



## **FULFILLING PROMISE – ENSURING LABOUR MARKET SUCCESS FOR ETHNIC MINORITY AND IMMIGRANT YOUTH**

### **PROJECT PROPOSAL**

#### **Project Outline**

1. The “Fulfilling Promise” LEED project will analyse strategic approaches to improving employment outcomes for ethnic minority and immigrant youth and ensuring greater success in the labour market. In particular, the project will examine barriers facing these youth in their transition from education to the workplace, progression and job retention in the labour market, and locally based measures to facilitate these steps. This project will build on previous LEED work on the integration of immigrants into the labour market.
2. Although the outcomes of minority youth in the labour market are far from homogeneous, in many OECD countries research has shown that minority youth perform less favourably than non-ethnic minority youth in the jobs market. Even those enjoying relative success are not doing as well as they should be given their education and other characteristics, and only through a better understanding of the causes of persistent minority youth under-performance can successful policies be designed to address this issue.

#### **Rationale**

3. Young people from ethnic minority and immigrant backgrounds are one of the most vulnerable groups in the labour market today. They potentially face discrimination and social exclusion at school, higher education and the workplace, and tend to have poorer education and employment outcomes than non-minority groupings. However, they are also a group with huge potential and have varying outcomes across OECD countries and immigrant group. Certain minority youth out-perform natives in education levels and employment outcomes (as evident among the Indian population in the UK, for example). Many people from minorities offer important social, cultural and economic assets, such as transnational networks, language skills, and multicultural awareness, all of which are increasingly important in a globalised world. In light of the ageing demographics of many OECD countries and higher growth rates

among immigrant communities, the contribution of minority youth will increase as they become a larger part of the labour market. Ensuring the integration and success of ethnic minority youth in the labour market is critical to sustainable economic development and the costs of failing to do so are great (IOM, 2006).

4. Immigrants and youth have been hit harder than most by the current economic crisis. This LEED study is particularly critical at a time when unemployment levels are on the rise, particularly among young people, potentially becoming long-term and leading to long lasting “scarring” effects. Minority youth face the “double challenge” of being young and belonging to an ethnic minority, and experience the labour market barriers associated with both groups. Long periods of unemployment when young negatively impact on income levels, skills validity, future employability, happiness, job satisfaction, and health (OECD, 2010).

5. Integration into the labour market is not always an easy process. In every country, region and neighbourhood, young people from minority backgrounds go through different experiences in their school-to-work transition. This diversity of experience has become greater in recent decades as minority groupings become more varied in OECD countries which are witnessing changing migration patterns. Gone are the days of predictable migration movements based on historical, linguistic and social ties, and young people today from mixed ethnic backgrounds are more likely to have multiple nationalities, speak a greater number of minority languages, and hold different notions of belonging.<sup>1</sup> Consequently, there is no single blueprint for the experiences of minority youth and no one way to ensure their success in the labour market. These changes in ethnic background need to be factored into existing approaches to policy integration and a shift of emphasis is required from the “transition” of new arrivals to placing greater weight on examining issues such as identity, location and class.

6. Entering the labour market is a two way process and effective labour market strategies need to look not only at the characteristics and actions of the young person, but also at the attitudes and practices of the receiving workplace. Labour market institutions, education providers and broader societal factors comprise the third component and are hugely important influential factors; the prevalence and manifestations of discrimination and racism is a critical component of this element and ways to ensure labour market success for minority youth must be approached from all three angles. Policy intervention needs to be more flexible, nuanced and specifically tailored to the needs of different situations and minority groupings than in the past and this needs to take place at local level (IOM, 2006). While some of the policies affecting the target study group are nationally shaped and funded, they are often implemented at local level and this is where their effects are most strongly felt. Policy responses must be integrated with the relevant regional and local development strategies and must also come about as part of a wider consultation process involving different community actors and activities focused on building community capacity.

7. A variety of stakeholders are needed to tackle the challenges faced by minority groups and in this respect the actual and potential role of the social economy is not to be underestimated. The social

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<sup>1</sup> In the past, second generation immigrants born in EU OECD countries were most likely to have parents from Turkey, Morocco or Pakistan but in recent decades the importance of these countries as countries of origin has declined. First generation immigrant children are also less likely to have parents from OECD countries (OECD, 2009a).

economy's ability to address disadvantage, improve employment outcomes and foster social inclusion lies partially in the way in which it is embedded in local communities, relying on, and contributing to, the development of formal and informal networks of people, knowledge and resources. The potential comparative advantage of the social economy in addressing the difficulties which ethnic minority youth confront in entering the job market therefore lies in two distinct areas. Firstly, many social economy organisations have local roots which enable them both to recognise and address local needs, and, crucially, to engage with "hard-to-reach" people. Secondly, the social economy organisations have the potential to be conduits for greater participation, acting as advocacy and empowerment organisations for users.

8. The "Fulfilling Promise" project is an opportunity to examine the experiences of minority youth when it comes to securing and retaining good quality employment and advancing at work, against the backdrop of growing youth unemployment. Ten locally based case studies will draw out and examine this issue. They will look at potential obstacles and ways in which they can be tackled, and consider the wider application and contribution of community capacity building, and the role of different actors, including social economy organisations, in doing so. The case studies will feed into an expert seminar to be held in Paris in October 2010. The findings will feed into a synthesis report which will assist policy makers to develop policy which is more informed, targeted, and effective.

### **Defining the Target Group**

9. There is considerable debate and disagreement surrounding the question of race and ethnicity and how to define the term "ethnic minority". In the context of this project, the term "ethnic minority" is used as a broad umbrella label. "Immigrant" youth is taken to mean a young person living in the destination country and covers first, second and third generation immigrants. Following the definition adopted by the OECD Programme for International Student Assessment (PISA), "first-generation" migrants refers to those children who were born abroad and whose parents were also born abroad, while "second-generation" migrants refers to those children who were born inside the receiving country but whose parents were born abroad. All children born in the receiving country who have at least one parent who was born inside the country are considered "native". Throughout, the term "minorities" is used for brevity and refers to people from ethnic minority and immigrant backgrounds. The "youth" population generally comprises the 15 – 24 age group.

### **Ethnic Minority and Immigrant Youth in the Labour Market**

#### *Barriers facing ethnic minorities and immigrants*

10. The experiences of ethnic minorities and immigrants in the labour market are far from homogeneous; they are shaped by a plethora of factors such as the settlement country, the length of time in the settlement country, country of origin, sex, level of education, place of residence and socio-economic background etc. Recent immigrants undergo different experiences in entering the labour market and career progression to second and third generation immigrants, as do adult immigrants to younger immigrants. The significant barriers experienced by recent immigrants identified by the LEED study 'From immigration to integration: Local Solutions to a Global Challenge' (OECD, 2007) include language barriers and lack of recognition of qualifications and work experience gained abroad.

11. It is not just recent immigrants that have problems in accessing good quality employment, but also their children and, in some cases, their children's children. Heath, Cheung and Smith (2007 in OECD, 2009c) show that, in fact, in traditional immigration countries for which data are available, ethnic or racial minorities with no immigration background tend to fare worse in the labour market than second generation immigrants. Subsequent minority generations face different challenges than recent immigrants. These include intergenerational problems of social exclusion, lower educational attainment, segregation in the classroom, discrimination in the workplace, lack of employment opportunities for youth in general, differential methods used in finding employment, the absence of positive role models and greater likelihood of poverty.

12. There is evidence of strong gender differences in the outcomes of ethnic minority and immigrant youth in the labour market, showing that the integration process for men and women is different. Evidence examining the success of female immigrants suggests that second generation women have more favourable labour market outcomes than first generation women, indicating that longer time in the country has a positive impact. Surprisingly, the same pattern is not observed for men and second generation immigrants do not seem to fare better than new arrivals.

13. Minority groups face discrimination within the jobs market. Tests by the International Labour Organisation have revealed the prevalence of discrimination in all countries for which they have been applied (Simeone, 2005 in OECD, 2009c). Understanding discrimination is becoming increasingly sophisticated and many employers are adopting new and more advanced techniques to try to eliminate prejudice in hiring staff. However, evidence suggests that racism and discrimination are widespread and labour market institutions tend to disfavour ethnic minorities and immigrants (OECD, 2009a).

14. Place of residence has a major impact on employment prospects. In many cities minority ethnic groups are often concentrated in certain neighbourhoods (so-called "ethnic enclaves"). There is huge diversity between the types of neighbourhoods in which ethnic minorities are most likely to be based and a recent OECD study has shown that the economic outcomes of immigrants in the United States vary hugely depending on the type of metropolitan area in which they live (2010b).<sup>2</sup> Such clustering offers advantages in certain respects, such as creating bonding social capital - important in building entrepreneurship and accessing niche markets - and in the United States has been found to aid recent immigrants to access jobs on arrival (Waldinger, 2001). The tendency to agglomerate, however, can create segregated minority and non-communities and lead to disadvantages such as offering a lack of positive role models, exposure to higher crime rates and a reduction in earnings (OECD, 2010b). Also, neighbourhoods with a high minority population tend to be more deprived: research from Britain has revealed that children from all ethnic minorities are more likely to live in poverty.<sup>3</sup>

15. Immigration is a network-driven phenomenon (Faldinger, 2001) and even for second and third generation immigrants it is friends, kin, and compatriots who provide most, if not all, of the resources

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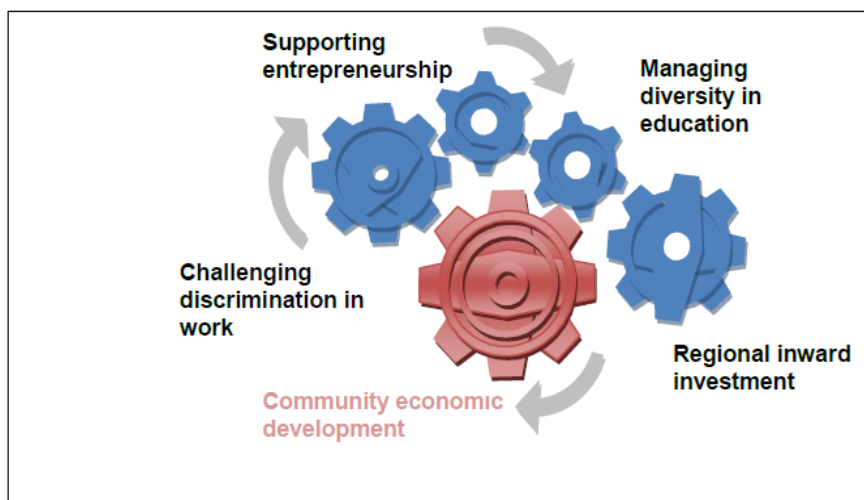
<sup>2</sup> Metropolitan areas with over 150,000 immigrants were grouped into the following four categories based upon the characteristics of their local immigrant populations, including level of education, country of origin and years since migration (2007 data): new immigrant metros, Hispanic immigrant metros, educated immigrant metros and balanced immigrant metros (OECD, 2010b).

<sup>3</sup> Children from ethnic backgrounds make up 15 per cent of the population but form 25 per cent of children in poverty (UK Department for Work and Pensions, 2009).

needed. A factor commonly identified as holding back minority youth is the lack of wider social networking outside this immediate network, and little knowledge on how the labour market system works. Stemming from this, young people often do not have the contacts which are so useful in building up confidence and establishing a path into employment, nor role models or mentors who can set a strong example and encourage greater contact with people not from their own ethnic group.

16. Access to employment may also be restricted as a result of the spatial mismatch between job location and place of residence, creating what is known as “locational disadvantage” (Stoll, 1999). In the USA new jobs continue to locate in the suburban periphery far from central areas where black people are more likely to live, which makes it harder to travel to where the jobs are. Compounding this hurdle is the fact that neighbourhoods occupied by minorities are often under-served by public transport, further restricting the mobility of a group which historically has low levels of car ownership. When people experience problems in getting to and from work there are higher rates of absenteeism and lower job retention when in employment. Research in the United Kingdom has found that in the majority of local authorities with significant concentrations of ethnic minorities, levels of business activity are below the national average (Cabinet Office, 2003).

Figure 1. Policy levers which must accompany community economic development to support minority groups



Source: LEED Programme research project.

*young people fare in the labour market?*

*How do*

17. Young people are more vulnerable to unemployment than adults<sup>4</sup> and are more likely to hold unsecure, temporary jobs<sup>5</sup> in cyclically-sensitive industries such as the construction sector (OECD, 2009b). Youth have been hit hard by the economic recession. Prior to the economic crisis, youth labour market conditions had shown some improvement in most OECD countries but now find it more difficult to secure and retain employment (OECD, 2010a). By the end of the year which saw the poorest job creation levels

4 In 2008 the youth to adult unemployment ratio was 2.8 on average in the OECD area. Germany had the lowest ratio of 1.5, mainly as a result of a successful apprenticeship system.

5 In 2008 35% of young workers in the OECD area held temporary employment, an increase of almost five percentage points since 1998 (OECD, 2010a).

since the late 1980s (UNDP, 2010), youth unemployment rose by almost 6 per cent, hitting 18.8 per cent. There are currently nearly 15 million youth unemployed in the OECD area, with about four million more young people are out of work than at the end of 2007.

18. Some posit that youth unemployment should not be a major cause for concern, and instability in the early stages of career development is to be expected. However, research has shown that experiencing unemployment at an early age can often result in “scarring” effects on a young person’s subsequent labour market prospects and social outcomes (e.g. Stoll, 1999, OECD, 2010a), impacting on future wages and employability levels. The lower the level of initial qualification, the longer the scarring effects are likely to last, and the longer the unemployment spell lasts, the more individual productivity will be affected. This entails a high risk of long-term inactivity and exclusion as well as a significant social and economic cost. Long spells of unemployment when young can also negatively impact on other outcomes including happiness, job satisfaction and health (OECD, 2010a). There is also a significant risk of moving into poverty as young people are less likely to qualify for unemployment benefits in many OECD countries. Many young job-seekers have positive attitudes towards entrepreneurship, particularly in a time of economic slowdown, but few venture down this route due to barriers facing them in setting up their own enterprises, such as difficulties in accessing financing and finding appropriate premises (OECD, 2009f).

19. Disadvantaged youth are particularly vulnerable to exclusion from the labour market. About 30 to 40 per cent of school-leavers in OECD countries are estimated to be “at risk” either because they face barriers to finding stable employment or experience multiple cumulating disadvantages – known as the “youth left behind” group. While the characteristics of “youth left behind” differ from one country to another, they share cumulating multiple disadvantages and are estimated to make up 11 per cent of 15 – 25 year olds in 2007 (OECD, 2010a). They tend to come from an immigrant or minority background, lack a diploma, and/or live in disadvantaged, rural and/or remote neighbourhoods. Two thirds are far removed from the labour market, having been out of work for more than a year, or inactive and not seeking work. As pressure from the slowdown continues to disproportionately affect young people, more are being pushed into this group and, if such trends continue, many more risk being trapped in long-term unemployment and inactivity, with significant individual distress and a lasting social cost.

#### *Outcomes of ethnic minorities in the labour market*

20. Generally, minority youth are in a less favourable situation than non-minority youth when it comes to accessing the job market; they face what has been termed the “double challenge” of youth and coming from a minority background. In most European OECD countries the children of immigrants are lagging behind the children of natives in terms of labour market outcomes and have lower employment rates (OECD, 2009a); in Belgium and the Netherlands, in particular, differences in labour market outcomes are particularly large.<sup>6</sup> The children of immigrants have an unemployment rate about 1.6 times higher than that of the children of natives and more than one in four offspring of immigrants in the labour force is out of work in Belgium, Germany, Spain and France.

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<sup>6</sup> The employment rates for native born children of immigrants are more than 20 percentage points lower than the children of natives (OECD, 2009a).

21. The children of immigrants are over-represented within the “at risk” group in all OECD countries (with the exception of Switzerland). Across the countries for which data are available, 9 per cent of second generation male immigrants and 8 per cent of first generation immigrants are low-educated and NEET (not in employment, education or training), compared to 4 per cent of children of natives. More than 13 per cent of young female immigrants are NEET, almost three times as high as among the female children of natives (OECD, 2009a). In the UK employment rates amongst almost all ethnic minority groups are lower than those of the white population and unemployment rates have consistently been double that of whites (OECD, 2009c). Immigrants are more sensitive to prevailing economic conditions than non-immigrants (see Bratsberg, Barth, and Raaum, 2006).

22. The situation is far from uniform, however, and multiple trends are visible among different ethnic groupings and OECD countries. Certain minorities outperform natives in education and employment, as is the case among the Indian community in the UK (UK Cabinet Office, 2003). In Switzerland labour market outcomes for the children of immigrants are roughly at par with those of the children of natives. There are also strong contrasts in labour market outcomes between European OECD countries and OECD countries settled by migration - Australia, Canada, New Zealand and the United States. Generally, research findings suggest that countries with international migration selectivity show little difference between the outcomes of the children of immigrants and natives. In the United States, for example, the national unemployment rate among immigrants prior to the recession was less than native unemployment, however this has changed with the recession and immigrant joblessness has now overtaken native joblessness (OECD, 2010b).<sup>7</sup>

23. Tentative evidence suggests that once in employment, the children of immigrants, in particular when second generation, have outcomes that are equal to non-immigrant youth. They are almost as often in as highly-skilled occupations as non-immigrant children, and in Australia, Canada, the US and the UK the percentage of those with highly-skilled occupations is in fact higher than the children of non-minorities (OECD, 2009a). However, a recent OECD study has found that when it comes to earnings, immigrants in the US tend to earn less than non-immigrants, with newly arrived immigrants earning the least.<sup>8</sup> Workers from an immigrant background are also widely spread throughout the economy and are less likely to be concentrated in sectors in which their parents were traditionally employed such as manufacturing and construction, but still tend to be overrepresented in the hotel and restaurant sectors.

24. Entrepreneurship rates amongst immigrant groups are often high. In the UK people of Asian origin account for 45 per cent of entrepreneurs (OECD, 2009c); in the United States the immigrant entrepreneurial rate in 2009 continued to outpace the native-born rate (0.30 per cent).<sup>9</sup> Immigrants’ contribution to economic activity is significant, sometimes for themselves as self-employed, but also for others by creating and developing new businesses. This can play a huge role in developing economic activities in specific areas, and also revitalising areas by developing innovative forms of business.

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7 The unemployment rate for immigrants was 5.4 per cent and 6.1 per cent for natives. Unemployment was higher among recent immigrants. Immigrant unemployment is 9.7 per cent, native joblessness 8.6 per cent (OECD, 2010b).

8 At national level in 2007 the average hourly wages for recent immigrants, immigrants and natives were \$16.84, \$20.29 and \$22.05 respectively (OECD, 2010b).

9 African-Americans experienced the largest increase in entrepreneurial activity by race – rising from 0.22 per cent in 2008 to 0.27 per cent in 2009. Latinos and Asians experienced declines in entrepreneurial activity rates (Kaufmann Foundation, 2010).

However, in a year in which business start-ups reached their highest level in the United States in 14 years, entrepreneurial activity among immigrants declined slightly (0.53 per cent in 2008 to 0.51 per cent in 2009) (Kauffman Foundation, 2010) and the proportion of minority businesses does not yet reflect the growing size and importance of minority communities<sup>10</sup> (2005, The Boston Consulting Group). Minority businesses are more likely to be family based “survival” enterprises and are disproportionately represented in low-growth and no-growth sectors, tending to rely on personal debt and family financing over business loans and equity etc. As a result, they can often lack the size, scale, and capabilities of their majority counterparts and are less likely to become high growth SMEs.

#### *Effect of educational performance on labour market fortunes*

25. The children of immigrants have lower educational outcomes than the children of natives, as demonstrated by OECD PISA data (particularly in Austria, Germany and Belgium), with second generation immigrants tending to perform better than first generation immigrants. Certain minority groups perform less well than others in school and some educational systems and classroom practices are failing immigrant children and creating polarised systems, such as clustering students by background and ability streaming (see e.g. OECD, 2006b). In all EU OECD countries, with the notable exception of the UK, the children of immigrants are over-represented among the low-educated for both genders; in the United States an immigrant has completed fewer years of schooling (12 years) than the typical working-age native (13.4 years) (OECD, 2010b).

26. Research has shown that the gap in labour market outcomes between minorities and non-minorities can only be partially explained by lower average educational attainment. While controlling for socio-economic background (e.g. education of parents, family wealth) reduces the gap by about half, immigrant children still tend to remain at a substantial disadvantage (OECD, 2009a, 2009d, 2010b); even with the same average educational attainment levels as native children, they would still not be as successful in the labour market (OECD, 2009a): “On average, differences in educational attainment explain only about one third of the gap for men, but almost one half for women.” This indicates that there are significant barriers which impede the transition of minority youth into the working world and persist across generations. In the UK all ethnic minorities, including those with high levels of education, have relative difficulties in getting jobs that their qualification levels justify (UK Cabinet Office, 2003) and employment gaps between second generation and native born children are often highest at the top end of the qualification scale. A recent study carried out in the UK found that while the proportion of ethnic minorities in higher education almost doubled over the period 1995-96 to 2007-08, reflecting the doubling of their share of the population,<sup>11</sup> ethnic minorities are still less likely to find employment after graduating

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<sup>10</sup> Minorities made up approximately 28 per cent of the population yet minority-owned businesses accounted for only 15 per cent of US businesses. A minority-owned business is defined as a business that is at least 51 per cent owned and controlled by one or more members of the following minority groups: African Americans, Hispanic Americans, Asian and Pacific Islander Americans, Native Americans and Alaskan Native Americans (The Boston Consulting Group, 2005).

<sup>11</sup> The proportion almost doubled from 8.3 per cent in 1995-96 to 16.0 per cent in 2007-08. Their share of the population has almost doubled, from 7.7 per cent in 1995-96 to 14.2 per cent (Race for Opportunity, 2010).

than their white peers.<sup>12</sup> Some of the least privileged potential students may not be making it to university at all because of deprivation in childhood.

*Why is integration into the labour market critical?*

27. It is commonly agreed that labour market integration is the single most important factor to ensure the acceptance of immigrants and their children into society. Successful integration in the work place is fundamental to ensuring that migrants have the economic assets necessary to participate more widely in society, while strengthening social cohesion and stability.

28. In light of the coming retirement of ageing baby-boomers in many OECD countries, migration and the integration of migrants is more critical than ever (OECD, 2006). Already, youth who are first and second generation immigrants account for a significant part of the youth population in many OECD countries (more than 10 per cent of 20 – 29 year olds on average)<sup>13</sup> and this is expected to grow in the future with many about to enter the labour market. In the United States immigration is the sole or primary source of population growth in many metropolitan areas and over a quarter of population growth is now due to the arrival of new immigrants.<sup>14</sup> Minority populations have higher than average birth rates in some countries meaning that they will become an increasingly important part of the labour market; in the UK ethnic minorities are set to account for half of the growth of the working age population in the decade 2003-13 (OECD, 2009c).

29. Ethnic minority youth are a fundamental resource of cultural knowledge, skills and expertise, and, as ethnic diversification grows and social capital becomes more diverse, their skills range will continue to broaden. Immigration can play an important role in maintaining and developing economic activities in specific urban and rural areas which undergo economic or demographic decline. Immigrant entrepreneurs can also contribute to revitalising the economy of the host country, developing innovative forms of business and building on transnational linkages, as well as supply economic diversity. Immigrants in the US are more economically diverse and have more variation in skills than natives (OECD, 2010b), making them particularly invaluable to cities, regions and rural areas in an economy in which skills are increasingly specialised and trade relies on global interconnections (Harris, 2003). With the growing importance of the knowledge economy and the need for regions and communities to ensure a well skilled local labour pool, the battle for talent is becoming as important as the battle for inward investment (OECD, 2006).

30. Not effectively incorporating young people from ethnic minorities into the work place can produce isolation, marginalisation and disaffection, in extreme cases leading to social unrest and extremism. Such high profile signs of disaffection can, on the one hand, prove to be positive as they provoke the renewed interest of government and policy makers, but, on the other hand, they can result in

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12 According to the Higher Education Statistics Agency 2007-08 figures, two thirds of white students (66 per cent) found full-time or part-time employment within a year of graduating compared with 56.3 per cent of Black Asian and minority ethnic graduates (ibid., 2010).

13 A recent OECD study found that the target population accounts for more than 10 per cent of 20 – 29 year olds and is largest in Luxembourg at 40 per cent (2009a).

14 Immigrants and their children make up 16.2 per cent of the U.S. population, an increase from 14.1 per cent in 2000. One in eight people in the United States was born abroad.

inconsistent, uneven and short-sighted policy responses which do not encourage longer term, lasting solutions.

### **Examples of Policy Intervention**

#### *The policy response*

31. The study of youth and minority labour markets is not new. In the United States, for example, a growing gap between youth and adults unemployment levels was discovered in the 1960s and 1970s, and when researchers began to identify what factors negatively affect the prospects of youth employment, they observed a large and growing racial gap in employment; it was found that minority youth's jobless levels were significantly higher than those of their non-minority counterparts (Stoll, 1999). The integration of immigrants and the children of immigrants is attracting much attention among policy makers in EU and OECD countries, with growing concern about the educational outcomes of the children of migrants in particular (OECD, 2009a). The role of local governance in contributing to policy interventions which tackle this issue is increasingly drawing the attention of policy makers. Much of the research in the past has addressed youth and ethnic minority groups separately (e.g. Waldinger, 2001, UK Cabinet Office, 2003, OECD, 2010a) and there seems to be little work focused solely on combining the two target groups.

32. Policy makers working in this field face a dilemma as to whether it is always advisable to create policy aimed specifically for minority communities. Some argue that a targeted approach which confronts the existence of discrimination and disadvantage face on is fundamental; others make the case that affirmative action can potentially aggravate racial unrest if minority groups are perceived to be treated preferentially by the wider community. The United States has gone the furthest in practising "positive discrimination" by targeting minorities in recruitment and training programmes, and, on the whole, these programmes have proved useful in offsetting disadvantage and increasing minority representation within employment and public bodies (OECD, 2009c).

#### *Policy intervention*

33. The following are examples of areas in the labour market currently failing ethnic minority youth and also areas offering potential for growth and development, including related policy interventions:

34. **Apprenticeships** and **job training/placement programmes** are a means to promote simultaneous up-skilling and work experience and are an especially suitable way for low-skilled youth jobseekers to consolidate skills. Such programmes could as well pay a "double dividend" by securing the transition to employment and lowering labour costs for the employer through government subsidies. Apprenticeships are an invaluable mechanism to acquire hands-on skills but even in countries where the apprenticeship system is well established (Germany, Austria, Switzerland and Luxembourg, for example), it has been shown that in an economic downturn employers can be reluctant to offer apprenticeships, especially to youth lacking educational qualifications and from an immigrant background. Recently launched in Britain is the "Young Person's Guarantee" as part of a wider campaign to create more

opportunities for young people in time of recession. The campaign offers a guarantee of an offer of a job, training or work experience for all jobseekers aged 18-24 who are reaching six months on jobseekers allowance, and includes offers of work-focused training.

35. **Public employment programmes** are failing minority groups (OECD, 2009c) and local labour offices frequently lack the flexibility to shape programmes for minorities and minority youth. Currently in the UK, for example, ethnic minorities participating in the New Deal for Young People suffer worse outcomes than white participants as a result of their different service needs (UK Cabinet Office, 2003). The public employment services in many OECD countries are beginning to recognise that young people and people from ethnic backgrounds often require different employment interventions and better guidance, and “tailored pathways” are being offered to ensure that target groups gain maximum benefit from the programmes on offer. In Denmark the scheme “A New Opportunity for Everyone” offers an individual based approach for the longer-term unemployed and excluded, and ethnic minorities are included within the target population.

36. The children of immigrants remain under-represented in the **public sector** in several countries; in France, for example, relatively few native born children of immigrants are employed in the public sector, despite the fact that virtually all have French nationality (OECD, 2009a). The Netherlands, however, serves as a positive role model and, as a result of long standing policy interventions, the native children of immigrants are relatively well represented. As large, local employers, local authorities and municipalities are in a frontline position to increase minority representation in the public sector. They can put into practise measures such as “positive discrimination,” “blind recruitment” and put an end to hiring methods which might be discriminatory, and by leading by example, can encourage private sector employers to do the same. In France an emergency plan for youth employment has recently been launched - “Acting for Youth” – which aims to provide additional training and employment opportunities for youth, and will subsidise additional contracts in the public sector targeted towards disadvantaged youth (OECD, 2010a).

37. In many cases minorities are employed in low-skilled or low-wage jobs which do not match their educational attainment or offer little opportunity for career progression and up-skilling. “**Career pathway**” programmes are a particularly well-suited means to help minorities overcome labour market and education barriers. They assist individuals with securing employment within a specific industry and to advance over time to successively higher levels of education and employment through offering connected education and training programmes and support services (Jenkins and Spence, 2006 in OECD, 2009e). Such pathways also bring career mobility in a society in which climbing the career ladder has become less straight-forward. They have been successfully put into place in a number of employment sectors, including healthcare and hospitality, by the City University of New York in partnership with other stakeholders. While it can be difficult to measure how successful such programmes are in the short-term, early indicators for the hospitality cluster show good programme completion rates and evidence of promotions, enrolment in further education and job placements (OECD, 2009e).

38. **Entrepreneurship** among immigrants and young people is receiving growing policy attention and has been identified as an important economic driver. Expanding the number of SMEs set up and run by young people from minorities will create a powerful cadre of future business and civic leaders who can serve as a bridge between the business world and minority groups. Moreover, they will be able to inject a fresh perspective and new approaches into the overall business sector and link fellow minorities to

resources such as capital, markets, jobs and know-how. In London, ethnic entrepreneurship, including social entrepreneurship, is seen as a major growth area and is the target of a number of London Development Agency initiatives: in Italy a number of localities are focusing on supporting immigrant entrepreneurs, promoting mentoring and mediating with banks to facilitate access to credit (OECD, 2006). Crucial to the creation and sustainability of such entrepreneurial eco-systems among young people are local partnerships involving schools, higher education institutions, training providers, business development services, local authorities and local businesses, as well as social economy organisations, including social enterprises (OECD, 2009f).

39. **Social economy organisations**, and in particular social enterprises, can operate in a variety of ways to support better labour market outcomes for ethnic minority youth, including: i) as organisations focused on work integration activities, such as through skills training, the provision of employment opportunities directly, and/or through wider support activities in helping people access the open labour market; and, ii) as suppliers of goods and services of general interest. They are also able to operate in ways which seeks to address early needs of ethnic minority and immigrant background youth before they seek to transit to the labour market, such as through educational support and mentoring.

40. **“Green jobs”** are a key growth area which may offer an exciting labour market entry point for minority youths. Green jobs are high-growth, high-demand and have potential for career advancement as local economies adapt to the demands of a greener economy and the exigencies of climate change. While there seems to be little research done specifically on involving young people from minority backgrounds in this growth sector, several US government initiatives have emerged recently to encourage minorities to gain skills in this area. As part of the American Recovery and Reinvestment Act of 2009, grants are being offered to assist those most impacted by the recession with the aim of teaching workers the skills required in emerging industries including energy efficiency and renewable energy. The State Workforce Investment Boards of Alaska, Connecticut, Ohio and Minnesota, for example, in partnership with other agencies, are using the grant to focus on encouraging environmental up-skilling among minority populations in the community, as well as other social groups.

## **Data Constraints**

41. Labour market and educational outcomes of young people from immigrant and ethnic backgrounds are far from uniform and are difficult to assess due to the absence of good international data and research. Few international datasets contain information on the country of birth of respondents’ parents and, generally, more attention has been paid to the educational outcomes of the children of migrants rather labour market outcomes. OECD countries vary in the extent to which they collect data on ethnic and racial origins, meaning that the evidence base for policy to target minorities in many countries is particularly small, and research relies on a restricted number of countries which have more consistently gathered data, such as the United Kingdom, Canada, and the United States. Data gathering on this group is increasing, however, and this will help develop evidence based policy further (OECD, 2007a).

## **Methodology**

42. This study is being carried out with the support of the European Commission and will include ten case studies, seminars and a synthesis report.

### *Case Studies*

43. Ten case studies will be commissioned and will consist of two main parts; the first will provide context and identify a barrier(s) facing immigrant and ethnic minority youth in the chosen locality, investigating the causes of these barriers; the second half will focus on what actions are being taken in the locality to address the issue in terms of policy intervention and programmes, and identifying successful and unsuccessful outcomes. Each case study will conclude with recommendations and learning points.

44. Case studies can be city/rural-based, locality/employment sector-based, education/labour market-based responses etc. Experts are also encouraged to explore particular thematic lines, as listed in the Box below. They cover both the supply side and the demand side of labour market entrance and enable further analysis of factors which affect young people from ethnic and immigrant minorities during their transition into the labour market, as well as job retention and job progression once within the labour market. The focus will be on locally based strategies and initiatives which address these themes. Other suggested themes are invited.

### *Seminar*

45. A seminar will be held in October 2010 providing an opportunity to discuss the findings of the case studies. The case study results will be analysed and presented at the seminar to feed further policy discussion and allow for policy exchange.

### *Synthesis Report*

46. A synthesis report will be prepared summarising the main points from each of the case studies, highlighting particularly successful, innovative and flexible approaches. This will also be adapted to form a manual for the OECD LEED Forum of Partnerships and Local Governance.

### Case Studies: Possible Focus Areas

As part of the “Fulfilling Study” project we are seeking case studies identifying policies and practices which have been put into action to ensure that ethnic minority and immigrant youth achieve success in the labour market. The study is open to a broad range of themes and ideas which may help understanding on the topic, and welcomes fresh ideas and new takes. Below are just some of the areas which case studies might explore at the local level:

- ❖ **Managing diversity and considering gender:** Different ethnic groups have very different outcomes in the labour market. How far should policies and programmes target individual ethnic groups when supporting youth? There are also strong differences in the labour market performance within ethnic groups according to gender. How can this be taken into account?
- ❖ **Early year’s education and the management of diversity in the classroom:** How far can early year’s education help the children of immigrant’s progress faster in education? What good practice exists at local level of better managing diversity in the classroom?
- ❖ **Sectoral specialization and ethnic niches:** Often ethnic groups become specialized in employment in specific industrial sectors – this can help young people to access employment but can limit onward career progression. What can be the role of local policy makers in supporting horizontal movement to other local employment growth sectors? What new employment opportunities are emerging in the light of “green growth”?
- ❖ **Training programmes and apprenticeships:** What training programmes, job placements and apprenticeship schemes exist which focus on getting ethnic minority youth into the work place, up-skilling and ensuring job progression?
- ❖ **Public employment service and “tailored pathways”:** The role of the public employment service in bringing minority youth into the work place; the flexibility of local labour offices to shape employment and training programmes specifically for minority youth; the value of programmes such as “tailored pathways” in aiding career retention and promotion.
- ❖ **Tackling discrimination:** The prevalence of discrimination in staff hiring and promotion within the private and public sectors and how this manifests itself; methods of confronting and preventing discrimination at the local level.
- ❖ **Supporting access to jobs and growth centres:** The importance of being able to travel to where employment and growth centres are; how place of residence, mobility and deprivation in the community impact on the likelihood of attaining and retaining good quality and secure employment. Ethnic groups often become concentrated in certain geographical areas known as ‘ethnic niches’ which host networks of mutual support. How can the advantages of ‘bonding capital’ be supplemented by bridging capital to help young ethnic minorities access the broader labour market?
- ❖ **Role of the social economy:** The role and contribution of the social economy to the inclusion

of youth and ethnic minority employment such as through training activities, work insertion, advocacy. The contribution of different actors, such as social economy organisations, in helping to design and/or deliver such activities could also be considered within a range of case studies.

- ❖ **Wider networking and mentoring:** The value of wider social networking and its effects on confidence, experience and developing contacts as a means of establishing a path into employment; mentoring by employers to help young people understand the “rules of the games” when it comes to getting a job; volunteering by positive role models to speak to ethnic minority youth on career options and become a point of inspiration.
- ❖ **Public sector employment:** Efforts by local authorities and municipalities to increase minority representation in the public sector; “positive discrimination” and “blind recruitment” as a potentially fairer recruitment measures.
- ❖ **Promoting entrepreneurship and self-employment:** The promotion of entrepreneurship and self-employment among ethnic minority youth.
- ❖ **Youth led/orientated initiatives:** The role of youth centres and sports clubs in advising and supporting ethnic minority youth ready to enter the labour market; the creation of “youth ambassadors” to create a network of young, unemployed ethnic minority youths; social networking sites which bring together the target group; organising exchanges and open days between employers and minority youth.

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