

LABOUR MARKET INTEGRATION OF IMMIGRANTS

Many ILO member States are now 'new' immigration countries, in the sense that they are experiencing considerably more immigration than previously. As a result, they are having to consider how to manage labour market integration to improve the functioning of their labour markets and thereby accelerate economic growth, while at the same time working towards an inclusive society. The need to reinforce labour market integration policies has become widely recognized, particularly in Europe (European Commission, 2016).

Key findings

- Migrants often face obstacles in terms of access to decent work in employment that matches their skills and aspirations. This limits their integration and depresses their economic contribution. It is essential to monitor the labour market integration of migrants using sets of economic and labour market indicators, paying special attention to indicators capturing employment and the utilization of skills.
- Integration may take many years, but the failure of new immigrants to enter the labour market early and secure appropriate jobs may have detrimental effects over a lifetime. Conversely, investments to support timely labour-market entry hold the promise of long-term benefits.
- Early intervention with relevant career advice is crucial for a new arrival's success in the labour market. Opportunities for progression in the workplace could be improved through:
 - offering incentives to employers;
 - providing work-focused language training;
 - working on the recognition of qualifications; and
 - experimenting with e-learning.

Research questions

Labour market integration has become more important in view of the rising numbers of international migrants. There are many drivers of migration, including huge international discrepancies in income and important differences in demographic profiles of nations, but also decreasing transport costs and improving communication channels. These drivers are likely to cause further growth in migration flows in the near future (Bodvarsson and Van den Berg, 2013). In addition, factors such as lack of respect for human rights and the absence of peace and security will continue to drive migration flows (United Nations, 2016). Furthermore, opinion polls

suggest that in recent years the share of the working-age population willing to migrate abroad permanently has increased in most of the world (ILO, 2017).

The ILO estimates that out of 232 million international migrants in the world in 2013, 206.6 million were of working age and 150.3 million were economically active (table 1). While migrants represented 3.9 per cent of the working-age population, they constituted 4.4 per cent of the labour force, meaning that the overall labour force participation rate was higher for migrants than for non-migrants (ILO, 2015a).¹

¹ As detailed by ILO (2015a), global estimates on migrant workers are based on UN DESA benchmark data on population and migrants, as well as other data sources.

Table 1.1. Working-age population, labour force and labour force participation rate: non-migrants vs migrants

	All		Men		Women	
	Non-migrant	Migrant	Non-migrant	Migrant	Non-migrant	Migrant
Working-age population (age 15+, millions)	5067	206.6	2527	107.2	2540	99.3
Labour force (millions)	3240	150.3	1951	83.1	1289	66.6
Labour force participation rate (%)	63.9	72.9	77.2	78.0	50.8	67.0

Source: ILO, 2015a.

With the growth in international migration, it has increasingly been realized that lack of integration will impose social and economic costs on both individuals and societies. This raises renewed questions, not only regarding how to govern migration (e.g. United Nations, 2016), but also about how to maximize benefits from migration, how to support integration through appropriate policies and which interventions work best.

Integration and the economic contribution of migrant workers

The economic contribution of immigrants can be enhanced if migrants are better integrated into the destination economy and labour market. This means that their contribution would be larger if, for example, employment rates for migrants were higher. However, the current situation in many countries is that employment rates are lower for migrant workers than for native workers (OECD, 2016). For example, in the European OECD countries the employment rate for the foreign-born population was 62.1 per cent in 2015, compared with 65.1 per cent for the native-born population. Unemployment rates are usually higher for foreign-born workers than for native-born workers in all OECD countries, again depressing migrants' economic contribution. Migrants are also particularly vulnerable to poverty.

Another important element of the labour market integration of migrant workers is the extent to which the skills that migrants bring to destination countries are utilized. OECD-wide, immigrants of working age are overrepresented at both ends of the educational attainment spectrum (OECD and European Union, 2015), and skills mismatch rates tend to be higher for migrant workers. For example, the average rate of overeducation in 15 European countries increased from 7.3 per cent in 2002 to 10.0 per cent in 2014 for native workers, and from 11.2 per cent to 18.4 per cent for migrant workers. With a few exceptions, the incidence of overeducation at the national level was found to be higher for immigrants than for natives in European countries for which data were available (Sparreboom and Tarvid, 2017).

Wage gaps between migrant and native workers are another sign of lack of labour market integration of migrants. Such gaps may be due to differences in education, experience, occupation or other measurable factors that affect wages for all workers. However, research

found that in Europe most of the wage gap could not be explained by such measurable factors, which suggests that employer discrimination against migrants, or differences in returns to education acquired abroad, among other possible explanations, may be important (ILO, 2015b).

It is important to monitor labour market integration and the economic contribution that migrants (potentially) make, based on indicators such as employment rates, wages and skills mismatch rates. Sets of indicators that are widely used are discussed in OECD and European Union (2015).

Integration – what works?²

The first few years after arrival are particularly important to an immigrant's long-term prospects. Integration takes place over several decades, but the failure of a new immigrant to enter the labour market early, in an occupation consistent with his or her skills, and in a sector that offers opportunities for upward job mobility, can have a 'scarring effect' that persists throughout the worker's career. Investments to support timely labour-market entry and to put immigrants on a path towards upward occupational mobility therefore promise to bring long-term benefits. Moreover, in light of demographic developments and labour shortages in certain sectors or subsectors, many European countries consider that they cannot afford to waste the potential of any of their residents.

Newly arrived migrants and refugees often face multiple hurdles when they try to find a job, particularly one that is commensurate with their training and aspirations. These obstacles include: insufficient skills and experience (especially language barriers, low levels of education and/or training and lack of local work experience); unrecognized qualifications; difficulties navigating host-country labour markets (including poor information about how to look for jobs or present themselves); and formal and informal obstacles to employment (such as legal restrictions on working, employer discrimination, family responsibilities,

² This section summarizes the findings of a research project by the ILO and the Migration Policy Institute (MPI) on the labour market integration of new immigrants in Europe: see Benton et al. (2014) and http://www.ilo.org/global/topics/labour-migration/projects/WCMS_357742/lang-en/index.htm.

health problems or unresolved housing issues). There are special barriers for refugees, including unpreparedness for the move, trauma and long periods of travels, which have a de-skilling effect. Broader economic conditions obviously also play a role: how tight is the labour market in the host country, and in what numbers do new migrants or refugees arrive?

Targeted integration policies vs. mainstream measures

The diverse set of policy challenges – from tackling brain waste for highly educated people to integrating immigrants with little education and insufficient skills – has led to an equally diverse set of policy responses. Some countries rely mainly on targeted integration policies, such as centralized introduction programmes, while others strengthen their mainstream policies, such as public employment services and vocational training systems. The use of both types of policies in parallel is not uncommon.

Targeted programmes have the advantage of allowing policy-makers to design services that are tailored to new arrivals' specific needs, including orientation and settlement guidance. However, targeted integration programmes are often small in scale and focus on specific entrants, such as family immigrants or refugees. Others with similar needs might not be covered. European Union nationals, for example, are rarely the beneficiaries of integration policies in other EU Member States.

Mainstream policies, on the other hand, require careful coordination between all organizations responsible for immigrant integration. To overcome organizational challenges, countries have experimented with: increased cooperation among local authorities, so that resources can be pooled (e.g. Sweden); collective accountability under national integration plans (e.g. Czech Republic); and multilevel cooperation, including with the social partners (e.g. Germany). In some countries, mentors or guides help new arrivals navigate the system. One criticism directed at mainstreaming is that it can be used as a justification to cut targeted programmes without really investing in better access to mainstream services for new arrivals.³

Employment services

Public employment services (PESs) could be the ideal institutions for connecting jobseekers with limited networks to employers and for providing advice on career development and retraining. However, this potential has frequently not been realized. PESs are often under-equipped to counsel jobseekers, whether immigrants or natives. In some countries, the responsibility of a PES to administer (unemployment) benefits prevents its advisers from considering the long-term career development of their

clients – especially if they are under pressure simply to get people into work as quickly as possible. In some cases, PESs effectively shut off their service provision to migrants who are ineligible for benefits. Moreover, the challenge of advising a diverse and mobile population with distinct needs has added a layer of complexity to a job that is already difficult and which requires diverse competences, from an understanding of the local economy to the ability to counsel vulnerable individuals. These demands are not always reflected in qualifications and training.

Improving the incentives for advisers to serve newcomers' needs is difficult. Approaches that reward private providers for their success in getting a maximum number of jobseekers into work create the risk of "creaming", where providers give more help to those with the best prospects. Other, more sophisticated approaches involve paying providers a higher rate for more-demanding cases, although related incentive structures have proved hard to get right. Practices that promise to enhance the capacity of advisers include: allowing advisers greater flexibility to address non-work barriers, such as childcare and travel (e.g. France, United Kingdom); bringing new arrivals into contact with intensive services earlier (e.g. Sweden); and training advisers to understand the specific barriers to work encountered by newcomers (e.g. Germany).⁴

Vocational and language training

Training, if designed to serve immigrants' specific needs, promises to help with language fluency, basic skills, technical expertise and, even, soft skills.

Innovative initiatives include: occupation-specific language instruction, which has been found to be cost-effective even for those with lower levels of education; experiments with supplementary online courses; and modular courses and supervised work experience designed to allow foreign-trained workers to fill particular skills gaps, rather than having to retrain fully. However, such programmes are currently relatively rare and tend to be small in scale.

For those who are already in work, their employer's involvement is critical to their upward mobility. However, for low-skilled workers, getting their employer to invest in their training remains a challenge. Promising practices that have been identified include: revamping traditional strategies for incentivizing on-the-job training, such as training subsidies and subsidized work experience; ensuring that language training is accessible; and encouraging employers to provide skills assessments as part of the process.⁵

Involvement of the social partners

At EU level, there appears to be a lot of political will among employers' and workers' representatives to collaborate on labour market integration. This was demonstrated by the

3 Based on interviews by ILO and MPI with experts from government, social partners and NGOs in six case study countries: Czech Republic, France, Germany, Spain, Sweden and the United Kingdom.

4 For more information, refer to the policy case studies of the ILO-MPI project, available at: http://www.ilo.org/global/topics/labour-migration/projects/WCMS_357742/lang-en/index.htm.

5 For details, see the synthesis report for the ILO-MPI project: Benton et al. (2014), pp. 21–23.

issuing of a Statement of the European Economic and Social Partners on the Refugee Crisis, which was the result of a Tripartite Social Summit held on 16 March 2016.⁶ In January 2017, all the EU social partners (i.e. ETUC, Business Europe, Eurochambres, CEEP and UEAPME) launched a common two-year project aimed at facilitating the integration of refugees into the labour market.⁷

Policy considerations

Research has demonstrated the importance of early intervention with relevant career advice, which is crucial for new arrivals' attachment to and success in the labour market. In some countries, preconditions for early intervention may be that employment advisers receive diversity and intercultural training, to help them understand the specific needs of new arrivals (e.g. due to their poor language skills and limited job-search experience), and that they are well-acquainted with processes for qualification recognition. In other countries, the prestige and effectiveness of employment advice could be bolstered by setting higher entry requirements and improving ongoing professional development for advisers.

Improved opportunities for progression by immigrant workers will likely be possible via:

- offering incentives to employers;
- providing work-focused language training;

- working on the recognition of foreign qualifications; and
- experimenting with e-learning.

For new policies to be effective, there must be an end to the silo mentality, where ministries, agencies and policy areas all operate in isolation. There needs to be a "whole of government approach" that also includes the social partners; and other groupings, such as civil society, need to be involved as service providers. Suggestions for policy-makers include: improving information-sharing and networking; establishing one-stop shops; monitoring outcomes more effectively; improving systematic evaluations; and holding all partners responsible via a coherent integration strategy with a clear implementation plan.

Inevitably, financial resources are limited everywhere, but several of the measures for immigrant integration proposed above could be carried out without much investment. Furthermore, in numerous countries, mainstream institutions such as PESs and training bodies already receive considerable funding and some of the adjustments to their functioning need not be costly.⁸

Finally, where migrants and/or refugees arrive in larger numbers, it will be important not to leave local populations behind. Policy-makers may therefore wish to check whether hitherto excluded groups could also be covered by measures initially intended for new arrivals.

6 See: https://www.etuc.org/sites/www.etuc.org/files/press-release/files/14.03.16_final_eco_soc_partners_message_refugee_crisis.pdf.

7 Belgium, Germany and Italy will be pilot countries under this EC-funded project, which will largely be about skills assessment and recognition.

8 The inclusion of materials on newcomers' needs in existing training for PES advisers is one example. For further reflections on the costs of labour market integration, refer to Benton et al. (2014), p. 27.

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More information

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