



# EMPLOYING REFUGEES:

Measuring business attitudes in London



# FOREWORDS



The experience of refugees has become a political talking point for some time, with politicians from all sides expressing their views on how to address the number of people arriving in the UK. Seismic geopolitical shifts, as seen with Russia's illegal invasion of Ukraine, and the withdrawal of British forces from Afghanistan and continuing unrest in the Sahel, has seen the Government enact schemes that enable refugees of these nations to arrive in Britain. London Chamber of Commerce and Industry (LCCI) has been working to support Ukrainian refugees and businesses who have come to the UK, whilst strengthening ties between London and businesses who continue to bravely operate in Ukraine.

Our latest research report looks to show the barriers that businesses face to employing more refugees in London, with a view to trying to overcome these and boost the employment rate of refugees.

What is clear from our findings is that businesses would like to employ more refugees from a CSR perspective and also to help fill skilled vacancies in the capital, but they need the support to do so. Companies recognise the skills that refugees can bring to their firms, and the positive impact that employment can have on refugees and their communities. Going forward, LCCI will want to see further support given to businesses so that more refugees are employed, which can help strengthen their resilience and assist companies in addressing skills shortages.

**Richard Burge**, Chief Executive, London Chamber of Commerce and Industry



The number of forcibly displaced people in the world has doubled to more than 100 million in just the last ten years. Meanwhile, migration policies in many hosting countries are broken, with politicians often opting to demagogue the refugee issue rather than constructively address it.

In its recent report, "[Unlocking Refugee Self-Reliance in the UK](#)," Refugee Investment Network (RIN) attempts to shed a different light on the UK's current immigration "burden". Indeed, the report takes a contrarian point-of-view, looking at the current immigration challenge as an "opportunity" for both refugee self-reliance and business growth. At the heart of the report's analysis is the private sector with its potential to leverage refugee lens investing to help pave pathways to employment for refugees in the UK.

Understanding demand and responding to the private sector's needs is an essential first step required to realise the potential of refugee hiring. Therefore, in the survey that follows, LCCI and RIN aim to fill critical gaps in information about the interest of employers in hiring refugees in metropolitan London. Indeed, the data show private sector interest in intentionally recruiting refugees in the UK, especially with the help of more information and guidance into refugee communities. We welcome these findings and the fresh conversation they spur about the value and opportunity of connecting the private sector to refugees.

**Tim Docking**, Chief Executive Officer, [Refugee Investment Network](#)

# INTRODUCTION AND METHODOLOGY

Savanta surveyed a total of 529 London business leaders between 2 February and 9 March 2023. All data were weighted to be representative of all London businesses by company size and broad industry sector.<sup>1</sup> Three categories are used for business size segmentation: micro businesses with fewer than 10 employees (including sole traders), small- and medium-sized businesses (SMEs) with 10-249 employees, and large businesses with 250+ employees. Any data reproduced from the report should be fully referenced.

The purpose of this report is to provide an insight into the current landscape of refugee employment by London businesses. The report will consider the reasons London companies look to employ refugees, but also the barriers that are preventing more from doing so. Finally, our report will highlight the steps that could be taken to encourage more businesses to hire refugee employees.

## BACKGROUND

The UK is home to just under 360,000 refugees and people seeking asylum.<sup>2</sup> However, the numbers are increasing: there were under 75,000 applications for asylum in the UK in 2022, more than double the number in 2019 and the highest number in nearly two decades.<sup>3</sup> With the repeating waves of displacement crises around the world and various communities of refugees coming into the UK, establishing lasting pathways to employment and self-reliance, in partnership with the private sector, will be essential. While refugees have the legal right to work in the UK (unlike asylum seekers who generally do not), they often lack local professional networks, language skills, certifications, and integration support to realise their full potential in the job market. Indeed, the unemployment rate among refugees was 18% in 2019, around three times that of the UK-born population.<sup>4</sup> The employment rate among resettled refugees is just 5% after the first year.<sup>5</sup>

Increasing opportunities for refugees and labour market integration can bring mutual benefits, especially given the growing labour shortages (stemming in part from Brexit and COVID) and educational costs in the UK. The UK's tight labour market, with an unemployment rate of only 3.9%, creates an opportunity for the private sector to expand their hiring pools with refugees.<sup>6</sup> Promoting the available refugee talent pools to UK employers and making the business case for hiring refugees requires closer partnerships between the private sector and refugee-serving organisations.

## EMPLOYMENT OF REFUGEES

<sup>1</sup> Savanta is a member of the British Polling Council and abides by its rules. Full data tables are available at [www.savanta.com](http://www.savanta.com).

<sup>2</sup> According to the United Nations High Commissioner for Refugees (UNHCR), as of November 2022 there were 231,597 refugees, 127,421 pending asylum cases and 5,483 stateless persons in the UK. UNHCR, "Asylum in the UK", <https://www.unhcr.org/uk/asylum-uk>

<sup>3</sup> Home Office, "Immigration system statistics, year ending December 2022: summary of latest statistics", 23 February 2023, <https://www.gov.uk/government/statistics/immigration-system-statistics-year-ending-december-2022/summary-of-latest-statistics>

<sup>4</sup> Kone, Z, Ruiz, I., ad Vargas-Silva, C. "Refugees and the UK Labour Market," April 2019, ECONREF, COMPAS, University of Oxford, <https://www.compas.ox.ac.uk/2019/refugees-and-the-uk-labour-market/>

<sup>5</sup> Home Office. "New Plan for Immigration Policy Statement." 29 March 2022. <https://www.gov.uk/government/consultations/new-plan-for-immigration/new-plan-for-immigration-policy-statement-accessible>

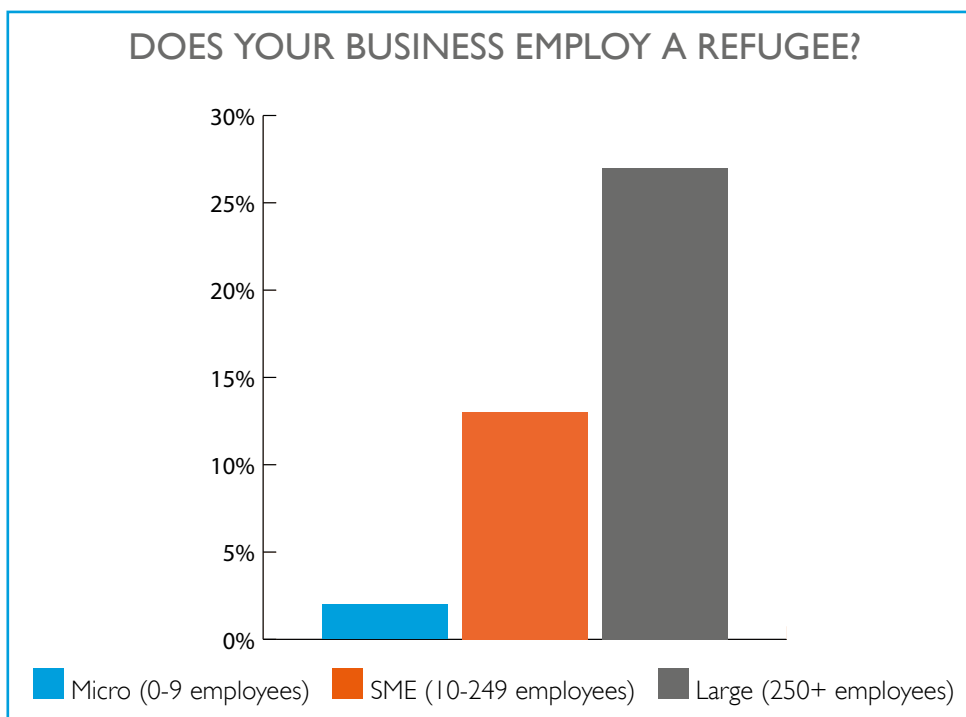
<sup>6</sup> House of Commons. "UK Labour Market Statistics." 16 May 2023. <https://commonslibrary.parliament.uk/research-briefings/cbp-9366/>

London businesses were asked if any of their employees were from the following groups:

- Apprentices
- Retirees
- Refugees
- Prison leavers

Our survey showed that 3% of London companies said they employ a refugee. There was a roughly similar share of companies who said they employed retirees (7%) and prison leavers (4%). It is important to note that the businesses that are intentionally hiring refugees (e.g., through recruitment partnerships) are more likely to be aware of the refugee status of their employees. In other words, the real rate of refugee employment is likely to be higher than reported.

There were significant variations in employment of refugees based on business size. Micro companies (those with 0-9 employees) were much less likely to say they employed refugees than SMEs or large businesses:





Employment of refugees was consistent across different industries, with 'arts, entertainment, recreation and other services', information and communication, and the public sector reporting the highest rate of refugee employment (6%). The sector which reported the lowest rate of refugee employment was 'professional, scientific & technical' (1%).

LCCI has conducted a number of skills surveys which seek to identify the skills and labour gaps experienced by London businesses. In our most recent survey released in November 2022, more than two-thirds (69%) of London companies identified at least one skills gap in their current workforce.<sup>7</sup>

The below table considers the levels of refugee employment by different sectors, and the reported prevalence of skills gaps in each of these sectors:

SECTOR	DID YOUR FIRM HAVE A SKILLS GAP (Q3 2022 SKILLS SURVEY)	PERCENTAGE WHO EMPLOY REFUGEES
Information & communication	61%	6%
Public administration and defence / education / health	76%	6%
Arts, entertainment, recreation and other services	70%	6%
Agriculture, forestry & fishing / production	79%	3%
Construction / property	70%	3%
Motor trades / wholesale / retail / transport & storage / accommodation & food services	86%	3%
Finance & insurance / business administration and support	80%	3%
Professional, scientific & technical	46%	1%

The table suggests that, aside from professional, scientific and technical services, the majority of London businesses within these sectors are experiencing at least one skills gap. However, the levels of reported refugee employment are low.

There remains potential for refugee employment to grow, particularly in sectors experiencing skills gaps (such as the motor trades, wholesale, retail, transport and storage, and accommodation and food services industries).

<sup>7</sup> LCCI, Skills Survey Q3 2022, <https://www.londonchamber.co.uk/LCCI/media/media/London-Skills-Survey-Q3-2022-final.pdf>

# RECRUITMENT OF REFUGEES

LCCI and RIN were keen to identify if London businesses who said they employed refugees had any specific motivations for doing so.

Encouragingly, the overwhelming motivation was to support refugees (65%). This was followed by a perception that refugees are hardworking employees (47%), and that refugees bring unique skills to their business (40%). Several other motivations were identified by firms:

MOTIVATIONS FOR EMPLOYING REFUGEES	PERCENTAGE
To support refugees	65%
Refugees are hardworking employees	47%
Refugees bring unique skills	40%
To increase diversity in our team	39%
Refugees are loyal employees	38%
It was the easiest way to meet our workforce needs/ fill open positions	31%
Demand from customers or others	27%
We did not actively look to employ refugees, we just ended up doing so	14%

For micro companies that employed refugees, nearly four in five (78%) said their main motivation was to support refugees. Large firms (250+ employees) also cited support for refugees as their chief reason (67%), while for SMEs, increasing diversity within the team was the main reason for employing refugees (51%). Capacity development support to SMEs on workforce diversity may increase refugee employment. Consistent with London businesses' perceptions, other research has evidenced refugees' high retention rates.<sup>8</sup>

Equally important to understand motivations *for* employing refugees, LCCI and RIN wanted to identify the reasons why London businesses *did not* recruit refugees.

There were a breadth of reasons given by London businesses who said they did not recruit refugees:

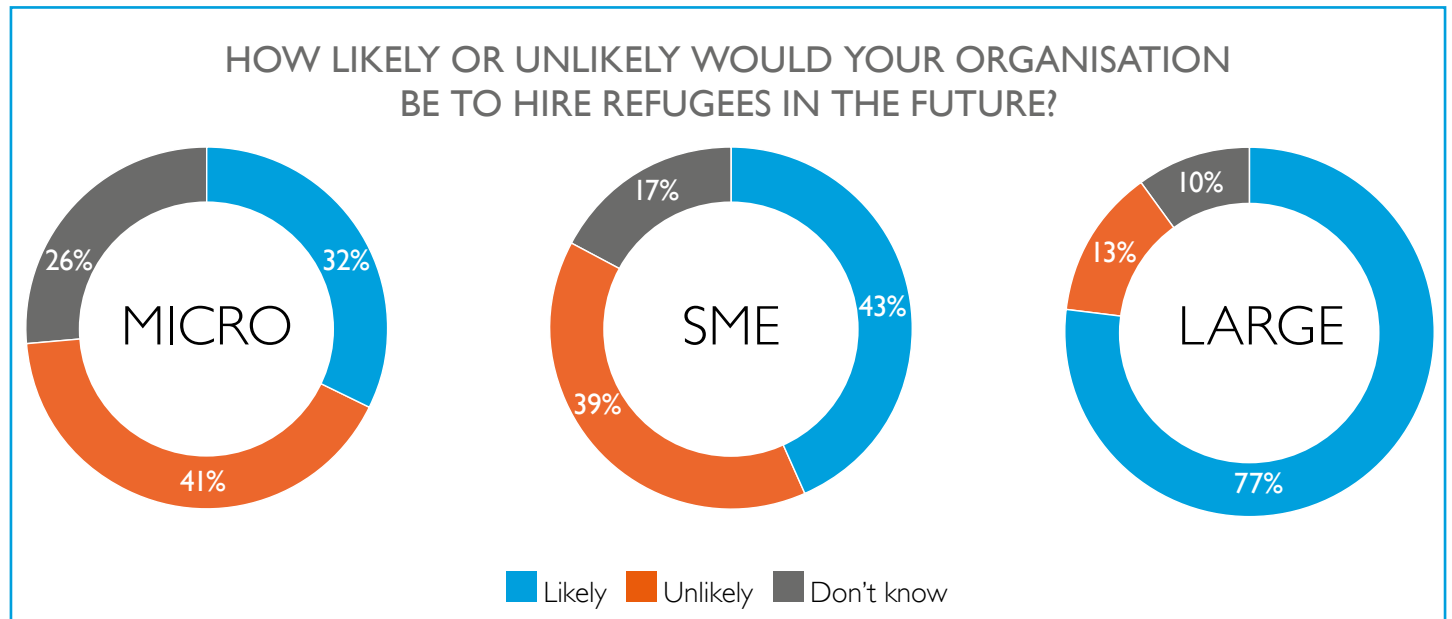
- Hard to find qualified refugee employees
- Unsure how to recruit people with refugee backgrounds
- Concerned about language skills
- Uninformed about refugees' legal rights (to work, to stay, etc.)
- Concerned about cultural fit
- Concerned about support needs (social integration, mental health, etc.)
- Other

<sup>8</sup> Tent Partnership for Refugees as Employees: Good Retention, Strong Recruitment." <https://www.tent.org/resources/good-retention-strong-recruitment/>

The two most-cited barriers to employing refugees were that it was 'hard to find qualified refugee employees' (21%), and that firms were unsure how to recruit people with refugee backgrounds (20%). Firms were more likely to cite barriers related to recruitment of refugees, as opposed to concerns about refugee employees themselves. For businesses of all sizes who did not employ refugees, difficulties finding qualified refugee employees was cited as the main barrier. For large businesses, more than two-fifths (43%) said they found it hard to find suitably qualified refugee employees. It is important to note that 37% of micro companies selected 'other' as a reason for not recruiting refugees, which was much higher than SMEs and large companies (5% and 2%, respectively).

## SUPPORTING BUSINESSES TO RECRUIT REFUGEES

London businesses were asked how likely or unlikely would their organisation be to employ refugees in the future. On balance, 33% of firms said they were likely to employ refugees, compared to 41% of companies who thought it was unlikely to happen (26% said they did not know). However, within these figures there were significant variations based on the size of company, with the likelihood of hiring refugees going up to 43% among SMEs and 77% among large businesses. According to LCCI's Q1 2023 Capital 500 survey<sup>9</sup>, more than a fifth (22%) of London businesses expect an increase in their workforce in the coming three months, but experience continued labour market difficulties and struggle to hire new staff. Supporting these businesses in expanding their hiring pools with refugees could be helpful in addressing skills shortages, while also boosting the employment rate for refugees.



<sup>9</sup> LCCI, Q1 2023 Capital 500, <https://www.londonchamber.co.uk/LCCI/media/media/QES-Q1-2023.pdf>



Considering different sectors, firms in the agriculture, forestry and fishing / production industries were most likely to say their organisation would hire refugees in the future (68%). The below table shows potential recruitment of refugees by sector:

Sector	Likely	Unlikely	Don't know
Agriculture, forestry & fishing / production	68%	31%	1%
Information & communication	46%	36%	18%
Motor trades / wholesale / retail / transport & storage / accommodation & food services	43%	28%	29%
Finance & insurance / business administration and support	37%	35%	28%
Construction / property	29%	46%	24%
Public administration and defence / education / health	27%	47%	26%
Arts, entertainment, recreation and other services	22%	53%	25%
Professional, scientific & technical	19%	50%	31%

Three fifths (61%) of London businesses who said they had tried to recruit during the fieldwork period<sup>10</sup> said they think their organisation would hire refugee employees in the future, a positive sign for boosting the rate of refugee employment. According to LCCI's Q1 2023 Capital 500 survey, a record 73% of firms reported issues in recruiting in Q1, most acutely in the professional, scientific and technical services sector. This sector also reported the lowest likelihood of hiring refugees in the future (19%), which may be turned into an opportunity with the right support and linkages to trained refugees.

Keen to consider what be done to increase employment of refugees, businesses were asked which of the following (if any) steps would be supportive:

- More information about laws on hiring refugees
- More information on how to support refugee employees
- Better connections to refugee communities
- Dedicated internal resources or external advisory
- More information on how to manage a diverse workforce
- Other

More than a third of London businesses cited a need for more information regarding laws on hiring refugees (37%), and a similar share felt that further detail on how to support refugee employees would be necessary to hire refugees (34%). Businesses of all sizes cited further information as their main needs to recruit refugees, with large companies also looking for additional detail on how to manage a diverse workforce. For those businesses who said they were likely to recruit refugees to their organisation in the future, more than half felt they would need further information both on the laws regarding hiring refugees (55%) and on how to support refugee employees (51%).

<sup>10</sup> Savanta surveyed a total of 529 London business leaders between 2 February and 9 March 2023.

# SUMMARY AND RECOMMENDATIONS

Our findings suggest that, to the extent that they are aware of their employees' refugee background, employment of refugees by London businesses is low. That said, SMEs and large businesses reported higher levels of refugee employees than their micro counterparts.

It is clear that businesses – particularly SMEs and large companies – are optimistic about the prospect of hiring refugee employees in the future.

Nevertheless, our report has also indicated that there is significant room for improvement and if the rate of refugee employment is to be increased, businesses will need additional learning and support, as well as a deliberate internal commitment. This would principally be through more information on any legal requirements of firms when recruiting refugees, and on how to adapt their processes when recruiting and supporting refugee employees.

Boosting connections to refugee communities, and more active matching and collaboration between workforce gaps and refugee training and support programs, would also present a welcome move that could encourage more firms to hire refugee employees. We also recommend that the investment community supports refugee-employing businesses in London, according to the refugee lens, for impact on refugee self-reliance.





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