Growth, Equal Opportunities, Migration and Markets (GEMM)

www.gemm2020.eu

Submission to Consultation on the European Union’s (EU) legislation on the legal migration of non-EU citizens
(Fitness Check on EU legal migration legislation)

Managed Migration of Different groups of Migrants

Dr. Neli Demireva and Dr. Wouter Zwysen

Contents
The GEMM Project and How Our Research can Inform Migration Policy on non-EU Migrants .......... 2
1. Migrants’ insertion in local labour markets and the economic position of majority members ........ 3
2. The importance of conditions of admission .................................................................................. 5
3. Further importance of categories of migrants .............................................................................. 8
4. The competitiveness of European markets .................................................................................... 8
5. Experimental Research ................................................................................................................ 10
The GEMM Project and How Our Research can Inform Migration Policy on non-EU Migrants

The GEMM project delivers an assessment of labour market inequalities of migrants and minorities in Europe. By understanding the drivers of these inequalities and determining how institutional factors account for differences between countries, we deliver recommendations of great practical and policy relevance. We especially study how the most can be made of the many highly skilled migrants to Europe, who do not always find jobs in which their skills are used the most effectively. We achieve this through using different research methods – experiments, in-depth interviews and statistical analyses of existing data – and through considering different determinants – individual, contextual and institutional. We are then able to compare integration processes and outcomes over different countries in Europe and can highlight the factors that help to successfully integrate migrants in the host country labour market – to the benefit of minorities and the majority population. Briefings of our research are available through the website: www.gemm2020.eu

In the context of this consultation, we will focus on our results addressing primarily non-EU migrants and the factors that are associated with their better economic integration in destination countries, hoping this can help ensure a fair treatment of non-EU citizens.

Our results point to the following main findings: First, we find that migrants face disadvantage on the labour market in that their high degrees as well as recent training taken up in the host country are not rewarded similarly on the labour market as that for majorities (section 1). This is particularly the case for non-EU migrants from predominantly Muslim countries. The GEMM project also measures discrimination directly through field experiments which point to disadvantage faced by migrants in being called back after applying compared to majority members with identical C.V.s (section 5). This discrimination, which varies between groups and countries, must be taken into account when devising policies inviting highly skilled migrants, as it may limit the extent to which their skills can be used.

Second, we show that the reasons for which migrants arrive matter a lot (section 2 and section 3). Migrants from different countries are differently selected. In the UK non-EU migrants are less likely to be employed than EU migrants which is at least partly driven by the EU migrants being much more likely to arrive solely for the purpose of work, while non-EU migrants who arrive for family reasons or seeking protection are less likely to be employed. We show that non-economic migrants are less likely to be employed than economic migrants, but these gaps close over time through investments in further qualifications, better language skills or even naturalisation. This is important as many migrants arrive for non-economic reasons, particularly for family formation or
unification. This does not mean these migrants cannot contribute on the labour market however and when employed they tend to work on better-quality jobs than many purely economic migrants.

Third, our work clearly shows the importance of investments in the country of residence such as better language skills, taking up more training or obtaining further or equivalent qualifications (section 2 and 4). These forms of investment increase the labour market integration of all migrants and are particularly important for non-economic migrants as a pathway to further activation. We also show that these investments are the major driver of migrants working on more high-skilled jobs. Migration policies aimed at attracting highly skilled migrants must therefore consider the availability and ease of ways to improve host country human capital. We find that policies and the certainty offered initially to migrants can influence the decision to invest in these types of human capital.

Finally, our papers highlight the differences between countries in the extent of discrimination faced by migrants (section 5) and employment gaps with natives (section 4). These differences are due to variations in policies, but also regional economic characteristics (section 1 and 4) which drive the competition of migrants and natives. We therefore advise any policy changes to keep the varying demand for labour, particularly low-skilled labour, and labour market institutions in mind.

1. Migrants’ insertion in local labour markets and the economic position of majority members
This set of papers studies how the local and regional context shapes the labour market integration of migrants and minorities in Europe. These papers highlight that the support migrants can count on within the local area and the region greatly influences their labour market insertion. In that sense it is not always wise to consider placing migrants in areas where they may not benefit from a support network. Much of the negative labour market outcomes for inhabitants of areas with many migrants and minorities are due to these areas having fewer resources and being more deprived. Providing further support and resources to these areas would therefore be a good way to increase the labour market insertion of more vulnerable groups, such as 1st and 2nd generation migrants. This is particularly the case for groups of migrants that face more disadvantage and discrimination, such as those from predominantly Muslim countries.

1.1. Individual and contextual factors that shape the outcomes of first and second generation minority men across major European societies, to be submitted

Neli Demireva and Wouter Zwysen
This study focuses on data from the European Social Survey (2002-2014). We study the insertion of migrants and the second generation in the labour markets of EU15 countries and Norway. The labour market position of an individual is measured as employment probability or the probability of having obtained a good job.

**Policy implications:** We find all migrant groups to experience lower returns to their educational degrees, even Tertiary diplomas, compared to majority members. The gap is particularly stark for non-EU Muslim 1st generation men and Other 1st generation men and does not attenuate over time. Further investments in educational qualifications, which should act as strong signals if statistical discrimination operates, are also discounted compared to similar investments by the majority. Policy makers should consider the lack of transferability of degrees and the lower returns to further investments. Both patterns merit further attention as they underlie taste-based discrimination (the latter is the focus of WP3).

Non-EU Muslim 1st generation men perform worse if they live in regions characterized by high share of migrants and many low-skilled jobs. Both EU13 and non-EU Muslim migrants have experienced a pronounced drop in their employment probability during the period of the economic crisis, especially if they live in areas with high presence of migrants – pointing to the heightened competition in such scenarios accompanied by low recovery in the post 2010 period. Yet, importantly, if a region is characterized by a high share of negative attitudes towards migrants on the part of majority members, the presence of a migrant community has supportive and shielding effects – very strong for 1st generation and second generation Muslim men. Thus, this result warns of possible negative consequences of programmes for random allocation of migrants across regions: the groups performing poorly can be further undercut without community support in hostile environments. Together, these results point to the lack of supportive networks which can help with the job search as being a crucial factor in the disadvantage of some groups, particularly in the light of negative attitudes.

We do not find evidence that majority men have been undercut in regions with high presence of migrants, even if these regions are characterized by low prosperity.

1.2. **Long-term and short-term prospects of integration of different groups of migrants**

*Wouter Zwysen and Neli Demireva*

We have produced a brief comparison of different EU and non-EU migrants to the UK in 2014. Consistent with other reports, EU-migrants are much more likely to arrive temporarily. It is also clear that employment is more likely to be the main motivation of
EU migrants than non-EU migrants and while large percentages of EU-migrants arrive with a prior job, over 40% of Eastern European migrants arrived without a job lined up compared to only 11% of non-EU migrants. For EU15 migrants both family reasons and study are also important motivations for migration. This difference in motivation is crucial as it accounts for the relatively low share of employed migrants, rather than unemployed or inactive, of non-EU migrants (64%) compared that of EU migrants (74-80%). Among those arriving for work there is no such discrepancy, but as many more non-EU migrants arrive for family reasons, as well as for study or seeking protection, the average employment rate is lower.

Policy implications: Legalities clearly make a big difference as EU-migrants generally have higher employment rates than non-EU migrants who arrive under more stringent conditions. Among those arriving for purely economic reasons there are no average differences however, which indicates the importance of also focusing on the activation of non-economic migrants (particularly family migrants), for instance through encouraging further investment in host country human capital. It is clear that the employment rates among economic migrants with and without prior jobs are high with especially EU10 migrants generally having high employment rates regardless of their motivation. There is no indication however that share with prior job is higher among non-EU migrants rather than among EU15 and EU10 migrants.

2. The importance of conditions of admission
The categorization of migrants and forms of various streams ensures the smooth functioning of the migration system; and the achievement of expected results. Within the GEMM project we produced two pieces of research in which the labour market integration of different categories of migrants – economic, student, family reasons or seeking protection – is considered. Data on admission categories is limited and in this work we use self-reported primary motivation for migration as reported in the 2008 and 2014 ad-hoc modules of the Labour Force Survey.

2.1. Which type of migrant benefits most from host country investments? to be submitted for review

Wouter Zwysen & Neli Demireva

This paper uses data from 2008 and 2014 ad hoc modules to study how investment in host country human capital – language skills, attending a language course, naturalisation, and further training – affects recent migrants differently depending on their motivation and pre-existing human capital. We compare third-country economic, refugee, and family migrants to the joined category of EU migrants.

We show that third country non-economic migrants are generally more responsive to the economic and policy context in the country of destination than economic migrants.
in their decision to take up these types of investments – which lead to better labour market outcomes. Family migrants are more likely to take up host-country human capital in countries with more encouraging family reunion policies (as measured by MIPEX); and migrants seeking protection are more likely to invest in the country if the initial rate of asylum decisions for people of their origin region was relatively high – meaning the initial period of uncertainty asylum seekers face was lower. On the other hand, third-country migrants are more likely to take up host-country qualifications if initial conditions are less beneficial, for instance if the unemployment rate was higher initially or labour mobility policies are more encouraging of work. This would indicate that all migrants are mostly engaged in the labour market, but that the option of taking up courses in worse economic times could have benefits in the long run.

Our research shows that good language skills are most beneficial for all migrants in finding work; while naturalization may have a negative association by lowering the need to work. Importantly, we find that these types of investment are particularly important for the more highly qualified.

2.2. Different patterns of labour market integration by reasons for migration in Europe, accepted for publication in International Migration Review

Wouter Zwysen

This study uses cross-national European data from the 2008 ad-hoc module of the Labour Force Survey to analyse migrant gaps in labour market participation, employment, occupational status and precarious employment.

Economic migrants experience smaller employment gaps with majority members than those that arrived for family reasons, to study, or seeking refuge. In terms of job quality; however, the differences between economic and other types of migrants get blurred. In particular, economic migrants who arrived without a contract at the time of entry tend to work on substantially lower quality jobs than majority members and experience less upward integration over time than non-economic migrants.

Family and refugee migrants are generally quite disadvantaged in the early years after migration, but the employment gaps with majority members diminish over time. Large parts of this catching-up are due to differences in the probability of being naturalised, obtaining equivalent qualifications, and particularly improvements in language skills. These investments in host country human capital register larger positive associations with the generally more disadvantaged migrants who arrive for family reasons or fleeing violence, although they affect the quality of work for all migrants.

A reason for the importance of investments may be that they provide a strong signal, which is especially beneficial to those with lower skills and from a more disadvantaged group who may face statistical discrimination and whose skills are less matched with the requirements of the country of origin. The differences between migrant groups are
particularly large among migrants with low language skills, qualifications that are not recognised in the country and without host country nationality. Among those with higher host country human capital the differences between groups according to reason of migration are substantially smaller.

This research therefore shows that these categories of entrance have large repercussions in terms of employment, with economic migrants much more likely to be employed than non-economic migrants. The large majority of economic migrants arrive to look for work and they tend to work in very low-quality work compared to natives and even other types of migrants.

Over time and through learning the language or investing in further skills non-economic migrants are further activated however and can also make a substantial contribution to the economy, to the extent that there are no longer large differences by main motivation among migrants who are naturalised, know the language and have obtained equivalent qualifications.

While this paper considered all migrants, both EU and non-EU, we also tested whether the effects of these types of investments differ between groups and find they do not. EU migrants have generally better labour market outcomes than non-EU migrants with similar motivations, but integration patterns over time and the extent to which language skills, further qualifications and even naturalization drive these patterns are very similar.

**Policy implications:** Providing language courses and opportunities for further training are an essential part of the catching up story of refugee and family migrants and can lead to further activation and employment in these groups. Among migrants with good language skills, recognized qualifications and who are naturalised, there are very few differences remaining by original motivation; while on average non-economic migrants are much less likely to be employed than their economic counterparts. This does not mean there is no issue with economic migrants however, as they work on low-quality jobs on average and, in contrast to other groups of migrants, do not experience any growth over time. They therefore also benefit from some attention to support further integration.

More supportive policies and, for migrants seeking protection, more certainty in terms of asylum applications, can help shape the environment in which migrants are more able to invest in further human capital. This is particularly beneficial for those who already have higher qualifications and must therefore be an important pathway to making the most of migrants’ skills.

The target groups should be migrants who arrive with low and medium qualification as among the highly qualified the differences are small.
3. Further importance of categories of migrants

3.1. Influence of personality traits on the decision to migrate. A cross country comparison

Mariña Fernández-Reino, Javier Polavieja & Maria Ramos

The literature on the selectivity of migration flows and its consequences on the origin and destination countries is a long-standing one in sociology and economics. The idea that immigrants are selected on specific personal traits such as ambition, willingness to take risks or drive for success has been accepted by most researchers even though this assumption has hardly been tested empirically. Our paper is a contribution to prior theoretical and empirical investigations focusing on the relevance of personality traits to the decision to migrate. Using the European Social Survey and the World Values Survey, our research tries to explain the decision to migrate by comparing immigrants and their non-immigrant counterparts from the same country of origin.

Policy implications: Our findings support prior research suggesting that, in addition to economic factors, there are certain personality characteristics that underlie the decisions of international mobility. Positive selection on motivation is evident among third country nationals.

4. The competitiveness of European markets

4.1. Immigrant-Native Unemployment Gaps in Western Europe Before and After the Great Recession: the Role of Labour Market Structure and Institutions, under review

Ivana Fellini, Raffaele Guetto & Emilio Reyneri

While the existence of substantial differences, across destination-countries, in immigrant-native unemployment gaps in Europe is well-established, underlying mechanisms have not yet been clearly identified. Empirical analyses often take into account one or very few contextual characteristics simultaneously and are based on merely cross-sectional relations, a small number of countries and different definitions of the analytical sample. Existing research also paid little attention on how the cross-country pattern of immigrant-native unemployment gaps in Western Europe changed before and after the Great Recession.
The contribution of this paper on the analysis of immigrant-native unemployment gaps is twofold. First, it focuses on the effects of specific labour market institutions such as Employment Protection Legislation (EPL), Union Density (UD), Unemployment Benefits (UBs) and the demand for low-skilled jobs, controlling for other labour market characteristics such as and the share of immigrants in the labour force. Labour market characteristics have been selected and hypotheses formulated based on theoretically grounded micro-level mechanisms underlying ethnic labour market penalties. Empirical analyses use EU-LFS data (2005-2013) and exploit variation in contextual factors at the national and regional levels, as well as their change over time. We also restrict our empirical analyses to prime-age men, so that results are not influenced by differences in the incidence of youth unemployment, retirement schemas and selectivity of women into the labour force. Empirical models also take into account immigrants’ heterogeneity in terms of areas of origin and years of stay in the host country. Second, we argue that the Great Recession constitutes a crucial standpoint to evaluate the role of different labour market structures, especially because the pattern of cross-country differences in immigrant-native unemployment gaps changed dramatically.

Results show that while the EPL for regular contracts has no significant impact on immigrant-native gaps, stricter regulations for temporary contracts tend to increase them. Especially newly arrived immigrants are those who suffer the most from the limited availability of flexible forms of employment. Also higher levels of UD and UBs tend to worsen immigrants’ unemployment risks, compared to those of natives. The increase in the gap with natives driven by higher levels of unionization and UBs are stronger among newly arrived immigrants and those belonging to more disadvantaged minorities. When focusing on within-country differences, however, the pattern of institutional effects becomes more uncertain.

Policy implications: As for the effects of the recent economic crisis, the structure of labour market demand in host countries seems to play the most important role: immigrant-native gaps are lower in countries with a high incidence of low-skilled jobs before the economic crisis, but after 2008 the same countries experienced a huge increase in immigrant-native unemployment gaps. This is likely to due to the higher sensitivity to the economic cycle in sectors and occupations usually held by immigrants.

4.2. Human Capital vs. Labour Market segmentation? A comparative analysis of immigrants’ occupational careers in Italy, Spain and France, under review

Ivana Fellini, Raffaele Guetto, Emilio Reyneri

The Human Capital (HC) and the Labour Market Segmentation (LMS) hypotheses make different predictions on the pattern of immigrants’ labour market trajectory. According to the former, given the limited transferability of skills acquired in the origin country,
immigrants experience a downgrade of occupational status after arrival in the host country, followed by a substantial recovery as time goes by and immigrants acquire HC specific to the host country. On the opposite, the LMS hypothesis states that (non-Western) immigrants are incorporated in the secondary segment of the LM and, thus, experience a huge downgrade of occupational status at their arrival followed by very limited chances of accessing the primary segment, largely independently of the level of skills transferability of the immigrant group and other individual characteristics. We argue that, in a comparative approach, a complementarity perspective is more useful: while LM structures shape the pattern of immigrants’ occupational mobility, i.e. the extent of immigrants’ occupational downgrade and recovery, the acquisition of country-specific HC remains the fundamental driver of occupational mobility in the host country. Paradoxically, this could hold true especially in more segmented LMs, where escaping from “immigrant jobs” is more difficult.

We test our arguments comparing immigrants’ LM trajectories in Italy, Spain and France, countries characterised by different labour market structures and migration histories, as well as the only European countries with comparable information on immigrants’ jobs before migrating. Our empirical analyses show a higher immigrants’ occupational downgrade at arrival in Italy and Spain, compared to France. In Italy and Spain a very low level of reproducibility of the occupational status held at origin only occurs among non-Western immigrants, in an undifferentiated manner among ethnic groups characterised by different levels of skills transferability. However, also in these more segmented LMs, individual endowments of human capital (e.g. language skills at arrival and educational level) are associated to higher status attainment. When it comes to occupational mobility between the first and present job, the acquisition of country-specific human capital, proxied by age at arrival, years since migration and the acquisition/recognition of educational credentials, is found to be associated to higher chances of upward mobility in all countries. In Italy and Spain, notwithstanding lower overall chances of status recovery, the acquisition of country-specific human capital is found to be particularly important for more segregated immigrant groups to reduce their gap with Western immigrants.

Policy implications: The labour market insertion of non-Western migrants can be significantly increased through the acquisition of human capital, which aids them in escaping long-term bad jobs. These investments are particularly important in more segregated labour markets. This study therefore points again to the importance of providing opportunities for further investment in host country human capital, such as language courses or further training/education, in order to make the most of the skills migrants bring with them.

5. Experimental Research
Besides statistical analyses of existing data (Work Package two) the GEMM project also aims to identify the causes and consequences of various forms of discrimination on the
labour market (Work Package three). To do so, we conducted a large-scale comparative field experiment on discrimination in hiring behaviour in five countries: The United Kingdom, Spain, Germany, Norway and the Netherlands.

Candidates’ ethnic background is signalled by their name and mother tongue in the CV and by a sentence about the origin of their family in the cover letter. All candidates, regardless of migration background, have the destination country’s nationality and had all their relevant schooling in the destination country. Some ethnicities were used in all destination countries, while others were only used in selected ones. The research covers more than 52 countries of origin we use and the distribution across the five destination countries. This study therefore provides a view of the discrimination faced by relatively advantaged migrants, who have nationality and perfect language skills.
Figure 1 shows the first results of this project and presents the discrimination rate, as the rate of every call-back (request for information or invitation to interview) received by a minority member for every call-back to a majority member.
The first and perhaps most striking observation in figure 1 is the clear difference in callback rates between applicants of different ethnic origins in all destination countries. In Norway, the discrimination rate ranges between zero and around 1.5, indicating that some ethnic groups never get called back while others have a fifty percent higher chance to be called back compared to the majority population. This difference isn’t as pronounced in Germany, where the discrimination rate only amounts to around 0.60. Here, Iranian applicants on average would need to write almost double the amount of applications to have the same chance to be invited for an interview as natives. Note that applicants’ ethnic origin is randomly assigned to applications and that application documents are identical across ethnic groups\(^1\). That is, applicants’ ethnic background does not correlate with observable differences in skill level.

A second key observation is that in all five destination countries there are ethnic groups with better chances for getting a call-back than natives, even though natives are among the top groups. Apparently, not all minority groups are treated less favourable than native-born applicants. For example, the British have the third-highest call-back rate in the UK and Spaniards the seventh-highest call-back rate in Spain respectively.

Furthermore, there are systematic differences in call-back rates between ethnic groups. For example, in most destination countries applicants from South Korea, India, or the Netherlands have above-average call-back rates. Applicants from countries such as Uganda, Egypt, or Iraq, by contrast, are consistently on the lower end of the call-back hierarchy. However, there also are big differences across destination countries with regard to the ranking of specific origin groups. For example, applicants of Russian origin receive the highest percentage of call-back of all groups in Germany, but they are at the same time the group with the lowest chances for a call-back in Spain. Similarly, Japanese applicants fare well in the UK, where they have the fourth highest overall call-back rate, while in Spain they rank second-lowest among all origin groups.

Policy implications: Some groups are particularly disadvantaged by discrimination and do far less well than majority members with identical C.V.s. This can colour their migration experience in the EU and hinders the optimal working of migration policies. The differences between groups are not always the same however and we see that in Germany, which has a tradition of very detailed application packs, discrimination seems to be relatively lower than in some of the other countries.

\(^1\) Besides applicants’ names, second mother tongue, and country of origin, applications from members of different ethnic groups differed from one another only with regard to the religious affiliations that was mentioned in some cases and the choice of pictures that could appear on the CV.