

## *Main findings of the joint EC/OECD seminar on the labour market integration of the children of immigrants (1 and 2 October 2009, Brussels)*

*by*

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### **Introduction**

The integration of the children of immigrants – both those born in the host country (“second generation”) and those who arrived young enough to be educated in the host country – is of growing policy relevance for OECD countries. This group is entering the labour market in ever-larger numbers. Since these children of immigrants have been raised and educated in the host country, their outcomes are often seen as the “benchmark” for successful integration policy. Concern over labour market integration is particularly pertinent for those children whose parents were low-educated.

The labour market integration of the children of immigrants is an area where comparative international knowledge is gradually evolving but still underdeveloped. Recent work by the OECD (*Jobs for Immigrants*, Vols. 1&2) has shown that the children of immigrants tend to have lower employment outcomes than the children of natives in most countries. This is partly due to their lower educational attainment, but a substantial gap remains even when education levels are comparable.

To shed more light on the issues involved in the labour market integration of the children of immigrants, to identify the sources of disadvantage, and to discuss policy answers and share good practices, the EU Commission and the OECD Secretariat co-organised a joint technical seminar in Brussels on 1 and 2 October 2009. The elements of analysis presented during this seminar gave a comprehensive overview of the range of critical issues related to the labour market integration of the children of immigrants. This publication presents the proceedings of this event, identifying the following key findings.

### **Overview of the educational and labour market outcomes of the children of immigrants and their determinants in international comparison**

Comparing the situation of the children of immigrants across the OECD is not a straightforward exercise. Their situation in different countries reflects the diversity found among immigrant populations themselves. This diversity is also found in the educational and labour market outcomes of the children of immigrants, which are highly correlated with those of their immigrant parents. The age structure of the children of immigrants is also quite heterogeneous. In countries with a long history of immigration, children of immigrants are found in all age groups, although they are generally overrepresented among the younger cohorts. In countries with a shorter history of immigration, such as the southern European OECD countries, the children of immigrants are only now starting

to enter the labour markets in large numbers, at a time where labour market conditions have become very difficult for all new entrants.

Internationally comparative information on labour market outcomes, as well as parents' country of birth, is difficult to obtain. Research on the children of immigrants has largely been based on data from one single country, or at most, two or three countries. At the seminar, new internationally comparative data on the educational and labour market outcomes in OECD countries was presented and discussed. While new information sources – such as those on which the new results were based – are gradually becoming available, there continues to be a need to better monitor and analyse the labour market outcomes of the children of immigrants.

### ***Educational outcomes***

Education is an important determinant of labour market outcomes, especially for young people. There is some evidence that education may be particularly important for immigrants and their children, as it reduces the impact of discrimination, which tends to be more pronounced on the bottom end of the skills and qualification spectrum. However, the situation in this respect seems to be rather diverse across OECD countries.

The discussions highlighted the critical importance of the early years of life in family and at school for the labour market integration of the children of immigrants. Mastering the language of the host country represents a critical first step for the educational performance of children. Facilitating the access of the children of immigrants to child care facilities and education at this sensitive early stage is of key importance for integration and a basic prerequisite for future performance in education and employment. There are close links between the outcomes at age 15 observed in the OECD's Programme for International Student Assessment (PISA) and educational attainment levels of those 20-29 years old.

The general picture of educational differences between children of immigrants and children of the native-born is that, on the aggregate, children of immigrants tend to perform at least as well as the children of the native-born in the OECD countries which have been settled by immigration (Australia, Canada, New Zealand and the United States), while the situation is the opposite in all European countries for which data are available.

### ***Explaining the educational gaps***

Parents' education and socio-economic position are one of the key explanatory factors of the lower outcomes of the children of immigrants observed in European OECD countries. Social class and educational level of parents appear to explain almost all the educational disadvantages of children of immigrants from high-income countries, but only half of the disadvantage of the children from lower-income countries.<sup>1</sup>

There has been a lot of discussion about ethnic segregation in schools, although the magnitude of its impact remains unclear. There is little evidence that the ethnic concentration at the school is *per se* a sizeable disadvantage, once the social class

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1. As will be seen below, in countries such as Canada and the United States one generally refers to “non-white” or “visible minorities”, whereas in the European OECD countries, reference is generally made to children of immigrants from “non-European” or “lower-income” countries. Although these groups do not fully overlap (indeed, “visible” or “non-white” in the United States and Canada can refer to the children of parents who have not themselves immigrated), the types of disadvantages which they face tend to be very similar.

composition of the school has been taken into account. While there may be a negative effect of ethnic segregation, it appears that its impact is considerably smaller than that attributable to the socio-economic position of the parents.

### ***Labour market outcomes***

The general picture of the labour market situation of the children of immigrants closely mirrors that of educational achievement. In most European OECD countries, the children of immigrants have lower employment rates and/or higher unemployment rates. In particular, children of immigrants from lower-income countries face difficulties in the labour markets of the host countries. In the United States, Canada, Australia, New Zealand and Switzerland, the labour market position of the children of immigrants tends to be, on the aggregate, at least at par with that of the children of native-born.

Of great concern are those young people at the margin of the labour market that is, low-educated and neither studying nor in employment. With the exception of Australia and Canada, higher proportions of children of immigrants are at the margin of the labour market than is the case for the children of native-born. In some countries, conspicuously high proportions of young women born abroad but arriving in the host country before the age of 18 are at the margin (between 20 and 25% in Belgium, Germany, France and Spain). In general, the risk of being at the margin of the labour market is higher for female children of immigrants than for men, with the exception of the Scandinavian countries and Canada.

While the overall situation in the United States and Canada is favourable, this does not hold for all groups of children of immigrants. Unemployment and earnings data from Canada suggest that native-born visible minorities are not doing as well in the labour market as would be expected from their relatively good educational backgrounds. Likewise, in the United States, the favourable labour market outcomes of the children of immigrants on the aggregate are driven by the children of white immigrants, who have higher wages than the children of natives, while the wage gap is negative for the children of immigrants from Latin America.

For those employed, differences between children of immigrants and children of natives are rather small regarding the qualification level of the job, and this also seems to hold with respect to wages. The greatest hurdle for the children of immigrants thus seems to be to get a foothold into the labour market.

### ***Explaining the labour market gaps***

Several explanations of the labour market gaps between the children of immigrants and the children of natives were presented at the seminar. Some of the explanations refer to the supply side of the labour market (*i.e.* individual characteristics), others to the demand side in the host countries (*i.e.* attitudes and behaviour of those involved in the recruitment process and rules and norms governing the functioning of labour market institutions).

The differences in labour market outcomes between the children of immigrants and the children of the native-born that are observed in most countries can only be partly explained by the lower educational levels of the children of immigrants. On average across the OECD, just over one-third of the lower employment rates can be explained by these lower education levels. Taking into consideration that children from different parental origin countries also differ by other socio-demographic characteristics, notably

the education and socio-economic position of the parents, further reduces the gaps, but large and persistent differences across both parental origin and destination countries remain. Some groups, such as children of immigrants whose parents came from Turkey or North Africa, seem to face particular obstacles which cannot be explained by observable supply-side characteristics.

Most of the discussions related to demand-side barriers as these are areas where policy can more directly intervene. Indeed, removing these barriers is a prerequisite for providing equal opportunities. Tackling them is also important for social cohesion.

One important barrier in this respect is *discrimination*. The most convincing studies of the occurrence of discrimination are field experiments, which test the actual behaviour of employers seeking to fill job vacancies. Fictitious job seekers are paired, with equivalent formal qualifications but with names signalling that the job seeker belongs to the majority population or to a minority group. Such studies have been performed in a number of countries, and all have found that discrimination occurs against the job seeker from the minority group. It is not uncommon for job seekers whose name marks them as being of “foreign origin” to have to write more than twice as many applications as a person with the same credentials, but with a native-sounding name.

Likewise, in most countries, vacancies are filled using informal recruitment channels, rather than through advertisements or employment agencies. This is notably the case with respect to apprenticeship, where the initial contact with the employer is often established informally. The individuals’ personal *networks* are thus important assets. Children of immigrants have less access to networks consisting of people linked to the labour market, particularly with respect to the most rewarding areas of the labour market.

Familiarity with *labour market functioning* involves knowledge about how to draft CVs and letters of introduction, to identify appropriate job opportunities, and how to respond and react in recruitment interviews. This can be a problem for immigrants who came from countries where practices and norms, both procedural and cultural, may be different. Since information about labour market functioning is at least in part transmitted via parents or close friends, children of immigrants tend to have a structural disadvantage in this respect.

Although a number of factors can help explain the unfavourable labour market situation of many children of immigrants, little is known about the relative importance of these factors.

## **What can be done to foster the labour market integration of the children of immigrants?**

As already mentioned, the labour market disadvantage of the children of immigrants from lower-income countries are strongly linked with the lower educational levels and the socio-economic status of their parents. Clearly, children cannot choose their parents. Parents’ education and labour market position should thus by no means be regarded as a justification for political inaction to tackle the persisting educational and labour market disadvantages faced by the children of immigrants. On the contrary, measures to help integrate immigrant parents (by providing training and better access to employment) will have an important spill-over effect on the outcomes of their children. Involving and supporting immigrant parents is thus a necessary and important first step towards achieving equal opportunities for their children.

Regarding schooling, evidence points to the positive impact of participation in kindergarten and other pre-school activities on the educational outcomes of the children of immigrants. Measures aimed at increasing participation in early education are thus essential for both the educational and the labour market career.

Ethnic segregation of schools is a matter of growing concern among policy makers in a number of countries. Trying to reverse this trend seems to be particularly difficult. As mentioned above, ethnic segregation appears to be less detrimental than socio-economic segregation, but the two types of segregation frequently coincide. Measures against socio-economic segregation of schools will thus probably work against ethnic segregation as well.

There is evidence from several countries that children of immigrants do not have the same chances to access good training places in the apprenticeship system. In countries without an apprenticeship system, the same applies to different types of work-place training within the school system. Educational institutions, therefore, need to be more actively involved in the acquisition of apprenticeship and other training places in the ordinary labour market and in allocating pupils to these training places. Similarly, schools should be more active in transmitting information about labour market functioning.

Targeted labour market measures towards the children of immigrants appear to risk increasing stereotypes and therefore to be avoided. Nonetheless, most countries already have general labour market policies in place which demonstrably increase the employment probabilities for participants. For example, wage subsidies in ordinary jobs have proven to be particularly effective for immigrants' access to regular employment in several countries; apprenticeship subsidies could play a similar role for the disfavoured youth, including children of immigrants. Intensified job-matching and counselling are other tools that may compensate for statistical discrimination and lack of networks.

Children of immigrants should have the same access to these programmes as other job seekers. This does not only relate to equal right of access, which is generally the case even for those with a foreign nationality, but also real access, where concrete obstacles persist. Enhancing transparency and information would be a first important step in this direction. In order to assess whether children of immigrants are underrepresented in high quality labour market programmes, some form of monitoring must be in place, and appropriate action taken if such monitoring reveals underrepresentation.

While mainstream policies are the rule, some additional indirectly-targeted measures are needed to tackle the specific problems faced by the children of immigrants. As discrimination appears to be largely based on stereotypes about children of immigrants and their productivity, measures that improve their possibilities to prove their true productivity have been shown to be promising. Mentoring seems particularly beneficial in this respect, and a number of countries have put in place large-scale mentorship programmes with demonstrable success. Depending on the design, such programmes tackle a whole range of obstacles – not only do they help to overcome prejudices, but they also transmit tacit knowledge about labour market functioning and provide access to networks.

With the same objectives in mind, several countries have put forward so-called “diversity policies” aimed at tackling both explicit and implicit discrimination in access to employment. Occasionally, the lines between diversity policies and affirmative actions blur. The experience in the United States with affirmative action have indicated that this can be a useful tool, in conjunction with other policies. But the experience in the United States and elsewhere also shows the need for flexible administration rather than rigid quotas.

## What role for the social partners and civil society?

In the past, the social partners have not always been very active with respect to promoting the labour market integration of the children of immigrants. This is rapidly changing, as both employers and labour unions now view better integration of the children of immigrants as one of their key objectives. For employers, children of immigrants are an increasingly important resource. Labour unions not only support integration as a means of promoting equal opportunities, but also to increase their membership.

Mass media play an indirect but nevertheless vital role in the promotion of the integration of immigrants and their children. It influences public discourse, shapes public opinion and transmits perceptions about children of immigrants, which may reinforce negative preconceptions and disaffection by the children of immigrants with the host country or on the contrary contribute to a better mutual understanding. This also holds for the media of the migrant community themselves.

Regarding the mainstream host country media, more balanced portrayal of immigrants and the cultural diversity in society seems to be needed and indeed, several key media have taken steps in this direction over the past two decades. These included not only the content and scope of the information provided, but also the staff involved in media production and transmission, which has become increasingly diverse.

Participants concurred that the full integration of the children of immigrants in all aspects of society and their representation among its key players is of crucial importance, not only given the context of demographic ageing, but also for the future of social cohesion.



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