

Summary of Chapter 4: The Labour Market Integration of Immigrants and their Children in the Netherlands

The labour market integration of immigrants is an issue that has been high on the policy agenda in the Netherlands for almost three decades. Indeed, the Netherlands was among the first European OECD countries to develop a formal integration policy. The severe economic recession of the early 1980s and its disproportionate impact on immigrants, including many recent arrivals, was an important impetus for the development of integration policies.

Since then, labour market outcomes for immigrants have been well below those of the native-born, and less favourable than in other OECD countries, for both genders. It is true that there has been significant progress between the mid-1990s and the early 2000s. However, since then, no further improvement has been observed on the aggregate, and the employment rates of immigrants with less than ten years of residence in the Netherlands are below those observed in other OECD countries. Indeed, the overall labour market outcomes of immigrants in Netherlands have fallen further behind other OECD countries over the period 2002-2006, and no single factor seems to be responsible. Only now there are some tentative signs that immigrants are disproportionately benefiting from the currently favourable labour market conditions.

The current immigrant population is a diverse group, and labour market outcomes differ significantly by country of origin. The most important origin country is Turkey, followed by Morocco. Both of these countries were the source of low-qualified labour migration until the mid-1970s, followed by family reunification, often also with very low-educated spouses. This latter group has the most difficulties on the labour market, especially immigrant women – particularly in the important market for part-time work, where they often have to compete with higher skilled natives.

Another significant group of immigrants have come from the former Dutch colony Suriname, and from the Netherlands Antilles and Aruba. The latter are Dutch citizens by birth but are nevertheless regarded as immigrants in Dutch statistics because they originate from outside of the Netherlands, and their labour market outcomes are also well below those of the native-born.

The Netherlands has also been an important destination country for humanitarian migrants since the fall of the Iron Curtain, particularly for refugees from Iraq, Afghanistan and Iran. This group, which did not primarily arrive for employment, tends to have lower labour market outcomes in all countries. Their relatively high qualifications are largely discounted on the labour market.

The most pronounced differences in employment rates *vis-à-vis* native-born with similar education levels are observed for the low-qualified, in contrast to other OECD countries where differences are largest for the high-educated. More attention needs to be paid to those with a low education – notably regarding measures to overcome employer hiring reluctance and to bring immigrants into contact with potential employers. This particularly concerns low-educated women, who have a very low labour market attachment. Past policy has tended to neglect such migrants with a large distance from the labour market, especially when they were not dependent on any benefits – which is often the case. With the current tightening of the labour market, more attention is now being paid to this group.

One measure where careful expansion could be considered in this context are wage subsidies, since there is some tentative evidence that these can facilitate labour market insertion of less-qualified immigrant groups, if they are well designed and implemented.

This should be done on the basis of a thorough evaluation of this instrument and of alternative labour market measures, which is currently lacking.

The primary focus of current integration policy, particularly for recent arrivals, is essentially on language skills and not on labour market access. There is evidence that employment levels for immigrants could be significantly raised if integration efforts were targeted at supporting *early* labour market entry. Some initial steps in this direction have been taken, and it is important to pursue this direction further. For this, incentives for language course providers to include vocational elements in their training should be introduced.

There has been considerable effort over the past 10-15 years to raise employer awareness of the specific obstacles facing immigrants and their children, to monitor hiring practices, and to diversify recruitment channels. This appears to have borne some fruit, notably with respect to discrimination, which seems to have declined. Many of these policies have been abandoned recently, since they were seen as placing an excessive administrative burden on employers. If the tentative signs that immigrants are profiting less from the current upswing than from previous ones concretise, reintroduction of these measures should be considered – perhaps on a voluntary basis, linked with financial and other incentives for companies that have introduced measures to diversify their staff. This should be done in close co-operation with the social partners, who have successfully contributed to labour market integration in the past.

Particular attention has been paid for many years to the underrepresentation of immigrants and their children in the public sector. There is some evidence that this has had a beneficial impact. The share of the public sector in immigrant employment is larger than in other OECD countries, particularly when compared to the native-born. For the second generation, employment in the public sector has increased by about four percentage points over the past five years, compensating for a worrisome parallel decline in private sector employment. Likewise, immigrant self-employment has increased significantly over the past decade, and this may be a strategy to escape marginalization on the labour market.

Major investment has been made to improve the educational attainment of the children of immigrants. The beneficial impact does not appear to have been very large to date, and for supplementary bilingual education, there was no return at all. Little attention was devoted to early intervention, although this is an area where the return to investment seems to be most pronounced. While more attention is now being paid to pre-school education and childcare, additional efforts seem warranted for the children of low-educated immigrants, through language stimulation in formal institutions at very early ages.

One shortcoming of the current statistical infrastructure is that immigrants and their native-born offspring are generally considered as one group. This can produce misleading results and should be changed, since the issues involved differ. For immigrants, at least part of the education may have been obtained abroad, posing questions concerning the recognition and equivalence of schooling from countries that have an education system that largely differs from the Dutch one. This is not the case for the second generation, making them an important benchmark for the success of integration policy.

Nevertheless, the labour market outcomes of the children of immigrants still lag behind those of the children of natives, even when they have the same educational attainment. The gap is most pronounced for those with a low education, and more attention should be paid to this group, including company-based training, temporary employment agency work, and mentorship programmes. Special emphasis should be placed on promoting apprenticeship as an option for the children of immigrants. While this seems to be a particularly effective

school-to-work transition pathway, it is an education stream where the children of immigrants are currently largely underrepresented.