

Immigrants in the British Labour Market

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A study published today (9 December 2005) provides a comprehensive picture of the labour market outcomes of immigrant groups in Britain today, and over the last 2 decades, relative to the British-born white population. Drawing on data from the Labour Force Survey over the period from 1979 to 2004, the analysis describes basic features of the foreign-born population in Britain, their allocation to different labour market segments, how their employment and participation probabilities have changed over time and how particular outcomes compare to those of British-born whites. Four indicators of economic performance are investigated in more detail:

(i) Employment, (ii) labour force participation, (iii) self-employment, and (iv) wages.

Possibly the strongest finding is that immigrants in Britain are far from homogeneous. Immigrants of different origin differ substantially with respect to their education and age structure, their regional distribution, employment sector choice, and time of residence in Britain. But these observable differences explain only a part of the differences in economic outcomes.

The main findings are as follows:

- More than one third of all working age immigrants living in Britain in 2004 have arrived over the last 10 years. In the year 2004, foreign-born individuals constitute about 10.5 percent of the working age population in Britain.
- In 2004, there were 5 percent more graduates among immigrant men than among white British-born men.
- Eight percent of British born whites of working age lived in London, compared with 45 percent of the foreign-born. The concentration of foreign-born individuals in London increased between 1983 and 2004.

- Employment and participation rates of foreign-born ethnic minority individuals are considerably lower than those of British born whites. These differences have increased since 1979.
- Comparing white British-born individuals with immigrants of the same age, education, and geographical distribution, we find that white immigrants have similar participation and employment probabilities to British-born whites. Minority immigrants have, on average, lower participation and employment probabilities, with black Africans, Bangladeshi, Pakistanis and Caribbeans being the most disadvantaged. This is true for both men and women.
- For wages, there is a dividing line between white and non-white immigrants. While individuals from most white immigrant communities have, on average, higher wages than British-born whites with the same characteristics, immigrants from all ethnic minority communities have lower wages. Differences are more accentuated for men. Wage differentials are substantial, reaching about 40 percent for male Bangladeshis.
- White male immigrants are slightly more likely to be self-employed compared to British born whites with the same characteristics. There is large variation across minority immigrants in self-employment probabilities: while Pakistanis, Afro-Asians and the Chinese are more likely to be self-employed, Caribbeans and black Africans are less likely to be self-employed, compared with white British-born individuals. There is a strong concentration in particular sectors, depending on origin. For instance, among self-employed male immigrants from the ethnic minority communities, 43 per cent are active in the Distribution*, Hotels and Restaurants sector (compared with one in six in the British-born white population).

*wholesale, retail and motor trade

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Notes to editors:

1. The article, Immigrants in the British Labour Market is published in Fiscal Studies, Vol. 26, No. 4, pp. 423–470 (December 2005).
2. Contact Emma Hyman or Bonnie Brimstone in the IFS press office on 020 7291 4800 for copies of the article.