

Data Management and Analysis Group

Country of Birth and Labour Market Outcomes in London

Executive summary



DMAG Briefing 2005/1 (Summary)

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Cover photograph

Adam Hinton.

Summary of key findings

This report presents data about the country of birth and labour market outcomes of Londoners. The analysis brings together data from the Labour Force Survey 2002/03 and from the 2001 Census. The report profiles Londoners who were born outside the UK. Throughout the report, this group are referred to as 'migrants'.

A profile of London's migrant population

- Around two million Londoners were born outside the UK - 29 per cent of the London population. Migrants have an age structure that is skewed towards the working age group and they comprise 35 per cent of London's working age population. Forty-two per cent of the UK migrant population live in London.
- London attracts migrants from all over the world with high concentrations from Europe, Africa and Asia. London's largest single migrant groups are from India, Ireland, Bangladesh, Jamaica, Nigeria, Pakistan and Kenya. Thirty per cent of London's migrants are from high income countries and 70 per cent are from developing countries¹.
- Londoners born outside the UK have a diverse ethnic profile. 40 per cent are from White groups, 27 per cent from Asian groups and 20 per cent are from Black groups. The remainder were from Chinese, mixed or other ethnic groups.
- Forty-two per cent of London's migrants are UK nationals and 58 per cent are foreign nationals. Twenty-three per cent of London's migrants arrived before 1970 and 45 per cent arrived in the UK after 1990. Migrants from London's long established groups (eg Kenya, Jamaica) are the most likely to be UK nationals, while recent arrivals are generally younger and more likely to be foreign nationals.
- Migrants are more likely than UK-born Londoners to have dependent children – 44 per cent of London's working age migrants had children compared with 32 per cent of UK-born Londoners. This partly reflects the different age structures of the populations.
- Ten per cent of working age migrants are in full-time education – similar to the rate for UK-born Londoners (nine per cent). Migrants comprise 37 per cent of all working age Londoners in full-time education. Migrants from developing countries (12 per cent) are more likely to be students than migrants from high income countries (seven per cent).
- Working age migrants are more likely to have higher level qualifications (38 per cent) than UK-born Londoners (30 per cent). Migrants have a more polarised qualifications profile than UK-born Londoners as they are also over-represented in the group who have no qualifications. The percentage of migrants with higher level qualifications varies considerably across different groups and ranges from 76 per cent (USA) down to 12 per cent (Somalia).
- London's migrant population has a different profile from the migrant population living in the rest of the UK. London's migrants are more likely to be from developing countries and more likely to

¹ Appendix A in the main report explains the country groupings used here (ie high income & developing countries).

be from BME² groups than those living outside London. They are also more likely to be recent arrivals or foreign nationals than migrants living in the rest of the UK.

Employment rates by country of birth³

- Over 1 million Londoners in work were born outside the UK, this represents 31 per cent of all Londoners in employment. In general, migrants have significantly lower employment rates (65 per cent) than UK-born Londoners (78 per cent) but there is considerable variation in rates within the migrant population.
- Migrants from high income countries generally have higher employment rates (75 per cent) than those from developing countries (61 per cent). At individual country level, rates range from 86 per cent for Australians down to 16 per cent for Somalis.
- Other groups with very low employment rates included those born in Turkey (36 per cent) and Bangladesh (37 per cent) – two of London's larger migrant communities. Smaller migrant groups with very low rates included those from Serbia & Montenegro⁴ (26 per cent), Congo (27 per cent), DR Congo (28 per cent) and Afghanistan (29 per cent).
- Many of the migrant groups with the highest employment rates were from European countries: Sweden (83 per cent), Denmark (82 per cent), as well as from other high income countries such as the USA (76 per cent) and Singapore (78 per cent).
- Londoners from African countries were well represented in both the lowest and highest rate groups. Those born in South Africa, Zimbabwe and Zambia all had employment rates of over 80 per cent, whereas those from Somalia, Congo, DR Congo, Rwanda, Angola, Eritrea and the Sudan all had rates of below 50 per cent.

Employment rates and gender

- Within the migrant population, employment rates are far lower for women (56 per cent) than men (75 per cent). The gender gap in rates is far larger in the migrant population than the UK-born population, where rates are closer and generally higher. (73 and 84 per cent). Employment rates are very low for women born in South Asia (37 per cent) and the Middle East & North Africa (39 per cent).
- The gender differential in rates is strongly associated with childcare responsibilities as women are more likely than men to take time out of the labour market to look after children. Female migrants without children have employment rates (70 per cent) that are fairly close to those of male migrants without children (73 per cent). For migrants with children, on the other hand, employment rates for women are 44 per cent compared with 77 per cent for men.
- Migrant women with children are far less likely than UK-born women with children to be in paid work. Employment rates for migrant women average 44 per cent compared with 61 per cent for

² The term BME (Black and minority ethnic group) refers to all ethnic groups, other than White groups.

³ Employment rates express the number in work as a percentage of the population. Here rates are generated for the working age group (16-59/64 for LFS data and 16-64 for Census data) and exclude full-time students.

⁴ Most migrants born in Serbia & Montenegro were from the province of Kosovo.

UK-born women. The employment rate for migrant women with children is far lower in Inner London (34 per cent) than Outer London (52 per cent).

Employment rates by ethnicity, year of arrival and qualifications

- Migrants from BME groups (61 per cent) have lower employment rates than migrants from White groups (73 per cent). Londoners from BME groups who were born in the UK have higher employment rates (72 per cent) than those born outside the UK (61 per cent). The same is true of White Londoners – those born in the UK (79 per cent) have higher employment rates than those born outside the UK (73 per cent).
- The year of arrival and nationality of migrants are associated with employment rates but only for certain groups. For example, long established⁵ migrants from Sub-Saharan Africa had employment rates around 13 percentage points higher than more recent arrivals. However, within the South Asian group, there was no significant difference in rates by year of arrival. Data on nationality show similar patterns, as recent arrivals are generally foreign nationals.
- Qualifications are strongly associated with employment rates. Migrants with qualifications are twice as likely to be in employment (72 per cent) as migrants with no qualifications (35 per cent). The same differential is evident for UK-born Londoners – but it is not so wide and employment rates for both groups are far higher (82 and 52 per cent).

Unemployment

- Around 250,000 Londoners are unemployed⁶ – a rate of 7 per cent. Unemployment rates are higher for migrants (10 per cent) than for UK-born Londoners (6 per cent). Within the migrant population, rates were highest for those with no qualifications (21 per cent), young people aged under 25 (19 per cent) and those from BME groups (11 per cent).
- There is enormous variation in unemployment rates between different groups. Rates range from four per cent for migrants from Switzerland up to 55 per cent for Somalis. Other groups with very high unemployment rates include those from: DR Congo, Congo, Rwanda, Afghanistan and Serbia & Montenegro. All these groups have rates of over 36 per cent – more than five times higher than the London average.
- Migrant groups from high income countries (eg Australia, USA, Sweden) typically have rates that are below the London average (4-5 per cent).

Patterns of employment by occupation and industry

- Migrants are fairly well-represented across all occupational groups but employment patterns vary enormously for different groups. Workers from high income countries have a strong skew towards professional and managerial occupations⁷. Sixty per cent of migrants from high income countries work in these occupations compared with only 39 per cent of those from developing countries. Londoners born in developing countries tend to be over-represented in lower paid occupational groups.

⁵ Those who arrived before 1991

⁶ Unemployment rates express unemployment as a percentage of the economically active population. Estimates relate to the working age population: 16-59/64 for LFS estimates and 16-64 for Census estimates.

⁷ These occupations include: managers & senior officials, professional occupations and associate, professional & technical occupations.

- Employment profiles are even more polarised at individual country level. The proportion of workers employed in professional and managerial occupations ranges from 84 per cent (USA) down to 19 per cent (Rwanda).
- Migrant workers are well represented across all industrial sectors but have strong over-representation in the hotel and restaurant sector. Ten per cent of all migrants in work are employed in this sector compared with only three per cent of UK-born Londoners. Sixty per cent of all Londoners working in the hotel & restaurant sector are migrants.
- Workers from high income countries are more likely to work in the finance and business activities sectors (33 per cent) than those from developing countries (21 per cent). The proportion of workers employed in these sectors ranges from 48 per cent of Swiss down to 13 per cent of Bangladeshis.
- Migrants from developing countries tend to be over represented in the retail & wholesale sector. Workers from Sri Lanka (32 per cent), Turkey, Kenya and Pakistan (all 25 per cent) are all heavily represented in retail. Workers from parts of Africa and the Caribbean are concentrated in the health & social work sector, 37 per cent of workers from Trinidad & Tobago and 24 per cent of Jamaicans work in this sector.
- Workers from developing countries are more likely to work part-time (23 per cent) than migrants from the high income group (16 per cent). At individual country level, rates of part-time working vary from 9 per cent (Australia) up to 45 per cent (Slovakia).
- While female migrants (30 per cent) are more likely to work part-time than males (13 per cent), rates of part-time working among males from developing countries are relatively high (16 per cent) compared with men from high income countries (7 per cent) and UK-born men (9 per cent).

Earnings

- Migrant workers earn on average £11.57 per hour – around 90 per cent as much as UK-born Londoners (£12.91), but within the migrant population there is considerable polarity in earnings. Workers from high income countries earn relatively high pay rates (£14.29) – 42 per cent more than the rates for workers from developing country groups (£10.05) and 11 per cent higher than rates for UK-born Londoners (£12.91).
- Within the migrant population, hourly pay rates are lowest among those who work part-time (£8.04), those from BME groups (£9.95) and among women (£10.52). Pay rates are very low for migrants working in certain occupations: sales & customer service (£5.91) and elementary occupations (£6.15). Workers in these occupations earn around one third of the pay rates of migrants working as managers & senior officials (£18.23). By industry sector, pay rates are lowest for migrants working in the hotels & restaurants sector (£6.84) and highest for migrants employed in the financial intermediation sector (£20.44).

London and the UK compared

- The analysis shows that migrants living in London have lower employment rates (65 per cent) than those living outside London (69 per cent). Unemployment rates are also higher for migrants living in London (10 per cent) than for those outside London (7 per cent). London's relative position is

largely determined by the poor outcomes of those from developing countries who live in Inner London, who have very low employment rates (55 per cent) and high rates of unemployment (14 per cent).

- Census analysis shows that, within many migrant groups (especially those which fare particularly poorly in the labour market), those who live in London find it harder to get access to employment than people from the same country of origin who are resident outside the capital. This finding points to the possibility that local labour market conditions may be playing a part in explaining regional differentials.

Conclusions

- The analysis shows that country of birth is central to understanding the labour market outcomes of Londoners. Overall, migrant Londoners have poorer labour market outcomes than UK-born Londoners. Within the migrant population, however, there is enormous diversity and polarity in outcomes.
- Some migrant groups fare very well in the London labour market. These are typically people from high income countries (eg Western Europe, USA & Asia-Pacific region) and certain African countries (eg South Africa). These are all groups characterised by high levels of labour market participation. Workers from these groups tend to be concentrated in professional and managerial jobs and enjoy higher earnings relative to other groups.
- In contrast, many migrant groups have fairly poor labour market outcomes. These are typically migrants from developing countries who face particular difficulties in accessing the labour market and once in work, tend to be concentrated in lower paid occupations.
- Within the developing country category, some migrant groups have exceptionally poor outcomes (eg those born in Somalia, Congo, Eritrea, Afghanistan) and face a high degree of exclusion from the labour market. These are groups – many of them highly concentrated in London – which are likely to include a high proportion of refugees and asylum seekers.
- The analysis has been able to quantify certain factors also associated with outcomes for different migrant groups. These have included, gender, family responsibilities, ethnicity, qualifications, nationality, year of arrival, area of residence – all of which have some association with employment rates and outcomes. Other factors are also known to be important but are more difficult to quantify. These include the reasons and circumstances behind migration as well as language abilities (ie fluency in English).
- This analysis is intended as a first step in bringing together data on country of birth and labour market outcomes. There is considerable scope to develop and refine the analysis further, particularly to understand more clearly how immigration routes relate to labour market outcomes. The GLA is currently planning more research in this area.

Other formats and languages

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Vietnamese

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Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Arabic

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Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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