

## Executive summary

With 16% of its population born abroad, Sweden has one of the larger immigrant populations among the European OECD countries. About half of the foreign-born population originally came to Sweden as refugees or as the family of refugees. Furthermore, among all OECD countries for which comparable data are available, Sweden has had by far the largest share of humanitarian migrants in total migration inflows over the period 2005-14.

In 2015, 163 000 asylum seekers arrived in Sweden to seek shelter, the highest per capita inflow ever registered in an OECD country. A significant share of these asylum seekers are expected to receive international protection. Relatively favourable labour market conditions and highly developed, longstanding integration policies ensured that Sweden was well prepared to deal with this sudden increase. Existing integration measures have been scaled up and several new initiatives launched – including a fast-track initiative to integrate skilled refugees into shortage occupations.

At the moment, however, the challenges arising from these flows are felt most immediately in the housing system. The resultant long delays in the settlement process postpone the commencement of introduction activities such as in-depth language and other training. In the absence of a structural solution to Sweden's housing problems, integration activities must start prior to permanent settlement for migrant groups who do not come from countries with high return rates. First steps in this direction have been taken and it is important to continue along that route.

In all OECD countries, humanitarian migrants and their families face greater challenges to integrate into the labour market than other groups. Employment rates reach 78% among native-born Swedes, one of the highest in the OECD. The gap between that and the employment rate of immigrants (that is, of those born outside Sweden) is, alongside the Netherlands, the largest in the OECD. This is partially explained by the high share of immigrants who arrived for humanitarian reasons and partially by the existing high employment rates among the native-born population, particularly among women.

Employment disparities are particularly pronounced among the low-educated, among whom immigrants are heavily overrepresented. Almost one-third of immigrants hold, at most, a lower secondary education. This is twice the proportion of the low educated among the native-born. High, collectively bargained entry wages and relatively knowledge-intensive production have meant that few jobs require less than an upper-secondary education (*gymnasieskola*), and the share of low-skilled employment in Sweden – accounting for less than 5% of total employment in 2013 – is among the lowest in the OECD.

The cornerstone of Swedish integration policy is a two-year introduction programme for newly-arrived humanitarian migrants and their families. The programme consists of Swedish language training, civic orientation and a range of activities aimed at labour market integration. This programme is co-ordinated under the aegis of the Public Employment Service (PES), with municipalities in charge of the provision of language training and civic orientation. Following the two-year introduction programme, however, a large number of immigrants – particularly the low-educated – are neither working nor studying when the programme ends. One year following the end of the introduction programme, only 22% and 8% of low-educated participant men and women, respectively, were in employment, the majority of which was subsidised employment. Individuals with little education often have a longer integration process, and adequate integration measures (in which education plays an important role) will require stronger co-ordination between municipalities and the PES. Municipalities are also financially responsible for persons claiming social assistance. Given the number of low-educated refugees who are neither working nor studying in the years following the introduction programme, the financing for integration may need to be re-considered, to reflect the extent to which long-term costs vary with participants' characteristics. Alongside this, efforts must be stepped up in reaching out to women and ensuring that there is a follow-up after the end of the programme.

It is not only low-educated immigrants who face challenges in integrating into the labour market: the gaps in labour market outcomes vis-à-vis the native-born are also large for immigrants with a high level of education, particularly for the 60% of the highly-educated who received their training outside Sweden. Evidence from Sweden and other countries suggests that assessment and recognition of foreign qualifications, linked with bridging programmes to get a host-country qualification, is highly effective. In this respect, the Swedish system for assessment and recognition of foreign qualifications has recently undergone significant changes to streamline the process and enhance transparency. But waiting and processing times for recognition of foreign qualifications remain long,

especially in the health sector, and there is no systematic alternative for migrants without proof of their formal qualifications.

In addition to upskilling and certification of existing skills, policy has also tried to lower the cost of hiring, and a range of wage-subsidies are available. The available evidence suggests that these wage subsidy programmes, when used in combination to provide a gradual phasing out of the subsidy, can be an effective tool in rising the post-programme employment prospects of participants, but the numbers involved are small. This is due in part to the limited awareness and low take-up among employers and in part due to the administrative burden that limits the number of referrals made by the PES. The PES is increasingly marketing the different wage subsidies as a package of measures, enabling subsidised workers to move gradually toward unsupported employment. This is an important step in the right direction. However, if such a package is to be effectively used on a meaningful scale, subsidies will need to be harmonised and streamlined in order to reduce the administrative burden they impose both on employers and PES caseworkers, and to enable a gradual phasing out of the wage subsidy over time. In addition, alternatives to wage subsidies, such as temporary training contracts and internships, are currently rarely used and should be developed further in co-operation with social partners, particularly in those sectors in which they are currently underdeveloped. Such programmes should be continued beyond the introduction programme.

Integration efforts in Sweden that aim to tackle the low employment rates among immigrants have thus mainly been a mix of two broad policy tools: upskilling and enhancing transparency on migrants' skills on the one hand and temporarily lowering the cost of hiring on the other. While past policies put a stronger emphasis on lowering the cost of employing migrants, more recent policy initiatives have focused on activating and enhancing the skills of immigrants.

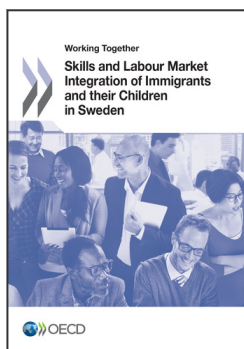
Framing the available instruments in this way has tended to obscure the fact that these are not the only hurdles faced by immigrants. Discrimination is a further obstacle to immigrants' integration. Testing studies of recruitment in Sweden, using CVs in which applicants only differ by name, have revealed a high incidence of discrimination against candidates with an "immigrant-sounding" name, especially in small and medium-sized enterprises. The heavy reliance of recruitment on informal contacts and networks, which are more limited among immigrants, can further impede access to jobs. At the same time, immigrants' awareness of discrimination is lower in Sweden than in most other countries. This, coupled with a relative strong and longstanding legal anti-discrimination framework, suggests that most discrimination is somewhat hidden. Such discrimination is hard to

tackle through legal anti-discrimination measures, but more pro-active diversity tools are less well developed in Sweden than in other OECD countries such as Belgium and France. Among such tools, the introduction, in co-operation with social partners, of diversity consultants to support smaller enterprises in using the potential of immigrants, should be considered.

More generally, the social partners and other civil society stakeholders should be more actively involved in the integration process. Many civil society initiatives have arisen in Sweden in response to large inflows of asylum seekers. It is important to build on this momentum, including through large-scale mentorship programmes. Given the challenges ahead, integration must be seen as the responsibility of the whole of society

Immigrant youth who arrive at the end of obligatory schooling or shortly thereafter have particularly poor outcomes, both in international comparison and compared with those who arrived at a younger age or are native-born. In 2013, among immigrant youth aged 15-24 who arrived after the age of 15, 38% are low-educated and not in school or training – the largest share among all OECD countries for which this information is available. This group needs special attention, and incentives to pursue further education need to be strengthened, along with more targeted counselling. The proposal to extend, by one year, the age of compulsory school attendance for those who have not achieved eligibility for upper-secondary education is an important step. However, those who arrived late into the Swedish education system may need still more time to gain eligibility.

A specific challenge is the integration of unaccompanied minors, of whom more than 35 000 arrived in 2015 alone (an increase from 7 000 in 2014). While evidence suggests that their outcomes are better than those of comparable youth who arrived with their parents, the current resource-intensive system for this group needs to be revisited, and support based on needs rather than on status as an unaccompanied minor.



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