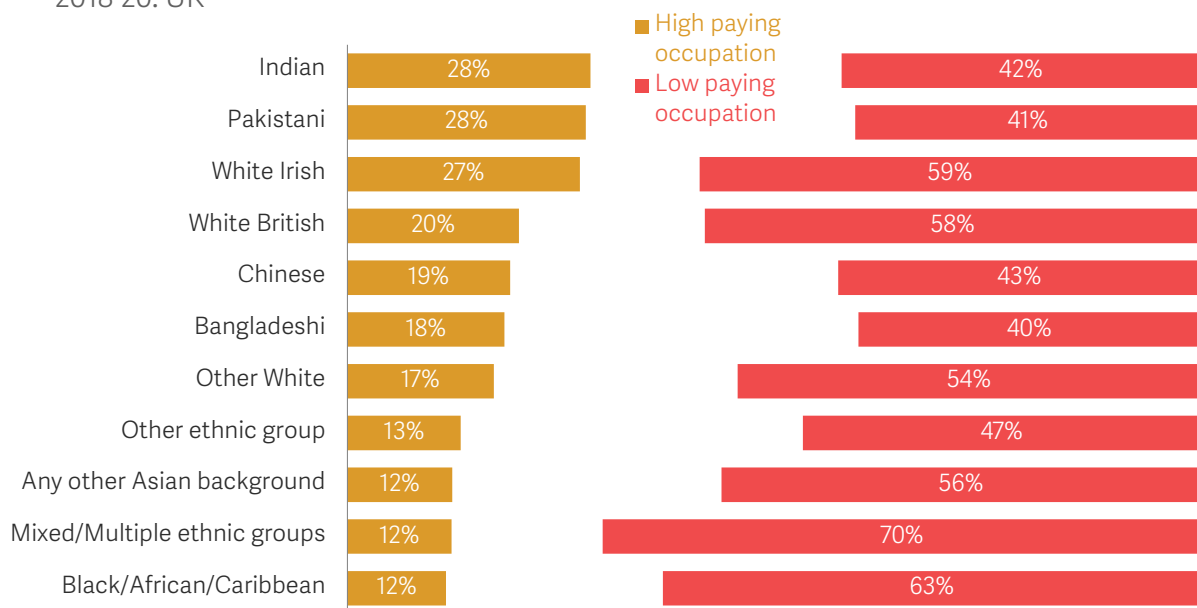
NOTES: 'High paying' occupations are defined as SOC 2010 codes 1-3 (Managers and senior officials; Professional Occupations, and Associate Professional and Technical Occupations), 'Low paying' occupations are defined as SOC 2010 codes 6, 7 and 9 (Caring, Leisure and other service occupations, Sales and customer service, and Elementary Occupations).
SOURCE: RF analysis of ONS Labour Force Survey, Q1 2018 to Q1 2020.

As we can see above, there are considerable age differences between the ethnic groups in hospitality. Due to age being associated with occupation level, that will explain part of the variation in occupation shown in the chart above. However, even when we look only at those aged over 30, we still find significant differences in the proportion of workers in the highest-paying roles, with hospitality workers from Indian, Pakistani, and White British backgrounds the most likely to be in higher paying roles within that age group. Hospitality

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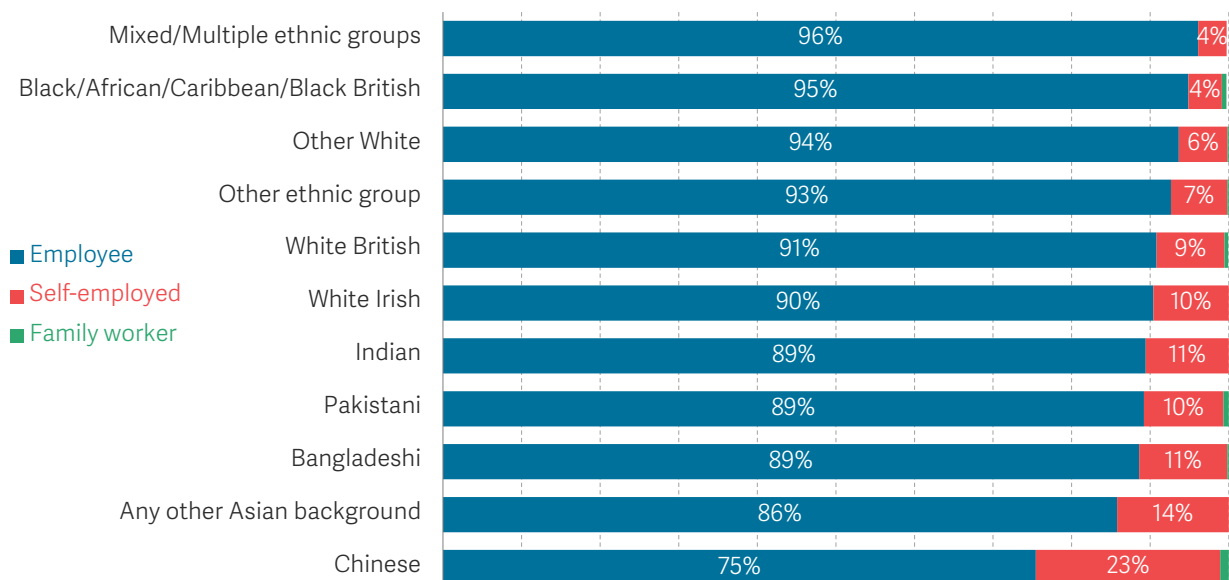Comparing the experiences of hospitality workers from different ethnic backgrounds

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workers from Black/African/Caribbean and Black British backgrounds stand out as being among the least likely to be in the highest paying occupations, across all age groups.

Employment and contract type

Another useful measure of workers' experience of the labour market is the type of employment a worker has (whether self-employed or employee), and whether they have a non-standard contract (such as one, like a zero-hours contract, where hours are variable and non-guaranteed). Self-employed workers are in the minority in all ethnic groups in hospitality (as in the economy as a whole), but there is notable variation. Hospitality workers in the Chinese ethnic group have the highest proportion of self-employment, more than 1 in 5, at 23 per cent. On the other hand, self-employment is lowest for the Mixed/Multiple ethnic group and Black/African/Caribbean/Black British group, at just 4 per cent (rounded to the nearest percentage). Some of the self-employed group will be business owners, which is of course associated with greater independence and control than employee jobs. On the other hand, self-employment can also include precarious work, such as in the gig economy. So, we should not conclude that high or low levels of self-employment among a particular ethnic group are 'good' or 'bad'. More detailed research would be needed to unpack the self-employed into business owners with employees and those who work alone, such as sub-contractors.

FIGURE 12: **Self-employment among hospitality workers is most common among those from Chinese and other Asian ethnic groups**

The employment status of hospitality workers, by ethnicity, 2018-20: UK
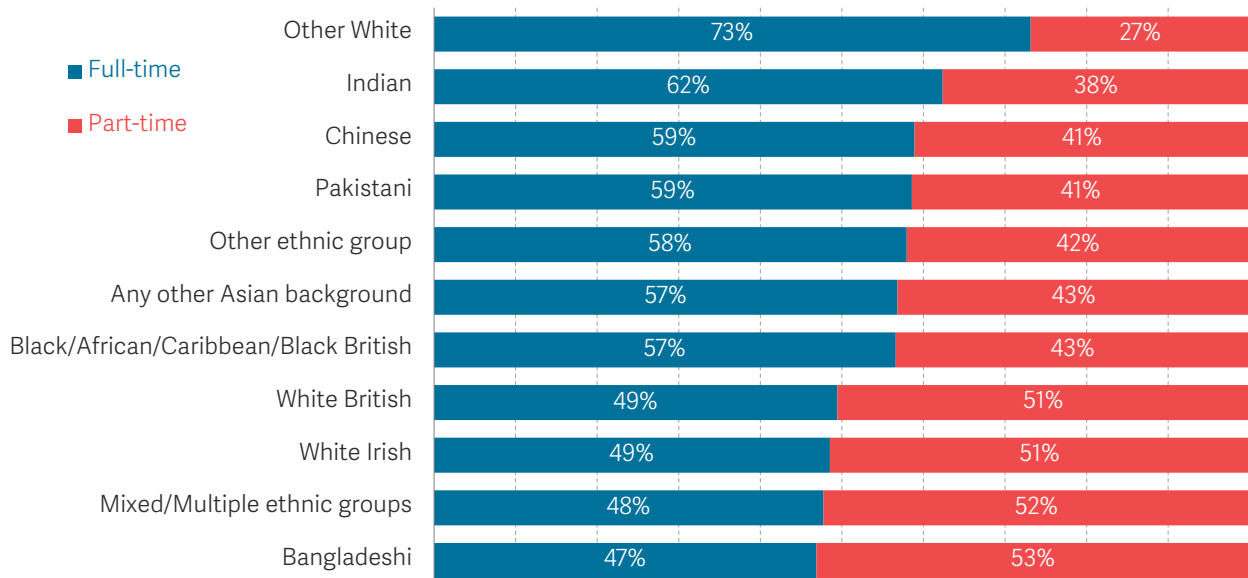

SOURCE: RF analysis of ONS Labour Force Survey, Q1 2018 to Q1 2020.

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Contract type is another useful aspect for observing labour market outcomes, where we can distinguish between workers with full-time and part-time jobs. Part-time work is common in hospitality as a whole (as we showed in Section 2, nearly half of hospitality workers work part-time, compared to around 1 in 4 workers in the rest of the economy). We see that hospitality workers from Mixed/Multiple ethnic groups, Bangladeshi, White Irish and White British backgrounds are slightly more likely to be working part-time. On the other hand, hospitality workers from 'Other White' backgrounds have the highest proportion of full-time work – more than 7 in 10.

FIGURE 13: **Hospitality workers from 'Other White' backgrounds have the highest proportion of, and those from Bangladeshi and Mixed/Multiple ethnic groups have the lowest proportion of, full-time employment**

The proportions of full-time and part-time work in hospitality, by ethnicity, 2018-20: UK

	Full-time	Part-time
Other White	73%	27%
Indian	62%	38%
Chinese	59%	41%
Pakistani	59%	41%
Other ethnic group	58%	42%
Any other Asian background	57%	43%
Black/African/Caribbean/Black British	57%	43%
White British	49%	51%
White Irish	49%	51%
Mixed/Multiple ethnic groups	48%	52%
Bangladeshi	47%	53%

SOURCE: RF analysis of ONS Labour Force Survey, Q1 2018 to Q1 2020.

Another measure of contract type, relating to job security, is whether workers are on permanent or temporary contracts. Again, temporary contracts are more common in hospitality than elsewhere in the economy, but there is variation within hospitality between ethnic groups. Just 3 per cent of hospitality workers from Chinese and White Irish ethnic groups are on temporary contracts, compared with 15 and 12 per cent working on a non-permanent basis among hospitality workers from 'Any other Asian background' and Mixed/Multiple ethnic groups respectively.

With regards to zero-hours contracts (an atypical work arrangement whereby no working hours are guaranteed), its presence is greatest among hospitality workers from Mixed/

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Multiple ethnic groups – at 23 per cent, and lowest among hospitality workers from an Indian background – at 3 per cent. This type of flexible working is often associated with students, who may either prefer or be more able to take up jobs with variable hours in combination with their studies (or alternatively, may have a weaker labour market position and not be able to find alternative jobs). This is reflected by the highest proportion of students being among hospitality workers from Mixed/Multiple ethnic groups, whom also have the youngest age profile in the sector.

Another way to capture job stability is the length of time a worker has been with their employer. Shorter employment durations imply higher churn and a greater risk of job separation. Again, there is variation between ethnic groups in hospitality. Taking the proportion of workers who have been with their current employer for less than one year as the measure, we find this is highest among those from Mixed/Multiple ethnic groups (43 per cent), Black/African/Caribbean/Black British (35 per cent), and White British (31 per cent) ethnic groups, and lowest among those from Pakistani (16 per cent), Chinese (16 per cent), Bangladeshi (18 per cent), and White Irish (19 per cent) ethnic groups.[17]

Seeking new work or more hours

Finally, we turn to measures which indicate workers' satisfaction with their jobs – the proportion looking for a new job, and the proportion who want to work more hours (not a measure of satisfaction with one's job, but rather a measure of satisfaction with one aspect of working life). We observe that hospitality workers from a Chinese background are the least likely to be looking for a new job – at 3 per cent, compared to those from a Black/African/Caribbean/Black British background, who are the most likely – at 11 per cent.

We see that hospitality workers from Mixed/Multiple ethnic groups and Other Asian backgrounds are the most likely to want to work more hours – at 21 per cent, whereas those from White Irish and Chinese backgrounds are the least likely – at 12 and 10 per cent respectively. Looking at the average number of additional hours hospitality workers with to work (at their current basic rate of pay), it is highest among those from Mixed/Multiple ethnic groups – at 25 more hours per week. Hospitality workers from White Irish and Chinese backgrounds want to work the least number of additional hours per week – at 9 and 8 hours respectively.[18]

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17   ONS Labour Force Survey, Q1 2018 to Q1 2020.
18   ONS Labour Force Survey, Q1 2018 to Q1 2020.

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FIGURE 14: **Black/African/Caribbean/Black British hospitality workers are the most likely, and Chinese hospitality workers are the least likely to be looking for a new job**

The proportions of hospitality workers who want to work more hours and are actively looking for a new job, by ethnicity, 2018-20: UK
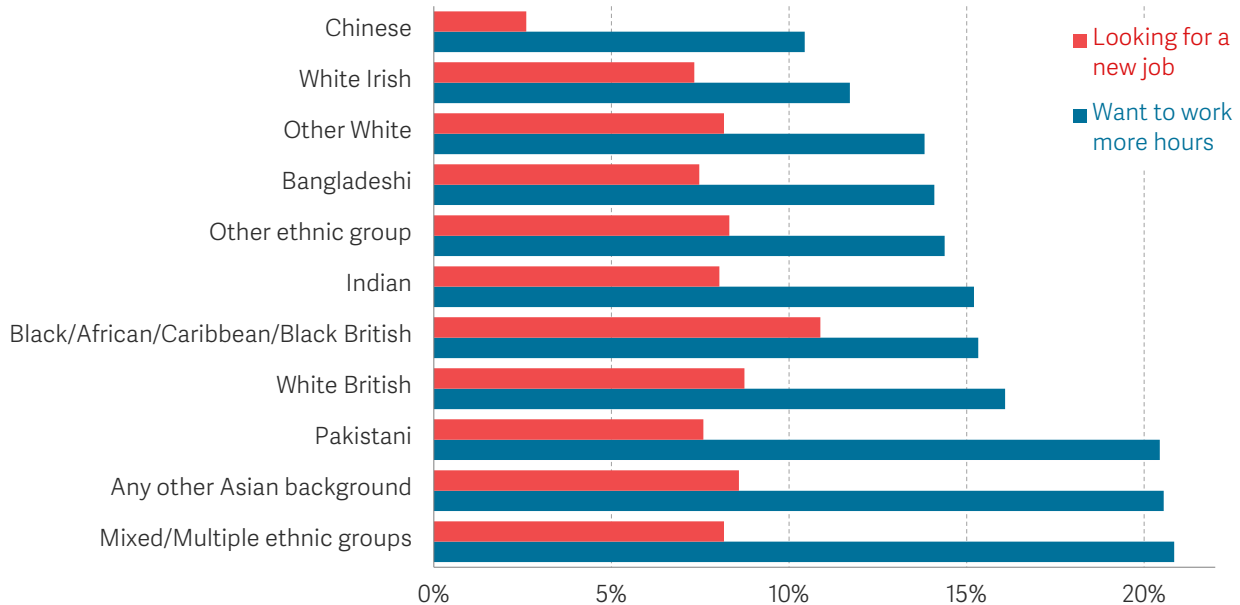
SOURCE: RF analysis of ONS Labour Force Survey, Q1 2018 to Q1 2020.

Due to the insufficient sample size of our data, we are unable to delve deeper into the particular causes of job seeking, by ethnicity. However, when using BAME and White British as two broad groups for comparison, we find 15 per cent of both BAME and White British job seeking hospitality workers want their new job to be an additional job. This corresponds to 85 per cent of both groups wanting a new job to replace their current job.[19] When examining the particular reasons why hospitality workers are looking for a new job, we find wanting to change occupation is most significant for hospitality workers from BAME backgrounds – accounting for almost a fifth of responses. The most common reason for White British hospitality workers is that the pay in unsatisfactory in their present job – making up more than 15 per cent of responses.[20]

Section 5: What explains differences in pay between hospitality workers from BAME and White British backgrounds?

In this final section of analysis, we will be looking at differences in pay between hospitality workers from BAME backgrounds and White British hospitality workers. We will compare the raw differences in pay before controlling for compositional factors to see if 'pay penalties' related to ethnicity exist (see Box 2 for an explanation of this term).

19 ONS Labour Force Survey, Q1 2018 to Q1 2020.
20 ONS Labour Force Survey, Q1 2019 to Q1 2020.

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We use the aggregated BAME group (and the comparison White British group) because the sample size of the separate ethnic groups prohibits this kind of analysis.

Men from BAME backgrounds earn more or less the same as their White British counterparts, but after controlling for compositional factors, they earn far less

We have shown previously in this report that median hourly of hospitality workers varies between ethnic groups. We found that, between 2018 and 2020, hospitality workers from Indian, and 'Other' ethnic backgrounds had median hourly pay of just below £9, whereas workers from Bangladeshi, Pakistani, and Other Asian backgrounds had median hourly pay below £8. White British median hourly pay was £8.08.

For this analysis, to allow a sufficient sample size, we compare the aggregated BAME group against the White British group, and extend the sample size to cover the period Q1 2015 to Q4 2019 (pay is adjusted for CPIH inflation and expressed in Q4 2019 prices). In this data median hourly pay among hospitality workers from a BAME background was £7.62, slightly higher than the £7.50 among White British workers.

FIGURE 15: **Men from BAME backgrounds face a 7 per cent 'pay penalty' compared to White British men**

'Pay gaps' and 'pay penalties' of hospitality workers, compared to White British men, 2015-19: UK
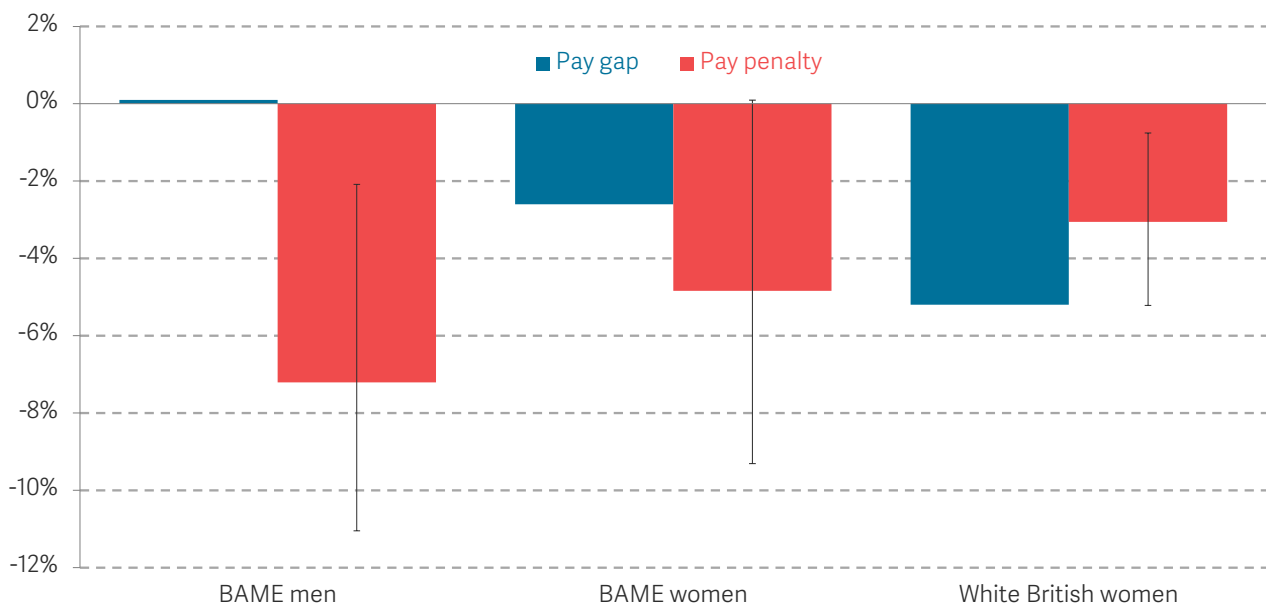
NOTES: White British male hospitality workers are the reference category. See Box 2 for definitions of 'pay gap' and 'pay penalty'. The lines on the red bars illustrate the confidence intervals for the pay penalty estimates.
SOURCE: RF analysis of the ONS Labour Force Survey, Q1 2015 to Q4 2019.

The similarity in hourly pay (there is only a 1.6 per cent difference) is, arguably, surprising given some of the facts laid out in earlier sections, where we showed that White British workers were among the youngest hospitality workers, and relatively likely (compared to ethnic minority hospitality workers) to be combining work with study, or to be working part-time in general.

Splitting the BAME and White British categories by gender, we find that male hospitality workers from BAME and White British backgrounds have almost identical rates of hourly pay, with medians of £7.71 and £7.70 for the two groups, respectively. Female hospitality workers from both BAME and White British backgrounds earn less, with median pay of £7.50 among BAME women, and £7.30 among White British women. These differences ('pay gaps') are expressed, in percentage terms in Figure 15, with White British male workers as the reference category.

However, there are of course many factors which affect pay, such as age, education, and job type. Because we know (as shown in sections 2 and 3) that these vary between different ethnic group, it is useful to see what differences in pay emerge if we control for factors relating to individuals' characteristics and their job type (see Box 2 for full details of the variables we control for). If we run a regression analysis and find the impact those factors have on pay, we can 'predict' the hourly pay we would expect individuals to have based on their known person and job characteristics, and then again compare the pay between groups. The resulting difference between groups is referred to as a pay penalty, since it refers to a difference in pay that cannot be 'explained' by the main factors which affect pay.

BOX 2: Pay gap vs. Pay penalty

- Pay gap = a raw pay difference that exists before controlling for compositional factors (individual-level characteristics)

- Pay penalty = a pay difference that exists even after controlling for compositional factors

In the pay regressions featured in this report, we have controlled for the compositional factors of age, region of residence, level of qualifications, industry worked in (when looking at pay penalties in all sectors), contract type (whether full-time or part-time), length of time with current employer, job type (occupation group) and time period.

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Following this exercise, we find that all groups other than male White British workers (that is, male and female workers from a BAME ethnic group, and female White British workers) experience a pay penalty relative to White British workers. The difference between the male groups is particularly striking. Whereas the raw pay data showed that median pay among male BAME hospitality workers was essentially the same as for male White British hospitality workers, we find that male BAME workers earn 7 per cent less than male White British workers, once we control for person and job characteristics (although, we should note that the confidence interval of this estimate is large – we can be confident there is a pay penalty, but it may be as small as 2 per cent or as high as 11 per cent). A 7 per cent pay penalty equates to pay that is 65 pence less per hour.

Both female groups also experience a pay penalty relative to White British men, in hospitality. The estimates are -5 per cent for BAME women, and -3 per cent for White British Women (although, the confidence interval for BAME women is large enough that we cannot be sure there is a pay penalty; for White British women we can be confident there is a pay penalty but it may as small as 1 per cent or as large as 5 per cent). Pay penalties of 5 per cent (for BAME women) and 3 per cent (for White British women) relate to lower hourly pay of 45 pence and 28 pence less per hour.

When looking across all industries, workers from BAME backgrounds are paid on average 5.7 per cent less than White British workers. This is equivalent to 90 pence less per hour. The pay penalty in the hospitality sector is narrower, at 4.4 per cent – corresponding to 39 pence less per hour for hospitality workers from BAME backgrounds.[21]

Conclusion

In this briefing note we have looked at the differences in the experiences of work among workers from different ethnic groups in the hospitality sector. This is a low paying sector that has been severely hit by the coronavirus crisis. We find that ethnic groups that fall under the umbrella 'BAME' comprise around 1 in 6 (17 per cent) of the hospitality workforce, compared to 12 per cent of the workforce in other sectors. This amounts to around 300,000 hospitality workers from a 'BAME' background.

However, this 'BAME' category includes a number of very distinct ethnic groups, which we examine separately. We find that these groups vary considerably in terms of their personal characteristics, in terms of both age, education, and whether a worker is also a student. The White British group within hospitality is relatively young (with a median age of 28) while most ethnic minority groups within hospitality (apart from the 'Mixed/ Multiple' group) are older, on average. In particular, Chinese, Bangladeshi, and White Irish hospitality workers all have median ages above 40. Looking at education levels, we

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21   ONS Labour Force Survey, Q1 2015 to Q4 2019.

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find that hospitality workers from an Indian background have the highest proportion of degree holders, while those from a Bangladeshi background have the highest proportion with no qualifications.

We also find considerable variation in the experiences in work of hospitality workers from different ethnic groups. We look at a variety of measures, relating to pay, occupation level, contract type (such whether a worker is self-employed or has a part-time or temporary contract), along with indirect measures of satisfaction. It is impossible from these measures to say that one or other ethnic group does better or worse than others across the board. However, we can draw out some patterns.

Self-employment is highest among Chinese, Bangladeshi, and Other Asian hospitality workers. Chinese and Bangladeshi hospitality workers are also significantly older than hospitality workers from other ethnic backgrounds. Those two facts are consistent with those groups being more likely than others within hospitality to be business owners (although we have not confirmed that with data – self-employment can of course also mean sole traders).

Another pattern that emerges is that hospitality workers from Black/African/Caribbean/ Black British and 'Mixed/Multiple' ethnic backgrounds are, compared to other ethnic groups in hospitality, unlikely to be self-employed, unlikely to be working in the higher paid occupations, and more likely to have been with their employer for a short period of time, implying and secure working conditions. However, both those groups are also relatively young compared to other workers in the hospitality sector, which may go some way towards explaining those differences.

After surveying those differences, we explore whether ethnic minority workers within the BAME group experience a pay 'penalty' relative to White British workers, which has been identified in other contexts. This is where there is a difference in pay which cannot be 'explained' by the job-relevant characteristics of the worker, or by the type of job they are doing. We find a 7 per cent pay penalty for BAME men, relative to White British men, and smaller 5 and 3 per cent pay penalties for BAME women and White British women (the latter is not a statistically significant result, the others are). These ethnic pay penalties are lower than can be identified in other parts of the economy, but given the low paying nature of the hospitality sector in general, are no less concerning.

This briefing note was written for the 'BAME in Hospitality' organisation. We wish them luck with their campaign to improve the working experiences of ethnic minority workers in hospitality.