

Background

Migration flows and the share of the foreign-born population have increased substantially in recent decades in several countries, including the UK. In 2021, 10 million people residing in England and Wales were born outside the UK, an increase of 2.5 million since 2011, when the non-UK-born population was 7.5 million.¹ A key question arising from this growing diversity is how immigrants perform and integrate into the labour market.

A research project by Cardiff University researchers, conducted as part of a research fellowship funded by ADR UK, provided a comprehensive picture of how immigrants fare in the labour market compared to UK-born employees. It utilised a novel dataset that linked the Annual Survey of Hours and Earnings (ASHE)'s precise employer payroll data with the Census's demographic information, covering around 0.5% of employees in England and Wales in 2011.²

The study examined differences in various labour market outcomes, including pay, hours, occupational skill levels, and types of employment contracts between UK-born and immigrant employees.³ It also analysed the drivers of these differences, considering individual, employer, and integration factors, and how these disparities evolve over time.⁴

Policy Context

What happens to immigrants after arriving in the UK is central to integration policies. Immigrants' experiences in the labour market are a critical aspect of the integration process. This should be a key concern for policymakers, as disparities in earnings and employment opportunities can hinder economic performance and limit the utilisation of skills, representing a lost opportunity to fill skills gaps. Understanding these disparities and their underlying drivers is essential for developing strategies to reduce inequalities and address skills underutilisation.

Insights from research on Hong Kong British Nationals (Overseas) (BN(O)) visa holders highlight how these challenges manifest in practice.⁵ A recent survey by British Future found that 18% describe themselves as unemployed and almost half (47%) said they work below their level of skill and qualification. Like many migrants, BN(O)s view employment as part of the process of integrating into life in the UK, yet they encounter significant barriers such as difficulties over recognition of their professional qualifications and experience, low confidence in spoken English, and a lack of familiarity with the UK job market. These challenges are further compounded by employer misconceptions about visa rights and a lack of UK-specific experience, creating additional hurdles.

What the research shows

The study by Cardiff University researchers identified significant differences in labour market outcomes between immigrant and UK-born employees, particularly by years of residence. Long-

¹ Office for National Statistics (2022) [International Migration, England and Wales: Census 2021](#), Office for National Statistics (accessed 8 November 2023).

² Office for National Statistics (2023) Released 03 July 2023, ONS SRS Metadata Catalogue, dataset, Annual Survey of Hours and Earnings linked to 2011 Census – England and Wales, DOI: <https://doi.org/10.57906/80f7-te97>.

³ Kaya, E. (2024). [Labour Market Performance of Immigrants: New Evidence from Linked Administrative Data](#). GLO Discussion Paper, No. 1418, Essex: Global Labor Organization.

⁴ Kaya, E. (2024). [Labour Market Differences between Immigrant and UK-born Employees: What is the Role of Employers?](#) ADR UK Data Insight.

⁵ Rolfe, H. and Lau, D. (2024) [Working it out: Hong Kongers, employment and the cost of living](#), Welcoming Committee for Hong Kongers and British Future.

term immigrants (those with at least 10 years of residence in the UK as of the 2011 Census) tend to have very similar outcomes to UK-born employees. In contrast, more recent immigrants earn less, work longer hours, and are more likely to be employed in low-skilled or temporary jobs. This is despite their higher likelihood of holding a degree and a greater concentration in high-paid regions such as London. These disparities are particularly pronounced for women, ethnic minority group immigrants, who often face additional barriers in the labour market, as well as for immigrants from regions that are economically and culturally less similar to the UK.

The study also found a dual role employers play in shaping these outcomes. Where employees work matters, as immigrants and UK-born employees tend to work in different types of firms, with immigrants more likely to be employed in lower-paid ones. However, significant disparities persist within the same employer, even among coworkers with similar characteristics, such as education and length of employment.

Integration of migrants, as measured by factors such as English proficiency, holding a UK passport, or identifying as British nationals, are found to help narrow gaps between migrants and co-workers. However, inequalities still persist even for those with English proficiency, UK passports, or British identity. While some disparities diminish over time, progress remains slow.

Recommendations for Policymakers

The persistence of under-utilisation of skills represents a waste of human capital. Policies that influence the employment opportunities of immigrants are crucial for improving their outcomes and addressing labour market inequalities. Efforts to offer support for recent immigrants, alongside measures to address structural barriers, may significantly improve labour market outcomes while promoting integration. Such measures would not only enhance individual outcomes but could also help address skills shortages in the UK labour market.

Targeted initiatives, such as mentoring programmes, tailored employment advice, and accessible information about the labour market, can support immigrants in navigating the UK labour market more effectively. These efforts are particularly important for groups such as women, who often face additional barriers, and immigrants from regions that are culturally less similar to the UK. Currently, migrants often rely heavily on informal networks, which are effective in helping them into work but in easy entry, low skilled jobs.⁶

Employers play a pivotal role in shaping labour market outcomes for immigrants, both through where they work—often low-paid employers—and disparities within individual employers. This highlights the potential of targeting both hiring practices and initiatives that promote labour market mobility, as well as pay and skills policies, to address inequalities. In this context, policies that enhance language skills, facilitate the recognition of foreign education credentials, and value prior work experience from the country of origin can play a significant role in accelerating integration.

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⁶ Hudson, N. and Runge, J. (2020) [Recruitment of workers into low-paid occupations and industries: an evidence review](#), Manchester: Equality and Human Rights Commission.