

Jobs for Immigrants (Vol. 2): Labour Market Integration in Belgium, France, the Netherlands and Portugal

Summary and Recommendations

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Labour market outcomes in Belgium are not favourable...

The first and salient observation with respect to the labour market integration of immigrants in Belgium are the large gaps in the employment of immigrants compared to the native-born in international comparison. Likewise, the unemployment rate of immigrants is about 10 percentage points higher than that of the native-born, a gap that is significantly higher than in other OECD countries.

...although the picture varies widely across regions and migrant groups.

Belgium is a country with a long migration tradition, and the immigrant population is a rather heterogeneous one. Outcomes vary widely among immigrant groups, with immigrants from EU-15 countries – who account for about 45% of all working-age immigrants – having outcomes that broadly match those of the native-born. In contrast, employment rates for non-EU-15 migrants are low, particularly for women. Outcomes are generally best in Flanders, followed by Brussels and Wallonia in that order. More recent immigration waves, particularly from non-EU-15 countries, have tended to settle in Flanders and Brussels.

Employment of immigrants has been low for many years...

Low employment and high unemployment of immigrants are not recent phenomena. Indeed, in contrast to what has been observed in other European OECD countries, employment of immigrants has been well below the employment of native Belgians for

more than two decades. This is linked to the fact that the industrial areas which have been in decline since the 1970s, especially in Wallonia, are also those where the bulk of post-war labour migrants were employed. Indeed, outcomes of immigrants from EU-15 countries have improved compared to those observed in the early 1980s. At the same time, immigration flows have changed towards a larger proportion of non-EU-15 immigrants.

...but past policies have not paid much attention to the issue.

In spite of the longstanding gaps in employment of immigrants compared to the native-born, a comprehensive integration policy was virtually absent until the late 1980s. In the 1990s, labour market integration has been almost exclusively tackled from a discrimination angle. Only very recently has attention shifted to a broader based integration policy in the context of diversity and indirectly targeted policies, although there remains a strong focus on anti-discrimination measures.

Responsibilities for integration are shared by many actors...

Integration policy in Belgium is shaped by a complex structure of responsibilities, which are shared between the federal level, the (geographic) regions and the (linguistic) communities, all of which have their own governmental structure. This complexity raises serious governance and accountability questions and makes analysis of policy effectiveness a challenging undertaking.

...and there is need for more effective co-operation and experience sharing between them, both within and between government levels.

There is a certain lack of co-ordination between the different policies in place, and very little interaction between the different actors, particularly between the regions. Policies would benefit if transparency, policy co-ordination and experience-sharing could be improved. This could include a regular monitoring and comparison of the measures that have been put forward by the different actors, focussing on the outcomes. The regular publication of a national integration report should be considered in this context.

Outcomes of recent arrivals appear to be quite favourable.

Contrary to the situation for earlier immigrant cohorts, outcomes of recent arrivals in Belgium do not appear to be unfavourable in international comparison. This is partly due to the fact that more recent cohorts tend on average to be higher educated than previous ones. Yet, even after controlling for such factors, recent cohorts have a relatively high employment probability when compared to established migrants. For non-EU-15 immigrants, there seems to be significant convergence over 5-10 years, but this comes to a halt thereafter. Because this is cross-sectional data, however, it is not certain that this means that there is no further improvement. It could simply reflect the fact that immigrants who have been in the country for a long time have been in occupations and sectors strongly affected by structural change. There is some tentative evidence that recent

arrivals are more easily integrated into jobs by the employment services, notably in Flanders. This important issue merits further analysis in the context of the ongoing programme evaluations in that region.

The low labour market attachment of immigrant women is a particular concern...

The labour market situation of immigrant women, particularly of those from non-EU-15 countries, is worrisome. Only one third of the latter are in employment, and unemployment rates are higher than in all other OECD countries in the comparison group. The situation is particularly unfavourable for immigrant women from Morocco and Turkey, which are the two most important countries of origin in this group. Employment outcomes are significantly below those observed in other European countries which had large-scale immigration from these countries, such as France, Germany and the Netherlands.

...and their educational structure, linked to significant unemployment/ inactivity traps, seems to be part of the explanation.

Belgium is among the OECD countries where employment of women differs most by educational attainment. This appears to be linked with disincentives in the tax and benefit system which result in high net replacement rates for couples with second earners and a low income. This is also an issue for integration, as foreign-born women are overrepresented among those with low education. In addition, the majority of foreign-born women have obtained their degree abroad, and the above-mentioned discount on the labour market is particularly pronounced for women from non-EU-15 countries. As a result, the latter tend to have relatively low expected wages and are thus affected by the unemployment/ inactivity traps resulting from the high net replacement rates for low earners. These factors seem to explain a significant part of the gaps in the employment of foreign-born women *vis-à-vis* the native-born.

“Service cheques” should be better promoted to low-educated immigrant women.

One measure to increase (regular) employment of women has been the introduction of so-called domestic service cheques. Although one would expect, by the nature of the work concerned, this to be a measure to insert low-educated immigrant women into the labour market, they are underrepresented among the beneficiaries. There thus seems to be scope for providing more information on the service cheques among this group of immigrant women, in co-operation with the registered companies concerned.

There is scope for more training for immigrants, as well as a more harmonised and flexible recognition of foreign qualifications and skills...

One factor contributing to the low employment of immigrants is their rather unfavourable qualification structure. This could be tackled by more active training for immigrants, and this would also help in overcoming demand-side barriers to their employment arising from the relatively high wages. In addition, foreign qualifications,

particularly from non-EU-15 countries, seem to be largely discounted on the labour market. Whether or not this is due to discrimination or to other factors such as actual non-equivalence is not known. In any case, the recognition of foreign qualifications appears to be relatively burdensome, and approaches differ between the three linguistic communities. Services for the validation of competences have developed only recently. Thus, there is a strong case for a more co-ordinated approach to the recognition of foreign qualifications, linked with a strengthening of certification of more practical competences and bridging offers.

...which could benefit from a greater involvement of the social partners in this.

Labour market policy in Belgium is determined in close co-operation with the social partners. Both employers associations and labour unions are quite actively involved in the integration process. One way of tackling the issue of the recognition of foreign qualifications and experience could thus be to provide more possibilities for the validation of competences in co-operation with the social partners.

Better targeting of wage subsidies and reductions to social security contributions would seem to disproportionately benefit immigrants.

In addition to unemployment/inactivity traps, there are also significant demand-side barriers to employment in Belgium. Labour costs are relatively high in international comparison. Because immigrants are overrepresented among those with a very low education, the high labour cost in Belgium which adversely affect employment prospects for this group will have a stronger effect in the aggregate on immigrants. There are a range of reductions on employers' social security contributions to incite hiring, but these are generally not targeted. Given their lower expected wages, immigrants would seem to disproportionately benefit from targeting of wage subsidies and reductions of social security contributions to low-wage earners. There has been some progress on this recently, but there still remains large scope for more targeting.

The large public sector plays an important role-model function, but the apparent low representation of the second generation merits further attention.

The public sector accounts for a relatively large part of total employment in Belgium. For a variety of reasons – notably access restrictions for foreign nationals to certain parts of the public administration – immigrants tend to be underrepresented in public sector employment in all countries. Improving access to employment in the public sector has been a key lever of integration policy in the past and, as a result, Belgium is among the OECD countries where the generally observed underrepresentation is least pronounced. This also seems to be partly linked with the relatively liberal naturalisation policy, as naturalised immigrants who are employed are almost as likely to be in the public sector as native Belgians. Several targeted measures have been implemented to increase employment of immigrants in the public administration, such as the introduction of anonymous CVs in the federal public service. It should be evaluated whether this had an effect on hirings. Finally, there are some indications that the second generation is less likely to be employed in the

public sector than immigrants. This is an issue which merits further investigation and could make a case for policies to better integrate the second generation into the public sector, for example by targeted information campaigns and internships.

Naturalisation is viewed as a means of promoting integration, and access to citizenship has been significantly eased in recent years.

Following a series of successive liberalisations in citizenship access since 1984, access to Belgian nationality is currently available for most migrants after three years of residence. Given this, Belgium is among the most liberal OECD countries regarding naturalisation, and this policy is seen by the Belgian authorities as a factor contributing to integration. This view is supported by empirical evidence showing that naturalised immigrants have higher wages and a higher employment probability than immigrants with a foreign nationality. Although it is difficult to fully control for positive self-selection among those who have opted for Belgian citizenship, the positive impact is strong and holds even after controlling for a large range of socio-economic characteristics, including age, country-of-origin, educational attainment, region and duration of residence. Naturalisation thus seems to be a significant determinant of employment outcomes. The impact is largest for immigrants from non-EU-15 countries, which could indicate that the labour market values the presumed (personal) attachment to Belgium for those who have naturalised.

More statistics on place of birth are thus needed...

With the easier access to citizenship in recent years, more and more immigrants have obtained Belgian nationality. Since administrative data only distinguish along nationality lines, it is impossible to identify naturalised immigrants. This hampers analysis of integration, particularly since citizenship take-up has been selective. There is thus a clear need for more statistics on the foreign-born. At the same time, it is also important to identify the native-born children of foreign-born parents, as these have lower outcomes than comparable natives without a migration background. However, this can only be done with information on the parents' country of birth – and not on the basis of nationality of the native-born.

...but this does not necessarily imply the introduction of "ethnic statistics".

To tackle this, there is an ongoing discussion on the implementation of "ethnic statistics" in Belgium. From an integration perspective, the term of "ethnic statistics" is a rather unfortunate one, as it seems to imply that even naturalised immigrants and their offspring are in some sense "outsiders" in the society. In addition, it is not always clear along which lines "ethnicity" should be defined. The issues at stake for the foreign-born and for their native-born children differ substantially, as the latter have been raised and educated in Belgium, which is generally not the case for persons who have immigrated themselves. Analysis of the integration of these two groups should thus be separated.

Overcoming the current significant deficit in research and evaluation is key, and existing data should be better exploited

Given the contentiousness of statistics based on migration background in Belgium, it is important to note that there is already large scope for research and analysis under the current conditions. The introduction of new statistics may not be necessary when there is other information, such as from surveys, in place which can compensate for this. Indeed, there are a number of datasets like the labour force survey (linked with register data) which in principle already allow for research regarding integration of the foreign-born, naturalised immigrants and even the second generation, but these are rarely exploited. With surveys and similar information, policy evaluation does not necessarily hinge on broad-based introduction of “ethnic statistics”. For example, an evaluation of diversity plans could be done in a number of well-designed projects.

Language training in both national languages should be reinforced.

A particular obstacle in the Belgian context is the language barrier between Wallonia and Flanders, where relatively fewer migrants live but where labour market conditions are much more favourable. There thus appears to be some scope for enhancing geographic mobility – and thereby outcomes – by providing immigrants with language training if lack of knowledge of the second national language is the key employment obstacle. This seems to be particularly important for occupations where relatively little, targeted training in the host community’s language will suffice to be functional on the workplace. Preliminary evidence from Brussels suggests that such training might be an effective measure – but few immigrants benefit from it to date. There appears to be a case for more actively promoting this tool to immigrants, and to implement similar measures in the other regions – particularly around the linguistic frontiers.

There is a case for mainstreaming of effective language training practices in Wallonia.

Language training is a sub-federal competence, and approaches differ between the Flemish community and Wallonia. Language training is more co-ordinated in the Flemish community, where it is embedded in the introduction programme. In Wallonia, language training is mainly organised by local associations. Although there has been no evaluation to date, some of these training offers seem to be more effective than others, as witnessed by long waiting lists for certain programmes. This is problematic for recent arrivals, for whom early labour market access is crucial. There thus seems to be a case for better identification and mainstreaming of effective language training practices.

There are indications of discrimination in the labour market.

There are large and persistent gaps in the employment of immigrants even for those who have obtained education in Belgium. This is also observed for the native-born children of immigrants, even after controlling for educational attainment, position in class, and parental background. These are indications of discrimination in the labour market, and testing results have confirmed this.

This is mirrored in a focus on anti-discrimination and diversity policies...

There seems to be a large awareness of this problem. Indeed, Belgium appears to be among those OECD countries where the focus on anti-discrimination measures is strongest. However, these are difficult to implement, and legal provisions do not suffice. As a result, there has been a shift towards indirectly targeted actions in the context of “diversity” policies, which focus on pro-active measures to overcome discrimination, augment employers’ training offers to disadvantaged groups and to diversify recruitment channels.

...whose effects need to be evaluated.

However, diversity plans are rather recent and cover only a fraction of actual employment. As of yet, there is no discernible impact on employment at the aggregate level. Given the strong and growing emphasis placed on such policies in the current integration framework, it is important to better investigate their effect, particularly in the long run. This would allow better targeting and mainstreaming of effective measures.

Other factors than discrimination could be at work as well, and need to be more clearly addressed.

Discrimination is only one possible explanation for the large and persistent gaps in the employment of immigrants and their children at all education levels. Less developed personal networks and information asymmetries are alternative explanations and it is difficult to disentangle these from outright discrimination as they have the same effect. Anti-discrimination policies, however, do not address these issues. Other integration measures such as mentoring, traineeships, and (eventually subsidised) temporary work placements are relatively rare. Experiences from other OECD countries such as Denmark and Sweden suggest that these can be effective measures, and their broader implementation in Belgium should be considered. The related recommendations regarding the school-to-work transition in the framework of the recent OECD study on the labour market integration of youth in Belgium (OECD, 2007a) deserve particular attention from the aspect of integrating immigrant youth.

Differences in educational outcomes between the second generation and natives are higher than in other countries.

The OECD PISA study revealed that the differences in the educational outcomes between the second generation and the children of natives are larger in Belgium than in any other OECD country. Differences are high throughout the country, but particularly pronounced in the Flemish Community. This also holds for educational attainment, where the second generation – particularly those in Flanders and Brussels and with parents from non-EU-15 countries – is largely overrepresented among the low-qualified. This is partly attributable to the unfavourable socio-economic background of the children of immigrants. Indeed, the impact of parental background is larger in Belgium than elsewhere. Even after controlling for socio-economic background, the gaps *vis-à-vis* the children of natives remain very high. The Belgian school system – particularly in the Flemish Community – faces a particular challenge in overcoming the disadvantage of family background and any additional disadvantage associated with immigrant background (e.g. language problems).

Children of immigrants and their parents need to be better informed about their educational options.

Belgium has a market-like education system in which many schools are private. There are some indications that this has contributed to segregation in schooling, particularly in the Flemish Community. A variety of measures are in place to tackle this, but they do not seem to have had the desired effect. Thus, there is a case for more and better information dissemination to the children of immigrants – and to their parents – on the educational options available to them.

Differences in employment rates between the second generation and natives are also larger than in other OECD countries, particularly for the low-educated.

Differences in employment rates between the second generation and natives are also higher than in other OECD countries. Women of the second generation seem at a particular disadvantage. Among the three regions, gaps in employment rates of the second generation *vis-à-vis* the children of natives are largest in Brussels and smallest in Wallonia, albeit at low overall youth employment levels. Employment rates of the second generation increase stronger with educational attainment than for native Belgian, which suggests that much could be gained by an improvement in the education levels among the second generation.

The persistently lower probability of finding employment for the second generation calls for more targeted action.

The lower probability of being employed is strong and persists even after controlling for educational attainment, position in the class and parental background. This is particularly worrisome. Measures which facilitate the school-to-work transition such as apprenticeship appear to benefit the second generation, but no more than children of natives. For women from the second generation there are some indications that employment through temporary employment agencies and traineeships have a larger impact than on comparable natives. There may thus be a case for better targeting such instruments to this group, as part of a more comprehensive strategy that pays more attention to the second generation, particularly when they are low-educated.

Early intervention policies for the children of immigrants need to be strengthened.

There is a strong impact of language spoken at home both on the PISA results and on later labour market success. In addition, there is a strong impact of age at immigration on the educational outcomes of the foreign-born children of immigrants. There are some indications that this also holds for labour market outcomes, even after controlling for educational attainment. This suggests that – in the presence of children – delays in family reunification may be counterproductive and that early intervention policies need to be strengthened. Current measures focus largely on language training just before entering primary school and thereafter. Evidence from other OECD countries suggests that much could be gained by language stimulation for children at much earlier ages (*i.e.*, at the age

of 2 or 3). This critical age is also the one where the gap in kindergarten participation between foreign and native children is largest. Measures should be introduced to incite early kindergarten attendance by the children of immigrants. This should be done in a proactive way involving parents, for example by providing language training to the mothers in the same institution.