

Thematic Review seminar of the Mutual Learning Programme of the European Employment Strategy

Improving access to the labour market for people at its margins with a special focus on people with a migrant or minorities background

Brussels, 29 April 2008

Summary of the Thematic Review seminar

1. Introduction

On April 29th 2008, the European Commission (DG Employment, Social Affairs and Equal Opportunities - DG EMPL) hosted a Thematic Review seminar under the umbrella theme of "Increasing labour supply by focusing on people at the margins of the labour market and youth, linked with the development of flexicurity policies". The seminar brought together official and non-governmental representatives from 27 countries, among them delegates from EU Member States, Iceland, Norway, Croatia, Macedonia and Serbia, as well as representatives of European NGOs, international organisations and the European Commission.

The Thematic Review seminar focused on the situation of migrants and minorities in the EU with regard to their labour market integration. Contributions from the OECD and the ILO added an international perspective. Special attention was given to targeted action towards migrant women and young migrants. The two country examples of Norway and France presented good practice examples of improving access to and progress in the labour market for migrants and minorities. Furthermore, the importance of local integration policies when it comes to ensuring access to the labour market for migrants and minorities was stressed in the presentation of the so called CLIP initiative, a network of cities which has been established in cooperation with the European Foundation for the Improvement of Living and Working Conditions (Eurofound). Finally, social partner representatives from BusinessEurope and ETUC explained their role in improving access to and progress in the European labour market for migrants and minorities.

2. Background and policy considerations

The Lisbon Strategy for Growth and Jobs clearly underlines the need for attracting more people into employment in order to increase labour supply. Recent figures on employment in the EU show particularly that the integration of migrants and minorities in the labour market remains a challenge for most Member States. As pointed out in the Communication "Towards a Common Immigration Policy" (COM (2007) 780) the EU lags behind other main immigration destinations in terms of integration, in particular concerning the access to the labour market. The gap between the total unemployment rate and the rate for non-EU nationals for the total working age population (15-64 yrs old) is high in most Member States; in a number of Member States it remains at or above 10 percentage points. At the same time most Member States are facing a paradoxical situation: they have an increasing need for labour supply, with shortages of highly-skilled workers, in parallel with low labour market participation for, especially low skilled, immigrants. Improving the access to the labour market for migrants or minorities touches on a vast variety of issues, among them language abilities, recognition of educational attainments and prior work experience as well as discrimination.

The Thematic Review seminar was opened by **David Coyne**, DG EMPL, Director for ESF, Monitoring of Corresponding National Policies I, Coordination. He noted that despite a sustained labour market growth, Europe had to face great challenges, particularly when it comes to unemployed young people and the integration of minorities and migrants. Also from the perspective of demographic ageing, increasing access to the labour market for migrants is crucial. They usually face considerable difficulties which result in an often substantially higher unemployment rate compared to the native population, sometimes as much as 10% higher. Efficient labour market integration starts with education and training. Inclusive education taking into account the special needs of migrants is a key precondition, thus an early educational division of pupils seems to be inappropriate for migrants. People should be enabled to use their full potential, but this is often not the case for migrants, who are frequently employed below their qualifications. Reasons for this include insufficient knowledge of the host country language and lack of recognition of qualifications, but also often a lack of political willingness of the society to open up for migrants. However, Europe cannot afford to neglect migrants as it needs the skills of these people. Mr. Coyne stressed that improving the integration of migrants was important not only in terms of ensuring Europe's competitiveness but also in terms of how we want our societies to be. In some cities already half of the children have a migrant background and thus it is vital to develop effective processes and structures for integration. He hoped that this seminar would contribute to this.

3. The labour market integration of migrants and minorities in Europe in an international perspective¹

Thematic expert **Christian Dustmann**, CReAM – Centre for Research and Analysis on Migration, University College London, addressed the general labour market situation of immigrants in the EU. He started his presentation by giving an overview of the history of European migration. He then discussed the processes that determine the economic performance of immigrants and the difficulties that are inherent to empirical analysis, concentrating on four countries representing blocks of countries with similar immigration experiences: Germany represents a group of countries in the Northern hemisphere that experienced a large economic boom starting in the late 1950s and recruited immigrants mainly from Southern Europe and Turkey. The UK stands for a group of countries that recruited immigrants mainly from former colonies. Sweden represents the Scandinavian countries with a fairly liberal immigration policy and finally Spain stands for the Mediterranean countries that initially used to be emigration countries but are experiencing very large immigrations since the late 1980s.

Upon entry to the receiving country, immigrants do usually worse than native workers with the same level of qualification. The reasons for this include the fact that skills may not be immediately applicable, language difficulties and lack of information. In theory, immigrants should improve their wage situation with time in the country. This, however, depends on the particular migration situation. For instance, immigrants may differ in their intention to remain in the host country for a longer period and thus in their "effort" to acquire skills that are specific to the host country's labour market (e.g. language). For Germany studies find an initial earnings disadvantage of immigrants of about 15-20% and only among the latest immigrants from Eastern Europe does this gap close slightly with time in the country. In Sweden differences in unemployment probabilities can for

¹ For more detailed information, please download the paper at: http://pdf.mutual-learning-employment.net/pdf/thematic%20reviews%202008/TRSG/EN/dustmann_TRSG_en.pdf

some groups be as large as 11% and earnings differentials are as high as 15%. In Spain the employment disadvantage of immigrants upon arrival can be as large as 32 percentage points with respect to comparable natives. The employment gap slowly decreases for most immigrant groups, but there is a considerable heterogeneity across origin groups. In the UK, immigrants from most white immigrant communities have on average higher wages than British-born whites, but this advantage decreases with time in the country (partly due to selective return migration). Immigrants from all ethnic minority communities on the other hand have slightly lower wages. This wage gap, however, is slightly narrowing. Mr. Dustmann concluded by stressing that Europe's recent migration history was extremely diverse. In many countries immigrants are disadvantaged upon arrival and catch up is quite slow, if happening at all. However, large differences can be observed between origin groups.

Thomas Liebig from the **OECD**² concentrated on the labour market integration of immigrants and their children and presented the first results from OECD country studies. Labour market outcomes for immigrants are generally not as good as for the native-born, but there is great variation. The unfavourable outcomes can partly be explained by the lack of language proficiency and the lack of recognition of foreign qualifications. Although there are generally problems for immigrants to get into the labour market, once they are employed wage progression is quite good. Children of immigrants also have lower employment rates, partly due to lower educational attainment at all educational levels. Finally, Mr. Liebig presented some factors that seem to positively affect labour market integration of immigrants and their children: early work experience; links between language acquisition and work experience; early and frequent contact with the host country language (which strongly influences educational outcomes of the second generation, which, in turn partly determines later labour market success); measures to overcome information asymmetries (e.g. enterprise-based training and temporary employment, mentoring and network-building, transparency in the certification of acquired skills and qualifications linked with bridging courses); overcoming employer hiring reluctance via wage subsidies; and early childhood language training, combined with courses for mothers.

4. Targeted action towards migrant women and young migrants

Gloria Moreno-Fontes Chammartin, from the International Labour Organisation (**ILO**)³, focused on the situation of female migrant workers in the labour market. Women migrants are predominantly concentrated in the services and industrial sectors. Divided by occupation, they tend to hold low-skilled jobs in retail trade, personal services (e.g. domestic work), nursing and other health care services, cleaning services for enterprises, hotels or restaurants, and they work in tourism or as sex workers. Women are under-represented in legal in-flows of migrants into most industrialised countries as legal recruitment efforts continue to target highly-skilled male dominated occupations (e.g. IT workers) as well as semi-skilled and unskilled male dominated occupations (construction and agriculture). Finally, Ms. Moreno-Fontes presented some areas of intervention identified by the ILO where legal, labour and social protection could be improved in countries of origin as well as those of destination, among them: to establish bilateral labour agreements (50% quotas for men and women); to negotiate recognition of diplomas; to enforce the use of an employment contract; to improve labour inspections; to monitor or regulate the activities of private employment agencies and other intermediaries recruiting for jobs abroad; to

² Download the paper at: http://pdf.mutual-learning-employment.net/pdf/thematic%20reviews%202008/TRSG/EN/oezd_TRSG_en.pdf

³ Download the paper at: http://pdf.mutual-learning-employment.net/pdf/thematic%20reviews%202008/TRSG/EN/ilo_TRSG_en.pdf

promote the creation of a single information system on jobs abroad and make it easily available; and to undertake awareness-raising campaigns aiming at changing and avoiding behavioural practices such as the violation of weekly or monthly resting days, withholding passports or wages, and physical, sexual and psychological abuses.

Thematic expert **Gudrun Biffl**⁴, Austrian Institute of Economic Research (WIFO), spoke about the challenges of integrating migrant women and youth into the labour market. The integration of first and increasingly second generation migrants, particularly of women, has become a challenge in view of changing demands for migrant skills and a failure to promote the education of migrant children adequately. In many countries, the unemployment rates of foreign born women are double those of native born. In particular the Scandinavian countries, Belgium and France face difficulties, whereas foreign born women in the UK and the Netherlands are doing comparatively well as far as unemployment rates are concerned and Portugal shows hardly any difference in the unemployment rates of foreign born and native women. Women born outside the EU face larger wage gaps relative to native women; above average earnings gaps can particularly be found in the Nordic and Southern European countries but also the UK. While women from outside the EU tend to have on average a lower degree of integration into the labour market and higher unemployment rates than their male counterparts as well as natives or citizens from other EU Member States, this does not necessarily mean that the experience of immigration is more positive for third country origin men than women. Furthermore, immigration, while difficult, can also open up opportunities for women, which often are not accessible to them in their countries of origin.

Youth unemployment rates are on average twice as high as total unemployment rates in the EU and migrant youth tend to have even higher unemployment rates compared to native youth, with the exception of Southern European countries. Slow improvement of the educational attainment level of migrant youth hampers employment opportunities and there is a high correlation of the educational attainment levels of youth with those of their parents. Accordingly, first generation migrant youth have the greatest difficulties in coping with the requirements of the school system, the foreign environment and often a foreign language. The OECD PISA study in 2003 showed that their performance in mathematics is on average worse than that of native students and usually also worse than that of second generation migrants. As far as the socio-economic status and educational attainment level of the parents of immigrant youth are concerned, the majority of them are at a significant disadvantage compared with their native peers. Research into youth labour markets indicates that it is not only the labour market which represents a challenge for youth but also the education system and its capacity to adapt to the increasing diversity of students and the changing skill needs to raise the employability of youth.

5. Improving access to and progress in the European labour market for migrants and minorities

Jiří Klačka and **Marte Kristine Bjertnæs** from the **Royal Norwegian Ministry of Labour and Social Inclusion** presented the labour market situation for immigrants in **Norway**⁵ with a special focus on policy aimed at improving the labour market access for immigrant women. Despite the healthy labour market situation in Norway, immigrants have a roughly three times higher

⁴ Download the paper at: http://pdf.mutual-learning-employment.net/pdf/thematic%20reviews%202008/TRSG/EN/biffl_TRSG_en.pdf

⁵ For more detailed information, see: http://pdf.mutual-learning-employment.net/pdf/thematic%20reviews%202008/TRSG/EN/norway_TRSG_en.pdf

unemployment rate than natives, although there are large variations between different immigrant groups. Furthermore, Norway currently experiences labour shortages in several sectors of the economy and the number of vacancies is larger than the number of unemployed. That is why the government pursues an active labour market policy targeting particularly people outside and on the margins of the labour market, including immigrants. To allow for labour immigration is a supplementary strategy. There is a wide range of labour market measures available to jobseekers, and immigrants are one of the priority groups for these measures. In addition to job programmes, persons with an immigrant background are offered job practice in enterprises and their wages can be subsidised. The government is putting great emphasis on encouraging employers to recruit qualified immigrants. Several measures have been implemented to include immigrants in the labour market for central government jobs and public administrative positions, including a pilot project promoting moderate affirmative action.

In September 2004 the Introductory Act entered into force as a mandatory arrangement for every municipality in Norway, making them responsible for running a full-time, year-round qualification programme adjusted to the needs of participants. The purpose was to increase the possibility of newly arrived immigrants to participate in working and social life and to increase their financial independence. The programme may last up to two years and full participants in the programme are entitled to a fixed benefit equivalent to twice the basic amount from the National Insurance Scheme. The introduction programme provides participants with basic skills in the Norwegian language, fundamental insights into Norwegian social life and prepares them for future participation in the labour market. Since September 2005 it is compulsory for all newcomers with a prospect of staying permanently in Norway (except for EU citizens) to participate in 300 hours of language training. Other important elements in the programme are labour market measures, which can offer guidance, close follow-up and a variety of initiatives such as wage subsidies, work experience and training. The programme was positively evaluated in 2006.

Hubert Krieger from the European Foundation for the Improvement of Living and Working Conditions (**Eurofound**)⁶ presented the CLIP initiative. CLIP stands for 'Cities for local integration policies for migrants' and is a network of more than 25 European cities, managed by Eurofound and supported by five leading European research centres. The network acknowledges that Europe is facing the challenge of an effective integration of migrants for demographic, economic, social and cultural reasons and that most integration activities happen at the local level. The policy objectives of CLIP therefore include the improvement of local integration policies and practices through a peer review process between cities by describing, comparing and evaluating local policies (involving case studies, comparative analysis, and practical policy recommendations). The network concentrates on four themes: Housing conditions and segregation of migrants (finished); Personnel policy of local authorities and provision of social services for migrants (finished in September 2008); Intercultural dialogue in particular with Muslim communities (started); and Ethnic entrepreneurship (to start in spring 2009).

Alain Fournia, General Delegation for Employment and Professional Training (**DGEFP**), focused on French strategies to promote a new employment policy in urban districts. In **France**⁷, the level of unemployment among young people in sensitive urban areas (ZUS) is twice that of youngsters in other urban districts. This can partly be explained by the fact that the young people involved are usually less qualified, but also discriminatory practices in recruitment are very likely to play a

⁶ For more detailed information see: http://pdf.mutual-learning-employment.net/pdf/thematic%20reviews%202008/TRSG/EN/eurofound_TRSG_en.pdf

⁷ Download the paper at: http://pdf.mutual-learning-employment.net/pdf/thematic%20reviews%202008/TRSG/EN/france_TRSG_en.pdf

role. Before 2005, job creation in the ZUS was promoted by establishing urban enterprise zones (ZFU), a scheme which makes provision for major social security and tax exemptions for small businesses in disadvantaged urban districts in order to attract business and create jobs, providing for the recruitment or employment of at least one third of workers from among the inhabitants of the districts. The scheme runs until 2011 and a recent study highlights a positive and significant impact on the rate of growth of company movements and job supply, but the impact is deemed economically weak when related to the costs of the scheme. Another scheme designed to create jobs in urban districts is the national integration charter which permits access for ZUS inhabitants to employment generated by investments made in the context of the national urban renovation programme. However, after the 2005 riots there has been a shift from focusing on employment creation in these districts towards emphasising intermediation between young residents of urban districts and enterprises. In 2008 the 'Espoir Banlieues' (Hope for the suburbs) plan was introduced, which provides for improved support in finding jobs through the implementation of an autonomy contract, economic development through a reform of company creation assistance and a national commitment of companies to make it easier for young people from the urban districts to set up a business.

Finally, the **social partners** discussed their role in improving access to and progress in the European labour market for migrants and minorities. **Heidi Lougheed, BusinessEurope**, noted that the significant advantage of the social partners was the strong local link to the people affected, employers as well as employees. This provides the opportunity to see first hand the impact of policy changes and to give practical support and information, which includes developing training programmes, providing opportunities for peer group discussions and thus creating space for mutual learning, working together with state agencies, NGOs, small businesses etc. She stressed that the complexity of experiences in small and medium sized companies should not be underestimated, as there is a big difference in the way big multi-national companies are affected by migration issues compared with small ones. When it comes to promoting new integration concepts within companies, a great challenge is also to avoid any backlashes since companies, particularly small ones, are usually very sensitive about changes and possible side-effects. **Catelene Passchier, ETUC**, stressed that the issue of integrating migrants into the labour market is in the public debate often discussed in a quite negative context, characterised by protection policies in most Member States. Thus, the recent focus of migration policy is on temporary migration (seasonal work, circular migration) and Member States frequently see no need to invest in integration policies for temporary workers. However, since temporary migrants also might want to stay, early investment is crucial. Trade Unions have to reach out to migrants as well as to address existing fears of "wage dumping" and crowding out of native workers. Therefore, integration policy should be part of a bigger policy programme focussing on the low wage problem in Europe and on how to ensure not only access to the labour market but also quality jobs for migrants as well as the native low-skilled workforce. The social partners can play a crucial role in the policy debate about integration of migrants into employment, since they have a more practical approach than governments may have.

6. Closing remarks

In his concluding remarks **Robert Strauss** (Head of Unit, European Employment Strategy, CSR, Local Development; DG EMPL) referred to the objectives of the European Employment Strategy namely: Full employment; quality and productivity at work; and social and territorial cohesion. These objectives also offer a broad framework for the debate on the integration of migrants into the labour market. He stressed that this Thematic Review seminar provided a good opportunity

for an exchange of experiences and mutual learning. Member States could surely benefit from the diversity of different approaches in order to find their own best way to integrate migrants.